

Meeting of the Board of Governors
at 4.00pm on Thursday, 21 November 2013
in 1B27, Technopark, London Road, London SE1

Agenda

<i>No.</i>	<i>Item</i>	<i>Paper No.</i>	<i>Presenter</i>
1.	Welcome and apologies		Chair
2.	Declarations of Interest <i>Governors are required to declare any interest in any item of business at this meeting</i>		Chair
3.	Chairman's Business		Chair
3.1	Minutes of meeting of 17 October 2013 (for publication)	BG.65(13)	Chair
3.2	Re-election of Vice Chair (to approve)	BG.66(13)	Chair
3.3	Chair Succession Update (to note)	BG.67(13)	Chair of Chair Nom Com
4.	Matters arising		Chair
5.	University Strategy		
5.1	October Strategy Day summary (to note)	BG.68(13)	Chair
5.2	Strategic proposals for the University (to approve)	BG.69(13) *	VC-D
6.	University Performance		
6.1	Vice Chancellor's Report (to discuss and note)	BG.70(13)	VC
6.2	Key performance indicator targets and ranking criteria, 2013/14	BG.71(13)	VC
6.3	Project "16-20" update (to discuss and note)	BG.72(13)	PVC(E)
7.	Committee Business		
7.1	Reports from committees (to note)	BG.73(13)	Committee chairs

* Late paper

London South Bank University

7.2	Business Cases relating to LSBU / IBM Strategic Partnership (from P&R: to approve) <ul style="list-style-type: none"> • Exceptional student experience • Data centre outsourcing 	BG.74(13)	PVC(A) & CIO
7.3	National Bakery School redevelopment (from P&R: to approve)	BG.75(13)	ExD ESBE & EDCS
7.4	Equality Act 2010 assurance update (to discuss and approve Policy)	BG.76(13)	EDCS and PVC(A)
7.5	Student recruitment end of year cycle report (from P&R: to note)	BG.77(13)	PVC(E)
8.	Governance		
8.1	Corporate Risk Register (to note)	BG.78(13)	EDF
8.2	Annual declarations of interest (to authorise)	BG.79(13)	Sec
9.	Year end reporting and approvals		
	<i>The External Auditors, Grant Thornton, will join the meeting for the following items and AGM</i>		
9.1	Audit Committee annual report (to consider)	BG.80(13)	Chair of Audit Committee
9.2	Report from the Policy and Resources Committee on the accounts (to note)	BG.81(13)	Chair of P&R
9.3	External Audit findings (to note)	BG.82(13)	GT
9.4	External audit letter of representation (to approve)	BG.83(13)	GT
9.5	Annual Report and financial statements for year ended 31 July 2013 (to approve)	BG.84(13)	EDF
9.6	SU audited financial statements for year ended 31 July 2013 (to note)	BG.85(13)	PVC(A)
10.	HEFCE Reporting		
10.1	HEFCE Annual Accountability Return (to approve)	BG.86(13)	EDF
11.	<i>Board Meeting closes. Please remain for AGM – governors are also the members of LSBU</i>		

12. 43rd Annual General Meeting

12.1	Chair's Introduction	Chair
12.2	Minutes of 42 nd AGM (to approve)	Chair
12.3	Annual Report and Accounts (to receive)	Chair
12.4	Reappointment of Auditors (to approve)	Chair
12.5	Remuneration of Auditors (to approve)	Chair

Please note that dinner to mark the retirement of the Vice Chancellor follows the meeting in H10 hotel, St George's Circus.

Date of next Board meeting: 3pm on Thursday 20 March 2014, followed by the Court event from 5.30pm until 7.30pm.

Governors and

Members: David Longbottom (Chair), Dame Sarah Mullally (Vice Chair), Prof Martin Earwicker (Vice Chancellor), Barbara Ahland, Steve Balmont, Douglas Denham St Pinnock, Ken Dytor, Prof Hilary McCallion, Anne Montgomery, Mee Ling Ng, Louisa Nyandey, Andrew Owen, Diana Parker, Prof Shushma Patel and Prof Jon Warwick.

Apologies: James Smith

Vice Chancellor

Designate: Professor David Phoenix

External Auditors: David Barnes (Grant Thornton)

With: Pro Vice Chancellor (Academic), Pro Vice Chancellor (External), Executive Director of Finance, University Secretary, Executive Dean of Engineering, Science and the Built Environment (for item 7.5), Executive Director of Corporate Services (for items 7.3 – 7.6), Chief Information Officer (for items 7.3 & 7.4) and Governance Officer.

	PAPER NO: BG.65(13)	
Board/Committee:	Board of Governors	
Date:	21 November 2013	
Paper title:	Minutes of the meeting of 17 October 2013	
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors	
Board sponsor:	David Longbottom, Chairman of the Board	
Recommendation:	That the Board approves the minutes of its last meeting and the redactions for publication	
Aspect of the Corporate Plan to which this will help deliver?		
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	Published on the university's website	

Executive Summary

The Board are requested to approve the minutes of the meeting of 17 October 2013 and the proposed redactions for publication.

Minutes of a Meeting of the Board of Governors
held at 4pm on Thursday, 17 October 2013
in DCG12&13, Clarence Centre for Enterprise and Innovation,
St George's Circus, London SE1

Present

David Longbottom	Chairman
Prof Martin Earwicker	Vice Chancellor and Chief Executive
Barbara Ahland	
Steve Balmont	
Douglas Denham St Pinnock	
Ken Dytor	
Prof Hilary McCallion	(for minutes 1-8)
Anne Montgomery	
Mee Ling Ng	
Louisa Nyandey	
Andrew Owen	
Prof Shushma Patel	
James Smith	
Prof Jon Warwick	

Apologies

Dame Sarah Mullally	Vice Chair
Diana Parker	

In attendance

Dr Phil Cardew	Pro Vice Chancellor (Academic)
Richard Flatman	Executive Director of Finance
Beverley Jullien	Pro Vice Chancellor (External)
James Stevenson	University Secretary and Clerk to the Board of Governors
Michael Broadway	Governance Officer

Welcome

1. The Chairman welcomed Louisa Nyandey to her first Board meeting. Louisa had been recently elected as Student Governor by the Student Council.

Declaration of Interests

2. No governor declared an interest in any item on the agenda.

Minutes of the previous meeting

3. The Board approved the minutes of the ordinary Board meeting of 18 July 2013 and the special Board meeting of 19 August 2013 and the redactions for publication. The Board requested the Executive to redact minute 12 of 18 July 2013 prior to publication.
4. The Board approved the minutes of the special Board meeting of 1 October 2013 and noted the minutes of the general meeting of 1 October 2013.

Update on Vice Chancellor designate

5. The Chairman updated the Board on the induction of Professor Phoenix, the Vice Chancellor designate. It was reported that Professor Phoenix would attend the Board strategy day of 23rd October and the degree ceremony of 28th October. Professor Phoenix would be spending one day per week at the University prior to starting formally on 1st January 2014.

Matters Arising

6. There were no matters arising which were not covered elsewhere on the agenda. The revised Articles of Association would be considered by the Board at its meeting of 21 November 2013.

Student Recruitment Update

7. The Board noted an update on recruitment for 2013/14 (paper **BG.50(13)**) following the closure of Clearing. It was reported that, as a whole, recruitment was on budget for the year. Undergraduate full time “student number control” was on target with semester 2 starters expected to raise this above target. Undergraduate part time was up on target despite a reported 40% drop in the sector overall.
8. The Board welcomed the recruitment figures and requested an update on entry tariffs and progression rates at the Board meeting of 21st November 2013. The Board requested an analysis of the factors behind the recruitment figures.

Prof Hilary McCallion left the meeting

University Engineering Academy South Bank update

9. The Board noted an update on the University Engineering Academy South Bank (paper **BG.51(13)**). The University is the lead sponsor of the academy which will open in September 2014 and specialise in engineering. It was reported that sponsorship of the academy supports the University's agenda on community engagement and to help improve the aspirations of young people in the area to progress to higher education.
10. The Board noted that there was no financial commitment or financial risk to the University in sponsoring the academy. University senior executives would join the Board of Governors of the academy which was currently being constituted.
11. It was reported that the University was in discussions with the Department for Education about sponsoring a University Technical College in Brixton.

October Board Strategy Day programme

12. The Board noted the draft Board strategy day programme for 23rd October 2013 (paper **BG.52(13)**). It was noted that Professor Phoenix would attend and that this would be his first opportunity to meet all the governors.

Vice Chancellor's Report

13. The Board noted an update from the Vice Chancellor (paper **BG.53(13)**). Student satisfaction from the National Student Survey had risen 2% on last year to 82% (the sector average was 85%).
14. The Key Performance Indicators were noted. **Governors queried the staff satisfaction survey participation of 59% (decrease from 62% in previous survey)**. Senior management had been requested to develop actions with their teams.

Project "16-20" Update

15. The Board noted an update on the "16-20" project which aimed to deliver an additional £16m of income per annum by 2017 at a 20% contribution rate (paper **BG.54(13)**). Business development projects in enterprise and international were noted. The next report to the Board would include details of early stage income.

Corporate Risk Register

16. The Board considered the corporate risk register in detail (paper **BG.55(13)**). The register set out the key risks to meeting the objectives of the Corporate Plan. The risk register is reviewed in detail by the Executive on a monthly basis and by the Audit Committee at each meeting.
17. The only corporate risk rated as “critical” was the risk of failing to meet revenue targets. The Board noted the related controls and actions, which included the “16-20” challenge (see minute 15). It was reported that the increasing pensions deficit risk was a concern but that steps had been taken to mitigate the risk including establishing a defined-benefit scheme for enterprise employees.

Reports from Committee

18. The Board noted an update on committee business since the last Board meeting (paper **BG.56(13)**).
19. The Board approved the opening a new RBS bank account and setting up a BACS/BACSTEL-IP Service User Number for the Sports Centre.
20. The Board approved the removal of Professor Martin Earwicker from the University’s bank mandate and the addition of Professor David Phoenix, with both changes effective 2nd January 2014.

Chair Succession Update

21. The Board noted an update on Chair succession planning (paper **BG.57(13)**). The Chair Nomination Committee had met once and agreed that the process should be open and transparent. A recruitment agency would be appointed to lead the search, following a mini-tender exercise.
22. The Board’s aim is to appoint the Chair elect at the 20th March 2014 Board meeting.

Matters Reserved to the Board

23. The Board approved the revised Matters Reserved to the Board (paper **BG.58(13)**).

Primary Responsibilities of the Board

24. The Board approved the revised Primary Responsibilities of the Board (paper **BG.59(13)**), which included reference to the responsibility for health and safety.

Corporate Governance Statement

25. The Board approved the Corporate Governance statement for inclusion in the annual report (paper **BG.60(13)**). The statement confirmed that the Board had acted in compliance with the CUC Code of Practice during the year. A verification note would be prepared by the Secretary to the Board.

Public Benefit Statement

26. The Board approved the Public Benefit statement for inclusion in the annual report (paper **BG.61(13)**). The statement confirmed how the Board had discharged its charitable objects for the public benefit.

Audit Committee terms of reference

27. The Board approved revised Audit Committee terms of reference (paper **BG.62(13)**), including the change to the bad debt write-offs recommended by the committee.

Annual Board Plan

28. The Board noted its annual plan for 2013/14 (paper **BG.63(13)**).

Composition of Board and Committees, 2013/14

29. The Board noted an update on its composition and that of its committees (paper **BG.64(13)**). A number of changes would be reported at the next meeting.

Portrait of Professor Earwicker

30. The Board were pleased to approve the commission of a photographic portrait of Professor Earwicker for the University to mark his forthcoming retirement as Vice Chancellor.

London South Bank
University

Date of next meeting

31. A Board strategy day will be held from 9.45am on Wednesday 23rd October 2013.
32. The next meeting will be held at 4pm on Thursday 21st November 2013.

The Chairman closed the meeting.

Confirmed as a true record:

..... (Chairman)



Committee Action Points

14 November 2013

14:33:19

Committee	Date	Minute	Action	Person Res	Status
Board	17/10/2013	3	Publication of minutes	Secretary	<input checked="" type="checkbox"/> Completed
Board	17/10/2013	8	Analysis of factors behind recruitment for Board strategy day - 23 Oct 2013	VC	<input checked="" type="checkbox"/> Completed

	PAPER NO: BG.65A(13)	
Board/Committee:	Board of Governors – Independent Governors only	
Date:	21 st November 2013	
Paper title:	Changes to senior staffing complement	
Author:	Dave Phoenix, Vice Chancellor Designate	
Board Sponsor:	David Longbottom, Chairman of the Board of Governors	
Recommendation:	That the Board approves the establishment of the role of Deputy Vice Chancellor and the start of recruitment	
Aspect of the Corporate Plan to which this will help deliver?	Student Choice and Student Success	
Matter previously considered by:	Independent Governors at the Board Strategy Day	23 rd October 2013
Further approval required?	The final appointment of a DVC is a matter for the Board	tbc
Communications – who should be made aware of the decision?	<ul style="list-style-type: none"> • Staff + student governors • members of the executive 	

Changes to senior staffing complement

1.0 Context.

LSBU has made significant strides over recent years, especially with respect to estates, student support and financial strength. In the next phase of its development the focus will be to build on this platform and drive forward the development of the academic environment and academic infrastructure to enhance external reputation.

The Board have agreed to move to a School based structure. The aim of this change is:

- a) To provide more cognate groupings which are aligned with external market segments. This is especially important for three key areas with potential for growth (Creative Industries, Applied Science, Architecture and Built Environment)

- b) To provide units that can create a focus for student engagement and so enhance satisfaction, retention and attainment – this is especially important in areas such as Business where the market is increasingly competitive and in Engineering where scores in these areas remain low.
- c) To support devolution of responsibility to the lowest level possible within a clear central framework of accountability. This is important if we are to increase consistency whilst exhibiting the responsiveness and flexibility required to meet student and market requirements

Irrespective of whether these changes had progressed the need to focus on academic development and enhanced consistency and compliance within the academic arena would remain. This paper therefore outlines the case for a Deputy Vice chancellor who would have operational line management responsibility for Deans of School/ Deans of faculty.

The key indicators for sustainability which are listed in the 5 year plan, for example the spend on staffing not to exceed 55%, will remain current as these are aligned with the sector. Over the course of the change programme staffing costs will therefore need to be rebalanced to ensure these indicators are met.

2.0 Basis for the role of Deputy Vice Chancellor.

As indicated there is a need to provide a focus on academic development and enhanced consistency and compliance within the academic arena. It is not possible for the VC to provide the level of detailed operational engagement required to achieve this whilst also leading on pan-institutional activity and external stakeholder engagement. It is possible to spread the responsibility for such delivery across Executive members but there is currently a limited number of Executive members with an academic leadership background and in addition this distributed leadership often leads to inconsistencies in delivery. The solution is to appoint a single individual to line manage the academic functions.

The purpose of the Deputy Vice Chancellor role is to provide leadership in achieving the University's strategic goals in relation to academic delivery, particularly with respect to

- Planning, number control and the academic portfolio
- The provision of a high quality, research informed, student experience
- The on-going development of academic staff

The cost of the role is estimated to be in the region of £150-170K p.a which is within Executive delegated authority. The DVC will be a 'Senior post holder' and as such will be appointed by the Board.

The key risk mitigations and measures for the role are as outline below:

Requirement	DVC	Measure
The University needs to maintain the course portfolio under careful review to ensure it is attractive and meets market needs	The DVC will be responsible for the product portfolio and its attractiveness to students. They will be able to use the control number allocations to help shape the portfolio for the future based on a risk profile (eg NSS, graduate employment, retention)	Application rates
The University needs to provide focused attention to issues related to student retention and attainment	The line management of Deans will enable the DVC to ensure student attainment measures are uniformly delivered through appraisal and through module and course level review (with PVC)	Entry levels Retention Good honours
The University needs to address issues of compliance and lack of consistency in some areas	The DVC will have a fundamental role in development of educational policies and frameworks and ensuring their implementation through line management	OIA complaints QAA and other external reviews
The university needs to ensure that academic areas deliver a research informed business focused environment	The DVC will ensure a balanced approach to academic delivery by development of an output based workload model and its consistent implementation through appraisal	Appraisal completions by September (including teaching, research and enterprise outcomes plus staff development targets)
The University needs to consider issues of succession planning in terms of senior leadership	The DVC will have the potential and aspiration to undertake the role of VC in the future	

*Vice Chancellor Designate
November 2013*

	PAPER NO: BG.66(13)	
Board/Committee:	Board of Governors	
Date:	21 st November 2013	
Paper title:	Election of Vice Chair	
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors	
Board Sponsor:	David Longbottom, Chairman of the Board of Governors	
Recommendation:	That the Board re-elects Dame Sarah Mullally to serve as Vice Chair	
Aspect of the Corporate Plan to which this will help deliver?	Creating an environment in which excellence can thrive	
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	N/A	

Executive summary

1. Under Article 47 the Board shall annually elect a Vice Chair.
2. It is proposed that Dame Sarah Mullally, who is willing to serve, be re-elected to serve as Vice Chair.
3. The Board is requested to approve the re-election.

	PAPER NO: BG.67(13)	
Board/Committee:	Board of Governors	
Date:	21 st November 2013	
Paper title:	Chair Succession Update	
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors	
Board Sponsor:	Andrew Owen, Chair of the Chair Nomination Committee	
Recommendation:	That the Board notes the update on chair succession	
Aspect of the Corporate Plan to which this will help deliver?	Creating an environment in which excellence can thrive	
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	N/A	

Executive summary

Following a mini tender exercise the Chair Nomination Committee selected Odgers Berndston to lead the search for the new Chair. Members of the committee met Fatima Koumbarji and Rebecca Russell of Odgers on 12th November 2013 to discuss the process, timings and the type of candidate required.

Process and timing

- online advertising will be used on grounds of effectiveness and cost;
- advertising will take place after Christmas 2013, with a view to the committee having a proposed list of candidates for review by the end of January 2014;
- it is anticipated that the majority of candidates will be identified by search from Odgers;

- the overall target is to have the Chair elect in place for the board meeting in July 2014.

Type of candidate

The Chair Nomination Committee recommends that the candidate:

- is committed to LSBU's ethos of vocation, community and enterprise. It is important that we appoint someone who has a strong interest in what we are trying to achieve - albeit within a realistic view of higher education overall;
- has the ability to take a strategic view. Existing knowledge of higher education would certainly be valuable but not an essential criterion. Clearly we need someone who is able to understand the strategic implications of such a complex subject fairly quickly;
- has experience in a large, complex organisation – whatever sector;
- ensures progress on goals set by the Board.

The committee is keen to see a longlist of candidates with diverse backgrounds. Equality and diversity are fundamental to our ethos;

The committee requested that we need a sound and strategic chair in preference to someone who might be a figurehead;

The Board is requested to note this report.

	PAPER NO: BG.68(13)
Board/Committee:	Board of Governors
Date:	21 November 2013
Paper title:	October strategy day summary
Author:	John Baker, Corporate & Business Planning Manager
Executive sponsor:	Professor Martin Earwicker, Vice Chancellor
Recommendation by the Executive:	That the Board note the outcomes of the Board Strategy Day, 23 October 2013.
Aspect of Corporate Plan this will help deliver?	All aspects of the plan.
Attendees	LSBU Governors, Executive Team & VC Designate

Executive Summary

The Agenda for the day was as below. The Executive team joined the session at 12, and the following notes are a record of the day from that point.

10.00-11.30	Independent governors get to know VC designate	David Phoenix
11.40-12.00	“Reflections on the French Revolution” <ul style="list-style-type: none"> ○ HE sector developments / political environment 	Martin Earwicker
12.00-12.15	Refresher on the five year forecast	Richard Flatman
12.15-13.00	Session 1 – “state of the nation” <ul style="list-style-type: none"> ○ LSBU recruitment for academic year 2013/14 ○ international ○ employability ○ enterprise 	Bev Jullien Bev Jullien Phil Cardew Bev Jullien
14.00-15.15	Session 2 – “brave new world” <ul style="list-style-type: none"> ○ enhancing the student experience ○ campus development next steps 	Phil Cardew Ian Mehrstens
15.50-16.00	Discussion and conclusions	David Longbottom

Richard Flatman - five year forecast refresher

Current Position: No material change to surplus expectations through to 17/18 in returns submitted to HEFCE.

This includes recruited student numbers & funding grants + 16-20 £ Investment cases.

Shift in Progression: The bottom line impact of a shift in progression could be equivalent to the anticipated surplus from the 16:20 investment programme.

Discussion:

- what are the reasons that stop students from progressing, and can we impact positively on this?
- this might be less risky / easier to achieve as an alternative method to deliver the 5Y£F, as it relates to existing internal activity, rather than external selling of ideas currently in development

Session 2 – “State of the Nation”

Bev Jullien - Recruitment

Current position: 10% growth overall in UG student numbers from 12/13

Business- fewer pre clearing recruits, but holding up overall

Development of Portfolio in 3 focused areas.

Engineering: Strong employer connections but need developed facilities.

Creative Industries: South Bank location - applied creative industries focus.

Business: Very competitive marketplace – faculty being re-positioned.

These are being emphasised in the new LSBU website; going live in a couple of weeks.

Discussion:

- is the LSBU brand sufficiently feminine? (Sector shift to >#s of female undergraduates)

Bev Jullien -International

LSBU has held its own in a competitive market.

Strategy – Tier 2/3 cities, leveraging our London location

Growth initiatives: overseas sponsorship & Study Abroad

- next Board session – presentation of a more focused china expansion plan (including social media)

Discussion:

- 3 benefits of Internationalisation: £, enrichment benefit on campus, & partnerships to improve esteem of institution.
- We need to ensure that these partnerships tie in with a research & innovation strategy
- value for £ of in-country staff in China should be clearly determined, we need to get building blocks right (Organisational focus, rather than individuals)

Phil Cardew - Employability:

LSBU has 3 core academic strategic aims, to improve : employability / satisfaction / progression.

3 strands of current employability activity:

Building Employability skills for students- internship programmes / SU strategy / Job Shop running with 200 interactions / week & careers gym 500 visits to date. Skills audit work - more involvement from induction point onwards

Improved DLHE: now coming in house, & maintaining regular contact with students after graduation.

> **employer engagement:** Academic-led initiatives at subject level & Local development initiatives.

Discussion:

- it is the execution of these initiatives which differentiates between institutions

Bev Jullien -Enterprise:

Clarence Centre: letting ahead of schedule - Governors to receive cards for access to the business lounge.

16-20: service teams in regular contact & regular reports provided to Governors.

Enriching the student experience: -add on benefits to be covered in an Exec paper in November regarding LSBU approach to CPD.

Need to resource team more effectively to enable better access of commercial bid opportunities.

Academic Enterprise Champions: are now engaged within each faculty & good linkage with student society & input to 13/14 student inductions.

Summary of morning session:

HE sector challenges: funding / international visa issues / 2015 election uncertainty & sector turbulence.

Without being complacent, we seem to be on track for £ elements of the 5 year forecast, and David Phoenix will to give focus post January to relevant initiatives.

Session 3 – “Brave New World”

Phil Cardew – Excellent Student Experience

Expectations of contemporary students:

- Universal Wi-Fi access with their own devices
- Consistent real-time information from systems
- Rapid feedback & enabled communications

Lecturer expectations:

- Easy & secure communications
- Tools to address dis-engagement
- Happy students

Proposed system uses tried & tested tools to create virtual communities with integrated single environment with a professional look and functionality.

New solution provides a platform which functions as the context housing of all the other systems (as a portal) so builds on top of, rather than replacing, current infrastructure.

4 key aspects:

1. Master data management:

Engine room ensures 1 record is held for all key attributes (gold student profile)

2. Intuitive Network Communications:

Tag info and enabled student searches on these puts students in direct contact with these communities beyond email. Students / staff / alumni / partners / institutions
Staff dashboards with direct access Video conferencing links

3. Learning technologies

Direct linkage with the Technology Enhanced Learning (TEL) strategy. Online delivery of introductory elements and provision of mentoring opportunities. Access to lecture recordings and group-work facilities as an automatic process. Overriding aim – to enhance student engagement & increase progression %.

4. **Predictive analytics**

Performance monitoring through consolidated presentation of Student activity: module achievements: VLE log in, turnstile access, class registers, ID registrations Dashboard - personal student view of historic data alerts

Measures of success:

- +Student satisfaction / progression / Enhanced KIS data through tutor
- +contact via blended / employability
- appeals & complaints

Major Risks to effective implementation:

Culture change / effective management / academic buy in / HR issues (&data protection?)

Rationale:

Takes LSBU ahead of competitors / comprehensive solution to also resolve current internal data conflicts / improves & develops virtual real estate / positive impact on staff & students.

November Board - IBM proposal to be formally presented.

Discussion:

Project Management / Experience of ambitious IT Programmes:

- Objectives – fine, but query whether there is sufficient local expertise to deliver this in time & on budget?
- Concern, not the why, but the how. Need to harness board's experience of being bruised & battered in delivering these sorts of projects
- Do we need external support beyond project management? (No project leader yet)
- Caution and learning to be had from a major programme such as this (much more than a project).
- Team Experience: VC designate has experience from UCLan of programmes of this magnitude and ambition & CIO has delivered bigger projects, with international change & experienced these difficulties.
- Need to focus on the people and the processes (not the technology - fairly easy)
- need to develop knowledge & understanding of staff capacity to implement change
- Experience elsewhere - people released were people available, and not the right people to enable effective implementation

Bigger picture issues of Staff Cultural Change and new ways of working:

- General feeling that LSBU doesn't have experience of this level of change
- Culture change is important. Parameters of expectation need to be set (i.e. re out of hours contact) - Additional resource for Moodle project & shape as pedagogically driven project.
- Need to link with Technology Enhanced Learning strategy (TEL), trying to make Moodle and blended delivery 2nd nature with all staff - seamless add on to Moodle project to gradual process over 3 years.
- What are HR concerns? "Scheduled teaching activities" tend to be classroom activity. Need to develop other ways for staff to demonstrate this. Issues are Union negotiation re the south bank agreement.
- Need to focus on terminology we use in contracts with academic staff

Contract Set up Issues:

London South Bank University

- Need to specify key deliverables in any contract with IBM
- Deliver in phased steps driven by impact, not technology
- Cost advantage to buying a package
- Need fierce negotiators to get contract developed *response* - we have a detailed requirements document, Gartner giving advice on contract clauses (- but they work more with IBM than us)
- 2011 corporate plan - identified the need to achieve a pedagogic shift
- Following HM Treasury process & can't do it on our own

Governance Issues:

- Need to understand governance structures & contract deliverables & effective stakeholder recognition.

Access Issues:

- BYOD (Bring your own Device)- will students without devices suffer & device type create variability of impact? – *Response* - we provide open access computers for those without & functionality is that it will work on old devices and adapt to new ones.

Programme Rationale:

- "Behind the Pace" - not doing this to be first, to deliver the impact we need to our students
- sector is very variable, key challenge is integration. Need to clearly indicate the value the proposal will bring with clear timescales for delivery, effectively tied into contract terms with the supplier.

Ian Mehrtens – Campus Development & St. Georges Quarter

Current Estates plan has delivered 2 anchor points. Rest could be transformed through a 5-10 year programme

Current projects:

Keyworth street pedestrian prioritisation scheme (don't want to adopt as 15 services under road, so that we don't to maintain this) to create one way in wrong direction to discourage route usage.
Sports centre direct access.
Abbey suite refurbishment & new London road entrance to green car park beside Technopark.
Bakery school refurbishment.

Current Issues:

We don't have a campus, we have a collection of buildings.
The Library is an outlying building, and not at the heart of the campus.
Closed perimeter on 2 sides on the campus triangle area.
Large section of this leasehold with Bridgehouse Estate (Corporation of London).
Havering campus lease runs out in 2015.
St Georges Development area: Only listed building we want to get rid of is the chapel (enterprise centre listed), Invited squatters currently protecting nursery & rotary street buildings.
Space use shift- more collaborative spaces & social teaching spaces required - hybrid / real model .
St George's area is currently half in and half out of the St George's circle conservation area.
Same area features in 2 separate SBDs.
4 metre exclusion zone re Bakerloo line which runs down London road.

Future Potential:

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Borough road atrium (frontage is the ancestral heart of the institution)

Peabody open to discussion regarding putting student accommodation into lower floors of their towers in Newington triangle development (could free up Dante road for development)

Development potential in southern area of campus.

3 architect themes for St Georges Quarter: Library & admin hub / Library & arts building / Library & lecture room

Discussion:

- Value in a place of congregation, a civic outdoor space for the institution
- Need to do some thinking on future requirements & need to sense whether development potential would fund these developments downstream. As funding needs to come from somewhere.
- Commercial property enfranchisement doesn't apply in same way as with residential property
- Lots of good reasons as to why to move forward with development plans now: campus improvements have delivered real value, we own lot of moral support for way the Georgian Terraces were restored into the Enterprise Centre, so good engagement with authority & stakeholders, high building strategy in current operation may not last forever, former governor mayor, so good time to liaise with him re bridge house trust.
- What should we provide if we are to internationalise the campus?
- Need process in place to enable this in an incremental way, recording key trigger moments- Peabody purchase, freehold acquisition.
- Bubble wrapped chapel projects a negative image to visitors.
- Students grateful for changes achieved to date
- Avoid master plan, so as to maximise opportunities, evolve along the way so can respond to changes as they arise.
- Don't want to see a new admin building.
- MOOCs & blended learning - will this change amend our need for buildings and our use of them? Link to socio-economic status of students?
- Other universities spending multiple hundreds of millions on their estate.
- Staff accommodation. Should we provide that to early career staff?
 - we are already planning to spend circa £100 million over 5 years - can we add timelines to the chart, and see what we can go ahead and deliver as part of this 5YEF plan?
- Need to focus on short term issues ahead of imagining exciting buildings
- Radical option - we could choose to move the institution to leafy Hampshire - but could conflict with strategic purpose of institution.
- Property committee best for specific building plans - downstream, guidance needs to come from the exec / be a focus of July board meeting
- need to be clear about academic strategy.

London South Bank University

	PAPER NO: BG.70(13)	
Board/Committee:	Board of Governors	
Date:	21 st November 2013	
Paper title:	Vice Chancellor's Report	
Author:	John Baker, Corporate & Business Planning Manager	
Executive sponsor:	Martin Earwicker, Vice Chancellor	
Recommendation by the Executive:	The Board is requested to note the report which provides a progress update on University business.	
Aspect of Corporate Plan to which this will help deliver?	Successful delivery of all aspects of the plan.	
Matter previously considered by:	Executive	On: 5/11/2013
	P&R	On: 12/11/2013
Further approval required?	n/a	
Communications – who should be made aware of the decision?	n/a	

Executive summary

This report includes an update on the new university website which went live on Tuesday 5th November, and presents the complete set of Corporate KPIs for the 12/13 Academic year.

The Board is requested to note the attached report.

Attachment: Corporate KPIs 12-13 End of Cycle report – November 2013

Vice Chancellor's Report: November 2013

Launch of new Corporate Website

1. The new LSBU externally facing website was launched on 5 November and has been completely redeveloped and redesigned from a user perspective. It includes making it compatible with modern devices used to browse the internet, updating the back-end technology used to manage content, rewriting 2,500 pages of content and massively enhancing key areas that influence students' decision making process like course content, case studies, people profiles. There is also a focus on reinforcing the University's USPs like employability and central-London location (another key factor in students' decision making process) and focus on conversion with calls-to-action (such as 'make an enquiry' 'book and event') clearly visible throughout the site.
2. With 500,000 visits per month, our website is a key channel in engaging and converting prospects and with these updates the University aims to offer one of the best university website experiences around. The next phase of the project will see the release of a 'mobile' version of the site in a few weeks, followed by the integration of the Health Faculty's CPD prospectus and some 15,000 more pages from satellite sites around the university.

Research Success

3. LSBU has been awarded £1,186,503 over the next five years for its involvement in a project funded by the Engineering and Physical Science Research Council as part of their Centre of Excellence in End Use Energy Demand. Professor Graeme Maidment (ESBE) is co-investigator on the award which is led by the University of Warwick in collaboration with LSBU, the University of Ulster and the University of Loughborough.

The award funds a collaborative 'Interdisciplinary Centre for Storage, Transformation and Upgrading of Thermal Energy (i-STUTE)' which is expected to influence the choices we make and technologies we use for heating and cooling in most UK buildings, as we make changes to meet the 2050 goals of reducing emissions.

LSBU Student Initiatives & Campus Activity

4. Hasbro commissions LSBU product design students

Hasbro, one of the world's largest toy manufacturers, has challenged LSBU product design students to design new toy concepts for the company.

Final-year students of LSBU's BSc (Hons) Engineering Product Design were briefed by Milan Balogh, senior design technologist at Hasbro and an LSBU alumnus. He tasked the students to research current Hasbro brands—which include Monopoly, Jenga, Furby and My Little Pony—and develop an extension to an existing product line or propose a completely new toy.

If Balogh likes what he sees at the end of the project, he will propose the students' ideas to Hasbro's production team. If taken to market, the successful designer will be paid either an inventor's fee or royalty.

5. LSBU buildings featured in new short film

The Student Centre and LSBU's new Clarence Centre for Enterprise and Innovation are featured in architect and filmmaker Rod McAllister's latest piece, *Resurrection*. (<http://www.youtube.com/watch?v=zKGDbIqNwbq>)

The film, commissioned by the Higher Education Quality Design Forum, explores the re-use of old buildings in higher education.

6. 'How I Discovered Bomberg': A Conversation with Richard Cork

The Borough Road Gallery recently hosted the first in a series of specially curated talks and events that accompany its current exhibition: 'David Bomberg: Objects of Collection'.

This provided a unique special opportunity for people to hear from an art critic, curator and historian who has researched David Bomberg's life and art extensively. The exhibition runs until the 29th March 2014.

7. Supreme Court's Baroness Hale gives keynote at LSBU

A report into social mobility within the legal aid profession was launched at LSBU in October with a keynote speech by Baroness Hale of Richmond, Deputy President of the Supreme Court, and a panel discussion of eminent

lawyers and commentators.

The report 'Social mobility and diversity in the legal aid sector: One step forward, two steps back' was authored by Young Legal Aid Lawyers—a group of students, paralegals, trainee solicitors, pupil barristers and qualified junior lawyers. The event was supported by a number of law firms and LSBU's department of law.

Update – Induction of Vice Chancellor Designate

8. Dave Phoenix is now spending each Friday at LSBU meeting regularly with the Executive team, and has met the Senior Management teams within the Faculty of Health and Social Care, the Faculty of Business, the Faculty of Arts and Human Science, and with the Governance team, and the Students Union.

Throughout the coming weeks Dave will be joining this Board meeting and meeting with the Faculty of Engineering, Science and the Built Environment and the following teams: Finance, Corporate Services, External, Academic and the Unions. He will also be meeting with both the external and internal auditors in December, and attending a student's drama performance which is being hosted by Level 6 AHS Students on 15th November.

Key Performance Indicators report

1. The Key Corporate Indicator results are now complete for the 12/13 Academic cycle, and the indicators are attached as an appendix.

LSBU Corporate Key Performance Indicators (2010/11 - 2012/13)

Report date: 1/11/2013

Financial Sustainability						
KPI	2010/11 Actual	2011/12 Actual	2012/13		YoY	
			(Target)	Current Performance (RAG)	up down	
Student Numbers & Contracts						
1	Recruitment against HEFCE contract	Within tolerance	Within tolerance	Within tolerance <i>(prediction)</i>	➔	
2	Recruitment against NHS contract	Within 5%	On target	On target	➔	
Income						
3	Total Income (£)	£144.0m	£138.3m <i>(year end result)</i>	£136.4m	£137.9 <i>(year end forecast)</i>	⬇
4	International student income	£10.2m	£9.6m <i>(year end result)</i>	£9.2m	£8.8m <i>(year end forecast)</i>	⬇
5	Research (non-HEFCE) income (£)	£3.4m	£2.4m <i>(year end result)</i>	£2.0m	£2.2m <i>(year end forecast)</i>	⬇
6	Enterprise income (£)	£8.5m	£10.0m <i>(year end result)</i>	£8.3m	£8.4m <i>(year end forecast)</i>	⬇
Surplus						
7	Total Surplus (% of income)	7.0%	4.7% <i>(year end result)</i>	1.8%	4.0% <i>(year end forecast)</i>	⬇
Other Financial Indicators						
8	Cash Balance (£)	£62.6m	£69.1m <i>(Year end result)</i>	£59.1m	£60.0 m <i>(year end forecast)</i>	⬇
9	Gearing Ratio	0.34	0.35 <i>(Comparative v-end result)</i>	0.37	0.27 <i>(year end forecast)</i>	⬆
10	Days liquidity	179	193.4 <i>(Comparative v-end result)</i>	137	176 <i>(year end forecast)</i>	⬇

The Student Experience						
KPI	2010/11 (Actual)	2011/12 (Actual)	2012/13 (Target)	Current Performance (RAG)	YoY	
Student Satisfaction						
11	Overall Student Satisfaction - UG (NSS) *	77%	80% <i>(2011/12)</i>	90%	82%	⬆
12	Overall Student Satisfaction - PG	75%	78% <i>(2011/12)</i>	90%	76%	⬇
Student Retention & Progression						
13	FTUG Year 1 Progression (%)	60%	63% <i>(2011/12)</i>	70%	65%	⬆
14	Graduating in intended period (FTUG 3/4yrs) (%)	53%	52% <i>(2011/12)</i>	65%	51%	⬇
Value Added						
15	Employment of graduates (DLHE return)* (Employed, or studying, or both)	82.4%	78.1% <i>(2010/11 cohort)</i>	90%	77.4%	⬇
16	No. of first degree students obtaining 1st or Upper 2nd class degrees *	52%	56% <i>(2011/12)</i>	60%	58%	⬆
17	No. of first degree students obtaining 1st or 2nd class degrees	89%	90% <i>(2011/12)</i>	80%	90%	➔
Resource Measures						
18	Spend per student (£) * (Academic Services)	£841	£940 <i>(Complete UG 2013)</i>	£1,000	£900 <i>(CUG 2014)</i>	⬇
19	Spend per student (£) * (Services & Facilities)	£1,021	£1,062 <i>(Times GUG 2012/13)</i>	£1,000	£1,110 <i>(SundayTimes/Times GUG)</i>	⬆
20	Staff:student ratio *	23.3:1	22.4:1 <i>(2011 HESA)</i>	21:1	23.7:1	⬇

Brand Profile						
KPI	2010/11 (Actual)	2011/12 (Actual)	2012/13 (Target)	Current Performance (RAG)	YoY	
League Table Ranking						
21	The Sunday Times	120 (of 121)	118 (of 122) <i>(2012 Table)</i>	Out of bottom 5	114 (of 122) <i>(2013 Table)</i>	⬆
22	The Guardian	100 (of 119)	104 (of 120) <i>(2013 Table)</i>	Out of bottom 5	113 (of 119) <i>(2014 Guide - June 13)</i>	⬇
23	The Complete University Guide	116 (of 116)	109 (of 116) <i>(2013 Table)</i>	Out of bottom 5	119 (of 124) <i>(2014 Table - April 13)</i>	⬇
24	The Sunday Times / Times	113 (of 116)	111 (of 116) <i>(2012/13 Table)</i>	Out of bottom 5	118 (of 120) <i>(2014 Table)</i>	⬇
Subject League Tables (The Guardian)						
25	No. of subjects in top 75% nationally	5 (of 18)	5 (of 17) <i>(2012/13 Tables)</i>	5 (of 15)	3 (of 21)	⬇
26	No. of subjects in top 50% of post-1992	4 (of 18)	3 (of 17) <i>(2012/13 Tables)</i>	5 (of 15)	2 (of 21)	⬇
27	No. of subjects in top 50% of post-1992, London	6 (of 18)	3 (of 17) <i>(2012/13 Tables)</i>	5 (of 15)	4 (of 21)	⬆
Student Perceptions						
28	Early : late applications (% of FTUG enrolments arising from early/late applications)	75:25	74:26 (2011/12)	80:20	79:21 (2012/13)	⬆
29	Financial support from donors (cash received, £)	£2.5m	£1.5m (2011/12)	£1.6m	£1.35m <i>(2012/13 forecast)</i>	⬇
Staff Perceptions						
30	Staff Satisfaction survey participation	NEW	62%	70%	52%	⬇

* Key league table measure

KPI Notes: Measure Overview	Data date & Source	Notes
1-10 Financial performance	Nov to Sep: LSBU Management Accounts	Forecast data updated after each month end period Final figure provided after audit & year end in Sep.
Student Satisfaction		
11 Overall Student Satisfaction - UG (NSS)	Oct/Nov: Ipsos Mori National Student Survey	An improvement of 2% on last year's score
12 Overall Student Satisfaction - PG	Oct/Nov: LSBU PG Taught Survey	A fall of 2% on last year's score
13 FTUG Year 1 Progression (%)	Oct/Nov: LSBU Cognos PAT Reports	progression has improved to 65%, the target figure of the current five year forecast.
14 % Graduating in intended period (FTUG 3/4yrs)	Oct/Nov: LSBU Registry Analysis	
Value Added		
15 Employment of graduates (% Employed, Studying, or both)	July: Hefce DLHE survey	LSBU has fallen by just over half a percentage point, to 77.4% of graduates in work or study
16 No. of first degree students obtaining 1st or Upper 2nd class degrees *	Oct/Nov: LSBU Registry Analysis	
17 No. of first degree students obtaining 1st or 2nd class degrees	Oct/Nov: LSBU Registry Analysis	
Resource Measures		
18 Spend per student (£) * (Academic Services)	April/May: 'Complete University Guide'	
19 Spend per student (£) * (Services & Facilities)	June/July: Times 'Good University Guide'	£1,110 as reported in new Sunday Times/Times Good University Guide on 22nd September 2013
20 Staff:student ratio *	June/July: HESA data publication	23.7 as reported in new Sunday Times/Times Good University Guide on 22nd September 2013
League Table Ranking		
21 The Sunday Times	September: The Sunday Times Newspaper	
		LSBU has moved down to 113 in the 2014 table & the total number of universities is now back to 119.
22 The Guardian	June: The Guardian Newspaper	Released 4 June 2013.
		LSBU is still outside the bottom 5, but # of institutions included has increased to 124 in the 2014 guide, released in April 13.
23 The Complete University Guide (formerly The Independent)	April: Complete University Guide website	
		Guide now merged with Sunday Times to form 1 annual publication each September.
24 The Times	Sep: The Times Newspaper	
Subject League Tables (The Guardian)		
25 No. of subjects in top 75% nationally	June: The Guardian Newspaper	Top 75% in 'Nursing & Paramedical Studies', 'Social Work' and 'Sports Science'
26 No. of subjects in top 50% of post-1992	June: The Guardian Newspaper	Top 50% of post-1992 in 'Nursing & Paramedical Studies' & 'Sports Science'
27 No. of subjects in top 50% of post-1992, London	June: The Guardian Newspaper	Top 50% of post-1992, London in 'Architecture' 'Social Work' & 'Sports Science' & 'Nursing & Paramedical Studies'
Student Perceptions		
28 Early : late applications (% of FTUG enrolments arising from early/late applications)	Oct/Nov, Registry Analysis	
29 Financial support from donors (cash received, £)	Oct/Nov, Development Office	
Staff Perceptions		
30 Staff Satisfaction	Survey: May 2013 3rd Party	Result indicates the percentage of staff that took part in the survey

	PAPER NO: BG.71(13)	
Board/Committee:	Board of Governors	
Date:	21 st November 2013	
Paper title:	Corporate KPIs – Targets & Rating Criteria for 13-14 Cycle	
Author:	John Baker, Corporate & Business Planning Manager	
Executive sponsor:	Martin Earwicker, Vice Chancellor	
Recommendation by the Executive:	The Executive recommends that the Board note and agree the targets and rating criteria in the attached report for the 2013-14 Cycle.	
Aspect of Corporate Plan this will help deliver?	Successful delivery of all aspects of the plan.	
Matter previously considered by:	Executive	On: 8/10/2013
Further approval required?	n/a	
Communications – who should be informed of the decision?	n/a	

Executive summary

The first report provides target information for the LSBU Corporate KPIs for 2013-14, with arrows showing how these targets differ from those aimed at in 2012-13, except for the 4 new indicators. (The target for KPI #31 is still to be confirmed, pending calculation of the figure for the 12/13 academic year)

The indicators removed from the 12/13 reporting cycle are that relating to % of graduates with a first or second class degree (as this does not feature in league table value add methodology), the one for Employee Engagement survey participation (as this does not occur each year).

The amended KPIs are that NHS contract income is now stated as a total income amount, so as to mirror the other financial income targets, The Sunday Times and Times league tables have now been combined, and the subject league table target for our London competitor group has now been increased.

The second report provides RAG rating criteria for each of these targets, giving illustrative examples for each indicator of the scores that would comprise the least favourable green result, the most favourable red, or the mid range of the amber area.

The Board is requested to note and agree the targets & criteria in the attached reports.

Attachments: KPI-2-LSBUTarget-Overview-13-14 & KPI-3-LSBUMetricsRating-13-14

LSBU Corporate Key Performance Indicators (2011/12 - 2013/14)

Draft Format for 13/14 Academic Year, date: 1/11/2013

Financial Sustainability						
KPI	2011/12 Actual	2012/13 Actual	2013/14		YoY Change to target (12/13 target)	
			Target	Actual tbc	up down	(12/13 target)
Student Numbers & Contracts						
1	Within tolerance	Within tolerance	Within tolerance band		➔	Within tolerance band
Income						
2	On target	On target	£25.9m		➔	+/-5%
3	£9.6m	£8.8m	£9.4m		⬆️	£9.2m
4	£2.4m	£2.2m	£2.4m		⬆️	£2.0m
5	£10.0m	£8.4m	£9.0m		⬆️	£8.3m
6	£138.3m	£138.00	£137.6m		⬇️	£136.4m
Surplus						
7	4.7%	4.50%	1.8%		⬇️	1.8%
Other Financial Indicators						
8	£69.1m	£59.9 m	£48.2		⬇️	£59.1m
9	0.31	£0.27	0.26		⬇️	0.37
10	203	£176.00	139		⬇️	137
11	<i>new indicator</i>	<i>new indicator</i>	55%			N/A
The Student Experience						
KPI	2011/12 (Actual)	2012/13 (Actual)	2013/14 (Target)	Current (RAG)	YoY	
Student Satisfaction						
12	80%	82%	86%		⬇️	90%
13	78%	76%	80%		⬇️	90%
Student Retention & Progression						
14	63%	65%	65%		⬇️	70%
15	52%	51%	65%		➔	65%
Value Added						
16	78.1%	77.4%	85%		⬇️	90%
17	56.0%	58%	62%		⬆️	60%
Resource Measures						
18	£940 <small>(Complete UG 2013)</small>	£900 <small>(CUG 2014)</small>	£1,000		➔	£1,000
19	£1,062 <small>(Times GUG 2012/13)</small>	£1,110 <small>(SundayTimes/Times GUG)</small>	£1,150		⬆️	£1,000
20	22.4:1 <small>(2011 HESA)</small>	23.7:1%	21:1		➔	21:1
Institution Reputation and Esteem						
KPI	2011/12 (Actual)	2012/13 (Actual)	2013/14 (Target)	Current (RAG)	YoY	
League Table Ranking						
21	111 (of 116) <small>(2012/13 Table)</small>	118 (of 120) <small>(2014 Table)</small>	< 110		⬆️	Out of bottom 5
22	104 (of 120) <small>(2013 Table)</small>	113 (of 119) <small>(2014 Guide - June 13)</small>	< 110		⬆️	Out of bottom 5
23	109 (of 116) <small>(2013 Table)</small>	119 (of 124) <small>(2014 Table - April 13)</small>	< 110		⬆️	Out of bottom 5
Subject League Tables (The Guardian)						
24	5 (of 17)	3 (of 21)	5 (of 15)		➔	5 (of 15)
25	3 (of 17)	2 (of 21)	7 (of 15)		⬆️	5 (of 15)
26	3 (of 17)	4 (of 21)	4 (of 15)		⬆️	5 (of 15)
Student Perceptions						
27	<i>new indicator</i>	<i>new indicator</i>	75%			N/A
28	74:26	79:21:00	80:20		➔	80:20
29	£1.5m	£1.35m	1.4m		⬇️	£1.6m
30	<i>new indicator</i>	<i>new indicator</i>	500			N/A
Staff Perceptions						
31	<i>new indicator</i>	<i>new indicator</i>	tbc			N/A

* Key league table measure

KPI Notes: Measure Overview		Data date & Source	Notes
1-11	Financial performance	Nov to Sep: LSBU Management Accounts	Forecast data updated after each month end period Final figure provided after audit & year end in Sep.
Student Satisfaction			
12	Overall Student Satisfaction - UG (NSS)	Oct/Nov: Ipsos Mori National Student Survey	
13	Overall Student Satisfaction - PG	Oct/Nov: LSBU PG Taught Survey	
14	FTUG Year 1 Progression (%)	Oct/Nov: LSBU Cognos PAT Reports	
15	% Graduating in intended period (FTUG 3/4yrs)	Oct/Nov: LSBU Registry Analysis	
Value Added			
16	Employment of graduates (% Employed, Studying, or both)	July: Hefce DLHE survey	
17	No. of first degree students obtaining 1st or Upper 2nd class degrees *	Oct/Nov: LSBU Registry Analysis	
tbc	No. of first degree students obtaining 1st or 2nd class degrees	Oct/Nov: LSBU Registry Analysis	
Resource Measures			
18	Spend per student (£) * (Academic Services)	April/May: 'Complete University Guide'	
19	Spend per student (£) * (Services & Facilities)	June/July: Times 'Good University Guide'	
20	Staff:student ratio *	June/July: HESA data publication	
League Table Ranking			
21	The Sunday Times / Times	September: The Sunday Times Newspaper	
22	The Guardian	June: The Guardian Newspaper	
23	The Complete University Guide (formerly The Independent)	April: Complete University Guide website	
Subject League Tables (The Guardian)			
24	No. of subjects in top 75% nationally	June: The Guardian Newspaper	
25	No. of subjects in top 50% of post-1992	June: The Guardian Newspaper	
26	No. of subjects in top 50% of post-1992, London	June: The Guardian Newspaper	
Student Perceptions			
27	% of Firm acceptances against enrolment target from FTUG students prior to clearing Early : late applications (% of FTUG enrolments arising from early/late applications)	Oct/Nov, Marketing Analysis	
28		Oct/Nov, Registry Analysis	
29	Financial support from donors (cash received, £)	Oct/Nov, Development Office	
30	Alumni Engagement: Number of placement, volunteer & mentor opportunities for students	August, Development Office	
Staff Perceptions			
31	Staff Turnover	HR Database Analysis	

LSBU - Key Performance Indicators: RAG rating Metrics: 13/14

Paper: BG 55(10)

		Lower limit (turns indicator red)			Middle Ground		Upper limit (turns indicator green)			
		Red	factor	13/14 #	Amber	13/14 #	factor	13/14 #	Green	
target norms:		<=90%	%	<=	av. 94%	between	%	>=	>=98%	
Financial Sustainability										
Student Numbers & Contracts		13/14 Target	% of target result <		average result		% of target result >=			
1	Recruitment against HEFCE contract	within 1%	Red		+or-3%	Amber	+or- 2%		+or- 1%	Green
Income (Millions)										
2	NHS contract income	£25.9	Red	90%	£23.3	Amber	£24.3	98%	£25.4	Green
3	International student income	£9.40	Red	90%	£8.5	Amber	£8.8	98%	£9.2	Green
4	Research Grants and Contracts (£) (forecast)	£2.40	Red	90%	£2.2	Amber	£2.3	98%	£2.4	Green
5	Enterprise Income (£) (forecast)	£9.00	Red	90%	£8.1	Amber	£8.5	98%	£8.8	Green
6	Total Income (£) (forecast)	£137.6	Red	90%	£123.8	Amber	£129.3	98%	£134.8	Green
Surplus (%)										
7	Total Surplus (%) (forecast)	1.8%	Red	90%	1.6%	Amber	1.7%	98%	1.8%	Green
Other Financial Indicators										
8	Cash Balance (£)	£48.2	Red	90%	£43.4	Amber	£45.3	98%	£47.2	Green
9	Gearing Ratio	0.26	Red	90%	0.29	Amber	0.28	98%	0.27	Green
10	Reserves (£) (Days Liquidity)	139	Red	90%	125	Amber	131	98%	136.2	Green
11	Staff Costs as a % of Income	55%	Red	90%	60.50%	Amber	58.3%	98%	56.1%	Green

The Student Experience										
Student Satisfaction		94%								
12	Overall Student Satisfaction - UG (NSS) *	86%	Red	90%	77%	Amber	81%	98%	84%	Green
13	Overall Student Satisfaction - PG (Internal Survey)	80%	Red	90%	72%	Amber	75%	98%	78%	Green
Student Retention & Progression										
14	Year 1 Progression (%)	65%	Red	90%	59%	Amber	61%	98%	64%	Green
15	Completion (%) *(Graduating in intended period)	65%	Red	90%	59%	Amber	61%	98%	64%	Green
Value Added										
16	Employment of graduates (DLHE return) *	85%	Red	90%	77%	Amber	80%	98%	83%	Green
17	No. of students obtaining 1st or Upper 2nd class degr	62%	Red	90%	56%	Amber	58%	98%	61%	Green
Resource Measures										
18	Spend per student (£) * (Academic Services)	£1,000	Red	90%	£900	Amber	£940	98%	£980	Green
19	Spend per student (£) * (Services & Facilities)	£1,150	Red	90%	£1,035	Amber	£1,081	98%	£1,127	Green
20	Staff:student ratio *	21:1	Red	90%	23	Amber	22	98%	21	Green

LSBU - Key Performance Indicators: RAG rating Metrics: 13/14

Paper: BG.55(10)

Lower limit (turns indicator red)			Middle Ground		Upper limit (turns indicator green)		
Red	factor	13/14 #	Amber	13/14 #	factor	13/14 #	Green

Institution Reputation and Esteem										
League Table Ranking			94%							
21	The Times / Sunday Times	< 110	Red		116	Amber	112		109	Green
22	The Guardian	< 110	Red		116	Amber	112		109	Green
23	The Complete UG	< 110	Red		116	Amber	112		109	Green
External Research Profile										
24	No. of subjects in top 75% nationally	5 (of 15)	Red		2	Amber	3-4		5	Green
25	No. of subjects in top 50% of post-1992	7 (of 15)	Red		3	Amber	5		7	Green
26	No. of subjects in top 25% of post-1992, London	4 (of 15)	Red		1	Amber	2-3		4	Green
Student Perceptions										
27	% of Firm acceptances / target from FTUG students pri	75%	Red	90%	68%	Amber	71%	98%	74%	Green
28	Early:late application ratio	80:20	Red	90%	72:28	Amber	75:25	98%	79:21	Green
29	Financial support from donors (£, M.)	1.4	Red	90%	1.26	Amber	1.32	98%	1.37	Green
30	Alumni Engagement: placement, volunteer & mentor	500	Red	90%	450	Amber	470	98%	490	Green
31	Staff Turnover	tbc	Red	90%	#VALUE!	Amber	#VALUE!	98%	#VALUE!	Green

	PAPER NO: BG.72(13)	
Board/Committee:	Board of Governors	
Date:	21 st November, 2013	
Paper title:	16-20 Challenge Update	
Author:	Tim Gebbels, Director of Enterprise	
Executive sponsor:	Bev Jullien, Pro Vice Chancellor (External)	
Recommendation by the Executive:	To note progress	
Aspect of the Corporate Plan to which this will help deliver?	Growth of income and surplus in line with the Five year Plan: "£16m extra revenue at a surplus of 20%"	
Matter previously considered by:	Executive	On: November 5 th 2013
Further approval required?	n/a	On:
Communications – who should be made aware of the decision?	n/a	

Executive Summary

1. Since October, 2013 the total potential revenue value, un-risk adjusted, of projects in 2017/18 has reduced from £27.8m to £25m.
2. This is due to the bid of £2.8m for HEFCE funding for post graduate programme development being rejected. Feedback is still to be received, and learning will be taken from this. However, there has been significant internal benefit in the learning from cross-functional collaboration to prepare the bid, and the team will seek alternative ways to support the action plan. In addition, there have been small adjustments to the value of the App Development Project ("app farm") which are offset by the potential value of a new project, a community therapy centre.

