

Meeting of the Finance, Planning and Resources Committee

4.00 pm on Tuesday, 25 September 2018
in 1B16 - Technopark, SE1 6LN

Agenda

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2.	Declarations of Interest		HM
3.	Minutes from the last meeting	3 - 8	HM
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	Finance		
5.	Student Recruitment Update	11 - 20	NL
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	People and Organisation		
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	For Approval		
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	Items to note		
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Date of next meeting
4.00 pm on Tuesday, 6 November 2018

Members: Hilary McCallion (Chair), Jerry Cope, Michael Cutbill, Peter Fidler, Nelly Kibirige, Mee Ling Ng, Jenny Owen and David Phoenix

No. Item

Pages

Presenter

In attendance: Pat Bailey, Richard Flatman, Nicole Louis, James Stevenson, Ralph Sanders, Alexander Enibe and Markos Koumaditis (item 7)

Agenda Item 3

	CONFIDENTIAL
Paper title:	Minutes and Proposed redactions
Committee:	Finance, Planning and Resources Committee
Date of meeting:	25 September 2018
Author:	Alexander Enibe, Governance Assistant
Sponsor:	Hilary McCallion, Chair of Committee
Purpose:	For Information
Recommendation:	The Committee is requested to approve the minutes and proposed redactions, marked grey

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**Minutes of the meeting of the Finance, Planning and Resources Committee
held at 4.00 pm on Tuesday, 26 June 2018
1B16 - Technopark, SE1 6LN**

Present

Hilary McCallion (Chair)
Sodiq Akinbade
Michael Cutbill
Mee Ling Ng
Jenny Owen
David Phoenix

Apologies

Jerry Cope
Peter Fidler
Nicole Louis

In attendance

Pat Bailey
Richard Flatman
Ian Mehrtens
James Stevenson
Shân Wareing (minute 4)
Ralph Sanders
Alexander Enibe
Olivia Rainford (minute12)

1. Welcome and Apologies

The above apologies were noted.

2. Declarations of Interest

No governors declared a conflict of interest in any item on the agenda.

3. Minutes from the last meeting

The committee approved the minutes of the previous meeting and the redactions, subject to minor changes.

4. Matters Arising

The Pro Vice Chancellor (Education & Student Experience) joined the meeting.

The committee noted the actions arising from the previous meeting.

The committee noted an update on student retention for 2017/18 (withdrawal rate 2.3% against 2.8% in 2016/17).

At the end of May 2018, fewer students had withdrawn and more had interrupted (41% against 38% in 2016/17) than the previous year.

A factor in this improved withdrawal rate is the increase in early intervention and engagement with students.

The Board will receive a presentation on retention ahead of its next meeting on 12 July. The committee requested to receive further updates from Deans.

The Pro Vice Chancellor (Education & Student Experience) left the meeting.

5. Student Recruitment Update

The committee noted the update on student recruitment for semester 1, 2018/19.

The University is currently 400 firm acceptances up for full-time undergraduates than the previous year.

The committee noted that LSBU still relies on clearing and this will be even more competitive this year. The Executive is identifying a preferred closing date for clearing. Increasing the offer rate and conversion are key.

The committee discussed LSBU's approach to entry requirements. The "tariff" will be maintained during clearing. A range of support is provided for later start students.

6. Management accounts to April 2018

The committee noted the management accounts to April 2018. Subject to further clarity and consideration on change costs, the full year forecast surplus is expected to be £1.5M, in line with budget.

Some of the required opex and staff cost savings have been made but some are still to be identified to achieve budget for 2017/18.

The committee discussed the potential impact of change costs on both current year performance and the 2018/19 budget. The Executive will have more clarity on restructure costs in July 2018 after closure of the voluntary severance scheme and the consultation on change proposals. The Executive will review the position thereafter and an update will be provided at the next meeting.

7. **Draft budget 2018/19**

The committee discussed the 2018/19 draft budget, with a planned surplus of £1.5M consistent with 2017/18.

The proposed budget has income of £145m, recurring staff costs of £83M, a restructuring fund of £1.5m, and an investment pot of £1.2m.

The committee noted the prudent assumptions in the budget. The risks to delivering the budget are full-time undergraduate student recruitment, post graduate income and growth, international student growth and growth in enterprise income.

The committee supported the 2018/19 draft budget and recommended approval by the Board.

8. **Draft five-year forecasts**

The committee supported the draft five-year forecasts and recommended to the Board for approval.

The forecasts would deliver £175m of income by 2021/22 with a £5m surplus.

9. **Larch consolidation forecast**

The committee noted the consolidated forecasts for LSBU and Lambeth College, based on the assumption that Lambeth College joins the LSBU Group. The projected 3 year cash requirement is £13m.

10. **Lambeth College commercial debt**

The committee noted the update on proposals for the transfer of Lambeth College commercial debt of c.£14m to LSBU if Lambeth College joins the LSBU Group.

Negotiations with Barclays Bank and the Transaction Unit are ongoing.

11. **Strategic HR Report**

The committee noted the Strategic HR report.

The Deputy Vice Chancellor confirmed that discussion is continuing with trade unions on the voluntary severance scheme (VS) open to all staff and change proposals in 10 specific areas. The VS scheme closes on 6 July 2018. The formal collective consultation for the change proposals closes on 20 July 2018.

The national final pay offer of a base pay uplift of 2%, made by the New Joint Negotiating Council for Higher Education Staff has been rejected by the

unions. The committee noted there may be national industrial action as a result of this.

The committee noted that preparations of the submission for the Race Equality Charter Mark were underway.

The committee requested an overview of the workforce at the committee meeting of 6 November 2018.

12. Fundraising compliance update

The committee noted the update on fundraising compliance and how LSBU governors, as charity trustees, complied with the Charity Commission's "CC20, Charities Fundraising: a guide to trustee duties".

The fundraising strategy as reviewed at the FPR meeting of 1 May 2018 and compliance would be reported to the Board meeting of 12 July 2018.

13. KPI - strategic enablers

The committee noted the Key Performance Indicators – Strategic Enablers.

The committee welcomed LSBU's improvement in the global league table.

14. Insurance Programme 2018/19

The committee noted the insurance programme 2018/19, and level of cover.

**Date of next meeting
4.00 pm, on Tuesday, 25 September 2018**

Confirmed as a true record

..... (Chair)

**FINANCE, PLANNING AND RESOURCES COMMITTEE - TUESDAY, 26 JUNE 2018
ACTION SHEET**

Agenda No	Agenda/Decision Item	Action	Officer	Action Status
4.	Matters Arising	The Board will receive a presentation on retention ahead of its next meeting on 12 July. The committee requested to receive further updates from Deans.	Shân Wareing Shân Wareing	completed on plan
6.	Management accounts to April 2018	The committee discussed the potential impact of change costs on both current year performance and the 2018/19 budget. The Executive will review the position thereafter and an update will be provided at the next meeting.	Richard Flatman	verbal update
11.	Strategic HR Report	The committee requested an overview of the workforce at the committee meeting of 6 November 2018.	Pat Bailey	on plan
12.	Fundraising compliance update	The fundraising strategy as reviewed at the FPR meeting of 1 May 2018 and compliance would be reported to the Board meeting of 12 July 2018.	Olivia Rainford	completed

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	CONFIDENTIAL
Paper title:	Semester 1 2018/19 Recruitment update
Committee:	Finance, Planning and Resources Committee
Date of meeting:	25 September 2018
Author:	Steven Brabenec, Director of Marketing and Recruitment Stuart Bannerman, Director of International
Sponsor:	Nicole Louis, Chief Marketing Officer
Purpose:	For Information
Recommendation:	The committee is requested to note

Executive Summary

- UCAS acceptances across the sector have fallen by nearly 3% over three years – leading to 14k fewer students joining H.E. level programmes.
- In the context of a shrinking market, LSBU is performing strongly: there has been a 28% (or +815) rise in UGFT FAs overall (or +625 excluding HSC). We expect to meet the 2,450 target excluding Health agreed with the Board.
- All domiciles (home, EU, OS) are on an upward trajectory. Home/EU Clearing recruitment has grown by +315 FAs (a 62% increase) on last year and the number of ‘deposits paid’ by OS students has increased to 378 (up +111 or 41%)
- UG apprenticeship provision is growing, most notably with a 320% increase in FAs for the school of BEA. This growth has impacted PT provision although there is a net gain. Apprenticeships in the school of HSC are also tracking on target.
- Post graduate recruitment both FT and PT is slightly behind target and prior year and we anticipate to fall short of the Semester 1 target for PG enrolments
- At 17/08 we have secured a total of 6,000 FAs against a target of 6,540 (up 15.6% or 800 FAs against last year. Having forecast Semester 1 revenues based on ending clearing on the 21st September, we have now set a revised end date of 30th September to close an emerging revenue gap of -£1m to budget. We are aiming to secure a further 40-50 more FTUGs by extending clearing by one week
- As at 14th September, there was an 80% enrolment engagement rate for Home/EU students; for Overseas students it is currently 68%; with roughly 1,400 students in total yet to engage in enrolment across LSBU, against a modelling assumption of 90% for Home/EU and 63% for OS.
- Re-enrolment is ongoing: we have currently re-enrolled 4,880 students (76.9% of our target 6,350). The lack of comparative data makes it difficult to gauge risk, but we continue to prompt roughly 2,000 other eligible students to re-enrol. Our re-enrolment position will be clearer by the end of October.



**London
South Bank
University**

Financial Planning and Resources Committee: Recruitment & Revenue Update

SEPTEMBER 2018

INTERNAL USE ONLY: NOT FOR PUBLICATION

AUTHORS:

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Stuart Bannerman

Director of International

EXECUTIVE SPONSOR:

Nicole Louis,

Chief Marketing Officer

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Attachments to report:

University Re-enrolment Tracker

Wider Market Context

Sector acceptances have fallen by -2.8% (or by -14k students) in the last three years.

- Driven by a -90K (or -4%) decline in Home applications (principally in Allied Health, Business and Arts subjects), the number of acceptances to university programmes fell again this year to 484k students (-2.8% vs 2016).

Fig. 1 UCAS Sector Acceptances (as at 31st August)



Universities are facing challenges to sustain year on year recruitment numbers as fewer students are being accepted into H.E programmes nationally.

Against the backdrop of a shrinking sector, LSBU grew materially across each UGFT domicile, and is currently tracking at +28% (or +800 FAs) against last year.

Fig. 2 LSBU Specific UGFT FAs

LSBU	Domicile	2018	2017	% +/-	+/-
UGFT Overall	Home	2890	2414	▲ 19.7%	▲ 476
	EU	565	279	▲ 102.5%	▲ 286
	OS	274	220	▲ 24.5%	▲ 54
	Total	3729	2913	▲ 28.0%	▲ 816
UGFT exc HSC	Home	2063	1733	▲ 19.0%	▲ 330
	EU	466	225	▲ 107.1%	▲ 241
	OS	270	216	▲ 25.0%	▲ 54
	Total	2799	2174	▲ 28.7%	▲ 625

This highlights our growing efficiency and ability to make each application count.

Clearing Home & EU // Overseas Update

Compared to last year, we are outpacing Clearing recruitment by 62% and OS deposits paid by 41%.

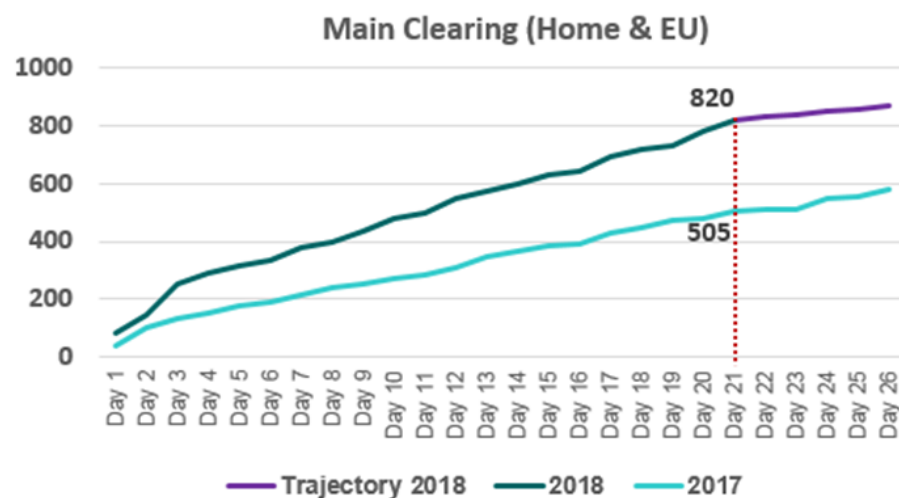


Fig. 3 UGFT Home/EU Clearing Recruitment (14th September 2018)

We continue to track well ahead of last year, and have secured 62% (or +315) more FAs.

Conversion activity is ongoing on a daily basis; applicants are being prompted via academic call-outs and text message reminders to accept their Offers on-time for enrolment.

