

**FINANCE AND INVESTMENT COMMITTEE  
10 December 2015**

**CONFIRMED MINUTES**

**Present:**

Simon Linnett (Chairman)  
David Russell  
John Yard

Dr Veronique Bouchet  
Luke Savage

Professor Simon Gaskell  
Ted Webster

**In attendance:**

Emma Bull  
Katie Friis  
Jonathan Morgan  
Andy Wood

Eleanor Crossan  
Joanne Jones  
Mike Shore-Nye

Dean Curtis  
Sian Marshall  
Stephen Wells

**Apologies:**

None

**Part 1: Preliminary Items**

**Welcome**

2015.036 The Chairman welcomed Emma Bull who was attending her first meeting of the Committee. Emma would be Interim Chief Operating Officer from January 2016 until a permanent replacement for Mike Shore-Nye is recruited.

**Minutes, Confidential Minutes and Executive Summary of Meeting on 03 November 2015  
[FIC15/28]**

2015.037 The Committee **confirmed** the non-confidential minutes, confidential minutes and executive summary of the meeting on 03 November 2015, and requested the following amendments:

[a] Minutes 2015.024[c] should read 'including exceptional items', rather than 'excluding exceptional items'.

[b] Minute 2015.027[g] should read 'a small fund for alumni to support inventions'.

[c] Minute 2015.029[b] should read 'to notify HEFCE who could reduce the borrowing limit accordingly'.

[d] The executive summary should be revised to clarify that the reference to home students in relation to the support provided by QMSU referred to students who lived at home.

## **Matters arising [FIC15/29]**

2015.038 The Committee **received** the following matters arising from the minutes of the previous meeting:

- [a] *Minute 2015.025*: The updated forecast tables for 2014–15 were approved by Council on 24 November 2015 but following a discussion with HEFCE where we were advised that it may be problematic to carry forward unspent capital grant, we reviewed our position and were able to allocate both the Teaching and Research capital grants to capital expenditure in relation to assets in the course of construction.
- [b] *Minute 2015.026[c]*: Further information about QMSU's surplus/deficit position would be considered at the March 2016 meeting of the Committee.
- [c] *Minute 2015.029[c]*: A paper on future long term borrowing requirements and facilities would be submitted to the Committee in April 2016.
- [d] *Minute 2015.015[ff]*: The work of the Engineering Building project scrutiny committee would conclude by the end of January 2016 and would report to the Estates Strategy Board and QMSE soon after. The Committee would receive a report on the outcome of the review at the March 2016 meeting.
- [e] *Minute 2015.022[b]*: The report from the Investment Managers had indicated a 0% rate of return for November 2015 and 0.6% for the year to date, which was considered to be good performance in the context of the current market position.
- [f] *Minute 2015.024[a]*: It was intended that substantial progress with the quick wins identified in order to improve research grant accounting would be reported to Audit and Risk Committee in February 2016. QMSE would consider a paper during the following week regarding the scope of the joint review project to be undertaken by Finance and the Joint Research Management Office. The Finance team had already taken steps to improve the monthly management accounts. The Internal Auditors would undertake a further view of research overhead recovery during the coming months for report to Audit and Risk Committee in June 2016.

## **Part 2: Financial Performance**

### **Current financial position – period 3 and quarter 1 overview including a report on overdue debts [FIC15/30]**

2015.039 *Minute 2015.039 is confidential.*

### **Forecast 1 [FIC15/31]**

2015.040 *Minute 2015.040 is confidential.*

## **Overseas operations and partnerships: year-end accounts 2013–14 and 2014–15 [FIC15/32]**

2015.041 The Committee **received** the overseas operations and partnerships year-end accounts for 2013–14 and 2014–15. The following points were noted:

- [a] The operating surplus for the BUPT Joint Programme (JP) had increased from £1.7m in 2013–14 to £4.4m in 2014–15, which was around £0.6m better than budget. For the Nanchang JP, the year-end accounts recorded a £0.2m deficit for 2013–14 and 2014–15. Income from the two JPs had grown to £8.1m and was received in-year for the first time since the BUPT JP was in operation. Income from the BUPT JP had increased in part owing to improvements in the exchange rate and the use of a subsidiary to manage locally incurred expenditure and to provide greater transparency.
- [b] The current financial position of the Nanchang JP had prompted discussions with Nanchang University (NCU) regarding the price and QMUL's exposure to the Renminbi. NCU had agreed to request a price increase from the Chinese Ministry of Education and a response was expected in the next two weeks.
- [c] Recruitment to the BUPT JP had increased despite a decline in the size of the 18 year-old population in China. The recruitment and financial position of both programmes would be reviewed as part of the PAR process.
- [d] The Committee would consider a strategy for currency exchange at its meeting in March 2016.
- [e] The recorded operating margin listed did not include centrally allocated costs such as access to e-journals. There was no mechanism currently in place to determine the level of QMUL costs. QMSE had agreed that all JPs should have an agreed surplus target and allocation of central costs that should be paid. A timetable for this work had not yet been set but would be considered as part of the PAR process. The Committee requested a short summary (2 paragraphs) on the issues around centrally allocated costs for the next meeting.

Action:

Chief Strategy Officer: [e]

## **Subsidiary and associated companies: year-end accounts 2014–15 [FIC15/33]**

2015.042 The Committee **received** the subsidiary and associated companies' year-end accounts for 2014–15. The following points were noted:

- [a] Queen Mary Bioenterprises Limited had made a £1.6m loss during 2014–15. The QMB Innovation Centre was fully let and the subsidiary was able to cover its operating costs including depreciation but not all the interest payable on the loans from Barclays and QMUL.
- [b] Queen Mary Research Laboratories (Macau) Limited had made a £53k loss owing to the decision to use the retained profit to subsidise QMUL.

