

**Minutes of the fifteenth meeting of the Board of Governors
held on 19 October 2005**

Present: Sir John Carter

Peter Anwyl	Zenobia Nadirshaw
Philip Bignell	Bob Morgan
Graham Castle	Raj Patel
Alastair Clark	Abdul Rahim
John Gabriel	Brian Roper
Michelle Harris	Cherrill Scheer
John Haworth	Finlay Scott
Stephan John	Timothy Thompson
Jeremy Mayhew	Sarah Tyacke

Clerk to the Board: John McParland

In attendance: Bob Aylett Rachel Thomas
Lyn Link Chris Topley
Pam Nelson

Apologies: Bill Clark, Linden Ife, Dame Barbara Mills and Michael Snyder

181. Chair's Announcements

The Chair welcomed the following new Governors to their first meeting of the Board:

Philip Bignell, Co-opted Governor, nominee from the Sir John Cass's Foundation

Alastair Clark, Co-opted Governor
John Gabriel, Academic Board Governor
Michelle Harris, President of the Students' Union
Zenobia Nadirshaw, Co-opted Governor
Timothy Thompson, Elected Teaching and Research Staff Governor

182. Appointment of Chair and Vice-Chair
(Agenda item BG 15/1)

It was noted that as it was the first meeting of the Board in the academic year it was necessary to appoint a Chair and Vice-Chair for the ensuing year in accordance with Article 8.

Nominations were invited for the Chair and received for Sir John Carter (proposed Sarah Tyacke, seconded Peter Anwyl). There being no other nominations, Sir John Carter was duly elected nem con, and took the Chair.

Nominations were invited for the Vice-Chair and received for Peter Anwyl (proposed Sir John Carter, seconded Sarah Tyacke). There being no other nominations Peter Anwyl was duly elected nem con.

183. Minutes of the meeting held on 22 June 2005
(Agenda item BG 15/2)

The minutes of the meeting held on 22 June 2005 were confirmed as a correct record and signed by the Chair.

184. NATFHE (National Association for Teachers in Further and Higher Education) Dispute update
(Agenda item BG 15/3)

The Board received the report on the NATFHE Dispute and noted that the terms of the academic contract had now been agreed and Governors had approved the revised document. It was also noted that discussions concerning pay deductions for partial performance would be resumed upon the return of the General Secretary. The Board would be kept informed of progress.

(Action: Director of Human Resources/Secretary and Clerk to the Board)

185. Report for the period 13.6.05 - 13.9.05 from the Vice-Chancellor
(Agenda item BG 15/4)

The Board received the report by the Vice-Chancellor and noted the following key

issues:

- New Science Centre – that the building work was on schedule and within budget
- Research Assessment Exercise – that preparations were in place, and initial assessments would commence in 2007
- International arena - links with Thailand, West Indies and Cuba were being developed

It was also noted that a number of sector level measures had been produced which had attracted media attention. Governors noted the University's performance against the HEFCE/HESA performance indicators as set out in Appendix 1 to the Vice-Chancellor's report, together with the overall 74% satisfaction rate in the National Student Survey (NSS 2005). Some institutions had not participated in this survey.

Governors expressed the view that they would like to receive information about the University's relative performance against the higher education sector as a whole and comparator Universities.

It was noted that a report would be submitted to the December Board on Performance Indicators and sector benchmarks with a view to exploring how to approach these measures in the future (see also Minute 189).

(Action: Deputy Vice-Chancellor (Research and Development))

186. Student Recruitment – oral update

The Board received an oral report by the Deputy Vice-Chancellor (Research and Development) on student recruitment. It was noted that the University was at an early stage in the recruitment cycle. It was difficult to make comparisons within the sector as the University followed a different recruitment pattern to other institutions. The following recruitment figures indicated cautious optimism when compared with last year's admissions data.

Overall student numbers

All students were about 2% down ie 500 out of 25,000.

Full-time

Full-time numbers were up by 5.6%, possibly because of the impending tuition fee increases in 2006.

Part-time

Part-time numbers were down by 15% compared with the same time last year. It was noted that part-time numbers were also down last year, a growing trend across the sector.

