

# Kingston University London

## MINUTES BOARD OF GOVERNORS

### MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON WEDNESDAY 14 JULY 2010 IN THE TOWN HOUSE, PENRHYN ROAD

#### Present:

Gren Collings (Chair), George Alexandrou, Tony Beadle, Chris Brooks, Stephen Cooksey, Ann Corrigan, Sara Drake, TJ Esubiyi, Lesley Granger, Frank Kennedy, Peter Kopelman, Roderic Lyne, Phil Molyneux, David Reardon, Sue Rimmer, Peter Scott, David Taylor and Clarissa Wilks

#### In attendance:

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

#### 54.0 Apologies for absence

Apologies for absence were received from Ann Allen, David Carter, Robert Green, Steve King, Nona McDuff, Derek Osbourne and the Deputy Vice-Chancellor

#### 55.0 Minutes of the Board of Governors Meeting held on 19 May 2010

55.1 The Minutes were approved.

#### 56.0 Matters Arising

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

#### 57.0 Vice-Chancellor's Report (Paper BG 82/10)

57.1 The Funding Challenge

The Vice-Chancellor gave a presentation on the funding challenge facing HEIs as a result of the government's planned cuts in public expenditure. This was in the form of a high-level overview of relevant issues, to cover

the different strands and uncertainties of the funding challenge and the University's proposed response.

- (i) The University's financial performance had improved over recent years through rapid growth, particularly through ASNs and overseas recruitment. At the same time costs had risen at a slower rate, resulting in a year on year surplus. It was noted that the University had become increasingly efficient over the past ten years. This year's surplus was expected to be £12.6m which represented 8% of the total figure for fees and funding, against the Financial Plan target of 2%.
- (ii) The University's funding was currently comprised as follows: 42% from the HEFCE grant, 25% from Home / EU fees, 11% from international fees, 4% from NHS contracts, 2% from research grants and contracts, and 15% from other sources. The income areas considered to be most at risk were the HEFCE grant, the NHS contracts and any impact of the UK economy on international recruitment. However, it was felt that the University's growth plan was realistic, which was seen as a low risk, along with any impact on home/EU fee income.
- (iii) Funding cuts of 0.4% had been imposed by the Coalition Government in the current year, which represented approximately £270k for the University. A revised grant letter for 2010/11 was expected to be received from HEFCE in the coming week. The University Modernisation Fund was not included in these figures. The more significant difficulties would be from 2011/12 when funding cuts of 25% over four years were anticipated, in line with the recent Budget. Further detail would be available when the Comprehensive Spending Review was published in the autumn.
- (iv) The report on the Browne Review on student fees and funding was expected to be published in October, and would be integral to decisions emanating from the Spending Review. It was anticipated that the Browne Review would recommend an increase in the fees cap, but that student loans would not be increased to cover the full fee level. It was also expected that the report would include guarantees that students would directly benefit from the increased fees.
- (v) The anticipated increase in fees could create political issues and lead to the possible introduction of a graduate tax as an alternative measure. Although it was difficult to predict the possible impact of the removal of the fee cap, it could affect overall demand and HEIs might find it difficult to sustain higher fee levels. It was important not to make the assumption that increased fees would automatically mitigate the impact of spending cuts.
- (vi) The Vice-Chancellor reported on the University's proposed strategies in response to funding cuts. The first strategy was based on ensuring that there was sufficient cost reduction to cover anticipated cuts in the HEFCE grant. The cost reduction would need to be sustainable and well managed across the University, with the objective of achieving

permanent efficiency gains, whilst maintaining an appropriate margin for growth and investment. The second and third strategies were based on the initial instigation of immediate cuts of £1.6m, representing 2.4%, in faculty and departmental budgets for 2010/11. The majority of this saving would be put into a Performance Improvement Fund towards future efficiency development. Further overall cuts of 10% were proposed over the following two years, which would be informed by the Academic Foresight exercise and the Tribal benchmarking reports. The aim over this period would be to reduce the structural surplus back to close to the original target of 2%. Further reductions were planned by 2013/14 with a target of £16m taken out of the cost base. The next steps were to develop detailed cuts across the University up to spring 2011. The Scenario Planning and Fitness for Purposes exercises had been combined into a single cost reduction programme, further details of which were provided in paper BG 90/10 which would be discussed later in the meeting.

