

Meeting of the Finance, Planning and Resources Committee

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

3.30* pm presentation on staff engagement survey results

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
1.	Welcome and Apologies		HM
2.	Declarations of Interest		HM
3.	Minutes from the last meeting	3 - 6	HM
4.	Matters Arising	7 - 32	HM
Items to discuss			
5.	Report on Student Retention, Progression, Continuation and Re-enrolment <i>With the Dean of Engineering and the Dean of Applied Sciences</i>	33 - 42	SW
6.	National Student Survey (NSS) progress report	43 - 46	PB, SW
7.	KPI - targets 2018/19	47 - 50	RF
Finance			
8.	Student Recruitment Update	51 - 56	NL
9.	Management accounts to September 2018	57 - 64	RF
10.	Drafts Annual report and accounts - 2017/18	65 - 124	RF
Items to note			
11.	Annual fundraising report	125 - 128	NL
12.	Students' union (SU) draft accounts, 2017/18	129 - 156	SB

Date of next meeting
4.00 pm on Tuesday, 26 February 2019

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

No. Item Pages Presenter

In attendance: Pat Bailey, Richard Flatman, Nicole Louis, Ian Mehrtens, James Stevenson, Ralph Sanders, Shân Wareing, Alexander Enibe and Steve Baker (item 12)

**Minutes of the meeting of the Finance, Planning and Resources Committee
held at 4.00 pm on Tuesday, 25 September 2018
1B16 - Technopark, SE1 6LN**

Present

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

Apologies

James Stevenson

In attendance

Pat Bailey
Michael Broadway
Richard Flatman
Nicole Louis
Ralph Sanders
Alexander Enibe
Markos Koumaditis (for minute 7)

1. Welcome and Apologies

The above apology was noted.

2. Declarations of Interest

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

3. Minutes from the last meeting

The committee approved the minutes of the previous meeting and the redactions.

4. Matters Arising

The committee noted the actions arising from the previous meeting.

The committee noted the update on the costs of change from the Chief Financial Officer. The total costs of the voluntary severance scheme and change programme in 2017/18 are up to £2.0M

5. **Student Recruitment Update**

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

The Chief Marketing Officer confirmed that, in the context of a shrinking market, LSBU is performing strongly and there has been a 28% (or +815) rise in UGFT firm accepts overall (or +625 excluding HSC). The Executive expects to exceed the 2,450 target for UGFT excluding Health.

The Chief Marketing Officer confirmed that the home, EU and International students' numbers are on an upward trajectory but that postgraduate recruitment is below target.

The Chief Marketing Officer confirmed that student recruitment is continuing until Friday, 28 September 2018.

The committee discussed re-enrolment and requested that an update on final figures should be provided at the meeting on 6 November 2018.

The committee noted the hard work and team effort of the Chief Marketing Officer's team. The committee commended the Chief Marketing Officer and her team for the Semester 1 2018/19 improved student recruitment numbers compared to last year figures.

6. **Management accounts to July 2018**

The committee reviewed the full year management accounts to 31 July 2018, and the draft surplus of £1.6M, which would deliver the University ahead of budget. The draft surplus is subject to audit.

The committee noted that through opex and staff cost reduction the executive managed the in-year income deficit to deliver to target.

The committee noted the swings in schools' income against forecast and requested that this is commented on in the analysis.

The committee noted the investment in staffing against flat income. An update would be provided to the next meeting. The committee noted the importance of a workforce plan aligned to the budget.

7. **Strategic HR report**

Markos Koumaditis joined the meeting.

The committee noted the strategic HR report.

The committee noted that the Voluntary Severance (VS) scheme had been successfully completed, and that 70% of successful VS applicants are

expected to have left by 31 October 2018, and the remaining will leave by 31 January 2019. The anticipated salary savings from the VS is under £1.7M.

The committee noted that the consultation for all change proposals has now closed. The anticipated salary savings from the change proposals will be just under £3M.

The committee requested a break-down of the data of leavers by PSG & academic school and by diversity statistics. Equality impact assessments had been done for all change proposals and shared with the trade unions.

The committee noted the age profile of staff and requested that this be addressed in the workforce plan.

The committee noted that nationally UNISON remains in dispute over 2018-19 national pay round. Nationally UNISON are balloting for strike action. The Executive intended to implement the nationally decided award and would be asked to approve this at its meeting of 3 October 2018.

The committee noted the staff engagement survey results, and requested that there should be a presentation on staff engagement survey at the next meeting on 6 November 2018.

Markos Koumaditis left the meeting.

8. LSBU day to day banking

The committee discussed in detail the update on Lambeth College commercial debt negotiations and the proposal to transfer the University's banking operations to Barclays bank.

Moving the University's banking operations to Barclays bank will save on interest, £300k over the life time of the 5 years. The Chief Financial Officer confirmed that this is a competitive rate and that procurement of the contract had followed a single supplier tender process.

The committee recommended to the Board the transfer of the University's banking operations to Barclays bank for a minimum period of 5 years, subject to LSBU being able to withdraw if the level of service is unsatisfactory.

9. KPI - strategic enablers

The committee noted the Key Performance Indicators – Strategic Enablers.

The committee noted the decline in performance in the National Student Survey (NSS). The Vice Chancellor acknowledged that the decline is disappointing and suggested that this will be discussed at the Board Strategy Day scheduled to be held on 27 September 2018.

The committee noted the importance of the NSS as a measure of student experience and requested assurance on how the executive will reverse the decline in NSS at the next meeting on 6 November 2018.

10. Insurance claims

The committee noted the report.

The committee noted that the University remains a member of the London Universities Purchasing consortium for insurance purposes, with Zurich Municipal being the principal insurer.

11. Treasury management report

The committee noted the treasury management report.

12. Terms of reference and membership

The committee noted its updated Terms of Reference and recommended these to the board for approval, subject to minor changes.

13. Committee business plan

The committee noted its 2018/19 work plan. The committee requested that workforce planning is discussed at its February 2019 meeting.

**Date of next meeting
4.00 pm, on Tuesday, 6 November 2018**

Confirmed as a true record

..... (Chair)

**FINANCE, PLANNING AND RESOURCES COMMITTEE - TUESDAY, 25 SEPTEMBER 2018
ACTION SHEET**

Agenda No	Agenda/Decision Item	Action	Officer	Action Status
5.	Student Recruitment Update	The committee requested that an update on final figures on re-enrolment should be provided at the next FPR meeting on 6 November 2018	Nicole Louis	in student recruitment update
6.	Management accounts to July 2018	The committee noted the investment in staffing against flat income. An update would be provided to the next meeting.	Richard Flatman	verbal update
7.	Strategic HR report	<p>The committee requested a break-down of the data of leavers by PSG & academic school and by diversity statistics.</p> <p>The committee requested for a presentation on Staff Engagement Survey at the next meeting on 6 November 2018.</p> <p>The committee noted the age profile of staff and requested that this be addressed in the workforce plan.</p>	<p>Markos Koumaditis</p> <p>Markos Koumaditis</p> <p>Markos Koumaditis</p>	<p>Completed. Breakdown attached</p> <p>on agenda</p> <p>workforce plan on committee plan for Feb 2019</p>
9.	KPI - strategic enablers	The committee requested assurance on how the executive will reverse the decline in NSS at the next meeting on 6 November 2018.	Pat Bailey/Shan Wareing	on agenda

Agenda No	Agenda/Decision Item	Action	Officer	Action Status
13.	Committee business plan	The committee requested that workforce planning is discussed at its meeting on 26 February 2019.	Markos Koumaditis	on committee plan

Shape of the Workforce

Break-down of the data of leavers by PSG & academic school and by diversity statistics

1.0 Background

As requested at the last meeting this update provides confidential information on the shape of the workforce by analysing the characteristics of those electing for Voluntary Severance (60) and those going through Compulsory Redundancy (36).

2.0 Trends

2.1 Voluntary Severance

- A significantly higher proportion of white staff opting for VS compared to the overall LSBU population (79.31% of VS group compared to 58.45% of all staff).
- The majority of people accepting VS are 55-64 years of age, whereas the majority of staff at LSBU are 35-44 years of age.
- 8.62% of the staff opting for VS have a disability compared to 4.79% of the workforce.

2.2 Compulsory Redundancy

While it is noted that the sample size for analysis is small (36), the following trends are identified:

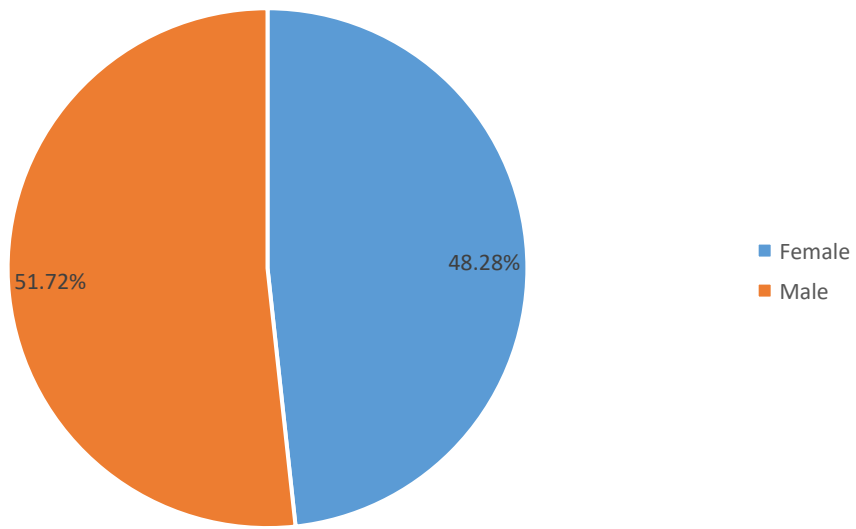
- 11% of those made redundant are disabled, compared to 4.79% of the LSBU population.
- The number of BAME staff made redundant is 50% and is much higher than the BAME LSBU population (28.13%).
- 11% of those aged 65-74 made redundant, compared to 5.39% of the LSBU population.

3.0 Voluntary Severance

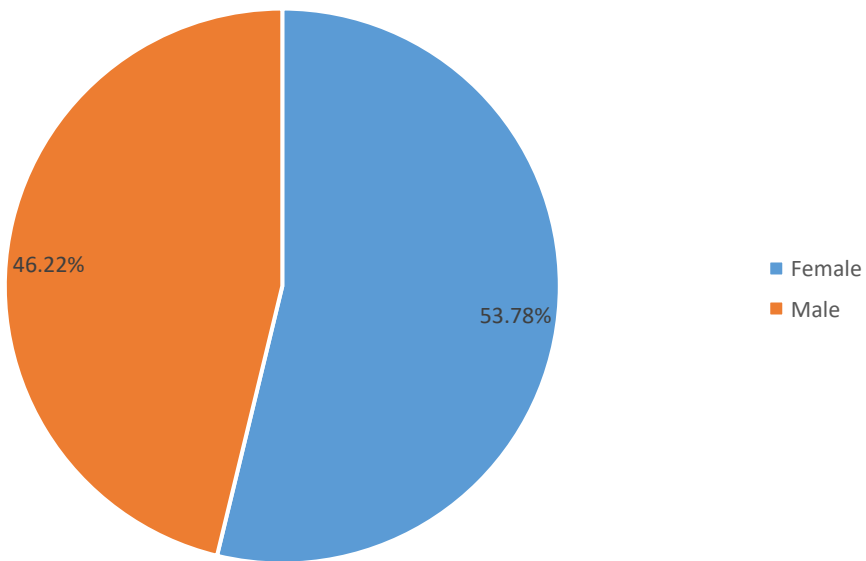
Data of LSBU population compared to VS population (October 2018) are presented below.

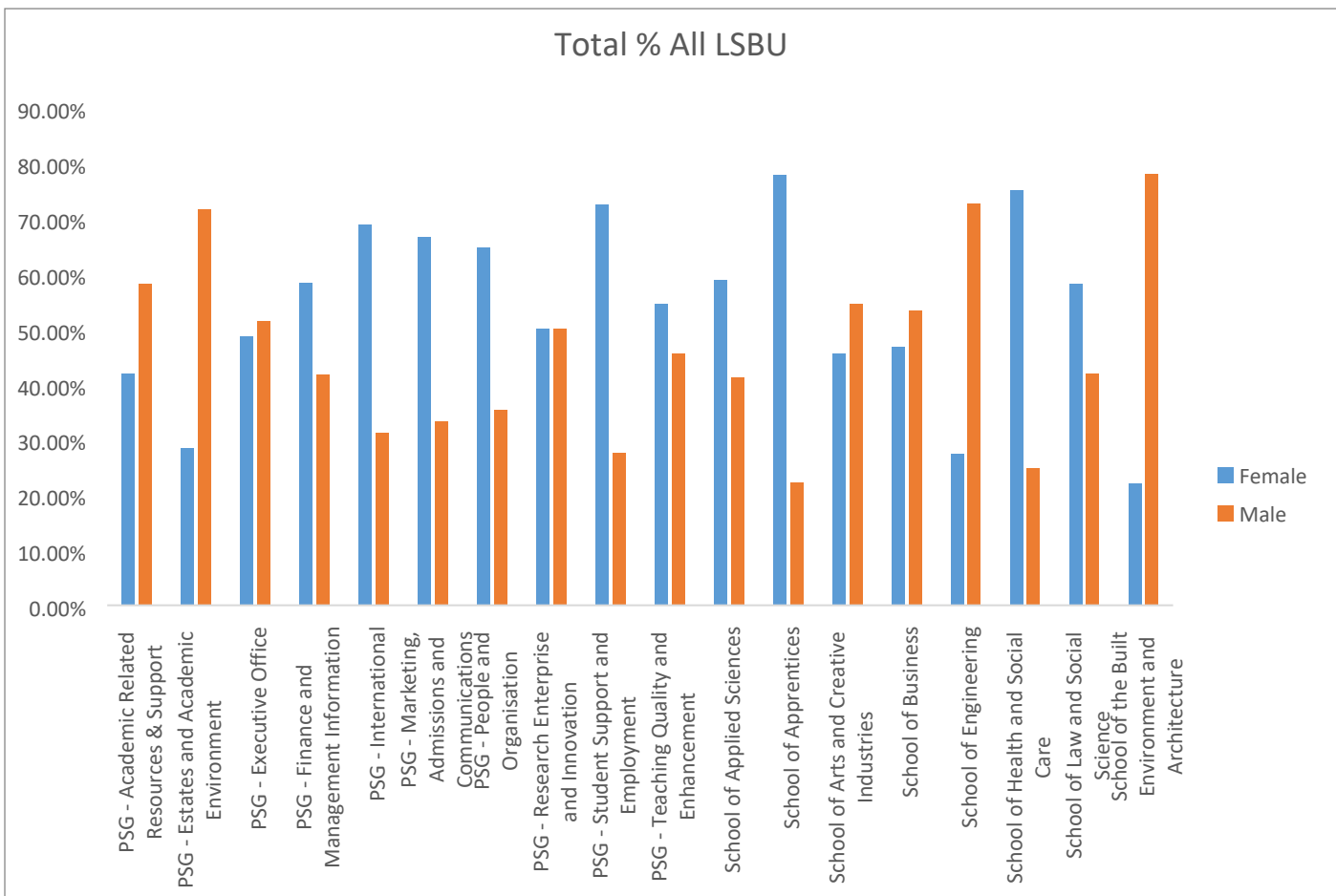
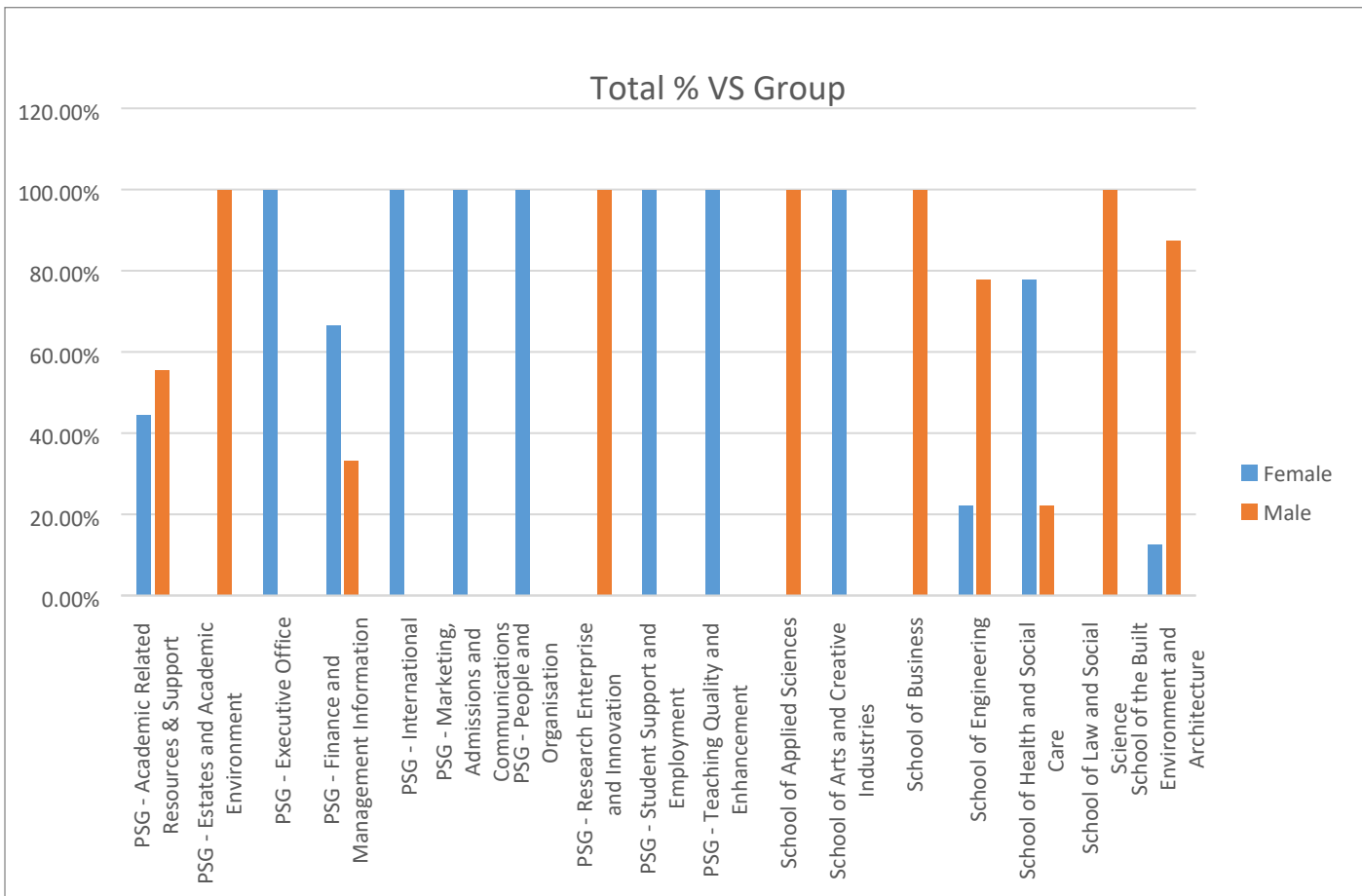
Gender

