

Meeting of the Finance, Planning & Resources Committee

**4pm on Tuesday, 27 October 2015
In 1B16, Technopark, London Road, SE1**

Agenda

<i>No.</i>	<i>Item</i>	<i>Paper No.</i>	<i>Presenter</i>
1.	Welcome and apologies		Chair
2.	Declarations of interest		Chair
3.	Matters arising		Chair
Chair's Introduction			
4.	Membership and Terms of Reference	FPR.01(15)	Chair
Finance			
5.	Management Accounts to 30 September 2015	FPR.02(15)	CFO
6.	2014/15 Financial performance: <ul style="list-style-type: none">• Draft Annual Accounts 2014/15• Management Accounts to 31 July 2015	FPR.03(15)	CFO
Resources and Infrastructure			
7.	Chief Operating Officer's Report	FPR.04(15)	COO
Matters for Noting			
8.	Insurance programme and report on claims	FPR.05(15)	CFO
9.	Annual Report on Fundraising and Charitable Funds expenditure	FPR.06(15)	PVC(R&E)
10.	SU financial performance for year ended 31 July 2015	FPR.07(15)	SU CEO
11.	Any other business		Chair
12.	Date of next meeting: 4pm on Tuesday 1 March 2016		

Members: Andrew Owen (Chair), Jerry Cope (Chairman of the Board), David Phoenix (Vice Chancellor), Neil Gorman, Mee Ling Ng and Abdi Osman (SU President).

With: Chief Financial Officer, Chief Operating Officer, Pro Vice Chancellor (Education and Student Experience), Pro Vice Chancellor (Research and External Engagement), SU CEO (for item 10), University Secretary and Governance Assistant.

Apologies: Carol Hui and Executive Director of Organisational Development and HR

	PAPER NO: FPR.01(15)
Paper title:	Membership and Terms of Reference
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	27 October 2015
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors
Board sponsor:	Andrew Owen, Chairman of the Committee
Purpose:	To review the committee's terms of reference
Recommendation:	To note the committee's terms of reference

Matter previously considered by:	Board	Annually
Further approval required?	No	Date: N/A

Finance, Planning and Resources Committee Terms of Reference

The Finance, Planning and Resources Committee is a sub-committee of the Board of Governors and was established following the governance effectiveness review. Its terms of reference were approved by the Board at its meeting of 14 May 2015.

The Executive is currently reviewing the reporting of key performance indicators to the Board. An update on this review will be given at this meeting.

The committee's membership and terms of reference for 2015/16 are attached for information. The committee is requested to note.

Membership 2015/16

Andrew Owen (Chair)

Jerry Cope (Chair of the Board)

Dave Phoenix (Vice Chancellor)

Carol Hui

Neil Gorman

Mee Ling Ng

Abdi Osman (Student Governor – SU President)

1 x staff governor

Finance, Planning and Resources Committee

Terms of Reference

The Finance, Planning and Resources Committee is a sub-committee of the Board. It provides for the Board in depth review of:

- LSBU's in-year financial performance;
- Performance against the corporate strategy;
- The proposed annual budget;
- Implications of the strategy for human and physical resources;
- Treasury management including proposals for borrowing; and
- Compliance with the University Gift Acceptance policy.

1. Remit

1.1 The remit of the committee is to:

- 1.1.1 review management accounts;
- 1.1.2 review the annual budget and recommend to the Board;
- 1.1.3 review the five year forecasts and recommend to the Board;
- 1.1.4 monitor progress against the KPIs as approved by the Board and alert the Board of key potential variations against target;
- 1.1.5 approve investment and treasury management policies;
- 1.1.6 approve investment policies for charitable funds and to receive an annual report on expenditure;
- 1.1.7 receive an annual report of all donations above £25,000 and to monitor adherence to the Gift Acceptance Policy;
- 1.1.8 receive a six monthly report on the Students' Union's income and expenditure;

1.1.9 review litigation involving over £0.5 million or otherwise material to the interests of LSBU and recommend to the Board for decision; and

1.1.10 receive assurance from the Executive that the insurance programme is adequate from year to year

1. Membership

1.1 Membership shall consist of up to five independent governors including the Chair of the Board, the Vice Chancellor, one student governor and one staff governor.

1.2 A quorum shall consist of at least three independent governors.

1.3 The chair shall be an independent governor.

1.4 The Chairman of the Audit Committee shall not be a member of the committee.

3. Reporting Procedures

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

Approved by the Board of Governors on 9 July 2015.

	CONFIDENTIAL
	PAPER NO: FPR.02(15)
Paper title:	Management Accounts (Sept 2015)
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	27 October 2015
Author:	Ralph Sanders, Director of Planning, Information & Reporting
Executive/Operations sponsor:	Richard Flatman, CFO
Purpose:	To brief the Finance, Planning and Resources Committee on the September 30 2015 Full Year Forecast
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Corporate Delivery Plan – Goal 8 Resources & Infrastructure (<i>We will grow our income by 25% to £170m annually delivering an operating surplus of 5% and an EBITDA margin (our ability to generate cash) of 15%</i>)
Recommendation:	The Finance, Planning and Resources Committee is requested to note the attached

Matter previously considered by:		
Further approval required?	No	On:

Executive Summary

The full year forecast at September 2015 is trending towards a contribution of £1.0M. This would deliver the University on budget in 15/16

At this stage of the financial and academic year most budget holders are forecasting to budget whilst we determine the financial impact of Semester 1 recruitment and any implications for Semester 2

In terms of staffing, we had been signalling during the latter half of 14/15 that our underlying staff cost forecast looked high as compared to the YTD figures and £0.9M was released from the forecast in July 2015. The 15/16 Budget and forecast was therefore based on staffing levels that were overstated. The University is already

London South Bank University

£2M underspent Year To Date against our profiled staffing budget. The Executive will review all budgets once we have a clear understanding in terms of recruitment levels and we continue to monitor these costs closely

September Executive Summary

1) This Executive Summary reports on the Financial position of London South Bank University as at 30 September 2015 and summarises the changes since the July Year End

2) RAG Status

Income Growth	1.4%	Staff Cost Growth	1.1%	Staff Cost %	55.1%	Opex Growth	-6.9%	FYF Surplus	0.7%	change in FYF Contribution	0.0%
		excluding restructuring		excluding restructuring							

3) Summary

The full year forecast at September 2015 is trending towards a contribution of £1.0M. This would deliver the University on budget in 15/16

At this stage of the financial and academic year most budget holders are forecasting to budget whilst we determine the financial impact of Semester 1 recruitment and any implications for Semester 2.

In terms of positive performance, enrolment and the level of tuition fees generated is ahead of the comparable position in 2014/15 and we have already billed £6.8M more in terms of Home/EU undergraduate fees and £1M more in terms of postgraduate fees than this time last year. Overseas fees billed are in line with the 14/15 position. This performance may be because our enrolment and admission procedures are more effective than in previous years rather than due to an increase in student numbers compared to 14/15 and we continue to closely monitor recruitment.

Following a significant restructuring program in 14/15 our underlying staff costs, excluding one off charges for EDISON and the Restructuring provision, totalled 53.0% of income which was within the Board of Governors target of 55%. Our current forecast for 2015/16 has a corresponding staff cost of 55.2%. The cost of staffing remains a key risk for the University moving forward particularly as Pension costs, National Insurance contributions and the living wage will have an ongoing impact and these costs will have to be tightly controlled if we are to deliver on budget this year. The change in forecast for Third Party staff is due to the timing of the restructure of ICT which is putting pressure on that area's budget.

4) Table 1: Full Year Forecast vs. Budget

Financial Summary in £'m	14/15 Actuals	15/16 Budget	Change %
Funding Grants	17.6	15.8	-10%
Health - Contract	24.8	24.9	1%
Home / EU UG Fees	54.2	58.7	8%
Home / EU PG Fees	6.4	7.7	20%
Overseas Fees	10.6	10.9	3%
Research Grants	2.0	2.2	11%
Enterprise Activities	7.6	9.7	26%
Student Related Income	10.7	11.2	5%
Other Operating Income	6.6	1.5	-77%
Endowments & Interest	0.3	0.2	-39%
Income	140.8	142.8	1%

Aug 15/16 FYF	Monthly Move	Sep 15/16 FYF	variance to Budget	Budget variance%	variance to 14/15
15.8	0.0	15.8	0.0	0%	-10%
24.9	0.0	24.9	0.0	0%	1%
58.7	0.0	58.7	0.0	0%	8%
7.7	0.0	7.7	0.0	0%	20%
10.9	0.0	10.9	0.0	0%	3%
2.2	0.0	2.2	0.0	1%	11%
9.7	0.0	9.7	0.0	0%	27%
11.2	0.0	11.2	0.0	0%	5%
1.5	0.0	1.5	0.0	0%	-77%
0.2	0.0	0.2	0.0	0%	-39%
142.8	0.0	142.8	0.0	0.0%	1%

Sep 14 / 15 YTD	Sep 14 / 15 YTD	variance to 14/15	variance to 14/15 %
3.0	2.6	-0.5	-15%
4.1	4.1	-0.0	-0%
35.5	42.3	6.8	19%
1.8	2.8	1.0	58%
2.1	2.1	0.0	1%
0.4	0.2	-0.1	-35%
1.3	0.8	-0.4	-35%
1.6	1.7	0.1	9%
0.1	0.5	0.4	352%
0.0	0.0	0.0	31%
49.9	57.2	7.3	15%

in £'m			
Academic Staff Costs	42.1	41.5	-2%
Support & Technicians	32.2	36.7	14%
Third Party Staff	7.2	2.0	-71%
Depreciation	8.8	10.7	22%
Operating Expenses	46.4	43.2	-7%
Interest Payable	3.0	4.7	58%
Exceptional Items	0.0	3.0	0%
Expenditure	139.6	141.8	2%

41.5	0.0	41.5	0.0	0%	-2%
36.7	-0.1	36.7	-0.1	0%	14%
2.0	0.1	2.1	0.1	4%	-70%
10.7	0.0	10.7	0.0	0%	22%
43.2	0.0	43.2	0.0	0%	-7%
4.7	0.0	4.7	0.0	0%	58%
3.0	0.0	3.0	0.0	0%	0%
141.8	-0.0	141.8	-0.0	0.0%	2%

6.0	5.9	-0.1	-2%
5.0	5.3	0.2	5%
0.5	-0.4	-0.9	-167%
1.4	1.3	-0.1	-10%
4.0	4.0	0.0	0%
0.5	0.8	0.3	58%
0.0	0.0	0.0	0%
17.5	16.9	-0.6	-3%

Surplus for the year	1.2	1.0	-17%
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1.0	0.0	1.0	0.0	0.0%	-14%
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32.4	40.3	7.9	24%
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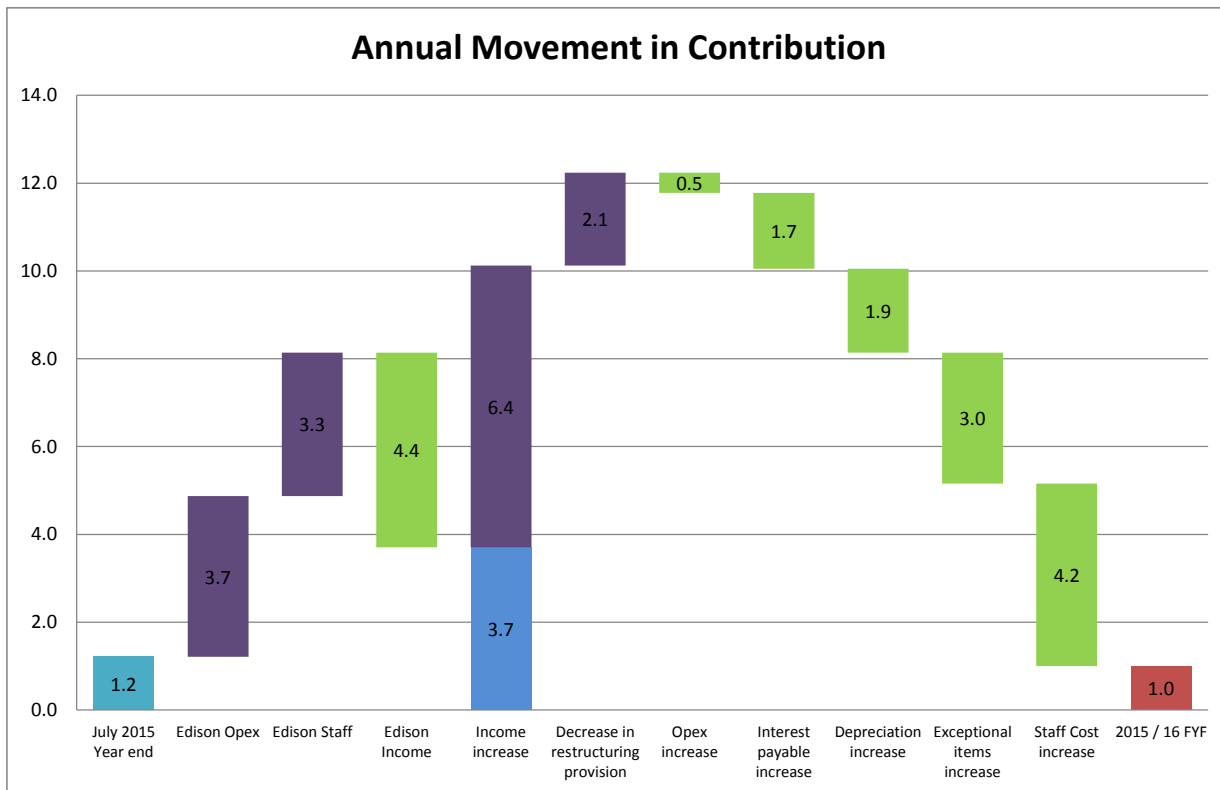
Surplus as % of income	0.9%	0.7%	0.7%	0.7%
Surplus per student FTE	£82.0	£71.4	£71.8	£74.7
Staff cost as % of income	57.9%	56.2%	56.2%	56.2%

14%	13%	YTD Staff Cost %
9%	9%	YTD OPEX Cost %
13%	12%	Total YTD Cost %

5) Forecast Summary

Although the overall forecast in terms of contribution for 2015/16 is broadly comparable with our final outturn in 2014/15, there were a number of adjustments at the end of 14/15 and one off items of expenditure which should be discounted in order to provide a baseline for year on year comparison.

The University invested considerable resources in the first stage of the EDISON project in 14/15 and at the end of financial year took the opportunity to write down a significant amount of the capital investment which was matched with an income release. The net impact was that one off operating expenses of £3.7M, one off staff costs of £3.3M and exceptional income of £4.4M was released to the P&L. Excluding these items would give an underlying profitability of £3.7M for 2014/15 and this should be the baseline figure that 2015/16 is compared against.



Against this baseline the University is forecasting income growth of £6.4M, an increase of 5% over the adjusted baseline of £136.4M (The actual Income of £140.8M less the £4.4M exceptional EDISON income). £4.5M of this growth is expected from an increase in Tuition Fees from UG students, which is offset by a corresponding £1M decline in HEFCE teaching grant. £1.3M of this growth is expected from an increase in Tuition Fees from Home/EU PG students. £0.3M is expected from additional Overseas students whilst £1.4M of this growth is forecast to come from additional Enterprise activities.

The University has set aside £1.5M for Restructuring costs in 15/16. This is a reduction of £2.1M as compared to the final provision taken in in 2014/15 of £3.6M

As compared to the adjusted baseline of 2014/15, we are forecasting Opex increases of £0.5M. This is effectively flat since the 15/16 budget includes a £0.5M Operating Expenses contingency and a significant proportion of the £0.5M HR Investment Fund

The £3M increase in Exceptional Items as compared to 14/15 is £1M funding to match additional Enterprise activity, the £1M funding that we have set aside for the 'normal' Investment Pot and the £1M set aside for the Research Investment Fund. These budgets will be transferred to Opex and Staff to match actual expenditure. £659K of proposed expenditure has already been approved from the £1M investment pot, whilst £880K from the Research Investment Fund has been allocated to each school based on the 8 Units of Assessment.

The £4.2M increase in staffing costs represents an increase of 5% over the adjusted baseline of £76.1M (The actual 14/15 staff cost of £81.5M less the £3.3M exceptional EDISON staff costs and £2.1M exceptional restructuring provision)

6) Risks and Contingencies

The Full Year Forecast contains a number of risks primarily to do with recruitment and retention. In order to balance these risks we are currently holding an OPEX contingency of £0.5M and a restructuring provision of £1.5M. There are £341K funds remaining in the Investment Pot. There are a number of risks that have not been factored into the current year forecast including an additional £1.3M provision for LPFA pension costs, an assumed £0.5m bad debt provision and an assumed HEFCE clawback of £1M. These will be factored into the forecast once we have clear visibility in terms of timing.

To mitigate these risks and to ensure the University delivers on budget in 15/16 there will be a review later in this calendar year once we have a clear understanding of the Tuition Fee income generated by enrolment and the final staffing position following redundancy, restructuring and voluntary severance.

7) Contribution Analysis

The Final forecast contribution for the year is £0.2M behind 2014/15 and £2.7M behind the directly comparable position in 14/15. The change in contribution as highlighted above is directly linked to Investments in Research, funds for the 'normal' Investment Pot, investing in Staff and the additional depreciation costs associated with our most recent capital investments

Contribution per Student and per Staff

excluding School admin

	Applied Sciences		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Health & Social Care (excl. student admin)		Law & Social Sciences		Total All Schools	
	14 / 15 Actual	July 15/16 FYF	14 / 15 Actual	July 15/16 FYF	14 / 15 Actual	July 15/16 FYF	14 / 15 Actual	July 15/16 FYF	14 / 15 Actual	July 15/16 FYF	14 / 15 Actual	July 15/16 FYF	14 / 15 Actual	July 15/16 FYF	14 / 15 Actual	July 15/16 FYF
Income (M)	£10.7	£11.9	£9.4	£10.1	£15.0	£15.8	£17.9	£18.1	£18.2	£19.5	£32.8	£33.7	£14.6	£15.3	£118.6	£124.4
Expenditure (M)	£6.2	£6.0	£3.9	£4.4	£7.4	£6.8	£8.7	£8.7	£10.7	£9.7	£18.6	£18.7	£6.9	£7.0	£62.4	£61.3
Contribution (M)	£4.4	£5.9	£5.5	£5.7	£7.6	£9.0	£9.2	£9.4	£7.5	£9.8	£12.3	£15.0	£7.7	£8.4	£54.2	£63.1
Contribution %	40%	50%	50%	56%	48%	57%	46%	52%	38%	50%	38%	45%	53%	54%	46%	51%
Student FTE	1,125		1,038		1,594		2,616		1,335		3,566		1,693		12,966	
Contribution per FTE	£3,864		£3,804		£4,033		£3,242		£3,488		£3,454		£3,953		£4,183	
Academic / HPL FTE	52		35		65		106		56		183		69		566	
Contribution per Staff FTE	£85,220		£155,891		£115,990		£86,889		£135,195		£67,227		£111,400		£95,778	

The above excludes the Admin teams from each of the 7 schools' performance and the Technicians team which are now charged centrally. We have also reviewed the Space used by each school and have amended that charge. The contribution per Student FTE and the contribution per Academic will be calculated once we have final enrolment figures and HR data for 15/16.

In terms of full cost allocation, in 14/15 every school covered their allocated central costs except for the School of Health & Social care which under recovered by less than £100K. Our central costs excluding the Restructuring Provision totalled £3,467 for each Home/EU Full Time Equivalent student and £4,363 for each Overseas FTE student. The full cost allocation for 15/16 will be performed once we have a final enrolment figure for each school.

8) Student Number Analysis

In 2013 / 14 we lost £3.0M in income from the 1,092 students who Withdrew or Interrupted. In 2014/15 we lost almost £3.7M in terms of the difference between the Fee that we will charge and the Fee that would have been charged if the student stayed the whole year. The figures for 15/16 are not yet available.

9) Student Withdrawal Analysis

Academic year	Total Students	Total Withdrawals	% of Total Student bodies
11/12	21,127	1,189	5.6%
12/13	19,262	1,020	5.3%
13/14	19,734	1,092	5.5%
14/15	19,349	1,102	5.7%

14/15 'Lost Income'			
Applied Science	£535,000	Engineering	£592,000
Arts and Creative Industries	£440,000	Health & Social Care	£96,000
Built Environment & Architecture	£371,000	Law & Social Sciences	£570,000
Business	£1,076,000	Total	£3,680,000

10) Income Analysis

As indicated above, Schools and Professional Functions are currently forecasting income and expenditure at budgeted levels. In terms of income, there is a large positive YTD variance in terms of Tuition fees. This is primarily to do with early capture of enrolment details and the phasing of the budget and does not represent a clear increase in terms of student revenue over 14/15. Recruitment figures against budget vary on a school by school basis and we will be analysing in October which Schools have a shortfall. It is also too early in the year to determine if the YTD Enterprise figure which is currently behind target will be brought back to target by Year End.

11) Staff Cost Analysis

In terms of staffing, we had been signalling during the latter half of 14/15 that our underlying staff cost forecast looked high as compared to the YTD figures and £0.9M was released in the final month. Half of this figure was released from the Schools including the Student Admin team with the remaining figure released from the Professional functions. The 15/16 Budget and forecast was therefore based on staffing levels that were overstated. The University is already £2M underspent Year To Date as against our profiled staffing budget. Some of this underspend is due to a delay in billing particularly from agents representing 3rd Party Staff while some is due to a reduction in activity. There is however approximately £0.5M savings against budget in Schools and £0.5M savings in Professional Functions. We will review budgets once we have a clear understanding in terms of recruitment levels and we continue to monitor these costs closely with HR1 forms signed off by the Executive Director of HR and Organisational Development required for all new members of staff, and for rate increases and contract extensions for Contractors and Agency Staff.

12) Operating Expense Analysis

The University Operating Expenses are broadly comparable with the YTD position in 14/15 with no areas significantly overspent against budget.

13) Budget Analysis

There are 33 distinct areas of the University that have separate budgets and each area is expected to deliver to their Budget. Numbers in red indicate either a shortfall in income against budget or additional costs that are being incurred. All budget holders are forecasting to deliver to Budget but there are clear issues in the YTD performance of ICT and ICT Innovation & Performance. The staffing budget in ICT was based on a restructure that has not yet happened whilst the staffing costs within ICT Innovation & Performance rely on recharging and capitalisation proposals that have not yet been agreed.

Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD (£)
			2015 Forecast (£)	2015 Budget (£)	Variance - Forecast to Budget (£) %		2015 Actuals (£)	2015 Budget (£)	Variance - Actuals to Budget (£) %		
-17,583,267	-3,025,455	Funding Grants	-15,796,134	-15,796,134		%	-2,572,889	-2,659,119	(86,231)	(3%)	-13,223,245
-24,794,322	-4,118,566	Health - Contract	-24,941,645	-24,941,645		%	-4,100,127	-4,155,764	(55,637)	(1%)	-20,841,519
-54,150,445	-35,515,670	Fees - Home & EU UG	-58,693,705	-58,693,705		%	-42,291,795	-152,080	42,139,715		-16,401,910
-6,398,639	-1,788,527	Fees - Home & EU PG	-7,679,665	-7,679,665		%	-2,827,164	-1,987,729	839,435	42%	-4,852,501
-6,047,717	-853,425	Fees - Overseas UG	-6,935,444	-6,935,444		%	-1,186,965	-165,887	1,021,078	616%	-5,748,479
-4,562,633	-1,250,168	Fees - Overseas PG	-3,969,715	-3,969,715		%	-936,970	-989,931	(52,961)	(5%)	-3,032,745
-1,950,147	-365,740	Research - Grants	-2,155,547	-2,155,547	()	(%)	-236,326	-284,088	(47,762)	(17%)	-1,919,221
-458,153	-158,664	Enterprise - Research Related Activities	-197,680	-197,680	()	(%)	-43,352	-32,947	10,406	32%	-154,328
-557,126	14,000	Enterprise - Partnerships	-1,213,253	-1,213,253		%	-29,000	-110,521	(81,521)	(74%)	-1,184,253
-2,407,004	-504,653	Enterprise - University Fees	-2,581,144	-2,581,144		%	-108,238	-134,417	(26,179)	(19%)	-2,472,906
-4,226,074	-622,308	Enterprise - Other	-5,670,699	-5,670,699	()	(%)	-642,043	-933,705	(291,662)	(31%)	-5,028,657
-10,698,632	-1,607,317	Other - Student Related Income	-11,205,313	-11,205,313		%	-1,744,908	-1,755,339	(10,431)	(1%)	-9,460,405
-6,626,980	-105,939	Other - Operating Income	-1,529,166	-1,529,166		%	-479,100	-237,871	241,230	101%	-1,050,066
-311,392	-15,383	Endowment Income & Interest Receivable	-189,200	-189,200		%	-20,144	-31,533	(11,390)	(36%)	-169,056
-140,772,532	-49,917,815	Total Income	-142,758,309	-142,758,309	()	(%)	-57,219,020	-13,630,930	43,588,090	320%	-85,539,289
38,926,705	5,972,211	Academic - Permanent staff	38,997,922	38,997,922		%	5,845,025	6,449,567	604,542	9%	33,152,897
3,206,824	43,355	Academic - Temporary staff	2,452,119	2,452,119		%	66,915	245,025	178,110	73%	2,385,203
2,753,664	482,571	Technicians staff	1,991,264	1,991,264		%	456,966	351,634	(105,332)	(30%)	1,534,298
28,822,343	4,390,310	Support - Permanent staff	34,247,875	34,326,389	78,514	%	4,679,308	5,347,933	668,625	13%	29,568,567
583,343	146,730	Support - Temporary staff	423,924	423,924		%	115,052	69,496	(45,557)	(66%)	308,872
7,164,952	531,716	Third party staff	2,122,826	2,044,312	(78,514)	(4%)	-357,861	400,626	758,487	189%	2,480,687
81,457,831	11,566,892	Total Staff Costs	80,235,930	80,235,930		%	10,805,406	12,864,281	2,058,876	16%	69,430,524
8,758,726	1,416,772	Total Depreciation	10,668,491	10,668,491		%	1,281,647	1,793,501	511,855	29%	9,386,845
1,877,309	-34,719	Staff Related	2,115,251	2,115,251		%	146,347	345,170	198,823	58%	1,968,904
2,070,219	213,933	Marketing and PR	2,254,381	2,254,381		%	-3,766	429,740	433,506	101%	2,258,147
1,046,924	-40,748	Student Recruitment	662,217	662,217		%	19,457	72,085	52,628	73%	642,760
2,514,449	-102,161	Bursaries and Scholarships	2,305,095	2,305,095		%	21,777	169,333	147,556	87%	2,283,317
5,517,318	605,279	Student Related	5,942,300	5,942,300		%	510,643	847,768	337,125	40%	5,431,657
643,021	81,146	Equipment	685,341	685,341		%	56,918	108,751	51,833	48%	628,423
6,702,780	486,537	Computing	4,261,542	4,261,542		%	466,452	765,129	298,677	39%	3,795,090
3,119,646	416,890	Utilities	3,416,848	3,416,848		%	386,294	468,076	81,781	17%	3,030,554
7,270,766	475,149	Maintenance & Other Estate	5,800,282	5,800,282		%	827,547	1,153,594	326,047	28%	4,972,736
5,070,270	849,131	Cleaning & Security	5,442,224	5,442,224		%	761,791	908,196	146,405	16%	4,680,434
1,225,473	30,546	Financial	126,500	126,500		%	-22,382	20,667	43,048	208%	148,882
653,731	86,820	Communications	637,905	637,905		%	63,879	116,115	52,236	45%	574,026
3,240,078	332,560	Legal & Professional	3,029,506	3,029,506		%	167,065	493,741	326,676	66%	2,862,441
753,920	72,953	Subscriptions and Membership Fees	916,408	916,408		%	83,735	147,973	64,239	43%	832,673
993,709	102,269	Photocopying and Stationery	1,177,828	1,177,828		%	126,029	195,486	69,457	36%	1,051,799
3,682,911	431,821	Other	4,368,461	4,368,461		%	411,008	621,112	210,104	34%	3,957,453
		Internal Recharges	36,605	36,605		%		19,049	19,049	100%	36,605
46,382,524	4,007,406	Total Other Operating Expenses	43,178,692	43,178,692		%	4,022,794	6,881,985	2,859,191	42%	39,155,898
2,961,894	514,525	Total Interest Payable	4,692,374	4,692,374		%	811,142	521,538	(289,604)	(56%)	3,881,233
		Total Exceptional Items	2,982,822	2,982,822		%		260,833	260,833	100%	2,982,822
-1,211,558	-32,412,220	Contribution	-1,000,000	-1,000,000	()	(%)	-40,298,032	8,691,210	48,989,241	564%	39,298,032
57.9%		Staff costs as % of income	56.2%	56.2%			18.9%	94.4%			
0.9%		Contribution %	0.7%	0.7%			70.4%	(63.8)%			

School/Department	Full Year														
	INCOME			STAFF COSTS			OTHER COSTS			SPACE CHARGE			Contribution		
	2015 Forecast	2015 Budget	Variance - Forecast to Budget	2015 Forecast	2015 Budget	Variance - Forecast to Budget	2015 Forecast	2015 Budget	Variance - Forecast to Budget	2015 Forecast	2015 Budget	Variance - Forecast to Budget	2015 Forecast	2015 Budget	Variance - Forecast to Budget
(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	
School of Applied Sciences	-11,935,055	-11,935,055	0	4,101,421	4,101,421	0	1,037,708	1,037,708	0	882,701	882,701	0	-5,913,225	-5,913,225	0
School of Arts & Creative Industries	-10,055,300	-10,055,300	0	2,700,069	2,700,069	0	840,794	840,794	0	842,680	842,680	0	-5,671,757	-5,671,757	0
School of the Built Environment & Architecture	-15,763,963	-15,763,963	0	4,677,550	4,677,550	0	840,704	840,704	0	1,280,190	1,280,190	0	-8,965,519	-8,965,519	0
School of Business	-18,139,195	-18,139,195	0	6,078,716	6,078,716	0	1,444,587	1,444,587	0	1,214,135	1,214,135	0	-9,401,757	-9,401,757	0
School of Engineering	-19,460,577	-19,460,577	0	6,302,544	6,302,544	0	1,546,210	1,546,210	0	1,849,212	1,849,212	0	-9,762,611	-9,762,611	0
School of Health & Social Care	-33,724,171	-33,724,171	0	13,997,740	13,997,740	0	2,658,027	2,658,027	0	2,059,219	2,059,219	0	-15,009,185	-15,009,185	0
School of Law & Social Science	-15,338,189	-15,338,189	0	4,748,128	4,748,128	0	1,228,972	1,228,972	0	1,010,233	1,010,233	0	-8,350,856	-8,350,856	0
Total Schools	-124,416,450	-124,416,450	0	42,606,168	42,606,168	0	9,597,002	9,597,002	0	9,138,370	9,138,370	0	-63,074,910	-63,074,910	0
Total Teaching Quality & Enhancement	0	0	0	1,174,050	1,174,050	0	336,959	336,959	0	70,793	70,793	0	1,581,802	1,581,802	0
Student Union	0	0	0	0	0	0	900,000	900,000	0	72,595	72,595	0	972,595	972,595	0
Student Support	-336,172	-336,172	0	1,846,596	1,846,596	0	569,307	569,307	0	279,797	279,797	0	2,359,528	2,359,528	0
Academy of Sport	-823,400	-823,400	0	584,112	584,112	0	447,339	447,339	0	476,709	476,709	0	684,760	684,760	0
Student Administration	0	0	0	3,154,864	3,154,864	0	263,259	263,259	0	393,505	393,505	0	3,811,628	3,811,628	0
Total Student Support & Employment	-1,159,572	-1,159,572	0	5,585,572	5,585,572	0	2,179,905	2,179,905	0	1,222,606	1,222,606	0	7,828,511	7,828,511	0
ICT	-61,540	-61,540	0	2,569,996	2,569,996	0	4,485,278	4,485,278	0	474,741	474,741	0	7,468,475	7,468,475	0
Innovation & Transformation	0	0	0	1,186,461	1,186,461	0	0	0	0	0	0	0	1,186,461	1,186,461	0
Technicians	-24,117	-24,117	0	2,145,881	2,145,881	0	66,116	66,116	0	2,092,967	2,092,967	0	4,280,847	4,280,847	0
Library & Learning Resources	-264,025	-264,025	0	2,984,522	2,984,522	0	2,196,169	2,196,169	0	1,908,165	1,908,165	0	6,824,831	6,824,831	0
Total Academic Related Resources & Support	-349,682	-349,682	0	8,886,860	8,886,860	0	6,747,563	6,747,563	0	4,475,873	4,475,873	0	19,760,614	19,760,614	0
Catering	-2,261,327	-2,261,327	0	0	0	0	1,965,060	1,965,060	0	521,208	521,208	0	224,941	224,941	0
Residences	-8,570,414	-8,570,414	0	798,616	798,616	0	3,696,092	3,696,092	0	0	0	0	-4,075,706	-4,075,706	0
Estates	-1,039,820	-1,039,820	0	2,624,554	2,624,554	0	20,476,589	20,476,589	0	-17,526,749	-17,526,749	0	4,534,574	4,534,574	0
Total Estates & Academic Environment	-11,871,561	-11,871,561	0	3,423,170	3,423,170	0	26,137,741	26,137,741	0	-17,005,541	-17,005,541	0	683,809	683,809	0
Marketing, Recruitment & Admissions	-888,513	-888,513	0	3,225,740	3,225,740	0	2,566,985	2,566,985	0	409,360	409,360	0	5,313,572	5,313,572	0
Partnerships Home & Overseas	0	0	0	278,527	278,527	0	75,000	75,000	0	0	0	0	353,527	353,527	0
Internationalisation	-85,000	-85,000	0	1,062,163	1,062,163	0	748,900	748,900	0	122,660	122,660	0	1,848,723	1,848,723	0
Total Marketing & Internationalisation	-973,513	-973,513	0	4,566,430	4,566,430	0	3,390,885	3,390,885	0	532,020	532,020	0	7,515,822	7,515,822	0