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3. In addition to the new projects, areas which have progressed include:
 - Preliminary feedback on the ERDF bid has been positive, and the team is now answering points of clarification. The final outcome will be known in December.
 - The relaunch of Knowledge Transfer Collaborations to complement Knowledge transfer partnerships has had an excellent early response and the team is actively pursuing a number of leads with Faculty colleagues, with 2 prospects at an advanced stage.
4. The learning from development of the more major projects so far (CPD, Top-Ups, Bids) is that this takes significant, skilled resource to develop effectively. The resource in the enterprise team is tight, and Faculty experts are managing alongside their mainstream roles - which means that these evaluations are not progressing as fast as we would wish. The CEO of SBUEL is therefore coming back in December with proposals to strengthen resources – specifically, to manage 1620 strategic projects, and to manage and deliver Bid opportunities
5. The financial chart attached now includes phasing of expected income from projects. This will continue to evolve and become tighter over the coming months

16-20 Challenge Project Update

Area / Title (Owner)	Description	Project progress	Indicative value £m in year 5*	Next Gateway stage	Target Date
International International partnerships to provide Edexcel top ups (Jenni Parsons)	Targeting of less mature international colleges with standardised top ups in engineering, business, tourism. Blended teaching model delivers innovative online resources and framework for supporting local teaching delivery	Executive approved £110k funding for 2013-14 project tasks to next stage. First demo of online product approach to team by agency well received. Key issues team now tackling: Platform and relationship to IBM, content development process, technology for local/remote delivery. Earliest cohort likely to be Jan 2015.	£4.9m	Gateway 3-4 Submission of business plan and implementation for funding	<i>December 2013</i> (Previously Jan 2014)
International Nursing programmes in Malaysia (Judith Ellis)	Led by the Faculty	Manageable within Faculty resourcing at this stage. Course successfully validated jointly with Malaysian team. Visit for offsite approval planned for December. First cohort to expected to start in Sep 2014	£1m+	n/a	Faculty to come back to Exec if additional resource required to maximise potential
International Sponsorship of international cohorts (Jenni Parsons)	e.g. Qatar petroleum UG	Manageable within existing resource. First cohort of 40 students from Qatar now enrolled <i>Discussions started for growth of relationship. Also assessing extension to other oil and gas employers</i>	£1m+	n/a	Ongoing

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Enterprise Knowledge Transfer Collaboration (Yvonne Mavin)	Redevelopment of programme originally targeted at clients unable to qualify for KTP, based primarily around Masters Learning by Contract	<i>Proposal approved by September Executive Telesales campaign for both KTP/KTC undertaken in October with good response. 2 opportunities already at an advanced stage</i>	£0.3m	Gateway 4 Approved at September Exec	<i>TBC depending on success of roll-out</i>
Enterprise CPD (Yvonne Mavin)	Development of significant portfolio of courses over and above our standard full cost courses. The scope includes professional and other qualifications and structured management training to local councils, police etc.	Initial cross-Faculty team meeting defined scope and initial action. Majority of actions now complete. Will need to focus on Executive proposal to determine resource required to get to the next development stage.	Professional qualifications £0.5-2m Other 3 faculties to match health £3.6m for CPD	Gateway 2 Approve resources to progress to outline business plan	<i>December 2013</i> (was Oct then Nov 2013)
Enterprise Summer Schools (Yvonne Mavin)	Summer schools (over and above those targeted at students who need support before joining LSBU) forms part of the overview of better utilisation of the campus.	Initial market research suggests this area is of interest. Team is agreed but has not met. Timing is important given the need for advance promotion.	£0.5-1m	Gateway 3-4 Submission of business plan/ implementation for funding	TBC
Enterprise App development (Yvonne Mavin) (from "medico-digital" project – now "App Farm")	Creation of a capability to commercialise student and staff ideas for apps across the areas of expertise in the University – first example, tube line mapping for physically impaired	Senior Managers from FESBE, FBUS, FHSC together with faculty Business Development Managers have developed an initial concept and business model <i>High level of staff interest</i>	£0.5m		TBC

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<p>Enterprise Development of blended / online health programmes (Yvonne Mavin)</p>	<p>Development in new health sectors of online and blended learning programmes</p>	<p>Cross-disciplinary team verified core area of interest in leadership around integrated care to create differentiated market position</p> <p>Completed market research phase 1 into integrated health marketplace. Recruitment agreed of FHSC Enterprise/ Entrepreneurship Development Manager one year secondment to Enterprise. Initial draft in development on articulation of pedagogy to marketplace. <i>Proposals for three legacy products completed in October.</i></p>	<p>£0.5-1m</p>	<p>Gateway 2 Approve resources to progress to outline business plan</p>	<p>TBC</p>
<p>Enterprise Work-based learning (TBC)</p>	<p>Corporate degrees, higher apprenticeships development and funding</p>	<p>Initial market research indicates this is an area of interest but complex. <i>ESBE exploring as development from existing part time offering.</i></p>	<p>£1.2m</p>	<p>tbd</p>	<p>tbd</p>

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<p>Enterprise Concepts to be developed for Gateway1 (TBC)</p>	<p>Exploiting university capital assets; film locations; Quizslides; Tenders ; US Community University top-up programme; enhanced international partnerships programme</p>	<p>Work to start from Q4 2013 <i>Proposal for new staff resource to lead University initiatives to bid for grant funding from sources not previously sought, e.g. ERDF/ESF, HEFCE, GLA Growing Places fund, LEP funding, etc ; DP submitted candidacy for LEP representation</i></p>	<p>£3m</p>	<p>Gateway 1</p>	<p><i>December 2013 (for resource to seek grant funding)</i></p>
<p>Enterprise ERDF bid to support SMEs to grow by improving their investment readiness (formerly Economic Gardening). (Yvonne Mavin)</p>	<p>Creation of a set of defined frameworks through which supervised student consulting services can be offered to SMEs. Now focussed on Access to Finance priority of ERDF programme.</p>	<p><i>Partnership established with LMU for joint delivery of this project to bring match funding and enhance credibility with EPMU. Bid feedback positive – responding to questions, with decision expected December. Proceeding at University risk with early stages of the project, to deliver to tight timescale</i></p>	<p>£0.5-1m</p>	<p>TBC</p>	<p><i>December 2013 (depending on bid outcome)</i></p>
<p>Enterprise Therapy Centre</p>	<p><i>Development of a University to community therapy or broader service centre offering community service, opportunities to maintain currency of academics' skills and scope for students – linking to commercial lettings</i></p>	<p><i>Based on addition therapy, CBT, podiatry, sports therapy, etc. In early discussion with Estates and Faculties for feasibility analysis</i></p>	<p>£0.5m</p>	<p>Gateway 1</p>	<p><i>tbd</i></p>

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<p>Post Graduate Targeted sponsorship of PG programmes (Tere Daly)</p>	<p>Industry/international. Indicatively, 150 students @ £7k each</p>	<p>First proposals submitted to client for tailored programme for HR Positive response from employers approached. 20% increase in sponsored UG PT against target. PG still in progress and on track to meet target</p>	<p>£1m+</p>	<p>n/a</p>	<p>On-going</p>
<p>Post Graduate Improve recruitment to PG programmes and study abroad from EU (non SNC) (Tere Daly)</p>	<p>Feedback from Y1 activity within EU is very promising – need to develop further</p>	<p>Extra resource approved for 13/14 by Exec, May 2013. Business case to be developed to scope long-term potential and resource to deliver.</p>	<p>£0.5-1m+</p>	<p>Stage 4 by Jan 14</p>	<p>January 2014</p>
<p>Post Graduate Enhanced Facilities from 2014/15 for Engineering and Creative industries (M Molan / R Bhamidimarri)</p>	<p>Extension of programmes / launch of new programmes for PG and international (in addition to strengthening position in UG)</p>	<p>Business Cases reviewed at Exec, July 2013. To be finalised within overall capital programme to enable works completion for Sept 2014 recruitment ESBE: Workshop between ESBE staff and University Enterprise post REF to explore possible opportunities to exploit new facilities</p>	<p>£2m+</p>	<p>Plan to resolve detailed costings and approvals in time for works to be complete for Sept 14</p>	

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Projects terminated					
Post Graduate HEFCE bid Postgraduate Support Scheme for bursaries and pathway development (Phil Cardew)	Three strands: UG progression Employer engagement and opportunity creation, with larger SME focus Research project	<i>Bid unsuccessful. Awaiting feedback from HEFCE. Good process cross –functionally; looking at alternative means to deliver plans</i>	£2.8m		
TOTAL			£21.5m – £25m		

*Income is either estimate or from business plans submitted to Executive. The later the gateway the more accurate the income estimate is likely to be.

Reconciliation of potential income £m:

October Maximum total: £27.8 November Maximum total £25m

Changes:

Lost:	HEFCE Bid	£2.8m
Reduced:	APP Development	-0.5m
New:	Therapy Centre	+0.5m

New:		
Post Graduate EU Developments:		£0.5m-£1m
Post Graduate: Enhanced Facilities:		£2m
Post Graduate: HEfCE Bid:		£2.8m

Note: All projects are unadjusted for probability of success

LSBU 16-20 Income Growth Overview: Anticipated speculative income streams by category area (in £000s)

Report Date: 1st November 2013

		LSBU Lead	Risk rating	13/14 Forecast	14/15 Forecast	15/16 Forecast	16/17 Forecast	17/18 Forecast	17/18 Min. Max.	
Total LSBU Income				£139,455						
Intended International Income Total				£9,441	£9,850	£10,872	£12,915	£14,661		
International income Growth Target				£613	£1,022	£2,044	£4,087	£5,833		
<i>Identified elements</i>	Edexcel top ups	JP	2 - Likely	£800	£1,600	£2,400	£3,200	£4,000	n/s	n/s
	Malaysia Nursing	JE	1 - Expected	£0	£400	£850	£1,000	£1,150		plus
	Qatar Petroleum	JP	1 - Expected	£400	£550	£700	£850	£1,000		plus
Identified Total				£1,200	£2,550	£3,950	£5,050	£6,150		
% target achieved				196%	250%	193%	124%	105%		
Intended Enterprise Income Total				£8,960	£9,348	£10,317	£12,257	£13,914		
Enterprise Income Growth Target				£582	£970	£1,939	£3,879	£5,536		
<i>Identified elements</i>	Knowledge Transfer Collaboration	YM	2 - Likely	£26	£130	£156	£195	£250	n/s	n/s
	Enterprise CPD	YM	3 - Potential		tbc	tbc	tbc	£1,000	£500	£2,000
	Faculty Match CPD	tbc	3 - Potential		tbc	tbc	tbc	£3,600	n/s	n/s
	Apps Fam	YM	3 - Potential		tbc	tbc	tbc	£1,000	n/s	n/s
	Blended Online Health	YM	3 - Potential		tbc	tbc	tbc	£500	£500	£1,000
	ERDF Bid	YM	2 - Likely	£168	£242	£68	£0	£0		
	Work Based Learning	tbc	3 - Potential		tbc	tbc	tbc	£1,200	n/s	n/s
Summer Schools	YM	3 - Potential		tbc	tbc	tbc	£750	£500	£1,000	
Identified Total				£194	£372	£224	£195	£8,300		
% target achieved				33%	38%	12%	5%	150%		
Intended Home/EU PG Income Total				£7,752	£8,088	£8,927	£10,605	£12,039		
Home/EU PG Income Growth Target				£503	£839	£1,678	£3,356	£4,790		
<i>Identified elements</i>	Targeted Sponsorship	LG	3 - Potential		tbc	tbc	tbc	£1,000		plus
	EU Study Abroad	TD	3 - Potential		tbc	tbc	tbc	£750	£500	£1,000
	Engineering Facility + impact	RB	3 - Potential		tbc	tbc	tbc	£1,000		plus
	Creative Industries Facility + impact	MM	3 - Potential		tbc	tbc	tbc	£1,000		plus
	Hefce Support Bid	PC	2 - Likely	£860	£893	£416	£360	£343	n/s	n/s
Identified Total				£860	£893	£416	£360	£4,093		
% target achieved				170.8%	106.4%	24.8%	10.7%	85.5%		
16-20 Total Growth income Target				£1,698	£2,830	£5,661	£11,322	£16,158		
Identified Total to date				£2,254	£3,815	£4,590	£5,605	£18,543		
% target achieved				132.7%	134.8%	81.1%	49.5%	114.8%		

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	PAPER NO: BG.73(13)	
Board/Committee:	Board of Governors	
Date:	21 November 2013	
Paper title:	Reports from committee meetings	
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors	
Board sponsors:	Relevant committee chairs	
Recommendation:	That the Board note the reports and approves	
Aspect of the Corporate Plan to which this will help deliver?	N/A	
Matter previously considered by:	As indicated	On:
Further approval required?	No	On:
Communications – who should be made aware of the decision?	Redacted minutes of committee meetings are published on the University's website	

Summary

A summary of Committee decisions is provided for information. Minutes and papers are available on the governors' sharepoint.

The Board is requested to note the reports.

Summary of Committee decisions

Human Resources Committee – 22 October 2013

The committee noted:

- An update on performance management;
- An update on the employee engagement survey; and
- Equality Act 2010 assurance update – paper **BG.76(13)**

Audit Committee – 31 October 2013

The committee discussed an update on actions following the internal audit report on ICT Security which had been given a high risk rating:

- a. *physical security* - the business case to outsource the data centre has been recommended to the Board for approval from P&R – paper **BG.74(13)**
- b. *user administration* - a business case to replace the identity and access management system has been approved by the Executive

A further update will be supplied at their next meeting.

Year-end Matters

- The audit findings were discussed – paper **BG.82(13)**
- FRS17 pensions assumptions were discussed;
- Going concern review to support the going concern statement in the statutory accounts;
- Draft report and accounts 2012/13 were reviewed – paper **BG.84(13)**
- The letter of representation was recommended to the Board for signature – paper **BG.83(13)**
- Annual review of effectiveness of internal controls – the committee approved the full compliance statement which is included in the accounts.
- The committee approved their annual report to the Board and accountable officer – paper **BG.81(13)**.

External audit

- The committee noted that Grant Thornton had achieved all of their agreed key performance indicators

Internal audit

The committee considered the:

- Progress report
- Report on extenuating circumstances and academic appeals

The committee noted:

- Anti-fraud, bribery and corruption report; and
- Speak up report.

Policy and Resources Committee – 12 November 2013

The committee recommended to the Board for approval:

- The draft report and accounts for year ended 31 July 2013 – paper **BG.84(13)**;
- The business cases relating to the LSBU / IBM partnership – paper **BG.74(13)**;
- The business case on the National Bakery School redevelopment – paper **BG.75(13)**; and
- Articles of Association (to come to the Board in March 2014).

The committee discussed:

- an update on recruitment – paper **BG.77(13)**; and
- key performance indicators – paper **BG.71(13)** (in appendix).

Honorary Awards Committee – 12 November 2013

Confidential

The committee approved the following honorary awards:

Honorary Doctorate

- Patrick Clarke OBE
- Abdulraman Jawahery
- Sir Paul Judge
- Peter Rees

Honorary Fellowship

- Professor Diana Kloss MBE
- David Powell

The awards will be conferred at the graduation ceremonies in October 2014. **Please note that these awards are confidential until accepted by individuals and publicised by the University next year.**

	PAPER NO: BG.74(13)
Board/Committee:	Board of Governors
Date:	21 st November 2013
Paper title:	<p>Business Cases relating to LSBU / IBM Strategic Partnership. There are 3 papers in this pack:</p> <ol style="list-style-type: none"> 1. Summary of the Business Cases – puts the 3 business cases into context and provides a summary of the financial impact on the five year forecast 2. Exceptional Student Experience – describes an aspirational solution which will improve the experience of students at the University leading to improved satisfaction and progression 3. Data Centre Outsource – moves the LSBU systems infrastructure to a new environment in order to resolve long-standing performance and resilience issues
Author:	David Swayne, Chief Information Officer
Executive sponsor:	Phil Cardew, Pro Vice Chancellor (Academic)
Recommendation by the Executive:	The Executive recommends that the Board of Governors approves the business cases.
Aspect of the Corporate Plan to which this will help deliver?	<ul style="list-style-type: none"> • Student success must be the University’s overriding aim. We want to give opportunity to all who can benefit and our success has to be measured by their success in graduating and finding employment. • It is unacceptable to recruit students who do not have a reasonably good chance of succeeding, either for them or the University. • Our competitive position rests strongly on the delivery of value for money education that enhances career success for our students. • Creating an environment in which excellence can thrive. • Financial sustainability.

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Matter previously considered by:	ICT Advisory Board Executive Policy and Resources Committee Board of Governors	On: 13 th September 2013 On: 17 th September 2013 & 5 th November 2013 On: 24 th September 2013 Strategy Day
Further approval required?	No	N/A
Communications – who should be made aware of the decision?	Executive, ICT Advisory Board, Academic Board, Technology Enhanced Learning Group, Estates and Facilities, ICT	

Executive Summary

This paper has been prepared to provide a summary of the 3 business cases that relate to a potential strategic partnership between LSBU and IBM. LSBU has been an IBM customer for some time and over the past 6 months there has been a deepening of the relationship between the 2 organisations. It is believed that the proposed partnership can underpin the Technology Enhanced Learning Strategy, the ICT Strategic Implementation Plan and ultimately make a significant contribution to the Corporate Plan through these initiatives and also the opportunities presented by the support that IBM delivers to Academia.

It should be noted that there has been a deep engagement with academics and commercial areas of the University to facilitate an understanding of requirements and benefits and that whilst the expenditure within the business cases primarily relates to technology the Programme is being driven by the academic areas of the University.

The Exceptional Student Experience part of the programme could increase our profitability by increasing progression. The Data Centre Outsourcing replaces planned ICT capital expenditure. The Identity and Access Management piece is required following an audit failure.

Exceptional Student Experience

The full Exceptional Student Experience Solution from IBM covers the student journey from initial enquiry through to alumni and encompasses:

- Accessible Portal
- Social Collaboration
- Predictive Analytics

A solution is proposed that builds upon the work underway in the BUILT Programme to deliver the Technology Enhanced Learning Strategy by pulling student (and staff) related digital learning and teaching resources together in a student portal that will replace the current implementation of My LSBU. This includes an integration of the Virtual Learning Environment (Moodle) with Social Collaboration tools that will provide a rich online learning environment for our students. It also provides single sign on to other online facilities such as the library systems.

The financial business case for this solution is based upon improving progression of students through the provision of better digital facilities and most importantly the use of Predictive Analytics to identify students who are at risk of “failing”. Predictive Analytics will make use of data that LSBU already collects, although its entry into systems will need to be more prompt than it is currently. This data relates to:

attendance, systems usage, formative assessment, summative assessment, entry qualifications and overall engagement with the University.

Where IBM has implemented this solution, for example at American Public University IBM recorded 80% accuracy in identifying at-risk students with predictive analytics. At Hamilton County Department of Education they achieved an 8% increase in graduation rates to 80% which by reducing non-completion rates by 25%.

Due to the revenues that can be generated by increasing progression, the entire IBM partnership would be broadly cost neutral, as compared to the planned ICT capital expenditure within the 5 year forecast, if we delivered an increase in progression of 8% by reducing our non-completion rates by 10%.

For full time undergraduate UK / EU this would mean;

- Increasing progression from Level 4 to Level 5 from our target of 65% to 69% by 2015
- Increasing progression from Level 5 to Level 6 from our target of 80% to 82% by 2016
- Increasing standard graduation from 1 in 2 (52%) to 5 in 9 (56%) by 2017

Delivering the above improvements in progression would add an additional £1.9M per year to LSBU's income by 2017 based on our target intake of 2,750 students.

Although broadly cost neutral, a net cost of £709K as compared to the 5 year forecast, the solution will payback in 6 years, help us deliver to our progression targets, will deliver an on-going additional surplus of £1m pa assuming a cautious 50% marginal contribution rate by the end of the period and will impact student satisfaction and our league table position due to higher NSS scores. We have not assumed any further year on year improvement in progression in the business case.

Our cautious financial model assumes a net UG fee of £7,500 over the 5 year period and a 50% marginal contribution rate. Our fee forecast is trending above this and the more stretching model using the same progression assumptions but with an average UG fee of £8,000.

All licences are perpetual and the estimated costs for purchase, implementation and 5 years support are £6.4m including IBM, internal and VAT.

To be successful the implementation of the solution will need to be supported by a change programme to ensure that the new features are utilised to the benefit of students as well as staff. In consultation with the Technology Enhanced Learning Group it has been proposed that the Exceptional Student Experience solution is managed as the next Phase of the successful BUILT Programme, delivering

additional features beyond Moodle, rather than being launched as a new initiative. This has the benefit of being a continuation of a change programme that has momentum and support from the Academic Community.

The solution would also benefit HSC, international and post graduate retention but this has not been factored into the business case.

Data Centre Outsource

To facilitate the Exceptional Student Experience partnership, it is also being proposed that the current ICT data centre infrastructure is migrated to an 'Infrastructure as a Service' Cloud based environment hosted by IBM. This would replace our current fixed infrastructure with an elastic solution whereby LSBU pays for what it uses on a managed service basis. All data associated with the service is backed up and held off-site by IBM.

The proposal would transform the operation of LSBU's data centre to enable the scaling up and down of services depending upon the demands of the business cycle. The charges would be calculated on a daily basis and invoiced monthly. This would give LSBU the optimum balance between cost and service provision. The initial design work indicates that the cost of the Cloud service at £8.5M over 5 years could be more expensive than expanding the current data centre infrastructure at LSBU which could cost £6.5M over the same period but we would be adding resiliency and flexibility to the service that we would offer as well as superior Business Continuity.

The IBM data centre solution provides a contracted service level of 98.5% but historic achievement has been 99.5% plus. The data centre is designed to be highly available and has resilient power, data networks and backup systems. In the past 10 years there have been 2 failures in IBM's UK data centres and these have not resulted in customers invoking disaster recovery because the data centre affected has come back online faster than disaster recovery could be invoked. It is therefore proposed that the University accepts the business risk that a catastrophic data centre failure might occur and avoids paying an additional £0.5m per annum for the enhanced disaster recovery service.

Whilst checking the alternate Microsoft solution for ESE we priced the cost of hosting the equivalent solution and we were quoted £500 - £1,055 per Virtual Machine (VM) per month. The IBM quotation is £1.5m for 400 VM's and the annual price for the alternate suppliers would be between £2.5m - £5m per annum.

Identity and Access Management

The recent IT Control Audit has confirmed failings in the Identity and Access Management solutions utilised by LSBU. In summary the 'in-house' built CAMS system is no longer maintainable and the linkages between this and the other components of the systems security solution have resulted in 350 user accounts retaining access to LSBU systems when they should not.

It is proposed that the IBM Identity and Access Management be implemented to replace the current LSBU systems at an estimated annual cost of £260k including VAT.

Using the IBM solution would provide comparative functionality to competitor solutions and optimum single sign on capabilities for the Exceptional Student Experience solution.

Summary

In the current climate with an increasing emphasis on student debt, value for money and league table position it is particularly important that LSBU improves the ratio of students that progress cleanly through their course and graduate without re-takes or dropping out. The Exceptional Student Experience is targeted at this business goal.

If approved, LSBU would be the first UK institution to implement this breadth of the IBM solution (although all of the components are proven) and would have taken a big step towards implementation of the systems to support the Technology Enhanced Learning Strategy. Whilst IBM can evidence implementation of individual solution components with other institutions, LSBU has the opportunity to be the first to take the fully integrated Exceptional Student Experience Solution and therefore gain advantage on its competition.

The Data Centre Outsource and Identity / Access Management solutions rectify current systems deficiencies with state-of-the art solutions that will provide a secure foundation for the Exceptional Student Experience and a secure operating environment for LSBU. Ultimately it will improve the experience of systems use for both staff and students.

In terms of Finances, our modelling has suggested that the additional income of £1.9M per year generated by improving our progression rate, and the avoidance costs of building our own data centre would make the partnership broadly cost neutral over the period of the 5 year forecast with cautious assumptions.

With more stretch assumptions it would make a positive financial contribution.

Financial Impact of the IBM Partnership (cautious)

Assuming a £7,500 average UG fee, a 8% improvement in progression & 50% marginal contribution on income generated the partnership will be broadly cost neutral (+£709K) as compared to the equivalent ICT capital expenditure in the 5 year forecast. It will add cost in the first 2 years of the programme but would be generating annual revenues of £1.9M and profit of £938K per year by 2017.

	2013/14	2014/15	2015/16	2016/17	2017/18	Total
Data Centre Outsourcing	£937,860	£1,702,260	£1,672,800	£1,672,800	£1,672,800	£7,658,600
Identity / Access management	£123,421	£254,911	£262,980	£262,980	£262,980	£1,167,274
Exceptional Student Experience	£1,101,080	£1,703,660	£1,205,160	£1,205,160	£1,205,160	£6,420,220
Total I&E Cost	£2,162,361	£3,660,831	£3,140,940	£3,140,940	£3,140,940	£15,246,014
Costs avoided	-£631,000	-£1,262,000	-£1,262,000	-£1,262,000	-£1,262,000	-£5,679,000
Profit generated	£0	-£93,500	-£487,500	-£938,500	-£938,500	-£2,458,000
Total	-£631,000	-£1,355,500	-£1,749,500	-£2,200,500	-£2,200,500	-£8,137,000
Net Impact on I&E	£1,531,361	£2,305,331	£1,391,440	£940,440	£940,440	£7,109,014
Less ICT Capex Charge in 5 year forecast	-£400,000	-£1,000,000	-£1,400,000	-£1,700,000	-£1,900,000	-£6,400,000
Net Impact on 5 year forecast	£1,131,361	£1,305,331	-£8,560	-£759,560	-£959,560	£709,014

In terms of cashflow, the investment brings forward planned ICT Capital expenditure in the 5 year forecast but over the period it is again broadly neutral

	2013/14	2014/15	2015/16	2016/17	2017/18	Total
Total Cashflow of the IBM partnership	£5,302,723	£1,560,751	£1,040,860	£1,040,860	£1,040,860	£9,986,054
ICT Capex in the 5 year forecast	£4,000,000	£2,000,000	£2,000,000	£1,000,000	£1,000,000	£10,000,000
Total cashflow impact	£1,302,723	-£439,249	-£959,140	£40,860	£40,860	-£13,946

Financial Impact of the IBM Partnership (stretch) on the 5 year forecast

If we recognise that UG fees are trending towards £8,000 over the period of the 5 year forecast then the proposal would continue to add £1m a year to our costs in 2013 – 2015 but would then be increasing our profitability each subsequent year and could increase our profitability by £3.4M over the period.

Net Impact on 5 year forecast	2013/14	2014/15	2015/16	2016/17	2017/18	Total
8% Progression	£1,131,361	£1,298,831	-£40,560	-£820,060	-£1,020,060	£549,514
12% Progression	£1,131,361	£1,248,831	-£301,060	-£1,327,060	-£1,527,060	-£774,986
15% Progression	£1,131,361	£1,199,331	-£562,560	-£1,838,060	-£2,038,060	-£2,107,986
21% Progression	£1,131,361	£1,149,331	-£826,060	-£2,355,060	-£2,555,060	-£3,455,486

Progression Targets	Yr. 1 – Yr. 2	Yr. 2 - Final	Combined Yr. 1 - Final Year	
0%	65%	80%	52%	1/2
8%	69%	82%	56%	5/9
12%	70%	83%	58%	4/7
15%	72%	84%	60%	3/5
21%	74%	85%	63%	5/8

As well as improving our profitability, the opportunity to build a deep partnership with IBM in the UK and globally will add value to the LSBU brand. A part of LSBU's commitment in the partnership would be case studies and speaking about our experience at IBM and industry events.

The proposal is to purchase these solutions through relevant Government frameworks which is a legitimate method for LSBU to follow. It should be noted that using a framework will add 5% to the costs of IBM software, infrastructure and services related to the software although we are still in negotiation with IBM regarding final price.

Appendix 1: Market Evaluation of Solutions



Figure 1: Gartner Magic Quadrant for Social Collaboration



Figure 2: Gartner Magic Quadrant for Data Centre Outsource (Europe)



Figure 3: Gartner Magic Quadrant for User Administration and Provisioning



Figure 4: Gartner Magic Quadrant for Business Intelligence and Analytics

Exceptional Student Experience

LSBU Large Project Business Justification

This document provides a template for business cases in support of business cases above £250k.

Executive Summary

If one was to encapsulate the student (and staff) experience of our systems, at present, it would be in terms of disparate and fragmentary pockets of information, lodged in separate systems, with no hierarchy or 'single version of the truth'. At the same time, access to systems is often dependent on access to a particular building (the Learning Resources Centre, for example, which houses our main array of 'open access' computers) or to a particular make or model of PC (networked by means of a physical connection).

Our vision for the future – in transforming this experience – would be to create an environment in which:

- Students (and staff) simply access the information they need, when they need it, without having to be concerned about where it is located.
- Systems are securely available on whatever device, and in whatever location, they are needed.
- Information is accurate, up-to-date, and readily accessible – 'pushed' to the user, rather than needing to be gathered and analysed.
- Communication is seamless across face-to-face, physical and virtual environments which provide support in a multitude of different ways.
- Learning takes place in the lecture room, but also through blended media and virtually. Students move from one environment to another without hindrance or difficulty. Learning is local, regional, national and international in its focus – with no difference of experience for any learner.
- We operate within a 'virtual community' that links students, staff, alumni, employers, professional bodies and the wider community within professional networks which aid communication, research, employability and international relations.

To deliver this vision:

- We are well underway with our BUILT Programme where the first Phase is moving our Virtual Learning Environment onto a new platform which will be capable of supporting greater technology enhancement for students. This significant change programme is currently being managed by an external programme manager and has been well received by academic colleagues.
- We wish to build on this by building an information environment for students and staff which moves far beyond the concept of a simple 'portal' and which transforms the way we work and communicate within the University.
- This will involve development to deliver this environment and to utilise state-of-the-art communications systems for students and staff.
- A key aspect of this work will be to use 'predictive analytics' to identify characteristics of student activity which identify individuals as being 'at risk' in terms of progression. Our current work has shown us that we can monitor progression satisfactorily, but that it is difficult to 're-engage' students who have become

disengaged. Utilisation of ‘predictive analytics’ will enhance our ability to head off issues before they become significantly damaging to performance.

- This work will also involve a significant change management programme – in terms of staff and student culture (in addition to technology). The culture change programme will be carefully planned and executed to ensure that the new facilities are used effectively. This programme will be managed by a dedicated resource with a track-record of success within Higher Education and LSBU.
- We would like to work on this development with a major partner who is willing to bring additional benefit to the project and to add value through collaboration in associated areas (such as academic development, student engagement and work experience and infrastructure development)

In order to deliver our vision of an exceptional student experience for our students we propose that the University forms a strategic partnership with IBM. The main benefits will be increased student engagement, progression and graduation which can be measured by improved student satisfaction, progression and graduation rates, improved league table position and increased revenues.

Document Control

Version	Created/Changed by	Date	Notes
1.1	David Swayne	31/05/2013	Initial draft for discussion
1.2	Ralph Sanders	01/07/2013	Revised draft for discussion
1.3	Mike Watson	04/07/2013	Changes made following meeting with IBM on 4 th July
1.4	David Swayne	05/07/2013	Inclusion of Costs
1.5	Mike Watson	10/09/2013	Changes made following a series of meetings with IBM
1.6	Mike Watson	12/09/2013	Changes made following review
1.7	David Swayne	09/10/2013	Updates following comments made by LSBU Executive
1.8	Ralph Sanders	22/10/2013	Finances updated
1.9	David Swayne / Ralph Sanders	31/10/2013	Updates following comments received at the Business Justification Meeting on 29 th October.
1.10	David Swayne / Ralph Sanders	05/11/2013	Updates following Executive meeting

Scope of work

**Investment
objective**

Support Student Success:

- Increase progression' from Level 4 to Level 5 from our target of 65% to 69% by 2015
- Increase progression' from Level 5 to Level 6 from our target of 80% to 82% by 2016
- Increase standard graduation from 1 in 2 (52%) to 5 in 9 (56%) by 2017
- Increase Guardian league table value add score from 4.1 in 2014 to 5.0 by 2017
- Reduce debt burden on non-graduating students from £10M to £8.5M* by 2017
- Increase revenue from non-progressing students by £1.9M* by 2016
(*based on 2,750 in Cohort)

Business need Student Success

- 1) The LSBU Corporate Plan pledges that “Student success must be the University’s overriding aim” however based on our current performance, approximately:
 - 1 in 3 full time UG students don’t progress from Yr. 1 to Yr. 2
 - 1 in 5 don’t progress from Yr. 2 to Yr. 3
 - 1 in 2 of the 2013 UG FT Cohort will not be sitting their final exams in 3 years’ time but will have left this University with an average tuition fee debt of £7,650 each.
- 2) Of the £42M of public money invested in the 2013 FT UG Cohort in terms of Tuition Fee loans, £32M will be owed by graduating students and £10M will be owed by students who did not graduate including 238 who will each owe £15,000. Rather than empowering our local community we run the risk of imposing an unsustainable debt burden on it.
- 3) In terms of attainment, LSBU has the lowest Value Add score of all our comparators on the Guardian 2014 University League tables. The value-added score compares students’ individual degree results with their entry qualifications, to show how effective the teaching is. It is given as a rating out of 10 LSBU is currently at 4.1. University of West London has a lower entry tariff than LSBU but is currently at 7.0.
- 4) The university recognises in 1.1 of the 2011 – 2014 Corporate plan that that, “Their (FT UG students) judgment about value for money will increasingly dominate their choice of university.”
- 5) If we do not tackle progression and attainment we run the risk of not being seen as value for money by either prospective students or funding bodies which puts at risk our ability to recruit 2,750 FT UG students, our ability to invest £110M in the infrastructure of this university and our future financial sustainability. As a result we consider that the “do nothing” option is not viable.

Sponsorship The primary sponsor for a partnership of this importance to LSBU should be the VC.

There are a number of significant stakeholders:

- Student Progression – Phil Cardew
- Enterprise – Bev Julien
- Academic – Mike Molan, the new Dean of the Faculty of Business, Rao Bhamidimarri and Judith Ellis
- ICT – David Swayne

Rationale

Relationship to Corporate Plan 1.4 “Student success must be the University’s overriding aim. We want to give opportunity to all who can benefit and our success has to be measured by their success in graduating and finding employment. It is unacceptable to recruit students who do not have a reasonably good chance of succeeding, either for them or the University.

The Corporate plan is quite clear in defining how student success is to be measured and our responsibilities in terms of student recruitment.

2.4 Our competitive position rests strongly on the delivery of value for money education that enhances career success for our students.

Our Corporate Plan also recognises that in the New Fee Regime increasingly we will have to be seen as a value for money investment for students to spend their tuition fee loan in our University.

The partnership with IBM is designed to improve student success by increasing student engagement and so the percentage of students who graduate, improve student choice by offering support for different modes of attendance and deliver a value for money education by reducing the level of debt incurred by non-graduating students.

The partnership will also enable us to increase the support for student entrepreneurs, increase our engagement with industry in terms of placements and internships and generate additional revenue of between £2M and £5M per year.

Student Success

The University will replace myLSBU with a Student Portal with collaboration features that will transform the engagement with the student. This online portal will enable the Student to access learning resources, materials and lectures from anywhere as well as encourage collaboration and community across the student body.

This portal will keep students on track with class schedules, required textbooks, academic dates and information, grades and important announcements. In terms of our NSS scores, the portal will also facilitate online submission of assignments and encourage online feedback to students and overall student communication.

The University can then use predictive analytics from this portal and wider data including attendance to identify those students who are exhibiting patterns which typically lead to student failure. The Academic community or Student Services can then step in with subtle nudges or targeted interventions designed to tackle failing behaviour, increase exam success and improve progression.

The University will be able to build online “dashboards” that will put predictive analytics into the hands of deans and other administrators who can design and implement strategies for boosting retention. Specific action plans could include targeting individual at-risk students with special communications and coaches. Analysis of course surveys can also help LSBU to adjust course content to better engage students, and provide feedback to Academic staff to help improve their teaching methods.

Predictive analytics can also be used in the recruitment process to identify students with the highest chance of success.

The University can collaborate with feeder schools through the use of the IBM Collaboration platform to identify behaviours and skills at school level which successful students will need at University.

Student Choice

Support for different modes of delivery will be provided through the Student Portal and collaboration features that will enable the Student to access materials and lectures from anywhere.

In addition lectures (or information delivery) can be recorded for later review and so are accessible for students to catch up with missed lectures or to use as revision aids.

The University can develop a model that uses social media and web conferencing to transform the ability of students to communicate with each other through collaborative learning arrangements and with staff in online revision spaces.

The University can use this flexible learning model for targeted online summer schools to ensure that students have the maximum potential to progress with their cohort.

The portal will enable increased support for part-time students by making it easier for them to access learning materials and learning facilities at the times that are convenient to them and from a location that is convenient to them. As well as facilitate the move from part time to full time for students that may wish to study part time at the beginning of their academic career and move to full time when they are able to commit that level of resources.

The solution will provide tools that will reduce staff time spent on low satisfaction arrangements with students including clearing, late enrolment, disciplinary issues, complaints and renewals and so release staff time on high value areas to engage more closely with students.

London's enterprising university

The partnership with IBM also includes support for start-up and student entrepreneurs through the "free" use of IBM technology until the start-up has turned over \$1m and the ability to bid for capital to help start-ups get going. The proposal also includes experienced IBM employees to provide mentorship to budding entrepreneurs.

The partnership will also create opportunities for students to broaden their experience by taking part in IBM Innovation Centre events, applying for internships with IBM and seeking employment with IBM and its partners.

As well as impacting our league table position, this investment should also support international recruitment through the use of social media and a collaboration platform that differentiates LSBU from our competitors.

The IBM Academic Network can also be used to develop research and academic partnerships with like-minded institutions across the world.

Business Continuity

This option will also provide Hosting services for Exceptional Student Experience that are geographically spread to meet Business Continuity objective at no additional cost to internal hosting by March 2014

Critical success factor(s)

External Programme Manager: To be successful the Exceptional Student Experience must be delivered by a dedicated external Programme Manager who has a track record of successful change management and benefits realisation in higher education.

Academic Staff Champion: The Programme must be seen as supporting Academics to deliver higher standards of teaching and engagement for our students rather than something imposed upon the Academic community. For the programme to be seen as Academically led we will need an Academic Champion from each significant academic cluster to represent the views of that community, to be the conduit for feedback and to help drive the cultural change that is needed for this solution to be successfully adopted. The Programme will also require resource to be allocated to the programme from Registry, Student Services, Marketing and Finance.

Data Cleansing: In order to utilise predictive analytics we will need to clean up our old data, reduce duplicates and errors and tie past data back to a student's golden record. The more data we have attached to a golden record, the more we can begin to look for patterns.

Board of Governors sign off: To be in a position to achieve an implementation of the Business analytics phase by July 2014 we require a "go"/"no go" decision from the Board of Governors during November 2013.

ICT/Programme Team Strengthening: The ICT/Programme Team will need to be strengthened in Programme and Project Management (by 3.5 additional FTE for the duration of the project) and Technical Management and development staff (additional FTE)and the creation of a Business Intelligence Competency Centre (additional 3 FTE). To be in a position to support this project from the beginning. It is anticipated that we can recruit these skills into ICT/Programme team within 6 weeks of a "Go" decision. The ICT team would also require training in the IBM toolset.

Lecture capture: Lecture capture is an integral part of the IBM partnership. This is not standard through LSBU at this time and would need to be implemented quickly to fully capture the potential of the student portal.

Student Champions: To ensure that the benefits in terms of student engagement are delivered it is recommended that students are involved in design and development so that it becomes a collaborative process rather than a solution that is imposed upon them.

Options Analysis

Option 1 – Microsoft SharePoint and Lync

Summary:

LSBU is a major user of Microsoft technology and has many SharePoint sites. The initial

discussions for the My LSBU replacement centred upon using SharePoint to build a student portal. Microsoft was approached to provide support to help explore this option and architect a solution however Microsoft was unable to support this directly and introduced us to a partner (Brightstarr). We also found a potential portal from a company called Collabco that was SharePoint based.

Microsoft Lync was considered for the Collaboration elements and discussed with Brightstarr and other Microsoft partners. The drive from the people we spoke to was to replace our telephone system with Lync rather than deliver the collaboration features we wanted.

<i>Pros:</i>	<i>Cons:</i>
<p>Less hosting cost than IBM alternative (£125,000 per annum) for SharePoint plus a similar amount for MS Lync.</p> <p>Similar User Interface to Office 365 environment used for student and staff email.</p>	<p>Complex solution using approaches that are not proven or are no longer on Microsoft strategic roadmap (SharePoint App vs other integration methods)</p> <p>Single Sign On complicated</p> <p>Portal less functional and has less “reach” than IBM solution</p> <p>Limited support options and restrictive SLA</p> <p>No proven integration with the business analytics platform and difficult to integrate data from systems into Portal automatically.</p> <p>Higher development cost than IBM option.</p>

Conclusion

The lack of support available from Microsoft and the extent of the changes delivered in SharePoint 2010 made this solution difficult to architect. The confusion between how best to deliver (on-premise, hosted single tenancy or hosted in Office 365 environment) added to the complexity of the solution. This solution is therefore perceived to be high risk and delivers less functionality than that proposed by IBM.

Option 2 – Best of Breed MI / BI / EP / Predictive Analytics

Summary:

Deloitte produced a conceptual and a logical systems architecture that would deliver the functionality required by LSBU and this was used as the basis of a procurement exercise and in addition to hold discussions with potential suppliers including Dell Software and Intuitive BI.

The smaller “best of breed” suppliers are not in a position to take the commercial lead on this and positioned themselves against parts of the overall architecture. Dell Software was unwilling to pull a consortium together as this is not core business to them (other than specific components of the solution).

<i>Pros:</i>	<i>Cons:</i>
May be a cheaper alternative although pricing discussed with independent experts has suggested £1.5 - £2m is a likely cost to meet the Effective Data Requirement.	LSBU would need to architect the solution and pull the parties together. High risk approach because LSBU has limited skills in this area. Lack of integration with other parts of the solution (e.g. Student and Staff Portals).

Conclusion

Whilst there has been less depth in the discussions held in this area, the number of responses to the PQQ was disappointing and there were few large recognised players expressing an interest in our requirement. The notable exception was Deloitte.

Option 3 – IBM Partnership

Summary:

A broad based solution that delivers significant elements of the ICT strategy coupled with an Academic and Entrepreneurial Partnership which could deliver significant additional benefit to LSBU.

Where IBM has implemented this solution, for example at American Public University IBM recorded 80% accuracy in identifying at-risk students with predictive analytics. At Hamilton County Department of Education they achieved an 8% increase in graduation rates to 80% which by reducing non-completion rates by 25%.

<i>Pros:</i>	<i>Cons:</i>
Solution targeted to deliver an Exceptional Student Experience and provides a systems integration capability that LSBU has struggled to deliver. Collaboration capabilities available throughout the student journey from early stages of enquiry through to alumni. Deep academic partnership that could provide competitive advantage for LSBU. Strength of IBM brand will add to LSBU offering / market perception.	More expensive than Option 1 for Portal and Collaboration elements. Broad scope of project brings some additional risk that would need to be carefully managed. ...

Conclusion

Recommended because it delivers the best solution, in a faster time frame and with clearly identified benefits that will provide value to LSBU stakeholders.

Description	Year	£ (including VAT)
Internal costs:		
Additional resource to backfill - 1 FTE in each Faculty and one each in Finance and Student Services	Dec 13 – Nov 14	£246,330
Additional resource in ICT/Programme 1 Programme Manager 1 Solution architect 2.5 Project Managers 2 Business Analysts 2 Development and testing staff 1 Programme administrator	Dec 13 – Nov 14	£690,670
Training and Change Management – 200 md @£300 per day	Dec 13 – Nov 14	£60,000
Total internal costs		£997,000
External costs: Jan 2014 – Jul 2018		
IBM - Software		£1,185,300
IBM – Annual Software Maintenance (4.5 Yrs.)		£1,318,050
IBM – Infrastructure (4.5 Years)		£1,440,000
IBM – Implementation		£1,776,000
Total External Costs including VAT:		£5,719,350
Total cost including VAT		£6,716,350

Benefits

In terms of benefits, and with a cautious assumption of an 8% improvement in progression from a starting point of 65% progression in Year 1 and 80% progression from year 2, this project will generate additional income of almost £1.9M a year from 2016/17. This benefit will enable the University to develop a partnership with IBM that is cost neutral.

There are also benefits which have not been quantified including the wider benefits of increased progression which will include a higher 'value add' score which will improve our league table position, better progression statistics which will impact our KIS scores and higher completion rates which as well as reducing non graduating debt and so providing better value for money for public funds will also impact our league table position.

In terms of costs we have captured all of the direct costs. We recognise that there may be incremental costs to deliver the cultural change that this solution requires, as well to teach additional students, which is why we have assumed a 50% marginal contribution on the new income.

With more stretching assumptions particularly in terms of Average Fee, the partnership with IBM could be generating income in excess of £5M a year, adding £2M a year to our profitability and so increasing the profitability of the University from 2015.

Financial Impact of the Exceptional Student Experience (cautious) on the I&E

Assuming £7,500 average UG fee, a 8% improvement in progression & 50% marginal contribution on income generated

	2013/14	2014/15	2015/16	2016/17	2017/18	Total
ESE Cost	£1,101,080	£1,703,660	£1,205,160	£1,205,160	£1,205,160	£6,420,220
Profit generated	£0	£-93,500	£-487,500	£-938,500	£-938,500	£-2,458,000
Net impact on I&E	£1,101,080	£1,610,160	£717,660	£266,660	£266,660	£3,962,220

Under our cautious assumptions, the ESE will add £1m to our costs for the first 2 years of the programme but would be generating annual revenues of £1.9M per year from 2016 and expected profits of £938,500. We have not tried to quantify the additional benefits arising from increased student satisfaction or an improvement in league table position.

Financial Impact of the Exceptional Student Experience (stretch) on the I&E

Assuming £8,000 average UG fee & the same 50% marginal contribution on income generated

Net Impact on the I&E	2013/14	2014/15	2015/16	2016/17	2017/18	Total
8% Progression	£1,101,080	£1,573,660	£529,810	£-93,540	£-93,540	£3,017,470
12% Progression	£1,101,080	£1,508,660	£191,160	£-752,640	£-752,640	£1,295,620
15% Progression	£1,101,080	£1,440,310	£-148,790	£-1,416,940	£-1,416,940	£-441,280
21% Progression	£1,101,080	£1,379,310	£-491,340	£-2,089,040	£-2,089,040	£-2,189,030

If we recognise that over the period of the 5 year forecast, Undergraduate Fees will trend towards £8,000 then with a similar movement in progression of 8%, the ESE will continue to add over £1M to costs for the first 2 years of the programme but could be cost neutral by 2016 and will then be adding to our profitability.

If we can generate an improvement in progression of 15%, which would move us from 52% graduating cleanly to 60%, then the entire Exceptional Student Experience investment would pay back and add £441,280 to our profitability over the 5 year forecast period.

Note the ESE Cost over 5 years in the I&E excludes £296,130 depreciation charge in 2018/19

Planning

- Timing** [Provide a high level plan for the preferred option. Include:
- milestones and key deliverables with approximate dates.
 - any business critical timings.
 - when the project needs to be completed by and why.

The proposed timeline for implementation is:

Stage	Activity	Planned date
Programme Initiation	Establish Programme Governance	Nov 2013
	Programme kick off	Dec 2013
Specification and Design	Specification	Jan 2014
	Solution design	Feb 2014
Build/Configure solution software	Install infrastructure	March 2014
	Build and Configure solution	May 2014
Phase 1 – Master Data Management, Business Analytics and Portal	Installation and Acceptance testing	June 2014
	Implementation	July 2014
Phase 2 –Social collaboration	Installation and Acceptance testing	December 2014
	Implementation	January 2015

Dependencies There are strong linkages between the projects associated with the Technology Enhanced Learning (TEL) Strategy whereby facilities included within that Strategy will be delivered under the auspices of the Exceptional Student Experience toolset. It will be important that the change programme associated with TEL continues to be led pedagogically and builds upon the successes of the last year in this area.

Risks [Identify the key risks that might impact on the project and particularly on the achievement of the desired benefits in the following table. For large or complicated projects, a separate risk register should be used. This should be referenced here and summary information provided below. Risks to consider:

- Business risks that impact the business processes or structures.
- Financial risks that have consequences for LSBU's financial stability.
- Technical risks e.g. system downtime, specification standards, incompatible interfaces.
- Implementation risks e.g. deviation from plan, delays, implementation not to standard.]

Risk	L'hood (H/M/L)	Impact (H/M/L)	Mitigation	Owner
The academic community within LSBU does not engage with the new tools and the solution therefore fails to deliver the full benefits.	M	H	The change programme will be carefully planned and managed. It will be an extension to the successful BUILT Programme rather than a new initiative and continue to be a pedagogic led programme rather than ICT led. An experienced and successful programme manager will be recruited externally to lead this	Phil Cardew / David Swayne

			programme and deliver the benefits.	
Students with privacy concerns are resistant to the programme	M	M	Allow students to select how they receive information from the "Student Success Programme"	Phil Cardew
Academics view the Programme as an attempt to introduce performance management	H	M	Agree expectations and use of data with UCU	Phil Cardew
Technology projects are difficult to deliver on budget.	H	M	<p>Clear governance structures with financial accountability and lines of control that formally report up to Board of Governors through the University hierarchy. The ESE Programme must be led by an external Programme Manager who has a track record of success in H.E. and other sectors and is trusted by both the Academic Community and ICT in LSBU.</p> <p>The programme will have a clear and measurable requirements document that states what is to be delivered. The programme plan will include milestones that show when the deliverables are expected and these tools will be used to manage the scope of the programme alongside formal change control processes.</p>	David Swayne
This business case is not approved and LSBU needs to find an alternative solution to support the TEL Strategy	M	H	Explain cost of doing this and also the cost of not doing it in the Business Case	Phil Cardew
ESE competitors may feel that they have not had the	M	M	Procure the ESE solution through a recognised government framework that	Rob Ager / Neil Robertson

opportunity to bid for this piece of work and challenge the procurement.			allows for the process we have followed.	
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Checklist Have you consulted the appropriate departments when drafting this business case:

Department	Requires consultation?	Consulted?	Will consult later in process
Estates and Facilities	Y	Y	
ICT	Y	Y	
Procurement	Y	Y	
HR	Y	Y	
Pro-Vice Chancellor (Academic)	Y	Y	
Pro Vice Chancellor (External) e.g. marketing	Y	Y	

Appendix 1 – IBM Partnership: an academic vision

LSBU's Corporate Plan positions itself on the dual foundations of 'professional opportunity' and the 'enterprising university' focused upon increased 'student success'.

'Student success' can be predicated in a number of ways, but it could be suggested that the core aspects, for this University, are:

- The recruitment of students with the highest chance of success (not necessarily directly as a result of previous academic performance).
- The smooth progression of students, from one level to another within courses, and from one course to another.
- The levels of student achievement – focused on enabling students to achieve well in accordance with planned course durations and to leave the University with qualifications that are of value to them in their future careers.
- The levels of student employment (and the nature of that employment) enabling us to demonstrate that our degrees are, not only, valuable to students who wish to enter the job market, but also that our graduates can aspire to careers which justify the investment they have made in becoming graduates in the first place

In order to achieve student success the requirements that we need to meet are as follows:-

- We focus meaningful activity on attracting students who demonstrate a high level of commitment to LSBU, increasing their engagement with the University from the first point of contact (and sustaining the 'look and feel' of that engagement throughout their time with us).
- We demonstrate a level of professionalism in our interactions with students which fosters engagement and mitigates dissatisfaction.
- We provide information to enable us to take early action on potential drop-outs

At the same time, the benefits for the University of increased student success are:

- We reduce the amount of activity we invest in 'low satisfaction' engagements with students: clearing, late enrolment, disciplinary issues, complaints, appeals.
- We increase levels of satisfaction within our student body, and increased engagement and higher levels of satisfaction have a positive benefit on the experience of our staff (and, thus, on the overall culture of the University).
- We achieve cost savings by increasing our retention and clean progression rates.
- Our value add score in university league tables improves.
- Our reputation rises, and our public profile improves.

This cannot, in itself, be delivered by engaging in partnership activity with IBM, or by implementing any, or all, of the software tools we are envisioning as part of that engagement. However, the partnership project will go a long way towards facilitating the practical, and cultural, changes we need to make to achieve our vision, as well as providing an important focus of activity on a range of projects which support its delivery.

Whilst there are, undoubtedly, tangible benefits (in terms of 'bottom line' impact) for the University in developing this project, there are additional academic and cultural benefits which may be less easy (or impossible) to quantify in terms of direct financial impact. These include:

- The impact of working in partnership with a large multinational company and the positive media exposure this gives us.
- The opportunities we can gain for our students, in terms of course content (particularly in areas where we are keen to demonstrate the added value LSBU can provide over some, lower-cost, competitors), internship, employer engagement, alumnae interaction, and employment.
- The opportunity to explore the physical, and virtual, opportunities for campus development, investigating not only 'classrooms of the future' but also 'virtual learning environments of the future'.
- The direct support we can gain for developing blended and technology-enhanced platforms for student learning, and support, expanding our opportunity to deliver courses internationally (and mitigating the risk of that delivery) whilst ensuring that staff time (academic and support) can be focused on the most meaningful activities.

- The enhancement of the 'University community' (as well as our impact as a 'community University') increasing levels of engagement (internal and external) and positioning LSBU at the heart of our locale.
- The increase in pride that professionalism and satisfaction engender in students and staff, alike, and the concomitant positive effects on the University's culture.
- The impact of collaboration with universities worldwide with whom IBM have connections

The 'academic vision' for this project, then, is - that by engaging in partnership, and by implementing the technological solutions on offer – we could:

- Recruit earlier in the cycle, dramatically reducing our dependence on clearing for full-time undergraduates.
- Once we achieve the level of attracting applicants in line with contract we can be more sophisticated in terms of selection criteria which review a potential students ability to "stay the course" (resilience and stickability)
- Increase the recruitment of the 'hard to reach' students: part-time, postgraduate, and international.
- Present a uniform, positive, professional, perspective of the University that achieves a streamlining of process which facilitates engagement, increases satisfaction and reduces the amount of time spent in sorting out problems.
- Make more students want to study with us as a result of 'word of mouth' recommendation and the impact of 'first contact' engagement.
- Continue that engagement throughout all levels of the student journey (but particularly in the first year – full or part time) enabling students to have access to high quality information, and making it as easy as possible to communicate with all areas, levels and aspects, of the University.
- Radically increase our capacity to develop networks, formal and informal, across the University: course-related, professional, support and social.
- Give students a vision of the future of higher education – both in terms of physical environment and in terms of technological development.
- Increase the proportion of students who are active advocates for LSBU, based on the excellence of their experience with us.
- Demonstrate achievement in terms of the highest achievements in terms of teaching and learning development: staff awards (National Teaching Fellowships, Times Higher, subject-based), high-impact projects, and engagement with the pedagogic development of all academic disciplines, innovation and enhancement activity.

In essence, we are looking at a transformational environment, which would catalyse activity in a number of areas where we are already more than aware of the need to develop. In this respect, the focus of activity, and the act of partnership is as (if not more) important than the individual elements of the work envisaged.

Appendix 2 – Evidence to support success of Predictive Analytics

Evidence in Education

Within education we have seen deep impact to student success. Hamilton County Schools, US leveraged analytics & advanced modeling tools, teachers, counselors & administrators have a better understanding of how adverse patterns develop & can now step in earlier to keep students on the right track. That's one reason the county's graduation rate increased by 8% last year. The fact that Hamilton County is extending the use of intelligence & predictive analytics to adapt the curriculum & create performance-based incentives for teachers lays the groundwork for more good news in the future. Over the past 6 years the collection of 78 schools have seen a 200% increase in graduation rates capped off by a 10% increase in the past year.

Edinburgh Telford College in the UK wanted to find a way to track learner attendance more effectively. Not only would this help with administrative processes such as the allocation of bursaries; it would also form the basis of a new predictive analytics solution that aims to boost retention rates by identifying learners who are at risk of dropping out. The college have seen significant results; increased attendance, reduced drop outs

and increased register completion rate, providing more accurate and complete data for analysis. Improved financial management by ensuring that each learner receives appropriate bursaries and simplified reporting to external organisations such as the UK Borders Agency.

Evidence in Sectors

IBM has proven success in applying predictive analytics technologies to drive significant value for our clients. Memphis Police Department, US had traditional policing practices unable to thwart a rising rate of criminal activity and with budgets tight; the Memphis PD pioneered a way to focus their patrol resources more intelligently. By recognizing crime trends as they are happening, MPD's predictive enforcement tool gives precinct commanders the ability to change their tactics and redirect their patrol resources in a way that both thwarts crimes before they happen and catches more criminals in the act. Using IBM Predictive Analytics they were able to gain a 30% reduction in crime and a 4x increase in cases solved from 16% to 70%.

