

Royal Holloway
University of London

COUNCIL

**Minutes of the Meeting of the Council
held on 24 June 2009**

Present:	Sir Andrew Burns	Mr A Martin	
	Mr A Alway	Cllr H W V Meares	
	Mr D M Beaver	Ms L Owen	
	Professor C Bradley	Mr J R Potts	
	Mr J Brannan	Mr W F Rooke	
	Professor F Driver	Mr I G Ross	
	Mr M Hamilton-Griffin	Ms B Shorter	
	Mrs E Horwood	Dr A Stead	
	Professor R Kemp	Mrs G Stuart	
	Mr J Lerche		
	Apologies:	Cllr M Angell	Mrs S Tyacke
P Blagbrough		Mrs J Walker	
Mr R Buswell			
With:	Ms K Kerr	College Secretary & Head of Governance	
	Mr J Ackroyd	Governance Officer	
In attendance:	Professor A Tickell	Vice-Principal (Research, Enterprise & Communications)	
	Professor G Ward	Vice-Principal (Planning & Resources)	
	Professor P Beesley	Dean of the Faculty of Science	
	Professor R Deem	Dean of the Faculty of History & Social Sciences	
	Professor K Normington	Dean of the Faculty of Arts	
	Mr S Bland	Director of Facilities Management	
	Mr G Robinson	Director of Finance	
	Ms S Kay	Head of Strategic Development	
	Observers:	Mr J Bolton	Merger Project Director
		Mr E Sullivan	Observer (on behalf of UCU)
Ms K Mitchell		PA to College Secretary	

[Secretary's note: The two Student members, officers in attendance and observers were requested by the Chairman to withdraw at the start of the meeting to allow Council members to convene for items of Reserved Business.]

1. MEMBERSHIP

The Council noted that the meeting was the last in which Ms Liz Owen, President of the Students Union would participate, having completed a one-year period of office at the end of July 2009. Mr Morgan Hamilton-Griffin had been re-elected as Students' Union Chair for the 2009-10 academic year and would continue to participate in meetings until the end of his second term of office. 09/120

ANNOUNCEMENT BY THE CHAIRMAN

The Chairman explained that, during the Reserved Area Business, the Council had agreed to appoint Professor Rob Kemp as Acting Principal of the College with effect from 31st July 2009. 09/121

2. CONFLICT OF INTEREST

The Chairman invited members to indicate if they had a conflict of interest with any of the agenda items. None of the members indicated a conflict. 09/122

3. MINUTES

The Minutes of the previous meeting held on 25 March 2009 (M09/59 to M09/113) were confirmed and signed, subject to an amendment at 09/86 which should read: 09/123

“Discussions were continuing between RHUL and St. Georges, SAUL and USS on *the proposal to apply a scheme apportionment arrangement to the £220 million of pension benefits for current staff.* Both SAUL and USS appeared keen to assist if at all possible, although SAUL would be unlikely to give a definitive response until closer to finalisation of the merger.”

4. MATTERS ARISING FROM THE MINUTES

4.1 Finance Committee (M 09/106) 09/124

It was reported that the College Secretary would provide clarification as to the delegated powers of the Finance Committee chairman at the next meeting of the Council.

4.2 Consultancy Policy (M 09/71) 09/125

The Council were informed that the taxation position relating to the College's Consultancy Policy had been checked by the Director of Research and Enterprise with the College's accountants and no problems had been identified.

5. **UNSTARRING OF ITEMS**

The following items were unstarred:

09/126

19 Minutes of Audit & Compliance Committee held on 27 February 2009

21 Minutes of the Finance Committee held on 20 May 2009

22 Minutes of the Human Resources and Equal Opportunities Committee held on 17 February 2009

23 Minutes of the Nominations & Honorary Awards Committee held on 21 May 2009

6. **DEPUTY PRINCIPAL'S REPORT**

The Council received the Deputy Principal's report (CL/09/40), noting that the main areas of activity over the last three months were the merger, Savings for Growth and the Campus Masterplan, and that these items were covered elsewhere on the agenda.

