

Meeting of the Board of Governors

*4.00 - 6.00 pm on Thursday, 18 July 2019
in PC 101, Passmore Centre, SE1 1PX

**Pre-Board presentation at 3.30 pm in PC 101 (Passmore Centre): fundraising and brand case for support*

Agenda

No.	Item	Pages	Presenter
1.	Welcome and apologies		JC
2.	Declarations of Interest <i>Governors are required to declare any interest in any item of business at this meeting</i>		JC
3.	Minutes of previous meeting	3 - 8	JC
4.	Matters arising	9 - 10	JC
Chair's business			
5.	Update from Chair of Academic Board	<i>Verbal</i>	PB
6.	Board governance effectiveness review and recommendations	11 - 38	JC
7.	Staff governor appointments	39 - 40	JC
Items to discuss			
8.	Vice Chancellor's report	41 - 58	DP
9.	Chief Financial Officer's report <ul style="list-style-type: none"> Draft budget 2019/20 	59 - 80	RF
Items to approve			
10.	London Road redevelopment - contractor approval	81 - 88	PI
11.	Intra-group matters	89 - 92	JS
Items to note <i>the following papers will only be discussed at the meeting if there is a matter that any governor wishes to raise with the Secretary the day before the meeting</i>			
12.	Reports and decisions of committees <ul style="list-style-type: none"> Nomination Committee Terms of 	93 - 104	JS

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
	Reference		
	• Group Pensions Sub-committee Terms of Reference		
13.	Corporate Risk	105 - 114	RF
14.	Board and committee membership	115 - 120	JS

Date of next meetings

Board Strategy Day: 10.00 am on Thursday 26 September 2019

Board Meeting: 4.00 pm on Thursday 17 October 2019

We are pleased to invite you to drinks in the Technopark garden from 6.00 pm – 7.30 pm with members of the Executive and senior management.

Members: Jerry Cope (Chair), Douglas Denham St Pinnock (Vice-Chair), David Phoenix, Steve Balmont, Duncan Brown, John Cole, Michael Cutbill, Nelly Kibirige, Mark Lemmon, Hilary McCallion, Mee Ling Ng, Jeremy Parr, Rashda Rana, Tony Roberts, Nazene Smout and Vinay Tanna

Apologies: Peter Fidler, Jenny Owen and Deepa Shah

In attendance: Pat Bailey, Michael Broadway, Richard Flatman, Paul Ivey and James Stevenson

**Minutes of the meeting of the Board of Governors
held at 4.00 pm on Thursday, 23 May 2019
1B27 - Technopark, SE1 6LN**

Present

Jerry Cope (Chair)
Douglas Denham St Pinnock (Vice-Chair)
David Phoenix
Steve Balmont
Duncan Brown
John Cole
Michael Cutbill
Peter Fidler
Hilary McCallion
Mee Ling Ng
Jenny Owen
Jeremy Parr
Rashda Rana
Tony Roberts
Deepa Shah
Vinay Tanna

Apologies

Nelly Kibirige
Mark Lemmon
Nazene Smout

In attendance

Pat Bailey
Richard Flatman
Paul Ivey
James Stevenson
Shân Wareing
Michael Broadway
Askari Jafri

1. Welcome and apologies

The Board welcomed John Cole, Rashda Rana, Deepa Shah and Vinay Tanna to their first Board meeting as independent governors.

The Board welcomed Askari Jafri who was observing the meeting as part of the Governance Effectiveness Review.

The above apologies were noted.

The Chair reported that the Board had just received an informative presentation on the group estates strategy from the Chief Business Officer.

Paul Ivey left the meeting

2. Equality, Diversity and Inclusion annual report

The Board discussed the annual equality, diversity and inclusion (EDI) report for academic year 2017/18. The Board noted steps taken to address the student attainment gap including awareness training for staff, giving formative feedback to students and reviewing potential biases in curricula.

The Board noted how the University meets its public sector equality duty under the Equality Act 2010.

The Board noted the ongoing recruitment of a new Director of People and Organisation and Head of EDI.

Training for the Board on EDI would be offered.

3. Health and Safety mid-year report

The Board noted the health and safety mid-year report.

Shân Wareing left the meeting

4. Declarations of Interest

No member of the meeting declared an interest in any item on the agenda. The standing declarations for Steve Balmont, Mee Ling Ng and David Phoenix as directors of South Bank Colleges (SBC) were noted.

5. Minutes of previous meeting

The Board approved the minutes of the meeting of 14 March 2019 subject to a minor amendment, and their publication with no redactions.

6. Matters arising

The Board noted the establishment of the pensions working group, which would meet in mid-June 2019, and its remit. Membership would be Steve Balmont (Chair), Duncan Brown, John Cole, Jerry Cope, Mee Ling Ng and Jeremy Parr (as chair of the Remuneration Committee). The Board would be requested to approve the recommendations from the working group.

7. Chair's business

The Vice Chair updated the Board on the recent Committee of University Chairs (CUC) event. Key sector topics discussed were pensions, the review of the CUC Code of Governance and remuneration of governors.

8. Independent governor recruitment

The Board noted the update on independent governor recruitment and approved the amendment to the standing orders to allow for co-opted governors to join the Board.

9. Committee chairs and membership

The chair informed the Board that Jeremy Parr had agreed to chair the Remuneration Committee. The current chair of the committee, Mee Ling Ng, would remain a member of the committee and had recently been appointed to the South Bank Colleges Board.

The chair informed the Board that Nelly Kibirige had agreed to chair the Honorary Awards Committee following the previous chair's resignation from the Board.

10. Update from Chair of MPIC

The chair of the Major Projects and Investment Committee (MPIC) gave the Board an update on the work of the committee over the past year. The projects considered included:

- LSBU estates redevelopment;
- The transfer of Lambeth College to the LSBU Group (Project Larch);
- The student journey transformation project (Project LEAP);
- The International Branch Campus (IBC) in Cairo; and
- The Havering and the proposed Croydon campuses.

The chair of MPIC thanked the members for their time and flexible approach.

11. Appointment of contractor for Nine Elms Skills Centre

Following due consideration by MPIC and its support for the Executive's recommendation, the Board approved that Sir Robert McAlpine Ltd is appointed by South Bank Colleges as the main contractor for the works required to develop the design and then build the STEAM Centre as the Phase 1 Project on the Nine Elms Campus, initially under a Pre-Construction Services Agreement (PCSA) for £918k.

A full business case will follow for the subsequent design and build contract, subject to value for money.

12. Vice Chancellor's report

The Board discussed the Vice Chancellor's report and updates on apprenticeships, IBC licence submission and discussions with Croydon Council on the proposed Croydon campus.

The Board noted an update on compliance with the UKVI licence required for the recruitment of international students. The Board requested a further

update on the position of the UKVI licence to be circulated prior to next meeting.

13. Group Chief Financial Officer's report

The Board discussed the Group Chief Financial Officer's report, which included an update on the latest income projections for 2018/19, budget planning for 2019/20, pensions and South Bank Colleges.

The Board noted that the current forecast for 2018/19 is to deliver at least to budget, a surplus of c. £1.5m. The potential to release some exceptional items would be reviewed towards year end and it was noted that the underlying operating surplus before exceptions is closer to £4m.

The Board noted the grant letter from the Office for Students (OfS) which is £1.9m better than forecast. The Board noted the letter of April 2019 from the OfS on sector financial sustainability. The Board noted that scenario modelling and contingency planning is undertaken by the executive and regularly presented to the Board at its strategy days.

The Board emphasised the requirement for continued focus on cash flow management given the number and value of current projects. The CFO will provide an update in future reports.

The Board discussed the update on South Bank College's (SBC) financial position and noted the full-year forecast deficit of £4.6m which would be offset by the grant from the ESFA on the transfer of Lambeth College to South Bank Colleges. The Board noted the significant adverse change in forecast from the January 2019 management accounts. This is largely due to a more robust approach to forecasting following the transfer of the College to SBC on 31 January 2019, and capacity and skills being contracted out to deliver against the adult education budget. These additional costs were not included in the original 2018/19 forecasts.

The Board discussed the Universities Superannuation Scheme (USS) consultation and supported the executive's indicative response of option 3.

The Board noted the challenges of the 7% increase in employer contributions to the Teacher's Pension Scheme (TPS).

14. Corporate strategy progress report

The Board noted the mid-year corporate strategy progress report.

15. New governor declaration of interests

The Board authorised the declared interests of John Cole, Mark Lemmon, Richard Flatman and Fiona Morey.

16. Reports and decisions of committees

The Board noted the reports on decisions of committees. In response to a query about the Ofsted inspection of South Bank Engineering UTC, the Vice Chancellor confirmed that the Board of South Bank Academies (SBA) had reviewed this matter in detail. The Chair noted that the inter-relationship between the Board and members of the Group would be considered in the Governance Effectiveness Review.

17. Corporate Risk

The Board noted the risk register.

18. Board strategy day report

The Board noted the board strategy day report.

19. SU election results

The Board noted the SU election results and returning officer's report which demonstrated that the election of March 2019 was run in a fair and democratic manner as required under the Education Act 1994.

**Date of next meeting
4.00 pm, on Thursday, 18 July 2019**

Confirmed as a true record

..... (Chair)

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**BOARD OF GOVERNORS - THURSDAY, 23 MAY 2019
ACTION SHEET**

Agenda No	Agenda/Decision Item	Action	Officer	Action Status
2.	Equality, Diversity and Inclusion annual report	To facilitate EDI training for Board	Michael Broadway	In progress
12.	Vice Chancellor's report	Update to the Board on UKVI compliance	David Phoenix	Governors updated on 6 June 2019 by email
13.	Group Chief Financial Officer's report	To include cashflow in future Group CFO reports	Richard Flatman	Included in CFO's report

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	CONFIDENTIAL
Paper title:	Board Governance Effectiveness Review
Board/Committee:	Board of Governors
Date of meeting:	18 July 2019
Author(s):	Askari Jafri, Governance Officer
Sponsor(s):	Jerry Cope, Chair of the Board
Purpose:	For Information
Recommendation:	The Board is requested to note the Board Governance Effectiveness Review, undertaken from January 2019 to July 2019. The Board is also requested to approve the recommendations arising from the Review.

Executive Summary

In January 2019, London South Bank University (LSBU) resolved to undertake a review of the effectiveness of the Board of Governors. The review was commissioned and overseen by the Chair of the Board of Governors, Jerry Cope, in line with best practice guidance issued by the Committee of University Chairs (CUC) in its Higher Education Code of Governance, published in 2014 (revised 2018), which states “...reviews must be conducted at least every four years...”

Overall, the review found London South Bank University (LSBU) has a largely effective Board of Governors working towards a unified goal in conjunction with the Executive. The review demonstrated the Board of Governors understood the challenges facing the University, internally as well as within the HE sector. The Board of Governors understands the governance structures in place and that these structures follow good governance, in line with best practice within the sector.

The main recommendations arising out of the review are:

- 1. to review both assurance and reporting from the Academic Board to the Board to enable greater visibility of the work done by the Academic Board;**

- 2. that agendas for Board meetings and Strategy Days provide greater focus on strategic discussions and a reduction of operational papers; and**
- 3. continued focus on finalising 'Group' governance arrangements and structure and for the Board of Governors to be assured of its responsibilities and potential liabilities in relation to it.**

The Board are requested to note the Review and approve the recommendations arising out of it.

Attachments:

Appendix 1 – PwC report

The following are available on request from the Governance team

- Governors questionnaire responses (anonymised)
- Executive questionnaire responses (anonymised)
- Face to face interview timeline
- Desk top documentation reviewed



**London
South Bank
University**

EST 1892

Board Governance Effectiveness Review: July 2019

This report is available in accessible formats on request from the Governance team. Please contact: Askari Jafri

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Executive summary

In January 2019, London South Bank University (LSBU) resolved to undertake a review of the effectiveness of the Board of Governors. The review was conducted by Askari Jafri (Governance Officer, LSBU). PricewaterhouseCoopers (David Wildey, Daniel Deacon and Josie Woodward) were engaged, as external observers to the review.

Overall, the review found London South Bank University (LSBU) has a largely effective Board of Governors working towards a unified goal in conjunction with the Executive. The review demonstrated the Board of Governors understood the challenges facing the University, internally as well as within the HE sector. The Board of Governors understands the governance structures in place and that these structures follow good governance, in line with best practice within the sector.

The Board of Governors welcomes continuous improvement and is working with the Executive to achieve this.

The main recommendations arising out of the review are:

- 1. to review both assurance and reporting from the Academic Board to the Board to enable greater visibility of the work done by the Academic Board;***
- 2. that agendas for Board meetings and Strategy Days provide greater focus on strategic discussions and a reduction of operational papers; and***
- 3. continued focus on finalising 'Group' governance arrangements and structure and for the Board of Governors to be assured of its responsibilities and potential liabilities in relation to it.***

These recommendations will now be actioned and progress monitored by the Board.

Context

The review was commissioned and overseen by the Chair of the Board of Governors, Jerry Cope, in line with best practice guidance issued by the Committee of University Chairs (CUC) in its Higher Education Code of Governance, published in 2014 (revised 2018), which states “...reviews must be conducted at least every four years...” The last review was undertaken in 2015.

The scope of the review included evaluation of:

- The challenges facing LSBU and the composition, skills and knowledge of the board to meet these challenges;
- Exploring and evaluating board succession and development plans to ensure LSBU has thorough governance procedures; and
- The processes for identifying and reviewing communication channels within the board.

The review consisted of:

- A desk top review of relevant governance documentation;
- An online survey completed by governors and members of the Executive;
- Face to face interviews with governors and members of the Executive; and
- Observing a Board meeting on 23 May 2019.

Review methodology

The review was conducted by Askari Jafri, Governance Officer at LSBU in conjunction with PricewaterhouseCoopers (PwC) who acted as external observers during the face to face interviews and oversaw the review to ensure it was conducted with impartiality and without bias. PwC have provided a separate report on their analysis of the review, with a further analysis of the high-level findings, which is included as part of Appendix 1.

The first stage of the review consisted of an online survey comprising 50 closed questions and was circulated to governors and members of the Executive in early April 2019. The questions covered the following:

- Role and organisation of the Board;
- Conduct and organisation of Board meetings;
- Board leadership and culture;
- Board membership, induction and development;
- The role and effectiveness of the Academic Board;
- The role and effectiveness of sub-committees; and
- The University's strategy, performance and risks.

12 out of a possible 13 governors and all members of the Executive (the University Secretary excluded himself to ensure results were independent), completed the online survey. A full list of the questions and their responses are available on request from the Governance team.

The second stage of the review consisted of face to face interviews with 10 out of 13 governors and 5 out of 7 members of the Executive. Five new governors recently appointed to the Board (John Cole, Mark Lemmon, Rashda Rana, Deepa Shah and Vinay Tanna) were not interviewed as the review began before the start of their terms, although the Chair will conduct discussions with these new governors within the next six months to enable them to input their views. The list of interviewees is available on request. The questions covered in the second stage were the following:

- Risk management;
- Understanding of current challenges and opportunities facing the University;
- Capacity of the Board of Governors;
- Strategic performance;
- Reliability of information;
- Moving to a 'Group' structure;
- Diversity; and
- Questionnaire response evaluation.

The third part of the review involved a desk top review of documentation in relation to the University's governance processes, available on request.

Additionally, an observation of a Board of Governors meeting was undertaken to analyse the dynamics exhibited by the independent governors and the members of the Executive present at the meeting.

Acknowledgements

Thanks are recorded to all governors and members of the Executive who gave up their valuable time openly to discuss their opinions and for their positive engagement with the review.

Effectiveness summary

Overall, the review found London South Bank University (LSBU) has an effective Board of Governors and Executive, working towards a unified goal. The review demonstrated the Board of Governors understood the challenges facing the University, as well as within the HE sector. The Board of Governors understand the governance structures in place and that these structures follow good governance, in line with best practice within the sector.

The Board of Governors welcomes continuous improvement and is working with the Executive to achieve this.

Findings (ordered by importance)

1.0 Academic Board

1.1 Respondents noted some uncertainty around the work of the Academic Board and its relationship with the Board of Governors. The reporting mechanisms from the Academic Board to the Board were considered to need improvement, in particular the Academic Board's strategic direction was unclear to the Board. Respondents noted that with the replacement of Higher Education Funding Council for England (HEFCE) by Office for Students (OfS), a greater emphasis could be placed on the academic aspects of the University. The relationship needs to be strengthened to reflect the Board's overall responsibility for academic governance. The review noted that a review of the membership of the Academic Board is currently in progress.

Recommendation 1:

To review both assurance and reporting from the Academic Board to the Board to enable greater visibility of the work done by the Academic Board.

2.0 *Strategic direction*

2.1 Respondents felt the overall strategic direction of LSBU is understood and that appropriate scrutiny occurs at governors' meetings as well as informally outside meetings. Respondents noted Strategy Days are a useful tool to incorporate well-directed strategic discussions and to interact with a wider management cadre. However, governors felt they could spend more time considering strategy and it would be helpful to have options presented by the Executive when the Board are considering strategic proposals. Governors felt that there was not always enough focus on strategic matters at Board meetings or indeed strategy away days. Respondents felt agendas could be more strategic through the reduction of operational papers.

Recommendation 2:

Agendas for Board meetings and Strategy Days to provide greater focus on strategic discussions and a reduction of operational papers.

It is therefore proposed that at least half of each strategic away-day is made over to the consideration of strategic options in a session for governors only with the appropriate Executive, and that main Board agendas continue to be scrutinised for strategic/operational balance although the latter is made more difficult by the demands of OfS without extending the length of Board meetings. This balance will be kept under review and only if necessary a few longer Board meeting perhaps extending past 1800 will be scheduled.

3.0 *Group structure*

3.1 Respondents were uncertain about the integration plans for South Bank Colleges (SBC), South Bank Academies (SBA) and South Bank University Enterprises Limited (SBUEL) and development of the LSBU 'Group'. Some respondents felt there needed to be a clearer plan of integration and strategy for the subsidiaries and more detailed reporting for subsidiary Boards to the LSBU Board. Respondents understood the move to a 'Group' structure was in

its infancy and expected further information and assurance once firmer plans were in place. Respondents encouraged gaining further insight from other HEIs which have moved to a 'Group' structure.

Recommendation 3:

Continued focus on finalising 'Group' governance arrangements and structure and for the Board of Governors to be assured of its responsibilities and potential liabilities in relation to it.

4.0 Risk management

4.1 Respondents noted there was overall satisfaction with the process of risk management with agreement that the Board is notified of immediate risks without delay. The Board's risk appetite was considered to be slightly risk averse however consistent with other Higher Education Institutions (HEIs) and appropriate for the corporate projects currently planned for the University.

4.2 Respondents noted the risk registers presented to the Board were high level but could often be confusing as they do not accurately reflect current risks posed to the University or sector risks. Certain risks were highlighted as requiring greater consideration, namely education (student experience and NSS), transnational operations, GDPR and engagement with stakeholders.

4.3 There will therefore be a review of the presentation of high-level key risks to ensure greater clarity for the full Board, and the Audit and Risk Committee will be asked to pay particular attention to ensuring that these key risks were regularly reviewed both as to number and mitigation.

5.0 Group Corporate Strategy 2020-2025

5.1 Respondents noted the Corporate Strategy considers the future direction of the Group appropriately. The review noted some respondents had concerns

whether the Strategy would be sufficient and radical enough for a five-year period, however agreed it addresses the current challenges and opportunities for the Group. Some respondents noted the potential for unknown risks within the ever-changing Higher Education (HE) sector which would present further challenges over the 5 year period.

6.0 *Sub-committees*

6.1 Respondents noted the number of governor sub-committees and their composition was considered appropriate. Assurance on their work is provided regularly to the Board. The respondents considered the roles of the sub-committees as vital to the effectiveness of the Board, and sustainability of the University. Indeed, the importance of the sub-committees rigorously monitoring performance and evaluating proposals was critical to clearing space at the main Board for more strategic considerations. However, this could not be at the expense of the main Board understanding and owning the operational performance across the Group.

7.0 *Capacity of the Board*

7.1 Respondents noted that overall, the size of the Board was appropriate and in line with the sector (if somewhat large compared with similar-sized businesses). Some respondents noted it can be a challenge to engage all governors appropriately within the time frame allocated for Board meetings. Continuing good management of the Chair at the meetings is key to ensuring all governors have opportunities to contribute. Respondents noted student and staff governors serve a vital role on the Board including their incidental role as advocates of the work of the Board, in their workplaces. Some governors felt skills gaps on the Board included IT, health and international.

