

# Kingston University London

## MINUTES BOARD OF GOVERNORS

### MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON WEDNESDAY 13<sup>th</sup> JULY 2011 in FL6138, KINGSTON HILL

#### Present:

Roderic Lyne (Chair), George Alexandrou, Ann Allen, Tony Beadle, Chris Brooks, Stephen Cooksey, Sara Drake, Lesley Granger, Frank Kennedy, Neil MacIntosh, Nona McDuff, Phil Molyneux, Sue Rimmer, John Ripley, David Taylor, Julius Weinberg and Clarissa Wilks.

#### In attendance:

Deputy Vice-Chancellor, Pro Vice-Chancellor (Academic Support & Student Services), Pro Vice-Chancellor (Research & Enterprise), Finance Director, Head of Secretariat, Minuting Clerk and Consultant from HE Consultancy Group.

*The Chair noted that this was Phil Molyneux's final Board meeting before his retirement from the Board of Governors and the University at the end of July. On behalf of the Board, the Chair thanked Phil for his contribution as a member of the Board and the Estates Committee, and also for his help on Governors' appeal panels.*

*The Chair noted that the order of agenda items would be altered to allow the CDP Programme Manager to join the meeting at a later stage.*

#### 57.0 Apologies for absence

Apologies for absence were received from David Carter, Chris Dingle, Bruce Fraser, Robert Green, Peter Kopelman, Derek Osbourne and the Pro Vice-Chancellor, Corporate Affairs / University Secretary

#### 58.0 Minutes of the Board of Governors Meeting held on 18<sup>th</sup> May 2011

58.1 The Minutes were approved.

#### 59.0 Matters Arising / Action Grid

59.1 Minute 45.1 – Report on the Student Experience:

The Pro Vice-Chancellor (Academic Support & Student Services) reported that the Student Experience Group had met with KUSU and that a draft report had been prepared. The final report would be completed before, and aligned to, the new Strategic Plan.

59.2 Minute 45.4 - Progress report on CDP Phase 2 feasibility studies:

CDP Phase 2 feasibility studies would be analysed in September and a report made to the Board in November.

59.3 Minute 46.4 - Senior Management Group:

It was confirmed that the current Senior Management Group would be re-structured to form the Senior Management Team and include the Faculty Deans in its membership, with effect from the start of the next academic year.

59.4 Minute 46.17 - Fund-raising Committee:

It was noted that the Vice-Chancellor had met with Bruce Fraser, who had substantial experience in the area of fund-raising, in order to develop ideas. A report would be made to the Board in due course.

59.5 There were no other matters arising.

*Actions: Report on Fund-raising to be presented to the Board later in the year  
[Vice-Chancellor]*

*Report on the Student Experience to the Board later in the year  
[Pro Vice-Chancellor, Academic Support & Student Services]*

*Report on CDP Phase 2 feasibility studies to the Board in November 2011  
[Pro Vice-Chancellor, Corporate Affairs and University Secretary]*

## **60.0 Approval of appointment of Student Nominee Member to the Board** (Paper BG 77/11)

60.1 The Board approved the appointment of Chris Dingle as the Student Nominee Member of the Board with immediate effect.

It was resolved that

The Board approve the appointment of Chris Dingle as the Student Nominee Member of the Board

## **61.0 Vice-Chancellor's Report** (Paper BG 78/11)

61.1 The Vice-Chancellor noted that the process for the development of the new University strategy was in place. A meeting of the informal Board and SMG Working Group was due to take place next week. This group was based around a core membership, with meetings to take place on an *ad hoc* basis, to which all Board members were invited. It was agreed that papers for next week's meeting would be circulated to all Board members together with a reminder about the first group meeting.

- 61.2 Following approval of £1m per annum investment in research over the next three years at the last Board meeting on 18<sup>th</sup> May, it was reported that there had been a good response to the University's advertisement for PhD studentships, with high-quality applications.
- 61.3 The Vice-Chancellor reported that the recent civic engagement reception had been a well-organised and successful occasion and would help to enhance the University's reputation and strengthen its links within the local community. It was agreed that this should be an annual event.
- 61.4 It was reported that Simon Ofield-Kerr, Dean of the Faculty of Art, Design and Architecture had been appointed Vice-Chancellor of the University of the Creative Arts and would be taking up the post from September. This would allow a review of all possible options with regard to the appointment of a new Dean. In the meantime, an Acting Dean had been appointed internally.

