

**Minutes of the meeting of the Finance, Planning and Resources Committee
held on Tuesday 5 July 2022, 4:00 PM — 6:00 PM
1B16, Technopark**

Present

Michael Cutbill (Chair)
Shona Brown
Jerry Cope
Peter Fidler
David Phoenix
Shani Shamah

Apologies

Nicki Martin

In attendance

Sanchia Alasia (minute 11 only)
Alex Bush
Richard Flatman
Kerry Johnson
Deborah Johnston (until minute 8.1)
Nicole Louis
Fiona Morey
Ralph Sanders
James Stevenson (via videoconference)

1. **Welcome and apologies**

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

2. **Declarations of interest**

No interests were declared in any item on the agenda.

3. **Minutes of the previous meeting**

The committee approved the minutes of the meeting of 28 April 2022, and their publication as redacted, subject to minor amendments.

4. **Matters arising**

The committee noted that all matters arising were marked as being complete or on the business plan.

The committee noted that the 2022 NSS results would be published on 6 July 2022. A summary would be circulated electronically to Board members, with a detailed report to come to the October 2022 meeting of FPR for discussion.

The CFO confirmed that the procurement team had considered the question around timing of large-scale contracts and the matter was closed.

Core items

5. Management accounts to 31 May 2022

The committee discussed the management accounts to 31 May 2022, noting that the University was trending towards the budgeted surplus of £2m.

The committee noted the key risk in terms of student withdrawals, which totalled [REDACTED] at May 2022 [REDACTED]. The committee noted that this was within budget. Reasons for withdrawal included financial challenges and the pandemic.

The committee noted the lower contribution levels from schools, which were down £8.9m compared with the previous year, due partly to the removal of London weighting. This had been offset by improved contributions from the School of Health.

The committee noted that the forecast deficit in SBC was higher than budgeted, at £4.6m, although this was accounted for in full by the exceptional restructure costs.

6. Student recruitment and retention update

The committee discussed the update on student recruitment and retention. UK undergraduate firm accepts (FA) were [REDACTED] on the previous year, with approximately [REDACTED] including Health students.

The committee noted that early Clearing was due to open on 5 July 2022. The University was reliant on achieving additional acceptances from Clearing to meet recruitment targets.

Student outcomes continue to be measured for all schools. Maintaining the level of tariff would be a key focus during Clearing.

The committee noted that the international intake for September 2022 was approximately [REDACTED] in the previous year. Around [REDACTED] deposits had been paid by international students, and almost all of the recently increased CAS allocation had been used. The committee noted that more international applications had been received than could be accommodated. There was uncertainty around how quickly UKVI was able to issue CASs. The importance of maintaining a mix of domestic and international students was noted. It was also noted that international students are not included in the B3 graduate outcome measure.

In response to a governor's question about progression, the Executive confirmed that LSBU comfortably met the basic UKVI thresholds.

Postgraduate recruitment was comparable with the previous year, and was heavily led by international students.

7. **KPI update**

The committee noted the update on KPIs. Four KPIs had been updated with the latest data, including QS world university rankings, which had been maintained at 801-1000.

The committee noted the update on the graduate outcomes measure, which had fallen by 1% to 70%. Extensive work was ongoing to improve graduate outcomes at the University.

Regular review items

8. **Draft budget 2022/23**

The committee discussed in detail the proposed draft University budget for 2022/23, which delivered a surplus of [REDACTED], which would be consolidated with the LSBU surplus in the 2022/23 Group financial statements.

The committee noted the budgeted income of [REDACTED].

The committee noted the cost gap of [REDACTED]. This would be managed by a focussed review of opex and by managing staff costs. The revised budget for staff cost inflation was 5%. It was noted that this may change depending on the outcome of the national pay negotiations.

The committee noted that a voluntary severance scheme was currently running at the University to help close the gap. A review into staff-student ratios (SSR) within the schools would also be undertaken. In response to a governor's question about SSRs, the VC confirmed the effort to rebalance the shape of the schools. The Provost was leading the planning, which would be implemented in the new calendar year.

The committee noted that the OfS grant letter had not yet been received, though the OfS had published funding guidelines for 2022/23.

