

Meeting of the Board of Governors

4.00* - 6.00 pm on Thursday, 12 July 2018
in 1B27 - Technopark, SE1 6LN

Agenda

* Pre-Board presentation at 3.30pm in 1B27: student retention

| <i>No.</i> | <i>Item</i> | <i>Pages</i> | <i>Presenter</i> |
|------------|---|---------------|------------------|
| 1. | Welcome and apologies | | JC |
| 2. | Declarations of Interest <i>Governors are required to declare any interest in any item of business at this meeting</i> | | JC |
| 3. | Minutes of previous meeting <ul style="list-style-type: none"> • Board of Governors, 17 May 2018 • General Meeting, 17 May 2018 | 3 - 14 | JC |
| 4. | Matters arising | | JC |
| | Chair's business | | |
| 5. | Independent governor recruitment update | 15 - 16 | JC |
| 6. | Feedback from 1:1 conversations with Members on Board effectiveness | Verbal Report | JC |
| | Items to discuss | | |
| 7. | Vice Chancellor's report | 17 - 30 | PB |
| 8. | Chief Financial Officer's report <ul style="list-style-type: none"> • Draft budget 2018/19 (to approve) • Draft 5-year forecasts (to approve) | 31 - 60 | RF |
| 9. | Race Equality Charter Mark | 61 - 62 | PB |
| | Items to approve | | |
| 10. | Project Larch recommendations | 63 - 70 | RF |
| 11. | CUC Remuneration Code (to adopt) <ul style="list-style-type: none"> • Oral feedback from RemCo | 71 - 78 | JC |
| 12. | Freedom of Speech policy | 79 - 88 | PB |
| 13. | Fundraising strategy / CC20 compliance | 89 - 98 | PB |
| 14. | Award of security contract | 99 - 104 | RF |

| <i>No.</i> | <i>Item</i> | <i>Pages</i> | <i>Presenter</i> |
|--|------------------------------------|--------------|------------------|
| 15. | Sustainable Development Goals | 105 - 108 | PB |
| Items to note | | | |
| <i>The following papers will only be discussed at the meeting if there is a matter that any governor wishes to raise with the Secretary the day before the meeting</i> | | | |
| 16. | Reports on decisions of committees | 109 - 114 | JS |
| 17. | Corporate risk | 115 - 122 | RF |

Date of next meetings
Strategy day - 10.00 am on Thursday, 27 September 2018
Board meeting – 4pm on Thursday, 18 October 2018

We are pleased to invite you to drinks in the Technopark garden from 6pm-7:30pm with members of the Executive and senior management.

Members: Jerry Cope (Chair), Douglas Denham St Pinnock (Vice-Chair), Steve Balmont, Shachi Blakemore, Duncan Brown, Julie Chappell, Michael Cutbill, Nelly Kibirige, Kevin McGrath, Peter Fidler, Mee Ling Ng, Hilary McCallion, Jenny Owen, Tony Roberts and Nazene Smout

Apologies: David Phoenix

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

Supplementary information: Charity fundraising: a guide to trustee duties (CC20)

**Minutes of the meeting of the Board of Governors
held at 4.00 pm on Thursday, 17 May 2018
1B27 - Technopark, SE1 6LN**

Present

Jerry Cope (Chair)
Douglas Denham St Pinnock (Vice-Chair)
David Phoenix
Sodiq Akinbade
Steve Balmont
Shachi Blakemore
Duncan Brown
Michael Cutbill
Peter Fidler
Kevin McGrath
Tony Roberts

Apologies

Julie Chappell
Hilary McCallion
Mee Ling Ng
Jenny Owen
Suleyman Said
Pat Bailey

Observers

Nelly Kibirige
Nazene Smout

In attendance

Richard Flatman
James Stevenson
Michael Broadway

1. Welcome and apologies

The Chair welcomed members to the meeting and as observers Nelly Kibirige and Nazene Smout who would join the Board as student governors from 1 July 2018.

The above apologies were noted.

2. Declarations of Interest

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

The Board noted the Vice Chancellor's declared interest in the general meeting which would immediately follow the Board meeting. Due to this conflict of interest the Vice Chancellor had sent apologies to the general meeting.

3. Minutes of previous meeting

The Board approved the minutes of the meeting of 15 March 2018 and their publication, with one redaction.

4. Matters arising

All matters arising were covered on the agenda or were in progress.

Governors were encouraged to propose any suitable names to the Chair of the Audit Committee for the audit committee co-optee position.

5. Chair's business

The Chair informed the Board that he will shortly be undertaking conversations with individual governor around their views on the way the Board and its subcommittees are working, about about their own contributions.

The Chair informed the Board that Michael Cutbill had been appointed to the Remuneration Committee to replace Carol Hui.

6. Chancellor appointment

The Board confirmed the appointment of Sir Simon Hughes as Chancellor. His installation will take place on 1 November 2018.

The Board thanked Richard Farleigh for his contribution to the University as Chancellor.

7. Independent governor recruitment

The Board noted the update on independent governor recruitment following the Nomination Committee meeting of 17 May 2018.

The Board noted that the Nomination Committee is reviewing ways to improve the diversity of the Board.

8. Vice Chancellor's report

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

The Board noted the positive trend in student applications for 2018/19 but there is still heavy reliance on clearing, which would be particularly competitive this year.

The Board discussed the executive's budget planning for 2018/19, which was likely to require £5m - £8m of staff cost savings. Where possible these savings would be on a voluntary basis. Appropriate consultation with trade unions and staff communications has started.

In addition, as part of normal portfolio review, a small number of courses in HSC were at risk of closure, subject to consultation. The University is committed to 'teaching out' any courses that may close.

The Board was supportive of the approach.

The Board noted that there were two additional potential partnerships: PROCAT in Essex and John Ruskin College in Croydon. LSBU had expressed interest and had been shortlisted for both. The strategic fit would be reviewed and any proposals brought to the Major Projects and Investment Committee, in the first instance.

The Board noted an update on estates redevelopment. The Executive is in discussions with London Borough of Southwark on acquisition of the hostel building adjacent to the Perry Library. The Board noted that following its in principle approval, the St George's Quarter development had been submitted for planning and financing options were being reviewed.

The Board were pleased to note the improved league table position in the Complete University Guide to 93rd (out of 131).

The Board noted that the governance of South Bank Academies (SBA) is being reviewed both internally and in discussion with the Department for Education.

9. Chief Financial Officer's report

The Board noted the Chief Financial Officer's report on the current financial position, forecast surplus of £1.5m for 2017/18 and budget planning for 2018/19.

The Office for Students (OfS) draft grant letter had been recently received and was better than expected although still subject to confirmation on actual student numbers. The Board noted the continuing challenges for budget 2018/19.

10. Project Larch update

The Board discussed the update and indicative timeline for Project Larch.

The Board approved the incorporation of South Bank Colleges (SBC), to be a wholly-owned charitable company limited by guarantee and agreed to delegate to the Chair and Vice Chancellor approval of SBC's articles and appointment of the first directors.

11. **Corporate strategy progress report**

The Board noted the report and the progress made on delivering the corporate strategy.

12. **Office for Students registration**

The Board discussed the OfS draft registration documents, including the updated list of sub-contractual arrangements.

The Board approved the documents for submission to the OfS, subject to minor amendments to be approved by the Vice Chancellor and the University Secretary.

13. **Data Protection Policy summary**

The Board approved the revised data protection policy statement. A report on the General Data Protection Regulations (GDPR) compliance project would be discussed by the Audit Committee at its meeting of 7 June 2018.

14. **Reports on decisions of committees**

The Board noted the reports on decisions of committees.

15. **Corporate risk**

The Board noted the update on corporate risk.

16. **Board strategy day report**

The Board approved the joint Board and Academic Board strategy day notes from 28 April 2018.

17. **SU election results**

The Board noted the SU election results and returning officer's report which demonstrated that the election of March 2018 was run in a fair and democratic manner as required under the Education Act 1994.

18. **General meeting of the members (see separate paper)**

The Board meeting was immediately followed by a general meeting of the members (please see separate minutes).

**Date of next meeting
4.00 pm, on Thursday, 12 July 2018**

Confirmed as a true record

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**Minutes of the meeting of the General Meetings LSBU
held at 6.00 pm on Thursday, 17 May 2018
1B27 - Technopark, SE1 6LN**

Present

Jerry Cope (Chair)
Douglas Denham St Pinnock (Vice-Chair)
Sodiq Akinbade
Steve Balmont
Shachi Blakemore
Duncan Brown
Michael Cutbill
Peter Fidler
Kevin McGrath
Tony Roberts

Apologies

Julie Chappell
Hilary McCallion
Mee Ling Ng
Jenny Owen
David Phoenix
Suleyman Said

In attendance

Michael Broadway
James Stevenson

1. Welcome and apologies

The above apologies were noted. Julie Chappell, Jenny Owen and Suleyman Said had appointed the Chair of the meeting as their proxy should a vote be required.

2. Notice of meeting

The Chair reported to the meeting that appropriate notice of the meeting had been given to each member and that a quorum was present. Accordingly the Chair declared the meeting duly convened and constituted.

3. Declarations of interest

The Vice Chancellor had declared an interest and excused himself from the meeting.

4. **Extension of loan agreement with Vice Chancellor**

The Chair reported that the business of the meeting was to deal with matters in relation to a proposed extension of the Repayment Date of the loan to the University's Vice Chancellor and director, David Phoenix (**Borrower**). It was reported that the University had provided a secured, interest free loan of £350,000 to the Borrower (**Loan**) dated 30 October 2013 for the sole purpose of enabling the Borrower to purchase living accommodation in a London borough (**Property**).

The terms of the Loan were set out in a loan agreement between (1) the University and (2) the Borrower (**Loan Agreement**). The Repayment Date as defined in the Loan Agreement was “the second anniversary of the date of this Deed or such later date as may be agreed between the Lender and the Borrower in writing”, initially a repayment date of 30 October 2015. The repayment date had subsequently been extended to 30 October 2018 by approval of the members in general meeting on 15 May 2015.

As the Borrower is a director and Governor of the University, approval by the members was necessary under the provisions of sections 197 to 214 of the Companies Act 2006.

5. **Ordinary resolutions**

The draft ordinary resolutions were produced to the meeting.

The Chair explained to the members, and the members fully and carefully considered and noted the commercial reasons why the University should extend the loan: that it was in the best interests of the University to enable the Vice Chancellor to readily undertake university engagements as appropriate during the working week. The members discussed value for money for the University and requested that alternative options to extending the loan agreement be explored.

{Secretary's note – the alternative options of paying the Vice Chancellor's rent or paying for hotel accommodation were reviewed and it was concluded by the Chair that extending the loan agreement offered the best value for money for the University}.

The members have approved the extension of the loan for an additional five years to 30 October 2023.

The ordinary resolutions (attached) were passed in accordance with the University's articles of association.

**Date of next meeting
6.00 pm, on Date Not Specified**

Confirmed as a true record

..... (Chair)

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Company Number: 00986761

The Companies Act 2006

Ordinary Resolutions

of

London South Bank University

(University)

Under Chapter 2 of Part 13 of the Companies Act 2006 (**Act**), the Governors (who are directors) of the University propose that the following resolutions (**Resolutions**) are passed as ordinary resolutions:

Ordinary Resolutions

1. that the University in good faith and for the purpose of carrying on its business, extend the Repayment Date as set out in the Loan Agreement dated 30 October 2013 between (1) the University and (2) David Phoenix by a period of an additional five years to 30 October 2023.
2. that the Board of Governors be authorised to pass and to implement such resolutions as they think fit in connection with the extension of the Repayment Date.

Agreement

The members of the University who were entitled to vote on the Resolutions on 17 May 2018 irrevocably agree to the Resolutions and authorise the Chair to sign on their behalf:


..... Dated... 17 May 2018

Jerry Cope, Chair of the Board of Governors

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| | |
|------------------|---|
| | CONFIDENTIAL |
| Paper title: | Independent governor recruitment |
| Board/Committee | Board of Governors |
| Date of meeting: | 12 July 2018 |
| Author: | Claire Freer, Governance Assistant |
| Board sponsor: | Jerry Cope, Chair of the Board |
| Purpose: | To update the Board on independent governor recruitment |
| Recommendation: | The Board is requested to note the update |

Independent governor recruitment

As discussed at the Board of Governor’s meeting on 15 March 2018, there was a need to recruit a new independent governor, following the departure of Carol Hui, and to have a medium term plan for independent governor succession. Following discussion with the Chair of the Board, it was agreed that it would be desirable to recruit an independent governor with a legal background/experience.

Applications from 21 candidates were received. At its meeting on 17 June 2018, the Nomination Committee agreed that six candidates should be interviewed by a panel of the committee. The panel recommended that two candidates should meet the Chair of the Board and the Vice-Chancellor to discuss their applications further.

While the two were strong candidates, it was felt that Jeremy Parr, a partner at Allen and Overy, best fit the requirements of the Board in terms of specific legal skills

The Nomination Committee will recommended to the Appointments Committee the appointment of Jeremy Parr as independent governor (a separate paper is being drafted for approval by the Appointments Committee by email). It is proposed that Jeremy’s term starts on August 1, 2018.

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| | |
|------------------|---|
| | CONFIDENTIAL |
| Paper title: | Vice Chancellor's Report |
| Board/Committee | Board of Governors |
| Date of meeting: | 12 th July 2018 |
| Author: | David Phoenix, Vice Chancellor |
| Sponsor: | David Phoenix, Vice Chancellor |
| Purpose: | To update the Board on University matters |
| Recommendation: | To note the report. |

Executive Summary

As we move towards summer our biggest challenge remains recruitment. Our Year on Year performance is slightly ahead of our Competitor Set overall (-5.57% versus -6.42% respectively) and the general trend for applications has continued in-line with the proceeding months: -5.57% (LSBU excluding HSC applications are up +4.27%), so to recruit to target will be tough. As well as a focus on recruitment we will also be paying particular attention to Progression having seen a rise in the number of interruptions compared to this time last year. Despite these challenges I am pleased to confirm LSBU has shown improvement in the Graduate and Positive Outcome metrics and has exceeded targets across all 7 Schools. We also continue to show growth in research activity.

Vice Chancellor's Report July 2018

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

1.0 Corporate Strategy Outcome 1: Student Success

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

1.1 Student Retention

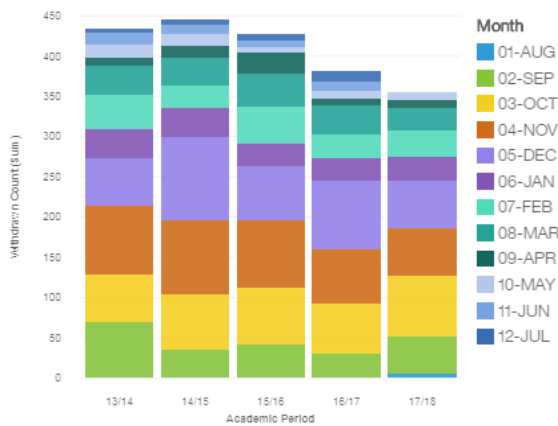
In terms of First Degree students (which represent over 70% of the institution's student FTE), as of end of May 2018 withdrawals were in line with last year (357 in total compared to 359 2017/18), but we have seen 60 (523 in total) more interruptions. There will be changes to this data between now and the end of July (year-end), but it is expected these changes will not be material.

At overall institutional level there have been 69 fewer withdrawals compared to last year to the end of May, but 116 more interruptions. Key time for withdrawals will be post exam boards between July and September.

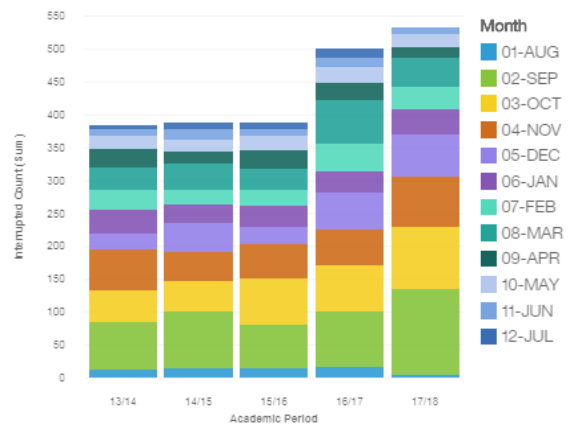
The higher number of interruptions is largely as a result of a change in practice in 2016/17. Students that intended to withdraw, were encouraged to interrupt, as this increased the chances of them returning. This trend can be seen in the graph below, which demonstrates the sharp fall in withdrawals, but also the corresponding increase in interruptions in 2016/17. However, this consequently means, if these students that interrupted in 2016/17 do not return the following year and choose to interrupt (or withdraw) this could affect the following year's data.

Considerable analysis is underway to further understand what drives withdrawals and interruptions, and which cohorts are most affected, as well as our processes around this. Over time we will be able to assess whether the new processes are generating more successful outcomes or simply delaying withdrawal.

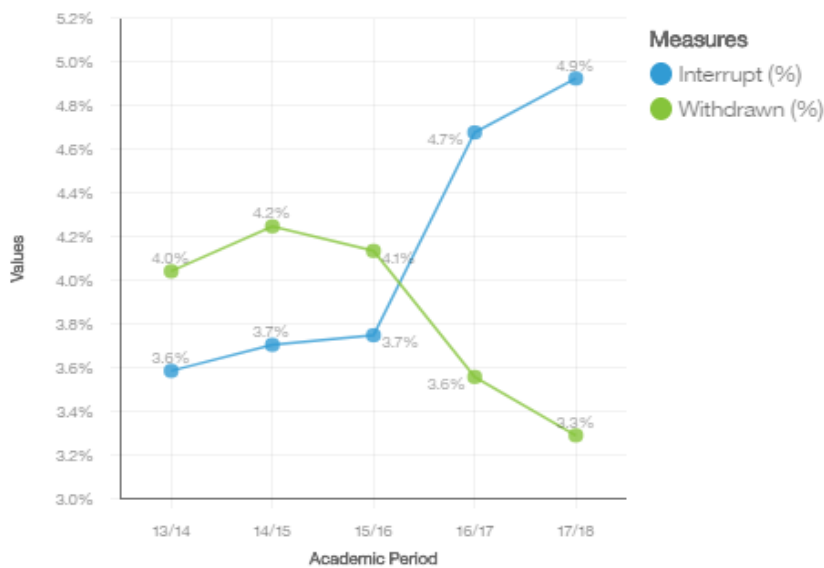
Withdrawals by Month and Year (First Degree)



Interruptions by Month and Year (First Degree)



Annual Interruption and Withdrawal % (First Degree)



1.2 Subject Level TEF

The institution participated in a pilot of the Teaching Excellence Framework (TEF) at subject level, and results were received in May 2018. The institution was awarded a bronze rating at overall level, due to 51% of our students studying in subject areas that were awarded bronze awards. Eleven subject areas were awarded Bronze, eight were awarded Silver and one was awarded Gold. The subject area in receipt of the Gold award was “Business and Management”. Due to this being a pilot, results will not be published and consequently we cannot use results in marketing material but it highlights the risk around the proposed methodology if we are unable to move some of the weaker areas.

It should be noted that LSBU is ‘strongly’ silver on metrics at institutional level (as well as officially holding the TEF silver rating, awarded in June 2017). There will be another pilot that looks to enhance the methodologies explored in this pilot in 2018/19, with subject level TEF being officially used from 2019/20. Participation in the 2019/20 TEF exercise is required as a condition of Registration with the OfS.

Recognising the resource involved to deliver the pilot and the resulting bronze award, work is ongoing to ensure that the Planning, Performance & Assurance and Teaching Quality & Enhancement teams work together to embed TEF principles in the cycle of the University's quality assurance and performance management cycles.

1.3 16/17 DLHE (employability and further study) Results

Following our Destinations of Leavers from Higher Education (DLHE) submission in May I am pleased to confirm LSBU has shown improvement in the Graduate and Positive Outcome metrics for all cohorts. As the Sector is transitioning to replace DLHE with Graduate Outcomes, it is expected that the 2016/17 DLHE results will be used by TEF for 2 years which stresses the importance of this year's results. It is unconfirmed how the league tables will adapt to the changes this year but they may also repeat this year's result for 2 years.

LSBU is likely to be in the top 5 to 10 depending on how others have performed.

| | 15/16 | 16/17 | 20/21 Ambition |
|---|-------|--------------|----------------|
| All Graduates in Work/Further Study | 94.4% | 96.9% | 95% |
| EPI in Graduate Work/Further Study (Full time, first degree, UK Domiciled) | 81.7% | 87.7% | 80% |

1.3.1 16/17 School EPI Graduate Level Results

Each School exceeded performance from the previous year and exceeded internal targets set for the EPI cohort. Furthermore every School has already exceeded their 19/20 targets. Below is a table of results.

| School | 15/16 Graduate Level Outcomes | 16/17 Graduate Level Outcomes | 19/20 Target |
|--------|-------------------------------|-------------------------------|--------------|
| APS | 65% | 74.6% | 70% |
| ACI | 63% | 78.5% | 65% |
| BEA | 83% | 90.2% | 82% |

| | | | |
|-----|-----|-------|-----|
| BUS | 72% | 81.0% | 75% |
| ENG | 84% | 86.2% | 82% |
| HSC | 98% | 99.4% | 98% |
| LSS | 67% | 78.0% | 72% |

2.0 Corporate Strategy Outcome 2: Real World Impact

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

2.1 Research, Enterprise and Innovation

For the year to date in April we have secured £2.7m of research income against a target of £3.4m, and £7.1m of enterprise income against a budget target of £10.5m. For both research and enterprise, contracted income for the remainder of the year suggests that both streams should outturn close to, or on target. Of particular note, LSBU is starting a third Innovation Centre (IC) with the Welding Institute at Cambridge (TWI). The earlier ICs have been particularly successful. Two recent collaborative awards in the last month for £2M and £5.5M will deliver another £1M net to LSBU taking the total of LSBU research earning from our partnership with TWI to just over £5M in three years.

3.0 Corporate Strategy Outcome 3: Access to Opportunity

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

3.1 Recruitment: Semester 1 2018, Undergraduate Full Time (as at 11th June)

The general trend for LSBU applications has continued in-line with the preceding months: -5.57% (LSBU excluding HSC applications are up +4.27%).

- HSC has seen -1.5K fewer applications versus Last Year to Date, and nearly -5K fewer applications compared to this point in 2016.
- Year to date, excluding HSC, we have received 11.1K applications – broadly in line with 2016.

