



CONFIDENTIAL

Board of Governors

**Minutes of the sixty-fifth meeting held on
Thursday 4 July 2013**

- Present:
- Clive Jones – in the Chair
 - Kathy Castle
 - Emir Feisal
 - Malcolm Gillies – Vice-Chancellor
 - Rob Hull
 - Jason Jackson
 - Tony Millns
 - Ann Minogue
 - Mark Robson
 - Dianne Willcocks
- In attendance:
- Paul Bowler, Deputy Chief Executive
 - Lynn Burke, Director, Office of Institutional Effectiveness
 - Sean Connolly, Director, Strategic Programme Office
 - Andy Downes, Programme Manager, SPO
 - Mark Harris, Deputy University Secretary (Board)
 - Peter McCaffery, Deputy Vice-Chancellor
 - Pam Nelson, Director of Finance
 - Alison Wells, University Secretary
 - Jonathan Woodhead, Executive Officer

895 Welcome and apologies for absence

The Board welcomed Jason Jackson ('Jackson'), President of the Students' Union, to his first meeting as the student governor, succeeding Adnan Pavel.

Apologies for absence were received from Katherine Farr, Maureen Laurie and Daleep Mukarji. [REDACTED]

{PD s.40}

896 Declarations of interest

The Board noted:-

- Mark Robson's interest as a member of the Board of HEFCE;
- Mark Robson's potential interest in the matter of the appointment of Vice-Chairs of the Board; and
- Rob Hull's interest in his own reappointment.

897 Minutes of the previous meeting (BG 65/1)

The minutes of the meeting held on 2 May 2013 were confirmed as a correct record.

898 Matters Arising

There were no matters arising which were not covered elsewhere on the agenda.

899 Vice-Chancellor's general report (BG 65/2)

The Vice-Chancellor briefly reviewed the events of the past year and observed that the University was gradually recovering from the impact of having its HTS status revoked. A number of international students, though not all, had returned to study at LMU. This, coupled with the weakness of the home student market, meant that there had been a drop in the University's student numbers and income which were likely to continue in 2013/14. He suggested that the University needed to meet these challenges by proportionate downsizing while maintaining quality. All areas of LMU needed to be subjected to rigorous scrutiny. He thanked governors for their support for and critical appraisal of the University.

The Vice-Chancellor drew the Board's attention to what he considered to be the key emerging risk for the University, namely the possibility of a substantial shortfall in student enrolments in 2013/14. The testing point, he suggested, would occur when Clearing commenced in mid-August, since the University would then gain an informed projection of likely domestic student numbers for 2013/14 and of the degree of uptake of offers by international students. Because of the real risk to the University the Vice-Chancellor was requesting later in the agenda the Board's permission to restart with PwC a study of the University's future options, should weaknesses in enrolments, and hence income, become apparent during August-September.

The Vice-Chancellor highlighted a number of current topics and a discussion ensued. The principal matters were:-

- Possible objections to the use of "City of London" in the proposed names of the Business School and Law School. Further advice was being taken, but it was believed that the University was in a strong position.
- Provision of initial teacher training being switched by the Secretary of State away from universities and into school-based training. In common with a number of universities, LMU was watching the position and might need to review its provision of teacher training courses.
- Disputes with the trades unions over local matters and the possibility of a national ballot for industrial action over pay. These matters, he suggested, were occupying a disproportionate amount of management time. Dianne Willcocks as Chair of the Academic Strategy Committee observed that, at the recent meeting of the Academic Board, discussion of LMBS appeared to have been taken over by pro-union speakers.

- The involvement of the Students' Union or its societies in political activities, a point on which the Charity Commission had sought assurance in view of the Union's application for registration as a charity. Rob Hull said that as an external trustee of the Students' Union he had given that assurance. Alison Wells added that student societies were now subject to a more tightly defined code of practice.

