

**Minutes of the thirty fourth meeting of the Board of Governors held on 18
March 2009**

Present: Peter Anwyl, Chair

Graham Castle	Raj Patel
Stephan John	Abdul Rahim
Jeremy Mayhew	Finlay Scott
Bob Morgan	Sarah Tyacke
Prof Zenobia Nadirshaw	Sir Michael Snyder

Clerk to the Board: John McParland

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

Apologies: Katia Kramer

**442. Minutes of the meetings held on 16 February 2009 and 26
February 2009**
(Agenda item BG 34/1.1 and 34/1.2))

The minutes of the meeting held on 16 February 2009 were confirmed as a correct record.

The minutes of the 26 February 2009 were also confirmed as a correct record subject to amending the second bullet point in **Minute 438 Directors' Responsibilities – Company and Insolvency Legislation** to read:

- the different responsibilities for directors that arose where there is no reasonable prospect of the company avoiding insolvent liquidation

443. Matters Arising

Appointment of Vice-Chancellor

The Board noted the position in respect of the Vice-Chancellor's retirement.

The Board received the report on the appointment process for the post of Vice-Chancellor and also the job specification for the role of Acting Vice-Chancellor.

Acting Vice-Chancellor

It was agreed that the need for an immediate Acting Vice-Chancellor and Designated Accounting Officer should be met by the Chair and Vice-Chair selecting from among the Deputy Vice-Chancellors. This to take place within the following week.

Appointment of Vice-Chancellor

The Board stressed the need to move forward quickly with the appointment process. Ideally a permanent replacement to be identified over the Summer. It was recognised that, even if the appointment progressed speedily, the possibility that a permanent replacement may not be able to take up post immediately could mean a significant period without a permanent postholder.

It was agreed that the appointment of an Interim Vice-Chancellor be pursued. The Chair would report back to the Board on an appointment.

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

444. Management Information (Agenda item BG 31/4.1)

The Board received the report on Management Information.

The following points were noted:

- The report included the revised budget.
- "Hard-close" carried out to enable full re-forecast for the year.
- Summary income and expenditure statement for LondonMet Enterprises Ltd included for the first time

- The University had performed some 12% better than budget.
- Total staffing costs 1.3% were below budget with the exception of agency staff.
- Non-staff costs were 5.3% lower than budget.
- Actual bursary payments to December totalled £94k.
- Actual depreciation was some £0.7m lower than budget
- £2m had been set aside in 2008/09 for restructuring. c£344k had been spent to date.
- General contingency remained at £3.5m.

Adjustments to year end forecast

- Forecast operating deficit reduced to £9.4m
- Restructuring costs increased by £7.3m

That further changes to the forecast might result from ongoing discussions with HEFCE.

- **Key Risks**

Student Numbers
Interest Income
Bursaries
Restructuring costs

- **Debtors**

Gross debtor position £45.6m at 31 January 2009.
Non-tuition debts £3.5m at 31 January 2009.

- **Cash**

Cash and short-term deposits totalled £65.4m at 31 January 2009.
Year-end cash balance projected to be £34.2m.

- **Capital Expenditure**

Expenditure on capital projects and equipment amounted to £2.6m.
Two projects under Project Capital 5 had been deferred at HEFCE request pending ongoing discussions.
Phasing of other projects subject to review in the context of affordability and strategic priority.

- **Net assets/total funds**

Net assets represented total funds of £93.7m.
Creditors payable within one year included deferred grant and fee income of some £38m.

Forecast balance sheet as at 31 July 2009 showed net assets representing total funds of £64.6m.

Adjusted deficit on forecast income and expenditure reserve -£31.3m

Total funds and net assets would reduce to £34.3m. This was of considerable concern and emphasised the need to achieve recurrent cost savings as soon as possible.

- **London Metropolitan University Enterprises Limited**

Company made a net loss of £177k primarily due to loss of business because of the recent fire at Commercial Road. The pending insurance claim value was not reflected in income forecast.

Net loss of £192k forecast for the year.

- **Student Numbers**

Enrolments totalled 29,199 students. Growth over last year 5.7%.

89% towards full-time target and 88% towards part-time target for students attracting tuition fees.

- **Fee Income**

Net tuition fee invoicing to date above budget.

Fee income forecast for the year £70.3m

Short course income on target for the year.

Contingency

The Board noted the request for additional funding of £200,000 for the next two years for the Cuba Institute to consolidate research. Governors were concerned about approving additional funding at a time when reductions were taking place across the University. Consequently, and in accordance with the recommendation of both Deputy Vice-Chancellors, the Board did not agree to the proposal.

The Board also noted the request for £200,000 for a PR campaign to combat stakeholders concerns about the future viability of the University. Governors expressed the view that although in principle this was a good idea and an issue which needed to be dealt with very quickly, a detailed proposal including costs, should be submitted to the Chair of the Finance and Human Resources Committee for final approval. Such a campaign would need to be effective and well thought out to produce the desired outcome. It was important to get the message across, as cost effectively as possible, that although there were issues, these were being managed, and that appropriate arrangements were being made to ensure the continued viability and success of the University.

(Action: Director of Finance)

445. Budget 2009-10 – Financial Forecast Update

(Agenda item BG 34/3.2)

The Board received the report on the Budget 2009-10 and Financial Forecast Update.