7.2 Respondents noted that overall the skills of the governors were relevant and appropriate to the work of the Board. However, currently there was a

concentration of financial skills. Future recruitment cycles might aim to recruit governors with educational experience.

7.3 Depending on strategic need at the time, IT, health, international and educational (Higher Education and Further Education) skills will be prioritised for future recruitment cycles. Future recruitment cycles will continue to evaluate any current skills gaps.

8.0 *Timing and quality of information*

8.1 Respondents noted the quality of information provided to the Board of Governors was appropriate. Respondents welcomed continuous focus on financial aspects.

8.2 The respondents considered some more focus on research performance was necessary. It was also noted that greater assurance is needed for the performance of Enterprise activities and for the activities of subsidiaries.

8.3 Respondents felt generally the papers were received in good time, however papers for the SBUEL Board were often delayed. Some respondents felt packs were too long and difficult to digest within one week.

8.4 A reminder will be issued to the Executive of the Chair's expectations that Board and committee papers are issued one week in advance and that papers should focus on those matters appropriate for Board consideration, with detail put into appendices.

9.0 *Diversity*

9.1 Although respondents felt significant efforts had been made to increase diversity within the Board, this could be improved even further. Respondents understand it is a difficult process to rectify immediately and will take time to put

in place. The Chair is actively working to address any shortcomings. The review noted a need for greater diversity in ethnicity, gender and particularly age to better reflect the student and staff bodies as well as the geographical community.

- 9.2 It was noted equality, including LGBTQ+ training will be provided to the governors in the near future. This should include a discussion on why diversity is important and the benefits to the Board, considering all protected characteristics.
- 9.3 There will be continued prioritisation of recruitment of diverse governors in future recruitment cycles, focusing on under-represented protected characteristics and skills.

10.0 Governor contribution to the Board

- 10.1 Governor respondents felt supported by the Chair. Also, that they contributed valuably, both in formal meetings and informally outside. Governor respondents felt able to voice concerns privately to the Chair in the knowledge action would be taken to address their concerns.

11.0 Training and development

- 11.1 Respondents were aware of a revised induction plan that has been put into place in recent years, much improved from previously. Respondents noted in recent years, opportunities have been made available for governors to attend seminars or conferences relevant to their roles. Governors welcomed the opportunity to attend appropriate Group events from time to time.

12.0 *Pairing*

- 12.1 Respondents noted the pairing system whereby governors are assigned an academic or Professional Service Group (PSG) leader as a 'pair'. The purpose of the pairing system is to allow governors to better understand the educational provision and professional services of the University, aiding governor development.
- 12.2 Respondents noted varying degrees of effectiveness of the pairing system; some governors felt it worked well, allowing governors and leaders to engage with each other in their own time without strict constraints. Others felt it could be more proactively managed by their pair.
- 12.3 Clearer expectations of both governor and leader will be set at the start of a 'pairing' to help break the initial barrier and build the platform for a good relationship from the outset.

13.0 *Chair of the Board*

- 13.1 All respondents were pleased with the performance of the Chair, noting his efficient handling of Board meetings and his willingness to discuss all issues with governors. All respondents felt the job of the Chair was increasing in complexity, however the current Chair is able to prioritise effectively and performs admirably.

14.0 *Remuneration*

- 14.1 Some governors considered the remuneration of governors would be required to ensure a high calibre of applicants in the future. Some governors felt remuneration would establish a higher level of responsibility and accountability for governors in their current roles within sub-committees and as Chairs.

14.2. The sector as a whole is more quickly approaching a time when at least some Governors will be remunerated. It is proposed that LSBU, through its Chair, support this direction of travel, and, with proposals to be brought back to the Board for consideration, that LSBU is in the first wave of any material changes in sector policy. (NB currently at most a handful of Universities remunerate key Governors on their Boards or equivalent)

15.0 Members of the Executive

15.1 Respondents considered the members of the Executive to be effective in their roles, with strong leadership from the Vice Chancellor.

15.2 Communications from the Executive to the Board were generally considered to be good. However, there was still some reluctance by some Executive members to use the range of skills and experience within the Board if only on an informal basis. This point continues to be emphasised to the Executive Team.

16.0 Accountability of the Executive by the governors

16.1 Both governor and Executive respondents noted the Executive is regularly and constructively challenged by the Board, both during formal meetings and informally outside, driven primarily by the Chair and Vice Chair and Chairs of Audit & Risk and FPR. Governors felt able to meet members of the Executive on a face to face basis if they have any concerns or queries. Both governor and Executive respondents were clear on the division of responsibilities.

17.0 Vice Chancellor of the University

17.1 Governors felt the University was a strong role model for other London Moderns in running an effective and improving University, notwithstanding a tough

external environment, due to the work put in by the Vice Chancellor and the Executive team. Governors considered that the Vice Chancellor and the Executive demonstrated leadership and authority. The Vice Chancellor's networking links were a key reason for the growing external profile of the University and proactive engagement with key stakeholders. Respondents raised a concern about succession if the Vice Chancellor or other key Executives decide to leave their posts in the future.

- 17.2 A special meeting of the Nomination Committee around key Executive Succession planning will be arranged.

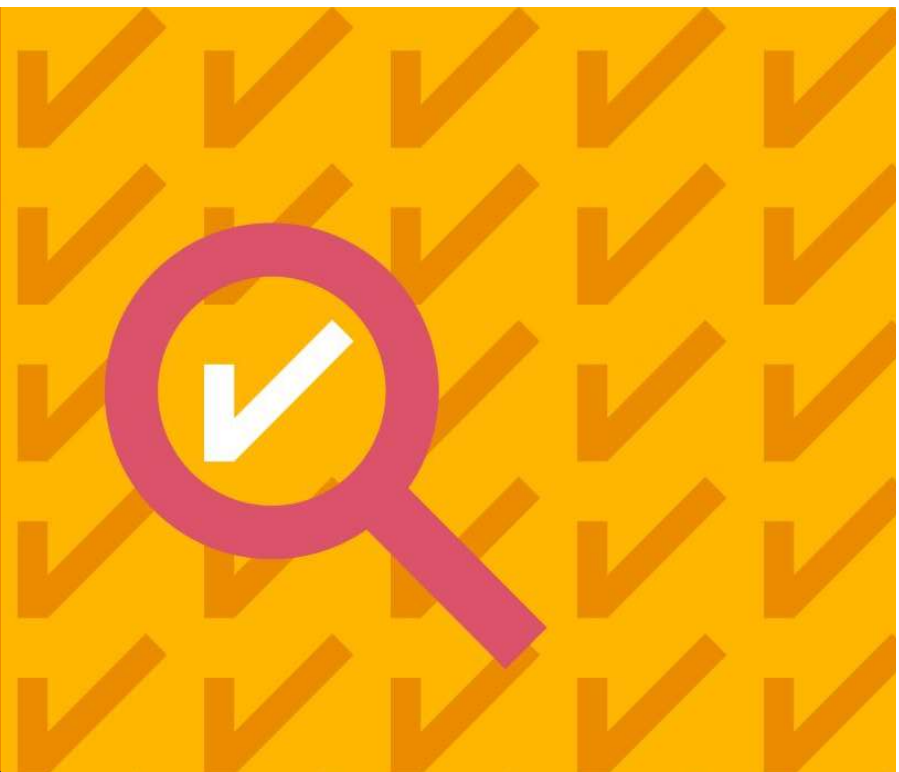
Author: Askari Jafri, LSBU Governance Officer

Sponsor: Jerry Cope, Chair of the Board

July 2019

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Board Effectiveness Review



London South Bank University
July 2019

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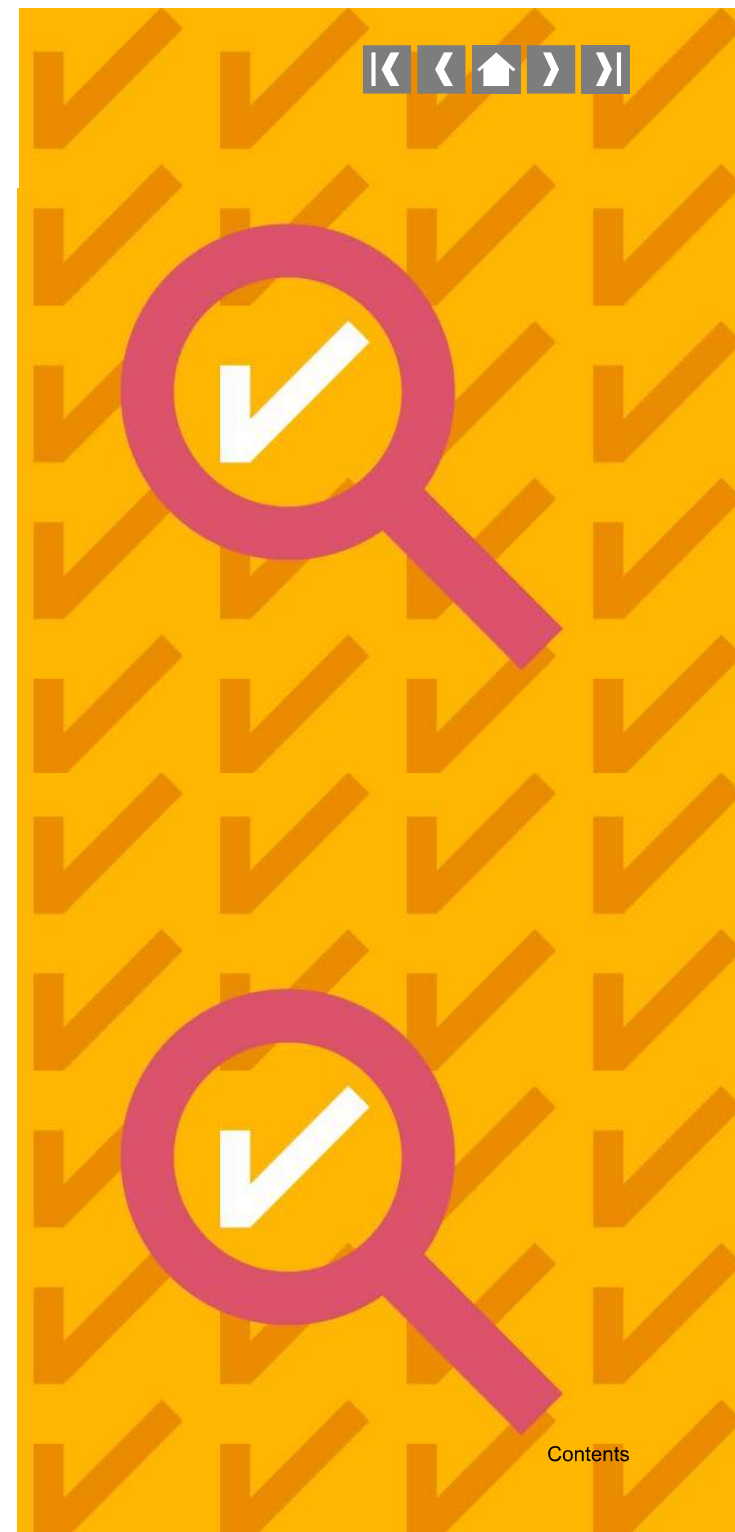
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Board of Governors
Executive Management
Askari Jafri, Governance Officer



Background and summary of our approach

Background

London South Bank University is a recognised degree awarding body, which was established in London in 1892. Your mission is to be recognised as an enterprising civic university that addresses real world challenges.

The University's governance team has performed a board effectiveness review including an assessment against the requirements set out in the Higher Education Code of Governance 2018. These reviews are required under best practice every four years.

The University requested our support to oversee the review, to ensure that the process followed an appropriate scope and approach and to provide a view on whether you have followed a process that is free from bias. You also requested that we provide an independent review of the final report that is produced, along with a report of our own that accompanies yours.

Our approach

Reviewing the proposed scope and approach to the effectiveness review

We discussed with the governance team their proposed approach and provided feedback on the interview structure and content. We also discussed with the governance team the planned timetable for the review as well as the planned reporting requirements, considering whether this included the participation of all the necessary stakeholders. We reviewed the project plan to confirm that it included all the key activities that we would expect and that there is sufficient time available for the work so that it is focused without being rushed. We commented on the interview agendas, the questionnaire shared and the number of planned interviews (as the wider you cast the net the less chance of bias there was).

Commenting on your proposed resourcing

We considered whether the team performing the review had the appropriate experience, expertise and time to perform the work. Related to the risk of bias, we considered whether those performing the review were sufficiently independent of those they are reviewing. It was important that they had enough disconnect from those they were reviewing to ensure effective and independent assessment, as well as the authority to report freely all findings.

Oversight of the review process

We attended and observed all of the interviews undertaken by the governance team (as listed below). We also reviewed any documents associated with the performance of the review itself such as the results of questionnaires, meeting minutes etc. We note that out of the proposed initial interviews 5/20 could not be scheduled, therefore there is a risk that their views and opinions are not reflected within the Board Effectiveness assessment.

List of interviews that we attended

Board of Governors:

Jerry Cope (Chairman of the Board and Pro Chancellor)

Douglas Denham Saint-Pinnock (Vice Chair)

Duncan Brown (Independent Governor)

Michael Cutbill (Independent Governor)

Peter Fidler (Independent Governor)

Prof Hilary McCallion CBE (Independent Governor)

Dr Mee Ling Ng OBE (Independent Governor)

Jeremy Parr (Independent Governor)

Dr Jenny Owen (Staff Governor)

Tony Roberts (Staff Governor)

Executive management:

Prof David Phoenix (Vice Chancellor)

Patrick Bailey (Provost)

Nicole Louis (Chief Customer Officer)

Fiona Morey (Executive Principal, Lambeth College)

Shan Wareing (Chief Operating Officer)

Background and summary of our approach (continued)

We reviewed the governance team's report and provided an independent report to accompany this

We reviewed the draft report and action plan produced by the governance team and fed back a number of comments. We have then reviewed the final report to confirm that our comments have been reflected.

We have met with management throughout the process including as part of finalising the report and supported management in ensuring that the final report is accurate and complete as well as drawing on what we see working well elsewhere.

The following sections of this report summarise our overall view on the way the University has performed the review, including our view on what the key messages we heard from those that participated with regard to opportunities to improve the effectiveness of the Board.

Conclusion: We did not identify any issues with the way in which the process was run by the governance team. We are comfortable that the process was free of bias and was conducted appropriately.

Nine components of effective boards

In this section of our report we set out what we view as the nine components of effective boards and therefore are areas that a board effectiveness review should cover. The approach used by the University ensured that each of these were addressed, primarily through interviews and questionnaires.

Get the composition of the Board right – are you setting the tone from the top with a properly communicated strategy and approach to governance?



Understand your risk management framework – do your Board, business and key people understand the risk framework?



Ensure you have the right skills, knowledge, experience – do you have people with the right balance of skills and experience across key governing bodies?



Responsibility and accountability – are management and employees clear on responsibility and accountability when it comes to sector and regulatory requirements, are responsibilities and accountabilities clearly understood and delineated?



Governance and oversight – do you have visibility of the risks facing the University? Are governing bodies providing the oversight needed?



Align governance and strategy – your Board sets the business strategy and doesn't want surprises. Are you confident that your governance is robust enough to stop you going off the rails?



Decision making processes and practices – are these understood across the University and are they working efficiently and effectively?



Challenge – it's critical to good governance, so are you happy that an appropriate level of challenge is happening?



Evaluate your data and management information – good governance needs to be evidenced. Do you have the quantitative, qualitative and forward-looking information to support your governance aspirations?



Key themes identified

In this section of our report we have pulled out what in our view were the four most important messages and consistent themes that we heard during the interviews which could improve board effectiveness. We have mapped these against the nine components of effective boards on the previous page.

1. Relationship with the Academic Board

Most interviewees highlighted the relationship between the Academic Board (AB) and the Board as an area for improvement. There was a sense that the relationship is under developed, that Board members have little sight of the work of the AB and that the Board is not receiving sufficient assurance (in areas such as academic quality) under the current reporting arrangements. There are a number of possible solutions that the Board could explore in response to this challenge including Board member attendance at the AB meetings; AB attendance at the Board meetings to report back on the activities of and discussions at AB; enhanced reporting from the AB to the Board; or holding joint meetings or away days.



2. Development of reporting and oversight structures in relation to the expanded group and its subsidiaries

Interviewees had different levels of knowledge with regard to the current group structure from a governance perspective, so further clarity should be provided as this area continues to evolve. There was also a sense that there will need to be careful consideration of how the Board will have sufficient oversight across the broad activities of the expanded group and how they will receive sufficient levels of assurance. Again, there are numerous ways in which the reporting lines, Committee membership and attendance and governance structures can be set up to support the Board. The key will be to ensure it is clearly understood by all stakeholders and monitored on a regular basis to ensure that it is operating effectively. A number of interviewees also said that they would like to have more sight of the activities of the University's subsidiaries and the University's research and academic performance. They also highlighted that improved integration of and planning of involvement in the newly acquired colleges would improve this.



3. More discursive Board meetings with a focus on strategic matters and less focus on process (and less paper)

A recurring theme in interviews was the desire to have more time within Board meetings for strategic thinking, discussions with the executive on a wider range of subjects and to spend sufficient time to get into the detail in key areas of risk. At times, it is felt that there is too much focus on process. This clearly isn't helped by the regulatory environment in which the University operates, which pushes a large amount of requirements onto the Board for oversight and sign off. However, the Board paper structure could perhaps be reconfigured to push process to the back of the agenda, and, where possible, deal with this as papers taken as read for decision and/or for information, with other matters prioritised further up the agenda. There was also a feeling from many, although not all, that the Board papers were too long and that papers often were phrased with a single answer rather than presenting all options available to allow for a wider more open discussion. Where papers are too long, there is a risk that the Board don't have sufficient time to appropriately consider and as necessary challenge the underlying information provided to them for discussion and/or approval.



4. Board Size, composition and skills

There was a general consensus that the Board was perhaps slightly too big. It was felt that in most areas there is the appropriate skills and expertise on the Board, but one area that continues to require focus is IT and Digital. On a few occasions Governor rotation was raised as a concern and potential loss of key skills in regards to Health, International and Academia. There was a consensus that there is value in student representation and that the Board needs to continue to try to get closer to the student body. Although the University has made progress with regard to diversity within the membership, most felt that there remained work to do in this regard to fully reflect the local community and students background to which they serve.



Further observations

Below are a number of further observations that we picked up as part of the review that we thought would be valuable to share with you for further reflection:

- The pairing system was considered a good idea by most, but many felt that it had lost focus and momentum. The University may want to reinvigorate this process or/and explore other mechanisms that will support members to have a wider and deeper view of the University. This may include Higher Education and LSBU update drop in sessions, further access to tailored material and invitations to student/university events.
- The role of the student and staff governors - we would challenge the University to ensure that there is clarity regarding the purpose of these roles as this was not always clear. The Board should also ensure that potential conflicts of interest are identified and that staff governors feel free to speak freely.
- The consensus was that strategy days are incredibly valuable. It may be worth exploring trying to adapt the Board agenda to get elements of the strategic away day content into the Board agenda and thus enrich the debate at that forum.
- There were a few comments that on some occasions when papers come to the Board for discussion and for decisions to be taken, there could be a more detailed options appraisal presented and further detail to support a more comprehensive discussion before a decision is taken.

Conclusion

Board Effectiveness review process

We attended all of the interviews as part of the review process. We can confirm that in our view these were free of bias, with those interviewed put at ease and allowed to speak freely and openly. Clarification was regularly sought from interviewees in order to fully understand responses provided. In particular, less favourable responses within interviewee questionnaires were probed in order to identify any specific issues. At the conclusion of each interview, the interviewer discussed the interview with the PwC attendee, ensuring that there was consistency and agreement in the conclusions being drawn. The process followed by the governance team was consistent with our expectations and what we see elsewhere, when these reviews are performed.

Management's report and conclusions

We have read the report produced by the governance team and in our view it is a fair reflection of the comments made by interviewees as part of the Board effectiveness review process. There are no matters of concern that we heard that have been excluded from management's report.



Thank you

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	CONFIDENTIAL
Paper title:	Staff Governor appointment
Board/Committee	Board of Governors
Date of meeting:	18 July 2019
Author:	Anita Ikpa, Governance Assistant
Board sponsor:	Jerry Cope, Chair of the Board
Purpose:	For approval
Recommendation:	The Board is recommended to appoint Tony Roberts as Staff Governor

Executive Summary

The terms of the two current staff governors end on 31 July 2019. Under the standing orders, staff governors are members of the Academic Board and their appointments are recommended to the Board by the Academic Board. The Academic Board (at its meeting of 19 June 2019) agreed a process to identify potential governors to be nominated for appointment as staff governors. All eligible members of the Academic Board were invited to express interest in the role. Eligible members of the Academic Board are the nominated positions of Professor, research, academic, professional and technical staff members. One expression of interest was received from Tony Roberts, the nominated member of technical staff. Tony has served one term as a staff governor since October 2015.