900 Strategic Plan (BG 65/3)

The Board noted that the plan had been considered twice by the Academic Board and that staff and students had also had opportunities to comment. Priorities had been revised and key enablers introduced. The Vice-Chancellor concluded by commending the Plan to the Board. A discussion followed during which various minor amendments were proposed. The Plan was approved subject to those minor amendments. The Vice-Chancellor thanked the Strategic Plan Working Group for its work on the Plan.

901 Management information to 31 May 2013 (BG 65/4)

Pam Nelson presented the May management information and reported that the forecast operating deficit for 2012/13 of £1.7m and bottom line deficit of £4.7m were unchanged. She added that the tuition fee income forecast had been reduced by £0.3m, but that this assumed that the level of reduction to be processed through the finance system in June and July remained at approximately £1m. Registry would be reviewing the need for these adjustments by checking whether students' assessments had been submitted, so that the situation should become clearer over the next month. The Chair requested an update from Pam when further information became available.

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Action: Pam Nelson.

902 University budget 2013-14 and financial framework 2013-2015

902.1 University budget 2013-14 (BG 65/5) 5.50pm

Pam Nelson gave a brief presentation in addition to the Board paper. She outlined the University's 10-year financial history and pointed out the

failure to address staff cost as a percentage of income and cost per student in that time, [REDACTED]

s.43 Commercially Sensitive

[REDACTED]

The Board noted that it was being asked to approve the revenue and capital budgets for 2013-14, with these key figures:

[REDACTED]

s.43 Commercially Sensitive

The Board noted that the main risks to delivering that budget were:

- (a) Failure to achieve student enrolment and retention targets.
- (b) Inaccuracy of the forecast average fee applied to forecast student numbers, particularly given problems with this approach identified earlier in the year.
- (c) Failure to achieve target cost savings not yet confirmed with individual budget holders.

The Board also noted actions being taken to mitigate these risks:

- (a) tracking admissions and progression data over the Summer, to assess each Faculty's position compared to target and identify necessary actions;
- (b) continuing work to validate the average fee and investigate reasons for fee reductions;
- (c) ensuring that Action Plan monitoring was re-calibrated to show the required saving from each budget-holder from each initiative in 2013-14.

[REDACTED]

s.43 Commercially Sensitive

In the discussion which followed, attention was drawn to a number of uncertainties, not all of which were unique to LMU:

- the validity of the underlying assumptions on student numbers and average fee;
- uncertainty over conversion rates and final enrolment;
- non-transparency of planning assumptions;
- risk over pension costs, [REDACTED]
- lack of available current market research on student behaviour; and
- the difficulty of predicting student numbers for 2013/14 and beyond.

s.43 Commercially Sensitive

Suggestions were made that there should be further scenario planning, sensitivity analysis, and gathering of intelligence about demographic trends and comparator institutions. The Vice-Chancellor’s earlier request for a delegation of authority to commission further work from PwC was also discussed.

The Board **resolved:**

- (1) to adopt the Budget proposed, but subject to the outcome of (2) below to delegate to the Vice-Chancellor authority to commission further work from PwC [REDACTED]
- (2) to request the Executive to carry out sensitivity analyses on the budget and to prepare action plans for Faculties and Professional Service Departments; and
- (3) to instruct the Executive to produce substantial reports, including by specialist external agencies, on demographic trends, on the institution’s student market (looking at both geographic and subject specific trends) and covering competitor analysis in order to brief the Board and inform discussions of future options.

s.43 Commercially Sensitive

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Action: Executive

902.2 Financial forecasts (BG 65/6)

Pam Nelson presented updated forecasts for the period to 31 July 2016, which the University had to provide to HEFCE by 31 July 2013.

The Board discussed and approved the updated forecasts, noting that they would be revised in September at the same time as the 2013-14 budget, for consideration by the Finance and Resources Committee and then the full Board.

902.3 [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

s.42 Legal advice

903 Updates

903.1 LSBF update (BG 65/8)

The Board noted that a response from LSBF was awaited.