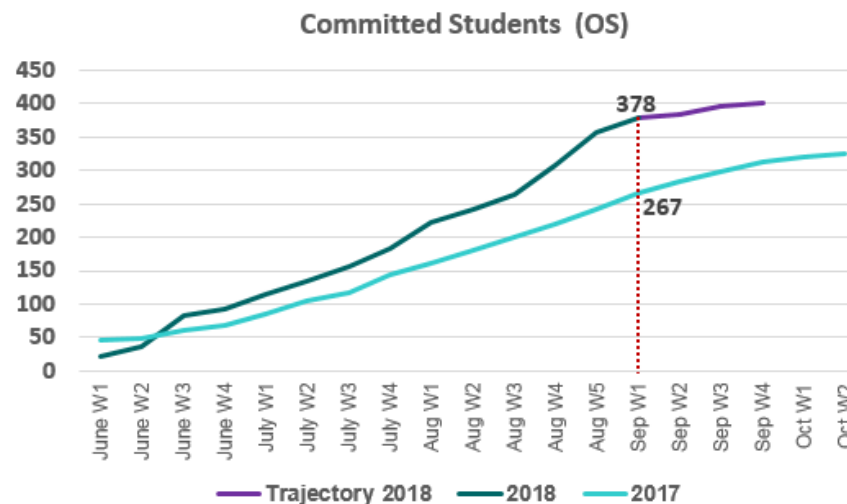


Fig. 4 Overseas deposits paid (Week 1 – September 2018)

With 378 students who have committed a deposit so far, we are 41% (or +111 deposits) ahead of last year, and expect to climb to 400+ in the next few weeks.

It is even more encouraging to note the increase of Undergraduate students in the mix, which builds in sustainability over the next few years.

University Recruitment Update

LSBU has achieved 91.8% of its target (6,000 versus 6,540 Firm Accepts): an increase of 15.6% on LYTD.

Fig. 5 September '18, Semester 1 New Starters. FAs are counted for Home & EU and UFs are counted for OS.

LSBU Mode Home / EU / OS	Current Year to Date Progress			Change Since Last Year		
	Recruitment Target	Year to Date Total FAs / UFs	Progress to Target	LYTD Total FAs / UFs	% +/- change vs LY	+/- change vs LY
UGFT	3,852	3,729	96.8%	2,913	▲ 28.0%	816
UGPT	798	660	82.7%	592	▲ 11.5%	68
PGFT	1,225	1,124	91.8%	1,143	▼ -1.7%	-19
PGPT	560	434	77.5%	455	▼ -4.6%	-21
Study Abroad	109	60	55.0%	93	▼ -35.5%	-33
LSBU	6,543	6,007	91.8%	5,196	▲ 15.6%	811
Home	5,287	4,551	86.1%	4,001	▲ 13.7%	550
EU	435	781	179.6%	486	▲ 60.7%	295
OS	821	675	82.2%	709	▼ -4.8%	-34

Forecast to 21st Sep
Forecasted FA Position
3,795
805
1,135
450
60
6,235
4,755
805
675

LSBU / Mode	Income and Revenue (based on Forecast FAs)		
	Income Target	Forecasted Income	Revenue Gap
UGFT	£ 30,731,230	£ 30,635,695	-£95,536
UGPT	£ 3,359,392	£ 3,322,726	-£36,666
PGFT	£ 8,316,889	£ 7,837,730	-£479,159
PGPT	£ 1,650,516	£ 1,321,188	-£329,329
Study Abroad	£ 171,250	£ 125,000	-£46,250
LSBU Overall	£ 44,229,277	£ 43,242,338	-£986,939
Home	£ 36,154,274	£ 32,915,594	-£3,238,679
EU	£ 3,431,416	£ 5,977,404	£2,545,989
OS	£ 4,472,338	£ 4,224,339	-£247,999

Our forecasted end-of-week position is 6,235 FAs across LSBU (95% of target), with UGFT Clearing closing on 21/09/18.

Based on 90% conversion of Home/EU FAs, and 63% conversion of OS UFs, this forecasts £43.2m of income versus a target of £44.2m from 6,235 expected FAs.

University Enrolment Status

80% of Home/EU students, and 68.7% of Overseas students have engaged with enrolment.

Fig. 6 Count of Engagement with Enrolment as at 14/09/2018. Engagement defined as at minimum starting the Enrolment process.

14/09/2018	September 2018 New Entrant - Enrolment Status Report			
Mode // Home & EU	Eligible to Enrol (FAs)	Engaged in Enrolment	Not Engaged in Enrolment	Engagement Rate (%)
UGFT	3455	2996	459	86.7%
UGPT	660	335	325	50.8%
PGFT	809	618	191	76.4%
PGPT	408	326	82	79.9%
LSBU	5332	4275	1057	80.2%

There remain 1,050 Home/EU students who have not engaged with enrolment at all, over 40% of which are in UGFT.

18/09/2018	Overseas Engagement in Enrolment					
Mode // Overseas	Eligible to Enrol	+/- versus Last Year to Date		Engaged in Enrolment	Not Engaged in Enrolment	Engagement Rate (%)
UGFT	226	▲ 74	▲ 48.7%	151	75	66.8%
UGPT	0	0	0	0	0	-
PGFT	177	▲ 36	▲ 25.5%	126	51	71.2%
PGPT	0	0	0	0	0	-
LSBU	403	▲ 110	▲ 37.5%	277	126	68.7%

68.7% of Overseas students eligible to enrol have engaged in enrolment so far.

Positively, an additional 110 Overseas students are eligible to enrol versus last year to date, which is an increase of 37.5% on LY.

University Re-enrolment Tracker

76.9% towards our re-enrolment target (4,880 re-enrolments versus 6,350 requirement)

LSBU / Mode	Enrolment Eligibility			Re-enrolment Status				Income & Revenue		
Mode // Domicile	Exam Boards / Awaiting Results	Ineligible to Re-enrol	Eligible to Re-enrol	Target Re-enrolments	Current Re-enrolments	Progress to Target	+ / - vs Target	Target Income	Current Income	Revenue Difference
UGFT	579	2,720	5,132	4,340	3,235	74.5%	-1,105	£39,330,740	£29,227,169	-£10,103,571
UGPT	130	474	1,133	1,046	879	84.0%	-167	£5,383,467	£4,487,490	-£895,976
PGFT	136	649	883	419	356	85.0%	-63	£1,498,133	£1,687,014	£188,881
PGPT	250	614	729	542	411	75.8%	-131	£1,602,695	£1,237,769	-£364,926
LSBU Overall	1,095	4,457	7,877	6,347	4,881	76.9%	-1,466	£47,815,035	£36,639,442	-£11,175,593
Home	958	3,777	6,663	5,307	4,100	77.3%	-1,207	£39,656,473	£30,588,323	-£9,068,151
EU	59	358	661	515	480	93.2%	-35	£3,882,351	£3,488,659	-£393,692
OS	78	322	553	525	301	57.3%	-224	£4,276,210	£2,562,460	-£1,713,750

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Out of an eligible pool of 7,880 students, there have been 4,880 re-enrolments so far, which puts us at 76.9% of our target of 6,350 re-enrolments. In terms of revenue, this equates to £36.6m of current income versus a re-enrolment income target of £47.8m (a difference of £11.1m).

There are roughly 3,000 students that are still eligible to re-enrol, who have not yet done so (7,880 minus 4,800). Conversion activity is ongoing daily to prompt these students to re-enrol. We've contacted 2,500 students and sent more than 2,000 texts since mid-August to encourage on-time re-enrolment; in the process we've addressed a number of problems preventing them to re-enrol (from being unable to log-in, to fee and accommodation concerns).

In addition, there remain over 1,100 students at exam board stage who may become eligible to re-enrol based on their outcomes (they may also become ineligible if they have been awarded their degree or achieved an exit qualification).

APPENDIX A: School Undergraduate FAs (FT / PT) (Home/EU/OS FAs inclusive)

KEY

2018

2017

Double digit growth in nearly all UGFT Schools versus last year.

FIG 1 -- UGFT

School	FAs	Change
BEA	267 170	97 ▲ 57.1%
BUS	655 453	202 ▲ 44.6%
ENG	488 383	105 ▲ 27.4%
APS	380 301	79 ▲ 26.2%
HSC	930 738	192 ▲ 26.0%
LSS	565 455	110 ▲ 24.2%
ACI	444 413	31 ▲ 7.5%
UGFT	3729 2913	816 ▲ 28.0%

UGFT Firm Accepts

Positively, each School has seen growth in FAs against last year, and all but one have seen double digit growth:

Significant 1 Year Change:

BEA and BUS have seen a 57% and 44% increase in their FAs respectively, gaining 97 and 202 more than last year.

Stable 1 Year Change:

ENG, APS, HSC and LSS have all experienced a 24-27% increase in FAs.

On par with LY:

ACI grew by 7.5%; very positive in the context of a 10% fall in applications early this year.

UGPT Firm Accepts

Growth in UGPT is understated as HSC Apprenticeship applications area not visible in the DARR presently.

Based on a potential pipeline of 125 upcoming FAs, overall growth in UGPT would stand at +195 on LY or 33% up.

FIG 2 -- UGPT

School	FAs	Change
LSS	25 17	8 ▲ 47.1%
BUS	40 32	8 ▲ 25.0%
BEA	471 403	68 ▲ 16.9%
APS	9 8	1 ▲ 12.5%
ENG	85 81	4 ▲ 4.9%
HSC	30 49	-19 ▼ -38.8%
UGPT	660 590	70 ▲ 11.9%

APPENDIX B: School Postgraduate FAs (FT / PT) (Home/EU/OS FAs inclusive)

Mixed performance in Postgraduate.

KEY

2018

2017

FIG 1 -- PGFT

School	FAs	Change
ACI	36 16	20 ▲ 125.0%
APS	89 78	11 ▲ 14.1%
HSC	309 279	30 ▲ 10.8%
BUS	223 239	-16 ▼ -6.7%
BEA	144 161	-17 ▼ -10.6%
ENG	89 101	-12 ▼ -11.9%
LSS	234 413	-179 ▼ -43.3%
PGFT	1124 1287	-163 ▼ -12.7%

Postgraduate Firm Accepts

Overall PG is down 180 FAs versus last year (-163 FAs in FT and -21 FAs in PT).

While there remain over 300 Live Offers in the Home/EU pipeline, over 60% (180) of these were made +8 weeks ago, and therefore carry less conversion potential versus more recent offers.

FIG 2 -- PGPT

School	FAs	Change
ACI	11 3	8 ▲ 266.7%
HSC	59 37	22 ▲ 59.5%
ENG	10 7	3 ▲ 42.9%
APS	43 38	5 ▲ 13.2%
LSS	112 104	8 ▲ 7.7%
BEA	159 203	-44 ▼ -21.7%
BUS	40 63	-23 ▼ -36.5%
PGPT	434 455	-21 ▼ -4.6%

	INTERNAL
Paper title:	Year End LSBU Management Accounts
Board/Committee:	Finance, Planning and Resources committee
Date of meeting:	25 September 2018
Author:	Ralph Sanders, Director of Financial Planning, Reporting and Registry
Sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	For Review
Recommendation:	The committee is requested to review the Year End Management Accounts which deliver the University ahead of budget

Executive Summary

The July 2018 Management Accounts are reporting a surplus of £1.6M, this would deliver the University ahead of budget.

We are reporting income for the year of £145.3M an increase of 1.3% on the 16/17 outturn. This includes total income in the Enterprise segment of £11M representing year on year growth of 25%, Research income excluding Capital grants of £5.3M representing growth of 18% and TNE Income of £1.8M representing 13% growth.

Total Tuition Fee income including International Fees and Health Contract income totalled £101.5M a reduction of 2.6% from the 16/17 total of £104.2M

The University is holding cash and cash equivalents of £49.7M. This is also ahead of budget, primarily due to reduced capital expenditure and is £1.4M more than the comparable position in 16/17.

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July Executive Summary

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

2) RAG Status

Income Growth	1.3%	Staff Cost Growth	6.1%	Staff Cost %	57.4%	Opex Growth	-10.4%	FYF Surplus	1.1%	EBITDA	10.7%
	<i>adjusted for Catering</i>		<i>excluding restructuring</i>		<i>excluding restructuring</i>		<i>adjusted for Catering</i>				

3) Summary

The full year forecast as at 31 July 2018 is trending towards a surplus of £1.6M, this would deliver the University ahead of budget.

