

**Minutes of the meeting of the FINANCE AND INVESTMENT COMMITTEE
held on Tuesday 18 June 2024, 4:00 PM — 6:00 PM BST
1A01, Technopark, LSBU Campus**

Present

Vinay Tanna (*Chair, Independent Governor*)
Abdirahim Ibrahim (*Student Governor*) (items 5-12)
Ola Obadara (*Independent Governor*)
David Phoenix (*LSBU Vice-Chancellor and Group CEO*)
Jennifer Thomson (*Independent Governor*)

Apologies

Tim Fransen (*Staff Governor*)
Jeremy Parr (*Independent Governor*)

In attendance

Simon Cruickshank (*Group Chief Financial Officer*)
Tara Dean (*Provost*)
Ola Dejo-Ojomo (*Governance Officer*)
Graeme Dunn (*Interim Director of Financial Planning*)
Amy Eden (*Student Union President*) (item 12)
Deborah Johnston (*Deputy Vice-Chancellor, Academic Framework*) (items 1-5)
Martin Jopp (*Director of Financial Performance*)
Andreas Raffel (*Chair of the Board of Governors*)

1. Welcome and apologies

The Chair welcomed the members and attendees to the meeting.

2. Declarations of interest

No interests were declared on any item on the agenda.

3. Minutes of the previous meeting

The Committee approved the minutes of the meeting on 18 May 2024.

4. Matters arising from previous meeting

Financial risk mitigation option in worst case scenario

The Committee noted that this has since been overtaken by events and agreed for the action to be closed.

Committee annual work plan

The company secretary is liaising with the planning and data teams to map the different committees with the relevant assurance submissions. The aim is to have this completed and ready for implementation from the next academic year in September 2024.

LSBU Global/partnerships updates

The committee noted the projections of LSBU Global's summary forecast gross income over three years.

The Committee queried what options are being scoped regarding ensuring the university remained attractive to overseas students. The options regarding hybrid online/in person degree were being explored.

Responding to another query from the committee regarding the potential for postgraduate courses to be delivered solely online, officers advised of a small number of courses where delivery could be utilised through distance partners, either as standalone degrees or CPD qualifications. The committee noted that presently, where students do not attend on campus, LSBU's partners provide a suite of services for the elements of student support we currently do not provide.

The committee **agreed** to receive a progress update in three months' time.

Estates development update

LSBU chairs convened in May 2024 and provided a steer to the Executive regarding potential next steps and reporting lines.

LSBU management accounts

Both actions under this item were completed: the definition of 'return on academic investment' is now included in subsequent accounts, and how income and expenditure are recorded in the full year forecast and budget have been amended.

5. **Proposed budget**

The committee discussed the proposed draft LSBU budget for 2024/25, at a [REDACTED] in 2024/25, with consideration to the cashflow and debt covenant compliance checks.

The committee noted several events impacting the budget, including anticipated lower overseas recruitment for 2024-25, a low cash surplus, increases in the TPS pensions, and enhanced competition for September 2024 recruitment. One of the interventions being taken to address this is the academic resize and reshape, though the committee noted that this exercise would incur costs in the first one to two years before there is a recovery from the third year.

The SBC development deal could have an impact on the budget by decreasing interest payable and increasing the interest receivable at group level which would improve the surplus and liquidity. The sale would not have a material impact on the covenant position, and as such work is being done to reach year end with an amended covenant.

The committee noted that proposed interventions were challenging and significant, but also balanced delivery risk and any impact on quality.

The committee noted the immediate interventions included, academic cost savings based on changes to demand, the next phase of the professional services reshape, and the diversification and disposal of estates.

The committee **agreed** that a brief update on progress with estates performance would be incorporated into the monthly updates.

The committee agreed to **recommend** the draft budget to the Board.

6. **LSBU management accounts**

The committee noted the management accounts for April and the current forecast of a [REDACTED] for LSBU incorporating restructuring costs associated with the resizing exercise. Risk associated with bad debt provisions for year end was also being investigated.

The Committee discussed learnings from the student journey (recruitment to progression) that have been considered to reduce the bad debt issue. These include working with agents, tightening academic sanctions and a firmer approach with companies which sponsor students. The Committee noted the cost of living and the impact of exchange rates are also impacting students' ability to settle debts and these have worsened compared to prior years. As such bad debt remains a risk to the year end position.

The Committee noted that agents for overseas students are vigorously vetted, and consideration is being given to delaying payments further downstream rather than at recruitment to reduce the likelihood of recruiting students unable to progress.

The Committee **noted** the report.

7. **Year end accounting considerations**

The Committee considered key accounting issues and policy changes affecting the preparation of the 2023/24 group financial statements. These include bad debt provision, and pension accounting and proposed assumptions used for actuaries' reports.

The Committee noted the following updates:

- The finance department was considering the estimated gain from holding the New Kent Road site as an 'asset held for sale' and if this would reflect in 2024-25 as opposed to 2025-26
- Similar accounting issues are being looked at regarding the academic restructure for resize and reshape, where costs are accrued in the current year but settled in 2024-25. As this may increase the risk of breaching covenant compliance, discussions are taking place to have restructuring costs excluded from the covenant calculations.

The Committee **noted** the report.

8. **Estates development update (verbal update)**

The Vice Chancellor provided the committee with the following update:

[Redacted content]

The committee **noted** the update.

9. **TSAAMs programme updates (verbal update)**

The committee noted the following update from the Provost:

- Over 100 business processes have been mapped to ensure the system meets both current and future demands. The mapping process is due to be complete by the end of July 2024 on time and on budget, allowing for better implementation of the next phase.
- Significant progress has been made in ensuring a suitable curriculum management system is in place to replace the current workarounds. Bids from potential providers would be scrutinised by the end of July 2024 before progression to expected implementation by 2025.
- The new student record system would facilitate monitoring of the student journey from application to graduation. [Redacted]
- The University Management Board membership is being considered to include the programme manager to ensure more stakeholder engagement.

The committee **noted** that the next update would be a written report.

10. **Consent to draft SBC and SBA budgets**

The committee considered schedules from SBC's and SBA's draft budgets prior to full budgets being considered by the entities' respective boards. The committee noted that SBC is considering the implications of not decanting for the Lambeth site on the budget.

[REDACTED]

The committee noted that the strong performance of the sixth form will more than compensate for the downturn in Year 7 recruitment to SBA in the short term.

The committee **agreed** to give consent in principle to the budgets, subject to them delivering the KPIs as set out in the report.

11. **Capital spending plan**

The committee considered the proposed distribution of allocated capital funds for 2024-25. The committee noted the preference to invest below the maximum funding allocation [REDACTED] to support in year cashflow and liquidity management. The committee noted that projects identified as Priority 1 were deemed to be based on compliance requirements or previously agreed key priorities. The committee **approved** the capital spending plan.

12. **Students' Union income and expenditure annual report**

The committee considered the Student Union's block grant allocation of [REDACTED] for the 2023-24 financial year to carry out its core activities in the 2024-25 academic year.

The committee noted that the SBSU had met or exceeded all of its KPIs for the year. The committee also noted that staff performance and staff engagement had exceeded expectations and, as such, SBSU planned to continue activities at the current trajectory.

The committee congratulated the SBSU on its performance for the year and **approved** the block grant allocation.

Date of next meeting

4:00 pm on Tuesday, 17th of September 2024

Confirmed as a true record

Vinay Tanna

(Chair)

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