903.2 UKBA – judicial review (BG 65/9)

This matter is the subject of a separate confidential minute.

903.3 Tier 4 sponsorship compliance (BG 65/10)

The Board noted a report from Ros Martin, Head of Sponsorship Compliance. Paul Bowler reported that 21 students had now paid deposits and 6 CAS had been issued.

903.4 Academic reorganisation (BG 65/11)

Peter McCaffery reported that the consultation exercise had given an opportunity for questions to be raised and discussed about the proposed reorganisation, but that there had been no material disagreement over the rationale for moving to a four-Faculty structure.

The Board **approved** the dissolution of the Faculty of Law, Governance and International Relations with effect from 31 July 2013 and the consequent changes set out in the paper, noting that consultations were ongoing and adequate legal comfort being sought concerning the names of the Business School and the Law School.

The Board further **approved** the designation of the Deputy Vice-Chancellor as the officer responsible for overseeing the transfers involved, including notification of structural change and changes to budget and course codes.

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The Board **requested** that a letter of thanks for his service to the University be sent to the retiring Dean, Professor Bob McKeever.

Action: Alison Wells

903.5 Student front offices – Moorgate pilot (BG 65/11.1)

The Board noted an update report from Peter McCaffery. The Chair expressed his continuing concern over the timescale and scope of delivery of the project and the capacity to deliver improved student services and reminded the Executive that the Board would hold the Deans accountable for successful delivery.

903.6 Women’s Library developments (BG 65/12)

Paul Bowler presented a report. The Board noted the progress being made and the Charity Commission’s formal statement that it did not consider a Scheme to be necessary in respect of the transfer of the Women’s Library endowment funds.

The Board also endorsed the approach being taken with respect to HLF.

903.7 Update on revised Articles of Association (BG 65/13)

The Board noted a report from Alison Wells.

903.8 Students’ Union update (BG 65/14)

The Board was pleased to learn that the Union had been legally incorporated on 19 June and that papers had now been submitted to the Charity Commission for their consideration regarding charitable status.

Jackson noted the need for a clear understanding of how the SU Trustee Board would engage with the University Board and it was noted that this would be considered at the next meeting of the SU Management Group.

904 Update on Nine-Point Action Plan (BG 65/15)

Andy Downes reported that savings were tracking almost to plan, but that there had been some adjustments.

The Board noted the following project health concerns:

- 'Academic Workforce Management' – a shortfall in Year 1 target savings had been identified and the timeline extended in which to realise remaining benefits.
- 'Student Front Office' - there was likely to be a benefit reduction due to adopting a devolved rather than centralised project approach.
- 'Facilitating the Curriculum' – the programme had been re-scoped and only the timetabling project was to progress.

905 Strategic Planning (BG 65/16)

Sean Connolly presented a report. Governors took time to examine the list of projects. The Chair proposed, and the Board concurred, that any comments should be sent directly to Sean.

906 Estates developments – Stapleton House, Commercial Road and Jewry Street (BG 65/17)

This matter is the subject of a separate confidential minute.

907 Human Resources matters BG (65/18)

The Board noted a report from Paul Bowler.

A letter from the academic staff trade union UCU was tabled together with, at the Chair's request, interpolated comments from University management on the points raised.

The Chair said that Rob Hull and he would discuss the letter with Daleep Mukarji.

908 Risk Management BG (65/19)

The Board noted a report from Sean Connolly.

909 Calendar of meetings for 2014 and 2015 (BG 65/20)

Alison Wells presented proposed calendars of meetings for 2014 and 2015 and noted that the timing of Governance Committee meetings had already been flagged to be amended. The Chair requested that comments on dates be sent to Alison by 25 July 2013. A request for Google Calendar invitations to be clearly labelled “LMU” was noted.