09/127

The Council noted that a swine flu incident team, led by the Director of Facilities Management, had been established to develop contingency plans for the College. It was anticipated that the plans would shortly be finalised and available for implementation.

09/128

The College had recently been granted licences to issue certificates of sponsorship for prospective employees and students from overseas under the new points based immigration system. The College's procedures for monitoring student attendance had recently been considered by the Academic Board, since the requirements of the Home Office in this area were being regularly updated, any process put in place would need to be regularly reviewed.

09/129

It was noted that the draft Equal Pay Audit action plan had recently been published on the College intranet.

09/130

The Deputy Principal drew the Council's attention to the annual student volunteering awards ceremony, in which a College postgraduate student had been presented with a prestigious Higher Education Volunteering award for his work with young refugees and asylum seekers.

09/131

7. FINANCIAL MATTERS

7.1 Financial Outturn

The Council received a report containing an updated summary of the financial outturn for 2008 – 09 (CL/09/41) which showed the estimated surplus in the College's outturn for 2008-09 to be c. £3.3 million, this being a £0.6 million improvement on budget. 09/132

The principal factors contributing towards a variance in the Main Account estimate were noted as being those reported in the previous meeting of the Council at 09/69. 09/133

The Council further noted that a surplus of £0.75 million was projected for the Residences and Catering account mainly due to the effect of low interest rates on borrowing. 09/134

7.2 Proposed Revenue and Capital Budget 2009/2010

The Council received and considered the proposed revenue and capital budgets for 2009/2010 (CL/09/42) which the Finance Committee had agreed at its meeting on 20 May 2009, together with background financial forecasts contained within Annexes A – E. 09/135

It was reported that only a modest surplus for 2009/2010 of £912,000 was forecast due to an overall reduction in the HEFCE research grant, difficulty in securing research funding, reduction in investment income and the impact of staff pay increases. These factors were in addition to a significant risk that the College might not achieve its recruitment targets for international students. Consequently, a £1.75m fee contingency was included in the budget against a risk of shortfall. It was noted that the Savings for Growth project was responsible for identifying approximately £0.5m of revenue cost savings, largely through freezing vacant staff posts. The Residence and Catering Service Revenue budget was forecast to achieve a surplus of £311,000, although a significant risk to conferencing income was noted due to the current economic climate. The Students' Union was projected to make a small surplus, although its ability to attain projections was at risk due to the continued reduction in student spending. 09/136

A base case within the financial forecast resulting in a deficit from 2010/2011 had been considered unacceptable. Accordingly, an adjusted scenario, which assumed savings or revenue improvements to produce a surplus was considered to be a more satisfactory approach for the College. 09/137

Upon recommendation from the Chair of the Audit and Compliance Committee, the Director of Finance agreed to circulate a copy of Deloitte's publication on sustainable governance to the Finance Committee and the Principal's Briefing group. The publication highlights 6 areas in which a significant impact in costs savings can be made. 09/138

The Council

AGREED: to approve the revenue and capital budgets for 2009/2010 as recommended by the Finance Committee.

7.3 Financial Outlook

The Vice Principal (Planning & Resources) presented a report on the financial outlook for the College and its implications (CL/09/43). The report underlined the anticipated cut in the College's recurrent HEFCE grant for 2009/2010 and the Government's emphasis on funding for STEM (Science, Technology, Engineering & Medicine) based research, which had been emphasised in previous Financial Outlook reports. 09/139

Budget-holders had been asked to identify a 10% saving in their department for the forthcoming year. Such tactical savings provided a way to prepare for the as yet unknown impact of a decline in overseas student recruitment. It was seen as important for Royal Holloway International to continue to look for new opportunities in existing markets, such as China, as well as by exploring new markets. Consequently, it had been essential to maintain staffing levels for English language teaching. Applications from home fee paying students had shown a drop of -6.4% as compared to the same point last year, against a national rise in applications of 8%. It was suggested that this drop might be due in part to the increase in tariff point requirements for certain subjects. 09/140

The next steps in finding potential revenue increases and expense reductions which were identified during Project IDEA were to be taken forward through the Savings for Growth project. These included implementing those ideas identified as viable by a steering committee, improvements made to administrative processes resulting in expense reductions and a review of academic and support activity. 09/141

