

Meeting of the South Bank University Enterprises Ltd Board

3.00 - 5.00 pm on Tuesday, 4 July 2017
in DCG-07 - Clarence Centre for Enterprise and Innovation

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
5.	SBUEL +	3 - 18	PI

Date of next meeting
3.00 pm on Tuesday, 10 October 2017

Members: Paul Ivey (Chair), Michael Cutbill, Richard Flatman, Gurpreet Jagpal and Hilary McCallion

Apologies: Michael Broadway

In attendance: Joe Kelly, Rebecca Warren and Sally Black

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	CONFIDENTIAL
Paper title:	SBUEL + and Bahrain JV
Board/Committee	SBUEL Board
Date of meeting:	4 July 2017
Author:	Paul Ivey
Executive/Operations sponsor:	Paul Ivey
Purpose:	Approval / Discussion
Recommendation:	Is the scope of this paper as outlined sufficient to secure agreement in principle for the JV from the Governors and what else will the board of SBUEL require at this stage?

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London South Bank Enterprise (LSBE)

Introduction

South Bank University Enterprise Ltd. (SBU EL), to be renamed London South Bank Enterprise, is to be established as an arms-length company conducting contracts and commercial business of a type that otherwise would breach the University status as a charity, and/or present a clear operational benefit not available if delivered via the University. Governors agreed changes to the operational control of SBU EL, essentially placing the company board as accountable to the University Executive (particularly with respect to audit and financial control), and transferring all functions directly to the company board's authority except where prescribed under matters reserved to the LSBU Executive.

Board Structure

- Chair Paul Ivey PVC R&EE
- Chief Executive Officer Gurpreet Jagpal Director Research, Enterprise and Innovation
- Finance Director Richard Flatman Chief Finance Officer
- Mandy Eddols HR Director
- Company Secretary Michael Broadway Deputy University Secretary
- Non-Executive Director Michael Cutbill (Governors)
- Non-Executive Directors tba

Divisions

In addition to the current income and expenditure of SBU EL (which accounts for some £2M and will continue), a first review as part of a step change project of additional business suggests that the first year of operation two 'divisional sectors' have the potential for investment, development, and returning further income. These are at different stages of business development and in more planning is required and is intended. These sectors are:

- **Employment and Skills**
- **50/50 Bahraini Joint Venture London Applied Science Consultants (LASC)**

Taking these in turn the current descriptions / plans and leadership are tabled.

Employment and Skills

1. Employment Agency. – Sukaina Jeraj

In order to improve the number of LSBU graduates entering the workforce at graduate level we are setting up an employment agency, Elephant Employment, through SBUEL. Line management of the Agency will sit within the Employability Service, under the Student Support and Employment Directorate at LSBU. For the full scoping document please see Appendix A.

2. HSC Workforce development – Warren Turner

Much of the business of the HSC Institute of Vocational Learning is the delivery of short unaccredited courses and study days for NHS partner organisations. These are mainly skills-based training courses/ workshops that cover a wide range of basic skills for nurses, midwives, allied health professionals and health care support workers. Currently we cover these activities with our academic staff on LSBU academic terms and conditions.

This means that when costing these activities, our prices compared to our competitors are often significantly higher. We would therefore like to appoint appropriately qualified and experienced people to the company as ‘trainers’ or ‘demonstrators’ who would receive a competitive salary and employment terms/ conditions, but who would not be employed on the same restrictive contract terms in respect of contact hours. In addition, we would like to commission the company to provide some/ all of this skills training for our pre-registration courses. Appendix B has a more comprehensive positioning paper for LSBE CPD potential.

London Applied Science Consultants – Bahraini joint venture – Gurpreet Jagpal

The start-up project is a 6 month business development of London Applied Science Consultants (LASC possible company title). LASC is a Bahraini company jointly formed by Gulf Education and South Bank University Enterprise Ltd. (SBUEL): Gulf Education is the holding company for the Applied Science University in Bahrain, and SBUEL is the commercial company for London South Bank University.

LASC will be registered to conduct consultancy services in six prescribed market sectors for clients in Bahrain and across the Gulf region. These are: events, environment, computing,

education support, research and management. The business model is to draw upon start-up funds (50/50 from each parent organisation) to use 'freelance' business consultants to deliver packages of work for clients sourced by LASC. LASC will be responsible for business development, due diligence, warranties / indemnities, invoicing and closure. See Appendix C for the initial project plan to establish the company (business case in parallel development).

