



CONFIDENTIAL

Board of Governors

**Minutes of the sixty-first meeting held on
Thursday 29 November 2012**

Present:

- Clive Jones – in the Chair
- Kathy Castle
- Katherine Farr
- Emir Feisal
- Malcolm Gillies – Vice-Chancellor
- Rob Hull
- Ian Jennings
- Maureen Laurie
- Tony Millns (until minute 824 (part))
- Ann Minogue
- Daleep Mukarji
- Adnan Pavel
- Mark Robson
- Dianne Willcocks (until minute 828)

In attendance:

- Paul Bowler, Deputy Chief Executive
- Sean Connolly, Director, Strategic Programme Office
- Mark Harris, Deputy University Secretary (Board)
- Lyn Link, Director of Human Resources
- Peter McCaffery, Deputy Vice-Chancellor
- Pam Nelson, Director of Finance
- Alison Wells, University Secretary
- Jonathan Woodhead, Executive Officer

816 Presentation by Professor Robert Mull

Professor Robert Mull, Dean of The Cass, gave a presentation before the commencement of formal business. A short question and answer session followed. The Board expressed its thanks to Professor Mull.

817 Apologies for absence

No apologies for absence were received.

818 Membership

The Board welcomed Adnan Pavel as the student Governor, succeeding Syed Ali.

819 Declarations of interest

The Board noted Mark Robson's interest as a member of the Board of HEFCE. The Board also noted the interests of Kathy Castle and Ian Jennings in the matter of the national pay award.

820 Minutes of the Previous Meeting

The minutes of the meeting held on 5 November were confirmed as a correct record.

821 Matters Arising

821.1 Business Process Redesign (minute 812 refers)

It was agreed to consider this in the context of the Vice-Chancellor's report.

821.2 Stapleton Complex (minute 813 refers)

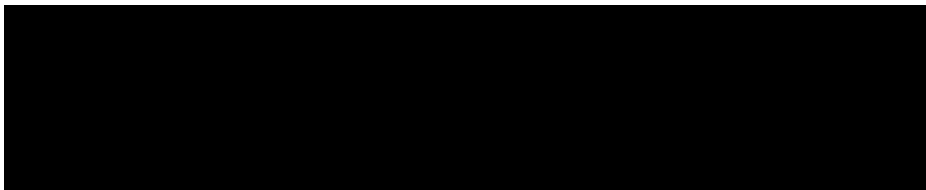
This matter is the subject of a separate confidential minute.

821.3 The Women's Library

Mark Robson requested a report on progress. When the Board last considered the Women's Library, it had been noted that the due diligence exercise was planned to be completed by the end of 2012. He reminded the Board that governors had legal obligations in their capacity as trustees of the Collection.

Paul Bowler outlined the practical matters that were in hand and stated that LSE were still keen to take the Women's Library Collection. There was close collaboration between London Met and the LSE on practical points and also at senior level to maintain an overview and exchange information. He also reported that TUPE transfer proposals had been presented and had been put to the staff concerned.

The Board noted that agreement had not yet been reached on the future role of the Women's Library Council in governance arrangements for the Women's Library once it had transferred to the LSE.



s.43(2) FOIA - commercially sensitive (upheld by the ICO)

Alison Wells reported that discussions on the transfer deed itself were progressing well and that a number of detailed points had been identified and resolved.

The Board **requested** that the Special Collections Working Group meet before Christmas to satisfy themselves about the due diligence exercise and to report their conclusion to the Board.

Action: Paul Bowler

PB

822 Vice-Chancellor's general report (BG 61/2) and renaming the Business School (BG 61/15)

822.1 General report (BG 61/2)

The Vice-Chancellor presented a report and drew governors' attention to

- The recent UKBA visit, on which Paul Bowler would report;
- The reaccreditation of the University by the Middle States Commission on Higher Education, which had been reaffirmed;
- Business Process Redesign, where he reported that the University intended to select a partner after interviews on Friday 7 December;
- Negotiations with the London School of Business and Finance, where he reported that the basis of a new agreement had been reached which terminated the existing agreement and removed the risk of litigation; and



s.43(2) FOIA - commercially sensitive
(upheld by the ICO)

822.1.1 UKBA

This matter is the subject of a separate confidential minute.

822.1.2 LSBF

This matter is the subject of a separate confidential minute.

822.1.3 Patron of the University

This matter is the subject of a separate confidential minute.

