



**Board of Governors
8 October 2015**

**Workshop on Project Oak Tree
held on Thursday 10 September 2015 (16.00-19.00)**

Governors present:

Mr Clive Jones, Chair
Dr Kathy Castle
Ms Pauline Curtis
Mr Emir Feisal
Mr Rob Hull, Vice Chair
Mr Adrian Kamellard
Ms Ann Minogue, Vice Chair
Mr Obie Opara, President, MetSU
Professor John Raftery, Vice Chancellor
Ms Cathy Sullivan

In attendance:

Mr Paul Bowler (Deputy Chief Executive)
Ms Lynn Burke (Director, Office of Institutional Effectiveness)
Mr Peter Garrod (University Secretary and Clerk to the Board of Governors)

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Professor Peter McCaffery (Deputy Vice-Chancellor)
Ms Pam Nelson (Director of Finance)
Mr Matt Robb (Ernst & Young)
Mr Iain Franklin (Ernst & Young)
Ms Courtney Gainer (Ernst and Young)
Ms Sian Williams (Ernst & Young)

Welcome, apologies, overview of the workshop's objectives

Oral

1. The Chair welcomed Governors and attendees to the workshop and outlined its purpose. The workshop was not a meeting where the Board would be making decisions on Project Oak Tree, but was intended to provide Governors with an overview of the draft options analysis from Ernst and Young and an opportunity to give feedback and shape the direction of travel. Governors were encouraged to contribute their views freely and candidly as part of a process that would culminate in a decision on the Oak Tree options by the Board at its meeting on 8 October. The workshop had been called to ensure that there was engagement with Governors in advance of the Board meeting and the meeting of the Finance and Resources Committee on 23 September.
2. Apologies had been received from Governors Rolande Anderson, Michael Murphy and Dianne Willcocks. Arrangements were being made to brief them separately. Apologies had also been received from the three co-opted members of the Audit Committee (Jane Broadbent, Richard Indge and Avnish Savjani).
3. Adrian Kamellard was welcomed to his first meeting as a Governor, his term having commenced on 1 August.

4. The Vice-Chancellor introduced the notes of the Strategy Day for the University's Senior Management Team (SMT) on 2 September 2015, which had been called to consider the University's academic vision and the implications of it for the Oak Tree options.



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The Strategy Day had been intended as a prelude to discussions with the Board at the workshop. A brief summary was being prepared; however, the main conclusions that had emerged were:

- a. London Met's student body was more diverse, more mature and more 'local' (in the sense of being drawn from within London) than competing 'access' universities in London;
 - b. The primary criterion which motivated London Met's students when choosing to go to university was employment outcomes – improving their chances of getting a better job;
 - c. It followed from this that the University's efforts should focus relentlessly on improving employment outcomes, and on configuring its pedagogy and delivery model to one that worked for students. The University should 'foreground' this and do it with more force and emphasis than its competitors. This would be how the University translated its mission – 'Transforming lives through excellent education' – into reality.
5. The Board was shown an advert which had been prepared for use on digital media, which sought to capture these themes and convey the message of a reinvigorated University which helped students fulfil their aspirations. On the back of the recent speech by the Minister for Universities and Science, Jo Johnson, to Universities UK, the Vice-Chancellor noted that 2015 could be seen as a 'vintage' year for higher education, with students having more choice of institutions than ever before and the government signalling a strong commitment to widening access. The challenge for London Met was to improve its performance, reflected in academic quality metrics, to attract students in this environment.
6. The Board considered these points and the notes of SMT's Strategy Day. In discussion, it was noted that:
- a. The University's situation meant that to begin with, efforts had to focus on catching up with the pack rather than getting ahead of the pack. Despite recent improvements in the NSS and the DLHE, the University was still an outlier positioned towards the bottom of league tables. The Programme for Improved Student Outcomes (PISO) was about improving the University's performance in quality metrics and employment outcomes, alongside other efforts (including

Oak Tree) to ensure financial sustainability. The Vice-Chancellor had set the University the goal of achieving an overall satisfaction score of 86% (the current national average) in the 2016 NSS, a very stretching target. Once the University was no longer an outlier, decision makers would be willing to look at the other messages London Met had to convey and the University could focus on pulling ahead of its competitors;

