

**Minutes of the thirty first meeting of the Board of Governors held on 28  
January 2009**

**Present:** Peter Anwyl, Chair

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

**Clerk to the Board:** John McParland

<b>In attendance:</b>	Bob Aylett	Pam Nelson
	Lyn Link	Rachel Thomas
	Paul Lister	

**Apologies:** Sir Michael Snyder

**424. Minutes of the meeting held on 19 November 2008**  
(Agenda item BG 31/1)

The Minutes of the meeting on 19 November 2009 were confirmed as a correct record.

**425. Matters Arising**

**Minute 409 - Olympic Park**

It was noted that there was nothing further to report at this stage. The idea of a University in the Olympic Park had been lodged and the Vice-Chancellor would be seeking further meetings about the legacy planning process.

#### **Minute 412 - Annual Accounts**

It was noted that the Annual Accounts 2007/08 could not be finalised until the adjustments to the LondonMet grant had been agreed with HEFCE. The Board would be kept informed of progress.

#### **426. Report for the period 10.11.08 – 23.1.09 from the Vice-Chancellor and Chief Executive** (Agenda item BG 31/3.1)

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

The Vice-Chancellor thanked Governors for their involvement in University events during 2008, and in particular their contribution to the success of the Awards Ceremonies, which had been a highly enjoyable occasion for all concerned.

#### **(Action: Vice-Chancellor)**

#### **427. HEFCE Holdback** (Agenda item BG 31/3.2)

The Board received the report on HEFCE Holdback, together with the report on staff reductions, the proposed Audit Committee's response to HEFCE's letter of 23 December, a copy of that letter, and the original draft response considered by the Audit Committee at its meeting on 21 January. Governors noted the key issues set out in the report together with the views of the Vice-Chancellor and the possible approaches that could now be taken.

The following points were noted:

- That the University had received the draft BDO Stoy Hayward Report and had responded to it. The final version would be considered by the Audit Committee at its March meeting.
- That the Audit Committee had concluded that the University should seek to engage constructively with the Funding Council on seeking an acceptable outcome to the funding issue.

- That the sixth paragraph of the proposed Audit Committee's response to HEFCE's letter of 26 December should be removed and that the letter should be as concise as possible, reserving the University's position on future action.
- That the Chair, together with other Governors would be meeting with David Eastwood, and it was proposed to await the outcome of this meeting before taking any other action.
- That legal advice had been sought on the University's position but that this needed further clarification. Governors were of the opinion that the University should reserve its position at this stage with regard to any legal action, including Judicial Review.
- That it was noted that it may be useful to approach the NAO for an independent review, not only because of the University's funding issue but also in the wider interest of public funding and the fitness for purpose of HEFCE's funding methodology across the Higher Education sector in England
- That Governors' main concern was to resolve the holdback issue as having to repay such a substantial amount of funding would undermine the financial stability of the University.
- That the University was "time bound" by the funding issue and until it was resolved the University could not move on with implementing the Strategic Plan. The University's problems were being rehearsed in a partial manner in the media and the funding issue needed to be resolved as quickly as possible on terms that were acceptable to both sides.
- That the University believed it had been and was pursuing a strategy in line with Government policy and it was doing what it reasonably thought it was being encouraged to do and was doing it well. With this in mind it was suggested that the University should pursue a public, lobbying campaign aimed at primary stakeholders. However, it was agreed that this was the kind of approach the University should take only if the planned meeting with HEFCE was not constructive. The Chair of the Audit Committee was of the opinion that the matter could be resolved under the right conditions. His view was that HEFCE had made positive statements about the University's future and that it would be important to seek to create the conditions for a settlement and

that nothing should be done that would prejudice this position. HEFCE officers had clearly previously and repeatedly stated that in the right circumstances they would recommend significant re-investment in the University. Such re-investment should be the strategic aim of the Board in its discussions with HEFCE and the Board's actions should be guided by what would best achieve the conditions to persuade HEFCE to so invest.

- That the staff Governor was of the opinion that staff would not be happy with this approach to public comment on the issue. However, other Governors were in agreement that this was the best way to proceed.
- That the Academic Board Governor was sceptical about holding yet another meeting with HEFCE as previous meetings between HEFCE and Governors has not managed to resolve the holdback issue.

It was, therefore, agreed that the Chair and those Governors who had met with HEFCE in July 2008 would meet with the HEFCE Chief Executive to seek to ascertain the terms for a proper settlement in terms of fairness to the University, and the interests of both its staff and its students, whilst recognising the HEFCE obligations on the use of public funds.

Until this meeting had taken place none of the other possible approaches set out in the report would be embarked upon. In the light of the meeting with HEFCE the Board would be convened to discuss the outcome.

