

**Minutes of the meeting of the Board of Governors
held at 4.00 pm on Thursday, 17 October 2019
Technopark, SE1 6LN**

Present

Jerry Cope (Chair)
Douglas Denham St Pinnock (Vice-Chair)
Duncan Brown
John Cole
Peter Fidler
Nelly Kibirige
Mark Lemmon
Hilary McCallion
Mee Ling Ng
Jeremy Parr
David Phoenix
Rashda Rana
Tony Roberts
Deepa Shah
Nazene Smout
Vinay Tanna

Apologies

Michael Cutbill

In attendance

Pat Bailey
Michael Broadway
Richard Flatman
James Stevenson

1. Welcome and apologies

The Chair welcomed members to the meeting.

The above apology was noted.

The Chair noted governors had just completed an informative tour of the new Business School and Elephant Studios 2.

2. Declarations of Interest

No member of the meeting declared an interest in any item on the agenda.

3. Minutes of previous meeting

The Board approved the minutes of the meeting of 18 July 2019 and their publication as redacted.

4. **Matters arising**

All matters arising were either completed or would be discussed at a future meeting.

5. **Chair's business**

The Chair informed the Board that the 'Chairs' forum' consisting of the Chairs of the Boards of LSBU, SBA and SBC had recently met. The forum would consider the effectiveness of group governance and key strategic matters which affected the whole group. At its recent meeting, the forum had discussed the review of group pension provision.

The Chair updated the Board on the recent CUC meeting that he had attended, where the interim Chair of De Montfort University had reported on a recent whistleblowing incident and lessons learned. The Chair would consider how these impacted on LSBU's processes. An update would be provided to a future Board meeting.

The Board noted that the LSBU student graduation ceremonies were taking place. The Chair encouraged governors to attend a ceremony.

6. **Update on South Bank Colleges**

The Board received an update on key strategic matters as discussed by the South Bank Colleges (SBC) Board, from Mee Ling Ng, director of SBC.

The Board noted the development of a curriculum strategy as part of the College's turnaround plans and associated estates development strategy. The Board noted that the SBC Board is comfortable with the plan to turnaround the financial position and that the relationship with LSBU is developing well.

The SBC Board's focus is on finances, improving the quality of delivery and investing in infrastructure.

The Board noted that any concerns about SBC will be raised with the Board through the Vice Chancellor's report.

7. **Board governance effectiveness review - actions**

The Board noted an update from the Chair on follow up to the Board effectiveness review which reported in July 2019.

The Board noted that the key areas of focus from the review are:

- (i) to review both assurance and reporting from the Academic Board to the Board;
- (ii) that agendas for Board meetings and strategy day provide greater focus on strategic discussions; and
- (iii) continued focus on finalising 'Group' governance arrangements.

The Chair would observe a forthcoming Academic Board meeting with two other governors.

8. Vice Chancellor's report

The Board discussed the Vice Chancellor's report.

The Board noted the positive student recruitment for semester 1, 2019/20. The Board noted the challenges with space and timetabling which was further discussed in minute 11. The Board noted that retention was less positive and was likely to be flat year-on-year.

The Board discussed undergraduate degree completion and noted that LSBU is 4% below the benchmark. The Executive is planning a comprehensive review of year 1 provision and degree algorithms. The Board noted that students feel that they are over assessed. The Board requested regular updates in the VC report.

The Board welcomed the increase in Times League Table position by 21 places to 86th.

The Board ratified the Access and Participation Plan which had been approved by the Office for Students on 20 September 2019.

The Board noted that a pay award of at least 1.8% for all employees had been implemented from 1 August 2019.

The Board noted that SBC is making good progress against its targets. The DfE and Lambeth Council are being consulted on the estates strategy.

The Board noted that SBA student performance had improved but not reached targets set.

9. CFO's report

The Board noted the Chief Financial Officer's report, which updated the Board on current financial position, forecast surplus of £3m for 2018/19 (subject to audit), LSBU group matters, risk and control, cashflow and treasury, and pensions actuarial deficits.