- b. In how it delivered its pedagogy, London Met was seeking to learn from what had worked elsewhere rather than 'reinventing the wheel'. An example of this was the Peer Assisted Student Support (PASS) student mentoring scheme; similar schemes had a track record of success in other institutions. However, there were also areas where the University could innovate, e.g. by increasing the proportion of learners who worked in business and industry to higher levels than elsewhere. It was suggested that changes to pedagogy should be based on a better insight into students' expectations about university and participation in university;
- c. If the University was more diverse (which often meant that students were more disadvantaged), more mature and more London-based in its student population than others, that should be reflected in its teaching and how it aimed to meet students' needs. More mature students had commitments outside university life which required a different approach. The University had to optimise its delivery to fit the needs of its demographic, and to address their priority of employment outcomes. It was noted that two key initiatives had been launched as part of implementing the Strategic Plan: a focus on increasing the employment of students on campus, and a commitment that all undergraduate students commencing in 2015-16 would have access to a work-related learning opportunity during their programme. The University also planned to develop an 'employer's club' to promote links with local employers;
- d. London's economy depended on immigration, which meant that London Met could potentially find a market in supporting successive waves of first and second generation immigrants seeking a university education. Being more diverse in the most multicultural city in the world was very positive and something that the University should stress;
- e. The notes of the SMT Strategy Day highlighted that whichever Oak Tree option was adopted, it was likely that the centre of gravity of the University would shift further to Holloway, with consolidation on one campus being a distinct possibility. If the University became more local, what were the implications of that in terms of ensuring its sustainability? Did London Met have sufficiently good links with local schools and colleges? It was suggested that there was no inherent tension between being more engaged in the local community and student recruitment. While the University drew its students from throughout London (and some students commuted from outside the capitol), a 'local' London Met would not just recruit from the surrounding area, in the same way that the University of West London and the University of East London did not

only recruit from the areas that they were identified with. Being 'local' and having a London-wide reach was not an 'either/or';

- f. A more 'local' London Met also raised questions of identity. One Governor suggested that the University could return to being the University of North London. Another Governor who was in favour of keeping the current name suggested that it was an asset and a unifying theme for the University's diverse student population;
- g. It would be useful to know what a marketing campaign that reflected a 'local' LMU would look like. A 'local' university had implications for the type of marketing it carried out – local students were less interested in league tables and more interested in what they saw in front of them;
- h. Concern was expressed about the concept of London Met as the 'gateway to the professions', which had been raised at the Strategy Day. Other universities (e.g. City University) were positioning themselves that way; it did not seem like a good way forward, particularly if London Met relocated its activities to Holloway;
- i. It was noted that a survey of ca.2500 new students, current students and alumni by Ernst and Young (E&Y) as part of Oak Tree had suggested that for over 70% of respondents, London Met was either the only university which they had applied to or their first choice if they had applied to multiple institutions. Ernst and Young stood by this finding and felt that it could be seen as accurate within a tolerance of ca.+/- 10%. Governors expressed surprise at this result, which the University was attempting to verify using its own data and UCAS data. Governors noted that it would not be possible to examine why the students in E&Y's sample had selected London Met as their first or only choice, because that question had not been within the scope of the survey;
- j. It was noted that the University understood what it was, in terms of being more 'local', more 'mature' and more 'diverse', and now had to make the connection between that and its differentiation. The overall conclusions reached by the SMT strategy day were sound – the challenge for the executive was to learn from them and make the necessary changes

Draft Oak Tree options analysis

Presentation

- 7. The Board received a presentation from Ernst and Young on the draft findings of Project Oak Tree, which would be developed further before the meeting of the Board on 8 October. The key points outlined by E&Y in their presentation were:
 - a. Market conditions for London Met were challenging and were likely to remain so. The University had lost market share against its competitors. It had improved in some areas, but remained close to the bottom of sector rankings and below average. It had faced a number of headwinds, including the temporary loss of Highly Trusted Sponsor Status, the removal of student

number controls (and the consequent 'suck up' effect), the rise of alternative providers, and a funding settlement from HEFCE which was likely to get worse. The University had recently improved student retention, but was still well below its benchmark and below competitors.

