

**Minutes of the forty fourth meeting of the Board of Governors held
on 30 June 2010**

Present: Clive Jones – Chair
Yeashir Ahmed
Philip Bignell
Kay Dudman
Emir Khan Feisal
Prof Malcolm Gillies
Rob Hull
Jeremy Mayhew
Tony Millns
Bob Morgan
Dr Daleep Mukarji
Prof Zenobia Nadirshaw
Mark Robson
Sir Michael Snyder

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

Clerk to the Board: John McParland

Apologies: Raj Patel

573. Announcements

It was noted that this was the last meeting for Philip Bignell, Raj Patel, Jeremy Mayhew, Professor Zenobia Nadirsaw and Michael Snyder. The Chair thanked them for their commitment and distinguished service to the work of the Board and its Committees.

574. Minutes of the meeting held on 5 May 2010

(Agenda item BG 44/1)

The minutes of the meeting held on 5 May 2010 were confirmed as a correct record subject to amending minute 569 (Volcanic Ash Cloud) to refer also to staff's loss of earnings and state that a recommendation had been made that this matter be taken up by the Executive Group.

(Action: Clerk to the Board)

575. Matters Arising

Minute 664 - Eversheds Final Report – Internal Audit

It was noted that the Audit Committee had held a meeting prior to the Board on this matter. The outcome of the meeting was reported to the Board together with the recommendations.

The Board noted the following opinions of the Audit Committee:

- That the Committee recognised that in the light of advice from Eversheds, UNIAC, Scrutton Bland and KCG that there was no prospect of the Eversheds Final Report being finalised consensually.
- That the Committee recognised that in the light of confidentiality clauses in the Consortial Agreement for Internal Audit by which KCG was appointed that there was no prospect of the report ever being published.

The Board noted the concerns of Governors about the existing contractual arrangements with the Internal Auditors.

The Board delegated its full authority to a group, consisting of the Audit Committee, the Vice-Chancellor and the Chair of the Board of Governors, to resolve current internal audit issues, taking legal advice as necessary.

(Action: Audit Committee/Vice Chancellor and Chair of the Board)

Minute 568 – Strategic Development Fund Bid

The Board noted the comments from the Elected Staff Governor about the current severe problems with email and the University IT systems. The Vice-Chancellor updated the Board on the current position, and the measures being taken to resolve the issues raised. It was also noted that the outcome of the Strategic Development bid was awaited. Governors concerns about the University's IT systems were noted and the importance of effective communication to staff while the upgrades to the IT systems were taking place was stressed.

(Action: Vice Chancellor)

Reports from the Vice-Chancellor

576. General Report

(Agenda item BG 44/3.1)

The Board received and noted the General Report from the Vice-Chancellor.

The following points were also noted:

- That the Vice-Chancellor had felt it to be prudent to propose a three month budget rather than one for a full year while income and spending cuts remained uncertain. It was noted that a detailed report appeared later on the agenda.
- The concerns raised by the Elected Staff Governor about the review or possible suspension of staff reward structures, the effect of this and how this would be applied to all levels of staff. It was noted that a report covering this matter was being prepared by the Director of Human Resources and would be submitted to the next meeting of the Finance and Human Resources Committee and thereafter to the Board.

(Action: Director of Human Resources)

- That the Estates Department would be reviewing classroom timetabling to ensure that access was appropriate for disabled students to comply with statutory requirements and any specific recommendations made by external agencies.
- That meetings with the Trade Unions had been very constructive and covered process and arrangements for communication in the future over matters of shared concern.
- That Academic Board would be invited to reflect on the point raised by the Elected Staff Governor about student progression and the right to re-sits.

(Action: Deputy Vice-Chancellor (Academic))

Governors welcomed the invitations they had received to attend University events and stressed the need to receive sufficient notice of such events.

(Action: Clerk to the Board)

577. Strategic Plan 2010-13 update

(Agenda item BG 44/3.2)

The Board received the update from the Vice-Chancellor on the University's Strategic Plan and noted activity since 5 May on implementation of the Plan.

The proposal to submit progress reports for the duration of the plan to future meetings

of the Board was agreed.

(Action: Vice-Chancellor)

The concerns of one Governor that the plan did not explicitly refer to the issue of student fees were reiterated (see minute 567).

