



**Board of Governors
8 October 2015**

**Minutes of the 78th meeting of the Board of Governors
held on Thursday 8 October 2015 (5.00pm – 8.30pm)**

Governors present:

Mr Clive Jones, Chair
 Ms Rolande Anderson (for part)
 Professor Kathy Castle
 Ms Pauline Curtis (for part)
 Mr Emir Feisal (for part)
 Mr Rob Hull, Vice Chair (for part)
 Mr Adrian Kamellard (for part)
 Mr Tony Millns
 Mr Michael Murphy
 Mr Obie Opara, Student Governor
 Professor John Raftery, Vice Chancellor
 Ms Cathy Sullivan
 Professor Dianne Willcocks

In attendance:

Mr Paul Bowler (Deputy Chief Executive)
 Ms Sian Browne (Ernst & Young) (for part)
 Ms Lynn Burke (Director, Office of Institutional Effectiveness)
 Mr Iain Franklin (Ernst & Young) (for part)
 Ms Courtney Gainer (Ernst & Young) (for part)
 Mr Peter Garrod (University Secretary and Clerk to the Board of Governors)
 [REDACTED] s.43(2) FOIA - commercially sensitive
 Mr Richard Indge (Co-opted Audit Committee member) (for part)
 Ms Caroline Jackson (Director of Estates)
 Professor Peter McCaffery (Deputy Vice Chancellor)
 Ms Pam Nelson (Director of Finance)
 Mr Matt Robb (Ernst & Young)
 Ms Siobhan O'Donoghue (Assistant University Secretary)

Welcome, Apologies and Announcements**Oral**

1. The Chair welcomed Governors and the following attendees to the meeting.
 - a. [REDACTED] s.43(2) FOIA - commercially sensitive
 - b. Matt Robb, Sian Browne, Iain Franklin and Courtney Gainer from Ernst & Young;
 - c. Caroline Jackson, Director of Estates; and
 - d. Co-opted Audit Committee member, Richard Indge.
2. Apologies had been received from Independent Governor, Ann Minogue. Co-opted Audit Committee members Jane Broadbent and Avnish Savjani, who had been invited to attend the meeting, had also sent their apologies.
3. Student Governor, Obie Opara, would join the meeting from 6pm.
4. Business would be taken in a different order to that on the agenda, with the overview report and presentation on Oak Tree (BG 74/4.1 and BG 74/4.2) taken first, immediately after the Declaration of Interests.

Declarations of Interest**Oral**

5. There following declaration of interest was noted:
 - a. Item BG 78/4.2, Project Oak Tree – final findings: Governor Rob Hull declared a general interest as a resident of LB Islington, and his involvement with a number of local organisations.

6. The Board of Governors noted the declaration of interest.

Oak Tree: overview and recommendations**BG 78/4.1**

7. The Board received a report setting out the executive's recommendation in relation to the final findings of Project Oak Tree (which were presented in detail in the next item). The executive recommended Option 3, which, on balance, was felt to be the only viable transformation plan, although one with significant challenges and risks that were set out in detail in the report. The report also summarised the current financial and academic position and the background to it, including the slower than anticipated student number regrowth; subsequent financial reforecasts; in-year cost reduction actions; the commissioning of benchmarking data; and the subsequent clear requirement for a more strategic, holistic reconfiguration.
8. The success of Oak Tree would depend on sustained, successful action on a number of fronts, including estate consolidation, staff cost reductions, the reconfiguration of the academic portfolio and reshaping the institution's management and organisational hierarchy. Simultaneously, there would need to be a clear improvement in academic quality and graduate outcomes.
9. Outline proposals for the estates plan; review of organisational design; staff cost reductions; academic staff optimisation and reward; and the course portfolio review were summarised in the report. An outline communications plan, and a more detailed communications plan specifically for Option 3, were also included.

10. The Board of Governors noted the Oak Tree overview report and the Executive's recommendation to pursue Option 3.

Oak Tree: final recommendations**BG 78/4.2***Background*

11. At the workshop for Governors on 10 September 2015, Ernst and Young (EY) had outlined four potential options for reconfiguring the University to a more sustainable operation and generating resources for investment. All four options had been considered in detail at the workshop, with a focus on Option 3 (based on consolidation at a single campus at Holloway) and Option 4, in which London Met would remain a split campus university with the Cass Faculty continuing to occupy Central House and being split over multiple sites. A summary of the information presented at that workshop and the subsequent discussions was reported in detail elsewhere on the agenda.