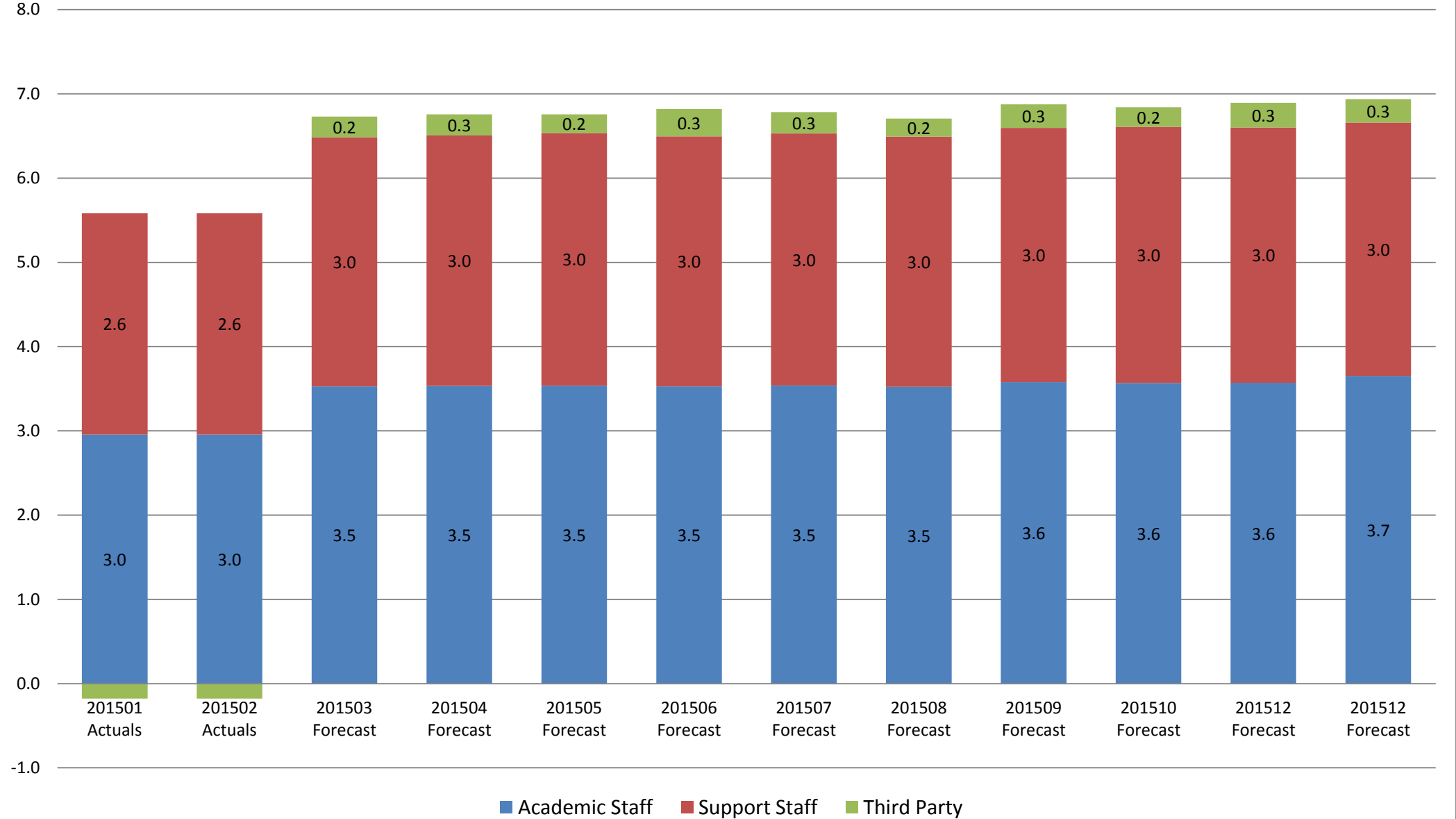
School/Department	Full Year														
	INCOME			STAFF COSTS			OTHER COSTS			SPACE CHARGE			Contribution		
	2015 Forecast	2015 Budget	Variance - Forecast to Budget	2015 Forecast	2015 Budget	Variance - Forecast to Budget	2015 Forecast	2015 Budget	Variance - Forecast to Budget	2015 Forecast	2015 Budget	Variance - Forecast to Budget	2015 Forecast	2015 Budget	Variance - Forecast to Budget
(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	
Enterprise	-2,250,604	-2,250,604	0	1,534,547	1,534,547	0	1,091,853	1,091,853	0	696,382	696,382	0	1,072,178	1,072,178	0
Central Research Support	0	0	0	505,732	505,732	0	220,905	220,905	0	5,429	5,429	0	732,066	732,066	0
Confucius	-465,244	-465,244	0	238,619	238,619	0	127,000	127,000	0	41,758	41,758	0	-57,867	-57,867	0
Development & Alumni Relations	0	0	0	558,988	558,988	0	218,867	218,867	0	26,739	26,739	0	804,594	804,594	0
Total Knowledge Transfer & Enterprise	-2,715,848	-2,715,848	0	2,837,886	2,837,886	0	1,658,625	1,658,625	0	770,308	770,308	0	2,550,971	2,550,971	0
Total HR	0	0	0	2,292,032	2,292,032	0	1,112,118	1,112,118	0	242,359	242,359	0	3,646,509	3,646,509	0
Total EDISON	0	0	0	0	0	0	974,251	974,251	0	0	0	0	974,251	974,251	0
Finance	-323,178	-323,178	0	2,968,517	2,968,517	0	1,058,443	1,058,443	0	184,117	184,117	0	3,887,899	3,887,899	0
Registry Fees & Bursaries	-17,000	-17,000	0	1,897,560	1,897,560	0	203,002	203,002	0	179,431	179,431	0	2,262,993	2,262,993	0
Total Finance & Management Information	-340,178	-340,178	0	4,866,077	4,866,077	0	1,261,445	1,261,445	0	363,548	363,548	0	6,150,892	6,150,892	0
Total Governance Information & Legal Team	0	0	0	696,224	696,224	0	502,086	502,086	0	71,369	71,369	0	1,269,679	1,269,679	0
Development Projects	-61,500	-61,500	0	281,181	281,181	0	42,500	42,500	0	0	0	0	262,181	262,181	0
Executive Support Office	0	0	0	1,190,281	1,190,281	0	307,521	307,521	0	118,292	118,292	0	1,616,094	1,616,094	0
Total Executive	-61,500	-61,500	0	1,471,462	1,471,462	0	350,021	350,021	0	118,292	118,292	0	1,878,275	1,878,275	0
Total Unallocated Costs & Contingencies	-870,004	-870,004	0	1,830,000	1,830,000	0	7,273,777	7,273,777	0	0	0	0	8,233,773	8,233,773	0
Total London South Bank University	-142,758,308	-142,758,308	0	80,235,931	80,235,931	0	61,522,378	61,522,378	0	-3	-3	0	-1,000,002	-1,000,002	0
Grand Total	-142,758,308	-142,758,308	0	80,235,931	80,235,931	0	61,522,378	61,522,378	0	-3	-3	0	-1,000,002	-1,000,002	0

School/Department	Full Year														
	INCOME			STAFF COSTS			OTHER COSTS			SPACE CHARGE			Contribution		
	2015 Forecast	2015 Budget	Variance - Forecast to Budget	2015 Forecast	2015 Budget	Variance - Forecast to Budget	2015 Forecast	2015 Budget	Variance - Forecast to Budget	2015 Forecast	2015 Budget	Variance - Forecast to Budget	2015 Forecast	2015 Budget	Variance - Forecast to Budget
(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	
School of Applied Sciences	-7,545,211	-811,565	6,733,646	551,807	638,487	86,680	33,938	81,148	47,210	110,750	128,850	18,100	-6,848,716	36,920	6,885,636
School of Arts & Creative Industries	-6,969,664	-317,196	6,652,468	317,215	129,726	-187,489	18,530	141,035	122,505	114,580	120,680	6,100	-6,519,339	74,245	6,593,584
School of the Built Environment & Architecture	-6,111,731	-1,171,035	4,940,696	676,591	777,526	100,935	42,175	140,249	98,074	161,298	203,898	42,600	-5,231,667	-49,362	5,182,305
School of Business	-9,415,694	-1,185,486	8,230,208	708,905	1,018,840	309,935	46,936	115,356	68,420	113,173	179,573	66,400	-8,546,680	128,283	8,674,963
School of Engineering	-8,540,168	-1,077,475	7,462,693	888,295	1,041,360	153,065	76,099	261,356	185,257	254,536	297,436	42,900	-7,321,238	522,677	7,843,915
School of Health & Social Care	-6,306,841	-4,885,777	1,421,064	2,134,863	2,297,846	162,983	266,341	475,305	208,964	256,904	341,504	84,600	-3,648,733	-1,771,122	1,877,611
School of Law & Social Science	-9,324,373	-1,132,339	8,192,034	742,954	719,605	-23,349	82,785	90,012	7,227	111,939	126,039	14,100	-8,386,695	-196,683	8,190,012
Total Schools	-54,213,682	-10,580,873	43,632,809	6,020,630	6,623,390	602,760	566,804	1,304,461	737,657	1,123,180	1,397,980	274,800	-46,503,068	-1,255,042	45,248,026
Total Teaching Quality & Enhancement	0	0	0	160,608	188,255	27,647	-67,379	-87,597	-20,218	11,799	11,799	0	105,028	112,457	7,429
Student Union	0	0	0	0	0	0	150,000	150,000	0	12,099	12,099	0	162,099	162,099	0
Student Support	-66,498	-51,362	15,136	302,971	299,204	-3,767	20,973	61,912	40,939	46,633	46,633	0	304,079	356,387	52,308
Academy of Sport	-79,932	-146,651	-66,719	93,033	94,379	1,346	34,073	66,797	32,724	79,451	79,451	0	126,625	93,976	-32,649
Student Administration	-1,343	0	1,343	436,793	510,671	73,878	20,540	32,163	11,623	65,584	65,584	0	521,574	608,418	86,844
Total Student Support & Employment	-147,773	-198,013	-50,240	832,797	904,254	71,457	225,586	310,872	85,286	203,767	203,767	0	1,114,377	1,220,880	106,503
ICT	-12,399	-12,399	0	457,092	425,962	-31,130	667,640	756,333	88,693	79,123	79,123	0	1,191,456	1,249,019	57,563
Innovation & Transformation	0	0	0	249,610	165,921	-83,689	0	0	0	0	0	0	249,610	165,921	-83,689
Technicians	0	-4,020	-4,020	322,638	621,184	298,546	81	19,491	19,410	348,829	348,829	0	671,548	985,484	313,936
Library & Learning Resources	-25,467	-22,347	3,120	484,674	489,340	4,666	222,897	298,807	75,910	318,027	318,027	0	1,000,131	1,083,827	83,696
Total Academic Related Resources & Support	-37,866	-38,766	-900	1,514,014	1,702,407	188,393	890,618	1,074,631	184,013	745,979	745,979	0	3,112,745	3,484,251	371,506
Catering	-363,717	-370,638	-6,921	0	0	0	335,708	318,760	-16,948	86,868	86,868	0	58,859	34,990	-23,869
Residences	-1,526,014	-1,553,402	-27,388	95,342	132,316	36,974	526,438	657,325	130,887	0	0	0	-904,234	-763,761	140,473
Estates	-195,337	-195,337	0	380,634	433,907	53,273	2,829,682	3,577,590	747,908	-2,521,241	-2,796,041	-274,800	493,738	1,020,119	526,381
Total Estates & Academic Environment	-2,085,068	-2,119,377	-34,309	475,976	566,223	90,247	3,691,828	4,553,675	861,847	-2,434,373	-2,709,173	-274,800	-351,637	291,348	642,985
Marketing, Recruitment & Admissions	-93,164	-88,694	4,470	501,226	600,977	99,751	18,072	465,026	446,954	68,227	68,227	0	494,361	1,045,536	551,175
Partnerships Home & Overseas	0	0	0	46,868	46,349	-519	4,252	12,500	8,248	0	0	0	51,120	58,849	7,729
Internationalisation	14,400	0	-14,400	132,325	162,682	30,357	139,422	212,908	73,486	20,443	20,443	0	306,590	396,033	89,443
Total Marketing & Internationalisation	-78,764	-88,694	-9,930	680,419	810,008	129,589	161,746	690,434	528,688	88,670	88,670	0	852,071	1,500,418	648,347

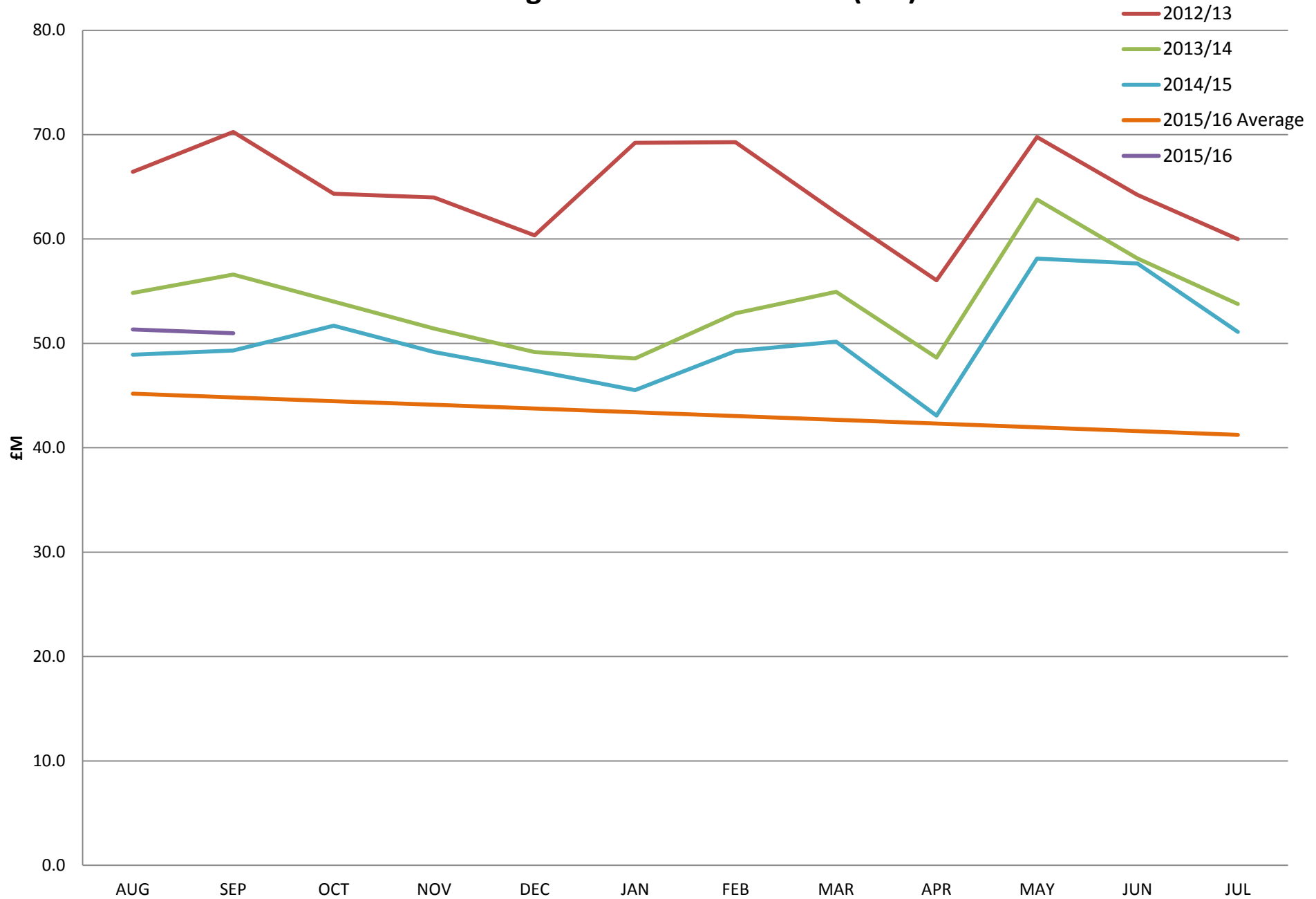
School/Department	Full Year														
	INCOME			STAFF COSTS			OTHER COSTS			SPACE CHARGE			Contribution		
	2015 Forecast	2015 Budget	Variance - Forecast to Budget	2015 Forecast	2015 Budget	Variance - Forecast to Budget	2015 Forecast	2015 Budget	Variance - Forecast to Budget	2015 Forecast	2015 Budget	Variance - Forecast to Budget	2015 Forecast	2015 Budget	Variance - Forecast to Budget
(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	
Enterprise	-265,285	-341,257	-75,972	264,201	247,480	-16,721	-200,585	206,916	407,501	116,064	116,064	0	-85,605	229,203	314,808
Central Research Support	0	0	0	50,675	81,110	30,435	42,068	36,818	-5,250	905	905	0	93,648	118,833	25,185
Confucius	-344,842	-80,414	264,428	29,381	39,226	9,845	17,481	27,000	9,519	6,960	6,960	0	-291,020	-7,228	283,792
Development & Alumni Relations	5,911	0	-5,911	79,182	88,969	9,787	-32,071	36,478	68,549	4,456	4,456	0	57,478	129,903	72,425
Total Knowledge Transfer & Enterprise	-604,216	-421,671	182,545	423,439	456,785	33,346	-173,107	307,212	480,319	128,385	128,385	0	-225,499	470,711	696,210
Total HR	0	0	0	384,702	390,378	5,676	144,295	156,869	12,574	40,394	40,394	0	569,391	587,641	18,250
Total EDISON	0	0	0	-691,358	0	691,358	60,434	162,375	101,941	0	0	0	-630,924	162,375	793,299
Finance	-23,895	-42,119	-18,224	465,370	490,145	24,775	36,902	184,530	147,628	30,686	30,686	0	509,063	663,242	154,179
Registry Fees & Bursaries	-4,970	-2,833	2,137	271,822	331,809	59,987	23,819	42,264	18,199	29,906	29,906	0	320,577	401,146	80,569
Total Finance & Management Information	-28,865	-44,952	-16,087	737,192	821,954	84,762	60,721	226,794	165,827	60,592	60,592	0	829,640	1,064,388	234,748
Total Governance Information & Legal Team	0	0	0	93,113	111,823	18,710	63,033	83,681	20,648	11,895	11,895	0	168,041	207,399	39,358
Development Projects	0	-10,250	-10,250	41,468	46,535	5,067	8,272	7,083	-1,189	0	0	0	49,740	43,368	-6,372
Change Programme	0	0	0	-64,438	0	64,438	-1,561	0	1,561	0	0	0	-65,999	0	65,999
Executive Support Office	0	0	0	175,810	197,269	21,459	39,213	51,872	12,659	19,715	19,715	0	234,738	268,856	34,118
Total Executive	0	-10,250	-10,250	152,840	243,804	90,964	45,924	58,955	13,031	19,715	19,715	0	218,479	312,224	93,745
Total Unallocated Costs & Contingencies	-22,782	-128,334	-105,552	21,039	45,000	23,961	445,082	615,501	170,419	0	0	0	443,339	532,167	88,828
Total London South Bank University	-57,219,016	-13,630,930	43,588,086	10,805,411	12,864,281	2,058,870	6,115,585	9,457,863	3,342,032	3	3	0	-40,298,017	8,691,217	48,989,234
Grand Total	-57,219,016	-13,630,930	43,588,086	10,805,411	12,864,281	2,058,870	6,115,585	9,457,863	3,342,278	3	3	0	-40,298,017	8,691,217	48,989,234

15 / 16 Staffing Forecast

excluding Restructuring Provision



Closing cash & bank balances (£M)



Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD (£)	
			2015 Forecast (£)	2015 Budget (£)	Variance - Forecast to Budget (£) %		2015 Actuals (£)	2015 Budget (£)	Variance - Actuals to Budget (£) %			
(1,111,134)	(168,647)	Funding Grants	(543,157)	(543,157)				(90,526)	(90,526)	()	(%)	(452,631)
	(28,197)	Health - Contract										
98		Fees - Home & EU UG										
(615)		Fees - Home & EU PG										
(458,153)	(158,664)	Enterprise - Research Related Activities	(197,680)	(197,680)	()	(%)	(43,352)	(32,947)	10,406	32%		(154,328)
(557,126)	(6,000)	Enterprise - Partnerships	(1,213,253)	(1,213,253)			(29,000)	(110,521)	(81,521)	(74%)		(1,184,253)
(2,407,004)	(500,453)	Enterprise - University Fees	(2,581,144)	(2,581,144)			(108,238)	(134,417)	(26,179)	(19%)		(2,472,906)
(4,214,129)	(344,185)	Enterprise - Other	(5,670,699)	(5,670,699)	()	(%)	(630,222)	(933,705)	(303,483)	(33%)		(5,040,478)
(20,168)	(19,385)	Other - Operating Income					(25,206)		25,206			25,206
(3,406)	(1,008)	Endowment Income & Interest Receivable	(4,200)	(4,200)			(156)	(700)	(544)	(78%)		(4,044)
(8,771,639)	(1,226,539)	Total Income	(10,210,133)	(10,210,133)	()	(%)	(926,700)	(1,302,816)	(376,116)	(29%)		(9,283,434)
845,850	114,775	Academic - Permanent staff	631,057	631,057			153,946	103,916	(50,030)	(48%)		477,111
158,140	11,481	Academic - Temporary staff	59,996	59,996			11,972	9,999	(1,973)	(20%)		48,024
1,477,653	227,136	Support - Permanent staff	2,057,477	2,057,477			283,906	336,343	52,437	16%		1,773,571
40,886	1,961	Support - Temporary staff	101,219	101,219			15,558	13,750	(1,808)	(13%)		85,661
122,029	25,147	Third party staff	95,000	95,000			12,125	15,833	3,708	23%		82,875
2,644,557	380,500	Total Staff Costs	2,944,749	2,944,749			477,508	479,842	2,334	%		2,467,241
18,381		Total Depreciation	15,317	15,317				3,064	3,064	100%		15,317
301,260	15,170	Staff Related	333,611	333,611			(5,194)	64,505	69,698	108%		338,805
185,688	(48,207)	Marketing and PR	209,455	209,455			(64,143)	33,594	97,738	291%		273,598
124,252		Bursaries and Scholarships	180,000	180,000			(8,224)	30,000	38,224	127%		188,224
75,342	10,490	Student Related	106,206	106,206			21,565	15,521	(6,044)	(39%)		84,641
98,716	2,283	Equipment	27,000	27,000			9,236	4,500	(4,736)	(105%)		17,764
197,227	15,947	Computing	66,017	66,017			(9,004)	56,350	65,355	116%		75,021
150,798	(42,000)	Utilities	165,000	165,000			(58,897)		58,897			223,897
78,700	(226,658)	Maintenance & Other Estate	105,996	105,996			(50,739)	17,666	68,405	387%		156,735
10,740	(1,423)	Cleaning & Security	18,000	18,000			(6,331)	3,000	9,331	311%		24,331
35,737	19	Financial					255		(255)			(255)
20,970	1,394	Communications	24,234	24,234			1,565	4,134	2,569	62%		22,669
268,204	41,681	Legal & Professional	330,400	330,400			(6,943)	108,617	115,559	106%		337,343
44,432	4,458	Subscriptions and Membership Fees	22,444	22,444			1,574	4,741	3,167	67%		20,871
29,712	5,059	Photocopying and Stationery	25,996	25,996			6,293	4,197	(2,097)	(50%)		19,703
357,929	9,468	Other	362,667	362,667			(1,240)	55,736	56,976	102%		363,907
28,299	108	Internal Recharges	26,000	26,000			(17,000)	3,333	20,333	610%		43,000
2,008,005	(212,211)	Total Other Operating Expenses	2,003,026	2,003,026			(187,228)	405,894	593,121	146%		2,190,254
		Total Exceptional Items	846,568	846,568								846,568
121,200		Total Internal Allocations										
(3,979,496)	(1,058,250)	Contribution	(4,400,473)	(4,400,473)	()	(%)	(636,420)	(414,016)	222,403	54%		(3,764,054)
30.1%		Staff costs as % of income	28.8%	28.8%			51.5%	36.8%				
45.4%		Contribution %	43.1%	43.1%			68.7%	31.8%				

Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD (£)	
			2015 Forecast (£)	2015 Budget (£)	Variance - Forecast to Budget (£) %		2015 Actuals (£)	2015 Budget (£)	Variance - Actuals to Budget (£) %			
(2,096,033)	(320,056)	Funding Grants	(1,887,933)	(1,887,933)				(309,716)	(314,656)	(4,940)	(2%)	(1,578,218)
(1,950,147)	(365,740)	Research - Grants	(2,155,547)	(2,155,547)	()	(%)		(236,326)	(284,088)	(47,762)	(17%)	(1,919,221)
(610)		Enterprise - Other						(200)		200		200
(4,046,790)	(685,795)	Total Income	(4,043,480)	(4,043,480)	()	(%)		(546,241)	(598,743)	(52,502)	(9%)	(3,497,239)
2,570,757	427,100	Academic - Permanent staff	2,346,876	2,346,876		%		329,755	391,025	61,270	16%	2,017,121
74,130	3,080	Academic - Temporary staff	52,406	52,406		%		(7,378)	9,021	16,399	182%	59,784
3,235	4,261	Technicians staff										
276,862	15,492	Support - Permanent staff	449,121	449,121		%		40,173	71,675	31,502	44%	408,948
48,970		Third party staff	123,215	123,215		%		447	20,536	20,089	98%	122,768
2,973,955	449,933	Total Staff Costs	2,971,618	2,971,618		%		362,997	492,257	129,260	26%	2,608,621
143,032	23,295	Total Depreciation	99,207	99,207		%		21,033	18,460	(2,573)	(14%)	78,173
128,361	6,334	Staff Related	90,498	90,498		%		9,207	14,953	5,746	38%	81,291
10,976	284	Marketing and PR	13,327	13,327		%		(403)	2,221	2,624	118%	13,730
232,012	83,106	Bursaries and Scholarships	190,195	190,195		%		1,667	34,604	32,938	95%	188,528
32,935	3,898	Student Related	62,532	62,532		%		6,976	28,359	21,382	75%	55,556
58,656	5,443	Equipment	56,190	56,190		%		147	9,393	9,246	98%	56,043
30,502	4,218	Computing	15,104	15,104		%		(292)	6,951	7,242	104%	15,396
2,167	667	Utilities										
331		Maintenance & Other Estate	504	504		%		649	84	(565)	(673%)	(145)
		Cleaning & Security	217	217		%			26	26	100%	217
1,644	294	Communications	3,293	3,293		%		22	653	631	97%	3,271
145,885	(10,714)	Legal & Professional	70,072	70,072		%		(21,959)	9,567	31,526	330%	92,031
61,306	1,180	Subscriptions and Membership Fees	35,266	35,266		%		(31,911)	7,397	39,308	531%	67,177
8,584	321	Photocopying and Stationery	9,417	9,417		%		812	1,206	394	33%	8,605
54,454	5,882	Other	62,032	62,032		%		(1,356)	14,556	15,911	109%	63,388
15,140	111	Internal Recharges	28,102	28,102		%			4,661	4,661	100%	28,102
782,953	101,024	Total Other Operating Expenses	636,749	636,749		%		(36,441)	134,630	171,071	127%	673,190
		Total Exceptional Items	1,567,254	1,567,254		%			166,667	166,667	100%	1,567,254
731,712	119,412	Total Internal Allocations	810,477	810,477		%		135,080	135,080		%	675,398
584,861	7,868	Contribution	2,041,825	2,041,825	()	(%)		(63,572)	348,351	411,923	118%	2,105,397
73.5%		Staff costs as % of income	73.5%	73.5%				66.5%	82.2%			
(14.5%)		Contribution %	(50.5%)	(50.5%)				11.6%	(58.2%)			

	CONFIDENTIAL
	PAPER NO: FPR.03(15)
Paper title:	2014/15 Financial Performance
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	27 October 2015
Author:	Ralph Sanders, Director of Planning, Information & Reporting
Executive/Operations sponsor:	Richard Flatman, CFO
Purpose:	To brief the Finance, Planning and Resources on the 14/15 Full Year outturn
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Corporate Delivery Plan – Goal 8 Resources & Infrastructure (<i>We will grow our income by 25% to £170m annually delivering an operating surplus of 5% and an EBITDA margin (our ability to generate cash) of 15%</i>)
Recommendation:	To note the financial performance for 2014/15 as set out in the attached draft annual report and accounts and management accounts to 31 July 2015.

Matter previously considered by:		
Further approval required?	Audit Committee	On: 5 th November 2015
	Board of Governors	On: 26 th November 2015

Executive Summary

The full year outturn at July 2015 is a contribution of £1.2M. This is an increase of £0.3M as compared to last month and means the University delivered ahead of budget in 2014/15.

This is a significant achievement given our investments in EDISON (£2.5m net of matched write off) and the Change Programme £0.9M. We also had a reduction in our HEFCE grant of £0.9M which was reported earlier in the year, took an additional provision of £0.8M at year end to cover any potential HEFCE clawback in 15/16

London South Bank University

(following the reduction in BIS grant and the first submission of our HESA student numbers) and booked a late adjustment of £1m increasing the FRS17 current service cost in respect of the LPFA pension scheme although this was largely offset by a reduction in the FRS17 interest charge. We also absorbed restructure costs of £3.6m compared with budget of £1.5m.

