London South Bank University
EST 1892

CONFIDENTIAL

Meeting of the Board of Governors

4.00 - 6.00 pm on Thursday, 15 March 2018
in Boardroom - Technopark, SE1 6LN

Agenda

No.	*Item*	*Pages*	*Presenter*
1.	Welcome and apologies		JC
2.	Declarations of Interest *Governors are required to declare any interest in any item of business at this meeting*		JC
3.	Minutes of previous meeting	3 - 12	JC
4.	Matters arising	13 - 14	JC
	Chair's business		
	Items to discuss		
5.	Vice Chancellor's report	15 - 28	DP
6.	Chief Financial Officer's report	29 - 50	RF
7.	LSBU estates development	51 - 60	IM
8.	Corporate risk register	61 - 68	RF
9.	Group structure recommendations	69 - 72	JC
	Items to note *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*		
10.	Reports on decisions of committees	73 - 78	JS
11.	Office for Students - public interest principles	79 - 86	JS
12.	Declarations of interest update	87 - 88	JS
13.	Any other business		JC

The Board meeting will be followed by the **Annual LSBU Friends' Celebration Evening, 6:30pm-8:15pm** at Glaziers Hall.

Date of next meeting
10.00 am on Thursday, 26 April 2018 – Strategy Day
4.00pm on Thursday, 26 May 2018

Members:	Jerry Cope (Chair), Douglas Denham St Pinnock (Vice-Chair), David Phoenix, Sodiq Akinbade, Steve Balmont, Shachi Blakemore, Duncan Brown, Julie Chappell, Michael Cutbill, Kevin McGrath, Peter Fidler, Mee Ling Ng, Hilary McCallion, Jenny Owen, Tony Roberts and Suleyman Said
In attendance:	Pat Bailey, Ian Mehrtens (for item 7), Richard Flatman, James Stevenson, and Michael Broadway

	CONFIDENTIAL
Paper title:	Meeting minutes and proposed redactions
Board/Committee	Board of Governors
Date of meeting:	23 November 2017
Author:	Michael Broadway, Deputy University Secretary
Sponsor:	James Stevenson, University Secretary and Clerk to the Board of Governors
Purpose:	To approve the minutes of the last meeting as a correct record and note the redactions for publication. To note the written resolution passed on 21st December 2017 regarding the Passmore Centre charge.

Executive Summary

The Board is asked to approve the minutes of its meetings of 23rd November 2017 and note the proposed redactions (in grey) for publication on LSBU's website.

The Board is asked to note the written resolution passed on 21st December 2017 regarding the Passmore Centre charge.

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Minutes of the meeting of the Board of Governors
held at 4.00 pm on Thursday, 23 November 2017
1B27 - Technopark, SE1 6LN

Present
Jerry Cope (Chair)
Douglas Denham St Pinnock (Vice-Chair)
David Phoenix
Sodiq Akinbade
Steve Balmont
Duncan Brown
Julie Chappell
Michael Cutbill
Peter Fidler
Mee Ling Ng
Hilary McCallion
Tony Roberts
Suleyman Said

Apologies
Shachi Blakemore
Kevin McGrath
Carol Hui
Jenny Owen

In attendance
Pat Bailey
Richard Flatman
Markos Koumaditis
James Stevenson
Michael Broadway
Fleur Nieboer (*KPMG – external auditor – from minute 10*)

1. **Welcome and apologies**

The Chair welcomed members to the meeting.

The above apologies were noted.

Prior to the meeting the Board had received an informative presentation on research at LSBU.

2. **Declarations of Interest**

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

3. **Minutes of previous meeting**

The Board approved the minutes of the meeting of 12 October 2017 and their publication as redacted.

4. **Matters arising**

The Board received an update on the proposed charge over the Passmore Centre, the terms of which were awaited from the London Borough of Southwark (LBS). The Board would be requested to approve the charge over the Passmore Centre when it was available. A preferred contractor for the building work had been identified and the Major Projects and Investment Committee would be asked to approve its appointment, following the approval of the charge.

5. **Chair's business**

The Chair informed the Board that he had attended a Department for Education consultation on the Office for Students and new regulatory framework for Higher Education.

The Board congratulated Carol Hui, independent governor, on recently winning the following two awards:

- Chinese Business Leaders' Award for Talent Management; and
- World's Leading General Counsel, 2017/18 "to recognise Achievement and Excellence in the field of Business Law and Practice".

6. **Vice Chancellor's report**

The Board discussed in detail the Vice Chancellor's report, which reviewed progress against the three outcomes in the corporate strategy: student success; real world impact; and access to opportunity.

The Board noted that undergraduate year one to year two progression is likely to be down by 3% from the previous year after several years of improvement. The Executive is analysing the reasons. An update would be circulated to the Board in December 2017 ahead of a detailed update to the Finance, Planning and Resources Committee meeting of 27 February 2018.

In response to a question about the validation process, an update providing reassurance to the Board would be circulated.

The Board noted an update on Project Larch. The Minister of State for Apprenticeship and Skills, who will make the final decision, is consulting local MPs and councillors.

The Board noted a further review by the Executive about the "South Bank Agreement" with academic staff.

7. **Chief Financial Officer's report**

The Board discussed the Chief Financial Officer's report, which included an update on the latest income projections for 2017/18 and an update on year end reporting matters.

The October 2017 management accounts full year forecast indicated a £5m shortfall on income but the target budget surplus of £1.5m was still expected. The Board discussed in-year budget management through contingency and savings in operating expenditure, and the ongoing workforce planning exercises.

The Board approved the updated pro forma financial commentary for submission to HEFCE as part of the annual accountability return.

8. **Health and safety annual report, 2016/17**

Markos Koumaditis joined the meeting

The Board discussed the annual health and safety report in detail. The Board welcomed the positive report. It was noted that the health and safety team is focusing on the main challenges of fire evacuation times and display screen equipment compliance. Updates would be provided in the half-yearly update.

The Board noted that PwC were conducting a planned internal audit on health and safety which would be discussed at the next Audit Committee meeting.

9. **Prevent annual return**

The Board noted the annual report on the Prevent duty, prepared in accordance with HEFCE guidance. The report demonstrated how LSBU had had due regard to the need to prevent people being drawn into terrorism.

Following detailed review by the Audit Committee, the Board approved the Prevent annual report and the statement of assurance for submission to HEFCE.

Markos Koumaditis left the meeting

10. **Audit Committee annual report**

Fleur Nieboer, KPMG joined the meeting

The Board noted the Audit Committee's annual report for 2016/17 which had been approved by the Audit Committee at its meeting of 9 November 2017.

The Board noted the annual opinion of the internal auditor, PwC, which found that "governance, risk management and control, and value for money arrangements in relation to business critical areas is generally satisfactory". This was the second highest of four ratings.

The Chair of the Audit Committee agreed to sign the report for submission to HEFCE.

11. **External audit findings**

The Board noted KPMG's audit findings report which had been discussed in detail by the Audit Committee. There were no matters which needed to be brought to the attention of the Board.

12. **Letter of representation to the auditors**

The Board discussed the letter of representation to the external auditors. It was noted that there were no representations specific to LSBU or as a result of any matters arising during the course of the audit. The Executive confirmed that all material matters had been disclosed to the auditors and that the representations were accurate and reasonable.

The Board approved the letter and authorised the Chair to sign the letter on behalf of the Board.

13. **Annual report and accounts**

The Board discussed the proposed annual report and financial statements for year ended 31 July 2017, which had been reviewed by the Audit committee and the Finance, Planning and Resources committee. The surplus was £1.8m.

The Board noted minor amendments to the accounts made since the meeting of the Audit Committee on 9 November 2017.

The Board noted that an additional note had been included this year on how senior pay is determined.

The Board received assurance from the Chief Financial Officer that no matters had arisen since the Audit Committee meeting of 9 November 2017 that would prevent a full internal control compliance statement being made in the annual accounts.

The Board noted that there had been no material post-balance sheet events.

The Board noted assurances from the Executive that the form and content of the report and accounts were accurate and could be approved by the Board.

After careful consideration, the Board approved the annual report and financial statements for the year ended 31 July 2017 and authorised the Chair and Vice Chancellor to sign on behalf of the Board.

The Board noted that the accounts for South Bank University Enterprises Ltd (SBUEL) had been approved by the SBUEL Board at its meeting of 7 November 2017. As a wholly-owned subsidiary, the accounts of SBUEL were consolidated into the University group accounts.

14. **Corporate strategy progress report**

The Board noted the half yearly Corporate Strategy Progress report. The Board was pleased to note the strong performance for 2016/17. The Board discussed the corporate strategy targets and noted that a key issue for the Board is the sustainability of the income target.

15. **Key performance indicators report 2016/17 and targets for 2017/18**

The Board discussed the Key Performance Indicators (KPI) report and approved the proposed targets for 2017/18. The Board noted that the financial KPI targets were in line with the approved 2017/18 budget.

The Board noted that KPI11 on the percentage of students recruited before clearing would be reviewed for approval by the Board.

16. **Annual Academic Board report**

The Board noted the Academic Board annual report, which summarised the work of the Academic Board and its committees during 2016/17.

17. **Quality assurance return to HEFCE**

The Board noted the requirement to approve an annual statement to confirm that it is assured that "LSBU is maintaining its responsibility for improving student academic experience and student outcomes, and that academic standards are set and appropriately maintained".

Following detailed review by the Academic Board and the Audit Committee, and having noted the role of the Academic Board in relation to quality in the previous item, the Board approved the full assurance statement for submission to HEFCE.

18. **Reports on decisions of committees**

The Board noted the report.

The Board noted the Modern Slavery Act statement which had been reviewed and approved on its behalf by the Audit Committee at its meeting of 9 November 2017. No changes had been made from the previous year's statement. The statement would be published on the University's website.

19. **Annual declarations of interest**

The Board authorised the declared interests of its members.

The Board authorised the additional declared interest of Michael Cutbill as Director of Strategy and Marketing of Age UK.

The Board noted that David Phoenix was no longer a Board member of Universities UK or a member of the UK Performance Indicators Steering Group.

20. **Any other business**

The Board noted the recent BBC Panorama investigation into alleged student loans fraud at other HE institutions. There had been an untrue allegation that a senior academic LSBU was involved with one of the alleged parties to the fraud. HEFCE had been informed that the allegation was unfounded.

Date of next meeting
4.00 pm, on Thursday, 15 March 2018

Confirmed as a true record

.... (Chair)

Written resolution of the **Board of Governors**
of London South Bank University
passed on Friday 22 December 2017

1. **Passmore Centre charge**

Approval of a charge over one of LSBU's assets is a matter reserved to the Board of Governors.

The Board considered the proposed charge over the Passmore Centre (Old Library, 12 Borough Road) in favour of London Borough of Southwark as security for the £5m grant.

The Board approved the grant of the legal charge, subject to the approval of the Funding Agreement and Collaboration Agreement by the Chair and Vice Chair of the Board.

Secretary's note: The Chair and Vice Chair approved the Funding and Collaboration Agreements on 9th January 2018.

Circulated to:
Jerry Cope
Douglas Denham St Pinnock
Sodiq Akinbade
Steve Balmont
Shachi Blakemore
Duncan Brown
Julie Chappell
Michael Cutbill
Peter Fidler
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Jenny Owen
David Phoenix
Tony Roberts
Suleyman Said

Signed on behalf of the Board of Governors

.... (Chair)

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BOARD OF GOVERNORS - THURSDAY, 23 NOVEMBER 2017
ACTION SHEET

Agenda No	Agenda/Decision Item	Action	Officer	Action Status
6.	Vice Chancellor's report	Update to Board on progression in VC monthly update for December 2017 Update to Board on validations	David Phoenix Pat Bailey	Completed Completed
8.	Health and safety annual report, 2015/17	Update on fire evacuation times and display screen equipment compliance in mid-year health and safety report to Board	Mandy Eddolls	On the forward pla
15.	Key performance indicators report 2016/17 and targets for 2017/18	Review KPI 11 for Board approval	Richard Flatman	Part of review of whole KPI set for 2019

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	CONFIDENTIAL
Paper title:	Vice Chancellor's Report
Board/Committee	Board of Governors
Date of meeting:	15th March 2018
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

Recruitment remains one of our biggest challenges. Overall UCAS applications are down -6.46% with declines in Arts and Creative Industries, Engineering and Health and Social Care. Year to date LSBU has received 15,992 UCAS applications compared to 17,111 last year. Despite this, the Schools of Business, Law and Social Sciences, and Built Environment and Architecture are all up and contrary to earlier predictions, EU applications have not been affected by Brexit and are up alongside those from OS students.

As the annual graduate survey into destinations draws to a close, we are in a strong position to meet our PI around students in work or further study (95%) and the proportion of students in graduate level work has again increased to c.87%. Furthermore we have also improved retention by 1.05% compared to the same point in 2016/17.

Research is on track and we are slightly ahead of target however we have a shortfall against budget for enterprise of £837K for which we have an enterprise bid pipeline of £6m.

Vice Chancellor's Report March 2018

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.

1.1 Funding review

The external environment continues to remain volatile. The Prime Minister has announced the start of the funding review. Whilst loans will remain and there is unlikely to be a reduction in the headline fee of £9,250 there appears to be a desire to see greater differentiation by price. The review will cover HE and FE and has four aims which are:

- to address issues around choice;
- value for money;
- skills; and
- access.

The relationship with FE, new delivery methods, and mature and part-time learners should all be fruitful areas in which LSBU can contribute evidence. Given new legislation is now in play which prevents further fee increases without a vote in parliament it is unlikely there will be further fee increases for the foreseeable future. Indeed the government will no doubt wish to see less selective institutions charge less and challenge the difference in delivery cost between FE and HE for level 4 and 5. It should be remembered that this review is running alongside a review of level 4 and 5 activity.

1.2 Regulation

The newly established Office for Students (OfS) will regulate under the provisions of the 2004 Higher Education Act and the 1992 Further and Higher Education Act until the 2019–20 academic year begins. Institutions need to register to access grants and student support funding; to hold a Home Office Tier 4 licence to recruit international students; or apply for degree awarding powers or university title. We are currently preparing our submission as shown later on today's agenda.

There are multiple conditions attached to being on the register, a number of which would appear to be potentially onerous. For example, in order to register with the OfS, providers will need to *demonstrate* that they've ensured Competition and Markets Authority (CMA) compliance across their activities and this requires documentary proof of compliance. The range of conditions are outlined below and the Executive is currently undertaking an impact assessment in terms of delivery:

- **Quality and standards:** familiar to those who know the Quality Code, conditions include systems for programme design, fair admissions, and that courses meet the Framework for Higher Education Qualifications (FHEQ) and TEF.

