



University of London
BOARD OF TRUSTEES

Wednesday 25 March 2009
4.00 pm
Menzies Room, Institute of Commonwealth Studies

MINUTES

PRESENT	Dame Jenny Abramsky (Chair) Mr Abdul Bhanji Professor Geoffrey Crossick Sir Graeme Davies Ms Judith Evans Mr Steven Fogel	Mr Ian Grainger Mr Edward Hartill Mr Maxwell Hutchinson Mr Charles Perrin Professor Peter Rigby Professor Geoff Whitty
APOLOGIES	Professor Stephen Hill	Mrs Suzanne McCarthy
IN ATTENDANCE	Mr Martin Burchett Mr Richard Cryer Miss Damaris Currie	Ms Collette Cushion Miss Catherine Swarbrick

Minutes of the Meeting Held on 28 January 2009

0253 The Board confirmed the minutes of the meeting held on 28 January 2009.

Matters Arising

0254 The Board noted Document BT062 on matters arising from the previous meeting not covered elsewhere on the agenda.

BTM 0209 University of London Union Building

0255 The Vice-Chancellor reported that the analysis of the implications of the Provost of UCL's letter of 27 January 2009, requested by the Board at its previous meeting, would be circulated to members within the following week for information.

BTMM 0250-51 University of London Halls of Residence – Fee Setting Process

0256 At the Board's meeting on 28 January 2009, it had been agreed that officers should take forward the process for the setting of Hall fees for 2009-10 and to delegate to the Vice-Chancellor the authority to approve the final fee levels. The Board was informed that a general increase of 6% had been approved by the Vice-Chancellor, with the exception of College Hall where there would be a 10% fee increase. The latter reflected the very high demand for places at

College Hall, due to the Hall's location and the higher quality of accommodation available following its recent refurbishment.

Vice-Chancellor's Report

20 Guilford Street

0257 The Vice-Chancellor introduced his report (BT063). Appendix BT063A detailed the activities and meetings of the Vice-Chancellor for the period since 25 November 2008. Information regarding 20 Guilford Street had been included in the report to alert the Board to the issue and a detailed paper would be submitted to the Board for consideration at its meeting on 13 May 2009.

0258 The Board noted the valuations undertaken on behalf of UCL and Great Ormond Street Hospital. The Board was advised that the University had previously commissioned its own valuation carried out by Knight Frank.

Senate House Library

0259 Members noted that the recommendations of the Senate House Steering Group would be considered at an extraordinary, single issue meeting of the Collegiate Council on 30 April 2009. A report would be made to the Board at its meeting on 13 May 2009.

The Financial Position

0260 The Chair reminded the Board that, at its previous meeting, members had received a number of reports relating to aspects of the University's finances and, during their deliberations, had requested information on the steps being taken to bring the University's accounts into surplus.

0261 The Vice-Chancellor advised the Board that, in addition to an Action Plan for the Board's consideration later in the meeting (BT066), he had prepared a report providing background information on the past and current financial position of the University (BT064). This incorporated details of actions that had been and were being pursued to establish financial sustainability and included an Analysis of Income and Expenditure for the period 2004-05 to 2007-08 (BT064A).

0262 The Vice-Chancellor reported that the operating deficit had reached a peak in 2007-08 of £6M, was budgeted to fall to £4M in 2008-09, and that it was aimed to further reduce the deficit to ca. £2M by 2009-10, with a balanced budget being achieved in 2010-11.

0263 Paragraph 14 set out the significant steps taken to reduce the proportion of the Senate House Building occupied by the University. The Vice-Chancellor reported that the space released would increase earning capacity.

- 0264 Members' attention was drawn to paragraphs 17 and 18 on the restructuring of a number of services on a 'service bundling' basis. The Board also noted the significant recurrent saving achieved on salary costs and the details of the Salary Sacrifice arrangements.
- 0265 A query was raised as to why staff costs, as detailed in paragraph 21, had not decreased in proportion to the reduction in staff numbers. Members were advised that there were redundancy costs associated with the reduction in staff, and were also reminded of the recent increase in the University's pay bill following the October 2008 pay award. It was confirmed that the figures in paragraph 21 were for Full-Time Equivalent staff.
- 0266 Following queries regarding the investment portfolio, one of the members of the Board, who had been a Council member under the previous governance arrangements, stated that it was for a circumstance such as the refurbishment of Senate House that the £24M investment portfolio had been developed. The Board noted that, on completion of current property disposals, University-occupied accommodation would be reduced to five core buildings and that it would not be possible to raise further funds through the sale of property assets.
- 0267 Members commented on the fact that, during a period when the University had experienced a loss in income of ca. £3M as detailed in the report, the University had not been able to impose a commensurate increase in charges to Colleges. In fact, due to financial pressures upon the Colleges, they had sought a reduction in charges from the University.
- 0268 Members welcomed the report and agreed the information provided was useful.