12. Following the Governors workshop, the two main options had been investigated further, based on modelling a university of [REDACTED]. The latter reflected recent trends in student recruitment and their projection going forward. EY had presented a detailed review of Options 3 and 4 to the Finance and Resources Committee (FRC) at its meeting on 23 September 2015. The Committee had considered the financial modelling and the underpinning assumptions, development of estates options, and the course portfolio review as part of its discussions. A summary of the information presented at the FRC meeting and the subsequent discussions was reported in detail elsewhere on the agenda.

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Rationale for Option 3

13. Against qualitative criteria and a consistent set of assumptions, Option 3 continued to outperform Option 4 (as it had in the analysis presented to FRC). Option 4 was more complex operationally than Option 3, and did not allow a strategic fall-back to Option 3 if numbers deteriorated further than anticipated. The recommendation to the Board, therefore, was to pursue Option 3 – the relocation of the Cass and Business and Law Faculties to create a single campus University at Holloway.
14. On the basis that Option 3 was the only option that the Senior Management Team considered to be viable, that Option had been developed to provide a baseline scenario for implementation of the changes, which was set out in more detail during the presentation.
15. On behalf of the Board, the Chairman took the opportunity to thank EY colleagues for their considerable work on Oak Tree and the comprehensive and clear information that had been provided to the Board and Finance and Resources Committee.
16. The significant points of the presentation on the implementation of Option 3 are summarised below:

Overall message

- a. Although work would begin immediately, the project involved transforming the University over the space of four to five years. The quicker changes occurred, the quicker savings would be realised. Oak Tree was much more than just a reconfiguration of the estate; moving the University to a sustainable position required fundamental changes in a number of areas, including staff utilisation, staff costs, academic quality and performance, and internal structures and organisation.

Finances

- b. [REDACTED]
- c. The main financial risks and drivers were student enrolment, the speed and cost of the headcount reduction and market variance. Enrolment numbers would define the long term plan, whilst addressing staff costs was likely to have the greatest impact on short- and medium-term sustainability.

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Course portfolio

- d. The course portfolio review, led by the Deputy Vice Chancellor, aimed to improve the quality of both the student and the staff experience by building-up a course portfolio based on the curriculum strengths of the University. The course portfolio was reviewed regularly, with the current review taking place within the wider context of the sustainability objectives of Oak Tree.
- e. The portfolio review had proceeded using metrics relating to academic quality and financial performance, with the emphasis on the latter. This would lead to the closure of some non-viable courses. Steps would also be taken to address underlying performance issues in some larger, profitable courses where academic quality needed to improve. The Board also noted that it was vital for the University's long-term sustainability to improve retention: a one per cent increase per annum in retention had the potential to increase revenue by up to £3.5m by 2020/21.

Academic optimisation and reward

- f. As had been stressed on previous occasions, the University's staff : student ratio and staff cost as a percentage of income compared to benchmark indicated a clear need for a review of academic staffing and current working practices. It was recommended that proposals should be explored around the potential scope for reviewing levels of student contact hours; teaching hour targets; the allocation of staff time to research; and the staff : student ratio.
- g. Although a performance review, development and training scheme structure was in place, there appeared to be limitations in how it was applied, objective setting and linkage to pay. The performance review process and application of the performance management system needed to improve, with a stronger link to the updated strategy and clear and measurable targets. The employee value proposition also needed to be re-evaluated with a focus on professional development and recognition improvements.

Organisational Design

- h. The institution's current operating model was inefficient, given its current and likely future size. A more centralised model based on a single campus could deliver more optimised support services and also achieve efficiencies through reduced duplication and closer working. A 'bottom up' redesign of support services had the potential to deliver savings. Two initial options had been put forward for further exploration: a central coordinating administration service with delivery by Faculty (hub/spoke); and fully centralised coordination of administrative services.

