



University of London
BOARD OF TRUSTEES

Monday 29 November 2010
4.00 pm
Room 104, Senate House

MINUTES

PRESENT	Dame Jenny Abramsky (Chair) Mr David Beever Mr Abdul Bhanji Professor Geoffrey Crossick Mr Steven Fogel His Honour Judge Grainger Mr Edward Hartill	Mr Maxwell Hutchinson Professor David Latchman Mrs Suzanne McCarthy Professor Peter Rigby Professor Rick Trainor Professor Geoff Whitty
IN ATTENDANCE	Mr Martin Burchett* Mr Richard Cryer Miss Damaris Currie	Ms Collette Cushion Miss Catherine Swarbrick

*Present for BTMM 1013-25 only

Foundation Day 2010

1013 The Chair expressed her gratitude, on behalf of the Board, to those who had been involved in the organisation of the successful University's Foundation Day held on 25 November 2010.

Minutes of the Meeting Held on 20 October 2010

1014 The Board confirmed the minutes of the meeting held on 20 October 2010 subject to the amendment of the final sentence of BTM 0965 as follows (amendments shown with underline and strikethrough as appropriate):

‘On a related point, the Vice-Chancellor reported that the VCEG had recently discussed the need further to develop a the shared services agenda’.

Matters Arising

1015 The Board noted Document BT290 which provided an update on matters arising from the previous meeting.

The Warburg Institute

1016 The Vice-Chancellor reported that, following the Board's discussions at its meeting on 20 October 2010, a constructive meeting had taken place between the Dean of the School of Advanced Study (SAS), the Director of the Warburg Institute, the Chairman of the Warburg Institute Advisory Council and a number of others. A further meeting was scheduled to take place before the end of the autumn term.

Vice-Chancellor's Report

1017 The Vice-Chancellor presented his report, Document BT291, to the Board. Attached to the report was a list of the Vice-Chancellor's main activities and meetings since taking office on 1 September 2010 (BT291A).

1018 The Vice-Chancellor reported that, in the light of the 'National Student Day of Direct Action' on 24 November 2010 and the heightened security arrangements surrounding Foundation Day on 25 November 2010, the decision had been taken to restrict access to Stewart House and Senate House on those two days. He expressed his gratitude to the Director of Estates and Facilities and the security team for handling the matter with sensitivity and efficiency.

1019 The Vice-Chancellor drew members' attention to the paragraphs within his report relating to the Browne Review and the Comprehensive Spending Review; these were noted by the Board.

1020 The Board discussed the information within the report relating to the London Deanery. Changes within NHS London and the separation of commissioner and provider functions within the NHS meant there was some uncertainty over the Deanery's future occupation of Stewart House. Members requested clarification over the nature of the associated risk. The Board was advised that the Deanery currently occupied approximately 37% of the internal area of Stewart House and that the resulting rental income was in the region of £1M *per annum*. It was noted that the Deanery was required to provide a year's notice of any intention to vacate Stewart House. Steps were being taken to identify potential occupiers for the space which would become free should the Deanery vacate the premises.

1021 The Vice-Chancellor reminded members that, during discussions on the outcome of the Review of Effectiveness for 2009-10 at the previous meeting, the Board had agreed that it should have the opportunity to discuss strategic issues during the course of the year. He drew attention to the suggestions within the report and advised members that he would welcome further proposals on subjects for consideration. Possibilities suggested by the Board included:

- (i) The University of London International Academy (UoLIA);
- (ii) Honorary Degrees;

- (iii) Possibilities for the pooling of College activities/shared services;
- (iv) Possibilities for the pooling of investments/endowment funds; and
- (v) The University of London Research Library Services (ULRLS).

1022 It was noted that a number of these areas were already being explored by the Vice-Chancellor's Executive Group (VCEG) and the Collegiate Council. The Dean of the UoLIA was preparing a paper on proposals for UK market development which would be discussed by the VCEG initially, prior to its consideration by the Board of the UoLIA and the Collegiate Council. Papers on the development of the shared services agenda with the Colleges and on Honorary Degrees were also due to be considered by the Collegiate Council shortly. These matters could then be brought to the Board for consideration.

