



University of London
BOARD OF TRUSTEES

Tuesday 1 December 2009
4.00 pm
Room 104, Senate House

MINUTES

PRESENT

Dame Jenny Abramsky (Chair)	Mr Maxwell Hutchinson
Mr Abdul Bhanji	Mrs Suzanne McCarthy
Sir Graeme Davies	Mr Charles Perrin
Ms Judith Evans	Professor Peter Rigby
Mr Steven Fogel	Professor Rick Trainor
His Honour Judge Ian Grainger	Professor Geoff Whitty
Mr Edward Hartill	

APOLOGIES

Professor Geoffrey Crossick

IN ATTENDANCE

Mr Martin Burchett*	Ms Collette Cushion*
Mr Richard Cryer*	Mr Kim Frost
Miss Damaris Currie*	Miss Catherine Swarbrick

*not present for BTMM 0566 to 0569

Appointment of the Vice-Chancellor: Report from the Joint Appointments Committee

0566 The Vice-Chancellor and other officers were not present for this item, with the exception of the Secretary to the Board and also the Director of Human Resources, who remained in attendance in the light of the Board's agreement, at its meeting on 15 October 2008 (BTM 0018 refers), that the expertise and advice of the Director of Human Resources on this issue should be sought as required.

0567 Members considered Document BT183 (Confidential), a report from the Joint Appointments Committee. The Chair of the Joint Appointments Committee (JAC), Dame Jenny Abramsky, reported that the unanimous recommendation of the JAC was that Professor Geoffrey Crossick be appointed Vice-Chancellor of the University of London for a period of five years from 1 September 2010.

0568 The Board was advised that this recommendation was the outcome of a year-long rigorous international search that had produced a highly distinguished field of candidates. The Board approved the recommendation.

0569 **AGREED**

That Professor Crossick, Warden of Goldsmiths, University of London, should be appointed Vice-Chancellor of the University to succeed the current Vice-Chancellor in September 2010. Professor Crossick's period of office would be from 1 September 2010 for five years in the first instance on the basis of 60% of a full-time appointment.

Minutes of the Meeting Held on 14 October 2009

0570 The Board confirmed the minutes of the meeting held on 14 October 2009.

Matters Arising

0571 The Board noted Document BT157 on matters arising from previous meetings.

Review of Effectiveness - Informal Meeting of the Board

0572 At its meeting on 14 October 2009 (BTM 0516 refers), the Board had agreed that it would be useful for members to feed back on their visits to Colleges during the 2008-09 session, and that efforts to find a date for an informal meeting of the Board, which would provide the most appropriate forum for this discussion, should continue. Members noted that it had not proved possible to find a date in 2009 suitable for a sufficient number of members. The Board agreed, therefore, that an informal meeting should be arranged for early in 2010.

Chair of the Safety Committee

0573 Members had been informed at their previous meeting (BTM 0551 refers), that His Honour Judge Ian Grainger would be resigning as Chair of the Safety Committee from 19 October 2009 in view of his appointment as a Circuit Judge which took effect from that date. Subsequent to the meeting, officers had taken forward the process to identify a replacement, as agreed. Following consultation with the Chair of the Board, it was being proposed that Mr Edward Hartill be appointed as Chair of the Safety Committee. Mr Hartill had indicated his willingness to serve as Chair. The Board approved the appointment.

Amendment to the University of London's Schedule of Primary Financial Delegations of Authority (Appendix B to the Financial Regulations)

0574 The Board of Trustees, at its meeting on 14 October 2009 (BTMM 0555-7 refer), had approved amendments to the Financial Regulations. Members had noted that the Schedule of Primary Financial Delegations of Authority, Appendix B of the Financial Regulations, did not appear to give authority to approve changes in the net budget surplus/deficit between £150k and £500k. The Board approved an amendment to the Schedule of Primary Financial Delegations of Authority (as detailed in Document BT157) to rectify this.

0575 **AGREED**

- (i) That an informal meeting of the Board should be arranged for early 2010.
- (ii) To approve the appointment of Mr Edward Hartill as Chair of the Safety Committee for a period of two years to 31 July 2011 (concurrent with Mr Hartill's term of office as a member of the Board of Trustees).
- (iii) To approve an amendment to the Schedule of Primary Financial Delegations of Authority (as set out in Document BT157).