Total VS Group

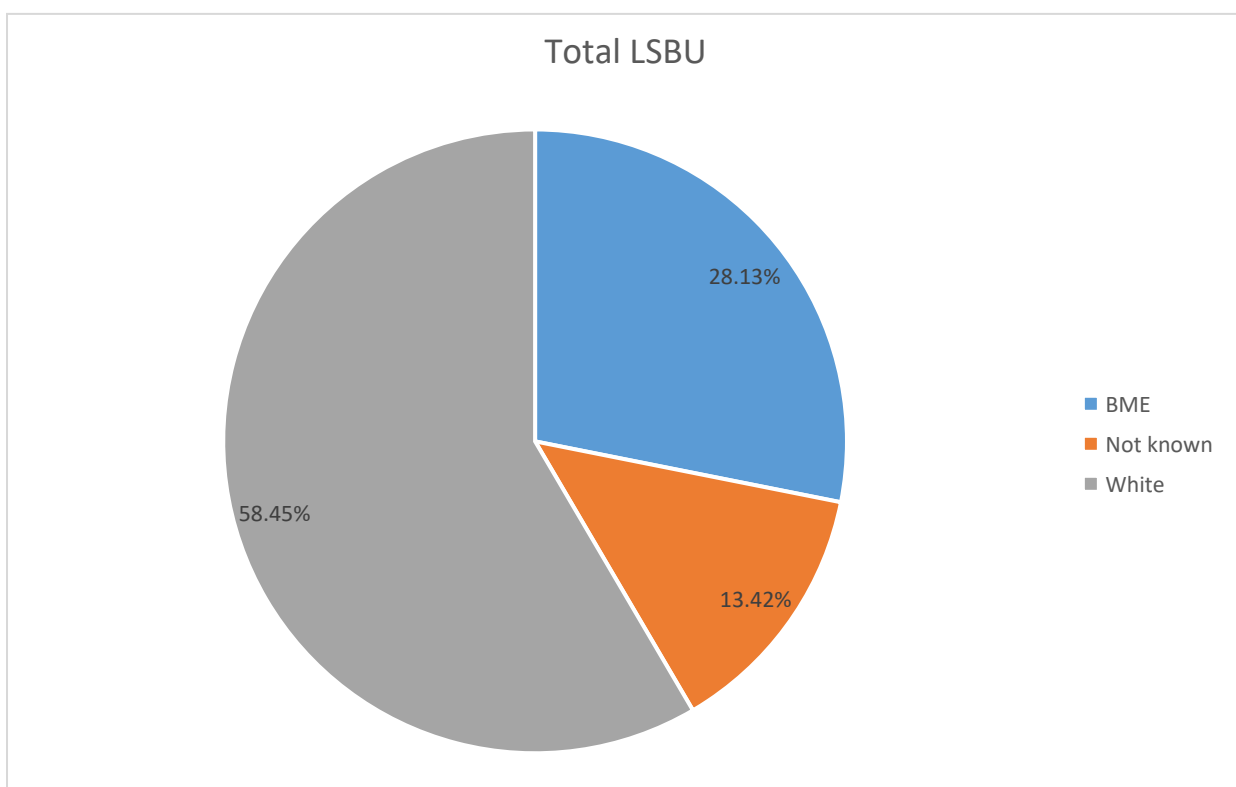
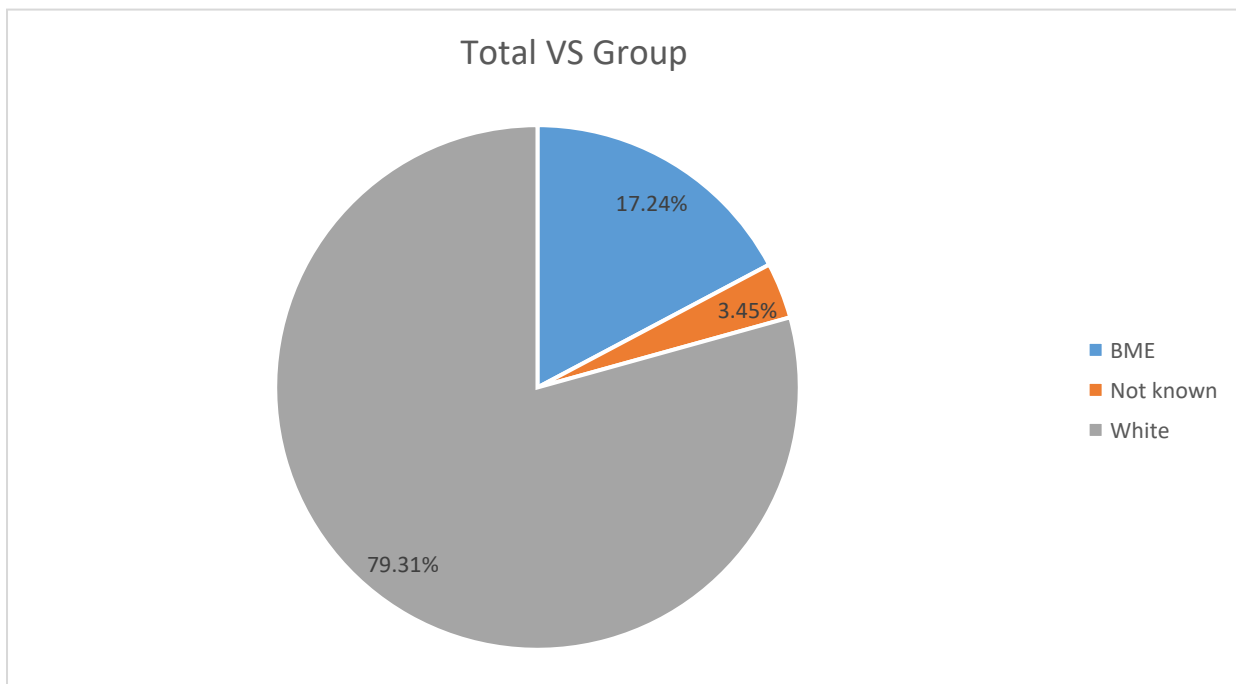