822.2 Proposed renaming of the Business School (BG 61/15)

The Board considered the proposal and gave agreement in principle to renaming LMBS as the City of London Business School, noting that the University proposed next to seek the concurrence of the Corporation of the City of London.

823 Board effectiveness review – agreement to defer (BG 61/3)

The Board noted HEFCE's concurrence in the proposal to defer the Board's effectiveness review. This matter would be formally reported at the Governance Committee's meeting in January 2013.

824 Business case and action plan (BG 61/4 and tabled paper BG 61/4.1)

The Vice-Chancellor reminded the Board that PwC's post-revocation review of the University's options, and the Board's discussion of PwC's report, had indicated the need to define more tightly the options [REDACTED]. A further exercise had therefore been carried out which had led to the drawing up of an Action Plan and a Business Case, which had been discussed in a positive meeting between Governors and HEFCE on 22 November. In a letter of 29 November (tabled) HEFCE had indicated their support and a willingness to give positive consideration to rescheduling the £17.5m repayments still owed and to changing the £4m SDF grant from a repayable grant to a standard grant.

s.43(2) FOIA - commercially sensitive (upheld by the ICO)

The Vice-Chancellor introduced tabled paper BG 61/4.1 and emphasised the key dates of 31 January and 14 March 2013 as giving tight accountability to the Board and to HEFCE and enabling both Executive and Board to see whether the Action Plan continued to be feasible in its current form or whether there was a need to move to a 'Plan B'.

The Board discussed each of the nine proposals in the Action Plan. Key points that emerged from the discussions were:

- The importance of building communications into the milestones set, and of dialogue with the trades unions ;
- The need to keep the financial sensitivity analysis under review and to identify, monitor and report regularly on the risks and KPIs accompanying the Action Plan;
- The need further and more tightly to define the level and timings of savings that it was hoped to achieve;
- How Board members could most effectively contribute to the University achieving its milestones, and the need for Board members to be fully committed to seeing the University through its present problems;
- The uncertainty over the University's international position, marketing and relaunch;
- The risk of further reputational damage as the University sought to

move away from the national contract for academic staff, and the possible impact on staff morale;

- The need for robust data to support the rationale for redesigning the academic staff contract;
- That capital released from estate rationalisation should be reinvested in the estate; and
- The high amount estimated by PwC for establishment of a Programme Management Office, and the need for moderation of this.

The Board requested:

- | | |
|---|-----------|
| (a) That the communications plan be circulated to Governors; | DL |
| (b) That the Finance and Resources Committee review the financial sensitivities of redesigning the academic staff contract, and report back to the full Board on 31 January 2013; | PB/
PN |
| (c) That an additional FRC meeting be held to review the supporting data; and | AW |
| (d) That the Risk Register be revised to include risks arising from redesigning the academic staff contract. | SC |

The Board:

- (a) Considered and endorsed the Action Plan;
- (b) Noted the Action Plan update;
- (c) Requested an update at its next meeting on the costs of setting up the Programme Management Office for the Action Plan; and
- (d) Authorised the commencement of s.188 redundancies arising from the Action Plan except Action 7 (academic staff contract).

Action: Paul Bowler

PB

825 Strategic Plan Working Group (BG 61/13)

The Board agreed to consider this matter next in view of the Group's importance in ensuring delivery of the Strategic Plan and its linkage with the Action Plan previously endorsed.

The Board noted the Group's current terms of reference, which were subject to further revision. Rob Hull and Emir Feisal agreed to become Governor members of the Group. It was also suggested that David Lane (Director of Marketing and UK Recruitment) should join the Group.

The Board requested a revised membership and terms of reference document for the Group at its next meeting.

Action: Sean Connolly

SC

826 Financial reports

826.1 Financial statements, management letter and letter of representation (BG 61/5, 61/6 and 61/7)

Pam Nelson introduced the financial statements. Katherine Farr (Chair of the Audit Committee) and Mark Robson (Chair of the Finance and Resources Committee) confirmed that the Committees had reviewed the statements and were satisfied, subject to the resolution of outstanding matters and the correction of minor details.

The Board noted that the main adjustments arising from the agreement with HEFCE were the re-analysis of creditors between those due in less and more than one year, revision of the narrative on going concern, and updating the post-balance sheet events narrative.

