



Finance Committee

7 October 2020, 10:00am

Minutes

Present Members:

Ms Sarah Whitney (Chair); Professor Michael Arthur; Mr Mintoo Bhandari; Professor Lucie Clapp; Dr Andrew Gould; Baroness Valentine.

Observer:

Ms Carol Paige

In attendance:

Mr Phil Harding, Director of Finance and Business Affairs

Ms Margaret Lloyd, Head of Financial Assurance and Planning

Ms Kate Pearce, Finance Director, Central & Professional Services

Ms Fiona Ryland, Chief Operating Officer

Mr Matthew Swales, Director of Finance, Services & Reporting

Ms Sarah West, Deputy Registrar and Head of U u Wtuty R31s

2.2. Ms Carol Paige indicated that she had an interest in Item 3: Matters Arising

Refurbishment of Endsleigh St Property

- 5.5. Exempt from publication, please see confidential minute.

Part II: Strategic Items for Discussion

6. Confidential: Financial Update (1-03)

- 6.1. Exempt from publication, please see confidential minute.
- 6.2. Exempt from publication, please see confidential minute.
- 6.3. Exempt from publication, please see confidential minute.

7. Draft Results for 2019/20 (1-04)

- 7.1. Mr Phil Harding, Director of Finance and Business Affairs, introduced the paper, which set out the draft unaudited, pre-

interests in four existing residential properties (Astor College, Ifor Evans Hall, Langton Close and Schafer House) and draw a historic financing arrangement on those properties to a natural close. The following key points were made during the presentation:

- a. The financing element of the deal was structured as a series of annual rental payments followed by a single repayment of capital at maturity in exchange for the return of the freehold set to run over 25 years to April 2021.
 - b. The value and timing of these deposits was such that, after fixed interest of 8.94%, the balance on the account by April 2021 would be equal to the remaining outstanding loan balance, allowing a natural close to the financing arrangement. This financing arrangement had played out as planned.
- 9.2. During the discussion the following key points were made:
- a. In response to a query on why the call option should be exercised at this stage, the Director of Finance, Services and Reporting advised that the call option could only be exercised every five years and the funding gap would only grow due the fixed interest rate. UCL could only access the funds for the particular purpose of re-acquisition of the freeholds.
- 9.3. Finance Committee:
- a. Approved the acquisition of the freehold interests for an option price of £21m, on the basis that the payment was fully funded by a ring-fenced security deposit and comes at no cash cost to UCL.
 - b. Approved the serving of an Option Notice to Lloyds, as a binding obligation to effect the transaction, at the earliest reasonable opportunity.

Part III: Other Business for Approval or Information

10. Draft Finance Committee Business Plan (1-07)

- 10.1. Finance Committee received the draft Finance Committee Business Plan for 2020/21.
- 10.2. Finance Committee agreed that an additional meeting of Finance Committee should be scheduled in late March due to the long gap between the January and May 2021 meeting. This meeting could focus on the student accommodation strategy and the strategic real estate as an initial discussion prior to further consideration at future Finance Committee meetings.
- 10.3. A programme of briefings would be developed by the Secretary of Finance Committee. Briefings would include liquidity and the financial model, capital markets and the strategic real estate portfolio.

11. Follow-up Note on Master Vendor Contract (1-08)

- 11.1. Finance Committee received the follow-up note on the Master Vendor Contract, which was produced to respond to questions raised during the Finance Committee meeting, 26 August 2020.

12. Confidential: Investments Committee Annual Report (1-09)

- 12.1. Exempt from publication, please see confidential minutes.

13. Date of the Next Meeting

- 13.1. The next meeting of Finance Committee was due to take place on Friday 13 November 2020. The meeting would be held virtually.

Anne Marie O'Mullane
October 2020