In addition Sequoia Hospital based in California, US used IBM Predictive Analytics to analyse a cardiac database of more than 10,000 patients, including demographics, types of surgeries, risk factors and outcomes, IBM predictive analytics informs doctors and recommends crucial pre- and postoperative procedures that reduce complications and extend the length and quality of patients' lives. They have none seen their mortality rate reduce by 50%, a transformational result.

Data Centre Outsource

LSBU Large Project Business Justification

Executive Summary

Currently the university's business critical services are compromised by poor systems performance and systems failing at peak usage. The current data centre infrastructure is unable to support the needs of the University and is not future proof or able to satisfactorily support the peaks and troughs in terms of data demands of the Exceptional Student Experience programme. This business case covers the provision of data centre facilities for LSBU that are able to flex to meet peaks and troughs of demand, providing future proof service resilience in a cost effective and efficient manner. The cost for this service is estimated to be £1.5m per year including VAT, with an additional one-off migration cost of £1m including VAT. This will enable us to avoid expenditure of £1.3m a year.

Over a five-year contract, this business case therefore requests an additional £2m of funding. If this proposal is not enacted an alternative will be needed if the ICT infrastructure at LSBU is to provide the resilience and performance required to support the business because it is clear that the current infrastructure does not.

LSBU is currently vulnerable due to the geographical location of its data centres and would be unable to support the business continuity requirements of the University in the event of a major incident impacting upon buildings on the Southwark campus. The IBM data centre solution provides a contracted service level of 98.5% but historic achievement has been 99.5% plus. The data centre is designed to be highly available and has resilient power, data networks and backup systems. In the past 10 years there have been 2 failures in IBM's UK data centres and these have not resulted in customers invoking disaster recovery because the data centre affected has come back online faster than disaster recovery could be invoked. It is therefore proposed that the University accepts the business risk that a data centre failure might occur and avoids paying an additional £0.5m per annum for a disaster recovery service.

Document Control

Version	Created/Changed by	Date	Notes
1.0	David Swayne	09/09/2013	Initial draft for discussion
1.1	David Swayne	27/09/2013	Updated to include VAT in costs
1.2	David Swayne	04/10/2013	Updated to include comments from Ralph Sanders
1.3	Ralph Sanders	21/10/2013	Financials Updated
1.4	David Swayne	01/11/2013	Incorporating comments received from Executive and Board of Governors Away Day

Scope of work

**Investment
objective**

Data Centre Outsource:

- Use Cloud based data centre services to meet the demand of LSBU business services including the Exceptional Student Experience by migrating to a proven systems architecture that is secure and capable of scaling services up and down dependent upon the business cycle.
- Provide future proof systems infrastructure that will meet the needs of LSBU for years to come without the need for capital expenditure.
- Provide improved infrastructure resilience mitigating the current risk of a catastrophic disaster on campus and ensuring ICT systems are available for business continuity.

Business need

Reliable Business Services

- 1) Provide guaranteed service availability of 98.5%. The server and storage environment should be engineered to deliver a resilient service such that DR is only required in the event of the whole data centre failing.
- 2) The Cloud hosting facility should be purpose built and designed to provide high availability through duplication of power, network connectivity, advanced fire detection and suppression and with a demonstrable record that supports these requirements...
- 3) It should be possible to purchase a DR solution for critical business services should the University risk appetite change in the future. For example, Clearing is critical for a short period of the year only and the University might in future decide to protect this period with a limited contract.
- 4) All data and services should be backed up to tape, which will be held off-site and may be used to restore files that have been lost. In the event of the loss of the whole data centre it is understood that these backups can be used to restore services.
- 5) The server workload should be load balanced to allow for peaks and troughs in usage.

Implementation

The systems will be migrated from LSBU to the selected data centre in two phases:

- 1) Borough Road data centre (early 2014)
- 2) Keyworth Data Centre approx. April 2014

Wherever possible data will be moved over a secure network but large data volumes may necessitate the use of physical storage media which is shipped from LSBU to the new data centre using secure methods.

Sponsorship The primary sponsor for this project is the CIO.

Rationale

Relationship to Corporate Plan **6.1 The University needs to ensure that we create an environment in which excellence can thrive... Equally important, is ensuring that our underpinning business processes, systems, policies and investments create an environment that enables success too.**

It is apparent that business critical services fail to deliver the stability and performance required at peak times and also that it isn't possible to scale systems capabilities up and down according to the business calendar. The impact of these issues is that the service the University provides to its customers is poor and that costs are higher than they need to be at some points in the year.

Using elastic Cloud based services will enable the services to be scaled up when needed and scaled back to a minimum when this is appropriate, providing the optimum infrastructure footprint for LSBU at all times.

Business Continuity

The Cloud services are architected to provide high degrees of resilience and a guarantee of 98.5% availability, although historic service availability has been 99.5%+.

In the event of a catastrophic data centre incident, this investment will also provide Hosting services that are geographically spread to meet Business Continuity objective by Easter 2014. The option to alter the services for which DR is provided will keep DR costs to a minimum and also provide a fall-back position in the event of a catastrophic incident happening at the Cloud data centre.

Critical success factor(s)

Wide Area Network Connection: A resilient connection from the Cloud data centre to Ja.net or a dedicated point-to-point network link will be required.

Options Analysis

Option 1 – Disaster Recovery only

Summary:

It would be possible to mitigate the risk of losing the LSBU data centres by contracting for a remote data centre to be used in the event of a disaster on campus.

<i>Pros:</i>	<i>Cons:</i>
The current data centre facilities would be unaffected.	The Estates Strategy utilises the Borough Road building for teaching and student services. To meet this plan it is necessary to re-locate the Borough Road data centre which would incur significant cost in

	<p>addition to the provision of DR capability.</p> <p>The current data centre infrastructure does not scale as required and LSBU pays for the purchase and maintenance of all equipment (utilised or not).</p> <p>Additional costs would be incurred to rectify the current infrastructure issues.</p>
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Conclusion

The lack of scalability in the current solution impacts upon the services delivered to students and staff. Providing a DR solution alone does not address some of the fundamental issues that other options considered do.

Option 2 – Co-location

Summary:

It is possible to take the equipment from the Borough Road data centre and host it in a remote location, thereby giving a geographically dispersed DR capability and retaining the current systems infrastructure.

<i>Pros:</i>	<i>Cons:</i>
<p>May be a cheaper alternative in the short-term.</p>	<p>The current data centre infrastructure does not scale as required and LSBU pays for the purchase and maintenance of all equipment (utilised or not).</p> <p>There would be significant on-going capital expenditure to replace hardware as it nears end-of-life and further additional costs would be incurred to rectify the current infrastructure issues.</p>

Conclusion

The lack of scalability in the current solution impacts upon the services delivered to students and staff. Moving half of our equipment into a co-hosted location does not address some of the fundamental issues that are impacting upon system performance.

Option 3 – Cloud based data centre

Summary:

A Cloud based solution that offers elasticity of service whereby infrastructure is scaled up and down depending upon demand. The service is billed monthly but charged based upon day-to-day usage giving LSBU the optimum blend of scalability vs. cost.

All LSBU servers and storage would be migrated to the Cloud service and the existing equipment sold. Therefore LSBU would only have network based equipment remaining from the current data centres.

In addition to the performance and cost benefits, there would be significant carbon reduction due to the reduction in energy usage.

<i>Pros:</i>	<i>Cons:</i>
<p>Solution designed to deliver the scale of service when it is required.</p> <p>Services are highly audited and highly secure.</p> <p>Future proof because the supplier is responsible for keeping the hardware and base systems management technologies up-to-date. The IBM solution is rated (by Gartner) as a Leader in terms of capability to deliver and future vision.</p> <p>Billed on a day-to-day usage basis.</p>	<p>Major change in approach brings some risk as the ICT Systems team adjusts to new methods of working.</p>

Conclusion

Recommended because it delivers the best solution and with clearly identified benefits that will provide value to LSBU stakeholders.

Data Centre Outsource:

Description	Year	Excluding VAT	Including VAT
One Off costs:			
Training and Change Management	Year 1	£50,000	£60,000
Network Set-up	Year 1	£10,000	£12,000
Data Centre Migration	Year 1	£815,000	£978,000
Total	Year 1	£875,000	£1,050,000
Service Running costs:			
Cloud hosted infrastructure	Year 1	£1,130,100	£1,356,120
Network	Year 1	£30,000	£36,000
Account Management	Year 1	£120,000	£144,000
Total	Year 1	£1,280,100	£1,536,120

Cloud hosted infrastructure	Year 2 onward	£1,081,000	£1,297,200
Network	Year 2 onward	£30,000	£36,000
Account Management	Year 2 onward	£120,000	£144,000
Total	Year 2 onward	£1,231,000	£1,477,200
Annual Data Centre Costs Avoided:			
Depreciation / equipment replacement		£667,000	£800,000
Vacancies in Systems Team		£82,000	£82,000
Offsite backup (note this isn't equivalent to DR)		£150,000	£180,000
Power, cooling system and fire suppression system maintenance, insurance etc.	33.3kWh	£167,000	£200,000
Total		£1,066,900	£1,262,000

Whilst checking the alternate Microsoft solution for ESE we priced the cost of hosting the equivalent solution and we were quoted £500 - £1,055 per Virtual Machine (VM) per month. The IBM quotation is £1.5m for 400 VM's and the annual price for the alternate suppliers would be between £2.5m - £5m per annum.

Disaster Recovery (optional):

Description	Year	£	Including VAT
Annual Service Costs:			
Disaster Recovery	Year 1 onward	£455,000	546,000

Planning

- Timing** [Provide a high level plan for the preferred option. Include:
- milestones and key deliverables with approximate dates.
 - any business critical timings.
 - when the project needs to be completed by and why.

Date	Milestone / Deliverable	Notes
Dec 2014	Network Connection DC to Ja.net	Significant lead time

Jan 2014	Test provisioning and systems management, plus performance	Migrate a copy of a critical system (e.g. QL) and run scripts to measure performance which must be as good as local hosting
Feb 2014	Borough Road DC migrated	
Apr 2014	Keyworth DC migrated	

Dependencies There is a strong linkage between the Exceptional Student Experience Project and the data centre outsource project because it is anticipated that the new systems will also be hosted using the outsourced provider.

There are also strong linkages between the outsource project and the business continuity project which will need to identify the systems to be placed under DR at each point in the calendar.

Risks [Identify the key risks that might impact on the project and particularly on the achievement of the desired benefits in the following table. For large or complicated projects, a separate risk register should be used. This should be referenced here and summary information provided below . Risks to consider:

- Business risks that impact the business processes or structures.
- Financial risks that have consequences for LSBU's financial stability.
- Technical risks e.g. system downtime, specification standards, incompatible interfaces.
- Implementation risks e.g. deviation from plan, delays, implementation not to standard.]

Risk	L'hood (H/M/L)	Impact (H/M/L)	Mitigation	Owner
Systems don't perform as well in the hosted environment	L	M	Test systems and ensure that the infrastructure is configured appropriately	David Swayne
System resources are not scaled back when this is possible resulting in higher costs than budgeted	M	M	Ensure that the Operations team is trained to use monitoring tools and scale systems back when demand is low	David Swayne
Technology projects are difficult to deliver on budget.	H	M	Clear governance structures with financial accountability and lines of control that formally report up to Board of Governors through the University hierarchy.	David Swayne

			The DCO Programme is led by an external Programme Manager who has a track record of success in H.E. and other sectors and is trusted by both the Academic Community and ICT in LSBU.	
Additional services are enabled through the service without cost variations being agreed and additional budget obtained	L	M	Ensure the programme is monitored for unapproved scope creep by an experienced Programme Manager.	David Swayne, Ralph Sanders
VAT cannot be reclaimed on service costs which makes solution more expensive than current infrastructure	L	H	Obtain clear advice and contract appropriately for service	Procurement

Checklist Have you consulted the appropriate departments when drafting this business case:

Department	Requires consultation?	Consulted?	Will consult later in process
Estates and Facilities	Yes	Yes	
ICT	Yes	Yes	
Procurement	Yes	Yes	
HR	Yes	Yes	
Pro-Vice Chancellor (Academic)	Yes	Yes	
Pro Vice Chancellor (External) e.g. marketing	Yes	Yes	

Identity and Access Management

LSBU Large Project Business Justification

Executive Summary

Currently the University's information security is compromised by the quality and maintainability of the identity and access management solutions in use. This business case proposes that the current systems are replaced by commercial off the shelf products that are proven, maintained by a third party and provide role based identity management capabilities that will meet the needs of the University now and in the future.

Document Control

Version	Created/Changed by	Date	Notes
1.0	David Swayne	11/09/2013	Initial draft for discussion
1.1	Ralph Sanders	22/10/2013	Finances Updated

Scope of work

Investment objective **Provide role based identity management that secures access to LSBU electronic information and systems:**

- Provide identity management facilities that allocate a single identity to each person and allow the individual to undertake multiple roles in the University (e.g. staff role, student role).
- The facilities should also manage access to information resources depending upon the roles of the person (e.g. Course Administrator in ESBE).
- Using commercial off the shelf products that are tested and proven to work and maintained in line with emerging standards and new technologies.

Business need **Compliance with the Data Protection Act and LSBU Security Requirements**

- 1) Provide facilities to register new identities with appropriate authorisation processes.
 - 2) Provide facilities to create roles and allocate them to identities. It must also be possible to transfer roles between identities.
 - 3) Provide facilities to remove role based access from an identity.
 - 4) Provide facilities to terminate access for an identity.
 - 5) Provision of clear audit reports for the above.
-

Implementation The systems will be implemented with the help of IBM consultants who will:

- 1) Audit the systems landscape at LSBU and produce a detailed implementation plan
 - 2) Implement the software
 - 3) Migrate existing security data into new solution and resolve conflicts
 - 4) Test solution with LSBU environment
 - 5) Switch over to new identity and access management solution
-

Sponsorship The primary sponsor for this project is the CIO.

Rationale

Relationship to Corporate Plan **6.1 The University needs to ensure that we create an environment in which excellence can thrive... Equally important, is ensuring that our underpinning business processes, systems, policies and investments create an environment that enables success too.**

It is apparent that our current systems access management solution is failing to provide the levels of security that we would expect. The system needs to be replaced urgently.

Critical success factor(s) **Data Migration:** It would be possible to build a secure identity and access management system from scratch but it is hoped that the current information security data can be utilised to shorten the implementation time frame.

Options Analysis **Option 1 – Commercial Off The Shelf Solution**

Summary:

It would be possible to mitigate the risk of losing the LSBU data centres by contracting for

a remote data centre to be used in the event of a disaster on campus.

<i>Pros:</i>	<i>Cons:</i>
Standard product that is proven, developed to keep it abreast of current trends and supported by a commercial organisation.	Might not fully support the features of the LSBU built CAMS system.
Faster implementation due to available consultancy and an off-the-shelf product.	

Conclusion

There are a many COTS products in this area. Gartner has analysed them and the following is the Magic Quadrant for “User Administration and Provisioning” which is where they have documented Identity and Access Management products:



Figure 1: source Gartner Magic Quadrant for User Administration and Provisioning

LSBU has spoken to Dell Software Group and IBM. Both appear in the Leaders Quadrant and the best judgement of the technical staff is that given our plans to use IBM on a strategic basis it is likely to be easier to achieve our integrated systems objectives with tools from a single vendor.

Option 2 – Develop our own solution or re-build CAMS

Summary:

LSBU currently uses an in-house built solution and this could be extended.

<i>Pros:</i>	<i>Cons:</i>
May be a cheaper alternative in the short-term.	Longer implementation time, ties up development resource that could be adding more value, not supported, not standard and dependent upon the skills and knowledge of the person that builds it.

Conclusion

With so many standard tools on the market it makes no sense to build our own.

The costs below exclude VAT.

Description	Year	£	£ inc VAT
Internal costs:			
Additional resource to backfill		n/a	
Additional resource in ICT		n/a	
Training and Change Management	Year 1	n/a	
External costs:			
Software licence	Year 1	£67,242	£80,690
Implementation Support	Year 1	£142,010	£170,412
Infrastructure	Year 1	£163,852	£196,622
Total Implementation (Year 1 costs)	Year 1	£373,104	£447,725
Annual maintenance	Year 2 onward	£13,448	£16,138
Infrastructure	Year 2 onward	£163,852	£196,622

Planning

- Timing** [Provide a high level plan for the preferred option. Include:
- milestones and key deliverables with approximate dates.
 - any business critical timings.
 - when the project needs to be completed by and why.

Date	Milestone / Deliverable	Notes
Dec 2014	Place order with IBM	
Jan 2014	Audit the systems landscape at LSBU and produce a detailed implementation plan Implement the software	
Feb 2014	Migrate existing security data into new solution and resolve conflicts Test solution with LSBU environment	
Apr 2014	Switch over to new identity and access management solution	

Dependencies There is a strong linkage between the Exceptional Student Experience Project and the identity and access management solution because of the extensive use of single sign on in the IBM Exceptional Student Experience solution.

There are also strong linkages with the outsource project because the identity and access management solution will ultimately be hosted outside LSBU.

Risks [Identify the key risks that might impact on the project and particularly on the achievement of the desired benefits in the following table. For large or complicated projects, a separate risk register should be used. This should be referenced here and summary information provided below. Risks to consider:

- Business risks that impact the business processes or structures.
- Financial risks that have consequences for LSBU's financial stability.
- Technical risks e.g. system downtime, specification standards, incompatible interfaces.
- Implementation risks e.g. deviation from plan, delays, implementation not to standard.]

Risk	L'hood (H/M/L)	Impact (H/M/L)	Mitigation	Owner
We are unable to migrate existing data and need to build from scratch	M	M	Test systems and ensure that the infrastructure is configured appropriately	David Swayne
Bespoke system integrations are difficult to achieve with the new tools	L	H	Ensure that the requirements are well defined and contracts written to ensure that	David Swayne

			we get the solution we need	
The Systems Team finds the new tools difficult to use	L	M	Provide adequate training and monitor effectiveness as we roll solution out	David Swayne
Additional services are enabled through the service without cost variations being agreed and additional budget obtained	L	M	Ensure that clear governance processes are defined and used	David Swayne, Ralph Sanders
Current security solution gaps are not addressed and LSBU 'loses' personal data leading to possible £0.5m fine and reputational damage	H	H	Ensure that an appropriate solution is purchased and implemented	Directors

Checklist Have you consulted the appropriate departments when drafting this business case:

Department	Requires consultation?	Consulted?	Will consult later in process
Estates and Facilities	No		
ICT	Yes	Yes	
Procurement	Yes	Yes	
HR	No		
Pro-Vice Chancellor (Academic)	No		
Pro Vice Chancellor (External) e.g. marketing	No		

	PAPER NO: BG.75(13)	
Board/Committee:	Board of Governors	
Date:	21 st November 2013	
Paper title:	National Bakery School redevelopment	
Author:	Mike Simmons, Director of Development and Alumni Relations	
Board sponsor:	Prof Rao Bhamidimarri, Executive Dean of Engineering, Science and the Built Environment	
Recommendation:	That the Board approve the proposal	
Aspect of the Corporate Plan to which this will help deliver?	<ul style="list-style-type: none"> • Supporting all students who have the potential to succeed academically and in professional employment, regardless of their background • Increasing admission selectivity on the basis of potential to succeed • Maintaining a sufficiently broad curriculum to enable most local students to study with us • Increasing our support for employability skills for our students • Working with our staff to help them achieve greater success, satisfaction and reward • A move to enterprise-led research • Excellence and continuous improvement in all we do to meet the aspirations of our students and deliver ever better value for money 	
Matter previously considered by:	Policy and Resources Committee	On: 12 November 2013
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	Executive Dean of ESBE Head of National Bakery School Executive Director of Corporate Services Director of Development and Alumni Relations	

Executive Summary

1. This project is the re-development of the National Bakery School (NBS) to meet the demands of higher education teaching and professional development training.
2. The NBS has engaged extensively across the baking industry about the re-development. We are now being asked by donors and other potential supporters for more certainty about the project including time frames. We therefore need a commitment from the University which will enable us to complete the fundraising and maximise the external income. Our plan is completion in time for the September 2014 term (the 120th anniversary of the National Bakery School).
3. Over the last 5 years, the NBS has been successfully managed through substantial changes. The NBS introduced a Foundation Degree in Bakery Technology Management in 2008/9 and a third year top up to BSc Hons Baking Technology Management in 2011/2. Since 2008 the degree course has grown significantly. There has been a substantial improvement in the financial contribution of the NBS.
4. In 2012, four options for the future of the School were examined presented to the Executive, including closure. It was agreed that, should the School remain open, significant investment would be required to provide suitable facilities. It was agreed that such investment would be dependent on:
 - a) identifying a viable scheme
 - b) achieving student recruitment of 40 FTE
 - c) securing a significant level of support from the industry
5. It was agreed that the NBS would explore these possibilities for 12 months and the Executive would review the necessary investment based on the outcomes.
6. During 2012/3 the NBS has undertaken a concerted programme of engagement with the baking industry. The aim has been to establish industry interest in recruiting students, providing industry engagement, buying professional development training and supporting the re-development financially and in-kind.
 - a) a practicable plan has been devised
 - b) recruitment has grown beyond the initial target
 - c) the industry has demonstrated its willingness to provide financial and other support. Substantial cash and in-kind support totalling nearly £700,000 has been pledged. There remain further substantial fundraising opportunities which are actively being pursued.

London South Bank University

7. During the last year, the School has dramatically increased its engagement with the baking industry and it is apparent that, if the facilities are appropriate, there is a substantial opportunity to serve the industry through professional development programmes and events. There has been very significant interest from leading companies in professional training. The NBS is in detailed discussions with Tesco and Morrison's to provide training for selected bakery staff. Other benefits derived from these discussions include placements, employer talks and site visits.
8. Estates and Facilities has produced re-development plan and robust costing which has been agreed by the School. This cost amounts to a little under £2m which includes a total contingency of £444,000 (on a build cost of £1,080,000). In addition, there are equipment costs amounting to £220,000.
9. The National Bakery School is requesting a capital investment of £1m and a further £58,000 of University funds to support the scheduling of some of the capital gifts; bringing the total requested to £1,058,000.
10. The remaining £1,182,000 is being provided as follows:
 - £307,000 cash received
 - £140,000 cash pledged (over 5 years)
 - £125,000 comprising gifts in kind of £25,000 p.a. for 5 years re-allocated from annual costs to capital investment
 - £110,000 in kind towards the capital costs of equipment
 - £500,000 from further fundraising, underwritten by the University
11. A best case scenario would also assume retention of some of the considerable contingencies (£444,000).
12. There remains some risk of not securing the remaining £500,000 funds required. However, the positive Net Present Value of £375,000 delivered by the project (even based on quite cautious assumptions) means that if only a further £200,000 is raised, the project remains worthwhile. The project will begin to generate a positive NPV after only a further £113,000 is raised in year one.

Completion of the Project will result enable:

- Sustained recruitment of 54 full time students pa;
- Progressing and new students amounting (54 FTE) in the third year and top up;
- A programme recruiting 15 students pa;
- A significant increase in cpd income;
- A small increase in international students;
- Sustained engagement with industry in the form of paid for training; and
- Industry use of the NBS for new product development, contract research.

London South Bank
University

The Board is requested to approve the proposal.

National Bakery School Re-development

Executive Summary

In order to improve the facilities of the National Bakery School (NBS) we wish to undertake a re-development of the existing space. The main benefit will be fit for purpose facilities which meet the demands of higher education teaching and professional development training. This will enable the University to increase student numbers and commercial income and allow for the development of new provisions in conjunction with food science and nutrition programmes.

Over the last 5 years, the NBS has been successfully managed through substantial changes in its education landscape. In 2012 four options for the future of the School were examined including closure. It was agreed that, should the School remain open, significant investment would be required to provide suitable facilities. It was decided to actively explore whether a re-development of the School was practicable; whether the baking industry would support it financially; and whether the NBS could sustain student recruitment at 40 FTE. During the last year a practicable plan has been devised; the industry has demonstrated its willingness to provide financial and other support; and the NBS has successfully been recruiting students (eg 48 new year one FTE students in 2013/14).

The project will enable new income from a new Masters programme (15 additional students pa at £7560 each); a small increase in international students; an increase in third year students; and new commercial professional development training.

In addition, the project will enable the University to benefit from sustained recruitment to the National Bakery School of 54 FTE UG students pa.

The key stakeholders in this project are the Head of the National Bakery School; the Executive Dean of the Faculty of Engineering, Science and The Built Environment; the Executive Director of Corporate Services; the Director of Development and Alumni Relations.

Current risks to the project are:

- Failure to publish a clear plan for the re-development of the School
- Failure to deliver the re-development within the proposed budget
- Failure to deliver the re-development on schedule
- Failure to meet student recruitment targets
- Failure to secure financial support for the re-development by the baking industry
- Failure to secure engagement by the industry in professional training and other opportunities

Document Control

Version	Created/Changed by	Date	Notes
1.1	Michael Simmons	21 Oct 2013	
1.2	Michael Simmons	31 Oct 2013	
1.3	Michael Simmons	5 Nov 2013	

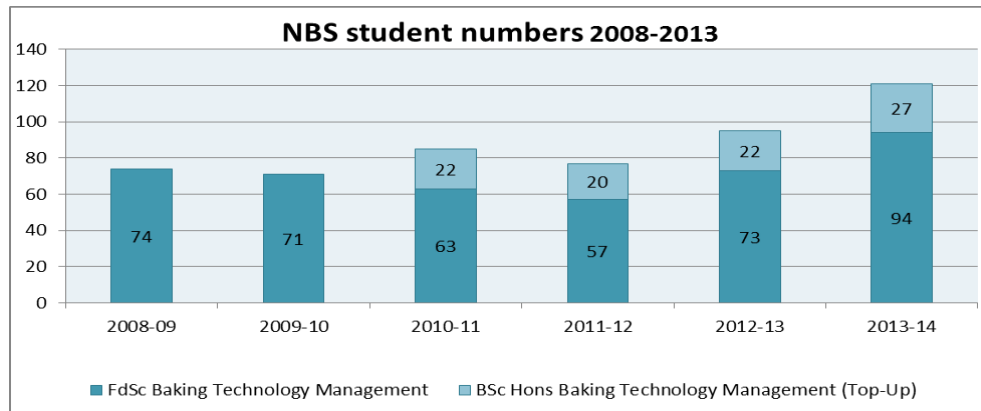
Scope of work

Investment objective Fit for purpose facilities capable of accommodating additional students by September 2014 (2014 is the 120th anniversary year of the National Bakery School)

Suitable facilities capable of accommodating CPD and other external engagement programmes by September 2014

Business need

Since 2007 the NBS has made very substantial changes to its educational programmes and its structure. This included the closure of the 14-17 year old and Further Education (FE) provision with the related closure of the Tower Restaurant and two redundancies. The School lost income of £133,000 and £230,00 in 2010 and 2011 financial years respectively, most of which is attributed to the loss of FE funding. In parallel, the NBS introduced a Foundation Degree in Baking Technology Management (2008/9) and a third year top up to BSc Hons Baking Technology Management (2010/11). The two degree courses have grown from 74 students in 2008 to 121 students in 2013/14. The financial contribution of the NBS, before space charge, has grown from £242,000 (2009) to £430,000 (2012) in just 3 years.



Source: Crystal Reports, Students on Courses S01v18, 15/10/2013

However, it has become increasingly apparent that the facilities of the NBS are no longer appropriate to the current teaching portfolio and would not be adequate to allow the introduction of a Masters programme. The NBS was previously teaching lower level courses and now requires facilities suitable for HE teaching and an environment appropriate to students paying the full HE tuition fees. Without this investment the programme is unlikely to be sustainable in the long term.

Four options for the future of the School were examined and discussed by the Executive. These were closure, building a new standalone facility, relocation to another provider, and re-development. It was agreed that the preferred option was re-development and that this would require investment.

It was agreed that such investment should be dependent on the NBS identifying a viable scheme, achieving student recruitment of 40 FTE and securing a significant level of support from the industry. The NBS would therefore pursue these for 12 months and the Executive would review the necessary investment based on the outcomes. The risks of this option were assessed as:

- 1) **Lack of viable re-development option**
A viable re-development plan has been established and is attached.
- 2) **Under-recruitment**
Undergraduate recruitment to the NBS has remained strong despite the new fees regime, and has grown from 33 year 1 students in 2010 and 2011 to 48 in 2012 and 2013. At the same time the quality of students has also increased substantially. In addition, there are plans to introduce a Masters level programme in 2015 with an initial target of 15 students pa.

Since 2008 there has been a substantial improvement in the financial contribution of the NBS. In 2008 it generated a surplus of £106,000 before space charge. It is now budgeted to generate a surplus of £529,000 in 2013.

3) Lack of industry interest

During 2012/3 the NBS has undertaken a concerted programme of engagement with the baking industry. The aim has been to establish industry interest in recruiting students, providing industry engagement, buying professional development training and supporting the re-development financially and in-kind. Not only have potential donors shown substantial interest; but the NBS has already raised £307,000 in cash (received); and a further £140,000 (pledged over 5 years); additionally an estimated £125,000 of gifts in kind has been pledged.

The NBS is in detailed discussions with two major supermarket chains (Tesco and, Morrisons) to provide training for selected bakery staff. Other benefits that have been derived from these discussions include the offer of placements, employer talks and employer site visits. This increased dialogue is likely to lead to a much higher level of employer engagement which will have further benefits beyond the NBS re-development. The NBS has also secured provisional agreement with Elixor to sell high quality products through the University's catering outlets.

This proposed re-development is urgently needed because without it:

- the NBS will lose recruited students
- the substantially improved recruitment will be curtailed
- the opportunity to generate CPD income will be lost
- the opportunity to establish a Masters programme will be lost
- the potential for additional international student income will be lost
- the potential to increase third year students (from 26 to 54) will be lost
- the momentum of recent discussions with the baking industry will be lost and is unlikely to be recovered.

The nature of the work on the NBS means that the re-development works will need to be undertaken over an extended period. If we are to deliver the re-developed School for the 2014/15 academic year (the 120th anniversary of the school), then substantial work will need to be done in the summer period 2014.

We are now being asked by donors and potential donors and users for more certainty about the project including time frame. We therefore need a firm commitment from the University to enable us to complete the fundraising and maximise the external income.

4) Project Costs and Fundraising

Estates and Facilities have produced a revised plan and robust costing which has been agreed by the School. This amounts to a little under £2m which includes a total contingency of £444,000 (on a build cost of £1,080,000). In addition, there are equipment costs amounting to £220,000.

The National Bakery School is requesting a capital investment of £1m and a further £58,000 of University funds to support the scheduling of some of the capital gifts; bringing the total requested to £1,058,000. The remaining £1,182,000 is being provided as follows:

£307,000 cash received

£140,000 cash pledged (over 5 years)

£125,000 comprising gifts in kind of £25,000 pa for 5 years re-allocated from annual costs to capital investment

£110,000 in kind towards the capital costs of equipment

£500,000 from further fundraising, underwritten by the University. A best case scenario would also assume retention of some of the considerable contingencies (£444,000).

There remains some risk of not securing the remaining £500,000 funds required.

However, the positive Net Present Value of £375,000 delivered by the project (even based on quite cautious assumptions) means that if only a further £200,000 is raised, the project remains worthwhile. The project will begin to generate a positive NPV after only a further £113,000 is raised in year one.

It is not unusual for a charity to publicly commit to a project such as this before it is fully funded. The commitment by the University to the project and its time frames will partially mitigate the risk of not securing the additional funding required: it will re-assure current donors that their gifts will be used and will provide a powerful message of confidence when approaching potential donors as part of the ongoing fundraising effort. The current fundraising effort will continue to work toward the target of £500,000. There remain a number of significant major gift prospects and there are plans for fundraising from members of the Worshipful Company of Bakers, with their support.

Implementation	<p>Re-development of two main bakeries Re-development of external entrance (Kell Street) Re-development of Professional Demonstration Bakery</p> <p>To be undertaken in two phases (bakeries followed by entrance and demonstration bakery) before September 2014.</p>
Sponsorship	<p>The Sponsors of the project will be Professor Rao Bhamidimarri (RB) Executive Dean of the Faculty of Engineering, Science and The Built Environment and Dr John Marchant (JM) Head of the National Bakery School.</p> <p>Other significant stakeholders are:</p> <p>Ian Mehrtens (IM) Executive Director of Corporate Services for delivery of the Re-development project</p> <p>Michael Simmons (MS) Director of Development and Alumni Relations for delivering external funding and engagement</p> <p>Yvonne Mavin (YM) Head of Business Development for delivering support in generating CPD and other revenues</p>

Rationale

Relationship to Corporate Plan The focus of the project is to deliver high quality professional education to an increased and improved student in-take, and to generate further income from industry-related enterprise. These key outcomes directly support these elements of the Corporate plan:

- Supporting all students who have the potential to succeed academically and in professional employment, regardless of their background
- Increasing admission selectivity on the basis of potential to succeed
- Maintaining a sufficiently broad curriculum to enable most local students to study with us
- Increasing our support for employability skills for our students
- Working with our staff to help them achieve greater success, satisfaction and reward
- A move to enterprise-led research
- Excellence and continuous improvement in all we do to meet the aspirations of our students and deliver ever better value for money

Critical success factor(s)	<ul style="list-style-type: none"> • Timely University commitment to invest (approval now will enable completion in time for the 2014 autumn term, and within the 120th anniversary year of the NBS) • Support for the re-development project from the baking industry in the form of financial and in-kind support • Re-development works delivered within budget and on time • Sustained recruitment of 54 full time students pa • Progressing and new students amounting to 54 full time students into the third year and top up • Creating a successful Masters programme recruiting 15 students pa
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- A significant increase in cpd income
- A small increase in international students
- Sustained engagement with industry in the form of paid for training
- Industry engagement in the NBS through work placements, employer talks, site visits etc. measured in conjunction with Employability staff
- Industry use of the NBS for new product development, contract research etc – measured through NBS departmental report

Options Analysis The current condition of the NBS facilities requires significant investment in order to meet the standards required by HE students and participants in professional development programmes.

Without investment in the teaching facilities, student numbers would fall and the NBS become unsustainable.

Without investment in external facing facilities, professional development income could not be achieved and external engagement would decrease.

Only the investment indicated will solve the business needs described. Several iterations of the re-development have been produced. The option presented is the cheapest and most cost effective.

The Management and other internal costs will be contained within the departments involved ie NBS, Estates and Facilities, Development and Alumni Relations, Enterprise.

Description	Year	£
External costs including VAT:		
Demolition, reinstatement and services upgrade		1,032,000
Mechanical and electrical infrastructure		264,000
Professional fees @ 15%		228,000
Fit Out		220,000
Design development and construction contingency @ 15%		192,000
Client contingency @ 15%		252,000
Total		2,188,000

Planning

Timing	Date	Milestone / Deliverable	Notes
	January-September 2014	Re-development of 2 bakeries	Completion by September 2014 is necessary to accommodate the planned increase in student numbers
	June-September 2014	Re-development of Demonstration Bakery and Entrance	In time for 2014 Autumn term in order to accommodate additional students and CPD activity

Dependencies See Notes above.

Risks	Risk	L'hood (H/M/L)	Impact (H/M/L)	Mitigation	Owner
	Failure to secure additional external funding	M	H	Ongoing fundraising activity	RB/JM/MS
	Failure to maintain industry engagement	L	H	Maintain momentum by announcing project plan	JM
	Successful and timely completion of the works	L	H	Early approval and prioritisation	Estates and Facilities
	Failure to increase student recruitment and retention	L	H	Ensure high quality teaching facilities	JM
	Failure to generate additional enterprise income	L	H	Provide high quality external facing as well as teaching facilities	JM/YM

Checklist Have you consulted the appropriate departments when drafting this business case:

Department	Requires consultation?	Consulted?	Will consult later in process
Estates and Facilities (inc. space considerations)	Yes	Yes	
ICT	No	No	
Procurement	Yes	Yes	Yes
HR	No	No	
Pro-Vice Chancellor (Academic)	Yes	Yes	
Pro Vice Chancellor (External) e.g. marketing	Yes	Yes	

Investment funds required from LSBU - £1.06m
Additional donations to be received - £0.5m

	Comments	Courses	Students	Rate	2013-14 [1]	2014-15 [2]	2015-16 [3]	2016-17 [4]	2017-18 [5]	2018-19 [6]	2019-20 [7]	2020-21 [8]	Total
Capital costs	<i>(per Sweett)</i>												
Building work					(1,032,000)								
Mechanical and electrical infrastructure					(264,000)								
Building work contingency	Presuming contingency is utilised				(192,000)								
Professional fees					(228,000)								
Client contingency					(252,000)								
Total building cost (inc VAT)					(1,968,000)								
Equipment costs (inc VAT)	<i>from Chandleys</i>				(220,000)								
NPV - Total capital outflow (inc VAT)					(2,188,000)								(2,188,000)
Donations													
Pledged equipment supplied and fitted at costs	<i>from Chandleys</i>				110,000								110,000
Cash donations received to date					307,000								307,000
Pledged cash donations	<i>from David Powell</i>					20,000	20,000	20,000	20,000	20,000	20,000		
Pledged cash donations	<i>from Bakels</i>					8,000	8,000	8,000	8,000	8,000	8,000		
Pledged ingredients donations	<i>from Bakels</i>					5,000	5,000	5,000	5,000	5,000	5,000		265,000
Pledged ingredients donations	<i>from de Zaan</i>					10,000	10,000	10,000	10,000	10,000	10,000		
Pledged ingredients donations	<i>ABIM members</i>					10,000	10,000	10,000	10,000	10,000	10,000		
Unpledged donations					350,000	100,000	50,000						500,000
Total donations					767,000	153,000	103,000	53,000	53,000	53,000	0	0	1,182,000
Discount factor 6%					100%	94%	89.0%	84.0%	79.2%	74.7%	70.5%	66.5%	
NPV - Discounted value of donations					767,000	144,340	91,670	44,500	41,981	39,605	0	0	1,129,095
NPV - Investment required from the University					(1,421,000)	144,340	91,670	44,500	41,981	39,605			(1,058,905)
Additional Income													
Extra international students	1st and 2nd years		2	£9,000		18,000	36,000	36,000	36,000	36,000	36,000	36,000	234,000
Extra Top Up students	Currently 26 students vs new capacity of 54	1	28	£9,000			252,000	252,000	252,000	252,000	252,000	252,000	1,512,000
Extra Top Up students	Progression of 46 2nd year students from 13/14 to 14/15	1	20	£9,000		180,000							180,000
MSc Baking Technology			15	£7,560			113,400	113,400	113,400	113,400	113,400	113,400	680,400
CPD income	Annual course expansion at rate of	15%	8	£600		96,000	110,400	126,960	146,004	167,905	193,090	222,054	1,062,413
Total Additional Income						294,000	511,800	528,360	547,404	569,305	594,490	623,454	3,668,813
Contribution	Rate before space charge (2012 & 2013)			50%		147,000	255,900	264,180	273,702	284,652	297,245	311,727	1,834,406
Total additional contribution						147,000	255,900	264,180	273,702	284,652	297,245	311,727	1,834,406
Discount factor 6%					100%	94%	89.0%	84.0%	79.2%	74.7%	70.5%	66.5%	
NPV - Total					(1,058,905)	138,679	227,750	221,811	216,798	212,709	209,546	207,316	375,703

London South Bank University National Bakery School

New Building Entrance / Demonstration Kitchen / Partial School Refurbishment

OPTION 5

Summary Overview

PROS

- Limited loss of existing teaching space.
- Potential to control disruption during construction works through phasing and new entrance peripheral to teaching spaces.
- Existing external facade / canopy in poor state - new entrance would overhaul external area of building most in need of remedial works.
- New entrance adjoins the buildings existing main staircase and lift.

CONS

- New entrance peripheral to heart of School - at far end of corridor
- New entrance adjoining service entrance - potential undesirable cross-over with service deliveries
- Limited connection between new entrance and demonstration kitchen.
- Use of existing fire escape staircase for new entrance: potentially cost effective but creates convoluted route into building.
- Scheme does little to break long institutional corridors.
- Some laboratories and auxiliary spaces not refurbished.
- Reliance on separate project to address external store (18)
- Cost driven entrance lobby - use of fire stair (protected route) restricted by building regulations - space cannot contain fire load nor inhibit emergency exit, therefore limitations on reception desk and turnstiles.



Key:

- 01 Entrance
- 02 Existing protected fire escape staircase, new entrance lobby. Allow for glazed panel to adjoining break out space (5)
- 03 Lobby - note fire rated door to staircase
- 04 Lift Platform
- 05 Social learning / break out space
- 06 Store - minimal works
- 07 Service entrance - no works
- 08 Demonstration kitchen - retained existing raked seating arrangement. Remove existing wall to adjoining laboratory. Note: occupancy numbers to be confirmed against fire exits. Additional door may be necessary.
- 09 New practical area for demonstration kitchen
- 10 Practical workshop area for demonstration kitchen.
- 11 Enlarged office - new wall, fully refurbished
- 12 Refurbished office
- 13 WCs - no works
- 14 General laboratory - minimal works
- 15 Chocolate laboratory - minimal works
- 16 Chocolate (packaging) Laboratory - fully refurbished
- 17 Store - minimal works
- 18 External store - to be addressed in Kell Street upgrade project (TBC by LSBU)
- 19 Confectionary Laboratory - fully refurbished
- 20 Bread Laboratory - fully refurbished
- 21 Store - minimal works

	PAPER NO: BG.76(13)	
Board/Committee:	Board of Governors	
Date:	21 st November 2013	
Paper title:	Equality Act 2010 assurance	
Author:	Katie Boyce, Director of Human Resources and Stephen Hackett, Director of Student Services	
Executive sponsor:	Ian Mehrtens, Executive Director of Corporate Services and Professor Phil Cardew, Pro Vice Chancellor (Academic)	
Recommendation by the Executive:	<p>The Board is requested to:</p> <ul style="list-style-type: none"> i) note the public sector equality duty as it applies to LSBU; ii) note the need to publish information and objectives; iii) note the specific actions in papers B and C to address the duty; and iv) approve the Equality, Diversity and Inclusion policy 	
Aspect of the Corporate Plan to which this will help deliver?	Equality, diversity and inclusion are fundamental aspects of LSBU's mission and corporate strategy	
Matter previously considered by:	HR Committee	22 October 2013
Further approval required?	No	N/A
Communications – who should be made aware of the decision?	N/A	

Executive summary

This report updates the Board on our policy, EDI Plan and staff and student data 2012/13.

Note: this is a combined report covering students and staff. The report consists of:

- Paper A – the Public Sector Equality Duty

- Paper B – LSBU Student Equality and Diversity report
- Paper C – i) Annual Staff report
ii) Equality, Diversity and Inclusion Policy

The report has been reviewed by the Human Resources Committee. In addition the Educational Character committee will consider the report relating to students at its meeting of 4 December 2013.

The Board is requested to note the report and approve the Equality, Diversity and Inclusion Policy.

Paper A – the Public Sector Equality Duty

Background

The public sector equality duty applies to LSBU because all HEIs are included in schedule 19 of the Equality Act 2010.

In summary, the duty means that LSBU has a legal responsibility to demonstrate that we are taking action on equality in policymaking, in the delivery of services to students and in public sector employment. Further information from the Equality Commission is in the extract below.

The general equality duty requires LSBU (as a “public authority” as defined by the Equality Act 2010) to have due regard to the need to:

- eliminate discrimination, harassment and victimisation;
- advance equality of opportunity between different groups; and
- foster good relations between different groups.

The specific duties in England came into force on 10 September 2011. They require listed public authorities to:

- publish sufficient information to demonstrate their compliance with the general equality duty across their functions. Further and higher education institutions must do this by 31 January 2012.
- prepare and publish objectives by 6 April 2012 to demonstrate how they will meet one or more of the general equality duty aims.

The Equality Commission’s guidance states that: “The protected characteristics for the further and higher education institutions provisions are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex

- Sexual orientation

Being married or in a civil partnership is NOT a protected characteristic for the further and higher education institutions provisions.”

Accompanying this paper are:

- paper B – an analysis of student data for 2012/13 against the 8 relevant protected characteristics and actions;
- paper C – an analysis of staff data for 2012/13 against the 8 relevant protected characteristics, the LSBU Equality and Diversity policy; and the Equality, Diversity and Inclusion action plan.

The papers will be considered by the Board of Governors on 21 November 2013.

Recommendation

The Committee is requested to:

- i) note the public sector equality duty as it applies to LSBU;
- ii) note the need to publish information and objectives;
- iii) note the specific actions in papers B and C to address the duty; and
- iv) recommend the Equality, Diversity and Inclusion policy for approval by the Board at its meeting of 21 November 2013

Extract from the Equality Commission’s Guidance for HEIs Annex C: Public sector equality duty

The majority of further and higher education institutions are subject to the public sector equality duty which is a unique piece of equality legislation. This duty gives public authorities legal responsibilities to demonstrate that they are taking action on equality in policymaking, in the delivery of services and in public sector employment.

The duty requires public authorities to take steps not just to eliminate unlawful discrimination and harassment, but also to actively advance equality and to foster good relations.

The purpose of the equality duty is not to be process driven and bureaucratic but rather to offer an outcome-based method of ensuring that institutions are best meeting the needs of all their students.

The duty provides a framework to help institutions tackle persistent and long-standing issues of disadvantage, such as gender stereotyping in subject choice, attainment gaps between white and black and minority ethnic students and low participation rates of disabled people. It also provides a strategic and systematic means of tackling major entrenched disadvantage across the sector.

The public sector equality duty

The Equality Act 2010 harmonises the former duties relating to race, gender and disability into one new duty, which covers the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The new duty comprises a general equality duty on all those public authorities listed in Schedule 19 of the Equality Act and on those organisations which exercise a public function. It also comprises specific duties which apply to a number of listed public bodies. The majority of further and higher education institutions in England, Wales and Scotland are subject to the general equality duty, which came into force on 5th April 2011. Many of these institutions are also subject to specific duties, which are different between the three nations.

The general equality duty requires public authorities to have due regard to the need to:

- eliminate discrimination, harassment and victimisation
- advance equality of opportunity between different groups and
- foster good relations between different groups.

The specific duties in England (and non-devolved public bodies in Scotland and Wales) came into force on 10 September 2011. They require listed public authorities to:

- publish sufficient information to demonstrate their compliance with the general equality duty across their functions. Further and higher education institutions must do this by 31 January 2012.
- prepare and publish objectives by 6 April 2012 to demonstrate how they will meet one or more of the general equality duty aims.

LSBU Student Equality and Diversity

1 The purpose of this report is to provide The HR Committee with an update on LSBU’s action to fulfil the university’s Public Sector Equality Duty in respect of its Students. Since the last report data has been collected on the protected groups defined by the Equalities Act 2010 and this sheds light on the character of the Student Body.

2 Summary Report:

- The general duty placed on LSBU by the 2010 act is discharged; This is ensured by a combination of policy and procedure, environmental development and management, student support and promoted activity, careful monitoring and management of issues and engagement with protected groups, whose wellbeing is our general aim.
- Collection and monitoring of data informs the development of analysis, investigation and action to increase understanding and potential resolution of issues. Both the University Committee structure and the executive management structure look in detail at the outcomes for protected groups.
- The collection of information on all protected groups from 2012 has partially revealed the nature of the Student Body and opened up a wider range of potential issues which may be addressed as trend analysis becomes available.

3 Compliance with the Equalities Act 2010

The Equality Act 2010 puts three **general duties** on public sector bodies (including Universities) and these are tabled below, with LSBU responses and actions.

Duty	LSBU Responses
eliminate unlawful discrimination, harassment and victimisation	<ul style="list-style-type: none"> • Student Life Centre • Wellbeing Advisers • Disability and Mental Health Advisers • Counselling Service • Student Union advice and publicity • Publicity and awareness • High levels of security • Clear Disciplinary procedures and student on student complaint procedure • Clear Fitness to Study procedures

<p>advance equality of opportunity between people who do and do not share a protected characteristic</p>	<ul style="list-style-type: none"> • Data collection for protected groups • Monitoring and analysis of protected groups' outcomes, and investigation at committee and management level of issues or concerns. • Support for initiatives which seek to promote EO for protected groups • Policy and Procedure integrity • Address HEFCE Recommendations: Appendix 1 aligns LSBU actions with the HEFCE Equality and Diversity Action Plan, which is mainly concerned with Equality of Opportunity
<p>foster good relations between people who share a protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation) and those who do not share a protected characteristic.</p>	<ul style="list-style-type: none"> • Social Learning Spaces • Student Union and Student Services activities • Student Societies • Multi-Faith Advisory Board • Multi-faith Chaplaincy activities • Procedures and Policies • Engagement with Prevent • Press Office and Comms team: maintenance of public profile and reputation

4 New data on the protected groups.

The University, in compliance with an advised HESA timetable, began collecting data on all of the protected groups at enrolment in 2012. What has been revealed is an interesting picture of the new intake, demonstrating variety, but also raising some questions about disclosure; questions not unique to LSBU or the university sector. When trend analysis becomes possible, and when we can compare ourselves to other institutions more might be said and done in response.

For now the board will be interested to read the raw data. Data for age, gender and race has been collected for the whole student body, which accounts for the larger numbers.

Age	Total of 21091	
15-25	9083	41%
25+	12818	59%

Gender	Total of 21091	
Male	9353	43%
Female	11738	57%

Race	Total of 21091	
BME	10119	48%
Mixed	884	4%
White	8954	43%
Information refused	927	5%

Disability	Total of 21104	
No Disability	18911	90%
Disability	2180	10%
Information refused	13	-

Gender Reassignment	Total of 5544	
Yes	14	-
No	5428	98%
Information refused	102	2%

Religion and Belief	Total of 5330	
Buddhist	42	1%
Christian	2664	50%
Hindu	152	3%
Jewish	22	-
Muslim	724	14%
Sikh	50	1%
Spiritual	47	1%
Other	89	2%
Information refused	378	7%
No Religion	1162	22%

Sexual Orientation	Total of 5357	
Bisexual	72	1%

Gay men	64	1%
Lesbian	20	-
Heterosexual	3436	64%
Information refused	1765	34%

Appendix 1 HEFCE Equality and Diversity Action Plan for 2012-13 and LSBU

The promotion of equality between different socio-economic groups as well as other groups under-represented in HE has long been part of HEFCE's widening participation policy as people from lower socio-economic groups are generally less likely to go into higher education. It is also an important aspect of protecting the interests of students, and improving social mobility through fairer access is an objective of the Government's White Paper on higher education, 'Students at the Heart of the System'.

HEFCE		LSBU
Aims	Actions	Position
<p>2.1 To support the sector in achieving and maintaining an appropriately diverse student body and reducing inequalities of student opportunities and outcomes</p>	<p>Monitor the extent to which certain groups of students participate in subjects defined as strategically important and vulnerable</p> <p>Widening participation:</p> <p>We will continue provision and support for disabled students through mainstream disability allocation and sector support. We will consider the outcomes of the disabilities projects we have funded and we will continue to oversee and support the Sector Strategy Group. We will ensure that the Sector Strategy Group acknowledges gaps left in disability support in the sector by Skill, LLNs and Aimhigher and looks to fill them where possible.</p> <p>Through the on-going development of widening participation strategic assessments, annual monitoring and further alignment with the Office for Fair Access's access agreements, we will encourage institutions to consider their</p>	<p>An analysis of the diversity of students in ESBE (mainly representing the STEM subjects to which HEFCE refers although some Business and Health courses could be included) shows that students are as diverse in terms of race as in other faculties, but gender imbalance is evident, although for part-time students the sponsorship of an employer is a critical factor, rather than ESBE's recruitment policy or practice</p> <p>An analysis of admissions data demonstrates that the diversity of students broadly reflects the diversity of applicants.</p> <p>LSBU's 2012 and 2013 Access Agreements are clearly targeted on students from reduced financial circumstances and on care leavers.</p>

	<p>equalities duties and promote equality and diversity.</p>	
<p>2.2 To enable fair access to higher education so that all students, regardless of their background, are able to access the institution or programme that best meets their needs and aspirations</p>	<p>Employment and skills: Monitor the extent to which sustainability of national subject provision impacts on accessibility. Widening participation: We will work with the sector and BIS in the ongoing development of the National Scholarship Programme. In particular we will include equalities analysis in the forthcoming evaluation of the scheme and we will analyse data regarding the recipients of the scheme from an equalities perspective. This will help to inform future discussions we have with institutions around equalities, as well as how our funding for widening participation and requirements for WP strategies could be further developed in future.</p>	<p>LSBU is committed to maintaining a wide enough range and distribution of provision to enable access from our local community to all strategically important subject areas. Our aim is to balance diversity of provision against excellence of delivery (and institutional focus). Whilst we see no real barriers in access to NSP support from any group, we will, of course, monitor provision and determine whether it can be demonstrated that any groups are advantaged or disadvantaged.</p>
<p>2.3 White Paper challenges – throughout the period of transition, impact assess work streams and monitor the cumulative effect of new fees and funding mechanisms. Seek to</p>	<p>Employment and skills: Monitor the extent to which there is concentration of SIVS in highly selective institutions.</p>	<p>Our Strategically Important and Vulnerable Subject provision is focused within the area of Science, Technology, Engineering and Mathematics, which are subject areas which fit within our overall mission and strategic ambitions. We foresee little likelihood that we will diversify further within the SIVS area.</p>

minimise disadvantages where they do occur.		
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Appendix 2 Headline statistics on progression

(success is either achieving an award or progressing smoothly from one year to the next, in the last academic year)

Disabled students progress satisfactorily. 11.8% of students are disabled: 11.4% of successful students are disabled.

Women and men progress equally satisfactorily. 50.9% of students are women: 51.9% of successful students are women.

Race: White students are slightly more successful than some other ethnic groups.

27.6% of students are Black: 25.8% of successful students are Black

41.1% of students are White: 43.4% of successful students are White

2% of students are Chinese: 2% of successful students are Chinese

16.8% of students are Asian: 16.6% of successful students are Asian

4.4% of students are Mixed: 4.3% of successful students are Mixed

(7.9% of students are other: 7.8% of successful students are other)

Annual Equality, Diversity and Inclusion Report 2013

1. Introduction

1.1. The University's Diversity Team based in HR's Organisational Development section continues to support the University in meeting the three elements of the public sector equality duty that are to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and any other conduct which is unlawful under the Act 2010
- Advance equality of opportunity between people who share a protected characteristic and those who do not; and
- Foster good relations between people who share a protected characteristic and those who do not.

1.2. The Equality Act covers **nine protected characteristics**, which cannot be used as a reason to treat people unfairly. Every person has one or more of the protected characteristics, so the act protects everyone against unfair treatment. The protected characteristics are:

- Age
- Disability
- Gender Reassignment
- Marriage and Civil Partnership
- Pregnancy and Maternity
- Race
- Religion or Belief
- Gender
- Sexual Orientation

1.3. This Annual Report highlights equality-related activities for the period **August 2012 - July 2013**. A number of activities have taken place in the past year to enable LSBU meet its equality duty (*Please refer to appendix 1*).

2. Key activities

2.1. Development and repositioning of the **Equality, Diversity and Inclusion (EDI) strategy** which:

- Ensures that LSBU is meeting its legal obligations
- Ensures that staff and managers are being up skilled with knowledge and cultural competencies

2.2. **Collecting and monitoring** of some workforce data relating to some protected characteristics. Currently Human Resources produce regular

workforce data including a breakdown of protected characteristics and demonstrate compliance with the Public Sector Equality Duty (PSED). The reports include the following areas:

- Pay Audit – completed every 2-3 years
- Equality Impact Assessments – each time a re-structure is undertaken
- Annual Report to the Executive on Senior Managers Pay
- Annual HESA return

2.2.1 Below is a **snapshot of LSBU staff** which indicates that workforce data has remained largely static and there has been relatively little change in the overall numbers compared to last year therefore the impact on LSBU as an employer is minimal.

LSBU	Overall numbers	Women %	Men %	BAME %	White %	Disabled Staff %	Gay, Lesbian, Bisexual %
2011/12	1983	46%	54%	27%	73%	8%	7%
2013	1896	51%	48%	28%	66%	5%	3%

- The following data is collected but the sample size renders the data statistically insignificant on the following areas of the protected characteristics:
 - Religion/Belief
 - Pregnancy and Maternity
 - Gender Reassignment

2.3 Ensure that LSBU has **relevant policies and procedures** to support EDI initiatives. LSBU currently has an **EDI policy** (*Please refer to appendix 2*).

