

**Minutes of the thirty seventh meeting of the Board of Governors  
held on 24 June 2009**

**Present:** Peter Anwyl, Chair

Bob Aylett	Jeremy Mayhew
Graham Castle	Katia Kramer
Stephan John	Bob Morgan

**In attendance:** Paul Lister  
Pam Nelson  
Lyn Link  
Alfred Morris  
Rachel Thomas

Philp Bignell (Co-optee Audit Committee)

**Clerk to the Board:** John McParland

**Apologies:** Prof Zenobia Nadirshaw, Raj Patel, Abdul Rahim, Finlay Scott,  
Sir Michael Snyder and Sarah Tyacke

**463. Announcements**

The Board welcomed Philip Bignell, co-optee on the Audit Committee to the meeting. It was noted that the Chair of the Audit Committee, Finlay Scott had been unable to attend and Philip had been invited to to the meeting to update the Committee on audit matters (Minutes 475 and 476 below refer).

It was also noted that the Board meeting was not quorate and that agreement

to resolutions would be sought from all Governors in accordance with article 18 of the Articles of Association.

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

**464. Minutes of the meeting held on 18 March 2009**

(Agenda item 37/1)

The minutes of the meeting held on 29 April 2009 were confirmed as a correct record subject to confirmation of the current number of compulsory redundancies proposed.

**465. Matters Arising**

**Minute 461 - Arcade Disposal**

It was noted that completion had not taken place and that Opal had been unable to secure the necessary funding from Barclays Bank by the due date. It was noted that a report would be submitted to the Finance and Human Resources meeting in July.

Governors expressed concerns about the viability of Opal and whether a due diligence process had been undertaken. It was noted that the Company had been financially sound at the time contracts were exchanged. Opal was a private company highly geared to the value of its properties and needed more time to arrange its finances. The Board stressed the importance of enforcing the University's contract rights. It was noted that litigation had already commenced to recover costs and the University's contract rights would be enforced if Opal were unable to complete.

**(Action: Director of Finance/Clerk to the Board)**

**466. Croydon College**

(Agenda item 37/2.1)

The Board received and noted the report on Croydon College and noted the comment from the Deputy-Vice-Chancellor (Research) and the comments from Stephan John.

Governors agreed that the present validation relationship should continue but should go forward on a more business-like basis than before, with recovery of the full economic cost of the University's input to the partnership.

It was also agreed that the University would write to Croydon College as

follows:

- (a) to set out a revised fee proposal to be effective for 2009/2010
- (b) to notify the College of cessation of 50% of the funding for the post of Dean of HE.

**(Action: Deputy Vice-Chancellor (Academic))**

**467. UCU Letter**

(Agenda item BG 37/2.2)

The Board received the report on the Executive Group response to the UCU's letter of 9 June 2009.

The Board considered the Executive Group's responses and concluded that the proposals were not materially different from those raised in the formal consultation period and reported to the Board on 15 June 2009.

The Board stressed the importance of conveying the correct information about the actual numbers of redundancies to staff as soon as possible and also to correct any public misinformation about the extent of job loss.

**(Action: Deputy Vice-Chancellor (Academic)/Interim Vice-Chancellor**

**468. Response to HEFCE Letter of 15 May**

(Agenda item 37/2.3)

The Board received the report on the proposed reply to the recent letter from the Chief Executive of the Funding Council.

The Board again reiterated its disappointment that HEFCE were not prepared to honour undertakings previously given on financial support.

It was pointed out that decisions concerning the University's strategy had been based on the statement by HEFCE, in the course of two meetings, that subject to a satisfactory recovery plan, the overpayments in earlier years would be treated as retrospective investment by HEFCE in the University.

The Interim Vice-Chancellor was of the opinion that HEFCE would be unlikely to provide any additional investment in the University over and above the possible £10m from the Strategic Development Fund (SDF). It was also noted that while the University was a credible applicant for strategic

assistance from the SDF, no institution had received more than £10m. The new Chief Executive of HEFCE was of the view that no previous promises of retrospective investment had been made to the University.

It was agreed that the reply to the HEFCE letter should enclose the records of the meetings that had taken place, including conversations between Governors and HEFCE officers. It was also suggested that the letter should be copied to the Chair of the HEFCE Board.

#### **469. Management Information** (Agenda item 37/3.1)

The Board received the report on Management Information.

The following points were noted:

- The University performed some 20% (£2.9m) better than budget because of lower costs and increased fee income.
- Tuition fee income 5% above budget (£2.3m).
- Total staffing costs 1.5% (£1.3m) below budget with the exception of agency staff.
- Non-staff costs 1% (£1.3m) lower than budget.
- Departmental performance largely on target but some departments showing cause for concern. It was noted that it may be necessary to transfer funds from contingency to cover some of the overspends.
- Actual bursary payments to December totalled £2.7m.
- £2m set aside in 2008/09 for restructuring. c£323k spent to date.
- General contingency remained at £3.5m.