Vice-Chancellor's Report

0576 The Vice-Chancellor introduced his report (BT158), including the list of his main activities and meetings since 15 July 2009 (BT158A). He drew members' attention to the section on the University Marine Biological Station, Millport and, in particular, to the Scottish Funding Council's recent confirmation that it could only support the Station financially through the Higher Education Funding Council for England (HEFCE). Discussions with HEFCE were ongoing.

0577 Members noted that no appointment had yet been made to the Directorship of the University of London Research Library Services (ULRLS) and that Christine Muller and Paul McLaughlin would, therefore, continue as joint Acting Directors. The Vice-Chancellor anticipated that candidates would be sought again around July 2010 by which time, he envisaged, significant progress should have made in implementing the Senate House Library/ULRLS Strategy.

0578 A member of the Board, who also served on the Board of the University of London Institute in Paris (ULIP), highlighted the increased student recruitment levels at ULIP. He also reported that investigations were being undertaken into the possibility of developing the currently unused basement of the ULIP building.

Deputy Chair of the Board of Trustees

0579 The Board approved the reappointment of Mr Bhanji as Deputy Chair of the Board of Trustees for the 2009-10 session.

0580 **AGREED**

To approve the reappointment of Mr Bhanji as Deputy Chair of the Board of Trustees for the 2009-10 session.

Annual Report of the Audit and Risk Committee to the Board of Trustees and the Designated Officer for 2008-09

0581 Mrs McCarthy, Chair of the Audit and Risk Committee, introduced the Committee's Annual Report for 2008-09 (BT159). Appended to the Report were the Terms of Reference and Constitution of the Audit and Risk

Committee (BT159A) and the Annual Report of the Internal Auditors to the Audit and Risk Committee (BT159B).

- 0582 Members noted that Grant Thornton's contract as the University's Internal Auditors ended on 31 July 2010. A full tendering process would be carried out in 2009-10, with a meeting of the Selection Panel scheduled for 29 January 2010. The Selection Panel would consist of: Mrs McCarthy (Chair), Mr Perrin (as an independent member of the Board not on the Audit and Risk Committee), Professor Georges Selim (as a member of the Audit and Risk Committee), the Director of Administration and the Director of Finance.
- 0583 Mrs McCarthy drew members' attention to paragraphs 12-14 of the report which indicated that the Internal Auditors had made no 'fundamental' recommendations during 2008-09. Mrs McCarthy was also pleased to report that there had been a reduction in 'significant' recommendations for 2008-09 when compared with 2007-08.
- 0584 The Board noted section 1.2 of the Internal Auditors' report and the individual assurance statements for Corporate Governance, Risk Management, Internal Control and Value for Money. Members' attention was drawn to section 2.4 of the Internal Auditors' report relating to the Audit and Risk Committee Opinion on Quality Assurance of Data. The Board noted the Committee's conclusions in this area as set out in paragraphs 32-35 of BT159.
- 0585 **AGREED**
To approve the Annual Report of the Audit and Risk Committee for 2008-09 (subject to one minor typographical amendment).

Financial Statements for 2008-09

- 0586 The Board considered the report on the Financial Statements for the year ended 31 July 2009 (BT160). The report included the Financial Statements 2008-09 (BT160A), the Management Letter from the External Auditors (BT160B) and the Summary of 2008-09 Out-Turns by Area (BT160C). Revised versions of the three Appendices had been tabled.
- 0587 The Director of Finance introduced the item and advised that there had been some changes to the figures received by the Board at its October 2009 meeting (BTMM 0534-40 refer). He drew members' attention to the revised appendices which had been tabled and advised that the revisions related to two areas:
- (i) the position as regarding VAT, principally in respect of the supply of staff between the University and its subsidiary, Senate House Services Limited; and
 - (ii) completion of the revaluation of the University's investment properties as at 31 July 2009.
- 0588 Members noted that the revised investment property valuation had already been reflected in the version of the Financial Statements previously circulated

to the Board. The Board was advised that the full inspection conducted as part of the valuation had revealed enhancements to some of the properties giving rise to an uplift in the aggregate carrying value of £6.4M. Further detail was provided in the Estates Matters report (BT173, see BTMM 0636-8 below).