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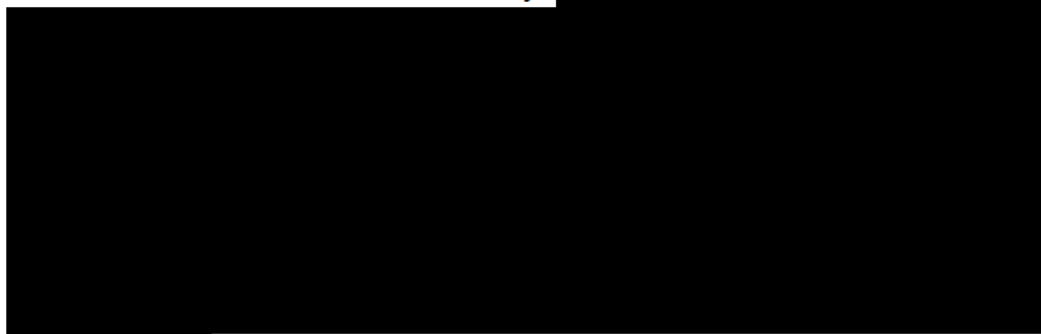
d. E&Y had analysed the University's estate, looking at the running costs of buildings and what would be needed to bring the estate up to an acceptable standard. As the estate was London Met's largest asset, reconfiguring it was necessary to improve efficiency and quality, and to generate the cash from property disposals that would allow a programme of investment to ensure the University's sustainability;

e. E&Y had analysed four options for reconfiguring the estate, the first three of which were considered to be potentially financially sustainable:

- Option 1 involved relocating the Guildhall Faculty of Business and Law (GFBL) from Moorgate and Aldgate to Holloway Road and relocating the Cass from Commercial Road and Central House to Calcutta House;
- Option 2 involved consolidating GFBL into Electra House (Moorgate) and relocating the Cass to Holloway;
- Option 3 involved relocating GFBL and the Cass to Holloway, creating a single-campus university;
- Option 4 involved retaining Central House, splitting the Cass over multiple sites, consolidating GFBL into Electra House, and selling the current Learning Centre and relocating it at Holloway Road;

f. Option 4 was the most complicated option, and was not favoured for operational and strategic reasons. In particular, this option would prevent a fall-back to Option 3 [REDACTED] The relocation of the Learning Centre would preclude the move of the Cass or GFBL to Holloway at a later stage because of the reduction in space; s.43(2) FOIA - commercially sensitive

g. Whether Options 1, 2 or 3 were preferable depended on what was assumed about the future size of the University. [REDACTED]



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[REDACTED] Options 1, 2 and 3 all allowed the University to review its plans after capital receipts had arrived but before committing to major capital expenditure;

h. E&Y had conducted surveys of Cass and GFBL students which suggested that the current locations of these faculties mattered less to their students than might be assumed. E&Y's analysis assumed that if one or both of these faculties were moved, there would be some impact on student retention but that would be contained;

i. Whichever Oak Tree option was ultimately selected, the effect would be to buy time for the University to make the operational changes and improvements in performance that were required to produce a sustainable London Met. E&Y's analysis had identified a number of areas where there was the potential to materially improve performance: student retention (where a 1% per annum improvement would increase annual revenue by up to £4m by 2020-22); employment outcomes; restructuring the organisation and reducing staff costs; optimising the estate and investment in IT; optimising academic staff time; and reviewing the costs and benefits of the International Office. The scale of the challenge facing London Met meant that incremental changes were not possible - significant changes to existing staffing levels and staff utilisation would be required.

8. Governors discussed the draft findings from E&Y at length and asked a number of questions to clarify points in the presentation. The following were the more salient points made:

a. The University was currently below the national average in the NSS, despite the improvement in the University's overall satisfaction score to 78%. The

University was able to identify which courses had performed exceptionally well and which had performed poorly, and difficult conversations would be had with the latter. The University's overall satisfaction score was 79% if student from its FE partners were excluded;

- b. The current financial projections would have to be factored into the assessment of whether the University was a 'going concern', for the purposes of the 2014-15 annual accounts. Month by month forecasting beyond 2015-16 was being carried out by the Finance Department; there was discretionary expenditure that LMU could push back to provide a 'buffer' against running out of cash, but not indefinitely.