Appendix A

Elephant Employment Scoping Document

Benefits and Measures of Success

In order to improve the number of LSBU graduates entering the workforce at graduate level we are setting up an employment agency, Elephant Employment, through SBUEL. Line management of the Agency will sit within the Employability Service, under the Student Support and Employment Directorate at LSBU. The main benefits will be:

- TEF: Graduate destinations is a key metric in determining status as Excellent, Outstanding or Meeting Expectations. An Employment Agency will help to increase positive outcomes.
- Fees: Institutions who fail to meet Excellent or Outstanding ratings will only receive half of the allowed inflationary uplift, resulting in a loss of income estimated at £7M for 2019 - 2021. An Employment Agency will help mitigate this risk.
- Retention: Obtaining suitable part time work has a pronounced effect on student retention.
- Financial: Saving of 20% VAT on wage plus commission charged by external agencies for internal appointments. Potential saving in VAT on non-specialist agency recruited staff is £100k for year one, with a gradual increase in line with turnover over the 5 year term.
- Revenue generation: A new mechanism to bring external money into the university through commission charged to external employers, in addition to the VAT savings outlined above.
- Student Employability: Skills development through part time working, engagement with employability to articulate and 'sell' skills / experience when searching for graduate jobs.
- Graduate Employment: actively sourcing jobs for graduates.

- Community Engagement: Scope to expand service to recruit from the local community for both internal and external jobs that can't be filled by students. In turn, raising the profile of LSBU in the local community.

Measures of success:

First 6 months:

- Number of Students engaging with the Agency, Number of students on the agency portfolio & Number of jobs taken up

Year One:

- DLHE figures cross referenced to number of graduates who are appointed to graduate roles through the agency and / or take up part time work through the agency as a student
- Number of internal appointments (£ savings calculated by subtracting Spring / Step Ahead commission and 20% VAT charge on wage plus commission)
- Number of students in part time work through the agency, cross referenced to non-retention.
- Amount of money brought in through commission on internal and external appointments

Year Two:

- Number of jobs filled within or by individuals from the local community
- Internship and placement opportunities through relationships with local employers

Relationship to Corporate Roadmap

- Student Success
- Real world impact
- Access to opportunity

Elephant Employment is well placed to feed into the corporate objective of by 2020 we will be in the top 50% of UK universities for graduate employment. Directly, the agency will be able to find jobs for students in a way that will be impactful for DLHE. Students who are able to explore work opportunities while studying are expected to have greater graduate outcomes. An employment agency will also serve as a conduit, facilitating and signposting

students to use of the Employability Service for support in writing job applications, accessing workshops and tailored advice.

Once developed, Elephant Employment will extend access to opportunity to the broader local community in addition to the student body, securing employees for local businesses and jobs for members of the community. Elephant Employment fulfils a key strategic objective for the 17/18 priorities under Employability to 'establish an LSBU employment and temping agency, to connect local employment and professional opportunities with our students and graduates, with over 250 students placed in temporary positions.'

Operational Setup

Following a competitive procurement process, Keystone Employment Group were the successful supplier as they provided the best offer in terms of cost and quality. LSBU completed thorough due diligence, including data and information security checks and referenced other universities using the Keystone Talent Bank, including Kings Talent Bank, Met Temps at London Metropolitan University and Brunel Talent Bank.

An initial two-year contract has been signed with Keystone Group, with the opportunity of an extension for a further 3 years. Keystone Employment Group provide as part of their fee a management consultant to work with Elephant Employment on project set up and delivery, IT operational support and a full suite of management information aligned to LSBU delivery objectives.

In year one we will be outsourcing the payroll provision to Keystone Group with the opportunity to review this ongoing, and if appropriate to bring back in house. The payroll process has been designed to align fully with existing HR systems (I trent), IT and Finance at LSBU. This ensures that no additional resource is being taken from current internal functions. Full governance and policies are currently being created for Elephant Employment and will be in place for the launch in September 2017. Elephant Employment will be based in the Student Centre on Borough Road and will be staffed by a Recruitment Centre Manager and a Recruitment Consultant.