The Academic Board is currently in the process of making changes to its composition. This is due to be finalised at the start of the new academic year and is subject to Board approval. Once it has been finalised a nomination process will be undertaken to appoint the second staff governor.

Recommendation

The Academic Board recommends to the Board the re-appointment of Tony Roberts as a staff governor for a term of three years from 1 August 2019.

Anthony (Tony) Roberts: re-election statement

Tony is the Deputy Director of Technician Services. He has served a single term as a staff Governor and found it immensely rewarding to have been able

to contribute to the strategic development of the University. As the University moves forward he would be particularly keen to again offer his experiences as an active academic with close ties to the student body and by inference an understanding of their perspective of the institution, as well as a senior manager with current experience of managing a busy and complex PSG in close collaboration with the academic Schools. In both cases this experience provides an insight into the staff student experience and balances that against the decisions that are both relevant and of significant interest to the Governing Board. Tony is an active member on the local governing bodies of both the University Academy of Engineering South Bank and the South Bank Engineering UTC.

	CONFIDENTIAL
Paper title:	Vice Chancellor's Report
Board/Committee	Board of Governors
Date of meeting:	18 July 2019
Author:	David Phoenix, Vice Chancellor
Executive sponsor:	David Phoenix, Vice Chancellor
Purpose:	To update the Board on University matters
Recommendation:	To note the report

Executive Summary

Our recruitment position remains strong with applications up 3.8% overall or 4.4% excluding Health and Social Care (HSC). We have achieved 57.9% of our recruitment target, with 4,080 year to date Firm Accepts against a goal of 7,055. Overall, this is driven by a strong Undergraduate Full Time (UGFT) campaign which has delivered close to 3,000 Firm Accepts alone as of mid-June. We are continuing to move up in the League Table position; in the QS World Ranking we increased in rank to **701-750** in 2020 from 751-800 in the 2019 edition (currently in the 65.5 percentile) and have risen 10 places to 68 out of 121 in the Guardian.

Significant work on our Estate is underway and there have been major moves around campus to facilitate the re-designation of the K2 and Keyworth buildings as dedicated teaching zones. London Road remains on course for completion and occupation for the start of the 2021/22 academic year and Technopark has been reconfigured to provide space for HSC and professional services. A significant challenge has arisen regarding K2 in terms of previous approvals of building regulations. To rectify the issue could be costly (around £1M) and so we are looking into alternatives. More information is in section 5.2 of this report.

Vice Chancellor's Report July 2019

This report has been formatted around the three key outcomes listed in the corporate strategy followed by a review of activity related to the enablers.

1.0 Corporate Strategy Outcome 1: Student Success

The focus of this outcome is developing the learning pathway to improve student engagement and the outcomes they achieve.

1.1 Retention

Positive trends compared to the prior year continue in the combined number of withdrawn and interrupted students and in the associated lost income.

Key figures as at May 2019 year to date (YTD) are:

- 7% of students have withdrawn or interrupted their studies in 2018/19, compared to 9% at the same point in 2017/18.
- While the positive trend in lower interruptions continues, there is an increase in the number of withdrawals in May 2019 YTD compared to May 2018 YTD.
- Year to date income loss is now £4.413m, down a marginal £7k on last year's income loss. It is the second successive month that we have reported a better overall position in terms of financial loss compared to the previous year of 2017/18.
- The full year lost income forecast increased slightly from £4.42m to £4.48m.

Overall figures are detailed below:

Level of study	Year of programme	2017/18				2018/19
		Total WD/INT	May WD/INT	Progression rate	Proportion non-progressors WD/INT	May WD/INT
First degree	1	13%	13%	70%	42%	10%
	2	7%	7%	81%	27%	7%
	3	5%	5%	-	-	4%
Other undergraduate	1	10%	10%	66%	41%	6%
	2	6%	6%	20%	7%	6%
	3	11%	11%	-	-	0%
Postgraduate (research)	1	11%	11%	80%	46%	9%
	2	11%	10%	85%	10%	10%
	3	8%	8%	-	-	8%
Postgraduate (taught)	1	9%	9%	56%	20%	8%
	2	6%	6%	17%	4%	4%
	3	19%	19%	-	-	11%
Total		9%	9%	65%	25%	7%

1.2 National Student Survey (NSS) Results

2019 National Student Survey results were released on 3 July 2019. The results were extremely positive, with improvements against all question areas, whilst the sector remained relatively static. These positive results, will have beneficial impact in relation to both domestic rankings tables and Teaching Excellence and Student Outcomes Framework (TEF).

The high level results are detailed below:

NSS question area	LSBU % agree			Sector % agree		
	2019	2018	YoY change	2019	2018	YoY change
The teaching on my course	82.8	80.8	2.0	84.1	84.1	0.0
Learning opportunities	84.2	82.3	1.9	83.2	83.1	0.1
Assessment and feedback	74.5	69.3	5.2	73.4	73.1	0.3
Academic support	80.0	75.1	4.9	79.9	79.5	0.4
Organisation and management	72.3	67.7	4.6	75.0	74.7	0.3
Learning resources	84.0	83.6	0.4	85.8	85.6	0.2
Learning community	79.1	76.6	2.5	75.9	76.8	-0.9
Student Voice	76.0	71.9	4.1	73.7	73.5	0.2
Students Union	60.5	57.3	3.2	55.7	56.7	-1.0
Overall satisfaction	81.8	78.8	3.0	83.7	83.5	0.2

1.3 Guardian University Guide

This year LSBU has risen 10 places to 68 out of 121 and is now in the 56 percentile. This is excellent progress and is a continuation of the ongoing improvements in the table since 2015/16 when the Institution was ranked 112 out of 116.

Performance may be further improved in the next edition by increasing NSS performance (worth 25% of the final score weighting) and continuing to increase Entry tariff (15%), Continuation (10%) and Value Added Score (15%).

The current publication uses the results of the last Destinations of Leavers from Higher Education (DLHE) survey for the career prospects measure. This is due to be replaced with the externally administered Graduate Outcomes survey in 2020 which is likely to negatively impact the result for this measure if the outcome is significantly different to the current DLHE performance.

1.4 Quacquarelli Symonds (QS) World Rankings

LSBU has increased in rank to **701-750** in 2020 from 751-800 in the 2019 edition and is currently in the 65.5 percentile.

This is a continuation of the consistent improvements seen following the first appearance for the institution in 2018 at position 801-1000. Prior to this, LSBU had been assessed but did not meet the minimum points score for entry.

The measures which are the most challenging to improve are the two reputation surveys, which account for 50% of the total score, however submitting more contacts to QS to survey or boosting the visibility of the Institution may improve these scores.

84 UK Institutions were ranked in 2020, an increase of 8 compared to last year.

Two-thirds of UK universities have declined in rank in the 2020 table, with an average fall of 12.6 places. QS state that the lower ranking of UK institutions is driven by an average decline of 41 places in employer ratings and of 34 places in the student-to-faculty ratio.

LSBU has improved in rank in 'citations per faculty member' and 'student to staff ratio' (SSR). (40% total weighting).

- The Student: Staff Ratio (SSR) has improved from 14.5 to 13.7.
- Citations from 2013-18, excluding self-citations, is currently 7,237. A comparative score was not given for the previous year.

However, there have been declines in rank in the two reputation surveys and the two international measures. (60% total weighting).

- The percentage of international students (based on nationality) fell slightly from 33% to 32% and international staff fell from 24% to 22%.
- The Academic Reputation Survey score at 3.2/100 is slightly higher than the Employer Reputation Survey score at 2/100. A comparative score was not given for the previous year.

2.0 Corporate Strategy Outcome 2: Real World Impact

This outcome focuses on the applied nature of our teaching research and enterprise and the way the three interact to ensure we have a real world focus and impact.

2.1 Research, Enterprise and Innovation

The 18/19 Budget for Research income was set at £6.1M and we had been forecasting to deliver to this figure. However, the May 2019 management accounts revised the expected full year forecast for Research Income down slightly by £60K to £6.07M for the year. This includes the quality-related research (QR) grant element which is based on performance in the last research excellence framework. The full year out-turn for 2017/18 was £5.65M and so the current forecast will deliver 7% annual growth. There was no change to our Enterprise income forecast this month. This is currently forecast to be £10.2M for the year against a budget target of £12.0M. The full year out-turn in 18/19 was £10.9M and so the current forecast represents a 6% decline on last year's position.

There are significant opportunities in both the research and the enterprise pipelines although these are now likely to have an impact in 2019/20 rather than the current academic year. Through the Health Systems Innovation Lab (HSIL) we have submitted a bid for circa £1million to deliver Chartered Institute of Marketing (CIM) certified apprenticeships. The School of Engineering and Research, Enterprise & Innovation (REI) have submitted a bid for £1.5million to establish a university enterprise zone, we are also negotiating with external partners who have committed assets and funds to implement this regardless of the funding outcome. This would create an ongoing opportunity to establish LSBU as a place based institution and also create a fluid pipeline for continued revenue generating in research and enterprise.

Finally, a collaboration with Bankenergi is being developed to provide energy storage and fast charging points for electric vehicles, specifically for London's black cabs. This will initially be funded by Innovate UK and is another initiative which would establish LSBU as place-based. This partnership meets the needs of the Greater London Authority's (GLA) future plans for energy provision for electric vehicles and has significant enterprise revenue potential as well as ongoing opportunities for fun research programmes.

3.0 Corporate Strategy Outcome 3: Access to Opportunity

This outcome focuses on the need to work in partnership with key organisations to deliver our strategy and the civic engagement aspects of our vision. Its outcomes include measures such as recruitment of students that can succeed as well as international activity.

3.1 Undergraduate Full Time (UGFT) UCAS Trends – Semester 1 2019/20 (as of 11/06/2019)

With UCAS applications up 3.8% overall or 4.4% excluding Health and Social Care (HSC), it remains our first cycle of application growth in four cycles. It is an affirmation of our improved reputation, and builds on our positive league table performance, as well as our University of the Year award for Graduate Employment.

In order to maximise recruitment from our increasing applications, we've prioritised offer-making volume and efficiency. To that end, an additional 13% or 1,500 have been produced over the previous year, resulting in a true step-change in regards to our main cycle conversion. Confirmation of this can be found in our UGFT Firm and Insurance Accepts, which have increased by roughly 30% each (or by 690 and 605 accepts respectively). Furthermore, the latest figures show that LSBU is becoming a more common top two choice for applicants, with 44% of all existing offer holders picking us as Firm Accepts or Insurance Accepts this year, compared to 38% in last year.

3.2 LSBU Recruitment Position – Semester 1 2019/20 (Home/EU/OS as at 11/06/2019)

LSBU has presently achieved 57.9% of its target, with 4,080 year to date (YTD) Firm Accepts against a goal of 7,055 overall. We're presently 23.7% up on last year overall (rising to 36.5% excluding HSC); this is driven by a strong UGFT campaign which has delivered close to 3,000 Firm Accepts alone as of mid-June 2019.

Traditionally we enter Clearing with a recruitment target in excess of 1,000 Firm Accepts, but based on current performance we expect that number to be slightly lower this year as a result of our earlier offer-making and strong conversion in the main cycle. This should help in what will be a very competitive cycle. From a Postgraduate Home perspective, we're launching a direct mail campaign to deliver school-specific brochures with key USPs to offer-holders in the coming weeks. We're also planning to run outbound call campaigns led by the Student Contact Centre during the Clearing period to assist and expedite conversion of new applicants.

Internationally, we have reduced recruitment efforts with respect to "direct students" from high-risk countries with a higher risk of refusal. These students are less likely to get their visas, and have traditionally low conversion rates. This has meant we have reduced quantity of applications (particularly at Postgraduate level).

The consequence of reduction in activity in low risk-markets is expected to be less than 20 enrolments. To mitigate against any loss in enrolments international recruitment has focused on agent recruitment, and applications are 20% up compared to the same point last year and are more likely to convert.

Table: Current Home/EU/OS recruitment position as at 11/06/2019; counting Firm Accepts for Home/EU & UF for OS.

LSBU Mode Home / EU / OS	Change Since Last Year			Progress to Target	
	Year to Date Firm Accepts	LYTD Firm Accepts	% +/- change	Recruitment Target	Progress to Target
UGFT	2,969	2,276	▲ 30.4%	4,434	67.0%
UGPT	125	154	▼ -18.8%	381	32.8%
Apprenticeships	88	24	▲ 266.7%	572	15.4%
PGFT	680	654	▲ 4.0%	1,054	64.5%
PGPT	165	134	▲ 23.1%	456	36.2%
Study Abroad	56	59	▼ -5.1%	158	35.6%
LSBU Overall	4,083	3,301	▲ 23.7%	7,055	57.9%
Home	3,275	2,594	▲ 26.3%	5,740	57.1%
EU	588	446	▲ 31.8%	601	97.8%
OS	220	261	▼ -15.7%	714	30.8%
LSBU excl. HSC	2,661	1,950	▲ 36.5%	5,452	48.8%
Home	1,997	1,421	▲ 40.5%	4,226	47.3%
EU	447	318	▲ 40.6%	523	85.6%
OS	217	211	▲ 2.8%	703	30.9%

3.3 Apprenticeships

LSBU has 908 apprentices enrolled with a further 100 Nursing Associate apprentices to be enrolled before the end of the academic year 2018/19. The first cohort of LSBU apprentices were due to complete the programme on 3 June 2019 however due to a number of factors there will be a delay on completion for all apprentices. This is mainly due to a significant number of withdrawals, interruptions and transfers from the Assistant Practitioner apprenticeship; a delay with apprentices completing their end point assessment and a small number of apprentices not completing their English and Maths qualification successfully. Executive are targeting a review of process with PricewaterhouseCoopers (PwC) to look at future redesign around our apprenticeship structure. HSC have responded to these challenges by ensuring those apprentices 'over end date' are booked for English and Maths examinations, designated a member of staff to help apprentices complete their End Point Assessment and worked with NHS Trusts to support recruitment processes to increase retention on the programme. In the short term our Planning, Performance and Assurance Team are developing performance reports for apprenticeships so all internal stakeholders including can track apprenticeship performance.

Moving forward, and to mitigate this from occurring again, apprentices will now be required to provide evidence of a Level 2 in Maths and Level 2 English prior to enrolling on an apprenticeship. HSC will also implement a stronger validation process, taking into consideration and critically evaluating the End Point Assessment element of the apprenticeship.

Recruitment for the 2019/20 academic year continues with Firm Accepts up 215%, on this time last year. The School of Built Environment and Architecture (BEA) are awaiting the approval of two key standards (Construction Supervisor and Construction Manager) which will boost recruitment considerably. The apprenticeship team sponsored the Southwark business awards with considerable success and tangible outcomes – with one employer increasing the number of applicants from 5 to 23 this year.

4.0 Group Issues and Environment

4.1 South Bank Academies (SBA) Trust

Students at both schools (South Bank Engineering University Technical College (UTC) and University Academy of Engineering (UAE)) have now completed their GCSE and A Level examination with exams running from mid-May until Friday 14 June 2019. For the UTC there were 54 Year 11 students and 43 Year 13s of which 9 took the dual pathway of both A Levels and the Engineering BTEC. For the UAE, 100 Y11s took their GCSEs, 13 Y13s took their A Levels, 22 Y13s took the Engineering BTEC. I will update the Board on results when they are published in August.

On 17 May 2019 the UAE identified an issue with potential exam malpractice relating to a GCSE drama exam. The school followed the required protocol reporting the incident to the examinations board (JQC) and subsequently launched disciplinary proceedings against a member of staff. The SBA Board will be advised as to the outcome of the disciplinary and the action taken by JQC following the report.

In early June 2019 the UTC received a monitoring visit from the Lambeth School Improvement Advisor to independently assess the UTC's progress against its post-Ofsted improvement plan. The report indicates that good progress is being made in a number of areas but highlights a gap in middle management roles which may impede the pace of improvement. The report will be discussed with the SBA Board.

4.1.1 Student Recruitment

The UTC is budgeting 235 pupils on roll for September 2019 which would reflect an increase of 20 versus prior year. For Year 10, the school is projecting 42 pupils which is below 2019 entry but this is offset by higher numbers in the Sixth Form as the UTC combines internal transfers with external entry. The UAE is budgeting 777 pupils on

roll for September 2019 which would reflect an increase of 78 on prior year. For Year 7, the school is projecting 150 pupils which is consistent with 2018 entry. For the Sixth Form, the school is predicting 71 pupils which is an increase of 23 from 2018. Applications are currently in line to achieve the budgeted number across both schools.

4.1.2 Financial

SBA is working with LSBU to prepare applications for substantial grants against two major funds; the European Social Fund (ESF) and Mayors Young Londoners' Fund (MYLF). Both applications will focus on initiatives to attract hard-to-reach groups into STEM. Applications will be submitted in July 2019 and the outcome will be known by October 2019. In addition, the UTC is benefitting from £80k worth of capital investment following LSBU's successful grant award in the Higher Level Digital Skills programme.

This involves the installation of specialist digital equipment into the UTC's innovation centre that can be shared between the university and the UTC.

The CEO has made a request to the SBA Board to approve debt write off of c. £91k associated with a long standing issue of uncollected parent debts linked to the UAE's family dining system. Going forward, proper systems and controls will be in place to ensure that parents are no longer allowed to accumulate significant debt.

4.1.3 Trust Development

South Bank Engineering UTC is making plans for curriculum expansion into health and social care-related provision from September 2020. The programme is being developed in partnership with Guy's and St Thomas' NHS Foundation Trust (GSTT) and we are in the process of engaging with the University's School of Health and Social Care regarding programme support and designing an approach to seamless progression to University. The Trust is also drafting an application to become an apprenticeship provider. Submission of application is due in September 2019 which if successful would allow the Trust to offer apprenticeships from September 2020.

4.2 South Bank Colleges

The Transition Joint Executive have now nearly completed one cycle of reporting from the professional services Programme Area leads. Good progress is being made across the priority area themes.

The LSBU ICT team continue to work on systems integration. The Agresso Finance system is now at the testing phase which is being complemented by an extensive training programme to support integration of financial reporting.

Due to the integration of systems ICT have been requested to review and ensure greater cyber security and there is a need to evaluate the existing data protection assessments and refresh where appropriate.

The LSBU team are supporting the recruitment of a new IT manager at Lambeth to further stabilise the staffing and structure. There is now a clear plan of remedial works needed at the college.

The recent staff conference was branded as a “Family” event for the first time this year.

A group-wide offer of Change Management Training was launched and is available over the summer for all employees, with more focused sessions for leaders and managers.

The proposal for a group wide approach to appraisals is now near completion with a draft being seen by key senior stakeholders. In conjunction a new project has been started to review the rewards and pensions schemes group wide.

We are now starting to see a positive impact on student aspirations due to the group approach. Earlier in the year a number of sessions were facilitated to host Lambeth Students at the university, we have seen an increased number of applications to LSBU from Lambeth students.

The Estates team have been working closely with Lambeth to review their compliance schedule and after assessing the evidence nearly all areas are now on track. There is some ongoing work to remove asbestos, and confirm the checks for stage lighting and gym equipment. The team are currently reviewing the maintenance contract and initiating a procurement process for building surveyors.

The health and safety (H&S) at the college has much improved with over 90% of the staff undertaking the online mandatory training, and key managers and leaders completing the required training. Further work is now needed to embed H&S in the classroom especially in the vocationally focussed curriculum areas.

4.2.1 Lambeth Ofsted Inspection

There was a full Ofsted inspection 13 – 16 May where a team of 8 inspectors visited the College and we received the full report on 24 June 2019. The college was assessed for overall effectiveness as ‘Requires Improvement’ (RI).

Grades	Nov 16	May 19
Overall	3	3
Effectiveness of leadership and management	3	3
Quality of TLA	3	3
PDBW	3	2
Outcomes for Learners	3	3
16 – 19 year olds	3	3
Adults	3	2
Apprenticeships	3	3
High Needs	3	2

It was positive to see that the inspection team recognised that “Staff at all levels have high aspirations and expectations for learners at the college. Learners are aware of these and, as a result, behave well, are respectful and strive to do well.” There was also recognition that the transfer to LSBU Group was positive and that the college has a culture “that supports learners and staff to achieve.” It is particularly positive that three areas have been assessed as Good:

- Adults
- High Needs
- Personal Development Behaviour and welfare

This demonstrates good progress and marks a significant shift from the previous 3 inspections over the last six years.