- **Student protection:** compliance with CMA guidance must be proved, and providers must have an OfS-approved student protection plan and subscribe to the Office of the Independent Adjudicator for Higher Education.
- **Finances:** providers must prove their financial viability and sustainability. OfS will also be able to give an "accounts direction" in which it can specify what reporting it requires, including on senior staff pay.
- **Governance:** the public interest principles (including academic freedom, student engagement, and freedom of speech) must be upheld, and governing bodies must ensure that compliance with OfS is maintained. Providers must cooperate with local electoral registration officers.
- **Data and transparency:** providers must give OfS all the information it needs, publish the "transparency duty" information, and subscribe to the designated data body (Higher Education Statistics Agency; HESA).
- **Fees and funding:** as well as paying OfS's subscription fees, providers must comply with fee limit conditions (and in a throwback to the potential for TEF to result in differentiated fees, the "quality rating" may determine the maximum fee level).
- **Access and participation statement**: As currently providers must have an "access and participation statement". As with the Office for Fair Access (OFFA) at the moment, OfS may refuse to approve of an access plan which would threaten an institution's registration.

2.0 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.

2.1 Tariff Score

In 2016/17, LSBU's tariff score was 107 (league table population). Initial analysis shows this has increased to 111 in 2017/18. This is a new national unit of grade calculation, which encapsulates a new methodology that includes students entering into higher education through an Access qualification. In terms of a reference point to compare to the previous unit, this represents a movement from 270 in 2016/17 to 280 in 2017/18. Historically most of our competitors have been between 280-320 points and we started c.230 a number of years ago. There is a similar increase when looking at all students, not just the league table population. The increase can partially be attributed to LSBU recruiting fewer students in clearing than in previous years (students recruited in clearing typically have lower tariff points). The direct impact of this increase in terms of league tables, will not be felt until April 2019, after the submission of the 2017/18 student HESA return in November 2018, but it would be expected to have a positive impact.

2.2 Graduate Employment Headlines

The annual graduate survey into destinations is drawing to a close. This data will be fixed for 2 years as the methodology is changing in the future. At this stage in reporting the statistics can still change but fluctuations should be relatively small. The EPI cohort refers to the group used by league tables. It can be seen that we are on target to meet our PI around students in work or further study (95%) and the proportion of students in graduate level work has again increased to c.87%.

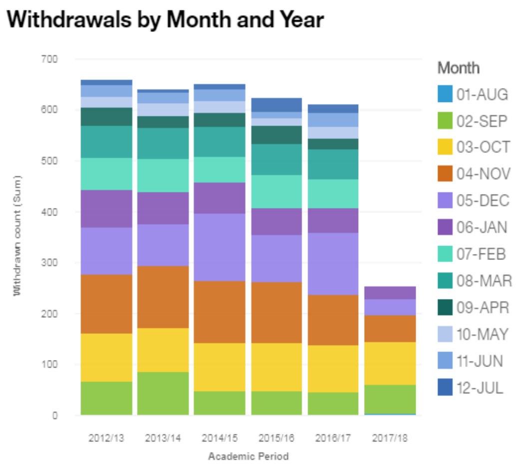
	Graduate level work/study 2015-16	Graduate level work/study 2016-17	
		Internal Target	Graduate Level Outcomes
EPI Cohort	82.1%	80%	87.3%
All Leavers Surveyed	85%	-	90.3%

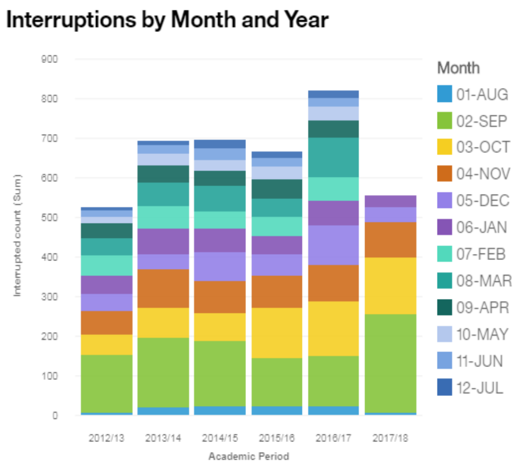
All schools are showing improvements in graduate level outcomes as shown below

	APS	ACI	BEA	BUS	ENG	HSC	LSS
15/16 Achieved	67.1%	63.2%	83.3%	72.2%	84.6%	98.1%	67.4%
16/17 Target %	68.0%	63.0%	82.0%	73.0%	82.0%	97.0%	68.0%
Actual to date %	74.6%	77.5%	90.2%	81.0%	86.2%	99.1%	77.7%

2.3 Student Retention

As reported recently to FP&R, at the end of January 2018, the combined withdrawal and interruption rate appears to have reduced (i.e. improved) by 1.05% compared to the same point in 2016/17. This data is being checked to ensure it is not a consequence of a backlog in reporting. I will continue to update the Board on this issue.





2.4 OIA Update

LSBU has had a reduction this year in the number of students taking complaints to the Office of the Independent Adjudicator (OIA). Twelve students took complaints to the OIA in 2017 compared to 37 in 2016. This means that, based on our information from the OIA, the case related element of our subscription will be £240, a reduction from £18,400 in 2016. We believe that this may be as a result of the improvement to LSBU's student facing procedures which allows cases to be resolved at an early informal stage. The OIA will release LSBU's definitive 2017 data in their Annual Report around June 2018 but we should now be in line with competitors and are down from c.120 complaints four years ago which was the highest in the country at the time.

3.0 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.

3.1 Research, Enterprise and Innovation

The Clarence Centre for Enterprise & Innovation and its associated incubators (Blackwell's and the Technopark) have been recognised as Number 15 in the World's Top Incubators Managed by a University Category at the UBI Global World Benchmark 2017.

This year the final participants were selected after assessing a total of 1370 programs, 259 of these programs, located in 53 countries, were retained for the benchmark. There were two joint winners, the DMZ at our partner Ryerson University in Toronto, and the UK based Set Squared Partnership. There were no other UK entrants between 1-15, which places the Clarence Centre at Number 2 in the UK, behind Set Squared which has been running for 10+ years and has multiple University partners (Bath, Southampton, Exeter, Bristol and Surrey).

When the Clarence Centre was approved as a project, the Board of Governors requested 85% occupancy in 36 months, within 18 months of operation we were at 100%.

It is also worth noting that the UK number 1, SetSquared, is a partnership of 5 research-intensive institutions that has been operating for over 10 years, for us to achieve 2nd place in the UK and 15 in the world in 4 years is a fantastic achievement.

In terms of income, for the 2017/18 academic year (YTD end January) we have secured £1.5m of research income against a target of £3.4m. For the remainder of the year we have contracted research income of £2m meaning that, as it stands, we are marginally ahead of budget. There are currently 25 projects in the pipeline with a total value of £1.5m.

To date we have £4.1m of enterprise income against a budget target of £10.5m (excluding Transnational Education). For the remainder of the year we have contracted enterprise income of £5.6m giving us total income with some certainty of £9.7m. This leaves a shortfall against budget of £837K for which we have an enterprise bid pipeline of £6m.

3.2 Recruitment Agency

LSBU Employment has been operational since November 2017 and delivered 62 graduate internships through the agency. From February 2018 all temporary roles at LSBU have been passed to the agency for them to fill with a 100% conversion to date. External business development has already started with 3 roles currently being sourced for external clients and in May 2018 a further 60 roles for Southwark Council polling stations are to be recruited for. Full launch of LSBU Employment will take place at the LSBU Friends Event in March 2018.

2.3 Training business

The strategic business case for the ‘Training Company’ was presented to the Executive in January and supported. There remained some concerns around estimates of operational costs and lack of expertise in this area hence we will seek to appoint a Director to further develop the business proposal. The focus of the project is to align current activity in both CPD and the employment agency, and then expand into new business opportunities in both areas. The ‘Training Company’ is not a company in terms of legal structure, but would sit within SBUEL. Our ambition would be to at least double CPD income form c£4M – based mainly around health to nearer £8m. This will require a different model of delivery

4.0 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.

4.1 Recruitment

Overall UCAS applications for LSBU are down -6.55%, LSBU excluding HSC is up 3.95%

We remain slightly ahead of competitors for year-on-year performance: competitors -6.73% versus overall sector -2.32%.

- BUS, LSS and BEA are all up and we have also seen a small growth in APS
- Declines are in ACI, ENG and HSC.
- YTD LSBU has received 15,992 UCAS applications compared to 17,111 last year.
- For LSBU, contrary to earlier predictions, EU applications have not been affected by Brexit concerns, applications are up alongside those from OS students.
- Year-on-year growth holds broadly consistent since February, BEA growth has picked up slightly.

LSBU	Previous Cycles		This Cycle	
School Name	2016 Apps	2017 Apps	2018 Apps	% - (2017/2018)
Health and Social Care	10552	7639	6144	-19.57
Business*	2039	2010	2494	24.08
Law and Social Science	2062	2148	2205	2.65
Arts and Creative Industries	1771	1607	1479	-7.97
Applied Sciences	1675	1453	1461	0.55
Engineering	1563	1377	1273	-7.55
Built Environment and Architecture	902	877	934	6.5
University excluding HSC	10012	9472	9846	3.95
University	20564	17111	15990	-6.55

**Business figures include 130 applications for January 2018 intake. Previous years show comparable data.*

We remain slightly ahead of competitors for overall year-on-year performance

	2016	2017	2018	% Change 2017/2018	Apps Change (2017/2018)
LSBU Applications	20,564	17,111	15,992	-6.54	-1,119
UCAS Applications	2,712,935	2,609,576	2,549,014	-2.32	-60,562
Competitor Applications	133,067	120,139	112,053	-6.73	-8,086

We also continue to outpace competitors and the sector in terms of international applications – the challenge in all categories remains conversion to firm accepts

	Domicile	2017	2018	% Change (2017/2018)	Apps change (2017/18)
LSBU	Home	15,502	14,194	-8%	-1,308
LSBU	Overseas	638	717	12%	79
LSBU	EU	971	1,081	11%	110
Competitors	Home	96,811	88,402	-9%	-8,409
Competitors	Overseas	12,715	13,421	6%	706
Competitors	EU	10,613	10,230	-4%	-383
Sector	Home	2,160,134	2,074,046	-4%	-86,088
Sector	Overseas	252,756	275,494	9%	22,738
Sector	EU	196,686	199,474	1%	2,788

Undergraduate Full Time (All Schools including HSC):

Firm Accepts (FA) are up 16.96% (Home, EU & OS). In addition to our FA, we have more applicants considering us as the 'Insurance' offers (+195% versus last year). This could indicate that we are managing to process more applications to offer status quickly with the potential to convert post A-level results.

- There are a number of applications awaiting tutor decisions following review, audition and interview.
- There were circa 100 auditions within ACI on Saturday 24th February 2018.

There is also a healthy pipeline of 6211 Active Offers (slightly up LYTD), with 2014 applications still to process.

Our focus is still on processing applications and conversion with outbound calling from our Student Contact Centre. We also have a series of Offer Holder Days planned with specific Schools, some of which will be incorporated into activity taking place as part of the LSBU Open Day on 24th March 2018.

The restructure of the Admissions and Course Enquiries Team is now complete with people starting to move into their new roles from the beginning of March. This should result in a stronger focus on customer service and application conversion as we continue through the recruitment cycle and into Clearing. Preparation for Clearing has already started.

HSC (specific focus on recruitment performance):

Undergraduate full time, Home are at 90 Firm Accepts (+23%) and 428 Active Offers (-10%) and we are in the processing of issuing another 180 offers following interview. We also have a pipeline of circa 2000 candidates going through the Testing and Interview process. We will have a clearer picture of potential recruitment performance following the outcome of the Testing and Interview process.

Whilst we have managed to make improvements in the timeline/Testing/Interview process we haven't significantly changed our offer making ability; this could cause a challenge with achieving a recruitment level similar to 2017/18 as applications for HSC are down -20%.

Post-Graduate Full-Time:

Whilst it is too early to get a true picture of postgraduate full time, we have a similar picture versus LYTD, on Firm Accepts, Live Offers and Live Applications.

The digital campaign support ‘University of the Year for Graduate Employment’ is still on-going and we have a stronger focus on PPC/Re-targeting and a campaign dashboard to help monitor and track performance.

The new prospectus has now been printed and the UCAS Fairs stand designs are in production to support on-going recruitment activity.

4.2 Partnerships

We have just held the biannual management meetings for British University in Egypt and for the first time, Applied Science University, Bahrain. With BUE there is now sufficient confidence in the operation to look ahead to beyond 7000 students and to also look at widening the number of validations. This makes the LSBU/BUE collaboration the most successful TNE operation in Egypt and indeed in the wider Middle East and North Afria region. As a recognition of this BUE and LSBU will be holding a joint presentation at their year’s British Council Going Global in Kuala Lumpur in May 2018.

In ASU the first 46 students have run through the first Semester of teaching of the Built Environment and the Engineering course should be starting in the autumn. It will be some time before critical mass is created in student numbers but there is sufficient infrastructure now in place to build on this growth. Other developments in Enterprise and Research will add to the significance of the operations in Bahrain.

TNE is currently in line with projection and expected to generate £2.1m this academic year including £3m for collaborations.

The International Office is also working with Nanjing Institute of Industrial Technology (NIIT) in Nanjing, Jiangsu province to try and meet the Chinese Ministry of Education approval deadline so that a Joint Institute and programmes can launch in September 2018. This is the first of the SinoCampus led semi-autonomous institutes to be set up in China.

4.3 Apprenticeships

LSBU is continuing to develop new higher and degree apprenticeship programmes. Standards in the pipeline include Project Management level 4, Nursing level 5 and 6, Architecture level 6 and 7, Healthcare Support level 6 and Drug and Alcohol Support Worker. The Apprenticeships Team is working closely with the Schools and Marketing Department to market and recruit for September 2018 as well as to forecast apprentice recruitment for the next three years. Numbers of apprentices recruited will depend in large part on government approval of standards and any further changes to the programme. Currently Apprentices make up nearly 6% of all PT students and 2.8% of UG students. We have 330 in total across four Schools, with the majority in BEA bringing in a fee income of £1.4M.

3.5 South Bank Academies Update

UTC was formally opened by HRH the Duke of York on 17th January 2018 and the Phase 1 of the UTC building is now fully equipped. Work on Phase 2 is progressing according to schedule and will be ready for occupation in October 2018. Transition from the previous company business manager to a new business manager proved difficult and this revealed significant gaps in internal controls. While prompt management action was taken and additional finance capacity was brought in, the submission of year-end accounts was delayed by two weeks. However, the audit was unqualified and the Regularity Statement was consistent with one that is required. The key deadline for Academies Annual Returns (AAR) that include accounts was met. With additional support from external accountants and LSBU Finance team, SBA's accounts have now been completely reconciled and the management reports will be up to date by the middle of March 2018.

We are undertaking several technical updates for IT and making improvements to student facilities at our Academy, as the Academy prepares to receive full complement of 900 students in September 2018.

The Trust Business Manager, has now left the Trust, and Professor Rao Bhamidimarri will retire from his substantive role of Vice-President (Development) in July 2018 and therefore will leave the seconded role as CEO of the Trust.

A steering group convened by Nicole Louis, Chief Marketing Officer, has been further developing collaboration between LSBU and MAT schools and Nicole has agreed to pick up responsibility for the MAT leadership at this time.

As the students from both schools will be sitting national examinations this year, we have engaged external tutoring support to prepare the students for the examinations keeping in view the fact that several of our teachers have not had experience in preparing students for examinations.