#### The White Paper:

- 61.5 The Vice-Chancellor reported on the White Paper on Higher Education and the additional paper published this week, which gave details of latest developments including the OFFA (Office of Fair Access) decisions. The Paper allowed for fundamental changes in the HE sector, with the clear intention of increasing competition and expanding diversity of provision of courses and awards. In the long term, more institutions would be allowed to teach Higher Education courses. Institutions would also be given greater accreditation powers, and encouraged to undertake quality assurance of HE.
- 61.6 The current process of guaranteed income within tolerance levels would no longer apply. The historical allocation of student numbers would be modified, and made available to be moved around the system, using two key mechanisms. Out of the approximate 360,000 students in the system each year, about 65,000 with AAB or equivalent at 'A' level would be removed and not count towards an institution's student quota, and would be free to apply to an institution of their choice. Possible issues around this mechanism related to professional accreditation and institutions' capacity to absorb additional student numbers.
- 61.7 The second mechanism would involve removing a further 20,000 students on a pro-rata basis and re-allocating them to institutions whose average fee was less than £7,500. It was possible that other criteria would also be applied.
- 61.8 The impact of these changes on the University was anticipated to be a net loss of approximately 640 students. Of the 350 AAB students, it was anticipated that about 50% would be retained on highly selective courses, such as Pharmacy and FADA programmes.
- 61.9 It was noted that the University would need to be more pro-active in terms of information provision to prospective students, including staffing

ratios, contact hours, and employability statistics. Assembling this information would be a complex activity.

- 61.10 A supplementary paper, Annex to BG 78/11, was circulated, which assessed the financial impact of the White Paper. It was noted that OFFA's calculation of the £7,500 average fee took into account fee waivers, but not bursary levels. However, the majority of Kingston's support for poorer students was based around bursaries. The SMG had considered whether to re-assess the University's agreement with OFFA in order to bring its average fee down from £7,841 to below £7,500. However, it was felt that the University had produced a good-quality package, which would be difficult to amend in a short space of time, and at the risk of de-stabilising the University's position with its partner colleges. Additionally, it was thought that the 20,000 student places would be used mostly to encourage new providers, so it was likely that the University would not stand to benefit, unless it reduced its average fee significantly. On this basis, it had therefore been agreed to retain the package as submitted. It appeared that many other HEIs had reached a similar conclusion and only a handful of London institutions had submitted average fees below £7,500. It was noted that Kingston's total package looked favourably competitive overall.
- 61.11 The Board considered the impact of the changes on the Financial Plan. Clarification from HEFCE indicated some loss of additional Band B funding. Widening participation and TESS funding was better than the model included in the Plan, giving an almost neutral effect overall.
- 61.12 The potential impact over the following three years showed an estimated potential shortfall of £1.2m by 2014/15, based on assumptions around student numbers.
- 61.13 In summary, it was anticipated that the position for next year would be similar to the current year, with Band B funding losses balanced out by other provision. However, it was difficult to anticipate future changes and re-distribution, although it was likely that core numbers would be further reduced whilst contestable margin numbers would increase. Therefore, it was important to regularly review the financial model and reduce the cost base where possible. There would be little additional data available next year when setting the fee level for 2013/14 as the University would not have undergone a full cycle of admissions by that time. It was anticipated that the position would not be significantly changed, unless there were major shifts in student intake. It was important to be aware that there would be a period of uncertainty ahead for price setting, and it would be at least two years before there was a clear understanding of the impact of changes to the system.
- 61.14 Longer term action would necessitate either reducing fees to compete on price, or increasing fees and raising quality. It was noted that moving up market with higher tariffs might result in further reduction in student numbers. It was important to acknowledge that it would be difficult to maintain student numbers and simultaneously raise quality.

- 61.15 It was noted that the issue of focusing on price or quality was a key strategic element, and it was important to make a conscious decision with regard to the University's position in this context. It was felt that, following a period of rapid expansion, the University needed to address the question of raising quality.
- 61.16 Current internal mechanisms imposed limitations on the movement of student numbers around the University's faculties. Such movement had also been restricted by the constraints of HEFCE fee banding. Proposals were now being developed by the Pro Vice-Chancellor (Academic Support & Student Services) for the University to operate its own internal core and contestability allocation of student numbers. This would involve re-allocation of 10% of students around the institution, with mitigating strategies for those areas which were losing numbers.
- 61.17 It was believed that the Government's intention was to drive fee levels down, which necessitated attracting new providers and encouraging rapid entry to the market. It was also likely that the Government would seek to accelerate degree-awarding powers to a wider range of institutions. It was important to be aware that there could be some turbulence at the lower fee level and that the market was likely to be volatile in terms of pressure and competitiveness.