Overall Financial and Headcount Impact

- i. In headline terms, implementing the key workstreams (offering; retention; productivity and reward; organisational restructure; and estate transformation) could generate significant cost savings and a sustainable operating surplus. This would, in turn, provide the opportunity to rebuild and re-invest in other revenue-

enhancing activities. A reduction in the University's staffing costs was unavoidable and necessary.

- j. An overview of the programme initiation and governance arrangements were also included in the presentation material. Arrangements included additional Governor oversight and guidance by the two Vice Chairs. The initial communications plan, included elsewhere on the agenda, was being developed by the Executive. Regular and open communication with internal and external stakeholders would be vital and needed to remain focused on the wider benefits of the project.

17. Individual Governors were invited to share their views and submit further questions. The main themes of the subsequent discussion and issues raised are summarised below:

External factors

18. An additional consideration had to be the external environment. The forthcoming Spending Review and Higher Education Green Paper were unlikely to improve the operating environment for the University, while the intent of government policy around international students was not favourable to London Met. The University's international strategy – and its impact on the University's finances – was being discussed actively and would continue to be considered closely over the coming weeks.

Course rationalisation

19. In response to concerns raised about the extent of the course portfolio rationalisation, the Deputy Vice Chancellor clarified the figures involved: for example, the taught postgraduate courses earmarked for closure had an average of 4.5 students per course. Of more relevance was the need to focus efforts on improving those revenue-generating courses with high demand but low quality, as well as the University's areas of existing academic excellence, in particular a number of professional courses.

Internal productivity

20. It was felt that, for Oak Tree to be successful, internal productivity had to be addressed as a priority, and Governors felt that the data around performance reviews and ratings was a particular concern. There would be risks around non-targeted staff reductions, for example losing high-performing or essential staff, and it was suggested that some thought should be given to retention incentives, and appropriate redesign of job descriptions.

Reducing staff costs

21. A number of Governors felt that the extent and timescale of the required staffing efficiencies did not go far enough to be able to address the underlying financial issues, and that the University should seek to position itself below the benchmark in terms of staff costs as a percentage of income. The Vice Chancellor reported that the matter had been discussed and revisited extensively, and that more aggressive reductions could be modelled. However, there was a question of what could realistically be achieved while continuing with day to day operations. The obligation to students had to be at the forefront of any decision, and speed and risk had to be balanced.

22. The distribution of headline reductions between Faculties and PSDs was queried. The Deputy Chief Executive clarified that the numbers reflected FTEs (with 1 FTE reflecting four HPLs); and that the split also reflected the anticipated transfer of 'pure' administrative work currently undertaken by academics to support functions, where it could be done more efficiently and cost-effectively. It was suggested that the time and resources required for the management of HPLs would need to be factored-in, if greater use was to be made of HPLs, and that the use of HPLs might have some degree of impact on the 'unified identity' vision that was trying to be achieved.
23. The Student Governor noted that, in the recent past, the SU had been able to reassure students about the extent and impact of staff reductions. It would be more challenging to do this again in relation to the forthcoming reductions.

Selling Central House

24. In response to a Governor's query about the need to sell Central House, it was noted that while there were arguments for retaining Central House, doing so was not supported by the financial modelling. Future savings as a result of administrative and professional support service de-duplication and improved efficiency could not be achieved without a single campus University. The financial projections and timelines around sustainability and growth included in the presentation reflected best possible scenarios and were unlikely to be realised exactly as presented. EY agreed to clarify the financial information and timelines outside of the meeting if that was considered helpful.

Transition – programme management, resourcing and impact

25. Given the extent, scope and complexity of the programme, which encompassed several disciplines and required specialist expertise, some Governors sought reassurance that the programme would have appropriate and adequate project management support.
26. The Deputy Chief Executive responded that it was proposed to second one of the EY consultants involved in Oak Tree as the Programme Manager, which would support continuity; and that appropriate leadership and other resources required for the underpinning workstreams were being considered. In terms of the estates programme, the University's property advisers would provide external specialist advice and a tender for a Master Planner would begin for the regeneration of North campus. It was suggested that there would also be value in seeking additional, independent expertise from someone with experience of organisational transformation and change management.
27. The Board discussed the potential impact of the transition on students and staff, and the benefits of speed of transition versus the potential risks.
28. The urgency of the project was recognised, as well as the need for the staff proposition to be achieved as quickly as possible, and the need to engage students and staff in supporting the transformation. The importance of a compelling and cohesive vision around which staff and students could unite was vital.
29. The Vice Chancellor assured the Board that the importance of staff and student engagement was recognised and that improving the student experience was at the heart of the Oak Tree programme.