3.5.1 South Bank Engineering UTC

UTC, supported by termly visits by DfE advisor, is making steady progress in all areas of school's activities. A recent Safeguarding review by DfE Advisor identified weaknesses in a number of areas. We have taken actions to remedy these with support from the staff at the Academy, which has a more mature safeguarding system that had already been judged to be 'Good' by Ofsted. Additional training in safeguarding has been organised for both staff and Governors. Students are making good progress in Engineering, but progress in Maths and Computer Science is lagging. The school is taking steps to address this with additional learning support. Overall, quality of teaching, learning and assessment remains good as assessed by DfE reviews.

Recruitment of students continues to be a challenge for the UTC. Additional marketing and recruitment initiatives are being put in place this year to improve recruitment. Attracting experienced staffing to engineering also remains a challenge. The Trust is considering various options to ensure sustainability of the UTC. Industry involvement in the UTC continues to be strong.

3.5.2 University Academy of Engineering South Bank

All learning areas have been reviewed and action plans to achieve further improvements developed. An initiative to enhance student engagement with their learning has been implemented with positive results. Mock examinations based on the final GCSE examinations showed that the Year 10 students are slightly below where we expected them to be, but given the range of interventions recently put in place, including external tutoring, we are confident that the students will achieve or exceed their targets grades in 2019 GCSE examinations. The number of subjects studied by each student has been reduced from 10 or 11 to 8 or 9 to ensure that they receive appropriate level of lesson time in each subject. We are making further improvements to the learning environment by procuring additional science and engineering equipment to support the project based learning. We are also replacing the somewhat outdated ICT infrastructure with one that aligns with the system at the UTC. This will enable students at the UTC and the Academy to collaborate remotely in real time. The system will also enable staff at one location to teach students at both venues at the same time.

Of the 23 students in Year 13, 20 applied for university places including 8 at LSBU. 19 of them received unconditional/conditional offers. Other students have applied for apprenticeships including one who applied for graduate training programme in Deloittes.

3.6 Public Affairs and Civic Engagement

There have been many significant parliamentary consultations during the last three months. We have responded to key ones including on Accelerated Degrees, T-Levels, the Quality of Apprenticeships, Student Loans, the Office for Students, and International Students. We have also responded to key GLA consultations on the Mayor's Skills and Economic Development Strategies. Our earlier response to the

House of Lords Select Committee on Economic Affairs Inquiry into the economics of higher education, further education and vocational training resulted in an invitation to appear before the Lords Economic Affairs Committee in November. We were also invited to meet with the Director of Professional & Technical Education in the Higher & Further Education Directorate at the Department for Education to talk about the Family concept and technical education.

As a result of our work in highlighting the importance of part-time students and the substantial drop in their numbers, we have been invited to join the advisory board of UUK's investigation into flexible learning and to take part in research on part-time provision for disadvantage students, conducted by the Office for Fair Access. We have also been asked to provide information and advice to UUK about apprenticeships. In October 2017 we were invited to submit a paper on the Family to a publication produced to inform the Opposition's plans for a National Education Service, and in January were asked to participate in a roundtable with the Shadow Educational Minister and Shadow Universities Minister. In March 2018 we are hosting an extended visit from the Department for Education which is seeking to learn more about the role played by universities in the delivery of Level 4 and 5 qualifications, as part of a review into this area. This will feed into the recently announced review of post 18 education and funding. Further visits from the DfE are scheduled for March and May 2018.

In November 2017 we held the third of our breakfast briefings for key stakeholders, this time on the subject of the Family and local cooperation in education and skills. We have further events planned for March and April 2018 on apprenticeships and the post-Brexit replacements of EU European social and development funding of which LSBU is a substantial recipient.

Locally, we have continued to strengthen links with Southwark and Lambeth Councils and both are supporting our plans around Further Education. On this we have also maintained contact with key local MPs who have continued to represent LSBU's proposals to the Department for Education. In February we published a report on the University's wider benefit to the community.

In January 2018 the Duke of York formally opened the UTC in Brixton. On 1 March 2018, a group led by Lord Baker and including David Laws, former Schools Ministers and CEO of the Education Policy Institute is visiting the UTC indicating the interest in our provision.

Following the recent announcement of the review into post-18 education, the Universities Minister Sam Gyimah appeared on Newsnight and referred very positively to LSBU: "There are some great technical options within universities; like South Bank University, not too far away from here, do a great technical option in construction."

4.0 Strategic Enablers

4.1 USS Strike

The two-day industrial action over the proposed changes to the Universities Superannuation Scheme (USS) received extensive coverage last week and into the weekend as tensions continue to run high and strikes continue this week. HE Institutions are reporting that the first day of UCU's planned strike action (22 February) at 56 institutions had a mixed impact. Since the UCU membership in the institutions is varied in its density - only 12% of active USS members in HE voted to support this strike - this was not unexpected. Claims of widespread disruption would certainly be questioned by many of the 56 HE institutions, with nine out of ten HE institutions in the sample UCEA has contacted reporting a "low to moderate" support.

However, a YouGov poll showed three in five students support the action, and a number of Vice Chancellors called for a return to the negotiating table in pursuit of a compromise. Universities UK and UCU were due to talk on 27th February 2018, although UUK has said that these talks would not reopen a discussion about the overall direction for the scheme agreed in January.

As a reminder, LSBU offers USS only to new staff who are already in the scheme and have no break in service on joining LSBU. We currently have 50 members of staff in USS, and there have been no indications at local or national level that UCU members at institutions that offer TPS will become involved in the dispute.

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	CONFIDENTIAL
Paper title:	Report from the Chief Financial Officer
Board/Committee	Board of Governors
Date of meeting:	15 March 2018
Author:	Richard Flatman, Chief Financial Officer
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To update the Board on financial matters.
Recommendation:	The Board is requested to note the report.

Attachments:
Appendix 1: Management accounts summary to 31 January 2018
Appendix 2: HEFCE risk letter, 2018
Appendix 3: HEFCE risk letter, 2017

Report from the Chief Financial Officer: March 2018

1. Financial performance

Management accounts:

The latest management accounts to 31 January 2018 are included in appendix 1.

The full year forecast at 31 January 2018 is trending towards a surplus of £1.5M which would deliver the University on budget.

In terms of a year on year 'Year To Date' comparison, whilst our total YTD income is flat at £109M, Enterprise income is up 17% and Home / EU UG income is up 8%. Some of the movement in UG income is due to the transfer of students from the Health Contract to the new funding regime and when these students are netted off YTD UG income is 2% higher than 16/17. In terms of expenditure, our YTD staff costs are 6% higher than the comparable period in 16/17 but are currently £0.5M better than budget. Our YTD Opex is £3M less than budget, which is largely as a result of write offs at the end of last year. Our forecast also assumes that Opex will grow by a further 13% in the last 6 months of the year. This gives us the potential to manage any shortfall in Semester 2 recruitment.

The current forecast will deliver EBITDA at 11.0%, which is ahead of the 17/18 target of 10.5%. However, our recurring staff cost expressed as a % of income is currently forecast to be 57.9% which is above the 55% target set by the Board of Governors.

This month the University received notice of £0.4M of additional funds from HEFCE as it winds down its operations and we are now forecast to grow our comparable income by £0.9M as compared to 16/17. This would represent growth of 0.6%.

There is still a risk around income from Semester 2 recruitment but we are confident that we can manage this in year through careful management of staff costs and opex. It will however be more challenging than previous year as staff costs have been rebased in the budget and the YTD positive staff cost variance to January 2018 is £0.5m compared with £2.5m at the same time last year.

The other key concern at present relates to the potential treatment of in-year costs related to taking St George's Quarter (SGQ) proposals to planning stage. Costs are anticipated to be £2m+ and the working assumption to date has been that these will be capitalized and hence have no impact on the reported surplus. We will consider carefully the most appropriate accounting treatment alongside decisions on SGQ and the wider estate development programme.

In terms of cashflow, the University is currently holding cash and cash equivalents of £39.3M. This is broadly in line with budget and is £0.6M more than the comparable position in 16/17.

Semester 2 recruitment:

In 2016/17 the university generated £2.1M of tuition fees from Semester 2 enrolments primarily from International Students. The University had been aiming for an increase this year of £1M to £3.1M in Semester 2 fees reflecting our ambitions to grow International Income to £16M by 2020 and to cover under recruitment in semester 1 compared with budget. However, there has not been the anticipated level of conversion from International applications to enrolments and we are likely to fall short of that target. Our Overseas tuition fee budget for the year was £11M, which represented 15% growth from the £9.6m we delivered in 2016/17. The latest full year forecast in the January management accounts is for overseas tuition fee income of £9.7m, broadly flat compared with last year. Semester 2 adjustments will be processed in February but it is possible that there may be a further reduction of £0.5m which would represent a decline against last year.

Second Semester income remains dependent on 3 Schools with the Business School accounting for over 60% of income. The School of Arts & Creative Industries generates another 10%, primarily through its ‘Study Abroad’ programme aimed at American students, with the bulk of the remainder generated by the School of Health & Social care through its Health Contract and the growth of Apprentices within that school.

We indicated to FPR Committee that we are unlikely to deliver to our second semester budget and are currently undertaking a comprehensive reforecast this month and will have a clearer view on total income including HEFCE grants and Health income in the February 2018 Management Accounts.

Financial forecasts / budget for 2018/19

Given the challenge of delivering Student income in 2017/18, we have changed the planning and budgeting process for 2018 and beyond. The Schools are now generating first draft student numbers for the next 2/3 years with the support of Marketing through a series of meetings with Deans, the Director of International and the Chief Marketing Officer. This process should ensure that recruitment targets are more robust and reflect changes in the market place. These have been reviewed in detail by the executive and compared with the top down income targets set out in previous forecasts and the current corporate strategy.

Student number targets for Home, EU and Overseas students will form the basis for the University’s revised 5-year forecasts along with income from our Research and Enterprise & TNE pipelines. As well as confirming the University’s financial sustainability and framing our capital investments, the 5-year forecast will also be used to derive budget targets and staffing limits and so inform the budget setting process which will take place over the next couple of months.

It is already apparent that the budget setting process for 2018/19 will be challenging given:

- The roll-forward impact of undergraduate under-recruitment for 2015/16 and 2016/17
- the current shortfall in International income
- the potential 2% pay award
- the need to cover higher depreciation and interest costs associated with planned capital expenditure, and
- the requirement to move to higher levels of surplus given the current focus on University fee levels.

The Executive is working with Schools / PSGs to model a range of cost reduction scenarios.

2. HEFCE update / sector matters

HEFCE Assurance / risk assessment review

In response to our annual accountability review submission which was approved by Board at its November meeting, we have recently received HEFCE's annual assessment of institutional risk for LSBU. This is positive and confirms that:

Financial sustainability, good management and governance matters (at higher risk or not at higher risk)	Not at higher risk
Contact (normal, focused dialogue or support strategy for institutions at higher risk)	Normal contact

Consistent with last year, HEFCE have asked that we keep them updated as the merger discussions with Lambeth College progress so that they can understand the risks and opportunities presented by the merger, and can understand how a merger might affect the corporate structure of the University. The letter is attached at appendix 2. (The risk letter from 2017 was reported in the CFO report in March 2017 but not included in the Board papers. It is also attached for information in appendix 3 for completeness).

Grant letter

It is at this stage of the year that we normally receive our grant letter setting out the funding allocation for the following year. There was a delay last year with individual institution allocations published late April. We have today heard from HEFCE that funding letters this year are to be even later and are not expected to be issued until early May. HEFCE have only recently received their guidance letter from DfE and the funding methodology needs to be discussed by the OfS Board which next meets at the end of March. Following this, institutional allocations will be calculated, checked and approved. HEFCE are doubtful that they will get the institutional allocations out before the pre-election period (May local elections).

However, they do aim to publish a circular of the board's high level decisions very quickly after it meets including, it is hoped, an announcement of the specific date for the allocations.

Further reductions of 50% in Student Opportunity funding are assumed in our current financial forecasts.

3. LPFA pensions scheme

The most recent triennial LPFA actuarial valuation was as at 31 March 2016 with the results reported to LSBU in December 2016. This was reported to FPR in March 2017 and we agreed contribution levels for the next 3 years starting 1 April 2017. There is therefore no change to contribution levels this year. We remain at Category B which is positive in terms of the perceived strength of our covenant and the total contribution payable is unchanged at £4.5m pa (equivalent to 23.2% of the pensionable payroll cost).

Dialogue with the LPFA regarding the potential impact of Lambeth College joining the LSBU family is continuing. As noted previously, any potential merger would constitute a material change event and trigger a further review / negotiation of contribution rates payable (by both parties).

Given the considerable cost of the LPFA scheme, even after its move to a career average (CARE) scheme from 2014, we have been working closely with Mercers to model likely future pension deficits and costs associated with a range of different options/scenarios around the future pension provision for professional service (non-academic) staff. The results have been reported to Executive and we are in the process of exploring in more detail with the LPFA before presenting to FPR.

4. Capex planning

Considerable work has been done recently to model the cashflows around planned capex spend over the next few years (primarily London Road development and associated works and Project LEAP for the student journey transformation programme) as reported to MPIC.

London Road

The London Road redevelopment and associated works has been costed at £65m and will be funded from current and future capital allocations. Our capital plan currently includes £15m per annum for major estate development projects. The intention is therefore to allocate £60m from the existing capital allocation over the next four years and top this up with an additional £5m from the University's existing cash reserves which currently stand at approx £40m. There will however be a requirement for short term loan funding of up to an assumed £30m as development is expected over the next 2 years, rather than a 4 year timescale. This short term loan funding will be repaid from cash generated in years 3 and 4 provided we meet our planned financial forecasts. Market testing indicates that we will be able to borrow these funds and can do so without breaching any of our existing banking covenants.

In addition to consideration of the cashflow implications, the likely I&E impact has also been modelled and will be factored into the 2018 financial forecasts. The £65m spend is unlikely to have any impact on future forecast student numbers and our working assumption for the forecasts on Home/EU new student numbers is to hold steady at no more than 2,500 each year up to 2020/21. Hence the impact of the phase 1 estate spend will be in terms of additional cost. The assumed £30m short term borrowing will come at a cost of approx £900k pa. With regard to depreciation, our current accounting policy would indicate that the £65m should be treated as building improvements rather than freehold buildings and therefore depreciated over 15 years rather than 50. This results in depreciation of £4.3m per annum although we would expect that this could be marginally offset by a possible reduction in maintenance costs. However, given the nature and scale of the spend, we are exploring with our auditors whether an alternative policy might be appropriate to depreciate over say a 30 year period. Either way, future sustainability in terms of the I&E position and hence our generation of the required levels of cash to fund the development depend on our ability to reduce the current cost base for both staff costs and operating expenditure.

Project LEAP

This is costed at £15.5m of which £9m is capital cost and £6.5m revenue cost over the first 5 years. The revenue costs are in total more than offset by assumed product related efficiency savings over the same period. The £9m capital costs can be funded from the £5m pa non-estates capex already built into our forecasts.

Appendix 1

Management accounts summary to 31 January 2018

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January Executive Summary

1) This Executive Summary reports on the draft financial position of London South Bank University as at 31 January 2018.