- (vii) The Finance Director explained that the target figure of £16m represented 22% of the 2009/10 figure of £71m for HEFCE and TDA funds. This broadly comprised £10m from the structural surplus and £6m from Faculty and Departmental budgets.

It was agreed that the Presentation slides would be circulated to the Board as an attachment to the Minutes of today's meeting.

## 57.2 Other National policy developments

The Vice-Chancellor reported on the new ministers appointed to the Department for Business, Innovation and Skills – Vince Cable, Secretary of State and David Willetts, Minister for University and Skills. A letter had been sent from the two ministers to all HEI principals and vice-chancellors advising of the pay freeze within the public sector. This letter had been circulated to the Remuneration Committee which was due to meet after today's Board meeting. It was also reported that HEFCE had modified its calculation of non-completions, so that the majority of students re-taking assessments would no longer be classified as 'non-completions'.

## 57.3 St George's University of London

A new partnership agreement had been drawn up between the University and St George's University of London (SGUL), which had been agreed in principle by the SGUL Council. The intention was to give a concise and comprehensive outline of the aims and purposes of the partnership, covering all elements and activities and extending the partnership to include SWAn. The new agreement would also provide improved management and governance arrangements and establish clear principles with regard to cost sharing. Processes for reviewing and modifying the partnership had been developed. Discussions had also taken place regarding the possibility of sharing services, initially student information systems, and possibly other academic-related services. It

was noted that the agreement would undergo legal review before final approval. The Principal of SGUL reported that work was underway to explore and develop the relationship between SGUL and St George's Healthcare Trust with a view to reducing the cost of support services. This was a logical development, since the two institutions shared a common site. Cross-professional training was being developed, which would benefit both SGUL and the University. It was noted that the new partnership agreement provided a good opportunity to review the Faculty of Health and Social Care Sciences' joint venture agreement, to provide greater clarity and detail. The Board approved the document subject to legal review.

#### 57.4 Student applications

It was reported that applications to the University to date had increased by 22% compared to last year, against a national increase of 14%. It was noted that, due to the cap on student numbers, it was important to ensure that numbers were not exceeded, as this would lead to a reduction in funding.

#### 57.5 League tables

The Vice-Chancellor reported on the University's position in the Times and Guardian league tables, noting that its position in the Times, which was considered to be the most widely used table, was similar to last year's, but that it had dropped considerably in the Guardian table. However, it was noted that the league rankings did not appear to be reflected in terms of student applications. It was likely that the league tables had greater impact overseas than for home students, and also had an effect on staff morale. It was agreed that it was important to improve the University's position, whilst being realistic about its mission and student mix.

#### 57.6 Modern European philosophers

It was reported that the Centre for Modern European Philosophy which had previously been located at Middlesex University had been transferred to Kingston including four out of its six staff members, following Middlesex's decision to discontinue part of its programme. Recruitment to the MA programme would start shortly, and whilst there were no current plans for an undergraduate course, this would not be ruled out from future plans. The Centre was seen as an exciting initiative with a number of benefits to the University.

#### 57.7 Other matters for report

##### (i) STEM Faculty

It was reported that the Dean of the new STEM faculty had now been appointed and that an announcement would be made in due course. It was noted that the agreed new faculty name was the Faculty of Science, Engineering and Computing.

(ii) HR Director

It was reported that the HR Director was leaving the University at the end of August to take up the post of HR Director at the University of the Arts, London.

(iii) Staff Survey

The results of the staff survey had been received from Capita and would be considered by the Employment & Diversity Committee. It was noted that the response rate had been 67%, which was considerably higher than for the last survey.