8 **STRATEGIC PLANNING**

8.1 HEFCE Assessment of Institutional Risk

The Council received HEFCE's Institutional Risk letter (CL/09/44) noting that the College was not considered to be at higher risk. HEFCE had included useful benchmarking statistics with this year's letter which could be used for future monitoring. 09/142

8.2 Corporate Plan Progress

The Head of Strategic Development provided a report (CL/09/45) on progress with the new Corporate Plan. It was noted that the Corporate Plan strategic framework, which comprised headline strategic themes, main corporate objectives and key performance indicators for the period 2009-13, had been approved by Council in October 2008. The recruitment and retention of staff of the highest calibre as a key theme in the continuing success of the College was emphasised as being of particular importance, together with the need to have the correct metrics in place to measure this factor. 09/143

It was agreed that the progress made in the Corporate Plan should be discussed in more detail during the October meeting of Council. 09/144

9 **CAMPUS MASTERPLAN**

The Council considered the final draft Campus Masterplan for 2009 – 2031 (CL/09/46). The plan contained a proposal to move the boundaries of the existing greenbelt to allow growth of the campus over the 25 year period. Prior to the plan's submission to Runnymede Borough Council (RBC) in July 2009, comments received through the public consultation process, which had run from 19th June, would be compiled to create a Consultation Report to accompany the final draft document. Once comments had been received from RBC the document would come back to the College Council for further discussion. It was noted that there might have to be some modification of the draft following the completion of the public consultation process. 09/145

Council discussed the importance of the Masterplan in ensuring the sustainable growth of the College to meet its strategic priorities for the next 25 years. It was noted that whilst the Masterplan allowed for growth in student numbers, the proposal was for more students to be accommodated on campus, thus lessening the impact on the surrounding area of student accommodation needs. 09/146

A strong case to move the existing greenbelt site would need to be presented to RBC. It was noted that RBC recognised the value of the College to the Borough's economy, but that if support was not forthcoming from the local Council then the process for approval could be a protracted one with possible reviews at County Council and South-East regional level. A final decision would then be made by a regional planning inspector. 09/147

It was noted that any traffic issues contained within the Masterplan, such as the creation of a new roundabout on the A30, would be decided at County Council level. 09/148

10. **MERGER WITH ST GEORGE'S**

10.1 Update on proposed Merger

Council members were reminded of the additional meeting of the Council to be held on 24th September 2009, during which members would be asked to consider one of three options in relation to the merger. The available options were to agree to merge with St. Georges on the basis of the papers presented; to decline to merge as the downside risks would be unlikely to be offset by the benefits; or to conclude that insufficient information was available for a reasoned decision to be made. 09/149

The Deputy Principal presented a paper outlining the progress made in merger discussions since the last meeting of the Council (CL/09/47) which was intended for use as a guide on the following merger papers. Whilst progress had been made in gathering information to inform Council on the proposed merger, sufficient information was not yet available to make a decision. 09/150

It was reported that the timetable for the merger Legal Due Diligence process was behind that of the Financial Due Diligence and both Colleges' reports were currently being undertaken by Eversheds LLP. The final reports would be made available to Council before the September meeting. 09/151

10.2 JCC

The minutes of the Joint Council Committee (JCC) meetings held since March 2009 (CL/09/48) were noted. 09/152

10.3 Merger Risks

A summary of the current market situation and the emerging threats facing the College, considered in light of the potential risks of merging or not merging, was considered by the Council (CL/09/49). The key performance risks were identified as the over-dependence on certain income sources, the need for diversity in student recruitment, the need for new sources of research income, competitive vulnerability at a regional and global level, constrained growth on the current campus and the increasing need for administrative and professional support. 09/153

It was suggested that there was overlap in the Bio-Medical Sciences courses at the two institutions, that there was much competition and that consequently the Colleges could achieve their success though growth in this area by merging. Additionally, a merger with St. Georges would provide the possibility for enhanced inter-faculty collaboration in courses and research, together with the opening of new opportunities such as collaborations with the Wellcome Trust and other external institutions. In light of the current global economic situation, the importance of having a broader base to the College's course output was emphasised, together with the continued need for properly trained Doctors during a recession. 09/154