Finance Report - Management Accounts for the Six Months ended 31 January 2009

- 0269 The Director of Finance introduced his report, Document BT065, and the Management Accounts for the six months ended 31 January 2009 at Appendix BT065A. He suggested to members that the accounts demonstrated the University to be broadly in line with its budget for 2008-09. A major contributing factor to the adverse variance of £0.3M related to the budget for the University of London Research Library Services (ULRLS). This had been prepared on the basis that the Library restructuring exercise would commence at the start of the academic year. However, as outlined in the report, the restructuring had been delayed, and consequently no significant savings from this area would be reflected in the 2008-09 accounting period.
- 0270 Members noted the consequences of deferring the implementation of the restructuring within ULRLS. The Board agreed it was important that, when major decisions of this nature were under consideration, these were informed by documentation clearly setting out the financial implications of the various courses of action available.

- 0271 The Director of Finance explained that another contributing factor to the variance was a miscalculation of the space charge for 2008-09 in respect of the University of London Union. A number of initiatives had been put in place to mitigate the shortfall – these were developed in more detail in the Action Plan (BT066).
- 0272 In response to a query regarding the miscalculation, the Director of Finance reported that this issue had been resolved and agreement reached with ULU. It was noted that, as a result, ULU's financial performance was likely to be better than that originally forecast.

Finance Action Plan

- 0273 The Board considered a report on the Finance Action Plan (BT066), which included Finance Action Plan Current Projects (BT066A) and an appendix on Reducing Costs (BT066B, Confidential).
- 0274 The Vice-Chancellor reiterated that the aim of the Plan was to achieve a reduction in the deficit to *ca.* £2M by 2009-10, and a balanced budget by 2010-11. Members' attention was drawn to paragraph 3 on the Business Change Programme, and the ongoing projects of which it comprised. A plan for the implementation of the Programme was being prepared and would be incorporated in a revised Action Plan to be submitted to the Board's meeting in July 2009.
- 0275 The Board welcomed the Action Plan, and the information on initiatives being undertaken to address the deficit. Members agreed that the next version of the Plan should include more specific quantitative information including timescales. It should also incorporate any plans for significant future expenditure e.g. in relation to refurbishment of Halls of Residence.
- 0276 In response to a query regarding overtime payments, it was noted that the nature of some staff roles, and of particular contractual arrangements, was such that it would not be possible to eliminate overtime payments completely. Steps to be taken to formalise control of overtime payments were set out in Appendix BT066B.
- 0277 The Board discussed a number of other human-resources related areas covered by the Plan including promotions, temporary staff and discretionary pay.
- 0278 Members noted paragraph 7.2 on the Higher Education Funding Council for England (HEFCE) Review of the School of Advanced Study (SAS), and the need to demonstrate that HEFCE-funded research promotion and facilitation activities could become sustainable by 2012-13. It was agreed that the updated Plan should include a detailed breakdown of the timescales for actions in respect of SAS.
- 0279 The Board noted that the Business Change Programme built upon the work of the Corporate Reorganisation Project commenced four years previously,

reports on which had been presented to, and commended by, the Council and the Heads of Colleges Committee under the previous governance arrangements. It was suggested that the Collegiate Council would be interested to have sight of Document BT066, and the Vice-Chancellor informed the Board that it was his intention to circulate the report to the Collegiate Council in due course.

- 0280 In response to a query regarding a University sinking fund, the Director of Finance reported that it was not general policy to have a sinking fund within the higher education sector.
- 0281 A query was raised as to whether an ad-hoc group of the Board should be established to consider financial matters before they were brought to the Board for consideration. In considering this matter, members noted that the preceding governance structure had included a Finance Committee, but that when the new structure had been under discussion, it had been felt that the size and constitution of the Board would enable it to consider financial items itself. One member stated that, in his experience, Boards could lose sight of their financial responsibilities if these were delegated to another body, and that he had welcomed the fact that the Board acted as a finance committee. Members noted that discussions on the new structure had acknowledged that, should the Board consider it desirable, it might occasionally wish to establish a time-limited *ad-hoc* group to consider particular areas or projects on its behalf. The Board agreed that it would be premature to establish an *ad-hoc* group at this stage.
- 0282 **AGREED**
That a further Action Plan would be considered by the Board in July 2009, to include qualitative and quantitative targets, including timings, together with a commentary outlining any specific areas of risk. Any areas of significant expenditure for the future should be highlighted.

