London South Bank University

Minutes of a Meeting of the Board of Governors
held at 3.00pm on Thursday, 20 March 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
Barbara Ahland	SU President
Steve Balmont	
Douglas Denham St Pinnock	
Prof Hilary McCallion	
Anne Montgomery	
Mee Ling Ng	
Louisa Nyandey	
Andrew Owen	
Prof Shushma Patel	
James Smith	
Prof Jon Warwick	

Apologies

Ken Dytor
Diana Parker

In attendance

Prof Phil Cardew	Pro Vice Chancellor (Academic)
Richard Flatman	Chief Financial Officer
Beverley Jullien	Pro Vice Chancellor (External)
James Stevenson	University Secretary and Clerk to the Board of Governors
Michael Broadway	Governance Officer

Welcome and Apologies

1.   The Chairman welcomed the Professor Phoenix to his first meeting as Vice Chancellor.

2.   Apologies for the meeting had been received from Ken Dytor and Diana Parker.

3.   The Chairman noted that the Board had just received an informative presentation from the Vice Chancellor which updated the Board on the progress of the transition to seven Schools and new professional service

London South Bank University

groups. The Vice Chancellor's vision for the University would be discussed at the Board strategy day of 1 May 2014 with the final strategy for 2015-2020 to be approved by the Board at their meeting of 8 July 2014. It was anticipated that the new Schools would be in place for the start of academic year 2014/15.

4. The Chairman reported that the Appointments Committee had approved the appointment of Prof Neil Gorman as an Independent Governor for a four year term. Prof Gorman was due to retire as Vice Chancellor of Nottingham Trent University later in the year.

Declaration of Interests

5. James Smith declared that as Chair of the Board at the Conservatoire for Dance and Drama he had been making representations to government on the need for special funding for small and specialist institutions (of which the Conservatoire was one). Maintaining funding for small and specialist institutions could potentially be at the expense of other funding streams which LSBU would benefit from. The Board noted that they had previously authorised James Smith's situation as Chair of the Board at the Conservatoire and that any financial impact on LSBU was not material. The Board confirmed that their authorisation continued.

6. No other Board member declared an interest in any item on the agenda.

Minutes of the previous meeting

7. The Board approved the minutes of the Board meeting of 21 November 2013 and the proposed redactions for publication (paper **BG.03(14)**).

Board succession planning

8. The Chairman updated the Board on the discussions of the Nomination Committee with regard to succession planning for Independent Governors (paper **BG.02(14)**). It was reported that five Independent Governors including the Chairman are due to retire from the Board in July 2015 which will be a significant change in membership.

9. The Nomination Committee would consider candidates for these positions following the recruitment of the successor to the current Chairman. In considering candidates the committee would give due consideration to equality and diversity.

London South Bank University

Chair succession update

10.   The Board noted an update on the progress of recruiting a successor to the Chairman (paper **BG.03(14)**) from September 2015. Four candidates would be interviewed during the week commencing 24 March 2014. A Board meeting to be held via conference call would be arranged after the interviews to approve the appointment of the successful candidate as a governor and Chair designate.
{Secretary's note: the timetable permitted this matter to be considered at the planned Board meeting of 22 May 2014.}

Exceptional Student Experience project update

11.   The Board noted an update on the Exceptional Student Experience and related projects (paper **BG.04(14)**). The Board noted that a sub-committee had been established with delegated authority from the Board to give final approval for legal completion for the project following the procurement process. The Board noted the minutes of the sub-committee meeting held on 7 February 2014.

12.   It was reported that good progress had been made on the IBM programmes and currently all are proceeding to plan with respect to time, quality and cost. The Board noted the major risks to the project which were being closely monitored by the executive.

Student recruitment update

13.   The Board noted an update on student recruitment (paper **BG.05(14)**). The Board noted that UCAS applications were tracking ahead of the national trend. Conversion of applicants to acceptance was a key area of focus. Although early on in the cycle part-time undergraduate and postgraduate were tracking ahead of 2012/13.

Project 16-20 report

14.   The Board noted an update on the 16-20 project (paper **BG.06(14)**). A target of £2.5m new revenue highlighted in the 2012/13 five year plan would be included in the 2014/15 budget. The current pipeline of prospects totalled c.£27m. Efforts continued to convert the prospects into contracts for income.

London South Bank University

Vice Chancellor's Report

15.   The Board noted a report from the Vice Chancellor which updated the Board on the consultation and restructuring process; the South Bank University Technical College; National Pay Negotiations, 2014/15; the partnership with the British University in Egypt; and the Key Performance Indicators (paper **BG.07(14)**).

16.   It was reported that the Department for Education had agreed to release funding for a University Technical College (UTC) to be based in Brixton, opening September 2015. Further details would be brought back to the Board on the UTC and the recently established University Engineering Academy South Bank, of which the University is sponsor.

17.   With regard to national pay negotiations for 2014/15, it was noted that the University would support a 1% pay rise which had been budgeted for in the five year forecasts.