2) **RAG Status**

Income Growth	Staff Cost Growth	Staff Cost %	Opex Growth	FYF Surplus	EBITDA
0.6%	6.5%	57.9%	-13.6%	1.0%	11.0%
adjusted for Catering	*excluding restructuring*	*excluding restructuring*	*adjusted for Catering*		

3) **Summary**

The full year forecast as at 31 January 2018 is trending towards a surplus of £1.5M, this would deliver the University on budget and generate a surplus equivalent to £118 per student FTE.

To deliver to this surplus will require a concerted effort from across the University. The forecast assumes that Semester 2 will deliver £3.3M of income and whilst enrolment numbers are positive compared to last year, we will not know the financial position until the end of the month. In terms of a year on year Year To Date comparison, whilst our total YTD income is flat, Enterprise income is up 17% and Home / EU UG Income is up 8%. Some of the movement in UG Income is due to the transfer of students from the Health Contract to the new funding regime and when these students are netted off YTD UG income is 2% higher than 16/17. In terms of expenditure, our YTD staff costs are 6% higher than the comparable period in 16/17 but are currently £0.5M better than budget. This saving has not yet been reflected in the Full Year Staffing forecast. Our YTD Opex is 13% higher than the comparable period last year but is £3M less than budget. Our forecast also assumes that Opex will grow by a further 13% in the last 6 months of the year and so we will be able to reduce this expenditure to manage any shortfall in Semester 2 recruitment.

The University is currently holding cash and cash equivalents of £39.3M. This is broadly in line with budget and is £0.6M more than the comparable position in 16/17

The current forecast will deliver EBITDA at 11.0% which is ahead of the 17/18 target of 10.5%, however our recurring staff cost expressed as a % of income is currently forecast to be 57.9% which is above the 55% target set by the Board of Governors. This month the University received notice of £0.4M of additional funds from HEFCE as it winds down its operations and we are now forecast to grow our comparable income by £0.9M as compared to 16/17. This would represent growth of 0.6%.

4) **Table 1: Full Year Forecast vs. Budget**

	Budget			
Financial Summary in £'m	**16/17 Actuals**	**17/18 Budget**	**Change to 16/17**	**Change %**
Funding Grants	12.6	13.3	0.7	5%
Health - Contract	26.0	18.6	-7.4	-28%
Home / EU UG Fees	59.4	67.8	8.4	14%
Home / EU PG Fees	9.3	10.2	0.9	10%
Overseas Tuition Fees	9.6	11.0	1.4	15%
TNE Income	1.6	2.1	0.5	32%
Research Activities	4.5	5.0	0.5	11%
Enterprise Activities	8.7	10.6	1.9	22%
Student Related Income	10.6	11.3	0.8	7%
Other Operating Income	1.1	0.4	-0.7	-62%
Endowments & Interest	0.2	0.1	-0.0	-26%
Income	**143.5**	**150.5**	**7.0**	**5%**
in £'m				
Academic Staff Costs	39.4	42.6	3.2	8%
Support & Technicians	36.4	39.5	3.1	8%
Third Party Staff	2.7	1.6	-1.1	-41%
Restructuring Provision	-0.6	1.5	2.1	-336%
Depreciation	9.6	10.0	0.3	4%
Operating Expenses	49.8	45.8	-3.9	-8%
Interest Payable	4.4	4.4	-0.0	0%
Exceptional Items	0.0	3.7	3.7	0%
Expenditure	**141.6**	**149.0**	**7.3**	**5%**
Surplus for the year	**1.8**	**1.5**	**-0.3**	**-19%**
Surplus as % of income	**1.3%**	**1.0%**		
Surplus per student FTE	£137.7	£112.9		

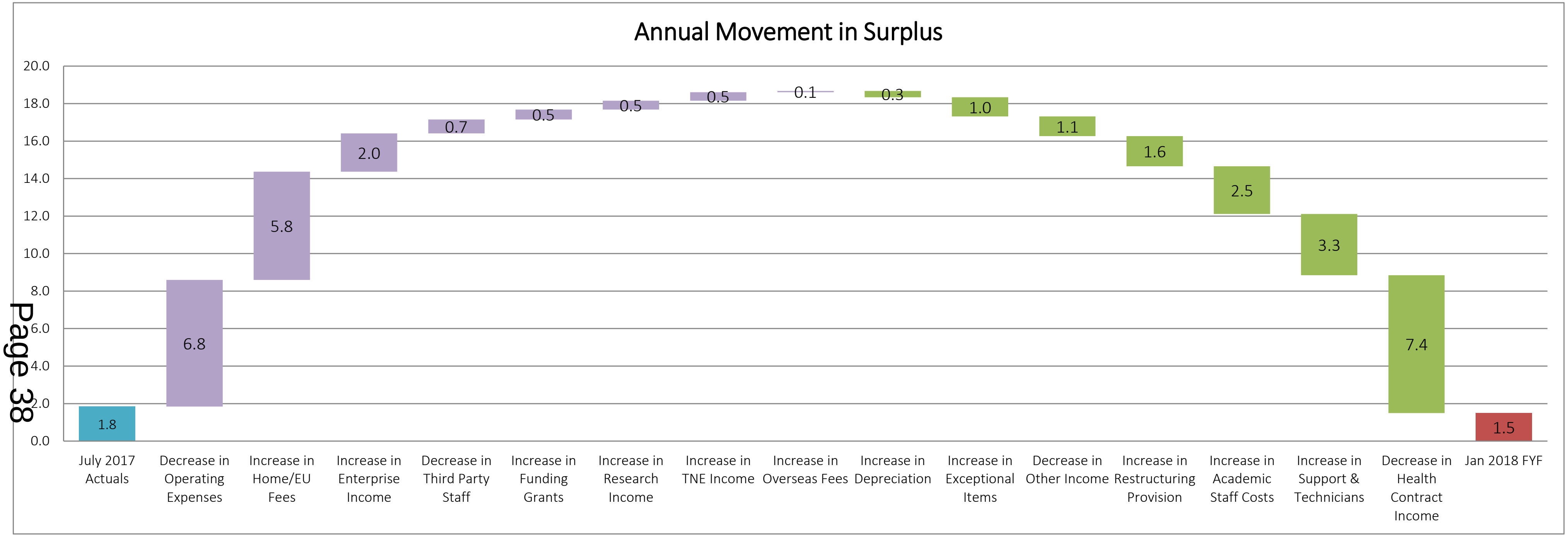
	Year to Date Position			
Financial Summary in £'m	**16/17 YTD**	**17/18 YTD**	**Change to 16/17**	**Change %**
Funding Grants	6.6	6.6	-0.0	-0%
Health - Contract	12.6	9.5	-3.1	-25%
Home / EU UG Fees	60.6	65.2	4.6	8%
Home / EU PG Fees	8.4	7.8	-0.6	-7%
Overseas Tuition Fees	8.2	7.5	-0.7	-8%
TNE Income	0.3	0.1	-0.2	-73%
Research Activities	2.3	2.4	0.0	1%
Enterprise Activities	3.5	4.1	0.6	17%
Student Related Income	5.7	5.4	-0.3	-6%
Other Operating Income	0.6	0.4	-0.2	-28%
Endowments & Interest	0.1	0.1	-0.0	-46%
Income	**109.0**	**109.0**	**-0.0**	**0%**
in £'m				
Academic Staff Costs	19.2	20.0	0.8	4%
Support & Technicians	17.9	19.2	1.3	7%
Third Party Staff	1.2	1.1	-0.1	-8%
Restructuring Provision	0.1	0.2	0.1	120%
Depreciation	4.8	4.7	-0.1	-2%
Operating Expenses	19.5	20.2	0.7	4%
Interest Payable	2.3	2.3	-0.0	-1%
Exceptional Items	0.0	0.0	0.0	0%
Expenditure	**65.0**	**67.7**	**2.7**	**4%**
Surplus for the year	**44.0**	**41.3**	**-2.7**	**-6%**

	Full Year Forecast Position				
Financial Summary in £'m	**Dec 17 Forecast**	**Monthly Move**	**Jan 18 Forecast**	**variance to Budget**	**Budget variance**
Funding Grants	12.7	0.4	13.1	-0.2	-1%
Health - Contract	18.6	0.0	18.6	0.0	0%
Home / EU UG Fees	65.1	0.0	65.1	-2.7	-4%
Home / EU PG Fees	9.3	0.0	9.3	-0.9	-8%
Overseas Tuition Fees	9.7	0.0	9.7	-1.3	-12%
TNE Income	2.1	0.0	2.1	-0.0	-2%
Research Activities	5.0	0.0	5.0	-0.0	-0%
Enterprise Activities	10.7	0.0	10.7	0.2	1%
Student Related Income	10.2	-0.0	10.2	-1.1	-9%
Other Operating Income	0.5	-0.0	0.5	0.0	9%
Endowments & Interest	0.1	0.0	0.1	-0.0	-18%
Income	**144.0**	**0.4**	**144.4**	**-6.1**	**-4%**
in £'m					
Academic Staff Costs	42.3	-0.4	41.9	-0.7	-2%
Support & Technicians	39.4	0.3	39.7	0.2	1%
Third Party Staff	2.0	0.0	2.0	0.4	23%
Restructuring Provision	1.0	-0.0	1.0	-0.5	-34%
Depreciation	10.0	0.0	10.0	0.0	0%
Operating Expenses	42.6	0.4	43.0	-2.8	-6%
Interest Payable	4.4	0.0	4.4	0.0	0%
Exceptional Items	0.9	0.1	1.0	-2.7	-72%
Expenditure	**142.5**	**0.4**	**142.9**	**-6.1**	**-4%**
Surplus for the year	**1.5**	**0.0**	**1.5**	**0.0**	**0%**
Surplus as % of income	**1.0%**		**1.0%**		
Surplus per student FTE	£117.9		£118.4		

Income generation remains the primary risk for the University at this time. As well as the £3.3M required from Semester 2 recruitment, we require an additional £32M from other activities. This is broadly in line with the income generated in the last 6 months of 16/17. We continue to monitor student withdrawals and these are trending better than last year and so we may also be able to reduce our refund forecast which would have a positive effect on income growth. We also continue to monitor our Research and Enterprise pipelines to ensure our income forecasts are robust. The forecast assumes that the University will invest £22.8M of Opex in the last 6 months of the year. This is less then the £25M of comparable expenditure that we invested in 16/17 and so some cost control will be necessary to deliver the University to this forecast.

5) Forecast Summary

After the above adjustments and as compared to 16/17 we are now forecasting a £0.9M increase in like for like Income, a £5.1M increase in Staffing Costs, an £6.8M reduction in Operating Expenses, an increase of £0.3M in Depreciation and an increase of £1.0M in Exceptional Items to fund our Investment Pots, leading to a reduction of £0.3M in our annual surplus.



Page 38

The key movement in the year on year position of the University is the reduction of £7.4M in Health Contract income. This is not all due to a reduction in activity but is because New students have transferred to the same funding regime as UG and PG students in the other 6 schools. There is however a net reduction in our forecast of £1.6M for Home / EU students. This is in line with the reduction in student FTEs of 3%. The decrease in year on year operating expenses of £6.8M looks challenging, however last year we wrote off £5M of expenditure in the last 2 months of the year and so the 'real' required reduction is £1.8M which is equivalent to a 5% year on year reduction. The other major investment is in staffing, this was budgeted at 55.6% of our income which was in line with the expectations of the Board of Governors, however our income shortfall has pushed this percentage up to 57.9% of our income. The university remains focused on staff cost control to ensure that staffing levels do not become unsustainable. The other key change is that the University put aside £3M for step change projects but we have has to delay these in order to manage the shortfall in Semester 1 recruitment.

6) Contribution Analysis

The current forecast contribution for the year is £0.3M behind the 16/17 position and is equal to the 16/17 Budget position.

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	
	16 / 17 Actual	**Jan 17/18 FYF**	**16 / 17 Actual**	**Jan 17/18 FYF**	**16 / 17 Actual**	**Jan 17/18 FYF**	**16 / 17 Actual**	**Jan 17/18 FYF**	**16 / 17 Actual**	**Jan 17/18 FYF**	**16 / 17 Actual**	**Jan 17/18 FYF**	**16 / 17 Actual**	**Jan 17/18 FYF**	**16 / 17 Actual**	**Jan 17/18 FYF**
Income (M)	£11.2	£11.1	£10.5	£11.5	£18.4	£18.8	£17.4	£17.4	£18.5	£18.9	£34.0	£33.3	£15.0	£14.1	£125.1	£125.1
Expenditure (M)	£5.4	£5.7	£5.1	£5.2	£7.1	£8.3	£8.0	£7.8	£9.8	£10.8	£19.5	£19.0	£6.6	£6.3	£61.6	£64.7
Contribution (M)	£5.9	£5.4	£5.4	£6.3	£11.3	£10.5	£9.4	£9.6	£8.7	£8.1	£14.5	£14.4	£8.4	£7.8	£63.5	£60.4
Contribution %	52%	49%	51%	55%	61%	56%	54%	55%	47%	43%	43%	43%	56%	55%	51%	48%

Following the £5M reduction in Tuition Fee income we are now no longer expecting the School portfolio to grow their income as compared to 16/17. We are investing an additional £3.1M in the schools and so the net contribution from the Schools is less than in 16/17. Three Schools; Arts & Creative Industries, Built Environment & Architecture and Engineering are forecast to grow in terms of Income, the School of Business and Applied Sciences are broadly flat whilst Health & Social Care and Law & Social Sciences are forecast to decline.

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*)

	Applied Sciences		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Health & Social Care		Law & Social Sciences		Total All Schools	
	16 / 17 Actual	**Jan 17/18 FYF**	**16 / 17 Actual**	**Jan 17/18 FYF**	**16 / 17 Actual**	**Jan 17/18 FYF**	**16 / 17 Actual**	**Jan 17/18 FYF**	**16 / 17 Actual**	**Jan 17/18 FYF**	**16 / 17 Actual**	**Jan 17/18 FYF**	**16 / 17 Actual**	**Jan 17/18 FYF**	**16 / 17 Actual**	**Jan 17/18 FYF**
Teaching Income (M)	£10.5	£9.5	£10.2	£10.8	£17.1	£18.0	£17.1	£15.6	£16.0	£14.1	£29.8	£28.3	£14.4	£13.7	£115.2	£109.9
Teaching Staff (M)	£3.0	£3.2	£2.8	£2.9	£3.8	£4.9	£4.9	£5.0	£4.6	£4.4	£12.7	£13.3	£4.5	£4.8	£36.3	£38.5
Teaching Expenditure (M)	£1.7	£1.7	£1.8	£1.8	£1.9	£2.1	£3.0	£2.6	£2.7	£2.7	£4.6	£4.7	£1.9	£2.1	£17.7	£17.7
Teaching Contribution (M)	£5.8	£4.6	£5.6	£6.1	£11.3	£11.0	£9.3	£7.9	£8.7	£7.0	£12.5	£10.3	£8.1	£6.7	£61.2	£53.7
Contribution %	55%	48%	55%	57%	66%	61%	54%	51%	54%	50%	42%	36%	56%	49%	53%	49%
Full Year Student FTE	1,071	1,051	1,071	1,113	1,845	1,820	2,130	2,019	1,603	1,435	4,028	3,696	1,627	1,556	13,375	12,690
Contribution per Stud FTE	£5,400	£4,400	£5,200	£5,500	£6,100	£6,000	£4,300	£3,900	£5,400	£4,900	£3,100	£2,800	£5,000	£4,300	£4,600	£4,200
Return on Academic Investment	191%	145%	201%	208%	295%	225%	189%	158%	189%	161%	99%	77%	181%	139%	169%	139%

In terms of contribution per student, the Schools of the Built Environment & Architecture and Arts & Creative Industries are significantly ahead of the average School position although their costs do not include the cost of centrally funded Labs and Technicians. The Teaching staffing costs exclude any technicians, administration or research staff and demonstrate that the Schools of the Built Environment & Architecture and Arts & Creative Industries remain significantly ahead of the School's average when measured in Return on Academic Investment

7) Student Number Analysis

In terms of Student numbers, at the comparable position in 16/17 had 13,075 FTE. We currently have 12,690 enrolled FTE and so are almost 3% down year on year. The biggest drop is in New students who are 9% down. There may be some upside in Semester 2 enrolments which we will report next month.

