

**Minutes of the thirty eighth meeting of the Board of Governors
held on 12 August 2009**

Present: Peter Anwyl, Chair

Graham Castle	Raj Patel
Katia Kramer	Finlay Scott
Bob Morgan	Michael Snyder
Prof Zenobia Nadirshaw	

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

Clerk to the Board: John McParland

Apologies: Stephan John, Jeremy Mayhew, Abdul Rahim and Sarah Tyacke

480. Minutes of the meeting held on 24 June 2009
(Agenda item 38/1)

The minutes of the meeting held on 24 June 2009 were confirmed as a correct record.

481. Matters Arising

Minute 465 - Arcade Disposal

It was noted that Opal had now offered an initial payment of £5m with a completion date of 30 June 2010 for the purchase of the Arcade. This would be subject to a due diligence investigation undertaken by the University's

External Auditors. In the meantime agreement had been reached in principle with Opal to operate the hall of residence under licence for 2009-10. Interest on the outstanding balance would be at 8% above the LIBOR interest rate and would form the licence payments for the year.

Minute 468 - Response to HEFCE Letter of 15 May

The Board noted the reply to the University's letter from HEFCE.

Minute 475 - Student Data Returns 09

It was noted that a paper setting out the roles and responsibilities between management and the auditors had been submitted to the Audit Committee meeting on 1 July. The Board noted the comments of the Interim Vice-Chancellor that progress had been made since the Audit Committee meeting.

IT Assurance

The Board noted the comments of the Interim Vice-Chancellor on progress and that work on the PricewaterhouseCoopers (PWC) review had begun.

Minute 474 - Risk Management

The Board noted the Interim Vice-Chancellor's comments and that the Risk Register would be in place and submitted to the next meeting of the Board for approval.

Action: Interim Vice-Chancellor

482. Melville/Deloitte Review

(Agenda item BG 38/2)

The Board noted the report on the Melville/Deloitte Review together with the agreed terms of reference and Sir David Melville's profile. It was also noted that the review was underway and that the intention remained to submit the report to the 30 September Board.

Action: Interim Vice-Chancellor)

483. Report from the Interim Vice-Chancellor and Executive Group (EG)

(Agenda item BG 38/3.1)

The Board received the report from the Interim Vice-Chancellor and Executive Group. The Vice-Chancellor provided a detailed oral commentary on some of the items listed in the report. A Governor pointed out, and others

agreed, that such detailed oral reporting was difficult to engage with or respond to as a way of doing business. He suggested that it would be more appropriate for the Board to receive separate written reports on significant items arising from the Executive Group meetings which required Board discussion. The Vice-Chancellor agreed with this but pointed out that as it was a special meeting there had been limited time to prepare papers. The Chair commented that he understood the list to have been provided for information, not as a basis for decisions.

The following main points were noted:

- **BCOM** – that the agreement would be terminated and it was noted that with HEFCE facilitation Westminster University were prepared to take on the LondonMet commitments to BCOM.
- **HEFCE** – that various meetings had taken place between the Interim Vice Chancellor and the Chief Executive of HEFCE and HEFCE officers.

Governors stressed that file notes/minutes should be taken of all meetings with HEFCE officers and that for continuity the Interim Vice-Chancellor should always be accompanied by a member(s) of the Executive Group at such meetings. In respect of the Interim Vice Chancellor's one-to-one meetings with the Chief Executive of HEFCE it was agreed a record of these meetings should be made and forwarded to the Chair of the Board. It was also noted that the same requirement should apply to Governors should they engage in any further meetings or discussions with HEFCE officers or Board members.

(Action: Interim Vice-Chancellor)

- **Review of Teaching Funding**
The Board noted the funding changes relating to supplements.
- **Programme Office** – that interviews had taken place and an appointment made.
- **ISS Consultancy**
That PricewaterhouseCoopers had been appointed to undertake work on the IT strategy. This would cost in the region of £350,000 - £360,000 with the prospect of funding by HEFCE.

National Students Survey (NSS) – that the results were disappointing. However the University were adopting additional approaches to student satisfaction by focusing on first year students. It was noted that the NSS was a last opportunity for final year students to express dissatisfaction and views and issues needed to be identified at an earlier stage.

484. Management Information (Agenda item 38/3.2)

The Board received the report on Management Information.

The following points were noted:

- The University performed some 37% (£4.4m) better than budget because of lower costs and higher income.
- Tuition fee income 3.9% above budget (£2.4m).
- Total staffing costs 1.5% (£1.6m) below budget with the exception of agency staff.
- Non-staff costs were in line with budget. Overspends on payments to franchise colleges were due to payments made to BCOM.
- Actual bursary payments to June totalled £2.8m. Accrual made of £2m at the end of June for further payments.
- £2m set aside in 2008/09 for restructuring. c£400k spent to date.
- General contingency stood at £3.5m.