*Action: Presentation slides on the Funding Challenge to be circulated to the Board as an attachment to the Minutes of today's meeting [Secretariat]*

It was agreed that paper BG 90/10 on Scenario Planning would be considered next.

## **58.0 Report on Scenario Planning and Performance Improvement**

(Paper BG 90/10)

58.1 The Pro Vice-Chancellor (Corporate Affairs) & University Secretary presented the report on Scenario Planning and Performance Improvement, which provided a summary of the process to date and detailed future actions to address the financial challenge and manage the associated risks.

58.2 Following the first stage of the Scenario Planning exercise, a net cost reduction of £1.6m had been included within the budget for 2010/11. It was planned that these savings would be invested into a Performance Improvement Fund, which would be used to deliver improved efficiency in a number of projects across the University, as detailed in the report. Further plans for the implementation of this initiative would be available in the autumn, following the completion of the Spending Review and the Browne Review on student fees and funding, the results of which would enable more detailed assessment of the position and calculation of reductions required.

58.3 It was reported that there had been a positive response to the Scenario Planning exercise with a clear commitment across the University community.

58.4 The Board discussed the inclusion of teaching delivery in the performance improvement programme and whether this area should be driven by cost reduction. It was noted that a number of areas were included as standard university planning to ensure that all activities were addressed in parallel in the context of academic effectiveness and it did not indicate that costs would drive teaching delivery. It was suggested that this was a matter of presentation and it was agreed that the wording would be reviewed.

58.5 It was confirmed that the appropriate mechanism was in place to monitor the delivery of the Performance Improvement programme in line with the budgeting process.

58.6 The Board discussed the application of Value for Money and how it fitted into the Scenario Planning and Performance Improvement exercise. It was confirmed that the premise of VfM was included in all ongoing cost reduction work.

*Action: Wording relating to teaching delivery within the performance improvement programme to be reviewed [Pro Vice-Chancellor & University Secretary]*

## **59.0 Approval of Interim Budget 2010/11** (Paper BG 83/10)

59.1 The Chair of the Finance Committee reported that the Interim Budget allowed the University to continue its operation in 2010/11 pending more detailed information becoming available for the final budget in the autumn. The Finance Committee had considered the Interim Budget in detail at its meeting on 1 July and recommended it for Board approval, subject to further updates.

59.2 The Finance Director noted that this was the same process which had been used last year, resulting from changes to the timing of HEFCE submissions. The final ten-year Financial Plan, including budget, would be considered by the Finance Committee in October and would then be presented to the Board for its approval in November.

It was resolved that

The Board agree the Interim Budget for 2010/11.

## **60.0 Review of Board Effectiveness** (Paper BG 84/10)

60.1 As discussed and agreed by the Board at its meeting in March, a review of the Board's effectiveness would take place in the academic year 2010/11. A timeframe for the process had been proposed, which had been extended to allow for the participation of the new Chair, Vice-Chair and Vice-Chancellor.

60.2 The Board considered the proposed scope of the review. As noted in the previous effectiveness review, one of the areas which should be addressed was the Board's responsibilities in the context of the University's educational character and its relationship with the Academic Board.

60.3 The Board discussed the proposed recommendations relating to format, membership of the Review panel, timetable and scope. The format would develop as the Review progressed. It was agreed that

membership would include representation from the Audit Committee. The timetable was agreed, on the assumption that a new Vice-Chancellor would be in place. It was suggested that it might be more constructive to postpone the Board and Executive Away Day from December until 18 May 2011. It was agreed that the scope should also include the Board's relationship with the Executive Board.

It was resolved that

The Board agree the framework for the Effectiveness Review in line with paper BG 84/10 and its discussion at minute 60.3 above.

## **61.0 Review of Nominations Committee Effectiveness** (Paper BG 85/10)

61.1 The Review of the Nominations Committee Effectiveness was the final stage of the programme of Board and Committee Effectiveness and was included for the Board's information. The main recommendations formed separate papers which would be considered by the Board at today's meeting.