New

School	FTE 16/17	FTE 17/18	Change	% Change
ACI	473	501	28	6%
ASC	453	437	-16	-4%
BEA	801	743	-58	-7%
BCM	923	917	-6	-1%
ENG	682	531	-151	-22%
HSC	1,815	1,552	-263	-14%
LSS	755	686	-69	-9%
Total	**5,902**	**5,367**	**-535**	**-9%**

Continuing

School	FTE 16/17	FTE 17/18	Change	% Change
ACI	598	612	14	2%
ASC	668	614	-54	-8%
BEA	1044	1077	33	3%
BCM	1057	1102	45	4%
ENG	921	904	-17	-2%
HSC	2013	2144	131	7%
LSS	872	870	-2	-0%
Total	**7,173**	**7,323**	**150**	**2%**

Total

School	FTE 16/17	FTE 17/18	Change	% Change
ACI	1,071	1,113	42	4%
ASC	1,121	1,051	-70	-6%
BEA	1,845	1,820	-25	-1%
BCM	1,980	2,019	39	2%
ENG	1,603	1,435	-168	-10%
HSC	3,828	3,696	-132	-3%
LSS	1,627	1,556	-71	-4%
Total	**13,075**	**12,690**	**-385**	**-3%**

8) Student Withdrawal Analysis

In 16/17 we refunded £4.2M in income to students who Withdrew or Interrupted representing 5.4% of Tuition Fee Income. In 17/18 we were budgeting £5.4M in refunds representing 6% of the total Tuition Fee Budget. In line with the decline in recruitment we have reduced this forecast to £4.1M and this has been factored into our income forecast. The 464 students that have currently withdrawn include 102 PG's (up by 22 from December) and 362 UG students (up by 55) that have left the University. As a year-on-year head count comparison, the 2017 PG drop-out figure of 102 is 23.8% lower than 2016's 134 head count, and the 2017 UG drop-out number of 362 is also 3.7% lower than 2016's 376 UG drops. In fact the percentage gap is widening for PG's; which indicates better in year retention for our 2017/18 post-graduate cohort compared to last year.

9) Income Analysis

In terms of income there was only 1 major move this month. We had been anticipating a reduction in our HEFCE grant of £0.5M due to our recruitment shortfall. This month however we received notice from HEFCE of an additional grant of £0.4M. Our YTD research income is currently 15% better than the budgeted position and our income from Enterprise activities is 17% ahead of the comparable position in 16/17. Our TNE income is slightly down compared to last year but the bulk of this is recognised in the last quarter.

10) Staff Cost Analysis

In terms of staffing, we have taken steps to improve the accuracy of our staffing forecast by applying a vacancy factor across the University. In terms of our YTD spend we are currently underspent against budget by 1%. This £512K underspend is primarily driven by savings in Support Staff against budget . We had reduced our Staffing forecast by £0.5M but this is not related to the current YTD underspend, instead we have assumed that our restructuring provision can be reduced by £0.5M. The intention is to work with the Deans and Directors and recognise the YTD underspend in next months forecast.

11) Operating Expense Analysis

In terms of Operating Expenses, as previously indicated, we finished 16/17 £5M over budget due to a significant write down of Assets in the Course of Construction and other costs associated with developing the Estate. We are currently targeting Operating Expense reductions of £1.8M against budget. This reduction has been put into the 'Other' line in the short term but will be redistributed to specific budget lines as proposals for reducing spend are reviewed. We have also reduced our operating expense forecast by £1M as a result of the change in accounting treatment of our catering contract. This £1M reduction in Opex has been matched with a corresponding reduction in our income and so has not had an impact on our surplus. The University is currently underspent by £3.1M YTD against budget and has some flexibility to further reduce expenditure if there is a concern with Semester 2 recruitment .

12) Budget Analysis

There are 32 distinct areas of the University that have separate budgets and each area is expected to deliver to their Budget. Due to the shortfall in recruitment, none of the Schools are forecast to deliver to budget. Marketing, ICT Innovation and the Academy of sport are currently forecasting a deficit against budget but are expected to return to a budgeted position within the month. Academic Related Resources are expected to deliver savings to offset the Semester 1 recruitment shortfall, these savings were reversed this month but these will be reflected in next months accounts.

LONDON SOUTH BANK UNIVERSITY / ENTERPRISES

Management Summary Report from August 2017 To The End Of January 2018

Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	FULL YEAR 2017 Forecast (£)	FULL YEAR 2017 Budget (£)	FULL YEAR Variance - Forecast to Budget (£)	FULL YEAR Variance - Forecast to Budget %	FULL YEAR Year On Year Increase %	YEAR TO DATE 2017 Actuals (£)	YEAR TO DATE 2017 Budget (£)	YEAR TO DATE Variance - Actuals to Budget (£)	YEAR TO DATE Variance - Actuals to Budget %	YEAR TO DATE Year On Year Increase %	Full year Forecast less Actual YTD (£)
-143,478,035	-109,048,076	**Total Income**	-144,406,044	-150,459,411	(6,053,366)	(4%)	1%	-109,039,732	-115,205,083	(6,165,351)	(5%)	(%)	-35,366,313
77,889,377	38,418,660	**Total Staff Costs**	84,561,743	85,151,252	589,509	1%	9%	40,560,408	41,073,266	512,857	1%	6%	44,001,334
9,619,774	4,813,958	**Total Depreciation**	9,963,303	9,963,303		%	4%	4,709,900	4,777,189	67,289	1%	(2%)	5,253,404
49,758,553	19,494,163	**Total Other Operating Expenses**	42,999,380	45,811,916	2,812,536	6%	(14%)	20,202,034	23,343,078	3,141,044	13%	4%	22,797,346
4,368,590	2,286,583	**Total Interest Payable**	4,358,157	4,358,157		%	(0%)	2,260,848	2,263,078	2,230	%	(1%)	2,097,308
		Total Exceptional Items	1,024,784	3,674,784	2,650,000	72%			-194,316	(194,316)	(100%)		1,024,784
		Total Internal Allocations	-4,000		4,000								-4,000
-1,841,740	-44,034,711	**Contribution**	-1,502,678	-1,500,000	2,678	%		-41,306,541	-43,942,788	(2,636,247)	(6%)		39,803,863
54.7%		Recurring Staff costs as % of income	57.9%	55.6%									
1.3%		Contribution %	1.0%	1.0%									

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21 February 2018

HIGHER EDUCATION hefce
FUNDING COUNCIL FOR ENGLAND

Professor David Phoenix OBE
Vice Chancellor and Chief Executive
London South Bank University
103 Borough Road
London
SE1 0AA

Nicholson House
Lime Kiln Close
Stoke Gifford
BRISTOL
BS34 8SR

Direct Line 0117 931 7455
E-mail m.atkins@hefce.ac.uk
Ref CE/3161

Dear Professor Phoenix,

HEFCE's annual assessment of institutional risk: London South Bank University

1. We have reviewed the annual accountability return that you submitted in December 2017 and I am now writing to you with our current view of the University's risk status.

2. HEFCE's risk categorisation on financial sustainability and good management and governance (FSMG) is set out in the table below:

Financial sustainability, good management and governance matters	**Not at higher risk**

3. HEFCE's Memorandum of Assurance and Accountability (2017/08) sets out three levels at which we may engage with institutions:

- normal contact
- focused dialogue, in cases where we are supporting an institution's change or development, or where we perceive there to be medium-term risks which, if not addressed, will put the institution at higher risk
- support strategy, for institutions at higher risk or institutions which, in our view, will be at higher risk if decisive action is not taken.

4. We will continue to engage with the University on the basis of normal contact.

5. We would ask that you ensure that we are kept up-to-date as the merger discussions with Lambeth College progress so that we can understand the risks and opportunities presented by the merger, and can understand how a merger might affect the corporate structure of the University.

6. In accordance with the HEFCE Memorandum of Assurance and Accountability (MAA) (Annex A, paragraph 9), the audit committee's annual report must include the committee's opinion on the adequacy and effectiveness of the University's arrangements for management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company (SLC), HEFCE and other bodies. In the 2016-17 report no reference has been made to the Student Loans Company in the Audit Committee's opinion. This issue was raised in the recent HEFCE Assurance Review on 26 January 2017 and it was agreed by the University that this issue would be remedied in the 2016-17 report. The University must refer to the SLC in the Audit Committee's annual opinion for the year ending 31 July 2018.

7. You will be aware that from 1 April 2018 HEFCE will be replaced by a new regulator for English higher education, the Office for Students (OfS). Further information related to the OfS's Regulatory Framework and the associated requirements, for example for registering, will be published sequentially in February and March 2018.

8. The indicators and metrics that we used to underpin the risk categorisation in 2017-18 will be made available electronically on the HEFCE extranet. This allows you to compare the performance of your institution with that of others across the sector. Instructions for accessing this will be sent by email directly to your head of finance.

9. If you have any questions about the risk categorisation process, please contact the Assurance Consultant, Andrew Beazer (0117 931 7223, a.beazer@hefce.ac.uk) in the first instance, or Regional Consultant, Davina Madden (0117 931 7032, d.madden@hefce.ac.uk).

Other information

10. As it is the responsibility of an institution's governing body to ensure that risks are identified and managed effectively, we have copied this letter to the Chair of your governing body.

11. This letter is provided in confidence to London South Bank University. We have no objection to it being made available to third parties, but we do not accept responsibility for any reliance a third party may place on its contents. We have no plans to release the information contained in this letter, but we ask you to consider carefully the implications of any public disclosure you may wish to make, or are asked to make. As you know, we are subject to the Freedom of Information Act 2000 and the content of this letter may be disclosable if a request is made to us under that Act.

Yours sincerely,

Madeleine S. Atkins

Professor Madeleine Atkins
Chief Executive

cc: Mr Jeremy Cope

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2 May 2017

HIGHER EDUCATION FUNDING COUNCIL FOR ENGLAND

Professor David Phoenix OBE
Vice-Chancellor and Chief Executive
London South Bank University
103 Borough Road
London
SE1 0AA

Nicholson House
Lime Kiln Close
Stoke Gifford
BRISTOL
BS34 8SR

Direct Line 0117 931 7017
E-mail qualityassessment@hefce.ac.uk
REF: QA/HEI/APR/M/123

Dear Professor Phoenix OBE

Annual Provider Review 2016-17: outcomes

Summary of APR outcome

1. I am pleased to be able to write to you with the outcome of the Annual Provider Review process for London South Bank University in 2016-17. The outcome is in two parts: HEFCE's risk categorisation on financial sustainability and good management and governance (FSMG) matters; and the judgement on quality and standards matters reached by our independent Quality Committee. These two outcomes are set out in the table below:

Financial sustainability, good management and governance matters	**Not at higher risk** with a comment about an issue we wish to draw to your attention
Quality and standards matters	**Meets requirements** No action required

2. This positive APR outcome means that if you already hold a Tier 4 licence you will continue to meet the Home Office's requirements for educational oversight for Tier 4 sponsorship. It also means that you will be eligible for any TEF year 2 award you may receive in June 2017.

3. Your APR outcome on FSMG matters includes a comment about an issue we wish to draw to your attention. This, and the additional action we are asking you to take, is set out in more detail in the section 'financial sustainability, good management and governance outcomes' below.

4. We have included with this letter in **Annex A** the indicators and metrics that we used to underpin the APR process in 2016-17. This allows you to compare the performance of your institution with that of others across the sector. Guidance to help you interpret this information is included in **Annex B**. This information is also available electronically on the HEFCE extranet and instructions for accessing this are included in **Annex C**.

5. If you have any questions about the APR process, please contact the Quality Assessment team via qualityassessment@hefce.ac.uk. You may also find the published guidance[1] helpful.

Financial sustainability, good management and governance outcomes

6. The HEFCE APR Group considered the data and information we hold and concluded that London South Bank University is currently 'not at higher risk'. We do, however, wish formally to draw an issue to your attention and to ask you to take further action:

   We are aware that the University is in discussions with Lambeth College about a potential merger. We would therefore ask that you ensure that we are kept up-to-date as these discussions progress so that we can understand the risks and opportunities presented by the merger, and can understand how a merger might affect the corporate structure of the University.

7. Your HEFCE Assurance Consultant will contact you to make sure that our risk assessment, and the actions that you will need to take as a result of this, are clear and to answer any questions you may have.

Next steps

8. We do not require you to take any further action as a result of your APR outcome. The Annual Provider Review process will take place for your institution again during 2017-18.

9. We intend to publish the quality and standards outcomes of the APR process on the HEFCE Register of Higher Education Providers on 23 May 2017. The entry for London South Bank University will read:

   Meets requirements

   This provider fully meets HEFCE's requirements for quality and standards. This means that:

   - qualification standards are reliable and reasonably comparable to those across the UK;
   - the student academic experience is of high quality;
   - student outcomes are generally good or excellent and the provider has demonstrated continuous improvement in relation to them.

10. A similar entry will appear on the Unistats website.

---

[1] See http://www.hefce.ac.uk/pubs/Year/2016/201629/

Other information

11. As it is the responsibility of an institution's governing body to ensure that risks are identified and managed effectively, we have copied this letter to the Chair of your governing body.

12. This letter is provided in confidence to London South Bank University. We have no objection to it being made available to third parties, but we do not accept responsibility for any reliance a third party may place on its contents. We have no plans to release the information contained in this letter, other than the publication of the final outcomes of the quality and standards aspects of the APR process on HEFCE's Register of Higher Education Providers and on Unistats, but we ask you to consider carefully the implications of any public disclosure you may wish to make, or are asked to make. As you know, we are subject to the Freedom of Information Act 2000 and the content of this letter may be disclosable if a request is made to us under that Act.