The Vice-Chancellor's consultative approach in the development of the plan had been appreciated and was commended.

The Vice Chancellor confirmed that proposals on key performance indicators, targets and measures would be submitted to the 29 September meeting of the Board. The Board also noted the Vice-Chancellor's proposal to include the key financial measures set out in HEFCE's Assessment of Institutional risk letter (p30-34).

(Action: Vice-Chancellor)

578. Strategic Development Fund Bid
(Agenda item BG 44/3.3)

The Board received the report on the Strategic Development Fund Bid and noted that this had been submitted to HEFCE at the end of May. It was also noted that the bid had been made after considerable consultations with HEFCE. HEFCE had sought supplementary information since the bid was submitted and the bid remained under active consideration.

Governors also expressed concerns about the tabled update on reductions in HEFCE grants and whether a reduction of £4.7m capital grant was disproportionate. It appeared to the Board that if the bid was successful the University could receive an additional £8m while losing a further £4.7m. The possible reduction of capital grant remained the subject of discussion with HEFCE.

579. Senior Management Group and Executive Group Arrangements
(Agenda item BG 44/3.4)

The Board received the report on the Senior Management Group and Executive Group and noted the measures to build a more inclusive consultative culture of leadership and administration.

The Board also noted the Vice-Chancellor's concerns about line-management and reporting of administrative directors.

The Board **approved** the changed membership of the Executive Group with the inclusion of two Deans on a rotational three monthly basis.

(Action: Vice Chancellor)

580. Statement of Educational Character and Mission 2010/2013
(Agenda item BG 44/3.5)

The Board received the report on Statement of Educational Character and Mission.

The Chair supported the core purpose of the University to seek to build on both polytechnic and university traditions of the institution and its distinctiveness.

It was noted that the Mission would remain in place during the lifetime of the Strategic Plan.

Governors **approved** the Statement of Educational Character and Mission which was consistent with the Strategic Plan 2010-13 approved by the Board on 5 May.

581. HEFCE's Assessment of Institutional Risk
(Agenda item BG 44/4.1)

The Board received the report on HEFCE's Assessment of Institutional Risk together with the letter from HEFCE, and noted HEFCE's perception of the key risk, mitigations and actions as described in Annex A.

The Chair raised concerns about the level of staff costs compared with other institutions. It was noted that the Director of Finance would provide a detailed analysis of these as a percentage of expenditure on infrastructure together with comparisons with other institutions for Governors by email.

(Action: Director of Finance)

It was noted that Sir Alan Langlands, Chief Executive of HEFCE, would be invited to attend the next Board meeting in September to address the three levels of risk set out in Appendix A.

(Action: Vice Chancellor)

582. Risk Management Update
(Agenda item BG 44/4.2)

The Board received the report on Risk Management Update and noted the update on progress by the Director of the Programme Office.

The Board expressed its deep concerns about the Student Data issues. It was noted that the separate process improvement project had not commenced and was two months behind the original schedule. It was noted that the delay had arisen because of a resource problem and a recruitment issue concerning the appointment of a Project Manager and a Project Director. The Board stressed the importance of having the necessary staff in place and adhering to time lines. The Board also stated that there could be no repetition of past failings in this area.

It was noted that the level of raw risk on Student Data had been raised to 4 as it had been felt important to draw the Board's attention to this matter. It was also noted that

Student Data improvement required major IT system changes.

It was noted that the Vice-Chancellor would be keeping HEFCE informed of progress and providing updates to the Board.

(Action: Vice-Chancellor)

The Board noted the comments in respect of pass rate thresholds by the Elected Staff Governor as related to Risk 3 – failure to maintain academic standards. It was also noted that this was a matter for Academic Board and the Deputy-Vice Chancellor (Academic) refuted the point raised and agreed to ensure that the matter was discussed at the Academic Board.

(Action: Deputy Vice Chancellor (Academic))

It was also noted that in Risk 7 measures described as risk controls were not providing any reduction between the raw risk and the residual risk. It was noted that the residual risk score had been increased to reflect the adverse changes in the external environment. The Board agreed that the more appropriate response was to increase the raw risk score in such circumstances.

It was also noted that the residual risk in 4 should be 16 not 12.

(Action: Director of the Programme Office)

583. Management Information
(Agenda item BG 44/5.1)

The Board received the report on the consolidated Management Information for the University for ten months to 31 May 2010 and the forecast for the year to 31 July 2010.

