

## **Meeting of the Major Projects & Investment Committee**

**3pm – 4pm on Tuesday, 27 October 2015  
in 1B16, Technopark, London Road, SE1**

### **Agenda**

<i>No</i>	<i>Item</i>	<i>Paper No.</i>	<i>Exec Lead</i>
1.	<b>Welcome &amp; Apologies</b>		Chair
2.	Declarations of interest		Chair
3.	Chairman's Introduction		Chair
	<b>Key items</b>		
4.	Major Projects 2015/16 (to discuss)	MPI.01(15)	CFO
	<b>Matters for Noting</b>		
5.	Membership & Terms of Reference	MPI.02(15)	Sec
6.	Any other business		Chair
7.	Date of next meeting: 2pm on Tuesday 1 March 2016 (if substantive items)		

Members: Douglas Denham St Pinnock (Chair), Jerry Cope (Chairman of the Board), David Phoenix (Vice Chancellor), Kevin McGrath, Hilary McCallion, Abdi Osman (SU President), Andrea Smith (Chair of Student Council)

With: Chief Financial Officer, Chief Operating Officer, Executive Director of Organisational Development and HR, University Secretary and Governance Assistant



	PAPER NO: MPI.01(15)	
Board/Committee:	Major Projects and Investment Committee	
Date:	27 October 2015	
Paper title:	Major projects, 2015/16	
Author:	Richard Flatman – Chief Financial Officer	
Executive sponsor:	Richard Flatman – Chief Financial Officer	
<b>Recommendation by the Executive:</b>	<p>In accordance with the Board approved scheme of delegation for expenditure, the Executive recommends that the committee notes the:</p> <ul style="list-style-type: none"> <li>• allocation of £2m capital spend in 2015/16 on ICT/AV upgrades</li> <li>• HR transformation project. This was recently approved by the VC and CFO and involves implementation of an integrated HR and payroll system with employee self-service, e-recruitment and a learning management system</li> <li>• renewal of the Security Services contract for a sum of £5.22m for a 3 year contract. In normal circumstances this would have come to MPIC for prior consideration but timing meant that it went direct to Board for approval on 21 October 2015.</li> </ul>	
Aspect of the Corporate Plan to which this will help deliver?	Strategically investing in the creation of first class facilities and ensuring they are underpinned by services which are responsive to academic needs and outcome focused.	
Matter previously considered by:	n/a	n/a
Further approval required?	n/a	n/a
Communications – who should be made aware of the decision?	n/a	



## 1. Executive summary

In accordance with the agreed scheme of delegation, the following should be referred to MPIC for review:

### *Capital expenditure*

- unplanned capital expenditure in excess of £500k
- planned capital expenditure in excess of £2m.

### *Revenue expenditure*

- unbudgeted revenue expenditure in excess of £500k
- budgeted revenue expenditure in excess of £2m.

### *Capital expenditure*

The capital expenditure plans form an integral part of the University's financial forecast and have already been approved. Total capital spend of £20m is planned for 2015/16. There is no unplanned capital expenditure for 2015/16.

Major items of "planned" capital spend for 2015/16 include the acquisition of Hugh Astor Court (£10.35m) and the new Media Centre (£2.1m) and have already received Board approval.

In addition, capital investment funds have been set aside in 2015/16 to cover ICT/AV projects (£2m), Teaching equipment (£1m) and Change projects (£0.5m).

The ICT/AV spend of £2m is not major spend related to an individual project but is a sum set aside to cover a range of normal operating projects of a capital nature within the ICT remit. This does not therefore require approval by MPIC but for transparency, given the amount of £2m, the high level plan for the proposed allocation of the fund is set out in section 2 for noting.

Approval has also been recently given by the VC & CFO to £480k capex spend on an integrated HR/payroll system. Further details are provided in section 3 for noting.

Other sums within the £20m remain unallocated and will be referred in future to MPIC as required in accordance with the agreed scheme of delegation for expenditure.

### *Revenue expenditure*

To date there is no reported revenue expenditure outside budget which requires approval by MPIC. There is a single transaction in excess of £2m and this relates to the renewal of the Security Services contract for a sum of £5.22m over a 3 year contract period. In normal circumstances this would have come to MPIC for prior consideration

but timing meant that it went direct to Board for approval on 21 October 2015. Details are set out in section 4 for noting.

## 2. ICT/AV upgrades

This year the executive has considered a five year infrastructure plan for ICT to ensure that teaching and learning equipment and infrastructure is up to date, resilient and delivers an excellent service to the staff and students.

In this first year of planned capital expenditure, the following are being upgraded:

ICT Infrastructure services – networks and systems	£224,720
Audio Visual Services	£1,081,920
Desktop services	£248,850
Student Lab Services	£419,250
Service management services – Topdesk	£24,000
<b>Total</b>	<b>£1,998,740</b>

## 3. HR transformation 2015 project

In order to improve HR operations performance, a decision has been taken to implement an integrated HR and payroll system with employee self-service, e-Recruitment and a new learning management system. This will involve an up-front capital investment of £480k and initial revenue set up costs in year 1 of £227k which will be allocated from investment funds. Thereafter, the ongoing revenue costs of approx. £120k pa will be more than offset by the combined effect of HR legacy system cost savings and non-system process related benefits and will be absorbed within the normal operating HR budget.