Although the year end accounts have yet to be audited, we are currently reporting income for the year of £145.3M an increase of 1.3% on the adjusted 16/17 outturn. This includes total income in the Enterprise segment of £11M representing year on year growth of 25%, Research income excluding Capital grants of £5.3M representing growth of 18% and TNE Income of £1.8M representing 13% growth. Tuition Fee income including International Fees and Health Contract income totalled £101.5M a reduction of 2.6% from the 16/17 total of £104.2M. The University invested £83.3M in staff costs, an increase of 6.1% on the 16/17 total of £78.5M. In 16/17 there was a credit of £0.6M for Staff restructuring and the FRS102 Holiday pay adjustment, in 17/18 this charge increased by £2.5M to £1.9M. In terms of Operating Expenses, the University invested £44.6M in 17/18, a decrease of 10% on last years reported figure of £49.8M. Depreciation and interest payable were broadly unchanged from 16/17.

The University is currently holding cash and cash equivalents of £49.7M. This is ahead of budget, primarily due to reduced capital expenditure and is £1.4M more than the comparable position in 16/17.

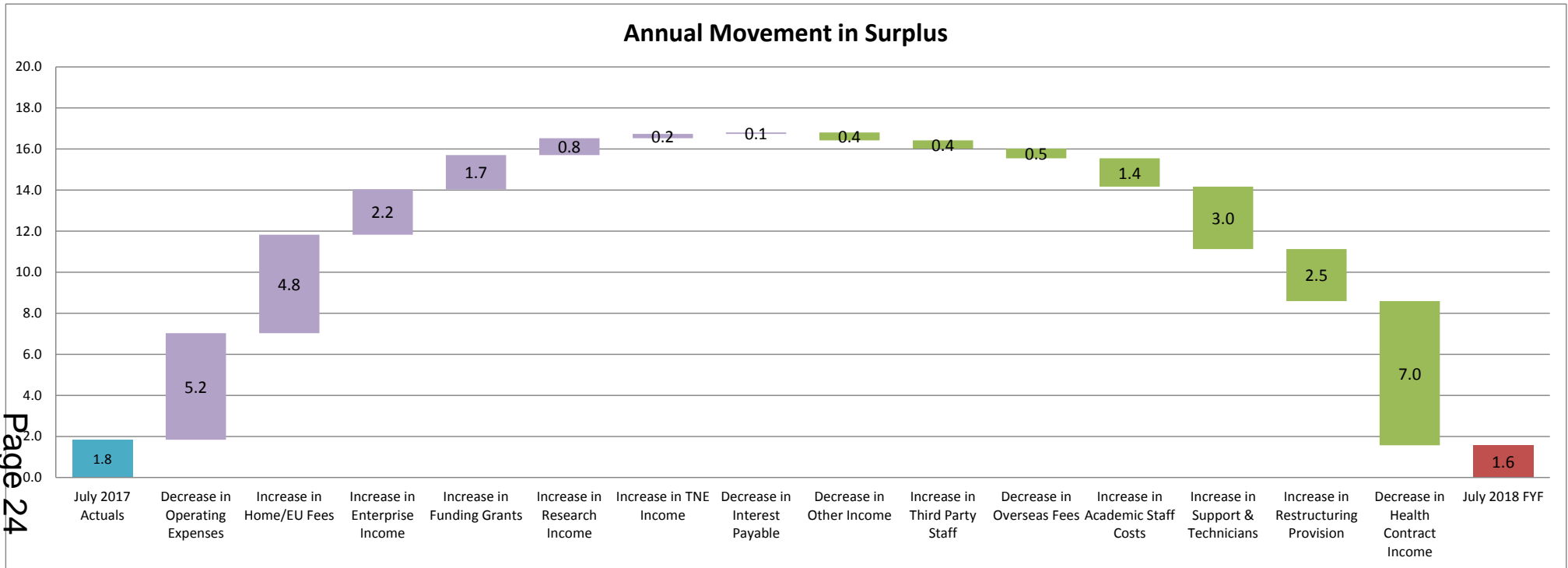
The above position will deliver EBITDA at 10.7% which is below the 17/18 target of 13% and our recurring staff cost expressed as a % of income is currently forecast to be 57.4% which is above the 55% target set by the Board of Governors. After adjusting the 16/17 income figure for the catering adjustment, our comparable income is 1.3% higher than last year.

4) Table 1: Full Year Forecast vs. Budget

Financial Summary in £'m	Budget				Full Year Outturn Position					Year on Year Outturn	
	16/17 Actuals	17/18 Budget	Change to 16/17	Change %	June 17/18	Monthly Move	July 17/18	variance to Budget	Budget variance%	Change to 16/17	Change %
Funding Grants	12.6	13.3	0.7	5%	14.1	0.1	14.2	1.0	7%	1.7	13%
Health - Contract	26.0	18.6	-7.4	-28%	18.6	0.4	18.9	0.3	2%	-7.0	-27%
Home / EU UG Fees	59.4	67.8	8.4	14%	64.8	0.0	64.8	-3.1	-5%	5.4	9%
Home / EU PG Fees	9.3	10.2	0.9	10%	8.4	0.3	8.7	-1.5	-15%	-0.6	-6%
Overseas Tuition Fees	9.6	11.0	1.4	15%	8.8	0.3	9.1	-1.9	-17%	-0.5	-5%
TNE Income	1.6	2.1	0.5	32%	2.0	-0.2	1.8	-0.3	-14%	0.2	13%
Research Activities	4.5	5.3	0.8	18%	5.2	0.1	5.3	0.0	0%	0.8	18%
Enterprise Activities	8.7	10.6	1.9	22%	10.7	0.2	10.9	0.3	3%	2.2	25%
Student Related Income	10.6	11.3	0.8	7%	10.3	0.1	10.4	-0.9	-8%	-0.1	-1%
Other Operating Income	1.1	0.1	-1.0	-90%	0.3	0.6	0.9	0.8	666%	-0.3	-22%
Endowments & Interest	0.2	0.1	-0.0	-26%	0.1	0.1	0.2	0.0	32%	-0.0	-3%
Income	143.5	150.5	7.0	5%	143.4	1.9	145.3	-5.2	-3%	1.8	1%
in £'m											
Academic Staff Costs	39.4	42.7	3.3	8%	41.4	-0.6	40.8	-1.9	-4%	1.4	4%
Support & Technicians	36.4	39.8	3.4	9%	39.6	-0.2	39.4	-0.4	-1%	3.0	8%
Third Party Staff	2.7	1.6	-1.1	-41%	2.3	0.8	3.1	1.5	94%	0.4	15%
Restructuring / FRS 102	-0.6	1.5	2.1		1.5	0.4	1.9	0.4	29%	2.5	
Depreciation	9.6	10.0	0.3	4%	9.7	-0.0	9.6	-0.3	-3%	0.0	0%
Operating Expenses	49.8	46.3	-3.4	-7%	42.9	1.7	44.6	-1.7	-4%	-5.2	-10%
Interest Payable	4.4	4.4	-0.0	0%	4.4	-0.1	4.3	-0.1	-1%	-0.1	-2%
Exceptional Items	0.0	2.7	2.7	0%	0.2	-0.2	0.0	-2.7	-100%	0.0	0%
Expenditure	141.6	149.0	7.3	5%	141.9	1.9	143.7	-5.2	-4%	2.1	1%
Surplus for the year	1.8	1.5	-0.3	-19%	1.5	0.1	1.6	0.1	4%	-0.3	
Surplus as % of income	1.3%	1.0%			1.0%		1.1%				

5) Forecast Summary

As compared to 16/17 we are now forecasting a £1.8M increase in like for like Income, a £4.8M increase in Staffing Costs, a £5.2M reduction in Operating Expenses, a £0.1M reduction in Interest payable and a £2.5M increase in the costs associated with Restructuring, leading to a reduction of £0.3M in our annual surplus.



The key movement in the year on year position of the University is the reduction of £7.0M in Health Contract income. This is not all due to a reduction in activity but is because New Health students have transferred to the same funding regime as UG and PG students in the other 6 schools. There is however a net reduction in our total income outturn of £2.2M for Home / EU students, this is in line with the reduction in student FTEs of 7%. Operating Expenses have decreased year on year by £5.2M, however last year we wrote off £5M of expenditure in the last 2 months of the year and so recurring Operating Expenses are broadly flat. The other major investment as compared to 16/17 is in staffing. The University has invested an additional £4.8M in staff as compared to 16/17. £2M of this increase is in the Schools in both Academic and Support staff and there is a £2.8M increase in staff in the Professional Functions including the Research and Enterprise teams. The other key movement in staffing costs is the £2.5M additional charge associated with Restructuring costs and the FRS 102 pension cost.

6) Contribution Analysis

As a result of the lower than expected Tuition fee income, the Schools generated £124.7M of income in 17/18, a reduction of £0.4M as compared to 16/17. We invested an additional £0.4M in the schools and so the net contribution from the School's portfolio is £0.8M less than in 16/17. Two Schools; Arts & Creative Industries and Health & Social Care grew in terms of Income, the School of Built Environment & Architecture was broadly flat whilst the Schools of Applied Sciences, Business, Engineering and Law & Social Sciences declined in terms of income.

Contribution per School across Teaching, Research and Enterprise activities

	Applied Sciences		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Health & Social Care		Law & Social Sciences		Total All Schools	
	16 / 17 Actual	July 17/18 FYF	16 / 17 Actual	July 17/18 FYF	16 / 17 Actual	July 17/18 FYF	16 / 17 Actual	July 17/18 FYF	16 / 17 Actual	July 17/18 FYF	16 / 17 Actual	July 17/18 FYF	16 / 17 Actual	July 17/18 FYF	16 / 17 Actual	July 17/18 FYF
Income (M)	£11.2	£10.8	£10.5	£11.2	£18.4	£18.3	£17.4	£16.5	£18.5	£18.1	£34.0	£35.6	£15.0	£14.2	£125.1	£124.7
Expenditure (M)	£5.4	£5.4	£5.1	£5.4	£7.1	£7.2	£8.0	£6.9	£9.8	£11.0	£19.5	£19.3	£6.6	£6.8	£61.6	£61.9
Contribution (M)	£5.9	£5.4	£5.4	£5.9	£11.3	£11.1	£9.4	£9.5	£8.7	£7.1	£14.5	£16.3	£8.4	£7.4	£63.5	£62.7
Contribution %	52%	50%	51%	52%	61%	61%	54%	58%	47%	39%	43%	46%	56%	52%	51%	50%

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

Contribution per School across Teaching activity only (excluding TNE)

	Applied Sciences		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Health & Social Care		Law & Social Sciences		Total All Schools	
	16 / 17 Actual	July 17/18 FYF	16 / 17 Actual	July 17/18 FYF	16 / 17 Actual	July 17/18 FYF	16 / 17 Actual	July 17/18 FYF	16 / 17 Actual	July 17/18 FYF	16 / 17 Actual	July 17/18 FYF	16 / 17 Actual	July 17/18 FYF	16 / 17 Actual	July 17/18 FYF
Teaching Income (M)	£10.5	£10.0	£10.2	£10.6	£17.1	£17.4	£17.1	£16.0	£16.0	£14.5	£29.8	£30.2	£14.5	£13.8	£115.3	£112.5
Teaching Staff (M)	£3.0	£3.2	£2.8	£2.9	£3.8	£4.7	£4.9	£4.2	£4.6	£4.6	£12.7	£12.7	£4.5	£4.6	£36.3	£37.0
Teaching Expenditure (M)	£1.7	£1.3	£1.8	£1.8	£1.9	£1.8	£3.0	£2.0	£2.7	£2.6	£4.6	£4.4	£1.9	£1.8	£17.7	£15.8
Teaching Contribution (M)	£5.8	£5.4	£5.6	£5.9	£11.3	£10.8	£9.3	£9.8	£8.7	£7.3	£12.5	£13.2	£8.2	£7.3	£61.3	£59.8
Contribution %	55%	54%	55%	55%	66%	62%	54%	61%	54%	51%	42%	44%	56%	53%	53%	53%
Full Year Student FTE	1,117	1,039	1,108	1,124	1,845	1,763	2,179	2,020	1,602	1,409	4,257	3,844	1,621	1,528	13,729	12,727
Contribution per Stud FTE	£5,200	£5,200	£5,000	£5,200	£6,100	£6,200	£4,200	£4,800	£5,400	£5,200	£2,900	£3,400	£5,100	£4,800	£4,500	£4,700
Return on Academic Investment	191%	168%	201%	201%	295%	229%	189%	232%	189%	160%	99%	104%	184%	158%	169%	162%

In terms of contribution per student, the School of the Built Environment & Architecture, is significantly ahead of the average School position at £6,200 per student FTE. There is then some consistency in terms of return between the Schools of Applied Sciences, Arts & Creative Industries and Engineering at £5,200 per student FTE. The Teaching staffing costs above exclude any technicians, administration or research staff and demonstrate that the Schools of Business, the Built Environment & Architecture and Arts & Creative Industries remain significantly ahead of the School's average when measured in Return on Academic Investment. The School of Health and Social Care and the School of Built Environment & Architecture were the only schools to deliver better than budget in 17/18.