61.2 The Board noted and accepted the report.

## **62.0 Appointment of Chair to the Board** (Paper BG 86/10)

62.1 It was noted that, as previously agreed, a more open process would be used for future recruitment of the Chair, with applications from both internal and external candidates. However, following the Chair's notification to the Board in May of his decision not to stand for re-election, and given the impending retirement of the Vice-Chancellor, the Board agreed that on this occasion, an internal process for the selection and appointment of a new Chair should be adopted. It was reported that there had been one expression of interest, from Sir Roderic Lyne, which was supported by the Nominations Committee. The Chair invited Sir Roderic to speak.

62.2 Sir Roderic noted his long association with the University, as a visiting professor as well as a member of the Board, and that he would be very willing and privileged to serve as Chair, but asked the Board to consider that, due to external commitments, realistically he would be unable to take over full responsibility until January 2011.

*Sir Roderic left the meeting.*

62.3 The Chair reported that Sir Roderic was a member of the Iraq Inquiry Committee, which was due to be concluded in January 2011. He said that he would be willing to continue in his position as Chair until such time as Sir Roderic was able to take over duties, in order to allow a proper transition of the role. With regard to continuity of Board

members, it was noted that two governors would be retiring from the Board this November, and a further two lay members would be reaching the end of their second terms in November 2011.

62.4 The Board agreed that Sir Roderic be appointed as Chair Designate with immediate effect and as Chair with effect from January 2011.

*Sir Roderic returned to the meeting and was congratulated by the Chair on behalf of the Board.*

62.5 It was agreed that the Board meeting scheduled for 19 January 2011 would be postponed until 26 January 2011.

### **63.0 Selection of Vice-Chair and Chairs of Committees** (Paper BG 87/10)

63.1 The Nominations Committee had agreed that a more formal process should be applied to the selection of the Vice-Chair and Committee Chairs. The Board was asked to note and agree the recommended approach and to make recommendations or expressions of interest for the forthcoming vacancies of Vice-Chair and Chairs of Audit and Finance Committee positions by 30 July 2010.

### **64.0 Report from the Selection Committee** (Paper 88/10)

64.1 The Pro Vice-Chancellor (Corporate Affairs) & University Secretary reported on progress to date with regard to the recruitment of the new Vice-Chancellor, through the work of the Selection Committee. Odgers Berndston had been appointed as search consultants by the Selection Committee sub-group.

64.2 The next stage of the process was to prepare an appropriate candidate pack comprising a job description and person specification. The preparatory work for this would involve extensive consultation across the University community to ensure the widest possible contribution and input into this document.

64.3 It was noted that the interview panel would not necessarily include all the members of the Selection Committee. The Board noted the importance of academic representation in the process to ensure the full confidence of the academic body.

64.4 Two versions of a timetable were suggested. It was agreed that the version allowing a longer period of consultation and preparation would be selected.

64.5 The Board noted the work of the Selection Committee to date and the next stages of the process. A further report would be made to the Board at its next meeting in September.

*Action: Further report from the Selection Committee to the Board at its meeting on 22 September 2010 [Pro Vice-Chancellor & University Secretary]*

## **65.0 Approval of new HR Policies and Procedures** (Paper 89/10)

65.1 The Chair of the Employment & Diversity Committee reported that the HR Department had been reviewing the University's HR Policies and Procedures over the past year, to produce clearer policies in line with recommended practice. A comprehensive set of procedures had now been completed, which were outlined in a summary attached as an annex to paper BG 89/10. It was noted that the revised policies had been agreed with the Trades Unions.

65.2 The main amendments affecting the Board of Governors were revisions to the appeals process for dismissals with panel membership changed from three Board members to two plus one Executive member and to the grievance process with removal of the final stage of appeal to the governors.

65.3 The Employment & Diversity Committee had considered this matter in detail at its meeting on 10 June 2010 and recommended Board approval of the revised procedures.