2.4 Realigning of resources- Following a restructure of the Organisational Development function 2 full-time roles have been created with a main focus on promoting and progressing work on the EDI agenda. One of the key deliverables of the roles is to provide more focused action on headline EDI workforce data so that it can be used in a pro-active way and provide trends that can be used to address issues for staff across the protected characteristics.

3. Recommendations for 2013-2014

3.1 Facilitated workshops for the Executive Team, Board of Governors and other key stakeholders-Deliver a facilitated workshop for the highlighted groups to ensure that they are: -

- Clear about their legal responsibilities in their roles
- Have developed a consistent, transparent process to monitor and review compliance and strategic implementation of EDI strategy and action plan
- Create a portfolio of EDI training provisions/development

3.2 Review of the HR reporting capacity to enable greater interrogation of workforce data to continue to record the protected characteristics required by the Equalities Act 2010 and produce detailed trends analysis that are linked to the overall strategic drivers of the EDI strategy. These include the following areas:

- Competitive advantage
- Corporate reputation
- Meeting legal obligations
- Tackling under-representation
- EDI International recognition
- Embedding EDI
- Accountability
- Creating a dynamic inclusive culture

3.3 EDI Monitoring Data

3.3.1 To improve current practice around EDI monitoring data it is recommended that LSBU adopt the following approach:

- An overview that LSBU has taken to ensure that it has due regard to the Public Sector Duty.
- To provide an evidence base that will underpin the new legal requirements.
- To provide a baseline for measurement to monitor progress.
- To act as a benchmark in the HE sector.
- An equality focused analysis of information on staff that LSBU records and maintains.

3.4 Produce an annual workforce monitoring report that fulfils the requirements of the Public Sector Equality Duty. It is recommended that the following 3 stages be adopted.

3.4.1 Stage 1-Spend the first quarter looking at the current workforce data highlighting any limitations on EDI reporting mechanisms

and improve practice around data collection. Relevant protected characteristics will be prioritised and any relevant trends and hotspots identified and report in a storyboard format.

- 3.4.2 Stage 2-**Report on a regular basis to the Executive, HR Committee and Board on the priority areas identified under the EDI action plan and report key actions that will enable the workforce data to deliver against the strategic plan.
- 3.4.3 Stage 3-**Review and monitor any gaps that may exist.

London South Bank University

Equality, Diversity and Inclusion Policy

Introduction

London South Bank University is committed to the provision of equality for all, valuing diversity across all the dimensions of difference. This is set out in the University's Equality and Diversity Policy Statement.

In the furtherance of this objective, the University has developed this Equality, Diversity and Inclusion Policy including procedures to be followed in implementing them, to ensure everyone who studies and works here does so free of discrimination.

This document was first produced in 1996 with full consultation with staff, students and trade unions. Copies were circulated to all staff and also made available to students via the Student Union as well as making reference to it in the Student Handbook. The document was revised in October 2000 and again in May 2002, the latter to take account of changes in legislation with the introduction of the Race Relations (Amendments) Act (2000) and the Special Educational Needs and Disability Act (2001). This new version has been up-dated to reflect and include the Equality Act 2010.

This latest version of the document now includes recent legislation on the nine 'protected characteristics' and will be made available on the University's website.

Vision, Aim and Approach

Our Vision

We are a unique educational institution that is proactively committed to creating a stimulating teaching and learning environment that values diversity, fairness, mutual respect and inclusion. We are dedicated to realising the potential of our staff, students and local community we believe that diversity enriches our individual and collective experience, performance and achievement.

Our Aim

Our aim is to set objectives, milestones and targets to:

- Develop diversity and inclusion as a widely recognised area of competitive strength.
- Effectively integrate and mainstream diversity and equality into our corporate strategies, policies, academic curriculum, teaching delivery, assessment methods, learning environment and management practice.
- Continue to be at the forefront of the access and widening participation agenda.
- Create an inclusive environment where differences are celebrated and everyone is valued and respected

The drive and commitment to diversity and equality at the University will ensure that:

- We are adequately equipped to meet the diverse needs and aspirations of staff, students and wider community.
- We create an inclusive environment that promotes dignity at work and mutual respect.
- We set the standard within higher education and are recognised as an example of Equality, Diversity and Inclusion (EDI) good practice.

The University is committed to equality of opportunity both as an education institution and as an employer. Equality of Opportunity means working to ensure that no student or member of staff receives less favourable treatment on the grounds of race, gender, age, disability, marital status, sexual orientation, gender-reassignment, pregnancy and maternity and religion or belief.

In complying with the Equality Act 2010, the University will:

- Promote good relations among its staff and students and will create conditions which contribute to the full development and potential of everyone.
- Create a climate where staff and students are given confidence to challenge acts and behaviour which contravene the University's Equality, Diversity & Inclusion Policy and the law.
- Treat fairly and appropriately each job applicant, course assessment, progression or promotion decisions at the University.

Definitions

- Equality is about creating a fairer society where everyone can participate and has the same opportunity to fulfil their potential. Equality is backed by legislation designed to address unfair discrimination based on membership of a particular protected group
- Diversity comprises of a mosaic of people from all walks of life, who bring a variety of backgrounds, styles, perspectives, values and beliefs as assets to all those with whom they interact
- Inclusion is the complete acceptance and integration of all students and employees regardless of diversity background that proactively leads to a sense of belonging, engagement and full participation within and across the University

Legislation

The majority of the Equality Act provisions became law in October 2010. It replaces previous legislation (such as the Race Relations Act 1976 and the Disability Discrimination Act 1995) and ensures consistency in what public sector organisations need to do to make the workplace a fair environment and to comply with the law.

The Act is intended to simplify, strengthen and harmonise the current legislation and to provide the UK with a new discrimination law that protects individuals from unfair treatment and promotes a fair and more equal society.

The Act streamlines discrimination law, making it easier for people to understand their rights and responsibilities. In addition, the Act contains wide positive action provisions which offer

special encouragement to those from disproportionately under-represented or otherwise disadvantaged groups.

The nine main pieces of legislation that have merged are:

- the Equal Pay Act 1970
- the Sex Discrimination Act 1975
- the Race Relations Act 1976
- the Disability Discrimination Act 1995
- the Employment Equality (Religion or Belief) Regulations 2003
- the Employment Equality (Sexual Orientation) Regulations 2003
- the Employment Equality (Age) Regulations 2006
- the Equality Act 2006, Part 2
- the Equality Act (Sexual Orientation) Regulations 2007

The protected characteristics are Race, Age, Disability, Sex, Gender reassignment, Marriage and civil partnership, Pregnancy and Maternity, Religion and Belief and Sexual Orientation.

Other Key Provisions of the Equality Act

The Public Sector Equality Duty requires Universities to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation
- Advance Equality of Opportunity
- Foster good relations

Positive Action provisions also permit the University to take proportionate action to overcome disadvantage, meet needs and tackle under representation.

Our Approach

We have adopted a comprehensive approach that seeks to embed equality, value the multiple dimensions of diversity and mainstream inclusion. This means that we are committed to ensuring that this agenda is fundamental to the development and delivery of our policies and effectively integrated into the very fabric of our professional practice and service delivery.

Leadership and Management

The University's Board of Governors, Executive Team, and the Senior Management Group will set the pace providing leadership at all levels to champion equality, diversity and inclusion, monitor progress against planned activities and respond effectively to the University's statutory requirements and legal obligations.

Access and Inclusive Learning

The University will provide an accessible environment for people with disabilities and from different cultures to study and work. Applications from groups currently under-represented in higher education will be positively encouraged.

Staff Development and Training

Equality, diversity and inclusion training in relation to legislation, employment, leadership, the student experience; cultural competence and how to put equality and the core principles of diversity into practice will be provided for all employees. In accordance with the Single Equality Act, positive action may be used as a vehicle to address under-representation. All

employees will be given equal access to staff development, and where appropriate additional development, to enable them to fulfil their potential and to progress within the organisation.

Curriculum and Skills Development

Students will be educated for life and work in a global, multi-cultural society. The University will promote understanding, pay due regard and respect for all cultures. All students will be given the opportunity to develop further their skills to enhance their employability and progression opportunities when leaving the University.

The Student Experience

The University is committed to:

- Ensuring and promoting equality through teaching and learning, and also in the selection, enrolment, assessment and progression of students.
- Providing appropriate student support and guidance which reflects the diversity of students' needs both pre-entry and on-course.

This means that no student will receive less favourable treatment on grounds of race, sex, , age, race, disability, gender reassignment, maternity, marital status, sexual orientation, care responsibility, or religious belief. Support and guidance for students will be linked to their particular needs.

It also means the University aims to promote equal respect for all people, to challenge prejudice and to prepare students to work in a multicultural and diverse society.

Selection, assessment and progression will be kept under review to ensure that individuals are selected and treated only on the basis of their relevant merits and abilities.

Publicity and Promotions Policies

The University seeks to ensure that publicity and promotion practices encourage applicants from under-represented groups. There is careful scrutiny of publicity and promotion materials and marketing related activities to ensure that brochures, advertisements, applications forms and display materials reflect the diversity of students at the University.

This means materials do not contain socially, racially biased or stereotypical terminology, information or illustrations which contravene this policy. It also includes a proactive approach towards marketing courses to under-represented groups which is designed to enhance the overall image of the University as an institution with a determination to reflect and implement its EDI commitment. We will also provide impartial guidance to all applicants so that they are placed on the best courses to help them succeed. Publicity and promotion of the University to students may include:

- Developing entry criteria which is clear and does not discriminate unfairly by, for example, only referring to traditional entry qualifications.
- Placing advertisements in non-traditional outlets.
- Establishing links with the publicity networks of local community groups and other organisations.
- Developing progression partnerships with local schools and FE colleges.
- Providing detailed information about the range of opportunities open to mature people without traditional entry requirements, which makes explicit the criteria and procedures for entry.

- Undertaking monitoring exercises on the above to determine the most effective means of contacting people from under-represented groups.

Access and Educational Opportunities for Under-Represented Groups

The University is committed to working towards providing additional educational opportunities for under-represented groups. Methods to achieve this aim may include the following:

- An increase in the number of courses designed to be particularly attractive for these groups, taking advantage wherever possible of any external funding available and working closely with local and national bodies, which seek to extend educational opportunities for under-represented groups.
- An increase in the number of routes to improve access into existing provision in partnership with local schools and FE colleges.
- Moves towards greater diversity in course structure, including an extension of short course, part-time and evening provision, and the creation of more flexible learning opportunities so that students can vary their pace of study.

Admissions Policy

On courses where particular groups are significantly under-represented, the University will seek to identify the cause and to take positive action.

To assist in this process, course or subject teams will need to:

- Monitor the profile of entrants to their programmes.
- Identify the nature and cause of significant under-representation within their student intake.
- To develop recruitment policies designed to attract groups that are currently under-represented.
- To ensure that admissions tutors make explicit their criteria and procedures for entry of 'non-traditional' as well as 'traditional' applicants and that they endeavour to identify study potential in the absence of conventional indicators as examination results.

The University will ensure that the application procedures and criteria for non-traditional entry to particular courses are explicit and made available to the general public. It will also ensure that this information is collated across the University in order to obtain an overall picture of developing practice.

Student Support

In the organisation and resourcing of its support services the University will make every effort to meet the needs of students who, as an outcome of race, sex,, gender re-assignment, age, disability, pregnancy and maternity, religion and belief or sexual orientation, may find particular difficulties related to their academic or vocational work or other aspects of their lives in the University.

The network of care in the University will link up the specialist services provided by the Student Centre which provides personal development advice unit, core skills, careers and employment service with the system of support in Faculty's and the services of the Student Union.

The University will seek to ensure that the general facilities and services to students – e.g. halls of residence, canteens, libraries and the learning resource centre, are appropriately designed to meet the needs of a culturally diverse student body and that they are also accessible to students with disabilities.

With an ageing population, and an increase in the number of students with children, the University recognises the care responsibilities that students have, which are viewed as the role for both men and women, and takes into account the specific challenges that care responsibilities bring and the impact they may have on attendance, learning and academic performance.

The University offers bursaries, scholarships and other financial assistance to ensure we meet the needs of our students and continue our commitment to widening participation.

Curriculum Development Policies

The University is committed to a curriculum development policy, which furthers its equality, diversity and inclusion commitment with respect to both the content, presentation and delivery of academic courses. The implementation of a curriculum development policy requires monitoring, scrutiny, and where necessary revision, of internally validated course submissions, unit guides and associated assessments to ensure that they do not promote discriminatory terminology, stereotypes, information or concepts.

Where possible the curriculum will promote equality, diversity and inclusion and will prepare students for a global multi-cultural society by promoting understanding and respect for all cultures and by encouraging tolerant discussion of a range of political beliefs and religious conviction. Where relevant, the curriculum will expose students to cases and methodologies that incorporate variations by gender, race, ethnicity, sexuality, disability and religion.

The curriculum development policy will include:

- The development of alternative full-time and part-time forms of study mode which would have the advantages of shorter-term objectives and transferability (to other courses) for those who may find difficulty in committing themselves initially to three or more years of study.
- A variety of modes of assessment to enable students to demonstrate a variety of skills and areas of comprehension, for example: projects, course work, seminar papers, open book exams, objective response exams, as well as or instead of the traditional essay or written examination. Assessment criteria will be fair and transparent.
- Dissemination of good practice from both within the University and from external agencies in the development of curriculum which promotes equality, diversity and inclusion (for example, the Good Practice Guide from the Hefce, Equality and Human Rights Commission and the Equality Challenge Unit).
- An approach to teaching which recognises that an appreciation of students' diversity, cultural background and individual learning style is an essential element of any approach to academic delivery.

- Pro-active due regard to the principles of inclusive teaching to encourage the creation of a stimulating learning environment where all students, regardless of their backgrounds are given the opportunity to realise their full potential and enhance their employability.
- Staff development will be undertaken to promote inclusive learning and the management of the learning environment for a diverse group of students.

Equality Impact Analysis will be used as an important mechanism to ensure that curriculum development policy does not have a differential negative impact on minority groups.

Equality and Diversity for Staff

The University is committed to equality of opportunity, valuing diversity and promoting inclusion. As an employer the University will ensure that no applicant for a post or existing employee receives less favourable treatment on the grounds of their Race, Age, Disability, Sex, Gender Re-assignment, Marriage, Civil Partnership, Pregnancy and Maternity, Religion and Belief or Sexual Orientation

Recruitment and Selection

The commitment to Equality, Diversity and Inclusion underpins the University staff Recruitment and Selection Policy. Through the use and application of training and monitoring, the University is committed to ensuring that these recruitment and promotion procedures are kept constantly under review in order to ensure that individuals are selected for interview and appointed to posts on the basis of their ability to do the job required.

The University will use published, objective and job related criteria when making decisions on recruitment, remuneration, training, promotion and termination of employment. Where possible barriers to equality of opportunity will be identified and positive action taken to address them by for example, targeted training and development.

Staff Development on Equality, Diversity and Inclusion

The Human Resources Department are responsible for ensuring the implementation throughout the University of training, education and information for staff on equality, diversity and inclusion legislation, policies and best practice.

All managers responsible for training and development of staff should ensure that all opportunities are allocated objectively, fairly and without discrimination. This includes in-house events and external training, staff sabbaticals, secondments and sponsored study.

All training and development events for staff will include an equality, diversity and inclusion dimension where appropriate.

Delivering an Inclusive Environment

The University will provide an inclusive environment that promotes equality of opportunity and diversity and is free from unlawful discrimination, harassment or victimisation of any kind. All staff (including staff employed by agencies for contracted out services), students and

other users of the University services will be made aware of behaviour which amounts to discrimination, harassment or victimisation and that such behaviours may result in disciplinary action and/or amount to a criminal offence.

The University will do this by:

- Taking appropriate action against any student or member of staff who does not comply with the policy. The University has engaged in disciplinary action against both staff and students who have breached the University's Equality, Diversity and Inclusion Policy and in some cases this has led to permanent removal from the University.
- Ensuring promotional and teaching materials present appropriate and positive images relating to all the dimensions of diversity and equality.
- Ensuring Governors and Staff have access to comprehensive information to assist them in planning, putting into practice and monitoring their responsibilities under the Equality, Diversity and Inclusion Policy.
- Striving to challenge behaviour which does not accord with the University's Equality, Diversity and Inclusion Policy. Considering appropriate measures to overcome under-representation in particular jobs or education identified by the monitoring and impact assessment processes.
- Responding positively and competently when issues relating to equality, diversity and inclusion are discussed. Ensuring that all students and staff know how to raise complaints and that the University provides a timely and sensitive response.

Complaints

If a member of staff or a student believes that they have been discriminated against, they should seek the advice of their Human Resources Business Partner in the case of a member of staff or the Student Relations Officer in the University Secretary's Office.

All complaints from staff concerning bullying should be raised under the University's Staff Inclusion Policy. Other complaints concerning unfair treatment within the scope of this Equality, Diversity and Inclusion Policy should be raised under the Students' Complaints Procedure or the Staff Grievance Procedure.

Responsibilities for Equality and Diversity

It is unlawful for anybody to discriminate on the grounds of Race, Age, Sex, Disability, Gender Reassignment, or Marriage or Civil Partnership, Pregnancy and Maternity, Religion or Belief or Sexual Orientation. Responsibilities for approving and monitoring this Policy lie with the Board of Governors and associated HR Committee.

Board of Governors

- To ensure that the University fulfils its legal responsibilities.
- To provide adequate scrutiny in monitoring the implementation of the policy and associated action plan.
- The HR Committee of the Board will monitor this policy in relation to university employees.

The Vice Chancellor and Executive Team

- To take responsibility for the implementation of the policy.

Senior Management Group

- To provide active visible leadership on equality, diversity and inclusion.
- To ensure that related aims and objectives of the Equality, Diversity and Inclusion Policy are effectively implemented.
- To ensure that all are aware of their individual and collective responsibility and accountability.
- The Director of Human Resources is responsible for drawing up an annual action plan and raising staff awareness of their responsibilities under equality, diversity and inclusion legislation.

Faculty & Operational Management

- Take ownership of equality, diversity and inclusion by implementing the policy and its related action plan.
- To ensure staff understand equality, diversity and inclusion issues and how to report any perceived discrimination or unequal opportunity and that all training and development opportunities are allocated objectively, fairly and without discrimination.

Staff

- To practically demonstrate the core principles of equality, diversity and inclusion by treating others with dignity and respect.
- To effectively identify and challenge discriminatory behaviour and attitudes.
- To speak out and report if they witness or are a victim of any form of discrimination, bullying, unfair treatment or harassment.
- To maintain an awareness of equality legislation by attending staff development programmes.
- To actively participate and contribute to creating an inclusive learning environment that values difference.
- To ensure that equality and diversity is effectively integrated into the professional practice of teaching, research and service delivery.

Students

- To speak out, or report it, if they witness or are aware of discrimination, bullying, unfair treatment or harassment and not assume that it is someone else's responsibility.
- To effectively challenge any form of discrimination.
- To take equal responsibility in ensuring that we create a learning environment where people are valued and respected.
- To express opinions constructively with sensitivity and respect.

Service Providers

- Service providers working in University premises are expected to act within the requirements of the law and the terms of the University's Equality and Diversity and Inclusion Policy.

Support Infrastructure

The Equality and Diversity Team is part of HR and is responsible for providing expert guidance, advice and management support at a strategic and operational level across the University and disseminating good practice.

Monitoring

Monitoring of the effectiveness of the policy will take place on an annual basis and a report of the results made available across the University. The results will inform corporate decision making through the Board of Governors, Academic Boards and Executive Management Team.

The University is committed to devising and implementing appropriate methods of monitoring and evaluation of the University's Equality, Diversity and Inclusion Policy. The University will produce statistical analysis which will help to identify and to diagnose problems. This will enable the monitoring of the effectiveness of the University's Equality, Diversity and Inclusion Policy and identify actions that will make the implementation of the Policy more effective.

In order to provide essential statistical information, monitoring and evaluation will include:

- People making applications to the University for employment will be requested and encouraged to indicate their ethnic origin, gender, age, sexual orientation, disability, religion and belief as perceived by themselves. The same applies to existing staff.
- As part of the enrolment process, students will be requested and encouraged to indicate Race, Gender, Age, Sexual Orientation, Disability and Religion and Belief. Faculty's will monitor admissions to their courses as part of the annual monitoring process and will consequently review their admission practices annually in the light of their student intake and make recommendations accordingly.

Data relating to students' admission and progression will be produced at Faculty and course level by the Registry.

Monitoring of curriculum development policy will be evaluated through the University's validation and review procedures.

Student Services will monitor by Race, Age, Disability, Sexual Orientation Gender and Religion & Belief of use by students of its services.

Student opinion on the effectiveness of the University's Equality, Diversity and Inclusion Policy will be obtained through the annual Student Satisfaction Survey.

Appendix 1

Protected Characteristics Definitions

Age

Where this is referred to, it refers to a person belonging to a particular age or range of ages

Disability

A person has a disability if s/he has a physical or mental impairment which has a substantial and long-term adverse effect on that person's disability to carry out normal day-to-day activities. This has extended to cover people who have had a disability in the past.

Gender reassignment

The process of transitioning from one gender to another. The definition of gender re-assignment has been extended to cover people who have proposed, started or completed a process to change their sex but are not under medical supervision.

Marriage and civil partnership

Marriage is defined as a 'union between a man and a woman'. Same-sex couples can have their relationships legally recognised as 'civil partnerships'. Civil partners must be treated the same as married couples on a wide range of legal matters.

Pregnancy and maternity

Pregnancy is the condition of being pregnant or expecting a baby. Maternity refers to the period after the birth, and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for six months after giving birth, and this includes treating a woman unfavourably because she is breastfeeding. After six months a breastfeeding mother is protected through the sex discrimination provisions in the Equality Act.

Race

Refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins.

Religion and Belief

Religion has the meaning usually given to it but belief includes religious and philosophical beliefs including lack of belief (e.g. Atheism). Generally, a belief should affect life choices or the way a person lives for it to be included in the definition.

Sex

A man or a woman.

Sexual Orientation

Whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes

Information and Contact

The Equality & Diversity Unit (EDU) has been established to facilitate and assist London South Bank University (LSBU) in realising its vision to become: *the University of Choice and centre of excellence for diversity and equality*. For further information and access to all our equality, diversity policies and action plans please visit us online: www.lsbu.ac.uk/diversity/ or contact:

Equality & Diversity Unit

Phone: +44 207 815 6013

e-mail: de.admin@lsbu.ac.uk

	PAPER NO: BG.77(13)	
Board/Committee:	Board of Governors	
Date:	21 st November 2013	
Paper title:	Student recruitment update	
Author:	Bev Jullien, Pro Vice Chancellor (External)	
Executive sponsor:	Bev Jullien, Pro Vice Chancellor (External)	
Recommendation by the Executive:	That the committee note the report	
Aspect of the Corporate Plan to which this will help deliver?		
Matter previously considered by:	P&R	On: Each meeting
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?		

Executive Summary

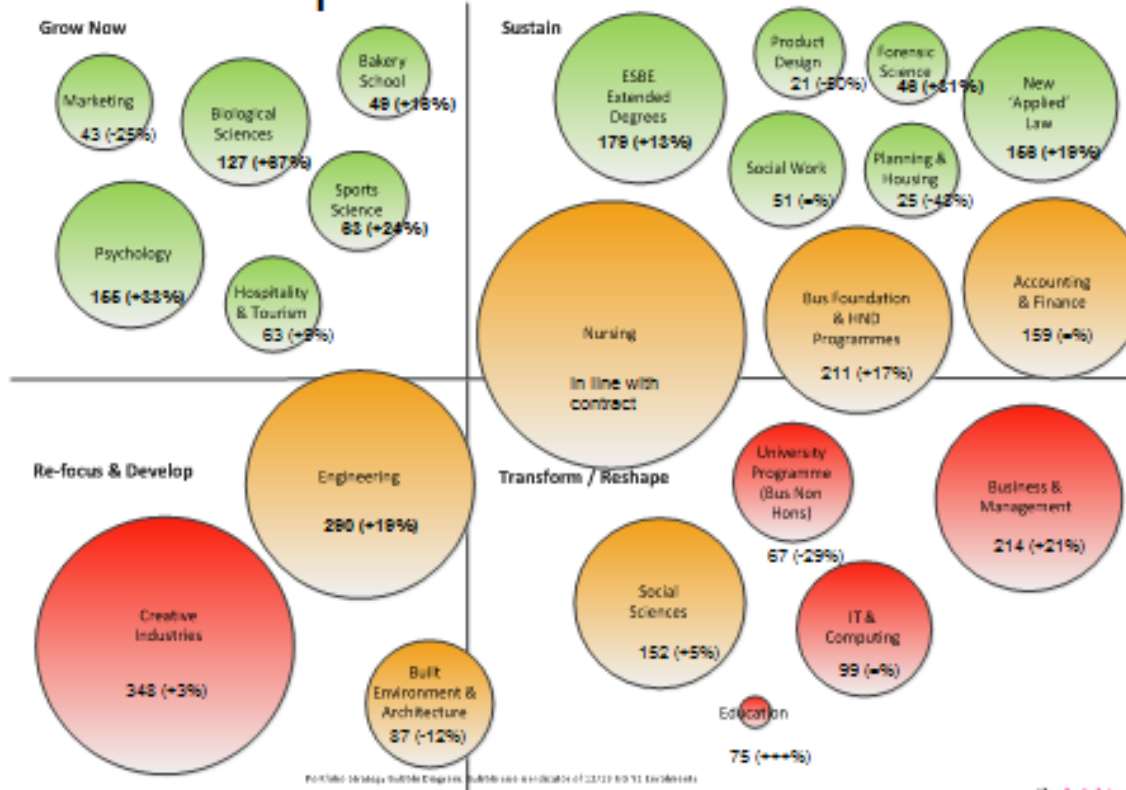
1. Overall, recruitment across categories remains in line with budget – and about 10% ahead of last year. The attached presentation highlights key achievements and learnings from this cycle.
2. Undergraduate full-time conversion was 18% overall from application to enrolment, 89% from firm acceptance to enrolment – in both cases, an improvement on last year. Within this, where students who had received offers, or firmly accepted an offer and then came to an event at the University, the conversion improved – for example, 95% of firm acceptances who attended a “head start” event subsequently enrolled (compared to the 89% average).
3. Post-graduate enrolment was good and ahead of last year, but the conversion process was disappointing, down on last year. This may be due to the very

intense competition in post graduate in London – but the team is looking at new approaches to improve conversion for next year.

4. Overall, the growth in enrolments as well as applications was particularly strong for the EU, with a growth in enrolments of 27% across all groups. Soft intelligence indicates that most competitors are not focussing on the EU at present, so this is an area where we will focus more strongly – both for generating applications and conversion.
5. The analysis of the overall sector performance will be available early in the New Year. Soft data, however, suggests that LSBU has performed well relative to the market as a whole, with a number of institutions, including at least 2 of our direct competitors, already indicating that they have not made their undergraduate numbers. In particular, our performance in Part time, delivering growth in a market which is apparently declining is strong.
6. There is no room for complacency, but it would appear that a structured approach of having targeted approaches to specific sectors of our market is proving effective.

**Home and EU
Student Recruitment: summary
and learnings
25.10.13**

Portfolio position – 13/14 UG vs 12/13



the brighter choice

Conversion: applications to enrolments, average: 18%; firm acceptances to enrolment, average: 89%

as at 25 October 2013

				Total Apps	Total Apps to EFE	Total Firms to EFE
Undergraduate Full time - SNC						
Faculty of Arts and Human Sciences	Arts and Media	AAMED	704	17.05%	89.55%	
	Culture, Writing and Performance	ACWP	1276	16.30%	90.83%	
	Education	AED	152	49.34%	94.94%	
	Law	ALAW	1020	14.41%	87.50%	
	Psychology	APSY	1074	13.50%	91.19%	
	Social Sciences	ASPS	965	13.99%	90.00%	
	Urban, Environment and Leisure Studies	AUES	468	19.23%	82.57%	
			5659	16.26%	89.49%	
Faculty of Business	Accounting and Finance	BAF	991	19.88%	89.55%	
	Business Studies	BBS	1581	20.11%	83.03%	
	Informatics	BINF	861	19.63%	88.02%	
	Management	BMAN	287	12.20%	83.33%	
	National Bakery School	BNBS	104	46.15%	90.57%	
			3824	20.06%	86.18%	
Faculty of Engineering, Science and the Built Environment	Applied Sciences	EAS	1918	21.32%	88.72%	
	Built Environment	EBE	899	18.91%	85.86%	
	Engineering and Design	EED	815	22.58%	89.32%	
	Urban Engineering	EUE	399	19.05%	84.44%	
			4031	20.81%	87.85%	
Faculty of Health and Social Care	Adult Nursing	HAN	0			
	Allied Health Professions	HAHP	77	25.97%	100.00%	
	Children's Nursing	HNC	0			
	Mental Health and Learning Disabilities Nursing	HMHN	0			
	Midwifery	HMWH	0			
	Primary and Social Care	HSPC	930	5.48%	130.77%	
			1007	7.05%	120.34%	
	Undergraduate Full time SNC*		14521	17.88%	88.57%	

Conversion from application to enrolment has improved in all categories of UG except business part-time – post-graduate has weakened except for ESBE part-time which is being assessed further

2012/2013

	UG FT	UG FT SNC	UG PT	PG FT	PG PT
AHS	15.91%	15.44%	18.82%	19.03%	48.69%
BUS	19.75%	17.93%	22.10%	24.32%	56.83%
ESBE	17.04%	16.39%	35.85%	29.86%	39.89%
HSC	8.01%	5.95%			

2013/2014

	UG FT	UG FT SNC	UG PT	PG FT	PG PT
AHS	17.37% ↑	16.26% ↑	55.37% ↑	17.96% ↓	39.69% ↓
BUS	22.23% ↑	20.06% ↑	10.13% ↓	21.88% ↓	48.75% ↓
ESBE	21.01% ↑	20.81% ↑	34.90% ↓	25.75% ↓	52.42% ↑
HSC	7.43% ↓	7.05% ↑			

Conversion of firm acceptances has also improved for UG – but weakened for PG – also being explored further

2012/2013

	UG FT	UG FT SNC	UG PT	PG FT	PG PT
AHS	86.19%	84.48%	77.78%	81.01%	100.54%
BUS	82.53%	78.84%	69.32%	74.38%	82.65%
ESBE	80.66%	78.71%	69.39%	62.28%	74.11%
HSC	111.82%	142.55%			

2013/2014

	UG FT	UG FT SNC	UG PT	PG FT	PG PT
AHS	89.49% ↑	88.64% ↑	59.39% ↓	79.37% ↓	57.99% ↓
BUS	86.18% ↑	85.00% ↑	20.25% ↓	48.66% ↓	75.00% ↓
ESBE	87.85% ↑	87.50% ↑	71.02% ↑	58.05% ↓	78.63% ↑
HSC	120.34% ↑	112.19% ↓			

Active engagement with students who have received an offer, or firmly accepted, significantly improves likelihood of enrolment

Applicant Day attendees for offer holders:

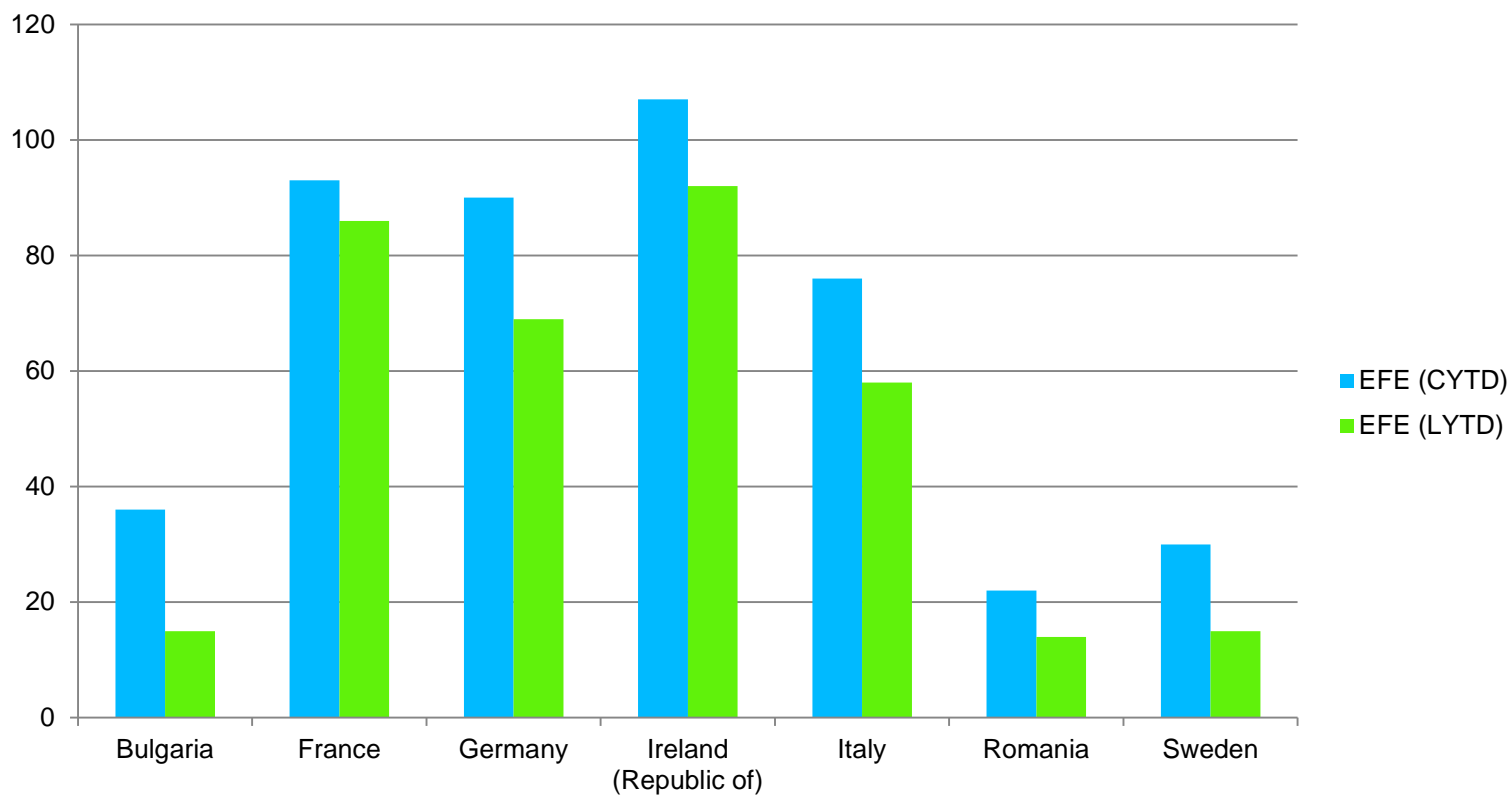
64.65% conversion from offer to enrolment for September 2013

Firm acceptances who attended Head Start Days:

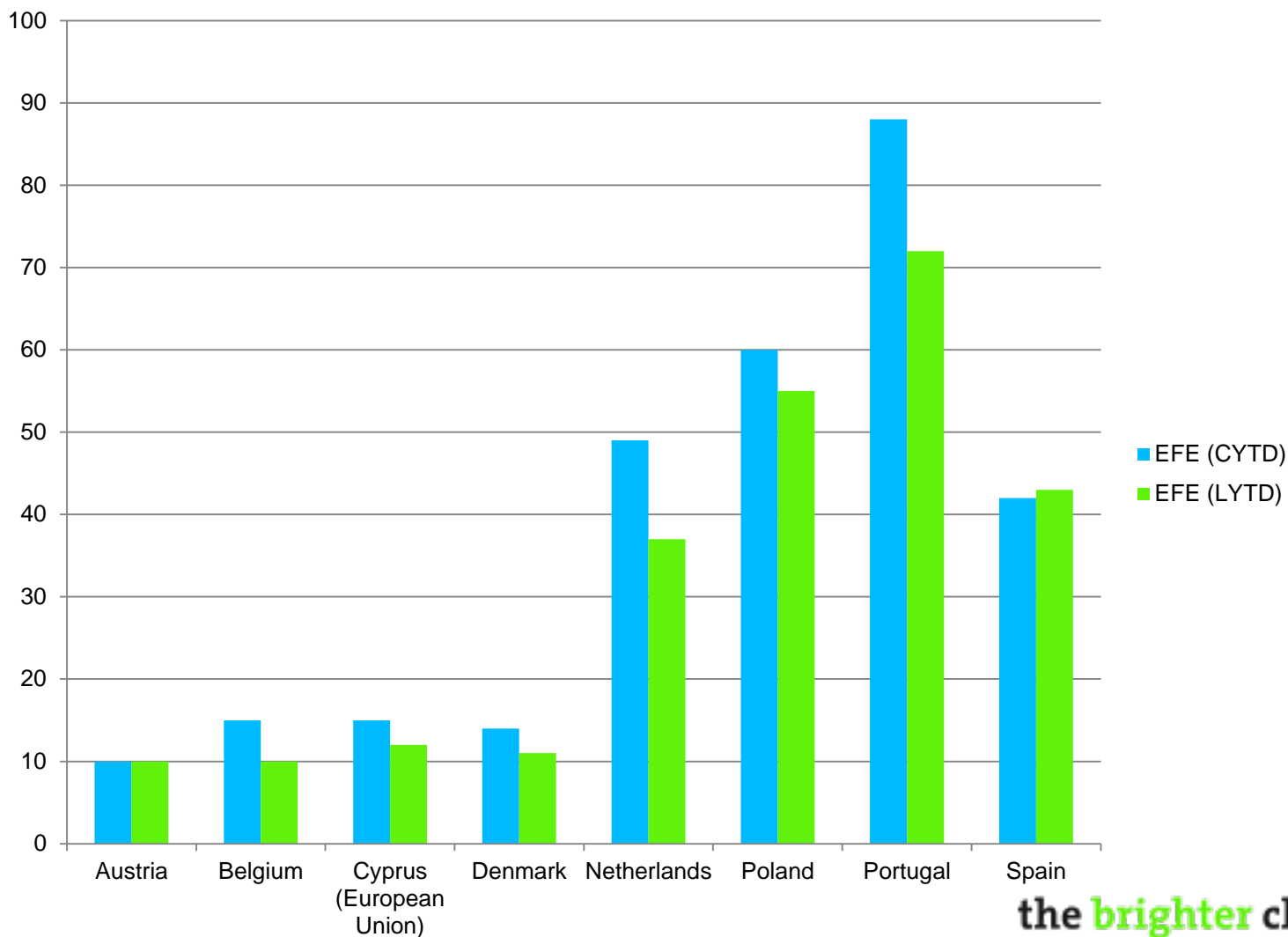
95% conversion from acceptance to enrolment for September 2013 (against an average of 89%).

These have been our most successful student recruitment conversion events and are now being rolled out across the whole university for 2014

EU recruitment: Tier One country enrolment has increased by 31% (from 349 to 454)



EU recruitment: Tier Two Country enrolment has increased by 17.2% (from 250 to 293)



EU summary

For all modes of study for EU:

Enrolments up by 27.43%

Acceptances up by 42.37%

Applications up by 61.92%

Areas for improvement:

- development of a more specific and comprehensive conversion strategy
- Continued development of the EU Agent Network

General

- The sector is struggling to get SNC right
- Russell Group struggling to make their OFFA quotas
- “dirty tricks”
 - not releasing
 - “stealing ABBs”
- Becoming 50/50 recruitment/selecting universities
- Huge sums being spent on clearing
- Some universities will get fined for over recruitment others not made their SNC
- Some universities finding clearing very difficult and not coping with ABB equivalencies
- No further tinkering till after general election
- New providers coming on stream in 2015
- Concern over deflation of A level grades

Overall campaign :Successes

- We are ahead of the game in terms of CRM and digital marketing activities– but others will catch up!
- Conversion activities and events
- Applications up 5% year on year for our top 30 schools
- EU applications up but room for growth
- The successful re-engagement of the Business Sponsor networks has led to a 20% growth in Undergraduate part time numbers for September 2013

2014 and beyond

Priorities

- More up front activity across all departments to encourage more on time applications.
 - Increased school activity
 - More corporate marketing October- December
 - All digital marketing communications reviewed and planned
- Improvements to open days following the decliner survey comments
- Further priority planning with faculties especially business
- Move of CRM activities and staff into web team so all digital activities in one place – effective use of new website
- Restructure in PR & Communications to strengthen the PR side of their responsibilities, will be in effect by 1 January 2014
- Review schools activity to ascertain what more can be offered
- Focus on conversion: consistent application of engagement days across subject areas; review and action plan for post graduate

London South Bank University

	PAPER NO: BG.78(13)	
Board/Committee:	Board of Governors	
Date:	21 st November 2013	
Paper title:	Corporate Risk Register	
Author:	John Baker, Corporate & Business Planning Manager	
Executive sponsor:	Richard Flatman, Executive Director of Finance	
Recommendation by the Executive:	The Executive recommends that the Board note the updated Risk Register.	
Aspect of Corporate Plan to which this will help deliver?	The corporate risk framework is aligned to the new corporate plan and effective management of corporate risk underpins successful delivery of all aspects of the plan.	
Matter previously considered by:	Executive	On: 5/11/2013
	Audit Committee	On: 31/10/2013
Further approval required?	n/a	
Communications – who should be made aware of the decision?	n/a	

Executive summary

There are no material changes subsequent to the last Board meeting.

The Board is requested to note the revised Corporate Risk Register.

Attachment: Corporate Risk Register

Corporate Level - Risk Register

Date	13/11/2013
Risk Status	Open
Risk Area	Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
1	CP-01 Failure to position the university to effectively respond to changes in government policy and the competitive landscape Risk Owner: Martin Earwicker Last Updated: 10/10/2013	<p>Cause & Effect: Causes: - Changes to fees and funding models - Increased competition, supported by Government policy - Failure to anticipate change - Failure to position (politically) - Failure to position (capacity/structure) - Failure to improve League Table position</p> <p>Effects: - Further loss of public funding - Loss of HEFCE contract numbers - Failure to recruit students - Business model becomes unsustainable</p>	4 3 Critical	<p>Financial controls (inc. forecasting/modelling, restructure) to enable achievement of operating surplus target</p> <hr/> <p>Regular scrutiny of press packs by Board & Executive to monitor Institutional Esteem, and direct PR activity as appropriate.</p> <hr/> <p>Maintain relationships with key politicians/influencers, boroughs and local FE</p> <hr/> <p>Annual review of corporate strategy by Executive and Board of Governors</p> <hr/> <p>OFFA agreement for 13/14 and 14/15</p> <hr/> <p>Modelling work regularly updated to establish a fee position net of fee waivers less than £7500 for the 12/13 entry cohort, using allocation of fee waivers and bursaries as required. elling/updated.</p>	4 1 High	<p>Realign Business offering to market: appoint new Dean; assess and implement options for managing pre-honours degree programmes through alternative vehicle; develop appropriately badged and tailored PG programmes, and market-competitive UG offering</p> <p>Person Responsible: Martin Earwicker To be implemented by: 29/08/2014</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
2	CO-01-02 Failure to meet revenue targets	<p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Changes to fees mechanisms for UGFT - Increased competition - Failure to develop and communicate brand - Lack of accurate real-time reporting mechanisms - LSBU late entrant to international student market and fails to catch-up - Poor league table position - Portfolio or modes of delivery do not reflect market need - Failure to engage with non-enterprise activities <p>Effects:</p> <ul style="list-style-type: none"> - Under recruitment - Loss of HEFCE contract numbers - Over recruitment leading to penalties on HEFCE numbers - Failure to meet income targets for non-HEFCE students 	4 3 Critical	<p>Report on student recruitment presented to every monthly Executive meeting and also reviewed by Board of Governors</p> <hr/> <p>Enterprise Business Plan submitted annually to SBUEL Board for approval & quarterly updates provided at Board meetings.</p> <hr/> <p>Sustainable Internationalisation strategy & Action Plan, includes Fees & Discount policy, with simplified fee structure and discount/scholarship programme for targeted countries, & enhanced in-market and partner activities</p> <hr/> <p>League Table action plan</p> <hr/> <p>Modelling of student recruitment numbers, including worse case scenarios which aid the planning process.</p> <hr/> <p>Reports on the 16-20 Challenge Programme (Financial & Narrative) will be provided to each Executive Meeting to aid constant scrutiny of this initiative and review of progress against 5 year income targets.</p> <hr/> <p>SBUEL has 2 Non-Executive Directors in place to oversee the Enterprise strategy</p> <hr/> <p>Differentiated campaigns started for postgraduate and part-time students</p>	4 2 Critical	<p>Step-change in Internationalisation Plan to be incorporated.</p> <p>Person Responsible: Beverley Jullien</p> <p>To be implemented by: 29/11/2013</p> <hr/> <p>Development of Full Business case proposal for comprehensive IT approach to enhancing the student experience, to include a robust and measured approach to improvement of student progression at all levels, and to link effectively with existing action around progression delivered through LSBU academic committees.</p> <p>Person Responsible: Phil Cardew</p> <p>To be implemented by: 21/11/2013</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
3	CO-10-01 Increasing pensions deficit	<p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Increased life expectancies - Reductions to long term bond yields, which drive the discount rate - Poor stock market performance - Poor performance of the LPFA fund manager relative to the market - TPS/USS schemes may also become subject to FRS17 accounting <p>Effects:</p> <ul style="list-style-type: none"> - Increased I&E pension cost means other resources are restricted further if a surplus is to be maintained - Balance sheet is weakened and may move to a net liabilities position, though pension liability is disregarded by HEFCE - Significant cash injections into schemes may be required in the long term 	3 3 High	<p>Switch of inflator from RPI to CPI (expected to be lower in the long term)</p> <hr/> <p>Regular monitoring of national/sector pension developments and attendance at relevant conferences and briefing seminars</p> <hr/> <p>Regular valuation of pension scheme (actuarial and FRS 17). Most recent FRS valuation shows significant reduction in LPFA deficit and reduced I&E cost moving forward following switch to CPI.</p> <hr/> <p>Reporting to HR committee on progress.</p> <hr/> <p>Tight control of staff costs in all areas (and reported to committee and Board via agreed KPIs)</p> <hr/> <p>Proposal for new LPFA scheme, effective April 2014</p> <hr/> <p>Strict control on early access to pension at redundancy/restructure</p> <hr/> <p>Active monitoring in year of trends in discount rate, life expectancy assumptions etc to ensure year-end adjustments are minimised</p>	3 3 High	

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
6	CO-08-01 Ineffective data systems leading to failure to supply meaningful and reliable management information (internally) and to comply with the requirements of external agencies	<p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Data in systems is inaccurate - Data systems are insufficient to support effective delivery of management information - Financial constraints & Insufficient capacity limit ability to deliver improved systems - Failure to manage data through the clearing period - Lack of data quality control and assurance mechanisms <p>Effects:</p> <ul style="list-style-type: none"> - Insufficient evidence to support effective decision-making at all levels - Inability to track trends or benchmark performance - Internal management information reporting insufficient to verify external reporting - Failure to manage recruitm through clearing results in over-recruitment - Failure to submit credible HESA/HESES returns - Failure to satisfy requirements of UKBA leading to potential revocation of licence and loss of £8m+ in revenue in the short term, with reputation damage causing significant longer term revenue loss - Failure to satisfy requirements of Professional, Statutory and Regulatory bodies (NHS, course accreditation etc) 	3 3 High	<p>Regular Engagement with internal auditors & 3 year IA cycle to systematically check data in key systems (and related processes):</p> <ul style="list-style-type: none"> - Finance (including student fees) - Student data (& data Quality) - HR systems - Space management systems - UKBA requirements & compliance <hr/> <p>Systematic data quality checks of staff returns by HR in conjunction with faculties.</p> <hr/> <p>Engagement between International Office, Registry and Faculties to ensure compliance with UKBA requirements, specifically with regards to:</p> <ul style="list-style-type: none"> - Visa applications and issue of Certificate of Acceptance to Study - English lanuage requirements - Reporting of absence or withdrawal <hr/> <p>Systematic data quality checks of student returns by Registry in conjunction with faculties.</p> <hr/> <p>International Office runs annual cycle of training events with staff to ensure knowledge of & compliance with UKBA process</p>	3 2 High	<p>Data management project</p> <p>Project has three stages. Project completion dates: Stage 1 - May 2013, requirements were completed and used to move to Stage 2 Stage 2 - September 2013, the responses to the original PQQ were disappointed and this was put on hold because of teh significant overlap with the IBM partnership Stage 3 - September 2014, contingent upon teh broader partnership or a separate strand of action , including Master Data Management</p> <p>Person Responsible: David Swayne</p> <p>To be implemented by: 30/09/2014</p> <hr/> <p>Construct a 'master data view' and report exceptions from systems including:</p> <ul style="list-style-type: none"> * Student Records * Staff Records * Student Engagement / Progression * Admissions (especially during clearing and enrolment) * Curriculum * Estate (especially spaces used for teaching) * Timetable * VLE and other learning systems usage * Finance Records

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
						<p>Person Responsible: David Swayne</p> <p>To be implemented by: 31/03/2014</p>
14	CO-10-06 Potential loss of NHS contract income	<p>Cause & Effect:</p> <p>Cause: NHS financial challenges/ structural change is resulting in a total review of educational commissioning by London Shared Services and Health Education England with an overall 40% reduction in available funding. In addition potential problems with NHS deanery recruitment to community programmes. Failure to maintain student numbers on the contract resulting in clawback</p> <p>Effect: Reduction in income Reduced staff numbers Negative impact on reputation</p>	<p>3 2</p> <p>High</p>	<p>Named Customer Manager roles with NHS Trusts, CCGs and HEE.</p> <hr/> <p>Monitor quality of courses (CPM and NMC) annually in autumn (CPM) and winter (NMC)</p> <hr/> <p>Regular contact with commissioning contract managers and deanery</p>	<p>3 2</p> <p>High</p>	<p>Submit a strong return to next REF exercise.</p> <p>Person Responsible: Nicola Crichton</p> <p>To be implemented by: 31/12/2013</p> <hr/> <p>Ensure a quality campus in each HEE/ LETB area.</p> <p>Person Responsible: Warren Turner</p> <p>To be implemented by: 01/09/2014</p> <hr/> <p>Grow into new markets for medical and private sector CPPD provision</p> <p>Person Responsible: Warren Turner</p> <p>To be implemented by: 31/08/2014</p> <hr/> <p>Improvement in NSS returns and scores</p> <p>Person Responsible: Judith Ellis</p> <p>To be implemented by: 31/07/2014</p> <hr/> <p>Develop opportunities for further International 'in-country' activity.</p> <p>Person Responsible: Dr Michelle Spruce</p> <p>To be implemented by: 30/09/2014</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
						<p>Increase uptake in band 1-4 activity Support Trusts in seeking external (non NHS) funding</p> <p>Person Responsible: Sheelagh Mealing</p> <p>To be implemented by: 01/09/2014</p>
37	CO-10-08 Potential impact of estates strategy delivery on financial position	<p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Poor project controls - Lack of capacity to manage/deliver projects - Reduction in agreed/assumed capital funding - Reduction in other government funding <p>Effects:</p> <ul style="list-style-type: none"> - Adverse financial impact - Reputational damage - Reduced surplus - Planned improvement to student experience not delivered - Inability to attract new students 	<p>3 3</p> <p>High</p>	<p>Regular Reports are provided to both P&R and the Board on planned capital expenditure.</p> <hr/> <p>Full Business Case including clarity on cost and funding prepared for each element of Estates Strategy and approved by Board of Governors</p> <hr/> <p>Clear requirement (including authority levels) for all major (>£1m) capital expenditure to have Board approval</p> <hr/> <p>Property Committee is a sub-committee of the Board of Governors and has a remit to review all property related capital decisions.</p> <hr/> <p>Automated process developed for business cases including all capital spend. Guidance developed as part of new process.</p> <hr/> <p>Financial forecasts regularly updated to take account of changing assumptions about future capital funding.</p> <hr/> <p>Clear project governance established for both the renovation of the Terraces and the Student Centre</p>	<p>3 1</p> <p>Medium</p>	<p>Completion of the Terraces Project will see the completion also of the current development plan in relation to the Anchor Projects. The potential acquisition of the Hugh Astor Court (Peabody Building) on Keyworth Street opens up the opportunity for the redevelopment of the North West quarter of the campus and the creation of a clear University 'front door'.</p> <p>Plans have been developed for a major redevelopment scheme that will be shared with the Executive in July and following consultation with the Faculties and major stakeholders, the 2013 Estate Development Plan will be shared with Governors for consideration and consultation in the Autumn 2013.</p> <p>Person Responsible: Ian Mehrtens</p> <p>To be implemented by: 30/11/2013</p> <hr/> <p>Complete and report on the final negotiations for the Student Centre</p> <p>Person Responsible: Ian Mehrtens</p> <p>To be implemented by: 30/04/2013</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
Estates & Facilities Dept project controls						
305	<p>CO-13-01 Data Security (Upgraded from Registry's operational register)</p> <p>Risk Owner: Richard Flatman</p> <p>Last Updated: 19/09/2013</p>	<p>Cause & Effect: Loss of student data security either en masse (e.g. address harvesting) or in specific cases (e.g. loss of sensitive personal files)</p>	<p>3 2 High</p>	<p>Following a meeting on 16/11/12, David Swayne has taken responsibility for improving our control over data protection risks at an institutional level.</p>	<p>3 2 High</p>	<p>Define an Information Security solution for LSBU and implement it. LSBU has no Information Security Manager - the post was removed some time ago. To rectify this situation a Managed Security Service is being procured.</p> <p>Person Responsible: David Swayne</p> <p>To be implemented by: 20/12/2013</p> <hr/> <p>1. Define Mobile Device Policy - this is agreed and published 2. Prepare and deliver a training course on this topic - this is in progress in collaboration between ICT and OSDT 3. Ensure that all mobile devices have adequate protection - laptop encryption tool being selected, mobile device management tool purchased and being deployed</p> <p>Person Responsible: David Swayne</p> <p>To be implemented by: 29/11/2013</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
362	CO-10-09 Poor staff engagement	<p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> •Bureaucracy involved in decision making at the University •No teamwork amongst departments at the University •Staff feeling that they do not receive relevant information directly linked to them and their jobs •Poor pay and reward packages •Poor diversity and inclusion practises <p>Effects:</p> <ul style="list-style-type: none"> •Decreased customer (student) satisfaction •Overall University performance decreases •Low staff satisfaction results •Increased staff turnover •Quality of service delivered decreases 	3 3 High	<p>Departmental Business Planning process</p> <hr/> <p>Feedback page for staff to leave comments on staff Gateway</p> <hr/> <p>Scheduled Team meetings</p> <hr/> <p>Corporate Roadshows</p> <hr/> <p>Staff engagement survey</p> <hr/> <p>Quarterly review meetings</p>	3 2 High	<p>OSDT to consolidate responses to Bristol Online Survey tool from SMG members and produce Action Plan Summary Report for Executive scrutiny.</p> <p>Person Responsible: Mrs Vongai Nyahunzvi</p> <p>To be implemented by: 28/11/2013</p> <hr/> <p>The Executive and Departmental Managers will be required to develop and implement relevant action plans to address outcomes from the survey. Each manager will have access to an interactive tool that will have them with the action planning process. In addition to this, there will be staff and managers' briefing session to discuss the results. Some of the areas highlighted as least positive in the survey will be addressed in the Organisational Development Strategy.</p> <p>Person Responsible: Mrs Vongai Nyahunzvi</p> <p>To be implemented by: 27/06/2014</p>

	PAPER NO: BG.79(13)	
Board/Committee:	Board of Governors	
Date:	21 November 2013	
Paper title:	Annual Conflicts of Interest Declarations	
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors	
Board sponsor:	David Longbottom, Chairman of the Board of Governors	
Recommendation:	That the Board authorises the interests of its members.	
Aspect of the Corporate Plan to which this will help deliver?	N/A - Compliance with Companies Act 2006	
Matter previously considered by:	Annually by the Board	Nov 2012
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	The Register of Interests is published on the University's website	

Executive summary

1. Under the Companies Act 2006, governors have a duty to avoid a "situation" in which they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of LSBU, unless this has previously been authorised by the Board. Following a declaration process during October 2013 the Register of Interests has been updated and is attached for noting by the Board. Declarations have been made by governors and the Executive. Additions to the register are highlighted in red.
2. The Board are requested to review existing interests and authorise new interests. Please note, that any new interests or changes to the authorised interests will need to be approved by unconflicted members of the Board.

3. When authorizing interests, unconflicted governors will need to consider whether to attach any conditions to the authorisation, for instance to not disclose confidential LSBU information.
4. Governors will continue to have a duty to inform the University Secretary if their interests change throughout the year.
5. Governors will also continue to have a duty to declare any conflicts of interest with items on the agenda at each meeting.
6. The Board is requested to authorise the declared situational conflicts of its members.