7) Student Number Analysis

In terms of Student numbers, at the comparable position in 16/17 had 13,729 FTE. We currently have 12,727 enrolled FTE and so are 7% down year on year. The biggest drop following Semester 2 enrolment is in New students which are now 16% down. We also had a large recruitment of HSC students in March 2017 which was not replicated in March 2018

New School	FTE July				Continuing School	FTE July				Total School	FTE July			
	FTE July 16/17	17/18	Change	% Change		FTE July 16/17	17/18	Change	% Change		FTE July 16/17	17/18	Change	% Change
ACI	508	514	6	1%	ACI	600	610	10	2%	ACI	1,108	1,124	16	1%
ASC	545	434	-111	-20%	ASC	572	605	33	6%	ASC	1,117	1,039	-78	-7%
BEA	813	730	-83	-10%	BEA	1,032	1,033	1	0%	BEA	1,845	1,763	-82	-4%
BCM	1,113	937	-176	-16%	BCM	1,066	1,083	17	2%	BCM	2,179	2,020	-159	-7%
ENG	686	525	-161	-23%	ENG	916	884	-32	-3%	ENG	1,602	1,409	-193	-12%
HSC	2,127	1,659	-468	-22%	HSC	2,130	2,185	55	3%	HSC	4,257	3,844	-413	-10%
LSS	755	675	-80	-11%	LSS	866	853	-13	-2%	LSS	1,621	1,528	-93	-6%
Total	6,547	5,474	-1,073	-16%	Total	7,182	7,253	71	1%	Total	13,729	12,727	-1,002	-7%

8) Student Withdrawal Analysis

At 31 July 2018, the total amount refunded to students who withdrew or interrupted in year totalled £4,592k. This is an increase of 9.6% as compared to 2016/17's £4,214k. Across all schools we processed 1,096 (student head count) of withdrawals and interruptions in 2017/18. This is down by 10% from 2016/17's 1,215 total number of withdrawals and interruptions. On average across the seven schools we refunded 5.6% of Tuition fee income; The Schools of Applied Science, Engineering and Business had the highest level of refunds when compared to total income.

Academic year	FY Withdrawals
14/15	1,102
15/16	1,025
16/17	1,215
17/18	1,096

'Lost Fee Income' in £000K	16/17	17/18	% change	% T Inc		16/17	17/18	% change	% T Inc
Applied Science	£552	£653	18.3%	7.6%	Engineering	£834	£815	-2.3%	7.1%
Arts and Creative Industries	£429	£391	-8.9%	4.1%	Health & Social Care	£221	£482	118.1%	4.9%
Built Environment & Architecture	£612	£601	-1.8%	4.2%	Law & Social Sciences	£642	£652	1.6%	5.2%
Business	£899	£997	10.9%	6.8%	Total	£4,189	£4,591	9.6%	5.6%

% T Inc = % of Tuition Fee Income

9) Income Analysis

In the final month of the year our income forecast increased by £1.9M. The School of Health & Social care increased its forecast Health Contract income by £0.4M due to lower than budgeted 'clawback', there was an increase of £0.3M in forecast Post Graduate income relating to higher than budgeted teacher training income, overseas tuition fees were also £0.3M higher due to additional commonwealth scholarships. The University also released £0.3M of donation income to match the level of scholarships paid out during the year, increased its contracted Research income and released additional income from our summer school cohorts.

10) Staff Cost Analysis

In terms of staffing the total forecast did not change month on month and totalled £83.3M for the year. We had been anticipating a potential reduction of £1M in our monthly forecast however we booked an additional £0.5M in FRS 17 costs following the annual report from our LPFA actuaries due to a combination of higher than anticipated inflation costs and increases in support staff payroll costs. We also took the opportunity to write off 0.3M of Third party staff who had been charged to ICT capital projects. There was also reclassification of £0.3M of staff working through LSBU Employment from 'Support staff' to 'Third party staff' which slightly overstates the monthly increase in Third Party staffing costs.

11) Operating Expense Analysis

In terms of Operating Expenses, the University invested £44.6M in 17/18 which is £5.2M less than in 16/17. The 16/17 figure includes £5M of write offs and so the University is broadly flat in terms of recurring costs. The forecast increased by £1.7M for the month due to a number of year end provisions and write offs. This year the University bad debt provision was £800K; £600K of this related to Tuition Fee debt whilst £200K related to debtors within our Halls of Residence. We also took the opportunity to review our Assets in the Course of Construction and wrote off £200K of the HR / iTrent project. Following a review of activity the University also increased its provision related to the costs of Lambeth by £200K and costs associated with outstanding student complaints by £200K.

12) Budget Analysis

There are 32 distinct areas of the University that have separate budgets and each area is expected to deliver to their Budget. Due to the shortfall in recruitment, amongst the 7 schools only the School of Health and Social Care and the School of Architecture and the Built Environment delivered better than budget although the School of Apprentices also delivered better than budget due to cost control. As well as the other 5 schools, the ICT Innovation team, the Academy of Sport, Catering, Marketing, the International team, the Confucius Institute and the Legal team were also unable to deliver to budget this year.

Full Year Outturn Last Year (£)	Description	Note	YEAR TO DATE				YEAR ON YEAR	
			2017 Actuals (£)	2017 Budget (£)	Variance - Actuals to Budget (£) %		Variance - Actuals to 16/17 (£) %	
(143,478,035)	Total Income		(145,301,325)	(150,459,411)	(5,158,086)	(3%)	1,823,290	1%
77,889,377	Total Staff Costs		85,240,117	85,566,358	326,241	%	7,350,740	9%
9,619,774	Total Depreciation		9,625,747	9,963,303	337,556	3%	5,972	0%
49,758,553	Total Other Operating Expenses		44,574,263	46,323,092	1,748,828	4%	(5,184,290)	(10%)
4,368,590	Total Interest Payable		4,297,781	4,358,157	60,375	1%	(70,809)	(2%)
	Total Exceptional Items			2,748,502	2,748,502	100%	0	
(1,841,740)	Contribution		(1,563,417)	(1,500,000)	63,417	4%	(278,323)	(15%)
54.7%	Recurring Staff costs as % of income		58.7%	56.9%				
1.3%	Contribution %		1.1%	1.0%				

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	CONFIDENTIAL
Paper title:	Strategic People and Organisation Report
Committee:	Finance, Planning and Resources Committee
Date of meeting:	25 September 2018
Author:	Dr. Markos Koumaditis, Acting Director of People & Organisation
Sponsor:	Professor Pat Bailey, Deputy Vice Chancellor
Purpose:	For Discussion
Recommendation:	The committee is requested to note the report

Executive Summary

Strategic Update

1.0 Workforce Planning – 2018 Change Programme

Voluntary Severance (VS)

- 1.1 Further to the previous paper of 26 June 2018, the Voluntary Severance Scheme has been successfully completed. The closing date was 6 July, and all applications were considered by two Executive panels on the 10 and 13 July.
- 1.2 We are processing 60 successful VS applications. 80% of the settlement agreements have been signed and returned, while the remaining are awaiting signature from the individual or their legal advisor.
- 1.3 Anticipated salary savings from VS scheme is just under £1.7m. 70% of successful VS applicants will have left by 31 October 2018 and the majority of salary saving will take effect from this date. The remaining VS applicants will leave by 31 January 2019 at the latest.

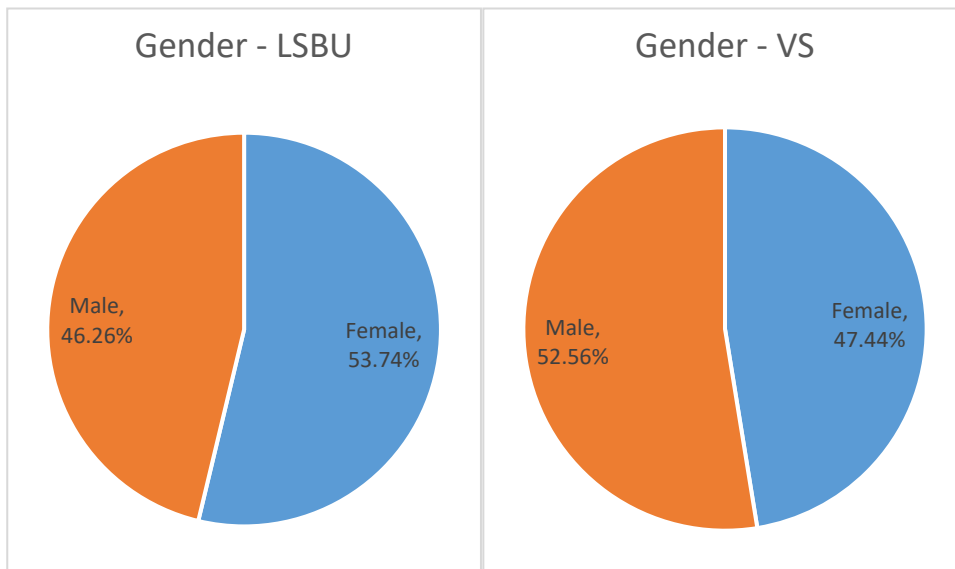
Change Proposals

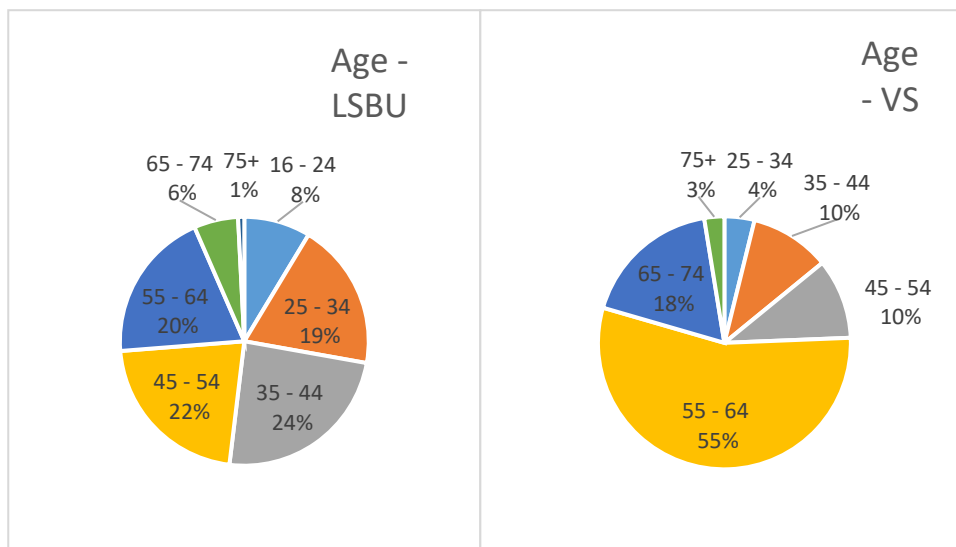
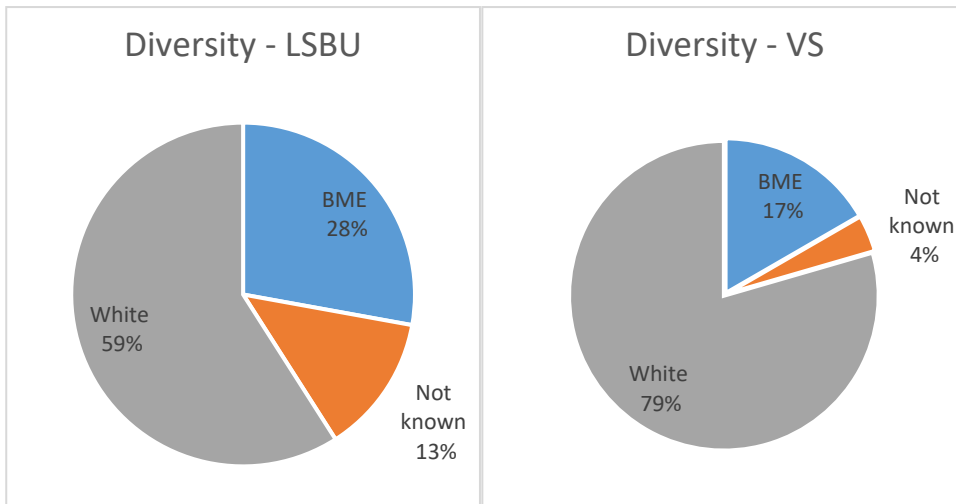
- 1.4 The consultation process for all change proposals has now closed. A selection process is ongoing in 5 out of the 11 affected Schools and PSGs and will be completed by end of September.

- 1.5 We have worked closely with the Trade Unions to reduce the number of anticipated redundancies from 69 to 44 (estimated headcount of staff leaving). The final number may be reduced further.
- 1.6 It is anticipated that the salary savings from the change proposals will be just under £3m. Allowing for the overlap between some VS applications salary saving and the anticipated cost reductions from change proposals, we anticipate that the total saving of the 2018 Change Programme will be approximately £4m.
- 1.7 Support for staff going through major change is being provided by a detailed OD support package, advice from the 24/7 confidential Employee Assistance Programme and discussions with Line Managers.