- 0589 The Director of Finance reported that the issue relating to VAT had arisen when the University had instructed Deloitte to advise it on the treatment of staff at the University of London Union (ULU). He advised members of the background to the current situation. The University had consulted its solicitor, Pinsent Masons in relation to this matter and a voluntary disclosure would be made to HMRC.
- 0590 Members' attention was drawn to the Executive Summary within the revised Management Letter received from Deloitte, which referred to both the investment valuation and VAT provision.
- 0591 The Director of Finance reported that, in the light of Pinsent Mason's advice, Deloitte had recommended the University should make appropriate provision for this potential liability.
- 0592 Bad debt provision had also been reviewed and a reduction of £190k had been agreed with Deloitte.
- 0593 The Director of Finance outlined the approach to be taken with regard to the VAT issue and members expressed their support for this approach.
- 0594 **AGREED**
- (i) To approve the University's Financial Statements for 2008-09.
 - (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 its behalf.
 - (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 Letter of Representation to the External Auditors.

Financial Results and Forecast Tables

- 0595 The Director of Finance introduced Document BT161 (Confidential) Financial Results and Forecast Tables, including the 2009 Financial Tables (BT161A, Confidential) and the Commentary on the Financial Tables (BT161B, Confidential). He advised that a revised version of Appendix BT161A, updated to reflect the changes to the Financial Statements in respect of VAT and investment valuation, had been tabled.
- 0596 Although there was continuing uncertainty about future funding levels within the sector, the Director of Finance felt the forecasts before the Board were prudent and realistic. It was noted that the financial tables predicted a surplus for 2009-10 which, thereafter, should increase steadily year on year over the

period covered. The Business Change Programme would be an important factor in achieving this turnaround.

0597 **AGREED**

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

Corporate Planning Statement

0598 The Board considered the Corporate Planning Statement 2008-09 (BT162 and BT162A). The Director of Administration advised that the Statement provided a review of the preceding year together with an outline of the University's aims for 2009-10. A summary list of the key priorities for the year ahead was set out on page 5 of the report.

0599 **AGREED**

To approve the Corporate Planning Statement 2008-09.

Annual Monitoring Statement

0600 The Director of Finance introduced the report on the Annual Monitoring Statement (AMS) (BT163), including the AMS for 2009 at Appendix BT163A. He advised the Board that the AMS reported on the University's use of special initiative funding. A summary of the areas on which the 2009 AMS asked for information was set out in the first paragraph of BT163. The Board noted progress against objectives and approved the AMS.

0601 **AGREED**

To approve the AMS 2009.

Annual Assurance Return

0602 Members noted and confirmed the Annual Assurance Return for 2009 (BT164 and BT164A).

0603 At the invitation of the Chair, the Vice-Chancellor updated the Board on the recent presentation to the HEFCE Annual Meeting 2009, held on 20 November 2009, by the Chief Executive of HEFCE, Sir Alan Langlands,.

0604 **AGREED**

To confirm the Annual Assurance Return 2009.

Budget Monitoring 2009-10 and Budget Parameters for 2010-11

0605 The Board considered Document BT165 on Budget Monitoring 2009-10 and Budget Parameters for 2010-11. The report included an Income and Expenditure Summary for the Three Months to October 2009 (BT165A) and a Monthly Finance Report (BT165B). Members noted that the three-month accounts showed a surplus on continuing operations of £545k.

- 0606 The Director of Finance reported that the production of management accounts for the first quarter of 2009-10 would be accompanied by a forecasting exercise to update projections for the year-end result. These would be presented to the Board's January 2010 meeting.
- 0607 Members noted that consideration was being given to the parameters for the 2010-11 budget. In setting the budget, 'commercially' operated areas not dependent on public funding were being differentiated. For these areas the focus would be on improving margins to secure a growth in surplus. For other areas the aim would be to secure efficiency gains locally and through the Business Change Programme.
- 0608 It was noted that staff costs were approximately £500k above budget for the year to date. The Board was advised that this overspend related exclusively to the London Deanery. Concern was expressed about the lack of control the University had in relation to decisions taken regarding the Deanery. However, it was noted that there were agreements in place which protected the University's position.
- 0609 The Board discussed the likely effects of future reductions in public funding. The Vice-Chancellor reminded members that, as the University currently received little teaching grant income, it would be less directly affected than other higher education institutions if teaching funding was reduced. However, there was likely to be an indirect impact arising from the effect upon the nineteen Colleges of the University of any funding cuts.