It was resolved that

The Board approve the amendments to the HR policies and procedures on the recommendation of the Employment & Diversity Committee

## **66.0 Report on the Implementation of the Strategic Plan** (Paper BG 91/10)

66.1 The Head of Planning provided an update report on the implementation of the Strategic Plan, which had initially been discussed by the Board in November 2009. The final report would be presented to the Board in November 2010 prior to its submission to HEFCE.

66.2 It was reported that implementation was broadly on track to date. The proposed changes to the modular structure had been withdrawn on account of the large number of other changes taking place. A significant issue to note was the preparation for the QAA audit in December, which was on track.

66.3 The Tribal benchmarking exercise had been completed and a summary report would be made to the Board later in the year.

*Action: Summary report on Tribal benchmarking exercise to Board later in 2010  
[Secretariat]*

## **67.0 Progress Report on the Campus Development Plan** (Paper BG 92/10)

- 67.1 The Pro Vice-Chancellor (Corporate Affairs) & University Secretary gave a progress report on the ongoing work of CDP Phase 1 which he noted was on plan and within budget.
- 67.2 The proposed open loop heating system at Kingston Hill was not possible due to geological problems and a closed loop ground source heat pump would have to be installed as an alternative, which was less efficient, but would still give a good performance.
- 67.3 A further report would be made to the Board at its next meeting in September.

*Action: Further CDP progress report to the Board meeting on 22 September 2010  
[Pro Vice-Chancellor (Corporate Affairs) & University Secretary]*

## **68.0 Report on Phase 2 of the Campus Development Plan** (Paper BG 93/10)

- 68.1 The Pro Vice-Chancellor (Corporate Affairs) & University Secretary reported on the approach to the next phase of the Campus Development Plan (CDP), which had been discussed in detail by the Estates Committee at its meeting on 17 June 2010. The Committee had agreed that more time should be allowed for the full development of Phase 2, particularly in the light of current financial uncertainties, and it was agreed that consideration and approval by the Board should be delayed until its November meeting.
- 68.2 The Report included an outline of the Phase 2 process and proposed timetable for its implementation. The importance of aligning the CDP and Estates Strategy to the University's Strategic Plan was noted. Areas identified in the Strategic Plan which would need further refinement included expansion of postgraduate and overseas student numbers, research development and the support of more flexible forms of programme delivery.
- 68.3 It was crucially important to improve the overall quality and condition of the estate to ensure more efficient use of space, and an integrated approach to capital expenditure and maintenance costs had been developed to support this objective. It was noted that the student experience and academic requirements would be taken into account in space utilisation work. The University's estates expenditure was within the HEFCE calculation of 7% - 8% of insurable value of the estate.

68.4 Effective carbon management was another significant area to note, particularly since future HEFCE capital investment funding would be dependent upon compliance with carbon reduction requirements as well as successful space utilisation.

68.4 The Board discussed the University's vision with regard to Phase 3 of the CDP. It was noted that the report to the November meeting would include consideration of Phase 3 up to 2018. Thereafter a new plan would be developed.

*Action: Full report and recommendations on CDP Phase 2 to the Board meeting on 24 November 2010  
[Pro Vice-Chancellor (Corporate Affairs) & University Secretary]*

### **69.0 Approval of Insurance Contracts** (Paper BG 94/10)

69.1 A tender exercise had recently been carried out for the provision of insurance services. This provision was divided into four categories and the combined contracts exceeded the threshold for internal authorisation and therefore required Board approval.

It was resolved that

The Board approve the contracts for the provision of insurance services

### **70.0 Approval of Contract for CCTV/Fire Alarm** (Paper BG 95/10)

70.1 A tender exercise had been conducted for the provision of CCTV, fire alarm and intruder alarm annual maintenance and upgrades to fire panels. These elements of normal University business had been combined to ensure better contractual arrangements under the capital maintenance plan. The contract cost exceeded the threshold for internal authorisation and therefore required Board approval in accordance with the financial regulations.