Total All LSBU

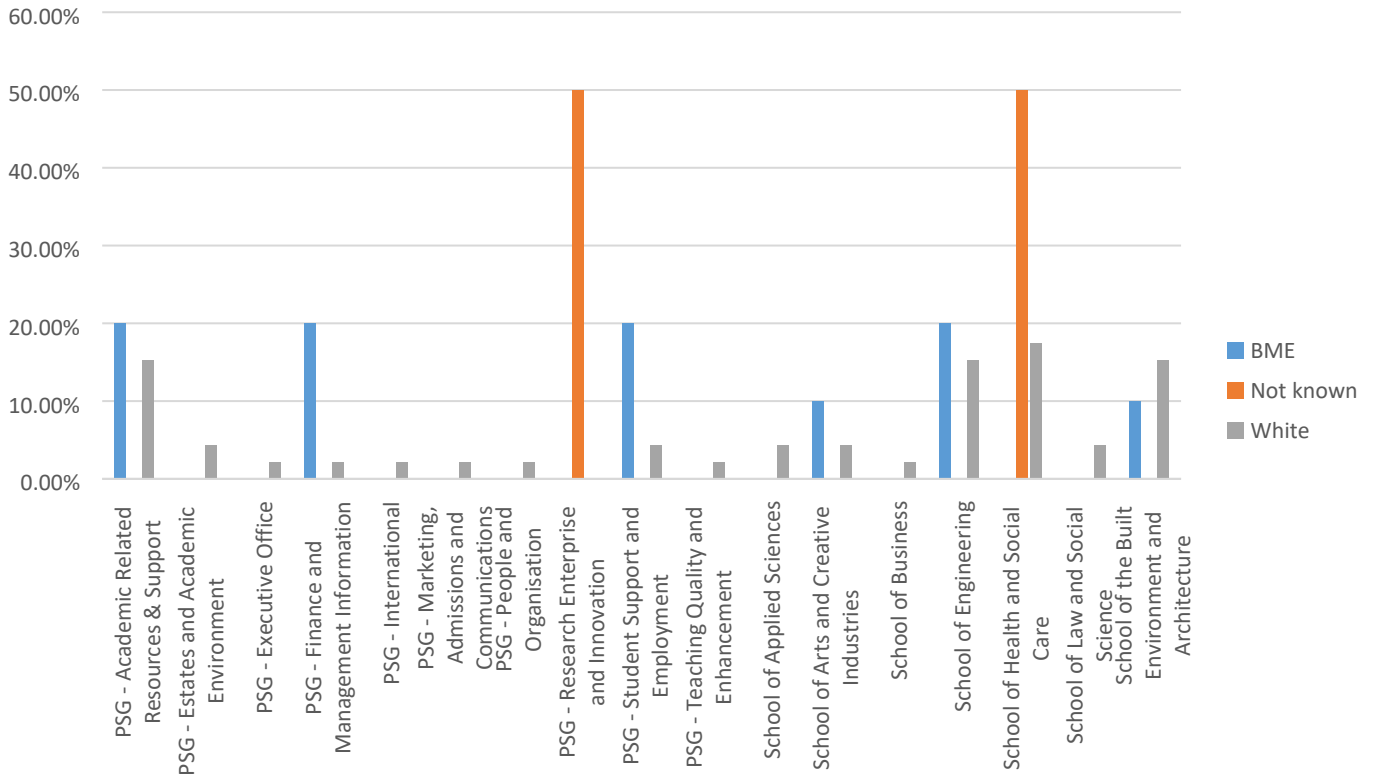




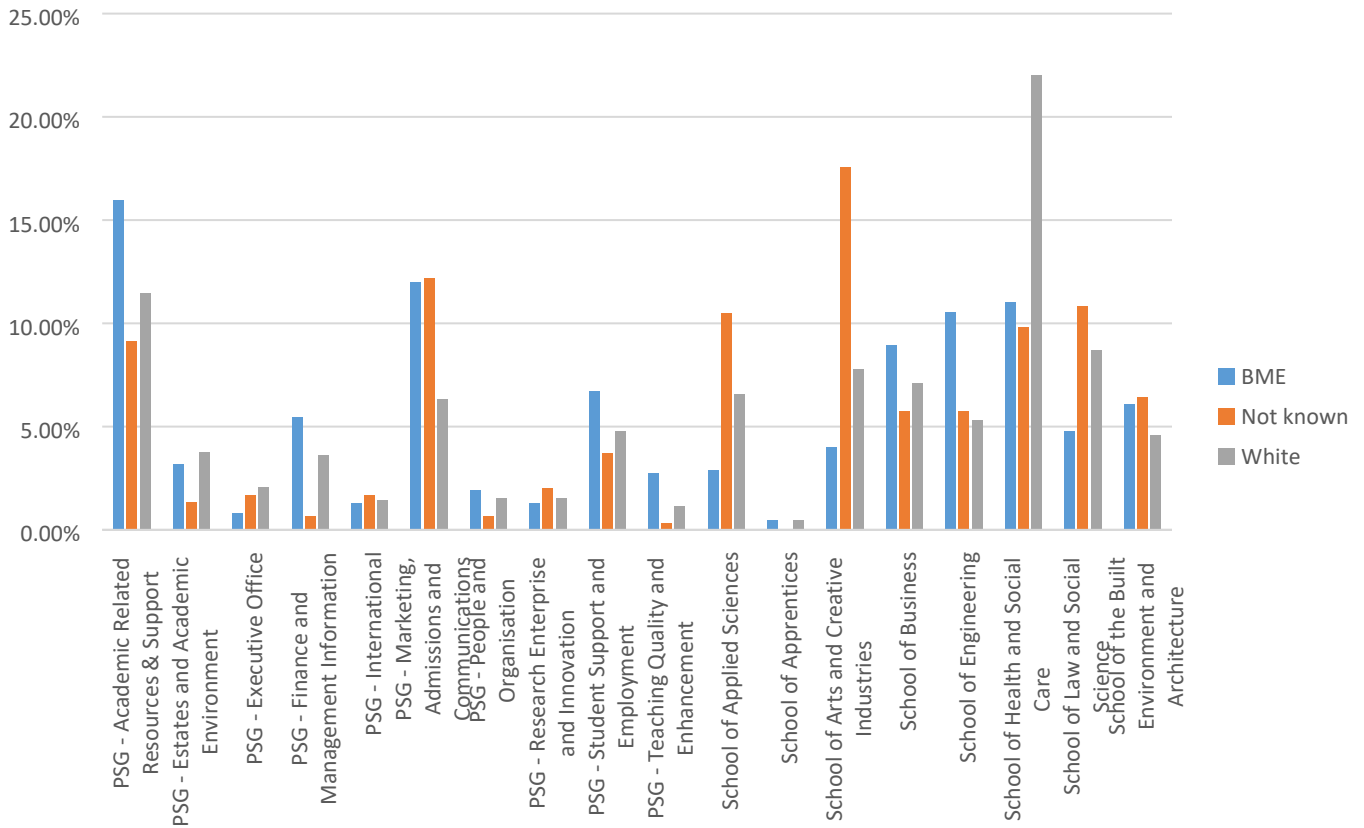
Ethnicity



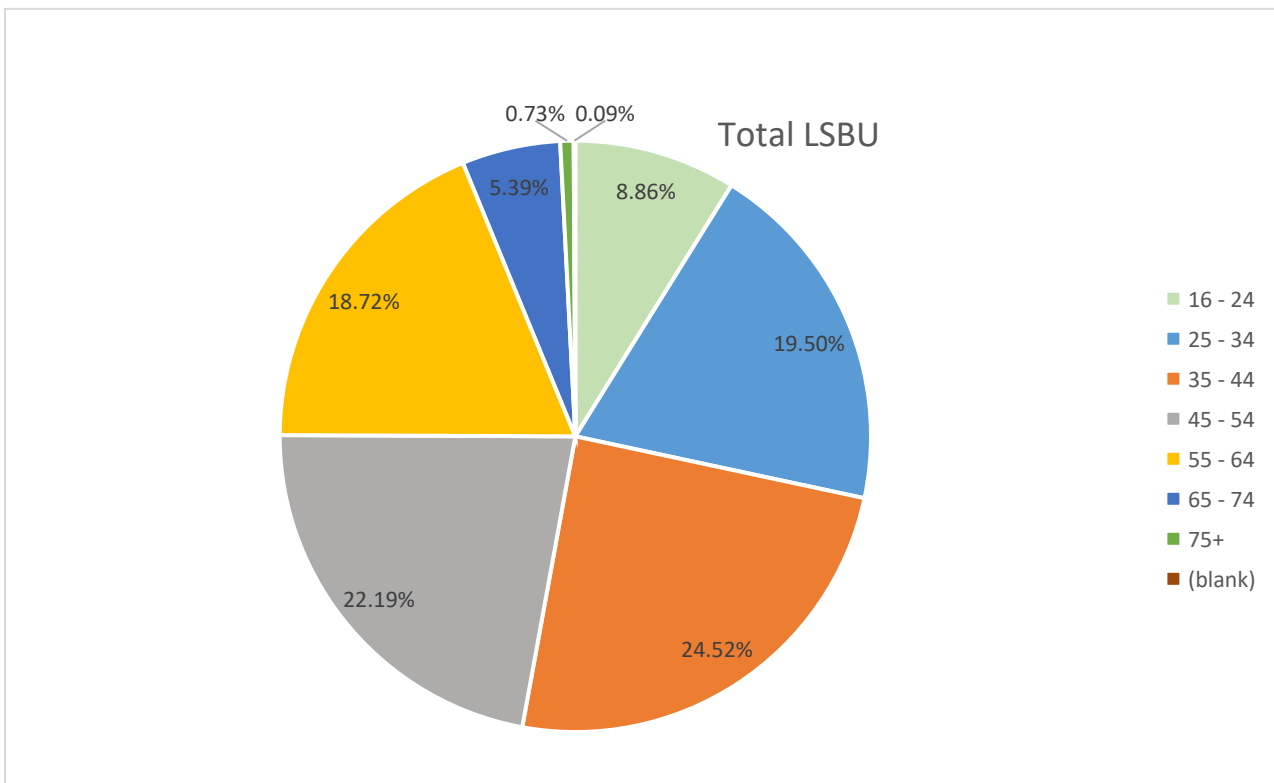
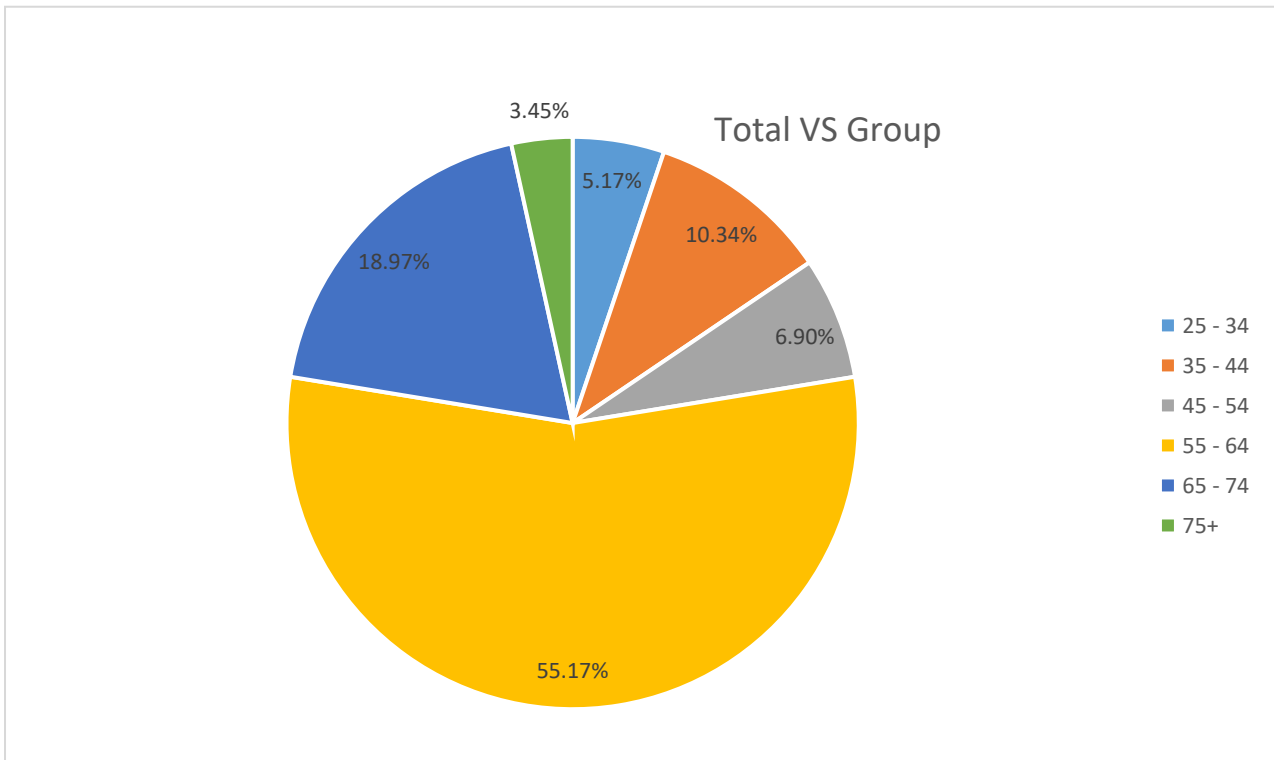
Total % VS Group



