

**Minutes of the fortieth meeting of the Board of Governors  
held on 18 November 2009**

**Present:** Peter Anwyl – Chair

Yeashir Ahmed  
Philip Bignell  
Graham Castle  
Kay Dudman  
Stephan John  
Jeremy Mayhew

Tony Millns  
Bob Morgan  
Alfred Morris  
Prof Zenobia Nadirshaw  
Abdul Rahim  
Michael Snyder

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

Heather Bygrave )  
) (Deloittes for item 40/5)  
Hitesh Patel )  
Sir David Melville (for item 40/5)

**Clerk to the Board:** John McParland

**Apologies:** Raj Patel and Sarah Tyacke

## **512. Announcements**

The Board welcomed Philip Bignell, Independent Lay Governor, and Kay Dudman, recently elected Staff Governor to the meeting attending their first meeting of the Board since appointment.

## **513. Appointment of Vice-Chancellor**

(Agenda item BG 40/1)

The Board noted the report on the Appointment of Vice-Chancellor together with the details about the appointment process and the comments of the Panel. The Board noted the Appointment Panel's unanimous recommendation together with the candidate's comprehensive curriculum vitae. The candidate had a clear understanding of his role and the issues facing the University.

The Board approved **nem con** the appointment of Professor Malcolm Gillies as Vice-Chancellor and Chief Executive.

The Chair thanked all the members of the Panel for their participation in the process.

It was noted that the date of the appointment would be confirmed and that an announcement would be made to staff the next morning.

The new Vice-Chancellor was asked to join the meeting and was informed of the Board's decision. He met the individual members of the Board and welcomed the opportunity to take on the position of Vice-Chancellor and to address the challenges the University faced.

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

## **514. Minutes of the meeting held on 30 September 2009**

(Agenda item 40/2)

The minutes of the meeting held on 30 September 2009 were confirmed as a correct record.

## **515. Reports from the Vice-Chancellor and Executive Group**

(Agenda item BG 40/4)

The Board received and noted the report from the Vice-Chancellor and Executive Group.

**516. Melville/Deloitte**  
(Agenda item BG 40/5)

The Board received the two reports. It was noted that the two separate reports had been circulated to Governors following the agenda despatch.

The Board welcomed Sir David Melville, and Heather Bygrave and Hitesh Patel from Deloitte, to the meeting to present their respective reports.

Sir David Melville presented the findings in his report and stated that this was his final report and it was not subject to any further changes. He explained the terms of reference he had followed, the approach taken by Deloitte and how they had conducted a series of interviews together and that although both Deloitte and he had produced separate reports they had worked together and the two reports “were very much part of the same thing”.

Governors questioned the basis of some of the findings in Sir David Melville’s report and expressed the view that there were gaps in the report, areas that were not covered and assumptions not supported by evidence or the work undertaken by Deloitte. The Board had hoped that there would have been one final report, not two. As there were two separate reports they would need to be published together.

The Board then received a presentation from Deloitte. It was noted that the report was in draft and further confirmation of factual matters was awaited. However, the recommendations and conclusions were unlikely to change but the detailed content might be subject to amendment. It was noted that this should not significantly affect the outcome. Deloitte also agreed that the report would be amended to reflect questions raised and the views expressed at the meeting.

The attached confidential minute sets out a more detailed account of the discussions and questions during these presentations. The following key points were noted:

- That the incoming Vice-Chancellor should be included in any discussions about the findings in the reports.
- That some Governors had expected the final reports to be the subject of an “iterative process”.
- That the Chair of HEFCE should have been interviewed as part of the process to confirm what had been discussed between him and certain

Governors concerning the basis and implications of the HEFCE clawback.

- That there should have been better integration between the two reports.

The Board expressed the view that what was now required was a third report on how the University intended to address the recommendations in the reports to enable the University to move forward and that this should be issued alongside the other two reports. It was noted that discussions would be continuing between Deloitte and the Clerk to the Board about how their report could be released. The Board stressed that the Melville report should not be issued in isolation.

