

Meeting of the Board of Governors

4.00 pm on Thursday, 14 March 2019
in 1B27 - Technopark, SE1 6LN

Update to the Board on Research and Enterprise

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Board of Governor’s Research & Enterprise update

1.0 Background

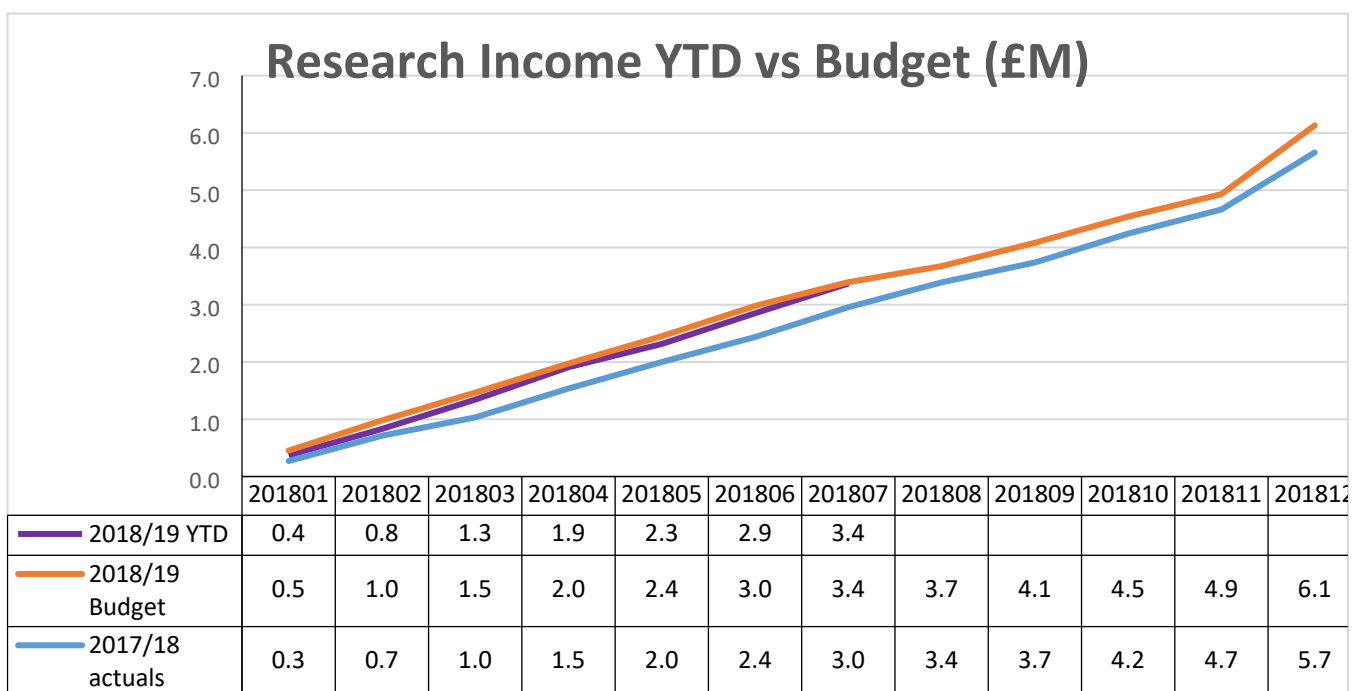
There was inconsistency in the most recent updates to the Board concerning Research and Enterprise activity which carried forward from FPR. The March 2019 CFO report referenced the December 2018 Management Accounts whereas the VC March update referenced the January 2019 position.

In terms of the year on year comparison of the pipeline, Enterprise pipeline activity during 2017/18 tended to overestimate activity and consequently stricter criteria for including proposals was introduced for this year. It is apparent that this may now be too restrictive and this is being further refined to try and better anticipate the risk associated with the likelihood of obtaining the income. This update is based on actuals to date and an interrogation of current pipeline activity.

In summary, Research continues to perform well and remains on budget. Enterprise is in line with last year leading to the view we will miss this year’s budget target. The Full Year forecasts for both Research and Enterprise income include contracted income from winning bids and an expectation about income converted from our current pipeline of bids. There is a strong pipeline for Research income however the Enterprise forecast does contain more risks due to a smaller pipeline. The teams continue to monitor activity and will update the management accounts if there is a change in our Full Year Forecasts.

2.0 Research update

At 31 December 2018, YTD Research income was slightly behind the YTD budget, was 19% ahead of the comparable position in 17/18 and was trending to deliver on budget £6.1M by year end. As at February 2019, Research income is 16% ahead of the comparable YTD position and we continue to forecast Research income to be broadly on budget by year end.



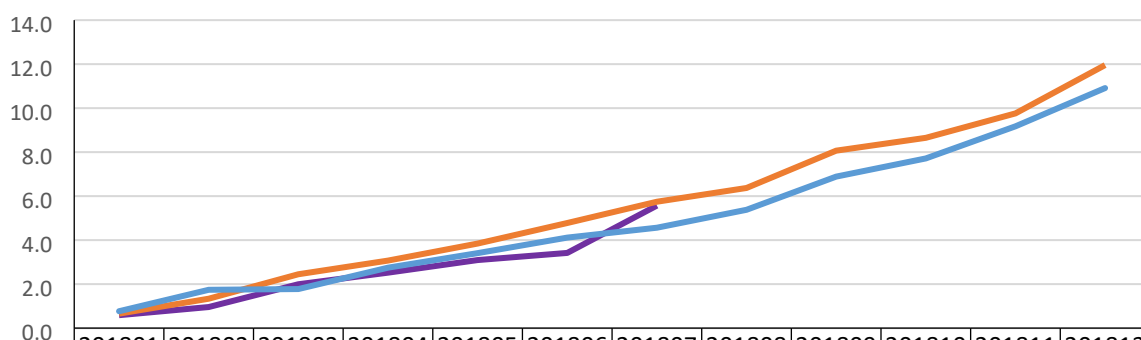
3.0 Enterprise update

In terms of Enterprise, as at December 31, our YTD income was 10% behind the comparable position in 17/18, was £0.8M behind the YTD budget and, although we had not changed the figure in the management accounts, our indication was that the Full Year Forecast would be reduced by £0.8M in the January accounts to reflect the YTD position.

The full year forecast for Enterprise income was reduced in January and we have now closed the management accounts for February. Enterprise Income is 22% ahead of the comparable position in 17/18 however we have further reduced our Full Year Enterprise income forecast by almost £0.5M and are now forecasting Enterprise Income for the year to be £10.8M. This would be broadly flat with 17/18 but £1.2M less than budget

Although YTD Enterprise income is up as compared to the comparable position in 17/18, there are a number of stretch income targets which had been built into the income budget from March onwards. There are a number of negative factors affecting this pipeline and a number of activities ending and we are now assuming that this stretch forecast will not be delivered and that we will end the year in a comparable position to 17/18.

Enterprise Income YTD vs Budget (£M)



	201801	201802	201803	201804	201805	201806	201807	201808	201809	201810	201811	201812
2018/19 YTD	0.6	1.0	2.0	2.5	3.1	3.4	5.6					
2018/19 Budget	0.7	1.3	2.4	3.1	3.8	4.8	5.7	6.4	8.1	8.7	9.8	12.0
2017/18 actuals	0.8	1.7	1.8	2.7	3.4	4.1	4.6	5.4	6.9	7.7	9.2	10.9