- [c] The Finance Director was in discussion with the External Auditors regarding the treatment of QMUL's shareholdings under FRS102.

### **Development Directorate annual report [FIC15/34]**

2015.043 The Committee **received** the Development Directorate annual report. The following points were **noted**:

[a] *Minute 2015.043[a] is confidential.*

[b] *Minute 2015.043[b] is confidential.*

[c] *Minute 2015.043[c] is confidential.*

[d] At present only one in five alumni volunteers was engaged substantively with QMUL owing to an excess of volunteers for the opportunities available. It was acknowledged that this was a common issue for universities, which QMSE had discussed, and it was intended that the Directorate would develop a series of activities with schools, institutes and Professional Services in order to enable volunteers to match their skills to the opportunities available.

[e] The Committee requested that more information be provided on the breakdown of alumni volunteers not currently engaged by whether they were waiting for opportunities to be identified or would not be used in future.

[f] Future reports should include information about the staffing levels for both the year reported and the current year, and the targets for the current year, to enable the Committee to monitor the targets set.

Action:

Director of Development: [e], [f]

### **Part 3: Financial Strategy and Policy**

#### **Approval of FRS102 accounting policy changes [FIC15/35]**

2015.044 The Committee **approved** the principles for the FRS102 accounting policy changes agreed at the workshop with members of Audit and Risk Committee on 24 November 2015.

#### **Financial five year plan [Presentation]**

2015.045 The presentation on the financial five year plan was deferred; further work would be required in light of Forecast 1.

#### **2016–17 Budget principles and approach [FIC15/24]**

2015.046 *Minute 2015.046 is confidential.*

### **Part 4: Capital Projects and Estates**

## **IT Transformation Programme annual report [FIC15/37]**

2015.047 The Committee **received** the IT Transformation Programme annual report. The following points were **noted**:

- [a] The overall status of the IT Transformation Programme was amber and was on track at period 2 to achieve the forecast budget. Two projects had red statuses owing to implementation delays: the Schools Application Migration project and the Managed PC and Print for faculties project. An extension to February 2016 had been agreed for the Managed PC and Print for faculties project. Options for mitigating the delays to the Schools Application Migration project would be considered at a meeting on 12 January 2016. The project was financed on a fixed time basis against set milestones, which meant that an underspend was currently recorded.
- [b] There was a need to improve project governance through the proper constitution and chairing of project boards to ensure appropriate oversight. The IT Services Implementation Board (ITSIB) was also considering a revised approach to project governance that aimed to improve engagement by non-IT Services staff in the project, to ensure greater buy-in by staff in schools, institutes and Professional Services, and to expedite delivery. It was proposed that projects should be overseen by a user representative in the same way that the Vice-Principal (Student Experience, Teaching and Learning) chaired the project for the refurbishment of teaching rooms. The Committee endorsed this approach.

## **Life Sciences update [Oral report]**

2015.048 *Minute 2015.048 is confidential.*

## **Estates Strategy Board report including an update on the Graduate Centre [FIC15/38]**

2015.049 The Committee **received** the Chairman's summary report of the Estates Strategy Board meeting on 26 October 2015 including an update on the Graduate Centre. The following points were noted:

- [a] Ted Webster had agreed to chair the Project Working Group for the second phase of the Abernethy Building project; there was a requirement that an external Council or co-opted member undertake this role given that the project would exceed £5m. The first phase of the project had commenced this week. The project was funded by the Medical Research Council and HEFCE.
- [b] The Space Management Group had reported significant constraints on teaching and academic space with increasing demands for large cohort teaching rooms and academic offices, which currently could not be met. These issues would be further exacerbated by the need to withdraw some teaching rooms from use as part of the teaching room standards refurbishment project. The PAR process would consider further requests for space.

- [c] There had been delays to the Maths Building refurbishment project, which had moved to red status, due in part to an outstanding planning consent and the appointment of a new project management company.
- [d] QMUL had offered to host a Henry Moore sculpture that was owned by Tower Hamlets Council and was due to be relocated from Yorkshire back to East London.
- [e] Discussions remained ongoing in an effort to seek agreement on the Heads of Terms for the Alumno student residence scheme in Stratford. The ongoing negotiations would likely delay the scheme to September 2018. QMUL could seek to extend the rental of 325 rooms from Unite for a further year to bridge the gap.
- [f] Revised planning consents were being sought for the Network Rail site to expand the number of studio rooms available; QMUL did not support these changes given the lack of demand from students for high cost accommodation. The current planning consents limited access to the accommodation to universities in Tower Hamlets. The partitioning of the site would not be complete by April 2016, as originally intended; QMUL was charging rent for the hoarding located on QMUL land, which would be used to offset some of the shortfall in summer residential lettings.

## Part 5: Matters for Report

### Draft agenda for next meeting [FIC15/39]

2015.050 The Committee **received** the draft agenda for the next meeting on 01 March 2016.

### Any other business

2015.051 *Minute 2015.051 is confidential.*

2015.052 The Committee **thanked** Mike Shore-Nye for his significant contribution in his role as Chief Operating Officer and wished him well for his new role at the University of Exeter.

### Meetings in 2015–16

- Tuesday 01 March 2016 at 1530 hours, Room G.07, Joseph Rotblat Building, Charterhouse Square Campus
- Tuesday 19 April 2016 at 1530 hours, Robert Tong Room
- Tuesday 07 June 2016 at 1530 hours, Robert Tong Room