Fig 1. LSBU Applications & by School

| LSBU School | Previous Cycles | | Current Cycle vs 2017 (LYTD) | | |
|--------------|-----------------|-------------|------------------------------|--------------------|----------------------|
| | 2016 | 2017 | 2018 | % Δ vs LYTD | +/- Δ vs LYTD |
| BUS | 2.4 K | 2.3 K | 2.8 K | 21.33% | ▲ 494 |
| BEA | 1.0 K | 1.0 K | 1.0 K | 3.79% | ▲ 38 |
| LSS | 2.3 K | 2.4 K | 2.5 K | 2.80% | ▲ 67 |
| APS | 1.8 K | 1.6 K | 1.6 K | 2.15% | ▲ 34 |
| ENG | 1.8 K | 1.5 K | 1.5 K | -4.34% | ▲ -67 |
| ACI | 1.9 K | 1.8 K | 1.7 K | -6.41% | ▲ -113 |
| HSC | 11.9 K | 8.6 K | 7.1 K | -17.65% | ▼ -1523 |
| LSBU | 2016 | 2017 | 2018 | % Δ vs LYTD | +/- Δ vs LYTD |
| LSBU exc HSC | 11.2 K | 10.6 K | 11.1 K | 4.27% | ▲ 453 |
| LSBU | 23.1 K | 19.2 K | 18.2 K | -5.57% | ▼ -1070 |

The Sector – Undergraduate Full Time (as at 11th June)

Our Year on Year performance is slightly ahead of our Competitor Set overall (-5.57% versus -6.42% respectively).

Fig 2. Sector and Competitor Trends versus LSBU

| Group | 2016 | 2017 | 2018 | % Δ vs LYTD | +/- Δ vs LYTD |
|-----------------------|---------|---------|---------|-------------|---------------|
| LSBU Applications | 23.1 K | 19.2 K | 18.2 K | ▼ -5.57% | ▼ -1.1 K |
| Total Competitor Set | 147.8 K | 133.5 K | 125.0 K | ▼ -6.42% | ▼ -8.6 K |
| All UCAS Applications | 2.85 M | 2.75 M | 2.68 M | ▼ -2.41% | ▼ -66.2 K |

Our Competitor Set has seen a fall of 22.8K applications versus 2016 – this amount is broadly comparable to losing an institution the size of Middlesex (by application count); indicating the difficult market conditions and declining demand for London Moderns. The Sector has contracted by -2.41% versus last-year-to-date, driven by 90k fewer applications from Home students. This has been partially offset by an increase in applications from Overseas and EU, resulting in a net position of -66.2K for the Sector versus last year. The subjects which have seen the largest decrease in Home applications are core to the LSBU offer (subjects allied to Health, Business, and the Creative Arts).

3.2 Conversion of Applications to Offers – Undergraduate Full-Time Only (as at 11th June)

The Sector has reacted to the shrinking market by significantly increasing Unconditional Offer Making, up +9.9% versus Last Year to Date, resulting in 25K additional Offers. This has driven greater conversion: an extra 17K of Firm Accepts have been received so far, despite the sector operating on a much smaller base of applications in general. (The greater use of Unconditional Offers could result in fewer students available in Clearing).

In the context of fewer applications, LSBU has improved our offer making performance:

Offers - up by volume (from 10.4K to 11.4K) versus last year to date, and by proportion: now 62.8% of applicants are being offered, compared to 54.1%.

Process - more follow-ups, shortening of processing time and same day tests/interviews for HSC applicants.

Firm Accepts - up 488 Undergraduate Full Time Firm Accepts versus Last Year to Date, an increase of more than 25%.

UGFT only - DARR on 11th June 2018

Home/EU FAs + Overseas UFs

| | | | |
|-------------|-------|---|-----------|
| HSC | 839 | ▲ | 42.7% |
| | 588 | | +251 FAs |
| BUS | 327 | ▲ | 42.2% |
| | 230 | | +97 FAs |
| BEA | 124 | ▲ | 29.2% |
| | 96 | | +28 FAs |
| APS | 230 | ▲ | 19.8% |
| | 192 | | +38 FAs |
| ENG | 258 | ▲ | 18.3% |
| | 218 | | +40 FAs |
| LSS | 308 | ▲ | 18.0% |
| | 261 | | +47 FAs |
| ACI | 333 | ▼ | -3.8% |
| | 346 | | -13 FAs |
| LSBU | 2,419 | ▲ | 25.3% |
| | 1,931 | | +488 FA's |

3.3 Undergraduate Pipeline – Overall FT/PT, including HSC and Apprenticeships (as at 11th June)

Overall, Undergraduate Firm Accepts are up Year-on-Year in all Schools except ACI (see note above). The majority of the growth is in the Full-Time cohort and within HSC (+251 accepts) and Business (+97 accepts); in addition Schools without substantial growth in applications are also seeing material gains in Firm Accepts as well (ranging between +28 to +47 additional accepts). ACI is only marginally down on Firm Accepts (-13) versus last year despite receiving far fewer applications (-113): the extension of the audition/interview process across more courses seems to have delivered a stronger conversion outcome.

3.3 1 HSC Focus (as at 11th June)

A number of initiatives and changes to the process have resulted in additional Firm Accepts, with a greater number of Offers being made earlier in the cycle – despite operating with nearly -18% fewer applicants versus last year.

At this period last year the School had obtained 588 Firm Accepts, this year we currently have 840 Firm Accepts against a target of 910, with potential to secure additional acceptances in the closing stages of the Main Cycle. HSC are potentially the School with the least reliance on recruitment via Clearing.

3.3.2 Postgraduate Overall (as at 11th June)

Overall, Postgraduate provision is seeing -2 Firm Accepts fewer than Last Year to Date. However, the make-up of acceptances is very different: there are 76 more Home and EU Firm Accepts (mainly spread across APS, ACI and HSC) – with a decline of -74 Overseas Firm Accepts (principally in LSS).

In terms of Pipeline, there are approximately 70 more Offers compared to last year, and 130 more Live Applications.

3.3.3 Impact on revenue target (as at 11th June)

LSBU has achieved 54.6% (or 3,477 out of 6,374) of its target Firm Accepts (recruitment target). Based on potential conversion from Acceptance to Enrolment stage, this translates into Current Revenue forecast of £25.8m, with an additional £18.2m to secure in the July to September period to achieve the new student revenue target of £44m. Current Revenue is based on 90% of current Home and EU Firm Acceptances enrolling, and 63% of current Overseas Unconditional Firms enrolling and is aligned with budget.

3.4 Potential Clearing Recruitment Outcome

With a focus on both the LSBU Offer Rate and conversion of Accepts to Enrolment, there is potential for us to achieve our enrolment target, but clearing will again be challenging.

We cannot dictate the number of applications we receive, but our Offer Rate and ability to enrol students are factors within a degree of our own control. Our analysis has shown that a +/-5% movement in applications would have a net impact of +/-27 students versus the 2017 Baseline. It is therefore our underlying conversion performance that has the greatest influence on our final recruitment position, not necessarily the volume of applications if our Offer Rate remains static.

Consider that the Clearing Offer Rate of most Schools (excluding HSC) is in the region of 50-55% - while our Main Cycle Offer Rate is typically at 80% for most Schools. We have therefore identified the School Offer Rate as the factor with the greatest scope for improvement and change.

We also reiterate the importance of the two-week recruitment window in August, not just because of the availability of students, but because we know based on LSBU analysis that Firm Accepts we recruit from October onwards have a 70% probability of not enrolling. We must therefore increase our Offer Rate not simply to make many more offers, but to make them earlier – to avoid recruiting late into Clearing where the quality of candidates decreases, as does the likelihood of enrolling them. To support staff morale and minimise disruption to classes I am also keen to formally close clearing earlier given the low take up later in year.

This then brings us onto our Enrolment Rate. Based on Clearing last year, with the exception of ACI (at 71%), Schools only saw 35-54% of their recruited Firm Accepts enrol. Our third scenario shows that a 7.5% improvement would lead to 227 additional enrolments when we also increase offers by 16%. We believe Offer Rate and Enrolment Rate go hand-in-hand; we know a large proportion of Acceptances do not enrol, so we must make more offers to generate Firm Accepts to compensate for the loss.

3.5 International/EU Recruitment

We are now about to enter the busiest period for international students. The firm accepts for UG are up by 15% on this time last year and PG is very similar to last year. For both UG and PG the main task is now to convert the students, with offers, to enrolments over the summer, and with active offers also up 15% on last year we have a good pool to work with. Compliance is always challenging as LSBU students come from a very wide range of countries and many of the countries are high risk, as far as the UKVI is concerned. Many new countries have been allowed simpler visa arrangements but this has little effect on LSBU given our geographic spread. There has been a greater move to the use of agents rather than direct recruitment where conversion is much higher. Whilst again a challenge, we anticipate being close to target if conversion follows patterns in line with previous years.

The European picture continues to be encouraging. The agent strategy continues to work very well and the indications are that EU student numbers will be around 60% up on last year. This may also show that students are keen to come here while it is still possible under the current fee arrangements. The biggest rise is in the undergraduates with firm unconditional offers up close to 150% on last year which will give LSBU an additional £2m approx. per year from fee income over the next 3 years if enrolments are realised.

3.6 Partnerships

Many of the partnerships which have been terminated are now coming to the end of the teaching-out period allowing International to focus resource on expanding our remaining portfolio of good reliable and expanding partners. The British University in Egypt and LSBU jointly presented at the British Council Going Global Conference in Kuala Lumpur recently and received much favourable attention.

This is a time of real step change for the partnership with BUE as the Chairman of the group, of which BUE is a part, has offered LSBU the opportunity to work with them in opening a new campus under the LSBU name. The first area of cooperation looks likely to be Hospitality and Tourism for which BUE had already received permission to deliver, and it would provide opportunities for growth of the current LSBU offer, giving access to a major tourism destination and work experience within the associated infrastructure. Other universities were turned down by BUE for this opportunity which shows how much the partnership is currently valued in Egypt. There is much work to be done in shaping this project into a concrete proposal but, if all goes well, it is hoped that a launch date of September 2019 would be achievable.

Our Bahraini partner, the Applied Science University is also looking to expand its offer with LSBU and we are currently exploring how Business Courses might be taught there from next year in addition to Law, Engineering and the Built Environment.

There was a recent Executive visit to Nanjing prior to the validation of the Business and Engineering programmes for one of the first semi-autonomous institutes in China which will give LSBU a very visible presence there. 4-year courses will be offered under the LSBU name in a teaching operation which could rise to 1500 students in the next few years. This would be in partnership with NIIT, one of the best colleges in China which currently offers degrees that can currently only be accessed by students in the province. With the LSBU degrees, recruitment can happen nationally in China and internationally.

3.7 Apprenticeships

The Apprenticeships Team has been involved with School Recruitment Forecasting meetings chaired by the Chief Marketing Officer. As a consequence the current recruitment forecast for apprentices for 2018/19 across the Schools is 400 apprentices (700 cumulative). The Apprenticeships team continues to successfully tender for Apprenticeship contracts with NHS and TFL, and was recently awarded the Mayor's Quality Kite Mark for Construction. The tentative results for the ESFA (Education Skills Funding Agency) have been released with 92% of employers stating they are likely or highly likely to recommend LSBU as their provider. LSBU has agreed to trial an English and Maths 'Pre Apprenticeship' programme with Lambeth from September 2018 to support NHS employees to meet LSBU apprenticeship programme entry requirements.

3.8 South Bank Academies Update

Following a DfE review of governance covering the UTC and the MAT, we are developing a revised governance model and expect to make a recommendation to the SBA Board in July. Following an internal investigation at the UAE, there has been an identified breach of UKVI (Tier 2) compliance relating to an overseas worker employed by the school in 2017. The school has taken action to regulate and the Trust has sought legal advice via LSBU's legal team and external advisors. A full audit of each school's recruitment approach, checks and associated records is planned. The Interim CEO has also commissioned audits at both schools covering health & safety and buildings maintenance / contracts which is being supported by LSBU's professional services teams. Reports and recommendations are expected in July. A further assessment covering current Human Resources arrangements and future requirements is planned. The Trust has made an offer for Business Manager / CFO and has received verbal acceptance with contracts being issued this week.

3.8.1 South Bank Engineering UTC

Pupils have now sat all GCSE examinations with three A Level exams left to be completed. BTEC qualifications are mostly assignment based and are therefore largely complete. The UTC implemented strategies to help students manage stress levels throughout the exam period along with additional tutoring in the lead up. The majority of Y13 students have applied to university (33/45) and have been supported through the UCAS process by the UTC and by LSBU. 121 conditional offers have been made to Y13 students from different universities including a number of unconditional offers made by LSBU. We anticipate enrolments at 80-120 students into Year 12 which will be aided by our first flow of internal students from Year 11. For Year 10, we anticipate between 40-50 students will enrol in September and have based staffing and curriculum decisions around an anticipated roll of 184 pupils. Teaching and learning remains good overall but it is a vulnerable area which continues to be addressed through a number of management actions to drive student progress. The college could be subject to an Ofsted inspection next academic year, hence this first year of exam results is especially important

3.8.2 University Academy of Engineering South Bank

Mock GCSE and BTEC examinations have taken place. There are 18 A Level entries so far. These have highlighted areas of focus for development, specifically physics, computer science and product design. Teachers' predictions, based on modules completed and mock exam results are broadly in line with expectations. There are 21 students in the current year 13. Of these, 20 have been offered places at universities, 3 of which are unconditional. 1 student is still applying to universities and apprenticeships. The predicated number of students for 2018/19 in year 7 is 150 and for year 12 is 35. External recruitment into year 12 is looking positive with more

applicants than at the same point last year. Teaching and learning continue to be good, with three teachers being identified as requiring a support plan.

3.9 Public Affairs and Civic Engagement

LSBU continues to be invited by the HE sector and beyond to provide insight and advice on areas where we have established a strong reputation; namely skills, Levels 3-5 education, employer-sponsored education (including apprenticeships), flexible learning (including part-time study and the Family concept), and civic engagement. Most recently, this has included participating in Education Policy Institute research on Levels 4 and 5 and the Higher Education Commission inquiry into Degree Apprenticeships. Meanwhile we have continued to submit to key government consultations including those on the Subject Level TEF and on T-Levels.

In May we hosted a visit from representatives of the DfE Professional & Technical Education team seeking to understand more about our work in professional and technical education. During w/c 25 June, we hosted a visit from shadow minister for health and social care Justin Madders to discuss nurse training; and met with the Chair of the Education Select Committee Robert Halfon.

Locally, we continue to strengthen links with our local councils including, through the Southwark Skills Group; the Waterloo Strategic Forum and Lambeth First Board. We met with the Leaders and Chief Executives of Lambeth and Southwark Councils to appraise them of developments around Lambeth College and our plans for FE.

We met with the GLA Skills Team in advance of the devolution of the Adult Engineering Budget to London and have been invited to join a new GLA HE working group on skills. We met also with the GLA Cultural and Creative industries team ahead of the launch of the Mayor's Creative Strategy and forthcoming announcements on creative skills funding. LSBU was announced as the only University to be awarded a place in the Mayor's Construction Academy Scheme which creates funding opportunities.

LSBU has become a sponsor of the All Party Parliamentary Apprenticeships Group with the aim both of influencing discussions on apprenticeships and strengthening relationships with new and existing employers of apprentices.

The installation of the new LSBU Chancellor is set to take place on 1 November at the Southbank Centre's Purcell Room. The ceremony is scheduled for 12-1pm with pre and post receptions. The announcement of the appointment will take place in mid-July. I will provide further details as they are finalised.

4.0 Strategic Enablers

4.1 Lambeth College

As members of the Board may recall, Lambeth College Board nominated LSBU as its preferred partner on 15th March 2018. DfE is aiming to complete approval of Designation and funding in July 2018. After this a Statutory Instrument needs to be laid before Parliament to grant designation in early September, which will mean the new FE entity we are setting up should be operational in November 2018 with a final acquisition date of January 2019.

Since the May update to the Board, the College and University have been working together to complete a number of activities including resubmission of the Transaction Unit (TU) bid, Designation Application, Due Diligence and Curriculum Planning. In the first phase we are focusing on courses which can be quickly mobilised, marketed and offered for September 2018, for example, Access courses.

There is still much work to be undertaken to complete the initiative but we are moving closer towards finalising and await the outcome from DfE while moving forward with Lambeth on mutually beneficial projects.

4.2 Workforce Planning – 2018 Change Programme

Over the last month, we have developed the 2018 Change Programme which aims to address both cost and future skills needs and we agreed with the Unions to work together to reduce the need for compulsory redundancies, as much as possible.

There are two strands in our change programme: a) A Voluntary Severance Scheme (VS) which was launched on 11th June with a closing date of 6th July, and b) formal collective consultation for 10 change proposals (2 from Schools and 8 from Professional Services Group) (11th June to 20th July).

We propose to disestablish 127 FTE posts and create 62 FTE posts, with an estimated headcount of 69 staff leaving.

At the end of the consultation period, we will be able to revisit any applications for voluntary severance that were rejected, in order to see if we could create re-deployment opportunities by agreeing VS applications. In this way, the VS scheme may provide additional opportunities for redeployment for those that are at risk of redundancy as well as contributing to cost savings.

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.

4.3 Industrial Relations

Ongoing discussions are continuing with the three trades unions regarding the Voluntary Severance and Change Proposals. Relations currently remain manageable.

Nationally, at the third negotiating meeting of employers on 10 May via the new Joint Negotiating Council for Higher Education Staff (new JNCHES), a final pay offer was made of at least 2% base pay uplift to the New JNCHES pay spine points 16 - 51 from 1 August 2018. Higher increases of up to 2.8% to points 2 - 15 (a sum of £425 on each point) were also offered. This is being considered by the 5 trades unions but has already been rejected by two unions, including the academic union, UCU.

4.4 USS Dispute

The UCU National Conference was held 28 May - 1 June, and was severely disrupted due to motions criticising the General Secretary for the handling of the USS dispute. With regard to the ongoing dispute, the UCU Conference passed these motions:

- any resolution to the current dispute must have the full consultation and endorsement of the UCU membership.
- to establish a national USS dispute committee composed of members from USS branches, to which national UCU negotiators and UCU JEP members will report.

Given the above motions, if UCU were to ballot again for industrial action, it seems unlikely that it would do so before its Special HE Sector Conference on USS to take place in September/October 2018, but relationships with the sector over pay and terms and conditions remain tense.

4.4 Times Higher Educational Leadership and Management

I am pleased to say that having been shortlisted for two Times Higher Education Leadership and Management awards we won the award for Outstanding Student Support. The win was in recognition of our student engagement intern scheme whereby recent graduates are tasked with engaging with current students to improve retention and progression.

Agenda Item 8

| | CONFIDENTIAL |
|-----------------|--|
| Paper title | Report from the Chief Financial Officer |
| Board/Committee | Board of Governors |
| Date of meeting | 12 July 2018 |
| Author | Richard Flatman, Chief Financial Officer |
| Sponsor | Richard Flatman, Chief Financial Officer |
| Purpose | To update the Board on financial matters and approve the 2018/19 budget and future financial forecasts. |
| Recommendation | <p>The Board is requested to:</p> <ul style="list-style-type: none">• note the current year financial performance• approve the group budget for 2018/19• approve the future financial forecasts for submission to the OFS by the deadline of 30 Sept. <p>Both the budget and future financial forecasts have been reviewed by Finance, Planning and Resources Committee and are recommended to Board for approval.</p> |

Attachments:

Appendix 1: Management accounts summary to 31 May 2018

Appendix 2: Budget for 2018/19

Appendix 3: Financial results and forecasts 2018 – Sept 2018 submission

Report from the Chief Financial Officer: July 2018

1. Current financial performance

The latest summary management accounts to 31 May 2018 are included as Appendix 1. This is an update on the position reported to FPR, which considered the accounts to April 2018.

The full year forecast as at 31 May 2018 is still trending towards a surplus of £1.5M. This would deliver the University on budget.

With 2 months remaining, there are risks and opportunities in this month's forecast.

In terms of risks, in March the Executive were charged with reviewing the levels of remaining discretionary spending within their portfolios in order to deliver additional Opex savings of £1.5M. We still need to identify £450K of those savings to deliver to budget. These savings are included in our forecast and so a failure to make these savings would impact our year end position.

There are further risks in terms of delivering to budget including FRS 102 holiday adjustments, the cost of our bad debt provision and year end pension adjustments but we are holding a £0.5M contingency.

In terms of opportunities however, our monthly staff expenditure in April was £6.7M whereas this is forecast to increase to £7.5M for the remaining 2 months of the year. We have implemented additional controls over new staff appointments and are attempting to hold staff costs steady for the remainder of the year. This will enable us to increase the restructure provision from £1.5M and cover as much of the change cost as possible this year, thereby easing the pressure on the 2018/19 budget. We may need to make a judgement call as to whether we dip below the agreed budget surplus of £1.5M for 2017/18 in order to ease pressure on 2018/19 to the greatest extent possible but we can review that position in the next committee cycle, when the outcome of the VS application process is known and there is more certainty about the year end financial position.

Following the receipt of a £20M payment from the SLC, the University is currently holding cash and cash equivalents of £62.0M. This is ahead of budget, primarily due to reduced capital expenditure and is £7.0M more than the comparable position in 16/17.

2. Financial matters for approval

Budget 2018/19

The 2018/19 budget is included as Appendix 2.

The budget proposal for 2018/19 was reviewed in detail by Finance, Planning and Resources Committee and is recommended to Board by Committee for approval.

Following a detailed planning and budgeting process, the University is proposing a budget for 2018/19 with income of £145.0M and a minimum surplus requirement of £1.5m. The level of income and surplus is consistent with the 5 year forecast that was presented to the Executive and subsequently to Board at the Strategy Days in February and April.

Although the net income rise is £1.8M, we are forecasting a reduction in HEFCE/OFS grant of £1.7M and so the actual growth in budgeted non-grant income is £3.5M. The income growth reflects the aspirations in the Corporate Roadmap and includes;

- Overseas Tuition Fee Income of £10M, 13% growth
- Research Income of £5.3M, 1% growth
- Enterprise Income of £13M, 23% growth
- HEFCE grant income of £12M, a decline of 15%

The budget assumes that we will recruit 2,469 Full Time Undergraduate students (SNC equivalent), an increase of 6% against the 2,335 recruited in 2017/18. It also assumes growth in Home/EU Postgraduate income of 20% and so is challenging.

As our income is forecast to be broadly flat in 2018/19 there was a recognition that the growth in staffing costs could push the university into a deficit position. A number of scenarios were discussed at the recent strategy days and staff cost savings of between £5M and £8M were proposed.

In the final analysis, a staff cost reduction of £8M for 2018/19 was considered too challenging and a minimum of £5M is proposed/assumed for budgeting purposes. Deans and Directors have been tasked with identifying staff savings in order to deliver to a staffing budget of £83.5M. This still provides headroom for new staff appointments as required to drive assumed revenue growth in research and enterprise as follows:

| | |
|--|--------------|
| | £m |
| Feb 17/18 Staff forecast | 83.2* |
| Cost reduction | <u>(5.0)</u> |
| | 78.2 |
| 3.5% increase | <u>2.8</u> |
| | 81.0 |
| New staff cost associated with growth in R&E | <u>2.5</u> |
| | <u>83.5</u> |

* FYF at 31/5 = £83.3m

The Budget also includes:

- The usual £1.5M restructure fund
- a general £1.2m revenue Investment fund
- £0.5m People & Organisation review fund, plus
- A general contingency of £0.5M.