Report from the Investments Committee

- 0610 Document BT166 reported on business conducted at the Investments Committee meeting of 4 November 2009. The report included a Review of Investment Strategy and Fund Managers by Mercer (BT166A), the Audited Financial Statements of the Unified Trust Fund (UTF) for the year ended 31 July 2009 (BT166B) and the Annual Report of the Investments Committee 2008-09 (BT166C). The Chair of the Investments Committee, Mr Perrin, introduced the item.
- 0611 One of the recommendations in the report related to proposed amendments to the Investments Committee's terms of reference. It was noted that officers wished further consideration to be given to the proposed amendment regarding monitoring of the University's loan arrangements and, therefore, this proposed change was not being taken forward at this time. The Board was content with the other suggested revision to the Committee's terms of reference as detailed in paragraph 3 of BT166.
- 0612 The Board noted the Review of Investment Strategy and Fund Managers undertaken by Mercer, and that a similar exercise had been undertaken in 2005. Mercer had recommended that Newton should be retained as manager of the UTF's equities. Mr Perrin suggested that, although Newton's performance over the one-year period had been disappointing, it should be borne in mind that 2008-09 had proved a difficult period for many Fund Managers. Mr Perrin also advised the Board that the UTF had outperformed

its benchmark by 2% per annum since its inception in December 1995. Although Newton's performance in bond management during 2008-09 had not been good, Mr Perrin reported on a recent and significant turnaround which had seen a proportion of the losses from the bank bonds recovered as at the date of the Investments Committee's meeting on 4 November 2009.

0613 The Board was advised that consideration had been given to using a separate specialist bond manager. However, the Committee had determined that this would not be cost effective for what amounted to a relatively small bond portfolio. Maintaining a single manager of the UTF would also provide more flexibility. The Committee would, however, continue to monitor closely the performance of bonds during 2009-10.

0614 A query was raised as to whether it would be possible for Colleges, particularly the smaller Colleges, to become involved in the UTF, should they be interested. Officers agreed to investigate this further.

0615 **AGREED**

- (i) To approve the recommended amendment to the Investments Committee's terms of reference as outlined at paragraph 3 of BT166.
- (ii) To approve the following recommendations of the Investments Committee arising from Mercer Consulting's Review of Investment Strategy and Fund Managers:
 - (a) That the total return objective be reduced from 5% per annum to a 4% per annum real income expectation.
 - (b) That Newton Investment Management Ltd ('Newton') be retained as the single manager of the Unified Trust Fund (UTF) intact.
 - (c) That the existing allocation of 65% (equities) : 35% (bonds) should be maintained.
 - (d) That the bond benchmark is changed from 50% (Gilts) : 50% (non-government) to 40% : 60% respectively.
 - (e) That the Committee reviews the geographic allocation of UTF equities in one year hence.
- (iii) Officers to investigate further the possibility of Colleges' involvement with the UTF.

High Fixed Rate Overlay Strategy

0616 The Director of Finance drew members' attention to Document BT167 (Confidential) on the High Fixed Rate Overlay Strategy, a presentation of which was available at Appendix BT167A (Confidential). He reported that, as indicated, the report had been circulated to the Investments Committee and, following comments from the Committee and further consideration, it was no longer intended to proceed with the proposal.

