

Council

Minutes

23 November 2010

Present: Ms J Evans (Chair)
Mr A Bicknell
Professor N Brown
Mr J Cochrane
Mrs N Coker
Mr M Draper
Professor P Hughes
Professor A Johnstone
Dr A Kent
Professor P Kopelman
Mr K Lewis
Ms I Nisbet
Mr D Rawaf
Professor Sir Peter Scott
Mr M Stevens
Ms S Thomas
Mr L Turner

In attendance: Mr M Bery, Director of Finance and Resources
Mrs S Bowen, Secretary and Academic Registrar
Ms S Trubshaw, Clerk to Council

Mr S Fitch, International Development Manager for Minute 36

Apologies for absence were received from: Professor S Hilton, Professor R Smith, Mr G Turner and Professor Sir Nicholas Wright.

32. Remarks from the Chair

(i) Register of Interests

In accordance with the Charities Act 2010, the Council Register of Interests would shortly be published on SGUL website.

(ii) Risk Management Training

Following the Governance and Risk Management Internal Audit Review, it had been recommended that the independent members of Council should be provided with Risk Management Training. Consideration was being given to how this could be done, and that it might form part of the extraordinary meeting to be held in January 2011.

(iii) Appraisals for Independent Members of Council

The Governance and Risk Management Internal Audit Review had recommended that a record should be kept of appraisals for independent members of Council. The Chair agreed to undertake an appraisal for each member of Council during the first and third year of their term of office. Completion of the appraisal process would be reported to Council. It was planned to undertake the first round of appraisals in summer 2011.

33. Minutes

Received and approved:

The Minutes of the Meeting held on 5 October 2010, subject to the addition of Mr James Cochrane to those in attendance, and the removal of Mr Anthony Bicknell from the list of attendees.

Paper Council/2/A

34. Matters arising from the Minutes

(i) Minute 4: Primary Medical Qualifications

That the application by SGUL had been approved by the University of London. The application would be ratified by the General Medical Council (GMC) at its Council meeting to be held on 8 December 2010.

(ii) Minute 4: MHRA Inspection

That a further inspection had taken place on 28/29 October 2010 and 1/2 November 2010. The inspection team noted that a great deal of work had been undertaken since the previous visit. There had been three critical findings from the first inspection, two had now been down graded. The third critical finding related to an older clinical trial which would be addressed as part of the continuing programme of improvement.

(iii) Minute 16: Voluntary Severance/Salary Saving Scheme

That the Voluntary Severance/Salary Saving Scheme had been launched on 15 October 2010. The closing date for applications was 30 November 2010. To date there had been 35 expressions of interest in the Voluntary Severance Scheme and nine expressions of interest in the Salary Savings Scheme. A series of Staffing Review Committee meetings would be held in December (6, 13, 20 December 2010). The main meeting would be on 13 December 2010, and it would be possible to report to Council on 14 December 2010 on the outcome. Currently it was felt that the savings realised from both schemes would not be enough to reach the identified target, and it might be necessary to move to a Compulsory Redundancy Scheme.

35. Report from the Principal

Reported:

(i) Partnerships

Kingston University

That at the meeting held on 5 July 2010, Council had approved the new partnership agreement between Kingston University and SGUL, subject to seeking legal opinion. Mills and Reeve had considered the matter and they had advised that it would be expensive to implement the agreement. Mills and Reeve had suggested that the Joint Venture Agreement (JVA) should be updated, and that a Memorandum of Understanding be agreed to cover all other aspects of joint working with KU. The Joint Governance Steering Group had considered the advice and agreed that the JVA should be reviewed to ensure it was fit for purpose. Currently a review was underway of the support systems for the Faculty of Health and Social Care Sciences (FHSCS). It had been proposed that all financial matters should be dealt with by Kingston University, and that all HR arrangements should also be transferred and managed through Kingston University. The issue of student support systems was more complicated and currently work was being undertaken to understand these systems more thoroughly. Sophie Bowen, Secretary and Academic Registrar, SGUL, Bruce Armstrong, Head of Student Services, KU, and Amanda Ashley, Faculty Business Manager, FHSCS, were working together and would report back to the Joint Governance Steering Group in the New Year.

St George's Healthcare NHS Trust

Fortnightly meetings were taking place between the senior management teams of SGUL and St George's Healthcare NHS Trust (SGHT), and plans were being taken forward as part of the 'Active Alliance' project. Consideration was being given to five areas:

- Education
- Research
- Clinical Work
- Commercial Activities
- Support Services

Five working groups had been established and they would report to the St George's Joint Strategy and Operation Group in the New Year.

Comprehensive Spending Review (CSR)/Browne Report

The Government had recently responded to the Browne Report. The key points were:

- The basic threshold for fees would be £6000
- The top limit for fees would be £9000
- Those charging more than £6000 would have to meet stricter conditions for widening participation and fair access.
- Loans would be made available for part-time students and will be available to students studying for at least one third of their time.
- Loan repayments would start when graduates reached an income of £21,000. The repayment would be 9% of income above £21,000, and all outstanding payments would be written off after 30 years.
- Interest rates would be on a progressive taper.
- There would be an increase in the maximum maintenance grant.