Communication

30. Governors also stressed that the Communication workstream would be vital. The draft plan (set out in BG 78/4.1) was a good starting point. One-to-one engagement with key stakeholders in the coming weeks to build support would be vital, although it was recognised that the broader communications plan could not be halted while this happened.

Decision

31. Individual Governors had expressed their support for Option 3 during the discussion, citing the clarity and cohesion of the proposition; the appeal of the 'vision' it offered; the opportunity of a united University; the much improved student offering; the support for a single campus by students contacted in research conducted by the Students' Union during the preparation of the Strategic Plan; and also the urgent need to take positive action to put the University on a sustainable path.
32. The Chair emphasised that the Board had to be clear about the fundamental nature of the choice it was making and the risks involved, and Governors confirmed their positions. The Staff Governor did not support Option 3; the Academic Governor abstained; and all other Governors confirmed their support of Option 3.
33. The Board noted that there would be key review point in the summer of 2016, prior to entering into Clearing and before significant capital expenditure was incurred. A review at that point would need to take into account the University's situation, future projections and the progress of the project.
34. It was then clarified, through the Chair, that the Board:
- a. agreed – by majority – that Option 3 was the optimum solution and should be pursued, taking into account recruitment trends, the University's projected student numbers and the policy intent around international students;
 - b. agreed that the marketing of properties identified for disposal should commence immediately once the start of the project had been announced;
 - c. agreed that the course portfolio rationalisation process should continue;
 - d. agreed that the recommended review of academic staff optimisation and reward should be undertaken as part of the project, and that performance had to be addressed;
 - e. agreed that a detailed review of the options proposed for a bottom up restructure of the central support functions should commence; and
 - f. agreed that the Executive should develop an integrated plan for delivery, together with any further performance improvements required.

- 35. The Board of Governors approved Option 3.**

Minutes and Matters Arising**BG 78/1.1**

36. The Board received the minutes of the last Board meeting held on 2 July 2015 and the notes of the Workshop held on 10 September 2015.

37. The Board of Governors:

- a. approved the minutes of the last Board meeting held on 2 July 2015 as a correct record;
- b. approved the notes of the Governors' Workshop held on 10 September 2015; and
- c. noted the table of updates on actions arising from the 2 July 2015 Board meeting that were not dealt with elsewhere on the agenda.

[Secretary's note: A number of Governors departed, leaving the meeting inquorate. As allowed for in the Articles of Association, those remaining items of business requiring Board approval would be noted at the meeting and circulated via email for agreement of the resolutions.]

Vice Chancellor's General Report**BG 78/2.1**

38. The Board received the Vice Chancellor's General Report, discussing the following items in particular:

39. Taking forward the Strategic Plan: Following a Senior Management Team Workshop on 2 September 2015 and a Board of Governors Workshop on 10 September 2015, there was now a clarity and clear understanding of London Met's student population as being more mature, more diverse more local and more disadvantaged than those of comparable universities. This provided a clearer base from which to translate the University's mission (expressed as 'Transforming lives through excellent education') into an academic vision. Governors stressed the importance of matching the needs of the student to the curriculum, ensuring a balance of IT-enhanced learning with face to face contact, to ensure blended learning for all.

40. Management and Organisational Restructure: Phase 1 of the University's management and organisational restructure had been completed, with early outcomes including a reduction of senior management posts in PSDs and two Faculties. In light of the Board's decision on Project Oak Tree, Phase 2 of the restructure would be an integral part of the work to take forward Option 3.

41. The Board of Governors noted the Vice Chancellor's General Report to the Board.

Vice Chancellor's Quarterly Report to HEFCE and the Board**BG 78/2.2**

42. The 21st Vice Chancellor's Quarterly Report to HEFCE and the Board, covering the period 1 April to 30 June 2015, had been circulated to Governors via email on 20 July 2015. The report was presented for information.