#### **Adjustments to year end forecast**

- Successful bid for funding from HEFCE from Economic Challenge Development Fund - £408k.
- Potential holdback of ITT grants of £15k.

#### **Cumulative changes to forecast compared with budget**

- **Funding Council Grants** – increase of £78k
- **Tuition fees** – increase of £3m
- **Other income** – reduction of £1.5m
- **Staffing costs** – reduction of £1.2m

- **Rents payable** – reduction of £436k
- Restructuring costs increased by £7.3m

- **Key Risks**

Student Numbers  
Interest Income  
Bursaries  
Restructuring costs

**Arcade Disposal**

It was also noted that the disposal of the Arcade should be included as a key risk.

- **Debtors**

Gross debtor position £27.9m at 30 April 2009.

At the same point last year debtor position £24.3m

Non-tuition debts £2.8m at 30 April 2009. This debt and debt from sponsors considered to be higher risk than in previous years. Resources diverted to ensure that debts are risk assessed and action taken.

- **Cash**

Cash and short-term deposits totalled £33.2m at 30 April 2009.

Year-end cash balance projected to be £42.2m.

- **Capital Expenditure**

Expenditure on capital projects and equipment amounted to £4.5m.

Two projects under Project Capital 5 deferred at HEFCE request pending ongoing discussions.

Phasing of other capital projects subject to review in the context of affordability and strategic priority.

- **Net assets/total funds**

Net assets represented total funds of £71.8m.

Creditors payable within one year included deferred fee income and fee income of c£19m.

Forecast balance sheet as at 31 July 2009 showed net assets representing total funds of £59.1m.

Adjusted deficit on forecast income and expenditure reserve -£17.2m

Total funds and net assets would reduce to £48.4m. This was of considerable concern and emphasised the need to achieve cost savings as soon as possible.

- **London Metropolitan University Enterprises Limited**

Company made a net loss of £148k primarily due to loss of business because of the recent fire. Pending insurance claim not reflected in income forecast.

Gamelab contract expected to generate a loss of £51k.

Management Development Unit was performing well. Forecast profit for the year on target at £104k.

Print Centre had reduced costs as demand had fallen.

- **Student Numbers**

Enrolments totalled 32,965 students. Growth over last year £2.6%.

95% towards full-time target and 98% towards part-time target for students attracting tuition fees.

- **Fee Income**

Net tuition fee invoicing to date £4.7m above budget.

Fee income forecast for the year £71.1m for the year.

The Board commended management and staff for their efforts to much improve the financial position.

#### **470. Budget Update**

(Agenda item BG 37/3.2)

The Board received and noted the report on Budget Update together with the draft consolidated budget which reflected the work undertaken on the cost improvement programme.

The following points were also noted:

- That the operational deficit showed an improving position moving from a forecast deficit of £8.7m to £2.4m.
- That grant budgets were in line with the grant letters from HEFCE and the TDA.
- That contingency had been increased to cover cost of living and pension increases.

- That a pay award of 0.4% was been offered by the Employers Association (UCEA). It was noted that currently some organisations were freezing pay awards.
- That the cost savings improvement programme would continue for a second year and further compulsory redundancies may still be necessary. It was noted that the budget may need to be reviewed to take into account any reinvestment from HEFCE and any possible future cuts in public expenditure.
- That suspension of merit payments, PRP and PADAS and other options for further staff costs savings would be considered at the next meeting of the Finance and Human Resources Committee.

**(Action: Director of Human Resources)**

- That non-pay savings totalled £5.2m. Governors commended the work undertaken to achieve these savings. The Board stressed the importance of ensuring staff were aware of the efforts made to reduce non-pay savings and the consequent reduction in redundancies.

**471. Academic Board**

(Agenda item BG 37/4.1)

The Board received and noted the report from Academic Board.

**Research Degree Programme**

The Board noted that Academic Board had considered the recommendations of a Review of Research Degree Programme Management. It was also noted that the proposals put forward to address poor recruitment, poor completion and levels of supervision had been welcomed and significant progress had been made.

**472. Student Union Elections 2009**

(Agenda item BG 37/4.2)

The Board received the report on the Student Union Elections 2009, together with the outcome of the elections and a letter from the newly elected President of the Union. It was noted that as the turnout for the election was less than 5% of the total ballot papers issued the University was not bound to recognise the Union or to fund it and that funding would be at the discretion of the University through approval of the Board.

The following points were noted:

- That the election had been fairly conducted.
- Governors were surprised that 30% of the votes were invalid.