It does not, however, include any revenue costs in relation to the student journey transformation project (LEAP), for which the revenue costs in 2018/19 are estimated in the business case at £1.5m or recently anticipated lease costs for Lancaster House at £900k pa. The LEAP revenue costs are expected over time to be offset by efficiency gains but not in 18/19 in which case we may have to commit the bulk of the revenue investment pot to offset these costs. If Lancaster House proceeds, we will explore the inclusion of additional enterprise and innovation space to offset the lease costs as much as possible.

The Executive is of the opinion that the budget presents a balanced approach to risk and opportunity. As always, the budget depends upon likely income flows. The initial £149m was too aggressive which is why we have gone with largely steady state of £145m. Clearly there are risks within the £145m which is why we mapped other scenarios that drove the upper end £8m savings target. But the £8m reduction would be (a) difficult and (b) potentially very destabilising, particularly given all the other challenges/projects ongoing at the moment. As discussed at our strategy day, there are many other change projects ongoing which are intended to deliver efficiencies but they do not deliver in 2018/19. Which is why, on balance, we need to take cost out now and have budgeted the minimum £5m cost figure. There is still some flexibility within the staff cost figure and we have £1m grant income unaccounted for (depending on recruitment) and held in contingency. We have also been very cautious on progression assumptions for the budget. For YR1 to YR2 we have a KPI target of 80% for the current year and a 2020 target of 85%. Last year the actual figure fell from 77% to 74%. For next year's budget we have assumed no improvement on the 74% (cautious in financial terms whilst setting more challenging KPI targets). Any improvement on 74% will further add to the contingency.

The Executive is also reviewing closely the current spend on agency staff, consultancy, HPLs and fixed term contracts to determine whether any further savings can be made which might increase the level of contingency next year.

So the budget will be tight but is as balanced as can be in the circumstances. As noted previously, we are also trying hard to get as much done this year as we can to relieve the pressure on next year.

Financial results and forecasts – Sept 2018 submission

We are required to submit to the OFS by 30 September 2018 our future financial forecasts for the period to 31 July 2023 as approved by the Board. Our submission is included as Appendix 3. The forecast was reviewed by Finance, Planning and Resources Committee and is recommended to Board by Committee for approval.

This outlines our Statement of Income and Expenditure, Balance Sheet and Cash flow forecast for the period 2016/17 – 2022/23. This is 2 years longer than the old HEFCE forecast. The forecast also requires specific detail about EU student numbers and fees.

In terms of future performance, the forecast assumes that over the period 2016/17 to 2022/23 the university will grow its income from £144M to £184m and increase its surplus from the £1.8m to £6m. The submission is as per the 5 Year forecast presented to the Board of Governors in April but extrapolated for 2022/23.

There are risks around income growth particularly in later years of the forecast. The area where target growth is most aggressive is Enterprise income which is assumed to grow from £9.5m in 16/17 to £21.0m in 2021/22. However, whilst this is challenging, we have also been prudent in terms of Home/EU full time students where a steady recruitment target of 2,500 has been maintained throughout.

For Home/EU Undergraduate full time students, we have also made no assumptions about our ability to increase fees above £9,250. We have been charging a fee of £9,250 to all new students and returning YR2 students from 17/18 and will charge all students the £9,250 fee from 18/19. Notwithstanding our TEF2 silver rating, we have maintained Full Time Undergraduate fees at this level for the duration of the forecast.

The other key risk to the income forecast is the change to funding methodology within the School of Health & Social Care. These students are now funded through student fees rather than through the NHS Contract. There has been a negative impact on recruitment in 2017/18 as these students switch from receiving Bursaries to paying Fees. Given historic levels of applications for this school however, our expectation is that HSC income will be broadly flat over the period of the 5 year forecast and that Home and EU domicile fees paid by the Department of Health will be replaced by Full time UG Fees as these Health students transition to the new arrangement.

The forecast does not try to model:

- *the impact of bringing Lambeth College into the LSBU family* although considerable work has been done to model the potential impact as reported separately to Executive and Board. In the event that the acquisition does proceed, we will overlay the transaction on these financial forecasts. We

have at this stage however provided to the OfS a consolidated position showing Lambeth within the LSBU group (based on previous forecasts and the TU financial model) to indicate the business turnaround challenge, the need for short term support by way of financial grant and the route to profitability.

- *potential costs associated with the wider LSBU estate development programme.* Although the £65M associated with the redevelopment of London Road has been included, as has the cost of a revolving credit facility, the forecasts take no account of additional depreciation or loan interest costs associated with further development.

The costs of the £65m redevelopment of London Road and associated works are accounted for, including depreciation and the interest cost of the revolving credit facility. Any costs associated with the wider estates development programme are excluded or assumed to be off balance sheet and self funded.

3. Other matters

Year-end planning

A timetable and plan for production of the 2018 Financial Statements and year-end audit has been agreed with KPMG, our external auditors. We intend to present the financial accounts to the Executive on September 19 in advance of KPMG's onsite visit on 27th September. This will give the Executive the opportunity to approve the final financial position before presentation to the auditors.

New account opening – Close Brothers

The Board is asked to approve the opening of a deposit account with Close Brothers and to delegate authority to the appropriate members of the Executive to finalise Board resolutions, bank mandates and account signatories.

The account proposed is a one-year notice deposit account, currently paying a rate of 1.6% gross per annum. The rate is variable, but if it reduces other than due to reduction in the base rate, we will have the option of withdrawing our money.

The proposal, subject to information currently being collected about cash flow forecasts, is to place £10m (the maximum permitted) on deposit for one year. This is compliant with our Treasury Management Policy (the long-term ratings of Close Brothers are A from Fitch and Aa3 from Moodys, allowing us to place £10m on deposit). Part of the money to be deposited will be the £5m+ recently withdrawn from Scottish Widows.

APPENDIX 1

Management accounts summary to 31 May 2018

May Executive Summary

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

2) RAG Status

| | | | | | | | | | | | |
|---------------|------------------------------|-------------------|--------------------------------|--------------|--------------------------------|-------------|------------------------------|-------------|------|--------|-------|
| Income Growth | -0.1% | Staff Cost Growth | 6.1% | Staff Cost % | 58.1% | Opex Growth | -14.1% | FYF Surplus | 1.0% | EBITDA | 10.8% |
| | <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 May 2018 is trending towards a surplus of £1.5M, this would deliver the University on budget.

With 2 months remaining, there are risks and opportunities in this months forecast. In terms of risks, in March the Executive were charged with reviewing the levels of remaining discretionary spending within their portfolio in order to deliver Opex savings of £1.5M. The School portfolio have delivered almost £1M of savings, certain Professional Functions have delivered £300K of savings however ARR and Marketing have not yet delivered their savings and instead have increased their forecast by £250K. As a result, we still require £450K of savings to deliver to budget. These savings are included in our forecast and so a failure to make these savings would impact our year end position. In terms of opportunities however, our monthly staff expenditure in April was £6.7M whereas this is forecast to increase to £7.5M for the last 2 months of the year. If our staff cost held steady, there would be over £1.0M of savings to release over the next 2 months and this would enable us to increase the restructuring provision from the current £1.5M. There are further risks in terms of delivering to budget including FRS 102 holiday adjustments, the cost of our bad debt provision and year end pension adjustments.

Following the receipt of a £20M payment from the SLC, the University is currently holding cash and cash equivalents of £62.0M. This is ahead of budget, primarily due to reduced capital expenditure and is £7.0M more than the comparable position in 16/17.

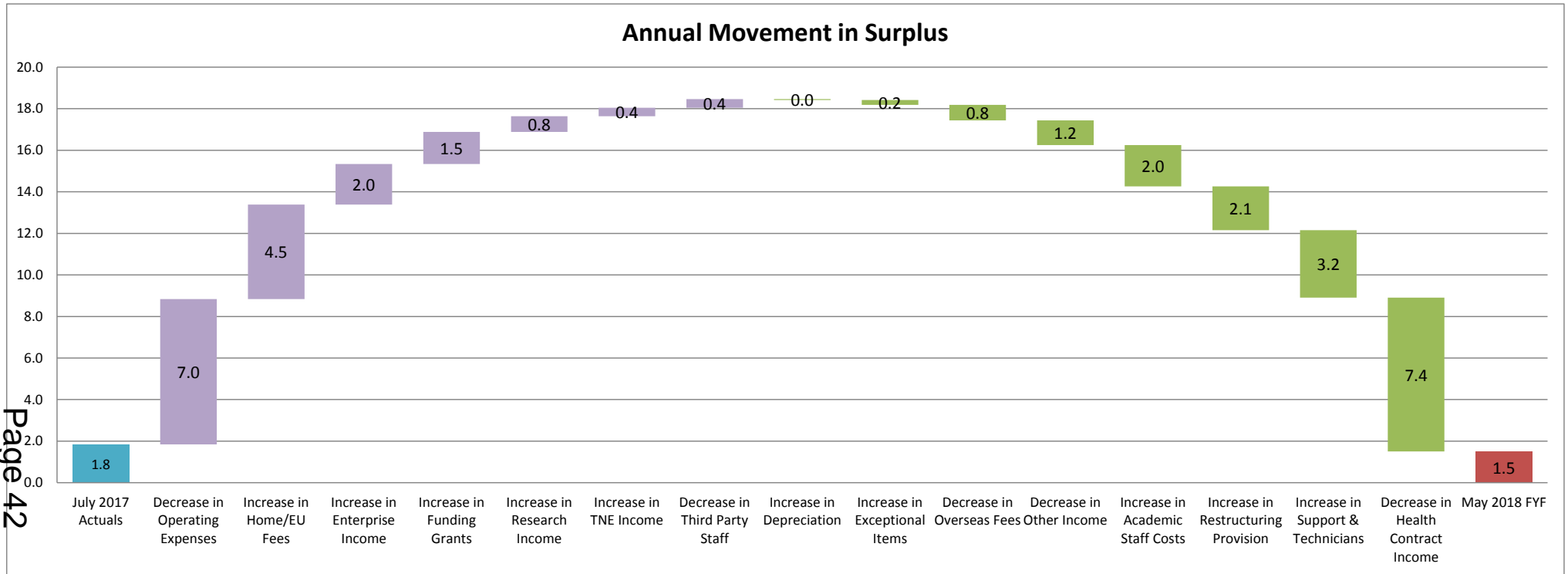
The current forecast will deliver EBITDA at 10.8% which is below the 17/18 target of 13% and our recurring staff cost expressed as a % of income is currently forecast to be 58.1% which is above the 55% target set by the Board of Governors. After adjusting the 16/17 income figure for the catering adjustment, our comparable income is 0.1% lower than last year although this does not yet include the release of any grant income or costs associated with the development of the Passmore Centre.

4) Table 1: Full Year Forecast vs. Budget

| Financial Summary in £'m | Budget | | | | Year to Date Position | | | | Full Year Forecast Position | | | | |
|--------------------------------|---------------|---------------|-----------------|-------------|-----------------------|--------------|-----------------|-------------|-----------------------------|--------------|--------------------|--------------------|-----------------|
| | 16/17 Actuals | 17/18 Budget | Change to 16/17 | Change % | 16/17 YTD | 17/18 YTD | Change to 16/17 | Change % | Apr 17/18 Forecast | Monthly Move | May 17/18 Forecast | variance to Budget | Budget variance |
| Grants | 12.6 | 13.3 | 0.7 | 5% | 10.7 | 11.1 | 0.5 | 5% | 14.1 | 0.0 | 14.1 | 0.9 | 6% |
| Health - Contract | 26.0 | 18.6 | -7.4 | -28% | 21.5 | 15.7 | -5.8 | -27% | 18.6 | 0.0 | 18.6 | -0.1 | -0% |
| Home / EU UG Fees | 59.4 | 67.8 | 8.4 | 14% | 59.8 | 64.1 | 4.3 | 7% | 64.8 | 0.0 | 64.8 | -3.0 | -4% |
| Home / EU PG Fees | 9.3 | 10.2 | 0.9 | 10% | 9.3 | 8.4 | -0.9 | -10% | 8.4 | 0.0 | 8.4 | -1.8 | -18% |
| Overseas Tuition Fees | 9.6 | 11.0 | 1.4 | 15% | 9.6 | 9.0 | -0.6 | -6% | 8.8 | 0.0 | 8.8 | -2.2 | -20% |
| TNE Income | 1.6 | 2.1 | 0.5 | 32% | 1.5 | 1.7 | 0.3 | 17% | 2.0 | 0.0 | 2.0 | -0.1 | -4% |
| Research Activities | 4.5 | 5.3 | 0.8 | 18% | 3.7 | 4.2 | 0.5 | 14% | 5.3 | -0.1 | 5.2 | -0.1 | -1% |
| Enterprise Activities | 8.7 | 10.6 | 1.9 | 22% | 6.2 | 7.5 | 1.2 | 20% | 10.6 | 0.0 | 10.7 | 0.1 | 1% |
| Student Related Income | 10.6 | 11.3 | 0.8 | 7% | 9.6 | 8.7 | -0.9 | -10% | 10.3 | 0.0 | 10.3 | -1.0 | -9% |
| Other Operating Income | 1.1 | 0.1 | -1.0 | -90% | 0.9 | 0.5 | -0.4 | -46% | 0.3 | -0.0 | 0.3 | 0.1 | 123% |
| Endowments & Interest | 0.2 | 0.1 | -0.0 | -26% | 0.2 | 0.1 | -0.1 | -33% | 0.1 | 0.0 | 0.1 | -0.0 | -18% |
| Income | 143.5 | 150.5 | 7.0 | 5% | 132.9 | 131.0 | -1.9 | -1% | 143.3 | 0.0 | 143.3 | -7.1 | -5% |
| in £'m | | | | | | | | | | | | | |
| Academic Staff Costs | 39.4 | 42.7 | 3.3 | 8% | 32.5 | 33.8 | 1.3 | 4% | 41.4 | 0.0 | 41.4 | -1.3 | -3% |
| Support & Technicians | 36.4 | 39.7 | 3.3 | 9% | 29.9 | 32.6 | 2.6 | 9% | 39.7 | -0.0 | 39.6 | -0.1 | 0% |
| Third Party Staff | 2.7 | 1.6 | -1.1 | -41% | 2.1 | 2.0 | -0.2 | -8% | 2.3 | 0.0 | 2.3 | 0.7 | 44% |
| Restructuring Provision | -0.6 | 1.5 | 2.1 | -336% | 0.2 | 0.7 | 0.4 | 191% | 1.5 | 0.0 | 1.5 | 0.0 | 0% |
| Depreciation | 9.6 | 10.0 | 0.3 | 4% | 8.0 | 8.1 | 0.0 | 0% | 9.7 | 0.0 | 9.7 | -0.3 | -3% |
| Operating Expenses | 49.8 | 46.0 | -3.8 | -8% | 33.3 | 33.7 | 0.5 | 1% | 42.7 | 0.0 | 42.8 | -3.2 | -7% |
| Interest Payable | 4.4 | 4.4 | -0.0 | 0% | 3.7 | 3.7 | -0.0 | 0% | 4.4 | 0.0 | 4.4 | 0.0 | 0% |
| Exceptional Items | 0.0 | 3.2 | 3.2 | 0% | 0.0 | 0.0 | 0.0 | 0% | 0.2 | -0.0 | 0.2 | -3.0 | -93% |
| Expenditure | 141.6 | 149.0 | 7.4 | 5% | 109.8 | 114.5 | 4.7 | 4% | 141.8 | 0.0 | 141.8 | -7.1 | -5% |
| Surplus for the year | 1.8 | 1.5 | -0.4 | -20% | 23.1 | 16.6 | -6.6 | -28% | 1.5 | 0.0 | 1.5 | 0.0 | 2% |
| Surplus as % of income | 1.3% | 1.0% | | | | | | | 1.0% | | 1.0% | | |
| Surplus per student FTE | £134.1 | £113.0 | | | | | | | £117.9 | | £117.9 | | |

5) Forecast Summary

As compared to 16/17 we are now forecasting a £0.2M decrease in like for like Income, a £4.8M increase in Staffing Costs, an £7.1M reduction in Operating Expenses, an increase of £0.1M in Depreciation and an increase of £0.2M in Exceptional Items to fund our Investment Pots, 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 £7.4M in Health Contract income. This is not all due to a reduction in activity but is because New students have transferred to the same funding regime as UG and PG students in the other 6 schools. There is however a net reduction in our forecast of £2.8M for Home / EU students. This is in line with the reduction in student FTEs of 7%. The decrease in year on year operating expenses of £7.0M looks challenging, however last year we wrote off £5M of expenditure in the last 2 months of the year and so the 'real' required reduction is £2.0M which is equivalent to a 4% year on year reduction. The other major investment is in staffing, this was budgeted at 55.6% of our income which was in line with the expectations of the Board of Governors, however our income shortfall has pushed this percentage up to 58.1% of our income. The university remains focused on staff cost control to ensure that staffing levels do not become unsustainable. The other key change is that the University put aside £3M for step change projects but we have had to delay these investments in order to manage our income shortfall.

6) Contribution Analysis

Following the £7M adverse variance compared with budgeted income, we are now no longer expecting the School portfolio to grow their income as compared to 16/17 but rather to decline by £1.3M. We are investing an additional £1.3M in the schools and so the net contribution from the Schools is £2.6M less than in 16/17. Two Schools; Arts & Creative Industries and Health & Social Care are forecast to grow in terms of Income, the Schools of Built Environment & Architecture, Engineering are broadly flat whilst Applied Sciences, Business and Law & Social Sciences are forecast to decline.

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 | May 17/18 FYF | 16 / 17 Actual | May 17/18 FYF | 16 / 17 Actual | May 17/18 FYF | 16 / 17 Actual | May 17/18 FYF | 16 / 17 Actual | May 17/18 FYF | 16 / 17 Actual | May 17/18 FYF | 16 / 17 Actual | May 17/18 FYF | 16 / 17 Actual | May 17/18 FYF |
| Income (M) | £11.2 | £10.7 | £10.5 | £11.3 | £18.4 | £18.1 | £17.4 | £16.7 | £18.5 | £18.1 | £34.0 | £34.7 | £15.0 | £14.2 | £125.1 | £123.8 |
| Expenditure (M) | £5.4 | £5.4 | £5.1 | £5.3 | £7.1 | £7.4 | £8.0 | £7.2 | £9.8 | £10.9 | £19.5 | £19.6 | £6.6 | £7.2 | £61.6 | £62.8 |
| Contribution (M) | £5.9 | £5.4 | £5.4 | £6.0 | £11.3 | £10.8 | £9.4 | £9.5 | £8.7 | £7.2 | £14.5 | £15.1 | £8.4 | £7.0 | £63.5 | £61.0 |
| Contribution % | 52% | 50% | 51% | 53% | 61% | 59% | 54% | 57% | 47% | 40% | 43% | 44% | 56% | 49% | 51% | 49% |

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 | May 17/18 FYF | 16 / 17 Actual | May 17/18 FYF | 16 / 17 Actual | May 17/18 FYF | 16 / 17 Actual | May 17/18 FYF | 16 / 17 Actual | May 17/18 FYF | 16 / 17 Actual | May 17/18 FYF | 16 / 17 Actual | May 17/18 FYF | 16 / 17 Actual | May 17/18 FYF |
| Teaching Income (M) | £10.5 | £10.1 | £10.2 | £10.9 | £17.1 | £17.3 | £17.1 | £16.2 | £16.0 | £14.7 | £29.8 | £29.5 | £14.5 | £13.8 | £115.3 | £112.5 |
| Teaching Staff (M) | £3.0 | £3.1 | £2.8 | £2.9 | £3.8 | £4.9 | £4.9 | £4.4 | £4.6 | £4.4 | £12.7 | £12.8 | £4.5 | £4.8 | £36.3 | £37.3 |
| Teaching Expenditure (M) | £1.7 | £1.4 | £1.8 | £1.8 | £1.9 | £1.9 | £3.0 | £2.5 | £2.7 | £2.5 | £4.6 | £4.5 | £1.9 | £2.1 | £17.7 | £16.9 |
| Teaching Contribution (M) | £5.8 | £5.5 | £5.6 | £6.2 | £11.3 | £10.5 | £9.3 | £9.4 | £8.7 | £7.8 | £12.5 | £12.2 | £8.2 | £7.0 | £61.3 | £58.4 |
| Contribution % | 55% | 55% | 55% | 57% | 66% | 61% | 54% | 58% | 54% | 53% | 42% | 41% | 56% | 50% | 53% | 52% |
| 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 | £5,300 | £5,000 | £5,500 | £6,100 | £5,900 | £4,200 | £4,600 | £5,400 | £5,500 | £2,900 | £3,200 | £5,100 | £4,600 | £4,500 | £4,600 |
| Return on Academic Investment | 191% | 175% | 201% | 210% | 295% | 216% | 189% | 214% | 189% | 176% | 99% | 95% | 184% | 146% | 169% | 157% |

In terms of contribution per student, the Schools of the Built Environment & Architecture, Engineering and Arts & Creative Industries and Applied Sciences remain significantly ahead of the average School position although their costs do not include the cost of centrally funded Labs and Technicians. The Teaching staffing costs exclude any technicians, administration or research staff and demonstrate that the Schools of Business, Arts & Creative Industries and the Built Environment & Architecture remain significantly ahead of the School's average when measured in Return on Academic Investment. The School of Health and Social Care is the only school currently forecast to deliver better than budget.

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 over 7% down year on year. The biggest drop following Semester 2 enrolment is in New students which are now 14% down. We also had a large recruitment of HSC students in March 2017 which was not replicated in March 2018

| New School | FTE Apr | | | | Continuing School | FTE Apr | | | | Total School | FTE Apr | | | |
|--------------|---------------|--------------|---------------|-------------|-------------------|---------------|--------------|-----------|-----------|--------------|---------------|---------------|---------------|------------|
| | FTE Apr 16/17 | 17/18 | Change | % Change | | FTE Apr 16/17 | 17/18 | Change | % Change | | FTE Apr 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

In 16/17 we refunded £4.2M in income to students who Withdrew or Interrupted representing 5.4% of Tuition Fee Income. In 17/18 we were budgeting £5.4M in refunds representing 6% of the total Tuition Fee Budget. In line with the decline in recruitment we had reduced this forecast to £3.9M in March. However student withdrawals are trending higher than the last few years and we have now withdrawn and interrupted 982 students from population of 12,727 FTE and have revised our potential refund figure to £4.7M. This figure is included in our Income forecast.

9) Income Analysis

In terms of income there was a no real movement this month. We have reviewed the allocation of HEFCE grant between Schools and have reallocated that based on student numbers. This has improved the position of the School of Health and Social Care. In terms of year to date income, Research income has grown by 14% as compared to 16/17 whilst Enterprise income has grown by 20%. The University should now beat its Research income target but Enterprise remains challenging.

10) Staff Cost Analysis

In terms of staffing, year to date staffing costs, excluding the restructuring provision, are £1.2M better than budget whereas we have recognised savings of £600K. As previously mentioned if we hold our staff costs at May levels this would generate savings against forecast of £1.6M. The key risk in terms of expenditure now concerns third party staff and consultants. Third party staff are likely to end the year £700K worse than budget. In terms of consultants, the University has currently spent £2.2M on Consultants and Professional Fees year to date, an increase of £800K against the comparable position in 16/17.

