

Kingston University London

MINUTES BOARD OF GOVERNORS

MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON WEDNESDAY 19 MAY 2010 IN THE TOWN HOUSE, PENRHYN ROAD

Present:

Gren Collings (Chair), George Alexandrou, Ann Allen, Chris Brooks, David Carter, Stephen Cooksey, Ann Corrigan, TJ Esubiyi, Lesley Granger, Robert Green, Steve King, Nona McDuff, Phil Molyneux, David Reardon, Sue Rimmer, Peter Scott, David Taylor and Clarissa Wilks

In attendance:

Deputy Vice-Chancellor, Pro Vice-Chancellor (Corporate Affairs) & University Secretary, Pro Vice-Chancellor (Research & Enterprise), Finance Director, Head of Secretariat and Minuting Clerk

38.0 Apologies for absence

Apologies for absence were received from Tony Beadle, Sara Drake, Frank Kennedy, Peter Kopelman, Roderic Lyne, Derek Osbourne and the Pro Vice-Chancellor (External Affairs)

39.0 Minutes of the Board of Governors Meeting held on 17 March 2010

39.1 The Minutes were approved.

40.0 Matters Arising

40.1 Ethical investment of University funds:

The Finance Director reported that this matter had been discussed by the Finance Committee at its last meeting on 22 April, and was reported in the Minutes of that meeting which were included on today's agenda. It was noted that the University had in place a Treasury Management Policy for the management of its liquid and placement funds which were mostly placed with the major UK banks. The University had no investment policy at present, as it had no investment portfolio. Should this position change in the future, a suitable investment policy would be developed.

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

41.0 Vice-Chancellor's Report (Paper BG 57/10)

41.1 General Election outcome

The Vice-Chancellor reported on the likely impact of the new coalition Government on higher education, noting that his report had been written before the outcome of the general election. The most relevant policy was likely to be a reduction in the deficit by cutting public expenditure. It was noted that public expenditure was drawn from two areas – annual management expenditure and departmental expenditure. Analysis by the Institute of Fiscal Studies indicated it was likely that the initial burden would fall on departmental expenditure, with a planned reduction of 22% by 2014/15. However, there was some question over whether this level of reduction could be achievable. There was also the possibility that there could be a delay between a reduction in public funding and any increase in tuition fees, which could create financial problems for some HEIs.

It was noted that the University's overall turnover was approximately £200m, of which HEFCE funding represented £80m. The Scenario Planning exercise was looking at scenarios up to an overall cost reduction of 14%, which represented a higher percentage of HEFCE funding than was expected.

The Board considered possible opportunities of expansion in the current economic climate. It was noted that, in the absence of a merger with a suitable institution, it was not possible to expand student intake due to HEFCE's cap on numbers and the likely imposition of financial penalty for transgression. Expansion would also create management capacity difficulties. It was also suggested that the current size of the institution was considered to be appropriate. Opportunities around acquiring additional estate were considered; however, suitable estate in proximity to Kingston was likely to be limited.

It was noted that the University continually sought to diversify its sources of income other than HEFCE funding, a major component of which was fee income from international students. However, it was important to be aware of the changing market in this area due to rapid development in countries such as China. Income relating to industry links and research tended to make a limited contribution.

It was agreed that it was useful to have in place the appropriate structure to identify possible opportunities.

It was noted that the proposed new HEFCE funding methodology could require a greater level of bidding for funding, which might be more difficult to predict. It was also important to bear in mind probable tax increases such as a possible rise in VAT.

41.2 Browne Review

The Vice-Chancellor reported on the ongoing Browne review on Higher Education funding and student fees. It was reported that Universities UK (UUK) was proposing that the fee system should be re-named as the 'graduate contribution' and extended beyond the current loan level.

41.3 University Modernisation Fund

The University had submitted a bid for 190 additional students under the University Modernisation Fund established in the last few months of the previous Government. The additional numbers were all for STEM subjects and since the new STEM faculty would have approximately 8,000 students, an additional 190 was not expected to have a significant effect on resources. However, it was possible that the new Government might decide to abandon this initiative.

