

UNIVERSITY BOARD

**MINUTES OF A MEETING OF THE UNIVERSITY BOARD
HELD ON FRIDAY, 1 FEBRUARY 2008**

Present: Mr A Frost (in the Chair)
Dr P Barnwell; Professor P Curran; Mr K Derrick; Mr C Elder; Mrs K Everett; Mr J Harper; Mr D Hines; Mr A Hyland; Professor T Husband; Mr J Knowles; Mr T Lee; Mrs F McMillan; Dr E Mytton; Professor N Petford; Professor R Pope; Mr M Riordan; Mr G Smith; Ms S Sutherland; Mr G Sturdy; Ms C Symonds; Mr D Willey; Ms Z Zuvcenko

In attendance: Mr N Richardson (Secretary & Registrar)
Mrs V Wood (Committee Clerk)
Professor C Brady (Item 4.7);
Mr I McMullan (Item 1)

Apologies: Lady Digby; Sir Leonard Appleyard; Dame Yvonne Moores; Mr S Smith

1. PRE-BOARD PRESENTATION BY THE HEAD OF THE DEVELOPMENT & ALUMNI RELATIONS OFFICE

- 1.1 Mr Iain McMullan, Head of the Development & Alumni Relations Office, attended to present his vision for the University's future fund raising activities.
- 1.2 Mr McMullan advised that his efforts will be focussed within the local region (defined, in relation to the location of the University, as east to the New Forest, west to Devon and north to Shaftesbury, Salisbury and the Wiltshire borders).
- 1.3 To raise the current levels of *alumni* gifting from the total c£30k to around the sector norm, contact is being regained with as many as possible of BU's approximately 25,000 graduates. A few well-placed *alumni* had already been identified. Mr McMullan advised that it was premature to estimate any potential income from parents of *alumni*, although a current exercise to evaluate home postcodes is being conducted as a basis for possible future approaches.
- 1.4 Initial one-to-one contact is already being made with potential donors to build up and establish relationships with the University, at events such as the Chairman's Lunch and a proposed Vice-Chancellor's 'Forum'. Nationally, prospects from BU's areas of expertise will be approached, as well as charitable sources and selected Honorary Graduates.
- 1.5 Mr McMullan highlighted the long term nature of fund raising. Initial development from the University's current low level of activity will take around two years with a full return on investment after three to five years through year-on-year growth. However, realising donor targets heavily depended on the availability of "prospects", making accurate predictions difficult. A major challenge is gaining substantial gifts, as this is normally a result of building up long term relationships, possibly over a period of ten years, before results are forthcoming.
- 1.6 Members welcomed the moves towards a higher profile for fund raising generally and felt this should include raising general awareness of the University's activities, ensuring clear messages are developed on the University's needs and reasons for seeking additional funding.

- 1.7 Mr McMullan commented that, at this stage, no donations could be expected for the Business School, as a brand had not yet been established. Initial approaches will be through commercial involvement rather than financial support with efforts concentrated towards a five to ten year period, as the new Business School brand emerges.
- 1.8 Gifts are currently channelled through two charitable entities: BU Endowment Investment Trust and BU Development Trust. It was agreed that the Deputy Vice-Chancellor should put forward proposals to the Board for these to be integrated into one structure, a new "BU Foundation" (title to be confirmed) charitable trust. **DVC**

Members thanked Mr McMullan for his presentation.

2. MINUTES OF THE PREVIOUS MEETING HELD ON 2 NOVEMBER 2007

The Minutes of the meeting were approved as an accurate record.

2.1 Matters Arising

2.1.1 Board Members' Induction

As a matter arising from the induction, Dr Mytton asked for clarification in relation to the altered membership of the Board following the decision to include all members of the University Executive Group as full Board Members. Dr Mytton will be sent a copy of the relevant Board Minute referring to the discussion on these appointments.

S&R

The Director of Human Resources will provide the Chair and the Secretary & Registrar with feedback from the induction programme.

DoHR

2.1.2 Developmental Reviews

Whilst the Development Reviews discussions had all been held, the Chair reminded Members that some completed forms had not been returned. Following a discussion with the Vice-Chancellor, a paper summarising the emerging issues will be prepared by the Chair for the next Board meeting.

Chair

2.1.3 Nominations Committee

Due to the number of Members shortly to reach the end of their second terms of office, it was agreed the Secretary & Registrar should convene a Nominations Committee Meeting, in March 2008 if possible.