1023 Some concerns were expressed regarding the practicalities of pooling of investment/endowment funds. It was suggested that the University and the Colleges tended to have different goals in respect of their investments.

1024 **AGREED**

That the VCEG should consider the list of strategic issues for discussion at future Board of Trustees' meetings, with a view to prioritising the suggested subjects, and report back to the Board.

Application for Admission to the University

1025 The Board noted that an email, sent on 28 October 2010, had informed members of the deferral of the application for admission to the University at the present time.

Report from the Nominations Committee

1026 The Board considered the report from the Nominations Committee relating to the vacancy for an independent member of the Board which had arisen on 1 October 2010 (BT292, Confidential). Attached to the report was a Curriculum Vitae for Ms Emma Burns (BT292A, Confidential). The Board approved the recommendation from the Committee that Ms Burns be appointed to fill the vacancy with immediate effect to 31 July 2014.

1027 **AGREED**

To appoint Ms Burns as an independent member of the Board with immediate effect to 31 July 2014.

Annual Report of the Audit and Risk Committee for 2009-10

1028 Members considered the Annual Report of the Audit and Risk Committee for 2009-10 (BT293). The Terms of Reference and Constitution of the Committee and the Annual Report of the Internal Auditors to the Committee for 2009-10 were attached as Appendices BT293A and BT293B respectively.

1029 The Chair of the Committee highlighted the absence, for the fourth consecutive year, of any recommendations rated 'Fundamental' by the Internal Auditors. In addition, the number of recommendations graded as 'Significant' in 2009-10 had seen a reduction from 2008-09, a consistent theme since 2005-06. The Chair drew attention to the assurances within the report in respect of Value for Money and to the Committee's Opinion set out in paragraphs 34 and 35. The Board approved the report.

1030 **AGREED**

To approve the Annual Report of the Audit and Risk Committee for 2009-10.

University Financial Statements for 2009-10

1031 The Director of Finance introduced his report on the University Financial Statements for 2009-10. Attached to the report were a number of appendices:

Appendix BT294A	Financial Statements 2009-10
Appendix BT294B	Draft Income and Expenditure Account for the Year Ended 31 July 2010
Appendix BT294C	Draft Income and Expenditure Account for the Year Ended 31 July 2010 for the School of Advanced Study (SAS)
Appendix BT294D	Draft Income and Expenditure Account for the Year Ended 31 July 2010 for the University of London Research Library Services (ULRLS)
Appendix BT294E	Management Letter from the External Auditors (with the Representation Letter at Appendix 3)
Appendix BT294F	Letter of Comfort in respect of Senate House Services Limited

1032 The Director of Finance advised the Board that the Financial Statements for the year ended 31 July 2010, together with the accompanying Management Letter from the External Auditors, Deloitte LLP, had been considered by the Audit and Risk Committee at its meeting on 18 November 2010. The Committee had recommended to the Board, their adoption and subsequent transmission to the Higher Education Funding Council for England (HEFCE) as a constituent of the Annual Accountability Returns. This recommendation had been subject to completion and audit clearance being received in respect of the final adjustment (reflected in the Financial Statements) to eliminate internal trading within the University. The Director of Finance confirmed that audit clearance had now been received.

1033 The Director of Finance suggested that the Financial Statements demonstrated a significant turnaround in financial performance since 2008-09. He drew attention to paragraph 9 of the report which indicated that the 'Donations' line included £1.4M, for the current year, representing the additional heritage assets at current valuation. Members noted that, due to the inaccessibility of these assets during the Senate House Project making it impractical for their valuation to be undertaken, these had not been reflected in the Financial Statements previously.

1034 Members noted the table at Appendix BT294B providing a summary of out-turns by area and that detailed explanations of divisional out-turns were available on request. The Board was reminded that, as reported previously, the Financial Statements reflected an exceptional out-turn in Student Services, where there had been an understatement of income in respect of the Halls of Residence. This reflected reconfigurations undertaken in the summer of 2009 and a significant reduction in planned maintenance, both of which had not been fully factored into the budget or forecast. A project reviewing the financial management, control and reporting of the activities within the Halls was currently underway and a progress report on the project and the planned actions arising from the review would be made to the Board at its meeting in January 2011.