It was resolved that

The Board approve the contracts for the provision of CCTV, fire alarm and intruder alarm annual maintenance and upgrades to fire panels.

### **71.0 Approval of the Student Nominee Member to the Board** (Paper BG 96/10)

71.1 The Board congratulated Tj Esubiyi on his re-election as President of KUSU and noted his further appointment as the Student Nominee Member of the Board of Governors.

It was resolved that

The Board approve the appointment of Tj Esubiyi as the Student Nominee Member of the Board with immediate effect

*Peter Kopelman left the meeting*

## **72.0 HEFCE Memorandum of Understanding with the Charity Commission** (Paper BG 97/10)

72.1 The Board was informed that HEFCE had established itself as principal Charity Regulator for Universities. The main implications of this development would be the requirement for additional disclosures in the financial statements with effect from this year, which would include the reporting of governors' expense claims. The Board noted the changes to reporting requirements.

## **73.0 Capital structure of KUSCo** (Paper BG 98/10)

73.1 It was reported that changes to the capital structure of KUSCo were required to cover the current negative reserves (£2.9m) created by pension adjustments as a result of FRS17. It was almost certain that the negative reserves would continue to increase in line with FRS17. It was noted that the University was guarantor of the LPFA pension and therefore ultimately liable for the pension scheme deficit. The operation of KUSCo provided a significant commercial advantage to the University and would continue to do so in the future.

73.2 Therefore in order to cover the negative reserves (current and future) in KUSCo, it was recommended that the University agree to subscribe for £6,000,000 ordinary shares of KUSCo.

73.3 This matter had been discussed and agreed by the KUSCo Board and by the Finance Committee. The Board noted and agreed the recommended actions.

It was resolved that, the Board

Agree the attached resolutions to remove the authorised share capital limit and any restrictions to a future allotment of shares and to adopt articles of association of KUSCo in pursuance of the above;

Approve the proposed subscription for £6,000,000 ordinary shares of £1.00 each in the capital of KUSCo at £1.00 per share;

Delegate authority to Chairman of the Board in terms of any further changes in relation to this subscription, including a capital reduction under Companies Act

2006 and to sign resolutions as required on behalf of KUSCo in pursuance of this;

Note that approval of any further subscriptions of share capital from KUSCO to Kingston University will require board approval.

**74.0\* Health and Safety Update Report**  
(Paper BG 99/10)

74.1 The Board noted the Health and Safety Update Report

**75.0\* Finance Report for May 2010**  
(Paper BG 100/10)

75.1 The Board noted the Finance Report for May 2010

**76.0\* Minutes of the Audit Committee meeting held on 6 May 2010**  
(Minutes enclosed)

76.1 The Board noted the Minutes of the Audit Committee meeting

**77.0\* Minutes of the Employment & Diversity Committee meeting held on 10 June 2010**  
(Minutes enclosed)

77.1 The Board noted the Minutes of the Employment & Diversity Committee meeting

**78.0 Minutes of the Estates Committee meeting held on 17 June 2010**  
(Minutes and Carbon Management Plan enclosed)

78.1 The Carbon Management Plan, attached as an annex to the Estates Committee meeting minutes, had been fully discussed and endorsed by the Estates Committee at its meeting on 17 June 2010. As noted earlier, it was important for the University to demonstrate effective carbon management, particularly in terms of future HEFCE capital funding.

It was resolved that

The Board approve the Carbon Management Plan.

**79.0 Draft Minutes of the Academic Board meeting held on 22 June 2010**  
(Draft Minutes enclosed)

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

**80.0\* Draft Minutes of the Finance Committee meeting held on 1 July 2010**  
(Draft Minutes enclosed)

80.1 The Board noted the draft Minutes of the Finance Committee meeting.

**81.0 Any Other Business**

81.1 There was no other business.

**82.0 Date of next meeting**

The next meeting of the Board of Governors was on Wednesday 22 September 2010 in the Board Room, TH102/103 at Penrhyn Road.

There being no further business, the meeting ended at 10.30am.

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