S&R

2.1.4 Appointment of a Chancellor

The Chair announced that a formal reply had been received from the Earl of Wessex, declining the University's invitation to be Chancellor. Lady Digby had agreed to continue as Chancellor into 2009 if necessary. In respect of the search for a new Chancellor, Members were asked to forward suitable names to the Secretary & Registrar. In order to assist Members, the Secretary & Registrar will email them the role and person specification for Chancellor.

S&R/Members

2.1.5 Strategic Plan – Human Resources Issues

Members were informed that the UCU is still planning to take forward the issue of a vote of no confidence in the University and the Vice-Chancellor in the context of the Strategic Plan.

Members advised, as these actions and views represented those of only a small percentage of academic staff, there should not be an over-reaction nor should the University be deflected from the implementation of the Strategic Plan. It was suggested that a reference to the fact that a majority of staff support the changes

could be incorporated into internal announcements about investments being made by the University.

Members agreed that a statement should be prepared reiterating the Board's support for the University's Strategic Plan and their support for the actions of the University Executive in taking the plan forward. This statement will be released by the Chair at an appropriate time.

Chair

2.1.6 [Commerical in-confidence]

3. BOARD MATTERS

3.1 Stakeholders' Open Day

3.1.1. A paper prepared by the Secretary & Registrar on a proposed "Stakeholders' Open Day" on Friday, 18 April 2008 was discussed with Members asking whether it will be preferable for the event to be postponed until the University is more settled. The Chair emphasised that the Open Day will be an invitation-only event and that it had already been delayed. The proposed date is suitable as it coincides with the publication of the University Annual Report.

3.1.2. Members were assured that business leaders from the region will be invited as well as local prominent people. Inter alia, the list of invitees will also include Honorary Graduates and the Principals of the University's Regional FE Partner Colleges but, as was customary at this type of meeting, the Unions will not be invited.

3.1.3. The Board, agreeing to the University holding a "Stakeholders Open Day" (with a revised title to be agreed) and approving the format proposed, delegated the Secretary & Registrar to work with the University's Executive Group to make detailed arrangements for the event.

S&R/UEG

4. STRATEGIC REPORTS

4.1 Update on Implementation of Strategic Plan 2007-2012

4.1.1 The Vice-Chancellor advised that good progress was being made on the implementation of the Strategic Plan, with a number of projects, many interlinked, going forwards. The Vice-Chancellor highlighted a large increase in potential students attending the Open Days and the magnitude of the various initiatives and reviews, such as those in the areas of finance and administration.

4.1.2 The Vice-Chancellor also emphasised that, over the period September 2005 to September 2008, the University will have lost more than one third of its academic staff, with new staff recruited into investment posts. Substantial progress had also been made towards the Strategic Plan's target of 80% of academic staff possessing doctorates, with this rising from 20% in 2005 to 34% in 2007: the largest change any university in the UK had achieved over such a period.

4.2 Staffing Report

4.2.1 [Confidential]

4.2.2 Administrative Processes and Financial Management Reviews

Members were reminded that £2M per annum efficiency savings had been built into the Strategic Plan, a significant proportion of which will have to come from reduced management costs, academic administration and Professional Services.

A Project Board has been established to give general oversight, under the Chairmanship of the Deputy Vice-Chancellor and including the Director of Finance, the Director of Human Resources and Mr Stephen Avery, the Change Programme Manager.

However, the necessity for these Reviews to include Academic Administration Managers was currently causing some concerns. A consultation process, due to end on 15th February, was working on solutions, but the possible impact of any restructuring during preparations for the QAA Institutional Audit might result in deferring actions in the short term.

The non-academic staff Member commented that support staff were positive about the University's future, although had some issues over process and the continuation of daily operations. The workshop sessions under the Administrative Processes Review had been popular and successful in focussing on change and moving forwards. However, it is vital that this momentum is maintained, that changes are seen as credible, and that staff are made to feel that their contributions to the change process are positive.

All staff Members agreed that there had been strong adverse reactions to the consultation over the future of the Academic Administration Managers resulting from the proposals to strengthen financial management at School level. This threatened to undermine progress made in the workshops, as well as having potential adverse effects on the student experience and the preparation for the QAA Institutional Audit.

The Chair of the Audit & Risk Committee expressed concern over how the £2M annualised costs, if relied upon to deliver the budget, could be achieved. The Director of Finance advised that £2M savings will be identified for 2008-09, but had not been included in the 2007-08 budget.

