

**Minutes of the meeting of the South Bank Colleges Board
(part of the Board Strategy Day)**

**held at 6.25pm on Tuesday, 9 June 2020
Meeting via Microsoft Teams**

Present

Ruth Farwell (Chair)
Steve Balmont
Sue Dare
Nigel Duckers
Shakira Martin
Mee Ling Ng
Adesewa Ogunyomi
Andrew Owen
David Phoenix

Apologies

Cllr Jacqui Dyer

In attendance

Michael Broadway
Alex Bush
Richard Flatman
Fiona Morey
Jacqueline Mutibwa
Michael Webb

1. Welcome and apologies

The Chair welcomed the trustees to the meeting.

2. Declaration of Interests

The Board noted the following declarations of interest in relation to the discussion of the meeting: Steve Balmont is Chair of the LSBU Group Pension Committee; Mee Ling Ng is a committee member of the LSBU Group Pension Committee; David Phoenix is a director of LSBU and SBA.

3. Pension Update

The Board was presented with a report on the proposal to consult employees of SBC and SW4 Catering Ltd on the proposals for the LSBU Group to change its pension provisions within the Professional Service Group (PSG) for new starters with effect from a proposed date of 1 October 2020. The Board's approval was sought on the proposal.

The Vice-Chancellor presented the report and noted:

- that the LSBU Group Pension Committee had considered the matter concerning the sustainability of the pension provision due to the cost which had increased significantly over the years; the impact on the group's financial position and the alternative options. The Committee recommended that a staff consultation was undertaken to ascertain their views on the proposal to change the pension provision for new starters for professional service functions at LSBU and SBC and introduce a Defined Contribution (DC) pension scheme.
- that the key driver to the proposal was to manage the medium-term financial risk of pensions provision becoming unaffordable in the future and to introduce stability measures now to prevent any future pensions shortfall by providing an alternative scheme that was affordable. It was noted that the proposal was concerned about managing the pension risk associated with the volatility of the stock market and reduce future scheme deficits, it was not due to cost saving.
- that the proposed DC pension scheme would be operated through Aviva and offered a flexible and affordable option for new starters while at the same time allowing the LSBU group to more accurately forecast its employer contributions in the future.
- that the financial position of SBC would have an impact on the LSBU group performance, bearing in mind some of the significant financial challenges experienced by Lambeth College over recent years.
- that SW4 Catering Ltd employees were currently in a pension scheme provided by NEST. The proposal was that employees would be moved to the new DC scheme which is an enhancement to the NEST provision.
- that all existing staff on professional services contracts would not be affected although they would have the opportunity to opt in the DC pension scheme if they wished. New starters would not have the option to join the LGPS.
- that the proposal was confidential as staff had not yet been consulted on the matter and that the communication strategy needed to be well managed.
- that it was proposed that the consultation with Trade Unions at SBC would commence on 16 June 2020. It was noted that previous historical industrial relations had improved.

The Board noted:

- that LSBU was not the first educational provider to propose an alternative pension arrangement in the HE or FE sector.
- that although the LGPS is exempt from the staff consultation required under the Pensions Act, it would commence on 16 June 2020 for the full 60 days as set out in this legislation. There would be two separate staff consultations; one for LSBU and the other for SBC. There was discussion about the consultation process & timeline and the variety of communication channels and support that would be provided to enable staff to make an informed decision on whether to join either the LGPS or the new proposed DC scheme.

The Board noted the financial modelling data and information analysis in the appendices attached to the report.

Having discussed the matter in detail, the Chair asked whether there were any major constraints to the proposal to undertake a staff consultation on the recommendations set out in the report. There was concern about the timing of the consultation which was felt was inappropriate and whether it would disrupt the work undertaken to hold staff together in the current pandemic situation. There were also concerns expressed about its impact on the College's reputation and whether it would have a detrimental impact on relations with the Unions and potentially become a rallying point.

It was noted that the proposal only impacted on new staff joining the LSBU group in future and current SW4 Catering Ltd employees who would benefit from an enhanced scheme. The proposal offered the current staff an option to move to the DC pension scheme but this was optional.

Following a vote on the proposal, the Board approved the recommendation to consult employees of SBC and SW4 Catering Ltd on the proposals for the LSBU Group to change its pension provisions within the PSG for new starters with effect from a proposed date of 1 October 2020. There was an objection to the proposal by Nigel Duckers, due to the timing of the consultation but not on the consultation being undertaken. It was noted that the outcome of the staff consultation would be presented to the Board at its meeting in September 2020.

Date of next meeting

4.00pm, on Tuesday 14 July 2020

Confirmed as a true record

(Chair)

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