The committee noted that a mid-year budget review would take place once student numbers were confirmed [REDACTED]. Work on the size and shape of the University and on estate utilisation would be done in order to better inform the mid-year review.

The committee discussed in detail risks to the budget and cashflow, particularly in relation to the national pay award. The CFO confirmed that the budgeted surplus was in line with the cashflow forecast as presented to the OfS. The CFO also confirmed that the budget ensured continuing compliance

with the Group banking covenants. In order to mitigate the risks to the budget, c. £3-4m headroom would be necessary but would be subject to the mid-year budget review towards the end of 2022. The proposed budget would not allow for all the operational expenditure the Board might aspire to include, but represented a prudent and realistic approach, within the Group's income and expenditure constraints.

Following the discussion, the committee recommended the proposed 2022/23 budget to the Board for approval, subject to the inclusion of more detail on risks and mitigations, plus cashflow forecasts.

8.1. **Draft SBC budget 2022/23**

The committee discussed the draft 2022/23 SBC budget, with a planned operating deficit of [REDACTED] and a non-cash pension cost of [REDACTED], giving a total deficit of [REDACTED].

The committee noted that SBC income was planned to grow from £25.8m to [REDACTED]. A large part of this planned growth was from apprenticeship income.

The committee noted the high staff costs at SBC, budgeted at 69%. The draft budget assumed a net saving of [REDACTED] and a round of voluntary redundancy was underway at the college.

The committee noted that, under the governance agreement with SBC and the LSBU schedule of matters reserved, LSBU consent in principle is required for a deficit SBC budget. As a surplus would be maintained at Group level, consent was delegated to FPR.

The committee noted that it would receive regular updates on SBC financial performance as part of the consolidated management accounts.

Following discussion, the committee agreed to consent in principle to the 2022/23 draft budget, subject to the deficit being no more than budgeted and that SBC will need to formally alert LSBU if the position is likely to deteriorate.

{Secretary's note: At its meeting of 13 July 2022, the SBC Board approved its budget for 2022/23 and noted FPR's consent (on behalf of LSBU) to the SBC budget and the conditions of that consent.}

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 progress on the SBC strategy, including the creation of the two college model (LSBTC and Lambeth Gateway College).

The committee noted the update on the SBC estates strategy and the associated risks, which included slightly delayed opening and IT infrastructure.

The committee noted that SBC was currently in phase three of its workforce transformation project, with a new leadership structure. The purpose of the project was partly to reduce staffing costs and partly to ensure the right culture within SBC.

The committee noted that SBC had received a 'good' rating from Ofsted at its March 2022 inspection.

The committee noted the work on developing Group career pathways and the Group model of professional and technical education.

The Chair welcomed the significant progress and thanked the PVC for her report.

10. **Student bullying, harassment and sexual misconduct assurance**

The committee noted the update on LSBU policies and procedures linked to student harassment, bullying and sexual misconduct.

11. **EDI annual report**

With Sanchia Alasia

The committee noted the first EDI annual report since the creation of the EDI strategy.

The committee noted the key achievements, including the progress made on the Access and Participation Plan and the work done on the Race Equality Chartermark and decolonisation of the curriculum.

The committee noted the challenges for EDI at LSBU, which included staffing and resources within the EDI team. The committee noted that the results from the recent race equality survey were broadly positive, though comments noted a lack of diversity in senior staff and curricula.

The committee noted that a Board training session on EDI would be organised, potentially as part of the autumn strategy day.

11.1 **Gender and ethnicity pay gap reports**

The committee noted the updated gender pay gap report. The final ethnicity pay gap report would be circulated electronically when complete. Both reports will be published on the LSBU website.

Items to note

12. Treasury management report

The committee noted the treasury management report, which showed total bank balances at £14.2m and outstanding loans of £30.9m. The committee noted the associated cashflow forecast.

13. Group insurance programme 2022/23

The committee noted the renewal of insurance arrangements for 2022/23, and the expected increase of 25%-30% compared with the previous year.

Date of next meeting

16:00 on Tuesday 4 October 2022

Confirmed as a true record

Michael Cutbill

..... (Chair)