The Committee is requested to note the attached management accounts to 31 July 2015.

Draft Annual Accounts

The audit for the year ended 31 July 2015 is almost complete. The draft report & accounts are enclosed for information for the committee. The accounts will be reviewed in detail by Audit Committee before Board of Governors approval and signing on 26th November.

Outstanding steps to completion

- Resolution of outstanding audit queries raised by Grant Thornton
- Completion of review work by Grant Thornton
- Review of the Financial Statements by Grant Thornton and subsequent updating of the draft accounts
- Issuing of letter of representation by LSBU to Grant Thornton
- Grant Thornton review of post balance sheet events
- Review by Audit committee on 5th November
- Approval by Board of Governors on 26th November
- Signing of accounts

Key Issues

The attached accounts are for the year ended 31 July 2015. Grant Thornton is in the process of their technical review and any changes to the accounts and their presentation will be incorporated into the draft accounts before consideration by Audit Committee.

A detailed financial review is included on pages 7-11 of the accounts. A clawback of funds by HEFCE relating to 2014/15 is expected and a provision of £263k has been included in the accounts. Grant Thornton will monitor the position up to the date of signing the accounts.

Grant Thornton will present the results of their audit to the Audit Committee in their Audit Findings document

**London South Bank
University**

Report and Financial Statements

31 July 2015

Version 6 draft date 20th Oct 15

London South Bank University

Report and financial statements 2015

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Version 6 draft date 20th Oct 15

Strategic Report

Legal and Administrative Details

This Strategic Report is that of the University and its subsidiary, South Bank University Enterprises Limited.

London South Bank University was incorporated on 12 August 1970. It is registered at Companies House under number 986761 and its registered address is 103 Borough Road, London. SE1 0AA. London South Bank University is a company limited by guarantee and has no share capital.

The governing body of the University is responsible for the effective stewardship of the University and has control of the revenue and the property of the University. The University's corporate governance arrangements are described on pages 17-23 and the members of the Board of Governors during the year ended 31 July 2015 are listed on page 3. The Governors are also directors under the Companies Act 2006.

The University is an exempt charity within the meaning of the Charities Act 2011 applying in England and Wales and its principal regulator is HEFCE. All Governors are also charitable trustees. The University is regulated principally by HEFCE under a Financial Memorandum. The University complies with conditions of grant set out in funding agreements with the relevant grantor.

Solicitors

Shakespeare Martineau LLP
1 Colmore Square
Birmingham B4 6AA

Mills and Reeve LLP
Botanic House
100 Hills Road
Cambridge CB2 1PH

Veale Wasbrough Vizards LLP
Orchard Court
Orchard Lane
Bristol BS1 5WS

Shoosmiths LLP
Witan Gate House
500-600 Witan Gate West
Milton Keynes MK9 1SH

Michelmores LLP
48 Chancery Lane,
London WC2A 1JF

Auditor

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

Bankers

NatWest
City of London Office
1 Princes Street
London EC2R 8PA

Structure, Governance and Management

Principal Officers:

Position	Name
Vice Chancellor	Professor David Phoenix
Deputy Vice Chancellor	Professor Patrick Bailey (appointed 1 September 2014)
Pro Vice Chancellor (Research and External Engagement)	Professor Paul Ivey (appointed 1 November 2014)
Pro Vice Chancellor (Education and Student Experience)	Professor Shân Wareing (appointed 18 May 2015)
Chief Financial Officer	Mr Richard Flatman
Chief Operating Officer	Mr Ian Mehrtens
Executive Director of Organisational Development and HR	Mrs Mandy Eddolls
Secretary and Clerk to the Board of Governors	Mr James Stevenson

Strategic Report

A separate Corporate Governance Statement is shown on pages 17-23.

The following were Governors throughout the year ended 31 July 2015 except as noted:

Board of Governors

Name	Dates
Mr David Longbottom (Chair)	resigned 31 July 2015
Mr Jeremy Cope	appointed 01 September 2014
Professor David Phoenix (Vice Chancellor and Chief Executive)	
Ms Ilham Abdishakur	resigned 30 June 2015
Mr Steve Balmont	
Mrs Shachi Blakemore	appointed 1 April 2015
Mr Douglas Denham St Pinnock	
Mr Ken Dytor	resigned 31 March 2015
Professor Neil Gorman	
Mrs Carol Hui	appointed 1 April 2015
Professor Hilary McCallion CBE	
Mr Kevin McGrath	appointed 1 April 2015
Ms Anne Montgomery	resigned 31 March 2015
The Revd Canon Sarah Mullally DBE	resigned 31 March 2015
Dr Mee Ling Ng	
Ms Louisa Nyandey	resigned 16 October 2014
Mr Abdi Osman	appointed 1 July 2015
Mr Andrew Owen	
Ms Diana Parker	resigned 31 March 2015
Professor Shushma Patel	resigned 31 July 2015
Mr James Smith CBE	
Professor Jon Warwick	resigned 31 July 2015

Changes in Governors since 31 July 2015:

Mr Jeremy Cope (appointed Chair 01 August 2015)

Ms Andrea Smith (appointed 21 October 2015)

Objectives and Activities

Our mission:

To be recognised as an enterprising civic university that addresses real world challenges

London South Bank University has been transforming lives, communities and businesses for over 120 years. At its creation, the Prince of Wales and Archbishop of Canterbury were instrumental in a fundraising campaign which included 55000 letters of appeal and led to collection boxes being placed on London's bridges. The aims were to improve the social mobility of the people of south east London by improving their employment opportunities and to support the community by providing access to applied knowledge that would advance their businesses. Other than an

Strategic Report

increasingly global reach that mission remains almost unchanged today –LSBU provides a highly applied academic environment which supports students into professional careers by providing the knowledge and skills attractive to employers. At the same time, it supports employers and the professions by providing the education, consultancy and high quality applied research they need to grow their businesses.

Key outcomes 2015-2020

The higher education sector and the market within which we operate has changed and continues to develop rapidly and so we must continue to innovate in order to keep pace. The recent decision to remove student number controls means we will inevitably see recruitment becoming an even more heated environment and this will be fuelled by new entrants such as private providers. In 2010 only £30 million of public funding went to private providers and this is now approaching £1billion.

Students do not want to simply sit in a lecture theatre. They continue to demand more for their money and the demand will increase still further when maintenance grants are scrapped and replaced with loans in September 2016. They will expect that their investment in education will enhance their future career prospects. Institutions who strive to successfully meet and manage these expectations are the ones who will prosper. Providing a personalised student experience leading to strong graduate outcomes will become increasingly important and, given our focus on professional education, this is an area in which we must excel.

As the number and diversity of providers grows it will be important to ensure a degree of differentiation from competitors. Universities that succeed in this new environment will be ones that build on their strengths to ensure they develop a strong external reputation for the quality of what they deliver.

Developing into a university that is recognised for addressing society's challenges by engaging with partners on both a local and global scale is not in itself a significant move away from who we are now. We have a reputation for courses relevant to the professions, for applied research and for business engagement and our teaching is becoming more and more dynamic as we produce enterprising graduates ready for a global market. Our academic expertise has real world impact and is drawn upon by commercial and government organisations, so it makes sense to build our future ambitions upon the relevance and strengths of our current identity.

Examples of recent activity include:

- 960 employers send 4000 of their staff to be educated by LSBU each year
- Over 150 British SMEs and major companies have formed commercial research partnerships
- The Clarence Centre for Enterprise and Innovation is now home to 50 student-led businesses and social enterprises: companies in our business incubation suite generate an annual turnover of over £37m.

We are refocusing and re-doubling our ambition, trading on our specialisms and moulding graduates for success.

We want our success to be recognised, so by 2020 we aim to be London's top modern University.

Key outcomes 2015-2020

We are committed to:-

- Ensuring we work with local partners to provide opportunities for students with the potential to succeed and through active engagement retain them
- Developing the multicultural community of students and staff, working through international alliances and partnerships to further build our capacity and capabilities in education, research and enterprise
- Ensuring students develop skills and aspiration to enter employment or further study and so become sought after by employers, or have the skills and confidence to start their own businesses, or develop a portfolio career
- Ensuring that students are seen as participants in their learning and that the student voice is encouraged and listened to
- Strengthening our national position and our profile as a leading university for professionally focused education underpinned by highly applied research

Strategic Report

- Delivering outstanding economic, social and cultural benefits from our intellectual capital, by connecting our teaching and research with the real world through commercial activities and via social enterprise
- Creating an environment which attracts and fosters the very best staff, and within which all staff, whatever their role, feel valued and proud of their university and take appropriate responsibility for its development
- 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.

To ensure that the University has academic groupings that are meaningful to the outside world and focused enough to be able to respond rapidly to stakeholder need, the University is split into seven schools. This enables each one to build its own ethos and brand, to attract potential students and business to work with the University. The Schools from 1 August 2014 are:

- Applied Science
- Arts and Creative Industries
- Built Environment and Architecture
- Business
- Engineering
- Health and Social Care
- Law and Social Sciences.

Professional Service functions have also been aligned with key areas of delivery, thereby allowing the University to minimise duplication through ensuring clarity in terms of responsibility.

In 2014, the University embarked on the implementation of a suite of IBM hardware and software solutions – the Edison Project – which will both reduce risks around systems delivery and security, and enable a step-change in the ways in which we monitor and respond to student engagement, and communicate digitally with students. The project has three distinct strands of activity: the transference of core systems onto IBM ‘Softlayer’ data centres; the implementation of new identity and access management systems; and the delivery of new systems for monitoring student engagement and enhancing digital communication with students. The last of these strands includes the use of analytical tools to identify and pro-actively respond to student engagement, the delivery of a new Student Portal (which will provide access to all our core systems in one location) and the enhancement of our Virtual Learning Environment to include social collaboration tools and instant messaging to students.

Achievements and Performance

Strategy and Performance:

The University’s financial strategy is expressed through its rolling five year financial forecasts. The strategy is focused on future sustainability and is designed to maintain financial resilience and flexibility at all times. These rolling 5 year forecasts are updated each year following Semester 1 recruitment and include surplus and liquidity forecasts and a 5 year investment profile as well as income and cost projections. This analysis ensures that the University delivers not only an acceptable level of surplus but stays within acceptable gearing levels and has the funds for an appropriate capital investment programme.

The strategy sets out a range of financial key performance indicators and these were reviewed in 2014 as part of the corporate strategy 2015-2020. The headline financial targets remain unchanged and show that by 2020 we will have:

- Grown our income by approximately 25% to £170m
- Returned to an annual operating surplus of minimum 5%, and
- Improved the EBITDA margin to 15%.

The key drivers of successful financial outcomes for the university are:

- Meeting our home/EU recruitment targets
- Delivering agreed growth targets for postgraduate, overseas students and enterprise income

Strategic Report

- Improving progression and retention rates. Our future forecasts assume that undergraduate fees are capped at £9,000, without inflation, and that significant financial impact can be delivered through small improvements in progression and retention rates
- Maintaining current levels of NHS contract income through high quality delivery
- Managing staff costs, including agency costs, so they are within our maximum agreed percentage of income
- Further efficiency savings wherever possible.

The key targets have been accompanied by a renewed focus on part time UG recruitment which has been a historic strength of this university and an emphasis on international recruitment where the University has underperformed compared to its peers.

We entered 2014/15 in a strong financial position having made real progress streamlining activity and delivering efficiency wherever possible. The previous few years had seen record surpluses although 2013/14 was more challenging given ongoing financial uncertainty, pressure on student numbers and continued reductions in government funding. As expected, recruitment in 2013/14 proved challenging and LSBU fell marginally short of initial recruitment targets. Financial performance was managed through effective cost control and the surplus of £3.1m was higher than the original agreed budget surplus of £2.5m.

The 2014/15 budget was for a surplus of £1m. This reduced level of surplus was planned and takes account of increased investment in a number of areas including close to £3m net revenue spend on the Edison project and £0.75m in relation to the cost of running the new programme change office which was established to drive University wide projects in support of the key outcomes in the new corporate strategy. Depreciation also increased, reflecting IBM investment cost and the recent investment in both the new Student Centre and the Clarence Centre. Delivery against agreed income targets and careful cost control has enabled delivery of a financial surplus of £1.2m which was better than the target surplus of £1m. Furthermore, this is after absorbing in year cuts to grant funding of £0.4m and staff restructure costs of £3.6m compared with original budget of £1.5m. Whilst the later having a significant downward impact on the reported financial result for 2014/15, this will assist enhanced performance in subsequent years.

The 5 year forecasts demonstrate that the University will continue to deliver a level of £1m surplus over the next 2 years after accounting for the significant level of increased investment spend in our digital and physical infrastructure which is designed to improve student experience and progression. The resultant outcome that the increased spend will deliver will be increased surpluses (reaching 5% by 2020) linked to increased levels of graduation and international recruitment and enterprise income.

Investment in the physical estate

LSBU continues to develop its strategic investment in the estate to create sustainable, first class facilities which will enhance both the learning and social experiences of students and support the delivery of the academic mission. The Estate Development Strategy is currently being prepared and includes both plans to build new facilities and for the refurbishment of existing buildings. Sustainable construction principles will be used as standard and innovative solutions to improve the energy efficiency of existing buildings in order to meet the University's carbon reduction commitment by 2020 are being developed. It is proposed to dispose of old buildings of corresponding dimensions to those of the new builds in order that there is no significant increase in the size of the overall footprint of the campus.

Sustainability is a major consideration in all procurement processes and we ensure that, where appropriate, environmental criteria are used in both the award of contracts and the purchase of equipment and supplies. The new standards for the ISO 50001 and ISO14001 were published in September 2015 and an application for re-accreditation of the energy and environmental management systems at the University will be made mid-year 2016.

During 2014/2015, £10.1m has been invested in the estate, approximately £7.3m has been through capital investment and the remaining £2.8m has come from revenue budgets. Capital project highlights such as the new Media Centre in London Road, refurbishment of Caxton House for the Confucius Institute, refurbishment of the Refectory kitchen and the installation of Wi Fi in all four Halls of residences has greatly contributed to improving Student Experience whilst also improving the condition and environment across the estate. Revenue spend has seen investment in upgrading security systems across the estate, fire risk assessment remedial actions addressed, redecoration and carpeting of below standard rooms in all four Hall of Residences and the generation of social spaces in three of the four residences. Other improvements to campus buildings has seen lighting replacement projects undertaken in Keyworth and Perry Library

Strategic Report

which will support the drive to reduce carbon emissions and Lift refurbishments that will improve safety as well as student/staff experience.

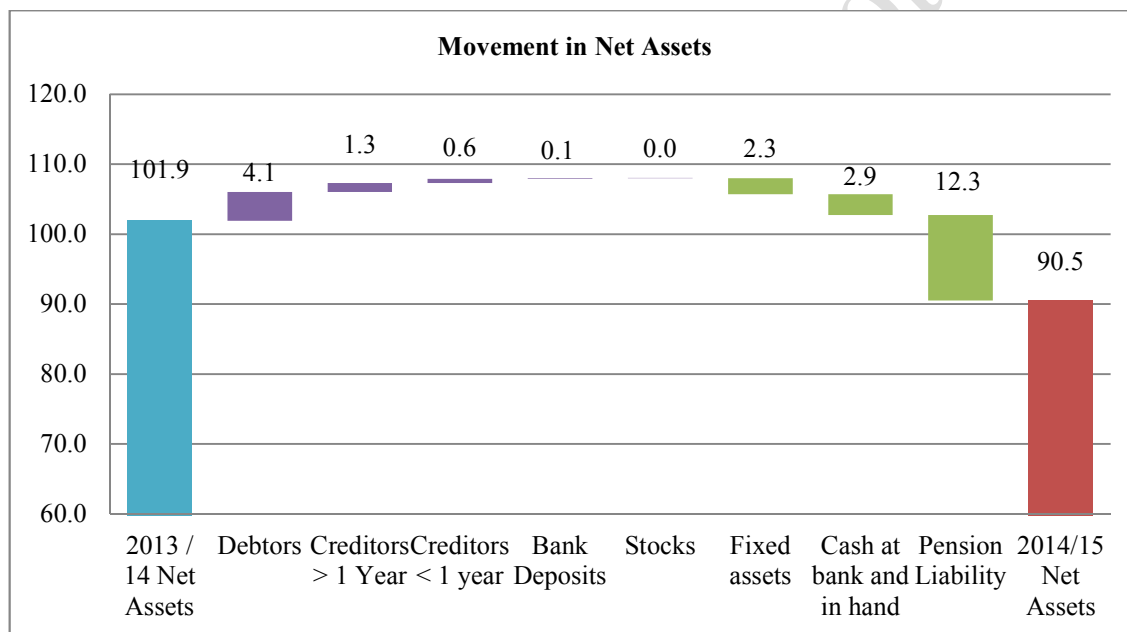
Key Performance Indicators

We review the institution's performance continually using a number of KPIs in areas relevant to the sustainability of the institution. In these areas, we have set long term targets against which the Board of Governors and its committees and our Executive team monitor performance. We are satisfied that our strategies will help us move towards achieving these targets. Detailed financial results for the year and financial trend analysis is shown in the Financial Review section of this report.

Financial Review

Balance sheet and liquidity

The Group's net assets decreased by 11.2% during the year moving from £101.9m to £90.5m. The principle reason for the reduction is an increase of £12.3m in the LPFA pension liability. Debtors have increased by £1.4m as a result of changes to the billing schedule for the NHS and this, together with movements in creditor balances is reflected in reduced cash balances.

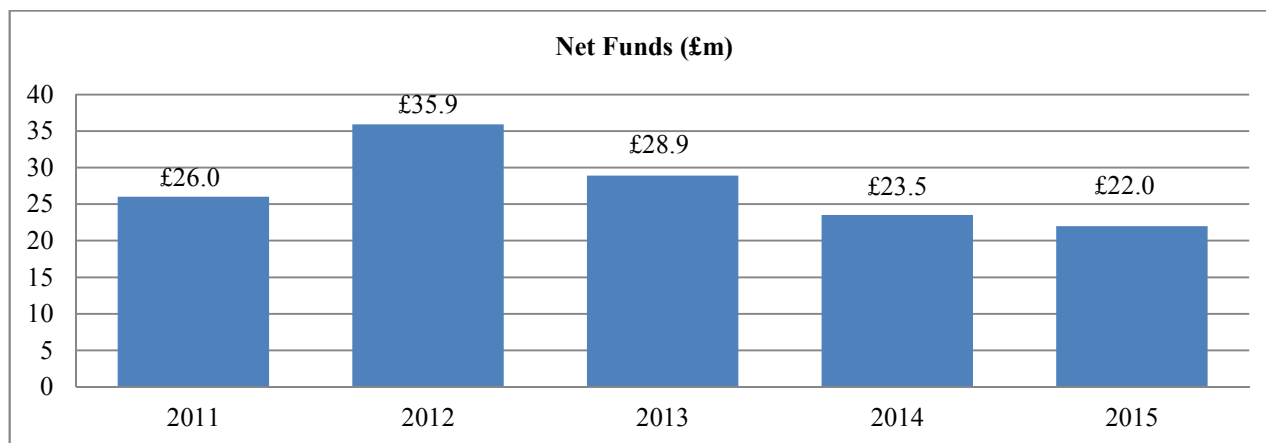


The University always plans to have sufficient liquid assets to meet its liabilities as they fall due and this reduction in net assets will not compromise the group's ability to do so. In terms of the increase in debtors, the NHS settled £3.9m of invoices during August and September 2015.

Days liquidity has fallen from 157 days at 31 July 2014 to 143 days at 31 July 2015. This change is primarily due to a fall in cash balances and bank deposits from £53.0m at 31 July 2014 to £50.2m at 31 July 2015, which reflects the changes in working capital and the levels of capital expenditure through 2014/15. Borrowings have reduced from £29.6m at 31 July 2014 to £28.2m at 31 July 2015 reflecting loan repayments made during the year. No new loans were taken out during the year.

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The University has net funds rather than net borrowings as summarised below:

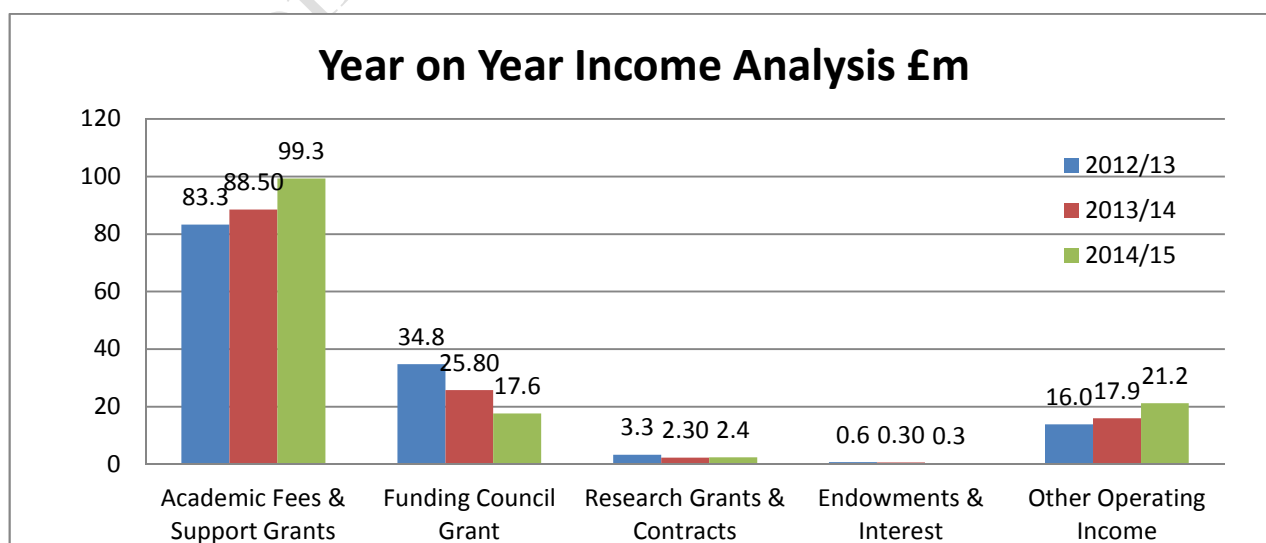


The levels of borrowing are reviewed on a regular basis and are considered adequate to meet current plans.

Result for the Year

Financial Summary in £m				Variance from 2013 / 14 £m	
	2014/15	2013/14	2012/13		
Income	140.8	134.8	137.9	6.0	4.5%
Expenditure	139.6	131.7	132.4	7.9	6.0%
Surplus for the year	1.2	3.1	5.5	-1.9	-61.3%
Surplus %	0.86%	2.30%	4.00%		

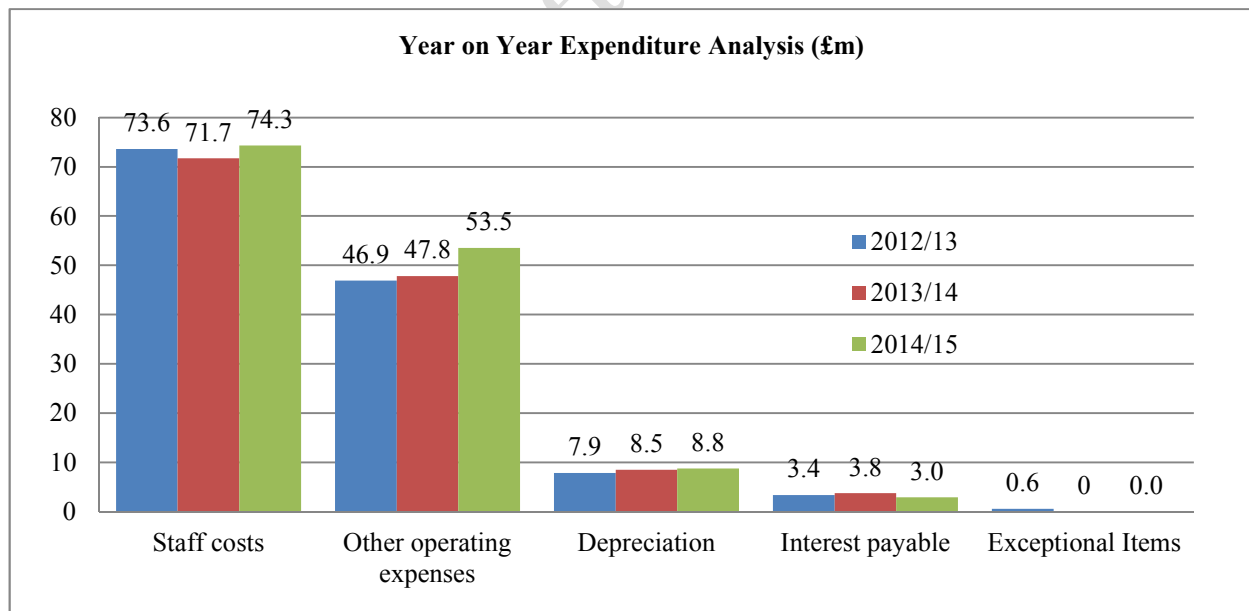
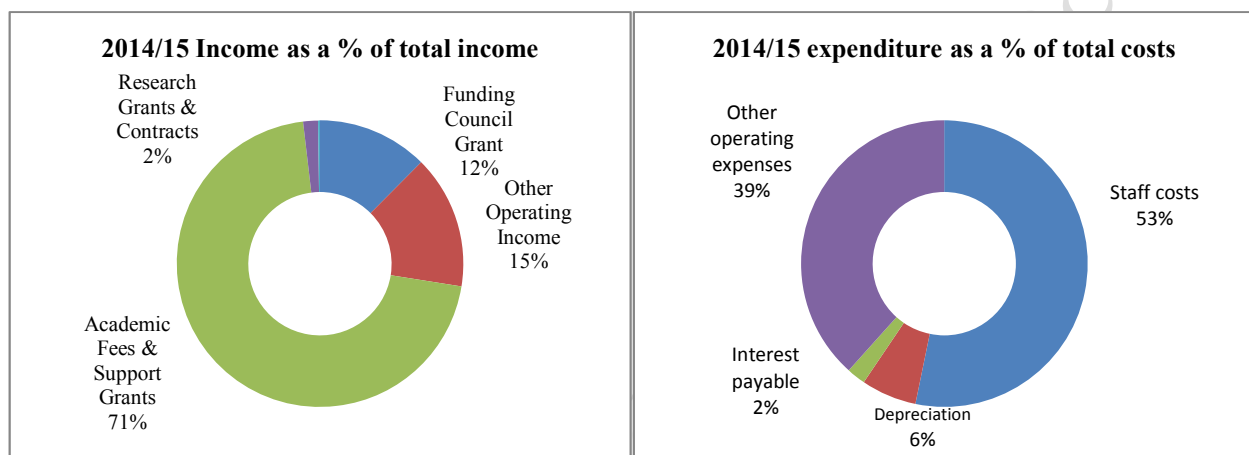
The operating surplus of £1.2m is ahead of the agreed budget and the forecast surplus of £1.0m submitted to HEFCE in June 2015. In the context of the recruitment challenges across the sector in 2014/15 the reduction in BIS Funding which has had a corresponding impact on in year HEFCE Funding, and the continued level of investment and restructure costs is increased, this is a considered a strong result.



Strategic Report

Total income increased by 4.5% (£6.0m) to £140.8m (2013/14: £134.8m). There was a reduction in Funding Grant due to the continued impact of the new fee regime for both undergraduate (UG) and post graduate (PG) students. This fall, however, was offset by an increase in Home / EU UG fees and a significant increase in Overseas fees. The other factors affecting income were a decline in Home/ EU PG fees and an increase in Other Operating Income which reflected the growth in Enterprise activity.

Academic fees (including NHS contract income) and Funding Council grants remain the main sources of income for the university representing 71% and 12% respectively (2013/14 = 67% and 19%). The key driver for the increase in fee income and corresponding decline in grant income is the introduction of the new fee regime for Undergraduate students.



Staff costs increased by 3.6% from £71.7m in 2013/14 to £74.3m in 2014/15 representing 53.0% of income (2013/14 = 53.2%). After including agency staff costs, which are included in the accounts as operating expenditure, total staff costs represent 57.7% of income. This is ahead of our target of 55% but does include in year restructure costs of £3.6m (2.6%) and one off costs associated with the EDISON digital learning environment programme of 2.6m (1.8%). Staff

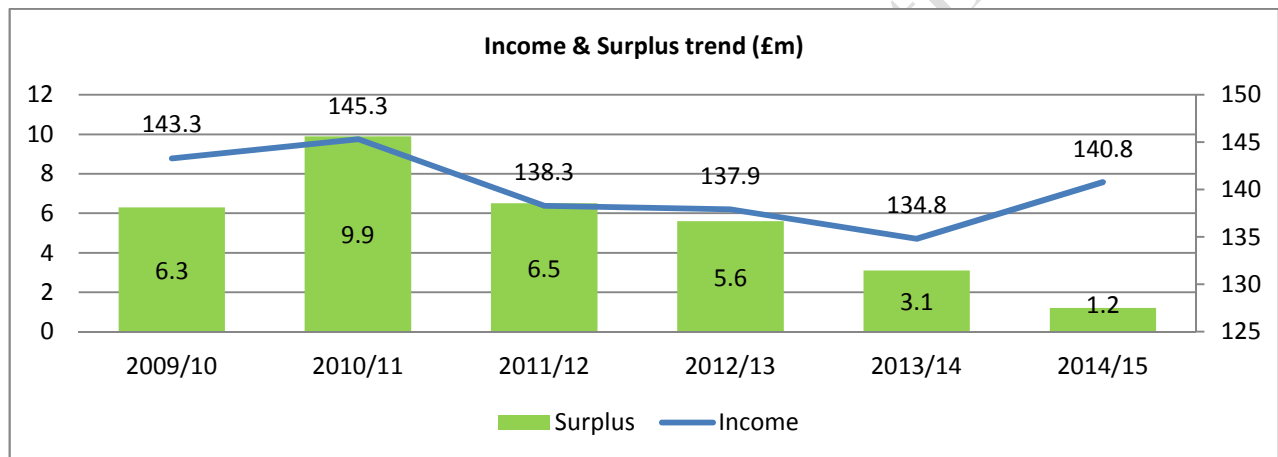
Strategic Report

costs remain an area of continued focus for the university in 2015/16.

Other operating expenses increased by 11.9% from £47.8m in 2013/14 to £53.5m. This increase was driven by one off costs of £5.2m, including agency staff, computing software and computing software consultancy spent on the EDISON project, increased expenditure to overseas agents which reflects the increase in overseas tuition fee income and increased expenditure on security and cleaning due to the implementation of the London living wage. This was offset by a year on year reduction in expenditure on the maintenance of the campus including our halls of residences, a reduction in the expenditure on utilities and a reduction in staff recruitment costs.