The year end audit was due to finish shortly. No significant issues had been raised by the auditors.

The Board noted that SBC's fixed assets had been revalued, strengthening the balance sheet by £49m, but increasing the depreciation charge. The key technical change required was that opening fixed asset values in SBC at 1 February 2019 need to be restated at fair value. Gerald Eve have been commissioned to do this work which will result in an increase of potentially

£30m+. Any additional depreciation can be offset by grant release so the underlying group surplus of £3m will be unchanged. The key issue discussed was treatment on subsequent disposal and whether the revaluation could give rise to potential loss on disposal.

The Board noted that the draft internal audit annual report for 2018/19 had been reviewed by the Audit Committee. The Chair of the Audit Committee reported that although PwC's opinion was "generally satisfactory", there were three 'high risk' reports that related to specific risk areas. These areas did not reflect the overall control environment but any deterioration in core financial control may affect a future opinion. The committee requested an update in the Group CFO report to the March 2020 Board meeting on the internal auditor's opinion.

The Board noted that the Executive is reviewing whether to establish a compliance unit.

10. **Corporate risk - annual detailed discussion**

The Board agreed to discuss the corporate risk register in detail at its March 2020 meeting, following the implementation of a group-wide approach to risk and the development of the strategic priorities of the group. The Board noted that the risk register is reviewed by the Audit Committee at each meeting.

The Board noted the risk management process had been reviewed by the internal auditors and was rated as "low risk".

11. **Risk appetite**

The Board discussed the current appetite for risk. Based on the definitions in the risk appetite framework and following discussion on 'reputational' risks, the Board agreed to maintain the following risk appetite for the University:

- a. Legal and compliance – "cautious";
- b. Financial – "open";
- c. Reputational – "open"; and
- d. Academic delivery – "seek."

The Board agreed that it would review its risk appetite for 'reputational' risks in Spring 2020.

12. **Additional space - Tabard Street**

The Board discussed the proposal to lease premises at Tabard Street to provide additional space in the medium term to help address over recruitment and during estates re-development works.

The Board noted that the proposal had been discussed in detail and supported by the Major Projects and Investment Committee at its meeting of 16 October 2019.

The Board noted that the Executive would undertake appropriate due diligence into the landlord.

The Board approved taking an assignment of the lease from the administrators of Greenwich School of Management (GSM) for premises in Tabard Street for £3.6m, including c.£200k for delapidations, plus capital costs of c.£50k. The Board authorised the Vice Chancellor to execute the necessary documents, subject to appropriate due diligence and consultation with the Chair of the Major Projects and Investment Committee if any material issues arose from the due diligence.

13. Draft Group Audit terms of reference

The Board approved the revised terms of reference and name of the Group Audit and Risk Committee. The committee would have a group-wide remit and SBA and SBC would continue to have audit committees to oversee local audit matters.

14. Reports and decisions of committees

The Board noted the report. The Board noted that the Audit Committee would be requested to approve pension assumptions at its November 2019 meeting.

15. OfS compliance

The Board noted OfS compliance requirements and steps taken to ensure compliance. The Executive is reviewing the recently published guidance on 'reportable events' and would update the Board.

16. Annual declaration of interests

The Board authorised the declared interests of its members and the following additional interests:

- John Cole – non-executive director of Family Building Society; and
- Vinay Tanna – non-executive director of the Copalli Rum Co.

17. Board strategy day report

The Board noted the report.

18. Board business plan

The Board noted its proposed work plan for 2019/20.

19. **Any other business**

The Board noted that Shân Wareing is leaving the University on 31 October 2019 to take up a senior role at another university. The Board thanked Professor Wareing for her contributions to the University.

The Board noted that the SU had recently undertaken an effectiveness review of its trustee board. The outcomes of the review would be shared with the Board.

Date of next meeting
4.00 pm, on Thursday, 21 November 2019

Confirmed as a true record

..... (Chair)