Changes to year-end forecast compared with budget

- **Funding Council grants** – increase of £78k
- **Tuition Fees** – increase of £3m
- **Other income** – reduction of £1.7m
- **Staffing costs** – reduction of £1.2m
- **Rents** – reduction of £436k
- **Bursaries** – reduction of £1.3m
- **Payments to BCOM**

Restructuring costs

Increased by £4.6m to reflect staff leaving the University under the voluntary redundancies scheme

- **Key Risks**
Student Numbers

Bursaries
Restructuring costs
Arcade

- **Debtors**

Gross debtor position £13.1m at at 30 June 2009.

At the same point last year debtor position £12.7m

Non-tuition debts £2.3m at 30 June 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 £34.5m at 30 June 2009.

Year-end cash balance projected to be £29.1m.

- **Capital Expenditure**

Expenditure on capital projects and equipment amounted to £5m.

- **Net assets/total funds**

Net assets represented total funds of £71m.

Creditors payable within one year included deferred fee income and fee income of c£7m.

Forecast balance sheet as at 31 July 2009 showed net assets representing total funds of £62.4m. Included in this negative income and expenditure reserve of £3m. Also reflected full provision for the repayment of HEFCE holdback of £36.5m. Negative reserve would be increased by any further deterioration in FRS12 pension liability. For example, liability increasing by 25% would increase the negative reserve to £13.7m. Total funds and net assets would reduce to £51.9m. This was of considerable concern and emphasized the need to achieve cost savings as soon as possible.

- **London Metropolitan University Enterprises Limited**

Company made a net loss of £350k primarily due to loss of business because of the recent fire. Pending insurance claim not reflected in income forecast.

Net loss of £403k forecast, and increase of £200k from previous month due to print cost from the Print Centre.

Gamelab improved significantly and a profit of £5k forecast.

Management Development Unit forecast profit expected to be slightly below budget at £94k.

Although income generated from printing activities was down in the Print Centre costs had been reduced. Profit expected to be slightly better than budget at £168k.

- **Student Numbers**

Enrolments totalled 33,943 students. Growth over last year 3.4%. 95% towards full-time target and 99.7% towards part-time target for students attracting tuition fees.

- **Fee Income**

Net tuition fee invoicing to date £4m above budget for the full year. Fee income forecast for the year £71.1m for the year.

485. Cost of Cost Improvement Programme (CIP) Implementation Year 1

(Agenda item BG 38/3.3)

The Board received the report of the Cost of CIP Implementation Year 1 and noted the comments from the Director of Human Resources.

The following points were also noted:

- “grey list” – It was noted that this meant advising union members not to apply for posts at the University.

- **Numbers of compulsory redundancies**

It was noted that the current position was as set out below:

367 redundancies approved by the Board in the CIP.

Year 1

99.6 posts achieved by voluntary redundancy

52.8 achieved through compulsory redundancy

85 staff post deletion from natural wastage close to being achieved

237 Total

Year 2

112.1 compulsory redundancies identified in CIP plan

18 achieved through natural wastage

130.1 Total

$$237 + 130.1 = 367.1$$

Bulk of Year 2 savings had been intended to be delivered through redundancies in Information Systems and Services (ISS). The Consultation outcome and the attendant engagement of PWC to advise further had deferred potential redundancies into Year 3.

Non-staff cost savings realised amounting to £5m which equated to 100 fte posts. Identified savings in Year 2 should still be capable of being met.

Year 3

The CIP originally envisaged savings in Finance and Human Resources to be identified as deliverable in Year 3 (Total 26 posts).

Further staff savings need to be identified to achieve the entirety of the original target of 550 fte savings. It was anticipated that some of this would be able to be delivered through turnover, establishment control and retirement by the end of Year 3 but that further redundancies were likely to be necessary.

It was noted that Governors would be provided with a “snapshot” of the current situation as would the Trade Union in a “user friendly format”.

(Action: Director of Human Resources)

The Board noted the tabled report from UCU which had been received that morning just prior to the Director of Human Resources providing the Union with information about redundancies. The Union had also been informed that they would receive further information.

The Interim Vice-Chancellor updated the Board on the University’s negotiations with the Union.

The Board agreed that the “Redundancy Avoidance Procedure” document be the subject of discussion and a report submitted to the September Board. However, Governors stressed that hopes should not be raised that the procedure would necessarily be adopted.