Key areas for improvement included a greater emphasis on developing learners’ English and Mathematics skills, improving attendance, providing better support to apprentices, and continuing to implement strategies to improve the quality of teaching, learning and assessment.

We recognise the identified areas for improvement and are working to address these. As a result of being graded RI we will have a monitoring visit in the next 7 - 12 months (Nov 2019 - May 2020) where we will be assessed on our progress in addressing the above areas. Each of the 7 areas above will be assessed as making either:

- Insufficient progress
- Reasonable progress
- Significant progress

We will have a full inspection in the next 12 – 18 months (May 2020 – Nov 2021). A full quality improvement plan (QiP) will be developed in light of the areas identified by Ofsted for improvement and the colleges own self-assessment process. The QiP will be monitored regularly by the SBC Quality and Improvement committee and the college's self-assessment report for 2018/19 will be shared with Governors in November 2019. It is worth noting that a new inspection framework (the Education Inspection framework) replaces the current framework from 1 September 2019.

The college being assessed as 'Good' or better by 2021 is part of the transfer agreement between the university and the Department for Education. A 'Good' grade as well as an indication of the quality of our provision for students also has an impact on our eligibility for bids and curriculum offer.

The Ofsted report is available as a supplement to this board pack.

4.3 Croydon

We have further developed our business case for LSBU Croydon. On 21 June 2019 we shared and discussed with the Council details of our proposed curricula and an outline of our space and facilities requirements. We agreed that our aim will be a full opening in September 2021 with a local presence including some educational delivery from 2020.

We confirmed our respective responsibilities for delivery of the physical campus; Croydon will undertake the necessary building work and LSBU will provide furniture and equipment. We agreed to form a joint steering group to develop the infrastructure plans including more detailed space and fit out requirements. Once we have the specifications and our respective business cases we can take forward detailed financial discussions. Our aim is to take our detailed business case to MPIC in September.

4.4 Public Affairs and Civic Engagement

We continued our close engagement with the Department for Education (DfE). This included hosting a further 3 day visit for 3 DfE staff as part of their Higher Education Immersion Programme. We also participated in the Higher Education Stakeholder Group on Professional and Technical Education, which consulted on T-Levels but also covered the review of 16-18 education and the Level 4 and 5 review. We have now met most of the DfE Directors and the Director General of the Higher and Further Education Unit.

The independent review of Post-18 Education and Funding (the “Augar Review”) was published. Most of the recommendations around HE funding had been well trailed and have been widely discussed subsequently. The review covered many other aspects of HE and FE and included a number of recommendations which we have previously proposed. These include the creation of a single lifelong learning allowance, available for modular study, which would allow students to step-on and off the educational ladder. The Report makes a number of other recommendations that the University has previously called for including:

- The introduction of a wider pupil premium to enable universities to provide additional support to learners from the most disadvantaged backgrounds;
- Clearly defining Level 4 and 5 as higher education
- The return of maintenance grants for students from low income households
- The renaming of tuition fees to student contributions to better reflect the nature of university funding.
- The provision of a free first ‘full’ Level 3 qualification, regardless of age.

The report also makes a number of recommendations on further education, proposing that Further Education Colleges should work more closely with universities, and it was gratifying to see the inclusion of a case study profiling our ‘LSBU family’ of south London education institutions.

We engaged with a number of key education policy influencers including the Gatsby Trust, Association of Colleges, Learning and Work Institute, National Centre for Universities and Business (NCUB) and Pearson as well as with Chris Millward, Director for Fair Access and Participation at the Office for Students. We contributed to a wide range of government consultations including those on Quality Assurance Agency for Higher Education (QAA), Post 16 education and skills as well as consultations by Higher Education Statistics Agency (HESA) on their new subscription model, GLA on Skills; Policy Connect on Skills; and are currently drafting a response to the Ministry of Housing, Communities and Local Government on the Local Government Pension Scheme.

We continued to maintain regular contact with local MPs, this month with Helen Hayes and Neil Coyle. We also engaged closely with Lambeth Council, principally on College estate matters; and with Southwark Council on skills provision. This included a first meeting with the new Southwark Council Lead for Jobs, Business and Innovation, Steph Cryan. The Passmore Centre has continued to provide a useful means of engaging with the local business community and we have hosted a number of events for local employer organisations as well as for the GLA. A case study of the Passmore has also been included in NCUB’s annual ‘State of the Relationship’ report along with an article we’ve written on Level 4 and 5 education. We continued to build our local profile through sponsorship of the Southwark Business Excellence Awards.

I have now stepped down as Chair of MillionPlus after 4 years in post.

5.0 Strategic Enablers

5.1 SBC Estate Development

A presentation was made to the June 2019 meeting of the SBC Board by Architecture PLB the architects for the buildings on the Vauxhall campus. Additionally, Wilkinson Eyre Architects presented options for realising capital from the Clapham site. These options will be developed further once the academic strategy for the College has been finalised as the options are dependent on space required at Clapham.

A draft of the GLA Funding Agreement has been received and the project team are negotiating a couple of factual points before indicating acceptance. Until we formally accept there can be no appointment of the main contractor, the external Project Managers, the QS and the Technical Adviser. Approval from the DfE to submit a planning application has been received (whilst reiterating known requirements for further approval of the overall estate strategy). The application will be submitted this month.

The current cost plan shows a sum of £1.6m over budget but this is an indicative figure only at this stage, and the internal team are developing a list of 'value engineering' items to be reviewed with the contractor. Once appointed for Stage 1 of the project, the main contractor (Sir Robert McAlpine Ltd) will also prepare a costed detailed design for consideration. Once this is received, a combined value-engineering exercise will be undertaken to ensure the project cost does not exceed the budget available.

Demolition work on the Vauxhall site continues. A party wall issue has arisen which, if not resolved quickly could affect the programme. In order to continue with the demolition safely, a limited amount of scaffold needs to be erected in the car park of the adjoining apartment block for which the owners have demanded a payment of £220K for legal fees and compensation. This is currently being challenged in an attempt to reduce this amount and negotiations continue. It has been determined that this would be a cost to the demolition contractor, not SBC. Subject to resolution of the party wall issue it is expected that the construction work will commence in January 2020 with a target date for completion for occupation by the College during the 2021/2022 academic year.

5.2 LSBU 'Phase 1' Estate Development Project

Phase 1 of the Southwark Campus re-development continues. Currently 11 projects are either in progress or have been completed all of which are required to enable the London Road Building to be decanted and re-furnished. It has been possible to re-provide the vast majority of teaching spaces in London Road elsewhere on campus with little or no requirement to hire off site specialist replacement facilities.

The project continues to programme however, the £65M budget currently shows an indicative cost pressure of £2.8m after London Road tender returns have been received; these are being assessed and a recommendation for appointment will come forward. The cost pressures arise in part from the complexity of the London Road project itself together with the considerable of unforeseen additional work elsewhere across the campus. Value engineering options are being considered to ensure the project is delivered within the £65m budget (including a 5% contingency) available.

Major moves of staff around campus are underway and the work to facilitate the re-designation of the K2 and Keyworth buildings as dedicated teaching and learning zones has begun. Importantly the move of HSC staff out of these areas to the Technopark was completed as planned. This was the largest and most complicated move of staff to date and generally seems to have gone well.

Challenges remain regarding K2 in terms of previous approvals of building regulations. To expand on this, K2 was approved originally as 8 floors thereby not requiring sprinkler systems. Unusually LSBU later gained approval to add a 9th floor again without installing sprinklers. However a 9 floor building does require sprinklers and this is being highlighted. Installation cost are around £1M but a cost effective option being explored is to decommission the top floor. Notwithstanding this, London Road remains on course for completion and occupation for the start of the 2021/22 academic year.

5.3 Strategy & Planning

2019/20 Planning is concluding with the institutional roadmap published and approved by the May 2019 Finance, Planning and Resource (FPR) Committee. Subsequently local roadmaps have been worked upon across the institution, to consider vision, priorities, 2019/20 actions, local SWOTs, local balanced scorecards and local risk registers. The Planning, Performance & Assurance (PPA) team are in the process of collating these returns to identify trends in risks, strengths/weaknesses and to what extent Corporate Roadmap priorities are addressed. This new format of local planning will be used as part of organisational effectiveness reviews to track process in each area and identify how locally and corporately challenges can be addressed.

5.3.1 2025 Strategy Development

The Group University Board approved the Group Strategy in March 2019, and progress is being made to take this to the next stage of development through the identification of high level KPIs at overall group strategy level and group sub strategies. Next stages involve:

- Working with Viewforth Consulting to define and measure LSBU group economic impact, as well as provide a framework to enable LSBU to understand contributing activity to increase impact;

- The undertaking of a series of staff engagement sessions, identifying where the United Nations Sustainable Development Goals, can inform the development of LSBU Group sub strategies;
- Four Executive sessions to agree KPIs for the overall group strategy, priorities for the twelve sub strategies (and associated KPIs), and five year financial forecasts. These will occur in July and September; and
- Sessions for the Board Working Party to consider and agree the KPI framework will be put in place.

5.4 Staff Survey

The 2019 staff engagement survey launched on the 10 June 2019. The survey provides staff with the opportunity to feedback on a variety of topics including leadership, communication, teamwork and well-being.

This is the first LSBU group-wide survey, offering colleagues in Lambeth College and the Academies to also contribute.

To date (21/6) 862 staff have completed the survey, with two weeks to go. As an incentive, for each completion, LSBU will contribute £1 to the student hardship fund. A number of marketing and communication initiatives are under way to boost the return rate.

The survey closes on the 5 July 2019, with results ready by the 12 July 2019.

5.5 Staff Conference

The 2019 staff conference took place on the 12 June 2019. This was the 5th staff conference, and first to invite colleagues from across the LSBU group.

Over 700 staff members attended the conference, which included 51 workshops and 27 stands providing staff with a wide range of information, learning and experiences. Formal feedback is still being collated, but informal feedback has been very positive.

The conference was followed by our staff awards, organised in partnership with the Student Union. This year, invites were extended to the LSBU group. Over 1300 nominations were received for 17 awards.

5.6 New JNCHES 2019-20 – Final Offer Update

We now have more information on the unions' plans to consult their members or branches on the final offer for 2019-20 (Higher Education). All five unions will consult their members on the final offer. Most of the consultations are taking place this month. All Unions recognised by LSBU (UCU, Unison and GMB) will recommend that their members reject the final offer. We will not know the results from all the unions' member consultations before 9 July.

As a background, please note that

- UCEA's negotiating team met with the five trade unions on 30th April 2019 for the final New JNCHES negotiating meeting for 2019-20.
- UCEA made a full and final offer on pay ranging from 3.65% on the lowest point to 1.8%; the modelling of the overall sector cost is 1.85%.

Union negotiations with the Association of Colleges around 19/20 pay offer for further education are currently underway.

5.7 Adoption of the International Holocaust Remembrance Alliance's (IHRA) definition of antisemitism

Recently, the Minister of State for Universities, Chris Skidmore MP wrote to all institution heads advocating the adoption of the International Holocaust Remembrance Alliance's (IHRA) definition of antisemitism. Reviewing its previous discussions in October 2018, the Executive has confirmed that the University's policies should address all types of discrimination in relation to all protected characteristics. The equality, diversity and inclusion (EDI) programme will make sure that it is including Jewish heritage students and groups as part of its work.

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Agenda Item 9

	CONFIDENTIAL
Paper title	Report from the Group Chief Financial Officer
Board/Committee	Board of Governors
Date of meeting	18 July 2019
Author	Richard Flatman, Group Chief Financial Officer
Sponsor	Richard Flatman, Group Chief Financial Officer
Purpose	To update the Board on financial matters and approve the 2019/20 budget.
Recommendation	<p>The Board is requested to:</p> <ul style="list-style-type: none"> • note the current year financial performance • approve the budget for 2019/20 • note the future financial forecast submission date of November 2019 (<i>updated forecasts will be presented to September FPR/October Board for approval together with a detailed group cashflow forecast</i>). <p>The management accounts and the 2019/20 LSBU budget have been reviewed by Finance, Planning and Resources Committee and the budget is recommended to Board for approval.</p> <p>The SBC budget for 2019/20, which is included here to give Board visibility of the consolidated position, has been approved by the SBC Board.</p>

Attachments:

Appendix 1: Management accounts summary to 31 May 2019

Appendix 2: Group Consolidated Budget for 2019/20

Report from the Group Chief Financial Officer: July 2019

1. Current financial performance

LSBU

The latest summary management accounts to 31 May 2019 are included as Appendix 1.

The full year forecast at 31 May 2019 is trending towards a surplus of £3.0m. This is £1.5m better than budget.

The University had a strong Semester 1 recruitment round, delivered against Semester 2 recruitment targets and continues to enrol Health CPPD and Apprenticeship students. We have now enrolled 698 more New FTE students than at the comparable period in 2017/18, an increase of 13%. The number of continuing students is down compared to last year and down against budget. Overall we have 310 more FTE students than last year and are now forecasting a year end population of 13,059 FTE, a year on year increase of 3%.

We have now billed £103.7m of Tuition Fees and Health Contract income as compared to £97.1m at the same period last year, an increase of £6.6m. Some of this increase is due to the difference in timings between SFE (Student Finance in England) and the NHS. We had been indicating that we were expecting Semester 1 to finish between £1m and £2m better than budget due to strong UG and PG recruitment but we were holding our tuition fee forecast steady due to the risk in terms of Semester 2 recruitment. Since then we have increased our Full Year Tuition Fee forecast by £3.0m to reflect the more favourable position.

Last month we reviewed our Research and Enterprise pipeline activity and excluded those projects that are now unlikely to be delivered by year end. The impact was to reduce our TNE income forecast by £0.2m, our Research income forecast by £0.2m and our Enterprise income by a net £0.4m. We are still expecting to finish the year with almost £2.0m more income than budget and this has been reflected in the £1.5m increase in our forecast surplus.

The above position will deliver EBITDA at 12.7% which compares favourably to the 10.7% achieved in 2017/18. Our recurring staff cost expressed as a % of income is currently forecast to be 56.1% which is slightly above the long term target of 55% target set by the Board of Governors.

As compared to 2017/18 we are currently forecasting an income increase of £2.0m (1.3%), a £0.7m (0.9%) decrease in recurring staff costs, a £0.2m decrease in the costs associated with staff restructuring, an increase of £0.9m in depreciation, a £1.3m (3.0%) reduction in operating expenses, a £0.9m increase in interest payable, and an increase of £1.0m in exceptional items to fund in-year investments. This has led to an increase of £1.4m in our annual surplus.

SBC

The full year forecast deficit for 2018/19 in the May management accounts is £4.637m against a budget deficit of £2.739m, an adverse variance of £1.898m but still better than CFADS deficit of £5.317m. The forecast deficit in the March 2019 management accounts was £4.596m, thus there is a worse forecast position of £0.051m between the two months.

Income is forecast to be £0.539m positive to budget. Apprenticeship income and tuition fees fall short of budget for the full year, offset by high needs support income and other income exceeding budget. Adult Education (AEB) income is forecast to hit budget largely as a result of increased size of sub-contracts and a new partnership arrangement planned rather than through increased internal delivery.

Pay costs are forecast to be £0.191m over budget at £14.806m. This forecast represents an increase of the adverse variance since March 2019 of £0.170m. There may still be a small opportunity to outturn lower figures from agency staff costs. Non-pay costs are forecast to be £2.106m over budget with premises costs and partner payments being the largest adverse variances, and an increase in depreciation costs reflecting under depreciation in prior years.

It should be noted that these figures exclude the accounting treatment of the ESFA grant income balances released as a result of the acquisition of Lambeth College by SBC. The audit of the completion accounts to 31 January is complete (subject to confirmation of one outstanding matter regarding the disclosure of contingent liabilities in relation to a claim by Carillion Maple Oak) and the statutory accounts show a surplus for the 6 months to 31 January 2019 of £10.319m after inclusion of ESFA grant income of £14.986m related to the acquisition of Lambeth College. The post-acquisition deficit for the 6 months to 31 July 2019 which will be consolidated into the group accounts is expected to be £1m or slightly less. However, this will also be offset by the release of grant income; in this case by some of the £13.75m grant income received from the ESFA to fund the turnaround of Lambeth College. It is not therefore expected to have an adverse impact on the group consolidated financial position for 2018/19.

2. Financial matters for approval

Budget 2019/20

The 2019/20 budget is attached as Appendix 2 and includes a budget for LSBU, SBC and a consolidated position together with 2018/19 comparatives.

LSBU Budget

The LSBU budget proposal for 2019/20 was reviewed in detail by Finance, Planning and Resources Committee and is recommended to the Board by Committee for approval.

Following a detailed planning and budgeting process, the University is proposing an LSBU budget for 2019/20 with income of £152.0m and a minimum surplus requirement of £1.5m. This level of income and surplus is consistent with the shape of the budget that was approved by the Executive and presented to Board at its Strategy Day in April 2019.

The HEFCE/OFS 5 year forecast submitted in 2018/19 had an income target of £155m for 2019/20 with Overseas Recruitment, Transnational education (TNE) income and Enterprise income being expected key areas of growth. In April 2019 the Board of Governors were briefed that these areas were unlikely to generate their expected levels of activity and so their corresponding income targets would be reduced. The University has however had an extremely strong Home & EU UG and PG recruitment round in 2018/19 and continues to experience growth in these applications. Consequently, the budget has been constructed with these income streams providing income growth within the Schools and replacing some of the lost forecast income growth from other areas.

The budgets for Professional Functions have been set to maintain the current levels of service as outlined as part of the ALIGN process although these remain under review in parallel with the development of the 2020/25 strategy and hence future changes may be made (see section 5).

Subject to the implementation of any changes from the Align project, the LSBU budget will generate income of £152m, total expenditure of £150.5m and a surplus of £1.5m. This level of surplus is broadly comparable to the level of surplus budgeted in 18/19.

There is a concern that by moving from a surplus of £3.0m in 2018/19 down to a surplus of £1.5m in 2019/20 that we may be sending the wrong signal about our aspirations. The Executive however have noted that there is an additional £2m pension cost in 2019/20. Without this cost our surplus would be at current year levels.

In terms of risk, the Executive presented a number of income scenarios to the Board strategy day in April 2019 in order to gauge the risk appetite of the Board. There is clearly still a risk around Home/EU recruitment given assumed growth but the recruitment report is encouraging. We have been more modest in downgrading our assumptions about overseas, TNE and enterprise income. We have covered additional pension costs in the 19/20 budget which has resulted in staff costs growing by 4.6% to £88m. There is likely to be some flexibility on this as the year end staff cost position for 2018/19 could well be lower than originally assumed.

The proposed LSBU budget was set before the OFS grant letter was received by the University. The grant letter has now been received and has indicated a potential additional level of funding of £2m, in part due to extra capital grants but primarily due to the fact that student opportunity funding has not been cut in the way and to the extent that HEFCE signalled a few years ago that it would be. We are holding this income in reserve as it is dependent on Student Recruitment and there is always the possibility of clawback or a reduced scaling factor. It does, however, give us some comfort against income growth targets.

The 2019/20 budget does not include any revenue costs in relation to the student journey transformation project (LEAP), the assumption at this stage being that costs in 2019/20 will be classified as capital. The LEAP costs are expected over time to be offset by efficiency gains but not in 2019/20.

As discussed at our strategy day, there are many other change projects ongoing which may increase our cost base such as the IBC in Cairo or LSBU Croydon. Costs related to these projects have not been factored into the LSBU budget but we are maintaining our £1m investment pot to fund in year activities. We also expect to be in a position to increase our investment pot through the implementation of agreed method changes via project Align. As noted in section 5 of this report, the full year impact of efficiency savings through Align which could be delivered in 2019/20 is expected to be in the range of £1.5m-£2m. Some of this will link to change proposals in year which will take time to implement and hence the actual efficiency savings delivered may be closer to the mid-point of £0.75m-£1m.

We have also been prudent on progression assumptions for the budget. For YR1 to YR2 we have a KPI target of 85% for 2020. In 18/19 the actual figure fell from 77% to 74%. For next year's budget we have assumed that we will return to 77%. Any improvement on 77% will further add to the contingency.

Taking all of these factors into account, the Executive is of the opinion that the budget presents a balanced approach to risk and opportunity. As always, financial performance depends upon actual income flows.

Given the strong financial position this year, we will review carefully the timing of expenditure around year end to wherever possible relieve the pressure on next year's budget and to ensure that we do not have wide variations in reported surplus year on year.