11) Operating Expense Analysis

In terms of Operating Expenses, the University is currently underspent by £3.3M YTD against budget. The forecast assumes that we will spend £4.5M in the final 2 months of the year as compared to an average of £3.3M for the first 10 months of the year and so we should be able to generate the £0.5M of savings still required from the Professional Functions.

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, only the School of Health and Social Care is forecast to deliver to budget. Marketing, Innovation, the Academy of Sport and the Confucius Institute are also currently forecasting a deficit against budget .

| Full Year Outturn Last Year (£) | YTD Actuals Last Year (£) | Description | Code | Client | FULL YEAR | | | | YEAR TO DATE | | | | Full year Forecast less Actual YTD (£) | | |
|--|---------------------------------|---------------------------------------|------|--------|-------------------------|--------------------|---|------|--------------|---------------------|--------------------|--|---|------|-------------|
| | | | | | 2017 Forecast (£) | 2017 Budget (£) | Variance - Forecast to Budget (£) % | | Note | 2017 Actuals (£) | 2017 Budget (£) | Variance - Actuals to Budget (£) % | | Note | |
| -143,478,035 | -132,913,457 | Total Income | | | -143,344,108 | -150,459,411 | (7,115,302) | (5%) | | -131,016,845 | -135,619,406 | (4,602,561) | (3%) | | -12,327,263 |
| 77,889,377 | 64,765,482 | Total Staff Costs | | | 84,817,067 | 85,479,692 | 662,625 | 1% | | 68,979,695 | 69,850,097 | 870,403 | 1% | | 15,837,372 |
| 9,619,774 | 8,026,487 | Total Depreciation | | | 9,663,328 | 9,963,303 | 299,975 | 3% | | 8,051,880 | 8,067,870 | 15,990 | % | | 1,611,448 |
| 49,758,553 | 33,285,748 | Total Other Operating Expenses | | | 42,759,992 | 45,954,515 | 3,194,523 | 7% | | 33,746,116 | 37,051,123 | 3,305,007 | 9% | | 9,013,876 |
| 4,368,590 | 3,687,532 | Total Interest Payable | | | 4,372,027 | 4,358,157 | (13,870) | (%) | | 3,675,126 | 3,659,797 | (15,329) | (%) | | 696,901 |
| | | Total Exceptional Items | | | 231,695 | 3,231,695 | 3,000,000 | 93% | | | -15,738 | (15,738) | (100%) | | 231,695 |
| -1,841,740 | -23,148,208 | Contribution | | | -1,500,000 | -1,472,050 | 27,951 | 2% | | -16,564,029 | -17,006,257 | (442,228) | (3%) | | 15,064,029 |
| 54.7% | | Recurring Staff costs as % of income | | | 58.1% | 55.8% | | | | 52.2% | 51.3% | | | | |
| 1.3% | | Contribution % | | | 1.0% | 1.0% | | | | 12.6% | 12.5% | | | | |

APPENDIX 2

Budget for 2018/19

Proposed Budget

The proposed budget is set out below.

| Feb 17/18 Forecast | Description | 18/19 Proposed Budget |
|--------------------|-------------------|-----------------------|
| £143.2 | Income | £145.0 |
| £83.2 | Staff Costs | £83.5 |
| £1.5 | restructuring | £1.5 |
| £9.7 | Depreciation | £10.5 |
| £42.7 | OPEX | £41.5 |
| £4.4 | Interest | £5.3 |
| £0.3 | Investment Pot | £1.2 |
| £141.7 | Total Costs | £143.5 |
| £1.5 | Surplus / deficit | £1.5 |
| 58.3% | Staff Cost | 57.6% |

APPENDIX 3

Financial results and forecasts 2018 – September 2018 submission

Financial and student number forecasts - September 2018 submission

Provider: London South Bank University

UKPRN: 10004078

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Please select which model has been applied to account for government grants:

Government revenue grants

[Accrual model](#)

Government capital grants (excluding grants for land)

[Accrual model](#)

Table 1: Consolidated statement of comprehensive income and expenditure

| | Actual | Projected | Forecast | Forecast | Forecast | Forecast | Forecast |
|---|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| 1. Income | | | | | | | |
| 1a. Tuition fees and education contracts | 109,119 | 106,303 | 105,939 | 111,695 | 116,480 | 121,264 | 126,048 |
| 1b. Funding body grants | 14,845 | 16,634 | 14,405 | 14,520 | 15,256 | 15,992 | 16,728 |
| 1c. Research grants and contracts | 3,089 | 3,422 | 3,517 | 5,000 | 6,000 | 7,000 | 8,000 |
| 1d. Other income | 16,910 | 16,455 | 20,623 | 23,269 | 27,748 | 30,228 | 32,708 |
| 1e. Investment income | 184 | 184 | 184 | 184 | 184 | 184 | 184 |
| 1f. Donations and endowments | 332 | 332 | 332 | 332 | 332 | 332 | 332 |
| 1g. Total income | 144,479 | 143,330 | 145,000 | 155,000 | 166,000 | 175,000 | 184,000 |
| 2. Expenditure | | | | | | | |
| 2a. Staff costs | 75,160 | 84,811 | 84,991 | 89,230 | 93,631 | 97,750 | 101,869 |
| 2b. Fundamental restructuring costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2c. Other operating expenses | 53,488 | 42,984 | 42,709 | 46,470 | 50,569 | 53,450 | 56,331 |
| 2d. Depreciation | 9,620 | 9,663 | 10,500 | 11,500 | 12,500 | 13,500 | 14,500 |
| 2e. Interest and other finance costs | 4,369 | 4,372 | 5,300 | 5,300 | 5,300 | 5,300 | 5,300 |
| 2f. Total expenditure | 142,637 | 141,830 | 143,500 | 152,500 | 162,000 | 170,000 | 178,000 |
| 3. Surplus/(deficit) before other gains/losses and share of surplus/(deficit) in joint ventures and associates | 1,842 | 1,500 | 1,500 | 2,500 | 4,000 | 5,000 | 6,000 |
| 4. Gain/(loss) on disposal of fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Gain/(loss) on investments | 52 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. Share of operating surplus/(deficit) in joint venture(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Share of operating surplus/(deficit) in associate(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. Surplus/(deficit) before tax | 1,894 | 1,500 | 1,500 | 2,500 | 4,000 | 5,000 | 6,000 |
| 9. Taxation | | | | | | | |
| 9a. Taxation on research and development expenditure credit | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9b. Other taxation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9c. Total taxation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. Surplus/(deficit) for the year | 1,894 | 1,500 | 1,500 | 2,500 | 4,000 | 5,000 | 6,000 |
| 11. Unrealised surplus on revaluation of land and buildings | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12. Actuarial gain/(loss) in respect of pension schemes | 11,715 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13. Change in fair value of hedging financial instrument(s) plus foreign currency translation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. Miscellaneous type of other comprehensive income - enter details in the text box under validation check 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. Total comprehensive income for the year | 13,609 | 1,500 | 1,500 | 2,500 | 4,000 | 5,000 | 6,000 |
| 16. Total comprehensive income for the year represented by: | | | | | | | |
| 16a. Endowment comprehensive income for the year | 52 | 52 | 52 | 52 | 52 | 52 | 52 |
| 16b. Restricted comprehensive income for the year | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16c. Unrestricted comprehensive income for the year | 13,557 | 1,448 | 1,448 | 2,448 | 3,948 | 4,948 | 5,948 |
| 16d. Revaluation reserve comprehensive income for the year | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16e. Attributable to the University | 13,609 | 1,500 | 1,500 | 2,500 | 4,000 | 5,000 | 6,000 |
| 16f. Attributable to the non-controlling interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16g. Total | 13,609 | 1,500 | 1,500 | 2,500 | 4,000 | 5,000 | 6,000 |
| 17. Surplus for the year attributable to: | | | | | | | |
| 17a. Non-controlling interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 17b. University | 1,894 | 1,500 | 1,500 | 2,500 | 4,000 | 5,000 | 6,000 |

Financial and student number forecasts - September 2018 submission

Provider: London South Bank University

UKPRN: 10004078

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Table 1a: Analysis of income

| | Actual 2016-17 £000 | Projected outturn 2017-18 £000 | Forecast 2018-19 £000 | Forecast 2019-20 £000 | Forecast 2020-21 £000 | Forecast 2021-22 £000 | Forecast 2022-23 £000 |
|---|---------------------------|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 1. Tuition fees and education contracts | | | | | | | |
| 1a. Home domicile full-time undergraduate | 46,261 | 49,314 | 54,292 | 60,970 | 62,783 | 64,596 | 66,409 |
| 1b. Home domicile full-time postgraduate | 4,867 | 5,188 | 5,712 | 6,414 | 6,605 | 6,796 | 6,987 |
| 1c. Home domicile part-time | 11,032 | 11,145 | 12,270 | 13,780 | 14,189 | 14,598 | 15,007 |
| 1d. Home domicile fees paid by the Department of Health | 28,389 | 22,020 | 12,513 | 5,128 | 5,221 | 5,313 | 5,405 |
| 1e. EU domicile full-time undergraduate | 5,399 | 5,755 | 6,336 | 7,116 | 7,327 | 7,539 | 7,751 |
| 1f. EU domicile full-time postgraduate | 604 | 644 | 709 | 796 | 820 | 843 | 866 |
| 1g. EU domicile part-time | 515 | 549 | 604 | 679 | 699 | 719 | 739 |
| 1h. EU domicile fees paid by the Department of Health | 287 | 222 | 126 | 52 | 53 | 54 | 55 |
| 1i. Apprenticeship fee income | 577 | 615 | 677 | 760 | 783 | 806 | 829 |
| 1j. Non-EU domicile students | 11,188 | 10,851 | 12,700 | 16,000 | 18,000 | 20,000 | 22,000 |
| 1k. Other fees and support grants | | 0 | 0 | 0 | 0 | 0 | 0 |
| 1l. Total tuition fees and education contracts | 109,119 | 106,303 | 105,939 | 111,695 | 116,480 | 121,264 | 126,048 |
| 2. Funding body grants | | | | | | | |
| 2a. HEFCE/Office for Students teaching grant | 9,980 | 9,952 | 10,600 | 10,400 | 11,800 | 11,800 | 11,800 |
| 2b. HEFCE/Research England research grant | 1,771 | 1,894 | 1,838 | 1,838 | 1,838 | 1,838 | 1,838 |
| 2c. HEFCE/Office for Students/Research England other grants | 3,094 | 4,788 | 1,967 | 2,282 | 1,618 | 2,354 | 3,090 |
| 2d. ESFA funding | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2e. NCTL funding | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2f. Capital grants recognised in the year | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2g. Total funding body grants | 14,845 | 16,634 | 14,405 | 14,520 | 15,256 | 15,992 | 16,728 |
| 3. Research grants and contracts | | | | | | | |
| 3a. BEIS Research Councils | 657 | 728 | 748 | 1,063 | 1,276 | 1,489 | 1,702 |
| 3b. UK-based charities | 260 | 288 | 296 | 421 | 505 | 589 | 673 |
| 3c. EU sources | 1,101 | 1,220 | 1,254 | 1,782 | 2,139 | 2,495 | 2,851 |
| 3d. Other research grants and contracts | 1,071 | 1,186 | 1,219 | 1,734 | 2,080 | 2,427 | 2,774 |
| 3e. Total research grants and contracts | 3,089 | 3,422 | 3,517 | 5,000 | 6,000 | 7,000 | 8,000 |
| 4. Other income | | | | | | | |
| 4ai. Other services rendered: BEIS Research Councils, UK central gov/local authorities, health and hospital authorities | 1,696 | 1,696 | 1,696 | 1,696 | 1,696 | 1,696 | 1,696 |
| 4a.ii. Other services rendered: EU government bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4a.iii. Other services rendered: Other EU sources | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4a.iv. Other services rendered: Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4b. Residences and catering operations (including conferences) | 11,716 | 11,716 | 11,716 | 11,716 | 11,716 | 11,716 | 11,716 |
| 4c. Income from health and hospital authorities (excluding teaching contracts for student provision) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4d. Other operating income from EU sources | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4e. Other operating income | 3,498 | 3,043 | 7,211 | 9,857 | 14,336 | 16,816 | 19,296 |
| 4f. Total other income | 16,910 | 16,455 | 20,623 | 23,269 | 27,748 | 30,228 | 32,708 |
| 5. Investment income | 184 | 184 | 184 | 184 | 184 | 184 | 184 |
| 6. Total income before donations and endowments | 144,147 | 142,998 | 144,668 | 154,668 | 165,668 | 174,668 | 183,668 |
| 7. Donations and endowments | 332 | 332 | 332 | 332 | 332 | 332 | 332 |
| 8. Total income | 144,479 | 143,330 | 145,000 | 155,000 | 166,000 | 175,000 | 184,000 |

Note: HEFCE = Higher Education Funding Council for England; EU = European Union; NCTL = National College of Teaching and Leadership; ESFA = Education and Skills Funding Agency; BEIS = Department for Business, Energy and Industrial Strategy.

Table 1b: Analysis of staff costs

| | Actual 2016-17 £000 | Projected outturn 2017-18 £000 | Forecast 2018-19 £000 | Forecast 2019-20 £000 | Forecast 2020-21 £000 | Forecast 2021-22 £000 | Forecast 2022-23 £000 |
|--|---------------------------|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 1. Salaries and wages | 56,895 | 64,201 | 64,337 | 67,546 | 70,877 | 73,995 | 77,113 |
| 2. Social security costs | 6,202 | 6,998 | 7,013 | 7,363 | 7,726 | 8,066 | 8,406 |
| 3a. Employer pension costs: USS | 629 | 710 | 711 | 747 | 784 | 818 | 852 |
| 3b. Employer pension costs: other pension schemes | 11,434 | 12,902 | 12,930 | 13,574 | 14,244 | 14,871 | 15,498 |
| 4a. Changes to pension provisions: USS | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4b. Changes to pension provisions: other pension schemes | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Other staff related costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. Total staff costs | 75,160 | 84,811 | 84,991 | 89,230 | 93,631 | 97,750 | 101,869 |
| 7. Staff numbers (FTEs ¹ academic and other) | 1,379 | 1,503 | 1,476 | 1,521 | 1,566 | 1,604 | 1,640 |
| Of which: | | | | | | | |
| 7a. EU staff working at institution (staff based most of their time in the UK) - academic FTEs ¹ | 66 | 72 | 70 | 70 | 70 | 70 | 70 |
| 7b. EU staff working at institution (staff based most of their time in the UK) - non-academic FTEs ¹ | 48 | 52 | 51 | 51 | 51 | 51 | 51 |
| 7c. UK staff working in the EU on behalf of institution (staff based most of their time in the EU) - FTEs ¹ | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Note: FTE = full-time equivalent.

Financial and student number forecasts - September 2018 submission

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¹ Staff FTEs for 2016-17 have been prefilled with data from the 2016-17 HESA staff record.

Table 2: Consolidated balance sheet

| | Actual | Projected | Forecast | Forecast | Forecast | Forecast | Forecast |
|--|------------|------------|------------|------------|------------|------------|------------|
| | Year ended | Year ended | Year ended | Year ended | Year ended | Year ended | Year ended |
| | 31-Jul-17 | 31-Jul-18 | 31-Jul-19 | 31-Jul-20 | 31-Jul-21 | 31-Jul-22 | 31-Jul-23 |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| 1. Non-current assets | | | | | | | |
| 1a. Intangible assets | 1,991 | 1,991 | 1,991 | 1,991 | 1,991 | 1,991 | 1,991 |
| 1b. Goodwill | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1c. Negative goodwill | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1d. Net amount of goodwill and negative goodwill | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1e. Fixed assets | 216,881 | 217,218 | 226,718 | 235,218 | 242,718 | 249,218 | 254,718 |
| 1f. Heritage assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1g. Investments | 38 | 38 | 38 | 38 | 38 | 38 | 38 |
| 1h. Investment in joint venture(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1i. Investments in associate(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1j. Total non-current assets | 218,910 | 219,247 | 228,747 | 237,247 | 244,747 | 251,247 | 256,747 |
| 2. Current assets | | | | | | | |
| 2a. Stock | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| 2b. Trade and other receivables | 18,378 | 18,378 | 18,378 | 18,378 | 18,378 | 18,378 | 18,378 |
| 2c. Investments | 16,620 | 16,620 | 16,620 | 16,620 | 16,620 | 16,620 | 16,620 |
| 2d. Cash and cash equivalents | 32,146 | 35,126 | 28,943 | 24,760 | 23,077 | 23,394 | 25,711 |
| 2e. Other (e.g. assets for sale) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2f. Total current assets | 67,152 | 70,132 | 63,949 | 59,766 | 58,083 | 58,400 | 60,717 |
| 3. Creditors - amounts falling due within one year | | | | | | | |
| 3a. Bank overdrafts | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3b. Bank loans and external borrowing | 1,347 | 1,347 | 1,347 | 1,347 | 1,347 | 1,347 | 1,347 |
| 3c. Obligations under finance leases and service concessions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3d. Loans repayable to funding council | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3e. Other (including grant claw back and interest rate hedges - swaps) | 33,306 | 33,306 | 33,306 | 33,306 | 33,306 | 33,306 | 33,306 |
| 3f. Total creditors (amounts falling due within one year) | 34,653 | 34,653 | 34,653 | 34,653 | 34,653 | 34,653 | 34,653 |
| 4. Share of net current assets/(liabilities) in associate | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Net current assets/(liabilities) | 32,499 | 35,479 | 29,296 | 25,113 | 23,430 | 23,747 | 26,064 |
| 6. Total assets less current liabilities | 251,409 | 254,726 | 258,043 | 262,360 | 268,177 | 274,994 | 282,811 |
| 7. Creditors: amounts falling due after more than one year | | | | | | | |
| 7a. Bank loans and external borrowing | 24,262 | 22,915 | 21,568 | 20,221 | 18,874 | 17,527 | 16,180 |
| 7b. Obligations under finance leases and service concessions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7c. Loans repayable to funding council | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7d. Other (including grant claw back and interest rate hedges - swaps) | 23,794 | 23,794 | 23,794 | 23,794 | 23,794 | 23,794 | 23,794 |
| 7e. Total creditors (amounts falling due after more than one year) | 48,056 | 46,709 | 45,362 | 44,015 | 42,668 | 41,321 | 39,974 |
| 8. Provisions | | | | | | | |
| 8a. Pension provisions | 113,778 | 116,942 | 120,106 | 123,270 | 126,434 | 129,598 | 132,762 |
| 8b. Other provisions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8c. Total provisions | 113,778 | 116,942 | 120,106 | 123,270 | 126,434 | 129,598 | 132,762 |
| 9. Total net assets | 89,575 | 91,075 | 92,575 | 95,075 | 99,075 | 104,075 | 110,075 |
| 10. Reserves | | | | | | | |
| Restricted reserves | | | | | | | |
| 10a. Income and expenditure reserve - endowment reserve | 806 | 806 | 806 | 806 | 806 | 806 | 806 |
| 10b. Income and expenditure reserve - restricted reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unrestricted reserves | | | | | | | |
| 11a. Income and expenditure reserve - unrestricted | 61,387 | 62,887 | 64,387 | 66,887 | 70,887 | 75,887 | 81,887 |
| 11b. Revaluation reserve | 27,382 | 27,382 | 27,382 | 27,382 | 27,382 | 27,382 | 27,382 |
| 12. Total restricted and unrestricted reserves | 89,575 | 91,075 | 92,575 | 95,075 | 99,075 | 104,075 | 110,075 |
| 13. Non-controlling interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. Total reserves | 89,575 | 91,075 | 92,575 | 95,075 | 99,075 | 104,075 | 110,075 |

Financial and student number forecasts - September 2018 submission

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Table 3: Consolidated statement of cash flows

| | Actual 2016-17 £000 | Projected outturn 2017-18 £000 | Forecast 2018-19 £000 | Forecast 2019-20 £000 | Forecast 2020-21 £000 | Forecast 2021-22 £000 | Forecast 2022-23 £000 |
|---|---------------------------|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 1. Cash flow from operating activities | | | | | | | |
| 1a. Surplus for the year | 1,894 | 1,500 | 1,500 | 2,500 | 4,000 | 5,000 | 6,000 |
| 2. Adjustment for non-cash items | | | | | | | |
| 2a. Depreciation | 9,620 | 9,663 | 10,500 | 11,500 | 12,500 | 13,500 | 14,500 |
| 2b. Amortisation of intangibles | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2c. Benefit on acquisition | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2d. Amortisation of goodwill | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2e. Loss/(gain) on investments | -52 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2f. Decrease/(increase) in stock | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2g. Decrease/(increase) in debtors | -3,422 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2h. Increase/(decrease) in creditors | -10,932 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2i. Increase/(decrease) in pension provisions | -145 | 3,164 | 3,164 | 3,164 | 3,164 | 3,164 | 3,164 |
| 2j. Increase/(decrease) in other provisions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2k. Receipt of donated equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2l. Share of operating (surplus)/deficit in joint venture | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2m. Share of operating (surplus)/deficit in associate | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2n. Other: enter details in the text box under validation check 20 | 53 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Adjustment for investing or financing activities | | | | | | | |
| 3a. Investment income (enter as negative) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3b. Interest payable | 4,369 | 1,208 | 2,136 | 2,136 | 2,136 | 2,136 | 2,136 |
| 3c. Endowment income (enter as negative) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3d. Loss/(gain) on the sale of fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3e. Capital grant income (enter as negative) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. Net cash inflow from operating activities | 1,388 | 15,535 | 17,300 | 19,300 | 21,800 | 23,800 | 25,800 |
| 5. Cash flows from investing activities | | | | | | | |
| 5a. Proceeds from sales of fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5b. Proceeds from sales of intangible assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5c. Capital grants receipts | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5d. Disposal of non-current asset investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5e. Withdrawal of deposits | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5f. Investment income | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5g. Payments made to acquire fixed assets | -2,756 | -10,000 | -20,000 | -20,000 | -20,000 | -20,000 | -20,000 |
| 5h. Payments made to acquire intangible assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5i. New non-current asset investments | -155 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5j. New deposits | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5k. Total cash flows from investing activities | -2,911 | -10,000 | -20,000 | -20,000 | -20,000 | -20,000 | -20,000 |
| 6. Cash flows from financing activities | | | | | | | |
| 6a. Interest paid | -1,244 | -1,208 | -2,136 | -2,136 | -2,136 | -2,136 | -2,136 |
| 6b. Interest element of finance lease and service concession payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6c. Endowment cash received | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6d. New secured loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6e. New unsecured loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6f. Repayments of amounts borrowed | -1,325 | -1,347 | -1,347 | -1,347 | -1,347 | -1,347 | -1,347 |
| 6g. Capital element of finance lease and service concession payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6h. Other: enter details in the text box under validation check 21 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6i. Total cash flows from financing activities | -2,569 | -2,555 | -3,483 | -3,483 | -3,483 | -3,483 | -3,483 |
| 7. (Decrease)/Increase in cash and cash equivalents in the year | -4,092 | 2,980 | -6,183 | -4,183 | -1,683 | 317 | 2,317 |
| 8. Cash and cash equivalents at the beginning of the year | 36,238 | 32,146 | 35,126 | 28,943 | 24,760 | 23,077 | 23,394 |
| 9. Cash and cash equivalents at the end of the year | 32,146 | 35,126 | 28,943 | 24,760 | 23,077 | 23,394 | 25,711 |

Note: you can overwrite prefill data in cells 2a and 2b, if needed, to ensure they match your financial statements.