1035 **AGREED**

- (i) To approve the University's Financial Statements for 2009-10.
- (ii) To authorise the Vice-Chancellor to sign the Financial Report.
- (iii) To authorise the Chair of the Board of Trustees, the Vice-Chancellor and the Director of Finance to sign the balance sheets on behalf of the Board.
- (iv) To authorise the Chair of the Board of Trustees, the Vice-Chancellor and the Director of Finance to sign, on behalf of the Board, the Representation Letter to the External Auditors.
- (v) To authorise the Chair of the Board of Trustees and the Director of Finance to sign, on behalf of the Board, the Letter of Comfort in respect of the subsidiary, Senate House Services Limited.
- (vi) The status of the project to review the financial management, control and reporting of activities within the Halls to be reported to the Board in January 2011.

Financial Results and Forecast Tables

1036 The Director of Finance introduced the 2010 financial results and forecast tables (BT295 and BT295A, Confidential) together with an accompanying commentary (BT295B, Confidential). He advised the Board that, in view of the uncertainty over HEFCE funding beyond 2010-11 and the difficulties this presented for higher education institutions (HEIs) in finalising their forecasts, HEFCE had updated its requirements in terms of the deadline for submission of the financial results, forecast tables and commentary. Institutions had been given the option of submitting these in full by 1 December 2010 (as originally announced) or by 15 April 2011. The Director of Finance reported that, since the University was not as dependent on HEFCE funding as many HEIs, it was proposed that the University submit its financial forecasts in December 2010. However, it would be possible for a revised submission to be made in April 2011 if required.

1037 Some queries were raised regarding the treatment of restructuring costs in the Financial Forecasts and it was agreed that the Director of Finance would liaise with the members concerned outside the meeting to provide clarification.

1038 **AGREED**

To approve the financial results and forecast tables, together with the commentary thereon, for submission to HEFCE.

Corporate Planning Statement

1039 The Board considered the University's Corporate Planning Statement 2010 (BT296 and BT296A). It was noted that the list of key priorities for 2010-11 at the end of the document included several of the strategic areas suggested by members for discussion during the forthcoming session. It was agreed that the priority relating to delivering value for money for Colleges should be amended to read 'Delivering enhanced value for money to Colleges for their Subscription and Charges'. Members approved the Corporate Planning Statement as set out at BT296A, subject to the amendment to the list of priorities for 2010-11.

1040 The Secretary informed members that work was underway to enhance the University's corporate planning process. A report on this matter would be considered by the VCEG prior to its submission to the Board for consideration.

1041 **AGREED**

To approve the Corporate Planning Statement 2010 for submission to HEFCE subject to the amendment to the list of priorities for 2010-11 detailed at BTM 1039.

Annual Monitoring Statement

1042 The Board considered the University's Annual Monitoring Statement 2010 (BT297 and BT297A). Members approved the document as presented, noting the progress achieved against objectives. In particular, the Board noted the information provided in respect of the Higher Education Innovation Funding (HEIF) 4 formula funding and the London Science and Creativity Park – the Centre for Creative Collaboration.

1043 **AGREED**

To approve the Annual Monitoring Statement 2010 as set out at BT297A.

Annual Assurance Return

1044 Members noted and confirmed the Annual Assurance Return for 2010 (BT298 and BT298A).

1045 **AGREED**

To approve the Annual Assurance Return 2010 at BT298A.