910 Board appointments

910.1 Reappointment of Maureen Laurie

The Board noted that Maureen Laurie was willing to be reappointed, but had raised her concern about the possibility of personal circumstances sometimes making her unavailable for some meetings. Alison Wells reported that options for telephone or video conferencing were being investigated in order to enable Maureen to participate from a distance if necessary.

The Board unanimously **resolved** to reappoint Maureen Laurie as an independent governor for a period of up to three years.

910.2 Reappointment of Rob Hull

The Board recalled that it had earlier noted Rob Hull’s interest in this matter. He did not participate in the discussion and did not vote. The Chair reported that Rob had confirmed his willingness to be reappointed.

The Board unanimously **resolved** to reappoint Rob Hull as an independent governor for a period of three years.

910.3 Vice-Chairs of the Board

The Board was reminded of Mark Robson's suggestion made in September 2012 about appointing a second Vice-Chair. The Chair reported that Mark Robson had indicated his wish to step down as Vice-Chair of the Board and as Chair of the Finance and Resources Committee at the end of September 2013. The Governance Committee had discussed this and had suggested that Rob Hull be asked to consider becoming the second Vice-Chair. The Chair reported that Rob Hull had agreed to assume the role if the Board wished it.

The Board unanimously **resolved** to appoint Rob Hull as its second Vice-Chair with immediate effect. Rob Hull did not vote on his appointment.

910.4 Consequential changes and recruitment of additional Board members

The Chair reported that he had approached Emir Feisal about becoming Chair of the Finance and Resources Committee, which he had stated he was willing to do. Alison Wells pointed out that, because of restrictions imposed in the HEFCE code of practice, Emir would have to step down as a member of the Audit Committee.

The Board unanimously **resolved** to appoint Emir Feisal as chair of the Finance and Resources Committee with effect from 1 October 2013. Emir did not vote on his own appointment.

The Chair also reported that he had discussed with Tony Millns as Chair of the Governance Committee the likely need to seek new Board members, namely one to serve on the Audit Committee and possibly one on the Finance and Resources Committee. He had asked Tony to lead this process. Mark Robson suggested that the appointments should be staggered so as to facilitate good succession planning.

The Board concurred in these proposals.

911 Board communications protocol (BG 65/21)

Alison Wells presented an updated communications protocol and thanked governors for their valuable comments on the earlier draft.

The Board unanimously endorsed the communications protocol.

912 Chair's action

Alison Wells reported on the changes to Board election regulations which had been approved by Chair's action. The purpose of these changes was to build in time for additional checks on candidates in view of the requirements of the Home Office/UK Border Agency. The effect of the changes was to extend the election timetable by a small number of weeks and nominations were currently open for the vacancy caused by the resignation of Jawad Botmeh.

The Board **ratified** the action of the Chair in approving changes to its election regulations.

913 Minutes for information (BG 65/22.1 to 22.4)

The Board received for information the approved draft minutes of:

- the Audit Committee meeting held on 21 May 2013;
 - the Academic Strategy Committee meeting held on 13 May 2013;
 - the Finance and Resources Committee meeting held on 5 June 2013;
- and
- the Governance Committee meeting held on 23 May 2013.

914 Any other business

None reported.

915 Date of next meetings

Thursday 26 September at 5pm.

Friday 15 November at 1pm (additional Strategy Day – lunch from 12.15pm).

The meeting then closed at 7.34pm.

Certified to be a true record:-

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Chair, 26 September 2013

Sixty-fifth Meeting of the Board of Governors, 4 July 2013**Action Sheet**

<u>Minute</u>	<u>Action</u>	<u>By</u>
901	To provide an update on the tuition fee reduction.	Pam Nelson
902.1	To carry out sensitivity analyses on the budget and to prepare action plans for Faculties and Professional Service Departments.	V-C and Executive
902.1	To produce substantial reports, including by specialist external agencies, on demographic trends, on the institution's student market (looking at both geographic and subject specific trends) and covering competitor analysis.	V-C and Executive
903.4	To prepare a letter of thanks from the Board to Professor McKeever.	Univ Sec