The Chair thanked Sir David Melville and Deloitte for their presentations and their work. It was noted that there would be a full response from all the points that had been raised which would be discussed at an additional meeting of the Board to be convened in December. It was noted that the findings in the reports would be a priority for the Board and the new Vice-Chancellor.

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

**517. Financial Statements 2008-09**

(Agenda item BG 40/6.1)

The Board received the report on the draft Financial Statements 2008-09. Governors noted the comments of the Director of Finance that the statements were almost complete and noted the outstanding issues set out in the report attached to the Statements from the Director of Finance. It was also noted that discussions were continuing with the University's External Auditors about holdback. Subject to the External Auditors, the final Financial Statements would be submitted to the December Board meeting for approval and to a further meeting of the Audit Committee convened prior to this Board meeting.

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

**518. Monthly Management Information**

(Agenda item BG 40/6.2)

The Board received the Monthly Management Information for the two months to 30 September 2009 and the forecast for the year to 31 July 2010.

The following points were also noted:

- the University was operating in surplus of £1.3m in the first two months of the financial year, some £500k better than budget.
- total staffing costs were £461k below budget.
- non-staff costs were slightly below budget at £9.2m.
- no changes had been made to the forecast deficit for the year.
- **Key Risks were noted as:**  
Funding Council Grants and that no provision had been made for further holdback  
Tuition fee  
Restructuring costs  
Delays in implementation of cost improvement plan proposals
- **Debtors**  
*Tuition fees*  
the gross debtor position was £47.8m compared to £49m at the same time last year.  
  
*Non-tuition fee debts*  
non-tuition fee debts were £2.2m compared to £3.5m at the same time last year.
- **Cash**  
cash and short-term deposits totalled £33.7m compared to £33.5m at the same time last year.  
  
Year-end cash balance projected to be £30.3m.
- **Capital Expenditure**  
capital projects and equipment amount to **£277k**.
- Net assets/total funds  
Net assets represented total funds of £31.4m.  
Creditors payable within one year included deferred fee income of c£43m.  
Forecast balance sheet shows net assets representing total funds of £24.2m.  
FRS Pension liability held at £77.1m.
- **London Metropolitan Enterprises Limited**  
That the company had made a net loss of £87k, £13k better than budget.  
Forecast profit for the year held at £128k.

The following comments were also noted:

- The staff Governor's concerns about the problems with the sale of the Arcade. The Chair of the Board and the Director of Finance summarised the historical and current position.

**519. Stapleton House – removal of asbestos and reinstatement work**  
(Agenda item BG 40/6.3)

The Board received the report on Stapleton House, together with the detailed report which had been submitted to the Finance and Human Resources Committee.

The Board approved:

- a budget allocation from contingency of £110,000 for works and moves to enable the decant of colleagues from the 4<sup>th</sup> Floor of Stapleton House while asbestos containing materials were removed and the floor reinstated in a more space efficient layout
- a budget allocation of £60,000 for professional fees to produce a robust initial scope of work (Stages A – C) and validated cost projections for the reinstatement of the 4<sup>th</sup> Floor of Stapleton House. This would include a logistics study to assess the impact of the proposed works on the day to day use of Stapleton House and ensure that mitigation measure were fully costed.

It was noted that the anticipated professional management and design team fee for the balance of the works would be c£200,000 (Stages D – L) giving a total fee of £260,000.

**520. Financial Forecasts 2009-2014 update**  
(Agenda item BG 40/6.4)

The Board received the Financial Forecasts 2009-2014 update and noted the comments of the Director of Finance, particularly with regard to the risks of not including the Development Fund allocation.

The Board also noted the point raised by the Staff Governor concerning the future sale of Tower Hill and the effect that this may have on arrangements for enrolment. It was noted that alternative enrolment venues had been identified.

The Board noted the progress in developing these forecasts which would be finalised with the associated commentary required by HEFCE and submitted as part of the Annual accountability return to HEFCE following review at the next meeting of the Board.

**(Secretary and Clerk to the Board/Director of Finance)**

**521. Health and Safety Annual Report**

(Agenda item BG 40/7.1)

The Board received and noted the Health and Safety Annual Report and the considerable amount of work undertaken by the Health and Safety Office. It was also noted that the reported accident and incident rates continued to be at a level less than half the HE sector national average.