The Board noted that KPMG had confirmed the following matters as outstanding, but due to be completed in time for the financial statements to be signed before Christmas:

- Review of the final version of the consolidated financial statements, including the Financial Highlights, Public Benefit Statement and the Report of the Governors;
- Ad hoc review queries;
- Receipt of outstanding third party confirmations of cash and investment balances;
- Receipt of the management representation letters; and
- Post balance sheet events review, including review of the final HESA/HESES reconciliation to confirm no outstanding HEFCE funding issues requiring adjustment in the accounts.

The Board noted the management letter and letter of representation.

The Board approved the financial statements and letter of representation for signature subject to:

- (a) any adjustments that arise from the agreement with HEFCE to re-phase payments to them;
- (b) final review points from KPMG's remaining work; and

(c) final drafting points from Board members.

The Board **delegated** final approval to a sub-group comprising the Chair, the Vice-Chancellor and the Chairs of the Audit and Finance and Resources Committees. The Board further **directed** that review, adjustments and signing were to be completed by Thursday 13 December.

Action: Pam Nelson

PN

826.2 Annual accountability return (BG 61/8)

The Board noted HEFCE's requirements for returns and the compilation, review and sign-off processes that the University had in place.

826.3 Annual report of the Audit Committee (BG 61/9)

Katherine Farr presented the Committee's report.

The Board approved the report.

827 Annual pay award 2012/13 (BG 61/10)

Lyn Link presented a report and stated the recommendation of the University Executive Group was that the budgeted-for 1% pay award should be implemented for all University staff other than senior managers, professional services managers, professors and academic leaders. This had been the position adopted for the 2010/11 and 2011/12 pay awards, in line with the University's desire to move to sector median pay.

The Board reflected on the financial pressures facing the institution and considered the case for deferring implementation of the award for up to eleven months, as universities in financial difficulties were able to do. However, the Board also noted the adverse impact on staff morale of such a move, especially in the context of other external inflationary pressures.

The Board **approved** the Executive's recommendation to implement the pay award for all University staff other than senior managers, professional services managers, professors and academic leaders.

Action Lyn Link/Pam Nelson

PN/LL

828 Risk management report (BG 61/11)

Sean Connolly presented a report.

The Board **agreed** the reduction of risk categories from five to four (Core Business; Sustainability; Systems; and Values) subject to the removal of the word 'sustainability' from the list of key values in order to avoid confusion.

A discussion on risk appetite followed in which it was suggested that a number of high-risk activities had in fact been undertaken in the past twelve months by an organisation with a supposedly low appetite for risk. It was **agreed** to ask the Risk Sub-Committee of the Audit Committee to review the question of the University's risk appetite.

Katherine Farr further **requested that the** Executive Group, in its capacity as the Risk Committee, should review the risk controls identified in the Risk Register.

Action: Sean Connolly

SC

The Board noted the new presentation of the Risk Register and requested that the existing format should continue to be used for the time being, anticipating a further decision at its March meeting.

829 Minutes for information (BG 61/12.1 to 12.4)

The Board received and noted the following:

- Health and Safety Assurance Group annual report
- Minutes of the Audit Committee, 25 September 2012
- Minutes of the Finance and Resources Committee, 20 June 2012
- Minutes of the Finance and Resources Committee, 29 August 2012

830 Dialogue with the trades unions (BG 61/14)

The Board noted a letter from UCU to the Chair and his reply. The Board concurred with his view that the Board's concern was properly with strategic matters rather than day-to-day management of the University, and for that reason the trades unions' concerns should be raised with management rather than with the Board. The Chair was not, however, willing to say that there should be no communications with the Board.

Alison Wells reported that a paper on Governor Communications would be put to the Governance Committee in January with a view to clarifying how the communication line should function.

The Board noted that there had been regular meetings between University management and the trades unions, but that the issue of confidentiality was an obstacle to sharing some information.

The Board **confirmed** that the normal conduct of affairs should be between the Executive and the trades unions, and that the University Secretary should, as hitherto, consult the Chair about any request from the trades unions to circulate communications to the whole Board.

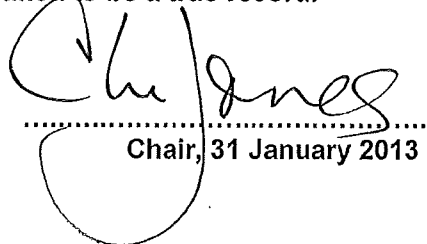
831 Date of next meeting

Thursday 31 January 2013 at 5pm.