The following points were noted:

- The University was operating in surplus of £7.5m for the first ten months of the financial year, some £10.7m better than budget.
- Total staffing costs were £5.2m below budget.
- Non-staff costs below budget
- Actual bursary payments totalled £2.5m.
- The 2009-10 budget included £4.8m for development fund initiatives. £2.3m has been allocated.

• **Some changes made to forecast for the year. The most significant were:**

Tuition fee forecast increased to £845k
Other income reduced by £210k
Staffing costs reduced by a further £613k
Building rates reduced by £400k
Rents - £408k provision made to cover rents for vacant properties
Bursaries reduced by £480k

Restructuring costs reduced by a further £976k

Cumulative forecast changes from budget including the adjustments above were set out in Section 10.

- **Key Risks remained as:**

HEFCE teaching grant should the University fail to achieve student numbers within the extended tolerance band.

Tuition fees but targets expected to be achieved. Final fees figure would not be confirmed until the end of the year.

Project income – a number of projects had been identified where adjustments must be made.

Provision for future costs of vacant buildings.

- **Debtors**

The gross debtor position was £17.4m compared to £14.8m at the same time last year. It was noted that a number of requests had been received for more time to pay.

The Board expressed concerns about the level of debtors and questioned the University's present debt collection policies, including advance payment, timing, the proportion of debt that would become bad debt and the possibility of charging interest.

It was noted that in order to attract students and consequently income the University's current marketing strategy was to offer an instalment payment plan and offering a financial package was crucial for successful recruitment. It was also noted that the University's financial system would not be able to calculate interest payments but in some cases administrative charges were made.

It was agreed that the Director of Finance would provide the Board with an analysis of the issues raised. It was also noted a marketing report which had previously been undertaken by the University on Student Recruitment and comparison with other Universities would be circulated to the Board.

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

- **Cash**

Cash and short-term deposits totalled £53.9m compared to £33.1m at the beginning of year.

Year-end cash balance projected to be at least £43.6m. It was noted this would reduce quickly after the year-end.

- **Capital Expenditure**

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

It was noted that approval had been received from HEFCE for resubmitted PC5 funded projects.

- **Net assets/total funds**
Net assets represented total funds of £33.9m. Negative income and expenditure reserve £31.7m (net of FRS17 pension liability of £77.1m).

Creditors payable within one year included deferred fee income of c£12m. Forecast balance sheet showed net assets representing total funds of £29.3m. FRS Pension liability had increased to £79.7m.

- **London Metropolitan Enterprises Limited**

The Chair expressed his concerns about the reported net loss for the first ten months of the financial year by LondonMet Enterprises which was £142k worse than budget. It was noted that the Enterprise Units were being reviewed and had been challenged to produce a realistic business plan. It was also noted that the Board could not continue to support the company if it continued to make a loss. Two Governors would need to be appointed as Directors of the Company Board.

(Action: Deputy Vice-Chancellor (Research and Development/Clerk to the Board))

- **Student Numbers**
Enrolments on undergraduate and postgraduate programmes 94.9% of full year target. 6.3% fall in numbers compared with last year.

Exceeded full-time target for enrolments attracting tuition fees and approximately 93.4% towards whole-year target for part-time students.

- **Fee income**
Budget £72m.

It was noted that invoiced tuition fee income was above budget.

It has been anticipated that requests for fee re-assessments would not exceed £3.5m reduction included in budget and that short course fee income was on target.

The Board **approved** the additional transfer from contingency:

- 246k to the Business School for postgraduate student residential costs and costs arising from the collaboration arrangements with ESCM and SUNY.

(Action: Director of Finance)

584. Budget 2010-11
(Agenda item BG 44/5.2)

The Board received the report on the Budget 2010-11 and noted the proposal for a

three-month budget and the reasons for this approach had been endorsed by HEFCE.

The following points were noted:

- That the holdback repayments to HEFCE were not included in the three month period. This was a timing issue and the payback would not be taken into account until later in the year.
- That the calculation of reduction of rent on mothballing buildings was an accounting point which would be agreed with the External Auditors.
- That the impact of the disposal of Tower hill would be included in the working budget for the full year.