Budget Monitoring 2010-11 and Budget Parameters 2011-12

- 1046 The Board considered a report on budget monitoring and budget parameters (BT299) which included: the Monthly Finance Report for October 2010 (BT299A); income and expenditure summaries by category to 31 October 2010 (BT299B) and by Division to 31 October 2010 (BT299C); the Balance Sheet as at 31 October 2010 (BT299D); and the Cash Flow Statement to 31 October 2010 (BT299E). All papers were Confidential.
- 1047 The Director of Finance reported that projections for the year to 31 July 2011 were being refined on the basis of the management accounts for the three months to 31 October 2010 and that this information would inform the 2011-12 budget process. The Board was advised that the first consolidated version of the budget should be available in the week of 14 February 2011. This would be reviewed on a Division by Division basis by a group chaired by the Director of Finance. A second consolidated version of the budget, signed off by the budget review group at the end of March 2011, would include the final allocation of funding as detailed in the HEFCE provisional grant letter for 2011-12. It was anticipated that the budget would be presented to the Board at its meeting on 25 May 2011. Members were advised that the timetable provided for further refinements to be made, if necessary, in the period up to the Board's meeting on 13 July 2011. It was noted that the overall objective was a surplus of income over expenditure of 3% of turnover.
- 1048 A query was raised as to the greatest risk to the University in terms of potential funding cuts. The Board was informed that any cut to the special funding the University received, principally for SAS and ULRLS, would have a major impact. The Vice-Chancellor stressed the need to communicate clearly to HEFCE, the vital importance of both to the University.
- 1049 Members agreed that further consideration should be given to the management of the risks associated with the funding the University received from HEFCE.
- 1050 **AGREED**
That further consideration should be given to the management of the risks associated with funding received from HEFCE.

Outline of Financial Strategy

- 1051 The Board received Document BT300 which provided an outline of the proposed financial strategy for the University. The Director of Finance reported that detailed scenario planning would be incorporated into the development of the financial strategy. He indicated that he would welcome input from members in developing the Strategy. Mr Bhanji and Mr Beever agreed to meet with the Director of Finance to discuss the matter in more detail.
- 1052 Members suggested that some statements within the outline were overly optimistic and that there was insufficient detail on the challenges facing the

University, for example in respect of the University Marine Biological Station (UMBS) and the University of London Institute in Paris (ULIP). The Director of Finance informed the Board that the statements within the outline had been deliberately framed as stated to emphasise the need for a financial strategy to provide a framework in which decisions in respect of competing options could be taken. In respect of ULIP, the Board was updated on a new Strategic Business Plan which the Dean of ULIP was producing in consultation with Consortium partners, Queen Mary, University of London and Royal Holloway, University of London. The Strategic Business Plan would be presented to the VCEG prior to its submission to the Collegiate Council. The Board would be kept informed on the development of the Plan.

- 1053 The Board noted that Document BT305 provided an update on the UMBS, in particular in relation to progress made to secure funding for the redevelopment of the Station, and on the preparation of a comprehensive Business Plan (see BTM 1065 below).
- 1054 The Board noted reference to risk appetite within the report and agreed that this area required further discussion. It was agreed the University's risk appetite should be considered by the Audit and Risk Committee initially, prior to the matter being discussed by the Board.
- 1055 The Director of Finance advised the Board that an update on the development of the Financial Strategy would be provided for the Board's next meeting.
- 1056 **AGREED**
- (i) That Mr Bhanji and Mr Beever would meet with the Director of Finance to discuss the Financial Strategy in more detail.
 - (ii) That the Board would be kept informed on the development of the ULIP Strategic Business Plan.
 - (iii) That the Audit and Risk Committee should be asked to discuss the University's risk appetite prior to the matter being considered by the Board.

Report from the Investments Committee

- 1057 The Board received a report on business conducted at the Investments Committee meeting of 19 October 2010 (BT301). Attached to the report were: the unaudited Financial Statements for the Unified Trust Fund (UTF) for the year ended 31 July 2010 (BT301A), Managed Cash - returns for 2010-11 to date (BT301B) and the Treasury Management Policy (BT301C).
- 1058 The Chair of the Investments Committee outlined the approach currently taken in respect of the University's investments. He suggested that the Board might wish to give consideration to the way in which the University's investments were managed and to whether it was content with the approach currently adopted by the University in respect of its investments. It was noted that the general performance of the Fund Managers was good. The Director

of Finance reminded the Board that the income generated by the University's endowment funds was principally used to finance chairs, scholarship funds and prizes within the Colleges, and that it was important that this was taken into account in any discussions. The Board considered the matter, and some of the points raised earlier in the meeting regarding possibilities for the pooling of investments/endowment funds with Colleges were reiterated (see BTMM 1021 and 1023 above). Members agreed that the issues raised by the Chair in terms of investment policy should be referred to the Investments Committee for further consideration. It would be important that, when the outcome of the Committee's discussions was reported to the Board, the report also provided details of the beneficiaries of the Fund.