4.3 Budget Review 2007-08

- 4.3.1 The Director of Finance outlined the key points from the Budget Review for 2007-08, and reminded Members this was initially set during a period of considerable change and uncertainty. During the first quarter of the year, factors such as student recruitment levels, research and enterprise performance and staffing adjustments had impacted on financial performance. The Review had seen some movement in individual School contributions to a more achievable level for the remainder of the year, with an overall unchanged total budgeted deficit of £6M for 2007-08.
- 4.3.2 While in 2007-08 a c£1M shortfall was anticipated in overseas student income, greater confidence in projected future growth could be expected with the restructuring of international recruitment to a more centralised operation.
- 4.3.3 The Vice-Chancellor commented on the importance of the University improving its position in League Tables, as national patterns showed a high sensitivity to these by international students. An institution's relationship with other universities, often research based, was also seen as important, as well as the variety and quality of cross-University programmes being offered, underlining the necessity to continue the development of postgraduate and undergraduate programme frameworks.
- 4.3.4 It was agreed the Deputy Vice-Chancellor will present data on international student recruitment to the Strategy & Resources Committee on 4th April 2008 and at each subsequent meeting of this Committee until the issue was resolved to the satisfaction of the Committee.

DVC

4.3.5 Deviations from forecasted research and enterprise revenue have less of an impact in terms of profit and loss. However, greater accuracy is likely in future with the RaKE data, which is already forecasting significant levels of activity in the pipeline for 2008-09.

4.3.6 Members expressed concern that the University's financial performance appears to be falling short of the Financial Plan, creating uncertainties over a return to surplus. The Chair of Audit & Risk Committee also sought reassurance that history will not be repeated as the Plan progresses, with the University meeting budget only by retaining franchising income from partner colleges. The Director of Finance advised that more realistic targets will be set in future, this being an area of consideration within the Partnership Review.

4.4. Management Accounts

4.4.1 The Director of Finance in presenting the Management Accounts up to November 2007 advised that, at the time of the circulation of the papers, the December figures were insufficiently complete. However, this was an area undergoing improvement to address Members' and KPMG concerns. The Director of Finance also identified various proposed changes to the Management Accounts, including future data reflecting the Revised Budget for 2007-08, best estimates given on forecasting and sensitivity analyses.

4.4.2 Members agreed the Director of Finance should revise the format of the Monthly Management Accounts and, specifically, insert additional details in relation to energy and transport costs.

DoF

4.4.3 Monthly Management Accounts will also include a revised current forecast. In addition, action should be taken to reduce the "close down" time each month without sacrificing the accuracy of the report.

DoF

4.4.4 In future, Monthly Management Accounts will be e-mailed to Members as soon as they became available.

DoF

4.5. Review of Five-Year Financial Plan

4.5.1 The Director of Finance advised that the circulated paper was still a work in progress, but it is already clear certain adjustments will be required, which will have a corresponding impact on Key Performance Indicators over the period.

4.5.2 Major areas highlighted included the lower level of pay savings generated from the cumulative severances and the problem of achieving staff cost reductions through constraining the pay inflation rate to the 2.7% that matched anticipated annual increases in HEFCE funding over the period.

4.5.3 The Director of Finance also advised that the 43% staff costs to income ratio target by the end of the plan period was now thought to need to remain in the low to mid-50s throughout the period and that current constraints with pension scheme contributions and the three-year Pay Agreement meant average academic staff pay costs during 2007-08 will see a net 7% increase.

4.5.4 The Chair advised that no specific discussions on these issues had been held with other CUC institutions but the Vice-Chancellor advised, according to UUK percentages, BU was at the bottom end of the range of pay cost increases. The perception across the sector was for staff recruitment to show a sharp downturn from 2008, now that the RAE submission process was complete. Members were informed that, with pay awards reaching unaffordable levels, some institutions

were considering withdrawing from national pay agreements. The Board was advised that this will be a topic for future consideration.

- 4.5.5 The Chair of Audit & Risk Committee raised the consequences and realism of the University achieving non-pay reductions of £8.3M over the period without some investment or other substantial change. This will be discussed at Strategy & Resources Committee but Members were informed that expected cost reductions from the Administrative Processes Review, changes to the academic profile and research and enterprise targets should see headroom sufficient to provide scope for investment in the ICT system improvements needed to generate further efficiencies.
- 4.5.6 The Executive Group had also recently commissioned Tribal to undertake a benchmarking exercise on behalf of the University. Tribal has access to up to date data sets from over 30 UK universities and these will enable any differences across a range of functional areas to be highlighted.
- 4.5.7 The Director of Finance was requested to prepare a paper on the issue of the £2M p.a. cost reductions during each of the years of the five-year planning period and for this to be the substantive item on the agenda for the Strategy & Resources Committee on 4th April 2008.
- 4.5.8 Members advised, should pay inflation remain unsustainable, drawing up contingency plans to consider radical options to generate continuing reductions. These options could include sub-contracting some services or considering ancillary operations not core to the University's business. However, Members were aware that there were also opportunities in the Plan to increase income generation substantially and agreed that these opportunities must be actively and vigorously pursued.