2.0 Shape of the Workforce

- 2.1 The tables below provide a breakdown of the LSBU staff population, compared to the characteristics of those electing for VS. We shared this information with the Trade Unions as well.
- 2.2 Data of LSBU population compared to VS population – September 2018:





2.3 We will provide a breakdown of the LSBU staff population, compared to the characteristics of those departing through change proposals at the next meeting, once the exercise is complete.

3.0 Industrial Relations

3.1 We held a number of meetings and informal discussions with the Trade Unions regarding the Voluntary Severance and Change Proposals over the summer. We believe that we succeeded in establishing an open and transparent line of communication and relations currently remain manageable.

3.2 Nationally, UNISON remains in dispute over the 2018-19 national pay round (offer of at least 2% base pay uplift) and will open a statutory strike action ballot on Friday 14 September and close on Thursday 25 October. LSBU received a ballot notice on 5 September. UNISON has

confirmed that the ballot will be conducted as one aggregate ballot across all affected employers. The earliest that UNISON's industrial action could start would be Monday 12 November.

3.3 Similarly, UCU has sent a ballot notice on 21 August. The ballot was due to open on Thursday 30 August and close at noon on Friday 19 October. The earliest that UCU's industrial action could start would be Friday 2 November. UCU has confirmed that it will be running separate disaggregated ballots, rather than one single aggregated ballot. This means that UCU will only be able to take action at HEIs where it achieves a mandate locally.

3.4 GMB has accepted the offer of at least 2% base pay uplift.

4.0 Staff Engagement Survey

4.1 LSBU staff were invited to complete the 2018 employee survey from 23rd April to 14th May. The response rate was 45%, up 6% from the 2017 Pulse survey, but down significantly from 71% achieved in 2016. This may be explained by the drop in completions during the second week when the change proposals were announced, which also impacted on the level of local promotion and engagement.

4.2 Nevertheless, the overall engagement score went up 3% on 2016 (from 58% to 61%), with 92% of questions showing improvement, and only 4% showing a decline. Engagement was significantly higher in grades 9+ (72%) than grades 2-8 (59%).

4.3 Survey results and analysis were presented to the Executive team and at the Staff Conference in June. All Deans and Directors received local results with the OD team offering support including facilitating focus groups and presenting at local cascades, as well as continuing to work with engagement champions

5.0 Equality Diversity and Wellbeing

5.1 The Race Equality Charter Mark Bronze application has been submitted to the Equality Challenge Unit (ECU) on 13 July. We will be notified of the result in November. This was a major 18- month project which had a significant impact on the LSBU culture.

5.2 The primary focus of the EDI team for 2018- 2019 is the Athena Swan submission in support of gender equality. Athena SWAN will be submitted in April 2019.

	CONFIDENTIAL
Paper title:	LSBU day to day banking and update on Lambeth College commercial debt negotiations
Committee:	Finance, Planning & Resources Committee
Date of meeting:	25 September 2018
Author:	Richard Flatman, Chief Financial Officer
Sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To update the committee on negotiations regarding the transfer of LC debt to LSBU
Recommendation:	<p>The committee is requested to:</p> <ul style="list-style-type: none"> • Note the indicative term sheet with margin interest rate of 1.65% on the LC loan (lower than our counter offer of 1.75%) • Recommend to the Board the transfer of our banking operations to Barclays for a minimum period of 5 years

Attachment: Indicative term sheet from Barclays dated 11 September 2018

Executive Summary

As part of our ongoing negotiations with Lambeth College, the Board has agreed in principle (subject to agreement of terms), that the current Lambeth College commercial loan with Barclays of £13.9m should be transferred on merger to LSBU (rather than SBC) in order to:

- satisfy the TU requirement to demonstrate in full the use of TU funding by 31 March 2019
- avoid the Barclays break cost of £5m on repayment of the loans (as this was not covered by TU finding agreed in support of the deal).

This document updates FPR on the latest state of negotiations and recommends approval of the latest offer set out in the indicative term sheet attached.

1. Current state of negotiations

Both the TU and the OfS have raised recent questions regarding the structure of the deal and in particular the novation of the LC loan to LSBU rather than repayment in full to Barclays. We have not been notified directly by the TU but our understanding is that these concerns have now been satisfied and that the deal structure can proceed as originally intended.

We received confirmation from OfS this week (who have been asked to provide assurance to the TU) along the lines that:

Our internal group met today and were broadly happy with the financial forecasts on the basis that the Barclays loan is novated to the University from the College and that it receives £14m from the restructuring facility via the College.

Barclays have agreed in principle and have advised us of indicative credit support for the merger.

2. Barclays Term Sheet

Indicative terms, including conditions precedent and outline covenants, are set out in the attached document. These will be finalised with legal input on both sides. Barclays have appointed Pinsent Masons and LSBU have appointed VWV.

3. Summary terms:

LSBU existing Barclays loans:

- LSBU loan margins remain 'as is' at 0.225% for the remaining life of the current LSBU loans
- The existing fixed rates stay in place through to contract maturity
- No fees apply.

Novation of LC loans to LSBU:

- The existing LC commercial loan be novated over to LSBU at a margin interest cost level of 1.65%
- The existing fixed rates stay in place through to contract maturity
- Barclays to advise and cap the legal costs and valuation fees (all recharged to LSBU which is normal). No other arrangement or utilisation fees
- Security set at 140% asset cover based on the outstanding value of group

loans. Based on the joint outstanding loan values, security cover of approx. £48m will be required. nb. Barclays already has security over McLaren house and David Bomberg House. They have confirmed that depending on valuation their level of security may reduce provided 140% asset cover is met.

4. Margin interest cost

The NPV of the margin interest cost as set out in the latest term sheet over the remaining life of the loans (LSBU and LC) is £2.378m compared with Barclays initial proposal of £3.16m. This is a reduction of £782k, including a saving of £309k in interest over the life of the loans as a result of transferring to Barclays our normal banking operations.

The total cost is lower than the £2.5m included within existing consolidated forecasts.

The NPV margin interest cost for the different scenarios is set out in the table below:

Scenario	NPV margin interest cost (£m) over remaining life of the loans
LSBU loans continue at current rate of 0.225% and LC loans continue on current terms ratcheting to 2.6%	3.424
Barclays initial proposal – Blended margin interest rate of 1.15% on all loans	3.168
Barclays revised proposal – (LSBU 0.225%; LC 2.2%)	3.057
Barclays response to our counter proposal - without transfer of banking operations (LSBU 0.225%; LC 1.9%)	2.687
Target maximum (LSBU 0.225%; LC 1.87%)	2.650
LSBU counter proposal (LSBU 0.225%; LC 1.75%)	2.502
Current forecasts including LSBU at 0.225% and CFADS model (LC) at 7% (including margin of 1.75%)	2.502
Recommendation with transfer of banking operations - (LSBU 0.225%; LC 1.65%)	2.378

5. Transfer of banking operations to Barclays

Our day to day banking operations have been with RBS for some considerable time and would have been subject to tender at some point soon in any event. Whilst there have been no significant issues with RBS, the future saving on margin interest has led us to recommend changing to Barclays.

We appointed Finalysis UK to test value by undertaking a review of the Barclays tariff and their conclusion is that the offer is competitive. The overall cost over 5 years will deliver a saving of £24,000, based on the current level of LSBU activity, in addition to the loan interest saving. Furthermore, the tariff will be applied to group activity and hence will also apply to the transfer of LC banking operations (currently with Barclays but on a higher tariff) to SBC. The tariff offered is almost identical to one recently provided to a £500m turnover Russell Group Institution. From a Barclays perspective, the tariff is competitive.

Barclays have offered six months free banking with the option for LSBU to take this at any time within the first two years of the contract. The commitment to use Barclays is for a minimum period of 5 years. Thereafter we are free to tender and change if desired but the discounted margin interest of 1.65% on the LC loan remains fixed for the life of the LC loan until 2035.



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11th September 2018

Dear Richard,

[London South Bank University – Novation of Lambeth College Debt and Documentation Update](#)

Barclays Bank UK PLC and Barclays Bank PLC (each a “**Lender**”) are pleased to attach indicative terms which we trust reflect our recent discussions with London South Bank University (the “**Borrower**”).

This document contains reference to the following facilities (together the “**Facilities**”):

- The existing £37m facility (the “**LSBU Facility**”) documented under a facility agreement dated 30th March 2007 between the Borrower and Barclays Bank PLC.
- The existing £21.75m facility (the “**LC Facility**”) documented under a facility agreement dated 5th July 2006 between Lambeth College (the “**Existing Borrower**”) and Barclays Bank UK PLC.

We plan to novate the LC Facility (£13,965,784.24 at the date of this document) including the fixed rates from the Existing Borrower to the Borrower, with the margin at 1.65% per annum from the Signing Date. The margin of the LSBU Facility will remain at 0.225% per annum.

The terms of the LSBU Facility and the LC Facility will be documented by way of a new Facility Agreement. The documentation will reflect current Lender standard provisions. Updates to current Lender standards will contain standard provisions relating to; inter alia, increased costs, disposal of assets including mark to market costs, illegality, taxes, market disruption, break costs, default interest and changes in currency.

A revaluation of all existing security will be undertaken for the benefit of the Lenders as part of this transaction except such security, which is to be discharged.

In order that legal documentation may be commenced, please complete, sign (by appropriate signatories) and return the costs indemnity, which is included as Appendix 1, for the attention of the undersigned by Friday 28th of September.

If you would like to discuss any aspect of this proposal further, then please use the details below.

Rod Baker
Relationship Director
Education Team
Mobile: 07775 555 380
rod.baker@barclays.com

Kathrin Nash
Debt Director
Debt Finance Team
Mobile: 07469 031 417
kathrin.nash4@barclays.com

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Indicative Terms for London South Bank University

Novation of Lambeth College Debt to London South Bank University & Documentation Update to Existing London South Bank University Facilities.

Prepared by Barclays Education Team
11th September 2018

This document is subject to negotiation, commercial, legal, regulatory and financial due diligence and execution by the Borrower of legal documentation satisfactory to both Barclays Bank PLC and Barclays Bank UK PLC. This document does not constitute or imply any offer, moral or legal commitment whatsoever on the part of either Barclays Bank PLC or Barclays Bank UK PLC. Any such offer can only be made after approval by each of Barclays Bank PLC and Barclays Bank UK PLC's relevant Credit and Pricing Committees.

Confidentiality: This document is commercially sensitive, private and confidential and may not be disclosed without the prior written consent of both Barclays Bank PLC and Barclays Bank UK PLC (except to your legal advisors, who must also comply with the confidentiality obligations set out herein). By receipt of this document you agree to notify Barclays Bank PLC and Barclays Bank UK PLC of any request for disclosure of this document under the Freedom of Information Act 2000 (the "Act") as soon as reasonably practicable, and in any event no later than 7 business days following receipt of such request and to consider and consult with Barclays Bank PLC and Barclays Bank UK PLC (as applicable) with respect to any applicable exemptions to disclosure under the Act. Where an exemption is applicable under the Act you shall rely on the exemption and ensure that the exempted information is withheld. In this respect you acknowledge that the terms in this document are particularly confidential and commercially sensitive and that disclosure of such information would prejudice both Barclays Bank PLC and Barclays Bank UK PLC's commercial interests and is therefore exempt from disclosure under the Act. Upon the earlier of a written request or termination of discussions between Barclays Bank PLC and Barclays Bank UK PLC with respect to the transaction you agree to return or destroy this document and any copies thereof.

Executive Summary

Signing date	The date both parties sign a new facility agreement governing the terms for both the LSBU Facility and LC Facility reflecting the terms of this document.
Existing facilities	<p>The existing £37,000,000 facility agreement between London South Bank University and Barclays Bank PLC dated 30th March 2007 (the “LSBU Facility Agreement”), as amended, varied and amended and restated from time to time (the “LSBU Facility”); and</p> <p>The existing £21,750,000 facility agreement between Lambeth College and Barclays Bank UK PLC dated 5th July 2006 (the “LC Facility Agreement”), as amended, varied and amended and restated from time to time (the “LC Facility”).</p> <p>Together the “Facilities”.</p>
Documentation	All documentation will be updated to comply with current Lender standards.
London South Bank University Facility (“LSBU Facility”) – £37,000,000 Term Loan (30th March 2007)	
Lender	Barclays Bank PLC
Borrower	London South Bank University
Loan type	Term Loan
Facility amount	The LSBU Facility of £37,000,000 (current balance £20,571,142.65 at the date of this document).
Margin	The margin shall be the same as in the LSBU Existing Facility. For the avoidance of doubt, 0.225% per annum.
Lambeth College Facility (“LC Facility”) - £21,750,000 Term Loan (5th July 2006)	
Lender	Barclays Bank UK PLC
Borrower	London South Bank University
Loan type	Term Loan (the LC Facility to be novated to London South Bank University as part of the proposed merger between London South Bank University and Lambeth College)
Facility amount	The LC Facility of £21,750,000 (current balance £13,926,492.19 at the date of this document).
Margin	1.65% per annum.