**(Action: Chair of the Board/Clerk to the Board)**

**Voluntary Redundancy**

The Director of Finance explained the University's current financial position and why voluntary redundancies would be necessary. It was noted that the University had an ongoing recurrent funding problem. The annual HEFCE grant applied in 2008/09 had been reduced by £15m and there were clear indications of further pressure on funding levels into the future. PWC has forecast a deficit of £14m increasing to a deficit of £24m by the year 2010/11 if measures were not taken to reduce it. It was also noted that the University would run out of cash by 2009/10 if savings were not made quickly. When compared with the University's costs for 07/08 there would be a funding gap of £15m in 2009/10. This figure did not take into account the impact of the repayment of HEFCE clawback of £38m over a period yet to be determined.

The Director of Human Resources pointed out that the latest detailed financial

forecasts indicated that savings in the region of £19m per annum would be required over the next two years to return the University to a sustainable position and ensure its ability to remain an effective provider of Higher Education. It was noted that staff costs accounted for around 70% of the University's total annual expenditure. Delivering financial stability during the first phase of the Strategic Plan would require staff cost reductions, not necessarily all achievable through efficiency gains or natural turnover. It was noted that non-staff efficiency gains would come from, amongst other things, a further rationalisation of the University's estate.

It was noted that for the reasons set out above a recommendation was being made to the Board to make a reduction of 550 posts over the first two years of the strategic plan with formal consultation commencing during February 2009. The University would seek to identify suitable staff who wished to leave under a fourth voluntary redundancy scheme. It was also noted that compulsory redundancies could not be ruled out and the University would consult with staff and recognised trade unions with the aim of avoiding compulsory redundancies where possible. However, should the need for compulsory redundancies arise after consultation had commenced **no** decision about such redundancies would be made without first referring this matter to the Board of Governors for determination.

It was also noted that further cost savings could not be ruled out in the future and a further reduction in posts may be necessary.

The following point was also noted:

- That the University was committed to its continuing students and to ensuring the necessary provision to enable them to complete their courses. Discussions were taking place with Heads of Academic and Professional Service Departments about possible cost savings.

The Board noted the various options in relation to what the University could pay in redundancy payment (Page 22, para 3.4). Governors expressed the view that under the proposed voluntary scheme redundant employees should be paid at a level as close as possible to the previous schemes subject to affordability. It was noted that option i), which was based on the current University enhanced terms, would no longer be possible as such enhancement had now been deemed unlawful. (A report on this matter had been submitted to the FHR Committee Agenda item FHR 29/4.7).

The following decisions were approved by the Board:

- 5.1.1 The Board approved for consultation, as proposed, a fourth voluntary redundancy scheme
- 5.5.2/ 5.1.3/ 5.1.4 The Board agreed that the proposed voluntary redundancy scheme payments should be based upon options i) and ii) (Page 22, para 3.4). The scheme should take into account legislation on age regulations and the maximum possible that was affordable within the University's financial constraints whilst taking into account employees' expectations. The Board delegated the responsibility for drawing up such a scheme to the Director of Finance and Director of Human Resources. Thereafter, the scheme would be referred for decision by both the Chair and Vice-Chair of the Board.
- The Board also agreed that no decision be made at this time on the level of payments applying to compulsory redundancies as no decision on such redundancies had yet been made.
- 5.1.5 The Board agreed that the timescale for effecting the 90 days formal statutory redundancy notification and within it, any voluntary scheme, be delegated to the Vice-Chancellor and Chief Executive.
- 5.1.6 The Board agreed that no compulsory redundancies be effected until the conclusion of the 90 days statutory redundancy notification with the University's recognised trades unions and without a decision by the Board of Governors.
- 5.1.7 The Board agreed that the Vice-Chancellor and the Director of Human Resources should continue to exercise judgment in relation to new appointments and vacancies, so as to ensure operational stability.
- 5.1.8 The Board agreed that the detail on the way in which the final allocations of staff post reductions was managed between departments would be delegated to the Vice-Chancellor.
- 5.1.9 The Board agreed that the implementation and monitoring of these plans be delegated to the Finance and Human Resources Committee where Governor decisions were needed.

**(Action: Vice-Chancellor/Director of Human Resources/Director of Finance, Clerk to the Board)**

Governors also noted the letter from Jeremy Corbyn, MP Islington North. It

was noted that the Vice-Chancellor would send a response on behalf of the Board and copy it to Governors. Finlay Scott stated that he would also respond direct.

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

**428. Management Information**  
(Agenda item BG 31/4.1)

The Board received the report on Management Information.