*Actions: Paper for Board and SMG Strategy Working Group meeting to be circulated to all Board members [Secretariat]*

*Civic Engagement Reception to be held on an annual basis [Vice-Chancellor]*

## **62.0 2011/12 Budget and Revised Financial Plan** (Paper BG 79/11)

- 62.1 The Chair of the Finance Committee presented the paper, noting that the Finance Committee had discussed the matter in detail at its last meeting on 30<sup>th</sup> June, and was making its recommendation to the Board for the approval of the budget and revised Financial Plan.
- 62.2 The revised figures for 2011/12 showed a planned surplus of £1.5m, following on from a surplus of £14m in 2010/11. The revised position in the 2011/12 figures had resulted from actions taken to address the previously forecast deficit of £2m, which had been influenced by 2011/12 budget cuts taking effect prior to 2012/13 fee increases and the timing effect of £4.5m CDP expenditure on the new Rennie building at Kingston Hill. The matter had been discussed in detail by the Finance Committee in April when considering a revised forecast submission to HEFCE. The improved position still included two significant accounting factors – the carry forward of budget under-spends and the inclusion of the Rennie building fit-out in the 2011/12 figures. The planned surplus brought the position closer to the Financial Strategy's target of 2% of income. The Paper outlined the action taken to move the forecast from £2m deficit to £1.5m surplus.

- 62.3 The Board noted the risks to be taken into account. It had been previously decided not to formalise the possible risk around reduced Band B funding, to avoid the possibility of future over-correction which could have a damaging impact. Other significant risks were IT expenditure and further reduction in student numbers.
- 62.4 It was reported that the Finance Committee had held an informal meeting in June to discuss the development of a new financial strategy. It had been agreed that a review of metrics would be useful, such as maximising the liquidity ratio during the period of uncertainty. It was also important to include investment analysis for IT and Estates, and to support plans for a further cost reduction exercise.
- 62.5 The Finance Director noted that HEFCE would be withdrawing capital funding in the future and it was therefore necessary to increase the surplus target up to 3% or 4% to allow for future capital investment.
- 62.6 It was agreed that budget under-spends totalling £2.2m would be carried forward into 2011/12, under scrutiny, to avoid inefficient spending in the final quarter of this year. It was noted that budget under-spending was a traditional pattern at the University. This area would be reviewed and faculties would be encouraged to provide more accurate forecasts and avoid large variances.
- 62.7 It was reported that cost savings of £5m were being embedded in the 2011/12 budget, and the second phase of £4m reduction would be developed during next year for implementation in 2012/13.
- 62.8 Provision had been made in the budget for discretionary amounts, including utility bills which had significantly increased. With regard to IT expenditure it was noted that IT processes were being improved and a 5-year plan was being developed which would align with the University Strategy. It was acknowledged that expenditure on IT development carried an element of risk.
- 62.9 In summary, the Chair noted that the University was in a satisfactory position and broadly meeting its Financial Plan. The cost reduction programme was a key element of financial planning and it was likely that further cost reductions would be instigated. The forecast indicated that financial parameters may not be achieved by 2017/18, so it would be necessary to make adjustments in the future. It was important for the Board to be fully aware of the financial position and to have confidence in the decisions being made. On this basis, the Board agreed to approve the budget for 2011/12 and the revised Financial Plan.

It was resolved that

The Board approve the 2011/12 Budget and revised Financial Plan, on the recommendation of the Finance Committee

## **63.0 Report on the Board Effectiveness Review**

(Paper BG 82/11)

- 63.1 The Chair of the Board Effectiveness Review Group thanked the members of the Board for their participation in the exercise and completing the pro-forma responses to proposed recommendations.
- 63.2 The need to have in place the appropriate support in order to implement all decisions emanating from the Review was noted.
- 63.3 The Board validated the feedback from the discussion at the Board and Executive Away Day on 18<sup>th</sup> May, as detailed in Annex A, which provided the basis for revised recommendations.
- 63.4 The Board considered, in turn, the comments in response to recommendations, listed in Annex D.

### (1) Greater emphasis on strategic governance:

It was suggested that, in order for the Board to be more strategically focused, it was important to consider its composition and address any imbalances. 'Strategic' in this sense related to greater engagement at a strategic level, ensuring that the appropriate skills were in place. It was noted that this would place greater demands on Board members. The Nominations Committee would be asked to address these issues, including the differentiation between strategic and operational work especially at Committee level, and report to the Board later in the year. The Nominations Committee was due to meet next week when it would start to discuss these issues and work on developing proposals for the Board.