SBC Budget

The key financial aim of the SBC budget process for 2019/20 was to set a budget that meets the financial performance targets set out in the agreed CFADS (cash flow available for debt servicing) model. For 2019/20 this means a deficit no worse than £2.785m which compares to a full year forecast deficit in 2018/19 of £4.6m.

Faculty contribution in 2018/19, excluding Partners and Subcontractors was 32%. The budget seeks to increase that contribution in 2019/20 to 40% through better staff cost allocation to delivering curriculum and better cost control in year. In particular, the use of agency staff and visiting lecturers will be tightly controlled. This equates to an additional £1m contribution over the previous year at 2018/19 activity levels.

The key to delivering this performance will be delivery of the student number targets in the faculty plans; delivering to this will enable us to deliver total income, provide the platform for growth in 2020/21 and also manage the total costs within the budget envelope.

The budget setting process has consisted of business planning meetings with all faculties and professional support departments where plans for student numbers and other income activities and costs were included. Student numbers and associated funding has been modelled on the College's planning tool – 4Cast – and the resultant income and teaching costs have been allocated to faculties. This planning tool has been signed off as credible by Heads of Faculty and the Assistant Principal responsible for each Faculty.

Modelling of pay and non-pay costs has taken place and allowance has been made for Partner and Subcontractor delivery and the effect this has on College performance.

Overall SBC is budgeting for a reduction of income in 2019/20 by comparison to 2018/19. This arises in three main areas; adult education where funding is £0.5m lower, 16-18 where funding is £0.7m lower and apprenticeships where funding is £0.4m lower. These funding lines come direct from funding agencies and the College has limited ways of increasing these based on previous student number delivery.

The College plan is to grow income; in 2019/20 the focus will be on growing College own delivery, rather than relying on Partners and Subcontractors to deliver income. The College is planning to deliver £2.0m more income itself in 2019/20 over that delivered in 2018/19. There is a risk associated with the ability to deliver this increase and there is a contingency included in the budget to cover a shortfall.

The Pay budget for the year is £14.5m compared to a forecast of £14.8m for 2018/19. The ability of the College to deliver to budget will be focused on the reduction in visiting and agency staff which in 2018/19 was just under £2m and in 2019/20 is budgeted to be £1m. The college has a rigorous process of agreeing new posts to be added to the establishment and the College Leadership Group (CLG) has reviewed all requests with sight of faculty staff utilization rates and total teaching hours needed to deliver the planned curriculum.

Total operating expenses are £9.9m, a reduction of £1.8m on 2018/19 forecast. This is mainly delivered through reductions in payments to Subcontractors, offset by an increase in payments to Partners. Internal costs (excluding contingency) will be £0.4m lower than 2018/10 forecast. Half of this reduction will come from rates cost reductions at Vauxhall and the balance from tighter control of departmental budgets.

A budget for contingency is also included to provide flexibility to deal with any variances in activity between the budget and the reality of activity in September.

3. Future financial forecasts

LSBU

We are in the process of reviewing and updating the University's 5 year financial forecasts for submission to OfS. The submission deadline has been revised to 30 November (previously 31 July). Whilst much of the planning and scenario modelling has already been done, as presented to the Board at its recent strategy day, we will take the opportunity to further update the forecasts in parallel with the work on development of the 12 underlying strategy documents over the next couple of months.

SBC

SBC is required to prepare 3 year financial forecasts and to submit these to the ESFA by 31 July each year. The return covers the latest forecast for 2018/19 plus the two subsequent years to 2020/21. Documentation was submitted to SBC board on 3 July 2019 and was approved. The return has been constructed to deliver the financial performance targets set out in the agreed CFADS model. For 2019/20 this means a deficit of £2.785m and for 2020/21 a deficit of £2.435m. The budget for 2019/20 has been set with a deficit of £2.785 in line with the forecasts. For 2020/21, the plan is to work up additional financial interventions to reduce the deficit below the figure reported in CFADS, thereby ensuring minimum break even in 2021/22, by which time the turnaround grant monies will have been exhausted.

4. Cashflow

The University is currently holding cash and cash equivalents of £65.5m. This is £3.5m more than the comparable position last year. It excludes the £13.75m we received to fund the turnaround of South Bank Colleges although we have subsequently transferred £4.6m of this to SBC by way of short term loan to support its cash requirements, mostly to meet costs associated with the Nine Elms Skills Centre (NESC) development but a small element linked to day to day operational cashflow / financial turnaround. Revised agreements have been drafted setting out the terms on which these loan drawdowns are being made and these are on the Board agenda for formal approval after review by FPR. There are 2 separate loan agreements covering (a) financial turnaround of the College and (b) estate development. Neither agreement is open ended and the potential drawdown amounts involved are as follows;

- drawdowns to fund turnaround are capped at £13.75m being the amount of grant funding received from ESFA and transferred to LSBU in consideration for Barclays loan novation, and
- drawdowns to fund estate development are capped at £22.9m in accordance with the funding required by SBC for the NESC as specified in the grant agreement from the GLA.

Notwithstanding the current healthy level of cash reserves, cashflow management is a key financial risk for the Group given the scale of capital projects currently in process. We have therefore recently updated the University cashflow forecasts and extended our financial model to incorporate group wide activity including drawdown requirements from SBC to fund the NESC and other operational working capital cashflow requirements. The analysis also takes account of the updated increase in expected capex requirements for the LEAP project to £32m and provides an allowance of £10m for possible work on the Chapel (not yet approved).

In producing the group cashflow, assumptions have had to be made given that further work is still required on the University's updated 5 year financial forecasts and the SBC financial turnaround plan. However, for cashflow purposes we have made no assumptions around increased profitability and therefore if anything the cashflow forecast should be reasonably prudent.

The detailed group cashflow will be reviewed by Executive in the next couple of weeks and reported to the next cycle of FPR/Board meetings in more detail. But the initial results are encouraging and provide a degree of assurance. Excluding any capital receipt from part disposal of Clapham (and the business case for NESC assumed that 50% of the cost i.e. £22.5m would be funded from part disposal), LSBU Group can meet its expected capital spend of £56m in 2019/20 and still have £19m+ in cash and cash equivalents at the end of the year. 2020/21 becomes more challenging because capex spend in that year is again £50m+ and hence we would need to generate capital receipts from disposal or provide additional funding via revolving credit facility (RCF). The projected cashflow indicates a maximum overdrawn facility throughout the five year period of £26m. Taking account of working capital requirements, we would need say an additional £40m to top up our forecast cash reserves. This is not significantly out of line with the previous proposal to Board for the Revolving Credit facility and is before taking any account of planned part Clapham disposal.

5. Align

As reported previously to the Board, we have been working closely with PwC on project Align. Across the entire range of Professional Service Groups this will deliver a:

- fully costed baseline that provides the true cost to LSBU of delivering its current range of professional services;
- review of current service costs, including internal and external benchmarking to ascertain if and how current levels of service could be delivered more efficiently;
- range of service level scenarios, including associated outcomes, costs and risks to allow LSBU to make decisions on whether it wants to invest, or disinvest in certain services, in line with strategic priorities.

At this stage, and as noted in the budget section of this report, the budgets for Professional Functions have been set to maintain the current levels of service. No decision has yet been made by the Executive about investment or disinvestment in particular service areas. Service levels will be reviewed over the next few months in parallel with the strategic development process to ensure that service levels reflect strategic priorities.

However, our work with PwC on project Align is substantially complete and a wide range of efficiencies have already been identified. These take the form of:

- in workbook method changes (all PSGs were allocated across 18 workbook areas)
- cross functional method changes, and
- global method changes.

The “in workbook” net efficiency saving identified is £2.8m. The total potential efficiency saving identified across all three areas is £8m (representing annual recurrent savings of £8m or 12% of current workbook cost) although many are longer term in nature and also relate to the LEAP project.

The full year impact of efficiency savings through Align which could be delivered in 2019/20 is expected to be in the range of £1.5m-£2m. However, some of this will link to change proposals in year which will take time to implement and hence the actual efficiency savings delivered may be closer to the mid-point of £0.75m-£1m.

Once approved, the intention is to adjust the 2019/20 budget for these savings and hold them in reserve to either increase the reported margin in year, boost investment pot funds, or provide contingency to fund the revolving credit facility which is likely to be required in 2020/21.

6. Pensions

The Group pensions sub-committee has met for the first time and has agreed a group wide remit for the review of pension provision to take account of both financial modelling and proactive and timely engagement with stakeholders regarding reward. As a result, we:

- have commissioned further work from Mercers to update the existing financial modelling, given that the original work was undertaken in summer 2018
- are modelling a wider range of defined contribution options including a more generous DC scheme at the upper end of what is offered by typical employers
- are exploring the impact on future cash contributions of various options regarding the provision of security to the LPFA, and
- are reviewing current reward systems, taking account of the need to balance financial sustainability with the need to stay competitive in the marketplace. This will include a series of focus groups with stakeholders to gain a better understanding of perceptions of pensions and reward.

The sub-committee is likely to meet again in early September and has agreed a target of reporting to the Board in November 2019.

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APPENDIX 1

Management accounts summary to 31 May 2019

May Executive Summary

1) This Executive Summary reports on the draft financial position of London South Bank University as at 31 May 2019.

2) RAG Status

Income Growth	1.3%	Staff Cost Growth	-0.8%	Staff Cost %	56.1%	Opex Growth	-2.9%	FYF Surplus	2.0%	EBITDA	12.7%
			<i>excluding restructuring</i>		<i>excluding restructuring</i>						

3) Summary

The full year forecast as at 31 May 2019 is trending towards a surplus of £3.0M, this would deliver the University £1.5M better than budget.

The University had a strong Semester 1 recruitment round, delivered against Semester 2 recruitment targets and continues to enrol Health CPPD and Apprenticeship students. We have now enrolled 698 more New FTE students than at the comparable period in 17/18, an increase of 13%. The number of continuing students is down compared to last year and down against budget. Overall we have 310 FTE more students than last year and are now forecasting a year end population of 13,059 FTE, a year on increase of 3%. We have now billed £103.7M of Tuition Fees and Health Contract income as compared to £97.1M at the same period last year, an increase of £6.6M. Some of this cash increase is due to the difference in timings between SFE and the NHS. We had been indicating that we were expecting Semester 1 to finish between £1M and £2M better than budget due to strong UG and PG recruitment but we were holding our tuition fee forecast steady due to the risk in terms of Semester 2 recruitment. Since then we have increased our Full Year Tuition Fee forecast by £3.0M to reflect the more favourable position. Last month we reviewed our Research and Enterprise pipeline activity and excluded those projects that are now unlikely to be delivered by year end. The impact was to reduce our TNE income forecast by £0.2M, our Research income forecast by £0.2M and our Enterprise income by a net £0.4M. We are still expecting to finish the year with almost £2.0M more income than budget and this has been reflected in the £1.5M increase in our forecast surplus.

The University is currently holding cash and cash equivalents of £65.5M. This is £3.5M more than the comparable position last year. We have transferred £4.6M to South Bank Colleges to support its cash requirements, and the University is also holding £9.15M with respect to the recent Lambeth College transaction.

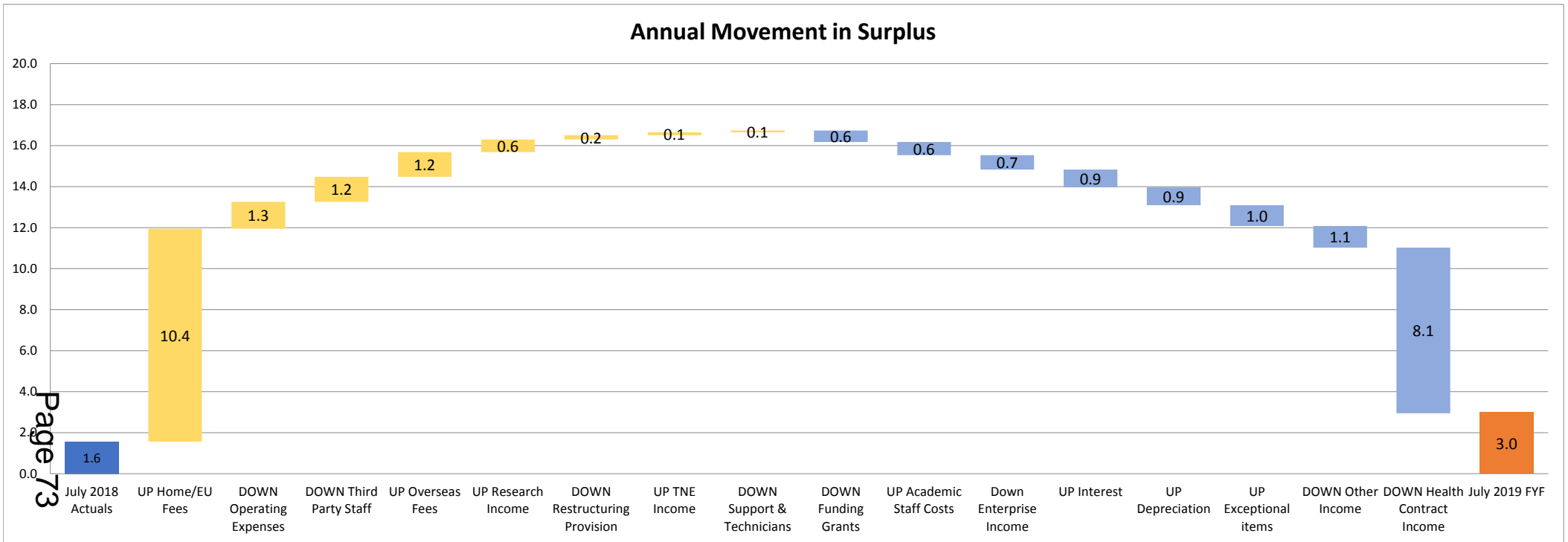
The above position will deliver EBITDA at 12.7% which compares favourably to the 10.7% achieved in 17/18. Our recurring staff cost expressed as a % of income is currently forecast to be 56.1% which is slightly above the long term target of 55% target set by the Board of Governors. Income is 1.3% higher than last year.

4) Table 1: Full Year Forecast vs. Budget

Financial Summary in £'m	Budget				YTD Position				Full Year Outturn Position				
	17/18 Actuals	18/19 Budget	Change to 17/18	Change %	17/18 Actuals	18/19 Actuals	Change to 17/18	Change %	Apt 18/19 Outturn	Monthly Move	May 18/19 Outturn	variance to Budget	Budget variance%
Operating Grants	13.9	13.2	-0.8	-5%	11.1	11.2	0.0	0%	13.4	0.0	13.4	0.2	1%
Health - Contract	18.9	9.7	-9.2	-49%	15.7	9.2	-6.6	-42%	10.9	0.0	10.9	1.1	11%
Home / EU UG Fees	64.4	70.1	5.7	9%	64.1	73.8	9.7	15%	73.3	0.1	73.3	3.2	5%
Home / EU PG Fees	8.5	10.3	1.8	21%	8.4	10.3	1.9	23%	10.0	0.0	10.0	-0.3	-3%
Overseas Tuition Fees	9.0	10.0	0.9	11%	9.0	10.4	1.4	16%	10.1	0.1	10.2	0.2	2%
TNE Income	1.8	2.7	0.9	48%	1.7	1.9	0.2	0%	1.8	0.1	2.0	-0.7	-27%
Research Activities	5.3	6.1	0.8	15%	4.2	4.8	0.6	14%	6.0	-0.0	5.9	-0.2	-3%
Enterprise Activities	10.9	12.0	1.1	10%	7.7	7.4	-0.3	-3%	10.2	-0.0	10.2	-1.8	-15%
Student Related Income	10.4	11.0	0.5	5%	8.7	8.8	0.1	1%	11.2	0.0	11.2	0.2	2%
Other Operating Income	1.9	0.1	-1.8	-94%	0.3	0.5	0.1	43%	0.2	0.0	0.2	0.1	50%
Endowments & Interest	0.2	0.1	-0.1	-39%	0.1	0.3	0.1	139%	0.1	0.0	0.1	0.0	0%
Income	145.3	145.2	-0.1	0%	131.0	138.4	7.4	6%	147.1	0.1	147.3	2.1	1%
in £'m													
Academic Staff Costs	40.8	42.3	1.5	4%	33.8	33.2	-0.6	-2%	41.4	-0.0	41.4	-0.9	-2%
Support & Technicians	39.4	40.3	0.9	2%	32.6	32.1	-0.5	-2%	39.2	0.1	39.3	-1.0	-2%
Third Party Staff	3.1	1.8	-1.3	-43%	2.0	1.9	-0.1	-5%	1.9	-0.0	1.9	0.1	7%
Restructuring	1.9	1.7	-0.2	-9%	0.7	0.8	0.1	20%	1.7	0.0	1.7	0.0	1%
Depreciation	9.6	10.5	0.9	9%	8.1	7.4	-0.7	-9%	10.5	0.0	10.5	0.0	0%
Operating Expenses	44.5	41.9	-2.6	-6%	33.7	33.7	-0.1	0%	43.2	0.0	43.2	1.3	3%
Interest Payable	4.3	5.2	0.9	22%	3.7	3.5	-0.1	-4%	5.2	0.0	5.2	-0.1	-1%
Exceptional Items	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%	1.0	0.0	1.0	1.0	100%
Expenditure	143.7	143.7	0.0	0%	114.5	112.5	-1.9	-2%	144.1	0.1	144.3	0.6	0%
Surplus for the year	1.6	1.5	-0.1	-7%	16.6	25.9	9.3	56%	3.0	-0.0	3.0	1.5	100%
Surplus as % of income	1.1%	1.0%			12.6%	18.7%			2.0%		2.0%		

5) Forecast Summary

As compared to 17/18 we are now forecasting an income increase of £2.0M (1.3%), a £0.7M (0.9%) decrease in recurring staff costs, a £0.2M decrease in the costs associated with staff restructuring, an increase of £0.9M in depreciation, a £1.3M (3.0%) reduction in operating expenses, a £0.9M increase in interest payable, and an increase of £1.0M in exceptional items to fund in-year investments. This has led to an increase of £1.4M in our annual surplus.



The key movement in the year on year position is the £10.4M increase in Home/EU Tuition fee income. This is driven by strong recruitment and we have 13% more New students than at the comparable position in 17/18. Health Contract income is down by £8.1M as NHS Student's fees are now funded through Tuition fee income rather than through the Health Contract. We are now forecasting a increase of £2.3M in our total income outturn for Home/EU students. The university has taken the decision to refloat the Investment Pot to allow for tactical investments and we now have £1.0M in Exceptional items to fund this. Operating expenses were budgeted to fall by £2.5M year on year however a number of areas have been given additional OPEX investments and we are now forecasting a reduction of £1.3M. This is a 3.0% year on year reduction. The University finished 17/18 with a recurring staff cost of £83.3M and is currently forecast to end 18/19 £0.7M lower. We are currently £2.4M underspent YTD as compared to budget and have recognised just £1.7M and so there is an expectation that our Full Year Forecast of £82.6M is overstated. The increase in Interest payable of £0.9M was to fund a Revolving Credit Facility. This may be no longer required.

6) Contribution Analysis

In 18/19 the University is continuing its strategy of investing in the Schools, Income is forecast to be £3.8M higher than in 17/18 whilst costs are forecast to increase by £1.8M. This means the net contribution from the Schools will increase by £2.1M or 3.3% year on year. The largest declines in terms of contribution are expected to be the School of Applied Sciences and the School of Engineering, whilst the key areas of growth are forecast to be the School of Business which is growing its contribution by £1.1M, the School of Health & Social Care which is growing its contribution by £0.8M, Arts & Creative Industries which is growing its contribution by £0.5M and the School of Law & Social Sciences which is growing its contribution by £0.4M

Contribution per School across Teaching, Research and Enterprise activities

	Applied Sciences		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Health & Social Care		Law & Social Sciences		Total All Schools	
	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF
Income (M)	£10.8	£10.8	£11.2	£11.4	£18.3	£18.7	£16.3	£17.7	£16.7	£17.5	£35.6	£36.4	£14.2	£14.5	£123.1	£126.9
Expenditure (M)	£5.4	£5.8	£5.4	£5.1	£7.2	£7.7	£6.8	£7.0	£9.6	£10.7	£19.3	£19.3	£6.8	£6.7	£60.4	£62.2
Contribution (M)	£5.4	£5.0	£5.9	£6.4	£11.1	£10.9	£9.6	£10.7	£7.0	£6.8	£16.3	£17.1	£7.4	£7.8	£62.7	£64.7
Contribution %	50%	46%	52%	56%	61%	59%	59%	61%	42%	39%	46%	47%	52%	54%	51%	51%

The 7 Schools have different levels of Research and Enterprise activities which can mask differences in Staff / Students ratios and contribution and so the teaching only levels of contribution is shown below.