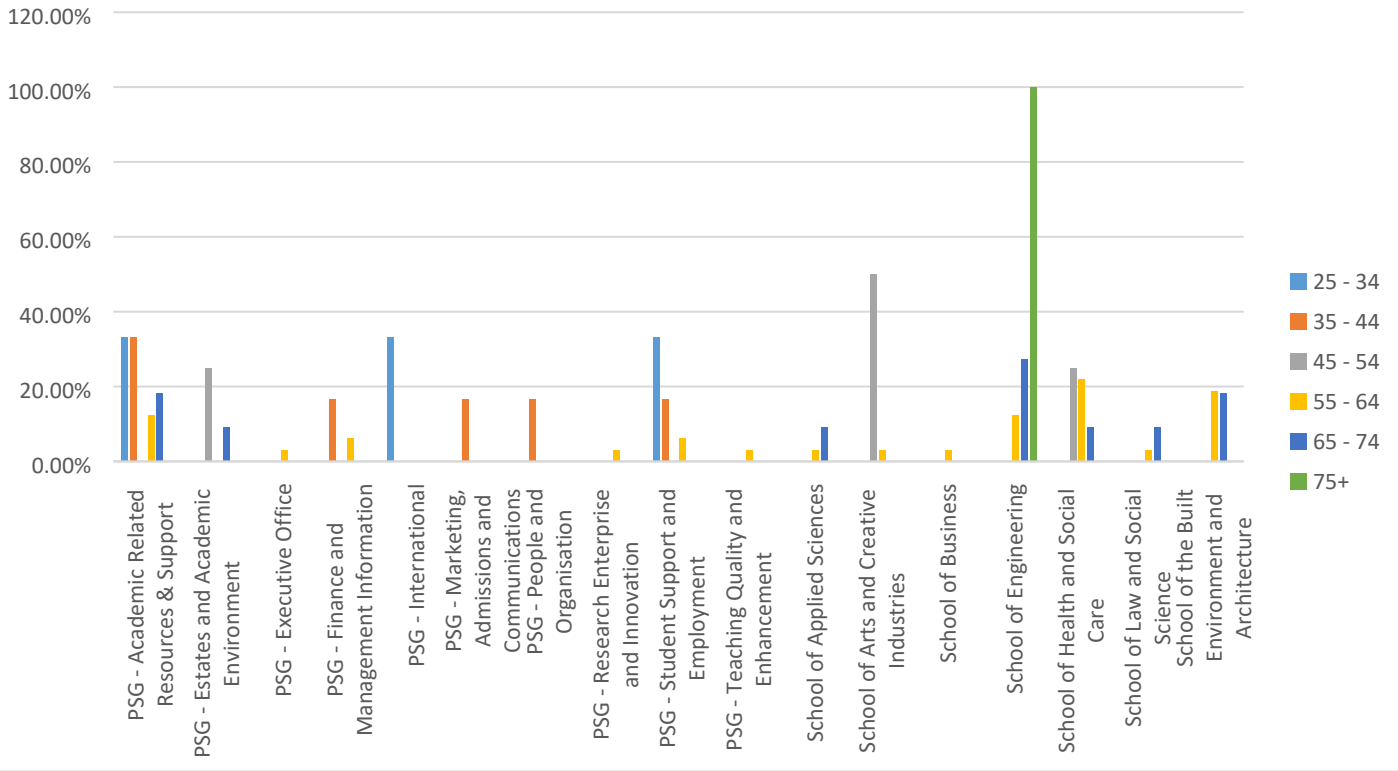
Total % All LSBU



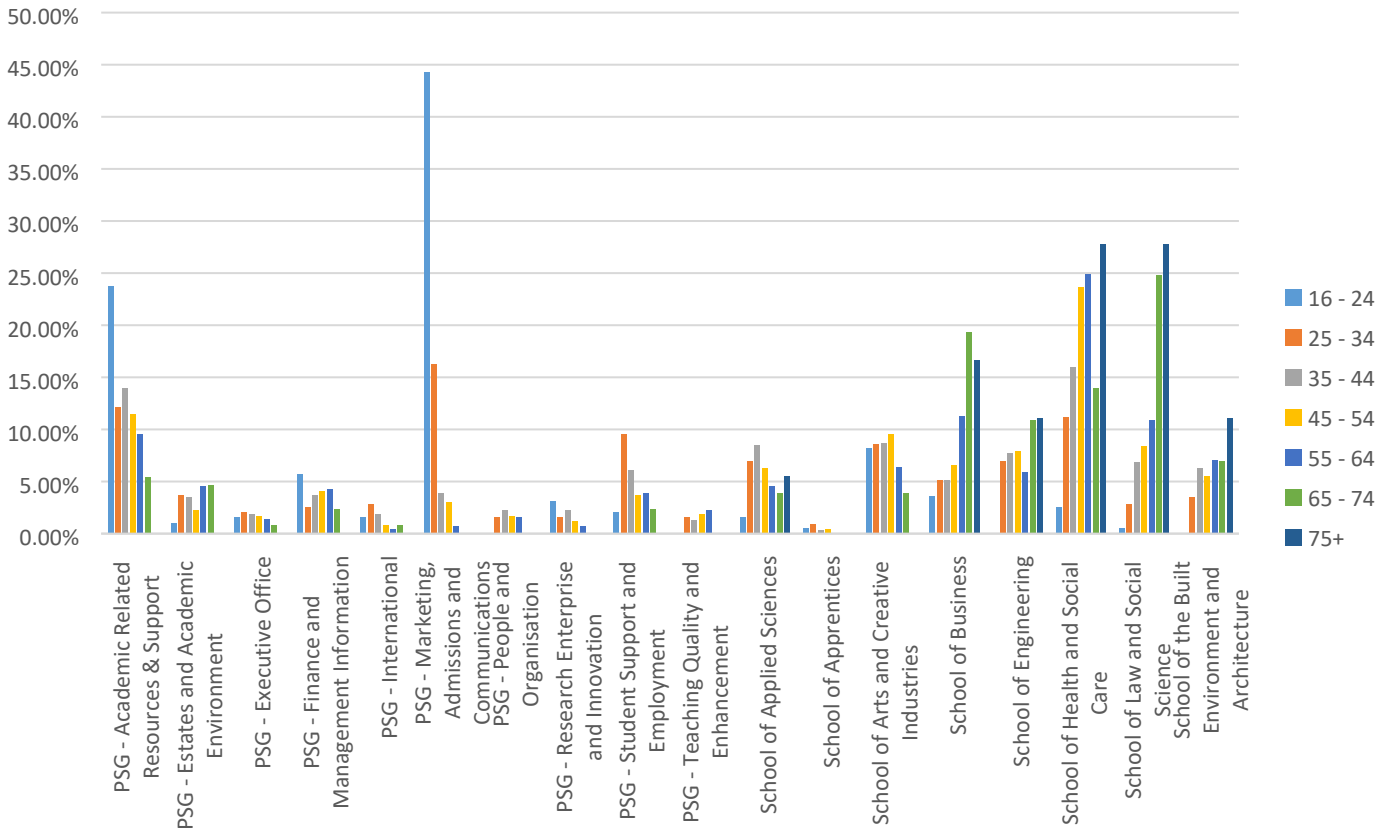
Age



Total % VS Group

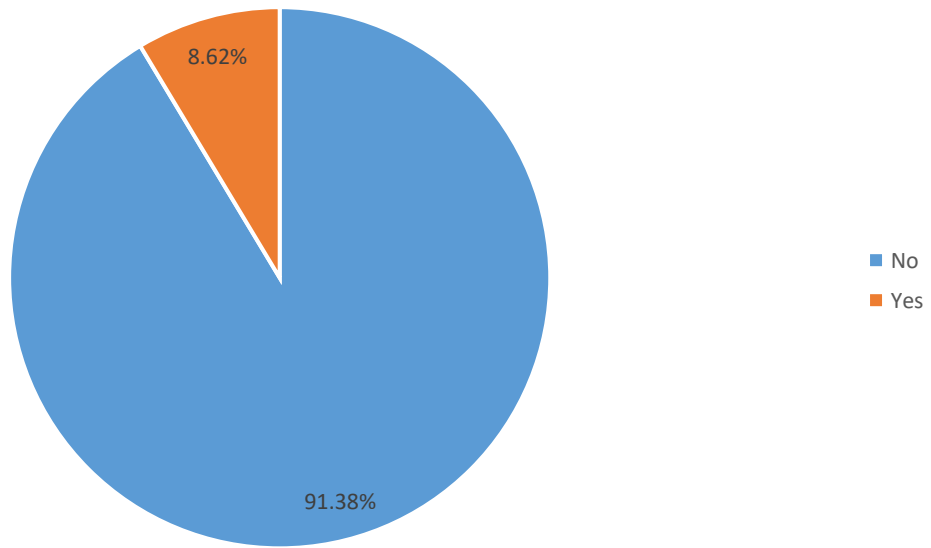


Total % All employees

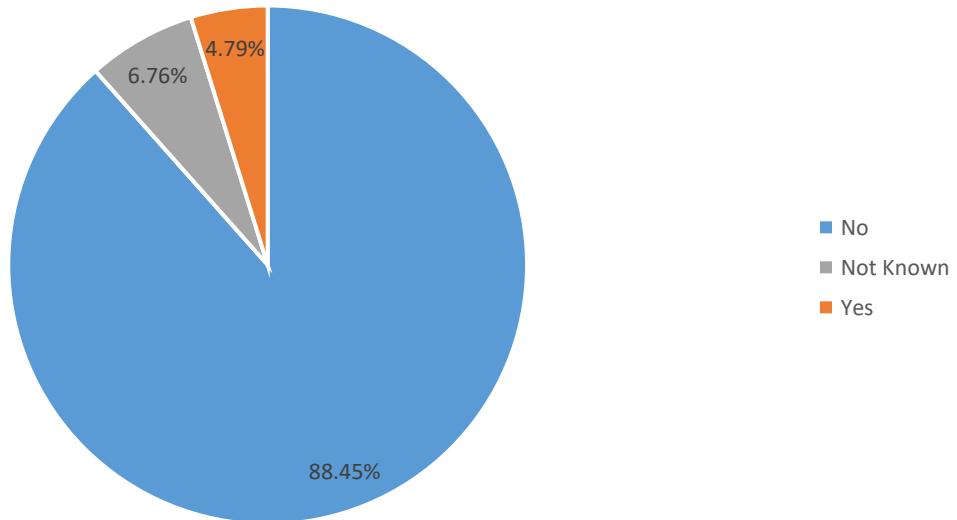


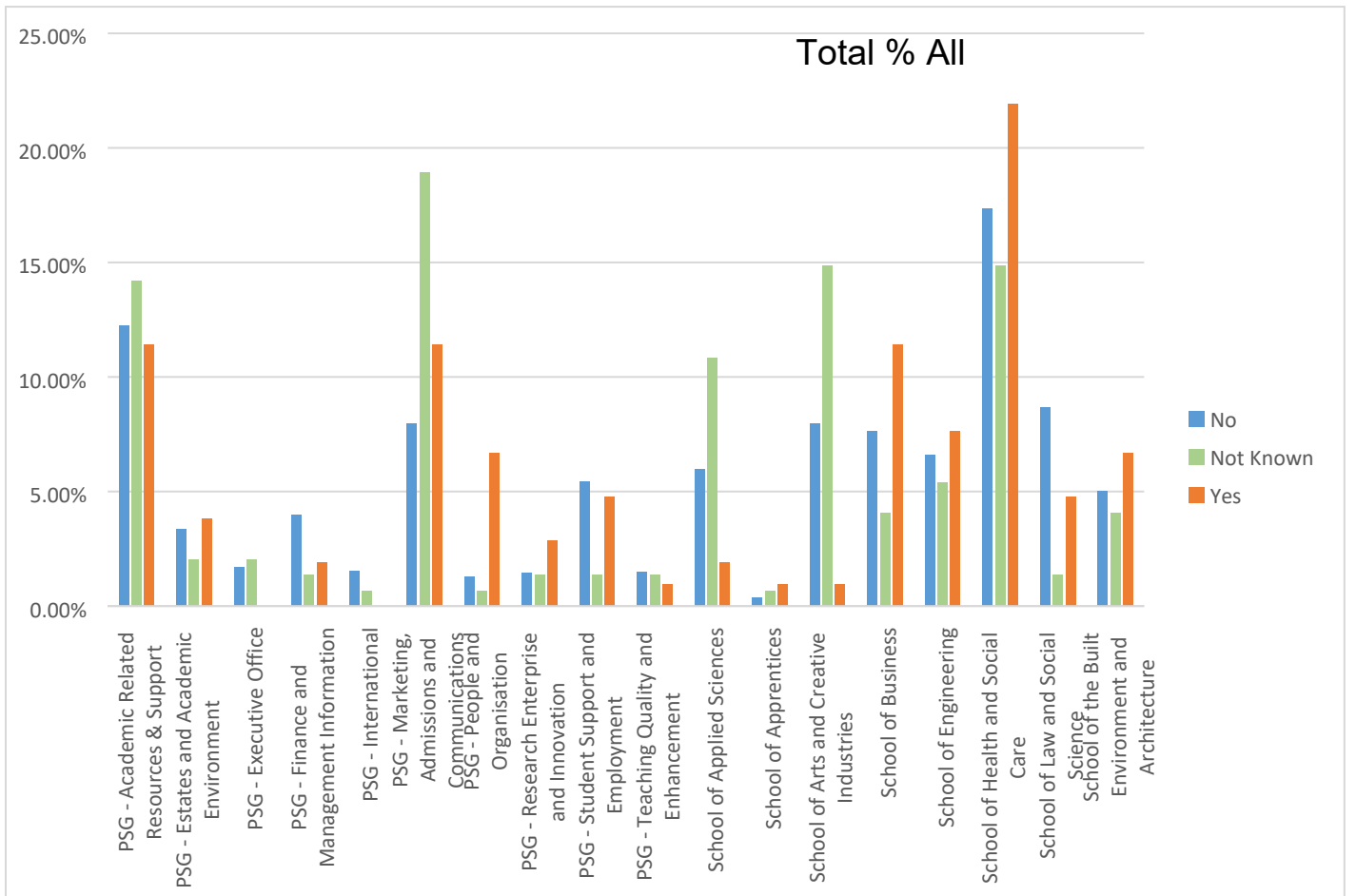
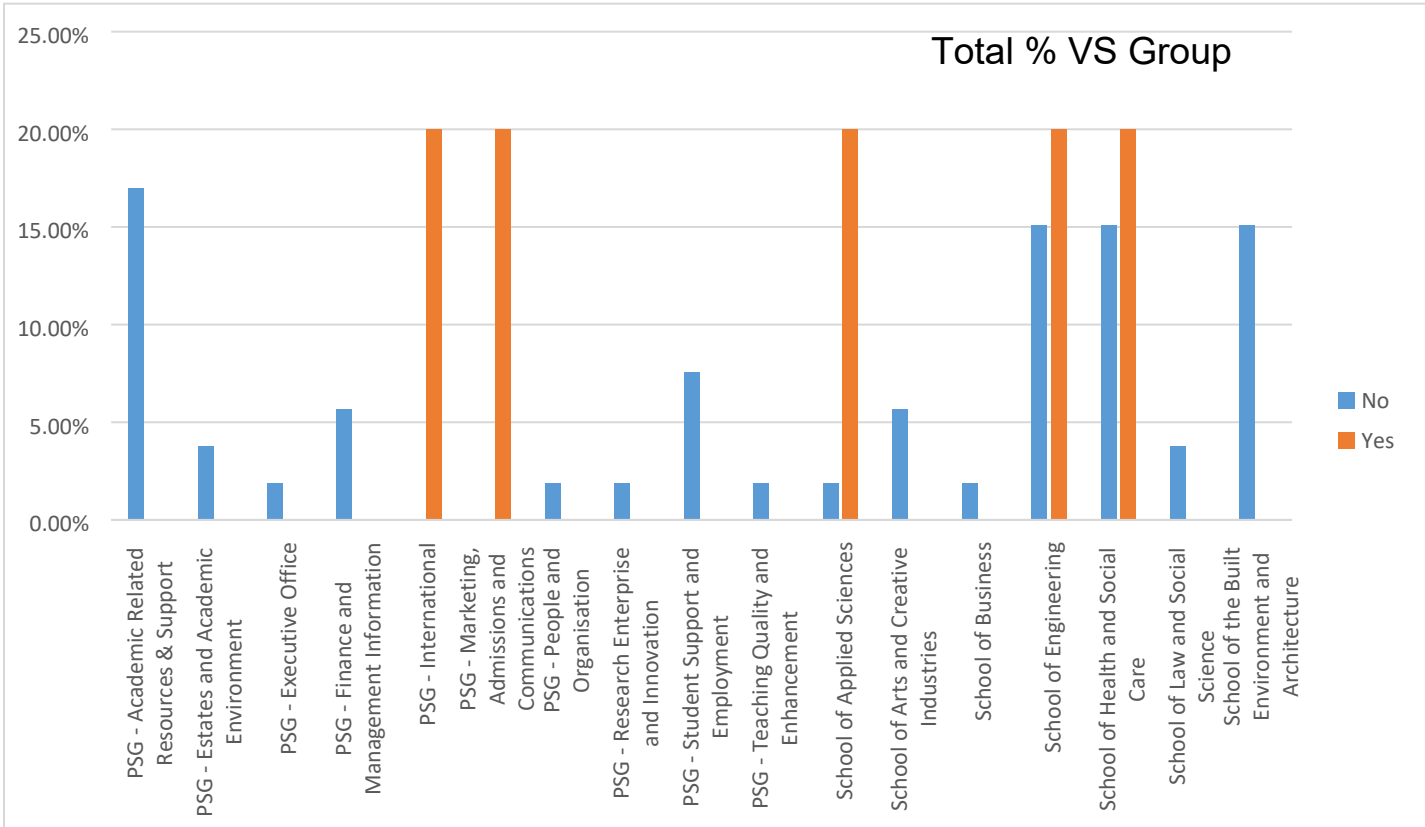
Disability

Total VS Group

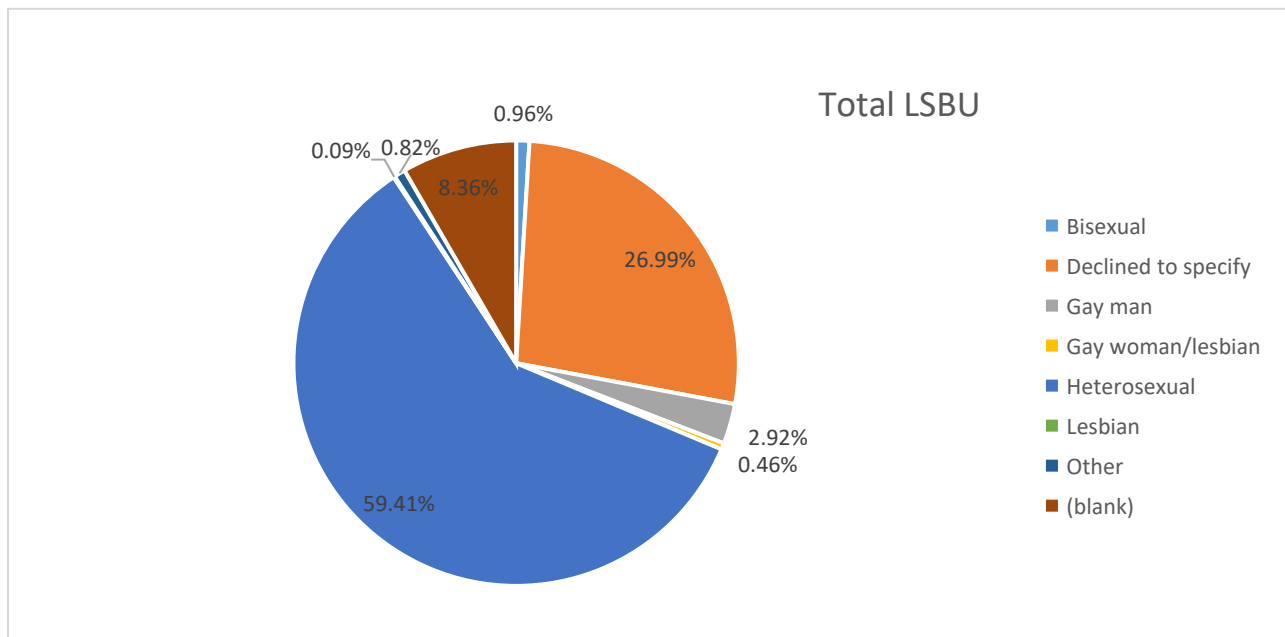
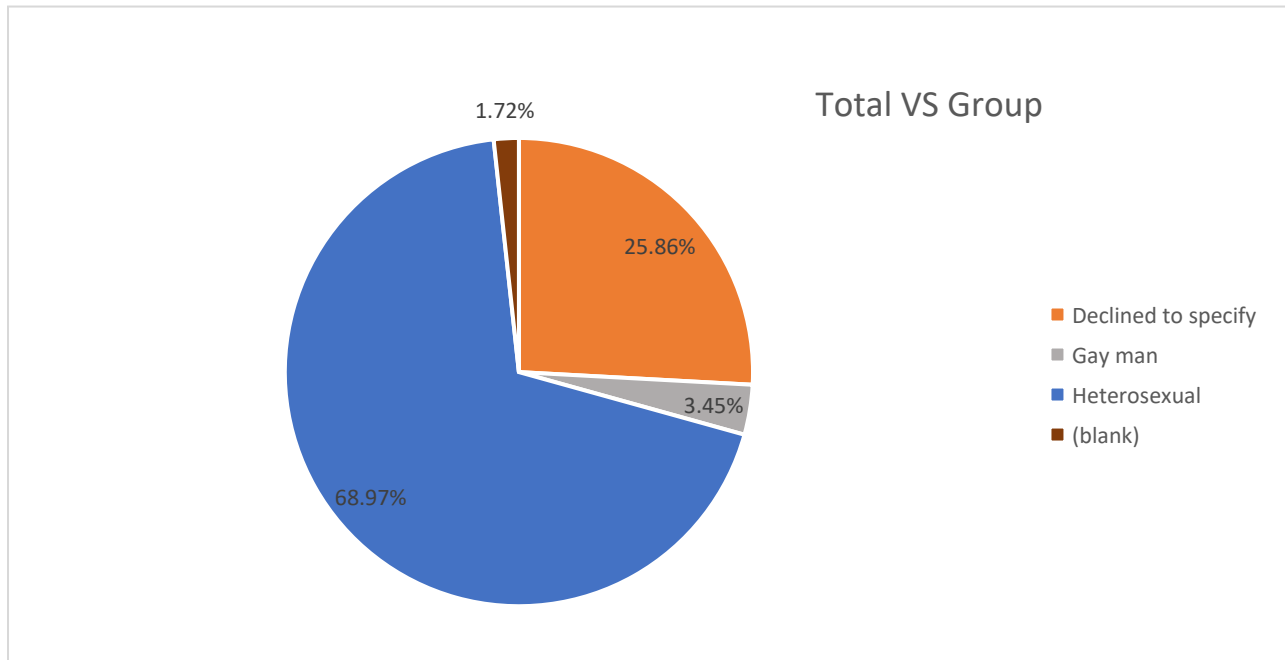