The following points were noted:

- The report includes the revised budget.
- Final department budgets will be confirmed shortly.
- Director of Strategic Planning Office appointed. Discussion taking place on cost savings initiative.
- The University performed slightly (2%) better than budget.
- Total staffing costs 0.8% below budget with the exception of agency staff.
- Non-staff costs 0.3% lower than budget.
- Actual bursary payments to December totalled £88k.
- £2m set aside in 2008/09 for restructuring. £257k spent to date.
- General contingency remains at £3.5m.
- Budget forecast revised in line with strategic plan. Shows operating deficit of £11.4m. Further changes will result from HEFCE's decision to recover holdback in full. Assuming total holdback of £36.5m and FRS17 pension liability, forecast income and expenditure account would reduce to - £27.8m.
- Total funds and net assets would reduce to £37.8m.
  
- **Key Risks**
  - Student Numbers
  - Interest Receivable
  - Accuracy of finance departments estimates in year-to-date figures
  
- **Debtors**
  - Gross debtor position £48.3m at 31 December 2008.
  - Non-tuition debts £3.6m at 31 December 2008.
  
- **Cash**
  - Cash and short-term deposits totalled £61.6m at 31 December 2008.
  - Year-end cash balance projected to be £45.9m.

- **Capital Expenditure**

Expenditure on capital projects and equipment amounted to £1.7m.

Two projects under Project Capital 5 deferred at HEFCE request pending outcome of Strategic review.

Phasing of other projects subject to change when Estates programme reviewed.

- **Student Numbers**

Enrolments totalled 26,368 students. Growth over last year = £2%.

Likely to reach student number and fee income targets.

- **Fee Income**

Total fees to date £65,822k.

Risk of not achieving net fee budget considered low.

#### **429. Budget Update**

The Board received an oral report on the Budget from the Director of Finance. It was noted that work was continuing on the cost reduction plans and that these would be used to set the budget for next year.

#### **430. Purchase of Freehold Learning Centre** (Agenda item BG 31/4.3)

The Board received the report on the Purchase of the Freehold of the Learning Centre. It was noted that the University's property advisers had confirmed that the price was the best to be achieved and represented Value for Money. It was also noted that this was a one-off opportunity to bring the whole Holloway Road site together as freehold assets.

Governors approved the purchase of the freehold at the price of £200,000 together with surveying costs of £10,000 plus VAT.

#### **431. Research Assessment Exercise (RAE) 2008 Results** (Agenda item BG 31/5)

The Board received the report on the RAE 2008 results and noted the comments of the Deputy Vice-Chancellor (Research and Development). It was noted that the results were excellent and far better than expected. However there were areas which needed improvement, and the Board agreed that the following steps should be taken immediately and in preparation for

the REF (Research Excellence Framework) in 2013:

1. Continued and further development both in terms of the University's Research pervasiveness and its excellence.
2. The need to increase the number of research students and their rates of successful completion.
3. To optimise the funding of Research Institutes, Research Centres and research in Departments /Faculties in preparation for REF 2013. This would include earnings from teaching and core contributions.
4. To ensure research funding (QR):
  - Acts to develop a *support culture* for the future growth of research activity.
  - That strategically focused research resourcing is part of the agenda of Departments/Faculties and the centre.
  - Is used to undertake an annual mock REF 2013 to develop:
    - A *strategic approach* to Units of Assessment
    - A *best practice* approach to all Units submissions
    - A *strategic approach to resourcing* Units of Assessment and hence RIs, RCs and other research.
  - Develop enhanced record keeping to optimise the reporting in 2013 of income and its sources, research students' completion and all other esteem related factors.

The Chair congratulated all those members of staff, past and present, who had contributed to this successful outcome.

**432. Voluntary Redundancy Scheme 4**  
(Agenda item BG 31/6)

The Board received and noted the report on the Voluntary Redundancy Scheme referred to in agenda item 31/3.2.

**433. Women's Library Council Membership**  
(Agenda item BG 31/7.1)

The Board received the report on the Women's Library Council Membership.

The Board approved that Sarah Tyacke become a member of the Women's Library Council.

## **AGENDA PART TWO**

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

(Agenda items BG 31/8.1 – 31/8.6)

- a) Strategic Plan – Options Review Phase 2
- b) HEFCE Board Outcome
- c) Dates for Future Meetings
- d) Current Membership
- e) Outline Agenda for Next Meeting
- f) Performance Indicators

Governors received the final historical report on Performance Indicators. Given the current funding issues it was recognised that a new way of measuring the University's performance generally needed to be identified and a report would be submitted to a future meeting of the Board.

It was also noted that the Audit Committee would be re-visiting the risk register.

### **435. Date of Next Meeting**

It was noted that the next scheduled meeting would take place on Wednesday 18 March 2009, in the Parker Room, 41-47 Commercial Road, E1 1LA (City Campus) at 5pm which would enable Governors to see the facilities available in the Metropolitan Works Building.