The Board noted that the accidents referred to in the report would be minor and that a breakdown with more detail would be circulated to Governors.

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

**522. Annual Accountability Return**

(Agenda item BG 40/7.2)

The Board received the report on the Annual Accountability Return. It was noted that it had not yet been possible to complete the return and that HEFCE had confirmed that an extension to the 1 December deadline would be allowed. The full documentation would be available for sign off at the Special Board meeting to be arranged in December subject to progress on finalising the Accounts.

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

**523. Audit Committee Membership**

(Agenda item BG 40/7.3)

The Board received the report on Audit Committee Membership.

The following comments were noted:

- the difficulty in finding Governors prepared to serve as co-opted members of Audit Committee.

- the investigations arising from the review had almost certainly led to the resignation of a valuable long-serving member of the Committee.

The Board approved that Philip Bignell be appointed as Chair of the Audit Committee and that the two vacancies would be subject to nomination at a future meeting.

#### **524. Risk Register**

(Agenda item BG 40/7.4)

The Board received the updated Risk Register. It was noted that the HESA return had been submitted and the HESES return was in preparation.

#### **Closure of the Nursery**

The Staff Governor raised concerns about the risk to the University of failing to meet statutory responsibility in terms of equality and diversity by closing the nursery and not providing facilities for staff and students reliant on childcare facilities to enable them to work and study. She also pointed out that there was a risk of losing potential students if they did not have access to such a facility.

It was noted that the University could not afford to provide childcare facilities at the costs involved. These were disproportionate to the benefits provided to students. Steps had been taken to minimise any negative impact on current users by:

- a) closing the childcare services over a two year period
- b) continuing to advise students on funding and alternative arrangements for childcare
- c) continuing to support the childcare needs of staff including various policies and provisions of childcare vouchers

It was also noted that there were alternative childcare provisions in London.

#### **525. Academic Board**

(Agenda item BG 40/8)

The Board received and noted the report from Academic Board.

#### **526. Any Other Business**

#### **QAA Institutional Audit**

The Board noted the concerns expressed by the Academic Board Governor about how the issues raised in the Deloitte/Melville review may affect the conduct of the QAA audit.

The Board noted the comments from the Deputy Vice-Chancellor (Academic) and in particular that he was confident that the University's academic standards had not been compromised and that the Audit would confirm this.

### **UCU**

The Board received and noted the tabled report from UCU. It was agreed that it be considered further at the next meeting.

### **Student Union Funding**

The Board noted the comments from the President of the Student Union about the funding arrangements for the Union. It was noted that the Board had agreed that the funding for the Student Union would be reviewed on a term by term basis and that the Board expected students to be able to demonstrate a degree of commitment to the Union and to achieve measurable outputs of value. It was also noted that the arrangements for the allocation of the Union grant had been revised to streamline administration procedures and avoid duplication.

### **QAA funding for SU**

It was noted that the SU would need to submit a request detailing why funding was required and what it would be used for before any additional funding could be approved. Such funding had been provided on previous occasions to assist the Union in its engagement with the QAA process.

## **AGENDA PART TWO**

### **527. The Board noted for information** (Agenda items BG 40/9.1 - BG 40/10.3)

- a) Dates of Future Meetings
- b) Current Membership
- c) Outline Agenda for next meeting

### **528. The Board noted the unconfirmed Minutes of:** (Agenda items BG 40/10.1 – 39/10.5)

- a) Tabled Minutes of the Audit Committee - 21 October 2009.
- b) Minutes of the Health and Safety Committee – 28 October 2009
- c) Minutes of the Finance and Human Resources Committee - 28 October 2009.
- d) Minutes of the Staff/Management Consultative Forum – 2 November 2009
- e) Minutes of LondonMet University Enterprises Ltd – 4 November 2009

### **529. Date of Next Meeting**

It was noted that the date of the next scheduled meeting of the Board would take place on 17 March 2010. A special meeting would be arranged in December on either 8 or 15 December.