Total LSBU

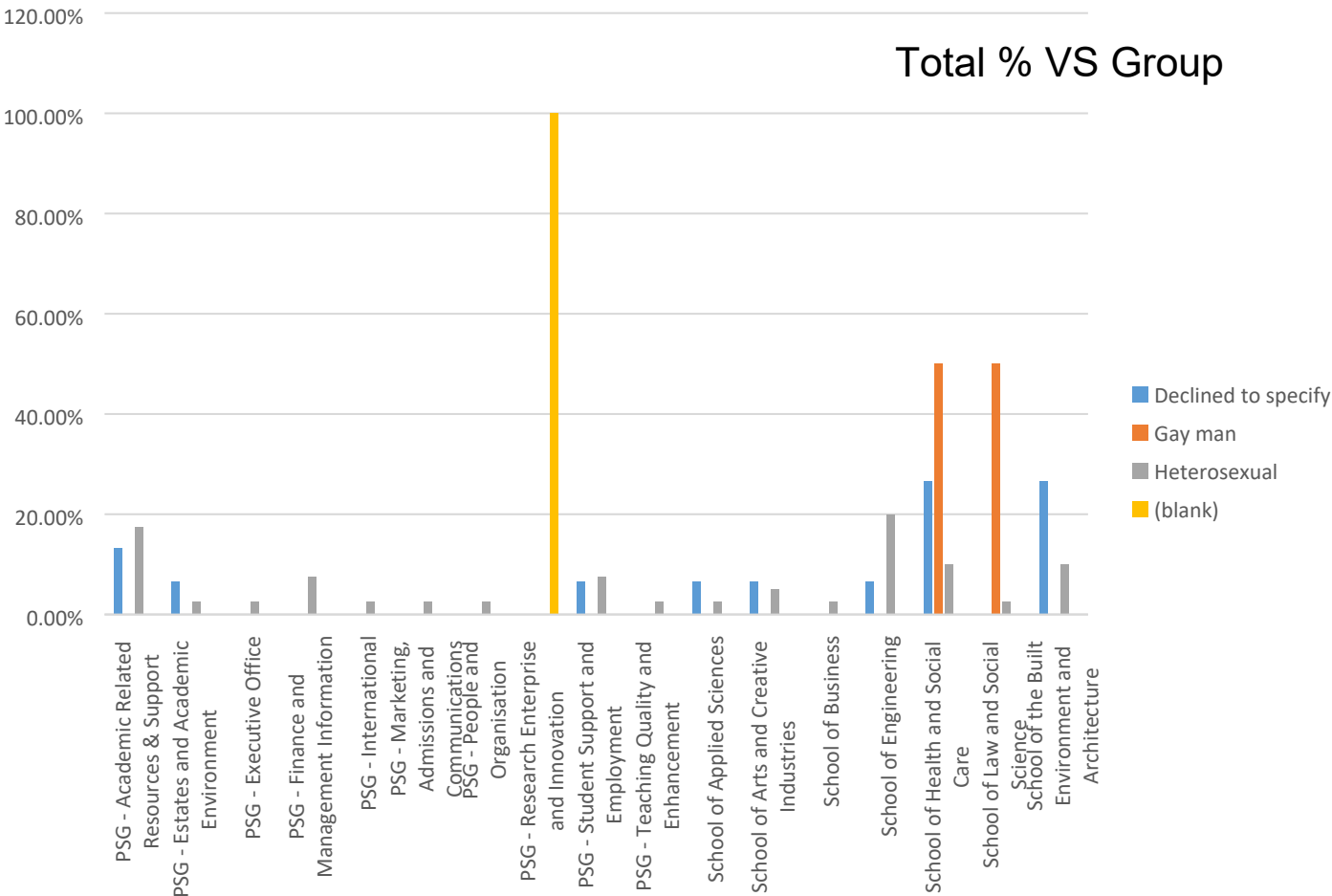




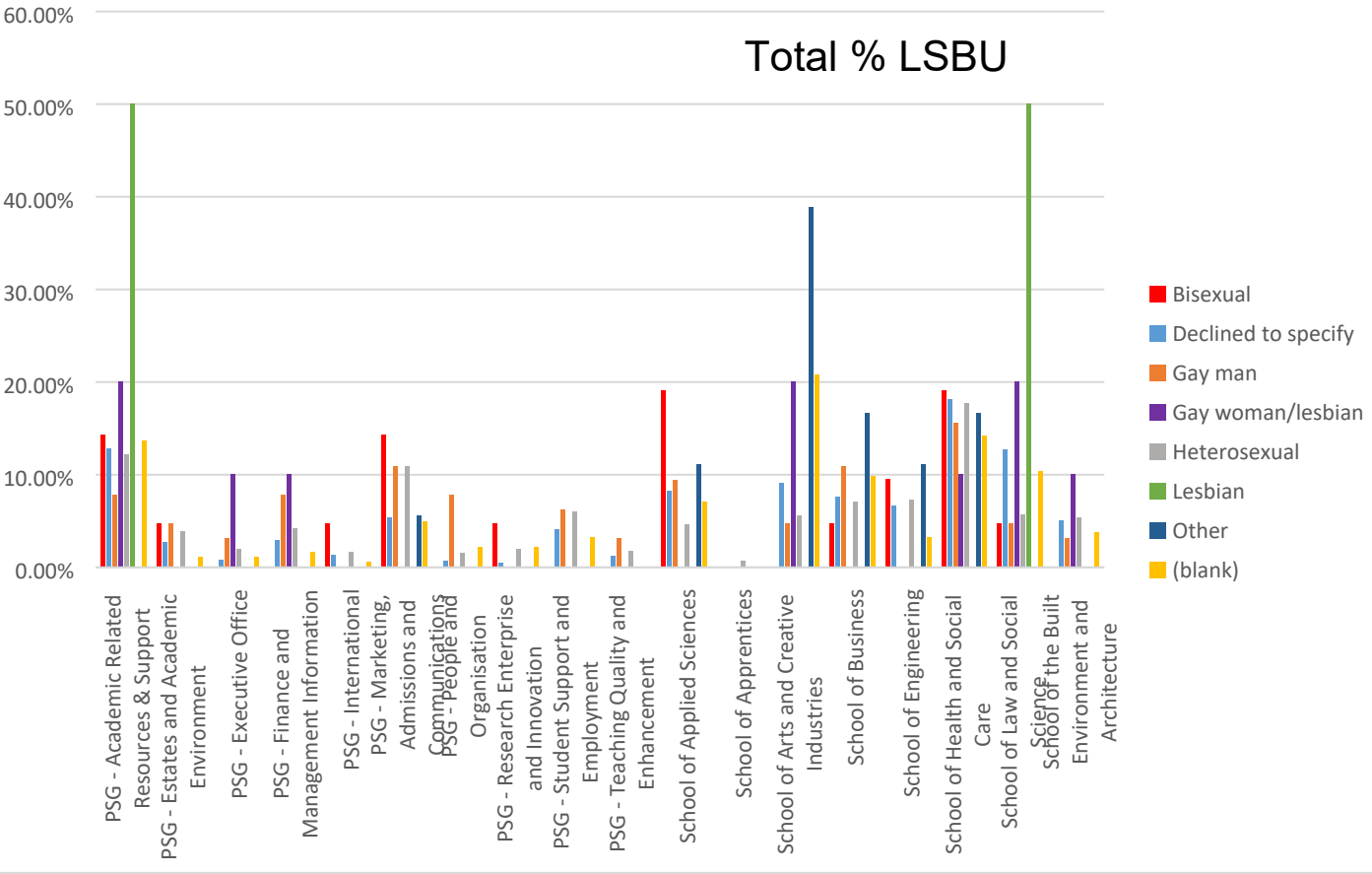
Sexuality



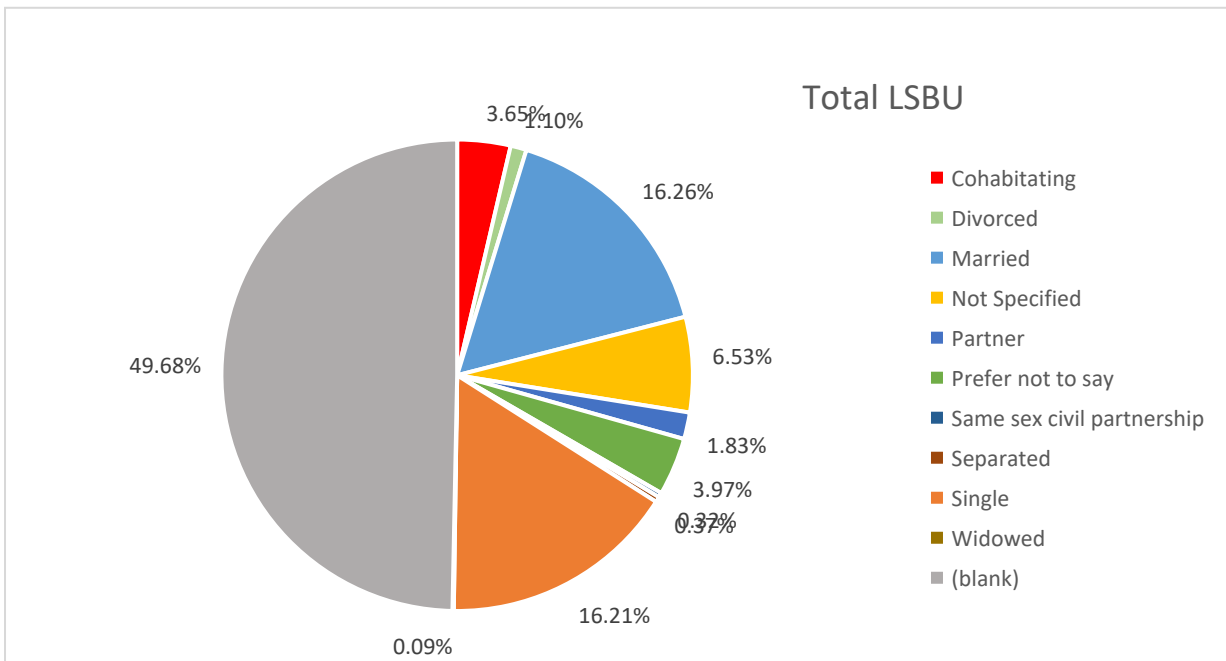
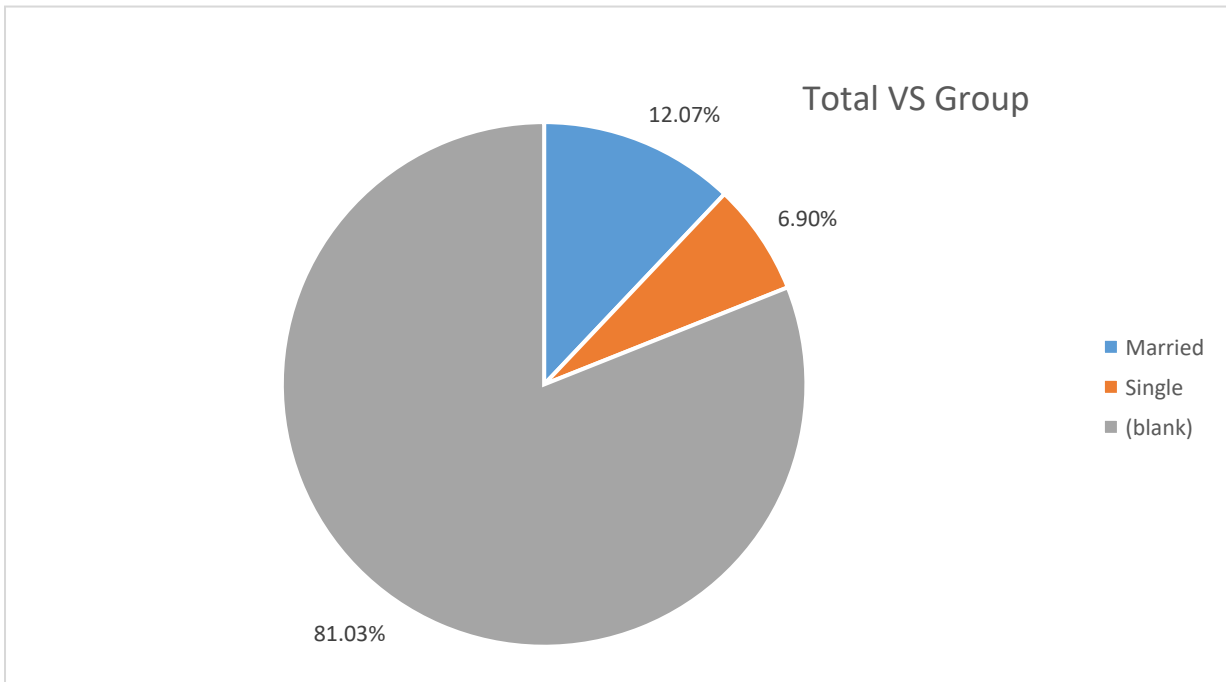
Total % VS Group

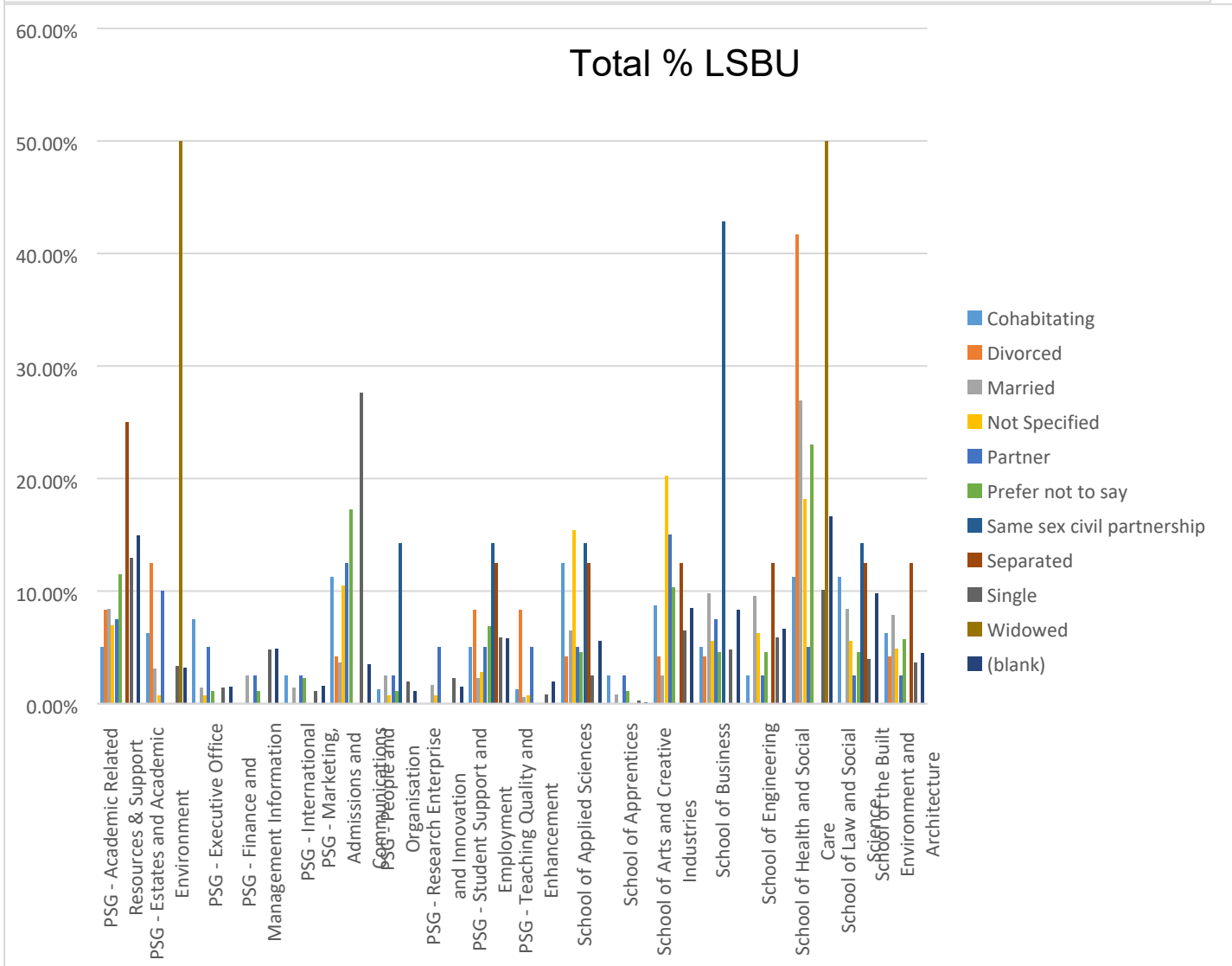
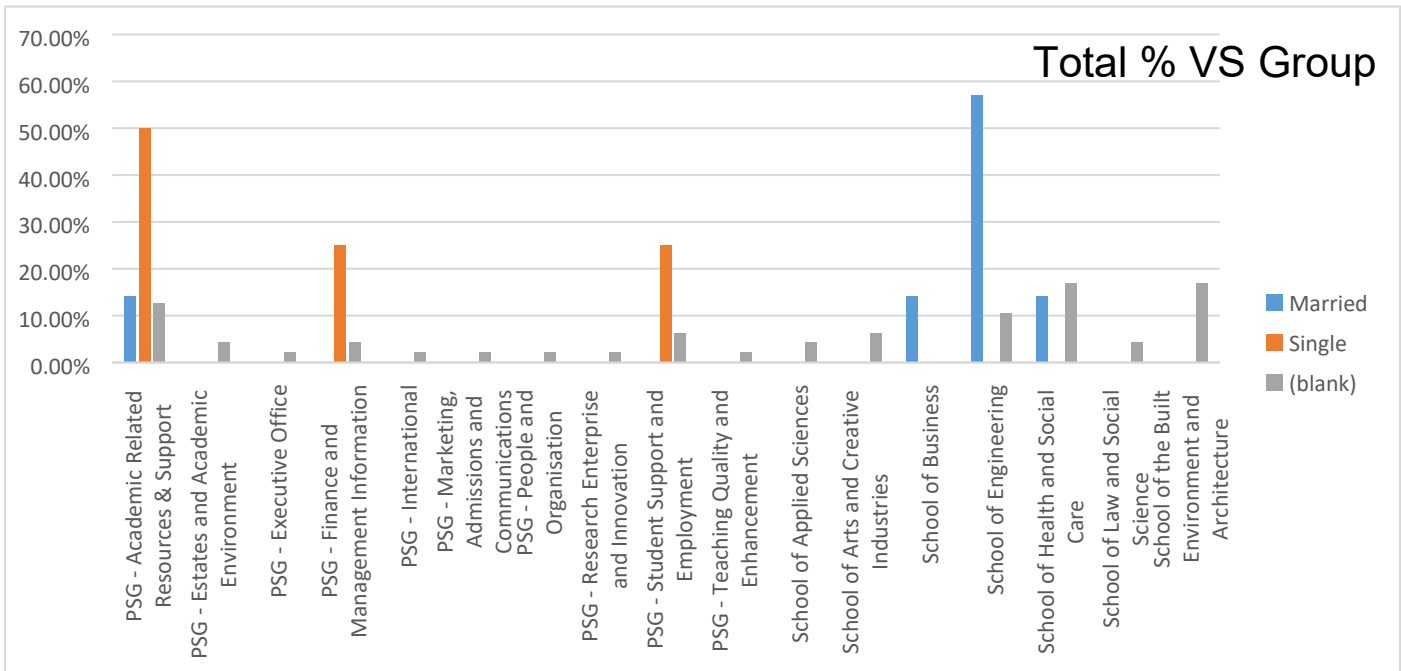