The Chairman indicated that the merger risks would be further considered in more depth during the September meeting of Council. 09/155

10.4 Business Case

10.4.1 A report on the progress made with the draft merger business case was provided to Council members (CL/09/50), this being one of the key papers for discussion during the meeting. The Business case would be required for submission to HEFCE in the institutions' application for financial assistance from the Strategic Development Fund in December 2009, although the primary purpose of the Business case would be to inform a decision on the merger for the College. 09/156

The Deputy Principal confirmed that the Business Case was on target to be finalised in time for the informal briefing for Council members on 24th August 2009. Included in the Business Case would be accurate figures on student numbers at each institution and the HEFCE funding projections for both a standalone and a merged institution. 09/157

Concern was expressed that the financial projections provided by St. George's were made on a 3 year and not a 5 year rationalised basis, which would be required to support the Business Case. The Director of Finance confirmed that St. George's was not in a position to produce the detailed projections for Management Accounts produced by Royal Holloway due to staffing levels. It was to be expected that such uncertainties in the accounting process would form one of the risks which were to be considered in proceeding to merge with St. George's, although the assumptions used during the financial forecasting 09/158

would be closely interrogated.

10.4.2 A document containing the senior management structure of the merged institution (CL/09/51) was noted by the Council with limited discussion. It was reported that the management structure for the joint faculty which is operated with Kingston University was still under consideration. Administrative structures were still under development at the date of the meeting, although it was apparent that since certain administrative posts were duplicated at both institutions, competition would exist for certain positions in the new institution. 09/159

10.4.3 A document containing the Academic Vision for the merged institution (CL/09/52) was noted by the Council. The Academic Vision was not specifically considered during the current meeting, since the document would be supplemented with financial projections over the forthcoming weeks. It was anticipated that further consideration would be given to the Academic Vision during the September meeting of Council. 09/160

10.5 Legal Vehicle for Merger

The Council were asked to consider a paper detailing the various legal vehicles for the merger (CL/09/53), which had previously been discussed by both the RHSG Company Board and the Joint Council Committee (JCC). 09/161

The preferred option, as recommended by the JCC, was for both existing institutions to be dissolved and a company limited by guarantee to be established. Other vehicles which were discussed at length during the meeting included the incorporation of a new College under Royal Charter, this being the best possible option in the opinion of the College's legal advisors, Eversheds LLP. This approach to incorporation of the new institution, whilst being considered prestigious was not recommended by the JCC due to the statutory restrictions imposed upon the new institution, requiring Privy Council consent in much of its decision making. Additionally, the College had been advised that it was unrealistic to expect that a Royal Charter would be granted. 09/162

The feasibility of only one of the existing Colleges being dissolved and being merged into the other was discussed during the meeting. It was noted that this option had been strongly rejected by St. George's.. 09/163

The benefits of creating a company limited by guarantee were explored during the meeting and was recommended to the Council as being the most flexible option with many benefits such as lending and investment arrangements which are currently not available to the existing College. If this vehicle were to be the agreed option, once established, the Council members would effectively be the directors of the company, with their liability limited to £1 each. 09/164

It was reported that the new institution would be required to re-apply to the Crown for use of *Royal* within the new institution's title, although Eversheds LLP had advised the College that this was a straightforward process. 09/165

Despite the hesitations expressed by Council members about choosing a Company limited by guarantee as the appropriate legal vehicle for the merger, it was recognised that the legal advisers needed guidance on how to construct 09/166

the drafting of the Private Member's Bill to dissolve the existing institutions. It was

AGREED: to permit the legal advisers to proceed with the incorporation of a new Company limited by Guarantee as the basis for forming the new College.