Table 4: Supporting data

| | Actual 2016-17 £000 | Projected outturn 2017-18 £000 | Forecast 2018-19 £000 | Forecast 2019-20 £000 | Forecast 2020-21 £000 | Forecast 2021-22 £000 | Forecast 2022-23 £000 |
|--|---------------------------|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 1. Identification of items included in other operating expenses (Table 1 head 2c) | | | | | | | |
| 1a. Operating leases and other long-term operating expense commitments | 217 | 217 | 217 | 217 | 217 | 217 | 217 |
| 1b. Annual contract cost of PFI deals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1c. Maintenance expenditure | 1,749 | 1,749 | 1,749 | 1,749 | 1,749 | 1,749 | 1,749 |

Note: PFI = Public Finance Initiative.

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Table 5: HE student number forecasts (FTEs)

Please complete student numbers in FTEs

| | | Actual 2016-17 | | | Actual 2017-18 | | | Forecast 2018-19 | | | Forecast 2019-20 | | | Forecast 2020-21 | | | Forecast 2021-22 | | | Forecast 2022-23 | | |
|---------------------------------------|---------------|---------------------|-----|---------------------|----------------|-----|---------------------|------------------|-----|---------------------|------------------|-----|---------------------|------------------|-----|---------------------|------------------|-----|---------------------|------------------|-----|---------------------|
| | | HESA student record | | | Home | EU | Island and overseas | Home | EU | Island and overseas | Home | EU | Island and overseas | Home | EU | Island and overseas | Home | EU | Island and overseas | Home | EU | Island and overseas |
| | | Home | EU | Island and overseas | | | | | | | | | | | | | | | | | | |
| Total full-time and sandwich year-out | UG (incl. FD) | 7,263 | 368 | 473 | 7,742 | 392 | 459 | 8,524 | 432 | 537 | 9,572 | 485 | 677 | 9,857 | 499 | 762 | 10,142 | 513 | 847 | 10,427 | 527 | 932 |
| | PGT | 758 | 85 | 234 | 808 | 91 | 227 | 890 | 100 | 266 | 999 | 112 | 335 | 1,029 | 115 | 377 | 1,059 | 118 | 419 | 1,089 | 121 | 461 |
| | PGR | 56 | 9 | 52 | 60 | 10 | 50 | 66 | 11 | 59 | 74 | 12 | 74 | 76 | 12 | 83 | 78 | 12 | 92 | 80 | 12 | 101 |
| | Total | 8,077 | 462 | 759 | 8,610 | 493 | 736 | 9,480 | 543 | 862 | 10,645 | 609 | 1,086 | 10,962 | 626 | 1,222 | 11,279 | 643 | 1,358 | 11,596 | 660 | 1,494 |
| Total part-time | UG (incl. FD) | 1,709 | 17 | 20 | 1,727 | 18 | 19 | 1,901 | 20 | 22 | 2,135 | 22 | 28 | 2,198 | 23 | 32 | 2,261 | 24 | 36 | 2,324 | 25 | 40 |
| | PGT | 978 | 16 | 28 | 3,411 | 17 | 27 | 1,939 | 19 | 32 | 794 | 21 | 40 | 809 | 22 | 45 | 823 | 23 | 50 | 837 | 24 | 55 |
| | PGR | 66 | 6 | 2 | 892 | 6 | 2 | 982 | 7 | 2 | 1,102 | 8 | 3 | 1,135 | 8 | 3 | 1,168 | 8 | 3 | 1,201 | 8 | 3 |
| | Total | 2,753 | 39 | 50 | 6,030 | 41 | 48 | 4,822 | 46 | 56 | 4,031 | 51 | 71 | 4,142 | 53 | 80 | 4,252 | 55 | 89 | 4,362 | 57 | 98 |

Note: UG = Undergraduate; FD = foundation degree; PGT = postgraduate taught; PGR = postgraduate research.

2016-17 HE student numbers are based on the HESA session population as derived from the 2016-17 HESA student record. *This data should be used as the basis for calculating the figures for the forecast years.*

For a general description of the HESA session population see <https://www.hesa.ac.uk/support/definitions/students>

The technical specification of the HESA session population derived field XPSES01 can be found at <https://www.hesa.ac.uk/collection/c16051/derived-fields>

click on the file 'C16051.zip', and open 'XPSES01_3.14.1'.

The information in this table will be used to provide context to the financial tables and will not be used for funding purposes. The data will be reviewed against other sources as they become available.

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Table 6: Balance of outstanding financial commitments and agreed financial commitments not yet drawn down at 31 July 2018

If a nil return then please choose "nil return" from the drop down menu:

Please review and update the capital sum owed (column F), the interest rate and margin (columns N and O). Where an agreed commitment remains undrawn please enter the sum in co

Where any information on an existing financial commitments is incorrect please overwrite the existing data and then choose a reason for changing the data from the drop-down menu in column Q. Any changes to the pre-filled data will be highlighted as red text; this is to aid our use of the data. If a commitment has terminated, please delete the data in columns B to P and choose "Repaid" or "Expired" in column Q.

If you have taken out a new financial commitment please enter the information about this commitment on a new row and choose "New commitment - drawn" in column Q if you have drawn down on this commitment or "New commitment - undrawn" if you have not yet drawn down on this commitment. New financial commitments will be highlighted as red text; this is to aid our use of the data.

Please review the validation checks for Table 6 on the "Validation" worksheet.

Financial commitments drawn and commitments agreed with lender but not drawn down at 31 July 2018

| Lender | Lender details, to be completed only if you have selected 'Other - specify:' as lender in column B | | Capital sum originally committed by the lender | | Capital sum owed at 31 Jul 18 | Undrawn sum | Date of commitment | | Period of loan | | Date due to be repaid | | Interest rate type: fixed, variable or fixed/variable | Interest rate at 31 Jul 18 (estimate for undrawn facilities) | Margin | Additional details (optional) | Reason for difference in financial commitment compared to previous return |
|--|--|------------------|--|--------|-------------------------------|-------------|--------------------|-------|----------------|-------|-----------------------|----------|---|--|--------|-------------------------------|---|
| | | | £000s | £000s | | | £000s | month | year | years | month | year | | | | | |
| Financial commitments exceeding 12 months e.g. term loans | | | | | | | | | | | | | | | | | |
| 1 | OTHER - specify: | OTHER - specify: | Term loan | 10,000 | 3,491 | 0 | Apr | 2001 | 26 | Sep | 2027 | Fixed | 6.67 | 4245.00 | | | |
| 2 | Barclays | | Term loan | 7,695 | 4,197 | 0 | Apr | 2007 | 25 | Jan | 2032 | Fixed | 5.67 | 4819.00 | | | |
| 3 | Salix | | Term loan | 200 | 200 | 0 | Feb | 2009 | 5 | Jan | 2014 | Fixed | 0.00 | 0.00 | | | |
| 4 | Barclays | | Term loan | 6,830 | 4,083 | 0 | Mar | 2009 | 23 | Mar | 2032 | Variable | 0.90 | 5000.00 | | | |
| 5 | Barclays | | Term loan | 5,000 | 5,000 | 0 | Apr | 2009 | 20 | Apr | 2029 | Fixed | 5.25 | 4677.00 | | | |
| 6 | Barclays | | Term loan | 10,000 | 7,291 | 0 | Apr | 2009 | 23 | Jan | 2032 | Fixed | 5.54 | 7993.00 | | | |
| 7 | | | | | | | | | | | | | | | | | Repaid |
| 8 | | | | | | | | | | | | | | | | | Repaid |
| 9 | | | | | | | | | | | | | | | | | |
| 10 | | | | | | | | | | | | | | | | | |
| 11 | | | | | | | | | | | | | | | | | |
| 12 | | | | | | | | | | | | | | | | | |
| 13 | | | | | | | | | | | | | | | | | |
| 14 | | | | | | | | | | | | | | | | | |
| 15 | | | | | | | | | | | | | | | | | |
| 16 | | | | | | | | | | | | | | | | | |
| 17 | | | | | | | | | | | | | | | | | |
| 18 | | | | | | | | | | | | | | | | | |
| 19 | | | | | | | | | | | | | | | | | |
| 20 | | | | | | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | | | | | | |
| 26 | | | | | | | | | | | | | | | | | |
| 27 | | | | | | | | | | | | | | | | | |
| 28 | | | | | | | | | | | | | | | | | |
| Total financial commitments exceeding 12 months | | | | 39,725 | 24,262 | 0 | | | | | | | | | | | |

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Table 6: Balance of outstanding financial commitments and agreed financial commitments not yet drawn down at 31 July 2018

If a nil return then please choose "nil return" from the drop down menu:

Please review and update the capital sum owed (column F), the interest rate and margin (columns N and O). Where an agreed commitment remains undrawn please enter the sum in co

Where any information on an existing financial commitments is incorrect please overwrite the existing data and then choose a reason for changing the data from the drop-down menu in column Q. Any changes to the pre-filled data will be highlighted as red text; this is to aid our use of the data. If a commitment has terminated, please delete the data in columns B to P and choose "Repaid" or "Expired" in column Q.

If you have taken out a new financial commitment please enter the information about this commitment on a new row and choose "New commitment - drawn" in column Q if you have drawn down on this commitment or "New commitment - undrawn" if you have not yet drawn down on this commitment. New financial commitments will be highlighted as red text; this is to aid our use of the data.

Please review the validation checks for Table 6 on the "Validation" worksheet.

Financial commitments drawn and commitments agreed with lender but not drawn down at 31 July 2018

| Lender | Lender details, to be completed only if you have selected 'Other - specify:' as lender in column B | Type of commitment ¹ | Capital sum originally committed by the lender | Capital sum owed at 31 Jul 18 | Undrawn sum | Date of commitment | | Period of loan | | Date due to be repaid | | Interest rate type: fixed, variable or fixed/variable | Interest rate at 31 Jul 18 (estimate for undrawn facilities) | Margin | Additional details (optional) | Reason for difference in financial commitment compared to previous return | |
|---|--|---------------------------------|--|-------------------------------|-------------|--------------------|------|----------------|-------|-----------------------|-------------------|---|--|--------|-------------------------------|---|--|
| | | | £000s | £000s | £000s | month | year | years | month | year | or fixed/variable | % | % | | | | |
| Financial commitments less than 12 months e.g. overdrafts | | | | | | | | | | | | | | | | | |
| 29 | | | | | | | | | | | | | | | | | |
| 30 | | | | | | | | | | | | | | | | | |
| 31 | | | | | | | | | | | | | | | | | |
| 32 | | | | | | | | | | | | | | | | | |
| 33 | | | | | | | | | | | | | | | | | |
| Total financial commitments less than 12 months | | | 0 | 0 | 0 | | | | | | | | | | | | |
| Total financial commitments drawn and commitments available as at 31 July 2018 | | | 39,725 | 24,262 | 0 | | | | | | | | | | | | |

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|------------------|--|
| | CONFIDENTIAL |
| Paper title: | Race Equality Charter (REC) Mark Submission Briefing |
| Board/Committee | Board of Governors |
| Date of meeting: | 12 July 2018 |
| Author: | Shân Wareing, PVC Education and Student Experience |
| Sponsor: | Shân Wareing, PVC Education and Student Experience |
| Purpose: | To update the Board on LSBU's REC preparations |
| Recommendation: | To support the submission of the application. |

Executive Summary

LSBU plans to make application for a Race Equality Chartermark (REC) on 13 July 2018. The REC is awarded by AdvanceHE, the newly created higher education organisation which replaces the Equality Challenge Unit, the Higher Education Academy, and the Leadership Foundation for Higher Education. Information about the REC is available here: <https://www.ecu.ac.uk/equality-charters/race-equality-charter/members-award-holders/>

The Chartermark requires the University to:

- analyse staff and student qualitative and quantitative data from the perspective of race and ethnicity
- show LSBU is committed to inclusivity and equality through our governance, reporting, policies and procedures
- provide a three year action plan to improve areas where there is evidence that race and ethnicity have a negative impact on opportunities and experiences for any group.

The 14,000 word submission is in the final stages of preparation and will be available to Governors, on request.

LSBU has amongst the largest proportion of students (51%) and staff (33%) from ethnic minority backgrounds of any UK university, and we are proud of the diversity of our community. Our University EPIIC values of Excellence, Professionalism, Inclusivity, Integrity and Creativity state our commitment to inclusivity, manifested in our culture and processes.

However, the academic and professional opportunities of our students are at present unequal, and ethnicity is a significant factor in academic progression and achievement, and in success after graduation. Some of the most concerning aspects of our current profile are the gap in attainment between white and minority ethnic students, and the differential proportions of BME staff compared to white staff on senior grades and on temporary contracts. According to our staff survey, BME staff are more likely to think that their voices will not be heard, that their opinions are not valued, and that recruitment and promotion processes are unfair.

We are committed to providing opportunities for development and fulfilment which can be equally accessed by all students and staff, and when BME student academic and professional outcomes do not differ from those of white students. The support and commitment of the Executive Team, the Academic Board and the Board of Governors in our journey are vital to achieve this goal.

Goal 7 of the 2015-2020 Corporate Strategy states that all staff should feel their achievements are equally and fairly valued and rewarded, and includes a KPI for employee engagement. The Finance, Planning and Resources Committee receives quarterly reports on ethnicity metrics including the BME salary gap, the ethnicity-based results and actions in the staff survey, the differential outcomes for students based on their ethnicity, and students' different perceptions of the university based on their ethnicity.

The REC submission comprises sections on the following:

- A letter of endorsement from the Vice Chancellor
- Details of the internal process to prepare for the REC, to ensure it is a transparent process that engages the university community
- Information about the university context
- Details of the staff profile, recruitment, progression and development opportunities for staff
- Details about the student profile at UG, PGT and postgraduate research degrees, for admissions, progression, achievement and employability, and information about teaching and learning, including case studies.
- An action plan

Executive will be asked to sign off the Action Plan before the submission is completed.

| | |
|------------------|--|
| | CONFIDENTIAL |
| Paper title: | Project Larch recommendations |
| Board/Committee | Board of Governors |
| Date of meeting: | 12 July 2018 |
| Author: | Michael Broadway, Deputy University Secretary and Matt Dunn, Project Manager |
| Sponsor: | David Phoenix, Vice Chancellor |
| Purpose: | To update on Project Larch and delegate authority to a transaction committee |
| Recommendation: | <p>The Board is requested to:</p> <ul style="list-style-type: none"> • note the updated position of Lambeth College • note the review by MPIC; • authorise a transaction committee to exchange contracts/approve the transfer on behalf of LSBU; and • note the proposed restructuring of commercial debt and authorise the transaction committee to grant appropriate security to Barclays if required. |

Executive Summary

Review by MPIC

At its meeting of 28 June 2018, the Major Projects and Investment Committee received the following updates on Project Larch:

- update on current position;
- update on financial support;
- updated commercial and financial due diligence reports;
- the proposed governance structure (including draft articles and draft governance agreement); and
- an update on restructuring Lambeth College's commercial debt

Update on financial support

The overall request for funding from the Transaction Unit (TU) has now increased to £28.9m (£25m was initially requested in May 2017). The increase is due to a combination of factors including timing and the fact the College has drawn down funds of £2.98m. £12m has been requested as an unconditional grant. £16.8m has been requested as a conditional grant. This would be paid back if there is a surplus of net funds upon the completion of the Lambeth Estates Development Strategy (where Clapham is partially sold and Vauxhall is redeveloped).

When the College is dissolved, assets and liabilities will be transferred to a newly incorporated LSBU subsidiary, South Bank Colleges (approved by the Board at its meeting of 17 May 2018). From that point, South Bank Colleges will consolidate its balance sheet, income and expenditure and cashflow within the LSBU Group.

Updated due diligence

Updated financial due diligence has been undertaken on Lambeth College by PwC following the delay to the acquisition process by one year.

In summary, the overall financial position of the College has not materially degraded any further. In 2017/18, income fell from the prior year by 15% or £4.3m. The College has, however, been successful in controlling costs to limit the deficit impact of this reduction in income.

The Income and Expenditure position is improved on the forecasts for last year as shown in the table below:

| Forecast outturn | Amount £000s |
|---|--------------|
| May 2017 forecast outturn for July 2018 | (5,988) |
| May 2018 forecast outturn for July 2018 | (3,587) |

MPIC raised no significant concerns on the financial due diligence.

Legal due diligence on Lambeth College is currently being completed by VWV and it is proposed that a report will be considered by the transaction sub-committee.

Proposed governance structure

South Bank Colleges is the proposed new company that will run Lambeth College following dissolution of the existing Further Education Corporation.

The Executive has been negotiating with the ESFA on the governance structure of South Bank Colleges and its relationship with LSBU. The draft articles and governance agreement were reviewed by MPIC. A summary is below:

Articles

The key points to note in the articles are:

- Membership – LSBU will be the sole member, in line with designation criteria. This gives LSBU the power, as member, to appoint and remove directors, change the articles and the name of the company.
- Composition of the Board – the Board will be composed of:
 - the Vice Chancellor as Accounting Officer;
 - up to four individuals who are not employees of LSBU, nominated by LSBU and appointed by the Board (LSBU trustees);
 - up to three individuals who are neither governors nor staff of LSBU and are not staff or students of the Charity appointed by the Board (independent trustees)
 - one student; and
 - one employee.
- Article 9.5 requires that the Board shall be balanced between LSBU trustees including the VC (5) and others, i.e. independent trustees, student and staff trustees (5). The chair will be a joint appointment by LSBU and the Board but shall be an independent trustee.
- Article 9.2 gives LSBU as member the power to restrict the trustees – this will be through the governance agreement.

Governance agreement

The governance agreement sets out the obligations of SBC and LSBU and restricts SBC carrying out certain actions unless approved by LSBU. These include:

- Borrowing;
- Giving security;
- Spending over £100k;
- Disposing of assets (outside the usual course of business);
- Dismissing SBC exec members; and
- Setting up partnerships, joint ventures or subsidiaries.

Asset deed

In addition, the DfE expects SBC to enter into an asset deed with the Secretary of State, which will restrict the use of SBC's assets to primarily delivering further education. The executive is currently negotiating this with the DfE and does not expect this to unduly restrict SBC. The transaction committee will be asked to approve the final asset deed.

TU redlines update / risk overview

In early 2017, the Board agreed seven “redlines” for project Larch. At its special meeting of 13 June 2017, “the Board agreed that the redlines had been adequately addressed with appropriate mitigations in place and confirmed that there were no additional conditions that needed to be met before proceeding with the Transaction” (minute 5 of 13 June 2017 refers). A status update is provided below:

1. The Restructuring Finance application from the SFA {now ESFA} to the Transaction Unit must be acceptable to LSBU. It should provide adequate financial support so as not to put LSBU Group’s future financial position at risk.

Status update – the funding required in 2017 to service the College so that it would not put the overall financial position of the Group at risk was £25.4m. As a result of a years’ delay whilst the DfE has been assessing our submission, the funding request has now increased to c.£28.9m. The College drew down £2.9m in March 2018 which was used to pay an existing bridging loan and service cash flow.
2. Confidence that LSBU Group can achieve a minimum break-even position for Larch within 3-5 years

Status update – The current modelling for the submission to the DfE shows that SBC will achieve break-even (before interest, tax, depreciation and amortisation) by 31 July 2020.
3. The final agreed estate option must meet the future needs of LSBU and must be self-funding (there must be no additional investment requirement from LSBU).

Status update – The position in relation to the estate strategy has not changed since the update in June 2017. The bid to the GLA and the Local Economic Action Partnership (LEAP) for the Nine Elms Skills Centre was developed during spring 2018 and was submitted as requested by the LEAP in the first week of June 2018 to be considered at its panel. The outcome of the bid will be announced in September 2018. In the meantime, the Lambeth College Board has authorised the additional fees to continue the design development so that, assuming a positive outcome to the bid, the development can continue without any further delays.
4. LEP grants and previous DfE grant for Clapham must be written off by SFA or paid back before January 2018 and there must be agreement that there can be no future comeback to LSBU in terms of clawback.

Status update – A DfE grant was used to fund part of the construction of a new block (S Block) at the Lambeth College Clapham site. This was originally

built as a Sixth Form Centre. The initial LSBU/Lambeth estates strategy was based on the sale of the entire Clapham site (including S Block) in order to fund the construction of a flagship building at Vauxhall. This would have triggered clawback of the DfE grant.

The London Borough of Lambeth have since suggested that they would like part of the Clapham Common site to be retained for educational use (most probably a sixth form) and this is now part of the latest estate strategy. The part of the site which would be retained for educational use will be S Block and as a result there would be no clawback of the original DfE grant.

5. The transaction must not impact on LSBU pensions categorisation (category B).

Status update – confirmation has been received from LPP that LSBU would continue to be a category B – “open employed” with no immediate funding implications. SBC would also likely be category B “open”, provided that LSBU provides a guarantee as we will not take the liabilities into a merged entity. This is dependent on strength of group covenant which is subject to ongoing review.

6. Larch pension liabilities do not crystallise (i.e. no cessation).

Status update – there will be no cessation or crystallisation of liabilities.

7. Any liability for historic Lambeth College actions or decisions (financial or otherwise) do not result in any liability or exposure to LSBU staff and governors.

Status update – updated financial due diligence has been reviewed by MPIC. In addition, the legal due diligence is being updated and will be circulated to the transaction committee when available.

Restructuring of LSBU and Lambeth College commercial debt

The TU bid included £14m to pay off Lambeth College’s commercial debt with Barclays. There is a £5m early repayment penalty, which has not been factored into the TU bid.

The CFO is currently negotiating with Barclays to transfer the debt on dissolution from Lambeth College to LSBU on existing fixed terms. On transfer of the debt, LSBU will create an inter-company debtor with SBC.

On receipt of the grant from the TU, SBC will transfer funds to LSBU, thereby effectively clearing the inter-company balance. The aim is to demonstrate to the TU

that the funds have been used immediately to refinance SBC and clear the LC commercial debt.

LSBU will have taken on the commercial debt but it will be offset by the cash transferred. There will be no group balance sheet impact as we have also agreed to consolidate from date of merger.

It is unlikely that Barclays will provide additional funding to SBC so LSBU will need to use the £14m to fund the cashflow requirements of SBC in the turnaround period. We will therefore have the cash to fund working capital requirements during the turnaround and can remit to SBC on an “as required” basis during the turnaround period.

At the end of the turnaround period LSBU group will still hold the commercial debt (as originally forecast but in LSBU rather than SBC). This will affect the University position but not the consolidated group balance sheet position.