Indicative Terms

London South Bank University Indicative Terms and Conditions

London South Bank University Facility ("LSBU Facility") – £37,000,000 Term Loan (30th March 2007)

Lender:	Barclays Bank PLC
Borrower:	London South Bank University
Loan type:	Term Loan
Facility amount:	The LSBU Facility of £37,000,000 (current balance £20,571,142.65 at the date of this document).
Purpose:	The purpose shall be the same as in the LSBU Facility Agreement.
Availability:	The availability shall be the same as in the LSBU Facility Agreement.
Final maturity:	The Final Maturity shall be the same as in the LSBU Facility Agreement.
Repayment:	Repayment shall be the same as in the LSBU Facility Agreement
Interest basis:	Interest basis shall be the same as in the LSBU Facility Agreement.
Margin:	The margin shall be the same as in the LSBU Facility Agreement. For the avoidance of doubt, 0.225% per annum.
Arrangement fee:	There is no arrangement fee.
Commitment fee:	There is no committee fee.
Utilisation fee:	There is no utilisation fee.
Management fee:	There is no management fee.
Prepayment fee:	There is no prepayment fee.
Prepayment:	The prepayment mechanism shall be on the same basis as in the LSBU Facility Agreement.
Cancellation:	Cancellation shall be on the same basis as in the LSBU Facility Agreement.
Break costs:	In the event that the Lender incurs any break costs, such break costs shall be for the account of the Borrower.

Lambeth College Facility ("LC Facility") - £21,750,000 Term Loan (5th July 2006)

Lender	Barclays Bank UK PLC
Borrower	London South Bank University
Loan type:	Term Loan (the LC Facility to be novated to London South Bank University as part of the proposed merger between London South Bank University and Lambeth College)
Facility amount:	The LC Facility of £21,750,000 (current balance £13,926,429.19 at the date of this document).

Purpose:	The purpose shall be the same as in the LC Facility Agreement.
Availability:	The availability shall be the same as in the LC Facility Agreement.
Final maturity:	The Final Maturity shall be the same as in the LC Facility Agreement.
Repayment:	Repayment shall be the same as in the LC Facility Agreement
Interest basis:	Interest basis shall be the same as in the LC Facility Agreement.
Margin:	1.65% per annum.
Arrangement fee:	There is no arrangement fee.
Commitment fee:	There is no committee fee.
Utilisation fee:	There is no utilisation fee.
Management fee:	There is no management fee.
Prepayment fee:	There is no prepayment fee.
Prepayment:	The prepayment mechanism shall be on the same basis as in the LC Facility Agreement.
Cancellation:	Cancellation shall be on the same basis as in the LC Facility Agreement.
Break costs:	In the event that the Lender incurs any break costs, such break costs shall be for the account of the Borrower.
Common Terms	
Signing date:	The date both parties sign a new facility agreement governing the terms for both the LSBU Facility and LC Facility reflecting the terms of this document.
Conditions precedent:	<p>The Borrower may not deliver a drawdown notice for novation of the LC Facility unless the Lenders have received all conditions precedent to the new Term Loan which shall include, amongst others, the following in form and substance satisfactory to the Lender:</p> <ul style="list-style-type: none"> (a) a certified true copy of a resolution of the Borrower's Board of Governors authorising the transaction; (b) a certificate of 2 officers of the Borrower in a form to be set out as a schedule to the new facility agreement; (c) executed new facility agreement in respect of all loans, including the novated LC Facility, security documentation and related documents; (d) the Lender's satisfaction with the updated financial forecasts and management figures of the Borrower; (e) the Lender's satisfaction with the long term business plan for the integration of Lambeth College into London South Bank University, including but not limited to estate strategy, tuition fee projections; (f) the Lender's satisfaction with the merger agreements in respect of London South Bank University and Lambeth College; (g) the Lender's satisfaction of the financial due diligence of the proposed merger and integration; (h) confirmation of the Transaction Unit's proposed funds; (i) the latest audited financial statements of the Borrower; (j) fees due under the Facility Agreement on the date of signing of the Facility Agreement; (k) any other conditions precedent the Lender deems necessary; (l) a valuation to confirm that security provides 140% asset cover. (m) legal opinion from the Lender's appointed solicitor.
Representations and warranties:	The Borrower will make representations and warranties customary for a facility of this nature. The representations and warranties will include, without limitation:

	<ul style="list-style-type: none"> (a) that the Borrower's constitutional documents comply with Schedule 4 of the Further and Higher Education Act 1992; (b) the Borrower is not subject to an order made by the Secretary of State pursuant to section 56A(7)(b) of the Further and Higher Education Act 1992 and, so far as it is aware no notice has been served or step taken by the Secretary of State with a view to making such a direction; (c) it has not made a resolution pursuant to section 27A of the Further and Higher Education Act 1992 and no proposal has been made or step taken by the Borrower with a view to making such a resolution; (d) it has complied with all requirements of the Principal Regulator in its role as principal regulator of Further Education Corporation and Higher Education Corporations as charities; (e) in all material respects it is conducting its affairs in accordance with its status as an exempt charity; and (f) it is at all times in compliance with the terms of all memoranda between it and the Regulator. <p>Sanctions and anti-bribery and corruption representations and warranties will be added or updated (where necessary) to comply with current Lender standards.</p>
<p>Covenants/ undertakings:</p>	<p>As customary for a facility of this nature, applicable as appropriate to the Borrower and to include without limitation:</p> <ul style="list-style-type: none"> (a) provision of financial and other information which shall include, without limitation: <ul style="list-style-type: none"> (i) a copy of any amended memorandum between the Borrower and the Regulator promptly upon agreement with the Regulator; (ii) any additional reports that the Borrower is required to provide to the Regulator on the delivery of the Borrower's charitable purposes for the public benefit not later than 30 days from submission to the Regulator; (iii) notification of the results of the Regulator's annual risk assessment as soon as the same is provided to the Borrower; (iv) notification by the Accountable Officer of any material adverse change in the circumstances of the Borrower as soon as the same is provided to the Regulator; (b) notification of any Potential Event of Default or Event of Default; (c) obtain, comply with and maintain all authorisations; (d) compliance with all laws and any guidelines and circulars of the Regulator and the Department for Education as they relate to its business and activities; (e) pari passu ranking of obligations; (f) negative pledge; (g) restriction on the disposal of assets with permitted exceptions to be agreed; (h) restriction on providing indebtedness; (i) restriction on it and its subsidiaries entering into any amalgamation, demerger, merger, consolidation or corporate reconstruction mergers save for the merger between London South Bank University and Lambeth College; (j) maintenance of its: <ul style="list-style-type: none"> (i) status as a Higher Education Institution [Further Education Corporation]*; (ii) designation as eligible to receive funding from the Regulator; (iii) designation for student support (if any), and shall not withdraw from its funding relationship with the Regulator; (k) compliance with all performance expectations, guidelines and circulars of the Regulator and the Department for Education as they relate to its business and activities; (l) compliance with all requirements of the Principal Regulator in its role as principal regulator of Higher Education Institutions [Further Education Corporations]* as charities; (m) restriction on it and its subsidiaries

	<ul style="list-style-type: none"> (i) resolving to be dissolved; or (ii) transferring any property, rights or liabilities to another person prior to a dissolution; (n) not do anything to breach the terms of its agreement (if any) with the Student Loans Company; (o) notify the Lender of the receipt of any fine for non-compliance with the conditions of designation of student support; (p) any other covenants and undertakings the Lender deems necessary. <p>*if applicable and as advised and confirmed by the Lender's and Borrower's legal or professional advisors.</p>
Financial covenants:	<p>The financial covenants shall be as follows:</p> <ul style="list-style-type: none"> • <u>Security Cover</u> The Property Value shall at all times be no less than 140% of the Facilities. Valuation basis to be confirmed. • <u>Debt Service Cover</u> To be discussed and agreed. • <u>Operational Leverage:</u> To be discussed and agreed with Barclays credit committee once the Financial Due Diligence undertaken by LSBU has been shared with the Lenders.
Financial information:	<p>The Borrower will provide the Lenders with the following:</p> <ul style="list-style-type: none"> (a) copies of the Borrower's (including consolidated accounts if the Borrower has subsidiaries audited annual accounts (including a statement of comprehensive income, statement of financial position and statement of cashflow) as soon as they are available and not later than 180 days from the end of each accounting reference period; (b) copies of the Borrower's quarterly management accounts (including a statement of comprehensive income, statement of financial position, statement of cashflow and budget for the period to which they relate and financial year to date) within 45 days of the relevant quarter; (c) copies of the Borrower's financial forecasts within 30 days of submission to the Regulator; (d) any other information which the Lender may request from time to time.
Events of default:	<p>As customary for a facility of this nature, applicable as appropriate to the Borrower and to include, without limitation:</p> <ul style="list-style-type: none"> a) cessation of business or change in the constitution of the Borrower; b) insolvency or any order being made, any consultation being commenced or any other step being taken by the Secretary of State for the closure, dissolution or winding up of the Borrower, or the withdrawal of its charitable or other status, or the transfer of all or any of the Borrower's property, rights and/or liabilities to any person, or the occurrence of any other event which, in the Lender's reasonable opinion, is analogous or comparable to any of the foregoing; c) the Regulator makes its confidential risk assessment of the Borrower available to the public within 3 years of its publication. d) the Regulator requests the replacement and/or removal of the Accountable Officer; e) the Borrower's designation for student (if any) or designation as eligible to receive funding from the Regulator is suspended or removed.
Set off	<p>Set off provisions will be updated (where necessary) to comply with current Lender standards. This means that set off and confidentiality must allow for set off and sharing of confidential information across the Barclays Group but that the Borrower may not exercise set off against the Lender.</p>

Valuations	<p>All existing security pledged to the Lender as discussed and agreed between the Borrower and the Lender to be revalued as part of this transaction and merger unless such security is to be discharged.</p> <p>All security to be revalued every 3 years from the Signing Date. Valuations to be undertaken by a panel valuation firm of the Lender and any valuation fees for the account of the Borrower.</p> <p>All credit and related documentation (including this document) shall be governed by English Law.</p>
Legal fees	All legal fees incurred by the Lender in connection with the negotiation and preparation of the new facility agreement and related documentation, plus VAT or other similar tax whether or not the new facility agreement is signed, will be for the account of and shall be reimbursed by the Borrower, which will also be responsible for its own legal costs.
Confidentiality:	Confidential information, disclosure provisions, confidentially undertaking and confidentiality of funding rates shall follow market standards.
Security:	Security to provide 140% cover for the Facilities and any other indebtedness owing to the Bank by the Borrower.
Governing law /jurisdiction:	All credit and related documentation (including this document) shall be governed by English Law.
Transferability:	The Lender may transfer its commitment in part or in whole. The Borrower may not assign or transfer its rights in respect of the new Term Loan.
Publicity:	Any publicity must be agreed in advance by the Lender.
Pricing expiry:	These indicative terms remain subject to due diligence and to final credit committee approval. Pricing approval including the Margin, Arrangement, Commitment, Utilisation, Management and Prepayment Fees has been obtained from our Pricing Committee and will remain available subject to satisfactory due diligence, credit committee approval and completion of documentation before 6 th November 2018.

Disclaimer

This document has been prepared by Barclays Bank PLC and Barclays Bank UK PLC, and is provided to you for information purposes only and may be subsequently amended, superseded or replaced. The final terms and conditions of any financial instrument referred to herein will be set out in full in the applicable binding transaction document(s).

This document shall not constitute an underwriting commitment, an offer of financing, an offer to sell, or the solicitation of an offer to buy any financial instrument described herein, which shall be subject to each of Barclays Bank PLC and Barclays Bank UK PLC's internal approvals. No transaction or service related thereto is contemplated without Barclays Bank PLC and Barclays Bank UK PLC's subsequent formal agreement. Barclays Bank PLC and Barclays Bank UK PLC are both acting solely as principal and not as advisor or fiduciary. Accordingly, you must independently determine, with your own advisors, the appropriateness for you of the terms of this document before entering into any transaction contemplated therein.

Each of Barclays Bank PLC and Barclays Bank UK PLC, their affiliates and the individuals associated therewith, may (in various capacities) have positions or deal in financial instruments identical or similar to those described herein.

Barclays Bank PLC is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Financial Services Register No. 122702). Registered in England. Registered number is 1026167 with registered office at 1 Churchill Place, London E14 5HP.

Barclays Bank UK PLC is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Financial Services Register No. 759676). Registered in England. Registered number is 9740322 with registered office at 1 Churchill Place, London E14 5HP.