41.4 Applications

The Vice-Chancellor reported that applications this year had increased by 25%, against an overall increase in UCAS applications of 16% and to comparator institutions of 17.5%. This was an important measure of the University's success and its strong position in the marketplace. However, due to HEFCE's cap on student numbers, the University would not be able to expand its intake to meet the additional demand.

The difficulty of attaining exact targets, and the risk of over-recruiting was noted. The exposure on over-recruitment amounted to a HEFCE fine of £3,800 per student and it was reported that the funding council's intention was to apply the penalty without tolerance.

Strong control points were in place through set tariffs and A-level targets, and the use of the clearing system. The application of these control points would be reviewed, and might be implemented more rigidly. The main difficulty was where offers had already been made, which would need to be honoured. It was also noted that the University had agreements with local schools and colleges with regard to student intake which would need to be upheld. The potential risk to the University's reputation by the rejection of applicants was noted. It was reported that the use of the clearing system varied depending on course and subject. Approximately 25% of applicants to STEM

courses were selected through clearing, with a lower percentage on most other courses and there were some areas which did not use the clearing system at all.

41.5 Pay negotiations

It was reported that pay negotiations between the University and UCEA (University and College Employers Association) and the trade unions were continuing.

41.6 STEM Faculty

The second round of interviews for Dean of the new faculty was due to take place in early June. The main risks of a delay in appointing a new dean were the possible negative effects on staff morale owing to uncertainty, and the disadvantage of not being able to fully involve a dean or dean designate in the key decisions regarding the structure of the new faculty, to meet the deadline of its inception. The Board agreed that it was essential to ensure that the correct candidate with the most suitable skills was appointed. It was also important to focus on academic as well as economic concerns when making the appointment.

42.0 Campus Development Plan Progress Report (Paper BG 58/10)

42.1 The Pro Vice-Chancellor (Corporate Affairs) & University Secretary reported on progress with the Campus Development Plan since the last Board meeting in March, noting that work on the Plan was progressing on programme and within budget.

42.2 With regard to Kingston Hill, the second borehole for exploring the possibility of a heat pump system had not yet been made due to continuing ecological investigation; there was no impact on the overall project schedule. Should it transpire that it was not possible to have an open borehole system, a closed system could be used, but this would be less efficient and might affect the energy efficiency measures.

42.3 It was reported that the two main projects at Knights Park – studio improvement and landscaping – were being contracted together, in order to improve levels of control. It was intended that all planned work would be undertaken, subject to full assessment of the final tender bids. It was noted that the 20% contingency might be utilised.

42.4 The work at Roehampton Vale was progressing well and was expected to be delivered within budget.

- 42.5 It had been decided to include a café at the Penrhyn Road Learning Resource Centre, following the success of this initiative at other campuses. This would inevitably increase the cost of the work, but it was anticipated that it would be within the overall budget agreed by the Board.
- 42.6 It was noted that approval of contracts for work at Penrhyn Road and Roehampton Vale would be authorised by the previously established and agreed Sub-Committee of the Board consisting of the Chair, the Vice-Chair, the Vice-Chancellor and the Chairs of the Board's standing committees.

*Action: Further CDP Progress Report to the Board meeting on 14 July 2010
[Pro Vice-Chancellor (Corporate Affairs) & University Secretary]*