Security

On novation to LSBU it is likely that new security from LSBU will be required and the current Barclays charges over Clapham and Vauxhall will be released. Subject to any other charges which may exist, this will help to rationalise the LC estate.

Recommendation

The Board is requested to authorise the transaction subcommittee to approve the granting of security over an LSBU asset to Barclays Bank plc.

Completion process

It is proposed that the Board appoints a transaction sub-committee to authorise the transaction on behalf of LSBU.

Following a delay to the approval of LSBU’s designation submission by the Secretary of State, designation of South Bank Colleges is not expected until November 2018. The approvals journey and timeline have been updated to reflect this. The current proposal is to exchange contracts with Lambeth College in summer 2018 and legally complete the transaction when specified conditions precedent (including designation) have been met. Lambeth College board will also be asked to confirm that there have been no material adverse changes to its position.

The contract parties will be Lambeth College and South Bank Colleges (LSBU is unlikely to be a party to the contract). Therefore the directors of SBC (Jerry Cope, Dave Phoenix and one independent director) will be asked to authorise exchange of

contracts. This will only happen if the transaction committee approves on behalf of LSBU.

Upon legal completion, Lambeth College FEC transfers its undertaking and liabilities to SBC and immediately dissolves.

Recommendation

To authorise a transaction committee to exchange contracts/approve the transfer on behalf of LSBU.

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| | CONFIDENTIAL |
| Paper title: | CUC Remuneration Code |
| Board/Committee: | Board of Governors |
| Date of meeting: | 12 July 2018 |
| Author(s): | Michael Broadway, Deputy University Secretary |
| Sponsor(s): | James Stevenson, University Secretary |
| Purpose: | For Information |
| Recommendation: | The Board is requested to adopt the newly published CUC remuneration code |

Executive Summary

As a response to recent press and regulator interest, the Committee for University Chairs (CUC) has recently published a remuneration code for senior staff in higher education. The final CUC Code is attached for information.

The remuneration committee will review the Code and its implications for LSBU at its meeting of 12 July 2018 and will be asked to recommend to the Board that LSBU adopts the Code with effect for 2017/18 reporting.

Key points of the Code and LSBU's proposed response are:

| Code criteria | LSBU's response |
|---|--|
| From time to time the value of a role may need to be reviewed in light of changing conditions, sustained performance, experience etc (1g) | Remuneration committee to commission an external review of senior pay, and the appropriateness of the comparator set used. |
| Any severance payments must be reasonable and justifiable (1i). | Remuneration committee to review severance arrangements for senior managers and approve a policy |

| | |
|---|---|
| <p>There should be a clear and justifiable rationale for the retention of any income generated by an individual from external bodies in a personal capacity. (1j)</p> | <p>Remuneration committee to review contractual terms for senior post holders arising from extra income from outside activities and approve a policy</p> |
| <p>Senior post holder remuneration should be determined in the context of each institution's approach to rewarding all of its staff, and in particular, consideration should be given annually to the rate of increase of the average remuneration of all other staff. (2a)</p> | <p>Remuneration committee to consider average pay increase for all staff, including increments where applicable. To be included in a senior staff remuneration policy to be approved by the Remuneration Committee.</p> |
| <p>Each institution must publish a readily accessible annual statement, based on an annual report to its governing body (3)</p> | <p>The Remuneration Committee will be asked to approve an annual report each year for publication.</p> |
| <p>[In the annual report] a list of post holders within the remit of Remuneration Committee (3a)</p> | <p>Senior post holders will remain as defined in the Standing Orders (VC, Secretary, DVC and CFO). The Remuneration Committee will be responsible for setting the pay and approving bonuses and pay rises for members of the Executive.</p> |
| <p>Policy on the remuneration for post holders within the remit of Remuneration Committee (3b)</p> | <p>The Remuneration Committee will be asked to recommend to the Board a draft policy at its meeting of 12 July 2018. At its meeting of 17 October 2018, the Board will be asked to approve this policy.</p> |
| <p>The pay multiple of the Hol and the median earnings of the institution's whole workforce, illustrating how that multiple has changed over time and, if it is significantly above average, an explanation of why (3e)</p> | <p>The Remuneration Committee will review the pay multiples of the VC and staff at its meeting of 12 July 2018. This will be included in the annual remuneration report.</p> |

Verbal feedback from the Remuneration Committee meeting of 12 July 2018 will be provided at the meeting.

The Board is requested to adopt the code.

The Higher Education Senior Staff Remuneration Code

June 2018

Introduction

1. Fair and appropriate remuneration is key to the success and development of the UK's HE sector, operating as it does in an intensively competitive global environment¹. To support members of governing bodies, this Higher Education Senior Staff Remuneration Code (the Remuneration Code) has been developed after wide consultation with CUC members and HE stakeholders. This Code will be reviewed every four years, in consultation with the sector.
2. The different regulatory frameworks of the HE sector within the UK mean that governing bodies will need to decide how best to use the Remuneration Code. Institutions are bound by the relevant accounts direction issued by their regulator. In addition, Welsh institutions have agreed to more extensive senior pay reporting and are working towards developing annual pay policy statements. In Scotland, institutions will use the Scottish Code of Good Higher Education Governance², which indicates how institutions should meet the key principles of good practice in remuneration. They may choose to use the Remuneration Code as an additional source of accepted good practice. In England, in assessing compliance with conditions of registration, the Office for Students (OfS) may consider the provider's information about the pay of senior staff within its audited financial statements and whether the governing body publishes its written commitment to comply with this Code.
3. By visibly adopting the Remuneration Code, governing bodies demonstrate leadership and stewardship in relation to remuneration within their institutions, and in doing so help to protect institutional reputation and provide greater assurances to key stakeholders and partners, including the student community and wider society.
4. The use of this Code is voluntary, and it can be used by all HE providers. Some elements may not be appropriate for all providers, for example, those with an owner-manager who may take a dividend from the business. The Remuneration Code is therefore to be used on an 'apply or explain' basis. This means that institutions should either publicly state that they have abided by the minimum requirements of this Code, or should provide meaningful explanations for non-compliance and how their alternative arrangements meet its principles.
5. Throughout this Code the word 'must' identifies the CUC's view of the minimum requirements for an institution wishing to comply with it. Governing bodies are free to meet 'must' statements by the means and mechanisms appropriate to their own context. The Remuneration Code is supported by a set of explanatory notes which are designed to assist governing bodies in developing their own responses. The use of the word 'should' identifies good practice which institutions are encouraged to adopt.
6. The principles outlined in this Code apply to all remuneration decisions affecting the emoluments of the Vice-Chancellor and other senior post holders as prescribed in constitutional documents or by the governing body as being within the remit of the Remuneration Committee. In England, they also apply to senior staff as defined in the OfS accounts direction.

¹ The context the sector operates within is explored in greater detail at www.universitychairs.ac.uk/wp-content/uploads/2018/06/HE-Remuneration-Code-Context.pdf.

² www.scottishuniversitygovernance.ac.uk

The Remuneration Code

Elements of fair and appropriate remuneration

Fair and appropriate remuneration³ requires three key elements – namely that there is:

- I. a fair, appropriate and justifiable level of remuneration;
- II. procedural fairness; and
- III. transparency and accountability.

Each of these elements are underpinned by several supporting principles.

Element I - A fair, appropriate and justifiable level of remuneration

Remuneration starts with a clear understanding of the responsibilities, context and expected contribution of a role and the attributes required to undertake that role effectively. Fair and appropriate remuneration then recognises an individual's contribution to their institution's success in that role, and is sufficient to recruit, retain and motivate staff of appropriate calibre in the context of the market for that role, balanced with the need to demonstrate the achievement of value for money in the use of resources.

Principles

- a) Remuneration should take account of the context in which the institution operates.
- b) Remuneration must be linked to the value, based on a number of components, delivered by an individual acting within a role.
- c) Remuneration must consider matters of equality, diversity and inclusion with a view to ensuring that there are no biases pertaining to gender or other protected characteristics within the pay structure.
- d) Institutions should be clear about what they expect from staff, i.e. what is 'normal' and what is 'exceptional'. There should be a robust and consistent process for setting objectives and assessing an individual's contribution.
- e) Remuneration can vary according to individual performance.⁴
- f) Awards made in respect of annual bonus arrangements linked to the achievement of specific annual objectives should not be consolidated.
- g) From time to time the value of a role may need to be reviewed in light of changing conditions, sustained performance, experience etc.
- h) Non-achievement of an individual's expected contribution should have consequences.
- i) Any severance payments must be reasonable and justifiable.
- j) There should be a clear and justifiable rationale for the retention of any income generated by an individual from external bodies in a personal capacity.

³ Remuneration includes not only basic salary but also bonuses, expenses and other allowances, and the monetary value of benefits in kind including housing and cars, etc.

⁴ The decision to apply performance-related pay is for individual HEIs to make. Nothing in this Code is intended to imply that performance-related pay is a requirement for fair and appropriate remuneration.

The Remuneration Code

Element II – Procedural fairness

Procedural fairness requires remuneration to be set through a process that is based on competent people applying a consistent framework with independent decision making using appropriate evidence and assessing the value of roles, the context and individuals' performance in them.

Principles

- a) Senior post holder remuneration should be determined in the context of each institution's approach to rewarding all of its staff, and in particular, consideration should be given annually to the rate of increase of the average remuneration of all other staff.
- b) No individual can be involved in deciding his or her own remuneration.
- c) Remuneration Committees must be independent and competent.
- d) The head of the institution (HoI) must not be a member of the Remuneration Committee.
- e) Remuneration Committees, when considering HoI remuneration, must be chaired by a lay governor who is not Chair of the governing body.

Element III - Transparency and accountability

The process for setting remuneration must be transparent. For senior post holders there must be an institutional-level justification for remuneration that relates to the competitive environment, the value of the roles and institutional performance. The remuneration of the HoI must be separately justified, published and related to the remuneration of all staff within the organisation.

Principles

Each institution must publish a readily accessible annual statement, based on an annual report to its governing body, containing:

- a) a list of post holders within the remit of Remuneration Committee;
- b) its policy on the remuneration for post holders within the remit of Remuneration Committee;
- c) its choice of comparator institutions/organisations;
- d) its policy on income derived from external activities;
- e) the pay multiple of the HoI and the median earnings of the institution's whole workforce, illustrating how that multiple has changed over time and, if it is significantly above average, an explanation of why; and
- f) an explanation of any significant changes.

Explanatory notes

1. Institutions will be able to apply the above principles in a way that is appropriate to their circumstances. These notes do not expand the Remuneration Code, but are intended to assist institutions' discussions as to their use of it.
2. Remuneration must be linked to the value delivered by an individual acting within a role. The value of a role is based on a number of components and criteria for assessing the value of roles, which could include:
 - complexity (scale and range of decision making, collaboration and contact, time-critical activity);
 - impact (on students, research, finances and people, including employees, partners and citizens);
 - discretion (level of accountability, degree of autonomy and decision-making authority);
 - levels of experience;
 - knowledge and skills (including specialist skills) required;
 - reputation and academic/professional credibility needed for the role;
 - an ability to recruit and retain key staff; and
 - external comparisons.
3. To retain staff, Remuneration Committees need to consider market position – typically by looking at a set of comparator institutions/organisations. The choice of these comparators will usually be linked to institutional strategy. Comparator selection may depend on the type of post being filled – for example private and public sector comparisons are often used for professional services staff, whereas NHS and international HEI comparisons may be more appropriate for certain academic staff.
4. Institutions also need to reflect on what the consequences will be in instances where individuals do not deliver the expected contribution. Consequences for individuals will depend on the nature of the remuneration package offered, but might mean no uplift of basic pay, no participation in bonus payments⁵, or some form of performance management.
5. For institutions that use metric-driven performance assessments, a balance should be achieved between the achievement of institutions' long and short-term objectives and, for those that use them, the impact of team-based assessments.
6. In making severance payments, institutions must meet their contractual obligations and be able to explain the reasons for any payments made. HEIs will need to carefully consider any advice that is available from regulators, together with detailed CUC advice. Remuneration Committees have specific responsibilities in this area – in particular, ensuring that contracts agreed with senior post holders are fair, reasonable and justifiable and do not expose the institution to significant potential liabilities, for example by being able to explain notice periods of more than six months.
7. It is important for institutions that staff represent them on various bodies and boards and carry out academic and civic responsibilities at other organisations, e.g. non-executive director roles. There should be a clear and published policy on any such activity that generates additional income for the individual from the external body. Hols are generally unlikely to be able to retain significant sums, but any income they do retain needs to be disclosed and explained.
8. The approach to expenses can be a sensitive topic, and generally institutions should identify normal business costs separately and adopt a single published scheme that applies to all staff. Remuneration Committees should receive assurance that the scheme is operating effectively.

⁵ If available

9. Remuneration Committees must be comprised of people who are independent of the institution's management – primarily lay members of the governing body⁶. Membership must include the institution's Chair, but not the HoI⁷. Remuneration Committees should be able to engage external independent expertise if required.
10. Institutions must publish the multiple of the remuneration of the HoI and the median earnings of the institution's whole workforce annually. This should be accompanied by sufficient explanation and context to enable useful comparison. They may also wish to publish other multiples, such as the ratio of HoI salary to:
 - a) the median academic salary;
 - b) the median professorial salary; and
 - c) the median professional staff salary.

To assist with consistency and comparison, the definition for the multiple should be based on the methodology used by UCEA which is available from its website. Institutions will adopt a range for their chosen pay multiples that they regard as acceptable. The diversity of the sector means these ranges will differ between institutions. Institutions that position themselves in the highest quintile will need to be prepared to provide additional explanations to stakeholders and their regulators as to why this is desirable.

11. Each year, Remuneration Committees must produce an annual remuneration report to the governing body. That report will need to provide sufficient assurance to the governing body that the Remuneration Committee has effectively discharged its responsibilities.
12. The institution must also publish a readily available remuneration annual statement. This may be within the annual report and accounts (as an Annex or separate section), or it may be published as a standalone document. Ideally, the published annual statement will be the same as the annual remuneration report to the governing body. However, modifications may be necessary to preserve commercial confidentiality.

⁶ They may choose to co-opt additional external members with particular expertise.

⁷ The HoI may be invited to attend meetings but must not be present for discussions affecting him or her. Where the Remuneration Committee is responsible for all senior staff pay, including professors, it is very important that the HoI is present at meetings to discuss these staff and ensure that the Committee's decisions are well informed.

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| | CONFIDENTIAL |
| Paper title: | Freedom of Speech policy |
| Board/Committee | Board of Governors |
| Date of meeting: | 12 July 2018 |
| Author: | Andrew Erskine, Deputy University Solicitor |
| Executive sponsor: | Pat Bailey, DVC |
| Purpose: | Discussion |
| Recommendation: | The Board is requested to approve the commitment as set out in the Code of Practice that LSBU is committed to the principles of free speech and freedom of expression. |

Executive Summary

- The Freedom of Speech Code of Practice is a document required by law, for which the Board of Governors is ultimately responsible. It sets out the University's policy and commitment to upholding freedom of speech within the law, and the relevant procedure to be followed when the freedom might be limited.
- Freedom of Speech is also one of the public interest governance principles applied by the Office for Students for all registered providers, therefore, as part of our OfS registration process, this appeared to be an appropriate time to review and update the current Code of Practice.

The Board is requested to approve the commitment as set out in the Code of Practice that LSBU is 'committed to the principles of free speech and freedom of expression; it fully supports the free expression of opinions within the law, and the upholding of the principles of academic freedom in all activities of the University'.

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**London
South Bank
University**

FST 1897

Freedom of Speech Code of Practice 2018

Freedom of Speech Code of Practice

Summary

Our commitment

LSBU is committed to the principles of free speech and freedom of expression; it fully supports the free expression of opinions within the law, and the upholding of the principles of academic freedom in all activities of the University.

In support of delivering this commitment:

- Whenever an external speaker will be participating in an event at LSBU the External Speaker Request Form must be filled out at least 14 days in advance:
http://www.lsbu.ac.uk/_data/assets/pdf_file/0005/80159/external-speaker-request-form.pdf
- Most activities, meetings or lectures taking place at LSBU will not require detailed consideration, action or monitoring under this Freedom of Speech Code of Practice.
- Examples of activities which may require further detailed consideration under this Freedom of Speech Code of Practice are events during which views might be expressed which:
 - infringe/discriminate against the rights of others;
 - risk drawing people into terrorism;
 - constitute criminal offences, threats to public order or breaches of the law; or
 - address contentious or controversial subjects, especially when there is risk of protest and/or disruption.
- If you are in any doubt as to whether an activity will involve concerns surrounding Freedom of Speech you should read this Code of Practice in full and consult with the individuals listed.
- This summary does not replace the full Code of Practice and other related LSBU policies and procedures, to which all members of the University must adhere.

LSBU Freedom of Speech Code of Practice

1. POLICY STATEMENT

- 1.1 The Education (No.2) Act 1986 (the “Act”) imposes a duty on the persons concerned in the government of London South Bank University (“LSBU”) to take all reasonably practicable steps to ensure that freedom of speech within the law is secured for members, students and employees of LSBU and for speakers visiting LSBU.
- 1.2 LSBU is committed to the free expression of opinions within the law, including the expressions of beliefs, views, policies and objectives which may be contrary to those held by many of the staff and students of LSBU.
- 1.3 LSBU also confirms its commitment to the principles of multi-ethnic education and of equal opportunities and, in so far as its actions shall be lawful, will conduct itself in the manner required by its [Equality, Diversity and Inclusion Policy](#)¹.
- 1.4 Free speech and freedom of expression should be secured to the greatest extent possible and are protected by the European Convention on Human Rights. However, free speech is subject to the limits imposed by law, including those governing the protection of national security, health and safety, the prevention of crime, charities, equality and non-discrimination, and the protection of the rights and freedoms of others.
- 1.5 LSBU is also required by the Counter Terrorism and Security Act 2015, to have in place policies and procedures to mitigate the risks of people being radicalised or drawn into terrorism. This is referred to as the “Prevent duty”. Encouragement of terrorism and inviting support for proscribed organisations (as detailed further below) are criminal offences, and LSBU will not provide a platform for these offences to be committed.

2. SCOPE

- 2.1 This Code of Practice applies to all Events and to all staff, students, visitors and attendees.
- 2.2 For the purposes of this Code of Practice, the term “**Events**” refers to meetings, lectures, seminars, gatherings, assemblies, demonstrations, marches and other events or activities of any description which:
 - 2.2.1 are held on premises which LSBU or its subsidiaries own or in respect of which LSBU or its subsidiaries hold a lease or habitually use by licence or permission, including those premises occupied by the London South Bank University Student Union (“**Student Union**”); or
 - 2.2.2 are affiliated, funded or branded in a manner which suggests an association with LSBU, its subsidiaries or the Student Union.
- 2.3 The Code of Practice sets out responsibilities, expectations and procedures to be followed by persons involved in the organisation of Events and includes conduct requirements. This Code of Practice should be read in conjunction with the External Speakers Policy which can be found at the following link: http://www.lsbu.ac.uk/_data/assets/pdf_file/0003/80157/external-speaker-policy.pdf.

¹ http://www.lsbu.ac.uk/_data/assets/pdf_file/0009/11412/equality-diversity-inclusion-policy.pdf

2.4 This Code of Practice and the procedures established herein constitute a single, uniform process for LSBU, its subsidiaries and the Student Union.

2.5 LSBU will only permit the holding of Events which satisfy the conditions set out in this Code of Practice.

3. **RESPONSIBILITY**

3.1 The Board of Governors of LSBU has overall responsibility for this Code of Practice. The day-to-day administration and implementation of the Code of Practice has been delegated to the following person who, for the purposes of this Code of Practice, acts on behalf of the Board of Governors:

- Deputy Vice-Chancellor

The Deputy Vice-Chancellor may nominate other persons in addition to carry out the administration and implementation of the Code of Practice.

3.2 This Code of Practice may be revised, amended or replaced from time to time by the Board of Governors.

4. **ORGANISING AN EVENT**

4.1 An Event (as defined in section 2) may only be held if it is:

4.1.1 organised in compliance with this Code of Practice; and

4.1.2 it is not prohibited under this Code of Practice.

4.2 This Code of Practice places a number of obligations on the organiser (the **“Organiser”**) of the relevant Event. The Organiser is the person who is considered, under this Code of Practice, to be responsible for organising the Event, in accordance with the following:

4.2.1 where an Event is organised by a Department of LSBU, the person in charge of that Department shall be deemed to be the Organiser for the purposes of the Code of Practice. **“Department”** means a department, school, division, team, professional service group, or similar body of LSBU. A list of Departments can be obtained, on request, from the University Secretary;

4.2.2 in the case of an Event organised by the Student Union, the President of the Student Union shall be deemed to be the Organiser for the purposes of this Code of Practice. In the absence of a Student Union President, the Student Union Executive will be responsible;

4.2.3 where an Event is organised by an outside person or body, the person authorising the Event on behalf of LSBU or a subsidiary of LSBU or the Student Union shall be regarded as the Organiser. Under these circumstances the Organiser must require all persons involved in the organisation of the Event to abide by the terms of this Code of Practice (as well as all other applicable terms and conditions) as a condition of authorisation;

4.2.4 in all other cases all the persons organising the Event shall be regarded for the purposes of this Code of Practice as the Organiser or joint Organisers of that Event.

4.2.5 All Events using LSBU premises must be booked in accordance with LSBU’s relevant procedures relating to the use of university premises.

5. UNLAWFUL EVENT

5.1 An Event shall not be held if it would constitute an unlawful event.

5.2 For the purpose of this Code of Practice, an “**Unlawful Event**” is an Event:

5.2.1 at which ideas, views or concepts to be put forward:

- (a) are contrary to law; and/or
- (b) infringe the rights of others; and/or
- (c) discriminate against others;

Or

5.2.2 which involves activity which is likely to:

- (a) constitute a criminal offence; and/or
- (b) constitute an offence under prevention of terrorism legislation; and/or
- (c) constitute a threat to public order; and/or
- (d) constitute a threat under the health and safety legislation; and/or
- (e) incite others to commit criminal acts or other breach of law; and/or
- (f) promote or support an illegal organisation including any proscribed organisation. A “Proscribed Organisation” is an organisation that is listed as a proscribed terrorist organisation by the UK Government. A list of Proscribed Organisations can be found on the following webpage: <https://www.gov.uk/government/publications/proscribed-terror-groups-or-organisations--2>; and/or
- (g) be contrary to the civil and human rights of individuals.

5.3 For further information on what could be considered an Unlawful Event please see the guidance contained in Annex 1 of the Report published on 27 March 2018 by the Joint Committee on Human Rights on Freedom of Speech in Universities (<https://publications.parliament.uk/pa/jt201719/jtselect/jtrights/589/589.pdf>).

5.4 If an Organiser is in doubt as to whether any Event will be an Unlawful Event or not, the Organiser shall consult the Deputy Vice-Chancellor (or their nominee) who will determine whether an Event will constitute an Unlawful Event under this Code of Practice.