Financials

INCOME & EXPENDITURE:	YEARS				
	2017/18	2018/19	2019/20	2020/21	2021/22
AGENCY TURNOVER	700,000	1,000,000	1,250,000	1,600,000 0	1,950,000
AGENCY COSTS	70,000	125,000	167,500	215,000	262,500
EXPENDITURE: STAFF COST	106,130	109,314	158,495	163,250	168,148
ANNUAL RUNNING COSTS	10,000	7,000	7,750	8,750	9,250
TOTAL EXPENDITURE	116,130	116,314	166,245	172,000	177,398
PAYROLL COSTS	13,770	19,126	23,661	30,273	36,885
ADDITIONAL AGENCY INCOME	19,900	19,900	19,900	19,900	19,900
NET FEES	61,541	72,251	81,322	94,546	107,770
OPERATING PROFIT FOR THE AGENCY	- 101,541	- 62,791	- 83,829	- 61,920	- 39,653
NET INCOME	22,459	92,209	102,171	186,080	270,347
Discount factor 6%	100.0%	94.3%	89.0%	84.0%	79.2%
NPV (note negative NPV = positive result)	£22,459	£86,990	£90,932	£156,237	£214,140

Timelines

System build July 2017, Soft Launch August 2017 , Go Live September 2017.

Appendix B Recommendations for CPD resource

Introduction

The current paper explores the 'professionalisation' of CPD/ Executive Education provision at LSBU.

Synergistic Proposals

There are several other discussions happening that should be considered in conjunction with this paper;

- A proposal for a separate training business (within SBUEL) to help reduce the cost of services. This is especially relevant in the Health sector considering current market changes. It is however worth exploring in a wider LSBU context and with the focus on lower level apprenticeships.
- Challenges around part time student delivery and CPD
- The setup of a production company to support LSBU develop on-line/e-learning provision. A low probability but should certainly feature high on any strategic discussion around future positioning.

Other considerations that should be taken in to account;

- The School of Health and Social Care have a relationship with the College of Contemporary Health (e-learning provider, delivering a fully online MSc)
- The number of part-time students at LSBU
- The setup of the Health Systems Innovation Lab (Executive Education for the NHS)
- The SBUEL relationship with Change School and UKDIT
- The fact we have a School of Business
- The academic career pathway and ease in which colleagues can undertake 'enterprise' through CPD delivery
- SBEUL's two ERDF Projects will be purchasing an e-Learning Platform to support delivery. This can be used to deliver on-line non-accredited learning for the Schools going forward.
- Overseas partnerships e.g. Bharain.
- Relationship with a number of relevant professional bodies

Review of Data

A review of University CPD provision undertaken by The Training Gateway provides the following data (sample size: 42 HEIs);

- 94% offer non-accredited short course
- 62% offer online and distance learning courses
- 58% professional associated accredited courses
- 98% of the providers offer their courses on campus
- 72% at other locations across the UK
- 35% deliver overseas via online.

Only 22 respondents provided the following information (the majority not knowing where their revenues come from)

- 92% of revenue from the Public Sector
- 82% from Private Sector
- 79% from individuals
- 47% from Charities

In terms of generating business,

- 87% earned revenues from existing clients
- 80% from referrals by existing clients
- 67% through web advertisement

24 of the respondents (57%) indicated they had centralised units to support in the delivery of CPD. 38% said they incentivised academics to undertake CPD.

Institution	Total revenue (£ thousands)		CPD for SMEs (£ thousands)		CPD for other (non-SME) commercial businesses (£ thousands)		CPD for other non-commercial organisations (£ thousands)		CE and CPD for individuals (£ thousands)		Total learner days of CPD/CE courses delivered	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
King's College London	£21,790	£18,547	£341	£410	£153	£12	£9,304	£8,088	£11,992	£10,037	87,158	74,191
Coventry University	£16,590	£13,703	£82	£126	£3,504	£4,861	£282	£314	£12,722	£8,402	40,749	68,038
University College London†	£9,422	£5,791	£211	£198	£1,111	£463	£674	£136	£7,426	£4,994	20,966	18,881
The City University	£7,196	£6,319	£0	£32	£2,371	£2,798	£2,791	£1,860	£2,034	£1,629	24,373	22,815
Kingston University	£4,030	£4,266	£30	£66	£64	£50	£1,798	£2,308	£2,138	£1,842	47,936	92,909
London South Bank University	£3,881	£4,434	£0	£43	£0	£59	£3,606	£4,047	£275	£285	92,756	114,996
Imperial College	£3,368	£3,213	£604	£0	£2,322	£2,287	£266	£700	£176	£226	184,978	158,573
The University of Greenwich	£2,573	£2,752	£68	£81	£116	£69	£1,659	£1,984	£730	£618	0	0
The University of West London	£1,653	£1,782	£120	£109	£52	£49	£1,325	£1,422	£156	£202	0	0
The University of East London	£389	£284	£0	£0	£0	£0	£76	£27	£313	£257	8,386	21,739