Undergraduates – Full time

Student numbers were up by 9%

Overseas

Overseas student numbers were down by 24% when compared with last year partly because of incomplete assessment of fee status. Where there was any doubt students were being classed as Home/EU. These students were being checked and the figures were likely to improve.

Undergraduates Full time, Year 1

Figures were up by 23%. It was noted that there was an increase of 9% for all types of undergraduates, and that therefore the indications for Year 2+ student numbers at this early stage might be less encouraging.

Postgraduates

Overall figures were up by 5% comprising a 12% increase in full time students and a 6% decrease in part-time numbers.

The following comments were also noted:

- that it was too early to analyse recruitment trends by subject
- that Governors were concerned about the financial implications of a possible decline in overseas student numbers
- that Chinese overseas student recruitment had declined. It was noted that the University's recruitment strategy was based on diversification in other regions and that current international student numbers were amongst the highest in the sector.
- that financial factors affecting the part-time student market needed to be understood to counteract the decline

It was noted that a report on actual student recruitment figures would be submitted to the December Board, together with any financial implications and if necessary revisions to the Business Plan.

187. Draft 2004/05 Outturn and Business Plan update (Agenda item BG 15/5.2)

The Board received the draft Outturn and Business Plan update for 2004/05 which was in the process of being finalised with the external auditors and no further significant adjustments were expected. It was noted that this was the first time since merger that the surplus had fallen below budget to 1.1% of total income, but the University had out-performed the first three years of the post-merger business plan by 22.6% of the planned surplus.

The main changes compared with the budget forecast were as follows:

- holdback of HEFCE grant confirmed at c£1.9m
- tuition fees below forecast by £1.3m
- third stream income had not delivered the budgeted return
- departmental core budget overspends of nearly £3m
- FRS17 report on the University's share of the LPFA pension fund showing a deficit which had increased to £50.3m.

The following comments were noted:

LPFA (London Pension Fund Authority)

Governors were concerned about the increasing LPFA costs and the performance of the fund. It was noted that this matter was being monitored by the Finance and Human Resources Committee (pages 82-83 of Agenda Part II referred). The University had no control over the pension funds and the possibility of transferring to another fund had proved legally and financially prohibitive. LPFA had appointed new investment advisers. It was noted that this matter would be considered as part of a review of pensions in the HE sector, and concerns about the LPFA were being co-ordinated by the Vice-Chancellor of the University of Westminster on behalf of the many HE institutions who were members.

Student withdrawals

It was noted that withdrawal rates had increased in 2004/05, with a higher rate of withdrawals for overseas students than in past years. This was an area which needed to be addressed independently of the financial consequences.

Third Stream Commercial Activities

Concerns were expressed about the University's third stream commercial activities and underperformance in some areas. It was recognised that undertaking commercial activities was not without risk and careful consideration should be given to their relevance to the main objectives of the University. The University's main commitments were teaching and research and a new approach to this form of income generation needed to be adopted. It was noted that a report on current commercial activities would be submitted to the December Board, together with a review of the University's objectives and links to its main activities.

(Action: Director of Finance/Deputy Vice-Chancellor (Research and Development))

Staff costs

Concerns were expressed about the increases in staff costs, which were mainly attributable to increases in the pension fund contributions. It was noted that management data would be available in the near future to better understand employment patterns.

HEFCE holdback of grant

It was noted that the funding model was very complex and could not be modelled within the University or by any other University. Governors expressed the view that the methodology should be more transparent.

188. Presentation Funding Methodology

The Board received a comprehensive presentation from the Director of Finance explaining the funding cycle and the complex methodology used by the Higher Education Funding Council for England (HEFCE) to calculate grant allocations. The presentation also covered data returns to HEFCE, additional grant initiatives and particular problems with the calculations for the University, necessitating the inclusion of contingency figures when undertaking financial planning.

The Board thanked the Director of Finance for the useful presentation.

189. University Performance Indicators (PIs) (Agenda item BG 15/5.3)

The Board received a report on Performance Indicators from the Deputy Vice-Chancellor (Research and Development).

The following comments were noted:

- that the 12 proposed PI's were designed to replace the 99 currently used for

Board monitoring. Each new indicator was based on specific background detail for that indicator.