Contribution per School across Teaching activity only (excluding TNE)

Total Income	Applied Sciences		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Health & Social Care		Law & Social Sciences		Total All Schools	
	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF
Teaching Income (M)	£10.0	£9.8	£10.6	£11.1	£17.4	£18.0	£15.9	£17.5	£14.5	£14.4	£31.2	£32.1	£13.8	£14.1	£113.5	£117.0
Teaching Staff (M)	£3.2	£3.3	£2.9	£3.0	£4.7	£5.1	£4.2	£4.3	£4.6	£4.6	£12.9	£12.7	£4.6	£4.7	£37.3	£37.8
Teaching Expenditure (M)	£1.3	£1.5	£1.8	£1.7	£1.8	£2.1	£2.0	£2.5	£2.6	£2.9	£4.5	£4.5	£1.8	£1.8	£15.9	£16.9
Expenditure per FTE	£4,397	£4,843	£4,236	£3,928	£3,719	£3,834	£3,071	£3,219	£5,072	£5,462	£4,529	£4,338	£4,237	£4,190	£4,174	£4,188
Teaching Contribution (M)	£5.4	£4.9	£5.9	£6.5	£10.8	£10.8	£9.7	£10.7	£7.3	£6.8	£13.8	£15.0	£7.3	£7.6	£60.3	£62.3
Contribution %	54%	50%	55%	58%	62%	60%	61%	61%	51%	48%	44%	47%	53%	54%	53%	53%
Full Year Student FTE	1,039	1,008	1,124	1,182	1,763	1,884	2,020	2,098	1,409	1,381	3,844	3,957	1,528	1,549	12,727	13,059
Contribution per Stud FTE	£5,200	£4,900	£5,200	£5,500	£6,200	£5,700	£4,800	£5,100	£5,200	£4,900	£3,600	£3,800	£4,800	£4,900	£4,700	£4,800
Return on Academic Invest	168%	148%	201%	217%	229%	210%	231%	251%	160%	148%	107%	118%	158%	161%	162%	165%

As a result of the income reforecast including the £0.4M reduction in TNE income, the School of Built Environment & Architecture is now expected to deliver £1.8M better than budget, Health & Social Care is £1.5M ahead of budget, Law & Social Sciences is 0.8M ahead, Arts & Creative Industries are £0.7M better than budget and the School of Business is now forecast to be £0.3M better than budget. 2 Schools have declined in profitability and the School of Engineering is now forecast to be £1.0M worse than budget whilst the School of Applied Sciences is now forecast to be £0.5M worse than budget. Overall the School portfolio is now trending £3.6M better than budget. In terms of contribution per student, 4 schools are close to the average return of £4,800 per FTE, the School of the Built Environment & Architecture has the highest contribution per student at £5,700 whilst Health & Social Care delivers £3,800 per student.

7) Student Number Analysis

In terms of Student numbers, at the comparable position in 17/18 had 12,727 FTE and finished the year with a student body of 12,727. We currently have 13,037 enrolled FTE and so are 2% ahead of the year on year position. The biggest increase is New students which are now 13% up and there have been significant increases across most schools. There are still a number of students enrolling particularly on Apprenticeship courses and we are forecasting a final student body for the year of 13,059 FTE

New					Continuing					Total				
School	May-18	May-19	Change	% Change	School	May-18	May-19	Change	% Change	School	May-18	May-19	Change	% Change
ASC	434	468	34	8%	ASC	605	540	-65	-11%	ASC	1,039	1,008	-31	-3%
ACI	514	527	13	3%	ACI	610	655	45	7%	ACI	1,124	1,182	58	5%
BEA	730	850	120	16%	BEA	1,033	1,034	1	0%	BEA	1,763	1,884	121	7%
BUS	937	1,051	114	12%	BUS	1,083	1,047	-36	-3%	BUS	2,020	2,098	78	4%
ENG	525	600	75	14%	ENG	884	781	-103	-12%	ENG	1,409	1,381	-28	-2%
HSC	1,659	1,908	249	15%	HSC	2,185	2,027	-158	-7%	HSC	3,844	3,935	91	2%
LSS	675	768	93	14%	LSS	853	781	-72	-8%	LSS	1,528	1,549	21	1%
YTD Total	5,474	6,172	698	13%	YTD Total	7,253	6,865	-388	-5%	YTD Total	12,727	13,037	310	2%
Y / E Total	5,474				Y / E Total	7,253				Y / E Total	12,727	13,059	332	3%

8) Student Withdrawal Analysis

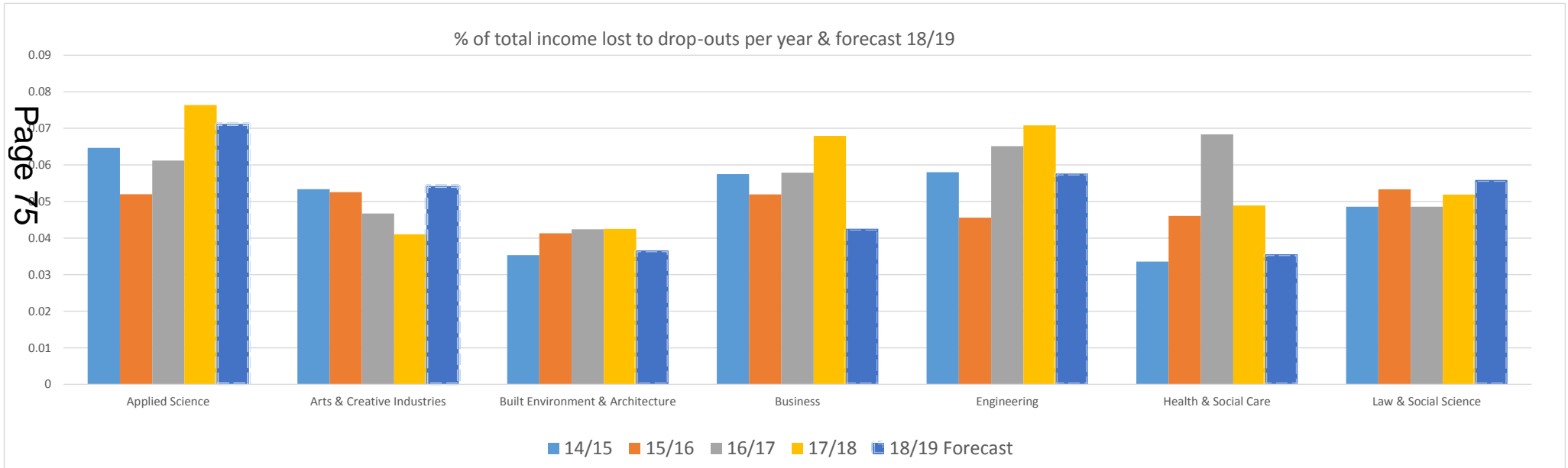
At 31 July 2018, the total amount refunded to students who withdrew or interrupted in year totalled £4,591k. This is the difference between Income generated at Enrolment and the amount retained at the end of the Year. The University receives funding for UG students in 3 tranches; 25% for Semester 1, 25% for Semester 2 and 50% for semester 3. If a student does not progress into the following semester then a refund is generated. Our Overall forecast of lost income had broadly remained the same since September at £4,881k by 31st July. Since then however we have reduced that refund forecast by £0.4M. This reduction is driven by the Schools of Business, Health & Social Care and Engineering.

On a school by school basis, we have 4 schools reporting an absolute reduction in lost income and six schools reporting a lower % loss of overall income to withdrawals and interruptions than 2017/18. Year to date income loss is now £4.4m, broadly equivalent to the May 2018 position. The Overall head count of student drop-outs are down year on year; we have lost 955 students at 30th April, compared to 2018's 982 – down by 2.8%. The head counts also demonstrate improvement in retaining both UG and PG students, with year-on-year UG's drops at their lowest since 2015/16 and PG the lowest in the last four years; UG student drop-outs in 2018/19 are 2.2% under four year average, whilst PG's are 12.6% down in 2018/19 against the same average. This good news is maintained in the numbers for entrant type, with the lowest number of continuing students leaving in 2018/19 over the last four years and new students in the last three, and in comparison to May 2018, continuing student retention is up by 8.1% from 2017/18 and new students up by 4.6%. The year on year % change in the School of Health & Social Care is due to the change in tuition fee regulations, its drop outs remain the lowest % of all 7 schools on a student % basis

Academic year	YTD withdrawals
15/16	875
16/17	1,055
17/18	982
18/19	955

'Lost Fee Income' in £000K	17/18 A	18/19 F	% change	% T Inc.	17/18 A	18/19 F	% change	% T Inc.	
Applied Science	£653	£607	-7.1%	6.6%	Engineering	£815	£664	-18.5%	7.1%
Arts and Creative Industries	£391	£545	39.5%	4.8%	Health & Social Care	£482	£674	39.9%	3.8%
Built Environment & Architecture	£601	£555	-7.7%	4.2%	Law & Social Sciences	£652	£729	11.8%	5.2%
Business	£997	£706	-29.2%	5.8%	Total	£4,591	£4,480	-2.4%	5.2%

% T Inc. = % of Tuition Fee Income



9) Income Analysis

YTD Income is significantly ahead of the 17/18 position particularly in terms of UG income which is 15% ahead and Postgraduate income which is 23% ahead. Some of this increase is due to £9.2M of students who were funded through the Health Contract and who now pay their own Tuition fees. The University is now £6.6M ahead of the comparable position for Home/EU students as compared to last year. In terms of Overseas Tuition fees, these are £1.4M and 16% better than the comparable position in 17/18. We are slightly ahead of budget in terms of YTD Research income and are 16% ahead of the comparable position in 17/18. Enterprise income is 3% behind of the comparable position in 17/18 and is behind budget. We have reduced our Enterprise forecast by £1.1M last month and are now forecasting full year income of £10.2M as compared to the £12M target. We also reduced our TNE income by £0.4M last month as some of the more speculative partnerships have not been delivered and are now forecast to end the year £0.7M less than budget.

10) Staff Cost Analysis

In terms of staffing we have reduced our Full Year Forecast by a further £0.1M this month. Excluding restructuring, the University has spent £2.4M less than budget in the first 10 months of the year. The full year forecast assumes a total staff saving against budget of just £1.6M and so is probably overstated. The majority of the YTD staff savings are in the Schools and Business in particular is behind in terms of spend. There are additional YTD staff costs in the Executive area but these relate to the Lambeth College transaction and Integration costs and will be charged to Lambeth College by year end.

11) Operating Expense Analysis

In terms of Operating Expenses these have been reduced by 15% in the 18/19 budget as compared to the 17/18 budget to fund Staff growth and our Investment Pots. Total YTD expenses are currently within budget however there are some areas that are no longer forecasting to budget including ICT, Estates, Research, Enterprise & Innovation and the International Office. These overspends are being funded by staff savings although ICT and Estates are no longer expected to deliver in totality to budget by year end. The University has also invested almost £400K in terms of transition costs for Lambeth College. The current intention is to recharge these costs to Lambeth once the transaction is closed and this will also reduce our YTD costs.

12) Budget Analysis

The University operates on a Portfolio basis so members of the Executive are expected to manage their portfolio as a whole and if one area requires additional funds this can be generated by reducing investment in another area of the Executive's responsibility. At present all members of the Executive are forecasting to deliver on budget apart from the DVC (Education) due to the overspend in ICT and the CBO due to the financial position of Estates, International and Enterprise.

13) Investments

In terms of flexible in-year investment the Executive have set aside £2.5M in 18/19 to fund £1M of Research pump priming activities, £1M of normal in-year investments and £0.5M of extra ordinary staff development activity. The Executive approved in June areas for £1M of Research Investment and have so far approved £1.5M of in year investments of which £1M has been drawn down.

In terms of the Capital Expenditure investment funds, the University has set aside £0.6M to fund ICT based Innovation activities, £0.3M to fund Teaching and Learning Equipment and £0.6M to fund Estates Minor works. There are some large capital projects that will require monitoring during the year including the investment in the Leap transformation project, the relocation of the Business School to the LRC building and the redevelopment of London Road including Chapel stabilisation works. The London Road redevelopment is currently forecast to overspend by £1.6M and the scope of this programme is being reviewed in order to deliver Phase 1 of the building program on budget

LONDON SOUTH BANK UNIVERSITY / ENTERPRISES

Management Summary Report from August 2018 To The End Of May 2019

Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD (£)
			2018 Forecast (£)	2018 Budget (£)	Variance - Forecast to Budget (£) %	Note	2018 Actuals (£)	2018 Budget (£)	Variance - Actuals to Budget (£) %	Note	
(145,301,325)	(131,016,845)	Total Income	(147,260,912)	(145,200,000)	2,060,913 1%		(138,426,989)	(133,054,164)	5,372,825 4%		(8,833,923)
85,240,117	68,979,695	Total Staff Costs	84,362,741	86,027,322	1,664,581 2%		67,964,568	69,979,006	2,014,438 3%		16,398,173
9,625,747	8,051,880	Total Depreciation	10,500,000	10,500,000	%		7,358,815	7,334,988	(23,827) (%)		3,141,185
44,523,872	33,746,116	Total Other Operating Expenses	43,218,396	41,930,472	(1,287,924) (3%)		33,692,909	34,333,515	640,606 2%		9,525,487
4,297,781	3,675,126	Total Interest Payable	5,165,000	5,240,000	75,000 1%		3,532,942	3,631,460	98,518 3%		1,632,058
		Total Exceptional Items	1,014,776	2,206	(1,012,570)						1,014,776
		Total Internal Allocations						4,306	4,306 100%		
(1,613,808)	(16,564,029)	Contribution	(3,000,000)	(1,500,000)	1,500,000 100%		(25,877,754)	(17,770,889)	8,106,866 46%		22,877,755
58.7%		Staff costs as % of income	57.3%	59.2%			49.1%	52.6%			
1.1%		Contribution %	2.0%	1.0%			18.7%	13.4%			

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Group Consolidated Budget for 2019/20

Group Budget	2018/19 LSBU	2018/19 LC/SBC	2018/19 Group*	2019/20 LSBU	2019/20 SBC	2019/20 Group
Income						
Funding Grants	£13.4	£20.8	£34.2	£12.1	£19.4	£31.5
Tuition fees, Health & education Contracts	£94.1	£3.4	£97.5	£97.2	£3.9	£101.1
Overseas & TNE Income	£12.2	-	£12.2	£13.6		£13.6
Research Income	£6.0	-	£6.0	£7.0		£7.0
Enterprise income	£10.1	-	£10.1	£10.9		£10.9
Other Income	£11.2	£1.3	£12.5	£10.8	£1.2	£12.0
Endowment & Investment	£0.3	-	£0.3	£0.4		£0.4
Total Income	£147.3	£25.5	£172.8	£152.0	£24.5	£176.5
Expenditure						
Staff Costs	£84.4	£14.8	£99.2	£89.6	£14.5	£104.1
Depreciation	£10.5	£2.1	£12.6	£12.0	£1.9	£13.9
Operating Expenses	£43.2	£11.7	£54.9	£43.2	£9.9	£53.1
Interest payable	£5.2	£1.5	£6.7	£4.2	£1.0	£5.2
Exceptional Items	£1.0	-	£1.5	£1.5		£1.5
Total Expenditure	£144.3	£30.1	£174.4	£150.5	£27.3	£177.8
Surplus / (deficit) before grant release	£3.0	(£4.6)	(£1.6)	£1.5	(£2.8)	(£1.3)
Grant release	-	14.9	14.9	-	2.8	2.8
Surplus / (deficit)	£3.0	10.3	13.6	1.5	-	1.5

*2018/19 full year position shown for comparison. Only the period 1/2/19-31/7/19 will actually be consolidated. The SBC deficit for this period is expected to be in the region of £0.5m to £1m and will be offset by release of deferred grant leaving a break even position in SBC and a consolidated group surplus of £3m in line with the reported position for LSBU.

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	INTERNAL
Paper title:	Campus Redevelopment Phase 1 - London Road Building Appointment of Contractor
Board/Committee:	Board of Governors
Date of meeting:	18 July 2019
Author(s):	Peter Harrison, Deputy Director of EAE (Estate Development)
Sponsor(s):	Prof Paul Ivey, Deputy Vice-Chancellor & Chief Business Officer
Purpose:	For Approval
Recommendation:	That Board of Governors consider the recommendation of the Executive to appoint Willmott Dixon Interiors to carry out the London Road Building Refurbishment for the sum of £46,500,000 (inclusive of VAT) and give approval for the report to be presented to the Board of Governors at its meeting on 18 July 2019 for approval to the award of the contract.

Executive Summary

Delivery of Phase 1 of the Campus Re-Development Project continues. All work around campus required to facilitate the creation of teaching and office space as an alternative to London Road has either been completed or is in progress.

In order to appoint a main contractor for the refurbishment of the London Road building itself, a fully compliant tender process has been undertaken. Three contractors submitted tenders, Willmott Dixon Interiors, ISG and McLaren all of which were assessed by a Tender Evaluation Panel. Willmott Dixon Interiors and McLaren were invited to attend clarification interviews with ISG being discounted due to cost and quality. Based on a criteria of 40% cost and 60% quality, the Willmott Dixon Interiors tender provided both the most advantageous cost and the highest quality. Unfortunately, the cost of £48,958,581 is £2,450,751 over the £46,507,830 budget available.

Willmott Dixon Interiors has, however, agreed to a revised Contract Sum of £46,500,000 subject to the agreement and instruction by LSBU of appropriate adjustments to the specification and /or Employers Requirements to reduce their adjusted tendered sum by £2,458,581 to meet our available budget. This process has begun and a list of the options can be found within Appendix 2.

The Project Team and Willmott Dixon Interiors are confident that £2,450,751 can be found through the value engineering exercise which will meet the £65m budget available. This paper was considered by the Executive Committee at its meeting on 10th July 2019. The Committee recommended that this paper be presented to MPIC for consideration and for a recommendation to be made to the Board of Governors at its meeting on 18th July for approval to the awarding of the contract.

Should the contract be awarded, Willmott Dixon Interiors has undertaken to work with LSBU to agree a Social Value Plan which will set out how they will work with both the University and the local community to provide added value which includes, but is not limited to :- apprenticeships, careers and employability training activities, various work placement opportunities for LSBU students and two paid internships during the duration of the project.

1 Budget - Phase 1 Programme of Works

A budget allocation of £65 million has been made available for the Phase 1 of the re-development of the Southwark campus.

This budget is to cover the London Road Building refurbishment and all associated enabling works to create alternative facilities around the campus.

2 Current Financial Position

The current expenditure of the Phase 1 programme of works against the £65 million budget is highlighted below:-

Please note all figures include VAT

Project	Estimated Financial Commitment
	(£)
Perry Library	362,225
Business School (LRC)	1,708,439
Technopark	599,869
London Road Project	
<i>Professional Fees</i>	4,800,000
<i>ICT / AV</i>	1,560,000
<i>FF&E</i>	960,000
Borough Rd. teaching and accessibility improvements incl. temp Elephant Studio space	3,017,462
Temporary Teaching / Office Accomodation (Portakabins)	2,019,102
Borough Road office space for LSS	80,874
Gym Relocation and creation of dance studio in K2	261,333
K2 Building	569,362
Keyworth Building	183,906
Faraday Wing creation of space for Clearing	95,598
Repairs to Lifts	24,000
3 year fixed term internal project manager	250,000
Contingency 3% of total budget	2,000,000
Total £	18,492,170

	(£)
Total budget available	65,000,000
Less committed expenditure	<u>18,492,170</u>
Construction Budget Available	<u>46,507,830</u>

3. Appointment of Contractor

A fully compliant tender process to appoint a contractor has been undertaken in accordance with EU Legislation.

Six Pre-Qualification Questionnaires returns were received and scored by the Project Team and from the six returns four contractors were invited to tender for the project, Willmott Dixon Interiors, McLaren, ISG and Graham Construction. During the tender period Graham Construction withdrew their tender. Full details are available within Appendix 2 – Tender Report.

Of the four eligible contractors invited to bid for the works; three contractors provided returns as detailed later in this report.

Key milestones of the tender process were as follows:

- | | |
|-------------------------------------|---------------|
| • Invitation to Tender (ITT) Issued | 18 March 2019 |
| • Tenders Received by | 13 June 2019 |
| • Tenders Excluded | None |
| • Tenders Assessed & Moderated | 3 July 2019 |
| • Clarification Interviews | 4 July 2019 |

The tender process was managed and overseen by Fulkers, the appointed cost consultants for the project.