Total % LSBU



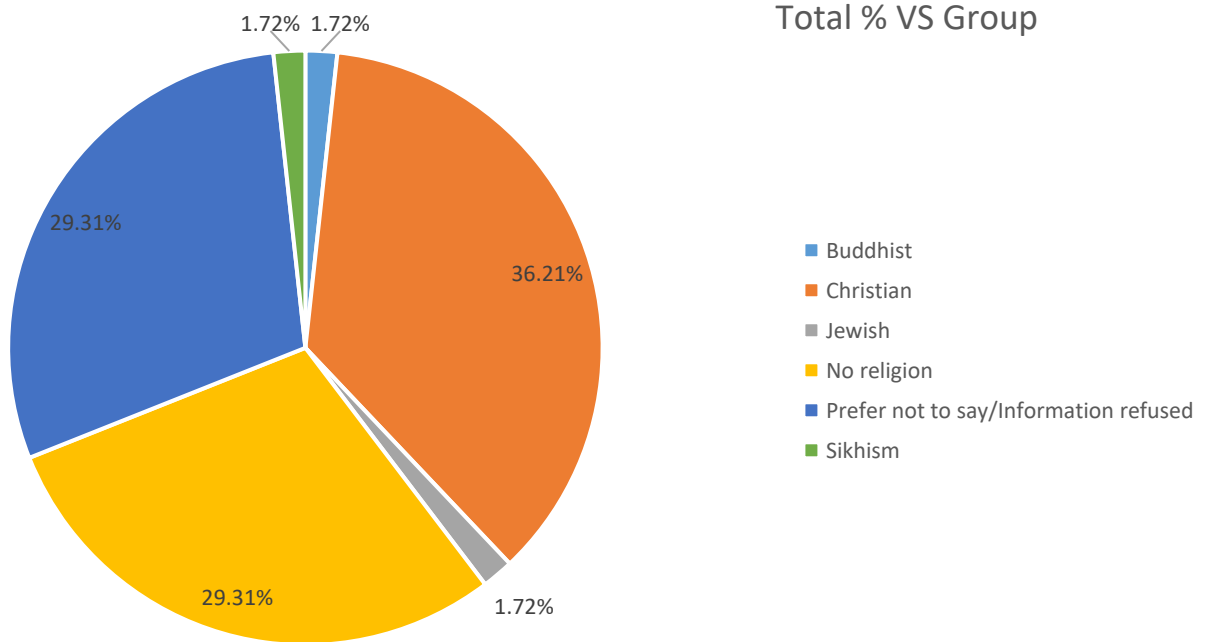
Marital Status



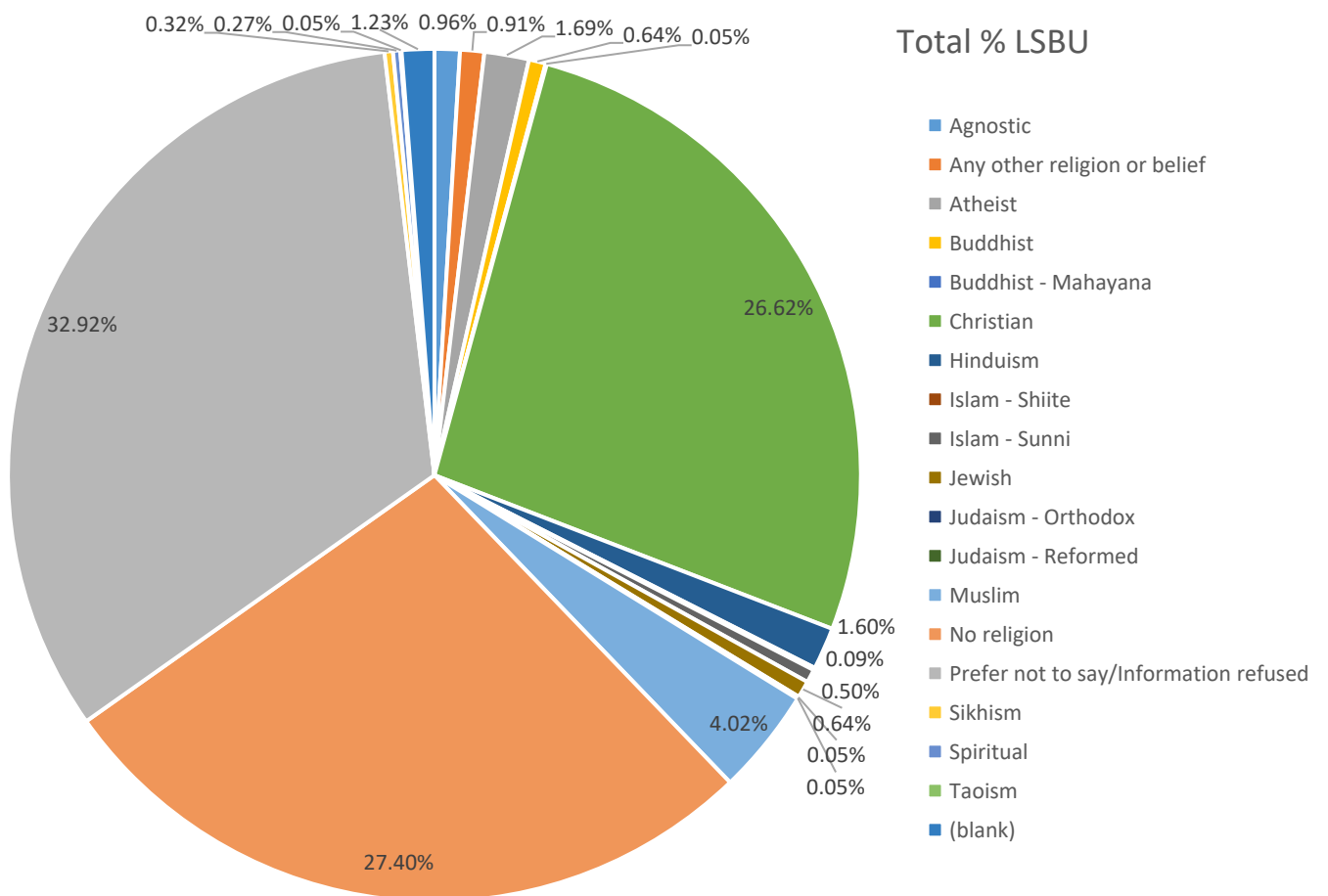


Religion

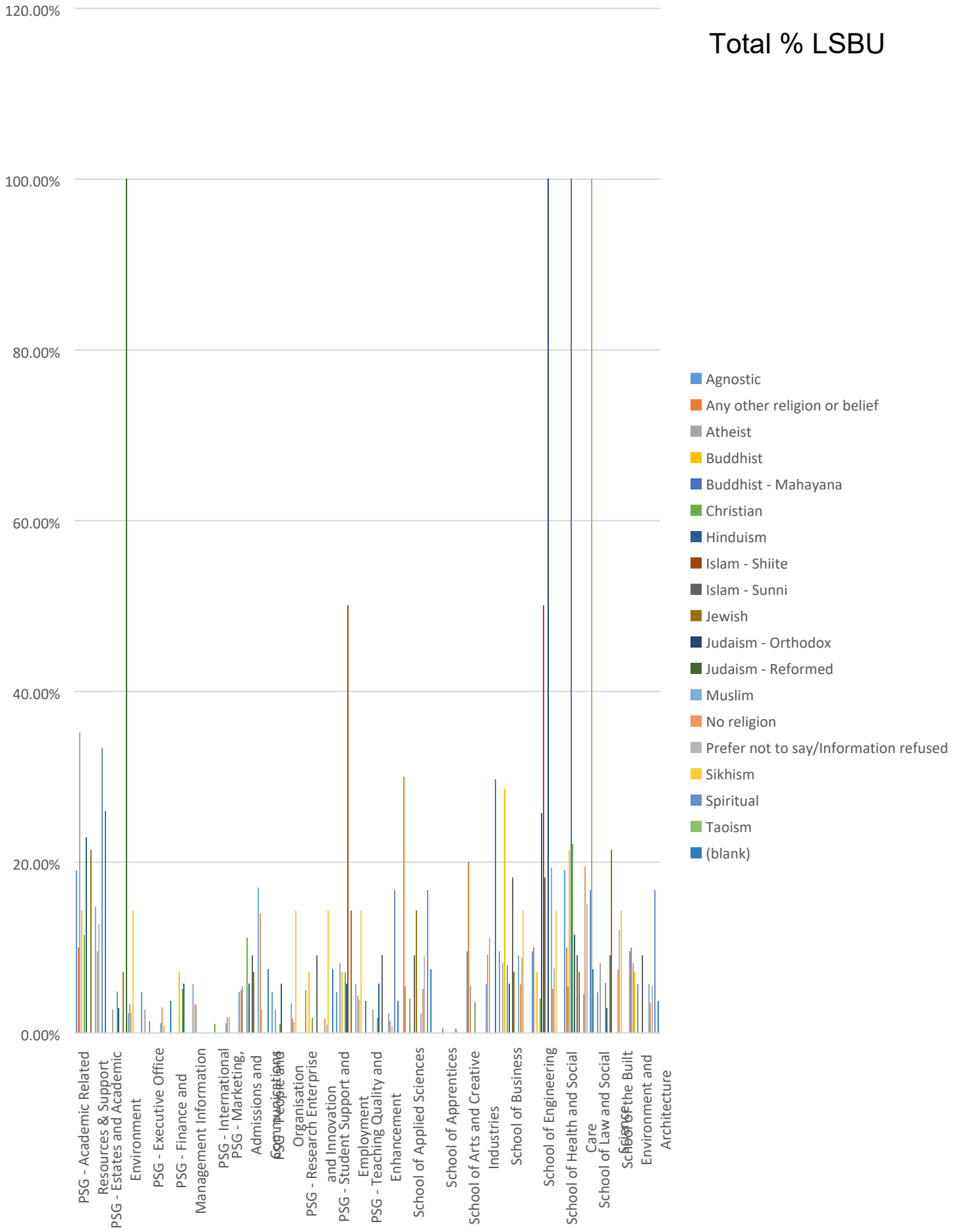
Total % VS Group



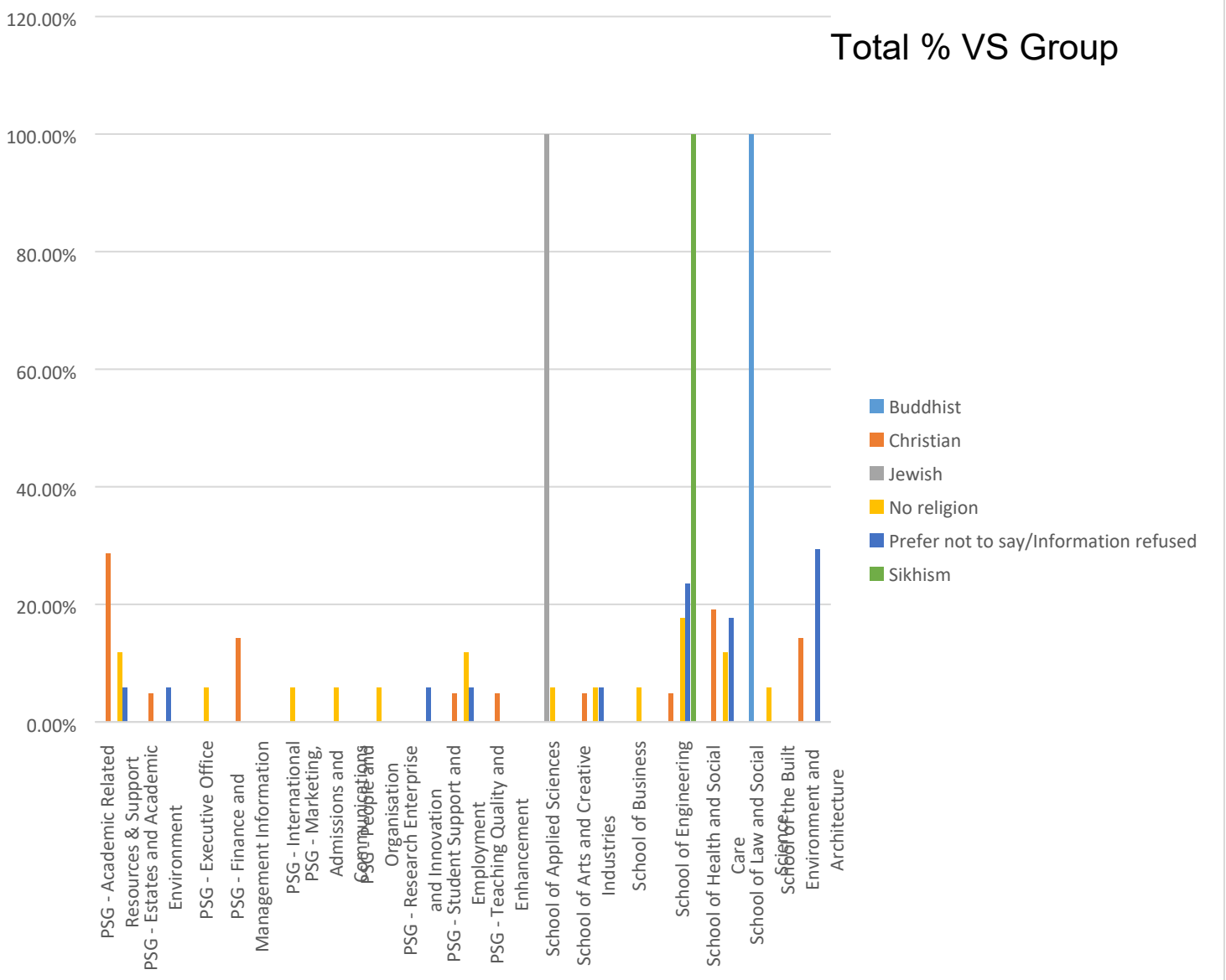
Total % LSBU



Total % LSBU