### (2) Role of Remuneration and Employment & Diversity Committees:

The driver for this recommendation was a proposal to rationalise the existing committee structure, and also because the work of the Employment & Diversity Committee was considered mostly operational. It had been suggested that combining this Committee with the Remuneration Committee would provide a sharper focus on strategic issues. Other proposed mechanisms were the use of time-limited groups for specific matters and the use of a lead governor who would be responsible for ensuring the Board was appropriately informed. The importance of ensuring that no key HR issues were overlooked was noted. The recommendation was agreed, other than the issue of the lead governor which would be discussed further.

### (3) Revised Statement of Primary Responsibilities:

The Board proposed that the Statement should include clarification on outcomes and measuring the effectiveness of governance. It was suggested that the single most critical outcome was the Board's collective understanding of the structure of the University's educational character. Consideration of the outcomes of an effective Board would

form part of the Nominations Committee's work on governance. It was agreed that the revised Statement of Primary Responsibilities should be adopted, to include agreed additional items.

(4) Nominations Committee to include wider governance issues:

In considering whether the Nominations Committee should assume further work on governance issues, it was suggested that the Committee already had considerable power in determining Board and Committee roles and membership. However, it was noted that work on governor recruitment could not practically be carried out by a large group such as the Board, and also, the Board was responsible for approving proposals and had the power to challenge the Committee's decisions. Whilst there was some concern over increasing the Committee's workload, it was agreed that the Board would benefit from having a smaller group carry out detailed preparatory work on governance issues, and it was suggested that the committee could be renamed 'Nominations and Governance Committee'. The Board noted that, whilst this committee would be involved in monitoring and detail, any formal decisions and changes on governance issues would need to be approved by the Board. It was agreed that the Nominations Committee would consider these issues and report back to the Board later in the year. It would also be useful to review the work of all the committees and identify possible overlaps, with regard to the Audit Committee's work on audit recommendations.

(5) Monitoring of actions to ensure satisfactory implementation:

It was proposed that a progress report on the development of a suitable implementation plan would be agreed in due course.

(6) Incremental approach to reduce the size of the Board:

It was reported that there was some concern amongst current members, over the strategic effectiveness of the Board due to its size. Whilst there was no 'ideal' size, it was generally agreed that a smaller Board would be more effective in terms of meaningful debate and decision-making. However, it was important to be aware of the implications of a possible conflict between decision-making capacity and maintaining appropriate representation. The issue of diversity would also need to be addressed. In summary, there were three options for the Board to consider: (i) to agree a reduced number; (ii) to retain the *status quo*; or (iii) to agree incremental reduction based on other requirements, including quality and skill range. Overall, the Board agreed with the third option, for incremental reduction. It was agreed that the Nominations Committee would be asked to consider the implications of all the above issues and give its recommendations to the Board in September.

(7) Academic Governance - Integrated reporting to the Board on all key strategic issues:

It was agreed that an action plan on integrated reporting would be developed, to include all observations made by the Board.

63.5 An additional paper was circulated showing the status of recommendations following the initial feedback from the pro-forma responses. It was proposed that a detailed action plan based on all the recommendations would be presented to the Board later in the year. It was agreed that there would be further discussion on those recommendations where there was no clear agreement, namely:

- Lead Governor
- Generic Audit Committee
- Additional SMG / SMT member on the Board of Governors
- Governors' and KUSU involvement in student appeal hearings

63.6 The Chair thanked the Chair of the Board Effectiveness Group for his extensive work on the Effectiveness Review, and thanked Board members for their participation.

*Actions: Nominations Committee to consider issues emanating from Board Effectiveness discussion above, with particular reference to: strategic governance (1), SPR and outcomes of an effective Board (2), proposed Nominations and Governance Committee (4) and incremental reduction of size of Board (6), and report its findings and recommendations to the Board in September 2011*

*[Pro Vice-Chancellor Corporate Affairs / University Secretary]*

*Detailed action plan based on recommendations to be presented to the Board later in the year with further discussion around issues outlined in 63.5*

*[Pro Vice-Chancellor Corporate Affairs / University Secretary]*

## **64.0 Report on authorisation levels and revision of Financial Regulations**

(Paper BG 80/11)

64.1 It was reported that a review of authorisation levels for signing contracts had been considered in detail by the Audit Committee. The main revision was an increase in the Vice-Chancellor's limit from £500k to £1m. Contracts under £1m would be authorised by the Board in special cases, which would be at the Vice-Chancellor's discretion and considered on an individual basis. It was noted that contracts between £75,000 and £1m would require a second signatory from within the current Senior Management Group (i.e. the Finance Director or one of the Pro Vice-Chancellors). The Board agreed with the Audit Committee's recommendation to approve the changes to authorisation levels and revision of Financial Regulations.