Capital expenditure during the year include £7.3m capitalised as part of the overall £10.1m investment in the estate along with some additional investment in computers and other equipment. Major investments included the new Media Centre in London Road, refurbishment of Caxton House for the Confucius Institute, refurbishment of the Refectory kitchen and the installation of Wi Fi in all four Halls of residences

Financial trend analysis



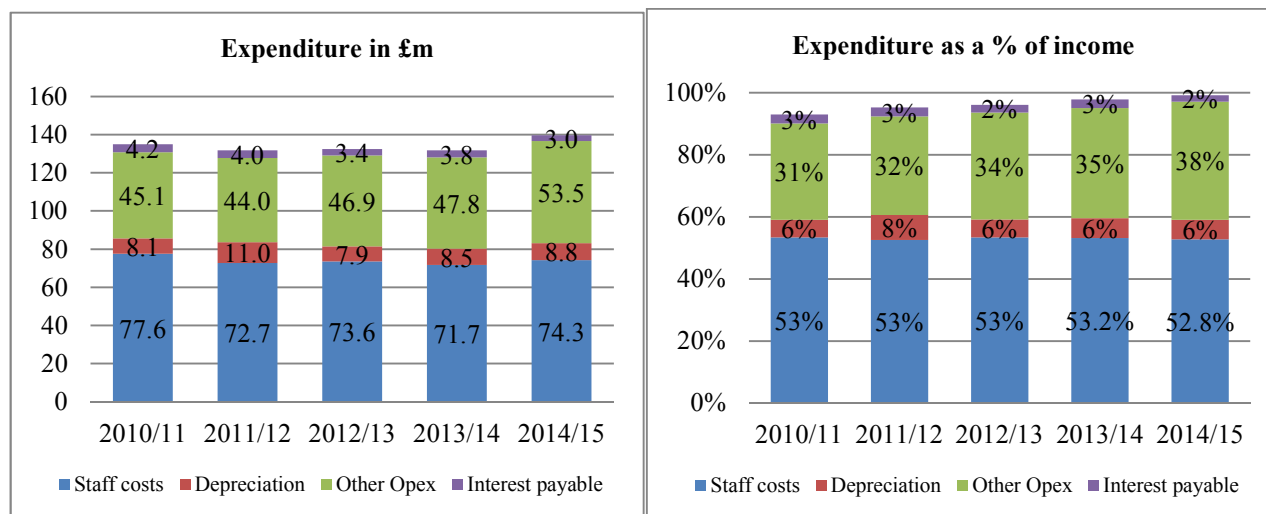
Between 2007/08 and 2010/11 income had grown steadily as a result of the introduction of higher tuition fees for full-time Home & European Union students from 2006 and growth in student numbers. The number of new students enrolling in the University then declined as a result of the introduction of £9000 undergraduate tuition fees. The university has now begun to grow in terms of new home/EU students and has seen significant growth in the recruitment of Overseas students.

The University strategy is to focus on income growth from postgraduate, overseas students and enterprise. For full time home and EU undergraduate students the focus is on maintaining stability in terms of numbers with the emphasis on the increased entry tariff, improved retention and progression, enhanced student experience and employability.

The large increase in 2010/11 income can be explained by one-off additional recruitment. These discontinued in 2011/12 and income was further reduced in both 2012/13 and 2013/14 by continued cuts to the HEFCE funding grant and by a reduction in the level of income generated from overseas students. There was also an additional change with regard to Teacher Training Agency (TTA) funding in 2013/14 which further depressed income.

The surplus in 2013/14 and 2014/15 has declined due to the one off costs associated with the EDISON programme and the costs associated with the establishment of both the new school structure and academic and professional career paths and related redundancy costs. The University remains focused on both income growth and cost management.

Strategic Report



Staff costs

Staff costs (including restructuring costs but excluding agency staff) have decreased from £77.6m in 2010/11 to £74.3m in 2014/15. As a percentage of income, staff costs (excluding agency staff) have been broadly flat over the last 5 years.

Operating expenditure

Operating expenditure increased from 2008/09 as a result of the introduction of student bursaries alongside higher tuition fees. This began to reverse in 2012/13 and continued to fall in 2013/14 due to the replacement of bursaries with fee waivers which are accounted for by reducing income rather than being charged to expenditure. The increase in operating expenditure from 31% of income in 2009/10 to 38% in 2014/15 reflects the decline in income as well as additional expenditure particularly with regard to ICT and the significant investments in the EDISON programme and the maintenance of our estate.

Interest

Interest payable decreased from £4.2m in 2010/11 to £3.0m in 2014/15 reflecting a reduction in borrowings outstanding and a requirement for a reduced FRS 17 interest charge compared to previous years.

Depreciation

Depreciation has broadly increased over the 5-year period as a result of investments in the University's estate including the K2 building which came into use in November 2009, the Student Centre which came into use in 2012/13 and the Clarence Centre for Enterprise which came into use in 2013/14. The increase is expected to continue since the University has proposed further investments in the estate, additional investments in IT infrastructure and systems and has further plans to improve teaching spaces.

Cashflows

The University generated a net cash outflow from operating activities of £6.1m in the year broadly comparable to the 13/14 position of £6.0m. After accounting for the cost of the Capital Investment programme and repayment of loans the net cash position was reduced by £2.9m. Net funds reduced by £1.5m to £22.0m at 31 July 2015.

Pension liability

The pension liability with the London Pension Scheme Authority (LPFA) has increased from £76.5m to £88.8m, mainly as a result of actuarial losses. The FRS 17 charge to the I&E account for the year is £2.6m (interest £1.6m and staff costs £1.0m) and an £11.0m loss is recognised in the statement of total recognised gains and losses (STRGL).

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Creditor payment policy

It is the University's policy to abide by terms of payment agreed with suppliers. Unless special terms apply, payment is made within 30 days of receipt of a valid invoice or after acceptance of the goods or services, whichever is the later. Average creditor days during the year were 26 (2014: 25).

Accounting policies

The University's financial statements have been prepared in accordance with the Statement of Principal Accounting Policies set out on pages 28-32. The University's Governing Body has reviewed the Group's accounting policies and considers them to be the most appropriate to the group's operations.

Subsidiaries

South Bank University Enterprises Limited ("SBUEL") provides consultancy and other services to a range of commercial organisations. SBUEL has entered into Gift Aid arrangements in order that its taxable profits can be donated to the University. SBUEL has donated £XX in gift aid to the University this year (2014: £nil).

SBUEL is fully consolidated into the Group accounts.

Principal risks and uncertainties

At a corporate level, the principal risks are identified and managed through the University's risk management processes as described in the statement on internal control.

The Corporate Risk Register has been the subject of careful and frequent review, and is aligned to the Corporate Strategy. The principal risks and mitigation strategies are as follows:

Risk & Impact	Mitigation Strategy
Failure to position LSBU to improve reputation & effectively respond to policy changes & shifts in the competitive landscape, leading to loss of funding and greater challenge in recruitment and partnership development.	<ul style="list-style-type: none"> - Strategic partner appointed to advise on sector changes and comms strategies & horizon scanning report to each Executive meeting - Reputational dashboard regularly reviewed by senior staff - Strategic approach to business intelligence through Corporate metrics dashboard
Revenue reduction if marketing and PR activity does not achieve Home/EU recruitment targets, or if strategies do not cause progression rates across undergraduate programs to rise in line with targets of Corporate Strategy.	<ul style="list-style-type: none"> - Financial modelling and scenario analysis over 5 year period reviewed annually - Incorporation of Analytics Technology into course review and interventions processes - Differentiated marketing campaigns for FT, PT & PG course offerings, and monthly reporting on applications cycle
Income growth expected from greater research and enterprise, activity and international recruitment does not materialise, leading to weakened financial position, and challenge to current investment plans.	<ul style="list-style-type: none"> - Routine R&E pipeline reports to Operations Board - Annual review of SBUEL strategy by NEDs - 2 tier forecasting approach to in year activity - KPI review of activity - Regular reporting of Visa Refusal rates
Loss of NHS contract relationships, leading to loss of income, staff and reputation.	<ul style="list-style-type: none"> - Named customer manager roles with Trusts & CCGs - Annual course quality review processes - Applicant support for Literacy & Numeracy requirements

Strategic Report

	-Development of BSc courses for general entry
Staff pension scheme deficit increases, leading to increased pressure on maintaining a defined staff cost % and challenge to achieving planned surplus.	<ul style="list-style-type: none"> - Participation in sector review activity - Strict control on early access - DC pension scheme for some staff - Annual FRS 17 valuation, utilising CPI inflator
Management Information is not meaningful, unreliable, or does not triangulate for internal decision or external reporting, leading to poor decision making, or external penalty.	<ul style="list-style-type: none"> - Data quality framework introduced - Systematic Internal Audit Reviews - Review of external returns by Business Intelligence unit - Cycle of training for staff on UKVI matters and process

Going Concern

Governors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

2014/15 has been a year of significant change, re-structuring and investment for future success. This, coupled with in year funding cuts has resulted in significant costs which were not accounted for in the original budget. Through sound financial management, a financial surplus of £1.2m has been delivered which is ahead of the approved budget surplus for the year of £1m.

A budget surplus of £1m has been approved for 2015/16, reflecting continued investment to ensure delivery of 2020 corporate strategic and financial outcomes. The next few years will remain challenging in financial terms and the levels of surplus are expected to remain lower than the recent past whilst we are in the process of investing for growth, delivering new income streams and improving retention and progression. This is entirely consistent with the University's financial model and approved five year forecasts.

Whilst financial performance is expected to remain challenging, the University will continue to deliver annual surpluses and generate positive cash inflows from operating activities. This, together with the current strong cash position (the University has £50.2m cash and bank deposits at 31 July 2015), supports the University's ambitious investment plans.

Public Benefit statement

The University is an exempt charity within the meaning of the Charities Act 2011 and is regulated by HEFCE on behalf of the Charity Commission.

The University has one "linked" exempt charity: the LSBU consolidated charitable fund for the welfare of students.

Charity Commission Guidance on Public Benefit

The members of the Board of Governors are the charitable trustees of the University. In undertaking its duties the Board of Governors has regard to the Charity Commission's guidance on public benefit.

Aims (Charitable Objects)

The charitable objects (under s.3 Charities Act 2011) of the University are to:

- conduct a university for the public benefit for the advancement of education, promotion of research and dissemination of knowledge;
- provide full time and part time courses of education at all levels; and
- provide facilities to promote these objects and provide associated support and welfare for students.

The University's objects are applied solely for the public benefit, as follows:

Strategic Report

The University advances education for the public benefit by:

- providing teaching to its students in the form of lectures, seminars, personal tuition and online resources;
- delivering many courses accredited by recognised professional bodies, both full and part time;
- setting and marking assessments and providing evidence of achievement by the awarding of degrees, diplomas and certificates.

The University promotes research and the dissemination of knowledge by:

- undertaking academic research and publishing the results;
- publishing articles in peer-reviewed journals;
- maintaining an academic library with access for students and academics.

The University provides associated support and welfare for students by:

- tutorial guidance, assessment and feedback;
- mentoring and coaching;
- providing student welfare and student accommodation;
- funding some individual students' education through bursaries and fee waivers;
- providing funds to London South Bank University Students' Union.

Beneficiaries

In carrying out its objects the University benefits the wider public, through research and knowledge transfer; and benefits its students and future students through teaching and learning activities.

The trustees affirm that the opportunity to benefit is not unreasonably restricted. The benefits of learning at London South Bank University are open to anyone who the University believes has the potential to succeed, irrespective of background or ability to pay tuition fees. Throughout its history LSBU has enabled wider access to education. The University's Strategy, 2015-2020 sets clear targets to focus on three key areas, all directly related to providing public benefit: student success; real world impact; and access to education.

Like other universities LSBU must charge tuition fees. However, maintenance grants are available to home full time undergraduates with restricted means who have applied for funding via Student Finance England. In addition, the University offers financial assistance in the form of scholarships, bursaries and charitable funds to students in need.

The University's curriculum is firmly rooted in professional courses supported by accreditation from professional, statutory and regulatory bodies that enhance employability and career success. 90% of graduates were in employment or further education six months after graduating (DLHE survey results 2013-14). Over 5,000 LSBU students are sponsored to study by their employers.

The University also contributes to the wider public benefit through the publication of research. The University performed well in the Research Excellence Framework, 2015, with the majority of its research graded as internationally excellent and recognised internationally.

The University sponsors two schools in the local area: the University Academy of Engineering South Bank which opened in September 2014; and a University Technical College which is due to open in September 2016. This community engagement aims to develop professional opportunities for students who have the ability to succeed and to enhance student success by preparing them for higher education.

Employment policy, diversity and training

During the year, the University has continued to roll out actions from its Equality, Diversity and Inclusion (EDI) Policy. We are committed to the promotion of equality, diversity and a supportive environment for all members of our community. In meeting the general duty, we strive to prevent and eliminate discrimination; promote fairness; and celebrate the diversity within our community. We aspire to be a truly inclusive organisation.

The recruitment and selection processes, together with programmes for employee engagement, communication and training are all designed to promote diversity and inclusion, irrespective of age, disability, sex, gender reassignment, marriage/civil partnership, pregnancy and maternity, race, religion or sexual orientation. To this end, LSBU delivered Unconscious Bias training, aimed towards staff and contractors who managed key decision-making processes in relation to appointing, selecting, training and/or teaching staff and students.

The University continues to meet the requirements of the “Two Ticks Positive about disability” Scheme, having demonstrated its commitment to the recruitment and retention of staff who have or become disabled during the course of their employment.

We are also Stonewall Diversity Champions and, in 2015, have again made a submission to their annual Workplace Equality Index (WEI) that measures and externally benchmarks our progress and commitment towards lesbian, gay, bisexual and trans (LGBT) equality. In addition, we are also Athena SWAN members and have signed up to the 10 Athena SWAN principles committing us to gender equality in academia. Through Athena SWAN, we will also explore opportunities to incorporate race equality data.

Two of our established staff networks were prominent at our inaugural Staff Conference in May 2015: Equinet, our staff network for black and minority ethnic employees; and SONET, our staff network for LGBT staff and allies. Following feedback from the Staff Census in November 2014, a third staff network – dNET – has been created for disabled employees.

The University places considerable value on the involvement of its employees and on good and effective communication with them. Staff are informed through regular meetings, emails and information on the University website, open staff forums, staff newsletters and magazines and other means. Staff are encouraged to participate in formal and informal consultation, through membership of formal Committees and informal working groups.

Disclosure of information to auditors

At the date of making this report each of the Governors, as set out on page 3, confirm the following:

- So far as each Governor is aware, there is no relevant information needed by the University’s auditors in connection with preparing their report of which the University’s auditors are unaware; and
- Each Governor has taken all the steps that he or she ought to take as a Governor in order to make him or herself aware of any relevant information needed by the University’s auditors in connection with preparing their report and to establish that the University’s auditors are aware of that information.

Auditor

A resolution to reappoint Grant Thornton UK LLP as auditor of the University will be proposed at the forthcoming Annual General Meeting.

Directors’ report

This Strategic Report also serves as the Directors’ Report for the purposes of the Companies Act 2006.

Approval

Approved by the Board of Governors and signed on behalf of the Board by:

Mr Jeremy Cope
Chair of the Board of Governors

Professor David Phoenix
Vice Chancellor and Chief Executive

Responsibilities of the Board of Governors

In accordance with the University's Articles of Association approved by the Privy Council, the Board of Governors is responsible for the effective stewardship of the University and Group and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the University and the Group and to enable it to ensure that the financial statements are prepared in accordance with the University's Articles of Association, the HEFCE Accounts Direction, the Statement of Recommended Practice on Accounting for Further and Higher Education, other relevant accounting standards and comply with the Companies Act 2006. In addition, within the terms and conditions of a Memorandum of Assurance and Accountability agreed between HEFCE and the Board of Governors of the University, the Board of Governors, through its Accounting Officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and the Group and of the surplus or deficit and cash flows of the Group for that year.

In preparing the financial statements, the Board of Governors has ensured that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed; and
- Financial statements are prepared on a going concern basis unless it is inappropriate to presume that the University will continue in operation.

The Board of Governors is satisfied that it has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Governors has taken reasonable steps to:

- Ensure that funds from HEFCE and other funding bodies are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- Ensure that there are appropriate financial management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the University and the Group and prevent and detect fraud; and
- Secure the economical, efficient and effective management of the University and Group's resources and expenditure.

Signed on behalf of the Board of Governors by:

Corporate Governance Statement

The following statement is given to assist readers of the financial statements in understanding the governance and legal structure of the University.

The University's Board of Governors is committed to maintaining the highest standards of corporate governance. In carrying out its duties it has regard to:

- The CUC Governance Code of Practice
- The UK Corporate Governance Code (where applicable)
- The seven principles of behaviour in public life
- The HEFCE Memorandum of Assurance and Accountability and the Audit Code of Practice
- The Directors' duties as set out in sections 170 – 177 of the Companies Act 2006
- The Charity Commission's Guidance on Public Benefit and its duties as charity trustees of compliance, prudence and care
- Other legislative requirements of corporate bodies
- The University's Articles of Association.

In September 2011, the University received a positive outcome from HEFCE's five yearly assurance review, undertaken in July 2011, which examined how the University exercises accountability for the public funding it receives.

The University's Internal Auditor's annual opinion on risk management, control and governance is that it is adequate and effective.

Governance and Legal Structure

London South Bank University is a company limited by guarantee and an exempt charity within the meaning of the Charities Act 2011. Its objects and powers are set out in its Articles of Association, which govern how the University is run.

The Articles provide the governance framework of the University and set out the key responsibilities of the Board of Governors and its powers to delegate to committees, the Vice Chancellor and the Academic Board.

Compliance with CUC Governance Code of Practice

Adopting the HEFCE Accounts Direction, 2014/15, the appropriate version of the CUC Governance Code of Practice is 2009. The Board has complied with all aspects of the CUC Code during the year under review, as demonstrated below.

Role of the Board of Governors

The University is headed by a Board of Governors which is collectively responsible for the strategic direction of the University, approval of major developments and creating an environment where the potential of all students is maximised.

All governors, when appointed, agree to abide by the standards of behaviour in public life. As the University is also a company, its governors comply with the directors' duties as set out in sections 170 – 177 of the Companies Act 2006 in addition to the duties of charity trustees when making decisions. Governors are unremunerated but may claim back reasonable expenses properly incurred in the discharge of their duties.

Corporate Governance Statement

During the year, the Board met five times (seven in 2013/14, five ordinary business meetings and two for the appointment and remuneration of the Vice Chancellor). In addition, the Board held two strategy days (two in 2013/14) allowing further time to discuss and debate longer-term strategic challenges for the University. All governors are expected to attend meetings and to contribute effectively. Attendance at meetings is recorded and monitored by the Chairman. In the year under review there was a 90% (2013/14: 87%) attendance rate at Board meetings.

The Board has agreed a Statement of Primary Responsibilities (on page 20), which is reviewed annually and published on the University's website.

The Board delegates day-to-day management of the University to the Vice Chancellor as Chief Executive Officer and Chief Academic Officer. The Vice Chancellor's delegated authority is set out in the Articles of Association. The Vice Chancellor is the designated officer in respect of the use of Funding Council funds.

As Chief Academic Officer, the Vice Chancellor is the Chairman of the Academic Board. The Academic Board is responsible for all academic affairs and subject to the overall responsibility of the Board of Governors for determining the educational character and mission of the institution.

Governors are reminded of their duty to exercise their responsibilities in the interests of the University as whole during their induction and throughout their term of office. The University maintains a register of interests of governors and the executive which is published on the University's website. New governors are required to complete a declaration on appointment and to inform the Secretary of any amendments to their entry. The register is reviewed annually by the Board who decide whether to authorise the declared interests. During the year under review, all declared interests were authorised by the Board. No conditions were attached to any of these interests. In addition, governors are asked at the opening of each Board and committee meeting to declare whether they have any interests in any matters on the agenda.

The University Court enhances the University's engagement with its key stakeholders. Although not a decision making body, the University Court plays an important advisory role in the development of the University through its wide membership of prominent and distinguished individuals. The University Court meets annually in the spring and helps the University build relationships with members and identify areas for collaboration for the benefit of students. The Court's annual meeting took place in the Clarence Centre for Enterprise and Innovation on 19 March 2015.

The University's Chancellor, Richard Farleigh, acts as the principal figurehead of the University and represents the University's interests externally. His role includes hosting the annual Court event, presiding at degree ceremonies and establishing relationships with the University's stakeholders.

Structure and Processes

The Board when fully complemented consists of 18 governors: 13 independent governors, the Vice Chancellor, two student governors and two academic staff members nominated by the Academic Board. Governors serving for the period are listed on pages 3. The Board determines the number and composition of the Board of Governors within parameters set by the University's Articles of Association.

In accordance with the Articles of Association the Board consisted of a majority of independent governors throughout the year and at all Board and committee meetings. All independent governors are external and independent of the University.

The appointment of independent governors to the Board is determined by the Nomination Committee and Appointments Committee, both chaired by the Chairman of the Board. A written description of the role and

Corporate Governance Statement

capabilities required of governors has been agreed by the Nomination Committee. Candidates are judged against the capabilities required and the balance of skills and experience currently on the Board. The balance of skills and experience of independent governors is kept continually under review by the Nomination Committee.

Each new governor is given an appropriate induction and encouraged to attend relevant external training. New governors are appointed to at least one committee.

Independent governors have the right to external, independent advice at the University's expense where necessary in order to fulfil their duties.

The Board of Governors is supported by the University Secretary and Clerk to the Board of Governors and his team. The Secretary provides advice on all matters of governance to the Chairman. The Secretary ensures that governors receive information in a timely manner and of sufficient quality to allow the Board to fulfil its duties.

The University publishes minutes of Board and its sub-committee meetings on its external website. Minutes are redacted when the wider interests of the University as a whole demands it and in the spirit of the Freedom of Information Act 2000.

Effectiveness and Performance Reviews

During the year an independent governance effectiveness review was carried out. The scope of the review covered the Board of Governors and its sub-committee, the Academic Board, and the Executive. The overall conclusion of the review was that "LSBU has sound governance structures and that there is little risk of major governance failings". As a result of the review the Board has implemented a new committee structure.

Committees

The Board operates through a number of committees which report to the Board at each of its meetings. All committees are formally constituted with appropriate terms of reference which are reviewed annually. Terms of reference and membership of each committee are available on the governance page of the University's website. All committees have a majority of independent governors, from whom its chair is drawn. The chairs of each committee are set out on page 21. The terms of reference of each committee complement the decision-making framework of the Matters Reserved to the Board, which the Board reviews annually.

Following the governance effectiveness review two new committees were established from May 2015:

- Finance, Planning and Resources
- Major Projects and Investments

The following committees were closed in May 2015:

- Policy and Resources Committee
- Educational Character Committee
- Human Resources Committee
- Property Committee

The following committees were in operation throughout the year:

- Audit Committee
- Nomination Committee
- Appointments Committee
- Remuneration Committee

Corporate Governance Statement

Board of Governors – Statement of Primary Responsibilities (approved by the Board at its meeting in May 2015)

1. To approve the educational character, mission and strategic vision of the institution, together with its long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate, personnel and health and safety management of the institution, and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution.
3. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
4. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
5. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself, and to carry out such reviews at appropriate intervals.
6. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
7. To safeguard and promote the good name and values of the institution.
8. To appoint the head of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
9. To appoint a secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
10. To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
11. To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
12. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
13. To make such provision as it thinks fit for the general welfare of students.
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution or its students.
15. To ensure that the institution's constitution is followed at all times and that appropriate advice to the Board is available to enable this to happen.

Corporate Governance Statement

This Statement of Primary Responsibilities does not replace the provisions of the University's Articles of Association. If the two conflict, the Articles shall prevail.

Key individuals

Position	Name	Date
Chair of the Board of Governors	Mr David Longbottom	until 31 July 2015
	Mr Jeremy Cope	from 1 August 2015
Joint Vice Chair of the Board of Governors	The Revd Canon Sarah Mullally DBE	until 31 March 2015
Joint Vice Chair of the Board of Governors	Mr Jeremy Cope	from 9 October 2014
Head of Institution (Vice Chancellor and Chief Executive)	Professor David Phoenix	
Chair of Policy and Resources Committee	The Revd Canon Sarah Mullally DBE	until 16 December 2014
	Mr Jeremy Cope	from 16 December 2014
Chair of Audit Committee	Mr Andrew Owen	until 9 July 2015
	Mr Steve Balmont	from 9 July 2015
Chair of Educational Character Committee	Mr Steve Balmont	until 14 May 2015
Chair of Human Resources Committee	Ms Anne Montgomery	until 31 March 2015
Chair of Property Committee	Mr Ken Dytor	until 31 March 2015
Chair of Nominations Committee	Mr David Longbottom	until 31 July 2015
	Mr Jeremy Cope	from 1 August 2015
Chair of Appointments Committee	Mr David Longbottom	until 31 July 2015
	Mr Jeremy Cope	from 1 August 2015
Chair of Remuneration Committee	Ms Diana Parker	until 31 March 2015
	Ms Mee Ling Ng	from 9 July 2015
Chair of Major Projects and Investment Committee	Mr Douglas Denham St Pinnock	from 9 July 2015
Chair of Finance, Planning and Resources Committee	Mr Andrew Owen	from 9 July 2015
University Secretary and Clerk to the Board of Governors	Mr James Stevenson	

Key individuals can be contacted through the office of the University Secretary and Clerk to the Board of Governors, Mr James Stevenson, at London South Bank University, 103 Borough Road, London SE1 0AA. Published documents are available on the governance section of the University website.

Statement on Internal Control

As the governing body of London South Bank University, we have responsibility for ensuring that there is a process for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives of the University, whilst safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the Articles of Association, and the Memorandum of Assurance and Accountability with HEFCE.

Corporate Governance Statement

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process linked to the achievement of institutional objectives and designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2015 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

As the governing body, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- We meet a minimum of seven times a year (including 2 strategy days) to consider the plans and strategic direction of the institution;
- The approach to internal control is risk based, including a regular evaluation of the likelihood and impact of risks becoming a reality;
- The Audit Committee provide oversight of the risk management process and comments on its effectiveness;
- We receive periodic reports from the chair of the Audit Committee concerning internal control and we require regular reports from managers on internal control activities and the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects;
- The Audit Committee receives regular quarterly reports from management;
- Internal audit is outsourced to an external provider. The Audit Committee receives regular reports from the internal auditor, which include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, governance and risk management processes, together with recommendations for improvement;
- The internal audit programme has been aligned with the University's corporate risk register;
- An organisation-wide register of key corporate risks is maintained, together with individual risk registers for each school and professional service group. Review procedures cover risk to achievement of strategic objectives, operational business matters, and regulatory compliance as well as financial risk;
- The Operations Board meets regularly to consider risk, assess the current exposure and keep up to date the record of key corporate risks facing the University;
- A network of risk champions exists to support risk management activity in all schools and professional service groups; Update training is provided as required to support delivery;
- Formal risk management and internal control procedures have been embedded within ongoing operations.

Our review of the effectiveness of the system of internal control is informed by internal audit, which operates to standards defined in the HEFCE Audit Code of Practice and which was last reviewed for effectiveness by the HEFCE Audit Service in July 2011. The internal auditors submit regular reports, which include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, governance and risk management processes, with recommendations for improvement.

Our review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The Corporate Governance and Internal Control statements were approved by the Board of Governors on 26 November 2015 and were signed on its behalf by:

Version 6 draft date 20th Oct 15

Mr Jeremy Cope
Chair of the Board of Governors

Professor David Phoenix
Vice Chancellor and Chief Executive

Independent auditors' report to the Board of Governors of London South Bank University

We have audited the financial statements of London South Bank University (the 'University') for the year ended 31 July 2015 which comprise the principal accounting policies, the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated statement of historical cost surpluses and deficits, the University and consolidated balance sheet, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governing Body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 124B (4) of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992. Our audit work has been undertaken so that we might state to the University's Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and its Governing Body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Board of Governors and auditor

As explained more fully in the Statement of Responsibilities set out on page 20-21, the Governing Body (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under the Companies Act 2006 and the Education Reform Act 1988 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and University's affairs as at 31 July 2015 and of its incoming resources and application of resources, including its income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinion on other matters prescribed by HEFCE's Financial Memorandum dated July 2010

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation; and
- funds provided by HEFCE have been applied in accordance with the funding council's Financial Memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from Branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Governing Body's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion, the Statement of Internal Control is inconsistent with our knowledge of the University.

Version 6 draft date 20th Oct 15

David Barnes
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
26 November 2015

London South Bank University

Consolidated Income and Expenditure Account Year ended 31 July 2015

		2015 £'000	2014 £'000
Income	Note		
Funding council grants	1	17,584	25,825
Academic fees and support grants	2	99,338	88,453
Research grants and contracts	3	2,358	2,255
Other operating income	4	21,182	17,890
Endowment income and interest receivable	5	311	331
		<hr/>	<hr/>
Total income		140,773	134,754
		<hr/>	<hr/>
Expenditure			
Staff costs	6	74,293	71,663
Depreciation	12	8,759	8,455
Other operating expenses	8	53,547	47,763
Interest payable	10	2,963	3,776
		<hr/>	<hr/>
Total expenditure		139,562	131,657
		<hr/>	<hr/>
Surplus for the year		1,211	3,097
		<hr/> <hr/>	<hr/> <hr/>

All activities consist of continuing operations.

Consolidated Statement of total recognised gains and losses Year ended 31 July 2015

		2015 £'000	2014 £'000
	Note		
Surplus for the year	21	1,211	3,097
Actuarial losses relating to pension scheme	23	(11,030)	(12,500)
Change in market value of endowment asset investments	25	6	7
		<hr/>	<hr/>
Total recognised losses relating to the financial year		(9,813)	(9,396)
		<hr/> <hr/>	<hr/> <hr/>
Opening reserves and endowments		73,681	83,077
Total recognised losses for the year		(9,812)	(9,396)
		<hr/>	<hr/>
Closing reserves and endowments		63,869	73,681
		<hr/> <hr/>	<hr/> <hr/>

Note of consolidated historical cost surplus Year ended 31 July 2015

		2015 £'000	2014 £'000
Reported surplus for the year	21	1,211	3,097
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	20	707	792
		<hr/>	<hr/>
Historical cost surplus for the year		1,918	3,889
		<hr/> <hr/>	<hr/> <hr/>

**Balance sheets
As at 31 July 2015**

		Consolidated		University	
		2015	2014	2015	2014
		£'000	£'000	£'000	£'000
Fixed assets	Note				
Tangible assets	12	174,219	176,532	174,219	176,532
Investments	13	38	38	38	38
		<u>174,257</u>	<u>176,570</u>	<u>174,257</u>	<u>176,570</u>
Endowment fixed assets					
Total Endowments	25	742	736	742	736
		<u>71</u>	<u>45</u>	<u>71</u>	<u>45</u>
Stocks					
Debtors	14	12,773	8,663	12,485	9,023
Bank Deposits		15,620	15,540	15,620	15,540
Cash at bank and in hand		34,552	37,492	34,422	36,526
		<u>63,016</u>	<u>61,740</u>	<u>62,598</u>	<u>61,134</u>
Creditors: amounts falling due within one year	15	(31,830)	(32,408)	(31,910)	(31,890)
Net current assets		<u>31,186</u>	<u>29,332</u>	<u>30,688</u>	<u>29,244</u>
Total assets less current liabilities		<u>206,185</u>	<u>206,638</u>	<u>205,687</u>	<u>206,550</u>
Creditors: amounts falling due after more than one year	16	(26,934)	(28,243)	(26,934)	(28,243)
Pension liability	18	(88,757)	(76,502)	(88,757)	(76,502)
Net assets		<u>90,494</u>	<u>101,893</u>	<u>89,996</u>	<u>101,805</u>
Deferred capital grants	19	26,626	28,212	26,626	28,212
Endowments					
Permanent	25	397	392	397	392
Expendable	25	345	344	345	344
		<u>742</u>	<u>736</u>	<u>742</u>	<u>736</u>
Capital and reserves					
Income & expenditure account excluding pension reserve	21	123,190	120,047	122,692	119,959
Pension reserve	21	(88,757)	(76,502)	(88,757)	(76,502)
		<u>34,433</u>	<u>43,545</u>	<u>33,935</u>	<u>43,457</u>
Income and expenditure account including pension reserve					
Revaluation reserves	20	28,693	29,400	28,693	29,400
Total		<u>90,494</u>	<u>101,893</u>	<u>89,996</u>	<u>101,805</u>

These financial statements were approved by the Board of Governors on 26 November 2015 and were signed and authorised on their behalf by:

London South Bank University

Consolidated Cash Flow Statement Year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Net cash inflow from operating activities	28	6,067	6,038
Returns on investments and servicing of finance	29	(1,062)	(1,103)
Capital expenditure and financial investment	30	(6,524)	(10,744)
Net cash outflow before management of liquid resources and financing		(1,519)	(5,809)
Management of liquid resources	31	(80)	(10,334)
Financing	32	(1,341)	(1,115)
Decrease in cash	33	(2,940)	(17,258)
Reconciliation of net cash flow to movement in net funds			
Decrease in cash	33	(2,940)	(17,258)
Cash outflow from liquid resources	31	80	10,334
Net decrease in debt	34	1,349	1,470
Change in net funds		(1,511)	(5,454)
Net funds at 1 August	33	23,507	28,961
Net funds at 31 July	33	21,996	23,507

Principal Accounting Policies

The following principal accounting policies have been applied consistently in both the current and prior year in dealing with items which are considered material in relation to the Group's financial statements.

