

**Minutes of the meeting of the Finance, Planning and Resources Committee
held on Tuesday 3 October 2023, 3:30 PM — 6:00 PM BST
1B16, Technopark**

Present

Michael Cutbill (Chair)
Shona Brown (via MS Teams)
Devonte James
David Phoenix

Apologies

Peter Fidler

In attendance

Simon Cruickshank
Tara Dean (via MS Teams)
Natalie Ferer
Richard Flatman
Deborah James
Nicole Louis
Dominique Phipp (Secretary)
James Stevenson

Observers

Andreas Raffel (Observer)
Duncan Brown (Observer, via MS Teams)

1. **Welcome and apologies**

The Chair welcomed the attendees, in particular the Student Governor and the new Group CFO.

2. **Declarations of interest**

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

3. **Minutes of the previous meeting**

The committee approved the minutes of the meeting with minor amendments. The minutes would be published as redacted.

4. **Matters arising**

The committee noted that the OfS requires HEIs to be proactive, not only responsive, on sexual harassment and misconduct matters. This places a greater burden on institutions in terms of reporting.

The COO assured the committee that LSBU is compliant with the OfS requirements and is more assertive than most universities in this area as our student population is so diverse. The committee noted that the SBSU is

leading an anti-sexual misconduct campaign to promote reporting channels and offer support and guidance.

5. Full year management accounts to 31 July 2023

The committee discussed the full year management accounts to 31 July 2023 and draft headline financial statements for the University, including the consolidated position with SBC.

The committee noted that the University delivered a surplus of £2.2m compared with the budgeted figure of £3.3m. The variation was due to an unexpected change to the pension assumptions for the LPFA pension scheme following an adjustment by the actuary, Barnett Waddingham, of the employer liability duration at year end. Favourable variances in SBC relating to pension costs meant that the Group's consolidated budget remains on track.

The committee noted that Barnett Waddingham adjusts the employer liability duration on a triennial basis at present but is considering changing their methodology to adjust this on an annual basis going forward.

The committee noted the total comprehensive University and SBC income of £176.1m, which is an increase of £4.7m on 2021/22.

The committee noted that new secured loans under the existing rolling credit facility had been obtained to borrow up to £8m.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The committee discussed the budgeted OpEx savings and actual OpEx position at year end. It noted that significant OpEx reductions were made during the budget-setting process to mitigate uncertainty about income, but

these assumptions changed in year. The Group Executive monitored OpEx carefully throughout the year and was able to absorb increasing energy costs, software costs, and inflation. Additional investment decisions in-year relating to increasing the student hardship fund and marketing budgets were also considered affordable as income was higher than budgeted.

The committee discussed the budget forecast for 2023/24. It noted that the key risk to the draft budget is recruitment performance in S1, which would be clear in early December 2023. A strategic review of the 2023/24 forecast would be discussed by the Board of Governors in November 2023.

6. LSBU and Group-wide KPIs performance update and targets for 2023/24

The DVC summarised changes to six KPIs since the last meeting. She highlighted that LSBU's ranking in the Guardian League Table had improved by 15 places to 81st. This was an improvement by 28 places in the last two years. She also provided an update on graduate outcomes, which had improved overall by 2% in 2022/23.

The committee noted the leading indicator data for Y1-Y2 progression and forecast R&I income.

The committee discussed continuation rates. It noted that continuation is a key challenge faced by schools, with the most significant risk to continuation being the financial challenges faced by students. Students are struggling financially to a greater extent than in previous years due to the cost-of-living crisis and external factors such as high inflation.

The DVC explained that an improvement to continuation rates was expected as a result of increased hardship funding for affected students and structural improvements implemented in 2023/24, including a reduction in the number of exams; improvements to the academic calendar; and improvements to the personal tutoring system.

The committee noted that continuation metrics are currently on track when benchmarked against the University's peers, but the Group Executive would maintain focus on this area to outperform the benchmark. A fuller update on continuation rates would be shared with the Board at its meeting on 19 October 2023.

The committee noted that the Group Executive agreed last year to postpone the staff survey, which is an indicator of staff engagement. The staff survey would be launched in late October 2023.

The committee noted that data to enable performance monitoring of intra-group progression would not be available until the challenges for SBC to LSBU Y1 progression could be addressed. Academic course content, financial needs of SBC students, and the wider student experience are being reviewed.

The committee noted that the full impact of employability initiatives on graduates entering the job market would not be visible until 2026/27, as the majority of investment in employability resource would be in 2023/24. However, GO data is already beginning to improve.

The committee noted the Group Executive's recommendation not to revise the corporate KPIs, some of which are likely not to be met by the end of the corporate strategy period, as they remain aspirational. Meeting the KPI target for progression, for example, would place LSBU above sector benchmarks. The DVC reminded the committee that the KPIs were reviewed in 2022/23 (around mid-way through the strategy period) and, as most remain achievable, the only change agreed was to extend the strategic period until 2025/26.

The committee noted that one underlying aspect of LSBU's TEF outcome was being challenged. The area of challenge would likely not impact LSBU's outcome, but the result remains pending whilst the challenge is reviewed.

7. Student recruitment and enrolment update

The COO provided a verbal update on 2023/24 S1 recruitment and enrolment. She highlighted that apprenticeship income, enrolled apprentice numbers, and both PG domestic and PG international student recruitment were on track against budgets. UG domestic and international recruitment was forecast to be behind budget however.

The committee noted that UG international recruitment was forecast to be c.1k behind budget (11k compared with budget of 12k). This was in part due to a lower-than-expected completion rate of English language foundation course students studying with the University's partner, the Cambridge Education Group.

A similar number of students as in previous years were recruited who then did not engage with the University to complete their enrolment (c400 students).