- that some indicators were purely numeric but some also included a qualitative element
- that third stream income was subsumed within 2.5 Community and Business Links Initiatives and Projects
- that there were currently no generic indicators for the sector. The proposed indicators in the report were similar to those proposed by HEFCE to monitor the merger, and these had proved to be useful. There was an initiative within the HE sector to draw up a common set of PIs. The outcome would not be known for at least a year. This would give the University an opportunity to monitor use of the proposed indicators and then compare them with the benchmark in the future.
- that an indicator should be included to monitor staff quality, satisfaction, retention and recruitment etc
- that the PIs were designed to enable Governors to monitor performance
- that a way of measuring the quality of a student's education as perceived by employers would be useful – ie employers' impression of the quality of the University's output
- that it would be helpful if reports on Risk were submitted to the Board at the same time as reports on PIs
- 2.1/2.2 required greater clarity
- that some of the indicators should be reported more regularly than annually to the Board, and conversely others, for example RAE (Research Assessment Exercise) could only be reported every five years

The Board agreed that subject to taking into consideration the above comments the PIs would be finalised in line with the Business Plan. A report on both the Business Plan and PIs would be submitted to the December Board.

(Action: Deputy Vice-Chancellor (Research and Development)/Director of Finance

190. Cost of Living Pay Increase

(Agenda item BG 15/5.4)

The Board received and noted the report from the Director of Human Resources on the Cost of Living Pay Increase.

The Vice-Chancellor drew Governors' attention to the concerns reported by the Unions that "the Unions representing academic staff believe the increase perpetuates a long-term decline in their members' salaries relative to the earnings of other professional groups. They intend to start an early campaign for much bigger increases in 2006, when they believe HEIs (at least in England) will have the necessary funds available from increased tuition fees".

The Board agreed to approve the cost of living increase to be paid to all staff, effective from 1 August 2005, in November 2005 salaries.

(Action: Director of Human Resources)

191. LondonMet Bursary Policy – update

(Agenda item BG 15/5.5)

The Board received and noted the Bursary Policy update.

192. Student Accommodation Review

(Agenda item BG 15/5.6)

The Board received the report on the Student Accommodation Review.

The following points were noted:

Governors were concerned about the longterm risk of selling freeholds and the University's legacy in the future. It was proposed that retaining the University's freeholds should be an option in the review.

It was noted that this matter was an investment decision about whether or not the University should continue ownership of its student accommodation. The economic climate was right to make such investment decisions and the University's main priority was to concentrate resources on improving the teaching estate. The student accommodation needed upgrading requiring considerable capital investment. The University owned a relatively small proportion of student accommodation and students were successfully finding accommodation with external providers.

The President of the Students Union expressed her concerns about the importance of

providing students with guaranteed accommodation, especially for international students and for the peace of mind of all students' families. She also commented that the Halls of Residence were popular with the students and were not under used.

It was noted that whatever the outcome of the review the University intended to continue to oversee the quality of its student accommodation and ensure an appropriate supply of accommodation for its students.

The Board noted the report and approved the following proposed approach, subject to including an option to review retaining the freeholds, and subject to a review of the results of soft market testing to confirm what would be the best option for the University.

- (i) to re-confirm the Board's initial approval, in June 2004, to purchase the Arcade with immediate re-sale
- (ii) to agree in principle to the sale of the Market Road and Tufnell Park halls, subject to review of the results of soft market testing to confirm that this would be the best option for the University
- (iii) to approve an initial budget of £250k to allow work to continue on the disposal of the Arcade, maximising planning permission at Market Road, protecting the University's existing planning permission at Tufnell Park, obtaining valuations for the freehold sales of Market Road and Tufnell Park halls and developing the necessary documentation for soft-market-testing.

(Action: Director of Finance)

193. Severance

(Agenda item BG 15/5.7)

The Board received the report on Severance. It was noted that the first voluntary severance scheme had not resulted in a sufficient reduction in the number of posts. This matter had now become more pressing due to increasing external financial pressures.

