

**Minutes of the meeting of the Finance, Planning and Resources Committee
held at 4.00 pm on Tuesday, 6 July 2021
via MS Teams**

Present

Michael Cutbill (Chair)
Jerry Cope
Peter Fidler
Nicki Martin
David Phoenix
Deepa Shah

Apologies

Maureen Dalziel
Maxwell Smith

In attendance

Richard Flatman
Kerry Johnson
Deborah Johnston (minute 7 only)
Nicole Louis
Marcelle Moncrieffe-Johnson
Fiona Morey
James Stevenson
Ralph Sanders

1. Welcome and Apologies

The Chair welcomed members to the meeting. The above apologies were noted.

2. Declarations of Interest

No member declared an interest in any item on the agenda.

3. Minutes from the last meeting

The committee approved the minutes of the previous meeting, held on 27 April 2021, and their publication as redacted.

4. Matters arising

All matters arising were noted as complete or in progress. The committee noted the Group equality statement had been published on the external website.

5. **Management accounts to 31 May 2021**

The committee discussed the management accounts to 31 May 2021, noting that the full year forecast continued to trend towards a surplus of £2m with a contingency of £2.7m. The committee noted that operating costs were down year-on-year, largely due to the pandemic.

The committee noted that income was forecast at £162m, which was £9m ahead of budget. The committee queried increasing staff costs, running at approximately 60% of budget. The CFO reported that this was due to the uncertainty of the pandemic in the current year, with a much lower vacancy factor and higher pension costs. The vacancy factor was expected to return to more normal levels in the next financial year.

The committee noted that work was underway, as part of the LEAP programme and LSBU 2025, to create efficiencies across the organisation over the next three financial years.

The committee discussed the position at SBC, noting that the College forecast an operating deficit of £4.4m compared with the £2.7m originally budgeted. The committee noted that this included £1.5m of additional pension contributions as a result of the LPFA actuaries' report and some one-off costs due to the pandemic (such as student laptops).

6. **Student recruitment update**

The committee discussed the update on LSBU recruitment and retention. Undergraduate full-time courses were performing on a like-for-like basis compared with the previous year (approximately 2,800 acceptances), although the EU student pipeline had halved from 600 to 300 acceptances. This fall in EU students was reflected across the sector.

The committee noted that postgraduate acceptances were down by 27% compared with the previous year, though it was noted that the gap should narrow as IT systems were brought back online following the major outage.

The committee noted that 700 applications for the Croydon Campus had been received, with an offer rate of 40%. The lower offer rate was due to a high number of applicants without the required qualifications, most of whom lacked level 2 maths and/or English. The Executive was investigating how to close the gap on level 2 attainment and would also offer courses at Croydon through Clearing.

As usual, a full post-cycle review would analyse if there had been any impact from LSBU's league table position.

7. **Group roadmap and KPI targets 2020-25**

The committee discussed the update on the 2021/22 Group roadmap and priorities. The 38 deliverables had been categorised in order to gauge which were the highest priority for 2021/22, which were: curriculum and educational pathways, business relationships, student support, and LSBU 2025. The Executive confirmed that they would also continue to work on those areas classified as being lower priorities.

The committee discussed the Group and institutional KPI targets. The committee noted that three Group goals were yet to be defined. Governors emphasised the need to include targets around balancing the cost of the priorities against business as usual.

The committee noted that the set of KPI targets would come back to FPR when finalised during winter 2021.

2015-20 strategy review

The committee noted the review of the 2015-20 strategy KPIs, which included a detailed overview of performance against the eight outcome areas of the 2015-20 strategy.

The committee noted the recommendations for the 2020-25 strategy, in particular that the culture of the organisation needs to be led by academic outcomes.

8. **LSBU 2021/22 draft budget**

The committee discussed in detail the proposed draft university budget for 2021/22, which delivered a surplus of £2m and funded a £2.7m deficit at the Croydon Campus. The proposed budget included £2m of contingency.

The committee welcomed the forecasted income of £169m, which had increased from the estimated £162.5m initially presented to the Board at the April 2021 Strategy Day.

The committee noted that operating expense and staff cost budgets would be rolled forward at the levels set in 2020/21 as the Group started to recover from the pandemic and major IT outage. In the medium term, LSBU 2025 and LEAP would then deliver efficiencies and a reshaped workforce able to meet the demands of the digital environment.

The committee noted that increased staffing would be required in some schools in order to maintain the required staff-to-student ratios.

Following the discussion, the committee recommended the proposed 2020/21 budget to the Board for approval.

9. **SBC annual performance and value review**

The committee noted the update from the Pro Vice Chancellor (Compulsory and Further Education) on the performance and value of South Bank College to the LSBU Group.

The committee noted that the 2020-25 college operational plan had been developed to link in with the Group 2020-25 strategy.

The committee noted that an Ofsted inspection had been delayed due to the pandemic, but was expected during the 2021/22 academic year. The committee noted that SBC hoped to achieve a “good” Ofsted rating from this inspection.

The committee noted the annual operating deficit of £2.6m, compared with the £1.7m originally budgeted. Sufficient funding remained in place to support the in-year deficit for 2020/21 and 2021/22.

The committee noted the College’s concern about the impact on the Group financial results, and the importance of delivering the financial turnaround before the transition unit funding runs out.

The committee noted that the ongoing **London Realty** negotiations had not yet been factored into the SBC forecasts.

The committee noted the work that had taken place at SBC to support the educational pathways within the Group, including the development of level 4 HTQs and HNCs, and the Group approach to apprenticeships.

The committee welcomed the presentation, and would discuss cashflow at future meetings.

10. **LSBU student harassment, bullying and sexual misconduct policy and assurance**

The committee noted the LSBU student harassment, bullying and sexual misconduct policy (which had been approved by the Group Executive), which outlined the approach and response to incidents of harassment, bullying or sexual misconduct.

The committee noted that the policy took into account OfS expectations and sector best practice. The policy was to be considered in conjunction with existing policies on staff and student misconduct.

The committee noted that regular reports would be made to the Executive to enable them to understand the number of incidents and how they were investigated. An annual report would be made to the Board at the appropriate time.

11. Treasury management report

The committee noted the treasury management report, showing cash balances at 31 May 2021 of £55.0m and outstanding loans of £32.9m.

12. Insurance renewal

The committee noted the proposed renewal of the insurance provision for LSBU and SBC for 2021/22. The proposed renewal cost was projected to be an increase of 20% on 2020/21.

13. Gender pay gap report

The committee noted the 2019/20 gender pay gap report, which showed that the median gender pay gap had reduced from 5.1% to 3.8%. The hourly rate median gender pay gap had also reduced from £1.14 in 2019 to £0.86 in 2020.

14. Cashflow update

The committee noted the briefing on cashflow, as circulated to the Board of Governors and MPIC as part of the discussion on the proposed London Realty transaction.

Date of next meeting
4.00 pm, on Tuesday, 21 September 2021

Confirmed as a true record

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