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- c. It was asked whether E&Y's analysis of the estate included comparison with peer universities. If the University's rivals were still offering a better quality estate with more space per student at the end of the Oak Tree process, London Met would lose out to its competitors. E&Y clarified that the Oak Tree options brought the University into line with the sector benchmark and were intended to produce an estate that was on par with the competition;
- d. Governors asked whether there would be the ability for the University to grow again at the end of the Oak Tree process, if improvements in academic quality metrics led to improving enrolments. The Board was assured that in the event this happened, the strategy would be to respond to the market through short-term, tactical leases and by optimising the location of staff (e.g. by moving back office functions to free up space for student-facing areas);
- e. Governors noted the importance of improving retention to the University's ultimate sustainability. The picture was mixed, but the data suggested that initiatives such as the PASS scheme were leading to a net improvement. However, the current configuration of teaching time (in which students had more teaching hours than at competitor institutions) did not appear to have produced benefits, in terms of retention, and should be reviewed, as it represented an investment of resource which had not had the anticipated outcome;
- f. It was asked whether E&Y's benchmarking of the estate took into account the nature of the University's current space, as some teaching rooms were more functional than others. E&Y responded that the benchmark was expressed as a range and allowance had been made for 'bad fit';
- g. It was noted that it would not be desirable to move the Cass twice: i.e. to consolidate the Cass at Calcutta House and then move the faculty to

Holloway if Option 3 was adopted [REDACTED] It was necessary to decant staff in Commercial Road to Calcutta House in advance of Commercial Road's sale, but otherwise, if the Cass had to come to Holloway, it would be better to move it straight to Holloway. While some departments of the Cass could occupy 'generic' space (and had previously been located at Holloway), other departments had specialised requirements which had implications for the type of space needed. It suggested by one Governor that the current locations of the Cass and GFBL were important to those faculties' activities and should be taken into consideration when deciding their futures;

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- h. Governors noted that the assessment of the Oak Tree options hinged on an assessment of the University's future size. In advance of the Board's meeting on 8 October, SMT needed to come to a view on the University's likely future student numbers to inform the Board's choice of options. The Board would also need to see an analysis of the University's programmes – which were strong, which had the potential for growth and which were struggling – as that was relevant to the decisions that Governors had to make. The estimate of future student numbers should be realistic, and could be a 'best guess' within a range (e.g. +/- 10%). Previous projections by the University had been optimistic and had been proved to be wrong; it was suggested that this did not give confidence in current predictions about enrolments stabilising [REDACTED]

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- i. It was noted that the University's situation had moved beyond one where selling off buildings to sustain operations was feasible. Oak Tree was more than just an estate project: it included a number of components (e.g. reduction in staffing costs) which the University had to implement regardless of which estates option was adopted, although the estates piece was essential for sustainability and bought time for other measures to be carried out. While it was not feasible to do all the detailed work by 8 October (e.g. to make detailed predictions about what individual faculties might look like at the end of the process), Governors felt that the Board needed to see a holistic plan based on an agreed student number figure, which included an analysis of the course portfolio, how the PSDs would be restructured and how the University would be reshaped. An operational plan covering the next five years which planned the restoration of the University was required;
- j. Governors discussed how the Holloway campus would be rejuvenated to create a space that was new and vibrant, if Option 3 was adopted. On the one hand, it was suggested that students wanted brand new spaces rather than refurbished spaces; on the other hand, it was also suggested that new buildings were not required and that spaces could be refurbished very imaginatively. E&Y explained that Option 3 currently assumed a comprehensive refurbishment of the campus. Demolition and rebuild were

not practical due to the cost. It was also noted that one of the benefits of refurbishment was that it removed the need for planning permission;