S&R/DoF

4.6 Key Performance Indicators

- 4.6.1 The Deputy Vice-Chancellor advised that previous data on Key Performance Indicators had now been absorbed into a Periodic Performance Review, although the four high level KPIs remained, supported by subsidiary indicators. Data in the Performance Review give not only the Board and Executive Group a clearer view, but are also cascaded down to individual Schools. However, as this was the initial year of the system, Members should expect to see continuing improvements.
- 4.6.2 Despite undergraduate and postgraduate applications showing some signs of improvement, the 'red' indicator for overseas recruitment had been retained. An issue is possible inaccuracies over applications in certain NHS-related programmes, where twin track opportunities for applications had operated last year. This may have led to distortion of the numbers.

4.7 Case for a New Executive Business School

- 4.7.1 Members were advised that an earlier version of the business case had been reviewed at Strategy & Resources Committee, where concerns had been raised over the operational and financial model underpinning the planning and over the risks of potential delays in securing a building to house the Executive Business School.
- 4.7.2 Mr Derrick, whilst comfortable overall with the concept of the Business School, felt greater clarity and details of certain elements of the project were still required. These included:
- i) assumptions with incremental profit and loss projections on both the present Business School and with the addition of the Executive Business School;
 - ii) the costs of the existing Business School;

- iii) cost estimates and evidence of the effects on income levels of any delay as a result of the planning decision;
 - iv) details on how the Executive Business School related to, and formed part of, the Business School, including undergraduate provision (as the building appeared solely for Executive and Postgraduate use);
 - v) a cogent study of costs relating to staffing and organisation.
- 4.7.3 Mr Derrick also wishes to see more information on the impact of the release of existing Business School space and an explanation of the high space average per student (25 sq metres compared to around 6 sq metres in the rest of the University).
- 4.7.4 Professor Brady advised previous versions of the business case had provided greater detail on staffing and postgraduate provision and could be easily re-inserted into the business case, but emphasised any costs will be in proportion to additional revenue.
- 4.7.5 The Chair of Audit & Risk Committee added that comparisons between existing staff against those in the new Plan had been omitted. Professor Brady advised staff costs, whilst adequate, had been pared down, and assumed no additional staff numbers. Any adjustments will be through outsourcing services, and should staff be increased, this will be on a self-financing sub-contracted basis, focussed on units in demand.
- 4.7.6 Professor Brady added that an aim of the Executive Business School is to generate a hub for business through being a visionary and aspirational venue for external visitors, who will have use of the Library or could attend specific lectures and events. Postgraduates will also inspire undergraduates.
- 4.7.7 The Pro Vice-Chancellor (Research & Enterprise) advised that efficient utilisation of the space will also be through relocating the cross-University enterprise function and the Innovation Centre. The business case had also deliberately not included the CPD market, currently at £2.4M turnover across the University, nor reflected altered course structures when Masters Programmes are rationalised into frameworks. Members were informed that CPD students were usually accommodated in local hotels, but in future there could be opportunities to take advantage of the University's links with the Hotel School.
- 4.7.8 The Deputy Vice-Chancellor highlighted the increased risk of planning permission being refused, with a final decision delayed until the middle of March. This followed Bournemouth Borough Council's requirement for a full Planning Application to be submitted to change the building's use to that for employment, education and business. At the November Board meeting it had been agreed the University could continue expenditure on the project, currently at c£190k, but this could increase by c£55k. If Planning permission is refused, the Executive Group will need to return to the Board with other options and for a view on the University's exposure to additional risk.
- 4.7.9 Members agreed the Executive Business School could proceed, subject to the Director of Finance holding satisfactory discussions on the cost concerns with Mr Derrick and confirmation being obtained through the University Chair. **DoF/Mr Derrick/Chair**

5. UNIVERSITY EXECUTIVE GROUP REPORTS

5.1 QAA Institutional Audit 2008

- 5.1.1 Members noted the paper prepared by the Pro Vice-Chancellor (Education) outlining the risks associated with the forthcoming QAA Institutional Audit.