18.   It was noted following the completion of the forthcoming governance effectiveness review (see minutes 32-33) the key performance indicators would be reviewed to allow more effective monitoring of in year performance.

Management Accounts to 31 January 2014 summary

19.   The Board noted the summary management accounts to 31 January 2014 (paper **BG.08(14)**). A forecast surplus of £1.8m was reported against budget target of £2.5m.

20.   The key reasons for the decline in profitability are lower than expected post graduate and overseas income within the faculty of business, a reduction in health contract income within the faculty of Health and Social Care and the inclusion of approximately £1.2m of unbudgeted revenue expenditure largely in relation to the IBM project. The committee noted the NHS was seeking to lower the benchmark price. The position was being monitored closely by the executive.

Reports from committees

21.   The Board noted the reports from committees (paper **BG.09(14)**). It was noted that the Audit Committee had approved the extension by one year of PricewaterhouseCooper's contract as internal auditors. As this would be the final permitted extension to PwC's appointment, it would be necessary to re-tender for internal auditors during mid-2014.

22. It was noted that the role of the Educational Character Committee and its relationship with the Academic Board would be assessed as part of the governance effectiveness review (discussed at minutes 32 and 33 below).

23. The Board discussed the LSBU "behavioural framework", setting out behaviours expected from all employees, which had been reviewed in detail by the Human Resources Committee. The Board expressed their support of the framework. The Student Charter would be revised in light of the new framework.

London Pension Fund Authority 2013 fund valuation

24. The Board discussed the implications of the LPFA 2013 triennial fund valuation (paper **BG.10(14)**). The LPFA pension scheme is offered to support staff and has 555 LSBU active members. It was noted that the issue of pension scheme deficit is a key item on the risk register due to its impact on future financial sustainability.

25. As reported to the Policy and Resources Committee meeting of 4 March 2014, following the fund valuation for 2013 the University's annual cash contribution to LPFA could potentially rise from £3.8m to £6m, affecting the University's cash flow and impacting investment plans. The increase in cash contribution is due to the LPFA's change in their treatment of all universities and grading them as higher risk

26. LSBU had submitted a counter-proposal to LPFA to pay an annual £4.2m cash contribution (an increase of £0.4m on current contributions). It appeared that the LPFA would accept the annual cash contribution of £4.2m but the University would continue to negotiate on the categorisation of LSBU as higher risk.

Articles of Association

27. The Board approved the final form of the revised Articles of Association and recommended their approval to the members of LSBU the company in general meeting (paper **BG.11(14)**). The revised articles had been approved in principle by the Privy Council. Final approval would be sought from the Privy Council in order for the revised articles to take effect.

28. The Board noted the revision in the new articles of the University's charitable objects which had received consent from the Charity Commission under s.198 Charities Act 2011. It was noted how the University's charitable objects were

applied for the "public benefit" as set out in guidance from the Charity Commission.

29. The Board noted that consent had been received from the Charity Commission regarding the enabling power to remunerate governors under s.198 Charities Act 2011. The Board approved the associated Standing Order relating to the remuneration of governors.

The Board meeting then adjourned for a General Meeting to approve the Special Resolution to adopt the new Articles of Association

30. Upon the resumption of the Board meeting, the Chairman informed the Board that the Special Resolution to adopt the new Articles of Association had been approved by the members in General Meeting and that the Chairman of the Board had been authorised to sign the resolution on behalf of the members and initial the final form of the articles.

Senior Staff Disciplinary procedures

31. The Board approved the revised Senior Staff Disciplinary procedures (paper **BG.12(14)**), subject to the inclusion of a clause regarding confidentiality. The revised procedures were required following their deletion from the new Articles of Association. The procedures followed the ACAS Code of Practice.

Governance Effectiveness Review plan

32. The Board approved the proposed Governance Effectiveness Review plan (paper **BG.13(14)**). The review will cover both corporate and academic governance processes and include a review of the effectiveness of (i) the Board and its sub-committees; (ii) the Executive; and (iii) the Academic Board and its sub-committees.

33. An external facilitator will lead the review of the Board. The facilitator would be appointed following a mini-tender process overseen by the Chairman of the Board. The facilitator will observe a board meeting and meet a number of governors.

Risk Register

34. The Board noted the risk register which had been considered in detail by the Audit Committee (paper **BG.14(14)**).

London South Bank University

Declarations of Interest

35.   The Board authorised the declared situational interests of Prof Phoenix under s. 175 Companies Act 2006. The interests will be entered into LSBU's register of interests and published on the external website.

Any other business

36.   The Board noted that breaches of trust and irregularities had been discovered in the Confucius Institute. The Director of Institute had resigned and the recruitment process for a new director had begun.

Date of next meeting

37.   The next meeting will be the Board strategy day on Thursday 1 May 2014.

38.   The next Board meeting will be Thursday 22 May 2014 at 4pm.

The Chairman closed the meeting.

Confirmed as a true record:

……………………………………….. (Chairman)