Basis of preparation

The financial statements are prepared under the historical cost convention, modified by the inclusion of certain properties at valuation and the revaluation of endowment assets, in accordance with the Companies Act 2006 and with the Statement of Recommended Practice (SORP) for Further and Higher Education 2007, and in accordance with applicable accounting standards and HEFCE's Accounts Direction. The financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in operation. The Board is satisfied that the Group has adequate resources to continue in operation for the foreseeable future, as described in more detail on page 13 of these accounts. For this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

Consolidation of accounts

The consolidated financial statements incorporate the financial statements of the University and its subsidiary undertaking South Bank University Enterprises Limited (SBUEL). Following a change to the constitution of the London South Bank University Students' Union (LSBUSU) from August 2012, the University no longer exercises control over the LSBUSU and therefore took the decision to cease consolidating the accounts of LSBUSU within these financial statements. The University sponsors an Academy, University Academy of Engineering South Bank and a University Technical College, Southbank Engineering UTC Trust. Although the University has representation on the Board of Trustees and Governing Bodies of both schools, the Trustees and Governors act for the school and not the University. Furthermore, if either school were to fail, the University would not receive its assets or reserves. Therefore the Accounts of the Academy and the UTC are not consolidated into the University Accounts. Consolidation of subsidiaries is based on the equity method.

Principal Accounting Policies

Income recognition

Recurrent funding council block grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for as gross expenditure and not deducted from income.

Income from research grants, contracts and other services rendered is included when conditions attaching to its receipt have been met. Contributions towards overhead costs are aligned with expenditure and recognised based on expenditure to date.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Income from the sale of goods and services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowments, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus. Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, debiting or crediting the endowment fund and is reported in the statement of total recognised gains and losses.

Tangible fixed assets

Upon implementation of FRS 15 'Tangible Fixed Assets', the University opted to include assets in its books at historical cost/revalued amount at the date of introduction of the FRS. Properties are not carried under the valuation method and therefore regular revaluation of assets are not undertaken by the University.

Freehold land and buildings, long leasehold and short leasehold premises are included in the accounts at cost or valuation together with subsequent refurbishment expenditure, less amounts written off by way of depreciation. Freehold land is not depreciated. Finance costs that are directly attributable to the construction of land and buildings are not capitalised.

Assets in the course of construction are accounted for at cost, based on the value of Quantity Surveyors' certificates and other direct costs incurred to the end of the year. They are not depreciated until they are brought into use.

Equipment costing less than £10,000 per individual item or group of items is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	2% per annum
Long leaseholds	Period of lease
Short leaseholds	Period of lease
Building improvements	6.7% per annum
IT equipment	25% per annum

Principal Accounting Policies

Other equipment and motor vehicles	20% per annum
Furniture	6.7% per annum

At each financial year end the carrying amounts of tangible assets are reviewed to determine whether there is any indication that those assets have suffered a diminution in value. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value and its value in use, is estimated in order to determine the extent of the impairment loss.

Investments

Investments in subsidiaries and associated undertakings are shown in the University's balance sheet at cost less any provision for impairment in their value. Endowment Asset Investments are included in the balance sheet at market value.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Pension costs

The University contributes to the Teachers' Pensions Scheme (England and Wales), the London Pension Fund Authority Pension Fund (LPFAPF) and the Universities Superannuation Scheme (USS). These schemes are administered by Teachers' Pensions (on behalf of the Department for Education), the London Pension Fund Authority and USS Ltd respectively and are all of the defined benefit type. The costs in relation to these schemes are accounted for in accordance with FRS 17 (Retirement benefits).

Where the University is unable to identify its share of the underlying assets and liabilities in a scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme, so that the cost is equal to the total of contributions payable in the year.

For other defined benefit schemes, the assets of each scheme are measured at fair value, and the liabilities are measured on an actuarial basis using the projected unit method and discounted at an appropriate rate of return. The University's share of the surplus or deficit of the scheme is recognised as an asset or liability on the balance sheet. The current service cost, being the actuarially determined present value of the pension benefits earned by employees in the current period, and the past service cost are included within staff costs. Endowment and investment income includes the net of the expected return on assets, being the actuarial forecast of total return on the assets of the scheme, and the interest cost being the notional interest cost arising from unwinding the discount on the scheme liabilities. All changes in the pension surplus or deficit due to changes in actuarial assumptions or differences between actuarial forecasts and the actual out-turn are reported in the statement of total recognised gains and losses.

Taxation status

The University is an exempt charity within the meaning of part 3 of the Charities Act 2011, and as such is a 'charity' within the meaning of Section 467 of the Corporation Tax Act (CTA) 2010. Accordingly the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 478 of the CTA 2010 and Section 256C of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

The University's subsidiary company SBUEL is subject to corporation tax and is therefore required to account for deferred tax and current tax.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

Principal Accounting Policies

Agency arrangements

Funds the institution receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the institution where the institution is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term. Finance leases, which substantially transfer all the benefits and risks of ownership of an asset to the institution, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance lease are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Maintenance

Maintenance expenditure is charged to the consolidated income and expenditure account in the period in which it is incurred. Refurbishment expenditure on a property is deemed to be of a capital nature if it either enhances the property's operational capabilities, or if it significantly upgrades the mechanical or electrical infrastructure of that property. To the extent that the expenditure is of a capital nature, it is capitalised and written off over its useful economic life. Refurbishment expenditure that does not meet either of these criteria is treated as maintenance expenditure.

Reserves

Designated reserves represent retained reserves generated by activities not funded by the HEFCE. Any surplus or deficit for the year is transferred from the income and expenditure reserve to designated reserves. Where fixed assets were revalued prior to the implementation of FRS 15, the gain or loss on revaluation was credited or debited to the capital reserve. Where depreciation on the revalued amount exceeds the corresponding depreciation based on historical cost, the excess is transferred annually from the capital reserve to the income and expenditure reserve. The pension reserve represents the pension liability in respect of the defined benefit pension schemes (see note 23).

Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within twenty-four hours without penalty. Liquid resources comprise of assets, which in normal practice are generally convertible to cash. They include term deposits held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

Financial Instruments

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and it is intended either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year-end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; the

Principal Accounting Policies

amount of the obligation cannot be measured with sufficient reliability. Contingent assets are disclosed by way of a note, where there is probable, rather than a present asset arising from a past event.

Charitable donations

Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Endowment funds

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

1. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution. These are shown as unrestricted permanent endowments in the balance sheet.
2. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income. These are shown as restricted expendable endowments in the balance sheet if the donation is to be retained for more than two years, and as deferred income within creditors due within one year if the donation is to be fully expended within two years.
3. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective. These are shown as restricted permanent endowments in the balance sheet.

Total return on investment for permanent endowments

Total return is the whole of the investment return received by the institution on the permanent endowment funds regardless of how it has arisen. The total return, less any part of the return which has previously been applied for the purposes of the institution, remains in the unapplied total return fund. This fund remains part of the permanent endowment until such time as a transfer is made to the income and expenditure account.

Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

Gifts in kind, including donated tangible fixed assets

Gifts in kind are included in 'other income' or 'deferred capital grants' as appropriate using a reasonable estimate of their gross value or the amount actually realised.

London South Bank University

Notes to the accounts Year ended 31 July 2015

1. Funding council grants	2015	2014
	£'000	£'000
HEFCE recurrent grant	14,811	22,102
HEFCE Non recurrent grants	808	808
Specific grants		
Pension liabilities	334	244
Teaching Agency grant	45	689
Deferred capital grants released (note 19)	1,586	1,982
	<u>17,584</u>	<u>25,825</u>
	<u><u>17,584</u></u>	<u><u>25,825</u></u>
2. Academic fees and support grants	2015	2014
	£'000	£'000
Full-time home and EU students	51,716	43,871
Full-time international students	10,258	8,067
Part-time students	9,747	8,606
Other courses	757	721
Strategic Health Authority education contracts	26,860	27,188
	<u>99,338</u>	<u>88,453</u>
	<u><u>99,338</u></u>	<u><u>88,453</u></u>
3. Research grants and contracts	2015	2014
	£'000	£'000
Research councils	751	689
UK based charities	338	310
European Commission	196	295
Other grants and contracts	777	678
Knowledge Transfer Partnerships	296	283
	<u>2,358</u>	<u>2,255</u>
	<u><u>2,358</u></u>	<u><u>2,255</u></u>
4. Other operating income	2015	2014
	£'000	£'000
Residence and catering income	10,418	9,626
Other income	10,764	8,264
	<u>21,182</u>	<u>17,890</u>
	<u><u>21,182</u></u>	<u><u>17,890</u></u>
5. Endowment income and investment income	2015	2014
	£'000	£'000
Income from permanent endowments	11	12
Income from expendable endowments	13	14
Interest receivable	287	305
	<u>311</u>	<u>331</u>
	<u><u>311</u></u>	<u><u>331</u></u>

London South Bank University

Notes to the accounts Year ended 31 July 2015

6. Staff - consolidated	2015	2014
Average staff numbers by major category:	No.	No.
Academic staff	499	491
Part time teaching staff	281	276
Student support staff	122	124
Other support staff	467	479
	<u>1,369</u>	<u>1,370</u>
	2015	2014
Costs:	£'000	£'000
Wages and salaries	59,824	58,276
Social security costs	4,958	5,065
Employers' pension contributions	9,511	8,322
	<u>74,293</u>	<u>71,663</u>

Staff costs for the year include costs arising from redundancies of £3.61m (2014: £1.3m).

7. Remuneration of Board of Governors and Higher-Paid employees

A. Governors

The University's governors do not receive remuneration from the University in their capacity as governors.

The salaries and pension contributions below therefore relate entirely to staff governors and to sums received by them in their capacity as employees of the University.

	2015	2014
	£'000	£'000
Salaries	383	378
Pension contributions	53	41
	<u>436</u>	<u>419</u>

Governors, who are also all trustees, are paid expenses for attending meetings and duties directly related to their duties as trustees. In 2015 six trustees were paid total expenses of £6,253 (2014: five trustees were paid total expenses of £3,897) for travel and subsistence.

London South Bank University

Notes to the accounts Year ended 31 July 2015

B. Higher paid employees

Certain employees received remuneration (excluding pension contributions) in excess of £100,000 during the Year. Eight of these employees accrued benefits under defined benefit pension schemes during the year (2014:8). These employees are grouped as follows:

	2015 No.	2014 No.
£100,000 to £109,999	1	2
£110,000 to £119,999	1	3
£120,000 to £129,999	1	-
£130,000 to £139,000	2	3
£140,000 to £149,999	1	1
£150,000 to £159,999	1	-
£160,000 to £169,999	-	1
£240,000 to £249,999	1	-
	8	10

C. Remuneration of the Vice Chancellor

	2015 £'000	2014 £'000
Salary and taxable benefits	242	247
Pension Scheme Contributions	31	20
	273	267

All remuneration was to the current Vice Chancellor, Professor David Phoenix. The Vice Chancellor is the highest paid Governor. The Vice Chancellor is a member of the Teachers' Pension Scheme. The nature of the scheme means it is not possible to ascertain the amount of his accrued pension at the year end.

8. Other operating expenses	2015 £'000	2014 £'000
Academic	11,076	11,487
Academic support	12,316	5,845
Other support	6,706	5,668
Premises	14,812	16,912
Residence and catering	3,697	1,758
Other expenses	4,940	6,093
	53,547	47,763

Group other operating expenses are stated after charging:

	2015 £'000	2014 £'000
Auditors' remuneration		
<i>External audit</i> Grant Thornton UK LLP*	54	49
<i>Internal audit**</i> PricewaterhouseCoopers LLP	91	98
<i>Other services**</i> Grant Thornton UK LLP	5	3

London South Bank University

Notes to the accounts Year ended 31 July 2015

Rentals under operating leases	Plant and machinery	119	356
Loss on disposal of fixed assets		70	50
		<u>189</u>	<u>406</u>

* Includes £50,154 attributable to the University (2014: £44,714)

** All attributable to the University

9. Taxation

A deferred tax asset has not been recognised in respect of timing differences relating to capital allowances and trading losses as there is insufficient evidence that the asset will be recovered.

The amount of the asset not recognised is **£XXX** (2014: £24,147). The asset would be recovered if suitable taxable profits were to arise in the future against which the asset could be offset.

	2015	2014
	£'000	£'000
10. Interest payable		
Loans not wholly repayable within five years	1,372	1,423
Unwinding of discount in respect of pension liability less expected return on pension assets (see note 18)	1,590	2,341
Finance leases	1	12
	<u>2,963</u>	<u>3,776</u>

11. Surplus of parent company

The income and expenditure account of the parent company (London South Bank University) has not been presented as part of these accounts. This dispensation is allowed under section 408 of the Companies Act 2006. The surplus, after depreciation of assets at valuation, of London South Bank University was £0.8m (2014: £3.1m).

London South Bank University

Notes to the accounts Year ended 31 July 2015

12. Tangible fixed assets (University and Consolidated)

	Equipment, Furniture and Motor Vehicles		Land and buildings		Assets in Course of Construction	Total £'000
	Freehold £'000	£'000	Long Leasehold £'000	Short Leasehold £'000		
Cost or Valuation						
At 1 August 2014	40,681	177,725	47,281	52	9,545	275,284
Additions	25	4	-	-	6,495	6,524
Disposals	(225)	(1,666)	(48)	(8)	-	(1,947)
Transfers	1,673	472	-	-	(2,152)	(7)
At 31 July 2015	42,154	176,535	47,233	44	13,888	279,854
Depreciation						
At 1 August 2014	(27,418)	(45,760)	(25,529)	(45)	-	(98,752)
Charge for the year	(3,063)	(4,403)	(1,293)	-	-	(8,759)
Disposals	175	1,652	41	8	-	1,876
At 31 July 2015	(30,306)	(48,511)	(26,781)	(37)	-	(105,635)
Net book value						
At 31 July 2015	11,848	128,024	20,452	7	13,888	174,219
At 31 July 2014	13,263	131,965	21,752	7	9,545	176,532

If the land and buildings detailed above had not been revalued, tangible fixed assets would have been included in these financial statements at 31 July 2015 at the following amounts:

	Equipment, Furniture and Motor Vehicles		Land and buildings		Assets in Course of Construction	Total £'000
	Freehold £'000	£'000	Long Leasehold £'000	Short Leasehold £'000		
Cost	40,681	97,325	24,807	44	13,888	176,745
Depreciation	(27,418)	(28,620)	(16,886)	(37)	-	(72,961)
Net book value	13,263	68,705	7,921	7	13,888	103,784

London South Bank University

Notes to the accounts Year ended 31 July 2015

Assets held under Finance Leases

Consolidated and University equipment, furniture and motor vehicles include assets held under finance leases as follows:

	2015 £000	2014 £000
Cost	2,863	2,870
Accumulated depreciation	(2,863)	(2,815)
Net book value	-	55
Depreciation charge for the year	47	192

13. Investments

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
CVCP Properties plc	38	38	38	38

The University holds 9% of the £1 ordinary shares of CVCP Properties plc. The principal activity of the company is leasing of buildings, with the majority of tenants being Higher Education Organisations.

Details of the companies, all incorporated in England and Wales, in which London South Bank University holds directly or indirectly more than 20% of the nominal value of any class of share capital are as follows:

South Bank University Enterprises Limited

The University holds 100% of the £1 ordinary shares of South Bank University Enterprises Limited (SBUEL), which was formed in order to take over the commercial aspects of the University's activities. 5 of these shares have been held since 5 February 1988 with a further 5 issued on 19 July 2012.

London Knowledge Innovation Centre Limited

SBUEL holds 50% of the issued £1 shares of London Knowledge Innovation Centre Limited (LKIC), a company formed to provide serviced office space and other services to start-up companies but now dormant. The share of the net assets and profit/(loss) of LKIC have not been included in the consolidated accounts as they are immaterial. The profit/(loss) and net assets of LKIC were both £nil for the period ended 31 July 2015 (2014: £nil).

Other investments

All other investments represent less than 20% of the issued share capital in each case and are therefore not individually disclosed.

London South Bank University

Notes to the accounts Year ended 31 July 2015

14. Debtors: amounts falling due within one year	Consolidated		University	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade debtors	9,577	5,284	9,574	5,430
Amounts owed by group undertakings	-	-	-	554
Other debtors	264	271	262	198
Prepayments & accrued income	2,582	2,758	2,299	2,491
Total debtors due within one year	12,423	8,313	12,135	8,673
Debtors: amounts falling due after one year: amounts owed by related parties (note 24)	350	350	350	350
Total Debtors	12,773	8,663	12,485	9,023

15. Creditors: amounts falling due within one year	Consolidated		University	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Bank and other loans	1,309	1,294	1,309	1,293
Obligations under finance leases	-	55	-	55
Trade creditors	993	1,997	993	1,997
Amounts owed to group undertakings	-	-	458	-
Other creditors	1,175	957	1,081	892
Social security and other taxation payable	1,319	1,354	1,319	1,354
Accruals and deferred income	27,034	26,751	26,750	26,299
Total	31,830	32,408	31,910	31,890

16. Creditors: Amounts falling due after more than one year	Consolidated and University	
	2015 £'000	2014 £'000
Bank and other loans	26,934	28,243
Total	26,934	28,243

17. Borrowings	Consolidated and University	
	2015 £'000	2014 £'000
Bank loans and finance leases are repayable as follows:		
Due in less than one year (note 15)	1,309	1,349
Due between one and two years	1,325	1,309
Due between two and five years	4,097	4,039
Due after five years	21,512	22,895
Total due after one year (note 16)	26,934	28,243
Total	28,243	29,592

London South Bank University

Notes to the accounts Year ended 31 July 2015

Details of bank loans:

The loan from Allied Irish Bank (GB) in respect of the Dante Road hall of residence is repayable over 26.5 years to 2027. The amount outstanding at 31 July 2015 was £4.623 million (2014: £5.000 million). The loan bears interest at a rate of 6.67% per annum. The loan is secured on the property to which it relates.

There is a loan facility from Barclays Bank of £37 million, secured on David Bomberg House halls of residences. Within the facility, the following balances are outstanding at 31 July 2015:

An amount of £5.130 million in respect of David Bomberg House was outstanding at 31 July 2015 (2014: £5.441 million). This borrowing is repayable over 25 years to 2032 and bears interest at a fixed rate of 5.67% per annum.

A further £21.830 million of the Barclays facility was drawn down to finance the K2 building. Of this amount, £18,290 million was outstanding at 31 July 2014 as follows: £5.000m (2014: £5.000m) is interest-only, repayable in April 2029, and bears interest at a fixed rate of 5.25% per annum; £8.316m (2014: £8.625m) is repayable over 23.25 years to 2032 and bears interest at a fixed rate of 5.54% per annum, and £4.974 (2014: £5.271m) is repayable over 23 years to 2032 and bears interest at a variable rate of 0.225% above LIBOR per annum.

18. Pension liability

The pension liability has been measured in accordance with the requirements of FRS 17 and relates to the London Pension Fund Authority pension scheme (LPFA).

	Consolidated and University	
	2015	2014
	£'000	£'000
Balance at 1 August	76,502	62,211
Current service cost	4,843	4,228
Settlements and curtailments	304	104
Contributions	(5,512)	(4,882)
Other finance cost (note 23)	1,590	2,341
Actuarial losses recognised in STRGL (note 23)	11,030	12,500
Balance at 31 July	88,757	76,502

19. Deferred capital grants

	Consolidated and University		
	Land and buildings	Equipment	Total
	£'000	£'000	£'000
Balance at 1 August 2014	26,944	1,268	28,212
Release to income and expenditure account (note 1)	(1,254)	(332)	(1,586)
Balance at 31 July 2015	25,690	936	26,626

London South Bank University

Notes to the accounts Year ended 31 July 2015

20. Revaluation reserves	Consolidated and University	
	2015	2014
	£'000	£'000
Balance at 1 August	29,400	30,192
Transfer to income & expenditure reserves being excess depreciation on revalued assets (note 20)	(707)	(792)
Balance at 31 July	<u>28,693</u>	<u>29,400</u>
21. Income and expenditure account	Consolidated	University
	2015	2015
	£'000	£'000
Reserve		
Balance at 1 August 2014	120,047	119,959
Surplus for the year	1,211	801
Transfer from revaluation reserve (note 20)	707	707
Net FRS 17 pension costs transferred to pension reserve	1,225	1,225
Balance at 31 July 2015	<u>123,190</u>	<u>122,692</u>
Pension reserve		
Balance at 1 August 2014	(76,502)	(76,502)
Actuarial loss	(11,030)	(11,030)
Net FRS 17 pension costs transferred from income and expenditure reserve	(1,225)	(1,225)
Balance at 31 July 2015	<u>(88,757)</u>	<u>(88,757)</u>

22. Designated reserves

The income and expenditure account of the Group does not include any amounts which are designated reserves. (2014: £nil).

23. Pension arrangements

The University participates in the Teachers Pension Scheme (TPS) and the Universities Superannuation Scheme Limited (USS) for academic employees and the London Pension Fund Authority (LPFA) Pension Fund for non-academic employees.

A. The Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales including teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers or lecturers and from 1 January 2007 automatic too for teachers or lecturers in part-time employment following appointment or change of contract. Teachers and lecturers are able to opt out of the TPS.

Retirement and other pension benefits are provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Teachers' contributions are credited to the Exchequer under arrangements governed by the above act. The Teachers' Pension Regulations require that an annual account, the Teachers' Budgeting and Valuation Account, be kept of receipts and expenditure, including the cost of pension increases.

London South Bank University

Notes to the accounts Year ended 31 July 2015

From 1 April 2001, the account has been credited with a real rate of return of 3.5%, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The contribution rate paid into the TPS is in two parts: a standard contribution rate plus a supplementary contribution payable if, as a result of actuarial investigation, it is found that accumulated liabilities of the Account are not fully covered by the standard contribution to be paid in the future plus the notional fund built up from past contributions.

The last valuation of the TPS was as of 31 March 2012 and revealed that total liabilities in the scheme (pensions currently in payment and estimated cost of future benefits) amounted to £191.5 billion. The value of the assets (estimated future contributions together with the proceeds of notional investments) amounted to £176.6 billion, giving a notional past service deficit of £15.0 billion. The assumed real rate of return is 3%, pension increases 2% and long term salary growth 4.75% (2.75% pa in excess of assumed CPI).

The employer contribution rate in respect of the period 1 September 2015 to 31 March 2019 will be 16.4% and the next revision to the employer rate is not expected until 1 April 2019, following the next valuation which is due on 31 March 2016. From April 2015 employees paid tiered contribution rates which ranged from 7.4% - 11.7%, depending on earnings.

At 31/7/15 the University had 1,027 active members participating in the scheme. During the year contributions were paid by the University and charged to the Income and Expenditure account at a current rate of 14.1% (2014: 14.1%) of salaries and the University's contribution to the TPS for 2015 was £3,574,565 (2014: £3,590,765).

Under the definitions set out in FRS 17 'Retirement Benefits', the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has accounted for its contributions as if it were a defined contribution scheme.

B. The Universities Superannuation Scheme

The company participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The company is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014: 16%). The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The 2014 valuation has recently been finalised and the audit process is in progress. Therefore the latest available audited triennial actuarial valuation of the scheme was at 31 March 2011 ("the valuation date"), which was carried out using the projected unit method. The 2014 valuation indicates that employer contributions will increase to 18% from 1 April 2016.

The 2011 valuation was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £32.4 billion and the value of the scheme's technical provisions was £35.3 billion indicating a shortfall of £2.9 billion. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

London South Bank University

Notes to the accounts Year ended 31 July 2015

The Financial Assumptions of that Valuation are as follows:

	2015	2014
Discount Rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

At 31/7/15 the University had 51 active members participating in the scheme. The total cost charged to the income and expenditure account is £461,367 (2014: £414,047). The scheme has tiered employer contribution rates of between 6% and 9% depending on employee earnings.

C. The London Pension Fund

The London Pension Fund Authority (LPFA) provides members with benefits related to pay and service at rates which are defined under the Local Government Pensions Scheme Regulations 1997. To finance these benefits, assets are accumulated in the Fund and held separately from the assets of the University.

A full triennial valuation was carried out by the scheme's actuary Barnett Waddingham as at 31 March 2013 with the valuation results taking into account changes to the scheme from 1 April 2014. The results showed the market value of the Fund's assets attributable to the University as £92.17m. The actuarial value of those assets represented 69% of the value of the benefits that have accrued to the University's pensioners, deferred pensioners and current members based upon past service but allowing for assumed pay increases and pension increases. Employer contribution rates effective from 1 April 2014 are 15.2% of pensionable salaries to cover the cost of future service plus a past service adjustment expressed as a lump sum to clear the deficit over a recovery deficit period of 17 years. During 2014/15 this lump sum payment amounted to £1,417,704.

Pension costs under FRS 17

For accounting purposes the scheme's assets are measured at market value and liabilities are valued using the projected unit method and discounted using the annualised yield on the iBoxx AA rated over 15 year corporate bond index. The valuation uses market-based assumptions and asset valuations, and represents a current valuation. It does not impact on the contribution rates set by the trustees of the scheme. The principal assumptions used by the actuary were:

	31 July 2015 % per annum	31 July 2014 % per annum
Salary increases	4.4%	4.5
Pension and price increases	2.6%	2.7
Discount rate	3.8%	4.2

Employees retiring on or after 6 April 2006 are permitted to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension.

On the advice of our actuaries we have assumed that members will exchange half of their commutable pension for cash at retirements. In calculating the scheme assets and liabilities, the fund's actuaries had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes but it is possible that actual outcomes will differ from those included in the accounts. Any differences between expected and actual outcomes are reported through experience gains and losses.

London South Bank University

Notes to the accounts Year ended 31 July 2015

Life expectancy

Post-retirement mortality is based on Club Vita analysis. These base tables are then projected using the CMI 2012 model, allowing for a long term rate of improvement of 1.5% per annum. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	Males Years	Females Years
Current pensioners	21.9	25.1
Future pensioners	24.3	27.3

Fund assets

For the year ending 31 July 2015 a single expected rate of return of 5.8% has been used to determine the income and expenditure charge for the year. Comparative figures for the year ending 31 July 2014 show the expected returns based on the long-term future expected investment return for each asset class as at the beginning of that period as follows:

	Expected rate of return at 31 July 2015	Fair value as at 31 July 2015 £'000	Expected rate of return at 31 July 2014	Fair value as at 31 July 2014 £'000
Equities	5.8%	46,573	6.7%	44,008
Target return portfolio	5.8%	20,464	6.1%	28,644
Cash	5.8%	13,833	3.2%	13,803
Cashflow matching	5.8%	15,229	3.4%	6,116
Infrastructure	5.8%	5,655	6.3%	3,343
Commodities	5.8%	473	6.1%	1,067
Property	5.8%	3,307	5.6%	2,745
Total fair value of assets		<u>105,534</u>		<u>99,726</u>

Net pension liability

The following amounts at 31 July related to London South Bank University measured in accordance with the requirements of FRS 17:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Fair value of Employer Assets	105,534	99,726	96,319	80,635	78,471
Present value of funded obligations	(182,439)	(164,260)	(146,774)	(143,181)	(121,971)
Net underfunding in funded plans	(76,905)	(64,534)	(50,455)	(62,546)	(43,500)
Present value of unfunded obligations	(11,852)	(11,968)	(11,756)	(12,118)	(11,840)
Net Pension Liability	<u>(88,757)</u>	<u>(76,502)</u>	<u>(62,211)</u>	<u>(74,664)</u>	<u>(55,340)</u>

The movement for the year in the net pension liability is shown in note 18.

London South Bank University

Notes to the accounts Year ended 31 July 2015

Analysis of the amount included in staff costs for the year

	2015 £'000	2014 £'000
Current service cost	4,843	4,228
Curtailments and settlements	304	104
Enhancements to former employees (recoverable in full from HEFCE (note 1))	334	249
Total operating charge	<u>5,481</u>	<u>4,581</u>

Analysis of the amount included in interest payable for the year

	2015 £'000	2014 £'000
Expected return on pension scheme assets	(5,810)	(5,209)
Interest on pension scheme liabilities	7,400	7,550
Net charge	<u>1,590</u>	<u>2,341</u>

Analysis of the amount recognised in STRGL

	2015 £'000	2014 £'000
Actual return less expected return on pension scheme assets	(1,438)	(2,910)
Experience gains and losses	493	10,002
Changes in assumptions underlying the present value of scheme liabilities	(10,085)	(19,592)
Actuarial losses recognised in STRGL	<u>(11,030)</u>	<u>(12,500)</u>

Analysis of movement in the present value of scheme liabilities

	2015 £'000	2014 £'000
At 1 August	176,278	158,530
Current service cost	4,843	4,228
Interest cost	7,400	7,550
Actuarial losses	9,592	9,590
Losses on curtailments	304	104
Benefits paid	(4,963)	(4,248)
Contributions by scheme participants	1,475	1,323
Unfunded pension payments	(638)	(849)
At 31 July	<u>194,291</u>	<u>176,228</u>

London South Bank University

Notes to the accounts Year ended 31 July 2015

	2015	2014
	£'000	£'000
Analysis of movement in the fair value of scheme assets		
At 1 August	99,776	96,319
Expected return on scheme assets	5,810	5,209
Actuarial (losses)/gains	(1,438)	(2,910)
Contributions by employer	4,874	4,033
Contributions by scheme participants	1,475	1,323
Benefits paid	(4,963)	(4,248)
	<hr/>	<hr/>
At 31 July	105,534	99,726
	<hr/> <hr/>	<hr/> <hr/>

The projected pension expense for the year to 31 July 2015 is £8,761,000 (2014: £6,141,000)

Experience gains & losses in year

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Difference between the actual and expected return on pension scheme assets	(1,438)	(2,910)	11,058	(4,000)	1,206
Experience gains and losses arising on scheme liabilities	493	10,002	(237)	(374)	12,593

Sensitivity Analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	190,804	194,291	197,846
Projected service cost	5,142	5,254	5,369
Adjustment to mortality age rating assumption	+1 Year	None	- 1 Year
Present Value of total obligation	190,804	194,291	197,846
Projected service cost	5,388	5,254	5,123

D. London South Bank University Defined Contribution Scheme.

The University provides a defined contribution pension scheme through Friends Life for employees of London South Bank University Enterprises Limited (SBUEL). At 31/7/15 the University had 9 members participating in the scheme. The University's contribution to the Friends Life scheme for 2015 was £52,031 (2014: £22,750) and employers contribution rates ranged from 6%-9%. Pension contributions payable at 31 July 2015 were nil (2014: nil)

London South Bank University

Notes to the accounts Year ended 31 July 2015

24. Related party disclosures

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is possible that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

During the year the University paid £5,616 in respect of recruitment fees to Robert Walters Plc, a company for which a member of the Board was a director during the year. During the year the University paid £6,750 in respect of hire of sports pitches and £4,606 in respect of research costs to Kings College, London, a University for which a member of its board was a visiting professor during the year.