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Register of Interests 2013/14

INDEPENDENT GOVERNORS

Steve Balmont					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
The Law Debenture Pension Trust Corporation plc	Pensions	Director (paid)	2000		25/11/2010
Clyde and Co LLP Solicitors		Principal Representative of Pension Scheme			25/11/2010
Civil Service Motoring Association		Principal Representative of Pension Scheme			25/11/2010
GSK		Principal Representative of Pension Scheme			25/11/2010
Taylor Wimpey		Principal Representative of Pension Scheme			25/11/2010
Kelda Water		Principal Representative of Pension Scheme			25/11/2010
Liberata Ltd		Principal Representative of Pension Scheme			25/11/2010

Lloyds Register		Principal Representative of Pension Scheme			25/11/2010
Low & Bonar Plc		Principal Representative of Pension Scheme			25/11/2010
Citigroup (Thomson Regional Newspapers)		Principal Representative of Pension Scheme			25/11/2010
Syngenta		Principal Representative of Pension Scheme			03/10/2012
DHL		Principal Representative of Pension Scheme			03/10/2012
Mitcham RUFC Limited	Sporting	Director	c1996		25/11/2010
PriceWaterhouseCooper LLP	Financial Services	Principal Representative to Three Trusts			24/11/2011
Western Power Distribution Group	Electricity distribution	Principal Representative of Pension Scheme			
Douglas Denham St Pinnock					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Owengate Capital Ltd	Financial trading	Owner/director (paid)	1988		19/07/2012
Owengate Ltd	Financial trading	Owner/director	Pre1995	Dormant company	19/07/2012

London South Bank University

Owengate Equipment Finance	Financial trading	Owner/director	Pre1995	Dormant company	19/07/2012
Council for the Defence of British Universities	Higher Education	Member	2012		21/03/2013
Ken Dytor					
miHome Global	Real Estate	M.D.			31/03/2011
Regeneration Investments	Real Estate	M.D. (paid)			31/03/2011
English Heritage	Government	Member of London Advisory Committee	Resigned 2012		31/03/2011
British Property Federation	Not for profit	Chair of Committee			31/03/2011
Ministry of Defence	Defence - government	Ministerial Advisor (<i>in abeyance</i>)			31/03/2011
Sense of Place	Not for profit	Chair	Resigned 2011		31/03/2011
Urban Catalyst	Real Estate	MD and 100% owner (receives director's fees)	Dec 2011		03/10/2012
UC Lite	Modular Housing Manufacture	100% owner	Sept 2012		03/10/2012
Saturn Land	Land remediation	Director and shareholder (receives director's fees)	Jan 2012		03/10/2012

David Longbottom

Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Flybe	Air travel	Director	April 2006		25/11/2010
Horton International (UK)	Executive Search	Chairman	April 2008		25/11/2010
LSBU	Education	Wife is a Principal Lecturer in the Nat Puri Institute (appointed to that position in July 2012).			03/10/2012

Hilary McCallion

Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Hilary McCallion Consultancy Limited	Healthcare Consultancy	Owner and director (remunerated)	April 2013	Provision of service to NHS and possibly Educational bodies	18/07/2013
Bucks New University	HE	Visiting Professor			18/07/2013
King's College, London	HE	Visiting Professor			18/07/2013

London South Bank University

London South Bank University	HE	Daughter is a student – Children's Nursing			
Anne Montgomery					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
NHS Southwark	Health	Non-executive director	April 2009		25/11/2010
Battersea Cats and Dogs Home	Animal welfare	Trustee	April 2010		25/11/2010
Barker Dewson		Self employed client			25/11/2010
A&DC		Self employed client			25/11/2010
SHL		Self employed client			25/11/2010
Leadership in Action		Self employed client			25/11/2010
Office of Commissioner for Public Appointments Northern Ireland	Ministerial appointments	Independent assessor	August 2013		
REAL Consulting	Leadership development and assessment	Self employed client	April 2013		
The Reverend Dame Sarah Mullally					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
The Royal Marsden	Health	Non-executive director	March 2005		25/11/2010
Church of England	Religious organisation	Priest (paid)			25/11/2010

Salisbury NHS Foundation Trust	NHS Trust	Non-executive director	April 2013		
Mee Ling Ng					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Habinteg Housing Association Ltd	Housing	Director	July 2011		18/07/2013
Mulan Foundation Network	Charitable Trust	Trustee	Nov 2011		
Andrew Owen					
British Rail Consortium		Self-employed client			25/11/2010
DV247	Retailer	Consultant	Sept 2010		24/11/2011
Diana Parker					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Temple Property Holdings Limited		Director			25/11/2010
Common Purpose Charitable Trust		Director			25/11/2010
Museum of Modern Art Limited		Director			25/11/2010
Withers LLP		Partner			25/11/2010

London South Bank University

James Smith CBE					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Conservatoire for Dance and Drama	Higher Education Institution	Chair of Board of Governors	2011		19/07/2012
Carbon Trust	Provision of services to accelerate the move to a low carbon economy	Chair of the Board	2010		19/07/2012
Science Museum Group		Trustee	2011		19/07/2012
South Bank University Enterprises Ltd	Enterprise subsidiary of LSBU	Chairman	2012		19/07/2012
Grantham Institute		Chair of the advisory board			03/10/2012
Energy Institute		Former President			03/10/2012
EPSRC transition pathways		Chair of the advisory board			03/10/2012
Diversity Works for London		Chair of the advisory board			03/10/2012
Association for Black Engineers UK		Chair of the advisory board			03/10/2012
UCL Energy Institute		Member of the advisory board			03/10/2012

Liverpool School of Tropical Medicine		Vice president			03/10/2012
Museum of Science and Industry	Museum	Chair of advisory board	March 2013		

VICE CHANCELLOR AND CHIEF EXECUTIVE

Martin Earwicker					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Farnborough College of Technology	Education	Board member (Former Chair)	2005		25/11/2010
Tower Hamlets College	Education	Chair	2010		25/11/2010
Royal Academy of Engineering		Vice-President	2008–2012		25/11/2010
University of Surrey	Education	Member of Engineering Faculty's Advisory Board			24/11/2011
Education Endowment Foundation	Education	Member of Advisory Board	2012		04/10/2012
Dorset County Hospital NHS Foundation Trust	NHS Trust		Oct 2013		

London South Bank
University
STUDENT GOVERNORS

Barbara Ahland
No interests to declare

STAFF GOVERNORS

Shushma Patel					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
R&M Capital Ltd	Family property investment	Director	2003	Unremunerated	
Hiruma Overseas Corp. Ltd	Lettings	Director	1984	Unremunerated	
Hiruma Investments Ltd	Investment	Director	1984	Unremunerated	
LSBU	HE	Husband is Pro Dean in the Faculty of Business			22/11/2012
Jon Warwick					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
University of Bedfordshire	Higher Education	Wife is employed as an academic	1992		24/11/2011

INDEPENDENT CO-OPTED MEMBER OF THE AUDIT COMMITTEE

Shachi Patel					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Buzzacott LLP	Accountancy	Employee (paid)	2005		
Croydon College	Further Education	Member of Audit Committee	2012		

EXECUTIVE MEMBERS

Rao Bhamidimarri – Executive Dean, ESBE					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Lilian Baylis Tech School	Education	Governor	2008		25/11/2010
Indian Institute of Advanced Research	Research (India)	Board Member	2010		25/11/2010
University Engineering Academy South Bank	Education	Chair of UEASB Trust	June 2013		
Brunswick House Primary School	Education	Governor	October 2013		

**London South Bank
University**

Phil Cardew – Pro Vice Chancellor (Academic)					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Norwich University College of the Arts	Higher Education	Independent Governor	November 2010		25/11/2010
Apollo (IOW)	Performing Arts	Trustee	April 1979		25/11/2010
QAA	Higher Education	Institutional Auditor	January 2001		25/11/2010
University Centre, Brighton		External Examiner			25/11/2010
University of Gloucestershire	Higher Education	Chief External Examiner	01/06/2011	Expenses & attendance fee paid	24/11/2011
Judith Ellis – Executive Dean, HSC					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Nursing, Midwifery Council	Regulator	Council Member(paid)	January 2009		25/11/2010

Help 4 Hurting Children	Charity	Chair	2006		25/11/2010
University College London Hospital	NHS FT	Stakeholder Governor	2010		
Guys and St Thomas' NHS FT	NHS FT	Stakeholder Governor	2010		
Richard Flatman – Executive Director of Finance					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
South Bank University Enterprises Ltd	Commercial arm of LSBU	Director	2002		25/11/2010
London Knowledge Innovation Centre	Incubator	Director	2007		25/11/2010
London Strategy Ltd	Dormant	Director	2002		25/11/2010
London Universities Purchasing Consortium	Purchasing	Director	2002		25/11/2010
University of Wales, Newport	HE	Governor	2005		25/11/2010
University of South Wales	HE	Governor and member of Audit Committee	2013		18/07/2013

London South Bank
University

Beverley Jullien – Pro Vice Chancellor (External)					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Watford Palace Theatre	Theatre	Director	2006		25/11/2010
SBEG	NFP Employers' Group	Director	2010		25/11/2010
South Bank University Enterprises Limited	Commercial arm of LSBU	Director	2010		03/10/2012
London Knowledge Innovation Centre	Incubator	Chair	2010		03/10/2012
Institute of Directors	Membership body	Member of Chartered Directors' Committee			03/10/2012
Lambeth College	FE	Chairman	Aug 2013		
Ian Mehrtens – Executive Director of Corporate Services					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Regent's University London	HE	Pro Chancellor &	01/11/2007		

		Chairman			
Regent's Marylebone Ltd	HE	Director	01/08/2012		
Mike Molan – Executive Dean, AHS					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Bar Standards Board	Regulation	Bar Professional Training Course Sub-committee member	30/09/2013		25/11/2010
Bar Standards Board	Regulation	Chair of Central Exam Board (paid)	01/04/2011		24/11/2011
National Association of Licensed Paralegals	Regulation	Chair of Executive Board	01/06/2013		24/11/2011
DASSH-UK	HE Representation	Chair	01/06/2013	Council of Deans of Arts & Humanities	24/11/2011
Protimos	Charity	Trustee	01/01/2012		
Bar Standards Board	Regulation	Member of Education and Training Committee	12/11/2013		

London South Bank
University

James Stevenson – University Secretary					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
South Bank University Enterprises Limited	Commercial arm of LSBU	Director	2011		

	PAPER NO: BG.80(13)	
Board/Committee:	Board of Governors	
Date:	21 st November 2013	
Paper title:	Audit Committee Annual Report	
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors	
Board sponsor:	Andrew Owen, Chairman of the Audit Committee	
Recommendation by the Executive:	To consider the report	
Matter previously considered by:	Audit Committee	On: 31 October 2013
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	Submitted to HEFCE as part of the annual accountability return	

Executive summary

As part of the Board's review of the external audit process and the statutory accounts, the Audit Committee reports on its work annually to the Board.

An executive summary of the report is provided in the paper.

The report will form part of the annual accountability return to HEFCE.

The Board are asked to consider the report.

Annual Report of the Audit Committee to the Accountable Officer and the Board of Governors 2012/13

Executive summary

During the year to 31 July 2013, the Audit Committee was chaired by Andrew Owen and met four times.

Major milestones for the Committee during the year include:

- In relation to the reporting year, the key matters covered by the Committee included: review and clearance of the University's annual report and accounts for 2012/13 (paragraph 9);
- approval of the plan for PwC's internal audit review work for the year (paragraph 13);
- at each meeting, detailed consideration of PwC's internal audit reports (paragraph 14);
- Four meetings with PwC and one meeting with Grant Thornton UK LLP in the absence of all University officers;
- Consideration of the annual internal audit report;
- Regular review of the corporate risk framework;
- Approval of a full compliance statement in respect of internal control;
- The appointment of a new independent governor member, Mee Ling Ng (on 8th April 2013); and
- A self-assessment of the Committee's effectiveness (paragraphs 37 & 38).

The principal concern of the Committee, which has been discussed in detail during the year, is:

- ICT security – in relation to an internal audit report which was rated as high risk

This concern will be monitored by the Committee in the current financial year 2013/14.

Introduction to report

1. This report covers the financial and academic year from 1 August 2012 to 31 July 2013.
2. No member of the Audit Committee has, or has had during the year, a direct role in the management of the University. All members of the Committee are asked to declare any interests in any item of business on the agenda at each meeting.
3. During 2012/13, the Audit Committee was chaired by Andrew Owen. Members of the committee during the year were: Steve Balmont, Douglas Denham St Pinnock, Mee Ling Ng, Andrew Owen and Shachi Patel (independent co-opted member). All members of the Committee are independent of management. There is a vacancy for an independent governor on the Committee. James Stevenson, University Secretary & Clerk to the Board, served as secretary to the Committee throughout the year.
4. The Committee had four business meetings during the year. The Vice Chancellor and members of the Executive were present at all meetings. The internal auditors and the external auditors were present at all four meetings. For the financial & academic year 2013/14 the Committee will also hold four business meetings (September, October, February, June).
5. The Committee's terms of reference were reviewed in September 2012 and again in October 2013. The Committee has an agreed forward business plan which is used to plan its agendas during the year and is reviewed annually.
6. All these arrangements are consistent with HEFCE guidance.

External Audit

7. Throughout the year Grant Thornton UK LLP served as the University's external auditors.
8. At its meeting of 13 June 2013, the Committee approved the external audit plan for 2012/13.
9. At its meeting of 31 October 2013, the Committee considered and recommended to the Board for approval the draft Financial Statements for the year ended 31 July 2013. The Committee considered in detail audit findings and audit opinion from Grant Thornton UK LLP. The Committee considered and recommended to the

Board for approval the letter of representation from the Board of Governors to Grant Thornton UK LLP.

10. Performance indicators had been agreed against which the performance of the external auditors would be measured. The Committee received a report on performance against indicators at its meeting of 31 October 2013. The external auditors met all of the agreed performance indicators.
11. The Committee met Grant Thornton UK LLP prior to its meeting of 31 October 2013 in the absence of any University employees to discuss the year end audit and other matters. In addition, private meetings between the Committee and Grant Thornton UK LLP are held if required during the year.
12. For the year ended 31 July 2013, Grant Thornton UK LLP provided corporate tax advisory services with a value of £3972 including VAT. This work was carried out by an engagement team completely separate from the audit team.

Internal Audit

13. The University's Internal Auditors for the year were PricewaterhouseCoopers (PwC). PwC worked to an internal audit plan approved by the Committee.
14. The Committee has received progress reports from PwC at every meeting, which it monitors both with the internal auditors and with management. A protocol agreement is in place which sets out the timetable by which management must respond to the recommendations of the internal auditors.
15. During the year seven audits (2012: 8) were undertaken. Three were deemed low risk (2012:2), three medium risk (2012: 4) and one high risk (2012: 2) which was "ICT controls and phishing". A total of 29 recommendations (2012: 32) across the seven audits were made of which none were critical (2012: 0), five were high (2012: 5), 13 were medium (2012: 9) and 11 were low (2012: 18).
16. The internal auditor's annual report for 2012/13 (dated October 2013) provided a positive assurance statement. With exceptions around ICT Security where improvements are required, the internal audit opinion is that LSBU has adequate and effective arrangements in place to address the risks that management's objectives are not achieved in respect of risk management, control, governance and value for money.

17. Three high risks issues were identified regarding ICT Controls and Phishing:
 - a. weak controls surrounding the allocation of access to restricted areas and a lack of formal 'area owners'.
 - b. lack of management authorisation for the creation or definition of new 'Phonebook' administrators.
 - c. weak security settings within staff network accounts

18. Two other high risk control findings were:
 - a. Financial forecasting: quarterly capital reports did not provide a complete overview of all the capital expenditure and only included financial information on Estates and Facilities.
 - b. Continuous auditing quarter 2: the aged debt listing included a number of credit balances which are netted off against future transactions made by the customer. These are not refunded unless the customer claims these in writing. If the University does not make appropriate attempts to return overpayments to customers, the University may be breaking the law.

19. The internal audit annual report found stability in the control environment: "The core control environment has remained robust overall. Our continuous auditing fieldwork during the year had identified some recurrent control deficiencies over payroll processing which required additional focus. However, our most recent continuous audit work for the period 1 May to 31 July 2013 has identified no issues within this cycle which provides some assurance that this control environment had stabilised by year end".

20. The Committee meets PwC prior to each meeting in the absence of any of the University's employees.

21. PwC's contract was extended for a further year by the Audit Committee at the June 2013 meeting based on PwC meeting the agreed performance standards. It will be reviewed again in June 2014.

22. In addition to their internal audit work, PwC performed the following “value added” report:
 - a. Extenuating circumstances / academic appeals and other processes which could result in a student complaint to the OIA. The report sets out a list of action which management will implement.

Students’ Union Finances

23. The audited Financial Statements of the Students’ Union for the year ended 31 July 2013 were noted at the meeting on 31 October 2013.

Risk management, control and governance

24. The Committee received a report on risk management at each meeting. Risk is also reported to the Board of Governors and is considered by the University Executive at its monthly meetings. The University’s corporate risk framework is aligned to the Corporate Plan.
25. The University has continued to use 4Risk, a software package which tracks the implementation of risk management measures.
26. A review of the effectiveness of internal control is undertaken annually and a report was submitted to the Committee at its meetings of 26 September 2013 and 31 October 2013. At the October meeting, the Committee approved the annual full compliance statement.

Economy, Efficiency and Effectiveness (VFM)

27. Value for money (VFM) is a component in every review undertaken by the internal auditors. The Committee receives an annual VFM report from the Executive. For 2012/13, the principal achievements are:
 - a. Cashable savings identified in 12/13 totalled £3.9 million over their respective contract terms.
 - b. In 2012/13 the Category Management approach has been further embedded and VFM targets and category action plans over multiple years identified.
 - c. A VFM working group has been established and VFM for students will be strategically targeted by the group

Management and Quality Assurance of Data submitted to HESA and HEFCE

28. During the 2011/12 internal audit programme PwC reviewed student data quality which was classified as “high risk”. The committee considered this report at their meeting of 27 September 2012 and noted that significant steps had been taken to improve student data quality. The committee noted progress on the action plan to improve student data quality at its meetings of 30 October 2012 and 7 February 2013. An update was provided to the Board on 21 March 2013. The HESA submission for 2012 passed all necessary validation checks from HESA and met HEFCE’s expectations with no further work requested. Subsequent to the submission, the University received confirmation, on 4 October 2013, that the reconciliation of data between the ‘early statistics’ (HESES) submission for 2011/12 and its reconciliation, through the HESA 2012 return, did not require any further investigation by the Funding Council.

HEFCE Assessment of Institutional Risk

29. In May 2013 the Board received HEFCE’s assessment of the University’s institutional risk, which was that LSBU was “not at higher risk” at this time, and noted that this was the most favourable opinion available for HEFCE to give to any institution. HEFCE gave the same opinion in 2007, 2008, 2009, 2010, 2011 and 2012.

HEFCE Assurance Review

30. In July 2011 HEFCE undertook a five yearly assurance review of the University to review how the University exercises accountability for the public funds it receives. HEFCE’s conclusion was that they are “able to place reliance on the accountability information”. This is the highest rating possible. HEFCE did not make any recommendations for improvement in the report.

Public Interest Disclosure

31. Under the “speak up” policy the University Secretary reported on speak up activity at every business meeting of the Audit Committee. During this period no matters were considered to fit the definition of the “speak up” policy. The Chairman of the Audit Committee acts as the independent point of contact for anyone wishing to raise a speak up matter outside line management of the Executive.

32. The “speak up” policy was reviewed in February 2013.

Fraud

33. Under the anti-fraud policy the Executive Director of Finance reported on fraud at every business meeting. During the year 2012/13 two irregularities were discovered.
- a. An unsuccessful, fraudulent attempt was made to change the bank details of one of the University's contractors who were due to receive substantial payment (£700k+). As a result of the University's standard control processes the attempted fraud was identified and prevented.
 - b. A student was instructed to pay her accommodation fees into a non-university bank account.
34. A further fraud was reported to the Committee in September 2013 relating to misuse of a procurement card by a member of staff who was subsequently dismissed.
35. Other than as noted above, no significant instances of fraud, corruption, bribery or other irregularity had been discovered or reported to the Executive Director of Finance during the year.
36. The Audit Committee reviewed and approved the anti-fraud policy in June 2013.

Audit Committee self-assessment

37. The Audit Committee reviewed its own effectiveness during spring/summer 2013. The National Audit Office Audit Committee self-assessment checklist was sent to all committee members and the Vice Chancellor, Executive Director of Finance and Pro Vice Chancellor (Academic). The findings and recommendations were considered at its meeting of 26 September 2013.
38. Key recommendations were:
- a. an appointment letter for all committee members setting out the expectations of the role;
 - b. a formal and in depth induction plan for new members; and
 - c. quarterly updates on sector developments sent to the committee.

Principal concern of the Audit Committee

39. The principal concern of the Committee, which has been discussed in detail (either in formal committee meetings or in private pre-meetings) during the year, is:

- ICT security – in relation to an internal audit report which was rated as high risk

This concern will be monitored by the Committee in the current financial year 2013/14.

40. Last year's concerns were around data quality; control failures in payroll; and the change in status of the SU. The committee is satisfied that these have been addressed based on the following:

- Submission of a HEFCE compliant HESA return in 2012; and
- Achievement of green rating in payroll and all control areas under the continuous auditing programme.

Opinion of the Audit Committee

Risk Management, Control and Governance

41. The Committee's opinion on the institution's risk management, control and governance is that these arrangements are adequate and effective.

42. This opinion is based on:

- the HEFCE (five yearly) assurance review of July 2011 and HEFCE's annual assessment of institutional risk;
- the Internal Audit annual report for 2012/13 which, subject to exceptions around ICT security where improvements are required, gave the opinion that "the University has adequate and effective arrangements to address the risk that management's objectives are not achieved in respect of risk management, control and governance"; and
- the Executive's detailed review of internal controls and governance arrangements. This review was considered by the Audit Committee on 31 October 2013.

Economy, Efficiency and Effectiveness (VFM)

43. The Committee's opinion on the arrangements for the economy, efficiency and effectiveness (VFM) of the University is that they are adequate and effective.
44. This opinion is based on our annual assessment of VFM and the Internal Audit annual report, 2012/13 which gave the opinion that "the University has adequate and effective arrangements to address the risk that management's objectives are not achieved in respect of value for money".

Management and quality assurance of data submitted to HESA and HEFCE

45. The Committee's opinion on the management and quality assurance of data submitted to HESA and HEFCE is that the University has adequate assurance.
46. This is based on the progress demonstrated to the Committee of the HESA Improvement Project (N.B. There was no specific requirement for the internal auditors to give an opinion on data quality).

This annual report is recommended to the Audit Committee by the University Executive and approved by the members of the Audit Committee on 31 October 2013.

Signed

Andrew Owen
Chairman of the Audit Committee

	PAPER NO: BG.81(13)	
Board/Committee:	Board of Governors	
Date:	21 st November 2013	
Paper title:	Report from the Policy and Resources Committee on the accounts	
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors	
Board sponsor:	Dame Sarah Mullally, Chair of the Policy and Resources Committee	
Recommendation:	That the Board notes the report	
Matter previously considered by:	P&R	On: 13 November 2012
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	N/A	

Report

1. *LSBU Financial Statements for the Year Ended 31st July 2013*

The Policy and Resources Committee noted a presentation by the Executive Director of Finance on the draft Report and Financial Statements for the year ending 31st July 2013, showing an operating surplus of £6.1m (2012: £9.4m).

The committee recommends the draft Report and Financial Statements for approval by the Board (subject to approval of any final amendments).

	PAPER NO: BG.82(13)	
Board/Committee:	Board of Governors:	
Date:	21 st November 2013	
Paper title:	Audit Findings	
Author:	Grant Thornton, External Auditors	
Executive sponsor:	Richard Flatman, Executive Director of Finance	
Recommendation by the Executive:	The Executive recommends that the Board of Governors note and consider the attached Audit Findings from Grant Thornton, which will be submitted to HEFCE.	
Aspect of the Corporate Plan to which this will help deliver?	Financial sustainability	
Matter previously considered by:	Audit Committee	31/10/2013
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	HEFCE	

Executive Summary

See attached Audit Findings from Grant Thornton a copy of which will be submitted to HEFCE. The Audit Findings have been reviewed in detail by the Audit Committee. No material weaknesses have been identified.

The Board is requested to note the Audit Findings prior to approval of the annual report and accounts.

Attachments: Audit Findings



The Audit Findings for London South Bank University and its subsidiary undertaking

Year ended 31 July 2013

November 2013

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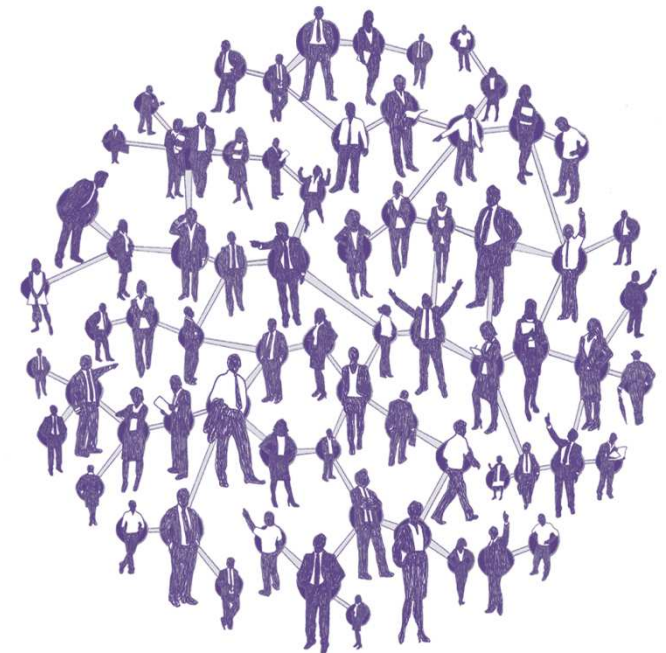
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12 November 2013

Audit Findings for London South Bank University and its subsidiary undertakings for the year ended 31 July 2013

This Audit Findings report highlights the significant findings arising from the audit for the benefit of those charged with governance, as required by International Standard on Auditing (UK & Ireland) 260. Its contents have been discussed with management.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Yours faithfully

Grant Thornton UK LLP

Chartered Accountants

Member firm within Grant Thornton International Ltd
Grant Thornton UK LLP is a limited liability partnership registered in England and Wales No: OC307742.
Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.
A list of members is available from our registered office.
Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

1. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware which would require modification of our audit opinion, subject to the outstanding matters detailed below.



Post balance sheet events review
Signed letter of representation

Status

- Potential to result in material adjustment or significant change in disclosures
- Not considered likely to result in material adjustment or change in disclosures

Audit opinion

Our anticipated audit report will be unmodified for the following entities:

- London South Bank University
- London South Bank University Enterprises Limited

2. Review of financial statements

Balance sheet

Account	Current year balance £'000	Prior year balance £'000	Variance %
Tangible assets	174,292	163,626	6.5%
Investments	38	38	0.0%
Endowment fixed assets	729	641	13.7%
Stock	18	46	-61%
Debtors	7,823	9,101	-14%
Bank deposits	5,206	5,145	1%
Cash at bank and in hand	54,750	64,001	-14%
Creditors:amounts falling due within one year	(38,137)	(40,746)	-6%
Creditors:amounts falling due after one year excluding pension liability	(29,592)	(31,062)	-5%
Provisions for liabilities	-	(1,179)	-100%
Pension liability	(62,211)	(74,664)	-17%
Reserves	112,916	94,947	19%

The prior year **provision** relates to over recruitment in 2010/11 plus the dilapidation provision on the temporary Student Union building. The over recruitment provision has now been paid and has therefore been reduced to nil. The Student Union dilapidations provision is no longer included in the consolidated position as the Student Union is no longer under the control of the University.

The **pension liability** has fallen primarily because of the increase in the discount rate and the gain on assets held within the pension scheme

2. Income and Expenditure

Account	Current year balance £'000	Prior year balance £'000	Variance %
Income			
Funding council grants	34,750	45,450	-24%
Academic fees and support grants	83,282	73,959	13%
Research grants and contracts	3,255	4,068	-20%
Other operating income	16,001	14,094	14%
Endowment and investment income	566	697	-19%
Total income	137,854	138,268	
Expenditure			
Staff costs	73,619	72,725	1%
Depreciation and impairment	7,870	10,989	-28%
Other operating expenses	46,876	44,020	6%
Interest payable	3,433	4,019	-15%
Total expenditure	131,798	131,753	

Funding council grants and academic fees The HEFCE income has been significantly reduced in the current period due to the new funding arrangements in 2012/13 for new students. This has been offset by the increase in income for academic fees and support grants under the new funding regime.

Depreciation and impairment

The prior year depreciation charge included an impairment charge of £2,944k in relation to the Enterprise Centre. The depreciation charge remains similar year on year at approximately £8,000k.

3. Audit findings – Significant risks identified in our audit plan

	Risks identified in our audit plan	Audit findings and conclusions
1.	<p>Improper revenue recognition</p> <ul style="list-style-type: none"> Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue 	<p>In addition to the testing detailed in the individual revenue streams below, we have:</p> <ul style="list-style-type: none"> Reviewed and tested revenue recognition policies for all revenue streams; Tested key controls and significant revenue streams <p>Please refer to individual revenue streams discussed as noted below.</p>
2.	<p>Management override of controls</p> <ul style="list-style-type: none"> Under ISA 240 it is presumed that that the risk of management over-ride of controls is present in all entities. 	<p>To ensure that we have gained reasonable assurance that management over-ride of controls has not resulted in a material misstatement or fraudulent activities within the financial statements, we have performed the following work in this area:</p> <ul style="list-style-type: none"> Reviewed the accounting estimates, judgements and decisions made by management; Tested a sample of journals entries selected through the use of our data interrogation software (IDEA) and focused on the higher risk journal postings; Identified the related parties of the University and reviewed the procedures in place to ensure that any related party transactions are approved, captured and correctly presented within the financial statements; Reviewed unusual significant transactions as part of the journals testing. <p>We have identified some internal control findings in relation to journals authorisation and documentation which are discussed further in Section 4 'Internal controls' of this report.</p>

3. Audit findings – Other risks identified in our audit plan

	Risks identified in our audit plan	Audit findings and conclusions
3.	<p>Valuation of properties</p>	<p>We note that during the year the University had carried out the development of the Terraces into an Enterprise Centre which was completed in September 2013. In the prior year an impairment review resulted in a reduction in the carrying value of the development.</p> <p>For the current year, we have tested a sample of costs incurred to date which have included as part of the Assets Under Construction in the financial statements, checked that these appear reasonable and agreed these back to invoices.</p> <p>Conclusion</p> <p>We gained assurance over the valuation of properties. No issues were noted during the testing.</p>
4.	<p>Risk that income from tuition fees and educational contracts has not been correctly recognised</p>	<p>We have carried out substantive testing and analytical review of tuition fee income and we are pleased to report that no issues were identified. Income recognised in the year is in line with our expectation, which was based on actual student numbers and standard fees set by the Board for 2012/13.</p> <p>In addition to this, we have performed detailed testing on a sample basis in the period and agreed these back to student enrolment forms, SLC remittances, bank statements for self payers and sponsored students, and agreed back to the QLS database records. No issues were noted on this testing carried out.</p> <p>We have reviewed the treatment of income from the Strategic Health Authority and agreed this back to the contracts and agreements where appropriate.</p> <p>Conclusion</p> <p>We gained assurance that the tuition fee and educational contracts income has been correctly recognised.</p>

3. Audit findings – Other risks identified in our audit plan

	Risks identified in our audit plan	Audit findings and conclusions
5.	Student numbers and the existence of HEFCE income	<p>We have agreed amounts recognised to remittance statements provided by HEFCE and reconciled these payments back to the most recent grant letter provided by HEFCE in March 2013.</p> <p>We have reviewed the HESES reconciliation and discussed this with appropriate personnel in Registry and Admissions. We have reviewed the provision from the previous year end and the movement in the year. We have also considered whether a provision is required for 2012-13 and discussed this with appropriate personnel in Registry, who compile the HESES report, to understand why they believe there will be no discrepancies.</p> <p>During the fieldwork it has been brought to our attention that an additional claw back of £122,061 is expected in respect of Widening Participation Funding and Teaching Enhancement and Student Success funding allocation due to adjustments made as part of the reconciliation process that was completed in April 2013. Although the amount is not considered to be significant to the financial statements, management has increased the year end provision to account for the above and we agree with this adjustment.</p> <p>Conclusion</p> <p>No issues were noted from our work carried out in this area.</p>
6.	Existence of accommodation income	<ul style="list-style-type: none"> We have carried out an analytical review of accommodation and other income for the year and perform "proof in total" testing where appropriate. <p>Conclusion</p> <p>No issues were noted from our work carried out in this area.</p>
7.	Recoverability of debtors	<ul style="list-style-type: none"> We have reviewed the recoverability of the debtors in respect of tuition fees, halls accommodation fees and sales ledger debtors. The policy for providing against student debts has broadly been applied consistently year on year at 90% with the exception that no bad debt provision has been made on SLC and Sponsors related fees debtors. No provision has been made against these debtors as there is not considered to be a risk of non-recovery and there are also creditor balances with the SLC and Sponsors. Management have concluded that as the overall position with SLC and Sponsors is a credit no bad debt provision is required. We note that management have increased the bad debt provision from £1,965,852 in 2012 to £3,321,581 against the tuition fees debtors. This increase is due to the fact that in the current year the bad debt provision has been calculated on the gross self funded students, before taking into account any credit balances. This is a change from the previous year as management believe this to be a reasonable estimate and methodology. We concur with management's treatment given that the risk exposure is considered to be on self funded students and there this appears to be reasonable. Based on our reviewing the ageing of the debtors profile and the looking at historic cash recoveries, the bad debt provision appears to be reasonable.

3. Audit findings - Other risks identified in our audit plan

	Risks identified in our audit plan	Audit findings and conclusions
8.	Risk that creditors and operating expenses are understated	<ul style="list-style-type: none"> We have enquired of accounting staff as to the possibility of unrecorded liabilities and examined any unprocessed invoices for unrecorded creditors. We have searched for unrecorded liabilities by reviewing the payments journal subsequent to the year end for large or unusual entries. We have reviewed all significant balance sheet items and compare to prior year and expectations and investigated any significant differences. We have reviewed expenditure streams for the year and verify significant items to supporting documentation. <p>Conclusion No issues have been noted during this work.</p>
9.	Risk that employee remuneration is overstated	<ul style="list-style-type: none"> We have analytically reviewed payroll expenses in comparison to prior years and budgets and investigated any significant or unexpected variances. We have also gained an understanding of procedures and controls in place to record and process employee remuneration. In addition to this we have performed tests (using data interrogation software) to identify exceptions such as duplicate employee names, NI numbers, monthly significant fluctuations in pay and investigated the results. We noted during our testing some control issues which has been discussed in further details in Section 4 Internal controls. We do not consider these to be material to the financial statements. <p>Conclusion Other than the control points addressed below, testing in this area proved satisfactory.</p>
10.	Loan covenants	<ul style="list-style-type: none"> We have reviewed the calculations in relation to all financial covenants to ensure these have been appropriately calculated and have reviewed compliance with non-financial covenants and obtained a direct email confirmation from the lenders, Barclays Bank Plc which confirms that there were no breaches in the covenants. <p>Conclusion All testing in this area proved satisfactory.</p>

3. Audit findings - Other risks identified in our audit plan

	Risks identified in our audit plan	Audit findings and conclusions
11.	Student Union	<p>We note that because of a change in the constitution of London South Bank University Student Union from July 2013, the University no longer exercised control over the Student Union and it has not longer been included in the consolidation of the University.</p> <p>We have reviewed the amended constitution to ensure that this conclusion is correct and the Union has been excluded from the results of the Group for the year ended 31 July 2013.</p> <p>The loss of control of the Student Union has been shown as a derecognition of the net assets of the Group and included as an exceptional item in the income and expenditure account.</p> <p>Conclusion We concur with the accounting treatment following the loss of control of the Student Union</p>
12.	Pension liability	<p>We have reviewed the actuarial assumptions suggested by Barnett Waddingham and agree that these assumptions appear reasonable. For further details of benchmarking of the assumptions compared to other educational institutions please see Section 7.</p>
13.	Going Concern	<p>We have reviewed the five year forecast and the paper the Executive Director of Finance has prepared for the Audit Committee on the going concern status of the University.</p> <p>Conclusion This review has not highlighted any issues which require reporting to the Board.</p>

3. Audit findings – Risks identified during the course of the audit

This section provides commentary on new issues and risks which were identified during the course of the audit and were not previously communicated in the Audit Plan

	Issue arising	Audit findings and conclusions
1.	Large SLC credit balances on the debtors ledger	<p>We have reviewed the reconciliation of the balance due from the Student Loans Company (SLC) and compared this to the amount that has been accrued for at the period end. Management have accrued for £1,899,400 at the year end; however the report from the SLC website shows that £1,029,000 is due. It appears that the accrual at the period end is higher by £870,347. Per discussions with management we note that this is due to a timing difference between the University's records and the information being updated on the SLC website portal as a result of fee waivers processed towards the end of the year. Management expect the SLC to recover this money in their first remittance for 2013/14. On this basis we have not proposed an adjustment to reduce the year end liability and do not consider it to be material to the financial statements.</p> <p>We have reviewed a sample of NSP transactions to which this timing differences relates to verify this explanation.</p> <p>Conclusion</p> <p>We conclude that no adjustment is required in respect of this difference.</p>
2.	Legal cases in the year/pending	<p>A solicitors letter was obtained from Muckle and reviewed during the audit fieldwork.</p> <p>We noted that there are two employment tribunal related cases on-going and pending a final outcome as at the audit fieldwork date.</p> <p>In total the two cases are expected to result in a maximum pay out of £144,000 with solicitors fees of approximately £26,000. We understand that management have currently not provided or disclosed for these amounts in the financial statements.</p> <p>Conclusion</p> <p>We conclude that the amount is not material to the financial statements no disclosure is made in the financial statements in respect of the above contingent liabilities.</p>

3. Audit findings – Risks identified during the course of the audit

This section provides commentary on new issues and risks which were identified during the course of the audit and were not previously communicated in the Audit Plan

	Issue arising	Audit findings and conclusions
3.	Halls Debtor Reconciliation	<p>A long standing problem with the financial transactional data transferred from the Kinetics Accommodation system (KX) to Agresso has resulted in a credit balance accruing on the control accounts within bank and cash which management had historically been unable to reconcile. For our audit year, we understand that management has taken the total Agresso balance as at the end of July 2013 and compared this to the balance held in KX. The difference of £701,830 is considered to be the write off as the balance in KX is accurate as this is where the data in relation to the student halls debtor is processed and managed. We note that there remains an insignificant difference of £18,000 between what KX reports as the debtors balance and what is recorded in Agresso.</p> <p>From May 2013 management have carried out monthly reconciliation to ensure that this difference does not increase significantly and it s reconciled to payments made in advance.</p> <p>In addition to this, we have reviewed the halls debtor reconciliation for the year end period and tested a sample of 25 transactions (payments and invoices raised in the period) posted through Agresso and agreed these back to the KX system and also the cash recovery through the bank statement to follow the process through from initiation to completion.</p> <p>Conclusion</p> <p>We conclude that the halls debtor balance is materially correct.</p>
4.	Difference on the opening reserves	<p>During our review of the reserves, we noted a difference of approximately £651,000 on the opening reserves within the University. Management has reconciled this difference and noted that majority of this balance for £559,886 was due to the Gift Aid donation in 2011 had not been put through the statutory accounts. Management had put the transaction through Agresso, the accounting system but not the Reserves note or Intercompany in the financial statements.</p> <p>The remaining difference of approximately £92,000 is believed to be due to intercompany transactions that had not been correctly stated in the intercompany debtor balance within the University accounts.</p> <p>There is no impact on the consolidated position rising from the above error; however it will impact the University's balance sheet and its reserves note comparative for the prior (2012) year.</p> <p>Conclusion</p> <p>We conclude that this is the correct treatment.</p>


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3. Audit findings – Other communication requirements


	Issue	Commentary
1.	Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Committee and instances of fraud in the year, which are immaterial for audit purposes. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures. We have also discussed fraud with the internal audit team.
2.	Matters in relation to related parties	We are not aware of any related party transactions which have not been disclosed.
3.	Matters in relation to laws and regulations	We are not aware of any significant incidences of non-compliance with relevant laws and regulations Comment on regularity of use of funds (re Regularity opinion)
4.	Written representations	As in previous years we will include a representation on data assurance in addition to our standard representations: "We confirm that we have provided to you all information relating to our contractual arrangements with HEFCE and that we currently know of nothing which could have an impact upon these arrangements and as far as we are aware at the current time, there is no adjustment to the HEFCE funds to be provided for in the financial statements."
5.	Disclosures	Our review of the financial statements have not identified any significant deficiencies in relation to the disclosures made within the financial statements.

4. Internal controls

- The purpose of an audit is to express an opinion on the financial statements.
- Our audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control
- The matters being reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with ISA 265
- If we had performed more extensive procedures on internal control, we might have identified more deficiencies to be reported.
- During our work we have met with the internal auditors and held independent discussions to make sure we are aware of any issues they may have that might be relevant for our external audit, or where we believe we should make them aware of any concerns arising from our work. Although we do not place direct reliance on the work of the internal auditors, we take into account their findings, and if necessary amend our audit approach as may be required.


	Assessment	Issue and risk	Recommendations
1.		<p>Journals authorisation</p> <p>There are currently two journal posting systems in operation: one system (J5) is primarily used by the financial accounting team while the other (G6) is primarily used by the business support management team. J5 journals are uploaded and require an electronic authorisation of each journal posted. The old G6 system is where journals are manually input in to Agresso. The G6 system does not require any electronic authorisation of any journals before they are posted and there is no manual authorisation process in place as the numbers of journals are significant.</p> <p>We noted that all journals had supporting documentation however this documentation was not always uploaded onto the Agresso system.</p> <p>In addition to this, we also noted journals posted in the period without any descriptions as to what the journal related to.</p>	<p>We understand that there are practical reasons why two systems are currently in operation: the J5 system being used for large multi-line journals and the G6 system for short corrections and adjustments. We also note that manual G6 journals posted by the Financial accountant are not reviewed or approved by the financial controller until the end of month process. We do, however, appreciate the fact that risk of misstatements through journals is mitigated through the preparation and review of month end management accounts, including the reconciliation of balance sheet accounts.</p> <p>We recommend that all journals posted have a description of what the posting relates to. This will aid the reviewer and approver as part of the authorisation and monitoring control over journal postings. Poorly-controlled journal posting processes mean that errors or fraud can occur and go undetected. With the heightened risk of fraud caused by the current economic conditions, improving controls over journals should be an area of focus for the Board.</p> <p>We recommend that all supporting documentation in relation to a journal is uploaded onto Agresso by the team.</p> <p>Management response</p> <p>1. We agree that all journals should have a description of what the posting relates to. A description convention is being agreed.</p>

Assessment


-  Significant deficiency – risk of significant misstatement
-  Deficiency – risk of inconsequential misstatement

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4. Internal controls

	Assessment	Issue and risk	Recommendations
			<p>Management response</p> <p>2. Supporting documentation will always be available on Agresso. There are specific circumstances where documentation is held elsewhere on Agresso and therefore it is not necessary for this to be attached to the journal itself. For example a journal to recode purchase invoices, where the purchase invoices is stored electronically in the purchase ledger. These types of journals will be identified in the journal description which will also include the transaction number so the source documentation can be located on Agresso. All other journals will have their own supporting documentation uploaded onto Agresso.</p> <p>3. A review of the reason for correcting journals is being undertaken and a plan put in place to reduce the number of errors and therefore correcting journals.</p> <p>Timescale for action November 2013</p> <p>Person responsible Financial Controller and Financial Planning Manager</p>
2.		<p>Suspense account</p> <p>Although the use of the suspense account has reduced overall this year to £309k, we still noted there were several old balances in the creditors.</p>	<p>We recommend that all suspense accounts are cleared on a timely basis and allocated to the appropriate areas.</p> <p>Management response</p> <p>This account will be allocated against the correct posting string in 2013/14 and going forward it will be cleared as part of each month end process – in line with other suspense accounts that are in use.</p> <p>Timescale for action December 2013</p> <p>Person responsible Financial controller</p>

4. Internal controls

	Asses sment	Issue and risk	Recommendations
3.		<p>Payroll controls</p> <p>From this testing we noted that there was no contract available for one member of staff in our starters and leavers testing.</p> <p>In addition to this we noted that currently management carry out a monthly reconciliation between the payroll records and the bank statements and a variance is noted each month which is reconciled by the assistant financial accountant and reviewed by the financial accountant. However we noted that this review process was not formally documented.</p> <p>Our understanding is that this difference is due to the fact that each month, a BACS recall has been carried out for some employees whose pay has been incorrectly calculated as negative net pay by the payroll system currently used by the University. We have reviewed the payroll reconciliation as part of our audit work and have no other issues to report on this.</p>	<p>We recommend that signed employment contracts are place for all members of staff.</p> <p>We recommend that existing procedures are tightened whereby any changes in relation to secondee employees are informed to the finance team by HR on a timely basis with information provided on the start and end dates/agreed payments to these employees. Thus, this will effectively ensure all accruals and liabilities in relation to secondee employees are captured appropriately and matched to the invoice received from the NHS trusts.</p> <p>We understand that management are currently in process of implementing a new payroll so that such errors are avoided in the future. In the mean time, we would continue to recommend that any negative pay is immediately flagged up prior to the payroll being sent out to the outsourced payroll bureau.</p> <p>In addition to this, we recommend to management that the monthly reconciliation of the payroll report to the bank statements together with any reconciling items once investigated by the finance team, are formally approved by the Financial Controller and that this is a documented process.</p> <p>Management response</p> <p>There is usually a difference between net pay reported from the payroll compared to net pay that is paid out and is therefore recorded on the bank account. This is because once the payroll is run, a number of payments will be recalled due to errors being spotted or late notifications of changes to salary. In these cases payments to these staff will be made outside the main payroll and processed through the payroll in the following month. A monthly reconciliation of the net pay control account is undertaken by the Financial Accounting team to ensure that all reconciling items are processed in the following month.</p> <p>Going forward a copy of this reconciliation will be reviewed and signed off by the Financial Controller and will be filed with the monthly payroll so the differences are clearly recorded in payroll files.</p> <p>Regarding the contract of employment, the member of staff did receive a contract but a copy was not retained on file. HR will put in place a checking process to ensure that all contracts are put on file.</p> <p>Timescale for action November 2013</p> <p>Person responsible Financial controller (in respect of payroll) Katie Boyce (employment contract)</p>

4. Internal controls – Actions taken on issues raised in prior year

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1.	X	<p>Oracle database management</p> <p>We recommended that IT establishes named user accounts at the Oracle database level. IT should also review the audit logging capability of the Oracle database to ensure that data and system changes are logged. Such audit logs should be monitored periodically, preferably by an individual independent of IT within the business who does not have direct access to the database.</p> <p>As a minimum, critical tables within the system such as bank details and supplier and customer master files should be restricted and any alterations made to fields within these logged and reviewed periodically.</p>	<p>Management commentary</p> <p>The Oracle DBAs have no knowledge of the Agresso system and its data structures. The potential that a DBA could successfully apply changes at the database level with the consistency required to be valid is very small. It is possible to run reports to determine which tables have been accessed using the DBA accounts. In the opinion of ICT it is highly unlikely that the DBAs could successfully complete a fraudulent act on the Agresso Business World system.</p>
2.	✓	<p>IT - Business continuity</p> <p>We recommended that LSBU documented and formally communicated the Disaster Recovery plan/ arrangements over the organisation's IT infrastructure. The plan should ensure that offsite back-up arrangements are established. Once the plan is in place we also recommend that the plan is periodically tested at least once a year.</p>	<p>Management commentary</p> <p>The ICT disaster recovery plan / arrangements have been documented and are being progressed in conjunction with the LSBU Business Continuity Steering Group. At this point no data is held off-site. Two potential solutions are being progressed and business cases are currently being considered by the University.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

4. Internal controls – Actions taken on issues raised in prior year

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
3.	X	<p>Logical access parameters</p> <p>We recommended that the following best practice password parameters be enforced on the network, Agresso Web and the core Agresso system:</p> <ul style="list-style-type: none"> • minimum password length of 6-8 characters • minimum password age of at least 1 day • maximum password age of 30-60 days • alphanumeric passwords (complexity) enabled • account lockout set to 3-5 invalid lockout attempts • inactivity lockout set to 10-20 minutes • lockout period should be set to indefinite, with access only • reinstated by an administrator 	<p>Management commentary</p> <p>Guidance has been changed to recommend that strong passwords be used; however until the core identity management system is changed these cannot be enforced. The LSBU Executive has recently agreed a business case for Identity and Access Management that will enable a new solution to be procured.</p>
4.	✓	<p>Credit control – SBUEL</p> <p>In the prior year we had noted some credit control issues where old debts were not being chased up effectively. The management of SBUEL were working with LKIC to recover the outstanding debts and to modify future letting arrangements to avoid such difficulties arising going forward.</p>	<p>Management commentary</p> <p>We note that SBUEL management have been working to reduce these difficulties during the current year.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

5. Adjusted misstatements

London South Bank University

Journal reference	Detail	Income Statement		Balance sheet		Surplus effect
		Debit	Credit	Debit	Credit	
1	DR Other debtors CR Other creditors Being a reclassification of the bursary underspend, which is reclaimable.			282,485	282,485	-
2	DR Sales aged debtors CR Other creditors Being the reclassification of credit balances on the debtors ledger			153,719	153,719	-
3	DR Short term investments CR Cash Being the Bank of Scotland deposit account reclassification in line with FRS 1			5,205,968	5,205,968	-
4	DR Cash CR Other creditors Being the reclassification of amounts payable to SLC creditors			64,153	64,153	-
5	DR Short term investments CR Cash Being the reclassification of deposits from cash to short term investments			15,579,843	15,579,843	-
6	DR Intercompany debtor CR Retained earning brought forward Being the prior year adjustment to correct the opening reserves			651,000	651,000	-
7	Dr Funding council grants Dr Provision for liabilities Cr Accruals and deferred income Being adjustment to funding income (see section 3.5)	107,247		14,814	122,061	(107,247)

South Bank University Enterprise Limited

Journal reference	Detail	Profit and loss account		Balance sheet		Profit effect
		Debit	Credit	Debit	Credit	
1	DR Bad debt provision CR Bad debt expense account Being the amount from Red Hat Inc. post year end and as a result no bad debt provision is required.		6,110	6,110		-
2	DR Accrued income CR Revenue Being the correction of the understatement of accrued income		8,230	8,230		-

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5. Unadjusted misstatements

No unadjusted misstatements have been noted.

6. Non-audit fees and independence

	Fees	Threat Y/N	Safeguard
Tax compliance services	£2,460	• Yes	Use of separate teams
iXBRL tagging	£850	• No	Use of separate teams
Total non-audit services	£3,310		

- The above non-audit services are consistent with the University's policy on the allotment of non-audit work to your auditors.

Independence and ethics:

Ethical standards and ISA UK 260 requires us to give you full and fair disclosure of matters relating to our independence. In this context, we disclose the following to you:

- we confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements
- we confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards

7. Pension

The following table shows the key mortality assumptions used by the actuaries.

Mortality (based on future life expectancies at the age of 65)	2013	Benchmark* (years)
Current pensioners - male	20.9	17.00-23.80
Current pensioners - female	23.9	19.00-25.20
Future pensioners – male	22.9	18.00-25.10
Future pensioners - female	25.8	20.00-27.20
* Benchmark has been obtained from various other Educational institutions		

Mortality / life expectancy

The derivation of the assumption for future mortality is one of the most subjective areas of the actuarial basis. The assumption for mortality before retirement has a relatively minor impact on the liabilities and this section therefore considers only the assumptions made for mortality after retirement.

The Base Table

The base table that has been used in the calculations is the Club Vita tables, which is based on the mortality experience of life insurers. This table is in common use for UK defined benefit pension plans and so the base table that has been used by the Actuary is acceptable.

Projected Improvements

The method used to allow for future improvements in mortality is critical in the assessment of the liabilities. The mortality assumptions has been set using Club Vita mortality analysis. This has then been projected using a medium cohort projection with a minimum rate of improvement of 1%.

The benchmarking shows that the figures for London South Bank University are mid-range for the other educational institutions reviewed. Please note that we do tend to observe lower mortality assumptions associated with Local Government Pension Schemes.

In summary the mortality assumptions produce life expectancies within a reasonable range and are therefore acceptable.

7. Pension

The following table shows the key assumptions used by the actuaries.

Actuarial assumptions	2013	2012	Benchmark*
Pension increases	2.5%	1.8%	1.9%-3.25%
Salary increases	4.2%	3.5%	1.9%-5.1%
Discount rate	4.7%	3.9%	3.6%-5.6%
CPI increases	2.5%	1.8%	2.1%-3.25%
* Benchmark has been obtained from various other Educational institutions			

Pension increases

The assumptions for pension increases are based on (CPI) inflation. These assumptions should be based on the inflation assumption but adjusted to allow for the relevant cap and floor (if applicable) to the extent that inflation is expected to vary in future years. Given our expectations of future inflation volatility (based on past experience), we are happy that the proposed assumptions for pension increases are appropriate.

Salary increases

The rate assumed, 4.20% pa, represents a 0.90% pa real salary increase above the (RPI) inflation rate assumption adopted. In the past the usual range above inflation was between 0.5% and 1.5% pa. However, due to changing economic conditions, the typical margin we have observed over recent periods has reduced to, in some cases, zero.

The rate proposed can therefore be considered to be fairly conservative.

Discount rate

The discount rate should be determined by reference to market yields at the balance sheet date on high quality corporate bonds. For this purpose, in the UK, the universal approach is to base the discount rate on the yields available on AA-rated corporate bonds of appropriate term and currency to the liabilities.

The yield on the iBoxx AA-rated Corporate Bond Index (for terms of over 15 years) (the "iBoxx index") as at 31 July 2013 was 4.33% pa. The Actuary has adopted a discount rate of 4.70% pa as at 31 July 2013.

We have recently seen a trend in alternative methods being used to derive the discount rate, where spot yields of the bond universe are combined with the scheme's expected future cashflows to determine a scheme specific discount rate. It can be argued that using these methods the rate more accurately reflects the duration of the scheme's liabilities.

CPI increase

Standard practice is to derive the CPI assumption based on the RPI assumption. Based on our RPI assumption a downward adjustment of 0.80% has been made to RPI inflation in this case.

Since the introduction of the CPI measure in 2010, we have been observing downward adjustments of between 0.50% and 1.00%, from the RPI to produce estimates of CPI.

There was the suggestion that the way RPI is calculated would be changed to produce an index closer to the CPI. However, the Office for National Statistics (ONS) announced on 10 January 2013 that it would not be changing the index (as expected), but instead introducing a new index (RPIJ) from March 2013. This will not affect pension schemes unless trustees specifically choose to adopt RPIJ. We expect the RPI/CPI wedge to remain between 0.50% and 1.00% and therefore this assumption is reasonable.

8. VAT

As part of our audit work, we carried out a review of the VAT status of the University and we would like to draw management's attention to a number of areas:

Potential risks

The issues raised last year regarding overseas recruitment fees and grant income remain risks, although given the HMRC visit in 2012 and no concerns being identified last year these would not appear to be of significance. Depending on when the University registered for VAT there may be a four year limit on HMRC assessing for VAT on overseas agents fees and we understand that the University has been correctly accounting for the VAT since 1 January 2010.

The only additional risk which may have arisen from 1 August 2013 (after the period end) is that the VAT exemption for supplies of research between eligible bodies has been withdrawn, therefore if the University makes or receives supplies of research these should now be standard rated for VAT purposes.

Potential opportunities

There are a number of universities submitting claims to recover VAT overcharged on light, heat and power costs where this correctly qualifies for the reduced rate of VAT as domestic or non-business (particularly where there are non-business research activities). If the University has not considered its position to maximise the eligibility for reduced rate relief we would be more than happy to discuss this further with you.

We are able to refer you to a member of our VAT team should you require further assistance on the above matters or wish to discuss them in more detail.