The Board felt it appropriate that a student representative should be a member of the Board and it was agreed that support would be provided for the Student Union. However, such support would need to be monitored and the Board expected students to be able to demonstrate a degree of commitment to the Union over the next year and to achieve measurable outputs of value.

#### **473. HEFCE Funding – Review/Inquiry** (Agenda item BG 37/4.3)

The Board received the report on the HEFCE Funding Review/Inquiry. It was agreed:

- (a) That the Reviewer would be a company such as Deloitte, as they had experience of data audits. The company would be able to draw on the professional and expertise of a person knowledgeable of post '92 Universities such as one of the names provided in the report to the Board. This person would be asked to provide guidance, insight and support to the Reviewer, and have specific responsibility for ensuring that the Terms of Reference were fully met.
- (b) That determining the terms of reference and choice of Reviewer would be delegated to the Chair and Vice-Chair of the Board and the Chair of the Audit Committee.
- (c) That the terms of reference would be set and focus on control issues, ie information systems, external audit, internal audit and HEFCE.
- (d) That the final terms of reference could not be varied by the reviewer but that such terms of reference would be sufficient to allow as broad an interpretation as necessary.
- (e) That the funding for the inquiry would be met from general contingency.
- (f) That a commitment would be made to sharing the outcome of the inquiry with HEFCE.

**(Action: Chair/Vice-Chair/Chair of the Audit Committee)**

**474. Risk Management**  
(Agenda item 37/4.4)

The Board received the report on Risk Management together with the report which had been submitted to the Audit Committee. The Board also noted the comments from Philip Bignell, a member of the Audit Committee who had been invited to attend the Board.

It was noted that the proposal for an institutional Risk Register required approval by the Board.

The Audit Committee had made one suggestion in respect of the first risk in the register ie that reputation be amended to Failure to manage stakeholder relationships. The Board approved the Risk Register but agreed that the suggestion by the audit committee should be amended to:

**Failure to maintain academic standing in teaching and research.**

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

**475. Student Data Returns 09**  
(Agenda item BG 37/4.5)

The Board received the report on Student Data Returns. The Board noted that the Audit Committee had received a report on the project based approach to the Statutory HESES an HESA Student Data returns and also noted the process to be followed (Appendix 1 of the report).

It was also noted that the Project Board had met and approved the Project Plan for the HESA 09 return (Appendix B of the report). It was noted that the Audit Committee would be monitoring the process.

The Board also noted the comments of Philip Bignell on the position concerning the Auditor's opinion on providing data assurance. This matter had also been reported by the Chair of the Audit Committee at the last Board meeting (Minute 461). It was recognised that the internal auditors needed to complete the work within the audit plan and management would require the necessary resources to address the work needed to enable the University to move to satisfactory assurance. The Board supported the use of resources to meet the required assurance. It was also noted that a paper setting out the

roles and responsibilities in this area between management and the auditors would be submitted to the Audit Committee meeting on 1 July. It was noted that following the Audit Committee meeting a report would be circulated to the Board.

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

**476. Any Other Business**

**Presentation**

It was noted that a presentation on Public Sector Equality Duties could be provided at a future Board Meeting.

**(Action: Director of Human Resources)**

**Acting Vice-Chancellor**

It was noted that this would be the last meeting of the current designated officer (Acting Vice-Chancellor). The Board thanked him for the responsibility he had undertaken and commended his efforts over the previous 4 months.

**477. Date of Next Meeting**

It was noted that the date of the next scheduled meeting of the Board would take place on **Wednesday 30 September 2009** at 5pm in the 8<sup>th</sup> Floor Boardroom, Technology Tower, 166-220 Holloway Road, London N7 8DB. **(Note: A Special Board Meeting may now be convened in July/August).**

**AGENDA PART TWO**

**478. The Board noted for information:**

(Agenda items BG 37/5.1 – BG 37/5.5)

- a) Dates of Future Meetings 2009
- b) Current Membership
- c) Outline Agenda for Next Meeting
- d) Awards Ceremonies
- e) Public Sector Equality Duties

**479. The Board noted the unconfirmed Minutes of:**

(Agenda items BG 37/6.1 – BG 37/6.8)

- a) Minutes of the Staff/Management Consultative Forum – 24

February 2009

- b) Minutes of the Staff/Management Consultative Forum – 10 March 2009
- c) Minutes of the Staff/Management Consultative Forum – 24 March 2009
- d) Minutes of the Staff/Management Consultative Forum – 7 April 2009
- e) Minutes of the Audit Committee – 8 April 2009
- f) Minutes of the Health and Safety Council – 6 May 2009
- g) Minutes of Shoreditch Consortium – 7 May 2009
- h) Minutes of the Finance and human Resources Committee – 13 May 2009