The accounts of SBUEL, a wholly owned subsidiary, are consolidated into these accounts and therefore the University has taken exemption under FRS 8 not to disclose transactions between the SBUEL and the University. There were no transactions during the year between London Knowledge Innovation Centre Limited (LKIC) or CVCP Properties PLC and the University.

During the year the LSBU Students' Union received financial support from the University of £727,000, net of services provided by the University. The President of the LSBU Students' Union is a member of the Board of Governors. The balance between the two parties at the year-end was £nil.

The Vice Chancellor of the University is a member of the University Academy of Engineering South Bank (UAESB) and the University is a member of South Bank Engineering UTC, both of which the University sponsors. During the year UAESB paid the University £8,778 in reimbursement of actual expenses incurred on behalf of the Academy. During the year the UTC paid the University £47,182 in reimbursement of actual expenses incurred on behalf of the UTC. The balance between the University and both the UAESB and the UTC at the year-end was £nil.

The Vice Chancellor of the University, Professor David Phoenix received an interest free loan in October 2013 as part of a relocation package agreed for him. Professor David Phoenix is an employee of the University. The amount of the loan was £350,000 and was solely to purchase a specified property. The loan is repayable on 30 October 2018 (or later as agreed). As of 31 July 2015 the outstanding balance was £350,000. The loan is fully secured by way of legal mortgage on the property in favour of London South Bank University.

25. Endowments

	Consolidated and University			
	Unrestricted Permanent	Restricted Expendable	2015 Total	2014 Total
	£'000	£'000	£'000	£'000
Balance at 1 August	392	344	736	729
Investment income	11	13	24	26
Expenditure	(11)	(13)	(24)	(26)
Increase in market value of investments	5	1	6	7
Balance at 31 July	397	345	742	736

London South Bank University

Notes to the accounts Year ended 31 July 2015

26. Operating lease commitments

At 31 July 2015 the University and the Group were committed to making the following annual payments in respect of operating leases on land and buildings:

	2015 £'000	2014 £'000
Expiring within two and five years	51	-
Expiring in over five years	-	51
	<u>51</u>	<u>51</u>

Consolidated and University

27. Capital commitments

	2015 £'000	2014 £'000
Commitments contracted at 31 July	4,671	5,369
	<u>4,671</u>	<u>5,369</u>

28. Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2015 £'000	2014 £'000
Surplus after depreciation of assets at valuation	1,211	3,097
Depreciation (note 12)	8,759	8,455
Loss on disposal of fixed assets	71	50
Investment income	(311)	(331)
Interest payable (note 10)	2,963	3,776
Increase in stocks	(26)	(27)
Increase in debtors	(4,110)	(841)
Decrease in creditors	(539)	(5,609)
Decrease in provisions	(365)	(550)
Deferred capital grants released to income (note 19)	(1,586)	(1,982)
	<u>6,067</u>	<u>6,038</u>

29. Returns on investments and servicing of finance

	2015 £'000	2014 £'000
Income from endowments (note 5)	24	26
Interest receivable (note 5)	287	305
Interest paid (note 10)	(1,373)	(1,434)
Net cash outflow from returns on investments and servicing of finance	<u>(1,062)</u>	<u>(1,103)</u>

30. Capital expenditure and financial investment

	2015 £'000	2014 £'000
Payment to acquire tangible fixed assets	(6,524)	(10,744)
Net cash outflow from capital expenditure and financial investment	<u>(6,524)</u>	<u>(10,744)</u>

London South Bank University

Notes to the accounts Year ended 31 July 2015

31. Management of Liquid Resources		2015	2014
		£'000	£'000
Cash added to fixed term		(80)	(10,334)
Net cash outflow from returns on investments and servicing of finance		(80)	(10,334)
32. Financing		2015	2014
		£'000	£'000
Capital element of bank loan repayments		(1,294)	(1,277)
Capital element of finance lease repayments		(47)	(193)
Capital grants received in year		-	355
Net cash outflow from financing		(1,341)	(1,115)
33. Analysis of changes in net funds	At	Cash flow	At
	31 July		31 July
	2014	2015	2015
	£'000	£'000	£'000
Cash at bank and in hand	37,492	(2,940)	34,552
Endowment asset investments	67	-	67
	37,559	(2,940)	34,619
Fixed Term deposits	15,540	80	15,620
Debt due within one year (note 16)	(1,349)	40	(1,309)
Debt due after more than one year (note 16)	(28,243)	1,309	(26,934)
Net funds	23,507	(1,511)	21,996
34. Analysis of changes in financing during the year		2015	2014
		£'000	£'000
Bank and Other Loans			
Balance at 1 August		29,592	31,062
Capital repayments		(1,349)	(1,470)
Balance at 31 July		28,243	29,592
35. Teacher Training Bursaries		2015	2014
		£'000	£'000
Balance at 1 August		(77)	(190)
Funding council grant		102	682
Disbursed to students		(66)	(569)
Balance at 31 July		(41)	(77)

London South Bank University

Notes to the accounts Year ended 31 July 2015

Teacher Training Bursary funds are paid to universities by the Teaching Agency to provide financial support to students studying for a postgraduate qualification which leads to Qualified Teacher Status (QTS).

The grant from the TDA is available solely for students. The University acts only as a paying agent. The grant and related disbursements are therefore excluded from the Income and Expenditure account and grants not disbursed are shown within other creditors.

Version 6 draft date 20th Oct 15

July Executive Summary

1) This Executive Summary reports on the Financial position of London South Bank University as at 31 July 2015 and summarises the changes since the June Forecast

2) RAG Status

Income Growth	4.5%	Staff Cost Growth excluding restructuring	5.4%	Staff Cost % excluding restructuring	55.3%	Opex Growth	4.8%	Student Dropout %	5.7%	change in FYF Contribution	19.7%
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3) Summary

The full year outturn at July 2015 is a contribution of £1.2M. This is an increase of £0.3M as compared to last month and would mean the University delivered ahead of budget in 14/15

There were a number of positive adjustments this month including the release of provisions and contingency. In terms of negative adjustments we took provisions for restructuring costs, bad debt and a reduction in HEFCE income due to the reduction in the BIS budget. We also took the opportunity to write down a significant proportion of the Edison costs which was matched with a write down of deferred income. The net movement for the month was a positive movement of £300K resulting in a surplus of £1.2M, £200K ahead of the £1M Budget surplus.

In terms of positive performance, 4 out of the 7 schools delivered ahead of budget and when taken as a whole the Schools finished £1.1M ahead of Budget. The key driver for this improvement was the School of Law & Social Sciences which delivered almost £1.3M ahead of budget. The School of Business continued its financial improvement and delivered ahead of budget. The School of Health & Social Care which was significantly behind budget earlier in the Academic year delivered on Budget due to tight control of costs, The Schools of Arts & Creative Industries delivered ahead of budget even after significant investment in resources.

Given the cost of the University's restructuring, we remained focused on tightly managing our staff costs. Excluding the Restructuring provision of £3.6M, year on year staff costs grew by 5.4% as compared to 13/14 and totalled 55.3% of income. This figure includes one off staffing costs relating to the Edison program of £3.3M, excluding these costs would leave an ongoing staff cost base of 53.0% of income which is within the Board of Governors target of 55%.

4) Table 1: Full Year Forecast vs. Budget

Financial Summary in £'m	13 / 14 Actual	14/15 Budget	Change %
Funding Grants	25.8	19.0	-26%
Health - Contract	25.2	24.4	-3%
Home / EU UG Fees	44.0	54.7	24%
Home / EU PG Fees	7.8	6.7	-14%
Overseas Fees	8.5	9.0	6%
Research Grants	1.8	1.4	-23%
Enterprise Activities	7.4	8.8	20%
Student Related Income	9.9	10.2	3%
Other Operating Income	4.0	1.9	-53%
Endowments & Interest	0.3	0.3	-9%
Income	134.8	136.5	1.3%

June 14 / 15 FYF	Monthly Move	July 14 / 15 FYF	variance to Budget	Budget variance%	variance to 13/14
17.3	0.2	17.6	-1.5	-8%	-32%
24.7	0.1	24.8	0.4	2%	-1%
54.0	0.1	54.2	-0.6	-1%	23%
6.4	-0.0	6.4	-0.3	-4%	-18%
10.5	0.1	10.6	1.6	18%	25%
2.1	-0.1	2.0	0.5	39%	8%
7.4	0.3	7.6	-1.2	-14%	3%
10.6	0.1	10.7	0.5	5%	8%
2.1	4.5	6.6	4.7	249%	64%
0.2	0.1	0.3	0.0	4%	-6%
135.4	5.4	140.8	4.3	3.2%	4.5%

in £'m			
Academic Staff Costs	40.8	40.7	0%
Support & Technicians	30.9	35.3	14%
Third Party Staff	3.5	2.2	-37%
Depreciation	8.5	9.6	14%
Operating Expenses	44.3	42.9	-3%
Interest Payable	3.8	4.7	25%
Exceptional Items	0.0	0.0	0%
Expenditure	131.7	135.5	2.9%

39.3	2.9	42.1	1.4	3%	3%
32.7	-0.5	32.2	-3.1	-9%	4%
3.6	3.5	7.2	5.0	226%	105%
9.6	-0.9	8.8	-0.8	-9%	4%
44.5	1.9	46.4	3.4	8%	5%
4.7	-1.7	3.0	-1.8	-37%	-22%
0.1	-0.1	0.0	0.0	0%	0%
134.5	5.1	139.6	4.1	3.0%	6.0%

Surplus for the year	3.1	1.0	-67.3%
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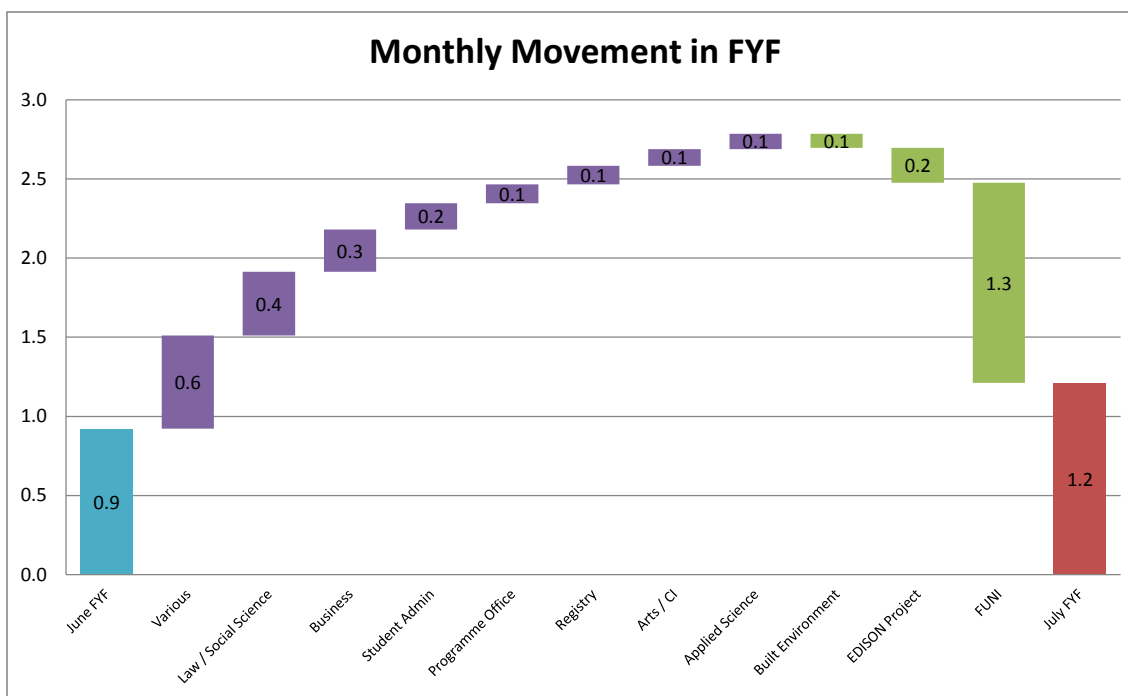
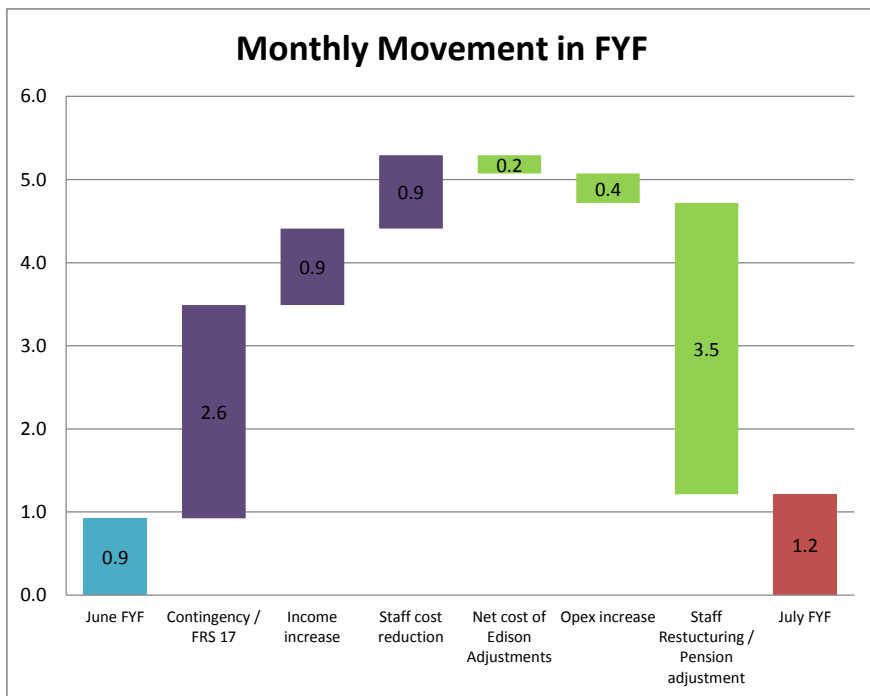
	0.9	0.3	1.2	0.2	19.7%	-60.9%
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Surplus as % of income	2.3%	0.7%	0.7%	0.9%
Surplus per student FTE	£209.6	£72.3	£67.6	£87.0
Staff cost as % of income	55.8%	57.3%	55.8%	57.9%

5) Forecast Summary

There were a number of large movements as is typical of the final month of the Academic and Financial Year including positive adjustments relating to the release of contingencies. We also released income totalling £0.9M in the month. £0.3M was released by Estates to match costs incurred with the development of the National Bakery School, £0.2M was released by Residences due to better than expected occupancy levels while the Schools released a total of £0.2M once final recruitment figures became clear.

In terms of staffing we had been signalling during the year that our underlying staff cost forecast looked high as compared to the YTD figures and a further £0.9M was released in the final month. Half of this figure was released from the Schools including the Student Admin team with the remaining figure released from the Professional functions. The cost of staffing remains a key risk for the University moving forward particularly as Pension costs, National Insurance contributions and the living wage will have an ongoing impact. We will continue to tightly control these costs. As indicated above, underlying staff costs are within the 55% target set by the Board



The University took the opportunity to write down a significant proportion of the EDISON programme and match that with a release of deferred income. The net write-down was £5.2M of costs and consultancy, we also released £4.4M of deferred income to match this. Some of the write down had already been built into our forecast and so the net impact on the forecast was a negative movement of £0.2M. The movement in EDISON is the reason for the large variance in the accounts against both Agency Staff and computer costs.

There was a large movement in Operating expenses for the month. In terms of financing costs, we took a provision for bad debts of £0.7M and had to crystallise a foreign exchange loss of £0.2M. This was offset however by a reduction in Operating expenditure against forecast from other budget holders of £0.5M and so the net impact of these changes was an increase of just £0.4m against forecast. Consultancy costs are classified as Operating expenditure rather than staffing costs and in the year the University was charged a total of £1.6M for consultants, this was an increase of £0.7M as compared to 13/14 and is the reason for the variance in Legal and Professional costs.

The final movement in the month related to the cost of the Restructuring Programme. The final cost of the programme was in excess of £3.6M. Some of this had been provided for in our increased contingency whilst some was covered by the over forecast in staffing costs but we have been able to absorb the total cost in year whilst still delivering to budget

7) Contribution Analysis

The Final contribution for the year is £1.9M behind the comparable position in 13/14. It was always anticipated that 2014/15 would be more challenging given our investments in EDISON (£2.5M) and the Change Programme £0.9M. We also had a reduction in our HEFCE grant of £0.9M which was reported earlier in the year and took an additional provision of £0.8M at year end to cover any potential HEFCE clawback in 15/16 following the reduction in BIS grant and the first submission of our HESA student numbers

Contribution per Student and per Staff

excluding School admin

	Applied Science		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Health & Social Care (excluding HSC admin)		Law & Social Sciences		Total All Schools	
	13 / 14 Actual	July 14/15 FYF	13 / 14 Actual	July 14/15 FYF	13 / 14 Actual	July 14/15 FYF	13 / 14 Actual	July 14/15 FYF	13 / 14 Actual	July 14/15 FYF	13 / 14 Actual	July 14/15 FYF	13 / 14 Actual	July 14/15 Actual	13 / 14 Actual	July 14/15 Actual
Income (M)	£10.9	£10.7	£8.4	£9.4	£14.1	£15.0	£21.2	£21.5	£13.6	£14.5	£32.9	£32.8	£14.9	£14.6	£116.0	£118.5
Expenditure (M)	£6.5	£6.2	£4.2	£3.9	£7.3	£7.4	£11.4	£10.7	£8.5	£8.6	£16.9	£20.5	£7.1	£6.9	£61.9	£64.2
Contribution (M)	£4.4	£4.4	£4.2	£5.5	£6.7	£7.6	£9.8	£10.8	£5.1	£5.9	£16.0	£12.3	£7.9	£7.7	£54.1	£54.2
Contribution %	40%	41%	50%	59%	48%	50%	46%	50%	38%	41%	49%	38%	53%	53%	47%	46%
Student FTE	1,139	1,125	1,097	1,038	1,672	1,594	3,030	2,616	1,468	1,335	4,406	3,566	1,992	1,693	14,805	12,966
Contribution per FTE	£3,864	£3,939	£3,804	£5,331	£4,033	£4,738	£3,242	£4,134	£3,488	£4,455	£3,631	£3,454	£3,953	£4,520	£3,657	£4,183
Academic / HPL FTE		52		35		65		106		56		183		69		566
Contribution per Staff FTE		£85,220		£155,891		£115,990		£101,974		£106,535		£67,227		£111,400		£95,777

The above excludes the Admin teams from each of the 7 schools' performance. Apart from The School of Health & Social Care, each school improved its profitability when measured in terms of contribution per student on a year by year basis with a total improvement of almost 15%. The most profitable School on this basis is the School of Arts & Creative Industries which also out performed on a contribution per Academic FTE basis. The return from the School of Applied Science is understated as it is picking up the space charge for a number of labs that are also used by Engineering students.

In terms of full cost allocation, every school covered their allocated central costs except for the School of Health & Social care which under recovered by less than £100K. Our central costs excluding the Restructuring Provision totalled £3,467 for each Home/EU Full Time Equivalent student and £4,363 for each Overseas FTE student.

8) Student Number Analysis

In 2013 / 14 we lost £3.0M in income from the 1,092 students who Withdrew or Interrupted. In 2014/15 we lost almost £3.7M in terms of the difference between the Fee that we will charge and the Fee that would have been charged if the student stayed the whole year. We have withdrawn (including interruptions) a total number of 1,102 students representing 790 FTE. This includes 366 new Home/EU FT UG students and represents 10.5% of this population. Engineering had the highest % drop out of New FT UGs at 15.3%, followed by Business at 14.45% and Arts & Creative Industries at 13.1%. The School of Health & Social Care has the lowest New FT UG drop out rate at 6.3% which is driven by the different levels of support these students receive.

9) Student Withdrawal Analysis

Academic year	Total Students	Total Withdrawals	% of Total Student bodies
11/12	21,127	1,189	5.6%
12/13	19,262	1,020	5.3%
13/14	19,734	1,092	5.5%
14/15	19,349	1,102	5.7%

14/15 'Lost Income'			
Applied Science	£535,000	Engineering	£592,000
Arts and Creative Industries	£440,000	Health & Social Care	£96,000
Built Environment & Architecture	£371,000	Law & Social Sciences	£570,000
Business	£1,076,000	Total	£3,680,000

13) Budget Analysis

There are 35 distinct areas of the University that have separate budgets and each area is expected to deliver to their Budget. Numbers in red indicate either a shortfall in income against budget or additional costs that are being incurred. 4 Schools delivered ahead of budget whilst the Schools of Applied Sciences, Engineering and Built Environment & Architecture delivered behind budget. There are 3 Professional Service Functions that remained significantly over budget; Enterprise which was due to speculative income forecasts, the Business Intelligence Unit which was never budgeted and HR which reflects the cost of the discovery phase of the HR/Payroll project. FUNI holds the HEFCE income reduction, the restructuring costs and the bad debt provision which is why it is in a deficit position.

LONDON SOUTH BANK UNIVERSITY / ENTERPRISES

Management Summary Report from August 2014 To The End Of July 2015

London South Bank University

SMT Area: All

Full Year Outturn Last Year (£)	Description	YEAR TO DATE				Note	Change from 13/14 (£)	Change from 13/14 %
		2014 Actuals	2014 Budget	Variance - Actuals to Budget				
		(£)	(£)	(£)	%			
-25,824,679	Funding Grants	-17,583,267	-19,046,625	(1,463,358)	(8%)	(8,241,412)	-32%	
-25,156,983	Health - Contract	-24,794,322	-24,375,142	419,180	2%	(362,660)	-1%	
-43,998,610	Fees - Home & EU UG	-54,150,445	-54,718,910	(568,464)	(1%)	10,151,836	23%	
-7,762,676	Fees - Home & EU PG	-6,398,639	-6,664,312	(265,674)	(4%)	(1,364,037)	-18%	
-5,140,888	Fees - Overseas UG	-6,047,717	-5,822,304	225,412	4%	906,829	18%	
-3,376,815	Fees - Overseas PG	-4,562,633	-3,198,075	1,364,558	43%	1,185,818	35%	
-1,812,921	Research - Grants	-1,950,147	-1,403,161	546,986	39%	137,226	8%	
-442,587	Enterprise - Research Related Activities	-458,153	-290,548	167,605	58%	15,566	4%	
-827,288	Enterprise - Partnerships	-557,126	-1,224,280	(667,154)	(54%)	(270,161)	-33%	
-2,044,822	Enterprise - University Fees	-2,407,004	-2,565,471	(158,467)	(6%)	362,182	18%	
-4,075,364	Enterprise - Other	-4,226,074	-4,768,407	(542,332)	(11%)	150,711	4%	
-9,918,717	Other - Student Related Income	-10,698,632	-10,192,344	506,288	5%	779,914	8%	
-4,040,613	Other - Operating Income	-6,626,980	-1,898,404	4,728,576	249%	2,586,367	64%	
-331,015	Endowment Income & Interest Receivable	-311,392	-300,000	11,392	4%	(19,623)	-6%	
-134,753,977	Total Income	-140,772,532	-136,467,982	4,304,549	3%	6,018,555	4%	
37,049,865	Academic - Permanent staff	38,926,705	37,848,502	(1,078,203)	(3%)	1,876,840	5%	
3,762,737	Academic - Temporary staff	3,206,824	2,885,026	(321,798)	(11%)	(555,914)	-15%	
	Interdepartmental Delivery staff		3	3	100%			
2,788,953	Technicians staff	2,753,664	2,891,120	137,456	5%	(35,288)	-1%	
27,227,766	Support - Permanent staff	28,822,343	31,859,192	3,036,849	10%	1,594,577	6%	
833,387	Support - Temporary staff	583,343	507,139	(76,204)	(15%)	(250,044)	-30%	
3,494,063	Third party staff	7,164,952	2,195,716	(4,969,236)	(226%)	3,670,889	105%	
75,156,771	Total Staff Costs	81,457,831	78,186,698	(3,271,132)	(4%)	6,301,059	8%	
8,453,650	Total Depreciation	8,758,726	9,599,456	840,730	9%	305,075	4%	
2,461,058	Staff Related	1,877,309	1,974,693	97,384	5%	(583,749)	-24%	
2,127,819	Marketing and PR	2,070,219	2,265,082	194,863	9%	(57,600)	-3%	
734,895	Student Recruitment	1,046,924	579,084	(467,840)	(81%)	312,028	42%	
2,717,681	Bursaries and Scholarships	2,514,449	2,499,752	(14,696)	(1%)	(203,233)	-7%	
5,862,689	Student Related	5,517,318	5,723,220	205,902	4%	(345,371)	-6%	
751,006	Equipment	643,021	821,298	178,277	22%	(107,985)	-14%	

LONDON SOUTH BANK UNIVERSITY / ENTERPRISES

Management Summary Report from August 2014 To The End Of July 2015

SMT Area: All

London South Bank University

Full Year Outturn Last Year (£)	Description	YEAR TO DATE				Note	Change from 13/14 (£)	Change from 13/14 %
		2014 Actuals	2014 Budget	Variance - Actuals to Budget				
		(£)	(£)	(£)	%			
3,449,265	Computing	6,702,780	4,211,653	(2,491,127)	(59%)	3,253,515	94%	
3,585,043	Utilities	3,119,646	3,652,683	533,037	15%	(465,397)	-13%	
8,295,266	Maintenance & Other Estate	7,270,766	6,276,918	(993,849)	(16%)	(1,024,500)	-12%	
4,669,167	Cleaning & Security	5,070,270	5,055,126	(15,143)	(%)	401,102	9%	
868,651	Financial	1,225,473	123,316	(1,102,157)	(894%)	356,823	41%	
632,851	Communications	653,731	717,858	64,126	9%	20,880	3%	
3,053,062	Legal & Professional	3,240,078	2,734,483	(505,595)	(18%)	187,016	6%	
775,692	Subscriptions and Membership Fees	753,920	912,650	158,730	17%	(21,772)	-3%	
1,347,239	Photocopying and Stationery	993,709	1,198,193	204,484	17%	(353,529)	-26%	
2,937,854	Other	3,682,911	4,362,742	679,831	16%	745,057	25%	
44,270,139	Total Other Operating Expenses	46,382,524	42,946,849	(3,435,675)	(8%)	2,112,385	5%	
3,775,416	Total Interest Payable	2,961,894	4,672,644	1,710,750	37%	(813,522)	-22%	
-3,098,000	Contribution	-1,211,558	-1,000,000	211,558	21%	(1,886,443)	-61%	
55.8%	Staff costs as % of income	57.9%	57.3%					
2.3%	Contribution %	0.9%	0.7%					

Faculty/Department	Year to date														
	INCOME			STAFF COSTS			OTHER COSTS			SPACE CHARGE			Contribution		
	2014 Actuals	2014 Budget	Variance - Actuals to Budget	2014 Actuals	2014 Budget	Variance - Actuals to Budget	2014 Actuals	2014 Budget	Variance - Actuals to Budget	2014 Actuals	2014 Budget	Variance - Actuals to Budget	2014 Actuals	2014 Budget	Variance - Actuals to Budget
(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	
Catering	6,800	0	-6,800	0	0	0	-665	0	665	0	0	0	7,465	0	-7,465
Company Secretary	0	0	0	-15,563	0	15,563	-24,890	0	24,890	0	0	0	40,453	0	-40,453
Arts and Creative Industries	-20,593	0	20,593	-45,300	0	45,300	-101,846	0	101,846	21,242	0	-21,242	105,311	0	-105,311
Applied Science	15,317	0	-15,317	-87,578	0	87,578	-843	0	843	6,278	0	-6,278	97,460	0	-97,460
Business	81,348	0	-81,348	-12,796	0	12,796	-61,623	0	61,623	-112,154	0	112,154	267,921	0	-267,921
Built Environment and Architecture	7,133	0	-7,133	29,548	0	-29,548	10,064	0	-10,064	56,841	0	-56,841	-89,320	0	89,320
Confucius Institute	-171,292	0	171,292	-60,513	0	60,513	-155,035	0	155,035	0	0	0	44,256	0	-44,256
Engineering	22,609	0	-22,609	-14,733	0	14,733	48,703	0	-48,703	1,354	0	-1,354	-12,715	0	12,715
Health and Social Care	56,764	0	-56,764	-47,654	0	47,654	165,051	0	-165,051	-60,815	0	60,815	182	0	-182
Law and Social Science	60,695	0	-60,695	-90,383	0	90,383	-248,171	0	248,171	-2,212	0	2,212	401,461	0	-401,461
Enterprise	64,954	0	-64,954	23,291	0	-23,291	36,402	0	-36,402	0	0	0	5,261	0	-5,261
Finance	31,230	0	-31,230	-24,845	0	24,845	243	0	-243	0	0	0	55,832	0	-55,832
Unallocated Infrastructure	211,007	0	-211,007	3,563,360	0	-3,563,360	-2,135,413	-47,165	2,088,248	0	0	0	-1,216,940	47,165	1,264,105
Human Resources	0	0	0	-28,886	0	28,886	24,049	0	-24,049	0	0	0	4,837	0	-4,837
EDISON Project	4,433,593	0	-4,433,593	3,245,697	0	-3,245,697	1,408,351	0	-1,408,351	0	0	0	-220,455	0	220,455
Information Communication Technology D	0	0	0	-10,311	0	10,311	-22,952	18,000	40,952	0	0	0	33,263	-18,000	-51,263
Library and Learning	11,868	0	-11,868	-2,015	0	2,015	19,157	29,166	10,009	0	0	0	-5,274	-29,166	-23,892
Nat Puri Institute	-10,058	0	10,058	-5,099	0	5,099	-5,131	0	5,131	0	0	0	172	0	-172
Programme Office	0	0	0	-85,616	0	85,616	-33,295	0	33,295	0	0	0	118,911	0	-118,911
Estates	320,285	0	-320,285	-33,577	0	33,577	215,215	0	-215,215	70,834	0	-70,834	67,813	0	-67,813
COO's Office	0	0	0	-26,128	0	26,128	14,724	0	-14,724	0	0	0	11,404	0	-11,404
Marketing and UK Student Recruitment	5,367	0	-5,367	-51,444	0	51,444	85,273	0	-85,273	0	0	0	-28,462	0	28,462
International Office	26,702	0	-26,702	-62,167	0	62,167	12,412	0	-12,412	0	0	0	76,457	0	-76,457
Academic Quality Development Office	0	0	0	-4,662	0	4,662	-54,131	0	54,131	0	0	0	58,793	0	-58,793
Research	-5,630	0	5,630	4,912	0	-4,912	20,051	0	-20,051	0	0	0	-30,593	0	30,593
Residences	160,384	0	-160,384	7,612	0	-7,612	104,047	0	-104,047	0	0	0	48,725	0	-48,725
Development Office and Alumni Relations	63,576	0	-63,576	-20,125	0	20,125	66,499	0	-66,499	0	0	0	17,202	0	-17,202
Registry	10,645	0	-10,645	-94,239	0	94,239	-12,744	0	12,744	0	0	0	117,628	0	-117,628
Academy of Sport	-19,820	0	19,820	-22,114	0	22,114	1,853	0	-1,853	0	0	0	441	0	-441

