

Minutes of a Meeting of the Board of Governors
held at 4pm on Tuesday, 8 July 2014
in room 1B27, Technopark, London Road, London SE1

Present

David Longbottom	Chairman
Dame Sarah Mullally	Vice Chair
Prof David Phoenix	Vice Chancellor and Chief Executive
Ilham Abdishakur	SU President
Steve Balmont	
Douglas Denham St Pinnock	
Ken Dytor	
Prof Hilary McCallion	
Anne Montgomery	
Mee Ling Ng	
Louisa Nyandey	(from minute 7)
Andrew Owen	
Prof Shushma Patel	
James Smith	
Prof Jon Warwick	

Apologies

Prof Neil Gorman
Diana Parker

In attendance

Prof Rao Bhamidimarri	Executive Dean, Faculty of Engineering, Science and the Built Environment (<i>for minutes 37-40</i>)
Prof Phil Cardew	Pro Vice Chancellor (Academic)
Richard Flatman	Chief Financial Officer
Beverley Jullien	Pro Vice Chancellor (External)
Ian Mehrtens	Chief Operating Officer (<i>for minute 34</i>)
Amir Rashid	Programme Director – Building for the Future (<i>for minutes 1-23</i>)
James Stevenson	University Secretary and Clerk to the Board of Governors
Michael Broadway	Governance Manager

Welcome and Apologies

1. The Chairman welcomed Ilham Abdishakur to her first meeting of the Board of Governors following her election as Students' Union President.

2. Apologies for the meeting had been received from Prof Neil Gorman and Diana Parker.
3. The Board noted that the governance effectiveness review would commence in the autumn. The consultant for the review would be observing the meeting of 9 October 2014.

Declaration of Interests

4. No governor declared an interest in any item on the agenda.

Minutes of the previous meeting

5. The Board approved the minutes of the meeting of 22 May 2014 and the proposed redactions for publication (paper **BG.31(14)**).

Matters Arising

6. There were no matters arising which were not covered elsewhere on the agenda.

Louisa Nyandey entered the meeting

Chairman's business - succession

7. The Chairman updated the Board on succession planning for independent governors. Five independent governors, including the Chairman himself, were due to retire in July 2015 following the completion of two four year terms.
8. The search for candidates to replace the five governors would commence in autumn 2014, once the Chair designate had joined the Board. The Nomination Committee had previously considered the question of succession and had recommended that the following skills and experience would be needed: organisational change management; estates management; legal qualifications; commercial insight; non-executive directorship experience; and experience of leading large organisations. In considering candidates, the Nomination Committee would give due consideration to the diversity of the Board.
9. In view of the significant breadth of experience of the five retiring governors, the Board supported a phased transition. The Chairman agreed to discuss the succession process with each retiring governor.

Vice Chancellor's Report and Key Performance Indicators

10. The Board discussed the Vice Chancellor's report and key performance indicators (paper **BG.32(14)**). The report included updates on the transition to Schools; senior staff appointments; the Confucius Institute and its move to Model Institute status; Science, Technology, Engineering and Maths (STEM) teaching capital funding allocation; the positive outcome of the Ofsted inspection of the Education Department; student recruitment; and the key performance indicators report.
11. The Board ratified the voluntary agreement dated 16 May 2014 between LSBU and HEFCE, which links institutional accountability and the automatic designation for student support.
12. The Board noted that the outcomes of the Destination of Leavers of Higher Education (DLHE) survey were positive. The University had improved the number of students in employment or further study by 8% and were now out of the bottom five but the figure for graduate employment had fallen to 51%. A full report would be presented to the Board meeting of 9 October 2014.
13. In relation to the Home Office's English language test inquiry, the Board noted that the Home Office had visited in May 2014 and satisfactory responses to their queries had been provided.

Chief Financial Officer's Report

14. The Board discussed in detail the Chief Financial Officer's report (paper **BG.33(14)**), which included updates on the current financial position, the budget for 2014/15, five year forecasts for submission to HEFCE and proposed financial key performance indicators as part of the new corporate strategy 2015-2020.