Higher Education Funding Council for England Recurrent Grant 2009-10

- 0283 The Board considered the data on the HEFCE recurrent grant for 2009-10 set out in Document BT067.
- 0284 **AGREED**
To approve the allocation of the HEFCE grant, as set out in Document BT067.

Transparent Approach to Costing (TRAC) Return 2007-08

- 0285 The Board noted Document BT068 on the submission of the University's TRAC Return for 2007-08. The TRAC Return was attached at Appendix BT068A for the Board's information.

Strategic Risk Register

- 0286 Document BT069 advised that, following the Board's discussion at its meeting on 28 January 2009 on the effect of the global economic downturn upon the

University, the Risk Management Steering Group had considered the risk profile of the University in the same context. The Steering Group had suggested a number of amendments to the Strategic Risk Register, the revised version of which was at Appendix BT069A.

0287 The Board considered the revised Risk Register. A suggestion was made that some target dates were not as precise as others, and that this should be addressed. In addition, members agreed that, to ensure continued monitoring of the 'high' risks on the Register by the Board, these should form part of the agenda for each meeting.

0288 Members discussed whether the Register should include a risk relating to a College withdrawing from the University. It was noted that the Register did include a risk about a College withdrawing from a service.

0289 **AGREED**

- (i) To approve the Strategic Risk Register.
- (ii) That the 'high' risks on the Strategic Risk Register should be included on the agenda for each Board meeting.
- (iii) That future versions of the Register should include precise target dates wherever possible.

Financial Regulations

0290 The Board considered a report on the University's Financial Regulations (BT070). The revised Regulations (BT070A) had been considered by the Audit and Risk Committee at its meeting on 18 February 2009 and recommended by the Committee to the Board.

0291 **AGREED**

- (i) To approve the University's Financial Regulations.
- (ii) That an annual review of the Financial Regulations should be considered by the Audit and Risk Committee; any proposed changes to be recommended to the Board of Trustees.

Delegation of Functions

0292 Document BT071 set out proposed changes to Ordinance 6 *Delegation of Functions* (BT071A), to ensure consistency with the newly-approved Financial Regulations (see BTMM 0290-91 above). The proposed changes had been tracked on Appendix BT071A.

0293 **AGREED**

The proposed changes to Ordinance 6 *Delegation of Functions*.

Fraud Response Plan

0294 Members considered the report from the Director of Finance (BT072) on the draft revised Fraud Response Plan (Appendix BT072A). The Board was advised that the Audit and Risk Committee had considered the Plan, which had also been reviewed by the University's solicitor, Pinsent Masons.

0295 **AGREED**

The revised Fraud Response Plan.

External System Financial Review and Business Transformation Project

0296 Mr Bhanji left the room for the first part of the discussion on the PricewaterhouseCoopers' (PwC) report.

0297 The Committee considered a report from the Vice-Chancellor on the External System Financial Review and Transformation Project (BT073, Confidential), including the Financial Review of the External System (BT073A), the Response to the Financial Review of the External System (BT073B) and Business Transformation Project Budget Approval (BT073C).

0298 The Board noted that the Board of the External System had been of the opinion that the Review did not provide the level of analysis expected. Members supported that view. Queries were raised on the issue of PwC's fee, and the Board was advised that the Vice-Chancellor and the Director of Finance were in discussions with PwC regarding this matter.

0299 Mr Bhanji rejoined the meeting.

0300 The Vice-Chancellor felt that, despite the reservations about the report, it did, in broad terms, provide an endorsement of the direction taken by the External System.

0301 The Board supported the proposal to implement a SITS information system; however, the view was expressed that the five-year period for implementation seemed excessive, and members queried whether there was scope for its reduction, possibly by increasing resources at an early stage. Members were advised that implementation of SITS was more complex in this instance due to the specific requirements of the External System in respect of the large number of students involved, in relation to distance learning, and to data sharing.

0302 Members acknowledged that the requirements of the External System differed from those of other institutions, but indicated they would still welcome a report at the next meeting on whether it was possible to complete the project within a shorter timescale. The Board, however, agreed that any reduction in time should not be at the expense of the quality of the implementation process.

0303 **AGREED**

- (i) The proposed budgets of £8.1M for the implementation of a SITS student information system and an IBM Websphere, as recommended by the External System Finance Committee and the Board of the External System, £4.9M of which would be met from External System Reserves.
- (ii) That an investigation should be undertaken as to the possibilities of implementing the SITS system within a shorter timescale, and a report made to the Board's meeting on 13 May 2009.

University Marine Biological Station Millport

0304 The Vice-Chancellor introduced his report (BT074) updating the Board on discussions on the future of the University Marine Biological Station, Millport (UMBSM).