1059 **AGREED**

- (i) That the distribution objective of the UTF should be amended to up to four per cent (from up to five per cent) of the unweighted average value of the certified valuations of the UTF in January and July for the preceding five years.
- (ii) That the Board, in the context of the revision of the Estates Strategy, should review the University's investment property portfolio and the need for its retention, in whole or in part.
- (iii) That the counterparty limit within the Treasury Management Policy (Appendix BT301C) should be raised from £2.5M to its former level of £5M.
- (iv) That the issues raised by the Chair in terms of the University's investments policy should be referred to the Investments Committee for further consideration.

Strategic Risk Register

1060 The Board received a report updating members on the review of the Strategic Risk Register (BT302). The Board was advised that further consideration was being given to risks 1 and 2 on the register with a view to increasing the controls for these risks. It was noted that the full Strategic Risk Register would be presented to the Board on 26 January 2011.

Teachers of Anatomy Trust

1061 The Board considered Document BT303 which set out proposed reappointments to the advisory committee for the Teachers of Anatomy Trust.

1062 **AGREED**

The reappointment of the following officers of the advisory committee for the year from 1 August 2010 to 31 July 2011:

Chairman: Professor Margaret Bird (Barts and The London School of Medicine and Dentistry, Queen Mary, University of London)

Treasurer: Ms Wendy Birch (UCL)
Secretary: Mr Philip Addis (St George's, University of London)

The Miller Trust

1063 The Board received a report on The Miller Trust (BT304). Members considered and approved the reappointment of the members of the advisory committee for the year from 1 October 2010 to 30 September 2011 as proposed in the report.

1064 **AGREED**

The reappointment of the following members of the Miller Trust Committee for the year from 1 October 2010 to 30 September 2011:

Professor Naomi Segal (ex officio: Director of the Institute of Germanic & Romance Studies) - Chair
Professor Charmian Brinson (Exile Centre Representative)
Professor Richard Dove (Exile Centre Representative)
Mr Daniel Miller (Donor)
Mr John Libson (Donor's Representative/Financial Adviser)

The University Marine Biological Station Millport

1065 The Board noted Document BT305 (Confidential) which provided an update on:

- (i) the progress made to date to identify and secure funding for the redevelopment of the Station;
- (ii) the preparation of a comprehensive Business Plan; and
- (iii) the expectation of future University investment in the redevelopment.

Senate House Project

1066 The Board noted a report from the Director of Special Projects providing an update on current progress in respect of the Senate House Project (BT306, Confidential).

Annual Report on Insurance

1067 The Board noted the Annual Report on Insurance (BT307).

Annual Accounts of the ULIP Students' Union for 2009-10

1068 Members noted the Annual Accounts of the ULIP Students' Union for 2009-10 (BT308).

Annual Status Report on Exercise of Staffing Functions

1069 The Board noted the annual report on staffing functions delegated by the Board to the Vice-Chancellor, provided in accordance with the requirements of Annex 2 to Ordinance 6 *Delegation of Functions* (BT309). The report included a Summary Status report on the Exercise of Human Resource Functions (BT309A) and Typical Key Performance Indicators (BT309B).

Action Taken under Delegated Authority

1070 The Board noted the action taken under delegated authority since that reported to its previous meeting on 20 October 2010, as detailed in Document BT310.

Sealings

1071 Members received and noted a report from the Vice-Chancellor on sealings of documents (BT311).

Dates of Future Meetings

1072 Members noted the dates of future meetings of the Board as follows (all meetings would commence at 4.00 pm).

2010-11

Wednesday, 26 January 2011
Wednesday, 30 March 2011
Wednesday, 25 May 2011
Wednesday, 13 July 2011

2011-12

Monday, 10 October 2011
Monday, 21 November 2011
Wednesday, 25 January 2012
Wednesday, 28 March 2012
Wednesday, 23 May 2012
Wednesday, 18 July 2012