The Board **approved** the income and expenditure budget for the three months from 1 August 2010 to 31 October and approved a capital budget of £1,225k for the three month period.

(Action: Director of Finance)

585. Appointments to Governorships
(Agenda item BG 44/6.1)

The Board noted the report on Appointments to Governorships and also noted the tabled report.

The Board on the recommendation of the Governance Committee approved the following appointments:

Laura Carstensen to be appointed to serve with effect from 1 August 2010 to 30 September 2011

Katherine Farr to be appointed to serve with effect from 1 August 2010 to 30 September 2011

Maureen Laurie to be appointed to serve with effect from 1 August 2010 to 30 September 2012

Ann Minogue to be appointed to serve from 1 August 2010 to 30 September 2011

Dianne Willcocks to be appointed to serve from 1 August 2010 to 30 September 2011

It was noted that the initial terms of office were in accordance with Article 5 e), being the unexpired terms of the governorships being vacated (BG 44/9.2).

Induction programmes would be arranged for all the new Governors.

The Vice-Chancellor would issue a press release on the appointments.

It was also noted that following these appointments the Governance Committee would turn its attention to the Committee structure, membership and an effectiveness review.

The Board acknowledged the work undertaken on the appointment process by Tony Millns and Rob Hull in conducting the interviews with candidates.

586. Membership of Academic Board
(Agenda item BG 44/6.2)

The Board received the report on Membership of Academic Board.

The Board noted that the process of electing the 8 teaching and research staff members and PSD staff should enable the revised Academic Board to provide a nomination of a member to the Board of Governors when the period of office for the current representative expired in September 2010.

The Board approved the revised membership of Academic Board with effect from September 2010.

587. Academic Promotions
(Agenda item BG 44/6.3)

The Board received the report on Academic Promotions and noted the attached paper which detailed a new approach to the development of academic promotions.

The following points were noted:

- That operation of the process must be affordable and within approved budgets in a time of financial stringency
- That the process must be fair and take fully into account equality and diversity issues
- That it may be worth re-considering the use of the title of “Reader”

The Board approved the new approach to the development of academic promotions subject to consultation with the Trade Unions, diversity issues and affordability.

(Action: Deputy Vice Chancellor (Research and Development))

588. Nomenclature List
(Agenda item BG 44/6.4)

The Board received and noted the report on Nomenclature List.

589. Memorandum and Articles
(Agenda item BG 44/6.5)

The Board received the report on revisions to the University’s Memorandum and Articles of Association and noted that the Privy Council had now approved the revisions subject to the changes set out in the attached report. It was noted that as the changes were suggested by the Privy Council there was no need for the University to

pass a fresh Special Resolution at a Company meeting provided that the Board approved the changes.

The Board **approved** the revised Articles of Association of London Metropolitan University.

(Action: Clerk to the Board)

590. Report from the Students Union
(Agenda item BG 44/7)

The Board received and noted the report from the President of the Students Union.

The Board commended the President on the work undertaken by the Union to contribute to the community at the University.

The Board agreed that the Union should be provided with improved accommodation to enable it to continue to develop and establish its position within the University.

(Action: Vice Chancellor)

591. Report from Academic Board
(Agenda item BG 44/8)

It was noted that the report from Academic Board would be circulated to Governors following the meeting.

(Action: Deputy Vice-Chancellor (Academic))

AGENDA PART TWO

592. The Board noted for information

(Agenda items BG 44/9.1 - BG 43/9.5)

- a) Dates for Future Meetings
- b) Current Membership
- c) Outline Agendas for Next Meetings
- d) Awards Ceremonies – Dates for 2010
- e) Students Union Election Results

593. The Board noted the unconfirmed Minutes of:

(Agenda items BG 43/10.1 – 43/10.5)

- a) The Minutes of the Staff/Management Consultative Committee – 14 April 2010
- b) The Minutes of Shoreditch Consortium – 16 April 2010
- c) The Minutes of the Audit Committee – 5 May 2010
- d) The Minutes of the Finance and Human Resources Committee – 12 May 2010
- e) The Minutes of the Health and Safety Council – 26 May 2010.

594. Date of Next Meeting

It was noted that the date of the next scheduled meeting of the Board would take place on Wednesday 29 September 2010 at 5pm , 8th Floor Boardroom, Technology Tower, 166-220 Holloway Road (North Campus).