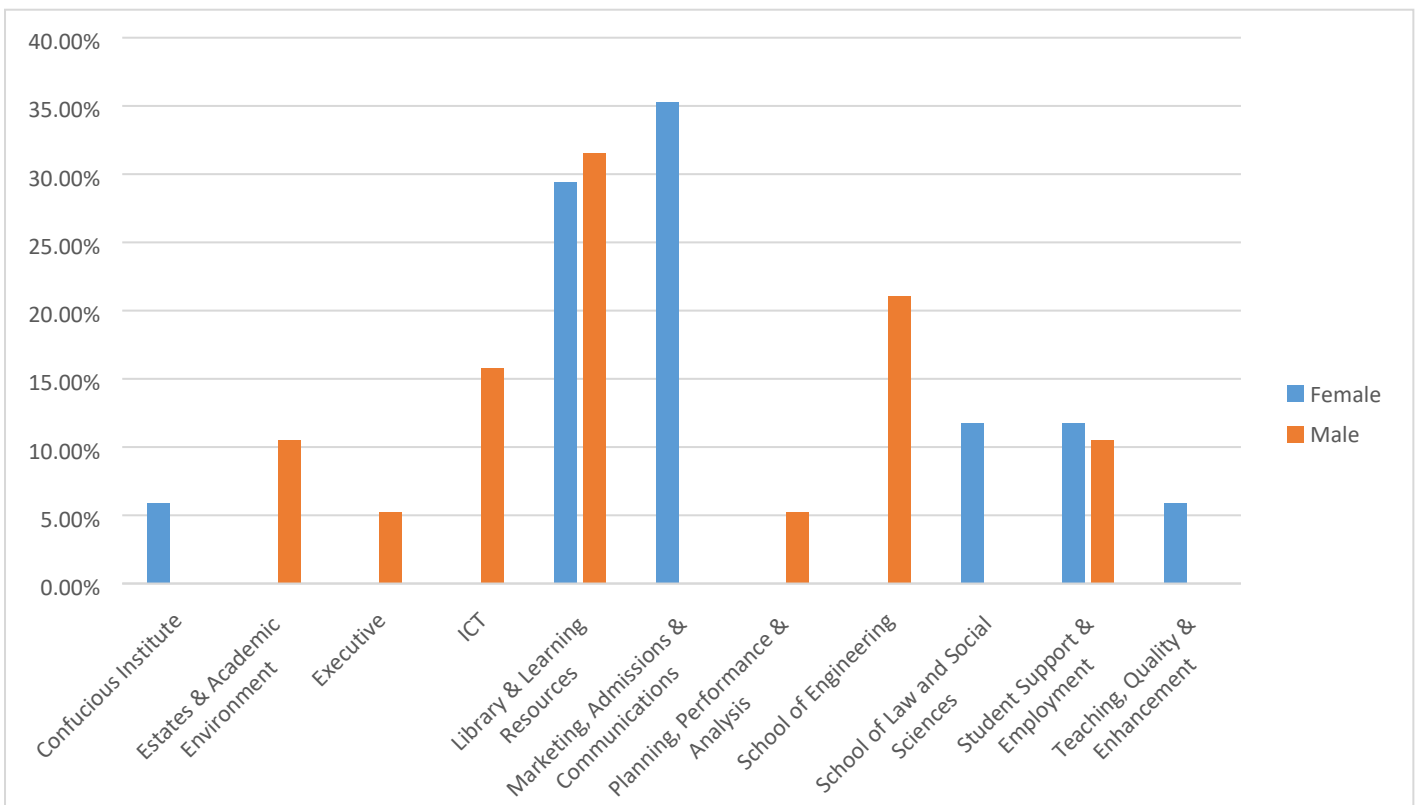
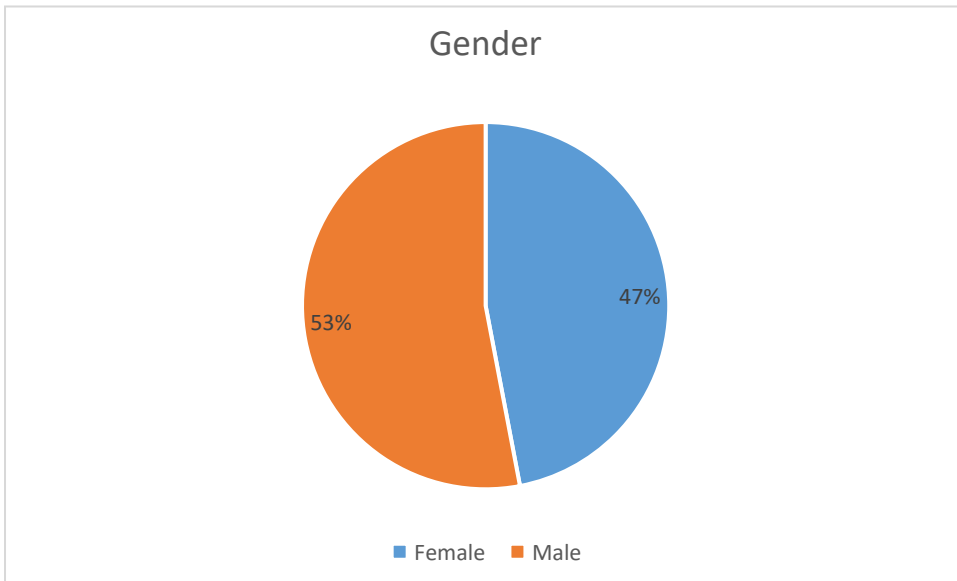


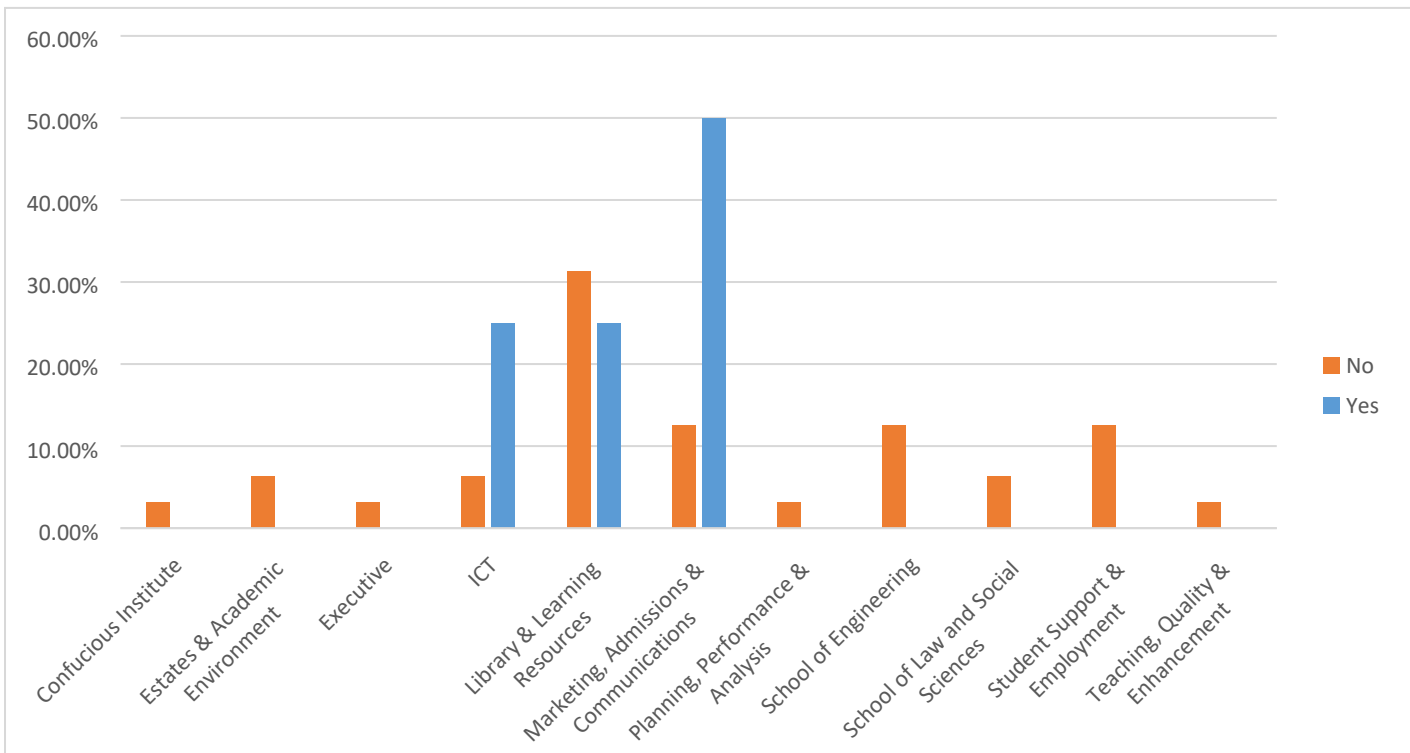
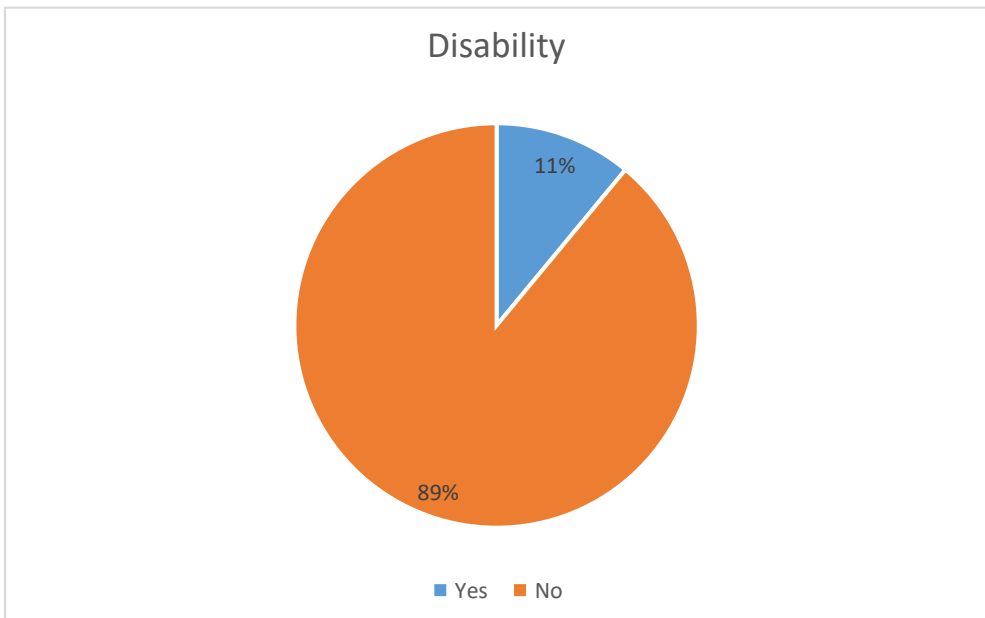
Total % VS Group

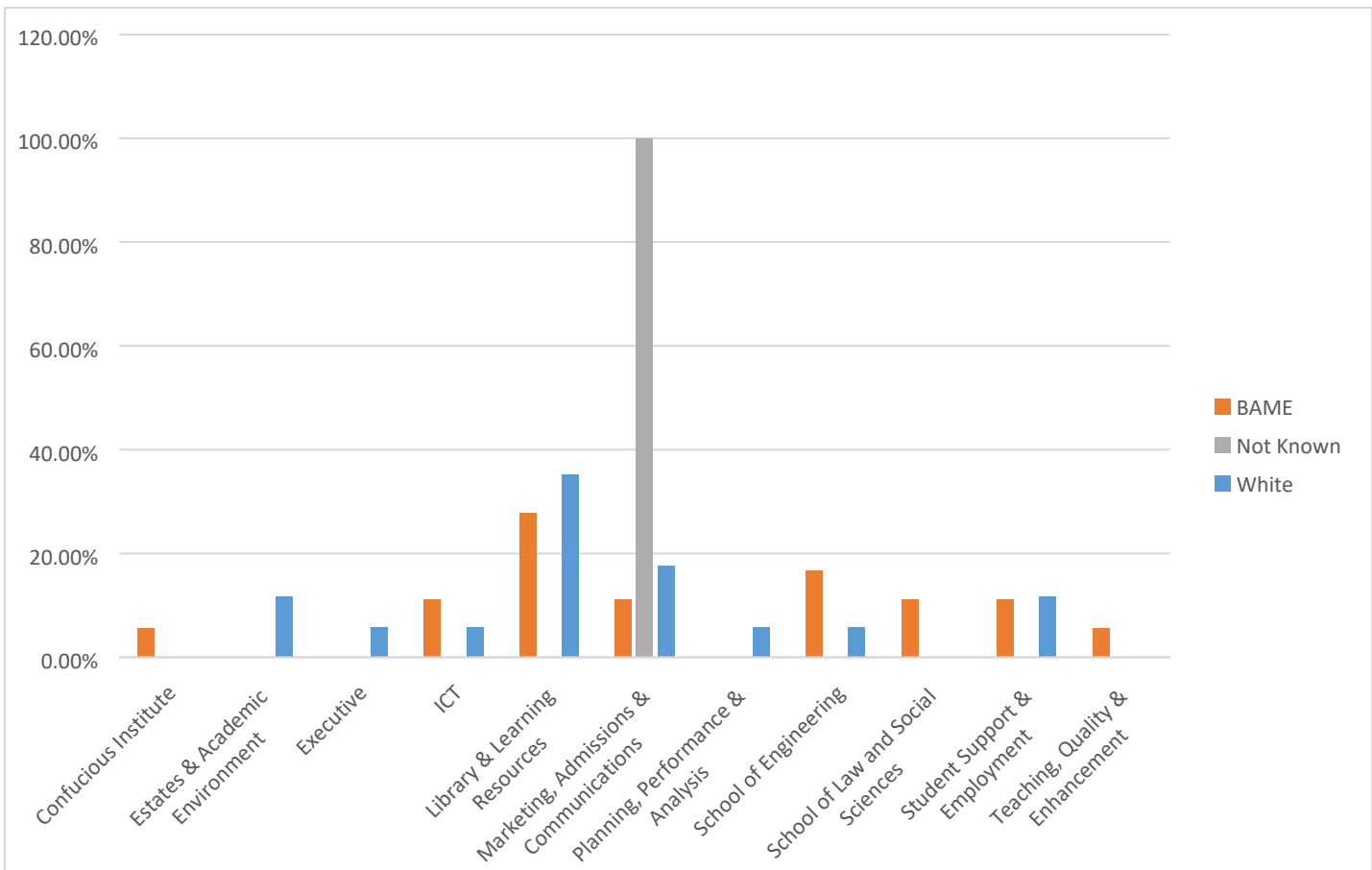
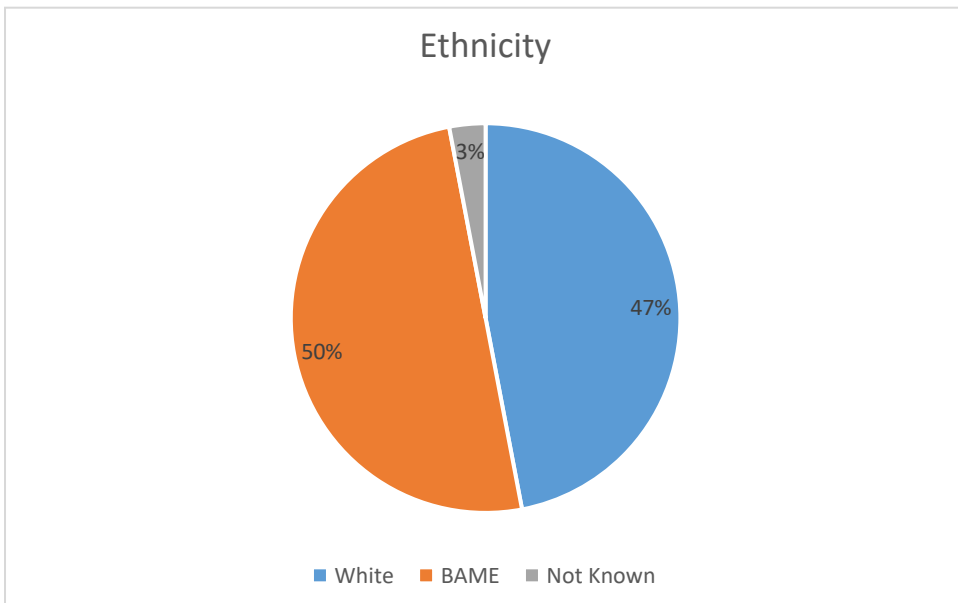