0305 Members considered the report and agreed the recommendations set out therein.

0306 **AGREED**

- (i) That a valuation of the Bellevue accommodation should be undertaken.
- (ii) That work should continue to develop further the initial draft business plan, including exploring the two options of continuing operations at UMBSM with, and without, the Research Vessel *Aora*.
- (iii) That a detailed feasibility study (costing approximately £20k), including a comprehensive cost-benefit and scenario analysis, should be undertaken to examine the proposed investment for development and expansion.
- (iv) That a further report on the options for the future of UMBSM should be submitted to the Board of Trustees for consideration at its meeting on 15 July 2009.

London Science and Creativity Park – Governance and Management Proposals

0307 The Vice-Chancellor informed members that Document BT075 provided an update regarding the London Science and Creativity Park, and also included proposals for the short and medium-term governance and management of the Park. The Vice-Chancellor was pleased to report that he had recently been informed that the London Development Agency was prepared to contribute £25k towards the project.

0308 **AGREED**

The structure for the governance and management of the London Science and Creativity Park as set out in paragraphs 6 to 12 of Document BT075.

Reappointment of External Auditors

0309 Document BT076 updated the Board on the tendering process for the External Auditors.

0310 **AGREED**

The reappointment of Deloitte and Touche LLP as the University's External Auditors for two years, subject to a satisfactory meeting between the External Auditors, the Chair of the Audit and Risk Committee and the Director of Finance; the appointment to be subject to an annual review of performance.

London Higher – Transfer of Undertaking

0311 The Board considered Document BT077 on the change in legal status of London Higher.

0312 **AGREED**

The arrangements to be made to facilitate the transfer of London Higher's operations to the new corporate body, and the execution by the University of the Deed of Accession and the Memorandum of Agreement, as set out in Document BT077.

Review of Effectiveness

0313 The Board had previously agreed (BTM 0111 refers) that the new governance structure would be reviewed in 2012-13. Document BT078 detailed proposals for a basic review to take place after the structure had been in operation for a year. This would meet the requirements of Ordinance 7 which required an annual review by Boards and Committees of their effectiveness.

0314 The report proposed that a standard questionnaire should form the basis for the review. A suggestion was made that a better response might be gained through use of focus groups. However, following discussion members concluded that, initially, a questionnaire should be completed as proposed in the report. Use of focus groups could be considered at a later date once the Board had analysed the responses.

0315 **AGREED**

The process for reviews of effectiveness as set out in paragraph 4 of Document BT078.

Dates of Meetings for 2009-10

0316 The Board considered the proposed dates for meetings of the Board as listed in Document BT079.

0317 **AGREED**

That the Board should meet on the following dates (all meetings would commence at 4.00 pm):

14 October 2009
30 November 2009
27 January 2010
24 March 2010
26 May 2010
14 July 2010.

University of London Research Library Services Restructuring Group

0318 Members received and noted a report on business conducted at the meetings of the University of London Research Library Services Restructuring Group (BT080).

Appointment of the Vice-Chancellor – Progress Report

0319 Document BT081 (Confidential) updated the Board on progress regarding the appointment of the Vice-Chancellor. Members noted the report.

Strategic Planning

0320 The Board noted developments in the strategic planning process as outlined in Document BT082.

Senate House Project

0321 Members noted Document BT083 (Confidential) on the Senate House Project.

Report from the Investments Committee

0322 The Board noted the report from the Investments Committee on business conducted at its meeting on 20 January 2009 (BT084) including the return on cash placements August 2008-December 2008 (BT084A).

Report of the Remuneration Committee

0323 Document BT085 reported on business transacted by the Remuneration Committee during 2008-09. Members noted the report.

Annual Report on Insurance

0324 Members noted Document BT086, the Annual Report on Insurance, advising it of the University's insurance policies for the year commencing 1 August 2008.

Higher Education Innovation Fund – Round 4

0325 The Board noted the disposition of funds in support of activities under the fourth round of the Higher Education Innovation Fund, as detailed in Document BT087.

Honorary Degrees

0326 The Board noted Document BT088 on the Honorary Degrees to be awarded at the 2009 Foundation Day Ceremony. A biographical summary on the 2009 Honorary Degree Graduands was at Appendix BT088A.

Action Taken under Delegated Authority

0327 The Board noted the action taken under delegated authority since its previous meeting, as listed in Document BT089.

Sealings

0328 Members noted Document BT090 on sealings of Documents.

Dates of Meetings

0329 The Board noted the dates of meetings of the Board of Trustees for the remainder of the 2008-09 session:
Wednesday, 13 May 2009 at 4.00 pm; and
Wednesday, 15 July 2009 at 4.00 pm.