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

The following points were also noted:

- that the £5m non-staff savings was a recurring saving and not a one-off item.
- that the number of staff redundancies planned for ISS in Year 2 would be reduced and further redundancies could take place in Year 3.
- that the proposed cost savings were being made to improve the efficiency of the organization and in the context of reshaping the University. The Board were reassured, as stated previously, that the University would be able to manage with the levels of staff reductions proposed.
- that the Interim Vice-Chancellor was planning to address all members of the University's staff in a series of meeting in September to keep them informed about the University's plans.

A Governor said that a priority for the Interim Vice Chancellor was to manage and deliver the CIP. The Vice-Chancellor responded that his role was that set out in the Articles and included the academic responsibilities, but management of the CIP was indeed a key task. It was noted that the Interim Vice-Chancellor would be reporting to the next meeting on a review of the Strategic Plan as a whole. He was however confident that the CIP could be delivered. He also pointed out that planned cuts may not be sufficient if probable future changes in higher education funding were taken into account. The Board again stressed the importance for the University to be able to feel confident that the necessary cost savings would be achievable and effective to enable the University to fulfill its strategy on a sustainable basis.

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

(Action: Interim Vice-Chancellor)

486. Budget 2009/10 Update
(Agenda item BG 38/3.4)

The Board received and noted the report on the Budget 2010-10 Update.

It was noted that the work on the Budget would be finalised by the end of

August 2009 and a final aggregated budget would be submitted to the Board in September.

(Action: Director of Finance)

487. Capital Budgets 2009/10 and HEFCE Capital Grant Applications
(Agenda item BG 38/3.5)

The Board received the report on Capital Budgets 2009/10 and Capital Grant Applications.

The Board questioned whether the costs (£360,000) of the ISS PWC review could be considered to be the University's total bid for funding from the SDF and pointed out that if this work was undertaken and final funding was not forthcoming there would be a risk to the University's IT systems.

Concerns were also expressed that if HEFCE failed to fund the ISS PWC review that it may not be wise to use the capital in the way proposed. The Director of Finance pointed out that there was deadline of March 2011 by which this funding needed to be spent. The proposed projects needed to be started immediately otherwise the funding may be lost and a decision could not wait for the outcome of the PWC review.

It was confirmed that the PWC element would not be seen as the total SDF bid and it was probably unlikely that HEFCE would fund the ISS review and then not fund the recommendations made.

The Board approved:

- (a) University block capital budgets totalling £6.26m as set out below:

Block capital budgets

IT capital	£3m	
Furniture and Academic Equipment	£0.5m	
Building plan replacement	£1m	
Estates minor works	£0.5m	(In addition to £350k already approved by the Board for Summer works)

Capital costs association with CIP

Academic Registry restructuring – £225k (estimated)
Associated Office rationalisation

Urgent Health and Safety Work and £185k (estimated)
Associated refurbishment to the Rocket
Bar and student venue

Projects currently being finalised £500k
Eg adjustments to JCAMD studios
to facilitate a reduction in the number
of technicians, some reconfiguration of
Calcutta House Library to rationalize service
points and improve security and work to
consolidate freed office space

TOTAL £6,260m

- (b) The proposed projects set out below for submission to HEFCE for funding from the University's capital grant allocations 2008-2011. It was noted that the University must fund 10% of these projects.

Holloway Road Learning Centre project £6,637,162

Improvements to the post-graduate facilities at £1m
Moorgate

Redevelopment of the ground floor of Central £2.5m
House

Work to redundant and poor quality areas of the £3.5m
Tower complex

488. Media Strategy (Agenda item BG 38/3.6)

The Board received the report on Media Strategy and noted the comments from the Clerk to the Board.

The Board also noted the tabled blue papers which set out statements and information released by HEFCE which were not helpful to the University. It

was noted that the University had not received any notice from HEFCE that these statement on LondonMet were to be released.

Governors were supportive of the approach proposed.

It was noted that the costs of employing the external adviser would be in the region of £15,000 - £20,000.

It was proposed that the Chair of the Board should be the lead person to communicate the outcome of the Deloitte/Melville enquiry and respond publicly to it.

The Board approved the appointment of the external adviser and resources to assist on the immediate negative publicity issues.

The Board also approved that the direction of the approach be delegated on its behalf to the members of the Governance Committee.

It was also noted that the advice of the University's solicitors was being sought on further action against HEFCE and/or the Times Higher in view of publication. It was noted that no further action would be initiated without further report to the Board.

(Action: Clerk to the Board)

489. 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 8th Floor Boardroom, Technology Tower, 166-220 Holloway Road, London N7 8DB.