Browne had proposed that HEFCE, OFFA, OIA and QAA should be merged into one agency but this proposal had not been taken up by the Government. There was an ambitious timetable for implementation of the proposals. STEM subjects would still attract funding but it was not yet clear what the level of funding would be.

HEFCE was expecting the funding letter from DBIS before Christmas, and Universities would receive their funding letters by March 2011. A working group had been established which would be looking at the potential fee structure and future funding.

Awards

Professor Julian Ma has been awarded a prestigious European Research Centre Advanced Investigator grant. The award, which is worth 3.5million Euros over five years, recognised Professor Ma's track record as a researcher and the excellence of his research project.

The "Taste of Medicine" project from Kenton Lewis and the Widening Participation Team in Academic Registry has been selected as a finalist in the Building a Fairer Society category for the e-Government National Awards 2010.

SGUL Second Life training programme had won the silver award for Best Learning Game, Simulation or Virtual Environment in the E-Learning Awards 2010.

Strategic Issues

36. International Activities

University of Nicosia

Received and considered:

Proposals for the development of a franchise partnership with the University of Nicosia, Cyprus.

Reported:

That the proposed arrangement was a franchise by SGUL of its four year Graduate Entry Programme to the University of Nicosia (operated by Edex). It would not be a joint venture with Edex. Under the arrangement SGUL would license its course materials and brand to the University of Nicosia for a fee. The resulting proposed new medical school would be wholly owned by the University of Nicosia who would be responsible for administering and teaching the programme and for the set up and running costs of the operation. The first two years of the programme would be delivered at a purpose built campus in Nicosia, with the clinical third and fourth years being delivered by partners, initially outside Cyprus, approved by SGUL within course validation procedures.

SGUL's primary roles within the arrangement would be:

- Validate the University of Nicosia as a suitable institution to operate the programme via prescribed procedure laid down by the QAA.
- Provide training to Nicosia tutors on teaching the programme (SGUL would be paid travel costs and consultancy fees in addition to the franchise fee for this activity).
- Provide Quality Assurance of the programme, including supporting Nicosia in the set up and monitoring of required student support and administration (SGUL would be paid travel costs and consultancy fees in addition to the franchise fee for this activity).
- Award primary medical qualification for MBBS (Nicosia).

The University of Nicosia already worked closely with both the University of Hertfordshire and the Middlesex University, both of whom spoke well of their respective partnership.

It was noted that the programme would be taught in English. Support for the programme had been received from the Cyprus Medical Council.

Council at its meeting on 5 October 2010, had considered the proposed Memorandum of Agreement with Edex Ltd, and agreed the following should be undertaken:

- (i) A risk assessment, including the potential impact to the St George's brand.
- (ii) An assessment of costs to be considered at Finance Committee.
- (iii) Proposals to be given final approval by Council.

A risk assessment had been undertaken. It was felt that the Financial Risks were modest, and that the greater risk would be to brand and reputation. An assessment of the full costs of delivering the programme had been considered at Finance Committee on 16 November 2010. The next stage would be to seek a legal opinion from Mills and Reeve. It was noted that the Riverside Group had expressed an interest in taking a 65% stake in Edex. Riverside had confirmed that the Medical School would be an important part of the business, should they become shareholders.

It was noted that a Course Director would be seconded to the University of Nicosia for possibly six months. Other staff would make short visits as and when required. Professor Sean Hilton was the institutional lead for International Affairs and would take responsibility for the venture, reporting to the International Strategy Steering Group.

Agreed:

- (i) That the risks had been considered thoroughly,
- (ii) That the project was important strategically.
- (iii) That even with contingency funding there would be a strong financial return on investment in the project.
- (iv) That approval was given by Council to sign the Memorandum of Agreement on 9 December 2010.

Paper Council/2/B (Separately Bound)

International Partnership

That an OJEU tender had been posted for other international activities. The deadline for submission of the pre qualification questionnaire (PPQ) was 23 November 2010. There had been two expressions of interest. The PPQs would be scored and invitations to tender would be issued shortly.

Annual Accountability Return

37. Audit Committee Report

Received:

A report from the Chair of the Audit Committee of the meeting held on 9 November 2010.

Reported:

- (a) That the back log of internal audit recommendations had been reduced from 150 to 31. Momentum needed to continue with addressing the recommendations made in 2009-2010.

Council thanked the Management Team for making substantial progress in addressing Audit Issues.

- (b) That SGUL had achieved 'Substantial' assurance on 14 out of 15 reviews. The Agresso Pre-Implementation audit, undertaken at the request of SGUL, had received limited assurance. The recommendations made in the report had been addressed prior to the go-live date.

Considered and approved:

The recommendation from the Audit Committee that the contracts for internal and external auditors be extended for a further year:

KPMG	External Auditors	January 2011- December 2011
Mazars	Internal Auditors	August 2011 – July 2012

Tendering for both internal and external audit contracts would be undertaken in 2011.