Appendix 1

To be completed on London South Bank University letter headed paper

Barclays Bank PLC and Barclays Bank UK PLC
Education Team
Level 27
1 Churchill Place
London
E14 5HP

Attention: Rod Baker

[DATE]

Dear Rod,

London South Bank University – Novation of Lambeth College Debt and Documentation Update

We refer to the indicative terms dated 11th September 2018.

In consideration of you agreeing to engage professional advisors in order to progress the negotiation of, and due diligence in connection with, the Facility, we agree that we shall, within 10 business days of demand, indemnify you, your affiliates or any person acting on your behalf (each, an “**Indemnified Person**”) against the legal cost, expense, loss or liability incurred by any Indemnified Person as a result of engaging such professional advisors plus all out of pocket and other expenses (including VAT) incurred by such Indemnified Person in the negotiation and completion of the Facility whether or not the Facility is completed or whether the negotiation of the Facility is terminated for any reason.

This letter shall be governed and construed in accordance with the laws of England.

Yours sincerely,

.....
Authorised Signatory
For and on behalf of
LONDON SOUTH BANK UNIVERSITY

.....
Authorised Signatory
For and on behalf of
LONDON SOUTH BANK UNIVERSITY

Agenda Item 9

	CONFIDENTIAL
Paper title:	Key Performance Indicators – Strategic Enablers
Committee	Finance, Planning & Resources Committee
Date of meeting:	25 September 2018
Author:	John Baker, Corporate & Business Planning Manager
Sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To present the latest performance figures for the KPIs for Strategic Enablers for the 17/18 cycle, as at end August 2018. (Performance figures for the other goal KPIs are provided for information).
Recommendation:	The Committee is requested to note this report.

Executive Summary:

The report presents the latest performance figures for the KPIs for strategic enablers (the full KPI report is provided for information).

Financial forecast figures are provided from the draft management accounts (*for KPIs 8,9,17 & 20 - 22*) – *these are still subject to audit.*

The Committee is requested to note the report.

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Report Date		31st August 2018		Past Performance			Benchmark	Target	Forecast	Result	DoT		Ambition	17/18 Rating Criteria		
Corporate Strategy Goals	20/20 Success Measures	#	Key Performance Indicators	14/15	15/16	16/17	Aspirational Group 15/16 average	17/18		YoY	Exec. Lead	20/21	Green	Amber	Red	
Teaching and Learning	Top 50% of universities for graduate employment / starting salaries.	1	Graduate level employment &/or Further study (EPI population)	68%	76.0%	81.8%	67.1	80%		87.7%	↑	PVC (SE)	80%	80 % +	77 - 79 %	< 77 %
Student Experience	Top quartile of all universities in NSS	2	NSS scores – overall satisfaction (First Degree respondents)	82%	82%	82.2%	82.4%	84%		79.1%	↓	DVC	89%	84 % +	80 - 83 %	< 80 %
		3	International Student barometer (% recommending LSBU)		77%	77%	not available	78%		80%	↑		81%	78% +	75 - 77%	< 75 %
		4	PGT experience (% satisfaction)	74%	74%	71%	not available	77%		71%	↓	82%	77 % +	73 - 76 %	< 73 %	
		5	Student Staff Ratio	16.4:1	17:1	16.5:1	17.6:1	17:1	16.5:1		→	18:1	<=17	17 - 18	> 18	
Employability	95% students in employment / further study (EPI)	6	DLHE Positive Outcomes; employment or further study (EPI)	90.2%	90.8%	94.6%	92.0%	95%		95.3%	↑	PVC (SE)	95%	95 % +	90 - 94 %	<90 %
	Top 10 UK universities for student start ups	7	Number of Student start ups (Active Firms in HE-BCI 4aiv)	30	50	45	53.6	90				PVC (R&E)	150	90 +	85 - 89	< 85
Research & Enterprise	Top 50% UK for Research & Enterprise Income	8	Research Income (non Hefce)	£2.0	£1.9	£2.8	£10.3	£3.1	£3.5		↑	PVC (R&E)	£6.0 m	£3.1 m +	£2.9 - 3.0 m	<£2.9 m
		9	Enterprise Income	£8.1	£7.8	£9.2	not available	£10.5	£10.9		↑		£19.0 m	£10.5 m +	£10 - 10.4 m	<£10 m
Access	Top London Modern for LPN recruitment	10	% recruits from low participation neighbourhoods (Young FT FD)	7.7%	8.4%	9.2%	6.8%	8.2%		8.9%	↓	CMO	9.0%	8.2% +	7.9 -8.1 %	<7.9 %
		11	FTUG % (w/o HSC contract) recruited before Clearing	71.8%	71.8%	71.1%	not available	75%	74.5%		↑		90%	75 % +	71 - 74 %	< 71 %
	Exceed expectations on completion	12	First Degree Completion projection (at or above benchmark)	-7 %	-5.8%	-5.5%	-2.5%	-2%		-1.8%	↑	DVC	+3%	>=2 %	-3 to -4 %	<-4 %
		13	Year 1 progression	73.1%	77.3%	74.7%	not available	80%					85%	80 % +	77 - 79%	<77%
		14	Good Honours	61.2%	66.4%	69.1%	67.4%	63 - 67%					63 - 67%	63-67%	68-69% 61-62%	>69% <61%
15	PGT completion	61.5%	58.7%	69%	not available	70%					85%	70% +	66-69%	< 66%		
International	4 QS Stars	16	QS Star Rating	3 stars	3 stars	4 stars	not available	4		4 stars	→	VC	4	4	3	2
		17	Overseas student income (millions)	£11.2	£9.8	£11.2	£31.9 m	£13.1	£10.9			↓	PVC (R&E)	£20m	£13.1 m +	£12 - 13 m
People and Organisation	Rated as a good employer	18	Appraisal completion % (Amongst all eligible staff)	90%	91%	95.6%	not available	100%				DVC	100%	100%	95 - 99 %	< 95 %
		19	Average Engagement Score as a %		58%	62%	70%	66%		61%	↓	DVC	75%	66%	63 - 65 %	< 63 %
Resources & Infrastructure	Grow our income by 25% to £170m annually, deliver an operating surplus of 5% and an EBITDA margin of 15%	20	Surplus as % of income	0.9%	2.4%	1.3%	3.0%	1.0%	0.3%		↓	CFO	5.0%	1 % +	0.8 - 0.9 %	< 0.8%
		21	Income (£m)	£140.8m	£138.2	£144.5	£202.8m	£150.5m	£145.3		↑		£170.0m	£150.5 m +	£145 - 150 m	< £145 m
		22	EBITDA margin (EBITDA expressed as % of income)	9.2%	11.8%	12.0%		13.0%	9.9%		↓	15.0%	13% +	12 - 12.9%	<12%	
	Student satisfaction with facilities & environment in top UK quartile	23	Student satisfaction ratings with facilities & environment (FD)	87.7%	90.0%	87.2%	86.5%	90.0%		84.0%	↓	COO	90%	90 % +	86 - 89 %	< 86%
		24	ICS Service Index %	68%	76%	66%	-	76%			-		80%	76% +	72-75%	<72%
Overall	Top London Modern university (excl UAL)	25	Times - League table ranking	120 / 127	120 / 128	106 / 128	98	103				VC	85	103 or higher	104 - 108	109 or lower
		26	Guardian – League table ranking	111 / 119	107 / 119	92 / 121	86	87		78 / 121	↑		70	87 or higher	88 - 92	93 or lower
		27	Complete University Guide – League table ranking	119 / 126	115 / 127	108 / 129	90	105		93 / 131	↑		87	105 or higher	106 - 110	111 or lower

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	CONFIDENTIAL
Paper title:	Insurance Claims
Committee:	Finance, Planning & Resources Committee
Date of meeting:	25 September 2018
Authors:	Penny Green, Head of Procurement Antonia Goodyer, University Solicitor
Sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To update the committee on the level of insurance claims
Recommendation:	The Committee is requested to note this report.

Executive Summary:

This paper is presented to Committee for information and to report the extent to which the University’s insurance policies were relied upon in the 2017/18 period.

The University remains a member of the London Universities Purchasing consortium for insurance purposes, with Zurich Municipal being the principal insurer. The claims experience in 2017/18 is summarised in Appendix 1 and is considered to be low.

The Committee is requested to note the report.

1. BACKGROUND

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

2. INSURANCE POLICIES

- 2.1 Insurance policies held by the University are renewed annually with effect from 1 August. A detailed report is submitted to Financial, Planning & Resources Committee each year in advance of renewal.
- 2.2 For the period 1 August 2017 to 31 July 2018 the University maintained the following insurance policies:

Policy	Insurer	Covers maintained	Claims in 2017/18 period
All Risks Policy	Zurich Municipal	Material damage Works in Progress Business Interruption Money Public Liability Employers Liability Libel & Slander Motor Engineering Computer Engineering inspection	Yes
Professional Indemnity	Royal Sun Alliance	Professional Negligence Management Protection (Directors & Officers) Employee & Third Party Fraud	No
Terrorism Policy	UMAL	Property reinstatement Contents Business Interruption	No
Travel & Personal Accident	RSA	All risk travel cover for Students, University Employees including those living and operating outside of UK territorial limits.	No
Fine Arts Policy	Blackwell Green	Cover for the Sarah Rose Art Collection.	No
Medical Malpractice	Newline Group	Cover for students and staff in practice placement based teaching or providing support for learning and assessment in practice settings	No
Special Contingency	AIG		No

3. UNIVERSITY EXPOSURE TO RISK UNDER 2017/2018 CLAIMS

- 3.1 Although unsettled claims were carried forward to 2018/2019 in the following All Risks categories – Public Liability (1 case) and Employers Liability (3 cases) – the University carries no excess for these types of claim, so the insurer Zurich effectively carries all the risk exposure.
- 3.2 A full breakdown of claims for 2017/18 is detailed in Appendix 1

4. DECLARED LOSSES WITHIN POLICY EXCESS

- 4.1 The University is also required to declare to its insurers the incidence of insured perils which fall within policy excess and do not result in the submission of a claim.
- 4.2 There was one incident falling into this category during 2017/18.

APPENDIX 1

LSBU POLICY WITH ZURICH MUNICIPAL NHE-01CA07-0013 CLAIMS SUMMARY - 1 AUGUST 2017 TO 31 JULY 2018

Insured risk	Excess Value	Claims brought forward from last period	New claims in this period	Claims carried forward to next period	Value of payments made on claims open in this period
Material damage	£20k	0	2	1	£0
Works in Progress					
Business Interruption					
Money					
Public Liability	Nil	0	1	1	£13,261.19
Employers Liability	Nil	3	0	3	£6,584.15
Libel & Slander					
Professional Negligence					
Governors Liability					
Motor					
Engineering					
Fidelity Guarantee					
Personal Accident					
Travel					
Computer					
Engineering inspection					
Fine Arts Policy					
Medical Malpractice					
Special Contingency					

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	CONFIDENTIAL
Paper title:	Treasury Management Report
Committee:	Finance, Planning & Resources Committee
Date of meeting:	25 September 2018
Author:	Rebecca Warren, Head of Financial Accounting
Sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To update the committee on the University's Treasury position and performance
Recommendation:	The committee is requested to note this report on Treasury Management activity

1. Executive Summary

At 31 July 2018 the university and its subsidiary held total bank balances in current accounts, deposits fixed term accounts and loans outstanding as follows:

	£'000
Current Accounts	23,890
Deposits and fixed term accounts	25,811
Loans outstanding (creditors)	(24,262)

There were no cash flows during the quarter that were unusual for the time of year.

2. Cash Balances and term deposits

2.1 Details of all the University's bank and deposit balances are shown below.

Bank / Title	Type of Account	Previous Month Balance	31 July 2018	
			Balance Currency	Balance Sterling
NatWest [LSBU's Main Trading Account]	Corporate Cash Manager Plus	£ 26,170,467	€ 2,561,308	£ 18,067,422
	Euro Currency Account	2,369,516		2,284,098
NatWest [Charitable Funds]	Corporate Cash Manager Plus	1,762,256		1,764,196
HSBC	Business Current Account	6,493	842,604	6,493
	Euro Currency Account	744,230		751,409
Lloyds TSB	Corporate Special Account	2,115		2,115
	Fixed term deposit maturing 14th Feb 2018	5,128,810		5,128,870
		5,582,654		5,602,954
Bank of Scotland	<i>Corporate Deposit Account</i>	5,894,265		5,898,206
	Corporate Instant Access	198,339		198,339
Federated Investors LLP UK	Sterling Liquidity Fund 3	1,856		1,857
	Sterling Cash Plus GBP	5,310,548		5,313,065
Barclays	Business Account	5,385		5,385
	FIBCA	3,413,814		3,411,792
Scottish Widows Bank Plc	Deposit Account	500		612
		234,169		234,171

Total LSBU Funds at Bank

56,825,417

48,684,984

NatWest [SBU Enterprises Ltd]	Business Current Account	0		0
	CCMP	1,307,565		1,016,466

Total Access & Enterprises Funds

1,307,565

1,016,466

Total of all Fund at Bank

58,132,982

49,701,450

2.2 The table below shows the interest rates we currently receive for our accounts and fixed term deposits.

Bank	Account	Funds held at 31/7/18 £'000	Maturity date	Interest rate %
Natwest	CCMP	19,084	No notice	0.15
Natwest	Euro current account	2,284	No notice	0.15
Natwest	Charitable funds	1,764	No notice	0.15
Lloyds TSB	Fixed Term Deposit	5,143	95 days	0.80
Lloyds TSB	Fixed Term deposit	5,603	95 days	0.80
Bank of Scotland	Corporate Deposit account	5,898	No notice	0.40
Federated Investors	Liquidity fund	5,315	No notice	variable*
Barclays	FIBCA	3,417	No notice	0.50
Scottish Widows	Deposit Account	N/A	No notice	0.01

* Variable rate of return (between 0.57% - 0.91%)

2.3 The actual interest income for the 2017/18 year was £149,000. This was an improvement on budget due to higher than expected bank balances.