Scenarios 1 and 2

The Board noted that being presented with the two scenarios was useful. It was also noted that Governors were of the view that Scenario 1 should not be contemplated as the idea of an 8% pay award was unrealistic. Governors stressed that if 330 staff were made redundant that teaching standards would be maintained and students would not be adversely affected. It was also noted that it would be helpful to know how HEFCE would be prepared to support and invest in the University and its mission in the future.

It was noted that all departments had been consulted and the level of savings proposed were achievable without adverse impact on teaching quality. The level of staff cuts would be greater in the professional services departments and proportionately more were being sought in these areas.

The Board expressed the view that cost savings should be a measured response to the reduction in current funding. Any plan should be positive with a view to building a University for the future. It was therefore important to consider how best to present the case for the cost savings envisaged in a timely fashion.

The Executive were of the view that the proposed cost savings were not being made precipitately and savings were being made in the context of reshaping the University. The Academic Board Governor supported this view and described the effective actions being taking by the Business School. However, he also pointed out that having to cut back courses where completion rates were poor created a tension with the University's widening participation mission. Governors' view was that this was exactly the point that the University needed to highlight and it should be seeking to secure as much additional investment funding as possible to continue to meet its mission.

It was noted that the University's strategic plan remained valid.

It was noted that a total number of 550 posts from across departments would be necessary to achieve the required cost saving, with approximately 330 from either voluntary or compulsory redundancies and the remainder through natural wastage.

The Board also stressed the following points:

- That the reduction in recurrent HEFCE revenue funding required a consequent reduction in costs. This remained the case irrespective of any HEFCE capital investment support.
- The reduction in costs should be seen as a necessary and measured approach which would be undertaken only after full consultation on and consideration of the options to achieve the reduction required.
- If necessary, the period over which the full savings were implemented could be extended if this better achieved the rebalancing of the University.
- The positive agenda for change that underlay the cost reductions needed to be stressed in the presentation of the proposals.

The Board expressed concern that the proposed staffing cuts could have an adverse affect on student recruitment as could the resignation of the Vice-Chancellor. It was noted that these points would need to be addressed in the proposals for the PR campaign.

The Board also agreed that following the announcement about the resignation of the Vice-Chancellor the Chair should follow this with an email to all staff to dispel any uncertainties and point out that Governors would be working with the Executive Group to ensure the ongoing success of London Metropolitan University and its future.

The Board agreed that the University should proceed with the cost improvement programme, currently the subject of consultation, subject to the points raised and the presentational issues.

446. HEFCE Grant Allocation 2009-10
(Agenda item BG 34/3.3)

The Board received and noted the HEFCE Grant allocation 2009-10 together with the commentary.

447. Draft Bursary and Scholarship Policy from 2009-10
(Agenda item BG 34/3.4)

The Board received the report on the Draft Bursary and Scholarship Policy.

Governors noted the proposal to amend the bursary scheme to make it clearer from the student's perspective, easier to administer from the University's perspective and to be able to link it more explicitly to the objective of encouraging students to engage with their academic programme and submit assessment so ensuring they become "funding complete".

The Board endorsed the approach set out in the report.

448. Staff Reductions
(Agenda item BG 34/4.1)

The Board received the report on Staff Reductions and noted the current position in effecting staff cost savings.

The Board reaffirmed its position in relation to the need to effect permanent reductions in costs and staff levels which may necessitate compulsory job losses. It was noted that any decision, should the need arise for compulsory redundancies after consultation, would **not** be made without first referring this matter to the Board of Governors for determination.

It was noted that proposals for the voluntary redundancy scheme were with the Trade Unions. The details would be released as soon as the University was in a position to do so. It was also noted that the Trade Unions preferred that the voluntary redundancy scheme should not be launched until after the 90 day consultation period. It was noted that meaningful consultation about this matter would continue with the Trade Unions. The Board delegated the decision about when to launch the scheme to the Acting Vice-Chancellor.

449. Committee Membership
(Agenda item BG 34/5.1)

The Board received the report on Committee Membership.

The Board approved Katia Kramer's membership of the Governance Committee.

450. Date of Next Meeting

It was noted that the next scheduled meeting would take place on Wednesday 24 June 2009, in the 8th Floor Boardroom, Technology Tower, 166-220 Holloway Road (North Campus) at 5pm.

AGENDA PART TWO

451. The Board noted for information

(Agenda items BG 34/6.1 – 34/6.6)

- a) Dates for Future Meetings
- b) Current Membership
- c) Outline Agenda for Next Meeting
- d) QAA Institutional Audit, Autumn 2009
- e) HEFCE – Data Quality and Efficiency in Education
- f) Report on Sustainability

451. The Board noted the unconfirmed Minutes of:

(Agenda items BG 31/8.1 – 31/8.6)

- a) Staff Representative Council – 4 November 2008
- b) Women's Library Council – 4 December 2008
- c) Audit Committee – 21 January 2009
- d) Finance and Human Resources Committee – 28 January 2009
- e) Joint Standards Board – 4 February 2009
- f) Health and Safety Council – 18 February 2009
- g) Women's Library Council – 5 March 2009