Table 1: HEBCI Data on CPD from 2014 to 2015

LSBU submitted data for 2016 shows some growth;

- CPD for SMEs (£ks): £117 (**117%**)

- CPD for other non-SMEs (£ks)¹: £0 (0%)
- CPD for other non-commercial organisations (£ks): £3,843 (7%)
- CE and CPD for individuals (£ks): £211 (23%)
- Total revenue (£ks): £4,171 (7%)
- Total learner days of CPD/CE courses delivered: 94,265 (2%)

Current Pipeline Activity suggests we have around £1.9million worth of CPD/Short Course projects. Successful conversion of these projects will be in the region £570,000. New Data as of May 17 shows the spread of enterprise income type. As can be seen in Figure 1 below, there is an even spread of the three core types of enterprise income (Applied Research, Consultancy and CPD/ExecEd).

Sales from Type (w/o ERDF)



Figure 1: Type of Enterprise income by volume (value £) show proportionately

Analysis

The high proportion of LSBU’s students being sponsored by their employer make CPD and attractive method of growing revenues based on data (87% of CPD revenues generated from current clients). CPD also lends itself as an easy form of enterprise activity for Schools to deliver. In line with this, support for CPD delivery is a common request from Deans (specifically LSS, ACI and BEA) and academic staff alike.

In terms of revenue, there would seem to be room fro growth providing we can deliver against market requirements. Competitors such as Kingston and City generate greater

¹ Need to check why this is so low – and continually zero!

revenues (+£200k and +£3m respectively), with King's delivering 5x more (£21m). SBUEL's biggest challenge in generating this growth is academic engagement and ability to deliver industry relevant content (i.e. up to date). There are a number of operational challenges faced, broadly;

- Understanding of market need (time to undertake research)
- Development time (of content)
- Standardisation/ quality of material delivered
- Inefficient/ poor admin support
- Poor support services (porters/ room set up etc.)
- Poor facilities and/or limited appropriate learning spaces/ difficulty booking rooms²
- Poor systems for 'processessing' learners

Of the two key staff involved in delivering Executive Education, one is leaving LSBU and the second is running at capacity. The continual growth seen thus far is predominantly based on these two individuals. If we wish to grow this area of business, it will need to come from 'new' staff. It is also worth noting the upcoming changes in the procurement of CPD for health and social care providers. Discussions are ongoing about the set up of a 'training unit' housed within SBUEL to deliver current provision at competitive market rates (as a result of the NHS procuring outside of HEIs).

Recommendations

Based on the potential growth of LSBU's CPD/Executive Education business the below recommendations are being put forward for decision;

1. Dedicated resource allocated to the development of CPD for Schools within SBUEL. This is in the form of a CPD Business Manager and an CPD Admin Support fixed for two years with the option of reviewing posts based on success
2. The development of a professional based LMS to handle learner details (act as a CRM) and manage payments (as well as e-Learning provision)
3. Dedicated CPD/ExecEd space allocated for sole SBUEL use

² To the best of our knowledge there are at least 4 different ways to book rooms; (i) via 'External Venues' which manages the Clarence Centre and Keyworth, (ii) via Estates for other rooms except, (iii) the Confucius Institute for Caxton House, (iv) CEREB for some meeting rooms/venues in K2.