2016/17 Actual £'000	2017/18 Budget £'000	2017/18 actual £'000
£154,162	£110,000	£149,000

2.4 A detailed list showing how much we hold at each bank and assessment of counterparty limits is shown below. In line with our Treasury Management Policy, the University is permitted to place deposits with banks and building societies operating in the UK which are authorised and regulated by the Financial Conduct Authority and Prudential Regulatory Authority in accordance with the following credit rating criteria. The minimum rating criteria must be met by at least 2 of the main three credit rating agencies.

Credit Rating agency	S&P	Moody's	Fitch	Bank Limit (£ Millions)
Band 1 (Minimum Ratings)	A	A2	A	£10.0
Band 2 (Minimum Ratings)	BBB+	Baa1	BBB+	£5.0

To maintain sufficient balances in our main current account with Nat West, the policy allows up to £25m to be held with this institution with deposits or term accounts being for no longer than 1 month.

Bank	S&P	Moody's	Fitch	Band	Maximum deposit in line with TMP £'000	Funds held at 31/7/18 £'000
Natwest	BBB+	A1	BBB+	B	£5,000	£23,132
HSBC	AA-	Aa3	AA-	A	£10,000	£758
Lloyds TSB	A	Aa3	A+	A	£10,000	£10,748
Bank of Scotland	A	Aa3	A+	A	£10,000	£6,097
Federated Investors	AAAm	N/A	AAA	A	£10,000	£5,315
Barclays	A	A1	A	A	£10,000	£3,417
Scottish Widows	A	A2	AA	A	£10,000	N/A

The deposits have been withdrawn from Scottish Widows, because it is part of the Lloyd Banking Group and as such we were in breach of our Treasury Management Policy by holding in excess of £16m in total with these institutions. Also the interest rate had dropped to 0.01%.

2.5 Deposits maturing

Banks	Deposit (£M)	Rate (%)	Term (Days)	Maturity Date
Lloyds	5.1	0.80	95	95 day notice
	5.6	0.80	95	95 day notice

2.6 Investment options

The University now subscribes to the Finalysis UK Banking Market Review. This shows that there are a few options available to the University that will return slightly higher rates that we are obtaining at present. Examples of rates available are shown below. The University has already passed a resolution to open an account with Close Brothers and it is planned to move up to £10m to this account shortly.

Santander time deposit	£250k +	6 months	0.70%	Band 1
Santander time deposit	£250k +	24 months	1.15%	Band 1
CAF Fixed Term deposit (Scottish Widdows)	£10k - £5m	12 months	0.50%	Band 1
Lloyds bank	£50k - £5m	12 months	0.90%	Band 1
Close Brothers notice account	£50k	12 month notice	1.20%	Band 1 (not rated by S & P)
Triodos	£25k plus	90 days notice	0.65%	Not rated

3. Loans

3.1 The University's Loan Balance at 31 July 2018 is £24.3m.

Lender	31/7/17 £'000	31/7/18 £'000	Term	Interest rate	Security
Allied Irish Bank (GB)	3,868	3,491	26.5 years to 2027	6.67% Fixed	Dante Road halls of residence
Barclays Bank	4,508	4,197	25 years to 2032	5.67% fixed	David Bomberg House/McLaren House
Barclays Bank	5,000	5,000	To April 2029	5.25 % fixed	
Barclays Bank	7,653	7,291	23.25 years to 2032	5.54% fixed	
Barclays Bank	4,380	4,083	23 years to 2032	0.225% over Libor	
Salix	200	200			
Total loans	25,609	24,262			

The majority of these loans are at fixed rates for varying terms and penalties apply for early repayment. The exception is the variable rate K2 loan with Barclays.

4. Summary and conclusion

The Committee is requested to note this Treasury Management Report.

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	CONFIDENTIAL
Paper title:	Terms of Reference
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	25 September 2018
Author:	Michael Broadway, Deputy University Secretary
Sponsor:	James Stevenson, University Secretary and Clerk to the Board of Governors
Purpose:	For Information
Recommendation:	The meeting is requested to note its updated Terms of Reference

Executive Summary

The purpose of the committee is to review:

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

Minor changes are recommended to the terms of reference. – see below

The committee is requested to note its terms of reference and membership for the year.

Membership:

Hilary McCallion – Chair
 Jerry Cope
 Michael Cutbill
 Peter Fidler
 Nelly Kibirige
 Mee Ling Ng
 Jenny Owen
 David Phoenix

Finance, Planning and Resources Committee

Terms of Reference

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

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

1. Remit

1.1 The remit of the committee is to:

- 1.1.1 review management accounts;
- 1.1.2 review the annual budget and recommend to the Board;
- 1.1.3 review the five year forecasts and recommend to the Board;
- 1.1.4 monitor progress against the KPIs – strategic enablers as approved by the Board and alert the Board of key potential variations against target;
- 1.1.5 approve investment and treasury management policies;
- 1.1.6 recommend opening of bank accounts to the Board;
- 1.1.7 approve investment policies for charitable funds and to receive an annual report on expenditure;
- 1.1.8 receive an annual report of all donations above £25,000 and to monitor adherence to the Gift Acceptance Policy and the Charity Commission's CC20 guidance on charity fundraising;
- 1.1.9 receive a six monthly report on the Students' Union's income and expenditure;
- 1.1.10 review litigation involving over £0.5 million or otherwise material to the interests of LSBU and recommend to the Board for decision; and

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

2. Membership

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

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

2.3 The chair shall be an independent governor.

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

3. Reporting Procedures

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

Approved by the Board of Governors on 14 May 2015.

Revision approved by the Board of Governors on [18 October 2018 – tbc].

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	CONFIDENTIAL
Paper title:	Committee Work Plan
Committee:	Finance, Planning and Resources Committee
Date of meeting:	25 September 2018
Author:	Alexander Enibe, Governance Assistant
Sponsor:	James Stevenson, University Secretary and Clerk to the Board of Governors
Purpose:	For Information
Recommendation:	The meeting is requested to note the paper for information

Executive Summary

The Finance, Planning and Resources committee meets five times a year. The committee's work plan for 2018/19 is attached.

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Finance, Planning and Resources Committee 2018-19

Agenda Item	Consider By	Date	Decision By	Date	Lead Officer
September 2018					
KPI strategic enablers	Executive	5 Sep 2018	Finance, Planning and Resources Committee	25 Sep 2018	Richard Flatman
Management accounts	Executive	5 Sep 2018	Finance, Planning and Resources Committee	25 Sep 2018	Richard Flatman
Insurance claims	Executive	5 Sep 2018	Finance, Planning and Resources Committee	25 Sep 2018	Richard Flatman
Student recruitment update	Executive	5 Sep 2018	Finance, Planning and Resources Committee	25 Sep 2018	Nicole Louis
Strategic HR report	Executive	5 Sep 2018	Finance, Planning and Resources Committee	25 Sep 2018	Pat Bailey
FPR terms of reference and committee membership			Finance, Planning and Resources Committee	25 Sep 2018	James Stevenson
FPR committee business plan			Finance, Planning and Resources Committee	25 Sep 2018	James Stevenson
Treasury management report	Executive	5 Sep 2018	Finance, Planning and Resources Committee	25 Sep 2018	Richard Flatman

Agenda Item	Consider By	Date	Decision By	Date	Lead Officer
November 2018					
Annual fundraising report	Executive	24 Oct 2018	Finance, Planning and Resources Committee	6 Nov 2018	Olivia Rainford
COO report	Executive	17 Oct 2018	Finance, Planning and Resources Committee	6 Nov 2018	Ian Mehrtens
SU draft accounts	Executive	17 Oct 2018	Finance, Planning and Resources Committee	6 Nov 2018	Richard Flatman
KPI strategic enablers	Executive	17 Oct 2018	Finance, Planning and Resources Committee	6 Nov 2018	Richard Flatman
Gift acceptance policy review and CC20 guidance	Executive	17 Oct 2018	Finance, Planning and Resources Committee	6 Nov 2018	Richard Flatman
Management accounts	Executive	17 Oct 2018	Finance, Planning and Resources Committee	6 Nov 2018	Richard Flatman
Student recruitment update	Executive	17 Oct 2018	Finance, Planning and Resources Committee	6 Nov 2018	Nicole Louis
Overview of workforce	Executive	17 Oct 2018	Finance, Planning and Resources Committee	6 Nov 2018	Pat Bailey
Deans retention update	Executive	17 Oct 2018	Finance, Planning and Resources Committee	6 Nov 2018	Shan Wareing/Pat Bailey

Agenda Item	Consider By	Date	Decision By	Date	Lead Officer
February 2018					
COO report	Executive	6 Feb 2019	Finance, Planning and Resources Committee	26 Feb 2019	Ian Mehrtens
KPI strategic enablers	Executive	6 Feb 2019	Finance, Planning and Resources Committee	26 Feb 2019	Richard Flatman
Management accounts	Executive	6 Feb 2019	Finance, Planning and Resources Committee	26 Feb 2019	Richard Flatman
Student recruitment update	Executive	6 Feb 2019	Finance, Planning and Resources Committee	26 Feb 2019	Nicole Louis
Strategic HR report	Executive	6 Feb 2019	Finance, Planning and Resources Committee	26 Feb 2019	Pat Bailey
Strategic IT update	Executive	6 Feb 2019	Finance, Planning and Resources Committee	26 Feb 2019	David Mead
School information sheet	Executive	6 Feb 2019	Finance, Planning and Resources Committee	26 Feb 2019	Pat Bailey
Strategic HR report	Executive	6 Feb 2019	Finance, Planning and Resources Committee	26 Feb 2019	Pat Bailey
May 2018					
KPI strategic enablers	Executive	17 Apr 2019	Finance, Planning and Resources Committee	7 May 2019	Richard Flatman

Agenda Item	Consider By	Date	Decision By	Date	Lead Officer
Management accounts	Executive	17 Apr 2019	Finance, Planning and Resources Committee	7 May 2019	Richard Flatman
Student recruitment update	Executive	17 Apr 2019	Finance, Planning and Resources Committee	7 May 2019	Nicole Louis
Strategic HR report	Executive	17 Apr 2019	Finance, Planning and Resources Committee	7 May 2019	Pat Bailey
Treasury management report	Executive	17 Apr 2019	Finance, Planning and Resources Committee	7 May 2019	Richard Flatman
OFS grant settlement	Executive	17 Apr 2019	Finance, Planning and Resources Committee	7 May 2019	Richard Flatman
Corporate roadmaps	Executive	17 Apr 2019	Finance, Planning and Resources Committee	7 May 2019	David Phoenix
July 2018					
SU financial update	Executive	12 Jun 2019	Finance, Planning and Resources Committee	2 Jul 2019	Richard Flatman
Insurance renewal	Executive	12 Jun 2019	Finance, Planning and Resources Committee	2 Jul 2019	Richard Flatman
COO report	Executive	12 Jun 2019	Finance, Planning and Resources Committee	2 Jul 2019	Ian Mehrtens

Agenda Item	Consider By	Date	Decision By	Date	Lead Officer
KPI strategic enablers	Executive	12 Jun 2019	Finance, Planning and Resources Committee	2 Jul 2019	Richard Flatman
Management accounts	Executive	12 Jun 2019	Finance, Planning and Resources Committee	2 Jul 2019	Richard Flatman
Student recruitment update	Executive	12 Jun 2019	Finance, Planning and Resources Committee	2 Jul 2019	Nicole Louis
SU code of practice compliance	Executive	12 Jun 2019	Finance, Planning and Resources Committee	2 Jul 2019	Shan Wareing
SU Financial update	Executive	12 Jun 2019	Finance, Planning and Resources Committee	2 Jul 2019	Richard Flatman
Insurance renewal	Executive	12 Jun 2019	Finance, Planning and Resources Committee	2 Jul 2019	Richard Flatman

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