The committee noted that compounding issues have caused material delays to enrolment processes, including an IT system failure which took two weeks to resolve and a separate fault in the student fee building system. Additionally, a small number of international students enrolled have not attended the start of the S1 and a small proportion of students have requested fee concessions and payment plans to support them to pay their course fees, which would be refused.

The enrolment deadline had been increased by two weeks to 16 October 2023 (three weeks after the first day of term for the majority of students, and four weeks after the start of term for health students) to complete student enrolment processes. The COO noted that the deadline of 16th October was agreed in consultation with schools and was considered to be a manageable late start date for students across all the schools.

The committee noted that partially enrolled students could access all teaching and learning materials and could attend classes. Around 550 students had not been partially enrolled yet however, and it was expected that some of these students would not engage and therefore would not complete enrolment.

The impact of delays to enrolment processes could mean that anywhere between [REDACTED] fewer students enrol in 2023/24, if we can recruit sufficient student numbers in S2. The worst-case scenario, however, would be around [REDACTED] fewer enrolled students (equivalent to [REDACTED] in income) in 2023/24. The variance against budget would not be clear until early December 2023.

The committee noted the update and that the Group Executive would be closely monitoring progress to enrolment activity.

8. **NSS results analysis and planned response 2023**

The Provost highlighted the key changes to the NSS 2023 and noted that the changes mean that a direct comparison of results with previous years' performance is challenging. Changes to the NSS 2023 included removal of the option for students to select 'neither agree nor disagree' in response to questions.

The committee noted that, when comparing data for the last four years of NSS, there has been an improvement in performance for almost all questions and themes of the survey. The only exception is the theme of learning resources, which is -4.% below the sector benchmark.

The Provost noted that the different experiences for apprentices and PT students compared with the experiences of FT students is an area of concern. A strategic plan to improve student experience for apprentices and PT students would be developed in 2023/24.

A fuller action plan for a response to the NSS would be completed for January 2024. The committee noted that the Deputy CEO of the SBSU is a member of the NSS taskforce.

The committee noted that the 2024 Guardian and Daily Mail league tables did not use NSS 2023 data in their rankings.

The committee discussed how to improve LSBU's results in comparison to other London Moderns, as benchmarked performance indicates LSBU is keeping pace with our peers but not outperforming them.

The committee noted that students' comments in the NSS 2023 around learning resources suggest that these questions scored poorly due to IT issues, rather than onsite resource issues, for instance difficulties accessing digital learning resources and the ongoing impact of the cyber incident.

The SBSU President noted that the SBSU plans to offer more activities to

engage apprenticeships in 2023/24, as the NSS 2023 indicates apprenticeship engagement is an area for improvement.

The committee congratulated the Provost on the NSS results and thanked colleagues involved.

9. **Draft going concern statement**

The committee discussed in detail the draft assurance statement from FPR to the Group Audit and Risk Committee that it had considered Group cashflow forecasts and related matters, and that the Board would be able to form a judgement that the accounts may be prepared and signed on a going concern basis for twelve months from the date of signing of accounts.

The committee noted that it is not required to take an overall view on going concern, but only on what it has reviewed in year. The committee noted the assurance that FPR had considered financial statements, budget, cashflow and covenant compliance during the 2022-23 financial year.

The committee noted that the GARC would consider additional stress testing of the going concern assurance at its meeting on 5 October 2023.

The Executive assured the committee that the worst-case plausible scenario was a [REDACTED] following completion of enrolment and re-enrolment processes, which would be covered by the consolidated Group surplus and the Revolving Credit Facilities and would not breach covenant compliance.

The Executive confirmed to the committee that they could not foresee a plausible downside scenario that would alter their opinion that the accounts should be prepared on a going concern basis.

The committee confirmed that it was comfortable recommending a going concern position to GARC, subject to a further update on the 2023/24 recruitment figures at the next meeting.

The committee noted that completion of the SBC estates development project is not assumed as part of the 2023/24 budget.

The final draft of the going concern assurance report would be brought to FPRC and GARC for review in November 2023, which would then be noted by the Board.

10. **SBA annual performance and value review**

The PVC (C&FE) joined the meeting.

The PVC (C&FE) provided a verbal report on SBA's performance in 2022/23.

The committee noted that the SBA UTC was recently rebranded and relaunched as SBUSixth. The first year of recruitment has progressed well

and, as recruitment numbers grow, the school's financial position is expected to improve.

The committee noted that the SBUA is facing a number of challenges. In 2022/23 a reshaping of the academy was undertaken, and a 'turnaround' strategy was implemented to ensure that SBUA continues to offer high quality education that supports social mobility and inclusion. The 'turnaround' strategy included changes to the structure of the school day, reshaping of the curriculum, retraining of some teaching staff. SBUA's alignment with the LSBU Group and focus on professional and technical education has also been reviewed. These changes continue to be closely monitored by a steering group.

The PVC (C&FE) noted that the guaranteed offer to study at LSBU is well received at the Open Days. Additionally, SBA parents are offered study at SBC as part of the Group's Access and Participation Plan. She emphasised that SBA's work has a significant impact on the Group's performance against the UN SDGs, as SBA is a leader and innovator in South London supporting access to opportunity and transforming lives.

The committee noted that the PVC (Education and Student Experience) would be joining the SBA Board of Trustees.

The committee thanked the PVC (C&FE), who then left the meeting.

11. Group Insurance Renewal Programme 2023/24

The committee noted the report.

It requested more information on the level of cover for business interruption under the policy.

12. Treasury management report

The committee noted the report.

13. Year-end pensions position

The committee noted the report.

Date of next meeting

4:00pm on Tuesday, 7 November 2023

Confirmed as a true record

..... (Chair)