Warburg Institute

- 0617 The Board considered a progress report in relation to the Warburg Institute (BT168A, Confidential). The Vice-Chancellor advised that, in addition to the developments outlined in the report, a meeting had taken place on 29 October 2009 between the Vice-Chancellor, the Director of Administration, the Director of the Warburg Institute, the Chair of the Warburg Institute Advisory Council and the Acting Dean of the School of Advanced Study.
- 0618 The Vice-Chancellor referred to the letter of 26 October 2009 to the Chair of the Advisory Council, a copy of which had been sent to members. In view of the Board's wish that every possible effort should be made to reach consensus between the interested parties, it had been suggested that the relevant individuals should meet to discuss points of principle. However, the Chair of the Warburg Institute Advisory Council had indicated that the Council would prefer a draft scheme to consider. The Vice-Chancellor drew attention to the letter of 2 November 2009 from Professor Reeve to the Chair of the Board (BT168A, Confidential). A timetable had been drawn up and was set out in the Chair's response to Professor Reeve of 27 November 2009 (BT168B, Confidential). The timetable enabled the Advisory Council to receive and comment on the draft scheme before it was submitted to the Board.
- 0619 The Chair reminded members of the discussions at the Board's previous meeting and the advice received from Counsel (BTMM 0503-13 refer).
- 0620 It was agreed that the University would continue to make all efforts to reach a consensus and a member raised the possibility of seeking some form of mediation, but was reminded of Counsel's advice on this issue.
- 0621 The Board considered the suggestion that members might wish to visit the Warburg Institute to view the unique collection it held and to hear the views of the Director. The Board strongly supported this proposal.
- 0622 The Board noted the advice received from the University's solicitor, Pinsent Masons, in respect of costs (BT168C, Confidential).
- 0623 **AGREED**
That members of the Board should visit the Warburg Institute.

Strategic Risk Register

- 0624 The Board considered the report (BT169) on the University's Strategic Risk Register. Members were advised that the Register (BT169A) had been considered by the Audit and Risk Committee at its meeting on 13 November 2009 which had recommended it to the Board.
- 0625 **AGREED**
To approve the University's Strategic Risk Register.

Admission of New Colleges – Strategic Policy, Criteria and Process

- 0626 Document BT170 proposed a process for the handling of applications by institutions to join the University. Attached to the report were relevant extracts from the University Statutes and Ordinance 9 (BT170A). The Collegiate Council had considered the matter at its meetings on 2 October 2009 and 6 November 2009 and recommended the Proposed Strategic Policy, Criteria and Process for the Admission of Colleges to the University (BT170B) to the Board.
- 0627 Members noted that advice had been sought from Pinsent Masons on the University's assets, following a query from the Collegiate Council, and this was attached to the report for the Board's information (BT170C). At its meeting on 6 November 2009, the Collegiate Council had asked if, in drawing up its advice, Pinsent Masons had considered whether any dissolution might be by Act of Parliament and, if so, how this might affect the distribution of assets. The Board was informed that a response from Pinsent Masons was awaited.
- 0628 **AGREED**
To approve the Strategic Policy, Criteria and Process for the Admission of New Colleges to the University of London.

London Business School – Exercise of Degree Awarding Powers

- 0629 The Board considered the report on the London Business School (LBS) and its application to exercise its degree-awarding powers from February 2010 (BT171). The Collegiate Council had considered the application (BT171A) from the LBS at its meeting on 6 November 2009, and had given its approval. The Board was advised that the LBS had provided all the necessary assurances required by Ordinance 9.
- 0630 A member of the Board advised that, at the Board of Trustees recent visit to the LBS, matters discussed had included University services available to the College. The Vice-Chancellor agreed to discuss this further with the Dean of the LBS.
- 0631 **AGREED**
- (i) To approve the exercise of degree-awarding powers by the LBS from February 2010.
 - (ii) The Vice-Chancellor to contact the Dean of the LBS regarding service provision to the College.

Birkbeck: Occupation of the Senate House North Block

- 0632 The Director of Estates and Facilities introduced his report on Birkbeck and Senate House North Block (BT172, Confidential). Members noted that Birkbeck had occupied the basement, first floor and part of the ground floor of the Senate House North Block for many years. Although no formal lease

existed, Birkbeck's occupation had been on the basis of a 'Memorandum of the Terms of Occupation' which set out the agreed maintenance and servicing arrangements, as outlined in paragraphs 2 and 3 of the report.

0633 The Director of Estates and Facilities summarised the details of the dispute concerning the financial arrangements of Birkbeck's move from the Senate House North Block, as set out in the report.

