

**Minutes of the meeting of the Finance, Planning and Resources Committee
held at 4.00 pm on Tuesday, 28 April 2020
via MS Teams**

Present

Michael Cutbill (Chair)
Jerry Cope
Peter Fidler
Nelly Kibirige
Mee Ling Ng
David Phoenix
Deepa Shah

Apologies

Nicki Martin
Pat Bailey

In attendance

Richard Flatman
Paul Ivey
Kerry Johnson
Nicole Louis
Marcelle Moncrieffe-Johnson
Ralph Sanders
James Stevenson

1. Welcome and Apologies

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 minutes of the meeting of 25 February 2020 and the proposed redactions for publication were approved.

4. Matters arising

It was noted that an update on ACI portfolio review would be provided to the June meeting of the committee. All other matters arising were noted as completed or as agenda items.

5. Management accounts to 31 March 2020

The committee discussed the management accounts to 31 March 2020. It was noted that the full year forecast as at 31 March 2020 was trending towards a surplus of £1.5m, a reduction of £1.5m compared with the February 2020 position and £1.5m less than the outturn for 2018/19. The committee noted that the 2019/20 income forecast as at March 2020 had been reduced by £4.7m to £154.7m, reflecting current expectations of the impact that the coronavirus pandemic may have on the University's financial position.

It was noted that a decision had been made by the Executive not to furlough any staff, as the number of staff and amounts involved were not material and because the University was still forecasting to meet budget, hence the case for furlough was difficult to justify.

Assuming some form of re-start in September 2020, the potential need for expenditure to support online learning for semester one of the 2020/21 academic year was discussed. It was advised that the Provost would lead a recovery group for semester one and beyond.

6. Student recruitment and retention update

The committee discussed the update on LSBU group recruitment and retention. It noted that the level of university applications had been largely unaffected by the coronavirus outbreak and remained on course to achieve a projected 22,000-23,000 applications on full time UG courses, an increase of 8.3-13.3% compared with the same point in 2018/19. Lambeth College applications were up by 25% compared with the previous year, though the extended closure of schools was noted as affecting the flow of applications.

The committee discussed the potential impact of a government cap on undergraduate student recruitment, though no such cap had yet been confirmed. It was not expected that any proposed cap would apply to Health courses.

It was noted that recruitment activity was continuing, complemented by new online activities including a virtual open day. Alongside this, work was underway to plan for changes to course delivery and assessment, and that all professional body requirements would still be met. The executive were investigating a laptop purchase scheme for new students to ensure equality of access to online resources.

The FPR Committee was to be kept informed on developments in course delivery and assessment in light of the virus outbreak

The committee discussed international students, noting that March 2020 withdrawal data was in line with last year and a significant increase in international non-completion rates was not expected.

The additional update on the unconditional offer scheme was noted, although the government moratorium had been extended to May 2020. The LSBU

retention fund update was also noted. Revised forecasts for apprenticeships were also included in the report.

7. **Budget scenarios 2020-21**

The committee reviewed in detail four budget scenarios, noting that the Executive had recommended scenario 2(b) as a realistic budget for 2020-21 in light of the uncertainties caused by the coronavirus pandemic.

Budget scenario 2(b) was noted as assuming a £13.5m income reduction versus the pre-virus projection that Finance had prepared. The target income in this scenario was £153m. It was also noted that the budget was at this stage unbalanced, with a £3m challenge on staff costs, potentially rising to £6m post implementation of assumed pay award and increments. However, the surplus and contingency built into the budget provided 'headroom' of £5m compared with the break even position to mitigate this and further potential risk to delivery. The committee noted that a major in-year review of the budget would take place by November 2020 when there would be more clarity around actual recruitment figures. A review of workforce requirements, as part of creating a Target Operating Model, and efficiency savings through the Align process, should also be available as inputs at that stage. An update on these reviews was requested for the next FPR.

An independent governor emphasised the uncertainty in the external environment, including the risk that students (particularly international students) may choose to defer their studies, and the risk that the University would not be able to open for 'business as usual' if there were recurrent coronavirus outbreaks. However it was agreed that a cautious and pragmatic approach to budgeting, which could be amended when more information came to light, was the best option.

Following this detailed consideration, the committee supported the recommendation of the Executive and agreed to recommend to the Board approval of scenario 2(b) as the basis for a draft 2020/21 budget.

8. **Revised cashflow forecast**

The committee discussed in detail the revised cashflow forecast for the LSBU group to 2022/23. It was noted that the executive would review proposals to re-profile Project LEAP expenditure. In addition, other capex priorities had been reviewed, given the current level of financial uncertainty (including the downgrading of the Chapel as a priority in the short to medium term).

It was noted that three offers of a Revolving Credit Facility (RCF) had been received, including two at the level of £45m and a one at £30m. In particular, it was noted that these offers were made prior to the coronavirus crisis and were still subject to commercial negotiation. The CFO advised that it may be necessary to move quickly to secure the facility following increased demand for borrowing in response to the pandemic.

The committee noted that the Executive may need to seek Board authority for the RCF before the next scheduled Board on 21 May 2020, only if earlier approval was a commercial necessity.

{Secretary's note: the Board authorised a sub-committee to progress the matter at its meeting of 21 May 2020.}

9. REI update

The committee noted the update on research and enterprise activities since the start of the 2019/20 academic year to the end of March 2020. Research income was performing well with £2.7m secured to the end of Period 6, with a further £2m contracted.

The committee noted the mitigating actions in place to manage risk to research and enterprise activities in light of the coronavirus pandemic. It was noted that many funding grants were delayed but that work was ongoing to continue projects and engage with students, and that tenants were being supported to access various government schemes where appropriate. It was noted that there was a well-defined pipeline of work in place to enable the University to have confidence in research quality.

It was noted that Board presentations on the REF and KEF were planned for summer 2020, with a further presentation on TEF planned for the autumn.

10. Students' Union update

(With Ben Whittaker, SU Interim Turnaround Director)

The committee discussed the Students' Union (SU) 2018/19 audited accounts and Code of Practice return, as presented by the SU Interim Turnaround Director. It was noted that the balance sheet position was strong, with an overall surplus of £71k reported. Discussions around the SUSS pension scheme and associated liabilities were ongoing, with annual contributions to the scheme expected to increase by approximately £100k in 2020/21.

The committee noted the financial appendix analysing the SU's student-facing activities for current and previous years and thanked the Turnaround Director for the clarity it provided.

It was noted that a recruitment process was in place for the new CEO and other officer positions within the SU, and that the goal was to have these staff members in place by June 2020. Alongside this, the LSBU executive was working closely with the SU to ensure a shared strategic aim and to ensure strong governance within the SU in future. The committee noted that the SU were investigating options for incorporation and expected this process to take place in 2021.

11. FPR Terms of Reference

The proposed revisions to the committee terms of reference and annual workplan were discussed.

The committee recommended the revised terms of reference to the Board for approval, subject to amendments to clarify the division of responsibilities between this committee and the Major Projects and Investment Committee (MPIC). It was agreed that the Group Secretary would take this work forward for discussion with the MPIC Chair.

12. KPI tracking update

The KPI tracking update, as presented to the February 2020 meeting, was noted.

**Date of next meeting
4.00 pm, on Tuesday, 30 June 2020**

Confirmed as a true record

Michael Cutbill (Chair)