64.2 It was noted that the Chair of the Audit Committee had suggested that the 'Virtual Sub-Committee', which was introduced for signing CDP contracts in between Board meetings to avoid delays, should be used as an exception rather than the rule.

It was resolved

That the Board approve the Audit Committee's recommendations with regard to the proposed changes to the scheme of delegation to the Board

**65.0 Approval of contract for upgrade of Blackboard**

(Paper BG 83/11)

65.1 It was reported that this paper had been withdrawn and would need to be approved by the Virtual Committee in due course.

**66.0 Ratification of sealed documents under Chair's Action**

(Paper BG 84/11)

66.1 The Board noted the paper. It was agreed that this would be a starred item in the future.

*Action: Ratification of sealed documents under Chair's Action to be included on future Board agendas as a starred item [Secretariat]*

**67.0 Approval of revised Student Disciplinary Procedure**

(Paper BG 85/11)

67.1 It was noted that the revised Disciplinary Procedure had been agreed by the Students' Union. It was confirmed that Governors' participation in the process was limited to the final appeal stage. The Board approved the revised Student Disciplinary Procedure.

**68.0 Approval of revised Student Complaints Procedure**

(Paper BG 86/11)

68.1 The revised Student Complaints Procedure had also been agreed by the Students' Union. As with the Disciplinary Procedure, Governors' participation in the process was limited to the final appeal stage. The Board approved the revised Student Complaints Procedure.

**69.0 QAA Institutional Audit Report and Action Plans**

(Paper BG 87/11)

69.1 The QAA (Quality Assurance Agency) Audit Report had previously been reported to the Board. It was noted that the Board was required to formally note the report and action plans.

69.2 The Report had noted that staff appraisals should be carried out on an annual basis. This was an opportunity to make appraisals mandatory, and the matter would be discussed with HR and the Trade Unions.

69.3 It was noted that the QAA carried out institutional audits every six years and that this timeframe was expected to be continued. The ensuing action plans were managed by the Quality Enhancement Committee on behalf of the Academic Board.

## **70.0 Annual Equality Report 2009/10** (Paper BG 88/11)

70.1 The annual Equality Report for 2009/10 had been considered in detail by the Employment & Diversity Committee at its last meeting in June. It was noted that The Equality Act 2010 would change requirements and generate a simplified equality framework with greater emphasis on actions. The Board would have new responsibilities to ensure that specific duties were being met and equality actions delivered. This Report was the final one to be produced in its current form and a full report for 2010/11 would be published in the new format in December 2011.

*Action: Equality Report for 2010/11 to be presented to the Board under new format in early 2012 [Pro Vice-Chancellor, Corporate Affairs / University Secretary]*

*The CDP Programme Manager joined the meeting for the next item*

## **71.0 Progress report on the Campus Development Plan Phases 1 and 2** (Paper BG 81/11)

71.1 It was reported that CDP Phase 1 was progressing well overall. There was an issue with the structure of the existing building at Knight's Park which was expected to have an impact on the programme. The Knight's Park work was in two phases – the studios, and the learning resource centre. Remedial work was required on the studios, which was likely to cause a delay of up to five weeks, and have a significant cost implication in the region of six figures.

71.2 It was noted that the Virtual Sub-Committee would need to be activated later in the month, in order to approve the contract for furniture procurement for the Kingston Hill and Knights Park projects.

71.3 It was noted that there would be a tour of the Kingston Hill campus after the Board meeting.

## **72.0\* Health and Safety Update Report** (Paper BG 89/11)

71.1 The Board noted the Health and Safety Update Report.

## **73.0\* Finance Report for May 2011** (Paper BG 90/11)

73.1 The Board noted the Finance Report for May 2011.

**74.0 \* Revised Composition of the Academic Board**  
(Paper BG 91/11)

74.1 The Board noted the revised composition of the Academic Board.

**75.0\* Minutes of the Audit Committee meeting held on 5 May 2011**

75.1 The Board noted the minutes of the Audit Committee meeting

**76.0\* Draft Minutes of the Employment & Diversity Committee meeting held on 9 June 2011**

76.1 The Board noted the minutes of the Employment & Diversity Committee meeting

**77.0\* Minutes of the Estates Committee meeting held on 16 June 2011**

77.1 The Board noted the Minutes of the Estates Committee meeting.

**78.0\* Minutes of the Finance Committee meeting held on 30 June 2011**

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

**79.0 Any Other Business**

79.1 There was no other business

**80.0 Date of next meeting**

The next meeting of the Board of Governors was on Wednesday 21<sup>st</sup> September 2011 in room TH102/103, Town House, Penrhyn Road.

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

The meeting was followed by a tour of the Kingston Hill campus.