A Midland iTrent payroll solution was implemented in 2013 and has proved successful. Following detailed procurement, financial and technical evaluation the decision has now been taken to proceed with a Midland iTrent integrated HR and payroll solution. This will be established as a corporate project and will be subject to the robust controls within the new Corporate Project Management Office (PMO), including benefits realisation tracking.

The key benefits are as follows:

- reduced HR & Payroll administration load
- removal of costs and risks posed by legacy HR Systems
- improved staff productivity through ease of access to HR tools and processes
- prospective Staff given a high-quality recruitment experience

- Improved quality and availability of Staff Data.

#### **4. Renewal of Security Services contract**

The current contract ended at the end of July 2015 and a mini-competition exercise for the provision of security services at LSBU was undertaken under the LUPC Framework for Cleaning and Security by EAE in conjunction with Procurement Services.

Three companies were invited to bid with two returning their bid on time and one late. A delay in the tender evaluation process meant that it was not possible to complete the process in time for a paper to be submitted to the July meeting of the Board for consideration and approval.

Under normal circumstances, the report would be submitted to the Major Projects and Investment Committee prior to being presented to the Board, however this Committee does not meet until after the Board meeting. The need to award the tender resulted in the decision being taken at the Board and subsequently reported to the MPIC.

## Appendix (Extract from Board Strategy Day notes)

### Estates master plan

1. The 10-15 year estates master plan was presented to the Board for discussion. This prioritised the 35 year estates master plan as presented to the Board at its strategy day of 23 April 2015. It was noted that the Southwark campus was in the middle of three major development zones which presented opportunities for the University.
2. The Board agreed that the following should be priorities for the estate:
 

1. St Georges Quarter – budget approx. £100m	Funded by disposal of Perry Library, Dante Rd & New Kent Rd
2. Redevelop Technopark – budget approx. £150m	Funded by London & Regional Properties (developing the adjacent Skipton Street site) or investment partner
3. Residences on Faraday – budget approx. £120m	Funded by debt finance
4. Refurbish London Road – budget approx. £20m	Funded by annual £20m capital provision
3. The St George's Quarter development would include a new academic building to house new library and new spaces for one of the Schools. It would be a new focal point at heart of campus and provide a presence on Borough Road and London Road. A business case would be developed for approval in Spring 2016.
4. The sale of the Perry Library to L&R would help fund the St George's Quarter development. The Board authorised the Chief Operating Officer to continue to negotiate with L&R. The business case for the sale of Perry Library would be brought to the Board for approval.
5. In addition, the University had the opportunity to enter into a Nominations Agreement with Delancey for up to 275 flats on the Elephant One site for rental as international student accommodation. A business case would be developed for approval before Christmas 2015.

	PAPER NO: MPI.02(15)
Paper title:	Membership and Terms of Reference
Board/Committee	Major Projects and Investment Committee
Date of meeting:	27 October 2015
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors
Board sponsor:	Douglas Denham St Pinnock, Chairman of the Committee
Purpose:	To review the committee's terms of reference
Recommendation:	To note the committee's terms of reference

Matter previously considered by:	Board	Annually
Further approval required?	No	Date: N/A

### **Major Projects and Investment Committee Terms of Reference**

The Major Project and Investment Committee is a sub-committee of the Board of Governors and was established following the governance effectiveness review. Its terms of reference were approved by the Board at its meeting of 9 July 2015.

The committee's membership and terms of reference for 2015/16 are attached for information. The committee is requested to note:

#### **Membership 2015/16**

Douglas Denham St Pinnock (Chair) (overlap with Audit Committee membership is interim)

Jerry Cope (Chair of the Board)

Dave Phoenix (Vice Chancellor)

Kevin McGrath

Hilary McCallion

Abdi Osman (Student Governor – SU President)

Andrea Smith (Student Governor – Chair of Student Council)

1 x staff governor



## **Major Projects and Investment Committee**

### **Terms of Reference**

The Major Projects & Investment Committee is a sub-committee of the Board. It is authorised by the Board to approve investment decisions within authorisation levels as set out in the Financial Regulations. The committee reviews investment decisions above its level of authority and recommends approval to the Board.

#### **1. Remit**

1.1 The remit of the committee is to:

- 1.1.1 review capital and revenue investment and significant tenders and, if above delegated authority, recommend approval to Board;
- 1.1.2 when within set authority levels, approve capital expenditure and budgeted revenue expenditure;
- 1.1.3 review 'master-plans' for estate and infrastructure; and
- 1.1.4 review proposals to acquire and/or dispose of land or buildings.
- 1.1.5 review and recommend to the Board approval of capital finance;
- 1.1.6 review and recommend to the Board approval of borrowing raised on the security of the University's assets;
- 1.1.7 review and recommend to the Board approval of lease finance arrangements with a capital value greater than £250,000;
- 1.1.8 review and recommend to the Board approval of borrowings (by loan facility or overdraft) above £0.5 million;
- 1.1.9 monitor delivery of major projects; and
- 1.1.10 consider post investment reviews of major projects.

## **2. Membership**

2.1 Membership shall consist of up to five independent governors including the Chair of the Board, the Vice Chancellor, two student governors and one staff governor.

2.2 A quorum shall consist of at least 3 independent governors.

2.3 The chair shall be an independent governor.

2.4 Members of the committee shall not be members of the Audit Committee.

## **3. Reporting Procedures**

3.1 The minutes (or a report) of meetings of the Committee will be sent to the Board.

*Approved by the Board of Governors on 14 May 2015.*