Corporate Strategy, 2015-2020

15. The Board discussed in detail the proposed corporate strategy, 2015-2020 (paper **BG.34(14)**). The strategy had been developed following discussions at the board strategy day of 1 May 2014 and following consultation with staff.
16. The strategy set out the vision for the University over the next five years to 2020 with three key outcomes: student success; real world impact; and access to opportunity. The three outcomes were supported by strategic enablers.

17. The Board approved the success measures as set out in the Corporate Strategy and attached in the appendix to these minutes. The Board requested an additional success measure around student retention.
18. The annual delivery plan for the strategy was in development and would be considered by the Board at its strategy day of 15 October 2015. It was noted that the absolute targets would be finalised for October as part of the delivery plan.
19. The Board approved the corporate strategy for 2015-2020 subject to review of the success measures around recruiting students from low participation neighbourhoods and being ranked as a good employer to ensure these reflected appropriate ambitions.

Change Programme highlight report

20. The Board discussed a highlight report on the change programme (paper **BG.35(14)**). In addition, the Board had received an informative pre-meeting presentation on the fifteen projects of the change programme.
21. The Board discussed the programme in detail. Governors were concerned about how the 15 projects inter-related as well as the escalation process for risks and the flow of benefits from each project.
22. The Board requested the Audit Committee to review the timing and the scope of the internal audit review into the change programme. The Board requested the Audit Committee to regularly review the progress and key risks and issues of the programme. The relevant committee of the Board would review any individual projects if they were not on target.
23. The Board noted the key findings and responses of the ATOS gateway review of the Edison project (formerly the IBM project).

Amir Rashid left the meeting

Enterprise Update

24. The Board received a presentation on enterprise activity, including commercial revenue generation, the progress of the Clarence Centre for Enterprise and Innovation against business case, Small and Medium Enterprise (SME) and community support and engagement, and student enterprise.

25. The Board noted that the research and enterprise departments were being integrated and that recruitment for an interim Director of University Enterprise was underway (paper **BG.36(14)**).
26. The Board requested a summary of progress in financial year 2013/14 towards the 16-20 project.

Budget, 2014/15

27. The Board approved the budget for 2014/15, which had been reviewed in detail by the Policy and Resources Committee (paper **BG.37(14)**). The budget target was to deliver a £1m surplus, in line with the five year forecasts. In order to deliver this surplus the budget shows marginal income growth of 1.4% to £136.4m.
28. The Board noted that the budget included an assumed 2% pay rise for staff following the nationally negotiated pay rise of 2%.

HEFCE Annual Accountability Return

29. The Board approved the Annual Accountability Return for submission to HEFCE (paper **BG.38(14)**), including five year forecasts, financial commentary, going concern review, strategy update, corporate risk register, and risk strategy.
30. The Board noted that in order to deliver the five year forecasts the key targets remained as follows:
 - i) Assumed growth in full time undergraduate student numbers to 2,750 in 2013/14 and then steady state;
 - ii) improvements in progression such that the graduation rate rises from 49% currently to 56% by 2018/19;
 - iii) additional income of (minimum) £16m p.a. by 2018/19 with a surplus of 20% (£3.2m);
 - iv) capital expenditure of £107m over the 5 year planning cycle (although this may need to be reviewed depending on actual financial performance over the period); an
 - v) no reductions in HSC funding beyond the 2014/15 budget.

Management accounts to 31 May 2014

31. The Board noted the management accounts to 31 May 2014 which had been discussed in detail by the Policy and Resources Committee (paper

BG.39(14)). The full year forecast in the management accounts was a contribution of £1.5m against a budget of £2.5m.

Clearing Strategy

32. The Board discussed the clearing strategy (paper **BG.40(14)**). Clearing is critical to achieving recruitment targets. As part of the proposed clearing strategy the University would seek to recruit to target at a minimum of 120 'A' level points and 160 BTec points. A new Certificate of Higher Education option had been launched for some courses as a means of fairly helping applicants in to higher education and meeting income targets.
33. The Board noted the update on student recruitment which had been discussed in detail at the meeting of the Policy and Resources Committee. Full time undergraduate applications were ahead of the previous year by 8.25%.