Yours sincerely

Madeleine S. Atkins

Professor Madeleine Atkins
Chief Executive

Cc: Chair of governing body (excluding annexes)

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	CONFIDENTIAL
Paper title:	Estate Development Plan 2018
Board/Committee	Board of Governors
Date of meeting:	15th March 2018
Author:	Ian Mehrtens, Chief Operating Officer
Executive/Operations sponsor:	Ian Mehrtens, COO
Purpose:	To consider the proposed estate development plan.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Strategically investing in the creation of first class facilities and ensuring that they are underpinned by services which are responsive to academic needs and outcome focused.
Recommendation:	The Board is requested to: • To note the attached Estates Development Paper; and • Approve the following recommendations: MPIC recommends to the Board approval of the high level Estates Plan and priorities subject to the further review and approval of individual business cases, including: • Proceeding with the plans for Phase 1. • Investigating the creation of a JV partnership and to take forward Phase 3 and to fund Phase 2. MPIC recommends that the Board approves the decision not to sell the Perry library site.

Executive Summary

On 1st March 2018 MPIC discussed in detail the Estates Development Paper and the Phase 1 redevelopment of the London Road building, including the proposed funding arrangements and the wider impact to staff and students.

The committee approved proceeding with plans for Phase 1 of the Estates plan on the condition that the final business plan incorporated:

- A clear communications strategy for both students and staff;
- A provision for alternative sports hall facilities until such time as new facilities were built as part of later development phases; and
- A temporary Learning and Resource Centre that offered the same level of service to students as currently provided.

The possible creation of a joint venture partnership to release equity from the Perry Library and Technopark sites to support Phase 2 and Phase 3 of the development plan was discussed. The committee was supportive of this approach and of the Executive continuing to investigate the options available to the university.

The committee noted that while there had been significant interest from developers in relation to the Perry Library site, the final offers received had been lower than anticipated. The committee agreed with the Executive's recommendation not to proceed with the sale at this time.

The Committee also discussed the potential options for LSBU satellite campuses and agreed that:

- The committee support the concept of the LSBU Cambridge Technology Campus, noting that no investment was necessary.
- The committee approve the renewal of the lease for the Havering Campus. The committee agreed to delegate authority to the Chair of the Committee and Chair of the Board to approve final sign-off, by an LSBU authorised signatory, once the final terms of the lease were agreed.

Estates Development Plan II

Paper considered by the Major Projects and Investments Committee on 1st March 2018

1 Introduction

1.1 MPIC previously supported a recommendation from the Executive that the University should proceed to obtain planning permission for both the St George's development and the refurbishment of the London Road Building.

1.2 This work is underway and a planning application for St George's development was lodged in November and 2017. The design work for London Road has commenced and the executive are considering the options for the internal space allocations.

1.3 The previous paper identified that although the priority was to proceed with the development of both St George's and London Road, there remained a significant £48m funding gap.

Option 2	Cost
St George's Quarter Development inc Keyworth St	£110m
London Road re-development	£50m
Total	**£160m**

Disposals/Income	Income
Perry Library Sale	-£50m
Catalyst funding for Labs in London Road	-£2m
Capital investment pot contribution - £15m per year for four years	-£60m
Total	**-£112m**

Option 2 Funding Required	**£48m**

1.4 At that stage, the funding summary made an assumption that the Perry Library site would achieve a capital receipt of £50m, mid-range from the valuations provided by Strutt & Parker. Any variance from this figure would significantly alter the funding proposal. The other two funding streams are more certain, though the capital investment pot is dependent on delivering an annual budget surplus.

1.5 MPIC therefore additionally approved proceeding to market the Perry Library site in order to determine the values to be achieved.

2 Sale of Perry Library Site

2.1 At the time MPIC had previously considered this sale, it was expected that following discussion with Southwark Council, we would jointly market the Perry Library and the

Southwark Hostel to gain maximum leverage from the value of the site.

2.2 Unfortunately, at a late stage, Southwark decided to delay the sale of the hostel due to political pressures and its impact on the Council elections in May 2018. They were not therefore prepared to proceed to market until after May 2018.

2.3 The Executive therefore agreed to proceed to market with only the Perry library portion of the site to avoid delay. The Perry library occupies 85% of the combined site. Strutt & Parker advise that this will adversely impact on the values that could be achieved.

2.4 Despite this, there has been significant interest from major developers that has resulted in 21 bids, 20 of which are unconditional.

2.5 21 bids were received by the deadline of 31st January 2018 and resulted in 6 bids of the same value and clear of the rest of the pack. Strutt & Parker then contacted these bidders inviting them to increase their bids and had a one-week deadline.

2.6 The result of this that two bidders increased their bids to £30m but price was only one part of the scoring matrix meaning that the bid from Hines and Henderson Park, a consortium who develop student accommodation and have successfully completed a scheme recently at Keele University came out as the preferred bidder.

2.7 The impact of this further increase the funding gap as previously presented to £68m.

Option 2	Cost
St George's Quarter Development inc Keyworth St.	£110m
London Road re-development	£50m
Total	**£160m**

Disposals/Income	Income
Perry Library Sale	-£30m
Catalyst funding for Labs in London Road	-£2m
Capital investment pot contribution - £15m per year for four years	-£60m
Total	**-£92m**

Option 2 Funding Required	**£68m**

2.8 It is clear that to bridge that gap with debt funding is not affordable. In light of this, the Executive have reviewed the priorities for the University and reaffirmed the needs for arts and creative spaces, new laboratories to support the science and engineering disciplines, improved library and learning resources, additional improved student accommodation and space for a re-launch of the Business School. This decision has informed this review of the estate development plans.

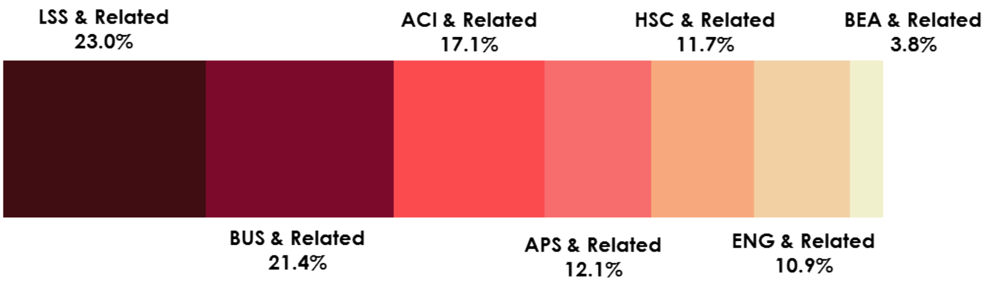
2.9 These values now mean that it is better to retain the land and the freehold for alternative uses.

3 Market analysis

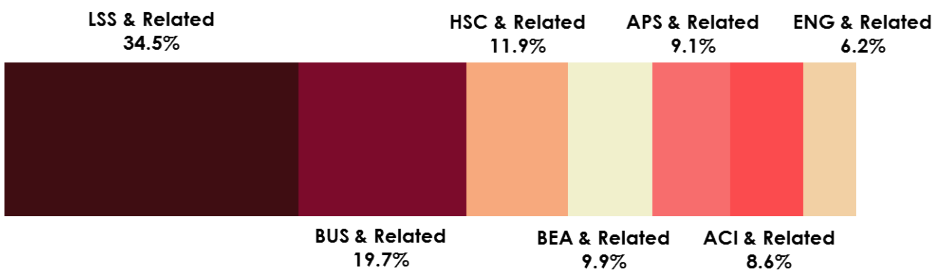
3.1 The phasing of the development has been informed by a data led approach on subject demand and have leveraged recent analysis undertaken by the LSBU Marketing team which looked at macro trends for UG and PG course provision by subject. This analysis identified those subjects which, given LSBU's profile and established portfolio offer, represent the greatest opportunity for growth.

3.2 In summary, this analysis identified that LSBU has relatively limited provision in some very established, large and / or growing subject areas such as business, law and social sciences, arts and creative industries and applied sciences which, in combination, represent 74% of UG and 72% of PG new enrolments within London moderns. In addition, while there is growth across many subject areas nationally, within our core London Modern market, there exists little standout opportunities to benefit from organic market grow, which requires us to take market share in these high-volume categories.

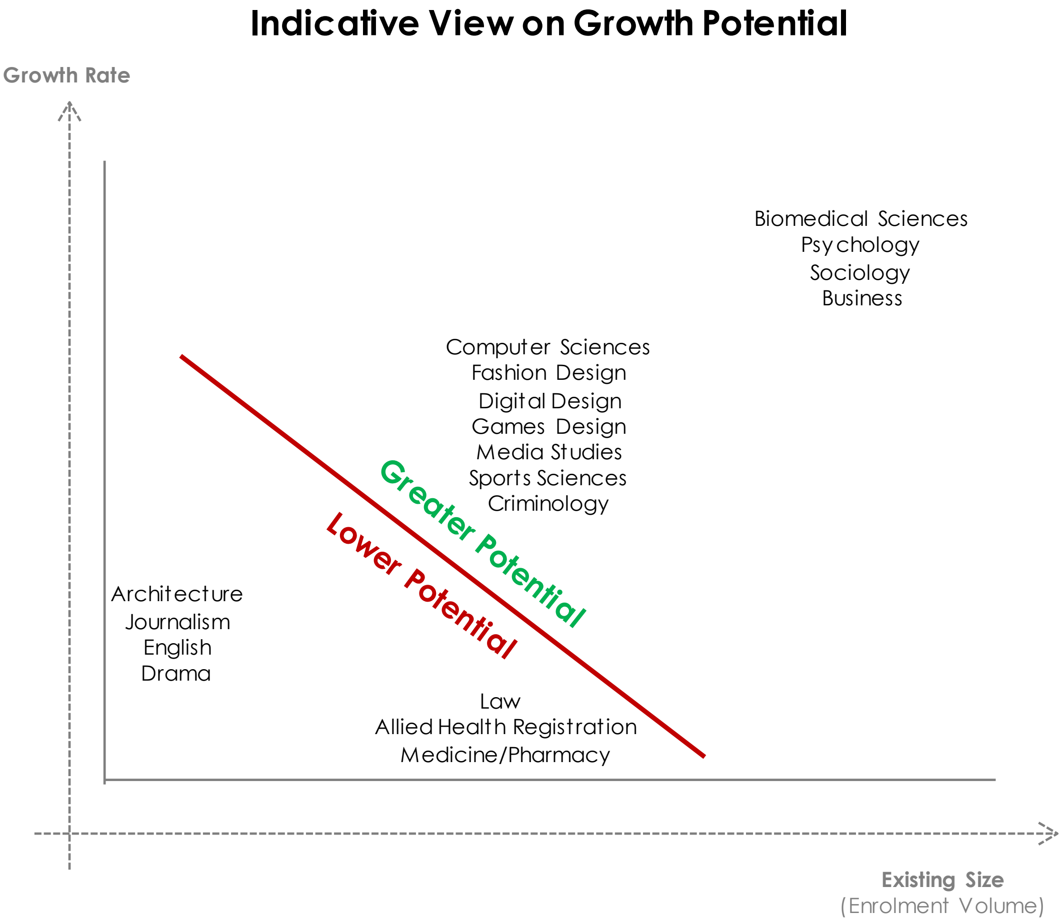
3.3 Total UK undergraduate share of the market (HESA first year enrolments by FTE for 2015/16 academic year):



3.4 Total UK post graduate share of the market (HESA first year enrolments by FTE for 2015/16 academic year):



3.5 Conversion rate analysis tells us that overall, our offer isn't as compelling as that of our competitors who have either grown at a faster rate or have higher market share in main subjects. This is leading to a combination of low applications and / or low conversion of Firm Accepts across most schools, and therefore, a lack of growth. In addition, the analysis identified development opportunities in some courses we currently do not offer. The chart below summaries the subjects that we have identified as key priorities for growth.



4 **Proposal**

4.1 What is clear is that even if the funding gap is resolved, the delivery of the St George's project will now be 2021/22 at the earliest. The delivery of the London Road refurbishment will be sooner, but still not until 2019/20 given that the building will remain in occupation throughout the refurbishment.

4.2 During this period, there will be little positive impact on the student experience.

4.3 This has caused the Executive to review the options available both to deliver a positive impact on the student experience, and to develop an affordable solution to enable the priorities to be achieved and to complete the St George's and London Road projects.

4.4 In doing this, many options have been explored in depth by the Executive. What has emerged is a 3-phase plan for the development of the Southwark campus.

4.5 This proposal for a three-phased approach to the development ensures that there are some early interventions that will deliver an improved student experience within two years, critical to improving our league table position and recruitment.

4.6 If approved in principle, Phase 1 design development can commence and full business case proposals for component parts brought to MPIC for approval in the future.

4.7 Subsequent phases are dependent on the successful development of a JV with an investor releasing capital for the construction of Phase 2. Whilst this paper presents a full estate plan, Phases 1 and 2 are independent and completing Phase 1 does not inhibit the development of phase 2.

4.8 Below is a summary of the phases:

PHASE 1	**Funded by University capital + borrowing as necessary**	**Total cost £65m**
• Refurbishment of Learning Resources Building • New location and identity for the School of Business • Refurbishment of existing science laboratories • Creation of new creative design centre • Full refurbishment of London Road Building to include new learning resources and library.		
PHASE 2	**Funded by JV capital**	**Total cost £115m**
• Completion of St George's development to include new laboratories.		
PHASE 3	**JV funded**	**Not known**
• Development of Perry library site as student accommodation (1,000 – 1,500 beds) • Development of Technopark site for teaching accommodation, conference centre, hotel and new gym/sports centre.		

4.9 The indicative programme of works for the project are attached as Appendix A to this paper.

4.10 In short, it is expected that Phase 1 will be completed by December 2019 and Phase 2 by August 2023. Phase 2 is dependent upon the funding being released through the JV partnership and should it be available sooner, then the completion of Phase 2 may be advanced. Phase 3 is dependent on the JV programme but could deliver student accommodation by summer 2022 and the remainder by 2025.

5 **Funding**

5.1 The funding for the development comes from three sources.

5.2 In terms of cash flow, **Phase 1** (£65m for London Road and associated works) will be funded from current and future capital allocations and loan capital. The capital plan includes £20m per annum for major estate development projects. The intention is therefore to allocate the full £60m from the capital allocation over the next four years and top this up with an additional £5m from the University's existing cash reserves, which currently stand at £40m.

5.3 There will however be a requirement for short term loan funding of up to, an assumed, £30m as development is expected to span the next two years, rather than a four-year period.

5.4 This short-term loan funding will be repaid from cash generated in years 3 and 4, provided we meet our planned financial forecasts. Market testing indicates that we will be able to borrow these funds and can do so without breaching any of our banking covenants. We will however need to carefully consider the current uncertainty around ongoing discussions with Lambeth College, could be problematic.

5.5 In addition to consideration of cashflow forecasts, the likely I&E impact has also been modelled and will be factored into the 2018 forecasts. The £65m spend is unlikely to have any impact on future forecast student numbers and our working assumptions for the forecasts on Home/EU new student numbers is to hold steady at a minimum of 2,500 each year up to 2020/21. Hence, the impact of the Phase 1 spend will be in terms of additional cost. The assumed £30m short term borrowing will come at a cost of 900k pa.

5.6 With regards to depreciation, our current accounting policy would indicate that the £65m should be treated as building improvements rather than freehold building and therefore depreciated over 15 years rather than 50 years. This results in a depreciation of £4.3m pa, although we would expect that this could be marginally offset by a possible reduction in maintenance costs over the early years.