832 Any other business

There being no other business, the meeting closed at 8.43pm.

Certified to be a true record:-


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Chair, 31 January 2013

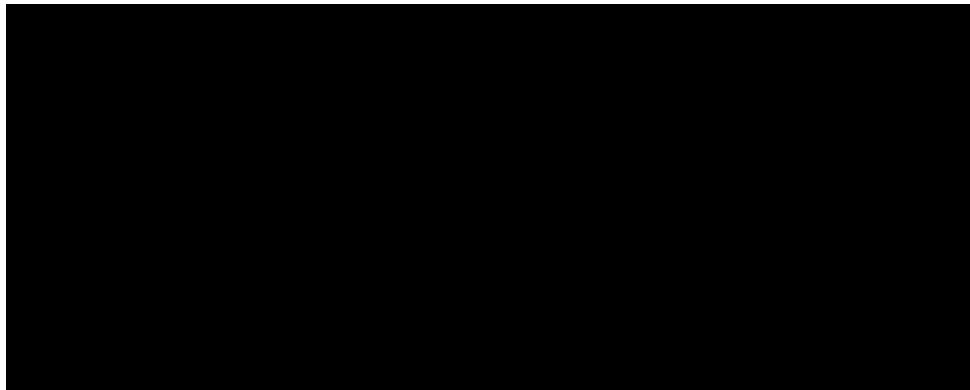


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821.2 Stapleton Complex (minute 813 refers)



s.43(2) FOIA - commercially sensitive
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Confirmed as a correct record

.....
Chair, 31 January 2013



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822.1.1 UKBA

Paul Bowler then reported on the UKBA audit visit that had taken place the previous week. The visit had been conducted to confirm that the University was complying with the terms of the consent order granted by the High Court permitting some 800 Tier 4 students to re-enrol. [REDACTED]

s.43(2) FOIA - commercially sensitive

[REDACTED]

The Board noted that a date for the University's judicial review hearing was not likely to be set until early 2013 and that the University would in any case be able to reapply for its UKBA licence on 1 March 2013. [REDACTED]

s.43(2) FOIA - commercially sensitive

[REDACTED]



s.43(2) FOIA - commercially sensitive

Confirmed as a correct record

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Chair, 31 January 2013

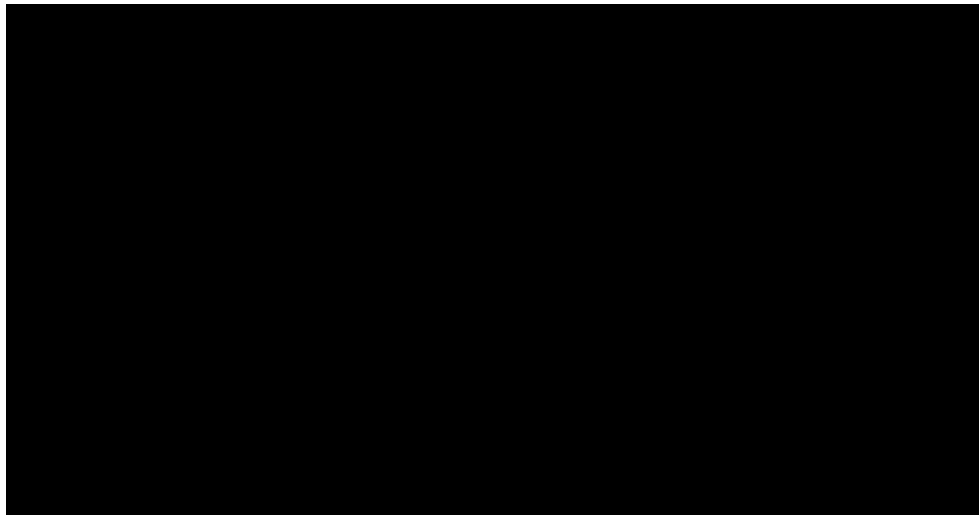


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822.1.2 LSBF



s.43(2) FOIA - commercially sensitive
(upheld by the ICO)

The Board requested that a final financial reconciliation of costs and losses, together with a copy of the communications plan, should be circulated by e-mail. PB

Action: Paul Bowler

Confirmed as a correct record:

.....
Chair, 31 January 2013



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822.1.3 Patron of the University



s.37(1) FOIA -
communications with the
Royal Household
(upheld by the ICO)

Confirmed as a correct record

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Chair, 31 January 2013