6. CONTENTIOUS EVENT

6.1 A Contentious Event (as defined below) shall not be held unless the Organiser has given 14 calendar days’ notice to the Deputy Vice-Chancellor, or such lesser period as the Deputy Vice-Chancellor may accept, outlining the nature of the Contentious Event and indicating the topics which are likely to be raised at the Event and the names of all the speakers.

6.2 A “**Contentious Event**” is an Event at which there is a likelihood that:

- 6.2.1 the content of the event will include material which could constitute extremist views that risk radicalising people or drawing them into terrorism;
 - 6.2.2 a speaker may not be able to enter or leave the building safely and/or deliver his or her speech without serious interruption; and/or
 - 6.2.3 any danger to the safety of persons attending the Event or of those in the vicinity could arise; and/or
 - 6.2.4 any damage of LSBU premises or property could be caused; and/or
 - 6.2.5 the name of LSBU could be brought into disrepute.
- 6.3 The Deputy Vice-Chancellor may at his/her absolute discretion instruct that any proposed Contentious Event shall not be held or shall only be held subject to certain conditions. The Deputy Vice-Chancellor shall exercise his/her discretion whether or not a Contentious Event should proceed in accordance with the following considerations:
- 6.3.1 if the Contentious Event is one in which the views likely to be expressed constitute extremist views that risk drawing people into terrorism, then the Contentious Event should not be allowed to proceed except where the Deputy Vice-Chancellor is entirely convinced that such risk can be mitigated as far as reasonably practicable without the cancellation of the Event;
 - 6.3.2 the Deputy Vice-Chancellor shall, in consultation with other interested parties, including where relevant the Student Union President, consider whether there is any real likelihood of confrontation or disturbance at the Contentious Event;
 - 6.3.3 where the Deputy Vice-Chancellor decides that there is a possibility of confrontation or disturbance, he/she may consult with the local police and any other relevant authorities concerned with public safety or order, to establish whether it is reasonably practicable to allow the Contentious Event to proceed. In the case of a Contentious Event organised by the Student Union, the President of the Union or his/her nominee shall be entitled to be present when these discussions take place;
 - 6.3.4 after receiving any such advice from the police, the Deputy Vice-Chancellor will decide whether LSBU can, within reasonable cost limits and having regard to the location and security of the premises where the Contentious Event is planned to be held, provide suitable facilities for any speaker to address the Contentious Event;
 - 6.3.5 the Deputy Vice-Chancellor may, in appropriate circumstances, agree that the Contentious Event may take place subject to specified conditions being met and/or the payment of sums to cover the costs of such measures as are deemed necessary to safeguard the safety of persons and the security of any premises and property;
 - 6.3.6 if the Deputy Vice-Chancellor decides that, even after taking all reasonable precautions, the safety of staff or students at LSBU or members of the public, or the speaker, or any property, or the reputation of LSBU, cannot be ensured to a reasonable level then the Deputy Vice-Chancellor shall not permit the Contentious Event to be held;
 - 6.3.7 the Deputy Vice-Chancellor shall notify the Board of Governors at its next ordinary meeting of any instructions given in connection with a proposed Contentious Event and subsequent action that has been taken to enforce it.

7. ASSESSMENT OF EVENTS

- 7.1 The Deputy Vice-Chancellor may at his/her absolute discretion, instruct that any Event shall not be held, even if it does not constitute an Unlawful Event or Contentious Event if in his/her reasonable opinion it is in the interests of the safety of any person or the prevention of disorder or crime that the Event does not take place.
- 7.2 The Deputy Vice-Chancellor shall only instruct that a proposed Event shall not be held if, after considering reasonable modifications to the Event and other reasonable precautions, he or she concludes that such modifications and/or precautions would not be sufficient to allow the Event to be held without giving rise to the circumstances described in paragraph 7.1 above.
- 7.3 If the Deputy Vice-Chancellor instructs that an Event shall not be held, he/she shall notify the Board of Governors at its next ordinary meeting of any such instruction and subsequent action that has been taken to enforce it.
- 7.4 The Deputy Vice-Chancellor shall in all cases be entitled to impose conditions and/or require changes to be made to any Event if he/she reasonably considers that it is desirable to do so to ensure that the Event does not breach this Code of Practice.
- 7.5 Controversial, offensive or distasteful views which are not unlawful would not normally constitute grounds for instructing that an Event shall not be held or for imposing conditions or requiring changes to an Event.

8. INFRINGEMENT OF THE CODE OF PRACTICE

- 8.1 A member of staff or student who organises or attempts to organise an Event contrary to the provisions of this Code of Practice, or who continues to act as Organiser for an Event which the Deputy Vice-Chancellor has instructed should not be held, may be subject to action under the relevant disciplinary process. LSBU would not take disciplinary action against a staff member or student of the university who has, in good faith, attempted to comply with the provisions of this Code of Practice.
- 8.2 Any deliberate attempt to conceal the nature of an Event will be regarded as a breach of this Code of Practice and may lead to the cessation of the Event, including after its commencement.
- 8.3 The purpose of this Code of Practice is to secure freedom of speech within the law. Therefore it is contrary to the provisions of this Code of Practice for any person to organise, assist or engage in conduct that disrupts an Event and prevents lawful freedom of expression. Such conduct may result in disciplinary and/or legal action.

9. THE CONDUCT OF EVENTS

- 9.1 The Organiser shall be responsible for the orderly and lawful conduct of the Event and shall also be responsible for regulating the admission of persons to the Event and providing such stewards as may be necessary.
- 9.2 If at any point the Organiser, the Deputy Vice-Chancellor, or any person charged with responsibility for the premises being used for the Event, has reasonable grounds for believing that the Event is about to lead to, or has already led to, an occurrence listed in paragraph 5.2 of this Code of Practice, they shall caution those present if appropriate, and where in their view this is necessary, close the Event forthwith.

9.3 The Organiser, the Deputy Vice-Chancellor, or any person charged with responsibility for the premises being used for the Event, shall have the right to call on assistance from the police where they have reasonable cause to believe that a breach of the peace is likely.

10. RIGHT TO APPEAL AGAINST DECISIONS OF THE RESPONSIBLE OFFICER

10.1 Where it has been decided that an Event shall not be held, or where restrictions or conditions are imposed, the Deputy Vice-Chancellor will provide reasons to the Organiser. The Organiser has the right to submit an appeal against the decision within five working days of the date of the decision by making representations in writing to the Vice-Chancellor or their nominee. If there is insufficient time to consider the appeal before the scheduled date for the Event, the Event may have to be postponed pending the outcome of the appeal.

10.2 Within five working days of receipt of the appeal and after having consulted the Deputy Vice-Chancellor, the Vice-Chancellor or their nominee will review the original decision and will notify the Organiser of the outcome of their appeal. Where appropriate, the Vice-Chancellor may also consult LSBU's advisors from local communities and/or independent members of the Board of Governors.

11. REPORTING OF DISTURBANCES

11.1 Should any disturbance arise at or from an Event held under this Code of Practice, the Organiser must make a full and detailed written report of this disturbance to the Deputy Vice-Chancellor within 72 hours.

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| | CONFIDENTIAL |
| Paper title: | Fundraising Compliance Update |
| Board/Committee | Board of Governors |
| Date of meeting: | 12 July 2018 |
| Author: | Olivia Rainford, Head of Alumni and Development |
| Executive/Operations sponsor: | Nicole Louis, Chief Marketing Officer |
| Purpose: | To note |
| Recommendation | <p>The Board is requested to:</p> <ul style="list-style-type: none"> • note how LSBU complies with charity fundraising guidance; • approve the draft fundraising and philanthropy strategy; and • note the Charity Commission guidance CC20 (attached as a supplement to the pack) |

Executive Summary

London South Bank University has re-established a fundraising programme that seeks to achieve a sustainable and substantial flow of philanthropic income over the next 10 years.

The successful delivery of the strategy requires compliance with three regulatory frameworks:

- a. the Charity Commission’s, “CC20, Charities Fundraising: a guide to trustee duties” (referred to throughout the paper as CC20)
- b. Regulation of direct marketing and databases
- c. The Code of Fundraising Practice set by the Fundraising Regulator.

Compliance is dependent upon the planning and management of effective fundraising, direct marketing and database systems. Accountability for this is delegated to the Head of Alumni and Development, who reports to the Chief Marketing Officer.

Following an assessment of compliance the Executive believes that LSBU is in a strong position to proceed with a new fundraising programme in accordance with best practice and at low-risk to trustees.

Background

LSBU is an exempt charity, regulated by the Office for Students. Each governor is a charity trustee (as well as a company director) and has a set of duties under charity law.

CC20 makes clear that the trustees are legally responsible for fundraising. CC20 develops a number of existing trustees' duties which include:

- acting in the best interests of your charity
- managing your charity's resources responsibly, which includes protecting and safeguarding its reputation
- acting with reasonable care and skill.

The guide recognises that trustees may delegate the operation of fundraising to experienced employees. Where trustees do delegate (as in LSBU) it is necessary for them to maintain appropriate oversight of the activities and receive assurance around systems, controls and compliance. However, as with all areas of LSBU's activity, the trustees remain legally responsible.

The executive proposes that oversight and assurance are achieved through the annual report on fundraising to FPR.

Recommendation:

Following a review by FPR at its meeting of 26 June 2018 of charity fundraising guidance and LSBU's compliance, the Board is requested to:

- note how LSBU complies with charity fundraising guidance;
- approve the draft fundraising and philanthropy strategy; and
- note the Charity Commission guidance CC20 (attached as a supplement to the pack)

CC20 – Charities and Fundraising: a guide to trustee responsibilities

CC20 is the Charity Commission’s guidance for trustees on fundraising. It was in part driven by the fundraising crises of 2015 and perceived weaknesses in charity governance.

The section below sets out how LSBU complies with the six main principles of CC20:

1. **Plan effectively:** “your charity’s values should be reflected in its planned fundraising activity, and there should be effective systems in place to monitor implementation of your plan”

LSBU status: A draft Fundraising and Philanthropy strategy was supported by FPR and its meeting of 1 May 2018 and recommended to the Board for approval – attached in appendix 1.

Delivery of the strategy will be overseen by a Fundraising Steering Group, consisting of senior leaders from LSBU, with governor and alumni representation.

2. **Supervise your fundraisers:** you should have “effective systems in place to keep control of [delegated] fundraising”.

LSBU status: The day to day management of fundraising at LSBU is delegated to the Head of Alumni and Development.

On a monthly basis funds are reconciled and forecast between the Head of Alumni and Development and the Finance Business Services Manager to ensure the appropriate and timely transfer of funds for restricted and unrestricted charitable income.

An annual report on fundraising is submitted each year for review by FPR. In future, this will report against LSBU’s continuing compliance with CC20.

3. **Protect your charity’s reputation, money and other assets:** you should have “effective systems in place to identify the reputational risks your charity may face and to plan for their management; plan for the charity resources you will use to fundraise; manage and be able to justify your fundraising costs; [and] protect the money raised in your charity’s name.

LSBU status: LSBU’s “Case for Support”, due in September 2018, will reflect likely donor, supporter and public perception about income

expectations and other goals, including proposed methods of fundraising. The level of fundraising costs required to deliver the Fundraising Strategy will be considered by the executive as a part of budget planning each year.

The Annual Report on Fundraising will report on how the goals of the Fundraising Strategy are being met.

Areas of risk will be regularly reviewed in accordance with existing processes.

4. ***Follow fundraising laws and regulations:*** you should “have effective systems in place so that your charity fully complies with any legal rules which apply to its fundraising”.

LSBU Status: The new Data Protection Act 2018 (DPA 2018) and GDPR mainly impact upon direct marketing to alumni and supporters, the personal data we collect and the rights of the data subject. Compliance reports were noted by the Executive in May 2018 and audit committee in June 2018. There is close liaison between the fundraising team and the LSBU Data Protection Officer to ensure legal compliance in this area.

Opt-in consent is required for all direct marketing to alumni and supporters. We aim to send marketing to 10% of our 93,511 alumni and supporters currently 5% have given their consent for this.

5. ***Follow the recognised standards for fundraising:*** you must “have effective systems in place so that your charity complies with any standards which apply to its fundraising”.

LSBU Status: We are currently registered with the Fundraising Regulator, which means that we agree to ensure our fundraising is legal, open, honest and respectful. Further information about the Regulator is available in section 3. The Code of Fundraising Practice has been used to inform the key policies and processes as outlined in Appendix A.

6. ***Be open and accountable:*** you must “have effective systems in place so that your charity’s fundraising is explained clearly and openly, fully complies with accounting and reporting obligations, and is appropriately open to challenge by complainants”.

LSBU Status: Reporting on fundraising will be included in LSBU’s Annual Review and, in line with accounting requirements, in the annual report and accounts.

Code of Fundraising Practice

In January 2016, the Fundraising Regulator was established as the non-statutory defence to safeguard against bad fundraising practice. Its aim is to set and maintain the standards for charitable fundraising, to ensure that fundraising is respectful, open, honest and accountable to the public, and to regulate fundraising in England and Wales; those who register agree to abide by these aims.

Updates to the Code, which affect our fundraising practices, have been fully incorporated into the draft Philanthropy and Fundraising Strategy.

Appendix 1 - draft fundraising and philanthropy strategy

1. Executive Summary

- 1.1. London South Bank University has re-established a fundraising programme that is both long-term and clearly linked to the University's mission to transform lives, communities and businesses. It presents a more strategic approach to fundraising than has been possible in the past and is underpinned by a vision to achieve a sustainable and substantial flow of philanthropic income over the next 10 years.
- 1.2. The University has historically benchmarked well against other modern institutions for charitable income as documented by the annual report for the Ross-CASE Survey of Charitable giving to Universities. For example, in 2013/14 the University came 2nd out of 40 post-92 universities for fundraising (achieving a charitable income of £1.3m); the result of several major gifts for tactical projects with departmental support. This period also included significant donations from Hanban, used for the purposes of the Confucius Institute.
- 1.3. By 2016/17 charitable income had decreased to 12th (a charitable income of £350k – just under the mean for new funds secured in the Million+ mission group) and we continue to see a decline. This strategy proposes a substantial shift away from tactical fundraising, towards the development of a sustainable programme, where fundraising is seen as a key institutional activity and a critical component of our financial model.
- 1.4. To achieve this, we require the creation of, and support for, a culture of philanthropy across all constituencies – University leadership, academic staff, professional services administrative staff, governors, donors, corporate and other partners.
- 1.5. Over the next 18-months our first priority is to develop a Case for Support; a clear and compelling articulation of why LSBU needs to raise money and what the impact will be. The Alumni and Development team will present the draft case to key internal stakeholders for discussion, development and approval by July 2018. Alongside this, it will be important to continue developing a portfolio of immediate projects that align with the main themes in the draft Case for Support.
- 1.6. Our strategy lays forth our expectations for the near-term. However, it is essential to maintain an ambition for London South Bank University in the long-term, far exceeding the expectations set forth by benchmarking against other modern institutions. We have a compelling philanthropic narrative to capitalise upon; our ambition must reflect the legacy we wish to benefit the institution in decades to come.

2. Introduction

2.1. In August 2017 the Alumni Relations team and Development team were aligned under the leadership of a Head of Alumni and Development. There are now six members of staff working under this role across Alumni Relations (x3.5), Fundraising (x1.5) and Compliance (x1). The Alumni and Development team will lead, choreograph and support the delivery of this strategy, with strong leadership and support from the Vice-Chancellor and the senior team.

2.2. The strategy has been developed not only to align with the University's mission, but also to reflect three key areas for fundraising compliance in an increasingly regulated environment. A further paper will follow, outlining our obligations and activities under the following:

- a) The principles covered in the Charity Commission's, "CC20, Charities Fundraising: a guide to trustee duties"
- b) General Data Protection Regulation and the impact on alumni engagement and fundraising.
- c) The Code of Fundraising Practice as set forth by the Fundraising Regulator.

2.3. In spring 2018 we will convene a Fundraising Steering Group to advance fundraising across LSBU. The goals of this group will be to strengthen the internal fundraising culture and to build increased trust and confidence among senior leadership and staff about LSBU's ability to raise philanthropic support. Its role will be advisory, providing guidance as progress is made and issues arise.

2.4. Once the fundraising programme is up and running and in the light of progress towards our initial targets the narrative will be revisited and formalised as a Case of Support by January 2019. This will include substantial financial targets and a clear road map for delivery for the following five years.

2. Philanthropic and Charitable Income

2.1. LSBU will target individuals, alumni, corporates, charitable trusts and foundations who understand, engage with and share responsibility for LSBU's mission, enough to commit significant resources over time. We will build meaningful relationships with these stakeholders, thus strengthening our commitment as a charity to act for the public benefit across all University activities.

2.2. The proposed strategy is underpinned by three themes that demonstrate our fundamental commitment to supporting equality, diversity and innovation through philanthropic and charitable income:

- a) **Sustainable change:** LSBU's philanthropic activities will be outward looking; we will work collaboratively with others to identify social challenges and co-create solutions that have a long-standing public benefit.
- b) **Human potential:** LSBU's philanthropic focus will be on opportunities that transform the strength of a person's convictions about their own effectiveness and perceptions of success.
- c) **Inclusivity:** LSBU's charitable income beneficiaries will be far-reaching; not limited to the few – but applicable to the many – because philanthropy is not built on exclusivity, but inclusivity.

2.3. Where charitable income is a designated 'gift', donors can give to LSBU in the following ways:

Existing:

- a) **Annual giving:** A single cash gift or pledge for multi-year gifts to LSBU's Annual Fund for Students (to be phased out in 2018/19)
- b) **Major gifts:** £100,000 or above, with the intention that we will increase the benchmark for a major gift as the fundraising programme grows. Our aspiration is to prioritise the solicitation of transformational gifts over £1m as our credibility grows.
- c) **Endowments:** Traditionally held in perpetuity while investment returns are used as income for charitable purposes. The University's historic charitable endowments are valued at c.£800,000 and held in trust i.e. they are discreet legal entities with, usually, the University as sole trustee.
- d) **Planned gifts:** Generated from legacies or bequests, these gifts are often restricted, i.e. they can only be used for the agreed purpose.
- e) **External prizes:** Financial payments of £50 to £500 are awarded to students at the end of each academic year, most commonly for the highest module or course marks. Individuals, foundations and organisations offer prizes presently.

New:

- f) **Crowdfunding:** Community fundraising efforts whereby a large number of contributors donate a small amount, typically online. Our intention is to move away from the concept of annual giving in favour of adopting crowdfunding techniques to reach a larger number of donors and beneficiaries through developing 'micro-projects'.

2.4. In line with the 25 May 2018 deadline for General Data Protection Regulation (GDPR), alumni will be asked to give their explicit consent to be contacted about making a donation to the University. A pilot ran

between August 2017 and February 2018 and results indicate that 33% of alumni who opt-in will consent to being contacted about making a donation. This will impact the total number of alumni with whom we can contact in order to solicit donations and non-financial support. This is represented in our decision to move towards micro-projects and crowdfunding and away from annual giving.

3. Fundraising and Philanthropy Targets

3.1. In the near-term, a fundraising programme will be established to achieve a charitable income target of £1.5 million in 2019/20, inclusive of new funds secured from:

- An external prizes programme that generates a minimum £70,000
- A micro-projects platform that generates a minimum £200,000

3.2. Over the course of this period, 50 high-net-worth prospective donors will be identified and engaged with in the process of building a Case for Support. Where appropriate, we will ask for the support of Trustees in connecting with their networks to develop such relationships.

4. Key Strategies for Fundraising 2018 – 2021

4.1. To support the foundation activities in the first eighteen months of this strategy, the following strategies will be adopted to ensure we build a sustainable fundraising programme capable of generating substantial income in the future:

- Develop and intensify a culture of philanthropy throughout the institutional community.
- Increase our charitable income through systematic approaches to projects, partners and donors.
- Engage a wide range of stakeholders in processes of change and equip them in their roles as 'champions' for LSBU's philanthropic aims.
- Build a sustainable operations model that adheres to the highest levels of regulation and compliance.

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| | CONFIDENTIAL |
| Paper title: | Mini Competition for Security Services at LSBU |
| Board/Committee | Board of Governors |
| Date of meeting: | 12 July 2018 |
| Author: | Carol Rose, Director of Estates and Academic Environment (EAE) |
| Sponsor: | Ian Mehrtens, Chief Operating Officer |
| Purpose: | For approval |
| Recommendation | That the Board of Governors approve the security service contract being awarded to CIS Security Ltd. |

Executive Summary

The current security contract expires at the end of July 2018. A tender exercise has been undertaken using contractors included on the LUPC framework in conjunction with FMI Procurement. Based on a rating of 40% price and 60% other evaluative categories, it was deemed that CIS Security Ltd offered the best product in terms of quality and cost.

The three year cost of the contract amounts to £5,960,133 including VAT and includes an allowance for London Living Wage increases of 4% in years 2 and 3.

The Major Projects and Investment Committee has reviewed the proposal in detail and recommends to the Board.

Recommendation:

That the Board approves the security service contract being awarded to CIS Security Ltd for the period 1st August 2018 to 31st July 2021 with an option to extend for a further 2 X 1 year periods at a cost of £5,960,133 + 2 years projected LLW uplift of £162,115. Grand Total £6,122,248 (including VAT).

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Background information

Currently security services are provided at LSBU by VSG Group Ltd at both Southwark and Havering Campuses.

The existing contracts expire at the end of July 2018. Although a potential extension of two years is available, after experiencing a number of performance issues with the contract, EAE made the decision to run a full mini-tender exercise using the London University Purchasing Consortium (LUPC) Framework for a new three-year contract.

Tender Exercise

In conjunction with Procurement Services, Estates and Academic Environment (EAE) undertook a mini-competition exercise under the LUPC Framework for Security Services.

Four companies were invited to bid:

- CIS Security Ltd
- Carlisle Security Ltd
- Noonan Services Group Ltd
- Corps Security

The evaluation of the tender documents were considered by :

- Simon Francis - Head of Estates Services, EAE
- Richard Fenn - Senior Executive Administrator, ACI
- Martin Fenner - Category Manager, Procurement
- Elizabeth Palizca - Head of Security and Estates Customer Services, EAE

The responses were evaluated against set criteria with price weighted at 40% and a range of other evaluative categories covering quality earning differing percentages. Following the evaluation, CIS Security Ltd were found to have submitted the most economically advantageous tender. The full evaluation results are shown in the Authority to Award Reports (CPU 5) attached as Appendix A.

Strategy

The 2018/19 EAE Local Delivery Plan states one of the top three challenges for the service is being able 'To provide flexible, efficient, effective and pro-active estates services that respond to the additional/changing/emerging needs of both the current University and members of the 'Family' to support teaching and learning'. To this end, key LSBU stakeholders, were consulted during this tender process as part of the

development of an improved tender specification with particular focus being given to developing customer focused service level agreements with robust and challenging KPIs.

To ensure affordability within reduced budgets, the specification for the service was reviewed and service levels reduced accordingly. The ensuing specification set out the minimum level of service possible without negatively impacting the student and staff experience.