9. Financial reporting and other developments

Alignment of International and UK Accounting

The new accounting requirements, included in Financial Reporting Standard 102 (the Standard) will apply to the financial statements of the University for 2015-16 but earlier work will be needed to provide comparative data, including restatement of opening balances at 1 August 2014. The draft HE/FE SORP, which supports the new accounting framework in FRS 102, has been released for consultation. The aim of the revised SORP is to interpret the Standard to aid consistency and comparability of financial reporting across the sector. The consultation is open until 17 November 2013 and responses to the consultation from universities are encouraged. The key proposed differences between the existing UK GAAP reporting framework and the new reporting framework are summarised below:

- **Capital grants**-Most capital grants will be credited to the income statement under the performance model rather than being deferred on the balance sheet. This will result in more volatility in the income and expenditure account.
- **Deficit recovery plans for defined benefit pension schemes accounted for as a defined contribution scheme**- Any agreed deficit recovery plan will be recognised as a liability on the balance sheet and unwound over time as the liability is discharged.
- **Holiday pay accruals**- Accruals will be required for any annual leave incurred but not taken where the holiday year end is non-coterminous with the financial year.
- **Service concession arrangements**- Any arrangements entered into with third party student accommodation providers are likely to be brought onto the balance sheet if a university, as grantor, retains control over the arrangement.
- **Fair values**- The value of a number of assets and liabilities will now be recorded at fair value with changes in value taken to the income statement for example, endowments, other investments, some loans with more complex terms and other financial instruments such as interest rate swaps.
- **Classification of tangible fixed assets**-Some fixed assets may be reclassified as investment properties.

Company law

At present companies are required to prepare a directors' report in their financial statements. For years ending on or after 30 September 2013, companies, including companies limited by guarantee, such as London South Bank University, will be required to prepare two reports contained within the financial statements being, 'The annual report' and 'The strategic report'.

The annual report is much like the current operating and financial review, and should contain a fair, balanced and understandable assessment of the company. The strategic report should contain information about risks, uncertainties, key performance indicators and future developments. The content is not significantly different from current reporting requirements and will be required for the year ended 31 July 2014 onwards.

9. Financial reporting and other developments

HEFCE Financial Memorandum Consultation

HEFCE are currently consulting on the proposed changes to the Financial Memorandum which will take effect on 1 August 2014 (consultation closes 6 December 2013). The changes proposed in the consultation take account of the Government's recent reforms to the funding and regulation of HE as well as changes in how banks lend money to universities and colleges.

The key proposed changes are:

- Changes to the thresholds for approval from HEFCE to take out additional borrowing. This is to ensure HEIs are not taking on financial commitments that are unaffordable.
- A register of HE providers- this will provide information to prospective and current students on corporate form, quality assurance and student complaints and also highlight any issues that HEFCE feel is necessary to bring to the student's attention. The information in this register could influence a student's decision about where to study.
- Consideration of an Institutional sustainability assessment and report- Adoption will be of benefit to governing bodies, provide valuable assurance to HEFCE and research councils and could serve multiple purposes including the institution's own going concern assessments.

HEFCE Accounts Direction

The HEFCE Accounts direction for 2013-14 has now been released and includes disclosure requirements for the next financial year end. There are only minor changes to the Direction in relation to remuneration and governance disclosures. We are expecting further guidance to be issued in respect of going concern disclosures but are still awaiting the outcome of the Lord Sharman enquiry before this is finalised.

Audit reporting

The Financial Reporting Council has issued ISA (UK & Ireland) 700 (Revised) 'Auditor's report on the financial statements'. The effective date is for audits of financial statements for periods commencing on or after 1 October 2012, which for Universities is the year ended 31 July 2014. The revised standard is designed to complement changes made to the UK Corporate Governance Code in October 2012.

This change applies to entities that are required (i.e. listed companies), and those that choose voluntarily, to report on how they have applied the UK Corporate Governance Code. Therefore, if a University includes a statement in their Corporate Governance report stating that they comply, even in part, with the UK Corporate Governance Code, there will be additional requirements on us, as auditors, to report on the scope of the audit, the key risks and the application of the concept of materiality. This is likely to have an impact on the level of our fees.

As a result, the governing body should consider whether the statement should state compliance with the UK Code of Governance, given it is not mandatory in the sector. Other wording may be more appropriate and avoid additional audit requirements.

10. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the Group's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence		✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to Going Concern		✓
Matters in relation to the Group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	✓	✓

International Auditing Standard (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, The Audit Findings, outlines those key issues and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Distribution of this Audit Findings report

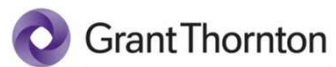
Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the governing body and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISA's (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

This document is prepared solely for London South Bank University and should be read in its entirety. Grant Thornton UK LLP does not owe a duty of care or assume a responsibility to any third party who chooses to rely on any information contained in this document. Any third party who relies on this information does so entirely at their own risk.



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	PAPER NO: BG.83(13)	
Board/Committee:	Board of Governors	
Date:	21 st November 2013	
Paper title:	Letter of representation to auditors	
Author:	Natalie Ferer, Financial Controller	
Executive sponsor:	Richard Flatman, Executive Director of Finance	
Recommendation by the Executive:	The Executive recommends that the Board of Governors review and approve the attached Letter of Representation. The letter must be signed by the Chair of the Board of Governors at the time of signing the accounts.	
Aspect of the Corporate Plan to which this will help deliver?	Financial sustainability	
Matter previously considered by:	Audit committee	31/10/2013
Further approval required?	n/a	n/a
Communications – who should be made aware of the decision?	N/A	

Executive Summary

The letter of representation to the auditors allows the Board of Governors to give specific assurances to the auditors over matters regarding the financial statements and the year audit. The attached letter contains standard representations only; there are no items that have been inserted specific to LSBU. The letter has been reviewed by the Audit Committee.

The Board is requested to approve the letter of representation and authorise the Chair to sign on behalf of the Board.

{Prepare on client letterhead**}**

Our Ref: DLB/ALT

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

21 November 2013

Dear Sirs

**London South Bank University
Financial Statements for the year ended 31 July 2013**

This representation letter is provided in connection with the audit of the financial statements of London South Bank University and its subsidiary undertaking South Bank University Enterprises Limited for the year ended 31 July 2013 for the purpose of expressing an opinion as to whether the group financial statements give a true and fair view in accordance with the Companies Act 2006.

We confirm to the best of our knowledge and belief that the following representations are made on the basis of appropriate enquiries of other members of the Council with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you in respect of your audit of the above financial statements, in accordance with the terms of your engagement letter dated 13 October 2011.

Financial Statements

- i As set out in the Statement of Responsibilities of the Board of Governors on page 18, we acknowledge our responsibilities, in accordance with the University's Memorandum and Articles of Association, for preparing financial statements in accordance with the University's Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting for Further and Higher Education, and for making accurate representations to you.
- ii In addition, within the terms and conditions of the Financial Memorandum agreed between the Higher Education Funding Council for England and the Board of Governors, the Board of Governors, through its designated officer holder, 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 of the surplus or deficit and cash flows for that year.
- iii We are responsible for ensuring that funds from the Higher Education Funding Council for England, the Teaching Agency and the Skills Funding Agency are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Higher Education Funding Council for England and any other conditions which the Funding Council may from time to time prescribe.

- iv The University has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- v We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error and fraud.
- vi Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Statement of Recommended Practice - Accounting for Further and Higher Education ('SORP'), issued by the Charity Commission for England and Wales and any subsequent amendments or variations to this statement.
- viii All events subsequent to the date of the University financial statements and for which the SORP and any subsequent amendments or variations to this statement require adjustment or disclosure have been adjusted or disclosed.
- ix Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice.
- x We have not adjusted the misstatements brought to our attention on the audit differences and adjustments summary, included within the Audit Findings document, as they are immaterial to the results of the University and its financial position at the year-end. The University financial statements are free of material misstatements, including omissions.

Information Provided

- i We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the University financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- ii We have disclosed to you the results of our assessment of the risk that the University financial statements may be materially misstated as a result of fraud.
- iii All transactions have been recorded in the accounting records and are reflected in the University's financial statements.
- iv We have disclosed to you our knowledge of fraud or suspected fraud affecting the entity involving:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the University's financial statements.

- v We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the University's financial statements communicated by employees, former employees, analysts, regulators or others.
- vi We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing University's financial statements.
- vii We have disclosed to you the identity of the University's related parties and all the related party relationships and transactions of which we are aware.
- viii We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- ix We confirm that we have reviewed the serious incident guidelines issued by the Charity Commission (updated in 2010). We also confirm that no serious incident reports have been submitted to HEFCE, as the principal regulator, nor any events considered for submission, during the year or in the period to the signing of the balance sheet.
- x We confirm that we have provided to you all information relating to our contractual arrangements with HEFCE and that we currently know of nothing which could have an impact upon these arrangements and as far as we are aware at the current time, there is no adjustment to the HEFCE funds to be provided for in the financial statements.
- xi Except as stated in the financial statements:
 - there are no unrecorded liabilities, actual or contingent
 - none of the assets of the company has been assigned, pledged or mortgaged
 - there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

Yours faithfully

On behalf of the Board of Governors of London South Bank University

	PAPER NO: BG.84(13)	
Board/Committee:	Board of Governors	
Date:	21 st November 2013	
Paper title:	Report and Accounts 2012/13	
Author:	Natalie Ferer, Financial Controller	
Executive sponsor:	Richard Flatman, Executive Director of Finance	
Recommendation by the Executive:	The Executive recommends that the Board of Governors review and approve the attached Report and Financial Statements. The accounts must be signed by the Chair of Governors on pages 17,18, 25 and 30 and by the Vice Chancellor on page 30.	
Aspect of the Corporate Plan to which this will help deliver?	Financial sustainability	
Matter previously considered by:	Audit committee Policy and Resources committee	On: 31 st October 2013 On: 12 th November 2013
Further approval required?	n/a	n/a
Communications – who should be made aware of the decision?	HEFCE Banks (in connection with loan covenants)	

Executive Summary

The audit for the year ended 31 July 2013 has been completed. The report & accounts are enclosed for review and approval by The Board of Governors.

Subject to satisfactory completion of the matters referred to in section 1, the Board is requested to approve the accounts.

Attachment: Report and Accounts for 2012/13

1. Outstanding steps to completion

- Approval by Board of Governors
- Signing of accounts by the Chair of the Board, the Vice Chancellor and by Grant Thornton

2. Key Issues

The attached accounts are for the year ended 31 July 2013. Grant Thornton have now completed their technical review and any changes to the accounts and their presentation have been incorporated into these accounts.

The University made a surplus for the year of £5.5m, after accounting for a £0.6m exceptional item relating to the divestment of the Student Union. The underlying operating surplus of £6.1m is well ahead of the forecast surplus of £2.5m submitted to HEFCE in November 2012. In the context of the recruitment challenges across the sector in 2012/13 this is considered a strong result..

No clawback of funds by HEFCE relating to 2012/13 is expected. At the date of this report, the annual HESA return is not complete, but early indications are that the University has reached its funding target. Grant Thornton will monitor the position up to the date of signing the accounts. An amount of £124,408 has been included in the accounts as deferred income in respect to HEFCE grant adjustments relating to 2011/12.

Because of a change in the constitution of London South Bank University Students' Union, from July 2013 the University no longer exercises control over the Student Union. It has therefore not been consolidated into these accounts. The de-consolidation of the Students' Union is shown as a disposal of the net assets of the group and is included as an exceptional loss of £556,000 in the income and expenditure account.

The LGPS pension scheme deficit has reduced from £74.7m to £62.2m, mainly as a result of actuarial gains in the year. However, the I&E charge for the year has increased from £6.3m in 2011/12 to £6.9m in 2012/13, mainly as a result of an increase in the current service cost.

The year-end cash balance, including bank deposits, was £60.0m with net cash outflow for the year of £9.2m after accounting for capital expenditure of £18.5m and repayment of loans of £1.9m.

A detailed commentary on the financial results is included on pages 5-10 of the accounts.

Grant Thornton has presented the results of their audit in their Audit Findings document.

3. Recommendation

The Executive recommends that the Board of Governors review and approve the attached report and accounts.

Company Registration No. 986761

**London South Bank
University**

Report and Financial Statements

31 July 2013

London South Bank University

Report and financial statements 2013

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London South Bank University

Officers and professional advisers

Chancellor

Mr Richard Farleigh

Vice Chancellor

Professor Martin Earwicker

Pro Vice Chancellors

Professor Phil Cardew (Academic)

Ms Beverley Jullien (External)

Executive Director of Finance

Mr Richard Flatman

Secretary and Clerk to the Board of Governors

Mr James Stevenson

Registered Office

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SE1 0AA

Bankers

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

Solicitors

SGH Martineau
1 Colmore Square
Birmingham
B4 6AA

Muckle LLP
Time Central
32 Gallowgate
Newcastle-Upon-Tyne
NE1 4BF

Auditor

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

Members of the Board of Governors

The following were Governors throughout the year ended 31 July 2013 except as noted:

Mr David Longbottom (*Chair*)

Professor Martin Earwicker (*Vice Chancellor and Chief Executive*)

Ms Barbara Ahland (appointed 7 November 2012)

Ms Anisa Ali (resigned 30 June 2013)

Mr Steve Balmont

Ms Janet Cattini (resigned 30 November 2012)

Mr Douglas Denham St Pinnock

Mr Ken Dytor

Professor Hilary McCallion CBE (appointed 12 March 2013)

Sir David Melville CBE (resigned 31 March 2013)

Ms Anne Montgomery

The Revd Canon Sarah Mullally DBE

Dr Mee Ling Ng (appointed 12 March 2013)

Mr Andrew Owen

Ms Diana Parker

Professor Shushma Patel (appointed 7 November 2012)

Mr James Smith CBE

Professor Jon Warwick

Mr Peter Winbourne (resigned 19 October 2012)

Changes in Governors since 31 July 2013

Ms Louisa Nyandey (appointed 17 October 2013)

Operating and Financial Review

This Operating and Financial Review is that of the University and its subsidiary, London South Bank Enterprises Ltd.

Our mission

Creating professional opportunity for all who can benefit.

We owe our origins to those far sighted people who created the Borough Polytechnic in 1892, an institution that was greatly admired and successful in delivering life-enhancing education relevant to employment. We have inherited, and cherish, the role of welcoming students with potential from all backgrounds and helping them achieve career success. This mission is central to London South Bank University and we remain true to it.

Putting students first

Student success remains as the University's overriding aim and is reflected in all that we do. We have made real progress in improving efficiency and concentrating on our core business, but we can do more. Our Corporate Plan 2011/14, 'Student Success', has responded to the current significant change in higher education by setting our priorities to become more innovative, efficient and financially sustainable. Changes in funding, increased student choice and competition amongst higher educational institutions will ensure that perception of value and quality will be ever more important. Therefore we must ensure that our portfolio is relevant to the student and employment market, that what we deliver is of the highest quality, and that we offer students the support that they need to succeed.

The increasing emergence of new competitive players will challenge us to be as efficient and effective as possible. However, we are taking a measured approach based on continuous improvement and recognising that price alone is not the key driver; other factors including teaching excellence, student-focused delivery modes and continued investment in student support will also be key to ensuring our success as compared to our competitors.

Commitments

We are committed to:

- Delivering success for our students
- Supporting all students who have the potential to succeed academically and professionally, irrespective of their background
- Working with local schools and Further Education colleges to help them prepare students for Higher Education
- Increasing admission selectivity on the basis of potential to succeed
- Increasing additional academic support for students to succeed, particularly in their first year
- Maintaining a sufficiently broad curriculum to enable most local students to study with us
- Investing in part-time and flexible delivery to enable students to balance study, work and personal lives
- Increasing support for employability skills for our students
- Working with staff to help them achieve greater success, satisfaction and reward
- Moving to enterprise-led research
- Excellence and continuous improvement in all that we do to meet the aspirations of our students and deliver ever better value for money.

Financial strategy and performance

As a result of continued financial pressure on public funding, government policy is transferring much of the burden of the cost of higher education to students. The Board decided on a simple pricing structure for our courses in 2012/13 (reflecting both the current commitments to continued funding for strategically important and vulnerable subjects and to maintaining funding for widening participation and teaching enhancement, alongside the fees paid by students) with a range of fees from £5,950 (for students studying for LSBU awards with partner colleges) to £8,450 (for students studying for LSBU awards within the University, or where awards are delivered both within the University and within partner colleges). The headline fee for 2013/14 has been held at £8,450. However, fees for full time, home and EU undergraduate students will increase from 2014/15 to the maximum £9,000, reflecting continued financial challenges and the need to maintain revenues and deliver desired financial outcomes to support the required level of investment. This change in pricing structure also allows us to offer an enhanced package of bursary support providing financial assistance to students at the time they need it most, whilst studying at LSBU. Fees for new international, postgraduate

Operating and Financial Review

and part time students will not increase in 2014/15 and we will seek to grow volume through competitive headline fees and a range of discounts.

Whilst confident that we are effectively managing price risk, there remains considerable financial uncertainty, including uncertainty about the way in which the new fees landscape will continue to unfold and the way in which competitor institutions and prospective students will react to changes. The University's financial strategy is therefore focused not only on future sustainability but also on maintaining financial resilience and flexibility at all times. The days of government bailing out universities are passed, therefore we have to take decisions that are financially robust and ensure academic quality. At times this will mean we have to let go of some worthy but financially unsustainable issues; But it also gives us the spur to become more innovative and efficient so that every penny of our students' fees is used to the maximum benefit of our students as their success will underpin the University's future.

The University's financial strategy is expressed through its rolling five year financial forecasts. The key elements of the financial strategy are to:

- aim for a surplus of 5% of income
- deliver growth in income, with a particular focus on enterprise, income from international students and non SNC post graduate and part-time provision
- improve progression of students
- ensure that all aspects of the University's operation are as lean and efficient as possible without compromising quality or student success
- manage staff costs, including agency costs, to an agreed maximum percentage of income
- increase investment over the plan period to provide for future sustainability in buildings and infrastructure
- maintain cash balances at agreed levels.

We entered 2012/13 in a strong financial position having made real progress streamlining activity and delivering efficiency wherever possible. A record financial surplus of £9.9m was achieved in 2010/11. This was followed by a surplus of £6.5m in 2011/12 after accounting for an impairment charge of £2.9m in respect of building stabilisation costs which made the result even more satisfying. Notwithstanding the record level of recent surpluses, it was always anticipated that 2012/13 would be far more challenging given the continued financial uncertainty, the continued reductions in government funding and the new fees regime. As expected, recruitment proved very challenging and in common with most other universities, LSBU fell short of initial recruitment targets. A revised downward forecast surplus of £2.5m was approved in November 2012 but thanks to strong financial control and leadership, prudent decision making and continued focus on efficiency and value for money, the University has achieved a financial surplus of £6.1m in the current year before the exceptional loss of £0.6m arising on deconsolidation of the Student Union, following a change to their constitution. Total income levels are consistent with previous year at £138m.

This strong track record of financial success has enabled the University to continue with the implementation of its 25 year estates strategy vision to totally transform the estate to support the delivery of academic services and enhance the student learning experience. The projects undertaken were prioritised based on business needs, criticality of service and cost reduction. Major building projects this year included the creation of a new Student Centre which opened in late 2012 and the complete renovation of the Grade II listed Georgian buildings at St George's Circus which opened in September 2013.

The Student Centre brings together many of the University's non-academic student support services and houses our Students' Union. Around £8m was spent on the project. The development takes a prime location under our existing Tower block, with a vibrant and exciting ground floor foyer and a first floor area perfect for meetings, social learning and group working.

In order for us to deliver our mission of creating professional opportunity for all who can benefit, it is fundamental that the University is intimately connected to the professional workplace- whether in public, private or third sectors. In line with this, we are developing a truly enterprising approach across the University in close partnership with key stakeholders. This will enrich course content and credibility, enhance connectivity and career prospects, and bring in funds to further enrich and develop the student experience. The re-developed terraces, completed in September 2013 at a cost of £13.5m, have been transformed to accommodate the University's Enterprise Centre housing incubation space, allied retail units, meeting rooms, an open public reception space, gallery and cafe. The development has

Operating and Financial Review

transformed the local landmark into an open gateway for the campus, making it fit for the 21st century. Following the recent completion of these two ‘anchor’ projects, plans are also in process for the redevelopment of the remaining site with a proposal to invest up to £90m over the next ten years funded from cash reserves and operating cash flows generated over that period. The financial strength of the University means that we do not need to place reliance on new loan funding to support these plans.

This increased investment in the estate will allow us to align and coordinate the interventions and investments, thus saving resources and achieving an improved cost-benefit ratio. For all projects, sustainability considerations are integrated at the design and construction phase to achieve benefits over the lifetime of the asset, and the sustainability team are included in all design development phases. Future plans also include £4m for specific projects to meet the University’s carbon reduction commitment by 2020.

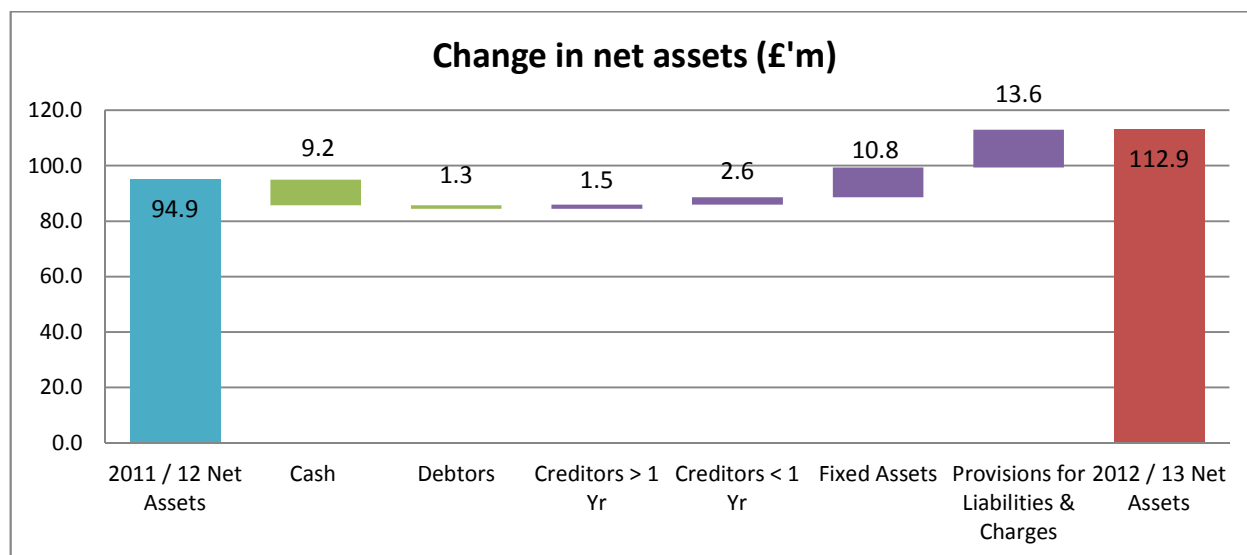
All of our infrastructure providers are procured through European Union processes to achieve full competition, and all suppliers are rigorously assessed from the sustainability aspect, an assessment that figures objectively in the decision whether or not to appoint.

At an operational level we are proud of our sustainability achievements by leading the way to have our energy and environmental management system certified to ISO 50001 and ISO 14001 standards.

Going forward we will seek to implement an asset management system to further optimise the management of our physical assets.

Balance sheet and liquidity

The Group’s net assets increased by 19% during the year moving from £94.9m to £112.9m. The change in assets is driven by three key factors: An increase of almost £11m in tangible assets due to the University’s continued investment in its Estate, a decrease of over £9m in cash at hand to fund these investment plans and a reduction of £13.6m in the provision for liabilities and charges including a reduction in the London Pension Fund Authority (LPFA) pension liability of almost £12.5m.

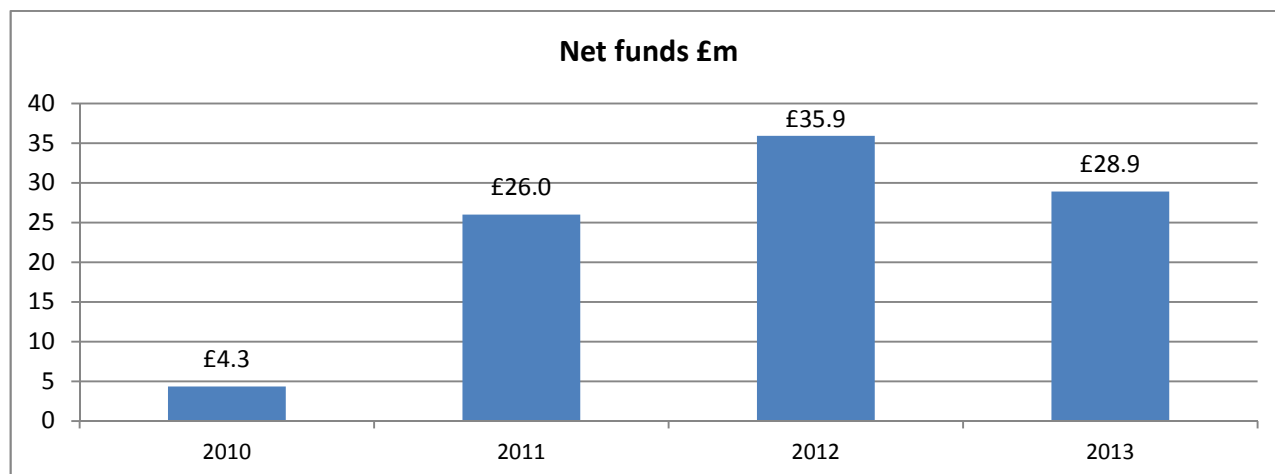


The University plans always to have sufficient liquid assets to meet its liabilities as they fall due. Days liquidity has decreased from 193 days at 31 July 2012 to 177 days at 31 July 2013. This reduction is primarily due to a fall in cash balances from £69.1m at 31 July 2012 to £59.9m at 31 July 2013, which reflects the increased level of capital expenditure in 2012/13. The longest term deposit is 6 months and the maximum overseas exposure is £1.8m through liquidity funds.

Borrowings have reduced from £33.3m at 31 July 2012 to £31.1m at 31 July 2013 reflecting loan repayments made.

Operating and Financial Review

Net funds are summarised below:



Borrowing capacity is reviewed on a regular basis and is considered adequate to meet current plans.

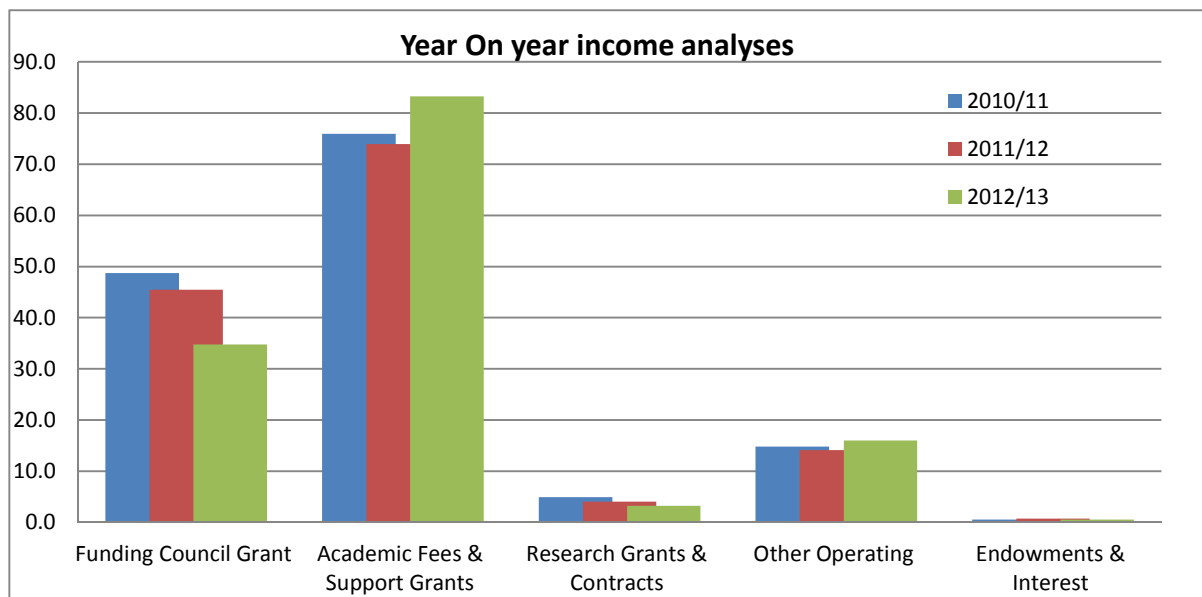
Result for the year

Financial Summary in £m				Variance from 2011 / 12	
	2012/13	2011/12	2010/11		
Income	£137.9	£138.3	£144.9	-\$0.4m	-0.3%
Expenditure	£132.4	£131.8	£135.0	£0.6m	0.5%
Surplus for the year	£5.5	£6.5	£9.9	-\$1.0m	-15.6%
Surplus %	4.0%	4.7%	6.8%		

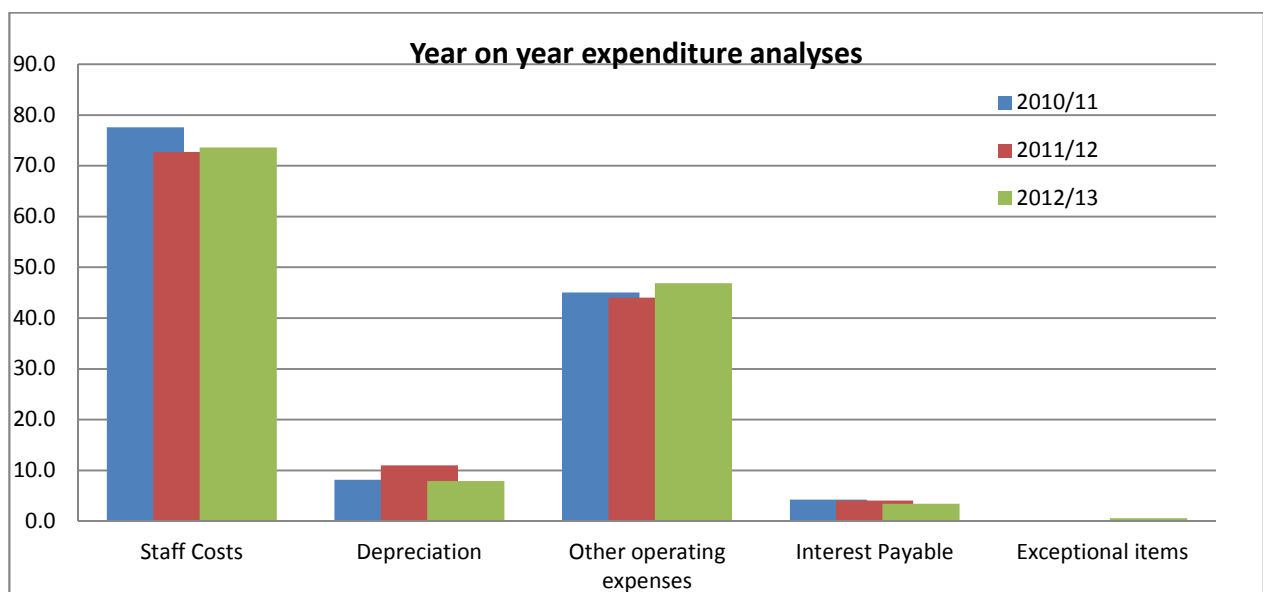
- The £5.5m surplus for the year is after accounting for a £0.6m exceptional item relating to the divestment of the Student Union. The underlying operating surplus of £6.1m is well ahead of the forecast surplus of £2.5m submitted to HEFCE in November 2012. In the context of the recruitment challenges across the sector in 2012/13 this is a considered a strong result.
- Total income decreased by 0.3% (£0.4m) to £137.9m (2011/12: £138.3m). There was a reduction in Funding Grant due to the introduction of a new fee regime for both undergraduate (UG) and post graduate (PG) students. This fall, however, was offset by an increase in UG fees and a significant increase in PG fees. The fall in income was primarily due to a further decline in Overseas Income and the change in funding regime with regard to Teacher Training.

Academic fees including NHS contract income and Funding Council grants remain the main sources of income for the University representing 60% and 25% respectively (2011/12 = 53% and 33%). 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 in 2011/12.

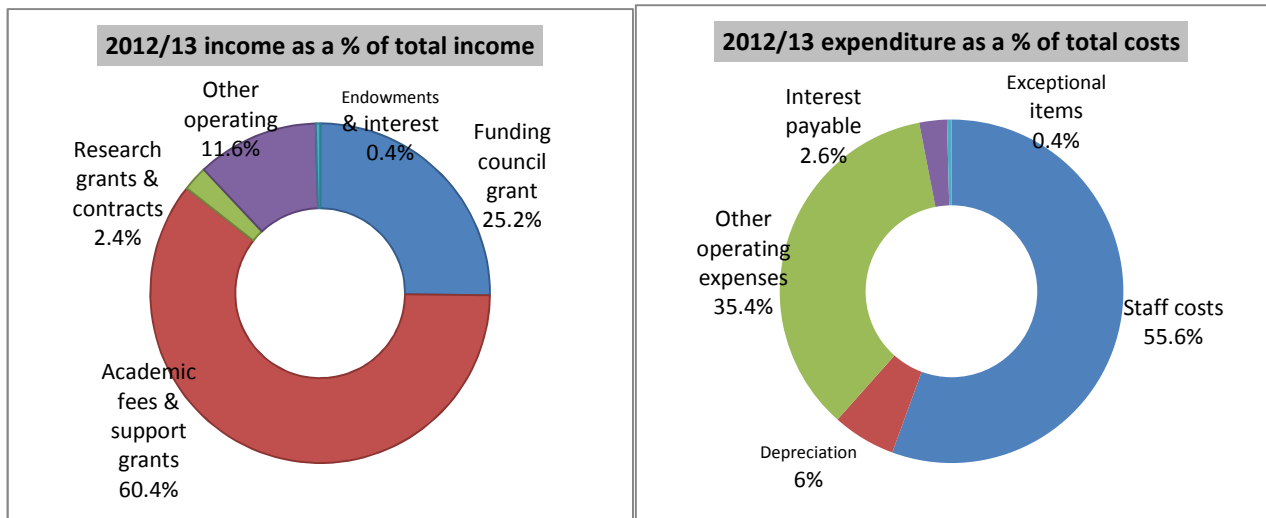
Operating and Financial Review



- Staff costs increased by 1.2% from £72.7m in 2011/12 to £73.6m in 2012/13 representing 53.4% of income (2011/12 = 52.6%) after accounting for Agency Staff costs, which are included in the accounts as operating expenditure. This remains an area of continued focus for the university in 2013/14.
- Other operating expenses increased from £44.0m to £46.9m an increase of 6.5%. This increase was driven by increased expenditure on Agency Staff, an additional provision for debts to cover higher fees due from self-paying and sponsored students, additional expenditure on staff recruitment and increased costs of staff development. This was offset by reductions in Utilities and Rent due to the rationalisation of our estate.



Operating and Financial Review

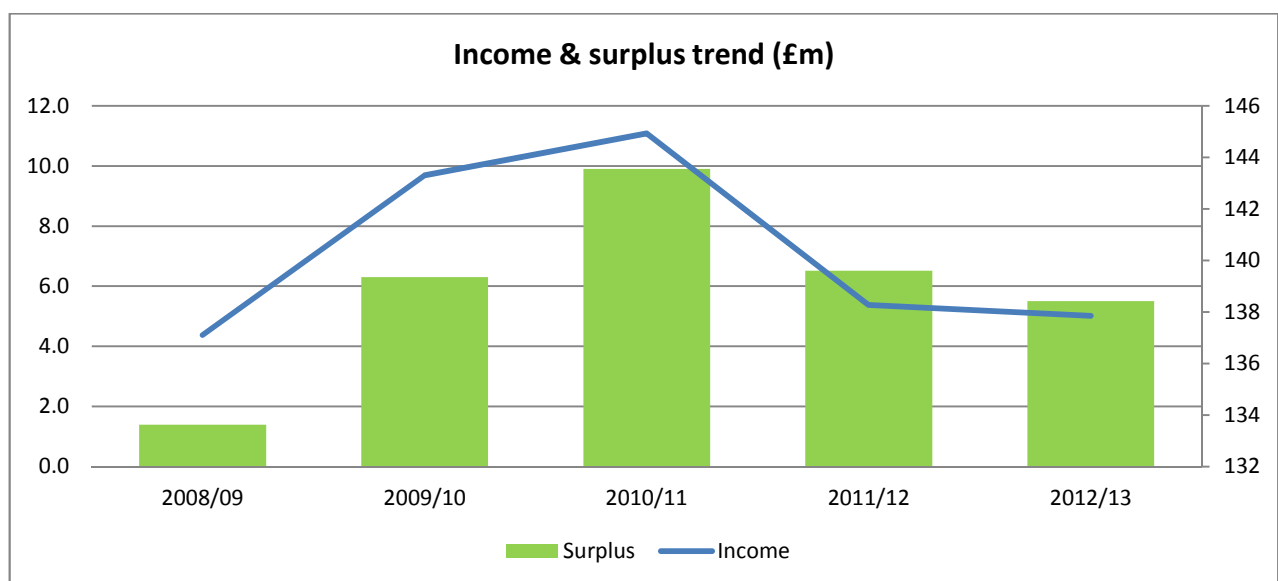


Capital expenditure

Capital expenditure amounted to £18.5m during the year as we continued to implement the Estate Strategy along with some additional investment in computers and other equipment. Major investments include the renovation of the Georgian Terraces which have been reconfigured as the Clarence Centre for Enterprise and Innovation, the completion of the Student Centre and a number of small projects targeting areas of student dis-satisfaction including a new entrance to the Perry Library and investments in the University's WiFi network.

Financial trend analyses

Income & surplus



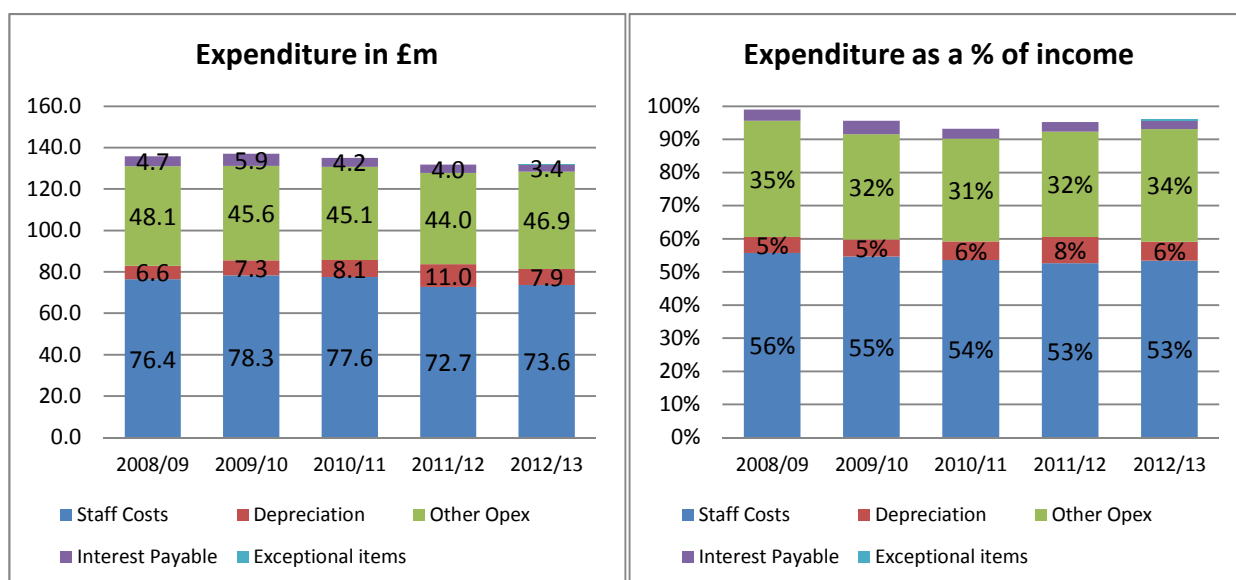
Operating and Financial Review

The increase in 2010/11 income can be explained from the one-off increase in UGFT (Undergraduate Full-Time) Student Numbers by 300. These discontinued in 2011/12 and income was further reduced in 2012/13 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 TTA funding in 2012/13 which further depressed income.

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. This income growth has been supplemented by better progression. However the number of students enrolling in the first year declined in 2012/13 as a result of the introduction of the new fee regime and is expected to remain below previous levels due to the change in Student Number Controls particularly with reference to students achieving in excess of ABB at A levels.

The surplus has remained relatively constant over the past few years but, excluding exceptional items, has reduced in 2012/13 by approximately £3m, from £9m to £6m. This reflects static income but continued upward pressure on staff costs and operating expenditure.

Expenditure



Staff costs (including restructuring costs) have decreased from £76.4m in 2008/09 to £73.6m in 2012/13. As a % of income, staff cost decreased from 56% to 53% of income by 2012/13.

Operational expenditure

Operating expenditure increased from 2008/09 as a result of the introduction of student bursaries alongside higher tuition fees. This has begun to reverse in 2012/13 with overall student bursaries falling for the first time due to the introduction of fee waivers which impact income rather than expenditure. The reduction in operating expenditure from 35% of income in 2008/09 to 34% in 2012/13 is a result of cost controls and savings made in a number of areas particularly with regard to the rationalisation of the estate.

Interest

Interest payable increased from £4.7m in 2008/09 to £5.9m in 2009/10 due to the increases to the FRS17 pension interest charge but has subsequently reduced to just over £3.4m in 2012/13 reflecting a reduction in borrowings outstanding and a lower charge relating to FRS 17.

Depreciation

Depreciation has increased over the 5-year period as a result of investments in the University's estate, in particular the K2 building which came into use in November 2009 and the Student Centre which came into use in 2012/13. The increase is expected to continue since the University has proposed further investments in the estate, additional

Operating and Financial Review

investments in IT infrastructure and systems and has further plans to improve teaching spaces. Depreciation is less than last year because the impairment write down of £2.9m in 2011/12 was reflected in the depreciation charge.

Cashflows

The University generated a net cash inflow from operating activities of £12.7m in the year. After accounting for the cost of the Capital Investment programme and repayment of loans, the net cash position was reduced by £9.2m.

Pension liability

The pension liability with the London Pension Scheme Authority (LPFA) has reduced from £74.7m to £62.2m, mainly as a result of actuarial gains. The FRS17 charge to the I&E account for the year is £6.9m (interest £1,961k and staff costs £4,985k) and a £14.2m gain is recognised in the statement of total recognised gains and losses (STRGL).

Principal risks and uncertainties

At a corporate level, the principal risks are identified and managed through the University's risk management processes. The major external risks which the University has identified, and the steps being taken to mitigate those risks, are as follows:

- *Failure to meet recruitment targets:* Changes to fee structures, increased competition and league table position may lead to under recruitment of students. We are mitigating this risk by developing detailed financial modelling and scenario analysis around the fees position, developing a sustainable strategy for recruitment, including international students, building on our academic strengths, developing different modes of delivery and ensuring differentiated marketing for undergraduate, part-time and post graduate programmes. The current position is monitored closely through regular reports on student recruitment to both Executive and Board.
- *Potential loss of NHS contract income:* Although NHS London's Contract Performance Management for Education Commissioning Results for 2009/10 revealed LSBU as the best university in London for Adult Nursing, there is a significant risk that meeting the financial challenges of the NHS will lead to a reduction in income to universities. Whilst NHS contract income for 2013/14 is expected to be broadly consistent with previous year, our current five year financial forecast has made allowances for potential reductions in later years. Mitigating actions include contract discussions with newly formed Local Education and Training Boards (LETBs) and a focus on submission of a strong return to the next Research Excellence framework (REF) exercise.

Going Concern

Governors are satisfied that it is appropriate to prepare the financial statements on a going concern basis. 2012/13 has been another year of continued strong financial performance. A reduced budget surplus for 2013/14 of £2.5m has been approved, but this is after accounting for a revenue investment pool of £2m which therefore allows for some flexibility in terms of actual spend. The next few years however 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 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 strong cash position (the University has £60m cash and bank deposits at 31 July 2013) supports the University's ambitious investment plans.

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Key performance indicators

Financial sustainability

	2011/12 (Actual)	2012/13 (Target)	Current Performance (Red, Amber Green)	Year on Year movement
Student numbers and contracts				
Recruitment against HEFCE contract	Within tolerance band	Within tolerance band	Within tolerance (predication)	➔
Recruitment against NHS contract commissions	On target	+/- 5%	On target	➔
Financial indicators				
Total income	£138.3m	£136.4m	£137.9	↓
International student income	£9.6m	£9.2m	£8.8m	↓
Research (non- HEFCE) income	£2.4m	£2.0m	£2.2m	↓
Enterprise income	£10.0m	£8.3m	£8.4m	↓
Total surplus (as % of income)	4.7%	1.8%	4.0%	↓
Cash balance (including bank deposits)	£69.1m	£59.1m	£60.0m	↓
Gearing ratio	0.35	0.37	0.27	↑
Days liquidity	193.4	137.0	176.6	↓

The student experience

Student satisfaction

Overall student satisfaction – Undergraduate (National Student Survey) *	80%	90%	82%	↑
Overall student satisfaction – post graduate (National Student Survey)	78%	90%	76%	↓

Student retention and progression

Full time undergraduate year 1 progression	63%	70%	65%	↑
Graduating in intended period (Full time undergraduate 3/4 years)	52%	65%	51%	↓

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	2011/12 (Actual)	2012/13 (Target)	Current Performance (Red, Amber Green)	Year on Year movement
Value Added				
Employment of graduates (employed or studying)	78.1%	90%	77.4%	↓
First degree students obtaining 1 st or upper 2 nd class degrees *	56%	60%	58%	↑
First degree students obtaining 1 st or 2 nd class degrees	90%	80%	90%	→
Resources				
Academic services spend per student *	£940	£1,000	£900	↓
Services and facilities spend per student	£1,062	£1,000	£1,100	↑
Student: staff ratio	22.4:1	21.0:1	23.7:1	↓
Brand profile				
League table ranking				
The Sunday Times	118 (of 122)	out of bottom 5	114 (of 122)	↑
The Guardian	104 (of 120)	Out of bottom 5	113 (of 119)	↓
The Complete University Guide	109 (of 116)	Out of bottom 5	119 (of 124)	↓
The Times	111 (of 116)	Out of bottom 5	118 (of 120)	↓
Subject league tables (The Guardian)				
Subjects in top 75% nationally	5 (of 17)	5 (of 15)	3 (of 21)	↓
Subjects in top 50% of post 1992 universities	3 (of 17)	5 (of 15)	2 (of 21)	↓
Subjects in top 50% of post 1992 London universities	3 (of 17)	5 (of 15)	4 (of 21)	↑
Student perceptions				
Early: late applications (full time undergraduate)	74:26	80:20	79:21	↓
Financial support from doners (cash received)	£1.5m	£1.6m	£1.4m	↓
Staff satisfaction	62%	70%	52%	↓

*Key League Table Measure

Operating and Financial Review

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's objects are charitable as required by section 3 of the Charities Act 2011. They are set out in the University's Memorandum of Association:

- To establish, carry on and conduct a University;
- To advance learning and knowledge in all their aspects and to provide industrial, commercial, scientific, technological, social, cultural and professional education and training;
- To provide courses of education both full time and part time;
- To provide opportunities and facilities for research and development of any kind including the publication of results, papers, reports, treatises, these or other material in connection with or arising out of such research; and
- To provide for the recreational and social needs and the health and welfare of students of the University.

The members of the Board of Governors are the charitable trustees of the University and they set the strategic direction of the University within these objects and having regard to the Charity Commission's guidance on public benefit. The University has no linked charities.

Benefits of education

The University's objects are applied solely for the public benefit. 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 provides support to 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.

The University also promotes knowledge and the raising of standards by:

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

Benefit to the public

The University's main beneficiaries are its students, which is appropriate to its aims. The main beneficiaries of the University are therefore a section of the public as required under principle 2 of the Commission's General Guidance on Public Benefit. 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.

Operating and Financial Review

From its beginnings as the Borough Polytechnic Institute, in 1892, to the present day, London South Bank University has stayed close to its founding mission of opening access to education. Schedule A of the ‘Scheme of the Charity Commissioners’ for the Borough Road Polytechnic Institute, of 23 June 1891 states that: ‘The object of the Institute is the promotion of industrial skill, general knowledge, health and well-being of young men and women belonging to the poorer classes ...’. This is still reflected in our current mission statement: “Creating professional opportunity for all who can benefit”. The University’s overriding aim as set out in its Corporate Plan, 2011-14 is student success.

Our student body is diverse and reflects our outreach to the wider community. 54.5% (2011/12: 54.1%) of our students are non-white in origin and 80.8% (2011/12: 83.8%) are over the age of 21 on entry to the University. 34.2% (2011/12: 36.2%) study part-time. 4478 undergraduates (2011/12: 4648) and 1567 taught postgraduate students (2011/12: 1847) graduated in 2012-13.

Our School and Colleges’ Liaison team has received a number of accolades for their work in widening participation and in particular were the winner of a Times Higher Education Award 2012 for Widening Participation Initiative of the Year. This innovative scheme provides care leavers with a first-hand taster of University life and demonstrates that a career in the City is an attainable goal. Overall, the team encourage under-represented groups, such as care leavers, people with disabilities and those from other minority groups, to consider higher education. Through a number of workshops, mentoring and careers advice, along with visits to City firms such as UBS, PriceWaterhouseCoopers and Lloyds of London, participants leave with a set of transferable skills to utilise throughout the remainder of their education, along with defined pathways to their desired objective.

We were awarded the Frank Buttle Trust Quality Mark in 2008 for our processes in support of care leavers, and we offer all care leavers a bursary of £750 at the beginning of each academic year, up to £1,000 travel allowance, a dedicated link person to deal with their local authority, help accessing all the University’s support services and support in finding accommodation appropriate to their needs and preferences, including year-round accommodation available outside term time.

Like other universities, we must charge tuition fees. Maintenance grants are of course available to those with restricted means, especially students from families on low incomes. In addition, the University offers financial assistance in the form of scholarships, bursaries and charitable funds to students in need.

Our fee structure for part-time students reflects the bursary/scholarship paid to full-time students thus ensuring that they are not disadvantaged by studying part-time. We continue to benchmark our non-regulated fees against similar institutions and maintain close links with a number of local partner Further Education colleges through the validation and franchise of higher education courses taught by those partners.

The University’s beneficiaries are not restricted to its students. There are also wider public benefits provided by higher education to which the University contributes. The University’s portfolio is firmly rooted in professional courses that enhance employability and career success. The University continues to offer professional and vocational courses, supported by a high level of accreditation from professional, statutory and regulatory bodies.

A key role of universities is knowledge creation and transfer. Knowledge is transferred to our students through formal teaching programme and access to academic resources. The University’s research activities also contribute to a wider public benefit through the publication of technological advances, scientific knowledge and innovation. The University has undertaken and published research in 2012-13 which will benefit the wider public, examples follow.

- In the field of health the University is working on a project funded by CLIC Sargent evaluating the impact of the nursing key worker support project on children with cancer and their families. It is examining the extent to

Operating and Financial Review

which the nursing key worker support role improves patient and family experience; whether children and their families are better able to spend more time safely at home during treatment and identifying obstacles to providing care closer to home that may be overcome by the key worker role.

- In the field of engineering, research for Sellafield has been undertaken into a range of issues relevant to nuclear decommissioning including mitigation of hydrogen hazard; the heat flow interaction of ground source heating and cooling with underground railways for London Underground; and improving refrigeration technologies along the European food cold chain.
- In social policy research is being undertaken into the issues affecting ageing and wellbeing of black, Asian and minority ethnic elders in Lewisham and Southwark and the factors that impact on their access and uptake of person centred planning; and how accounts of the formative impact of early experience on brain development are informing politics, key social policy legislation and early intervention initiatives, as well as the consequences for everyday practice among health care providers and early years educators.
- In psychology, a research project is looking at 'Executive functioning in children with Developmental Coordination Disorder', increasing awareness of DCD as a disorder and the impact that motor difficulties may have on other areas of functioning.

In the area of enterprise, the University has expanded its student entrepreneurship package to assist more of its entrepreneurial students and former students to explore and develop the commercial potential of their ideas through its *Entrepreneurship in Action Scheme*, *Enterprise Associate Scheme* and *Entrepreneur and Enterprise Link Schemes*. The University has increased the level of expert mentorship, coaching and advice its student entrepreneurs can receive by doubling (to four) the number of established, successful entrepreneurs it retains as resident entrepreneurs. In addition, it has established a new network to facilitate better engagement of the University and its student entrepreneurs with the local business community. It is hoped that the Clarence Centre for Enterprise and Innovation, the University's new enterprise centre (opened in September 2013), will become the new focus at the heart of SE1 for the University's engagement with the business community locally, across London and throughout the South East of England. The Clarence Centre houses the University's student entrepreneurs and a number of new and growing businesses taking advantage of the business incubator space the building offers.

The University also serves the public benefit through its outreach and community work. The University is establishing and sponsoring an academy school in the local area in order to help meet the forecast increase in school age pupils in the local area and to help pupils prepare for higher education. Other activities in this area include the Legal Advice Clinic and the public art gallery, which are informed by LSBU's educational programmes and the Confucius Institute for Traditional Chinese Medicine which helps inform aspects of LSBU's educational programmes.

The University Engineering Academy South Bank, due to open in September 2014, is the first academy in South London to be sponsored by a University. The Academy will specialise in engineering within the broad science, technology, engineering and maths (STEM) framework. The sponsorship of the Academy supports the University's agenda on community engagement which aims to create professional opportunities for students who have the ability to succeed and to enhance student success by preparing them for higher education at the University.

The Legal Advice Clinic helps students enhance their professional legal skills whilst offering free help, support and legal advice for the local community.

Borough Road Gallery was financed by a grant from the Heritage Lottery Fund to renovate part of the Borough Road building, and to devise a two-year programme of exhibitions and events that explore 'A David Bomberg Legacy – The Sarah Rose Collection'. The collection includes over 150 works by members of the Borough Group including David Bomberg, Dennis Creffield, Cliff Holden, Edna Mann, Dorothy Mead, and Miles Richmond and was donated to the University by Sarah Rose. The gallery is open to the public during exhibitions and also runs an educational public programme. To date, this has included workshops with local secondary schools, a partnership with local adult educational specialist Morley College, and a series of talks and events for the general public.

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The University's Confucius Institute for Traditional Chinese Medicine provides benefits to its students and the wider community. Through its Confucius Institute, the University is able to design and deliver Chinese curricula that are authentic and credible. The Institute also works with a network of 42 primary and secondary schools to raise aspirations to learn about another culture. The Institute acts as a facilitator between UK and China researchers to improve dialogue and helps the University ensure its students and communities are prepared for a global world; one in which China plays a greater role.

Employment; policy, diversity and training

During the year the University has continued to roll out action from its Equality Diversity and Inclusion Policy which was first developed to ensure that the University met all of its obligations under the terms of the Equality Act 2010 and in particular to deliver the requirements of the general equality duty in relation to staff. This requirement covers all staff and in particular those who are defined within the nine protected characteristics outlined in the Act.

We are committed to the promotion of equality, diversity and a supportive environment for all members of our community and aspire to be a truly inclusive organisation. To enable us to achieve this we have developed a wide ranging plan of action based on our Equality and Diversity and Inclusion Policy to strive to prevent and eliminate discrimination, promote fairness and celebrate the diversity within our community.

Employee recruitment and grading processes, together with programmes for employee involvement, communication and training are all designed to promote equal opportunity irrespective of age, disability, sex, gender reassignment, marriage/civil partnership, pregnancy and maternity, race, religion or sexual orientation.

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.

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

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 24 (2012: 30).

Accounting policies

The University's financial statements have been prepared in accordance with the Statement of Principal Accounting Policies set out on pages 32 to 36. The University's Governing Body has reviewed the Group's accounting policies and considers them to be the most appropriate to the University'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 £0.5m in gift aid to the University this year (2012: £0.6m).

SBUEL is fully consolidated into the Group accounts.

Constitution, governance and regulation

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 20 to 25 and the members of the Board of Governors during the year ended 31 July 2012 are listed on page 2. The Governors are also directors under the Companies Act 2006.

Operating and Financial Review

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.

The University's principal officers and advisers are listed on page 1.

Disclosure of information to auditors

At the date of making this report each of the Governors, as set out on page 2, 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 Operating & Financial Review (OFR) 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 David Longbottom
Chair of the Board of Governors
21 November 2013

Responsibilities of the Board of Governors

In accordance with the University's Memorandum and 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 Memorandum and 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 Financial Memorandum agreed between the 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 Financial Memorandum 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:

Mr David Longbottom
Chair of the Board of Governors

21 November 2013

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 Memorandum and Articles of Association and the Financial Memorandum with HEFCE.