5.7 Given the nature and scale of this Phase 1 however, we are exploring with the auditors whether an alternative policy might be appropriate to depreciate over say a 30-year period. In any event, future sustainability in terms of I&E position, depends on our ability to reduce the current cost base for both staff costs and operating expenditure.

5.8 Different scenarios have been developed that we are working through in detail as part of the 2018 planning and budgeting cycle. These reductions however are not simply driven by the planned investment in London Road, but a combination of factors including the roll forward impact of under-recruitment in 2016/17 and 2017/18, greater caution regarding planned income growth and a staff cost base which is growing over benchmark. Adjusting the cost base is essential to deliver a surplus position but also to generate the cashflows necessary to fund Phase 1.

5.9 **Phase 2** (£115m for St George's development) will be funded through equity release of the Perry library site and the Technopark site in the form of a joint venture vehicle with LSBU and an investor on a 50:50 basis. The equity release will come from a leasehold interest in the site over a defined period (yet to be decided) and not from sale of the freehold.

5.10 Early discussions with a potential investor have indicated that there is likely to be £120m equity release in the site.

5.11 **Phase 3** (as yet undefined) will deliver 1,000 – 1,500 student beds and a new Academy of Sport on the Perry library site together with new teaching accommodation, a conference centre, hotel and enterprise space on the Technopark site. This will be developed by the JV partnership.

5.12 Completion of the student accommodation in Phase 3 will provide a potential to release other residential sites effectively refunding the Phase 1 capital expenditure.

6 Satellite campus considerations

6.1 This paper deals with the redevelopment of part of the Southwark campus, however the Committee will recognise that there are activities off campus that should be recognised as part of this estate plan.

6.2 There are two current satellite campuses and one potential satellite campus under review.

6.3 The Cambridge Technology Campus (CTC) is an entity grown from the relationship with The Welding Institute (TWI). Recent discussions with them have resulted in the creation of the CTC branded as LSBU but with no capital investment. The relationship is strong and provides a significant presence in the technology hub in Cambridge. For this to progress, a legal agreement will be required, but if that is achieved, the additional stability would enable the delivery of specialist masters in collaboration with industry form this campus, along with multiple innovation centres (2 currently operating and a further one in development).

6.4 The second, and perhaps more familiar, is the Havering Campus providing nurse education to the North East London Foundation Trust hospitals. The Executive have discussed this location most recently in connection with a lease extension on the site. They concluded that it is essential to maintain a presence in the region in order to secure the placements in the hospitals. Whilst there is no longer a cap on nursing numbers, the potential volume is controlled by access to these placements with 78% currently based in the North London region.

6.5 Retaining the site will ensure that we can lead in the development of programmes that support the future shape of health education.

6.6 We are currently awaiting the new lease from 2018 to 2028 with a break point at 2023.

6.7 The third, and as yet a potential campus, is in Purfleet as part of an education hub centred around the development of new Hollywood film studios on the site. Discussions are at an early stage and the potential is still be investigated with a data led approach.

7 Recommendation

7.1 This proposal has developed over the last two years and has benefitted from further discussion and debate internally.

7.2 It has matured as a result of a data led approach informing our priorities particularly in the short to medium term.

7.3 What is clear is that we need to invest in the estate in order to compete in the national and international markets.

7.4 This plan is challenging, innovative, exciting and affordable and provides a mechanism to redevelop over 50% of the current estate into sector leading facilities that will set LSBU apart from the rest of the sector particularly in London and achieve our mission to become the top London modern University.

	CONFIDENTIAL
Paper title:	Risk Exposure Matrix
Board/Committee	Board of Governors
Date of meeting:	16th March 2018
Author:	John Baker - Corporate & Business Planning Manager
Executive/Operations sponsor:	Richard Flatman – Chief Financial Officer
Purpose:	To provide the Board with a condensed overview of current risk exposure, and related strategy & recent progress.
Which aspect of the Corporate Strategy will this help to deliver?	The risks or uncertainties span the institution and could impair the ability of the University to achieve each of the goals of the Corporate Strategy.
Recommendation:	The Board is requested to: • Review the revised format for presentation of risk exposure, and note the current risk overview

Executive Summary

This Risk Exposure Matrix separates risk into the 4 risk categories of the risk appetite document.

The cover page provides an overview of risk entries on the Corporate Register, by severity rating and risk type.

The subsequent pages provide an overview of the risk entries for each risk type rated medium or above.

This revised format has been reviewed by the Strategic Risk Review Group, the Executive, and the Audit Committee.

The Board is requested to:

- Review the revised format for presentation of risk exposure to the Board, and note the current risk overview.

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LSBU Corporate Risk Matrix – Severity by Risk Type (*from Risk Appetite*) – March 2018

Cover page: High level overview of risk exposure

Severity Rating	**Critical**	**High**	**Medium**	**Low**
Risk Types:				
Financial *(Open)*	**2:** Revenue reduction if marketing & PR does not achieve H/EU UG recruitment targets (NL)	**457:** Anticipated international & EU student revenue unrealised (PI) **3:** Increasing pensions deficit reduces flexibility (RF)	**14:** Loss of NHS contract income (WT) **37:** Affordability of Capital Expenditure investment plans (RF) **402:** Income growth from Research & Enterprise unrealised (PI)	**517:** Impact of EU Referendum on regulation & market (DP)
Legal / Compliance *(Cautious)*			**305:** Data not used / maintained securely (IM) **519:** Negative Curriculum Assessment (SW) **584**: External incident compromises campus operations or access (ME)	
Academic Activity *(Seek)*		**467:** Progression Rates don't increase (PB)	**398:** Academic programmes not engaged with technological and pedagogic developments (SW) **495:** Higher Apprenticeship degrees (PB) **518**: Core student system inflexibility / failure (SW)	**494**: Inconsistent delivery of Placement activity (SW)
Reputation *(Open)*			**6:** Management Information perceived as unreliable, doesn't triangulate or is not presented (RF) **362:** Low staff engagement impacts performance negatively (ME)	**1:** Lack of capability to respond to policy changes & shifts in competitive landscape (DP)

Risk Type: **Financial**		
Summary of current risks & drivers	*Notes on controls & mitigation strategies*	*Notes on progress made and actions completed*
Home UG Recruitment: Increased competition and narrowing candidate pool put pressure on applicant numbers. Brand positioning doesn't articulate LSBU potential effectively and impacts on conversion rate, leading to shortfall in anticipated income, or changes entrant tariff score	• QSC approval of course validations informed by market insight • Weekly review of numbers by MAC leadership team • Monthly review of DARR report • Revised Outreach strategy	• Market Insight review meetings completed with all Schools and Executive • Brand Architecture review being led by DoB&C, & Website re-launched at start Feb • Brand Narrative developed through research groups, & HunterLodge agency briefed by interim Brand Consultant
International Income: Government policy & UKVI process creates additional burdens to recruitment, and TNE partner models still in development	• International Office runs annual cycle of training events with staff on UKVI processes. • Recruitment reports to each meeting of Ops Board • Development of Overseas offices	• Draft partnership model is being reviewed with a partner in Egypt for feedback in February prior to presentation to Executive.
Pensions: Increasing life expectancy & poor performance of funds post 2008 leads to greater deficit	• Annual FRS 102 valuation • Strict control on early access to scheme	• Mercers costed scenarios being presented to Feb FP&R meeting
NHS Contract Income: Changes to NHS management structures, and move from bursaries to loans for pre-Reg courses impacts on levels of income	• QCPM & NMC course review processes demonstrate quality of provision to funders • Literacy & Numeracy support provided in cycle	• Business case for a training company is due for review by SBUEL board meeting
Capex affordability: Project ambitions and scales not in alignment with current cash generation capacity or asset valuations, or project cost escalation	• Capex reporting embedded into management accounts provided to FP&R Committee • Estates project methodology controls & governance • Financial regs require Board approval >£2m	• Sino-campus Steering Panel is examining the merits of forming an educational joint venture to release capital to fund further studies, and will present to MPIC in March
Research & Enterprise contracting: Forward financial plans anticipate increases in income which will need to be supported through reaching into new markets and areas of activity	• 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 Operations Board Meetings	• London Doctoral Academy now launched • Recruitment commenced for Director of Health Innovation Lab • ACEEU accreditation application underway

Risk Type: **Legal / Compliance**		
Summary of current risks & drivers	*Notes on controls & mitigation strategies*	*Notes on progress made and actions completed*
Data use and access: 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 comes into force on 5th May 2018.	• GDPR Project programme approved by Executive in January • 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	• GDPR project manager appointed • Data Protection Officer role advertised
Curriculum Compliance: 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.	• Academic Audit process is monitored by Academic Board, through reports from QSC (Quality & Standards Committee) • LSBU Participation in the Subject TEF pilot process is providing greater institutional awareness of the way data returned to HESA is used to review institutional performance • Curriculum creation process being transferred to the Registry function • All Course Specs being translated into new Educational Framework format	• Electronic document review of current course specs completed • Audit of Course specifications now underway
External Incident impact on campus: UK government's current terror threat level of 'severe' and incidents during 2017 mean that a central London location places LSBU at greater risk of being impacted by a future event.	• Building Lockdown plans in place • Business continuity plans for critical activity reviewed annually by resilience team • Emergency Information sets at receptions • Halls Accommodation aid agreement in place with London School of Economics	• Emergency planning scenario being tested with the Executive

Risk Type: **Academic Delivery**		
Summary of current risks & drivers	*Notes on controls & mitigation strategies*	*Notes on progress made and actions completed*
Progression: 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.	• 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	• Personal tutoring minimum specification in development • CRIT working to embed support in high impact modules
Technology & Pedagogy: Although the results are open to some interpretation, some competitors have made greater investment in using learning analytics to support the learning experience, and embedding technology within Classrooms. There are concerns in the sector with regard to the priority attached to teaching support within the new regulatory regime, and Advance HE. Delays with fully populating the CRIT team have impacted on delivery of plans.	• CRIT (Centre for Research Informed Teaching) reports to the Student Experience Committee & to the Quality & Standards Committee on the Achievements of work undertaken. • Delivery of the Technologically Enhanced Learning Strategy (TEL) through the Educational Framework and Quality Processes, is monitored by Academic Board. • Digital baseline project underway to ensure parity of experience across all moodle sites	• Professional Development sessions for Course Directors in development • Lecture capture facilities being installed across campus, with associated training sessions
Apprenticeships: 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.	• The Apprenticeships team is now fully established within LSBU • 6 monthly progress report from Apprenticeships Steering Group scrutinised by Academic Board covers IPTE and the Passmore Centre.	• Planning permission has been granted, contractors appointed, so progress on Passmore Centre refurbishment project now underway
Core Student Systems: 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.	• LEAP Project Updates scrutinised by Academic Board • Operational Issues reported & tracked through ICT TopDesk system, with internal escalation protocols.	• Timetabling review completed • Semester 2 starts issue now resolved •

Risk Type: **Reputation**		
Summary of current risks & drivers	*Notes on controls & mitigation strategies*	*Notes on progress made and actions completed*
Management Information: Past concerns expressed regarding triangulation of data from separate returns made to the designated data body, and controlled internal access to this business intelligence. Lack of detailed articulation of interdependencies between data systems and use of multiple system fields	• 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.	• Performance scorecard project underway to develop measures for professional services • New dataset around progression and retention of students added to the Corporate data warehouse.
Staff Engagement impacts performance: Systems and structures don't achieve intended facilitation of collaborative working across the institution. 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.	• Ops Board Cascade message town halls • 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.	• Procurement underway on 3rd party platform to deliver benefits to staff

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	CONFIDENTIAL
Paper title:	Group structure recommendations
Board/Committee	Board of Governors
Date of meeting:	15 March 2018
Author:	Michael Broadway, Deputy University Secretary
Sponsor:	Jerry Cope, Chair of the Board
Purpose:	Decision
Recommendation:	The Board is requested to approve in principle the recommendations of the group structure committee.

Executive summary

The key recommendations of the Group Structure Committee are:

- That the Board of Governors oversees all the activities of the Group. Therefore in practice, the University is a "top co";
- To have the following group subcommittees of the group Board:
    - Audit;
    - Finance, Planning and Resources;
    - Major Projects and Investment;
    - Remuneration; and
    - Nomination
- To have shared professional services across the group; and
- To have a group executive.

The Board is requested to approve in principle the recommendations of the group structure committee. The group structure committee will meet again in due course to approve proposals to implement these recommendations.

Group structure recommendations – summary of the decisions of the Group Structure Committee

At its strategy day of April 2017, the Board of Governors established a group structure committee to make recommendations on the preferred governance model of the group (which includes the University, South Bank Academies, south bank enterprises and a planned college company).

The committee met in September 2017, November 2017 and January 2018 to discuss various models.

Key guiding principles agreed by the committee are:

- simple, effective and efficient structure and processes;
- devolved accountabilities to the lowest, practical level;
- effective, transparent control and compliance, both statutory and regulatory;
- involvement of stakeholders at delivery level including, where appropriate, parents, staff and students;
- the educational services of the Group would operate as “departments” of the Group;
- the Group should have an overarching mission with each organisation within the Group outlining a vision that shows how it contributes to the mission.

The recommendations of the committee are:

- not to establish a holding “top co” for the moment. In practice, the University is the “top co”.
- to have shared group professional services. The Executive would operate as a group executive and the LSBU Board would have oversight for the whole Group.
- that each educational entity within the Group is to have a committee that oversees educational delivery in line with a scheme of delegation. This will be the Academic Board for the University, local governing bodies (LGBs) or equivalent for academy schools and colleges. It was agreed that these committees need to be able to give constructive challenge to local management.
- to have a Group-wide internal audit function with a Group-wide internal audit plan to be drafted by the Group executive and agreed by the Group Audit Committee. Subsidiaries would be consulted and commission relevant audit work. The Committee discussed audit reporting. It was agreed that:
    - Group-wide reports, e.g. financial control, would be reported to the Group audit committee. These reports would be noted by the subsidiary boards;
    - Reports relevant to LSBU only would be reported to the Group audit committee;

    - Reports specific to a subsidiary, would be reported to Group Audit Committee and the relevant subsidiary board. The Committee noted that there would be different levels of materiality in different entities.
- To have a single group nomination committee for group Boards. The principles for recruitment and the approach to diversity would be the same across the Group. There are different appointment mechanisms in each Group company. Appointments to any LGBs would be by the relevant subsidiary Board.
- To have a single group Remuneration Committee to approve specified senior staff pay and bonuses in the Group.
- To have a single group Major Projects and Investment Committee, with defined levels of authority for each entity.
- To have a Group-wide Finance, Planning and Resources Committee.
- That subsidiary companies would not therefore have sub-committees of the Board, except LGBs or equivalent.
- External auditors may differ depending on whether entity is consolidated.

The Board is requested to approve in principle the recommendations of the group structure committee. The group structure committee will meet again in due course to approve proposals to implement these recommendations.

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	CONFIDENTIAL
Paper title:	Report on decisions of Committees
Board/Committee	Board of Governors
Date of meeting:	15 March 2018
Author:	Michael Broadway, Deputy University Secretary
Board sponsors:	Relevant committee chairs
Purpose:	To update the Board on Committee decisions
Recommendation:	To note the report

Executive Summary

A summary of Committee decisions is provided for information. The agenda and papers (and in some cases the draft minutes) are available on modern.gov (links are available for each meeting). The Board is requested to note the Committee reports.