The following comments were also noted:

- that a second voluntary severance programme should not preclude restructuring
- that the second voluntary scheme would not be as advantageous as the first scheme

- that any member of staff accepting voluntary severance would not be allowed to take up future employment with the University under the terms of the offer.
- that the diversity of the staff profile should not be adversely affected by staff restructuring
- that cost savings through efficiency gains were always likely to have been a consequence of merger. Modernising and taking into account economies of scale were more likely to improve the student experience than detract from it.
- the responsibility for approval of compulsory redundancies should rest with the Board and be exercised through the Finance and Human Resources Committee

The Board approved:

- a further voluntary severance programme on the basis outlined in the report
- a programme of compulsory redundancies, with detailed approval of proposals vested in the Finance and Human Resources Committee, should this be deemed necessary

(Action: Vice-Chancellor/Director of Human Resources)

194. Governors Effectiveness Review

(Agenda item BG 15/6.1)

The Board received the report from the Clerk to the Board on the Governors Effectiveness review. One Governor expressed her disappointment at the number of Governors who had attended the meeting and lack of attendance at other events organised by the University. It was agreed that the Secretary's office would improve the way details of these events were communicated to Governors.

(Action: Secretary and Clerk to the Board)

Size and Composition of the Board

It was noted that the facilitator had considered all the questionnaire responses together with the discussions at the review before reaching his conclusions about the size and composition of the Board.

The teaching staff governor questioned his responsibilities towards the staff of the University. It was noted that any communications from the Board should be from the Board as a whole on the basis of what had been agreed by the Board. Governors either nominated by or deriving their Governorship from particular constituencies must not act as representatives, and must act in the best interests of the University Board.

The Board agreed that the outcome of the effectiveness review should be referred to the Nominations Committee for consideration and recommendation to the Board at its March 2006 meeting.

It was also noted that a revised structure for reports would be put in place for the December meeting.

(Action: Secretary and Clerk to the Board)

195. Appointment to Governorships
(Agenda item BG 15/6.2)

The Board received the report on Appointment to Governorships.

It was noted that Michael Snyder and Jeremy Mayhew had been re-nominated by the Corporation of London not re-appointed.

Philp Bignell had been confirmed as the Sir John Cass's Foundation nominee.

Bob Morgan had been re-elected and John Gabriel had been elected as the Academic Board governors.

Timothy Thompson had been elected from the Teaching and Research staff ballot.

The Non-Teaching staff ballot would be re-run and the result of the ballot would be known on 25 November 2005.

Alastair Clark and Zenobia Nadirshaw had been appointed as Co-opted Governors.

The Board approved the nomination of Councillor Barbara Smith from the London Borough of Islington to fill the vacancy left by James Kempton's resignation. It was noted that she would serve until 30 September 2007.

(Action: Secretary and Clerk to the Board of Governors)

196. Appointment of Internal Auditors

(Agenda item BG 15/6.3)

The Board received the report on the Appointment of Internal Auditors.

It was noted that the costs may be higher than those of the current internal auditors but joining the Consortium would provide better value for money.

The Board approved the University joining the Consortium.

It was noted that a detailed Audit Plan for 2005/2006 would be submitted to the next meeting of the Audit Committee for consideration and approval.

197. Report from Academic Board

(Agenda item BG 15/7)

The Board received and noted the report from Academic Board.

198. Date of Next Meeting

It was noted that the next scheduled meeting of the Board would be held on Wednesday 14 December 2005 at 4.45pm in the Barbican. It was noted that if any Governors wanted to attend the Award Ceremony and lunch on that day they should notify the Clerk to the Board.

AGENDA PART TWO

199. The Board noted for information

(Agenda items BG 15/8.1 - BG 15/8.5)

- a) Dates of Future Meetings 2005/2006
- b) Current Membership
- c) Outline Agenda for next meeting
- d) Student Satisfaction Survey 2005
- e) UK Skills Strategy
- f) Economist Intelligence Briefing

200. The Board noted the unconfirmed Minutes of:

(Agenda items BG 15/9.1 – 15/9.6)

- a) Minutes of the Health and Safety Council – 13 June 2005
- b) Minutes of the Audit Committee – 6 July 2003
- c) Minutes of London Metropolitan Enterprises Ltd – 13 July 2005
- d) Minutes of the Finance and Human Resources Committee – 20 July 2005
- e) Minutes of the Nominations Committee – 27 July 2005
- c) Minutes of the Women's Library Council - 27 September 2005