

**Minutes of the thirtieth meeting of the Board of Governors held on 19  
November 2008**

**Present:** Peter Anwyl, Chair

Graham Castle	Professor Zenobia Nadirshaw
Stephan John	Abdul Rahim
Katia Kramer	Brian Roper
Jeremy Mayhew	Finlay Scott
Bob Morgan	Sarah Tyacke

**Clerk to the Board:** John McParland

**In attendance:** Bob Aylett Pam Nelson  
Lyn Link Rachel Thomas  
Paul Lister

Irving Warnett, Director PWC) For item  
Mark Smith, Advisory, PWC ) BG 30/4

**Apologies:** Raj Patel and Sir Michael Snyder

**407. Minutes of the meeting held on 24 September 2008**  
(Agenda item BG 30/1)

The Minutes of the meeting on 24 September 2008 were confirmed as a correct record.

**408. Matters Arising**

### **Minute 393 – James Leicester Hall**

It was noted that completion had taken place. The Board congratulated those involved for a successful sale at a good price given the current economic climate.

#### **409. Report for the period 15.9.08 – 7.11.08 from the Vice-Chancellor and Chief Executive**

(Agenda item BG 30/3)

The Board received and noted the report by the Vice-Chancellor.

#### **Olympic Park**

The Board received the report for information from the Vice-Chancellor on the University's involvement in legacy planning for the Olympic Park. It was noted that the University intended to submit a non-binding proposal, which would include the operation of one of the sports venues as well as the potential relocation of the entire University estate over time as provided for in the University's strategic plan

The Board noted Jeremy Mayhew's declaration of interest in the legacy planning as a member of the LDA Board of Governors, that he would not be able to participate in any future discussions or decisions concerning the LDA.

It was noted that the Vice-Chancellor would report back to the Board at the earliest possible opportunity to inform Governors of progress and developments.

**(Action: Vice-Chancellor)**

#### **410. Strategic Plan**

(Agenda item BG 30/4)

The Board received the report on the Final Draft Strategic Plan, together with the financial forecasts. The Board also noted the University's case for reinvestment of its reserves created for specific investment, particularly in IT, Estates and Staff Development. It was noted that if HEFCE take the retrospective holdback in whole or in a significant part this would eliminate the University's reserves thereby preventing investment and transformation.

The Executive Team headed by the Vice-Chancellor presented the plan to the Board. The presentations focused on the University's major

achievements since merger, financial forecasts, the investment plan, how the plan could be achieved and the legal position of the University. (The powerpoint presentations are available on the Governors intranet site).

The following comments were noted:

- That the income figures in the financial forecasts included overseas fee income.
- That at the end of the plan the funding gap should have closed and benchmarks with other similar Universities should be comparable.
- Governors expressed concerns that the current recession may affect the University's targets for overseas students.
- That maximizing office space was essential and there would be a move away from single office use.
- That pension costs were included in the financial forecasts but this continued to be a high risk area for the University.
- That a 3% increase for inflation had been factored into the financial forecasts.
- That e-learning would not be successful in certain countries for example Abu Dhabi and India. These countries would require a physical presence.
- That plans were in place to ensure the University would be engaging with the business needs of the market. To this end a single system of support arrangements and operating models would be introduced to ensure that any business opportunities were not missed and to enable the University to engage in a cost effective way with the business needs in the sector, particularly Continuing Professional Development.
- That achieving the level of research active staff necessary for the success of the plan would require significant change. It was noted that the selection process for new academic staff would be crucial to ensure that they had the research skills necessary for

the changes envisaged in the plan.

- That staff reductions and cost controls would be necessary but these changes would be implemented without sacrificing the quality of the services provided. Staff development needs would be assessed and training provided alongside a skills audit. The Governors view was that developing a competency framework would be very difficult. It was also noted that the cost savings envisaged would result in the equivalent of 330 posts.
- That the Trade Unions would not necessarily agree to support the changes envisaged in the plan and this may delay implementation. The Board noted the tabled motion passed unanimously at joint meetings of UCU and UNISON on 4.11.08 and 6.11.08. It was stressed that the alternatives should be made clear to staff, through the Staff Representative Council and Trade Unions, if the plan were not implemented. Staff would not necessarily be opposed to what was planned and would accept that the savings and changes in direction were necessary for the sustainability of the University. This point was reinforced by the Staff Governor.
- The Board were strongly supportive of the establishment of a Programme Management Office, which in their view was essential to delivery of the plan to enable the University to adhere to the planned timetable and ensure the necessary changes were implemented. It was noted that the staff engaged would need exceptional skills to enable them to facilitate the necessary changes. The savings achieved in successful and timely implementation would cover the costs involved. The Board stressed the importance of the Office having a direct reporting line to the Vice-Chancellor and the Executive Team.
- That with so many Universities in London and around the country it was crucial to understand the risks and how the market would react to the strategy. This would be a key question for the HEFCE Board. It was noted that the University would have to compete for a finite amount of funding. However, it was noted that before the HEFCE funding issue had arisen the University were already moving towards the strategy envisaged. The University had been hampered by insufficient merger funding and staff time had been diverted from future planning to merger

issues. Staff could now turn their attention and resources to the plan ahead. The University would have a locational advantage over its competitors and a distinctive reputation for its social research activities. It would be committed to research and third stream funding.