Group Structure Committee – 18 January 2018

Recommendations from the group structure committee are set out in item 9 on today's agenda.

SBUEL Board – 30 January 2018

The Board received an update on the Bahrain JV. A soft launch of the business is planned for April 2018 with a formal launch planned for September 2018.

Honorary Awards Joint Committee – 1st February 2018

The committee met to review the Honorary Award nominations. The following nominees were selected, and in some instances a second candidate or reserve was also identified (all nominations are subject to due diligence checks).

Please note that this is sensitive and confidential as nominees may not yet be aware of their nomination.

Applied Sciences	**Award**
Venki Ramkrishnan	Hon Doc
(Ian Wright)	

Arts and Creative Industries	**Award**
David Oyelowo (approved in 2017)	DUniv
(Robert Peston)	

Built Environment and Architecture	**Award**
Graham Manly	DUniv
(Tony Burton)	

Business	**Award**
David Longbottom	DUniv
Torie Chilcott	DUniv
(Karen Blackett)	

Engineering
tbd

Heath and Social Science	**Award**
Edna Adan Ismail	DUniv
David Blunkett	DUniv
(Jacqui Dillon)	

Law and Social Science	**Award**
Sandie Okoro [Sandra Ngozi Okoro-Hopkins]	DUniv
Usha Karu [Karunairetnam Gupta]	DUniv

SENSITIVE & CONFIDENTIAL: The committee discussed the paper and recommendations from the Executive regarding the Honorary Award granted to Kevin Spacey in 2005. The committee agreed to take no further action based on the information available at the time.

Academic Board – 21st February 2018

The Academic Board discussed:

- Postgraduate (taught) Academic Portfolio Review outcomes;
- LSBU's Foundation Year provision;

- The TEF3 Pilot;
- Preparation for REF2021;
- The proposed LEAP: Student Journey Transformation programme; and
- Digitally enhanced learning provisions and priorities for 2018;

The Board noted:
- Academic KPIs; and
- Policies & procedures approved by the subcommittees including;
    - Student Interruption and Withdrawal Procedure 2017-18
    - Fitness to Study Procedure 2017-18
    - Student Disciplinary Procedure 2017-2018
    - Halls of Residence Disciplinary Procedure 2017-18
    - Sabbatical Leave Policy & Procedure

Finance, Planning and Resources Committee – 27 February 2018

The committee discussed:

- That following review, the Executive had decided to maintain London Weighting for staff.
- The Management accounts to 31 December 2017. The committee noted the management accounts to 31 December 2017, which forecast a surplus of £1.5M, in line with budget.
- The Student recruitment update. The committee noted measures being taken to improve student applications.
- The Student progress report, 2016/17. The committee noted that the Executive is putting in place measures to address the fall in student progression, including assessing satisfaction of students in years 1&2 in April/May each year.
- The Strategic HR Report.
- The Annual report on fundraising & charitable funds. A fundraising strategy is being developed and would be presented to the Board in May 2018.
- The Strategic ICT update. The committee noted the planned capital investment in ICT.
- The Planning, Performance and Assurance Team is conducting a full review of the current KPI ahead of the 2018/19 cycle, and will present proposals in due course.

Major Projects and Investment Committee – 1 March 2018

The committee discussed:
- The proposed LEAP: Student Journey Transformation Programme project.
  The committee supported the proposed programme approach and total projected costs of £15.5m. The committee requested an updated proposal after the first

gatepost of August 2018, noting that the budgeted expenditure would be £1.5m up to that point. A further update on progress will be provided at the next MPIC meeting in May.

- Estates Development Plan II (see agenda item 7)
- Project Larch – an update was circulated to the Board via email following the meeting.

Audit Committee – 8 February 2018

The committee discussed

- The internal audit progress report from PwC.
- The Fire Safety report from PwC, which was rated as medium risk.
- The continuous audit report on student data from PwC, which was rated as medium risk.
- The committee discussed the continuous audit review of key financial systems 2017/18 (phase 2).
- The committee discussed the ICT risk diagnostic report and associated action.
- The committee discussed the corporate risk register.

The committee ratified:

- The Annual Efficiency Return which had been reviewed by the Chair in advance of submission to HEFCE. This report replaces the Value for Money return.
- The TRAC return to HEFCE which had been reviewed by a committee member prior to submission.

The committee noted:

- That Roy Waight had resigned from the committee due to pressure of other commitments.
- The report and plan for UKVI audit compliance.
- The Speak Up report. No new issues had been raised since the last meeting.
- The Prevent report and the update on criminal charges against an LSBU employee update. The committee noted that due HR process had been followed and that HEFCE had been informed. The committee noted that the employee's role was being covered by another member of staff.
- The committee noted the anti-fraud, bribery and corruption report. There were no identified instances of fraud, bribery or corruption since the previous committee meeting.
- The South Bank Academies (SBA) external audit report which identified a number of high risk findings. The SBA Audit Committee is monitoring the implementation of recommendations.
- The positive Copyright and Licensing Agency audit report.
- The Data Assurance report.
- The GDPR update and PwC's special characteristics report. The committee noted a new Data Protection Officer will take up post in February 2018.

- The Finance and Management Information team structure update.
- The committee’s annual business plan.

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	CONFIDENTIAL
Paper title:	Public interest governance principles
Board/Committee	Board of Governors
Date of meeting:	15 March 2018
Author:	Michael Broadway, Deputy University Secretary
Sponsor:	James Stevenson, University Secretary
Purpose:	Information
Recommendation:	The Board is requested to note the public interest governance principles.

Public interest governance principles

Under section 14 of the Higher Education and Research Act (2017), universities' governing documents (in LSBU's case its articles of association) must be consistent with the public interest principles determined by the Office for Students (OfS).

For universities with degree awarding powers and seeking financial support from OfS (this includes LSBU) there are 12 principles – please see appendix. As part of its initial registration with the OfS LSBU will need to submit a self-assessment of how its governing documents meet these principles.

As LSBU has been regulated by HEFCE and updated its articles in 2014 and received Privy Council approval), the executive considers that it meets all the principles.

As part of initial registration LSBU will also need to provide an access and participation plan, a self-assessment against compliance with consumer protection law, a student protection plan (where courses and/or the University closes) and a self-assessment against the management and governance conditions.

The initial conditions of registration are set out in the appendix.

This information was released by the OfS on 28 February 2018 and a taskforce is now working on the registration submission with a view to submitting as soon as possible after registration opens on 3 April 2018.

Appendix: Public interest governance principles

I. **Academic freedom**: Academic staff at an English higher education provider have freedom within the law:
   - to question and test received wisdom; and
   - to put forward new ideas and controversial or unpopular opinions;

   without placing themselves in jeopardy of losing their jobs or privileges they may have at the provider.

II. **Accountability**: The provider operates openly, honestly, accountably and with integrity and demonstrates the values appropriate to be recognised as an English higher education provider.

III. **Student engagement**: The governing body ensures that all students have opportunities to engage with the governance of the provider, and that this allows for a range of perspectives to have influence.

IV. **Academic governance**: The governing body receives and tests assurance that academic governance is adequate and effective through explicit protocols with the senate/academic board (or equivalent).

V. **Risk management**: The provider operates comprehensive corporate risk management and control arrangements (including for academic risk) to ensure the sustainability of the provider's operations, and its ability to continue to comply with all of its conditions of registration.

VI. **Value for money**: The governing body ensures that there are adequate and effective arrangements in place to provide transparency about value for money for students and (where a provider has access to the student support system or to grant funding) for taxpayers.

VII. **Freedom of speech**: The governing body takes such steps as are reasonably practicable to ensure that freedom of speech within the law is secured within the provider.

VIII. **Governing body**: The size, composition, diversity, skills mix, and terms of office of the governing body is appropriate for the nature, scale and complexity of the provider.

IX. **Fit and proper**: Members of the governing body, those with senior management responsibilities, and individuals exercising control or significant influence over the provider, are fit and proper persons.

Additional public interest principle for DAPs holders:

X. **Records**: Where degree awarding powers (DAPs) are solely contained in the provider's governing documents, and no order either under section 76 of the Further and Higher Education Act 1992, or under the Higher Education and Research Act 2017 exists, the provisions setting out those powers must be retained and may not be altered without the consent of the Office for Students.

Additional public interest principles for Approved (fee cap) providers in receipt of financial support from the Office for Students or from UK Research and Innovation:

XI. **Independent members of the governing body**: There must be at least one external member of the governing body who is independent of the provider, and whose term of office is normally limited to a maximum of three terms of three years or two terms of four years. For providers with large governing bodies, or more complex legal forms, additional independent members may be appropriate.

XII. **Regularity, propriety and value for money**: The governing body ensures that there are adequate and effective arrangements in place to ensure public funds are managed appropriately, in line with the conditions of grant and the principles of regularity, propriety and value for money, and to protect the interests of taxpayers and other stakeholders. This also applies to any funds passed to another entity for the provision of facilities or learning and teaching, or for research to be undertaken.

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Annex B: Initial conditions of registration

<table>
<tr><th colspan="2">Initial conditions of registration</th><th>Does a provider need to provide new evidence?</th><th>What evidence will the OfS use to assess this condition?</th></tr>
<tr><td colspan="4">Access and participation conditions</td></tr>
<tr><td>Condition A1</td><td>An Approved (fee cap) provider intending to charge fees above the basic amount to qualifying persons on qualifying courses must:
i. Have in force an access and participation plan approved by the Office for Students (OfS) in accordance with the Higher Education and Research Act 2017.
ii. Take all reasonable steps to comply with the provisions of the plan.</td><td>Yes</td><td>You will need to produce and submit an access and participation plan.</td></tr>
<tr><td>Condition A2</td><td>An Approved provider or an Approved (fee cap) provider charging fees up to the basic amount to qualifying persons on qualifying courses must:
i. Publish an access and participation statement.
ii. Update and re-publish this statement on an annual basis.</td><td>Yes</td><td>You will need to produce and submit an access and participation statement.</td></tr>
<tr><td colspan="4">Quality and standards conditions</td></tr>
<tr><td>Condition B1</td><td>The provider must deliver well-designed courses that provide a high quality academic experience for all students and enable a student's achievement to be reliably assessed.</td><td rowspan="4">No</td><td rowspan="4">Providers funded by the Higher Education Funding Council for England (HEFCE)
We will use the outcomes of the 2016-17 Annual Provider Review process, outcomes of any Quality Review Visit, progress against any action plan, and any outcomes of an Unsatisfactory Quality Scheme investigation, to assess whether you satisfy conditions B1, B2, B4 and B5

Providers designated for student support
We will use the outcomes of the most recent published Higher Education Review (Alternative Providers), the outcomes of</td></tr>
<tr><td>Condition B2</td><td>The provider must provide all students, from admission through to completion, with the support that they need to succeed in and benefit from higher education.</td></tr>
<tr><td>Condition B3</td><td>The provider must deliver successful outcomes for all of its students, which are recognised and valued by employers, and/or enable further study.</td></tr>
<tr><td>Condition B4</td><td>The provider must ensure that qualifications awarded to students hold their value at the point of qualification and over time, in line with sector recognised standards.</td></tr>
</table>

Condition B5	The provider must deliver courses that meet the academic standards as they are described in the Framework for Higher Education Qualifications at Level 4 or higher.		Quality Assurance Agency for Higher Education (QAA) annual monitoring (including progress on any action plan), and any outcomes of any QAA concerns investigation, to assess whether you satisfy conditions B1, B2, B4 and B5 **All providers** For condition B3 all providers will be assessed against the following indicators constructed from existing data submitted to the Higher Education Statistics Agency: • student continuation and completion indicators • degree and other higher education outcomes, including differential outcomes for students with different characteristics • graduate employment and, in particular, progression to professional jobs and postgraduate study.
Guidance on consumer protection law condition			
Condition C1	The provider must demonstrate that in developing and implementing its policies, procedures and terms and conditions it has given due regard to relevant guidance about how to comply with consumer protection law.	Yes	You will need to produce and submit a self-assessment of how you have given due regard to relevant guidance about how to comply with consumer protection law.
Student protection plan condition			
Condition C3	The provider must: i. Have in force and publish a student protection plan which has been approved by the OfS as appropriate for its assessment of the regulatory risk presented by the provider and for the risk to continuation of study of all of its students. ii. Take all reasonable steps to implement the provisions of the plan if the events set out in the plan take place. iii. Inform the OfS of events, except for the closure of an individual course, that	Yes	You will need to produce and submit a student protection plan.

<table>
<tr><td></td><td>require the implementation of the provisions of the plan.</td><td></td><td></td></tr>
<tr><td colspan="4">Financial viability and sustainability condition</td></tr>
<tr><td>Condition D</td><td>The provider must:
i. Be financially viable.
ii. Be financially sustainable.
iii. Have the necessary financial resources to provide and fully deliver the higher education courses as it has advertised and as it has contracted to deliver them.
iv. Have the necessary financial resources to continue to comply with all conditions of its registration.</td><td>No</td><td>Higher education institutions currently funded by HEFCE:
We will use the audited financial statements submitted to HEFCE in December 2017 and the financial forecasts and commentary submitted in July 2017 to assess this condition.

Further education colleges and sixth corm colleges:
We will seek information from the Education and Skills Funding Agency to assess this condition.

Providers currently designated for student support:
We will use the audited financial statements, financial forecasts, commentary and any other relevant information submitted to HEFCE in September 2017 as part of the annual designation process.</td></tr>
<tr><td colspan="4">Management and governance conditions</td></tr>
<tr><td>Condition E1</td><td>The provider’s governing documents must uphold the public interest governance principles that are applicable to the provider.</td><td rowspan="2">Yes</td><td rowspan="2">You will need to produce and submit a self-assessment of:
• how your governing documents uphold the public interest governance principles
• the appropriateness, adequacy and effectiveness of your management and governance arrangements.

Further education colleges and sixth form colleges:
Your self-assessment only needs to cover the management and governance arrangements for your higher education provision.</td></tr>
<tr><td>Condition E2</td><td>The provider must have in place adequate and effective management and governance arrangements to:
i. Operate in accordance with its governing documents.
ii. Deliver, in practice, the public interest governance principles that are applicable to it.
iii. Provide and fully deliver the higher education courses advertised.
iv. Continue to comply with all conditions of its registration.</td></tr>
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	CONFIDENTIAL
Paper title:	Declaration of Interests
Board/Committee:	Board of Governors
Date:	15 March 2018
Author:	Michael Broadway, Deputy University Secretary
Sponsor:	James Stevenson, University Secretary
Recommendation**:**	That the Board authorises the declared interests

Declarations of Interest – Board of Governors

Under the Companies Act 2006, the Board is required to authorise potential situational conflicts for directors. The following declarations of interest have been made to the Secretary:

- Jerry Cope – Chair, One Croydon Alliance (a virtual organisation bringing together all Health bodies working in Croydon). Paid position.
- Jerry Cope - Member of the English Cricket Board's Regulatory Committee. Unpaid position.

The register of interests will be updated.

The Board is requested to authorise these declaration.

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