- 5.1.2 As an outcome of the audit, one of three possible judgments: confidence, limited confidence or no confidence will be awarded by QAA with the ultimate risk being the removal of awarding powers. The Pro Vice-Chancellor (Education) advised that any adverse judgment appearing in the public domain in January 2009 would probably coincide with variable fees no longer being capped and could negatively affect recruitment (particularly for international students). The Audit will impose an extra burden on staff, notably academic administrators, who are crucial to a good result.
- 5.1.3 The University had requested a delay in the Audit as it is going through a period of change, but this had been declined, with the QAA expressing interest in noting how the University was managing this period.
- 5.1.4 A Steering Group has been established, reporting through Academic Standards Committee to Senate, to review quality assurance procedures. The Dean of Student Experience will provide support on any student-related aspects and Audit & Risk Committee will be kept regularly informed of any mitigating actions and concerns.
- 5.1.5 Members were informed that there are still some outstanding actions from the 2005 Audit, due to continuing projects. These include improvements to the student experience and the outcome of Senate Review.

6. COMMITTEE REPORTS

6.1 Audit & Risk Committee (1st November 2007)

The Minutes of the meeting held on 1st November 2007 were noted. Members were reminded that the Chair of Audit & Risk Committee had given a verbal report at the previous meeting and that the Risk Register appended to the Minutes will be updated for consideration by Audit & Risk Committee at the end of February. Members also noted that Mr Hines and Mr Simon Smith will be joining the Committee as additional Board Members.

6.2 Student Affairs Committee (6th December 2007)

The Minutes of the meeting held on 6th December were noted.

6.3 Senate (21st November 2007)

The Minutes of the meeting held on 21st November were noted.

6.4 Strategy & Resources Committee (6th December 2007)

6.4.1 The Minutes of the meeting held on 6th December were noted.

6.4.2 The University Board Chair advised that the Committee, when it met on 17th January 2008, had expressed concern over the number of agenda items and adequate discussion of issues. If this remained the case, this Committee's meeting time may have to be lengthened.

6.4.3 The tri-partite Agreement between the South West Regional Development Agency, Bournemouth Borough Council and the University in relation to the development of a Hotel School is awaiting signature. However, the developer is in further negotiations with their sub-contractor over costs and, whilst it was hoped this will be resolved shortly, if not, there could be further delays to the project.

6.5 Research & Enterprise Committee (2nd November 2007 and 11th January 2008)

- 6.5.1 The Minutes of the meetings held on 2nd November 2007 and 11th January 2008 were noted.
- 6.5.2 A discussion had been held at the January meeting of the Strategy & Resources Committee over the role of the Research & Enterprise Committee as an advisory group and its different composition from other, established, Committees (such as the Vice-Chancellor not attending and lower levels of Executive support). While additional representation from the University Executive will be put in place for the future, this Committee's purpose requires clarification and there may be a need for revisions to its Terms of Reference. Members were reminded that Board Committees are entitled to co-opt Members if particular expertise is required. **PVC(R&E)**
- 6.5.3 The Chair of the Research & Enterprise Committee, in welcoming the opportunity to review its structure and status, recommended the Committee should continue.
- 6.5.4 The Pro Vice-Chancellor (Research & Enterprise) circulated a paper setting out the timetable for the Enterprise Review and advised Members that the University is seeking to appoint a Head of Enterprise after Easter.

6.6 Human Resources Committee

- 6.6.2 The HR Committee held on 17th January 2008 had discussed the current relationship with UCU and pay and grading structures.
- 6.6.3 The Director of Human Resources reported that, although a number of outstanding minor issues remained, the Framework Agreement had been sent by the local UCU Branch to the national UCU Ratification Panel. The results from that meeting will be fed back to HR Committee.
- 6.6.4 In the event that the Agreement is ratified, a ballot of local UCU members will be held, with branch officers likely to recommend its implementation. However, if the Agreement is not ratified, further discussion with the HR Committee will be required to make decisions on how to move forward. Potentially the University may wish to ballot all staff, as this Agreement had positive elements for career development and progression, at present being denied to staff.

7. ANY OTHER BUSINESS

There was no other business.

DATE OF THE NEXT MEETING

The next meeting of the Board will be held on Friday 18th April 2008 at 9.30 am, followed by the proposed "Stakeholders Open Day".

Noel DG Richardson
Secretary & Registrar
31 March 2008

V Wood
Committee Clerk
UB_Minutes08_01