#### **411. Presentation – PricewaterhouseCoopers**

The Board welcomed Irving Warnett to the meeting to present PWC's opinion of the draft strategic plan to Governors. He explained the background and purpose of PWC's work and their interim (**Phase 1**) findings. It was noted that, not surprisingly, the University had opted for Option 4, continuation with cost savings and transformational change. However, at that stage PWC were unable to endorse this option entirely because there were still questions being answered about the robustness of the continuation plan, the capability and means of implementation, and the one-off costs of doing so. It was also noted that merger and closure or rather, the withdrawal of public funding had been kept open pending PWC Phase 1 findings.

PWC had affirmed that the funding gap had been between £12.6m and £22.9m but that this was subject to the finalisation of wage increases and some establishment issues. These had now been quantified and for instance in year 2011/2012 the funding gap had been increased from £22.9m to £26m.

PWC concluded that the Strategic Planning Process had been thorough and taken into account short term savings and longer term changes in working practice. The plan had pointed to a number of transformational aims around structural changes to academic and non-academic profiles, improving the student experience and re-profiling the course portfolio.

#### **Phase II**

Irving Warnett explained the focus of PWC's work under Phase II and the work undertaken to date to review the plans. This included:

- Thorough and diligent work carried out by LondonMet executives in preparing the plans including departmental savings plans with supporting detail and transformational adjustments.
- Identified savings of £30m to close the £27m funding gap before surplus with a surplus forecast from 2011/2012 onwards.

- 9 meetings had taken place with departmental heads covering 75% of the cost savings.
- A number of detailed plans had been developed from a bottom up approach along with some from a top down approach.
- The proposals for the Programme Management Office had been discussed and reviewed.

PWC agreed that the University was right to put in place a Programme Management Office to oversee the changes envisaged in the plan. This should focus on the objectives of the plan but not the detail.

It was noted that PWC needed to complete further work on the quantum, risks and the robustness of the plan. The work on the review would continue over the weekend and a report would be available for the University by Monday 24 November. Thereafter, the final version of the Phase II report would be submitted to HEFCE on 26 November 2008.

Governors questioned PWC's understanding of the higher education market and the likely competition from other institutions. PWC responded that initially the plan was to get back into surplus and the driver beyond that was a new market, but PWC did not know enough about the London market to respond. However, the University was confident that with all the University's past and present achievements the strategy had enough underpinning to succeed.

Governors were also concerned that the commitment of the LondonMet Board to the University and its mission should be unequivocally understood by HEFCE. Governors wanted the University to succeed and sought HEFCE's support in this endeavour.

The Board unanimously approved the University's Strategic Plan 2009-19, the financial forecasts and the investment case, subject to amending the mission statement to read: "transforming **individual lives**" not "transforming individuals".

The Clerk to the Board explained the process that would now follow and the position of the University as a company. It was noted that it wasn't clear yet what HEFCE would decide about the plan and what decision they would make about the historic potential clawback.

The HEFCE Board's decision letter would be emailed to Governors as soon as it was received together with the views and recommendations from the Vice-Chancellor.

**(Action: Clerk to the Board)**

## **Financial Reports**

### **412. Annual Accounts 2007/08**

(Agenda item BG 30/5.1)

The Board received the University's draft Final Accounts for 2007/08. It was noted that the Audit Committee and the Finance and Human Resources Committee had reviewed the accounts which were almost complete apart from the outstanding matters set out in the report. It was also noted that without provision for holdback the University would have had a c£4m surplus. The Chair congratulated staff for this achievement.

It was noted that it had been agreed with the University's external auditors and HEFCE that the accounts should not be finalised and signed until after the HEFCE Board meeting in December, which would be discussing adjustments to the LondonMet grant. It was also noted that the Final Accounts, including these adjustments, would be submitted to the January Board for approval.

**(Action: Director of Finance)**

### **413. Budget Update 2008/09**

(Agenda item 30/5.2)

The Board received and noted the report on the Budget Update.

The Board approved the revised budget for 2008/09 as follows:

- That the original budgeted operating surplus of £4.7m would be reduced to a revised budget operating deficit of £11.3m.
- That contingency would be increased from £3.5m to £8.2m. It was noted that this should be held to a range rather than a fixed amount.