Faculty/Department	Year to date														
	INCOME			STAFF COSTS			OTHER COSTS			SPACE CHARGE			Contribution		
	2014 Actuals	2014 Budget	Variance - Actuals to Budget	2014 Actuals	2014 Budget	Variance - Actuals to Budget	2014 Actuals	2014 Budget	Variance - Actuals to Budget	2014 Actuals	2014 Budget	Variance - Actuals to Budget	2014 Actuals	2014 Budget	Variance - Actuals to Budget
(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	
Student Administration	-13,611	0	13,611	-95,604	0	95,604	-83,320	0	83,320	0	0	0	165,313	0	-165,313
Student Support	4,582	0	-4,582	-12,512	0	12,512	-25,237	0	25,237	0	0	0	42,331	0	-42,331
Student Union	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UTC & UEA	1,271	0	-1,271	-32,655	0	32,655	-15,011	0	15,011	0	0	0	48,937	0	-48,937
Executive Office	0	0	0	-16,827	0	16,827	-37,939	0	37,939	0	0	0	54,766	0	-54,766
Grand Total	5,355,126	0	-5,355,126	5,871,074		-5,871,074	-786,152	1	786,153	-18,632		18,632	288,836	-1	-288,837

Faculty/Department	Year to date														
	INCOME			STAFF COSTS			OTHER COSTS			SPACE CHARGE			Contribution		
	2014 Actuals	2014 Budget	Variance - Actuals to Budget	2014 Actuals	2014 Budget	Variance - Actuals to Budget	2014 Actuals	2014 Budget	Variance - Actuals to Budget	2014 Actuals	2014 Budget	Variance - Actuals to Budget	2014 Actuals	2014 Budget	Variance - Actuals to Budget
(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	
Catering	-2,237,446	-2,152,101	85,345	0	0	0	1,938,740	1,862,060	-76,680	154,656	154,656	0	-144,050	-135,385	8,665
Company Secretary	-230	0	230	762,939	636,210	-126,729	467,385	504,525	37,140	70,104	70,104	0	1,300,198	1,210,839	-89,359
Arts and Creative Industries	-9,441,538	-9,354,079	87,459	2,455,893	2,491,193	35,300	688,769	693,319	4,550	765,084	743,842	-21,242	-5,531,792	-5,425,725	106,067
Applied Science	-10,678,545	-11,402,912	-724,367	4,001,608	4,355,395	353,787	1,001,616	872,546	-129,070	1,243,925	1,237,647	-6,278	-4,431,396	-4,937,324	-505,928
Business	-21,516,067	-21,398,751	117,316	6,552,817	7,095,244	542,427	2,131,481	1,886,138	-245,343	2,019,119	2,131,273	112,154	-10,812,650	-10,286,096	526,554
Built Environment and Architecture	-14,954,626	-15,126,445	-171,819	4,831,330	4,998,847	167,517	835,657	807,478	-28,179	1,736,020	1,679,179	-56,841	-7,551,619	-7,640,941	-89,322
Confucius Institute	-359,697	-573,425	-213,728	149,176	252,125	102,949	73,687	228,722	155,035	47,796	47,796	0	-89,038	-44,782	44,256
Engineering	-14,532,907	-14,529,915	2,992	5,091,035	5,015,660	-75,375	1,128,595	989,617	-138,978	2,366,969	2,365,615	-1,354	-5,946,308	-6,159,023	-212,715
Health and Social Care	-32,791,563	-32,844,570	-53,007	15,312,035	15,542,781	230,746	2,606,450	2,368,149	-238,301	2,555,870	2,616,685	60,815	-12,317,208	-12,316,955	253
Law and Social Science	-14,557,859	-13,407,742	1,150,117	4,585,414	4,668,941	83,527	1,199,059	1,238,648	39,589	1,120,450	1,122,662	2,212	-7,652,936	-6,377,491	1,275,445
Enterprise	-2,623,362	-3,171,708	-548,346	1,198,467	1,244,275	45,808	1,044,410	1,219,556	175,146	121,200	121,200	0	-259,285	-586,677	-327,392
Finance	-607,153	-421,923	185,230	2,511,910	2,539,404	27,494	1,167,347	1,010,702	-156,645	178,716	178,716	0	3,250,820	3,306,899	56,079
Unallocated Infrastructure	386,503	-364,420	-750,923	4,887,607	1,353,622	-3,533,985	2,172,107	3,492,761	1,320,654	0	0	0	7,446,217	4,481,963	-2,964,254
Human Resources	0	0	0	1,706,120	1,679,609	-26,511	931,438	887,269	-44,169	172,800	172,800	0	2,810,358	2,739,678	-70,680
EDISON Project	-4,433,593	0	4,433,593	3,265,697	129,439	-3,136,258	3,663,419	2,645,629	-1,017,790	0	0	0	2,495,523	2,775,068	279,545
Information Communication Technology D	-92,173	-92,173	0	3,252,768	3,343,243	90,475	3,628,869	3,533,925	-94,944	420,900	420,900	0	7,210,364	7,205,895	-4,469
Library and Learning	-302,543	-239,621	62,922	2,884,999	2,982,823	97,824	2,310,187	2,266,021	-44,166	2,091,504	2,091,504	0	6,984,147	7,100,727	116,580
Nat Puri Institute	-94,686	-250,000	-155,314	57,033	217,388	160,355	18,850	34,677	15,827	18,631	0	-18,631	-172	2,065	2,237
Programme Office	0	0	0	841,708	927,324	85,616	16,706	50,001	33,295	0	0	0	858,414	977,325	118,911
Estates	-1,519,147	-1,239,006	280,141	2,106,174	2,386,350	280,176	20,669,909	20,209,226	-460,683	-17,537,743	-17,608,577	-70,834	3,719,193	3,747,993	28,800
COO's Office	0	0	0	713,882	794,010	80,128	173,824	160,300	-13,524	0	0	0	887,706	954,310	66,604
Marketing and UK Student Recruitment	-921,356	-839,757	81,599	2,951,948	3,069,392	117,444	2,549,121	2,459,143	-89,978	108,096	108,096	0	4,687,809	4,796,874	109,065
International Office	-91,702	-65,000	26,702	833,702	895,869	62,167	686,884	674,472	-12,412	218,304	218,304	0	1,647,188	1,723,645	76,457
Academic Quality Development Office	-7,161	-9,000	-1,839	556,262	695,924	139,662	230,836	365,959	135,123	38,904	38,904	0	818,841	1,091,787	272,946
Research	-70,563	-72,319	-1,756	320,799	341,534	20,735	290,013	288,107	-1,906	13,704	13,704	0	553,953	571,026	17,073
Residences	-8,291,067	-7,769,332	521,735	638,837	648,901	10,064	3,447,971	3,378,132	-69,839	0	0	0	-4,204,259	-3,742,299	461,960
Development Office and Alumni Relations	-63,776	-200	63,576	396,337	441,721	45,384	420,449	373,950	-46,499	30,600	30,600	0	783,610	846,071	62,461
Registry	-27,645	-17,000	10,645	1,610,210	1,781,779	171,569	281,787	265,231	-16,556	172,584	172,584	0	2,036,936	2,202,594	165,658

Faculty/Department	Year to date														
	INCOME			STAFF COSTS			OTHER COSTS			SPACE CHARGE			Contribution		
	2014 Actuals (£)	2014 Budget (£)	Variance - Actuals to Budget (£)	2014 Actuals (£)	2014 Budget (£)	Variance - Actuals to Budget (£)	2014 Actuals (£)	2014 Budget (£)	Variance - Actuals to Budget (£)	2014 Actuals (£)	2014 Budget (£)	Variance - Actuals to Budget (£)	2014 Actuals (£)	2014 Budget (£)	Variance - Actuals to Budget (£)
Academy of Sport	-517,499	-740,838	-223,339	474,782	615,417	140,635	360,502	444,385	83,883	482,904	482,904	0	800,689	801,868	1,179
Student Administration	-73,876	-87,487	-13,611	3,322,567	3,565,169	242,602	243,936	364,256	120,320	990,672	990,672	0	4,483,299	4,832,610	349,311
Student Support	-279,984	-238,259	41,725	2,011,981	2,181,332	169,351	606,242	582,832	-23,410	234,696	234,696	0	2,572,935	2,760,601	187,666
Student Union	0	0	0	0	0	0	741,600	741,600	0	80,040	80,040	0	821,640	821,640	0
UTC & UEA	-71,271	-60,000	11,271	250,713	283,373	32,660	37,489	42,500	5,011	0	0	0	216,931	265,873	48,942
Executive Office	0	0	0	921,078	1,012,405	91,327	337,816	339,455	1,639	83,496	83,496	0	1,342,390	1,435,356	92,966
Grand Total	-140,772,532	-136,467,983	4,304,549	81,457,828	78,186,699	-3,271,129	58,103,151	57,281,291	-821,860	1	2	1	-1,211,552	-1,000,000	211,552

Fully Allocated Cost @ £1.2M Contribution

July 2015 Management Accounts

£ per Student FTE	Applied Science		Arts and Creative Industries		Built Environment and Architecture		Business		Engineering		Health and Social Care		Law and Social Science	
	Home/EU	Oseas	Home/EU	Oseas	Home/EU	Oseas	Home/EU	Oseas	Home/EU	Oseas	Home/EU	Oseas	Home/EU	Oseas
INCOME	£9,435	£11,011	£9,099	£9,086	£9,126	£12,928	£8,151	£8,524	£10,614	£12,545	£9,183	£10,357	£8,818	£6,199
Staff Costs	£3,557	£3,557	£2,367	£2,367	£3,031	£3,031	£2,505	£2,505	£3,814	£3,814	£3,492	£3,492	£2,708	£2,708
UK Bursaries	£313		£196		£171		£297		£361		£47		£377	
Overseas Agents		£514		£399		£515		£907		£846		£776		£852
Other Costs	£570	£570	£453	£453	£330	£330	£396	£396	£416	£416	£676	£676	£292	£292
TOTAL DIRECT COSTS	£4,440	£4,641	£3,015	£3,218	£3,532	£3,876	£3,199	£3,808	£4,591	£5,075	£4,215	£4,944	£3,377	£3,852
SPACE CHARGE	£1,106	£1,106	£737	£737	£1,089	£1,089	£772	£772	£1,773	£1,773	£717	£717	£662	£662
Student Administration	£372	£372	£372	£372	£372	£372	£372	£372	£372	£372	£802	£802	£372	£372
School Contribution	£3,518	£4,892	£4,975	£4,758	£4,133	£7,591	£3,809	£3,572	£3,878	£5,325	£3,449	£3,894	£4,408	£1,314
Professional Service Functions														
Teaching & Curriculum Development														
Academic Quality Development Office	£60	£60	£60	£60	£60	£60	£60	£60	£60	£60	£60	£60	£60	£60
Research, Innovation and Enterprise														
Enterprise	-£29	-£29	-£29	-£29	-£29	-£29	-£29	-£29	-£29	-£29	-£29	-£29	-£29	-£29
Research	£42	£42	£42	£42	£42	£42	£42	£42	£42	£42	£42	£42	£42	£42
	£12	£12	£12	£12	£12	£12	£12	£12	£12	£12	£12	£12	£12	£12
Marketing & External Engagement														
Marketing and UK Student														
Recruitment	£386		£386		£386		£386		£386		£386		£386	
International Office		£1,283		£1,283		£1,283		£1,283		£1,283		£1,283		£1,283
Confucius Institute	-£11	-£11	-£11	-£11	-£11	-£11	-£11	-£11	-£11	-£11	-£11	-£11	-£11	-£11
Development Office and Alumni Relations	£58	£58	£58	£58	£58	£58	£58	£58	£58	£58	£58	£58	£58	£58
	£434	£1,330	£434	£1,330	£434	£1,330	£434	£1,330	£434	£1,330	£434	£1,330	£434	£1,330
Student Support & Employment														
Student Union	£57	£57	£57	£57	£57	£57	£57	£57	£57	£57	£57	£57	£57	£57
Student Support	£180	£180	£180	£180	£180	£180	£180	£180	£180	£180	£180	£180	£180	£180
Academy of Sport	£25	£25	£25	£25	£25	£25	£25	£25	£25	£25	£25	£25	£25	£25
	£262	£262	£262	£262	£262	£262	£262	£262	£262	£262	£262	£262	£262	£262
Estates & Academic Environment														
Catering	-£23	-£23	-£23	-£23	-£23	-£23	-£23	-£23	-£23	-£23	-£23	-£23	-£23	-£23
Residences	-£324	-£324	-£324	-£324	-£324	-£324	-£324	-£324	-£324	-£324	-£324	-£324	-£324	-£324
Estates	£729	£729	£729	£729	£729	£729	£729	£729	£729	£729	£729	£729	£729	£729
COO's Office	£68	£68	£68	£68	£68	£68	£68	£68	£68	£68	£68	£68	£68	£68
	£450	£450	£450	£450	£450	£450	£450	£450	£450	£450	£450	£450	£450	£450
Academic Related Resources & Support														
Information Communication Technology	£524	£524	£524	£524	£524	£524	£524	£524	£524	£524	£524	£524	£524	£524
Library and Learning	£377	£377	£377	£377	£377	£377	£377	£377	£377	£377	£377	£377	£377	£377

Fully Allocated Cost @ £1.2M Contribution

July 2015 Management Accounts

£ per Student FTE	Applied Science		Arts and Creative Industries		Built Environment and Architecture		Business		Engineering		Health and Social Care		Law and Social Science	
	Home/EU	Oseas	Home/EU	Oseas	Home/EU	Oseas	Home/EU	Oseas	Home/EU	Oseas	Home/EU	Oseas	Home/EU	Oseas
	£901	£901	£901	£901	£901	£901	£901	£901	£901	£901	£901	£901	£901	£901
Organisation and People														
Human Resources	£203	£203	£203	£203	£203	£203	£203	£203	£203	£203	£203	£203	£203	£203
Finance and Management Information														
Finance	£237	£237	£237	£237	£237	£237	£237	£237	£237	£237	£237	£237	£237	£237
Registry	£144	£144	£144	£144	£144	£144	£144	£144	£144	£144	£144	£144	£144	£144
	£381	£381	£381	£381	£381	£381	£381	£381	£381	£381	£381	£381	£381	£381
FUNI														
Unallocated Infrastructure	£173	£173	£173	£173	£173	£173	£173	£173	£173	£173	£173	£173	£173	£173
FRS 17	£123	£123	£123	£123	£123	£123	£123	£123	£123	£123	£123	£123	£123	£123
Exceptional Items	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
	£296	£296	£296	£296	£296	£296	£296	£296	£296	£296	£296	£296	£296	£296
Company Secretary	£95	£95	£95	£95	£95	£95	£95	£95	£95	£95	£95	£95	£95	£95
Strategic Projects														
Nat Puri Institute	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
UTC & UEA	£17	£17	£17	£17	£17	£17	£17	£17	£17	£17	£17	£17	£17	£17
	£17	£17	£17	£17	£17	£17	£17	£17	£17	£17	£17	£17	£17	£17
Executive Office														
Programme Office	£66	£66	£66	£66	£66	£66	£66	£66	£66	£66	£66	£66	£66	£66
EDISON Project	£192	£192	£192	£192	£192	£192	£192	£192	£192	£192	£192	£192	£192	£192
Executive Office	£97	£97	£97	£97	£97	£97	£97	£97	£97	£97	£97	£97	£97	£97
	£356	£356	£356	£356	£356	£356	£356	£356	£356	£356	£356	£356	£356	£356
Total Central Costs	£3,467	£4,363	£3,467	£4,363	£3,467	£4,363	£3,467	£4,363	£3,467	£4,363	£3,467	£4,363	£3,467	£4,363
Contribution £ per Student FTE	£51	£529	£1,508	£395	£667	£3,228	£342	-£791	£412	£962	-£17	-£469	£942	-£3,049
Student FTE	1,085	41	962	76	1,487	107	2,096	520	1,146	189	3,527	39	1,551	142
														12,966
Contribution	£60,000	£20,000	£1,450,000	£30,000	£990,000	£350,000	£720,000	-£410,000	£470,000	£180,000	-£60,000	-£20,000	£1,460,000	-£430,000
School Contribution	£80,000		£1,480,000		£1,340,000		£310,000		£650,000		-£80,000		£1,030,000	
Total School Contribution													£4,810,000	
Restructuring Costs													£3,610,000	
LSBU Forecast Surplus													£1,200,000	

	CONFIDENTIAL
	PAPER NO: FPR.01 (15)
Paper title:	Chief Operating Officer's Report
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	27 th October 2015
Author:	Ian Mehrtens
Executive/Operations sponsor:	Ian Mehrtens, COO
Purpose:	An update on activities and an indication of which goals in the corporate strategy these activities help to deliver against.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Goal 1: Employability Goal 2: Student Experience Goal 3: Teaching & Learning Goal 4: Research & Enterprise Goal 6: Internationalisation Goal 7: Resources and Infrastructure Goal 8: People & Organisation
Recommendation:	The Committee is requested to note the contents.

Matter previously considered by:	N/A	
Further approval required?	N/A	On:

Executive Summary

The Committee is asked to note the contents of the paper.

1. Academic Related Resources

- 1.1. Centralisation of technical support services *(Goal 2, Goal 3 and Goal 8)*
- 1.1.1. The project to centralise the technical support services completed with the transition in August 2015 from the Schools to the Academic Related Resources professional service group.
- 1.1.2. The rationale behind this was to deliver a focussed service ensuring that all students receive the same quality of service whatever their home School and allows a more cost effective use of the human and capital resources.
- 1.1.3. An internal appointment was made for the Head of Technical Support from an ex technician and academic so he is well placed to deliver a service that is needed.
- 1.1.4. In the coming year, the structure will be refined to consider horizontal strands with the sharing of resources across Schools ensuring a more effective use of resources delivering a hub and spoke model.
- 1.1.5. In addition, there will be a review of job descriptions and grades to ensure equality across the service and to create a career path for technical staff recognising technical excellence as a means of career progression.
- 1.1.6. It is early in the academic year, but the indications are that the service is working well.
- 1.2. ICT restructure *(Goal 2, Goal 3 and Goal 7)*
- 1.2.1. The restructure of the ICT service commenced in July and the consultation period ended in late August without challenge. The restructure delivers a business-focussed service around three new teams Engagement, Projects and Services.
- 1.2.2. The appointments to posts are currently underway and will be completed and fully operational by January 2016.

1.3. Library & Learning Resources
Goal 4)

(Goal 2, Goal 3 and

- 1.3.1. The library and learning resources service scored the highest rating in LSBU's NSS survey achieving 88% satisfaction, a score higher than the sector average at 86% and first in the competitor group.
- 1.3.2. This is a fantastic achievement for the service and contributed to the university's overall improvement from 80% to 82%.
- 1.3.3. The results of the Post-graduate taught experience survey again recognised library and learning resources as the best experience overall albeit rating it lower at 84% satisfaction.

2. Estates and Academic Environment

2.1. Estates
Goal 8)

(Goal 2, Goal 3, Goal 4 and

- 2.1.1. There has been a massive programme of summer/autumn works with over £2.3m opex investment and £7.2m capex investment with the largest being the creation of a new Media Centre in London Road at just over £4m.
- 2.1.2. These works have focussed on improving the teaching and learning environment and the overall student experience, delivering some essential social learning spaces throughout the campus.
- 2.1.3. Work continues on the development of the brief for the St George's Quarter building that will accommodate a new library/learning resources centre and new academic spaces.
- 2.1.4. It is expected that the project will be brought to the Board in Spring 2016 for approval.
- 2.1.5. Following the presentation of the Estates Development Plan to 2030 discussions continue with L&R and Delancey on opportunities for LSBU in different phases of the development. The Executive are meeting shortly to refine those options.

2.2. Central Timetabling Project
Goal 3)

(Goal 2 and

- 2.2.1. The project to centralise the timetable process from the Schools to the EAE professional service group is now completed and the first timetables delivered.
- 2.2.2. The first phase was to deliver a local driven timetable centrally and the team are now working on delivering a centrally developed timetable for Semester 2. In addition, the team are shadowing the existing timetable with a new centrally generated as a test.
- 2.2.3. Workshops with staff hosted by the DVC and COO have been successful and will help to deliver an embedded system into the University driving up student satisfaction and space utilisation.

3. Student Support and Employment

3.1. Leadership
and Goal 7)

(Goal 1, Goal 2

- 3.1.1. The previous Director of SS&E left LSBU in July and recruitment of the new Director is underway with interviews being held on 22nd October 2015. In the interim, Rob McGeechan (Director of Academic Related Resources) has taken the lead in overseeing the activity with close scrutiny from the COO.
- 3.1.2. The team have delivered another very successful Induction period enabling students to feel fully engaged from the very first day with a range of social and academic activities throughout the ten days.
- 3.1.3. The employability team are working on delivering a university wide placements service building on the successful service operating in the School of Health and Social Care.
- 3.1.4. Staff throughout the organisation supported the event by wearing bright orange “Can I Help You” badges that ensured no one was left not knowing where to go.

3.2. Destination of Leavers from Higher Education (DLHE) Survey
(Goal 1)

- 3.2.1. The team led the survey again this year and achieve what is recognised as an outstanding result, with 90% of students recorded as in employment or further study (202 target is 95%) and of those, over 68% in graduate level employment, the critical indicator.
- 3.2.2. This places LSBU as one of the top universities in London for employment.

3.3. Student Administration *(Goal 2, Goal 3, Goal 7 and Goal 8)*

- 3.3.1. The centralisation and reorganisation of the student administration service has completed and all posts now filled either from internal 'at risk' staff or where this was not possible, then externally.
- 3.3.2. The service is working well with a new focus from the 'course' to the 'student'.
- 3.3.3. The staff have all relocated to School hubs where the student can receive individual help sharing the same software systems as the Student Life Centre staff ensuring that all the information about a student is captured in one place and is available to whoever is trying to help them, improving then the student experience.

3.4. Academy of Sport *(Goal 2, Goal 4, Goal 7 and Goal 8)*

- 3.4.1. The Academy of Sport continues to show improved growth and breadth of activities.
- 3.4.2. This last year, the Academy increased income by over 58% to over £510k and taking account of internal allocations, returning a surplus to the University of over £800k. Overall attendances at classes up on average over 20% to 190,274.
- 3.4.3. In addition, the Academy contributed to the highest rated research activity in the University in Sports Science.

4. Equality, Diversity and Inclusion (EDI)
and Goal 7)

(Goal 2, Goal 3, Goal 6

- 4.1. The Diversity Steering Group is now in place representing all the networks and the diversity strands.
- 4.2. The Group benefits from the inclusion of three external leaders in diversity that will help to shape the strategy and the agenda for LSBU, develop the networks and action plans to ensure that LSBU is a truly inclusive place to work and study.

5. Customer Service
and Goal 8)

(Goal 2, Goal 3, Goal 7

- 5.1. Having joined the Institute of Customer Service (ICS) in 2014, LSBU went through its first benchmarking survey that led to an action plan for the next three years.
- 5.2. The surveys focussed on the delivery of services to students in the Library/Learning Resources, Student Life Centre, Catering and Residences.
- 5.3. The survey results were largely as expected but revealed an almost world-class service in the library and learning resources service.
- 5.4. The survey for 2015 is running in Customer Service Week in early October and the results will be known in November. This will demonstrate the progress made towards the goal of University accreditation with the ICS.

Ian Mehrtens
Chief Operating Officer
October 2015

London South Bank University

	PAPER NO: FPR.05(15)	
Board/Committee:	Finance, Planning and Resources	
Date:	27 October 2015	
Paper title:	Insurance Claims	
Author:	Penny Green - Head of Procurement and Richard Thomson – University Solicitor	
Executive sponsor:	Richard Flatman – Chief Financial Officer	
Recommendation by the Executive:	The Executive recommends that the Finance, Planning and Resources Committee notes this report.	
Aspect of the Corporate Plan to which this will help deliver?	Financial Control and performance	
Matter previously considered by:	P&R	Annually
Further approval required?	N/A	
Communications – who should be made aware of the decision?	N/A	

Executive summary

This paper is presented to Committee for information and to report the extent to which the University's insurance policies were relied upon in the 2014/15 period.

The University remains a member of the London Universities Purchasing consortium for insurance purposes, with Zurich Municipal being the principal insurer. The claims experience in 2014/15 is summarised in Appendix 1 and is considered to be low.

The committee is requested to note the report.

1. BACKGROUND

- 1.1 The University's Financial Regulations require that the University Secretary and Chief Financial Officer ensure;
 - 1.1.1 That appropriate insurance cover is provided for all aspects of the University's activities;
 - 1.1.2 The verification of insurance of any incidents which may give rise to a claim;
 - 1.1.3 The submission of a full claim where appropriate.
- 1.2 The University is a member of the London Universities Purchasing Consortium (LUPC) and retains the brokerage services of Gallagher Heath as part of a LUPC group insurance arrangement.
- 1.3 Effective from 1 January 2010 the insurance claims process has been administered by the University Governance, Information and Legal Team.
- 1.4 The University's claims record is reviewed annually with the appointed broker and insurers as part of the annual policy renewal process.

2. INSURANCE POLICIES

- 2.1 Insurance policies held by the University are renewed annually with effect from 1 August.

2.2 For the period 1 August 2014 to 31 July 2015 the University maintained the following insurance policies:

Policy	Insurer	Covers maintained	Claims in 2014/15 period
All Risks Policy	Zurich Municipal	Material damage Works in Progress Business Interruption Money Public Liability Employers Liability Libel & Slander Motor Engineering Fidelity Guarantee Personal Accident Travel Computer Engineering inspection	Yes
Professional Indemnity	Royal Sun Alliance	Professional Negligence Governors Liability	No
Terrorism Policy	UM Services Ltd	Property reinstatement Contents Business Interruption	No
Business Travel (for non-domicile employees)	Aon Protect	All risk travel cover for University Employees living and operating outside of UK territorial limits.	No
Fine Arts Policy	Blackwell Green	Cover for the Sarah Rose Art Collection.	No
Medical Malpractice	Newline Group	Cover for students and staff in practice placement based teaching or providing support for learning and assessment in practice settings	No
Special Contingency	Hiscox		No

3. UNIVERSITY EXPOSURE TO RISK UNDER 2013/2014 CLAIMS

- 3.1 Although unsettled claims were carried forward to 2015/2016 in the following All Risks categories – Motor (1 case), Public Liability (2 cases) and Employers Liability (1 case) – the University carries a minimal excess of just £100 per motor claim and no excess at all for a Public Liability or Employers Liability claim, so the insurer Zurich effectively carries all the risk exposure.
- 3.2 A full breakdown of claims for 2014/15 is detailed in Appendix 1

4. DECLARED LOSSES WITHIN POLICY EXCESS

- 4.1 The University is also required to declare to its insurers the incidence of insured perils which fall within policy excess and do not result in the submission of a claim.
- 4.2 There were no incidents falling into this category during 2014/15.

APPENDIX 1

LSBU POLICY WITH ZURICH MUNICIPAL NHE-01CA07-0013 CLAIMS SUMMARY - 1 AUGUST 2014 TO 31 JULY 2015

Insured risk	Excess Value	Claims brought forward from last period	New claims in this period	Claims carried forward to next period	Value of payments made on claims open in this period
Material damage	£20K				
Works in Progress					
Business Interruption					
Money					
Public Liability	Nil	2	1	2	£11,600
Employers Liability	Nil	2	0	1	Nil
Libel & Slander					
Professional Negligence	£2,500				
Governors Liability					
Motor	£100	2	0	1	£2,560
Engineering					
Fidelity Guarantee					
Personal Accident					
Travel					
Computer					
Engineering inspection					
Fine Arts Policy					
Medical Malpractice					
Special Contingency					

	CONFIDENTIAL
	PAPER NO: FPR.06(15)
Paper title:	Annual Report on Fundraising and Charitable Funds
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	27 October 2015
Author:	Michael Simmons
Executive/Operations sponsor:	Paul Ivey
Purpose:	<p>[1) To report on the University's fundraising programme</p> <p>2) To report on the University's charitable endowments and other charitable funds</p> <p>3) To report on Matters Arising from the University Policy on Gift Acceptance</p> <p>4) To report on changes to UK fundraising regulations</p>
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	<p>CDP 1.3 Use our alumni, part time students, staff and extended professional and local networks, to provide formal and informal development, employment and volunteering opportunities for our students</p> <p>CDP 8.5 Support academic improvement and enhance our reputation through marketing and promotional activity based around showcasing student and staff achievements</p>
Recommendation:	The meeting is requested to note the report as set out in regulations of LSBU Charitable Funds

Executive Summary

- 1)
 - a) The University can report a successful year 2013/4 based on the Ross-Case Survey of Higher Education Fundraising
 - b) University fundraising income was down against target during 2014/5 primarily due to staff changes and to the winding down of one project (the National Bakery School) and scaling up for another.(School of Built Environment and Architecture)

- 2) The University holds £765,000 in historic endowments and £2m in other charitable funds, which is in line with previous years.

- 3) There is nothing to report with regard to Matters Arising from University Policy on Gift Acceptance.
- 4) There are current and recommended changes to UK regulations related to fundraising which may have significant implications for the University's telephone fundraising and Annual Fund programmes. These changes and the impact on our programmes are under review.

Annual Report on Fundraising and Charitable Funds

- 1) To report on the University's fundraising programme

In 2014/5 LSBU received £720,420 in philanthropic income as defined by the sector standard, the Ross-CASE survey of giving to Higher Education. The figure in 2013/4 was £1,347,769. This drop in income was primarily due to staff changes and to the winding down of one project (the National Bakery School) and scaling up for another (the School of Built Environment and Architecture).

2014/5 saw the conclusion of the main fundraising for the National Bakery School and the delivery of the project. We continue to receive gifts in kind of bakery materials and there remain a small number of long term potential fundraising opportunities which we continue to pursue. However, our focus is now on preparations for a new fundraising and development project on behalf of the School of the Built Environment and Architecture.

Ongoing fundraising is focused on our Annual Fund. The Annual Fund is the accumulation of gifts of up to £5000. These are secured through direct mail, email, meetings and the University's extensive telephone fundraising programme. This year the Annual Fund amounted to just over £71,000 from almost 500 donors (cash secured plus pledges). Of this the telephone programme contributed £41,500. The average gift size remains at £108.

Ross-Case Survey Report

During the most recent period available for which comparative data is available (2013/4) LSBU once again remained in the top 10% of Post-92 universities for fundraising. We were well above the averages for 1990s, Million Plus and Alliance Group universities and in line with the former 1994 Group.

Total Cash Received was £1,347,769; the second highest 1990s university after Ulster. (The median was £223,977). Universities which began fundraising 2005-09 (including LSBU) benchmarked at £221,895.

LSBU's New Funds Secured were £1,771,900. This was the highest of 1990s universities; the median was £164,615. Fundraising teams beginning 2005-09 benchmarked £147,817.

The percentage of % alumni who are donors was 0.7% of contactable alumni. This was the highest of 1990s universities; the median was 0.08%. Fundraising teams beginning 2005-09 benchmarked 0.18%.

In each case LSBU results were significantly higher than Alliance, Million+ & 90s university benchmarks; and in line or better than with the former 1994 Group benchmark.

With regard to the number of alumni who are donors – LSBU had 590; the third highest of 90s universities, after Kingston & Nottingham Trent. The median was 68.5.

- 2) To report on the University's charitable endowments and other charitable income

Historic Endowments

The University holds £765,659 (July 31 2015) (£737,314 July 31 2014) in a charitable endowment which is an amalgamation of historic endowed charitable funds. These funds are invested and managed by Sarasin whose performance is overseen by the Executive. The funds are managed with the aim of securing capital growth and an annual income. In 2014/15 the income received was £24,709 which is in line with previous years.