10.6 Financial Due Diligence

The Director of Finance provided a summary of the findings contained within the Price Waterhouse Coopers' reports on Financial Due Diligence (CL/09/54 including A&B). 09/167

Significant concern was expressed by the Council regarding the quality issues contained within St. George's accounts such as a significant number and scale of audit adjustments made during the previous accounting period. The effect of such errors was to reduce the reliance upon the financial information which is presented within the reports. It was also noted that an overview of the NHS trading account was not provided by St. George's, which would be required to assess the risk inherent between different income streams. The Director of Finance confirmed that the overview had been requested and would be made available to the Council during the next meeting. 09/168

The refurbishment of the Jenner Wing, which had been forecast to require an investment of £30 million, was raised as an issue of concern. At present the implications of not allocating funds to the project or of pursuing different options in the renovation were not known and would need to be explored. It was noted that St. George's currently had a relatively small amount of borrowing secured against the institution ie £20 million. However, should the renovation of the Jenner Wing be funded entirely through lending arrangements, this would create a high borrowing ratio for the institution. 09/169

The accuracy and certainty of the Management Accounts provided by Royal Holloway during the Financial Due Diligence process were noted by the Council and the Chairman offered his appreciation to the Director of Finance for the work undertaken during the process. 09/170

10.7 Pensions

A report comprising of a legal review of the pensions' aspects of the merger, together with a management summary of key issues was provided to the Council (CL/09/55). 09/171

The Chairman considered that the decision as to whether to agree the arrangements noted in the report should be deferred until a future meeting of the Council. 09/172

10.8 Stakeholder Consultation on Brand

A survey of stakeholders within both Colleges had been commissioned by the Company Board in order to ascertain views on the potential name of the merged institution. Details of the project were contained within a paper (CL/09/56) provided to Council members. There was limited discussion during the meeting on the survey, although it was noted that Bedford branding 09/173

had been omitted from among the options for branding the new College available in the survey. It was confirmed by the Deputy Principal that consultation on the Bedford brand would be reviewed.

10.9 Proposals regarding the new Council

The Chairman provided an oral update on the proposals for the constitution and establishment of the new Council. Discussions were ongoing between the Chairs of both Colleges and the Chair of the Company Board as to what form and composition the new Council might take. 09/174

It was noted that considerations for the new Council included ensuring that there should be the appropriate skills and experience in order to guide the new institution in a challenging environment. Consequently, it was thought that places should not be reserved for lay members from certain groups on the newly constituted Council. The size of the new Council was still under consideration and would be dependent upon the number of members required to ensure that meetings were quorate and sufficient numbers of lay members were available to sit on College committees and tribunals. 09/175

10.10 Merger Key Milestones

An outline of the key activities and milestones during the merger programme (CL/09/57) was noted by the Council. The document did not receive further discussion during the meeting. 09/176

10.11 Procedural Steps for the University of London (Royal Holloway and St George's) Bill

A paper containing the procedural steps for the University of London (Royal Holloway and St. George's) Bill was noted by the Council. The document received limited discussion during the meeting, although it was noted that should a General Election be called whilst the Bill was proceeding through either of the Houses, the Bill would be frozen until the new Parliament was convened. 09/177

11 **FUNDRAISING AND DEVELOPMENT**

The Vice Principal (Research, Enterprise & Communications) presented a paper (CL/09/59) on the progress made in raising philanthropic income for the College. It was noted that the College's Fundraising and Development strategy was to be reviewed and KPIs agreed in order to present these during the October meeting of the Council. 09/178

12 **GOVERNANCE**

12.1 Upon the recommendation of the Nominations and Honorary Awards Committee, the Council 09/179

AGREED: to extend Mr John Lerche's appointment as a lay member of Council until 31 July 2010.

to extend Mrs Barbara Shorter's appointment as a lay member of Council until 31 July 2010.