Paper Council/2/C

38. Finance Committee Report

Reported:

The Finance Committee had considered the following matters:

- (i) The financial aspects of the University of Nicosia Project, as reported above (Minute 36: International Activities).
- (ii) The Financial Forecast as reported below (Minute 39 (ii): Financial Forecast for 2010-2011).
- (iii) Cash flow, which was forecast to not fall below £10 million in the next year.

- (iv) The net debt with SGHT. The level of net debt was acceptable and the underlying issues were being addressed.

39. Annual Accountability Return

Received and noted:

The Annual Accountability Return timetable.

Paper Council/2/D

Finance

(i) Annual Financial Statements (Annual Accountability Return)

Reported:

That the Financial Statements had been considered by the Audit Committee, at its meeting on 9 November 2010, and the Finance Committee, at its meeting on 16 November 2010. It was noted that a few minor typographical errors had been identified since the paper was circulated to Council which had now been addressed.

The following points were noted:

- (a) Income had dropped by 2.1% compared to 2008-2009, this was the result of a decrease in the HEFCE grant, and the decrease in the level of deposit interest which had not replicated that achieved in 2008-2009.
- (b) Expenditure had remained constant in 2009-2010 compared to the previous years.
- (c) The surplus for the year was £65k compared to a forecast surplus of £189k.
- (d) Reserves stood at £20 million.
- (e) Research income had dropped slightly by £0.5 million but had held up well in the current financial climate.

Approved for submission to HEFCE:

The Financial Statements for the year ended 31 July 2010.

Paper Council/2/E

(ii) Financial Forecast for 2010-2011 (Annual Accountability Return)

That the Financial Forecast for 2010-2011 had been considered at Finance Committee on 16 November 2010. The forecast was for the current year only, as HEFCE had offered the option of submitting the five year forecasts in April 2011 when it was hoped that the financial picture would be clearer.

The Financial Forecast for 2010-2011 had been adjusted following consideration by the Finance Committee, and subsequent to the circulation of the Council papers. The original forecast had been £971,000 however contingency had now been built in for possible reductions in HEFCE income in the current year, and also the costs of the Voluntary Severance/Salary Savings Programme. The forecast surplus was now £471,000.

The Antisoma Building sale to SGHT was noted. Contracts had not yet been exchanged and as a result the sale had not been factored into the forecasts.

Approved for submission to HEFCE:

The Financial Forecast for 2010-2011.

Paper Council/2/F

Audit

(iii) External Auditors' Report (Annual Accountability Return)

Reported:

That the External Auditors' report had been considered at both Audit Committee at its meeting on 9 November 2010, and the Finance Committee, at its meeting on 16 November 2010.

The following points were noted:

- (a) Page 28: The audit differences had not been corrected as they were well within the materiality level set by KPMG.
- (b) Page 29: There had been very few audit recommendations for 2009-2010, and those that had been made had either been completed or were being addressed.
- (c) Page 42: SGUL was now second in the benchmarking exercise undertaken by KPMG amongst its HE clients.

Approved for submission to HEFCE:

The Audit Highlights Memorandum and the Management Letter issued by the External Auditors in respect of the Financial Statements for 2009-10.

Paper Council/2/G

(iv) Internal Auditors' Annual Report (Annual Accountability Return)

Reported:

That the Internal Auditors' Annual Report for 2009-10 had been considered by the Audit Committee, at its meetings on 20 October 2010 and 9 November 2010. It was noted that the Priority One recommendations recorded in the report had largely been addressed, the majority having arisen from the Agresso Pre-Implementation Report. It was noted that the Capital Investment Fund (CIF2) bid had been submitted by the due date of 8 October 2010.

Approved for submission to HEFCE:

The internal Auditor's Report for 2009-2010.

Paper Council/2/H

(v) Annual Report from the Audit Committee (Annual Accountability Return)

Reported:

That the Annual Report from the Audit Committee 2009-2010 had been considered by the Audit Committee, at its meetings on 20 October 2010 and 9 November 2010.

Approved for submission to HEFCE:

The Annual Report of the Audit Committee for 2009-10.

Paper Council/2/I

Corporate Planning

(vi) Annual Monitoring Statement (Annual Accountability Return)

Approved for submission to HEFCE:

The Annual Monitoring Statement for 2009-2010.

Paper Council/2/J

(vii) Corporate Planning Statements (Annual Accountability Return)

Approved for submission to HEFCE:

The Corporate Planning Statement for 2009-2010.

Paper Council/2/K

40. Letter of Representation

Received and approved:

The Letter of Representation to be sent to the External Auditors on behalf of Council.

Paper Council/2/L

41. Dates of Meetings

All meetings commence at 5.00 pm, in Boardrooms 1 & 2

14 December 2010

Possible Extraordinary meeting – January 2011 (TBC)

15 March 2011

5 July 2011

SJT/26 November 2010