43. **The Board of Governors noted the Vice Chancellor's Quarterly Report to HEFCE and the Board.**

Student Governor's General Report to the Board**BG 78/3.1**

44. The Student Governor introduced his update report to the Board.
45. Review of Students' Union Byelaws: The Students' Union was working with the University Secretary's Office to update its byelaws in light of recommendations following the 2015 SU elections. The amended byelaws would be presented to the Board of Governors at a future meeting.
46. Students' Union Strategy: As part of its development work on the Union's strategic focus and relationship with students, the Union had defined its mission as 'supporting students for a life-changing experience'.
47. University Initiatives: The Vice Chancellor thanked the Student Governor and the StARS for their involvement in the Student Led Module Feedback Scheme (SLMFS), which would commence in November 2015.
48. Student Surveys: The Board congratulated the Student Governor on the Students' Union's improved scores in the 2015 National Student Survey, which had resulted in a 19-place rise for MetSU in the NSS league table. Separately, the Union had surveyed London Met students on satisfaction and engagement with the Union, and the Board welcomed the encouraging results, noting in particular the 89% positive response rate in terms of satisfaction, and agreement by 78% of respondents that the SU had a positive impact on their student life. There had also been an overwhelmingly positive response to the HeadStart and Moving Up pre-induction student events.
49. Sport and social events: The Student Governor reported on progress with sports development activities and the ambition to develop and improve community ties through this. The Board was particularly pleased to note that London Met's first ever rugby team would be participating in the forthcoming season. The Board also noted that the Students' Union had arranged a number of successful social events as part of student induction activities.

50. **The Board of Governors noted the Student Governor's general report.**

Re-appointment of Students' Union Trustee**BG 78/3.2**

51. The Board received a report seeking the re-appointment of Independent Governor Rob Hull as a Students' Union Trustee, noting that Rob Hull had indicated his willingness to

be re-appointed. The appointment would be coterminous with Dr Hull's appointment as Independent Governor, which was due to expire on 31 July 2017.

52. As the meeting was not quorate, the Board would be asked to approve the recommendation by circulation.

53. **The Board of Governors noted the report seeking the re-appointment of Rob Hull as a Students' union Trustee. [Secretary's note: the re-appointment was approved by circulation on 14 October 2015]**

Programme for Improved Student Outcomes

BG 78/4.3

54. The Board received a report summarising progress to date on the Programme for Improved Student Outcomes (PISO), the programme developed to deliver academic sustainability, one of the two complementary aims of the 2015-2020 Strategic Plan. Recent work included the appointment of project leads for the six underpinning PISO workstreams. In addition, over sixty expressions of interest had been received from staff across the University community to participate in the programme.
55. The Board noted that Met2020 would be assimilated into PISO, with extant Met2020 projects being monitored and evaluated against their original objectives and targets by the PISO Programme Board. An overview report on complete Met2020 projects and outcomes would be circulated to Governors. In response to a Governor's query, the Deputy Chief Executive confirmed that work on the Met2020 Boilerhouse project was on hold at present; but would be considered as part of the work to take forward the decision on Oak Tree.

56. **The Board of Governors noted the update on the Programme for Improved Student Outcomes.**

Destination of Leavers from Higher Education Survey 2013/14

BG 78/4.4

57. The Deputy Vice Chancellor introduced the report, summarising the outcomes of the Destination of Leavers from Higher Education survey for London Met students who had graduated in 2013/14. The result of this latest survey was the most positive recorded by London Met in the survey's history, with the proportion of graduates securing employment recorded at 88.8 per cent, which was 0.1 per cent below the University's benchmark target. The Board was reminded that, following the adverse 2012/13 results (81.4 per cent), the University had commissioned an independent review and had implemented a number of recommendations for this year, as a result.