- 12.2 Upon the recommendation of the Nominations and Honorary Awards Committee, the Council 09/180
- AGREED: to appoint Mrs Esther Horwood to the Human Resources and Equal Opportunities Committee and to the Student Discipline Committee until 30 April 2012.
- 13 **STUDENTS' UNION**
- The Council received the Annual report for 2008/2009 from the President of the Students' Union, who drew attention to the main events of the year in her presentation. These included work with St. George's Students' Union as to what form the combined Unions might take, steps to offset the decline in income from commercial services, numerous successes in sporting and volunteering activities, the success of the "Keep your Cap on!" campaign and a continuing theme of working closely with the NUS. Space continued to be an issue and a paper had been taken to the Space Committee to discuss tangible ways to re-organise the Students' Union to enhance the student experience. 09/181
- 14 **ANNOUNCEMENTS**
- 14.1 The Council noted with regret the death of JG Ballard on 19 April 2009. JG Ballard will be awarded an Honorary Degree posthumously during this year's graduation ceremonies. 09/182
- 14.2 The Council noted with regret the death of Professor Douglas Spanner on 6 May 2009. Professor Spanner held a personal chair in Plant Biophysics at Bedford College. In 1958/9 the College acquired a dismembered old transmission electron microscope from the Cavendish Laboratory, Cambridge which required all of Professor Spanner's skills in engineering, mathematics and physics to re-build.. This instrument was replaced in 1964 by a new microscope when the Electron Microscope Unit was set up under his direction. In 1978 he took early retirement to become the curate of Eynsham Parish Church, Oxfordshire. 09/183
- 15 **REPORT OF DECISIONS TAKEN BY THE CHAIRMAN**
- The Council noted that no action had been taken by the Chairman since the last meeting. 09/184
- 16 **REPORT OF DECISIONS TAKEN BY CIRCULATION**
- The Council noted that no decisions had been taken by circulation since the last meeting. 09/185
- 17 **COMPLAINTS PROCEDURES FOR STUDENTS**
- The Council received an annual report on the operation of the Complaints Procedures (CL/09/61). 09/186

18 **ACADEMIC BOARD**

The Council received a report from the Academic Board held on 18 March 2009 (CL/09/62). 09/187

19 **AUDIT & COMPLIANCE COMMITTEE**

The Council received the unconfirmed minutes of the meeting of the Audit & Compliance Committee held on 27 February 2009 (CL/09/63). In relation to paragraph 09/35 of the minutes, concern was expressed that the College had failed to meet the outcomes of the audit plan for the third year running, due to limited staff resources in this area. A further internal auditor was reported as having been recently recruited in February 2009 and it was anticipated that this increase in resource would allow the College to provide an assurance to HEFCE that the audit plan would be met in 2009/10. 09/188

20 **ESTATES COMMITTEE**

The Council received the unconfirmed minutes of the meeting of the Estates Committee held on 31 May 2009 (CL/09/64) 09/189

21 **FINANCE COMMITTEE**

The Council received the unconfirmed minutes of the meeting of the Finance Committee held on 20 May 2009 (CL/09/65). In relation to paragraph 09/88 of the minutes, a request for disclosure of the amount paid to Harvest Earnings to sever their agreement with the College was made. The Chairman of the Finance Committee confirmed the confidentiality of the agreement. 09/190

22 **HUMAN RESOURCES & EQUAL OPPORTUNITIES COMMITTEE**

The Council received the minutes of the Human Resources and Equal Opportunities Committee held on 17 February 2009 (CL/09/66). In relation to item 6 of the minutes, the Deputy Principal confirmed that regular meetings continued to take place between the College and Union representatives in order to address any outstanding issues arising from the Equal Pay Audit. 09/191

23 **NOMINATIONS & HONORARY AWARDS COMMITTEE**

The Council received the unconfirmed minutes of the Nominations and Honorary Awards Committee held on 21 May 2009 (CL/09/67). In relation to paragraph 09/04 of the minutes, the Chairman of Council asked all Chairs of College Committees to consult their Committee colleagues and complete a questionnaire on the functioning of their respective Committees in order to ensure the modus operandi was satisfactory pending a full efficiency review.. 09/192

24. **REMUNERATION COMMITTEE**

The Council received a report from the Remuneration Committee held on 20 March 2009 (CL/09/68). 09/193

25 **STRATEGIC POLICY COMMITTEE**

The Council received the unconfirmed minutes of the Strategic Policy Committee held on 4 June 2009 (CL/09/69). 09/194

26 **SEALING OF DOCUMENTS**

The Council noted that no documents had been sealed since the previous meeting. 09/195

27 **ACADEMIC BOARD**

The Council received a report from the meeting of the Academic Board held on 10 June 2009 (CL/09/71). 09/196

James Ackroyd
Governance Officer
29 July 2009