Appendix C

PROJECT PLAN: London Applied Science Consultants Establishment in Bahrain

PROJECT NAME	LASC Establishment
PROJECT LEAD	Sophie Martin
PROJECT TEAM TBC	ASU: Prof Ghassan Aouad, President ASU: Yasser Abuseneh, Head of Administrative Training ASU: Abdulla Al Khaja, Director of Administration and Finance LSBU: Prof Paul Ivey, Pro Vice Chancellor (Research & External Engagement) LSBU: Gurpreet Jagpal, Director of Research, Enterprise & Innovation LSBU: Peter Bensen, Head of Research and Enterprise Institutes
PROJECT DEFINITION	To establish the LSBU/ASU joint venture company LASC
PROJECT DURATION	Phase I: Approximately 4 months
START DATE	Phase I: 1 August
BACKGROUND	<ul style="list-style-type: none"> ○ LASC will be a consultancy business based in Bahrain, formed jointly in equal share by Gulf Educational Projects WLL (holding company for ASU) and South Bank University Enterprise Ltd (SBUEL) (the commercial company for LSBU). ○ LASC will be registered to conduct consultancy services in six prescribed market sectors for clients in Bahrain and across the Gulf region. These are: events, environment, computing, education support, research and management. ○ LASC will be registered possibly using the free support of the Bahraini Economic Development Board (EDB). ○ LASC will have a unique address probably within ASU's Training Institute. ○ LASC will have an initial board of directors of 4-6 Executive Directors, with a full-time UK sourced MD and may add non-executive Directors as required. ○ Start up capital will come from the founding parties but will be kept to a minimum and positive cash flow is expected to be an early business feature. ○ The business model is to use freelance business consultants to deliver packages of work for clients sourced by LASC. LASC will be responsible for business development, due diligence, warranties and indemnities, invoicing and closure. ○ LASC needs to have local legal representation.
RESOURCES / CONSTRAINTS	<ul style="list-style-type: none"> ○ Possible use collaborative online spreadsheet to share project plan / actions (eg Smartsheet or similar – licences required) ○ Support from EDB / Tamkeen ○ Formal authority to start won't be before 13/7/17 ○ Aim to launch LASC at the conference run jointly by ASU & LSBU in Bahrain at the end of November
LEGAL REPRESENTATIVES	LSBU have appointed Eversheds. ASU have appointed Charles Russell Speechlys.

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KEY CONTACTS

ASU	<p>Abdulla Al Khaja, Director of Administration and Finance Tel: +973 16036024 Mobile: +973 38387777 Email: abdulla.alkhaja@asu.edu.bh</p> <p>Yasser Abuseneh, Head of Administrative Training & Acting Head of International Partnerships Tel: +973 16036319, Mobile: +973 39843189 Email: yasser.abuseneh@asu.edu.bh</p>
ASU CONSULTANT	<p>Salman Abdulla, Founder SeekPeak Consulting Mobile: +973 36611931 E-mail: salman.abdula@gmail.com PO Box 82180 Manama, Bahrain</p>
ASU LAWYERS	<p>Benjamin O'Brien-McQueenie, Associate Charles Russell Speechlys Floor 24, Bahrain World Trade Centre, East Tower, Isa Al Kabeer Avenue, PO Box 31249, Manama Tel: +973 1713 3207, Fax: +973 1713 3201, Mobile: +973 3604 2288</p>
EDB – Bahrain	<p>Dr Simon Galpin, Managing Director Email: simon.galpin@bahrainedb.com</p> <p>Munther Almudawi, Senior Officer – Projects Department Tel: +973 17589999 DDI: +973 17589906 Mobile: +973 38380022 Email: munther.almudawi@bahrainedb.com 3rd Floor, Arcapita Building, Building 551, Road 4612, Block 346, Sea Front, Bahrain Bay, P.O. Box 11299, Manama Tel: +973 17589951</p>
EDB - UK	<p>Emma Parsons, Regional Director UK & I Email: emma.parsons@bahrainedb.com Tel: +44 7818 095233</p>
LSBU	<p>Gurpreet Jagpal, Director of Research, Enterprise & Innovation and CEO SBUEL Tel: +44 (0)20 7815 6906 Email: jagpalg@lsbu.ac.uk</p>
TAMKEEN	

JV BOARD OF DIRECTORS TBC

ASU	<p>Professor Waheeb Al Khaja, Chairman Professor Ghassan Aouad, President</p>
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