58. **The Board of Governors noted the outcomes of the DLHE 2013/14 Survey.**

National Student Survey Results 2015

BG 78/4.5

59. The Deputy Vice Chancellor introduced the report, summarising the outcomes of the 2015 National Student Survey (NSS). The 2015 NSS result was the most positive

recorded by London Met. Headlines were an overall satisfaction score of 78 per cent (compared to 76 per cent in 2014 and 74 per cent in 2013); and a 71 per cent response rate (compared to 67 per cent in 2014). The report included a breakdown of satisfaction ratings by Faculty and course, and the Board noted that the University had taken steps to review and address under-performing courses and determine the most appropriate course of action.

60. The Board also noted that, if partner scores were excluded, the University's overall satisfaction score would have been 79 percent. Partners had been contacted and were producing action plans in response to their results.

61. The Board of Governors noted the outcomes of the National Student Survey 2015.

Fee Forecast Position for 2015/16 Budget

BG 78/4.6

62. The Board received a report, summarising the latest information on current recruitment performance against the 2015/16 budget. Overall, the University was performing in line with the assumptions agreed by the Senior Management Team in July 2015, which reflected an anticipated reduction in enrolments. In summary, Home Undergraduate was in line with budget, International was lower than budget, which was offset by better than anticipated Home Postgraduate performance. In terms of returner students, numbers were on track overall: progression rates from Year 1 to Year 2 were up, but down slightly from Year 2 to Year 3. The Board noted that recruitment continued until the end of October 2015.

63. The Board of Governors noted the fee forecast position.

Unaudited 2014/15 Results

BG 78/4.7

64. The Director of Finance presented a summary of the University's unaudited results for 2014/15, which had been considered in detail by the Finance and Resources Committee at its meeting on 23 September 2015.
65. The 2014/15 operating deficit was slightly worse than budget, but better than forecast during the year; but was still a cause for concern. The Director of Finance also emphasised that the positive closing cash balance was an exceptional event, and that it would need to be explained and reported as such in the 2014/15 financial statements, which were due to be presented to the Board at its November 2015 meeting.

66. The Board of Governors noted the unaudited 2014/15 out-turn position.

22 September 2015 Audit Committee – Meeting Report

BG 78/5.1

67. The Board received a report summarising business considered by the Audit Committee at its meeting on 22 September 2015. The Committee had approved the appointment of PwC as the supplier of internal audit service and also approved PwC's Internal Audit

Charter, for recommendation to the Board. The Committee had also agreed that no changes to its Terms of Reference were required.

68. As the Board meeting was not quorate, the recommendations in the report would be circulated to the Board for approval by circulation.

69. **The Board of Governors noted the report from the 22 September 2015 meeting of the Audit Committee. [Secretary's note: the recommendations were approved by circulation on 14 October 2015]**

23 September 2015 Finance and Resources Committee – Meeting Report

BG 78/5.2

70. The Board received a report, summarising the issues considered by the Finance and Resources Committee at its meeting on 23 September 2015. The Committee had considered a report about the basis of the University's membership of the London Pension Fund Authority (LPFA), noting that the LPFA had accepted the University's contention that it was a 'scheme employer'. A deed proposed by the LPFA, which confirmed the basis of the University's membership had been reviewed and approved by the Committee for recommendation to the Board.

71. As the meeting was not quorate, the Deed would be circulated to the Board for approval by circulation.

72. **The Board of Governors noted the report from the 23 September 2015 meeting of the Finance and Resources Committee. [Secretary's note: the deed was approved by circulation on 14 October 2015]**

Any Other Business

Oral

73. There were no further items of business.

Item	Para / Action	For action by who	To be actioned (by) when	Update on action (as at 19.11.15)
BG 78/3.2 Re-appointment of SU Trustee	Para. 54) Board to approve the re-appointment of Rob Hull as SU Trustee via circulation.	University Secretary	Following the meeting	<i>Circulated and approved on 14 October 2015</i>
BG 78/5.1 Audit Committee meeting report	Para. 70) Internal auditor appointment; Internal Audit Charter and Terms of Reference be approved by the Board via circulation	University Secretary	Following the meeting	<i>Circulated and approved on 14 October 2015</i>
BG 78/5.2 FRC meeting report	Para. 73) Pension Deed to be approved by the Board via circulation	University Secretary	Following the meeting	<i>Circulated and approved on 14 October 2015</i>