



Board of Governors

Minutes of the fifty-third meeting held on
Wednesday 21 December 2011

Present:

Clive Jones – Chair
Syed Ali
Laura Carstensen (by teleconference)
Kathy Castle
Kay Dudman
Katherine Farr (by teleconference)
Malcolm Gillies – Vice Chancellor
Rob Hull
Tony Millns
Ann Minogue
Daleep Mukarji
Mark Robson

In attendance:

Paul Bowler, Deputy Chief Executive
Mark Harris, Deputy University Secretary (Board)
Peter McCaffery, Deputy Vice Chancellor
Pam Nelson, Director of Finance
Alison Wells, University Secretary
Jonathan Woodhead, Executive Officer

734 Apologies for absence

Apologies were received from Emir Feisal, Maureen Laurie, Dianne Willcocks, Sean Connolly and Lyn Link.

735 Declarations of interest

The Board **noted** Kay Dudman's declaration of her possible interest, as a member of the Faculty of Computing, in the University's possible partnership with the London School of Commerce.

736 Minutes of the last Board meeting – 23 November 2011 (BG 53/1)

The minutes of the last meeting were confirmed as an accurate record and signed by the Chair.

737 Matters Arising**737.1 Student Numbers Bid (minute 724 refers)**

The Vice Chancellor reported that the issue of excess enrolment had been further discussed at the Finance and Resources Committee's meeting on 17 December and he drew governors' attention to the approved draft minutes of that meeting, circulated to the Board as paper BG 53/3f.

737.2 Special Collections (minute 726 refers)

Paul Bowler reported that the working group had been formed. Emir Feisal had agreed to chair the group and its terms of reference had been drawn up and circulated to members. A meeting had been arranged for early in the new year and it was anticipated that a report would be made to the Board at its January meeting.

738 New business with new partners (BG 53/2)

The Vice Chancellor reported on negotiations under way with the British College of Osteopathic Medicine (BCOM), the London School of Business and Finance (LSBF), and the London School of Commerce (LSC). Of the three, negotiations with BCOM were the most advanced. Negotiations with LSBF, however, were the most time-critical if the University was to accommodate LSBF's February 2012 intake of students. It was anticipated that the Board might be asked at its January meeting to approve a relationship with one or more of these institutions.

The Board requested clarification on the status of the institutions, with particular interest in whether they were not for-profit organisations.

Action: Vice Chancellor to obtain clarification of this and the standard of student record keeping.

739 Business process redesign and developing a Shared Services Unit (SSU) (BG 53/3 to 53/3f)

Paul Bowler introduced the proposal and reported that he had discussed it with all Governors, either individually or in groups, giving an opportunity to ask questions and raise any concerns. He drew governors' attention to the advantage to the University of being the first mover in this area while also acknowledging the proposal carried risks, as outlined in paper BG 53/3. Mitigating these risks and having an appropriate exit strategy should it be needed would be a priority. The Finance and Resources Committee had considered the proposal in detail together with legal and financial advice (papers BG 53/3a to 3c) and had recommended that the Competitive Dialogue procurement route be used. The recommendation coming from the Committee was to proceed to procurement via OJEU notice, with the process being managed by a procurement panel which would include governors. The Board further agreed that a small group of governors might convene to have an oversight role in relation to the broader range of activities of the project, rather than just the procurement element. A number of governors were suggested in relation to one or both groups including Mark Robson, Laura Carstensen, Maureen Laurie and Ann Minogue with other governors potentially to be identified outside the meeting. Paul Bowler advised that he would not be involved in the procurement as, during the course of developing the proposal, he had developed a working relationship with Andrews Outcomes International (AOI), who were considered to be likely to tender for the project.

The mechanism of Competitive Dialogue was outlined to the Board. In summary, it involved setting clear objectives and assessment criteria at the outset, engaging in individual, confidential discussions with prospective tenderers to refine the proposal further, against which selected organisations would then tender. In response to a Governor's question the Board was reminded that a primary objective was business process redesign, but that a change in VAT regulations made the development of an SSU a viable and potentially attractive (in terms of income generation) proposition should the University wish to proceed.

In response to a Governor's question it was stated that process redesign and the development of an SSU was a way of generating income which would be reinvested in delivering the mission of the university, to provide affordable quality education to students. There was, however, a degree of doubt whether the level of income and savings achieved would be as great as AOI's business case (paper BG 53/3a) suggested or whether they would be achieved in the timescale AOI envisaged. Further questions were raised about assumptions over inflation rates and salary costs.

Concern was expressed that the Board needed to be seen to commit wholeheartedly to the proposal, particularly to encourage potential tenderers. It was reported that a number of senior managers were committed to the change, and that it was possible that failure to pursue change might cause some to become disengaged. Partly for that reason a detailed communications plan (paper BG 53/3e) had been prepared. The Board noted that the proposal offered considerable potential benefits to staff in terms of professional development and expansion of skills.

Concern was also expressed about the apparent lack of best practice in the sector that could be followed, in particular as to what services might go into an SSU. It was noted that, prior to the VAT changes, SSUs were not widely seen as financially viable propositions and had not therefore developed in the sector so there was little past practice on which to draw. The Board noted that the scope of services which could be incorporated would emerge during the Competitive Dialogue stage of procurement as operators themselves would propose what they might deliver.

It was suggested that it might be beneficial to increase staff and student representation on the Board in order to provide advice and comment on what might comprise an SSU, as well as to keep University staff engaged with the process. The Board **noted** that this matter was on the agenda for consideration at the January meeting of the Governance Committee but that any increase, even if approved, would require there to be changes to the Articles of Association.

The Board **noted** that expert help and advice would be required to implement the proposal, and that it was intended to recruit an appropriately qualified manager to lead the implementation.

The Board reflected on the danger of 'initiative overload', identified as a risk in paper BG 53/3, but was also reminded of the need for the institution to be proactive in responding to opportunities given the projected financial scenario.

The Chair read messages from Maureen Laurie and Dianne Willcocks in which they confirmed, having received the papers and having had the opportunity to discuss the proposal with Paul Bowler, their support for the proposal.

The Board **approved** the proposal without dissent and:

- (i) **Gave approval** to proceed to an OJEU process to procure by Competitive Dialogue the required operator;
- (ii) **Agreed** to ask governors to participate in the procurement panel and also that a separate sub-group should be established to guide the project;
- (iii) **Reminded** the sub-group to ensure that it clearly defined and observed the boundaries between governance and management in its task; and
- (iv) **Approved** the draft minutes of the Finance and Resources Committee meeting held on 17 December 2011 (paper BG 53/3f).

The Board **requested**:

- Further sensitivity analysis of the proposal (**Action: Paul Bowler**)
- Regular updates to the Audit Committee on the project's risks and mitigating actions (**Action: Paul Bowler**)
- Regular reports back to the Board (**Action: Alison Wells to place on agenda**).

Fifty-third Meeting of the Board of Governors, 21 December 2011**Action Sheet**

<u>Minute</u>	<u>Action</u>	<u>By</u>
738	To make clear to the Board at the time of seeking approval for a business relationship which of BCOM, LSBF and LSC were charities and which were for-profit organisations, and to clarify their standards of student record-keeping.	Vice Chancellor
739	To provide further sensitivity analysis of the proposal.	Deputy Chief Exec
739	To provide regular reports to the Audit Committee on the proposal's risks and mitigating actions.	Deputy Chief Exec
739	To make project update reports a regular item on Board agendas.	University Secretary