Annual health and safety report, 2012/13

Ian Mehrtens entered the meeting

34. The Board noted the annual health and safety report for 2012/13 (paper **BG.41(14)**), which had been delayed due to restructuring in the health and safety team.

Ian Mehrtens left the meeting

Reports from committee meetings

35. The Board noted the reports from committee meetings (paper **BG.42(14)**). The Board noted that the Human Resources Committee had met on 18 June 2014.
36. The Board noted that meeting of the Policy and Resources Committee of 24 June 2014 had been inquorate. However, since the meeting the majority of members of the committee had indicated their support for the papers and the recommendations of the meeting.

University Academy of Engineering /University Technical College

Rao Bhamidimarri entered the meeting

37. The Board noted an update on the University Academy of Engineering South Bank and the University Technical College Brixton and their proposed relationship with the University (paper **BG.43(14)**).
38. The Board noted that the key benefits of sponsoring the academy and the University Technical College included raising aspirations of young people locally and creating pathways for them into higher education and employment.
39. Each school is a separate charitable company limited by guarantee. The Board approved the proposed relationship with the two schools, which would allow the University to exert influence over the schools through its right to appoint a majority of the members and directors of the Academy of Engineering and a majority of members and, in conjunction with the employer sponsors, a majority of directors of the University Technical College. The Executive did not expect to consolidate the balance sheet of either entity into LSBU's own accounts.
40. The Board noted that memoranda of understanding would set out responsibilities of LSBU and each school, and the reporting framework. The Board requested the role of LSBU's Audit Committee in relation to the two schools to be clarified.

Rao Bhamidimarri left the meeting

Educational Character Committee annual report, 2013/14

41. The Board noted the Educational Character Committee annual report for 2013/14 (paper **BG.44(14)**). The role of the committee and its relationship with the Academic Board would form part of the governance effectiveness review.

Risk strategy and appetite statement

42. The Board approved the risk strategy (paper **BG.45(14)**) which formed part of the annual accountability return to HEFCE (minute 27 refers).
43. The Board would review the risk appetite statement in detail at its meeting of 9 October 2014, during its annual in depth discussion of risk.

Corporate Risk Register

- 44. The Board noted the corporate risk register which had been reviewed in detail by the Audit Committee (paper **BG.46(14)**).

New Articles of Association

- 45. The Board noted that the revised Articles of Association which had been approved by Special Resolution on 20 March 2014 had been approved by the Privy Council and were now effective.

Declarations of Interest

- 46. The Board authorised the additional interests declared by Steve Balmont.

Any other business

- 47. The Board noted that Pro Vice Chancellor (External), Bev Jullien was shortly leaving LSBU and this was her last Board meeting. The Board warmly thanked her for her contribution to the University and wished her success for the future.

Date of next meeting

- 48. The next Board meeting will be at 4pm on Thursday 9 October 2014.

The Chairman invited governors to a drinks reception in the Clarence Centre and closed the meeting.

Confirmed as a true record:

..... (Chairman)

Appendix

The success measures as set out in the Corporate Strategy, 2015-2020 were:

- We want our success to be recognised, so by 2020 we aim to be London's top modern university;
- Students will rate us in the top quartile of all universities – based on their experience of LSBU;
- 95% of our students will be in employment or further study within six months of graduating;
- We'll be one of the ten best universities in the country for supporting and fostering student start-ups;
- We will be in the top 50% of universities for both graduate employment and starting salaries;
- We'll be in the top 50% of universities for income and activity recorded in the government's Higher Education, Business and Community Interaction Survey;
- We'll be above benchmark for recruiting students from low-participation neighbourhoods, and for the number of these students achieving success in their chosen course of study;
- By 2020 we will have achieved 4 QS Stars - reflecting LSBU's status as a highly international university;
- We'll be ranked as a good employer compared to other organisations;
- We will grow our income by 25% to £170m annually, and deliver an operating surplus of 5% and an EBITDA margin (our ability to generate cash) of 15%; and
- Student satisfaction ratings with our facilities and environment will be in the top quartile of UK universities.