Of the income, £4,000 pa is designated to the provision of the Richard Davis Scholarship and £2,000 has previously been allocated to the provision of prizes by the seven Schools. Use of the remaining income is determined by the Vice Chancellor. It is currently allocated for distribution by the University's Hardship Committee to students in financial difficulty. In 2014/1 the Hardship Committee made 13 grants of between £345 and £500 to individual students in financial need due to issues caused by illness, housing and childcare problems or bereavement. The total distributed was £6,349.

Below is a summary of other charitable funds held by the University at 31/7/15:

	£
Allocated Unrestricted Funds*	107,097
Kevin Herriott Scholarships	7,162
Frank Brake Scholarships	31,985
Esmond Robinson Scholarship	2,175
Sylvana Chiappa Bursaries	3,417
Hitesh Tailor Lectures	15,382
Human Nutrition Research	5,289
Prize Funds	16,391
Nathu Puri Institute	1,161,922
Stuart Johnson Scholarship	4,029
Confucius Institute	291,106

London South Bank University

MA Social Work Scholarships	74,376
Dr Rami Ranger MBE Fund	251,161
Mona Grey Fund	31,120
Total	£2,002,616 (with rounding)

Unrestricted Allocated Funds (£107,000)

Of this, £40,000 has been allocated to scholarships for postgraduate students; the Library; projects in the Students' Union, including Ready2Rent; student hardship; and projects encouraging student enterprise. The remaining £67,000 held will be allocated to student hardship programmes and postgraduate scholarships during 2015/16.

3) Report on Matters Arising from University Policy on Gift Acceptance

This policy was approved by the Board of Governors in October 2012. The aim is "to ensure that the University's reputation and operation are not adversely affected by its acceptance of financial or other donations and that due diligence is maintained in regard to the acceptance of donations to the University". The key points of the policy are:

- "We do not accept gifts, grants or commercial sponsorship for University activities where the funding comes from an individual or organisation whose activities are counter to the recipient area of the University
- We do not enter into relationships which the University believes might compromise the independent status of LSBU or bring the name of LSBU into disrepute. We establish our principles including academic freedom independently or any funding opportunities.
- Donations, grants or commercial sponsorship are only accepted in accordance with the requirements of the UK Bribery Act 2010.
- We do not accept donations above £1000 from current students (or known related parties) without the express permission of the Vice Chancellor."

The Development Office has not been informed of or identified any gifts, grants or commercial sponsorship which have been accepted or solicited in breach of this policy.

4) Changes to UK Guidance on Telephone Fundraising

There has been high profile press coverage of isolated examples of poor fundraising practice particularly related to telephone fundraising. This has resulted in changes to a key piece of guidance from the Information Commissioner's Office (ICO) around the Privacy and Electronic Communications (EC Directors) Regulations 2003 (PECR). On August 18 2015, the Institute of Fundraising (IOF) and the ICO jointly

London South Bank University

issued a much more stringent set of guidelines for permission-based marketing and fundraising. We are currently reviewing the implications for the University's Annual Fund programme and its wider fundraising. In practice, the guidelines are likely to mean significant changes to the Annual Fund and in particular to our telephone fundraising programme which forms a key part.

A Government-commissioned report published by Sir Stuart Hetherington published on 22 September 2015 on good practice in fundraising could also require significant changes to fundraising practices, including those of the University. We are studying the report and will act accordingly.

	CONFIDENTIAL
	PAPER NO: FPR.07(15)
Paper title:	Students' Union accounts for year ended 31 July 2015
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	27 th October 2015
Author:	Steve Baker, Students' Union, CEO
Executive/Operations sponsor:	Shân Wareing
Purpose:	As part of the Memorandum of Understanding agreed between LSBU and the Students' Union the SU shall provide a copy of its annual accounts to the Board of Governors.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	N/A
Recommendation:	The Finance, Planning and Resources Committee is requested to note the financial outcome of the Students' Union

Matter previously considered by:		
Further approval required?		On:

Executive Summary

The Union continued to benefit from the University's provision of a Subvention Grant of £741,600. LSBUSU's income from all sources was £1,048,867. Total expenditure was £1,090,473. Net outgoing resources were therefore £41,606, of which:

- (£43,187) represented planned use of Designated Funds, relating to restructuring costs financed from the Union's opening reserves;
- (£9,135) represented net outgoing resources on General Funds; and

London South Bank University

- £10,716 represented restricted society surplus balances carried forward to next year.

The Union's reserves decreased from £565,315 to £523,709. The carried forward balance was represented by £470,321 of general funds, £42,672 of designated (unrestricted) funds relating to the ongoing capital costs associated with recent refurbishment work and £10,716 restricted society funds.

The Union should hold reserves to cover unexpected eventualities and also ensure there are sufficient reserves to resource planned capital expenditure. General Fund reserves at the 31st July 2015 stood at £470,321, of which £240,884 has been designated as a protected minimum amount (shown as "Accumulated Funds") and the remaining £229,437 as a development fund to support future activity.

The Union is currently affiliated to the National Union of Students (NUS), for which the total subscription costs amounted to £36,472 for the year, and no donations were made during the year to any external institutions out of LSBUSU's own resources.

CHARITY NUMBER: 1158441

London South Bank University Students' Union

Annual Report and Accounts

For the year ended 31st July 2015

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION

Annual Report and Accounts for the year ended 31 July 2015

Administrative information

Charitable Status

London South Bank University Students' Union is an unincorporated charity established under the Education Act 1994 (registered charity number 1158441).

Even though Students' Unions connected with exempt higher/further education institutions were removed by section 11(9), Charities Act 2006, from the list of exempt charities in Schedule 2 to the Charities Act 1993, the Union continues to operate as a charitable organisation in accordance with its Constitution approved by the Board of Governors.

The University Board of Governors formally approved a revised Constitution and Memorandum of Understanding for the Students' Union at its meeting on the 19th July 2012 and at Student Council on 6th November 2012.

Principal Address

London South Bank University Students' Union
Student Centre
103 Borough Road
London SE1 0AA

Holding office for 2014/15

(from 1 July 2014 to 30 June 2015)

President	I Abdishukur
VP Student Experience	A Osman
VP Employability & Activities	A Storer-Smith

External Trustee	K Woodley
External Trustee	N Churchill
External Trustee	N Allen
Alumni Trustee	J Mason

Student Trustee	T Anah
Student Trustee	L Nyandey

Holding office for 2015/16

(from 1 July 2015 to 30 June 2016)

President	A Osman
VP Education	T Ahmadu
VP Welfare	F Begum
VP Employability & Activities	I Cole

External Trustee	K Woodley
External Trustee	N Churchill
External Trustee	N Allen
Alumni Trustee	J Mason

Student Trustee	O Nwangere
Student Trustee	M Wilson
Student Trustee	T Blessing
Student Trustee	S Akinbade

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION

Annual Report and Accounts for the year ended 31 July 2015

Auditors

Crowe Clark Whitehill LLP
Registered Auditors
Aquis House
49-51 Blagrove Street
Reading
Berks
RG1 1PL

Bankers

HSBC plc
28 Borough High St
Southwark
London
SE1 1YB

Solicitors

Farrer and Co
66 Lincoln's Inn Fields
London
WC2A 3LH

London South Bank University Students' Union (LSBUSU) employs a Chief Executive to work closely with the Trustees and ensure effective management of the Union. Steve Baker was appointed to fill this position from May 2013.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION

Annual Report and Accounts for the year ended 31 July 2015

Annual Report

The Trustees present their Annual Report for the year ended 31 July 2015 which includes the administrative information set out on pages 1 and 2, together with the audited accounts for that year.

Overview of the year

The Union has had another consecutive good year with positive improvement in all areas of activities. Participation in Sports, Societies, RAG and volunteering have all increased. We have our highest ever number of course reps and we're able to celebrate with the students and University at our 2nd Annual Activities awards Dinner at the Oval.

The Union's good reputation has continued to grow and relationships with the University are now stronger than ever before which has enabled us to further increase discussion on how the Union can continue to increase its impact.

The improving relationship with the University has enabled us to grow into two new physical spaces for our representation and activities departments giving student great access to the core areas of operation.

We continued our improvement in our elections with our larger ever number of candidates standing for the election, 50, and our highest turnout of 11.33%.

The Union's strategic plan is now in place and the trustees have full oversight of how the Union is tracking against its objectives. We are starting the process of evolution into the next stages of a new strategic plan to ensure that we are constantly looking to improve the way in which we work in the short term but also the long term

Structure, governance and management

The Union's Constitution incorporating internal regulations or Rules are approved by the governing body of the University. The Union's Aims and Objects contained in its Constitution and under the Act are:

- To be the sole democratic representative body of all the students at the University;
- To advance the education of its members;
- To promote the general welfare of the students;
- To encourage student societies, sports and social activities;
- To act as a channel of communication between its members and the University and other bodies;
- Governed in accordance with the Constitution, Regulations and the Strategic Plan.

LSBUSU is administered by its Trustee Board of 4 Sabbatical Officers, 4 Students and 4 External, for the purposes of the Charities Acts. The four Sabbatical posts are President, Vice President Employability & Activities, and two Vice Presidents Student Experience. The Sabbatical posts are remunerated as authorised by the Education Act and an individual's term of office cannot exceed two years duration; an Officer can be re-elected for a maximum of two terms in the same or different positions.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION

Annual Report and Accounts for the year ended 31 July 2015

The Union operates on democratic principles, with supervisory power vested in the Union's Council, which:

- Furthers the aims and objects of the Union;
- Receives minutes and reports from the Executive, Union Committees and Union Officers and
- Considers recommendations, motions and business as appropriate;
- Elects students (apart from Sabbatical Officers) to serve on Union and University committees.

Council's membership comprises the Sabbatical Officers together with representatives of students' interests in the Union's Sports Clubs and Societies, Faculty Representatives, Student Representative Officers and the Student Governors (which includes the Union's Sabbatical President).

Student Representatives commence their terms of office subject to completion of an appropriate course of training. This includes, for Sabbatical Officers, a handover with the outgoing Sabbatical Officer and training on the roles and responsibilities of Trustees (legal and administrative), with an ongoing training programme as and when needed for issues arising during their term of office.

The Trustees meet throughout the year to receive reports from individual Officers, Union employees and subcommittees to review the Union's performance and administration. Recommendations for Union policy are made to the Trustee Board to consider and approve policy.

LSBUSU also employs a number of non-student full and part-time staff for the sake of continuity in the management of its many activities. Such staff are accountable to the Chief Executive for the performance of their duties.

Relationship with London South Bank University Students' Union

LSBUSU is established in the University's Memorandum and Articles of Association in that there shall be a Students' Union. The Union receives a Subvention/Block Grant from the University (£741,600 before reimbursed space charge costs and other ring fenced grants), which also pays for utilities, some security staff and the majority of the costs associated with cleaning and premises maintenance. The non-monetary support is intrinsic to the relationship between the University and LSBUSU. As recommended by the Charities SORP an estimated value to LSBUSU for this free serviced accommodation has been included in the accounts at an amount agreed with the University (based on prior year space charge calculations) as £225,619. Although LSBUSU undertakes a range of mutual trading activities, it is dependent on the University's financial support. There is no reason to believe that this or equivalent support from the University will not continue for the foreseeable future.

Risk Management

The major strategic, business and operational risks faced by LSBUSU have been considered and a risk register has been established. Where appropriate, systems or procedures have been established to mitigate the risks the Union faces. Budgetary and internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of staff, volunteers and participants on all activities organised by the Union. These procedures are periodically reviewed to ensure that they continue to meet the Union's needs.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION

Annual Report and Accounts for the year ended 31 July 2015

Aims, Objectives and activities

LSBUSU's Vision is:

"Proud to be the home of our Students."

The following are the Union's long-term aims:

- (i) To promote for the public benefit the interests and welfare of students at the University during their course of study and to represent, support and advise LSBUSU's members;
- (ii) To provide appropriate social, cultural and recreational activities and forums for discussion and debate for the personal development of the Union's members; and
- (iii) To be the recognised representative channel between students and the University and also in relation to external bodies.

In furtherance of these aims the trustees have complied with their duty in s.17(5) of the Charities Act 2011 to have due regard to the Charity Commission's published general guidance concerning the operation of the public benefit requirement under that Act.

In pursuit of these aims for the public benefit, LSBUSU:

- Will ensure the diversity of its membership is recognised, valued and supported;
- Has established departments and services for use by its members and to support its work with the University and other organisations on behalf of students.

These included (in the 2014/15 financial year) the Union's Student Advice Service, Communications and Marketing Department, Representation and Democracy Department and Activities Departments. The Union's Sabbatical Officers and Council members are the students' representatives on all major University committees and the Board of Governors.

The Union represents its members (London South Bank University's students) on relevant local, national and international issues by maintaining contact with student representatives. Such contact ensures that the Union can take into account students' requirements and cater effectively for their needs. Student representatives are present on the University's policy/strategy making Boards/Committees and are also members of Course Boards within the four University Faculties.

Achievements and performance

In last year's report, the Trustees referred to a number of aims for the year that were expected to be achieved and other goals moving forward. The table below details the objectives and progress/achievement to date.

<ul style="list-style-type: none">• Promote the Union's Strategy and Purpose.• Each Activity Exec will be established and attendance at Student Council monitored.• Analysis of National Student Survey (NSS) results with report published.	<ul style="list-style-type: none">• The Union's Strategy has been presented a key volunteer training with the Union's Vision Statement a consistent part of Union communications.• All Exec were established and attendance at Council monitored - further work is continuing to develop Council effectiveness.• A full NSS Analysis was presented to the University Operations Board which has now established a working partnership on developing actions on NSS information.
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LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION

Annual Report and Accounts for the year ended 31 July 2015

<ul style="list-style-type: none"> • Grow the number of student groups. • Enable these Communities to run student led events. 	<ul style="list-style-type: none"> • We grew of student activity groups to 69 with a target of 50. • These groups ran a total of 82 events with a target of 50.
<ul style="list-style-type: none"> • Significant proportion of LSBU students will be involved in at least one activity • Creation of a robust and developed course and school representative structure that encourages students to participate in the process of educational development. 	<ul style="list-style-type: none"> • 2549 students have been involved with the Union in some form. • The school rep system has been developed with pilots continuing over the year. The University has been changing its structure and we are changing to match it. Overall we had 708 course reps with 1/3 trained. Our highest ever achievements in this area.
<ul style="list-style-type: none"> • The Union be highly visibly across campus in Physical and Virtual Spaces • Launch and develop new website. 	<ul style="list-style-type: none"> • We have increased our visibility with increase communications and negotiated 2 new spaces with the University. • We now have consistent group specific newsletters and our website was launched pre fresher's with a new development to launch again in the same year for the new intake (2015/16)
<ul style="list-style-type: none"> • Increase NSS satisfaction results with Union to 63%. 	<ul style="list-style-type: none"> • The Union increased its NSS score to 65% and is one of only 5 Unions in the country to have increased its score in every round of NSS.

Plans for the year ahead

Student Voice	<ul style="list-style-type: none"> • Awareness and understanding of Union Purpose (Multiple choice SU Survey, which 60% can demonstrate) • 100 events over the academic year. • A Union Governing document will be produced and agreed by Trustees.
Community	<ul style="list-style-type: none"> • 20 Sports Clubs, 450 Sports members • 60 Societies, 1200 Society members. • 10 Volunteering/Rag Events, 100 Rag/Volunteering Members • 15 Department societies established. At least 1 agreed group in each school • 130 new cases will be opened on average each quarter.
Participation and Development	<ul style="list-style-type: none"> • 2250 students involved in Union activities • 600 course reps recruited throughout the year • 33% of Course Representatives attend Course Rep Training • 40x candidates standing in the elections; of which at least 70% of elections are contested • Grow election turnout to 11.5%.
Visibility	<ul style="list-style-type: none"> • 8 Officer on tour events throughout the year • Redeveloped website ready for august and results announcement day • Website monthly individual visitors to consistently be 2000 and to average above 2000 by the end of the year.

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Financial review

The Union's accounts have been produced in accordance with the Charities SORP 2005. As such all income and expenditure, including the notional space charging income and its allocation based on the percentages shown in note 3 have been included.

The Union continued to benefit from the University's provision of a Subvention Grant of £741,600. LSBUSU's income from all sources was £1,048,867. Total expenditure was £1,090,473. Net outgoing resources were therefore £41,606, of which:

- (£43,187) represented planned use of Designated Funds, relating to restructuring costs financed from the Union's opening reserves;
- (£9,135) represented net outgoing resources on General Funds; and
- £10,716 represented restricted society surplus balances carried forward to next year.

The Union's reserves decreased from £565,315 to £523,709. The carried forward balance was represented by £470,321 of general funds, £42,672 of designated (unrestricted) funds relating to the ongoing capital costs associated with recent refurbishment work and £10,716 restricted society funds.

The Union should hold reserves to cover unexpected eventualities and also ensure there are sufficient reserves to resource planned capital expenditure. General Fund reserves at the 31st July 2015 stood at £470,321, of which £240,884 has been designated as a protected minimum amount (shown as "Accumulated Funds") and the remaining £229,437 as a development fund to support future activity.

The Union is currently affiliated to the National Union of Students (NUS), for which the total subscription costs amounted to £36,472 for the year, and no donations were made during the year to any external institutions out of LSBUSU's own resources.

Future Funding

The Trustees confirms that LSBUSU has sufficient funds to meet all its obligations. The Union's Subvention/Block Grant for 2015/16 has been confirmed at £900,000 and the Union's activities are expected to break even.

The Board of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustees on.....and signed on their behalf, by:

.....
Abdi Osmann
President

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
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Independent Auditors' Report to the members of London South Bank University Students' Union

We have audited the financial statements of London South Bank University Students' Union for the year ended 31 July 2015 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes set out on pages 13 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2015 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

THIS REPORT HAS NOT YET BEEN SIGNED

Crowe Clark Whitehill LLP

Statutory Auditor

49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

Date:

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
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NOTES TO THE ACCOUNTS (Continued)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR

	Notes	Unrestricted Funds	Designated Funds	Restricted Funds	Total £	2014 £
Gross Income						
Voluntary income:						
Block Grant		741,600	-	-	741,600	720,000
Space Grant (benefit-in-kind)		225,619	-	-	-	225,619
Other Grant		11,820	-	-	-	10,992
Activities to generate funds:						
Marketing		19,405	-	-	19,405	17,671
Investment income		5,717	-	-	5,717	2,292
Charitable activities for students:						
Student Activities		19,310	-	17,753	37,063	10,174
Merchandising		5,251	-	-	5,251	5,874
Other Income		2,392	-	-	2,392	739
Total income		1,031,114	-	17,753	1,048,867	993,361
Resources expended						
Costs of Generating Funds:						
Charitable Activities for students:						
Advice & Representation		502,888	23,173	-	526,061	509,162
Communications and Marketing		194,633	3,687	-	198,320	161,005
Student Activities		330,850	15,800	7,037	353,687	296,298
Governance		11,878	527	-	12,405	18,169
Total expenditure	2-5	1,040,249	43,187	7,037	1,090,473	984,634
Net (outgoing)/incoming resources		(9,135)	(43,187)	10,716	(41,606)	8,727
Transfers	1h	(85,859)	85,859	-	-	-
Fund balances brought forward		565,315	-	-	565,315	556,588
Fund balances carried forward		470,321	42,672	10,716	523,709	565,315

The statement of financial activities includes all gains and losses recognised in the year.

All amounts derive from continuing activities.

The notes on pages 13 to 19 form part of these accounts

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
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NOTES TO THE ACCOUNTS (Continued)

BALANCE SHEET

		2015		2014	
	Notes	£	£	£	£
Fixed Assets					
Tangible fixed assets	6		<u>51,573</u>		<u>15,717</u>
			51,573		15,717
Current Assets					
Stock		1,905		1,153	
Debtors & prepayments	7	13,046		22,812	
Short Term Investments		1,769		-	
Cash at bank & in hand		<u>528,238</u>		<u>567,039</u>	
			544,958	591,004	
Current Liabilities					
Creditors: Amounts due within one year	8	<u>(72,822)</u>		<u>(41,406)</u>	
			472,136	549,598	
Net Current Assets					
			<u>472,136</u>	<u>549,598</u>	
Total Assets less Current Liabilities					
			<u>523,709</u>	<u>565,315</u>	
Net Assets					
			<u>523,709</u>	<u>565,315</u>	
Representing Charitable Funds:-					
Reserves					
Development Fund		240,884		240,884	
Accumulated Fund		<u>229,437</u>		<u>324,431</u>	
General Funds (Unrestricted)			470,321		565,315
Designated Funds (Unrestricted)			42,672		-
Restricted Funds			10,716		-
Total Funds	10		<u>523,709</u>		<u>565,315</u>

Approved and authorised for issue on behalf of the London South Bank University Students' Union on

.....

.....
A Osmann
Trustee

The notes on pages 13 to 19 form part of these accounts

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
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NOTES TO THE ACCOUNTS (Continued)

NOTES TO THE ACCOUNTS

1 Accounting Policies

(a) Accounting convention

These accounts are prepared on the historical cost convention in accordance with the Statement of Recommended Practice: 'Accounting and Reporting by Charities' published in March 2005 (SORP 2005) and with applicable UK Accounting & Financial Reporting Standards.

(b) Going concern

After making enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees Responsibilities on page 7.

(c) Incoming resources

All income and capital resources are recognised in the accounts when the Charity is legally entitled to the income and the amount can be quantified with reasonable certainty. The University grant of free serviced accommodation on the campus is accounted for as income and expenditure of the year at an estimated value to London South Bank University Students' Union by reference to the alternatives available on the commercial market.

(d) Resources expended

Expenditure includes irrecoverable VAT. Charitable expenditure comprises the direct and indirect costs of delivering public benefit. Governance costs are those incurred for compliance with constitutional and statutory requirements, such as the annual audit. Central overhead costs are apportioned to charitable and other projects/activities on a usage basis, pro rata to the total costs of each project or activity undertaken.

(e) Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. Equipment, fixtures and fittings are included at cost. Depreciation is provided at the following annual rates in order to write the cost of assets off over their estimated useful lives:-

Motor vehicles	over a period of approximately 8 years
Fixtures, Fittings and sundry equipment	rates ranging from 15% to 20% per annum

It is the Union's policy to capitalise any individual assets greater than £500.

(f) Pension costs

London South Bank University Students' Union participates in the Students' Union Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension. The fund is valued at least every three years by a professionally qualified independent actuary with the rates of contribution payable being determined by the trustees on the advice of the actuary. The Scheme operates as a pooled arrangement, with contributions paid at a centrally agreed rate. As a consequence, no share of the underlying assets and liabilities can be directly attributed to London South Bank University Students' Union. Under the terms of FRS17, in these circumstances contributions are accounted for as if the Scheme were a defined contribution scheme based on actual contributions paid through the year.

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NOTES TO THE ACCOUNTS (Continued)

1 Accounting Policies (continued)

(g) **Stock**

Stock is valued at the lower of the cost and its net realisable value.

(h) **Fund accounting**

London South Bank University Students' Union administers and accounts for a number of charitable funds, as follows:-

- (i) **Unrestricted Funds** representing unspent income which may be used for any activity/purpose at the Trustees' own discretion;
- (ii) **Restricted funds** raised and administered by London South Bank University Students' Union for specific purposes as determined by students, such as Club and Societies Accounts, as well as revenue received for purposes specified by the donor and also (if not material enough to require a separate column in the SoFA) any small capital grants received from the College.
- (iii) **Custodian Funds** entrusted to London South Bank University Students' Union for safekeeping, but not under its management control, e.g., Clubs & Societies Funds and the annual RAG. Such custodian activities are disclosed in the Annual Report, but as the funds are not managed by London South Bank University Students' Union they cannot be included in the accounts.
- (iv) **Designated Funds** relating to amounts set aside from existing reserves to cover restructuring costs, including depreciation associated with refurbishment work. It is anticipated that this fund will be spent down over approximately 4 years.
- (v) **Transfers** from Unrestricted Funds to Designated Funds represent planned costs associated with restructuring which have been financed from the Union's reserves. These include capital refurbishment costs.

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NOTES TO THE ACCOUNTS (Continued)

2 Charitable and other Activity costs	Cost of Sales	Staff	Rent and Rates	Other	Total
	£	£	£	£	£
Resources expended					
Charitable Activities for Students					
Advice & Representation	-	298,307	121,064	106,690	526,061
Communications & Marketing	6,166	126,126	19,260	46,768	198,320
Student Activities	-	158,250	82,544	112,893	353,687
Governance	-	2,214	2,751	7,440	12,405
Total costs	6,166	584,897	225,619	273,791	1,090,473

Included in the above governance costs is the annual audit fee of £9,950 excluding VAT (2014: £9,700).

3 Central Overhead Costs included in Note 2		Staff	Rent & Rates	Other	Total
	Usage	£	£	£	£
Resources expended					
Charitable Activities for Students					
Advice & Representation	54%	97,418	121,064	50,751	269,233
Communications & Marketing	9%	15,498	19,260	8,074	42,832
Student Activities	37%	66,421	82,544	34,603	183,568
Governance	1%	2,214	2,751	1,153	6,118
Totals	100%	181,551	225,619	94,581	501,751

Other Costs comprised:-

	£
Development Costs (Restructure)	17,876
Professional Fees	18,352
Depreciation	13,399
Audit Fees	12,000
Insurances	10,126
Training	4,059
Conference Expenses	3,580
IT and Minor Equipment	3,523
Office Costs (including telephone and stationery)	2,712
Subscriptions	1,940
Sundry	<u>7,014</u>
Total	<u>94,581</u>

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NOTES TO THE ACCOUNTS (Continued)

4 Staff Costs

	2015	2014
	£	£
Wages and salaries	486,896	445,970
Social security	44,070	38,558
Pension costs	53,931	34,452
	584,897	521,930

No employee earned over £60,000 per annum.

Senior management pay is reviewed and set by our HR and Remuneration Committee.

The average number of staff employed during the year was 18 (2013/14: 16) permanent staff and 9 (2013/14: 8) student and temporary staff members.

5 Trustees' Remuneration and Expenses

The Trustees' four sabbatical officers each received an annual salary of £21,739 (2014: £19,600) for the year, as authorised in the Union's governing document, for the representation, campaigning and support work they undertake as distinct from their trustee responsibilities. This work includes voicing student opinion with the institution and local community, defending and extending the rights of students through petitions, discussion with MPs and also organising and supporting student volunteers and service provision for them. The total salary and NI costs for the sabbatical officers in post during the year amounted to £75,704 (2014: £92,488).

There were no other trustee-benefits for the year.

Trustees were reimbursed a total of £2,523 (2014: £3,440) for the year in respect of personal travel and subsistence expenses.

6 Tangible Fixed Assets

	Total
	£
COST	
At 1 August 2014	264,997
Additions	49,323
Disposals	(240,720)
At 31 July 2015	73,600
DEPRECIATION	
At 1 August 2014	249,280
Charge for the year	13,399
Disposals	(240,652)
At 31 July 2015	22,027
NET BOOK VALUE	
At 31 July 2015	51,573
<i>At 31 July 2014</i>	<i>15,717</i>

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NOTES TO THE ACCOUNTS (Continued)

7	Debtors	2015	2014
		£	£
	Trade debtors	3,440	3,091
	Social security & other taxes	-	9,785
	Other debtors	1,898	3,852
	Prepayments & accrued income	7,708	6,054
		<u>13,046</u>	<u>22,812</u>

8	Creditors: Amounts due within one year	2015	2014
		£	£
	Trade creditors	10,234	6,239
	Social security & other taxes	14,102	12,462
	Other creditors	10,944	5,610
	Accruals & Deferred income	37,542	17,095
		<u>72,822</u>	<u>41,406</u>

9	Student Society/Club material funds held were:-	Brought Forward	Income for Fund	Grants for Activities	Carried forward
		£	£	£	£
	<i>Societies:</i>	-	17,753	7,037	10,716
	Total	<u>-</u>	<u>17,753</u>	<u>7,037</u>	<u>10,716</u>

10	Analysis of Net Assets between Funds	General Funds	Designated Funds	Restricted Funds	Total
		£	£	£	£
	Fixed Assets	8,901	42,672	-	51,573
	Net current assets	461,420	-	10,716	472,136
		<u>470,321</u>	<u>42,672</u>	<u>10,716</u>	<u>523,709</u>

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NOTES TO THE ACCOUNTS (Continued)

11 Leasing Commitments

At 31 July 2015 London South Bank University Students' Union had annual commitments under non-cancellable operating leases as detailed below:

	2015 £	2014 £
Plant and machinery		
Operating leases expiring within one year	2,534	-
Operating leases expiring within two to five years	-	5,068
	-	5,068

The amount paid during the year in respect of operating leases for plant and machinery was £5,575 (2014: £5,068).

12 Control Relationship

The Union is controlled by the Trustee Board which is subject to democratic election by the voting membership of the Union. The ultimate control of the Union is vested under the constitution in the membership in General meeting. As such no single person or entity controls the Union as defined by Financial Reporting Standard 8.

13 Related Party Transactions

The Union is in receipt of a recurrent grant from the parent body London South Bank University of £741,600 (2014: £720,000).

In addition the Union pays a service charge for its building from the University. The total amount of rent charged during the year was £225,619 (2014: £225,619). As at 31 July 2015 the amount due from London South Bank University amounted to £3,028 (2014: £1,563).

14 Pension Costs

London South Bank University Students' Union participates in the Students' Union Superannuation Scheme, which is a defined benefit scheme whose membership consists of employees of students' unions and related bodies throughout the country. Benefits in respect of service up to 30 September 2003 are accrued on a "final salary" basis, with benefits in respect of service from 1 October 2003 accruing on a Career Average Revalued Earnings (CARE) basis. With effect from 30 September 2011 the Scheme closed to future accrual.

The most recent Valuation of the Scheme was carried out as at 30 June 2013 and showed that the market value of the Scheme's assets was £80,910,623 with these assets representing 52% of the value of benefits that had accrued to members after allowing for expected future increases in earnings. The deficit on an ongoing funding basis amounted to £73,849,000.

The assumptions which have the most significant effect upon the results of the Valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions.

The following assumptions applied at 30 June 2013:-

- The investment return would be 6.1% per annum before retirement and 4.1% per annum after retirement
- Pensions accruing on the CARE basis would revalue at 3.6% per annum.

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NOTES TO THE ACCOUNTS (Continued)

- Present and future pensions would increase at rates specified by Scheme rules with appropriate assumptions where these are dependent on inflation.

The 2013 Valuation recommended a monthly contribution requirement by each Participating Employer expressed in monetary terms intended to clear the ongoing funding deficit over a period of 17 years and will increase by at least 5% each year. These contributions also include an allowance for the cost of the ongoing administrative and operational expenses of running the Scheme. These rates applied with effect from 1 October 2014 and will be formally reviewed following completion of the next Valuation due with an effective date of 30 June 2016. Surpluses or deficits which arise at future valuations will also impact on London South Bank University Students' Union's future contribution commitment. In addition to the above contributions, London South Bank University Students' Union also pays its share of the Scheme's levy to the Pension Protection Fund.

NUSPS

Since 1 October 2011, all participating employees have been in a new defined contribution pension scheme, National Union of Students Pension Scheme (NUSPS). Contributions are at variable rates up to 6% for the employer and a minimum contribution rate of 3% for the employee. The Union's cost of contribution in the year amounted to £2,173 (2014: £4,404).

The total contributions paid into the two pension schemes by the London South Bank University Students' Union in respect of eligible employees for the year ended 31 July 2015 amounted to £53,931 (2014: £36,452), including deficit contributions.