Monitoring and ongoing evaluation of the contract

To ensure that the contractor is fulfilling the terms of the contract and providing an effective and efficient service, formal monthly meetings are held between the Contract Manager (LSBU) and the on-site Operations Manager (contractor). Quarterly minuted contract review meetings are held with the contractors' Area Manager. Performance is discussed and any issues highlighted. In accordance with the terms of the contract, appropriate action would be taken should the required standard not be attained including, as a worst case scenario, the termination of the contract with appropriate notice.

Financial breakdown

The total cost of the security services contract over the three-year period is £5,960,133 including vat of £993,357. This equates to £1,986,711 for each of the three years of the contract excluding any uplift for an increase in the London Living Wage (LLW) in years 2 and 3. At the time of writing, the EAE 2018/19 budget has not yet been announced but the total cost for year 1 of the contract, which commences 1 August 2018 in line with the 2018/19 financial year, exceeds the £1,928,356 2017/18 security budget by £58,355. Due to the increasing cost of providing security services nationally, it has not been possible to obtain a price which maintains the current level of service. This shortfall can be covered in the 2018/19 budget if an uplift is included for a rise in the cost of living and the London Living Wage (LLW) but if this is not the case, the service will be reduced to match the budget available.

In line with the LSBU commitment, all contracted staff are paid at least the LLW, which currently amounts to £10.20. The cost of the contract does not contain an annual cost increase to cover any increase in the LLW hourly rate. Based on increases from previous years, it is likely that this will amount to approximately 4% of the contract value. These increased costs will be included in the budget submission for years 2 and 3. Should central funding not be available to cover the increased cost, the contracts will be re-visited and adjustments made as necessary. It should be noted, however, that this will result in a decrease in the service provided.

The pricing schedule is as follows:

| Annual Cost | Excl VAT | VAT | TOTAL | LLW increase 4% | Total |
|----------------------|-------------------|-----------------|-------------------|-----------------|-------------------|
| Year 1 | £1,655,592 | £331,119 | £1,986,711 | £0 | £1,986,711 |
| Year 2 | £1,655,592 | £331,119 | £1,986,711 | £79,468 | £2,066,179 |
| Year 3 | £1,655,592 | £331,119 | £1,986,711 | £82,647 | £2,069,358 |
| | | | | | |
| Contract Cost | £4,966,776 | £993,357 | £5,960,133 | £162,115 | £6,122,248 |

A satisfactory comprehensive credit report for CIS Security Ltd was undertaken through Dun & Bradstreet, which is attached at Appendix B.

Student Experience

EAE is committed to ensuring that the University provides a safe, secure and welcoming environment in which students can study and socialise. The provision of comprehensive security service is seen as essential and the formulation of an appropriate and well-researched tender specification reflects this commitment.

Conclusion and Recommendation

Following a fully compliant mini-competition exercise, CIS Security Ltd were found to have submitted the most economically advantageous tender.

The Board of Governors is asked to approve the security service contract being awarded to CIS Security Ltd for the period 1st August 2018 to 31st July 2021 with an option to extend for a further 2 X 1 year periods at a cost of £5,960,133 + 2 years projected LLW uplift of £162,115. Grand Total £6,122,248 (including VAT).

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| CONFIDENTIAL | |
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| Paper title: | Adopting the Sustainability Development Goals (SDG) Accord |
| Board/Committee | Board of Governors |
| Date of meeting: | 12 July 2018 |
| Author: | James Whittingham, Sustainability Manager |
| Sponsor: | Pat Bailey, DVC |
| Purpose: | For the Board to consider LSBU becoming a signatory to the SDG Accord, which is an international higher education undertaking to support the Sustainable Development Goals. |
| Recommendation: | The Board is requested to endorse the principles of the SDG Accord, and to commit the University to signing up to Phase 1 commitments. |

Executive Summary

The aim of 'The SDG Accord' is to inspire, celebrate and advance the critical role that post-16 education has in delivering the Sustainable Development Goals (SDGs) and the value it brings to governments, business and wider society. For those institutions that sign up to it, there is a commitment to reporting (annually) their actions in support of the SDGs, and to sharing their learning experience.

The Board of Governors is requested to endorse 'The SDG Accord' for Higher Education providers, and to become a signatory, with a commitment to the Phase 1 criteria, and with a focus on a small number of specific goals (to be decided by the VC/DVC).

The SDG Accord <http://www.sdgaccord.org/>

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Appendix: 'The SDG Accord' and the 17 Sustainable Development Goals

The SDG Accord

Recognising that we are at different stages in our journey towards a sustainable future, with differing strategic priorities dependant on our strategic ambitions, areas of expertise and organisational culture.

This Accord calls upon we, the world's universities and colleges to embed the Sustainable Development Goals into our education, research, leadership, operations, administration and engagement activities.

We Accord Signatories recognise:

- The indivisible and interconnected nature of the universal set of Goals – People, Prosperity, Planet, Partnership, Peace
- That, as educators, we have a responsibility to play a central and transformational role in attaining the Sustainable Development Goals by 2030

And we thereby assert:

- That as leaders or individual practitioners, academics, students or researchers, we will:
- Align all major efforts with the Sustainable Development Goals, targets and indicators, including through our education, research, leadership, operational and engagement activities;
- Aim to involve members from all key stakeholder groups in this endeavour, including students, academics, professional staff, local communities and other external stakeholders;
- Collaborate across cities, regions, countries and continents with other signatory institutions as part of a collective international response;
- Using our own unique ways, inform, share our learning and account to both local and global communities our progress toward the Sustainable Development Goals;
- Annually report on '*how does my institution contribute to the Goals and what more can we do*'.



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| | CONFIDENTIAL |
| Paper title: | Report on decisions of Committees |
| Board/Committee | Board of Governors |
| Date of meeting: | 12 July 2018 |
| Author: | Michael Broadway, Deputy University Secretary |
| Board sponsors: | Relevant committee chairs |
| Purpose: | To update the Board on committee decisions |
| Recommendation: | To note the report |

Executive Summary

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

The Board is requested to note the reports.

In addition, the Board is requested to delegate authority to a sub-committee (consisting of Jerry Cope, Douglas Denham St Pinnock and Dave Phoenix) to approve the final sign-off of a lease for Lancaster House by an LSBU authorised signatory (details in the paper).

Committee reports to the Board of Governors

Audit Committee – 7 June 2018 [Minutes](#)

The committee approved:

- the draft internal audit plan 2018/19. The plan includes CMA compliance, risk management, value for money, procurement, key financial controls in South Bank Academies and continuous auditing of key financial systems and student data in LSBU.
- the draft external audit plan 2017/18.
- debt write off of tuition fee debt of £497k which had been fully provided for in the year end accounts.

The committee discussed:

- an internal audit report on international partnerships, which was rated as high risk. The risk rating relates to historic partnerships most of which are now closed, and that processes and controls for new partnerships are working effectively.
- the student data continuous audit report: the committee noted that a new control on student learner packs had raised the risk level to high; without this control the rating would have been medium (comparable to the previous report). The committee asked management to establish a control for appropriate monitoring of learning plans. The auditors agreed to review the risk level in their final report.
- a report on an emergency scenario exercise and action plan. The committee noted good progress in the delivery of the action plan. Similar exercises will be held each year for senior management.
- an update on the former member of staff who is currently held in custody. A sentencing date of 9 July 2018 was announced. The committee noted that the University had followed all internal processes and procedures in relation to this matter.
- an update on progress against previous internal audit recommendations on ICT risk diagnostic, fire safety, UKVI compliance and key financial systems.

The committee noted:

- the corporate risk register.
- a risk management benchmarking report from KPMG, the external auditors, which showed that LSBU is in line with the sector.
- an update on GDPR compliance, including the appointment of a new Data Protection Officer, the creation of a register of processing activity which establishes the legal basis for collection, procedures for breach management, and publication of 1st tier privacy notices, internal and external.
- anti-fraud, bribery and corruption report: the committee noted that no incidents had been reported since the last meeting.
- a speak up report. There is currently one speak up case involving South Bank Engineering UTC.

- the TRAC(T) return to OfS.
- an update on the committee's composition. Duncan Brown will take over as Chair of the Audit Committee on 1 January 2019, in anticipation of Steve Balmont's retirement from the Board in July 2019

Finance, Planning and Resources Committee – 26 June 2018 [Minutes](#)

The committee recommended to the Board:

- the 2018/19 draft budget – item 8 on the Board agenda
- the draft five-year forecast and subject to minor amendments – item 8 on the Board agenda

The committee noted:

- an update on student retention 2017/18. The Pro Vice Chancellor (Education & Student Experience) will give a pre-Board presentation ahead of the meeting.
- an update on student recruitment for Semester 1 2018/19.
 - As usual clearing will be crucial to meet recruitment targets
 - The Executive is developing a strategic approach to clearing including identifying a preferred closing date for clearing, increased offer rate and setting minimum tariff acceptable.
- the management accounts to April 2018. The full year forecast surplus is expected to be £1.5M, in line with budget. An update to May 2018 is included in the CFO report – item 8 on the Board agenda.
- Updates on Project Larch including an update on Lambeth College commercial debt. A full project Larch report is included in item 10 on the agenda.
- the strategic HR Report.
 - discussion is continuing with the trade unions on VS and change proposals.
- The committee noted the fundraising compliance update – item 13 on the Board agenda.
- The committee noted the KPIs – strategic enablers.
- The committee noted the insurance programme 2018/19.

Major Projects and Investment Committee – 28 June 2018 [Minutes](#)

The committee discussed the following major projects:

Project Larch: the committee received an update on the current status of Project Larch. The committee continued to support the transaction. Following updates on Lambeth College's current financial position and financial due diligence, no significant concerns were raised. The committee recommended that the Board authorise a transaction committee to exchange contracts/approve on behalf of LSBU. A fuller update is provided in item 10 on the agenda.

Estates development:

- Phase 1 – redevelopment of London Road: the committee was advised that, on further investigation, plans to repurpose part of Technopark for teaching space during the redevelopment of London Road were not viable. The Executive is investigating alternative solutions including the possible lease of Lancaster House (adjacent to the campus).

The lease term proposed is for 10 years with a five year break (LSBU request) at an annual rental £900k. Fit out will also be required. These costs will be carried out using the allocation of the £65m previously identified for the refurbishment to Technopark for the teaching spaces. If Lancaster House is the preferred option, the intention is to conclude negotiations by the end of July 2018 to allow occupation in January 2019 following fit out.

As the expected cost of the lease is above MPIC's delegated level of authority, the committee recommends that the Board delegates authority to a sub-committee (consisting of Jerry Cope, Douglas Denham St Pinnock and Dave Phoenix) to approve the final sign-off of a lease for Lancaster House by an LSBU authorised signatory.

- Phase 2 – Perry Library: the committee received an update on the development plans for the Perry Library site. The London Borough of Southwark have indicated that it would be prepared to sell the hostel adjacent to the site for £1 in return for LSBU developing the site and incorporating a Health and Wellbeing Centre. The committee was supportive of the proposal. The committee agreed to delegate authority to a sub-committee (consisting of Jerry Cope, Douglas Denham St Pinnock and Dave Phoenix) to approve final sign-off of the purchase by an LSBU authorised signatory.
- Financing options: the committee received an update on the discussions with CCCA regarding a potential joint venture financing (JV) option for the development of the estate. The committee was supportive of the Executive continuing the negotiations of a possible JV approach to funding.
- Reception and security contracts: the committee reviewed the proposed (budgeted) new contracts for reception and security services.
 - Reception: the committee approved the awarding of a reception service contract to CIS Security Ltd for £3.4m.
 - Security: the committee recommended to the Board approval of a security service contract being awarded to CIS Security Ltd £6.1m – item 14 on the Board agenda.
- John Ruskin College (JRC) proposal: the committee received an update regarding a possible acquisition of John Ruskin College, a sixth form college

situated in Croydon. The outcome of the selection process was not known at the meeting but the committee was subsequently updated that LSBU had not been chosen as the preferred partner.

- International branch campus, Cairo: the committee noted the intention of the Executive to express interest in establishing an International Branch Campus in Cairo as part of the British University in Egypt (BUE) partnership. Further details are in the VC report – item 7 on the Board agenda.

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| | CONFIDENTIAL |
| Paper title: | Risk exposure matrix & summary report |
| Board/Committee | Board of Governors |
| Date of meeting: | 12 July 2018 |
| Author: | John Baker, Corporate & Business Planning Manager |
| Executive/Operations sponsor: | Richard Flatman, Chief Financial Officer |
| Purpose: | To provide the Board with a condensed overview of current risk exposure, related strategy & recent progress. |
| Recommendation: | The Board is requested to: Review the risk exposure and note the current risk overview |

Executive Summary

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

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

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

The Board is requested to review the revised format for presentation of risk exposure to the Board, and note the current risk overview.

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

Cover Page: Board High Level overview of Risk Exposure

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

| Risk Type: Financial | | |
|---|---|---|
| <i>Summary of current risks & drivers</i> | <i>Notes on controls & mitigation strategies</i> | <i>Notes on progress made and actions completed</i> |
| <p>2: Home UG Recruitment: Increased competition and narrowing candidate pool put pressure on applicant numbers. Brand positioning doesn't articulate LSBU potential effectively and impacts on conversion rate, leading to shortfall in anticipated income, or changes entrant tariff score</p> | <ul style="list-style-type: none"> • QSC approval of course validations informed by market insight • Weekly review of numbers by MAC leadership team • Monthly review of DARR report • Revised Outreach strategy | <ul style="list-style-type: none"> • Brand Architecture & Narrative review being led by DoB&C for July presentation to Exec • School website content now with copywriters • Response protocols being reviewed by Director to complete end 2018 |
| <p>457: International Income: Government policy & UKVI process creates additional burdens to recruitment, and TNE partner models still in development</p> | <ul style="list-style-type: none"> • International Office runs annual cycle of training events with staff on UKVI processes. • Recruitment reports to each meeting of Ops Board • Development of Overseas offices | <ul style="list-style-type: none"> • Feedback being collected from Egyptian partner on draft partnership model prior to Exec presentation • UKVI Consultant report received & actioned |
| <p>39 Pensions: Increasing life expectancy & poor performance of funds post 2008 leads to greater deficit</p> | <ul style="list-style-type: none"> • Annual FRS 102 valuation • Strict control on early access to scheme | <ul style="list-style-type: none"> • Mercers costed scenarios being finalised |
| <p>14: NHS Contract Income: Changes to NHS management structures, and move from bursaries to loans for pre-Reg courses impacts on levels of income</p> | <ul style="list-style-type: none"> • QCPM & NMC course review processes demonstrate quality of provision to funders • Literacy & Numeracy support provided in cycle | <ul style="list-style-type: none"> • New Apprenticeship, Associate & foundation programmes validated or in development • Havering lease now extended |
| <p>37: Capex affordability: Project ambitions and scales not in alignment with current cash generation capacity or asset valuations, or project cost escalation</p> | <ul style="list-style-type: none"> • Capex reporting embedded into management accounts provided to FP&R Committee • Estates project methodology controls & governance • Financial Regs require Board approval >£2m | <ul style="list-style-type: none"> • Estates options being tested with Clive Crawford Associates • New proposals developed for Keyworth Hostel acquisition and Lancaster House lease |
| <p>402: Research & Enterprise contracting: Forward financial plans anticipate increases in income which will need to be supported through reaching into new markets and areas of activity</p> | <ul style="list-style-type: none"> • Bid writing workshops for academic staff delivered • Sharepoint & FEC Research & Enterprise Approval Process for authorisation of new opportunities • R&E activity Pipeline Reports (Financial & Narrative) provided to Operations Board Meetings | <ul style="list-style-type: none"> • London Doctoral Academy reps appointed • Health Innovation Lab director appointed • LURN partnership bids commenced • ACEEU accreditation application underway |

| Risk Type: Legal / Compliance | | |
|--|---|---|
| <i>Summary of current risks & drivers</i> | <i>Notes on controls & mitigation strategies</i> | <i>Notes on progress made and actions completed</i> |
| <p>305: Data use and access: The rise of cyber-attacks, and malicious attempts to circumvent existing controls pose a threat to data security. Evolving standards of good practice take time to become articulated within an institutional context and fully adopted as salient culture. European GDPR legislation comes into force on 5th May 2018.</p> | <ul style="list-style-type: none"> • GDPR Project programme approved by Executive • Data Protection now included within suite of Mandatory Training modules for staff • ICT project process requires Privacy Impact Statements and changes to digital infrastructure reviewed quarterly by ICT Technical Roadmap Board • IT access now linked directly to live info from i-Trent staff record system, and logical security protocols require 6 monthly change • Vulnerability tests scheduled weekly | <ul style="list-style-type: none"> • GDPR project programme reviewed by project board • Graeme Wolfe appointed to Head of Information Security role and joins LSBU in August. |
| <p>519: Curriculum Compliance: The transition from sector funder (Hefce) to Regulator (OfS) sees a move away from the Annual Provider Review approach to quality assurance of provision, to achievement of registration conditions, which now connect explicitly to the stipulations of the CMA (Competitions & Markets Authority) around consumer protection. The links between Course Approval documents and Marketing content is not currently assured, and tolerance thresholds for changes to course content may vary in practice.</p> | <ul style="list-style-type: none"> • Academic Audit process is monitored by Academic Board, through reports from QSC (Quality & Standards Committee) • LSBU Participation in the Subject TEF pilot process is providing greater institutional awareness of the way data returned to HESA is used to review institutional performance • Curriculum creation process being transferred to the Registry function • All Course Specs being translated into new Educational Framework format | <ul style="list-style-type: none"> • Full audit of Course specifications now completed • OfS Registration process being overseen by project board & Company Secretary • Educational Framework specification documents now mandatory for all new programmes |
| <p>584: External Incident impact on campus: UK government's current terror threat level of 'severe' and incidents during 2017 mean that a central London location places LSBU at greater risk of being impacted by a future event.</p> | <ul style="list-style-type: none"> • Building Lockdown plans in place • Business continuity plans for critical activity reviewed annually by resilience team • Emergency Information sets at receptions • Halls Accommodation aid agreement in place with London School of Economics | <ul style="list-style-type: none"> • Emergency planning scenario tested with Executive • Review actions now being implemented • Gold Command responsibility transferred to Dave Phoenix & Ian Mehrrens |

| Risk Type: Academic Delivery | | |
|--|--|--|
| <i>Summary of current risks & drivers</i> | <i>Notes on controls & mitigation strategies</i> | <i>Notes on progress made and actions completed</i> |
| <p>467: Progression: Despite a revised focus on the re-enrolment process, the progression rate fell by 2% to 75% for full time students, and is featured as a negative flag on some of the metrics supplied through the Subject TEF pilot process.</p> | <ul style="list-style-type: none"> • Range of data in the Corporate Warehouse being expanded to utilise the MIKE platform to provide greater insight and analysis to academic staff • Study support provided by Library & LRC • CRIT embeds support in high impact modules | <ul style="list-style-type: none"> • Personal tutoring minimum specification circulated and published on website • Course Director Role Description completed & provided to the School DESEs • New Progression dataset tested and added to Data Warehouse for ongoing reporting around progression and retention of students |
| <p>398: Technology & Pedagogy: Although the results are open to some interpretation, some competitors have made greater investment in using learning analytics to support the learning experience, and embedding technology within Classrooms. There are concerns in the sector with regard to the priority attached to teaching support within the new regulatory regime, and Advance HE. Delays with fully populating the CRIT team have impacted on delivery of plans.</p> | <ul style="list-style-type: none"> • CRIT (Centre for Research Informed Teaching) reports to the Student Experience Committee & to the Quality & Standards Committee on the Achievements of work undertaken. • Delivery of the Technologically Enhanced Learning Strategy (TEL) through the Educational Framework and Quality Processes, is monitored by Academic Board. • Digital baseline project underway to ensure parity of experience across all Moodle sites | <ul style="list-style-type: none"> • Professional Development sessions for Course Directors delivered utilising TESTA framework • Lecture capture facilities being provided to pilot group, with associated training sessions • Moodle baseline has been made available to all staff & new site template developed for roll out |
| <p>495: Apprenticeships: Some issues with system adaptations in order to accommodate all requirements of running Apprenticeship programmes, and some sector reports have introduced some uncertainty over future enrolment patterns.</p> | <ul style="list-style-type: none"> • The Apprenticeships team is now fully established within LSBU • 6 monthly progress report from Apprenticeships Steering Group scrutinised by Academic Board covers IPTE and the Passmore Centre. | <ul style="list-style-type: none"> • Passmore Centre refurbishment project now underway • Launch events in preparation stages |
| <p>518: Core Student Systems: Although the LEAP project is underway to create a paradigm shift in administration of the student journey, existing platforms will be required in the interim, and are patched and burdensome.</p> | <ul style="list-style-type: none"> • LEAP Programme Director in place & project Updates scrutinised by Academic Board • Operational Issues reported & tracked through ICT TopDesk system, with internal escalation protocols. | <ul style="list-style-type: none"> • Timetabling review completed, and some recommendations implemented • Semester 2 starts issue now resolved |

| Risk Type: Reputation | | |
|---|--|--|
| <i>Summary of current risks & drivers</i> | <i>Notes on controls & mitigation strategies</i> | <i>Notes on progress made and actions completed</i> |
| <p>6: Management Information: Past concerns expressed regarding triangulation of data from separate returns made to the designated data body, and controlled internal access to this business intelligence. Lack of detailed articulation of interdependencies between data systems and use of multiple system fields</p> | <ul style="list-style-type: none"> • Data Assurance Group mechanism • MIKE platform for sharing data & visualisations using corporate warehouse • Continuous Audit programme reviews student and financial data for accuracy • Systemised data checks and reviews completed by PPA team prior to external submission. | <ul style="list-style-type: none"> • Performance scorecard project underway to develop measures for professional services • Specification developed to inform LEAP business case including the Programme's information work stream • MIKE phase 2 datasets in testing phase prior to formal release • Subject TEF pilot submission outcome being analysed and metrics integrated into MIKE |
| <p>362: Low staff engagement or staff cost containment impacts performance: Systems and structures don't achieve intended facilitation of collaborative working across the institution. Reward and recognition packages perceived to be out of line with other sectors or institutions, or not applied equally across full range of protected characteristics. Frozen fee levels and continued challenges in recruitment market have contributed to flat income predictions and planned staff cost reduction programme, which could lead to lower engagement, disruption in service provision or skills / knowledge gaps that impact on delivery.</p> | <ul style="list-style-type: none"> • Town Halls cascade corporate messages • Regular engagement with Unions on staff matters • Shape & Skills approach to review • Comms strategy approved by Exec for MAC team • HR Business Partners manage all change activity • Direct staff feedback is encouraged through VC 'Continuing the Conversation' events & Yammer • Employee engagement champions network • Planning process promotes golden thread connection from Corporate Strategy, through Local Roadmaps to Staff Appraisals. | <ul style="list-style-type: none"> • All Staff email introduced programme remit • Leadership forum group established • Procurement completed on Sodexo platform to deliver benefits to all staff & contractors • Engagement survey results provided to management teams in Schools & PSGs |

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