4. Tender Assessment Criteria & Process

Responses were evaluated as detailed in **Appendix 1 - Scoring Matrix** against the following criteria:

Cost	40%
Quality	60%

The three responses received were assessed by a Tender Evaluation Panel consisting of Peter Harrison (Deputy Director of EAE (Estate Development) LSBU), Martin Fenner (Procurement Category Manager LSBU), Carol Rose (Executive Director EAE, LSBU), Susan O'Brien-Coker (LSBU Project Manager), Vasili Eleftheriou (Fulkers, Senior Project Manager), Alex Medwell-Bates (Fulkers QS), Nat Keast (Wilkinson Eyre Architects), Ben Lewis (Eckersley O'Callaghan Structural Engineers), Carol Wilkinson (Principal Designer and H&S Representative RP&P) and Laura Smith (BDP MEP Consultants).

The shortlisted contractors were subsequently invited to attend interviews at which they were asked to clarify their responses to ensure that their submissions had been appropriately interpreted. The clarification interview panel comprised Peter Harrison (Deputy Director of EAE (Estate Development) LSBU), Martin Fenner (Procurement Category Manager LSBU), Susan O'Brien-Coker (Project Manager LSBU), Vasili Eleftheriou (Fulkers, Senior Project Manager), Alex Medwell-Bates and Barry Mitchell (Fulkers QS's), Stafford Critchlow and Nat Keast (Wilkinson Eyre Architects), Ben Lewis (Eckersley O'Callaghan Structural Engineers), Carol Wilkinson (Principal Designer and H&S Representative RP&P) and Laura Smith and Aidan Kelly (BDP MEP Consultants)

The third tender submission was discounted and not invited for interview due to the quality of their submission and the extremely high tender return.

A set of pre-agreed questions were used during the interviews. Presentations by the contractors were restricted in time and scope to ensure they focused on clarifying key items from their submissions. Following the interviews, the panel reviewed the contractors' moderated scores and adjusted these as appropriate based on the clarifications received during the interviews. The panel was unanimous in the agreement of the consolidated quality scores.

5. Tendered Pricing

Prices included in the tenders received by the 13th June 2019 were as follows :-

Tenderer	Price	Documents Submitted
ISG	£60,096,295	All documents submitted as per the checklist included within the tender documents
McLaren	£52,927,794	All documents submitted as per the checklist included within the tender documents
Willmott Dixon	£48,567,092	All documents submitted as per the checklist included within the tender documents

The tender returns were reviewed and levelled to ascertain the most commercially favourable contractor. A detailed analysis is included Appendix B, below is a high-level summary:

Tenderer	LSBU Construction Budget	ISG	McLaren	Willmott Dixon
Form of tender total	£46,507,830	£60,096,295	£52,927,794	£48,567,092
Levelling	-	(£36,000)	£850,740	£391,489
Total Levelled Tender	£46,507,830	£60,060,295	£53,778,534	£48,958,581

6. Tender Assessment Results (Cost + Quality)

Rank 1	Wilmott Dixon	– 78%
Rank 2	McLaren	– 75%
Rank 3	ISG	– 38%

Detailed tender analysis and tender report are available from the governance team.

7. Cost

None of the tender returns were within the £46,507,830 construction budget available. The cost submitted by the recommended and lowest priced contractor, Willmott Dixon Interiors, amounts to £48,958,581 - £2,450,751 over budget.

A Value Engineering process to reduce the construction costs by £2,450,751 is required to ensure that the Phase 1 programme of works can be delivered within the maximum £65m budget available.

Willmott Dixon Interiors has agreed to a proposed Contract Sum of £46,500,000 subject to the agreement and instruction by LSBU of appropriate adjustments to the specification and /or Employers Requirements to reduce their tendered sum by £2,458,581 to meet our available budget.

A 3% contingency on the whole Phase 1 Programme of Works is included in the budget (£2,000,000) which is almost double the standard industry practice at this stage of a project.

A list of Value Engineering options has been identified and these are included in **Appendix 3 Tender Report**

Willmott Dixon Interiors have stated via email through their Operations Director their willingness to work with LSBU to reduce costs and reach the £65m maximum budget and have issued the following statement:

“Following our meeting yesterday I write to confirm my absolute commitment to working alongside the established London Road Building team to deliver the project in line with your budget and programme requirements. This commitment has the full support of our Managing Director, Graham Shaw, and the rest of the WDI Board.

Underpinned by our determination to complete everything we do with pride we have developed and honed a collaborative culture that runs through all aspects of our business. This includes our supply chain partners where longstanding relationships guarantee London South Bank University consistency in values and behaviours during every interaction from our Board through to our site operatives

Our aspiration is to become a trusted delivery partner who will;

- Provide honest advice, and will not be afraid to challenge*
- Continually build on a relationship founded on mutual values*
- Build trust through integrity and equality.*

We have assembled a fully resourced task team to work with you to ensure alignment of value engineering proposals and programme. This team are available immediately and are already working in the background to refine our proposals. We would welcome as much interaction from your designers as possible in the coming weeks and will seek to

continue with the positive interactions we have enjoyed so far during the tender period to bring these matters to conclusion”

8. Conclusion and Recommendation

After reviewing the three tender submissions and interviewing by the Project Team it is very clear that Willmott Dixon Interiors are the most suitable contractor to undertake the London Road Building Refurbishment based on cost and quality.

Despite their original tender exceeding our available budget by £2,450,751 they have agreed to reduce their adjusted tendered sum by £2,458,581 to meet our available budget, subject to the agreement and instruction by LSBU of appropriate adjustments to the specification and /or Employers Requirements.

It is therefore recommended that Willmott Dixon Interiors be appointed as the main contractor for the London Road Refurbishment.

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	CONFIDENTIAL
Paper title:	Intra-group matters
Board/Committee:	Board of Governors
Date of meeting:	18 July 2019
Author(s):	James Stevenson, University Secretary
Sponsor(s):	Richard Flatman, Chief Financial Officer James Stevenson, University Secretary
Purpose:	For Discussion
Recommendation:	The Board is requested to note the arrangements for intra-group facilities, service provision and group committees and authorise the steps set out below.

Intra-group matters

- 1. Intra-group facilities**
- 2. Intra-group services**
- 3. Group committees**

1. Intra-group facilities

It is proposed that LSBU makes available two facilities to its wholly-owned subsidiary SBC, to enable:

- (i) SBC to continue to fund the turnaround of Lambeth College; and
- (ii) SBC to manage cash-flow for its estates redevelopment plans.

1.1 Facility 1: turnaround of Lambeth College

On 31 January 2019, Lambeth College Corporation (LCC) transferred its assets, liabilities and undertaking to South Bank Colleges (SBC).

As a condition of this transfer, LSBU agreed to take on LCC's commercial debt of £13.7m with Barclays Bank plc. In consideration of this condition, SBC transferred to LSBU grant funding of £13.75m received from the Education and Skills Funding Agency (ESFA). This ESFA grant funding is to be used solely for the turnaround of Lambeth College as run by SBC.

Under a letter of comfort dated 31 January 2019 from LSBU to SBC, LSBU proposed to SBC to make a number of loan payments to SBC up to a total amount of the ESFA grant in order to support the turnaround of the College over the next three years.

A facility agreement will be prepared to formalise this intra-group loan arrangement, with the following key terms:

- SBC will drawdown the loan funding from LSBU over the next three years to 31 July 2022;
- Repayment of the loan to LSBU will be by 2035 (to tie-in with the repayment date of the Barclays loan);
- A management charge will be charged to SBC by LSBU to offset interest incurred by LSBU on its loan with Barclays;
- LSBU is not seeking security over SBC's land as:
 - SBC is restricted from giving additional security in its Asset Deed (of 6 August 2018) and legal charge (of 31 January 2019) with the Secretary of State;
 - LSBU retains ultimate control through its powers as member and under the Governance Agreement dated 31 January 2019 with SBC; and
 - the terms of the Asset Deed preserve 80% of the assets for FE use.

1.2 Facility 2: estates redevelopment

As part of its estates redevelopment plans, SBC plans to invest in a new skills centre on its Vauxhall site. The intention is that the development will be funded by GLA match-funding and the sale of part of SBC's Clapham site. In order for SBC to manage the cash-flow for this development, it is proposed that LSBU lends SBC up to £22.9m (the 'match-funding' required under the draft GLA agreement) from its reserves.

A second facility agreement will be prepared with the following key terms:

- SBC will drawdown the second loan funding from LSBU over the next 3 years;
- Repayment of the loan to LSBU will be on the sale of part of the Clapham site or later as agreed between the parties;
- Interest will be charged to SBC by LSBU at an appropriate rate determined by CFO to recognise interest foregone by LSBU (c.1%) and opportunity cost that LSBU could have used the funds instead to repay Barclays at c.6%. If LSBU is required to take out additional borrowing to finance this loan the actual rate of interest on that loan will be passed to SBC; and
- LSBU is not requesting any security over SBC's land for the same reasons

as the first facility above.

1.3 Recommendation:

The Board is requested to:

- approve the above key terms of the two proposed two facilities;
- authorise a sub-committee of the Vice Chancellor and the Chief Financial Officer (CFO) to approve the two intra-group facility agreements incorporating the key terms above;
- authorise the execution of the two facility agreements and any necessary, associated documents on behalf of LSBU by any of the Vice Chancellor, CFO or Secretary as required.

2. Intra-group services

As part of the expansion of the LSBU group, which in addition to its non-primary purpose trading subsidiary SBUEL, now includes South Bank Academies (SBA) and South Bank Colleges (SBC), it is intended that some professional services are provided intra-group.

The provision of services would primarily be from LSBU to SBA, SBC or SBE, e.g. HR, estates, health & safety, planning, finance, legal and governance. It could also be from the group entity to LSBU, e.g. apprenticeships, OFSTED expertise.

Accordingly, it is necessary to set out the legal basis on which the intra-group services will be provided.

In the short-term, the purchase of professional services by the subsidiary from LSBU will be documented by separate service level agreements between LSBU and each subsidiary, which will demonstrate compliance with charity, procurement and state aid rules. In addition, SBC has its own subsidiary, SW4 Catering Ltd, to which the same principles will apply.

In the longer-term, the Executive will review the method of service provision within the group and the range of options. This is likely to require significant planning and will be brought back to the Board when the review has been developed.

2.1 Recommendation

The Board is requested to:

- note the proposed arrangements;
- authorise a sub-committee of the Vice Chancellor and the CFO to approve the terms of service level agreements with each subsidiary;
- authorise the execution of the service level agreements and any necessary associated documents on behalf of LSBU by any of the Vice Chancellor, CFO or Secretary as required.

3. Group committees

Separately in the board papers, the Board will read the governance effectiveness report and the references to group governance arrangements.

The planning has started to enable the scope of the Board's sub-committees to be group-wide. The first step has been to discuss the approach with the Chair of the Board and the current and former Chairs of the Audit Committee, to include a review of the legal basis of control by LSBU of the group.

Next steps will be to develop group-wide remits and discuss further with each chair of sub-committees and each subsidiary board Chair. The Board of Governors will be kept informed of developments.

	CONFIDENTIAL
Paper title:	Report and decisions of committees
Board/Committee:	Board of Governors
Date of meeting:	18 July 2019
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	Relevant committee chairs
Purpose:	To update the Board on committee decisions
Recommendation:	The Board is requested to: approve Nominations Committee Terms of Reference and the Group Pensions Sub-committee Terms of Reference

Executive Summary

A summary of Committee decisions is provided for information. Minutes and papers are available on modern.gov.

Attached is the Nomination Committee Terms of Reference and the Group Pensions Sub-committee Terms of Reference. The Board is requested to approve the Nomination Committee Terms of Reference and the Group Pensions Sub-committee Terms of Reference.

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South Bank Academies Board – [25 June 2019](#)

The Board discussed:

- an education update from the Executive Principal;
- draft budget, 2019/20. A final budget is to be approved by the Board at its meeting of 19 July 2019;
- the management accounts which forecast a surplus above budget;
- year end audit preparations which had begun;
- expansion opportunities. There are currently seven expansion or development opportunities. Most opportunities are at the earliest stage of the development process. The two most developed opportunities are the plan to extend the UTC to a dual specialism including Health and Social Care and to offer apprenticeships at both schools, subject to being granted a licence.

South Bank Colleges Board – [3 July 2019](#)

The Board noted:

- the Executive Principal's report, which provided an update on the recent Ofsted inspection graded for Overall Effectiveness as 'requires improvement' (grade 3). There was an overview of the curriculum strategy and linked KPIs and the 3-year turnaround plan KPIs linked to quality, growth, financial sustainability and Group strategy;
- a progress report on Lambeth College and LSBU transition programme;
- an update on Nine Elms Skills Centre (NESC);
- the Chief Financial officer's report, which provided an update on financial matters including the management accounts ending 31 May 2019, statutory reporting matters and budget matters – details in the Group CFO's report on the agenda;
- the revised Corporate Risk Register; and
- the appointment of the newly elected LC Student Union President as the Student Trustee on SBC Board.

The Board approved:

- the budget for 2019/20 and that it is recommended to the trustees not present for approval;
- The 3-year financial plan and that it is recommended to the trustees not present for approval;
- the closure accounts for Lambeth College Corporation for the period 1 August 2018 to 31 January 2019 and that these are recommended to the trustees not present for approval;
- the letter of representation and that it is recommended to the trustees not present for approval; and
- the interests declared by new trustees.

Finance, Planning and Resources Committee – [2 July 2019](#)

The committee discussed:

- the student recruitment and retention update – good progress was noted from previous years;
- management accounts to 31 May 2019 – LSBU trending towards a surplus of £3m delivering the University £1.5m above budget;
- Chief Operating Officer's report – recent changes in staff was highlighted as well as further work planned on cyber security.

The committee approved:

- The renewal of the LSBU insurance cover for 2019/20.

The committee recommended to the Board:

- The draft budget for the 2019/20 financial year.

The committee noted:

- Research and enterprise activity update;
- KPI strategic enablers;
- SU bi-annual financial update – SU within budget;

Major Projects and Investment Committee – 18 July 2019

The committee will be updated and will discuss the following:

- Project Leap
- The London Road redevelopment
- Estates development
- South Bank Enterprise vision
- International Branch Campus Cairo

The committee will be asked to approve:

- The London road redevelopment contractor
- Project LEAP workpackage 2.0

Audit Committee – [13 June 2019](#)

The committee discussed:

- the draft Group external audit plan from KPMG;
- the procurement audit report from PwC, noting the high risk finding;
- the GDPR audit report from PwC, noting the high risk finding;

- the draft Group internal audit strategy from BDO, noting an updated plan will be provided for the committee in October 2019;
- the corporate risk register noting the current risk register is being reviewed.

The committee approved:

- the annual LSBU debt write-off of £564k;
- the re-appointment of Kingston Smith as the external auditors of the SBA accounts for the 2019 financial year end, on behalf of LSBU as a member of SBA.

The committee noted:

- the external audit progress report from KPMG;
- the internal audit progress report from PwC;
- the continuous audit phase 2 audit report from PwC;
- the SBA follow-up audit report from PwC;
- the Anti-Fraud policy review;
- the 'Good' outcome of the 2019 Apprenticeships Ofsted report;
- the anti-fraud, bribery and corruption report;
- the speak up report – no new issues raised

The committee ratified:

- the LSBU TRAC(T) return.

Pensions working group – 18 June 2019

The committee discussed:

- its remit and draft terms of reference. It agreed that its scope should include all pensions schemes in the LSBU group and should focus on staff reward just as much as pensions. Revised draft terms of reference are included in the appendix for approval by the Board.
- a report from Mercer on pension provision in LSBU and SBUEL. The committee requested that Mercer update the report and to include all pension schemes in the LSBU group. The committee requested that the equality impact of any recommendations are reviewed. The committee agreed that the primary driver in reviewing the pension schemes is to give the group greater ability to control employment costs rather than reduce them.
- the scope for reviewing staff reward; and
- initial benchmarking from UCEA on other Universities' approaches to controlling pension costs.

Remuneration Committee – [2 July 2019](#)

The committee noted that the Vice Chancellor intends to pay back his interest free loan from the University and approved an annual accommodation allowance of £10k which mirrors the current taxable benefit the Vice Chancellor receives from having an interest free loan.

The committee reviewed the definition of comparator set, the senior remuneration policy, severance pay policy and external income policy and recommended no changes following approval in 2018.

The committee noted current pension arrangements for senior executives and requested the group pensions sub-committee to review these alongside its review of all group pension schemes.

Academic Board – [19 June 2019](#)

The Academic Board discussed:

- amendments to the academic regulations; and
- the student academic outcomes, which focused on attainment gap, grade inflations and completion dates taking into consideration the impact of ethnicity.

The Academic Board noted:

- the annual university ethics panel report;
- student academic outcomes;
- the course closure updates 2019;
- the sub-committee reports;
- Emeritus professorships during the academic year 2018/2019; and
- the academic KPI's targets set for the academic year 2019/2020.

The Academic Board approved:

- the academic calendar for 2019/2021.

The Academic Board recommended to the Board:

- the re-appointment of Tony Roberts as staff governor for a term of three years from 1 August 2019.

Nomination Committee

At its meeting of 14 March 2019, the Nomination Committee agreed that it should be the appointing authority for LSBU appointees to subsidiary company boards as appropriate under the relevant company's articles. The Board is requested to approve revised terms of reference to take into account this change.

Nomination Committee

Terms of Reference

1. Constitution

1.1 Under Article 26 the Board of Governors has established a committee of the Board known as the Nomination Committee.

2. Membership

2.1 The Nomination Committee and its chair shall be appointed by the Board, from among its own members.

2.2 Membership shall consist of: at least 3 independent governors, one of whom shall be the Chair of the Board; and the Vice Chancellor.

2.3 A quorum shall consist of at least 2 independent governors.

2.4 The chair shall be an independent governor.

2.5 The committee may, if it considers it necessary or desirable, co-opt members with particular expertise.

3. Frequency of meetings

3.1 Meetings shall be held as required.

4. Authority

4.1 The committee recommends potential independent governors to the Appointments Committee.

4.2 The committee is the appointing authority for LSBU appointees to subsidiary company boards as appropriate under the relevant company's articles~~recommends potential directors of the University's subsidiary companies to the Board of Governors for approval.~~

~~4.3 The committee recommends potential members of the University Court to the Board.~~

5. Secretary

5.1 The secretary to the Nomination Committee will be the Clerk to the Board or other appropriate person nominated by the Clerk.

6. Duties

6.1 The duties of the committee shall be to:

- 6.1.1 identify Board vacancies as and when they arise and to make recommendations to the Appointments Committee for filling them;
- 6.1.2 give full consideration to succession planning for governors, taking into account the challenges and opportunities facing the University, and what skills and expertise are needed on the board in the future;
- 6.1.3 in the exercise of its functions, have due regard to the benefit of equality and diversity in the composition of the Board;
- 6.1.4 develop and keep under review the criteria for appointment as an independent governor;
- 6.1.5 evaluate the balance of skills, knowledge and experience required for a particular appointment;
- 6.1.6 seek the most suitable candidate, whether by open advertising, the use of external consultants, or personal recommendation;
- 6.1.7 consider the reappointment of each independent governor at the end of his or her specified term of office, having regard to that governor's performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required, and to recommend as appropriate to the Appointments Committee;

6.1.8 consider nominations for the post of Chair of the Board of Governors and to make recommendations to the Board of Governors;

6.1.9 consider and appoint potential non-executive directors for the University's subsidiary companies and to make recommendations to the Board of Governors;

~~6.1.10 consider and recommend potential members for the University Court to the Board.~~

7. Reporting Procedures

7.1 The minutes (or a report) of meetings of the Nomination Committee will be circulated to all members of the Board.

~~*Approved by the Nomination Committee on 27 April 2012*~~

~~*Approved by the Board of Governors on 24 May 2012 18 July 2019*~~

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LSBU Group Pensions Sub-Committee Terms of Reference – June 2019

Membership

Steve Balmont	Independent Governor	Chair (from 1 June 2019)
Duncan Brown	Independent Governor	
John Cole	Independent Governor	
Jerry Cope	Independent Governor	
Mee Ling Ng	Independent Governor	<u>SBC Trustee</u>
<u>[member of SBA]</u>		

Terms of reference

1. Constitution

- 1.1 The Board of Governors has established a working group known as the Group Pensions Sub-Committee.

2. Membership

- 2.1 The Group Pensions Sub-Committee and its chair shall be appointed by the chair of the Board.
- 2.2 The Group Pensions Sub-Committee may, if it considers it necessary or desirable, co-opt members with particular expertise.