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 2013 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 four times a year 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 faculty and department. Review procedures cover business, operational and compliance as well as financial risk;
- The executive team 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 faculties and departments; 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.

Corporate Governance Statement

The following statement is given to assist readers of the financial statements in obtaining an understanding of 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 Financial Memorandum 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 Memorandum and 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, subject to some control design and operating effectiveness issues around IT security for which responses are in hand 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 Memorandum and Articles of Association, which govern how the University is run.

The Articles set 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

The Board has complied with all aspects of the CUC Governance Code of Practice during the year under review.

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. It takes the final decision on all matters of fundamental concern to the institution.

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 and duties of charity trustees when making decisions. Governors are unremunerated but may claim back expenses properly incurred in the discharge of their duties. All members are expected to attend meetings and to contribute effectively to meetings. Attendance at meetings is recorded and monitored by the Chairman. In the year under review there was an 83% (2011/12: 83%) attendance rate at Board meetings.

Corporate Governance Statement

The Board met five times during the year (five in 2011/12) and held two strategy days (two in 2011/12). The Board prioritises strategic matters at its meetings. In addition the Board holds two strategy days per year allowing further time to discuss and debate longer-term strategic challenges for the University. One strategy day is forward looking and the other focusses on delivery of the strategic plan. Where necessary, governors receive presentations on a specific strategic matter before Board meetings to allow them to explore key issues in greater depth.

As recommended by the CUC Governance Code of Practice the Board has agreed a statement of primary responsibilities (on page 24), which is reviewed annually. It follows the model statement as recommended by the CUC and includes approval of the educational character, mission and strategic vision of the university and to ensure that these meet the needs of stakeholders.

The Board delegates day-to-day management of the University to the Vice Chancellor as Chief Executive and Chief Academic Officer. The Vice Chancellor's delegated authority is set out in the Instrument of Government and includes:

- making proposals to the Board about the educational character and mission of the University;
- the organisation, direction and management of the University and leadership of staff;
- the determination, after consultation with the Academic Board, of the University's academic activities, and for the determination of its other activities;
- preparing annual estimates of income and expenditure for consideration by the Board of Governors, and for the management of budget and resources, within the estimates approved by the Board of Governors;
- for the maintenance of student discipline and within the rules and procedures provided for within these Articles, for the suspension or expulsion of Students on disciplinary grounds and for implementing decisions to expel students for academic reasons.

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 the academic affairs, 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 members of the Board 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, where necessary with conditions, for example not participating in the decision making process for the relevant matter. In accordance with the Companies Act 2006, 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

The University Court is a body established to enhance 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 large and varied 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 new Student Centre on 21st March 2013.

Corporate Governance Statement

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

Structure and Processes

The Board when fully complemented consists of 20 governors: 13 independent governors, the Vice Chancellor, two student governors, two academic staff members nominated by the Academic Board, an academic staff member elected by the academic staff and a support staff member elected by the support staff. Governors serving for the period are listed on page 2. The Board determines the number and composition of the Board of Governors within parameters set by the University's Articles of Association.

As part of its revision of the University's articles of association (see below), the Board has decided, that in order to optimise its effectiveness and that of its committees, to reduce its membership to a maximum of 18 for the academic year 2013/14: 13 independent governors, the Vice Chancellor, two student governors and two academic staff members nominated by the Academic Board.

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 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 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. At the University's expense, governors have the right to external, independent advice 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 independent advice on 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

The Board of Governors last reviewed its effectiveness in 2010 and plans a further review of its own effectiveness during 2013/14. The effectiveness of the key Board committees was last reviewed in 2011/12 and will form part of the next Board effectiveness review.

Committees

The Board operates through a number of committees which report to the Board at each meeting. 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 pages of the University's website. All committees have a majority of independent governors, from whom its Chairman is drawn. The chairs of each committee are set

Corporate Governance Statement

out on page 25. The terms of reference of each committee complement the decision-making framework of the Matters Reserved to the Board, which the Board reviews annually.

Matters specifically reserved to the Board as a whole for decision include:

- The determination of the educational character and mission of the University;
- The approval of the University's long-term mission and strategic vision;
- The approval of the annual budget and five year forecasts;
- Investment in capital projects above agreed levels;
- Election of the Chairman of the Board;
- Appointment of the Vice Chancellor and the Clerk to the Board; and
- The variation of the University's Memorandum and Articles of Association.

Current committees of the Board are:

- Policy and Resources Committee;
- Audit Committee;
- Educational Character Committee;
- Human Resources Committee;
- Property Committee;
- Nominations Committee;
- Appointments Committee; and
- Remuneration Committee.

The Policy and Resources Committee advises the Board of Governors on the solvency and the use and safeguarding of its resources and assets, and recommends to the Board of Governors the University's annual revenue and capital budgets and monitors performance in relation to those budgets. It reviews high level corporate policy of the University. Throughout the year under review it met on five occasions.

The Audit Committee is responsible for meeting the external auditors and internal auditors of the University and reviewing their work. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's response and implementation plans. It provides oversight of the risk management process and receives regular risk reports from management. It also scrutinises the University's relationship with HEFCE and monitors adherence with its regulatory requirements. It reviews the University's annual financial statements together with the accounting policies. Whilst members of the Executive attend meetings of the Audit Committee, they are not members of the Committee. The Chairman of the Board is not a member of the Committee and does not attend its meetings. The committee met four times during the year under review.

The Educational Character Committee is relatively new and had its first meeting in September 2011. It helps the Board gain a greater insight and understanding of the educational and academic work of the institution. It considers issues such as student retention and progression, student satisfaction and reports from the Academic Board. The committee met three times in the year under review.

The Human Resources Committee is responsible for setting the framework for the determination and implementation of policies and procedures relating to the employment of staff. It also sets the framework for collective salary and conditions of service negotiations and advises the Vice Chancellor as HEFCE's Accounting Officer of best practice on human resource issues. The Committee considers the broad financial implications of the University's staffing needs.

Corporate Governance Statement

Staff and Student Governors are prohibited by the articles of association from serving on the Committee. With the Chair's permission, one of the staff governors attends as an observer. The committee met three times during the year under review.

The Property Committee advises the Board of Governors on property and estates matters. It considers all major estates projects before recommending their approval to the Policy and Resources Committee and the Board of Governors. The Property Committee monitors the execution of these projects. It met twice during the year under review.

The Nomination Committee meets as necessary to consider candidates for independent governor vacancies on the Board of Governors. Independent Governors are appointed for a term of four years by the Appointments Committee. Renewal for an additional term can be considered, but is not automatic. The Nominations Committee met twice during the year and recommended two new independent governors for appointment.

The Remuneration Committee determines the annual remuneration of senior post holders. It meets annually.

Modernisation of the Articles

During the year, to ensure compliance with legislation, the Board has reviewed the University's constitution. A proposed new set of Articles has been presented to the Privy Council for approval during autumn 2013.

Board of Governors – Statement of Primary Responsibilities (approved by the Board at its meeting in October 2013)

- 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.
- To delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate, personnel management 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.
- 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.
- 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.
- 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.
- 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.
- To safeguard and promote the good name and values of the institution.
- To appoint the head of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
- 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.
- To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
- 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.

Corporate Governance Statement

- 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.
- To make such provision as it thinks fit for the general welfare of students.
- 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.
- 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.

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

Chair of the Board of Governors	Mr David Longbottom
Vice Chair of the Board of Governors	The Revd Canon Sarah Mullally DBE
Head of Institution (Vice Chancellor and Chief Executive)	Professor Martin Earwicker
Chair of Policy and Resources Committee	The Revd Canon Sarah Mullally DBE
Chair of Audit Committee	Mr Andrew Owen
Chair of Educational Character Committee	Mr Steve Balmont
Chair of Human Resources Committee	Ms Anne Montgomery
Chair of Property Committee	Mr Ken Dytor
Chair of Nominations Committee	Mr David Longbottom
Chair of Appointments Committee	Mr David Longbottom
Chair of Remuneration Committee	Ms Diana Parker
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. The Corporate Governance and Internal Control statements were approved by the Board of Governors on 21 November 2013 and were signed on its behalf by:

Mr David Longbottom

Chair of the Board of Governors

Professor Martin Earwicker

Vice Chancellor

Report of the independent auditor to the Board of Governors of London South Bank University (Company registration number 986761)

We have audited the financial statements of London South Bank University (the 'University') for the year ended 31 July 2013 which comprise of the principal accounting policies, the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the note of consolidated historical cost surplus, the consolidated and university balance sheets, 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 members and 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 University and its Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the University's Board of Governors and auditors

As explained more fully in the Governing Body's Responsibilities Statement set out on page 18, 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 (APB'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 FRC'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 2013 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 Operating and Financial Review for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the independent auditor to the Board of Governors of London South Bank University (Company registration number 986761)

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, if relevant, managed in accordance with relevant legislation; and
- funds provided by HEFCE have been applied in accordance with the 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:

Under the Companies Act 2006 we are required 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 on Internal Control is inconsistent with our knowledge of the University.

David Barnes
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
21 November 2013

London South Bank University

Consolidated income and expenditure account Year ended 31 July 2013

		2013	2012
		£'000	£'000
Income	Note		
Funding council grants	1	34,750	45,450
Academic fees and support grants	2	83,282	73,959
Research grants and contracts	3	3,255	4,068
Other operating income	4	16,001	14,094
Endowment income and interest receivable	5	566	697
		<hr/>	<hr/>
Total income		137,854	138,268
		<hr/>	<hr/>
Expenditure			
Staff costs	6	73,619	72,725
Depreciation	13	7,870	10,989
Other operating expenses	8	46,876	44,020
Interest payable	10	3,433	4,019
		<hr/>	<hr/>
Total expenditure		131,798	131,753
		<hr/>	<hr/>
Surplus before exceptional items		6,056	6,515
		<hr/>	<hr/>
Exceptional Items: Deconsolidation of the Students' Union	11	(556)	-
		<hr/>	<hr/>
Surplus for the year		5,500	6,515
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 37-58 form an integral part of the Financial Statements. All activities consist of continuing operations.

London South Bank University

Consolidated statement of total recognised gains and losses Year ended 31 July 2013

		2013	2012
		£'000	£'000
	Note		
Surplus for the year	23	5,500	6,515
Actuarial gains/(losses) relating to pension scheme	25	14,237	(18,146)
Change in market value of endowment asset investments	27	88	(10)
		<hr/>	<hr/>
Total recognised gains/(losses) relating to the financial year		19,825	(11,641)
		<hr/> <hr/>	<hr/> <hr/>

Reconciliation

Opening reserves and endowments		63,252	74,893
Total recognised gains/(losses) for the year		19,825	(11,641)
		<hr/>	<hr/>
Closing reserves and endowments		83,077	63,252
		<hr/> <hr/>	<hr/> <hr/>

Note of consolidated historical cost surplus Year ended 31 July 2013

		2013	2012
		£'000	£'000
Reported surplus for the year	23	5,500	6,515
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	22	794	802
		<hr/>	<hr/>
Historical cost surplus for the year		6,294	7,317
		<hr/> <hr/>	<hr/> <hr/>

**Balance sheets
As at 31 July 2013**

		Consolidated		University	
		2013	2012	2013	2012
		£'000	£'000	£'000	£'000
Fixed assets	Note				
Tangible assets	13	174,292	163,626	174,292	163,618
Investments	14	38	38	38	38
		<u>174,330</u>	<u>163,664</u>	<u>174,330</u>	<u>163,656</u>
Endowment fixed assets					
Total Endowments	27	729	641	729	641
		<u>729</u>	<u>641</u>	<u>729</u>	<u>641</u>
Stocks		18	46	18	39
Debtors	15	7,823	9,101	7,770	8,923
Bank Deposits		5,206	5,145	5,206	5,145
Cash at bank and in hand		54,750	64,001	53,821	62,314
		<u>67,797</u>	<u>78,293</u>	<u>66,815</u>	<u>76,421</u>
Creditors: amounts falling due within one year	16	<u>(38,137)</u>	<u>(40,746)</u>	<u>(37,835)</u>	<u>(40,190)</u>
Net current assets		<u>29,660</u>	<u>37,547</u>	<u>28,980</u>	<u>36,231</u>
Total assets less current liabilities		<u>204,719</u>	<u>201,852</u>	<u>204,039</u>	<u>200,528</u>
Creditors: amounts falling due after more than one year	17	(29,592)	(31,062)	(29,592)	(31,062)
Provisions for liabilities	19	-	(1,179)	-	(1,179)
Pension liability	20	(62,211)	(74,664)	(62,211)	(74,664)
		<u>(91,803)</u>	<u>(106,905)</u>	<u>(91,803)</u>	<u>(106,905)</u>
Net assets		<u>112,916</u>	<u>94,947</u>	<u>112,236</u>	<u>93,623</u>
Deferred capital grants	21	29,839	31,695	29,839	31,695
Endowments					
Permanent	27	341	304	341	304
Expendable	27	388	337	388	337
		<u>729</u>	<u>641</u>	<u>729</u>	<u>641</u>
Capital and reserves					
Income & expenditure account excluding pension reserve	23	114,367	106,289	113,687	104,965
Pension reserve	23	(62,211)	(74,664)	(62,211)	(74,664)
		<u>52,156</u>	<u>31,625</u>	<u>51,476</u>	<u>30,301</u>
Income and expenditure account including pension reserve		<u>52,156</u>	<u>31,625</u>	<u>51,476</u>	<u>30,301</u>
Revaluation reserves	22	30,192	30,986	30,192	30,986
Total		<u>112,916</u>	<u>94,947</u>	<u>112,236</u>	<u>93,623</u>

These financial statements were approved by the Board of Governors on 21 November 2013 and were signed and authorised on their behalf by:

London South Bank University

Consolidated Cash flow statement Year ended 31 July 2013

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	30	12,729	20,083
Returns on investments and servicing of finance	31	(906)	(1,060)
Capital expenditure and financial investment	32	(18,552)	(11,063)
Acquisitions and disposals	33	(547)	-
Net cash (outflow) / inflow before management of liquid resources and financing		(7,276)	7,960
Management of liquid resources	34	(61)	15,209
Financing	35	(1,914)	(1,419)
(Decrease)/increase in cash	36	(9,251)	21,750
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash	36	(9,251)	21,750
Cash outflow/(inflow) from/(to) liquid resources	34	61	(15,209)
Net decrease in debt	37	2,254	3,378
Change in net funds		(6,936)	9,919
Net funds at 1 August	36	35,897	25,978
Net funds at 31 July	36	28,961	35,897

London South Bank University

Principal Accounting Policies Year ended 31 July 2013

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 10 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 LSBU SU within these financial statements.

Consolidation of subsidiaries is based on the equity method.

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.

London South Bank University

Principal Accounting Policies Year ended 31 July 2013

Income recognition (continued)

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	20 - 25% per annum
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.

London South Bank University

Principal Accounting Policies Year ended 31 July 2013

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.

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

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Principal Accounting Policies Year ended 31 July 2013

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 25).

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.

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 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.

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Principal Accounting Policies Year ended 31 July 2013

Accounting for 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 2013

1. Funding council grants	2013	2012
HEFCE	£'000	£'000
Recurrent grant	30,993	40,368
Specific grants	810	1,020
Pension liabilities	224	260
Other funding bodies		
Skills Funding Agency (SFA) grant	60	98
Teaching Agency grant	770	2,018
Deferred capital grants released (note 21)	1,893	1,686
	<hr/>	<hr/>
	34,750	45,450
	<hr/> <hr/>	<hr/> <hr/>
2. Academic fees and support grants	2013	2012
	£'000	£'000
Full-time home and EU students	38,120	26,479
Full-time international students	8,456	9,191
Part-time students	7,486	6,742
Other courses	191	885
Strategic Health Authority education contracts	29,029	30,662
	<hr/>	<hr/>
	83,282	73,959
	<hr/> <hr/>	<hr/> <hr/>
3. Research grants and contracts	2013	2012
	£'000	£'000
Research councils	1,123	1,185
UK based charities	279	231
European Commission	434	117
Other grants and contracts	750	1,483
Knowledge Transfer Partnerships	669	1,052
	<hr/>	<hr/>
	3,255	4,068
	<hr/> <hr/>	<hr/> <hr/>
4. Other operating income	2013	2012
	£'000	£'000
Residence and catering income	9,125	8,378
Other income	6,876	5,716
	<hr/>	<hr/>
	16,001	14,094
	<hr/> <hr/>	<hr/> <hr/>

London South Bank University

Notes to the accounts Year ended 31 July 2013

5. Endowment income and investment income	2013	2012
	£'000	£'000
Income from permanent endowments	12	12
Income from expendable endowments	13	13
Interest receivable	541	672
	<u>566</u>	<u>697</u>
6. Staff - consolidated	2013	2012
Average staff numbers by major category:	No.	No.
Academic staff	665	726
Part time teaching staff	307	331
Student support staff	411	431
Other support staff	385	380
	<u>1,768</u>	<u>1,868</u>
	2013	2012
Costs:	£'000	£'000
Wages and salaries	59,355	59,228
Social security costs	5,207	5,306
Employers' pension contributions	9,057	8,191
	<u>73,619</u>	<u>72,725</u>

Staff costs for the year include costs arising from redundancies of £1.5m (2012: £0.9m).

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.

	2013	2012
	£'000	£'000
Salaries	447	467
Pension contributions	23	33
	<u>470</u>	<u>500</u>

Governors, who are also all trustees, are paid expenses for attending meetings and duties directly related to their duties as trustees. In 2013, six trustees were paid total expenses of £3,716 (2012: three trustees were paid total expenses of £2,342) for travel and subsistence.

London South Bank University

Notes to the accounts Year ended 31 July 2013

7. Remuneration of Board of Governors and Higher-Paid employees (continued)

B. Higher paid employees

Certain employees received remuneration (excluding pension contributions) in excess of £100,000 during the year. Seven of these employees accrued benefits under defined benefit pension schemes during the year (2012:7). These employees are grouped as follows:

	2013	2012
	No.	No.
£100,000 to £109,999	3	1
£110,000 to £119,999	2	2
£120,000 to £129,999	1	1
£130,000 to £139,000	1	1
£160,000 to £169,999	1	1
£230,000 to £239,999	1	1
	<hr/>	<hr/>
	9	7
	<hr/> <hr/>	<hr/> <hr/>

C. Remuneration of the Vice Chancellor

	2013	2012
	£'000	£'000
Salary and taxable benefits	233	238
	<hr/>	<hr/>
Total emoluments and remuneration	233	238
	<hr/> <hr/>	<hr/> <hr/>

All remuneration of the Vice Chancellor was to the current Vice Chancellor Professor Martin Earwicker. 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.

	2013	2012
	£'000	1£'000
8. Other operating expenses		
Academic	13,585	14,070
Academic support	5,232	3,755
Other support	5,174	3,979
Premises	16,076	16,588
Residence and catering	1,089	1,014
Other expenses	5,720	4,614
	<hr/>	<hr/>
	46,876	44,020
	<hr/> <hr/>	<hr/> <hr/>

London South Bank University

Notes to the accounts Year ended 31 July 2013

8. Other operating expenses (continued)

	2013 £'000	2012 £'000
Group other operating expenses are stated after charging:		
Auditors' remuneration		
<i>External audit</i>		
Grant Thornton UK LLP*	51	49
<i>Internal audit**</i>		
PricewaterhouseCoopers LLP	95	87
<i>Other services**</i>		
Grant Thornton UK LLP	3	3
Rentals under operating leases		
Plant and machinery	269	375
Other assets	120	872
Loss on disposal of fixed assets	8	26
	<u>8</u>	<u>26</u>

* Includes £47,736 attributable to the University (2012: £46,350)

** All attributable to the University

Depreciation includes £340,000 attributable to assets held under finance leases (2012: £833,000)

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 £13,410 (2012: £22,459). The asset would be recovered if suitable taxable profits were to arise in the future against which the asset could be offset.

	2013 £'000	2012 £'000
10. Interest payable		
Loans repayable within five years	15	78
Loans not wholly repayable within five years	1,420	1,592
Unwinding of discount in respect of pension liability less expected return on pension assets (see note 19)	1,961	2,262
Finance leases	37	87
	<u>3,433</u>	<u>4,019</u>

London South Bank University

Notes to the accounts Year ended 31 July 2013

11 Exceptional items

Following a change to the constitution of the London South Bank University Students' Union (LSBUSU) from July 2013, the University no longer exercises control of LSBUSU and therefore has ceased consolidating the accounts of LSBUSU within these financial statements. At 1 August 2012 LSBUSU had net assets of £556,000 and the impact of this is a loss on derecognition made up as follows:

	£'000
Fixed Assets	8
Stock	7
Debtors	30
Cash at bank and in hand	547
Creditors	(36)
	<hr/>
Net Assets	556
	<hr/> <hr/>

12. 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 £6.1m (2012: £5.7m).

London South Bank University

Notes to the accounts Year ended 31 July 2013

13. Tangible fixed assets

(a) 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 2012	30,656	159,733	47,281	52	8,707	246,429
Additions	1,782	624	-	-	16,138	18,544
Disposals	(249)	-	-	-	-	(249)
Transfers	824	6,754	-	-	(7,578)	-
At 31 July 2013	<u>33,013</u>	<u>167,111</u>	<u>47,281</u>	<u>52</u>	<u>17,267</u>	<u>264,724</u>
Depreciation						
At 1 August 2012	(22,404)	(37,415)	(22,939)	(45)	-	(82,803)
Charge for the year	(2,560)	(4,015)	(1,295)	-	-	(7,870)
Disposals	241	-	-	-	-	241
At 31 July 2013	<u>(24,723)</u>	<u>(41,430)</u>	<u>(24,234)</u>	<u>(45)</u>	<u>-</u>	<u>(90,432)</u>
Net book value						
At 31 July 2013	<u>8,290</u>	<u>125,681</u>	<u>23,047</u>	<u>7</u>	<u>17,267</u>	<u>174,292</u>
At 31 July 2012	<u>8,252</u>	<u>122,318</u>	<u>24,342</u>	<u>7</u>	<u>8,707</u>	<u>163,626</u>

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 2013 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	30,656	86,656	24,854	52	17,267	159,485
Depreciation	(22,403)	(21,585)	(15,034)	(45)	-	(59,067)
Net book value	<u>8,253</u>	<u>65,071</u>	<u>9,820</u>	<u>7</u>	<u>17,267</u>	<u>100,418</u>

London South Bank University

Notes to the accounts Year ended 31 July 2013

13. Tangible fixed assets (continued)

(b) University	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 2012	30,405	159,735	47,281	52	8,707	246,180
Additions	1,782	624	-	-	16,138	18,544
Transfers	824	6,754	-	-	(7,578)	-
At 31 July 2013	<u>33,011</u>	<u>167,113</u>	<u>47,281</u>	<u>52</u>	<u>17,267</u>	<u>264,724</u>
Depreciation						
At 1 August 2012	(22,182)	(37,396)	(22,939)	(45)	-	(82,562)
Charge for the year	(2,560)	(4,015)	(1,295)	-	-	(7,870)
At 31 July 2013	<u>(24,742)</u>	<u>(41,411)</u>	<u>(24,234)</u>	<u>(45)</u>	<u>-</u>	<u>(90,432)</u>
Net book value						
At 31 July 2013	<u>8,269</u>	<u>125,702</u>	<u>23,047</u>	<u>7</u>	<u>17,267</u>	<u>174,292</u>
At 31 July 2012	<u>8,223</u>	<u>122,339</u>	<u>24,342</u>	<u>7</u>	<u>8,707</u>	<u>163,618</u>

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 2013 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	30,405	86,656	24,854	52	17,267	159,234
Depreciation	(22,182)	(21,585)	(15,034)	(45)	-	(58,846)
Net book value	<u>8,223</u>	<u>65,071</u>	<u>9,820</u>	<u>7</u>	<u>17,267</u>	<u>100,388</u>

London South Bank University

Notes to the accounts Year ended 31 July 2013

13. Tangible fixed assets (continued)

Land and buildings were valued in September 1994 by Drivers Jonas, Chartered Surveyors. Properties were valued at their open market value for existing use, and where this was not practical, the depreciated replacement cost was used.

All properties, other than those detailed below, are included at 1 August 1994 prices less subsequent depreciation in accordance with the Drivers Jonas valuation report of September 1994:

Freehold Land and Buildings

- ❖ The K2 building is stated at cost of £45.9m. The land at the site of the K2 building is stated at a cost of £4.3m.
- ❖ The Keyworth Centre is stated at cost of £25.8m.
- ❖ The David Bomberg House hall of residence is stated at cost of £11.6m.
- ❖ The Learning Resource Centre is stated at cost of £4.7m.
- ❖ The St George's Circus and Chapel sites are stated at a cost of £1.1m, represented by land of £0.7m and £0.4m of sundry capital costs. This is subsequent to impairments including £2.7m of pre-construction costs related to the aborted redevelopment of the Chapel site and £2.9m of stabilisation works to the listed terraces at St George's circus.
- ❖ The Technopark building is stated at purchase cost of £3.6m.
- ❖ Phase 2 of the Dante Road hall of residence is stated at cost of £2.1m.
- ❖ The Student Centre is stated at cost of £6.8m.

Long leasehold Land and Buildings

- ❖ The New Kent Road hall of residence was originally held under a finance lease. It is included in these accounts at the capital cost of the original lease charges payable, the agreed amount of which was £1.1m. The finance lease was settled before the expiry of its term. Although this property is treated as a long leasehold property the University also owns the freehold of this property, which has a nominal value.
- ❖ Phase 1 and phase 3 of the Dante Road hall of residence are included in these accounts under long leasehold land and buildings at capital costs of £3.5m and £2m respectively.
- ❖ McLaren House, a 620 bed hall of residence, is stated at cost of £16.3m. It was originally held under a finance lease however the lease was settled before the expiry of its term. Although this property is treated as a long leasehold property, the University also holds the underlying freehold, which has a nominal value.

Included in long leasehold land and buildings is £0.7m (2012: £0.7m) of capitalised interest. This interest was capitalised in 1996 in connection with the construction of McLaren House.

London South Bank University

Notes to the accounts Year ended 31 July 2013

13. Tangible fixed assets (continued)

Assets held under Finance Leases

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

	2013 £000	2012 £000
Cost	2,870	2,870
Accumulated depreciation	(2,623)	(2,283)
Net book value	<u>247</u>	<u>587</u>
Depreciation charge for the year	<u>340</u>	<u>833</u>

14. Investments

	Consolidated		University	
	2013 £000	2012 £000	2013 £000	2012 £000
CVCP Properties plc	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>

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. 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 2013 (2012: £nil).

Other investments

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

LSBU Students' Union was a subsidiary until 31/7/12. The investment at 31/7/12 was £nil.

London South Bank University

Notes to the accounts Year ended 31 July 2013

15. Debtors	Consolidated		University	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade debtors	4,849	6,983	5,104	7,129
Amounts owed by group undertakings	-	-	17	66
Other debtors	672	227	617	140
Prepayments & accrued income	2,302	1,891	2,032	1,588
	<u>7,823</u>	<u>9,101</u>	<u>7,770</u>	<u>8,923</u>

16. Creditors: amounts falling due within one year	Consolidated		University	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Bank and other loans	1,278	1,914	1,277	1,914
Obligations under finance leases	192	340	192	340
Trade creditors	1,652	1,477	1,652	1,454
Other creditors	1,547	1,365	1,487	1,233
Social security and other taxation payable	1,482	1,425	1,482	1,526
Accruals and deferred income	31,986	34,225	31,745	33,723
	<u>38,137</u>	<u>40,746</u>	<u>37,835</u>	<u>40,190</u>

17. Creditors: Amounts falling due after more than one year	Consolidated and University	
	2013 £'000	2012 £'000
Bank and other loans	29,537	30,814
Obligations under finance leases	55	248
	<u>29,592</u>	<u>31,062</u>

18. Borrowings	Consolidated and University	
	2013 £'000	2012 £'000
Bank loans and finance leases are repayable as follows:		
Due in less than one year (note 16)	1,470	2,254
Due between one and two years	1,349	1,470
Due between two and five years	3,981	3,983
Due after five years	24,262	25,609
Total due after one year (note 17)	<u>29,592</u>	<u>31,062</u>
	<u>31,062</u>	<u>33,316</u>

London South Bank University

Notes to the accounts Year ended 31 July 2013

18. Borrowings (continued)

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 2013 was £5.377million (2012: £5.754 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 and McLaren House halls of residences. Within the facility, the following balances are outstanding at 31 July 2013:
 - An amount of £5.752million in respect of David Bomberg House was outstanding at 31 July 2013 (2012: £6.062 million). This borrowing is repayable over 25 years to 2032 and bears interest at a fixed rate of 5.67% per annum.
 - An amount of £nil (2012: £0.650 million) was outstanding in respect of McLaren House.
 - A further £21.830 million of the Barclays facility was drawn down to finance the K2 building. Of this amount, £19.485 million was outstanding at 31 July 2013 as follows: £5m (2012: £5m) is interest-only, repayable in April 2029, and bears interest at a fixed rate of 5.25% per annum; £8.917m (2012: £9.196m) is repayable over 23.25 years to 2032 and bears interest at a fixed rate of 5.54% per annum, and £5.568m (2012: £5.865m) is repayable over 23 years to 2032 and bears interest at a variable rate of 0.225% above LIBOR per annum.

19. Provisions for liabilities

	Consolidated and University	
	2013	2012
	£'000	£'000
Other provisions	-	1,179
Analysis of provision for liabilities:		£'000
Balance at 1 August 2012		1,179
Provision utilised in year		(1,179)
Balance at 31 July 2013		-

Provisions at the start of the year were in respect of HEFCE and other funding and in respect of dilapidations on temporary buildings. During the year payments were made against all provisions.

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Notes to the accounts Year ended 31 July 2013

20. Pension liability

The pension liability has been measured in accordance with the requirements of FRS17 and relates to the London Pension Fund Authority pension scheme (LPFA).

	Consolidated and University	
	2013	2012
	£'000	£'000
Balance at 1 August	74,664	55,340
Current service cost	4,449	3,680
Settlements and curtailments	307	139
Contributions	(4,933)	(4,903)
Other finance cost (note 25)	1,961	2,262
Actuarial (gains)/losses recognised in STRGL (note 25)	(14,237)	18,146
	<hr/>	<hr/>
Balance at 31 July	62,211	74,664
	<hr/> <hr/>	<hr/> <hr/>

21. Deferred capital grants

	Consolidated and University		
	Land and buildings	Equipment	Total
	£'000	£'000	£'000
Balance at 1 August 2012	27,809	3,886	31,695
Release to income and expenditure account (note 1)	(1,341)	(552)	(1,893)
Grants received	-	340	340
Transfers to deferred income	(303)	-	(303)
	<hr/>	<hr/>	<hr/>
Balance at 31 July 2013	26,165	3,674	29,839
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

22. Revaluation reserves

	Consolidated and University	
	2013	2012
	£'000	£'000
Balance at 1 August	30,986	31,788
Transfer to income & expenditure reserves being excess depreciation on revalued assets (note 23)	(794)	(802)
	<hr/>	<hr/>
Balance at 31 July	30,192	30,986
	<hr/> <hr/>	<hr/> <hr/>

London South Bank University

Notes to the accounts Year ended 31 July 2013

23. Income and expenditure account	Consolidated	University
	2013	2013
	£'000	£'000
Reserve		
Balance at 1 August 2012	106,289	104,965
Surplus for the year	5,500	6,144
Transfer from revaluation reserve	794	794
Net FRS17 pension costs transferred to pension reserve	1,784	1,784
	<hr/>	<hr/>
Balance at 31 July 2013	114,367	113,687
	<hr/> <hr/>	<hr/> <hr/>
Pension reserve		
Balance at 1 August 2012	(74,664)	(74,664)
Actuarial gain	14,237	14,237
Net FRS17 pension costs transferred from income and expenditure reserve	(1,784)	(1,784)
	<hr/>	<hr/>
Balance at 31 July 2013	(62,211)	(62,211)
	<hr/> <hr/>	<hr/> <hr/>

24. Designated reserves

The income and expenditure account of the Group does not include any amount which are designated reserves. (2012: £0.6m). Designated reserves were held in the accounts of London South Bank University Students' Union (LSBUSU) and were not distributable. From 1 August 2012 and the accounts of LSBUSU were not consolidated into these accounts).

25. 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, to be kept of receipts and expenditure, including the cost of pension increases.

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.

Notes to the accounts Year ended 31 July 2013

25. Pension arrangements (continued)

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 2004 and revealed that total liabilities in the scheme (pensions currently in payment and estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds of notional investments) amounted to £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The real rate of earnings growth is assumed to be 1.5% and the assumed gross rate of return is 6.5%.

From 1 January 2007, and as a part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate is 19.75% plus a supplementary contribution rate of 0.75%; a total contribution rate of 20.5%. This translated into an employee contribution rate of 6.4% and an employer contribution rate of 14.1%. During the year contributions were paid by the University and charged to the Income and Expenditure account at a current rate of 14.1% (2012: 14.1%) of salaries and the University's contribution to the TPS for 2013 was £3,549,403 (2012: £3,829,589). Employee contribution rates were between 6.4% and 11.2% depending on earnings.

Actuarial scheme valuations are dependent on assumptions about the valuation of future costs and design of benefits. These are being discussed in the context of the design for a reformed TPS and scheme valuations are therefore currently suspended. The Government however has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in FRS17 '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 Universities Superannuation Scheme is a defined benefit scheme which is externally funded. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Contributions are paid by the University and charged to the Income and Expenditure account. The contribution rate for 2013 is 16% of salaries.

The latest triennial valuation of the scheme was 31 March 2011. At the valuation date, the value of the assets in the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7million, indicating a shortfall of £2,910.2 million. The assets were therefore sufficient to cover 92% of the benefits accrued to members after allowing for expected future increases in earnings.

The financial assumptions of that valuation are as follows:

Investment returns per annum – past service	4.4%
Investment returns per annum – future service	6.2%
Salary scale increases per annum	4.4%
Price increases per annum	2.9%
Pension increases	3.4%

The Trustees have determined, after consultation with employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial valuation is at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

London South Bank University

Notes to the accounts Year ended 31 July 2013

25. Pension arrangements (continued)

At 31/7/13 the University had 52 active members participating in the scheme. The University's contribution to the USS for 2013 was £409,605 (2012: £366,823). This was an 11% rise.

Under the definitions set out in FRS17 'Retirement Benefits', the USS scheme 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.

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 2010. The results showed the market value of the Fund's assets attributable to the University as £78.47m. The actuarial value of those assets represented 78.2% 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.

Pension costs under FRS17

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 2013 % per annum	31 July 2012 % per annum
Salary increases	4.2	3.5
Pension and price increases	2.5	1.8
Discount rate	4.7	3.9

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.

Life expectancy

Post-retirement mortality is based on Club Vita analysis which has then been projected with the Medium Cohort Projection, allowing for a minimum rate of improvement of 1% per annum. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	Males Years	Females Years
Current pensioners	20.9	23.9
Future pensioners	22.9	25.8

London South Bank University

Notes to the accounts Year ended 31 July 2013

25. Pension arrangements (continued)

Fund assets

The expected return on fund assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 August 2012 for the year to 31 July 2013). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields. The employer assets in the scheme and the expected rates of return are as follows:

	Expected rate of return at 31 July 2013	Fair value as at 31 July 2013 £'000	Expected rate of return at 31 July 2012	Fair value as at 31 July 2012 £'000
Equities	6.4%	45,279	5.6%	57,251
Target return portfolio	4.9%	27,938	4.3%	8,063
Alternative assets	5.4%	7,707	4.6%	12,902
Cash	0.5%	944	0.5%	2,419
Cashflow matching	3.4%	14,451	n/a	0
Total fair value of assets		96,319		80,635

Net pension liability

The following amounts at 31 July related to London South Bank University measured in accordance with the requirements of FRS17:

	2013 £'000	2012 £'000	2011 £'000
Fair value of Employer Assets	96,319	80,635	78,471
Present value of funded obligations	(146,774)	(143,181)	(121,971)
Net underfunding in funded plans	(50,455)	(62,546)	(43,500)
Present value of unfunded obligations	(11,756)	(12,118)	(11,840)
Net Pension Liability	(62,211)	(74,664)	(55,340)

The movement for the year in the net pension liability is shown in note 20.

Analysis of the amount included in staff costs for the year

	2013 £'000	2012 £'000
Current service cost	4,449	3,680
Curtailments and settlements	307	139
Enhancements to former employees*	229	236
Total operating charge	4,985	4,055

*recoverable in full from HEFCE (note 1)

London South Bank University

Notes to the accounts Year ended 31 July 2013

25. Pension arrangements (continued)

Analysis of the amount included in interest payable for the year	2013	2012
	£'000	£'000
Expected return on pension scheme assets	(4,173)	(4,923)
Interest on pension scheme liabilities	6,134	7,185
	<u>1,961</u>	<u>2,262</u>

Analysis of the amount recognised in STRGL	2013	2012
	£'000	£'000
Actual return less expected return on pension scheme assets	11,058	(4,000)
Experience gains and losses	(237)	(374)
Changes in assumptions underlying the present value of scheme liabilities	3,416	(13,772)
	<u>14,237</u>	<u>(18,146)</u>

Analysis of movement in the present value of scheme liabilities	2013	2012
	£'000	£'000
At 1 August	155,299	133,811
Current service cost	4,449	3,680
Interest cost	6,134	7,185
Actuarial gains and losses	(3,179)	14,146
Losses on curtailments	307	139
Benefits paid	(4,877)	(4,121)
Contributions by scheme participants	1,294	1,317
Unfunded pension payments	(897)	(858)
	<u>158,530</u>	<u>155,299</u>

25. Pension arrangements (continued)

Analysis of movement in the fair value of scheme assets	2013	2012
	£'000	£'000
At 1 August	80,635	78,471
Expected return on scheme assets	4,173	4,923
Actuarial gains/(losses)	11,058	(4,000)
Contributions by employer	4,036	4,045
Contributions by scheme participants	1,294	1,317
Benefits paid	(4,877)	(4,121)
	<u>96,319</u>	<u>80,635</u>

London South Bank University

Notes to the accounts Year ended 31 July 2013

25. Pension arrangements (continued)

Contributions payable in 2013/14 will be at 20.8% of pensionable salary. The projected pension expense for the year to 31 July 2014 is £6,665,000 (2013: £6,285,000)

Experience gains & losses in year

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Difference between the actual and expected return on pension scheme assets	11,058	(4,000)	1,206	1,935	8,717
Experience gains and losses arising on scheme liabilities	(237)	(374)	12,593	4,498	-

Sensitivity Analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	156,955	158,530	164,083
Projected service cost	4,140	4,297	4,459
Adjustment to mortality age rating assumption	+1 Year	None	- 1 Year
Present Value of total obligation	155,061	158,530	165,877
Projected service cost	4,114	4,297	4,480

26. 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 a member of the Board was a director of Pearson Educational Ltd. During the year the University paid £23,640 in respect of learning resources (2012:£3,336)

The accounts of SBUEL, a wholly owned subsidiary, are consolidated into these accounts and therefore the University has taken exemption under FRS8 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 £685,000, 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

London South Bank University

Notes to the accounts Year ended 31 July 2013

27. Endowments

	Consolidated and University			
	Unrestricted Permanent £'000	Restricted Expendable £'000	2013 Total £'000	2012 Total £'000
Balance at 1 August 2012	337	304	641	651
Investment income	13	12	25	25
Expenditure	(13)	(12)	(25)	(25)
Increase in market value of investments	51	37	88	(10)
Balance at 31 July 2013	<u>388</u>	<u>341</u>	<u>729</u>	<u>641</u>

28. Operating lease commitments

At 31 July 2013 the University and the Group were committed to making the following annual payments in respect of operating leases on land and buildings:

	2013 £'000	2012 £'000
Expiring within one year	-	-
Expiring in over five years	51	51
	<u>51</u>	<u>51</u>

29. Capital commitments

	Consolidated and University	
	2013 £'000	2012 £'000
Commitments contracted at 31 July	5,006	9,936

Commitments include those relating to building projects, being undertaken as part of the University's Estates Strategy.

London South Bank University

Notes to the accounts Year ended 31 July 2013

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

	2013	2012
	£'000	£'000
Surplus after depreciation of assets at valuation	6,056	6,515
Depreciation (note 13)	7,870	10,989
Loss on disposal of fixed assets	8	26
Investment income	(566)	(697)
Interest payable (note 10)	3,433	4,019
Decrease in stocks	21	2
Decrease in debtors	1,248	1,136
(Decrease)/increase in creditors	(2,092)	538
Decrease in provisions	(1,356)	(759)
Deferred capital grants released to income (note 21)	(1,893)	(1,686)
	<u>12,729</u>	<u>20,083</u>

31. Returns on investments and servicing of finance

	2013	2012
	£'000	£'000
Income from endowments (note 5)	25	25
Interest receivable (note 5)	541	672
Interest paid (note 10)	(1,472)	(1,757)
	<u>(906)</u>	<u>(1,060)</u>

32. Capital expenditure and financial investment

	2013	2012
	£'000	£'000
Payment to acquire tangible fixed assets	(18,544)	(11,063)
Adjustment for Students' Union assets	(8)	-
	<u>(18,552)</u>	<u>(11,063)</u>

33. Acquisitions and disposals

	£'000	£'000
Transfer of assets to Students' Union	(547)	-

London South Bank University

Notes to the accounts Year ended 31 July 2013

34. Management of Liquid Resources		2013	2012
		£'000	£'000
Cash withdrawn/(added) from/(to) fixed term		(61)	15,209
Net cash outflow from returns on investments and servicing of finance		<u>(61)</u>	<u>15,209</u>
35. Financing		2013	2012
		£'000	£'000
Capital element of bank loan repayments		(1,914)	(2,545)
Capital element of finance lease repayments		(340)	(833)
Capital grants received in year		340	1,959
Net cash outflow from financing		<u>(1,914)</u>	<u>(1,419)</u>
36. Analysis of changes in net funds	At	Cash flow	At
	31 July		31 July
	2012		2013
	£'000	£'000	£'000
Cash at bank and in hand	64,001	(9,251)	54,750
Endowment asset investments	67	-	67
	<u>64,068</u>	<u>(9,251)</u>	<u>54,817</u>
Fixed Term deposits	5,145	61	5,206
Debt due within one year (note 16)	(2,254)	784	(1,470)
Debt due after more than one year (note 17)	(31,062)	1,470	(29,592)
Net funds	<u>35,897</u>	<u>(6,936)</u>	<u>28,961</u>
37. Analysis of changes in financing during the year			
		2013	2012
Bank and Other Loans		£'000	£'000
Balance at 1 August		33,316	36,694
Capital repayments		(2,254)	(3,378)
Balance at 31 July		<u>31,062</u>	<u>33,316</u>

London South Bank University

Notes to the accounts Year ended 31 July 2013

38. Access & Hardship funds	2013	2012
	£'000	£'000
Balance at 1 August	21	2
HEFCE grant	543	640
Skills Funding Agency grant	-	29
Administration costs	(15)	(18)
Distributed to students	(521)	(632)
Funds returned	(23)	-
	<u>5</u>	<u>21</u>
Balance at 31 July	<u><u>5</u></u>	<u><u>21</u></u>

Access and Hardship funds are paid to universities by HEFCE and SFA to provide financial assistance to students whose access to further or higher education might be inhibited by financial considerations or who, for whatever reason, including physical or other disabilities, face financial difficulties.

The grant from HEFCE and SFA grant 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.

39. Teacher Training Bursaries	2013	2012
	£'000	£'000
Balance at 1 August	(61)	50
Funding council grant	692	103
Disbursed to students	(821)	(214)
	<u>(190)</u>	<u>(61)</u>
Balance at 31 July	<u><u>(190)</u></u>	<u><u>(61)</u></u>

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.

	PAPER NO: BG.85(13)	
Board/Committee:	Board of Governors	
Date:	21 st November 2013	
Paper title:	Draft Student's Union accounts for year to 31 July 2013	
Author:	Rebecca Warren, Students' Union Finance Manager	
Executive sponsor:	Phil Cardew, Pro Vice Chancellor (Academic)	
Recommendation by the Executive:	To note the statutory accounts of the Students' Union.	
Aspect of the Corporate Plan to which this will help deliver?	Financial Sustainability	
Matter previously considered by:	Policy and Resources Committee	On: 12 th November 2013
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	N/A	

Executive summary

The Board is asked to note the statutory accounts of the Students' Union.

These accounts were approved by the trustees of the Students' Union on 5 November 2013.

London South Bank University Students' Union

Annual Report and Accounts

For the year ended 31st July 2013

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION

Annual Report and Accounts for the year ended 31 July 2013

Administrative information

Charitable Status

London South Bank University Students' Union is an unincorporated charity established under the Education Act 1994. The Union is not yet a Registered Charity as an application has not yet been made to the Charity Commission.

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. The final Constitution still has to receive approval from the Students' Union Council. This Constitution will enable the Students' Union to apply for separate Charity registration.

Principal Address

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

Executive Committee holding office for 2012/13 (from 1 July 2012 to 30 June 2013)	Student trustees holding office for 2012/13 (from 1 July 2012 to 30 June 2013)	External trustees holding office for 2012/13 (from 1 February 2013 to 30 June 2013)
President A Ali	N Johnson	J Mason
VP Student Experience B Ahland	A Osman	N Allen
VP Student Experience M Alam	F Awoyemu	N Churchill
VP Employability & Activities A Mustafa		K Woodley

Executive Committee holding office for 2013/14 (from 1 July 2013 to 30 June 2014)	Student trustees holding office for 2013/14 (from 1 July 2013 to 30 June 2014)	External trustees holding office for 2013/14 (from 1 July 2013 to 30 June 2014)
President B Ahland	A Coleman	J Mason
VP Student Experience H El Gharib	M O Armaah	N Allan
VP Student Experience A Mahbubul	A Osam	N Churchill
VP Employability & Activities S Fawaz		K Woodley

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 Executive Officers and ensure effective management of the Union. Steve Baker was appointed to fill this position from May 2013. Prior to this, the Union was supported by a Project Change Director, Antony Blackshaw to work with the officers and staff of the Students Union.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
Annual Report and Accounts
for the year ended 31 July 2013

The Trustees present their Annual Report for the year ended 31 July 2013 which includes the administrative information set out on page 1, together with the audited accounts for that year.

Overview of the year

The Union has continued to move through significant change. Antony Blackshaw from Blackshaw Management Consulting Ltd was recruited to the Change Project Director and ended the appointment in December 2012. Unfortunately a new Chief Executive was not appointed by this time. A new Trustee Board was established by February 2012 and the new Chief Executive, Steve Baker, started in May 2013.

The Union moved into the new Student Centre in November 2012 which has improved the ability of the Union to build relationships with the University. The elections were a highlight with the highest ever turnout at LSBSU of 1965 votes.

In June the Trustee Board approved a development paper which set out the plan to restore the Union and enable it develop its strategic plan over the following academic year ensuring consultation with students. The staffing restructure was coming into its final stages at July 2013 completing early in the 2013/14 academic year.

Structure, governance and management

LSBUSU is constituted under the Education Act 1994 as an Unincorporated Association with charitable status by virtue of its association with London South Bank University (the University), which has charitable status. 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 on a day to day basis by its Executive Committee of eleven students, all of whom are the Union's Trustees for the purposes of the Charities Acts. During this financial year four were Sabbatical Officers, being elected annually by cross-campus secret ballot of the Union's membership. Seven are elected from the Union's Council; however for this year, there was no Council and as such the Sabbatical Officers alone comprised the Union's Executive Committee and Trustees. 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 Acts 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 2013

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

- Furthers the aims and objects of the Union;
- Is responsible for the determination of Union policy (except when a policy is determined by referendum)
- 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 Executive Committee 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).

As the Union's Trustees, all Executive Committee members commence their terms of office subject to completion of an appropriate course of training approved by the Board. 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 Executive Committee meets 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 Union's Council and in the absence of such a body, the Trustees 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 were accountable to the Chief Executive for the performance of their duties.

A new constitution for the Students Union was approved by the Board of Governors at its meeting on the 19th July 2012.

This constitution provides for the creation of a full Trustee Board, separate from the Executive Committee, consisting of:

- 4 Sabbatical Officers
- 4 elected students
- 4 non-student trustees (1 to be an alumni trustee)

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 (£685,485 before reimbursed space charge costs of £47,430 in 2012/13), which also pays for utilities, some security staff and the majority of the costs associated with cleaning and premises maintenance. This 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.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION

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Risk Management

The major strategic, business and operational risks faced by LSBUSU have been considered and a risk register is being 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.

Aims, Objectives and activities

LSBUSU's Mission is:

"We exist as a Union to support and communicate with Students, and enhance the Student experience with the provision of high quality Services, empowering Students through representation and encouraging personal development."

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 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 2012/13 financial year) the Union's Student Advice Bureau, the Rigg Bar and Catering, Internet Café, Communications and Marketing and Representation and Democracy support services. 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 Executive Committee 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.

Building Move - To relocate the entire Students' Union operation and establish operating procedures for the year ahead	Completed.
Recruitment - To recruit a new Chief Executive for the Students' Union to take it forward into the next period	The New Chief Executive started in May 2013.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION

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Charity Status - To register with the Charity Commission and to begin the process of formal charity registration. To recruit external and student trustees to complete the Trustee Board	The Union is yet to register as a Charity but has recruited a full Trustee Board.
Planning - To establish an annual planning calendar linking officers and staff objectives with the existing programme of campaigns, elections and other events that form the Union's year To publish and report on Key Performance Indicators for the SU which reflect the priorities for the organisation going forward (see below)	The annual planner is currently under development and we will produce an impact report for the end of the 2013/14 academic year.
Staff - To publish a new staff handbook, updating all procedures and information	The new handbook has been reviewed by the HR Committee and is now on draft 2.
Staff To introduce a competency-based appraisal system for all staff, including a 360-degree appraisal for managers and the CEO	360 degree appraisals have not been introduced.
Finance To restructure the budgeting process to ensure that the Union is able to be included in the University's project-bidding round as well as making an appropriate bid for core funding of the operations of the Union	The Union increase its core funding to £720,000 for the coming year.

Future plans

The Union

Plans for the year ahead

Employability	<ol style="list-style-type: none"> 1. 300 students engaged with employability activities 2. The Union will create its strategy for employability 3. The Union Internship program will be established
Engagement	The Union to greatly increase its contact with key student volunteers, improve the Unions voice and visibility and will specifically be promoting engagement with Union services.
Key Demographics	The Union will produce its strategy for engaging these students and will elect a full complement Student Representation Officers.
Essential Services	The Union will create its student led volunteering program And reinstate a newspaper and radio station
Student Satisfaction	Increase NSS satisfaction results with Union to 55%
Strategy	Fully engage with students and stakeholders to complete the Union strategic Plan.

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. LSBUSU's income from all sources was £1,038,591. Total expenditure was £1,038,219. A surplus of £372 resulted. The surplus was transferred to the reserves, which now total £556,588.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION

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The Union continued to benefit from the University's provision of a Subvention Grant of £732,915 (including reimbursed space charges of £47,430).

The Union should hold reserves to cover unexpected eventualities and also ensure there are sufficient to resource planned capital expenditure. Total reserves (the Charity Funds) at the 31st July 2013 stood at £556,588, of which £240,884 has been designated as a protected amount (shown as "Accumulated Funds") and the remaining £315,704 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 £38,736 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 confirm that LSBUSU has sufficient funds to meet all its obligations. The Union's Subvention/Block Grant for 2013-14 has been confirmed at £720,000 and the Union's activities are expected to break even.

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.

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:

.....
B Ahland
President

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
Annual Report and Accounts
for the year ended 31 July 2013

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 2013 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes set out on pages 11 to 17.

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. 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 2013 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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STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR

	Note	Unrestricted Income	Restricted Income	Total £	2012 £
Gross Income					
Voluntary income:					
Block Grant		685,485	-	685,485	744,867
Space Grant (actual)		47,430	-	47,430	-
Space Grant (benefit-in-kind)		225,619	-	225,619	225,619
Other Grant		17,750	-	17,750	-
Activities to generate funds:					
Marketing		11,961	-	11,961	9,367
Investment income		2,074	-	2,074	10,179
Charitable activities for students:					
Student Activities		7,094	3,451	10,545	11,505
Bar and Venue		30,412	-	30,412	124,580
Merchandising		2,961	-	2,961	9,017
Leisure and Gaming		278	-	278	20,849
Profit on Disposal of Fixed Asset		767	-	767	-
Other Income		3,309	-	3,309	-
		<hr/>	<hr/>	<hr/>	<hr/>
Total income		1,035,140	3,451	1,038,591	1,155,983
Resources expended					
Costs of Generating Funds:					
Charitable Activities for students:					
Advice & Representation		472,834	-	472,834	510,506
Communications and Marketing		110,245	-	110,245	82,287
Student Activities		265,760	3,451	269,211	342,403
Bar and Venue		169,410	-	169,410	207,689
Governance		16,519	-	16,519	16,672
		<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure	2-5	1,034,768	3,451	1,038,219	1,159,557
Net (outgoing)/incoming resources		372	-	372	(3,574)
		<hr/>	<hr/>	<hr/>	<hr/>
Fund balances brought forward		556,216	-	556,216	559,790
		<hr/>	<hr/>	<hr/>	<hr/>
Fund balances carried forward		556,588	-	556,588	556,216

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

All amounts derive from continuing activities.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
Annual Report and Accounts
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BALANCE SHEET

		2013		2012	
	Notes	£	£	£	£
Fixed Assets					
Tangible fixed assets	6		5,744		7,254
Investments	7		60		60
			5,804		7,314
Current Assets					
Stocks in bars, shops & other outlets			1,845		6,638
Debtors & prepayments	8		113,746		29,665
Cash at bank & in hand			569,244		547,129
			684,835		583,432
Current Liabilities					
Creditors: Amounts due within one year	9		(134,051)		(34,530)
Net Current Assets			550,784		548,902
Total Assets less Current Liabilities			556,588		556,216
Net Assets			556,588		556,216
Representing Charitable Funds:-					
Unrestricted Income Funds					
Development Fund			240,884		240,884
Designated Governance Review Funds			-		10,000
Accumulated Fund			315,704		305,332
Total Funds	11		556,588		556,216

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

.....

.....
B Ahland
Trustee

The notes on pages 11 to 17 form part of these accounts

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
Annual Report and Accounts
for the year ended 31 July 2013

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.

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 6.

(b) 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 College 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.

(c) 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.

(d) 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
Computer equipment	rates ranging from 20% to 33.3% per annum
Equipment, furnishings and other sundry equipment	rates ranging from 15% to 20% per annum

(e) Investments

London South Bank University Students' Union's fixed asset investments are valued at cost, as these assets are not readily saleable and a reliable market value is not readily ascertainable.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
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1 Accounting Policies (continued)

(f) Pension costs

London South Bank University Students' Union participates in the Student 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 Executive Committee 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.

London South Bank University Students' Union now also operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(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.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
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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	-	263,532	120,142	89,160	472,834
Communications & Marketing	-	65,449	19,113	25,683	110,245
Student Activities	-	93,210	81,915	94,086	269,211
Bar and Venue	11,777	84,080	49,149	24,404	169,410
Governance	-	1,752	2,730	12,037	16,519
<hr/>					
Total costs	11,777	508,023	273,049	245,370	1,038,219

Included in the above governance costs is the annual audit fee of £9,450 (2011: £8,745).

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
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NOTES TO THE ACCOUNTS, continued

3 Central Overhead Costs included in Note 2

	Usage	Staff £	Rent & Rates £	Other £	Total £
Resources expended					
Charitable Activities for Students					
Advice & Representation	44%	77,086	120,142	35,355	232,583
Communications & Marketing	7%	12,264	19,113	5,625	37,002
Student Activities	30%	52,559	81,915	24,106	158,580
Bar and Venue	18%	31,535	49,149	14,464	95,148
			-		
Governance	1%	1,752	2,730	804	5,286
Totals	100%	175,196	273,049	80,354	528,599

Other Costs comprised:-

	£
Recruitment and Interim Chief Executive	13,824
Audit Fees	9,450
Insurances	9,008
Professional Charges	8,700
Training and Conferences	7,937
Office Expenses	5,784
Sundry expenses	25,651
	80,354

4 Staff Costs

	2013 £	2012 £
Wages and salaries	443,496	495,899
Social security	33,365	34,801
Pension costs	31,161	36,617
Other staff costs	-	6,456
	508,023	573,773

No employee earned over £60,000 per annum.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
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NOTES TO THE ACCOUNTS, continued

5 Trustees' Remuneration and Expenses

The Trustees' four sabbatical officers received £20,575 (2012: £20,560) for the year (excluding NI), 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 amounted to £89,315 (2012: £89,359).

There were no other trustee-benefits for the year.