43.0 Approval of the External Audit Strategy for the year ending 31 July 2010 (Paper BG 59/10)

- 43.1 The Chair of the Audit Committee reported that the Audit Committee had discussed the External Audit Strategy for the year ending 31 July 2010 at its last meeting on 6 May, and noted that the Strategy was largely unchanged from that of the previous year. It was reported that the University had re-tendered for external audit services this year and that the audit fees were broadly in line with those of last year. The Audit Committee had recommended that the Board approve the External Audit Strategy for 2009/10.
- 43.2 The Board considered what lessons could be learned from problems experienced by other institutions. The Finance Director explained that the University's internal audit process was operated by KCG (Kingston City Group), an internal audit consortium with eleven current and two impending members, which meant that it had experience of a number of institutions
- 43.3 The Board noted that one of the members, London Metropolitan University (LMU) had received a substantial clawback of funding from HEFCE due to incorrect reporting of non-completions. The figure reported by LMU had been inaccurate by about 19%, compared to a maximum of 3.6% by the other consortium members.
- 43.4 It was noted that internal audit work relied on risks identified in an institution's risk register. The area of non-completions had not been included by LMU, and as this was a very technical area it would not have been highlighted in other audits. The consortium members were in agreement that no blame was attached to KCG in this matter.
- 43.5 With regard to the issue of legal liability it was suggested that, in future, KCG should ask each institution to issue a management representation letter on similar lines to that drawn up for the external

auditors. This would confirm the assurance purpose and place reliance on the integrity and efficiency of institutions' management and corporate governance.

43.6 The Board discussed the action being taken to learn from this matter and address the issues to avoid similar problems in future. The Chair of the Audit Committee reported that a data plan was being developed by the University and controls were being put in place to minimise risk. A data quality assurance workshop had been held and an institutional data quality statement was being prepared which listed all data returns and managers responsible.

43.7 The Board noted that the principal purpose of the external auditors was to review the institution's accounts. HEFCE guidance recommended that reliance should not be placed on external audit in the area of data quality, particularly since this required specific knowledge of complex HEFCE methodology and technical issues.

It was resolved that

The Board authorise the External Auditors' Strategy for the year ending 31 July 2010 on the recommendation of the Audit Committee.

44.0 QAA Hybrid Institutional Audit – autumn 2010

44.1 The Deputy Vice-Chancellor reported on the QAA Institutional audit which was due to take place this autumn, noting that this was a new type of Hybrid Institutional Audit carried out on behalf of HEFCE, which reviewed the quality and standards of academic provision both within the University and with collaborative partners.

44.2 The main purpose of the audit was to ensure compliance with academic standards and processes, and also to develop quality enhancement. The Board noted the University's approach, and hoped that the audit might provide opportunities to the Board in terms of learning about new issues relating to best practice and possible improvements.

45.0* Finance Report for March 2010

(Paper BG 60/10)

45.1 The Board noted the Finance Report for March 2010

46.0* Health and Safety Update Report

(Paper BG 61/10)

46.1 The Board noted the Health and Safety Update Report

47.0* Minutes of the Academic Board meeting held on 3 March 2010

47.1 The Board noted the Minutes of the Academic Board meeting.

48.0* Minutes of the Nominations Committee meeting held on 17 March 2010

48.1 The Board noted the Minutes of the Nominations Committee meeting.

49.0* Minutes of the Finance Committee meeting held on 22 April 2010

49.1 The Board noted the Minutes of the Finance Committee meeting.

50.0 Report following the Audit Committee meeting held on 6 May 2010

50.1 The Chair of the Audit Committee reported that the minutes of the Audit Committee meeting would be provided to the Board at its next meeting in July. He noted that HEFCE had issued a letter regarding its assessment of institutional risk, giving reassurance with regard to the University's performance, which would be attached to the Audit Committee minutes for the Board's information.

Action: HEFCE's Assessment of Institutional Risk to be circulated to the Board together with the Minutes of the Audit Committee meeting held on 6 May 2010 [Secretariat]

51.0 Presentation from Kingston University Students' Union

51.1 The President and the Manager of KUSU jointly gave a presentation on the students' union.

52.0 Any Other Business

52.1 There was no other business.

53.0 Date of next meeting

The next meeting of the Board of Governors was on Wednesday 14 July 2010 in the Board Room, TH102/103 at Penrhyn Road.

There being no further business, the meeting ended at 11.00am.