3. Attendance at meetings

- 3.1 The Chief Financial Officer and the head of reward (or equivalent) shall normally attend meetings.

4. Frequency of meetings

- 4.1 Meetings shall be held as required with the aim to report initial conclusions in November 2019.

5. Authority

- 5.1 The Group Pensions Sub-Committee is authorised by the Board to review any aspect of group pensions provision.
- 5.2 The Group Pensions Sub-Committee is authorised by the Board to obtain outside legal or other independent professional advice, if it considers this necessary. The CFO or Clerk of the Board are to procure, if required.

6. Secretary

- 6.1 The secretary to the Group Pensions Sub-Committee will be an appropriate person nominated by the Clerk.

7. Duties

- 7.1 The duties of the Group Pensions Sub-Committee shall be to:
 - 7.1.1 advise the LSBU Board on the options available to the University Group in relation to the ongoing pensions liability;
 - 7.1.2 make a recommendation to the board regarding future staff pension provision and reward, covering all Group entities; and
 - 7.1.3 provide governance oversight to the implementation of agreed changes to pension provision in the university group.

8. Reporting

- 8.1 The Group Pensions Sub-Committee will report ~~its recommendations~~ to the Board of Governors.

	CONFIDENTIAL
Paper title:	Corporate Risk Report
Board/Committee	Board of Governors
Date of meeting:	18 July 2019
Author:	Richard Duke, Director of Strategy & Planning
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	For information; to provide the Board of Governors with a report on corporate risk
Which aspect of the Corporate Strategy will this help to deliver?	Effective risk management relates to the entire organisation, but relates particularly to goals 7 (People & Organisation) and 8 (Resources & Infrastructure).
Recommendation:	To review and note

Executive Summary

The corporate risk register currently has:

- Two critical risks;
- Four high risks;
- Twelve medium risks;
- Three low risks

These risks are detailed in the paper, as well as mitigation and progress against actions.

The alignment of the current risk process with corporate and business planning is currently under review. A survey has been distributed to Operations' Board members where questions relating to corporate risk, local risk and risk systems are asked. When answers are reviewed, it is envisaged that a process that ensures risk management alignment with planning processes, that is undertaken as efficiently as possible will be designed and implemented.

This format is under review, with plans for future Corporate Risk reports to integrate a Group Approach.

LSBU Corporate Risk: Board Summary Report – May 2019

Cover Page: Risk Exposure Matrix – Severity by risk type (from Risk Appetite)

Severity Rating	Critical	High	Medium	Low
Risk Types:				
Financial (Open)	<p>2: Revenue reduction if activity does not achieve H/EU UG recruitment targets (NL)</p> <p>3: Sustainability of pension schemes (RF)</p>	<p>625: Impact of Govt. Education Review on HE funding (RF)</p>	<p>14: Loss of NHS contract income (WT)</p> <p>402: Income growth from Research & Enterprise unrealised (PI)</p> <p>457: Anticipated international & EU student revenue unrealised (PI)</p> <p>624: LSBU Family integrated service benefits (IM)</p>	<p>517: EU Referendum Impact on regulation & market (DP)</p>
Legal / Compliance (Cautious)			<p>305: Data not used / maintained securely (SW)</p> <p>519: Negative Curriculum Assessment (SW)</p> <p>584: External incident compromises campus operations or access (PB)</p>	
Academic Activity (Seek)		<p>467: Progression rates don't increase (SW)</p> <p>37: Impact and affordability of Capital Expenditure investment plans (RF)</p>	<p>398: Academic programmes not engaged with technological and pedagogic developments (SW)</p> <p>495: Higher Apprenticeship degrees (PB)</p> <p>518: Core student system inflexibility / failure (SW)</p>	<p>494: Inconsistent delivery of Placement activity (SW)</p>
Reputation (Open)		<p>626: Impact of assurance activity & new initiatives fails to address issues around student experience (PB)</p>	<p>6: Management Information perceived as unreliable, doesn't triangulate or absent (RF)</p> <p>362: Low staff engagement or staff cost containment programme impacts performance negatively (PB)</p>	<p>1: Lack of capability to respond to policy changes & shifts in competitive landscape (DP)</p>

Risk summary reports: a high level overview of risk exposure by appetite risk type for risks with severity ratings of critical, high and medium.

Risk Type 1: Financial		
<i>Summary of current risks & drivers</i>	<i>Notes on controls & mitigation strategies</i>	<i>Notes on progress made and actions completed</i>
<p>2: Home UG Recruitment: (NL) Increased competition & narrowing candidate pool put pressure on applicant numbers. Brand positioning doesn't articulate LSBU offer effectively & impacts on conversion rate, leading to shortfall in anticipated income, or < tariff score</p>	<ul style="list-style-type: none"> • Weekly review of numbers in DARR report by MAC leadership team & Leadership group • LEAP programme workstreams • Annual MAT & Lambeth liaison plan • Course development lifecycle project will ensure organisation insight informs validation cycle 	<ul style="list-style-type: none"> • Response protocols completed for full 19/20 application cycle • Phase 1 School website content updated • Research project underway to assess impact of current 'value add' applicant offer.
<p>3: Pensions scheme sustainability: (RF) Increasing life expectancy & poor performance of funds post 2008 leads to greater deficit</p>	<ul style="list-style-type: none"> • Annual FRS 102 valuation • Strict control on early access to scheme 	<ul style="list-style-type: none"> • Mercers costed scenarios being considered in autumn, with HR representation.
<p>57: International Income: (PI) Government policy & UKVI process creates additional burdens to recruitment, and TNE partner models still in development</p>	<ul style="list-style-type: none"> • Annual cycle of training events with staff on UKVI • Recruitment reports to Executive by exception • Overseas offices support in-country recruitment • Partnership model established for new activity 	<ul style="list-style-type: none"> • School Roadshows on developing & managing partnerships delivered • UKVI Consultant report received & actioned • Egyptian Joint Venture in development
<p>625: Impact of Government HE Review: (RF) If a reduction in the funded unit of resource for HE students is recommended, and approved by parliament, it would undermine current operating model & contribution rates.</p>	<ul style="list-style-type: none"> • Annual Board approval of 5 year forecasts • CFO access to sector & professional expertise • Scenario planning for reduced resource levels 	
<p>14: NHS Contract Income: (WT) Changes to NHS management structures, and move from bursaries to loans for pre-Reg courses impacts on levels of income</p>	<ul style="list-style-type: none"> • QCPM & NMC course review processes demonstrate quality of provision to funders • Literacy & Numeracy no longer tested 	<ul style="list-style-type: none"> • New programmes in development • Havering lease now extended • Applicant process re-engineered

<p>402: Research & Enterprise contracting: (PI) Forward financial plans anticipate increases in income which will need to be supported through reaching into new markets and areas of activity</p>	<ul style="list-style-type: none"> • Bid writing workshops for academic staff delivered • Sharepoint & FEC Research & Enterprise Approval Process for authorisation of new opportunities • R&E activity Pipeline Reports (Financial & Narrative) provided to Business Planning Group 	<ul style="list-style-type: none"> • Health Innovation Lab director appointed, and premises options under review • ACEEU accreditation application underway • Heads of Terms agreed for Cambridge research partnership
<p>624: LSBU Family integrated service: (IM) Obstacles may hinder planned synchronisation</p>	<ul style="list-style-type: none"> • Interim appointments at Lambeth College 	<ul style="list-style-type: none"> • Plans underway for transfer at year end

Risk Type 2: Legal / Compliance		
<i>Summary of current risks & drivers</i>	<i>Notes on controls & mitigation strategies</i>	<i>Notes on progress made and actions completed</i>
<p>305: Data use and access: (SW) The rise of cyber-attacks, and malicious attempts to circumvent existing controls pose a threat to data security. Evolving standards of good practice take time to become articulated within an institutional context and fully adopted as salient culture. European GDPR legislation came into force on 25th May 2018.</p>	<ul style="list-style-type: none"> • GDPR Project programme approved by Executive • Data Protection now included within suite of Mandatory Training modules for staff • ICT project process requires Privacy Impact Statements and changes to digital infrastructure reviewed quarterly by ICT Technical Roadmap Board • IT access now linked directly to live info from i-Trent staff record system, and logical security protocols require 6 monthly change • Vulnerability tests scheduled weekly 	<ul style="list-style-type: none"> • GDPR project programme reviewed by project board
<p>319: Curriculum Compliance: (SW) The transition from sector funder (Hefce) to Regulator (OfS) sees a move away from the Annual Provider Review approach to quality assurance of provision, to achievement of registration conditions, which now connect explicitly to the stipulations of the CMA (Competitions & Markets Authority) around consumer protection. The links between Course Approval documents and Marketing content is not currently assured, and tolerance thresholds for changes to course content may vary in practice.</p>	<ul style="list-style-type: none"> • Academic Audit process is monitored by Academic Board, through reports from QSC (Quality & Standards Committee) • Curriculum creation process being transferred to the Registry function • All Course Specs being translated into new Educational Framework format • LEAP workstreams including CRM elements will help mitigate this risk, along with outputs of OEG project 3 	<ul style="list-style-type: none"> • Full audit of Course specifications now completed • OfS Registration process being overseen by project board & Company Secretary • Educational Framework specification documents now mandatory for all new programmes • LSBU Subject TEF pilot participation has informed review of core review cycles
<p>584: External Incident impact on campus: (PB) UK government's current terror threat level</p>	<ul style="list-style-type: none"> • Building Lockdown plans in place • Business continuity plans for critical activity reviewed annually by resilience team 	<ul style="list-style-type: none"> • Review actions now being implemented • Gold Command transferred to VC & COO.

of 'severe' and incidents during 2017 mean that a central London location places LSBU at greater risk of being impacted by a future event.

- Emergency Information sets at receptions
- Halls Accommodation aid agreement in place with London School of Economics
- Annual scenario testing with Executive

Risk Type 3: Academic Delivery		
<i>Summary of current risks & drivers</i>	<i>Notes on controls & mitigation strategies</i>	<i>Notes on progress made and actions completed</i>
<p>467: Progression: (SW) Despite a revised focus on the re-enrolment process, the progression rate fell by 2% to 75% for full time students, and is featured as a negative flag on some of the metrics supplied through the Subject TEF pilot process.</p>	<ul style="list-style-type: none"> • Range of data in the Corporate Warehouse being expanded to utilise the MIKE platform to provide greater insight and analysis to academic staff • Study support provided by Library & LRC • CRIT embeds support in high impact modules • Personal tutoring minimum specification published 	<ul style="list-style-type: none"> • Course Director Role Description completed & provided to the School DESEs • New Progression dataset tested and added to Data Warehouse for ongoing reporting • 1 LEAP workstream will impact on this
<p>37: Capex impact on business: (RF) Project ambitions and scales do not achieve planned impact, or not in alignment with current cash generation capacity or asset valuations.</p>	<ul style="list-style-type: none"> • Capex reporting embedded into management accounts provided to FP&R Committee • Estates project methodology controls & governance • Financial Regs require Board approval >£2m 	<ul style="list-style-type: none"> • Sino-campus Steering Panel ongoing • Perry disposal options being considered • St Georges options being tested with Clive Crawford Associates
<p>398: Technology & Pedagogy: (SW) Some competitors have made greater investment in using learning analytics to support the learning experience, & embedding Classroom technology. There are sector concerns with regard to the priority attached to teaching support by OfS & Advance HE, and CRIT Reorganisation could impact on delivery.</p>	<ul style="list-style-type: none"> • CRIT (Centre for Research Informed Teaching) reports to the Student Experience Committee & to the Quality & Standards Committee. • Delivery of the Technologically Enhanced Learning Strategy (TEL) through Educational Framework & Quality Processes monitored by Academic Board. • Digital baseline created for all Moodle sites 	<ul style="list-style-type: none"> • CPD sessions for Course Directors delivered utilising TESTA framework • Lecture capture facilities being provided to pilot group using Panopta on laptops, with associated training sessions • Moodle baseline available to all staff & contained within new site template
<p>495: Apprenticeships: (PB) Some issues with system adaptations in order to accommodate all requirements of running Apprenticeship programmes, and some sector reports have introduced some uncertainty over future enrolment patterns.</p>	<ul style="list-style-type: none"> • The Apprenticeships team is now fully established within LSBU • 6 monthly progress report from Apprenticeships Steering Group scrutinised by 	<ul style="list-style-type: none"> • Passmore Centre refurbishment project now underway • Launch events in preparation stages • Ofsted preparation task group in place

	Academic Board covers IPTE and the Passmore Centre.	
<p>518: Core Student Systems: (SW) Although the LEAP project is underway to create a paradigm shift in administration of the student journey, existing platforms will be required in the interim, and are patched and burdensome.</p>	<ul style="list-style-type: none"> • LEAP Programme project Updates scrutinised by Academic Board, & Exec & FP&R. • Operational Issues reported & tracked through ICT TopDesk system, with internal escalation protocols. 	<ul style="list-style-type: none"> • Timetabling review completed, and some recommendations implemented • PWC appointed as LEAP Programme Change Partner

Risk Type 4: Reputation		
<i>Summary of current risks & drivers</i>	<i>Notes on controls & mitigation strategies</i>	<i>Notes on progress made and actions completed</i>
<p>626: Assurance activity & new initiatives fail to address student experience issues (PB)</p> <p>Changing expectations, a value media focus and campus developments may impact negatively on student perceptions of experience, and new initiatives may not address known issues or variations in performance levels</p>	<ul style="list-style-type: none"> • Action plans for each School & for Institution • Year 1 & Year 2 UG Student Experience Survey (SES) identifies issues with cohorts ahead of Y3 • Funding ring fenced for staff mini project submissions to address student experience issues • Comms plan aims to shift student perceptions • Long term roadmaps in development to identify greater opportunities for incorporation of student feedback in provision of professional services 	<ul style="list-style-type: none"> • New module questionnaire in development • New invigilation approach being rolled out • Courses below agreed performance threshold identified for further activity
<p>6: Management Information: (RF)</p> <p>Past concerns expressed regarding triangulation of data from separate returns made to the designated data body, and controlled internal access to this business intelligence.</p> <p>Lack of detailed articulation of interdependencies between data systems and use of multiple system fields</p>	<ul style="list-style-type: none"> • Data Assurance Group mechanism • MIKE platform for sharing data & visualisations using corporate warehouse • Continuous Audit programme reviews student and financial data for accuracy • Systemised data checks and reviews completed by PPA team prior to external submission. 	<ul style="list-style-type: none"> • Performance scorecard project underway to develop measures for professional services • LEAP programme includes an information & reporting work stream • MIKE phase 2 datasets in testing phase prior to formal release • Subject TEF pilot submission outcome being analysed and metrics integrated into MIKE
<p>362: Low staff engagement or staff cost containment impacts performance: (PB)</p> <p>Systems and structures don't achieve intended facilitation of collaborative working across the institution.</p> <p>Reward and recognition packages perceived to be out of line with other sectors or institutions, or not applied equally across full range of protected characteristics.</p> <p>Frozen fee levels and continued challenges in recruitment market have contributed to flat income predictions and planned staff cost reduction programme, which could lead to lower engagement, disruption in service provision or skills / knowledge gaps that impact on delivery.</p>	<ul style="list-style-type: none"> • Town Halls cascade corporate messages • Regular engagement with Unions on staff matters • Shape & Skills approach to review • Comms strategy approved by Exec for MAC team • HR Business Partners manage all change activity • Direct staff feedback is encouraged through VC 'Continuing the Conversation' events & Yammer • Employee engagement champions network • Planning process promotes golden thread connection from Corporate Strategy, through Local Roadmaps to Staff Appraisals. • OEG project 5 will develop an approach to service levels and business partnering 	<ul style="list-style-type: none"> • All Staff email introduced programme remit • Leadership forum group established • Procurement completed on Sodexo platform to deliver benefits to all staff & contractors • Engagement survey results provided to management teams in Schools & PSGs

Appendix: LSBU Corporate Risk Register - Cover page, Risk overview matrix; by impact & residual likelihood

Date: May 2019 **Author:** Richard Duke – Director of Strategy & Planning **Executive Lead:** Richard Flatman – Chief Financial Officer

Impact	4 Critical <i>Corporate plan failure / removal of funding, degree award status, penalty / closure</i>		2: Revenue reduction if course portfolio, and related marketing activity, does not achieve Home UG recruitment targets (NL)	3. Sustainability of current pension schemes (RF)	
	3 High <i>significant effect on the ability for the University to meet its objectives and may result in the failure to achieve one or more corporate objectives</i>	6: Management Information (RF) 37: Affordability of Capital Expenditure investment plans (RF) 305: Data not used / maintained / processed securely (SW) 362: Low staff engagement (PB) 457: Anticipated international & EU student revenue unrealised (PI) 495: Higher Apprenticeships (PB)	3: Increasing pensions deficit reduces flexibility (RF) 467: Progression rates don't rise (SW)		
	2 Medium <i>failure to meet operational objectives of the University</i>	1: Capability to respond to change in policy or competitive landscape (DP) 517: Impact of EU Referendum result on regulation & market trends (DP) 494: Inconsistent delivery of Placement activity across the institution (SW)	14: Loss of NHS contract income (WT) 398: Academic programmes not engaged with technological and pedagogic developments (SW) 402: Unrealised research & enterprise £ growth (PI) 584: External incident compromises campus operations or access (PB) 518: Core student system inflexibility / failure (SW)		
	1 Low <i>little effect on operational objectives</i>				
		1 - Low	2 - Medium	3 - High	
		<i>This risk is only likely in the long term</i>	<i>This risk may occur in the medium term.</i>	<i>The risk is likely to occur short term</i>	
		Residual Likelihood			
	Executive Risk Spread: VC – 2, DVC – 3, CFO – 3, PVC-S&E – 5, PVC-R&EE – 2, COO – 1, CMO -1, Dean Health – 1, US - 0				

Agenda Item 14

	CONFIDENTIAL
Paper title:	Board and committee membership
Board/Committee:	Board of Governors
Date of meeting:	18 July 2019
Purpose:	For Information
Recommendation:	The Board of Governors is requested to note the Board and committee membership for 2019/20

Executive summary

The Board are requested to note the membership from the beginning of the 2019/20 academic year.

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Board composition and membership 2019/2020

The Board is composed of up to 13 independent governors, the Vice Chancellor, 2 student governors and 2 staff governors.

Independent Governors

Jerry Cope

Chair of the Board

Douglas Denham St Pinnock

Vice Chair of the Board

Duncan Brown

John Cole

Michael Cutbill

Peter Fidler

Mark Lemmon

Hilary McCallion

Mee Ling Ng

Jeremy Parr

Rashda Rana

Deepa Shah

Vinay Tanna

Vice Chancellor

David Phoenix

Student Governors

Nelly Kibirige

SU President

Nazene Smout

Chair of Student Council

Staff Governors

Tony Roberts

1 vacancy

Committee membership

Audit Committee

Duncan Brown – Chair
John Cole
Mark Lemmon
Rob Orr (co-opted member)

Finance, Planning and Resources Committee

Michael Cutbill
Jerry Cope
Peter Fidler
Nelly Kibirige
Mee Ling Ng
Jenny Owen
Dave Phoenix
Deepa Shah

Major Projects and Investment Committee

Douglas Denham St Pinnock – Chair
Jerry Cope
Nelly Kibirige
Jeremy Parr
Dave Phoenix
Rashda Rana
Tony Roberts
Nazene Smout
Vinay Tanna

Honorary Awards Joint Committee

Nelly Kibirige – Chair
Pat Bailey (as Chair of the Academic Board)
Jerry Cope
Douglas Denham St Pinnock
Jenny Owen
Dave Phoenix
Tony Roberts

Nomination Committee

Jerry Cope – Chair
Douglas Denham St Pinnock
Hilary McCallion
Dave Phoenix

Remuneration Committee

Jeremy Parr – Chair
Jerry Cope
Michael Cutbill
Douglas Denham St Pinnock
Mee Ling Ng

South Bank Academies Board

Hitesh Tailor - Chair
Hilary McCallion
Richard Flatman
Tony Giddings
Nicole Louis
Chris Mallaband (chair of School Advisory Board)
Fiona Morey
Lesley Morrison (chair of School Advisory Board)
Dave Phoenix

South Bank Colleges Board

Ruth Farwell - Chair
Steve Balmont
Sue Dare
Nigel Duckers
Shakira Martin
Mee Ling Ng
Andrew Owen
Dave Phoenix
New student trustee

South Bank University Enterprises Limited Board

Paul Ivey - Chair
Michael Cutbill
Richard Flatman

Equality, Diversity and Inclusion champion: Michael Cutbill

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