- That the revised budgeted surplus for the year after exceptional items would be reduced to £10m.

**(Action: Director of Finance)**

**414. HEFCE Holdback**

(Agenda item BG 30/5.3)

The Board received the report on HEFCE holdback which sought to explain how and why the difference between the University and HEFCE over fundable student numbers had arisen. The report had been sent to the Chief Executive of HEFCE and to BDO Stoy Hayward who had been undertaking an audit of student numbers. To date no response had been received from HEFCE. The Board stressed that this document should be made available to the HEFCE Board.

It was noted that the HEFCE holdback report had been reviewed by both the Finance and Human Resources Committee and the Audit Committee. The Chair of the Audit Committee was of the opinion that there were still significant questions which had not been answered by HEFCE and it was unclear to what extent the University's actions were mitigated by HEFCE's culpability. In this regard, the University's External Auditors had confirmed that it had been eminently reasonable for the University to assume that its interpretation of the Funding Council rules was acceptable given the advice sought and obtained from HEFCE and the outcome of the 2004 and 2005 Funding Council audits (Audit Committee Minute 179 refers).

It was noted that HEFCE had offered to put the University in touch with three other organisations with a similar funding position to LondonMet. To date two names had been withdrawn and the other was an organisation which was not directly comparable with LondonMet.

**415. Student Numbers**

(Agenda item BG 30/5.4)

The Board received the report on Student Numbers. It was noted that under recruitment for the University could be a problem. If this were the case the main factors that could be responsible for this were:

- Increased competition
- The University being more selective in admissions practice

- Over 1000 students on Academic Probation and others discontinued on academic grounds

#### **416. Audit Committee Annual Report**

(Agenda item BG 30/6.1)

The Board received and noted the Audit Committee Annual report, together with a tabled version which included some minor amendments reflecting the discussion at the Audit Committee meeting on 12 November.

The Board noted the comments of the Chair of the Audit Committee:

- That the Committee wished to engage more pro actively in setting the Committee's agenda and focus of business. To address this a fourth meeting of the Committee would take place each year.
- That the Committee had sought and received assurance that risk management remained central to the change management programme envisaged in the Strategic Plan.
- That overall the University had maintained adequately designed and generally effective arrangements for:

Risk management, internal control and governance; and

Economy, efficiency and effectiveness.

However, the Committee could only provide limited assurance for the University's high level IT control and governance. It was noted that the Committee had received assurance that management were adequately and robustly addressing the weaknesses identified.

#### **417. Health and Safety Annual Report**

(Agenda item BG 30/6.2)

The Board received and noted the Health and Safety Annual Report.

#### **418. Audit Committee Terms of Reference**

(Agenda item BG 30/6.4).

The Board received the report on the Audit Committee Terms of Reference. Governors noted and approved the proposed changes to the

Terms of Reference which had been approved by the Governance Committee.

**419. Committee Membership and Structure**

(Agenda item BG 30/6.4)

The Board received the report on Committee Membership and Structure.

The Board approved that Professor Zenobia Nadirshaw and Stephan John be appointed as members of the Audit Committee.

The Board also approved that following the reduction in 2007 of the Board from 25 to 15 members no Committee should comprise more than 5 lay Governors.

**420. Student Union Elections**

(Agenda item BG 30/6.5)

The Board received the report on the Student Union Elections. It was noted that nominations were opened in October but for 10 posts only five had received valid nominations. It was also noted that nominations would be re-opened for the other 5 posts and that the election would be postponed to March 2009.

**421. Date of Next Meeting**

It was noted that the next scheduled meeting of the Board would be held on Wednesday 28 January 2008, 8<sup>th</sup> Floor Boardroom, Technology Tower, 166-220 Holloway Road, London N7 8DB.

## **AGENDA PART TWO**

### **422. The Board noted for information**

(Agenda items BG 30/8.1 - BG 30/8.5)

- a) Management Information
- b) Dates of Future Meetings
- c) Current Membership
- d) Outline Agenda for Next meeting
- e) UCEA Update – UCU’s 2009 Pay Claim

### **423. The Board noted the unconfirmed Minutes of:**

(Agenda items BG 30/9.1 – 30/9.7)

- a) Minutes of the Audit Committee – 1 October 2008
- b) Minutes of the Governance Committee – 14 October 2008
- c) Minutes of the Health and Safety Council – 22 October 2008
- d) Minutes of the Finance and Human Resources Committee – 29 October 2008

- e) Minutes of the Staff Representative Council – 4 November 2008
- e) Minutes of LondonMet University Enterprises Ltd – 5 November 2008
- f) Minutes of the Audit Committee – 12 November 2008 (tabled)