Trustees were reimbursed a total of £4,208 (2012: £5,514) for the year in respect of personal travel and subsistence expenses.

6 Tangible Fixed Assets

	Total £
COST	
At 1 August 2012	253,171
Additions	4,632
Disposals	<u>(8,180)</u>
At 31 July 2013	<u>249,623</u>
DEPRECIATION	
At 1 August 2012	245,917
Charge for the year	6,142
Disposals	<u>(8,180)</u>
At 31 July 2013	<u>243,879</u>
NET BOOK VALUE	
At 31 July 2013	<u><u>5,744</u></u>
<i>At 31 July 2012</i>	<u><u>7,254</u></u>

7 Investments

	2013 £	2012 £
At Cost		
Investment in Nus Services Limited	<u>60</u>	<u>60</u>

In order to continue receiving retrospective discounts through the central billing system LSBUSU has minority holdings of 60 'A' voting shares in this trading company.

8 Debtors

	2013 £	2012 £
Trade debtors	44,216	19,304
London South Bank University	60,622	3,618
Other debtors	6,229	4,152
Prepayments & accrued income	<u>2,679</u>	<u>2,591</u>
	<u><u>113,746</u></u>	<u><u>29,665</u></u>

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
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NOTES TO THE ACCOUNTS, continued

9	Creditors: Amounts due within one year	2013	2012
		£	£
	Trade creditors	7,698	15,296
	Social security & other taxes	9,242	10,176
	Other creditors	43,281	5,789
	London South Bank University	53,816	-
	Accruals & Deferred income	20,014	3,269
		134,051	34,530
		134,051	34,530

10	Student Society/Club material funds held were:-	Brought Forward	Income for Fund	Grants for Activities	Carried forward
		£	£	£	£
	<i>Societies:</i>	-	3,451	3,451	-
	Total	-	3,451	3,451	-
		-	3,451	3,451	-

11	Analysis of Net Assets between Funds	Unrestricted Funds	Restricted Income Funds	Capital Grant Fund	Total
		£	£	£	£
	Fixed Assets	5,804	-	-	5,804
	Net current assets	550,784	-	-	550,784
	Long term liabilities	-	-	-	-
		556,588	-	-	556,588
		556,588	-	-	556,588

12 Leasing Commitments

At 31 July 2013 London South Bank University Students' Union had annual commitments under non-cancellable operating leases as detailed below:

	2013	2012
	£	£
Plant and machinery		
Operating leases expiring within one year	-	-
Operating leases expiring within two to five years	5,068	-
	5,068	-
	5,068	-

The amount paid during the year in respect of operating leases for plant and machinery was £3,548 (2012: £1,621).

13 Control Relationship

Ultimate control of London South Bank University Students' Union rests with its membership, represented by the Trustees.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
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NOTES TO THE ACCOUNTS, continued

14 Pension Costs

SUSS

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 1 October 2010 and showed that the market value of the scheme's assets was £67,141,000 with these assets representing 58% 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 £47,869,000.

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 1 October 2010:-

- The investment return would be 6.6% per annum before retirement and 4.6% per annum after retirement
- Pensions accruing on the CARE basis would revalue at 3.2% per annum.
- Present and future pensions would increase at rates specified by scheme rules with appropriate assumptions where these are dependent on inflation.

The 2010 valuation recommended a monthly contribution requirement by each Union expressed in monetary terms intended to clear the ongoing funding deficit over a period of 20 years and will increase by at least 3.2% each year. These contributions also include an allowance for cost of the ongoing administrative and operational expenses of running the Scheme. These rates applied with effect from 1 October 2011 and will be formally reviewed following completion of the next valuation due with an effective date of 1 October 2013. Surpluses or deficits which arise at future valuations will also impact on London South Bank University Students' Union future contribution commitment. In addition to the above contributions, the London South Bank University Students' Union also pays its share of the scheme's levy to the Pension Protection Fund.

The contribution rate (excluding deficit contributions) for the period to 30 September 2011 applicable to London South Bank University Students' Union for the majority of members was 7.70% of Earnings for members and 9.60% of Earnings for the London South Bank University Students' Union (17.3%).

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 £7,288 (2012: £7,979).

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 2013 amounted to £38,373 (2012: £42,511), including deficit contributions.

	PAPER NO: BG.86(13)	
Board/Committee:	Board of Governors	
Date:	21 st November 2013	
Paper title:	Annual Accountability return to HEFCE	
Author:	John Baker, Corporate & Business Planning Manager	
Executive sponsor:	Richard Flatman, Executive Director of Finance	
Recommendation by the Executive:	The Executive recommends that the Board of Governors approve the attached documentation which is to be sent to HEFCE by the 2 nd December 2013 as parts of the annual accountability submission. This documentation has not previously been to committee. (Some other parts of the return are provided separately, and so not replicated here)	
Aspect of the Corporate Plan to which this will help deliver?	All	
Matter previously considered by:	No	On: n/a
Further approval required?	No	On: n/a
Communications – who should be made aware of the decision?	HEFCE – Via Reporting Extranet Facility	

Executive summary

The annual accountability submission informs HEFCE's overall assessment of risk for LSBU. A detailed assurance review was undertaken by HEFCE in 2012 which gave us the highest assurance rating and which indicated that HEFCE is able to place reliance on our assurance returns. Many of the documents required for submission are covered elsewhere on the Board/Committee agenda. Those that are not are attached. There are no significant matters arising which we need to draw to the attention of HEFCE. The Board is requested to approve the attached documentation.

Purpose of Annual Accountability return

1. The accountability returns enable HEFCE to reassess their overall risk assessment of HEI's and to ensure that they are meeting their accountability responsibilities.
2. The various returns cover financial performance, risk management, control and governance, value for money, and the management and quality assurance of data. In addition to the documentation requested in the annual process itself, HEFCE will also consider other sources of assurance.
3. Following review of the returns, HEFCE will notify each HEI of their risk assessment through a letter to the chair of the governing body and head of HEI. This is an annual process, but they may revisit an HEI's overall risk assessment at any time if there is a significant change in circumstances. Until a new letter is issued, HEIs can assume that the last risk assessment letter is still valid. HEFCE's latest risk assessment of LSBU based on last year's submission is that the University is "not at higher risk at this time". This was confirmed by letter dated 4th April 2013.
4. HEFCE will primarily use the information collected to:
 - a. Monitor the use of our funds for the purposes intended.
 - b. Assess compliance with the Financial Memorandum.
 - c. Form a basis for discussion with HEIs about their progress in key areas, their priorities for strategic development, and their current and future performance.
 - d. Largely determine their risk assessments of each HEI.
 - e. Identify trends across the sector and advise the Secretary of State for Business, Innovation and Skills on the needs and development of the higher education sector.
5. We also have an obligation, under the Financial Memorandum with HEFCE, to inform them of any material adverse change in our circumstances (as per 'Model Financial Memorandum between HEFCE and institutions', HEFCE 2010/19). There are no matters to report at present.

Documentation required

6. The documents to be sent to HEFCE by 2nd December are as follows:
 - Annual Assurance Return (annex E)

- Annual monitoring statement (AMS)
- Financial results 2012-13 and forecast tables for 2013-14
- Financial commentary on assumptions for 2013-14 forecasts (annex D)

(The following documents are covered separately on this Board agenda, or require alternative levels of scrutiny*)

- Signed audited financial statements
- Audit committee annual report
- External audit management letter (referred to by Grant Thornton as Key Issues Memorandum -KIM) & Management responses
- Audited financial statements
- Internal audit annual report *
- Value for money report (optional) *

* LSBU always produces an annual value for money report and submits a copy to HEFCE. The annual VfM report, together with the internal audit annual report for 2011/12 were reviewed in detail by Audit committee.

This report therefore covers the following documents:

Attachment 1 - Annual assurance return (annex E)

Attachment 2 - Annual monitoring statement (AMS)

Attachment 3 - Financial results 2012-13 and forecast tables for 2013-14

Attachment 4 - Financial commentary on the assumptions for 2013-14

7. Governors will recall that 5 year financial forecasts used to form part of the December submission. Following the 2011/12 HEFCE decision to defer the submission of financial forecast data (relating to the subsequent 3 academic years) to the following July, they conducted sector feedback, and decided to maintain this new format going forward.

Annex E
Annual assurance return - London South Bank University
Year Ended 31st July 2013

Part 1	
Can you confirm that in this period the institution has met its responsibilities to HEFCE (conditions of grant) as set out in the Financial Memorandum?	Yes

Have there been any changes of senior officer in the period that have not been notified to HEFCE, including the chairs of the governing body and audit committee and the heads of finance and internal audit?

Changes to Board of Governors

Ms Barbara Ahland
(appointed 7 November 2012)

Ms Anisa Ali
(resigned 30 June 2013)

Ms Janet Cattini
(resigned 31 November 2012)

Professor Hilary McCallion CBE
(appointed 12 March 2013)

Sir David Melville CBE
(resigned 31 March 2013)

Dr Mee Ling Ng
(appointed 12 March 2013)

Prof Shushma Patel
(appointed 7 November 2012)

Professor Jon Warwick
(appointed 19 October 2012)

Mr Peter Winbourne
(resigned 19 October 2012)

No change to Chair of the Board

No change to Chair of Audit Committee

No change to the Internal Auditors

PricewaterhouseCoopers appointed 1/8/2010 and contract extended to 1/8/2013 for a further 12 months.

No change to the External Auditors

Grant Thornton re-appointed following competitive tender in 2011.

Changes to the Executive

David Phoenix appointed as Vice Chancellor - effective 2/1/2014.

Martin Earwicker retires as Vice Chancellor – effective 31/12/2013

Ian Mehrtens appointed as Director of Corporate Services in April 2013.

Jane Houzer – Executive Dean of the Business Faculty – resigned October 2013

No change to the Director of Finance

<p>Have there been any material adverse changes that should have been notified during the period that now need to be brought to our attention in line with paragraph 18 and Annex B, paragraphs 14-17, of the Financial Memorandum? If so, please provide details.</p>	<p>No</p>
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This is to confirm that the data and annual accountability returns submitted to HEFCE conform to the requirements of the Financial Memorandum and published guidance. The data have been subject to effective oversight and management review. Quality assurance has been provided to the audit committee, which in turn has been able to provide assurance to the governing body and myself as accountable officer.

Signed Print name

Date

Part 2

I confirm that, in all material respects, the institution has conducted its affairs during the year in accordance with its status as a charity.

Apart from material adverse changes (see Part 1), the institution has either:

- reported any serious incidents (as defined in Annex B, paragraphs 14-17 and Annex H, paragraphs 8-11); or
- now attaches a report of serious incidents not previously reported.

I confirm that the institution continues to maintain accurate and up-to-date records of all its paragraph 28 connected exempt charities and is in a position to make information about them available to HEFCE on request.

Or

I confirm that the institution has no paragraph 28 connected exempt charities.

[Please delete whichever statement does not apply.]

Signed as a trustee on behalf of all of the trustees:

SignedPrint name

Date

LSBU Annual Monitoring Statement 2013

(Please note the statement forms part of the Annual Accountability Return to Hefce, and is submitted as an electronic questionnaire. Therefore please don't pay attention to any format issues, as this document is provided for details of answers only)

Overview of sections & chief source: LSBU Annual Monitoring Statement

[Qs 1-7](#): Knowledge exchange formula funding (through HEIF) – Tim Gebbels

[Qs 8-13](#): Equality and diversity monitoring – James Stevenson, Katie Boyce, & Stephen Hackett

[Qs 14-15](#): Capital funding – Ian Mehrrens

[Qs 17-19](#): SIVS & SNC – Phil Cardew

[Qs 20-22](#): Institutional Threats & Opportunities – Phil Cardew

Q 23: Not applicable to LSBU – no connected institutions

Section1: Knowledge exchange formula funding (through HEIF)

1. For 2012-13 your HEI received ££807,516 in HEFCE knowledge exchange formula funding. Did any funds remain unspent at the end of academic year 2012-13?

LSBU Response - No

If 'yes' please state the value of the underspend and explain the reasons for this, in not more than 200 words. (This should include any spending since 31 July 2013.)

LSBU Response

N/A

2. Have you made changes to your spend in academic year 2012-13 compared to how you projected that allocation of funds in Table B of your HEIF 2011-15 institutional knowledge exchange (KE) strategy? If so please provide updated information in the 'HEIF' spreadsheet linked to this question via <https://data.hefce.ac.uk/HEIF13>. Please also provide a brief explanation of the reasons for the change in the text box below. We will still need to approve the re-profiling of underspends annually, so changing the profile in Table B alerts us that you may seek approval for a re-profile, but does not constitute HEFCE approval for this. (max 800 words)

LSBU Response

Continuing the changes to University Enterprise set in train last year, the staffing levels have been rebuilt and the proportion of HEIF money spent directly on staff has continued to grow towards 100%. The balance, with additional University investment, was spent on a wide range of activities, including:

- The Vice Chancellors Enterprising Staff Awards
- Bursaries for Enterprise students
- Events and communications to promote engagement in KE activity among students and academics
- Publicity and marketing to promote the university's commercial KE activity.

3. Please provide a summary (250 words maximum) of the key achievements of the year linked to our KE formula funding, referring to both wider activity and the area(s) of expertise you identified in question 13 (key areas of strength and/or particular focus) of your institutional KE strategy.

LSBU Response

Completed development of our new £13m Enterprise Centre, now open and providing a hub for engagement between the University and the business community. The centre includes business incubator space supporting growing small and micro businesses as well as student start-ups and University spin-out companies. It is being managed together with Technopark, the University's existing incubator space to provide a managed, seamless progression route for growing businesses.

Launched a full scale programme, Business Development Partnerships, building on the learning of an extensive pilot project (Knowledge Transfer Collaborations).

Launched a programme to re-build our KTP portfolio following a dip in TSB funding and some staff turnover at LSBU.

Continued to develop our Student Enterprise programme, expanding existing schemes and delivering a successful Social Enterprise scheme, now extended. In addition, we have established an Enterprise Network, based around a series of well attended lectures by prominent entrepreneurs and business people, to further strengthen links between students and the business community. We have purchased IoD student memberships for 100 of our most enterprise active students.

4. Looking more narrowly at performance in terms of Higher Education – Business and Community Interaction survey (HE-BCI) income metrics (collaborative research, contract research, consultancy, equipment & facilities, regeneration and intellectual property) please comment (in not more than 500 words) on:
 - a. any major changes (plus or minus) to the income metrics that are a significant focus of your overall KE strategy and/or plan for the use of KE formula funds (please comment particularly on your latest HE-BCI data, such as 2012-13 if that is to hand)
 - b. any action that you are taking, particularly related to the use of HEIF, in consequence.

LSBU Response

We have continued to build on the changes we set out last year, focusing on strengthening the commercial team to lead engagement between the University and the business community, particularly SMEs.

5. Have you faced any significant changes (from the response you gave in your HEIF 2011-15 institutional KE strategy, question 11) to the barriers and enablers affecting the delivery of your KE strategy? If yes, please provide brief details in the text box below (maximum 250 words).

LSBU Response

As outlined last year. Internal staff turnover has remained a problem in the Enterprise team during a period of considerable change. We have put in place a series of measures, including strengthened recruitment processes, to restore turnover to more sustainable levels.

6. Please outline any changes to external demand for your KE activities that you have experienced (and impacts on your performance): you may wish to consider the private and public sector, charitable sector, other sources and whether there have been shifts in the geography of demand (for example, local, regional, national, global). (max 800 words)

LSBU Response

In respect of KE activity in the Health & Social Care field, the recent restructuring of the NHS education commissioning landscape in London has slowed progress. NHS London has been replaced by three separate commissioners (LETBs) who for the past 12 months or so have been establishing their structures and processes to take over the education planning and commissioning function. Knowledge exchange programmes have therefore not been an initial priority for these newly formed organisations. However, the LETBs have expressed interest in taking forward a variety of KE activities in future, and

have started to indicate areas for development (eg. Development of MOOCs). We therefore anticipate a growth in the next few years of knowledge exchange projects with the NHS

7. Please describe any new, innovative KE activities that you are developing, which you believe will be the basis for future KE directions in the longer-term. This may reflect changes in external demand, the wider funding landscape, re-prioritisation of your KE activities and novel directions. (max 800 words)

LSBU Response We have developed a bid for ERDF funding (yet to be determined) to support a continued expansion of our business engagement programme. This bid, if successful, will support University engagement specifically targeted at promoting business growth for SMEs by improving their ability to access growth finance. We would expect this project to become sustainable following the end of ERDF intervention and also to provide the basis from which further innovative opportunities will develop. In addition, we expect to increase our capability and capacity to develop bids of this nature both to the next ERDF/ESF programme and more broadly to support our KE activities, particularly with SMEs.

We have embarked on a programme to develop a major new portfolio of courses at a range of levels offering professional qualifications and CPD. We expect this to become a major new area of business for us over the 3-5 year timeframe.

Section 2: Equality and diversity monitoring

8. The following questions aim to promote equality at a sector level and to support and encourage HEIs in addressing equality and diversity challenges. The questions reflect some key issues the sector, government and HEFCE have identified. Questions refer to the academic year 2012-13 only and will be reviewed annually. HEFCE's full range of equality objectives are set out in our Equality & Diversity Scheme (HEFCE publication 2012/03) which was developed in consultation with the sector.

Please provide any diversity monitoring data you hold for your governing body or state if you do not collect data. Please e-mail equality@hefce.ac.uk and confirm by checking the box below when you have sent this. Data provided will be treated as confidential, analysed at a sector level and anonymised before publishing.

✓ Equality and Diversity data sent

9. Please briefly describe (in no more than 250 words) the challenges faced, and successes achieved, in addressing diversity among your governing body

LSBU Response

The profile of Board with regard to age, gender and ethnicity is kept under review by the Nominations Committee who are keen to promote the diversity of the Board. Having regard to diversity is a key consideration when appointing new governors. The Board recruited two female governors during 2012/13 and there is now an equal balance between male and female governors on the Board.

10. Please briefly describe (in no more than 250 words) the challenges faced, and successes achieved, in addressing diversity among your senior staff.

LSBU Response

We define our senior management group as 74 people. Females remain proportionately under-represented in this group i.e. 38% female and 62% are male whereas in the University overall there are 51% female and 49% male. Whilst this remains a challenge overall in terms of performance ratings there remains no significant difference in ratings between male and female senior managers. Similarly for BME staff within this group 19% are BME and 81% are white which is a lower proportion than in the general staffing population where 29% are BME and again whilst this remains a challenge overall there remains no significant difference in terms of ratings between BME and white senior managers.

In terms of the Executive 66% are men and 34% are women. The pay gap for this group of staff is 0.775 in favour of the female executives.

11. Please briefly describe (in no more than 250 words) the challenges faced, and successes achieved, in addressing staff disability disclosure and representation.

LSBU Response

We have provided a number of awareness sessions over the last 12 months aimed at raising awareness about the nine protected characteristics including disability. We pro-actively work with staff who join us with a disability and who become disabled during their employment with us to take steps to ensure they remain in our employment. We continue to meet the five requirements of the Disability two ticks Symbol and following a successful review in August 2013 were re-accredited with the symbol

12. Please briefly describe (in no more than 250 words) the challenges faced, and successes achieved, in addressing student attainment gaps between equality groups

LSBU Response

LSBU is a very diverse university and has invested over several years in support for vulnerable students, in promoting equality of opportunity and supporting initiatives (such as employability initiatives, mentoring, student led social activities) which ensure it.

Close monitoring of attainment, progression and success for protected groups takes place at all levels of the University management and committee structures. (To date it has only been possible to monitor Disability, Sex and Ethnicity). Significant investment in the provision of support to disabled students, including the development of a Mental Health and Wellbeing Services and improvements to processes and structures in DDS have supported the attainment of disabled students which we find to be in line with the proportion of students who are disabled. The University has a very high proportion of students from BEM groups, and these graduate in proportion to their populations. A slight difference in the success of black students against the success of white students has been extensively investigated and in part traced to the success or otherwise of BTEC educated students, for whom additional or differentiated support can be put in place. This gap has narrowed. LSBU is around 50% men and does not notice a discernible difference between the attainment of them and women that cannot be explained by imbalances within particular vocations caused by wider social conditions.

13. Please briefly describe (in no more than 250 words) the challenges faced, and successes achieved, in addressing student participation gaps between equality groups

LSBU Response

A wide range and distribution of provision enables access from our local community to all strategically important subject areas. Access Agreements are clearly targeted on students from reduced financial circumstances and on care leavers.

LSBU has invested in significant support structures to ensure the removal of barriers to participation, centred around a new Student Life Centre. We have extended the support for students with disabilities and mental health issues. Provision for students with particular faith requirements are good, and the University employs a Multi-Faith Chaplain who is supported by an advisory board made up of local faith community leaders. A mentoring scheme for care leavers has been a great success. The university provides additional hardship funds for students.

An analysis of admissions data demonstrates that the diversity of students broadly reflects the diversity of applicants, and this reasonably reflects the local South London population, from which a

substantial proportion of students are derived. Now collecting data for all the protected groups, we can start to see that in other areas (such as religion) we also reflect the census statistics for the local area.

Responding particularly to the HEFCE Diversity Action Plan, an analysis of the diversity of students in the Engineering and Built Environment Faculty (mainly representing SIV subjects) shows that students are as diverse in terms of race as in other faculties, but gender imbalance remains a challenge, although for part-time students the sponsorship of an employer is the critical factor, rather than the faculty's recruitment policy or practice.

Section 3: Capital funding

14. You received capital funding under the Capital Investment Fund (CIF) phase 2 in 2012-13. Please can you confirm the amount of HEFCE capital funding (research and teaching) spent during this academic year and provide a brief summary of the projects supported by this funding.

(max 800 words)

LSBU Response

The amount spent in the period 2012-13 was £238,544 (RCIF) and £313,949 (TCIF).

The combined funding has been used to support the development of a new Student Centre delivering a combined student services and student union space offering a total service to students through the Student Life Centre and the total renovation of two rows of Georgian terraces and a connecting derelict public house taking it from the Council 'at risk' register into the recently opened Clarence Centre for Enterprise and Innovation bringing start-up companies into the University and providing an opportunity for the development of student enterprise.

15. You will continue to receive capital funding under the Capital Investment Fund (CIF) phase 2 in 2013-14 and 2014-15. Please explain, in a maximum of 250 words, how your institution proposes to use the CIF 2 funding (both teaching and research capital) over the next two academic years (2013-14 and 2014-15). We are particularly interested to learn how the monies are being used in reducing carbon emissions and improving space usage.

(max 250 words)

LSBU Response

Work is underway to develop the next the next phase of the Estate strategy building on the capital investments achieved this year. The strategy focuses on creating a sustainable campus in the heart of SE1 and the city of London.

This capital funding investment will allow us to investigate opportunities for achieving space efficiency across the campus and potentially reducing the overall built estate by realising the asset value of wholly inefficient buildings. The funding will also support initiatives to improve the reductions achieved so far as a contribution to the University's overall carbon reduction targets.

Strategically important and vulnerable subjects Qs 17-19

Q17 *In 2012-13 we protected certain subjects from the reduction in student number control limits needed to create the allocation of 20,000 'margin' places. We asked institutions to maintain their intake to these subjects in return. In 2013-14 there was no 'margin' cut but we asked institutions to inform us if they were not able to maintain entrant numbers in these particular subject areas. Please indicate to what extent you have been able to maintain undergraduate entrant numbers in chemistry, physics, maths, engineering, and modern foreign languages (the major subject areas protected in 2012-13) in academic year 2013-14, and what challenges you have faced in each area in doing this. We are particularly interested to understand the issues where institutions have been unable to maintain entrant numbers in any of these particular subject areas. If you also feel able to comment on the same subject areas for 2012-13 entry, we would also be interested to receive these. Information gathered through these responses will be used to consolidate our understanding of issues affecting these subject areas at a national level.*

LSBU Response:

Overall, 2013 numbers in STEM subjects have risen back to 2011 levels this year, with recruitment being particularly strong in full-time undergraduate courses. Part-time recruitment was very strong in 2011, and diminished somewhat in 2012, but we are now on the increase (showing a 16% rise this year).

Q18. *If there are any other subject areas where you would like to highlight particular recruitment challenges in 2013-14, at any HE level, please describe these.*

LSBU Response:

Recruitment in 2013 has been stronger across the board, showing an upturn over 2012 (especially in full-time and part-time undergraduate but also, to some extent, in postgraduate courses). Whilst the University has achieved SNC overall, some subjects were fairly late in the cycle in moving to target, in particular, areas of Business provision (where there is significant choice within London) and Architecture (reflecting national trends).

Q19: *We are continuing to provide additional funding for four subject areas which our evidence demonstrates are very high-cost: chemistry, physics, chemical engineering, and mineral, metallurgy and materials engineering. It is a condition of grant for institutions in receipt of this funding to continue to maintain taught programmes in the very high-cost disciplines that this funding aims to sustain. If you are in receipt of additional funding for very high-cost STEM subjects in 13-14, please provide a short report on your provision in these areas. This should include details of the undergraduate programmes offered in the four subject areas during the year, and the new entrants and total numbers of home and EU students for each. We are also interested in any additional comments you might have on these subjects.*

LSBU Response:

We maintain a growth in student numbers in Chemical and Petroleum engineering (from a reasonably modest base), offering direct entry alongside an Extended Degree programme for students with non-standard qualifications. Provision covers HND, BEng and MSc. These courses are reflecting national growth trends in this area, and are very popular with international students.

New entrant Home/EU numbers for Chemical and Petroleum Engineering (31st October numbers)

	2012-13	2013-14
BEng Chemical and Process Engineering UGFT	15	21
BEng Petroleum Engineering UGFT	30	29
HND Chemical Engineering UGFT	11	10
MSc Petroleum Engineering PGFT	17	18

Total Home/EU numbers for Chemical and Petroleum Engineering (31st October numbers)

	2012-13	2013-14
BEng Chemical and Process Engineering UGFT	71	75
BEng Petroleum Engineering UGFT	134	133
HND Chemical Engineering UGFT	28	18
MSc Petroleum Engineering PGFT	21	18

New entrant international numbers for Chemical and Petroleum Engineering (31st October numbers)

	2012-13	2013-14
BEng Chemical and Process Engineering UGFT	13	26
BEng Petroleum Engineering UGFT	14	15
HND Chemical Engineering UGFT	0	1
MSc Petroleum Engineering PGFT	23	26

Total international numbers for Chemical and Petroleum Engineering (31st October numbers)

	2012-13	2013-14
BEng Chemical and Process Engineering UGFT	28	50
BEng Petroleum Engineering UGFT	51	43
HND Chemical Engineering UGFT	3	1
MSc Petroleum Engineering PGFT	24	27

In 12-13 we received the following grants:

Maintaining capacity in SIVS following ELQ policy	416,428
Additional funding for very high-cost and vulnerable science subjects	63,454

In the 12-13 SNC calculation we received this calculation in connection with SIVS:

2012-13 Core student number control	2,807	$O = (M + N)$
Adjustments to create the margin		
Proportion of non-AAB+ equivalent students assumed to be in SIVS	0.1075583	P
Removal of non-AAB+ equivalent students assumed to be in SIVS	-302	$Q = -(P * O)$
Disregarding of the first 50 students	-50	R
Adjusted 2012-13 core student number control	2,455	$S = \max((O + Q + R), 0)$
Pro rata reduction to create the margin	-228	$T = S * -9.28453\%$

Institutional Threats & Opportunities (Q20-22)

Q 20. The questions below ask about which areas of HE present the most significant opportunities and challenges for your institution in the next three years. The areas relate to HE activities and/or aspects of the environment in which HE providers operate. We recognise that many of the areas are inter-related, and that not all areas will be relevant to all HE providers. If the main areas of opportunity and challenge in the view of your institution are not represented in the lists, please record these under the 'other or others' category. You may, if appropriate, choose to select the same area or areas as presenting both opportunities and challenges. Which three areas present the most significant opportunities for your institution in the next three years?

LSBU Response

Areas offering most significant opportunities are:

2. Flexible study
4. Partnerships with other higher education providers overseas in relation to education
7. Recruitment of students

Where 'recruitment of students' is selected, identify priority modes within the following markets:

UK

LSBU Response

- 2 Undergraduate part-time
- 3 Postgraduate taught full-time
- 4 Postgraduate taught part-time

EU

LSBU Response

- 2 Undergraduate part-time
- 3 Postgraduate taught full-time
- 4 Postgraduate taught part-time

International

LSBU Response

- 1 Undergraduate full-time
- 3 Postgraduate taught full-time
- 5 Postgraduate research full-time

Reasons:

The University's strategic plan highlights continued growth in international recruitment (from a reasonably modest current level) as a significant strategic goal for the next 3-5 years.

Additionally (and, it is hoped, with the support of HEFCE project funding) we aim to consolidate and strengthen our taught postgraduate portfolio, in order to differentiate our provision in targeted growth areas.

This can be achieved, not only through direct recruitment, but also through development of (and strengthening of existing) international collaborative partnerships, focusing on markets, and disciplines, where we can add particular value to our portfolio. This will included delivery through flexible means, alongside more-traditional 'flying faculty' and franchise/validation opportunities.

Q 21A: Which **three** areas present the most significant challenges for your institution in the next three years?

LSBU Response

5: Public funding

15: Student number control arrangements

17: Widening participation and fair access

B Reasons?

Public funding, and the diversification of funding streams (whether through HEFCE, or other public bodies, such as the NHS) continues to be a challenge across the sector, and is an area that is of significance within our risk register.

Alongside this, pressure on the Student Number Control, particularly through core/margin policies which decrease our SNC, overall, whilst impacting upon the ability to widen participation through the admission of students with non-traditional qualifications, proves a challenge for longer-term planning.

We have recognized these factors within our forecasts and have measures in place to mitigate them (focusing, particularly, upon increased retention, as outlined within our Access Agreement).

Q22: What are the main ways in which your institution is addressing the opportunities and challenges?

LSBU Response

We are meeting these opportunities and challenges through careful planning and assessment of risk, basing forecasts on minimum numbers and managing costs accordingly. At the same time, we are investing in our campus, in electronic resources and in student facilities, generally, ensuring that we both remain competitive and are attractive to new entrants.

Our forecasts show that we can achieve the necessary surpluses for re-investment during the next 5-year planning cycle, and we have, additionally, put in place a concerted set of projects aimed at boosting income, from as wide a variety of sources as possible. This planning is closely monitored by the Executive team and reported, regularly, to the Board of Governors.

Table B Use of HEIF funds for London South Bank University
UKPRN: 10004078

Please return data in the blue cells only

Expenditure type	Breakdown by category of infrastructure/activity	Forecast Expenditure for 2012-13	Actual Expenditure in 2012-13
	All monies should be returned in units of £1,000 rounded to the nearest £1,000		
A.Total HEIF allocation: £807,516	Total HEIF funds used (£000s)	807	807
<i>Of your total allocation, how much will be allocated to the following types of expenditure (B-D should sum to A)</i>			
B. Dedicated KE staff	Funds used (£000s)	635	750
Of the funds allocated to dedicated KE staff, please estimate the % of this money (or % of KE staff time) to be focused on the following categories of infrastructure/activity (should sum to 100%)	<i>Facilitating the research exploitation process</i>	52%	52%
	<i>Skills and human capital development</i>	26%	26%
	<i>Knowledge sharing and diffusion</i>	2%	2%
	<i>Supporting the community/public engagement</i>	6%	6%
	<i>Social enterprise/entrepreneurship</i>	12%	12%
	<i>Exploiting the HEI's physical assets</i>	3%	3%
	Total dedicated KE staff (should sum to 100%)	100%	100%
C. Academic staff KE activity (including buying out academic time to engage in KE)	Funds used (£000s)	50	17
Of the funds allocated to academic KE activity, please estimate the % of this money (or % of academic time supported from the funds) to be focused on the following categories of infrastructure/activity (should sum to 100%)	<i>Facilitating the research exploitation process</i>	50%	50%
	<i>Skills and human capital development</i>	50%	50%
	<i>Knowledge sharing and diffusion</i>	%	%
	<i>Supporting the community/public engagement</i>	%	%
	<i>Social enterprise/entrepreneurship</i>	%	%
	<i>Exploiting the HEI's physical assets</i>	%	%
	Total academic KE activity (should sum to 100%)	100%	100%
D. Other costs and initiatives	Funds used (£000s)	122	40
Of the funds allocated to other costs and initiatives, please estimate the % of this money to be focused on the following categories of infrastructure/activity (should sum to 100%)	<i>Facilitating the research exploitation process</i>	25%	25%
	<i>Skills and human capital development</i>	15%	15%
	<i>Knowledge sharing and diffusion</i>	2%	2%
	<i>Supporting the community/public engagement</i>	2%	2%
	<i>Social enterprise/entrepreneurship</i>	55%	55%
	<i>Exploiting the HEI's physical assets</i>	1%	1%
	Total other costs and initiatives (should sum to 100%)	100%	100%
Total of funding so far returned above	Total funds (£000s)	807	807

Please note that the Total funds used (A) should match the sum of Funds used (B, C and D) for both Forecast and Expenditure columns

2013 Financial tables

Please ensure that the financial information completed for 2011-12 and 2012-13 in this workbook is consistent with your institution's audited financial statements and the data returned to the HESA Finance Statistics Return (FSR)

HEFCE assurance consultant: Jacqui Brasted

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Financial indicators (automated table)			
Institution: London South Bank University			
Code: H-0076			
UKPRN: 10004078			
	Actual	Actual	Forecast
	2011-12	2012-13	2013-14
Historical cost surplus/(deficit) as a % of total income	5.3	4.6	2.4
Discretionary reserves excluding pension asset/(liability) as a % of total income	77.1	83.2	88.3
External borrowing as a % of total income	24.1	22.5	21.1
Net cash flow as a % of total income	14.5	9.2	10.0
Net liquidity days	209	177	139
Staff costs as a % of total income	52.6	53.4	55.1

Table 1: Income and expenditure account			
Institution: London South Bank University			
Code: H-0076			
UKPRN: 10004078			
	Actual	Actual	Forecast
	2011-12	2012-13	2013-14
	£000	£000	£000
Income			
1. Funding body grants	45,450	34,750	26,916
2. Tuition fees and education contracts	73,959	83,283	90,712
3. Research grants and contracts	4,068	3,255	3,366
4. Other income	14,094	16,001	16,156
5. Endowment and investment income	697	566	415
6. Total income	138,268	137,855	137,565
7. Less: share of income from joint venture(s)	0	0	0
8. Net income	138,268	137,855	137,565
Expenditure			
9. Staff costs	72,725	73,619	75,794
10. Other operating expenses	44,020	46,876	45,899
11. Depreciation	10,989	7,870	8,592
12. Interest and other finance costs	4,019	3,433	4,780
13. Total expenditure	131,753	131,798	135,065
14. Surplus/(Deficit)	6,515	6,057	2,500
15. Share of surplus/(deficit) in joint venture(s) and associates	0	0	0
16. Taxation	0	0	0
17. Minority interest	0	0	0
18. Exceptional items	0	-556	0
19. Surplus/(deficit) for the year transferred to accumulated income in endowment funds	0	0	0
20. Surplus/(deficit) for the year retained within general reserves	6,515	5,501	2,500
Note of group historical cost surpluses and deficits for the year ended 31 July			
21. Surplus/(deficit) on continuing operations before taxation	6,515	5,501	2,500
22. Difference between a historical cost depreciation and the actual charge for the year calculated on the re-valued amount	802	794	802
23. Realisation of property revaluation gains of previous years	0	0	0
24. Historical cost surplus/(deficit) for the year before taxation	7,317	6,295	3,302
25. Historical cost surplus/(deficit) for the year after taxation	7,317	6,295	3,302

2013 Financial tables

Please ensure that the financial information completed for 2011-12 and 2012-13 in this workbook is consistent with your institution's audited financial statements and the data returned to the HESA Finance Statistics Return (FSR)

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Note: Income in this table should INCLUDE income attributable to a share in joint venture(s)

Table 1a: Analysis of income			
Institution: London South Bank University			
Code: H-0076			
UKPRN: 10004078			
	Actual 2011-12 £000	Actual 2012-13 £000	Forecast 2013-14 £000
1. Funding body grants			
1a. HEFCE: teaching grant	37,368	28,274	20,728
1b. HEFCE: research grant	2,044	1,975	1,970
1c. HEFCE: other grants	2,236	1,778	2,029
1d. TDA funding	2,018	770	500
1e. SFA grants	98	60	0
1f. Release of deferred capital grants	1,686	1,893	1,689
1g. Total funding body grants	45,450	34,750	26,916
2. Tuition fees and education contracts			
2a. Full-time UG home and EU	23,983	33,490	40,137
2b. Full-time postgraduate home and EU	2,495	4,630	5,715
2c. Part-time fees - home and EU	6,207	7,114	7,201
2d. Home and EU domicile fees paid by the Department of Health	30,406	29,029	28,041
2e. Non-EU domicile students	9,983	8,829	9,567
2f. Other fees and support grants	885	191	51
2g. Total tuition fees and education contracts	73,959	83,283	90,712
3. Research grants and contracts			
3a. BIS Research Councils	1,185	1,123	980
3b. UK-based charities	231	279	191
3c. Other research grants and contracts	2,652	1,853	2,195
3d. Total research grants and contracts	4,068	3,255	3,366
4. Other income			
4a. Other services rendered	0	0	0
4b. Residences and catering operations (including conferences)	8,378	9,125	9,035
4c. Income from health and hospital authorities (excluding teaching contracts for student provision)	0	0	0
4d. Other operating income	5,716	6,876	7,121
4e. Total other income	14,094	16,001	16,156
5. Endowment and investment income	697	566	415
6. Total income	138,268	137,855	137,565

Table 1b: Analysis of staff costs			
Institution: London South Bank University			
Code: H-0076			
UKPRN: 10004078			
	Actual 2011-12 £000	Actual 2012-13 £000	Forecast 2013-14 £000
1. Salaries and wages	59,228	59,355	61,728
2. Social security costs	5,306	5,207	5,530
3. Pension costs	8,191	9,057	8,536
4. Exceptional FRS17 related costs	0	0	0
5. Other staff related costs	0	0	0
6. Total staff costs	72,725	73,619	75,794
7. Staff numbers (FTEs academic and other)	1,386	1,311	1,386

2013 Financial tables

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Table 2: Balance sheet			
Institution: London South Bank University			
Code: H-0076			
UKPRN: 10004078			
	Actual	Actual	Forecast
	31/7/12	31/7/13	31/7/14
	£000	£000	£000
1. Fixed assets			
a Intangible assets	0	0	0
b Tangible assets	163,626	174,292	188,842
c Investments	38	38	38
d Investments in joint ventures: share of gross assets	0	0	0
e Investments in joint ventures: share of gross liabilities	0	0	0
Total	163,664	174,330	188,880
2. Endowment assets	641	729	641
3. Current assets			
a Stock	46	18	46
b Debtors	9,101	7,823	9,101
c Investments	0	0	0
d Cash at bank and in hand	69,146	59,956	48,216
Total	78,293	67,797	57,363
4. Creditors: amounts falling due within one year			
a Creditors	38,492	36,667	38,492
b Current portion of long-term liabilities	2,254	1,470	2,254
c Bank overdrafts	0	0	0
Total	40,746	38,137	40,746
5. Net current assets/(liabilities)	37,547	29,660	16,617
6. Total assets less current liabilities	201,852	204,719	206,138
7. Creditors: Amounts falling due after more than one year			
a External borrowing	31,062	29,592	26,747
b Other	0	0	0
Total	31,062	29,592	26,747
8. Provisions for liabilities and charges	1,179	0	0
9. Net assets excluding pension asset/(liability)	169,611	175,127	179,391
10. Pension asset/(liability)	-74,664	-62,211	-68,064
11. Net assets including pension asset/(liability)	94,947	112,916	111,327
12. Deferred capital grants	31,695	29,839	28,214
13. Endowments			
a Expendable	304	341	304
b Permanent	337	388	337
Total endowments	641	729	641
14. Reserves			
a Income and expenditure account	106,289	114,367	121,154
b Pension reserve	-74,664	-62,211	-68,064
c Revaluation reserve	30,986	30,192	29,382
d Minority interest	0	0	0
Total reserves	62,611	82,348	82,472
15. Total funds	94,947	112,916	111,327

2013 Financial tables

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Table 3: Cash flow statement

Institution: London South Bank University

Code: H-0076

UKPRN: 10004078

	Actual 2011-12 £000	Actual 2012-13 £000	Forecast 2013-14 £000
1. Net cash inflow/(outflow) from operating activities (Table 4 head 15)	20,083	12,730	13,768
2. Returns on investments and servicing of finance			
a Income from endowments	25	25	20
b Income from short-term investments	0	0	0
c Other interest received	672	541	395
d Interest paid	-1,757	-1,472	-1,480
e Other items	0	0	0
f Net cash inflow/(outflow) from returns on investments and servicing of finance	-1,060	-906	-1,065
3. Taxation	0	0	0
4. Capital expenditure and financial investment			
a Payments to acquire tangible assets	-11,063	-18,552	-22,000
b Payments to acquire endowment asset investments	0	0	0
c Total payments to acquire fixed/endowment assets	-11,063	-18,552	-22,000
d Receipts from sale of tangible assets	0	0	0
e Receipts from sale of endowment assets	0	0	0
f Deferred capital grants received	0	0	0
g Endowments received	0	0	0
h Other items	0	-547	0
i Net cash inflow/(outflow) from capital expenditure and financial investment	-11,063	-19,099	-22,000
5. Management of liquid resources	0	-61	0
6. Financing			
a. Capital element of finance lease repayments	-833	-340	-192
b. Mortgages and loans acquired	0	0	0
c. Mortgage and loan capital repayments	-2,545	-1,914	-1,278
d. Other items	1,959	240	0
e. Net cash inflow/(outflow) from financing	-1,419	-2,014	-1,470
7. Increase/decrease in cash in the year	6,541	-9,350	-10,767

Table 4: Reconciliation of surplus/(deficit) for the year to net cash flow

Institution: London South Bank University

Code: H-0076

UKPRN: 10004078

	Actual 2011-12 £000	Actual 2012-13 £000	Forecast 2013-14 £000
1. Surplus/(deficit) after depreciation of assets at valuation and before tax (from Table 1 head 14 + head 15 + head 18)	6,515	5,501	2,500
2. Depreciation (from Table 1 head 11)	10,989	7,870	8,592
3. Deferred capital grants released to income	-1,686	-1,893	-1,689
4. (Increase)/decrease stocks	2	21	0
5. (Increase)/decrease in debtors	1,136	1,248	0
6. Increase/(decrease) in creditors	-546	-2,092	0
7. Increase/(decrease) in provisions	325	-1,356	0
8. Interest payable (from Table 1 head 12)	4,019	3,433	4,780
9. Investment income	-697	-566	-415
10. Profit on sale of endowment assets	0	0	0
11. Loss on disposal of fixed assets	26	8	0
12. Impairment of fixed assets	0	0	0
13. Deconsolidation of the Students Union	0	556	0
14. Details	0	0	0
15. Net cash inflow/(outflow) from operating activities	20,083	12,730	13,768

2013 Financial tables

Please ensure that the financial information completed for 2011-12 and 2012-13 in this workbook is consistent with your institution's audited financial statements and the data returned to the HESA Finance Statistics Return (FSR)

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Table 5: Supporting data

Institution: London South Bank University

Code: H-0076

UKPRN: 10004078

	Actual 2011-12 £000	Actual 2012-13 £000	Forecast 2013-14 £000
1. Identification of items included in other operating expenses (Table 1 head 10)			
1a. Operating leases and other long-term operating expense commitments	1,247	389	380
1b. Annual contract cost of PFI deals	0	0	0
1c. Maintenance expenditure	7,037	7,601	7,466

HE student number forecasts 2013

Table 6: HE student number forecasts (FTEs)

Please complete student numbers in FTEs

Institution: London South Bank University

Code: H-0076

UKPRN: 10004078

		Actual 2012-13			Forecast 2013-14		
		Home & EU		Island & o'seas	Home & EU		Island & o'seas
		Old-regime and other	New- regime		Old-regime and other	New-regime	
Total full-time and sandwich year-out	UG (incl FD)	5,800	2,496	600	3,000	4,220	600
	PGT	500	636	350	0	1,136	350
	PGR	0		35	0		35
	Total	6,300	3,132	985	3,000	5,356	985
Total part-time	UG (incl FD)	1,000	473	120	600	800	135
	PGT	100	525	110	50	600	128
	PGR	0		2	0		2
	Total	1,100	998	232	650	1,400	265

Note: The numbers returned in this table should be consistent with the HE population of students returned to the Higher Education Statistics Agency (HESA). This means that the student numbers should INCLUDE those who do not complete (unless a student leaves within the first two weeks without completing). A full description of the HESA student population is available at http://www.hesa.ac.uk/component/option,com_studrec/task,show_file/itemid,233/mnl,12051/href,coverage.html/. The information in this table will be used to provide context to the other financial tables and will not be used for funding purposes. For further guidance on completing this table please see Annex C of the AAR publication HEFCE 2013/23.

2013 Financial tables

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Table 7: Annualised servicing costs of long-term borrowing

Institution: London South Bank University

Code: H-0076

UKPRN: 10004078

If a nil return then please choose "nil return" from the drop-down menu:

Please review the long-term borrowing information returned to HEFCE in December 2012 or subsequently corrected in July 2013. Please update the data to provide information on the ASC of all long-term borrowings in place as at 31 July 2013. In particular please review and update the Capital sum owed (column E), the Interest rate (column K) and the Annualised servicing costs (column N).

The data returned in this table is used to review compliance with the Financial Memorandum in relation to the level of annualised servicing costs (ASC) of long-term financial commitments. We also use these data to review and update the borrowing consent limits and to understand the borrowing behaviour in the sector. Guidance on calculating the ASC of long-term borrowing is provided in Annex F of the Financial Memorandum (HEFCE 2010/19).

Where any information on an existing loan is incorrect please overwrite the existing data and then choose a reason for changing the data from the drop-down menu in column O. Any changes to the pre-filled data will be highlighted as red text; this is to aid HEFCE's use of the data.

If a loan has terminated, please delete the data in columns B to N and choose "Repaid" or "Expired" in column O.

If you have taken out a new loan please enter the information about this loan on a new row and choose "New Loan" in column O. New loans will be highlighted as red text; this is to aid HEFCE's use of the data.

Please review the validation checks for Table 7 on the "Validation" worksheet.

Long-term borrowings													Annualised servicing costs £000s	Reason for difference in loan compared to last year's return
Lender	Type of Instrument (Note 1)	Capital sum originally borrowed £000s	Capital sum owed at 31/07/13 £000s	Date drawn down month year	Period of loan years	Date due to be repaid month year	Interest rate at 31/07/13 %	Interest rate fixed, variable or fixed/variable	Proportion relating to activities listed at Note 2 %					
Loans outstanding as at 31 July 2013														
1	AIB	10,000	5,377	Apr 2001	26	Sep 2027	6.7	Fixed	100.0			711	Repaid	
2														
3	Barclays	7,695	5,752	Apr 2007	25	Jan 2032	5.7	Fixed	100.0			531		
4	SALIX	200	200	Feb 2009	5	Jan 2014	0.0	Fixed	0.0			0		
5	Barclays	6,830	5,568	Mar 2009	23	Mar 2032	0.9	Variable	0.0			419		
6	Barclays	5,000	5,000	Apr 2009	20	Apr 2029	5.3	Fixed	0.0			501		
7	Barclays	10,000	8,917	Apr 2009	23	Jan 2032	5.5	Fixed	0.0			754		
8													Repaid	
9														
10	ING	253	19	Nov 2009	4	Oct 2013	10.1	Fixed	0.0			77	Repaid	
11														
12	ING	213	21	Dec 2009	4	Nov 2013	10.2	Fixed	0.0			65	Repaid	
13	ING	336	108	Oct 2010	4	Sep 2014	9.2	Fixed	0.0			100		
14	ING	202	99	Apr 2011	4	Mar 2015	8.9	Fixed	0.0			60		
15														
16														
17														
18														
19														
20														
21														
22														
23														
24														
25														
Total loans outstanding as at 31 July 2013		40,729	31,061									3,218		

2013 Financial tables

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Lender	Type of Instrument (Note 1)	Capital sum originally borrowed £000s	Date drawn down		Period of loan years	Date due to be repaid		Interest rate at 31/10/13 %	Interest rate fixed, variable or fixed/variable	Proportion relating to activities listed at Note 2 %	Annualised servicing costs £000s
			month	year		month	year				
Loans drawn between 1 August 2013 and 31 October 2013											
26											
27											
28											
29											
30											
Total of loans drawn down between 1 August 2013 and 31 October 2013		0									0
Loan facilities agreed with lender but not drawn down as at 31 October 2013											
31											
32											
33											
34											
35											
Total of loan facilities agreed with lender but not drawn down as at 31 October 2013		0									0
TOTAL ANNUALISED SERVICING COSTS											3,218
									2011-12	2012-13	2013-14
									Actual	Actual	Estimate
									£000s	£000s	£000s
Total annualised servicing costs									4,848	3,218	3,230
Total income - as income and expenditure account									138,268	137,855	137,565
Annualised servicing costs (ASC) as a percentage of total income									3.51	2.33	2.35
									2011-12	2012-13	
									Actual	Actual	
									£000s	£000s	
Operating leases and other long-term operating expense commitments and ASC as a percentage of total income									4.41	2.62	

Notes

1 For example, mortgage, term loan, finance lease, BES, MOPS. Refer to Annex F in HEFCE 2010/19 publication for further guidance.

2 Proportion of the borrowing related to the following activities: research contracts; residences, catering and conferences; services to external customers, including consultancy; and overseas activity.

2013 Financial tables

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Table 8: Net liquidity as at 31 October 2013

Institution: London South Bank University

Code: H-0076

UKPRN: 10004078

	Outturn as at 31 October 2013 £000s	Highest level of negative net cash sustained for more than thirty five consecutive days between 1 November 2012 and 31 October 2013 (note 4) £000s
1 Cash at bank and in hand	54,001	0
2 Deposits repayable on demand (note 3)	0	0
3 Bank overdraft (enter as negative)	0	0
4 Sub-total	54,001	0
5 Other current asset investments	0	0
6 Net liquidity	54,001	0

Notes

3 Deposits repayable on demand, as defined in FRS1 and FRS7.

4 Only enter data in this column if the overall level of net cash (on a cash book basis) is negative.

2013 Financial tables

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Please review your return to check it shows "validation passed" for all checks before submitting your workbook to HEFCE. If you have a genuine reason for failing a validation check, please provide a brief explanation of this reason in the box at the bottom of this page.

Your workbook has passed all validation checks

Table1	Completed
Table1a	Completed
Table1b	Completed
Table2	Completed
Table3	Completed
Table4	Completed
Table5	Completed
Table6	Completed
Table7	Completed
Table8	Completed

Table 1: Income and expenditure account

1a. Please check you have entered share of income in joint venture(s) (Head 7) as a negative figure for each year.

Validation Passed

1b. Please check you have entered other operating expenses (Head 10) and depreciation (Head 11) in the correct rows.

Validation Passed

Table 1a: Analysis of income

1c. Please ensure you have entered the fee income for non-EU domiciled students (Head 2e) in each year.

Validation Passed

Table 1b: Analysis of staff costs

1d. Please ensure that staff numbers are entered (Head 7) for each year.

Validation Passed

Table 2: Balance sheet

2. Please check you have entered intangible assets (Head 1a) and tangible assets (Head 1b) in the correct rows for each year.

Validation Passed

3. Please check you have entered investments in joint ventures: share of gross liabilities (Head 1e) as a negative figure for each year.

Validation Passed

4. Net assets including pension asset/(liability) (Head 11) should equal total funds (Head 15) for each year.

Validation Passed

5. Endowment assets (Head 2) should equal total endowments (Head 13) for each year.

Validation Passed

6a. You have entered a pension asset in Head 10, please confirm in the box below if this is correct. (Liabilities should be entered as negative.)

Validation Passed

6b. Please check you have entered pension assets/(liabilities) in Head 10 for all years.

Validation Passed

6c. If you have entered a pension asset/liability in Head 10, please make sure you enter a pension asset/liability in Head 14b.

Validation Passed

2013 Financial tables

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Table 3: Cash flow statement

7. Interest paid (Head 2d) would usually be less than or equal to 0.

Validation Passed

8. Payments to acquire tangible assets (Head 4a) would usually be less than or equal to 0.

Validation Passed

9. Payments to acquire endowment asset investments (Head 4b) would usually be less than or equal to 0.

Validation Passed

Table 4: Reconciliation of surplus/(deficit) for the year to net cash flow

10. If you have entered additional items in Head 11 to Head 14 please record a description of the item.

Validation Passed

Table 6: Student number forecasts

11. Please ensure that you have entered full-time student numbers for all years in Table 6.

Validation Passed

12. Please ensure that you have entered part-time student numbers for all years in Table 6.

Validation Passed

Table 7: Annualised servicing costs of long-term borrowing

13. If you have deleted or altered any of the pre-filled loan data please choose a reason for the change from the drop-down list in the final column of the table. Any changes that you have made to the pre-filled data will appear as red text.

Validation Passed

14. The period of the loan must correspond with the year the loan was drawn down and the year the loan will be repaid.

Validation Passed

15. The capital sum owed at 31/07/13 should be less than the capital sum original borrowed.

Validation Passed

16. Loans which have finished (i.e. where the capital sum owed is zero) should be deleted.

Validation Passed

17. Total loans outstanding as at 31 July 2013 should equal the total external borrowing in table 2 (Head 4b + Head 7a).

Validation Passed

18. An estimate of the 2013-14 annualised servicing costs should be completed in Table 7.

Validation Passed

19. Annualised servicing costs must be provided for all loans.

Validation Passed

20. Please ensure that you have entered all of the details for an individual loan.

Validation Passed

21. If you have selected 'Nil return' for Table 7 please ensure no data are entered in Table 7.

Validation Passed

2013 Financial tables

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Workbook:

22. All monetary values in this workbook should be stated to the nearest thousand pounds.

Validation Passed

If you have a genuine reason for failing any of the above validation checks, please enter a brief explanation of this in the table below.

Validation check	Reason for failure

Annex D Financial commentary template

1. HEIs have not always fully answered the questions in the financial commentary. Compliance improved in more recent annual accountability returns, but further improvement is necessary to ensure that all HEIs provide all of the requested information. To help HEIs meet our requirements, this annex provides optional templates for HEIs to complete.
2. We recognise that HEIs produce reports internally for management as well as for their governing body and its committees. Where the HEI already produces internal documentation that addresses all of the questions, we are happy to continue to receive the information in the institution's own format. Similarly, where specific questions may be answered by reference to other parts of the annual accountability return, please reference that document, rather than providing duplicate information.
3. Note that questions that are unanswered by HEIs will be followed up by reviewers of the return.

Template for December 2013 submission

1	Explain any material variances between the 2012-13 audited performance and position relative to the June 2013 forecast.
	<p>Variations between the 12/13 forecast surplus of £4.1M as per the June 2013 submission and 12/13 audited accounts surplus of £5.5M.</p> <p>Income increased compared to forecast by £1M due to increased grants, reduced academic fees , increased research grants, better than expected other income and additional other operating income.</p> <p>The additional grant income was due to the release of deferred capital grants and additional TDA funding.</p> <p>In terms of academic fees, Health contract income decreased, total PG and UG fees were slightly higher than forecast and there was an increase in fees for part time study. Income from international students was slightly down compared to forecast</p> <p>The additional research grants were primarily from BIS Research Councils.</p> <p>The increase in other income was due to additional occupancy within the University's hall of residences, additional sales from our catering operations and better than expected Enterprise activities.</p> <p>In terms of expenditure our results were better than forecast by almost £900K.</p> <p>Staff costs were broadly in line with the original forecast, as was depreciation. Other operating expenses were below forecast due to tight cost control however these savings were offset by a significant provision for bad debts. This increase in bad debt provision arose because credit balances on SLC and sponsor related fee debtors were not offset in calculating the bad debt provision as was previously the case. The increase is not indicative of a greater risk or collection problem. Interest and other finance costs were significantly lower than forecast mainly to a lower than expected provision required under FRS 17 and reduced loan charges.</p> <p>There was also an exceptional item due to the deconsolidation of the Student Union, the amount relates to the value of the Student Unions net assets.</p>

2	Explain any material changes in the forecast for 2013-14.
	There is no change to the 2013-14 forecast, as we are still forecasting to the budget approved by the Board of Governors in May 2013, and reported in the July AAR Return.

1. Where the commentary outlined above has not been provided to a satisfactory level of detail, or if the information provided is not consistent with the operating and financial review, we will follow up with the relevant contacts at the HEI to obtain the required information.