- k. Governors agreed that the Board meeting in October would need to be reassured that the Oak Tree options would deliver an estate that was sound and interesting for students. The Board would need to be clear on what it was getting in terms of a refurbished estate and what properties could be sold. A compelling proposition was required that could be used to engage with local councils and the local community, as part of regenerating the area. A rejuvenated London Met in redeveloped facilities, which had improved in academic quality indicators, could be the basis of that proposition;
- l. One Governor suggested that the University could seek to rebuild Central House as a high-rise facility and could seek to consolidate the University's operations on that site. However, it was explained that this was not feasible. The University could not fit within the footprint of Central House, the cost of rebuilding it as a high-rise building would require borrowing, and it was unclear how the rest of the university would be sustained while it was rebuilt. The sale of Central House (which was part of Options 1, 2 and 3) was crucial for securing the University's sustainability;
- m. Governors noted that regardless of which Oak Tree option was chosen, how it was communicated to students, staff and the wider world would be crucial in demonstrating what the University was seeking to achieve and how it would ultimately benefit students, staff and the community. Internal and external communications plans would need to be developed to guide discussions within the institution and with stakeholders. These should emphasise that Oak Tree was part of a package of measures to ensure the University's sustainability;
- n. It was suggested by one Governor that the 'educational risks' of estates decisions should be brought out in the final analysis. They felt that areas of dynamism and energy in the University, such as the Cass, should be identified and protected;
- o. It was asked whether the University would still be able to deliver its mission of 'Transforming lives through excellent education' regardless of which option was chosen. Would it still be able to deliver the right experience for students? The Vice-Chancellor replied he was confident that this would be the case. All of the options allowed the University to continue to deliver its mission, in different ways.

9. Summing up, the Chair emphasised that to enable the Board to make decisions in October, E&Y and SMT had to work closely in the coming weeks to produce a holistic plan based on a 'best guess' about what the size of the University was likely to be and an assessment of what courses were sustainable. The projection of future student numbers was crucial to the decision the Board would need to make, and could be expressed as a range between best and worst case with sensitivities. The plan should include a step change in reducing staffing costs. It should be accompanied by internal and external communications plans in outline form which explained the positive benefits of what the University was doing. In addition, the Board should receive an outline project plan setting out how Oak Tree would be delivered, the timeframes, and the proposed project team.

Ways forward and conclusion

Oral

10. The Deputy Chief Executive briefly outlined the current thinking of the executive. The executive was aware that the decisions the Board would make in October were of fundamental importance for the future of the University. These decisions needed to set the University on a course that halted the current cycle of decline, in which costs had chased falling revenues downwards. With further deterioration expected in student enrolments in October 2015, the executive had been moving towards Option 3. It was vital that Oak Tree should not be seen as simply an estates project. It was a package of measures intended to give the University a sustainable future, and depended on the Programme for Improved Student Outcomes to lift academic quality and improve recruitment and retention. The executive saw a move of activities to Holloway as potentially marking a new beginning for the University. Thought was already being given to the implementation plan for Oak Tree and how it would be resourced.
11. The Chair noted that the Board would need to come to decision in October that was fully informed and based on a holistic plan, as outlined above. Papers should be issued on time or earlier than the usual deadline. The agenda for the meeting on 8 October should allow as much space as possible to debate the Oak Tree proposals. The Chair also warned that Governors should respect the highly sensitive and confidential nature of the information provided to the Board. Taken out of context, it could lead to rumours and misinformation that would be deeply upsetting to staff and students.
12. The Chair of the Finance and Resources Committee (FRC) noted that in light of the additional work which the Board had asked SMT and E&Y to undertake in advance of the meeting on 8 October, the meeting of the FRC on 23 September (the papers for which would go out on 16 September) would not be in a position to make a decision on the Oak Tree options for recommendation to the Board. It was also noted that it would not be possible to discuss Oak Tree with the Academic Board in advance of the Board's decision, as the Academic Board did not meet until November.

13. The Chair asked Governors to send their comments and ideas on Oak Tree to the Deputy Chief Executive so that these could be taken into account as part of developing proposals for the meeting on 8 October.

Peter Garrod, University Secretary
14 September 2015