0634 Members discussed the report and agreed that, before taking a decision, they would wish to hear Birkbeck's views on the matter. It was, therefore, agreed that that the Master of Birkbeck, Professor Latchman, should be invited to attend the Board's meeting in January 2010.

0635 **AGREED**

That the Master of Birkbeck should be invited to the Board's meeting on 27 January 2010.

Estates Matters

0636 The Board considered the Estates Matters report (BT173, Confidential) and discussed developments in relation to 20 Guilford Street. The proposal that the University should market the site more widely on the basis of a short-term let was considered and it was queried whether the proposed term of up to five years was sufficient. The Director of Estates and Facilities reported that informal discussions had indicated that a five-year term would be long enough to attract interest. The Board considered the proposal that the University should also invite offers on the open market for a 99-year lease. It was agreed that it might be beneficial, in this case, to consider offers for a lease of a slightly longer term. The Board agreed, therefore, that offers for a lease of up to 130 years should be considered.

0637 Members considered the suggestion in the report that, following Knight Frank's recent valuation of the University's investment properties, the Investments Committee be asked to consider, on the Board's behalf, what would constitute an appropriate asset allocation for the University's overall investments and the future policy to be adopted with regard to its investment properties. The Board was content with the proposal.

0638 **AGREED**

(i) That the Board, through the Investments Committee, should consider what would constitute an appropriate asset allocation for the University's overall investments (including properties) and, in the light thereof, the future policy to be adopted with regard to its investment properties.

(ii) That 20 Guilford Street should be offered to the open market, and that offers for a short lease of up to five years, or a long lease of up to 130 years, would be considered.

(iii) To delegate, to the Vice-Chancellor, authority to approve a lease for 16 Acton Street.

University Annual Report 2008-09

0639 The Board considered the draft University Annual Report for 2008-09 (BT174 and BT174A). Members welcomed the new format of the Report.

0640 **AGREED**

To approve the University Annual Report 2008-09.

Teachers of Anatomy Trust

0641 Members considered Document BT175 on appointments to the advisory committee of the Teachers of Anatomy Trust for 2009-10.

0642 **AGREED**

To approve the reappointment of the following officers of the advisory committee of the Teachers of Anatomy Trust for the period 1 August 2009 to 31 July 2010:

Chairman:	Professor Margaret Bird (Barts and The London)
Treasurer:	Ms Wendy Birch (UCL)
Secretary:	Mr Philip Addis (St George's, University of London)

Senate House Project

0643 The Board noted Document BT176 (Confidential) on progress of the Senate House Project.

0644 Members discussed issues surrounding Phase 4 of the Project. It was suggested that, if tenders were sought in the near future, competitive rates were likely to be received due to the current economic climate. However, it was noted that further work was required before the University would be in a position to seek tenders for Phase 4.

Annual Report on Insurance

0645 The Board noted the Annual Report on insurance (BT177).

University of London Union (ULU) Financial Statements and Annual Report for the Year Ended 31 July 2009

0646 The Board considered the ULU Financial Statements and Annual Report for the year ended 31 July 2009 (BT178 and BT178A). Clarification was sought regarding restricted and unrestricted income and it was agreed further information would be sought from ULU and provided to members.

0647 **AGREED**

Clarification of restricted and unrestricted income to be provided to members.

Annual Accounts of the ULIP Students' Union for 2008-09

0648 The Annual Accounts of the ULIP Students' Union for 2008-09 (BT179 and BT179A) had been provided for the Board's information. Members noted the report.

Staffing Matters

0649 The Board noted Document BT180, an 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*. The report included a Summary Status report on the Exercise of Human Resource Functions (BT180A) and Typical Key Performance Indicators (BT180B).

Action Taken under Delegated Authority

0650 The Board noted the action taken under delegated authority since its previous meeting on 14 October 2009, as detailed in Document BT181.

Sealings

0651 Members noted the report on sealings of documents undertaken since the report to the Board's meeting of 14 October 2009 (BT182).

Dates of Future Meetings

0652 The Board noted the dates of future meetings of the Board of Trustees in the 2009-10 session (all meetings to commence at 4.00 pm):
Wednesday, 27 January 2010
Wednesday, 24 March 2010
Wednesday, 26 May 2010
Wednesday, 14 July 2010