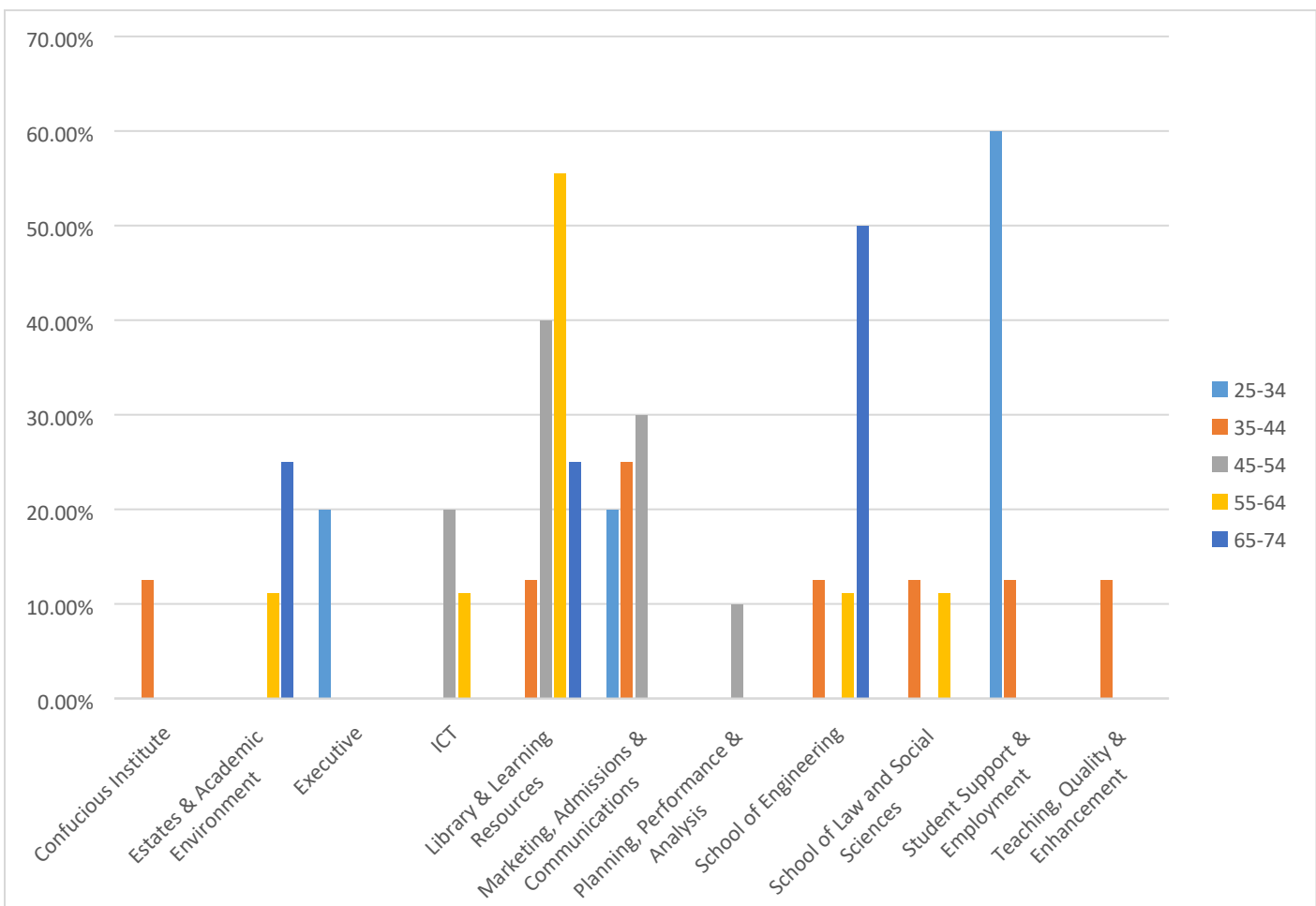
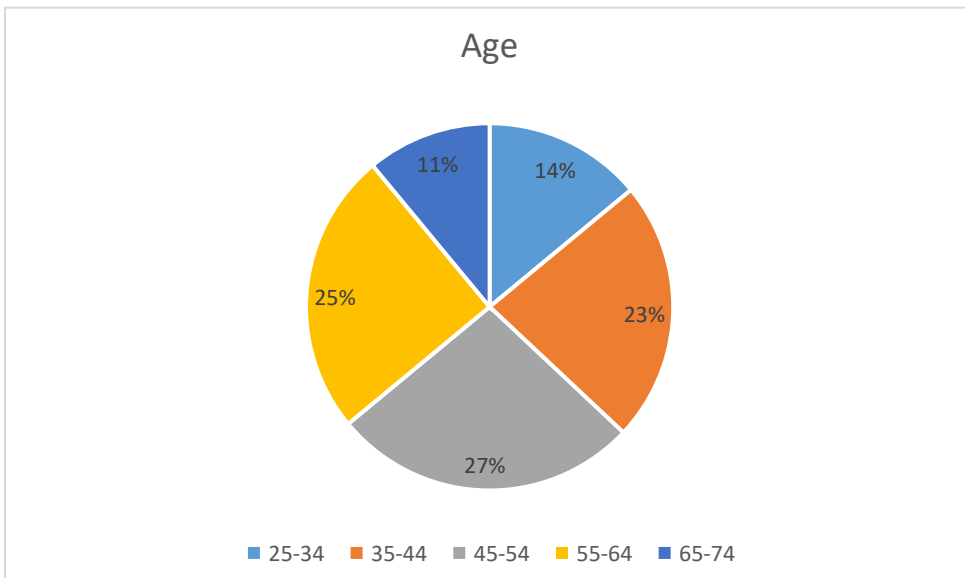
4.0 Compulsory Redundancies

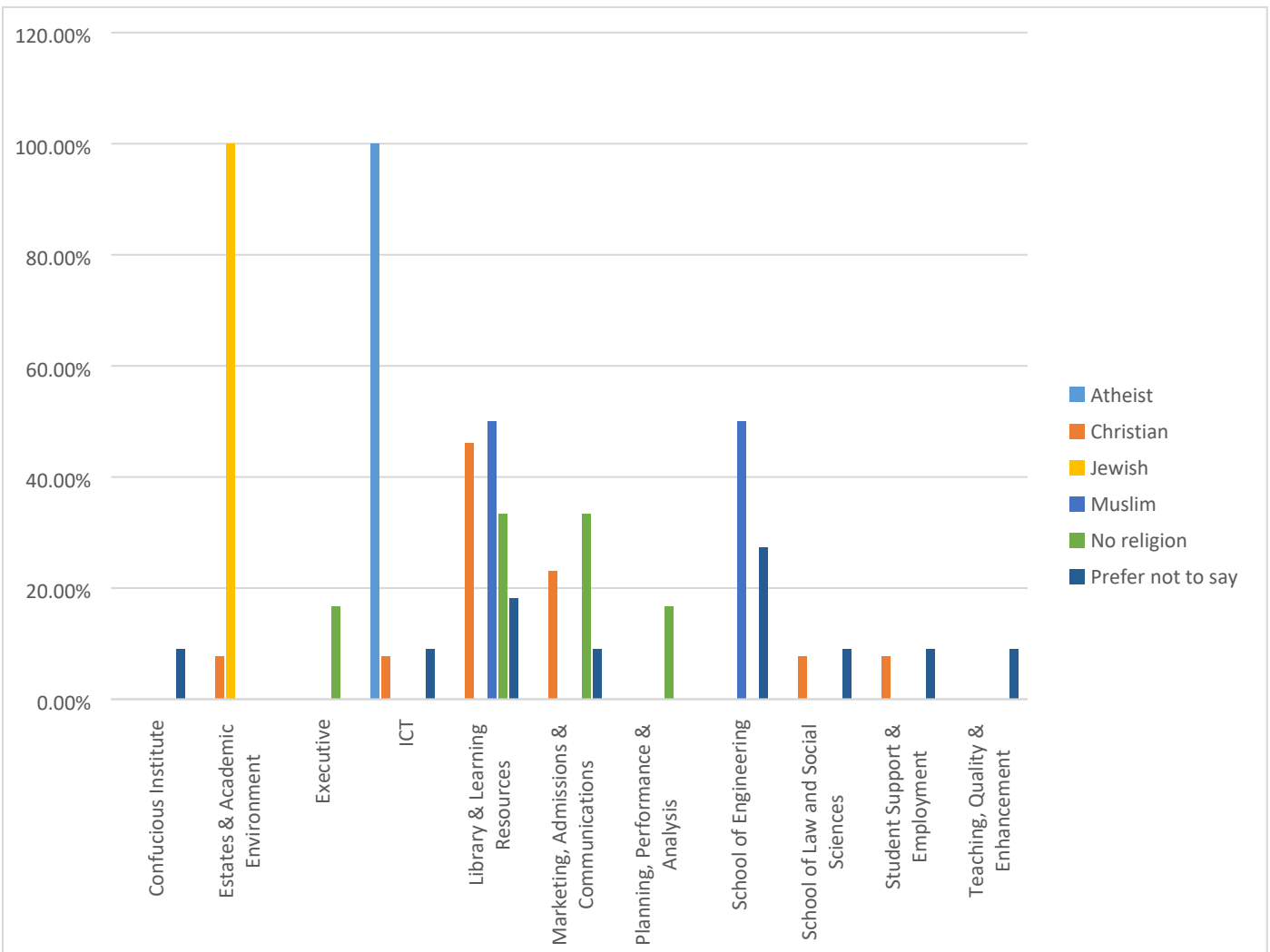
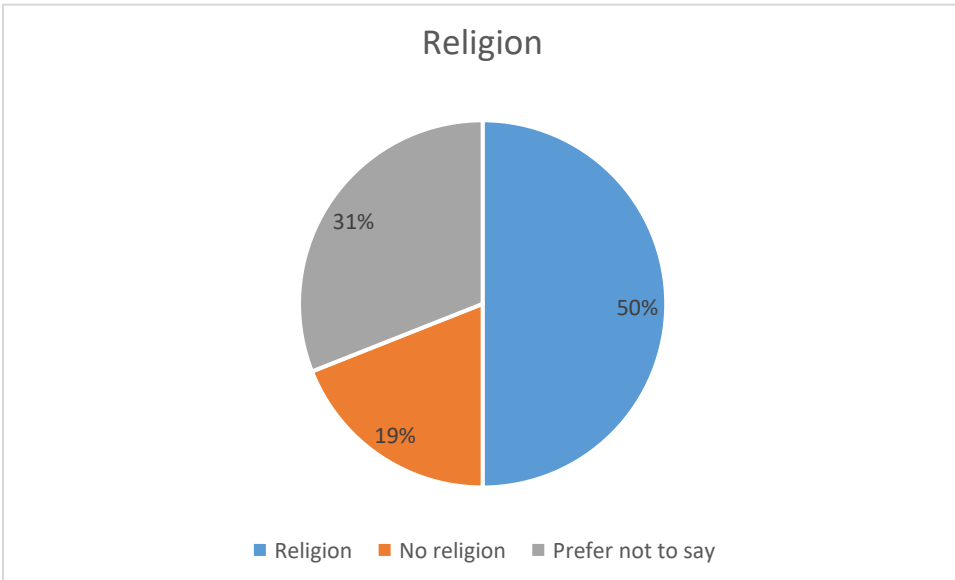
The following graphs present information about those staff selected for compulsory redundancy with a breakdown by School/PSG.



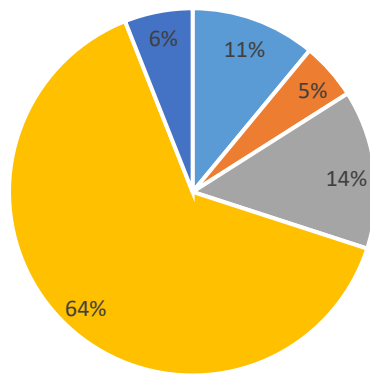




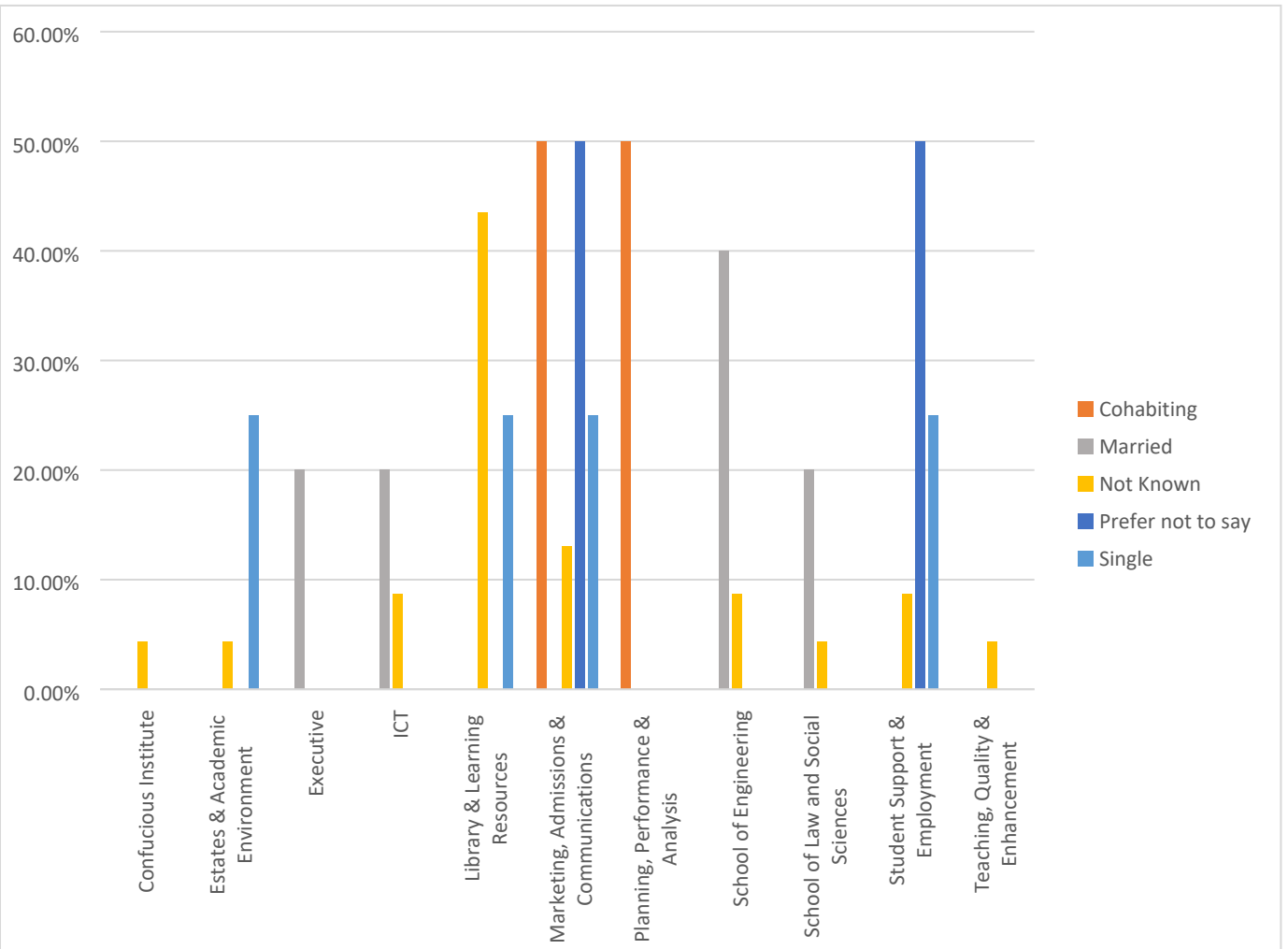




Marital Status

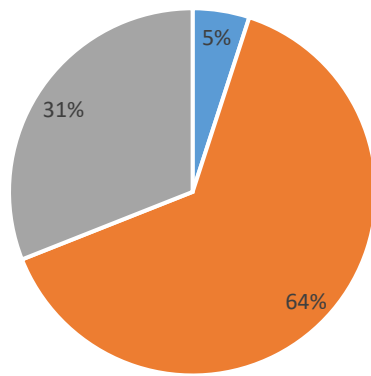


■ Single ■ Cohabiting ■ Married ■ Not Known ■ Prefer not to say

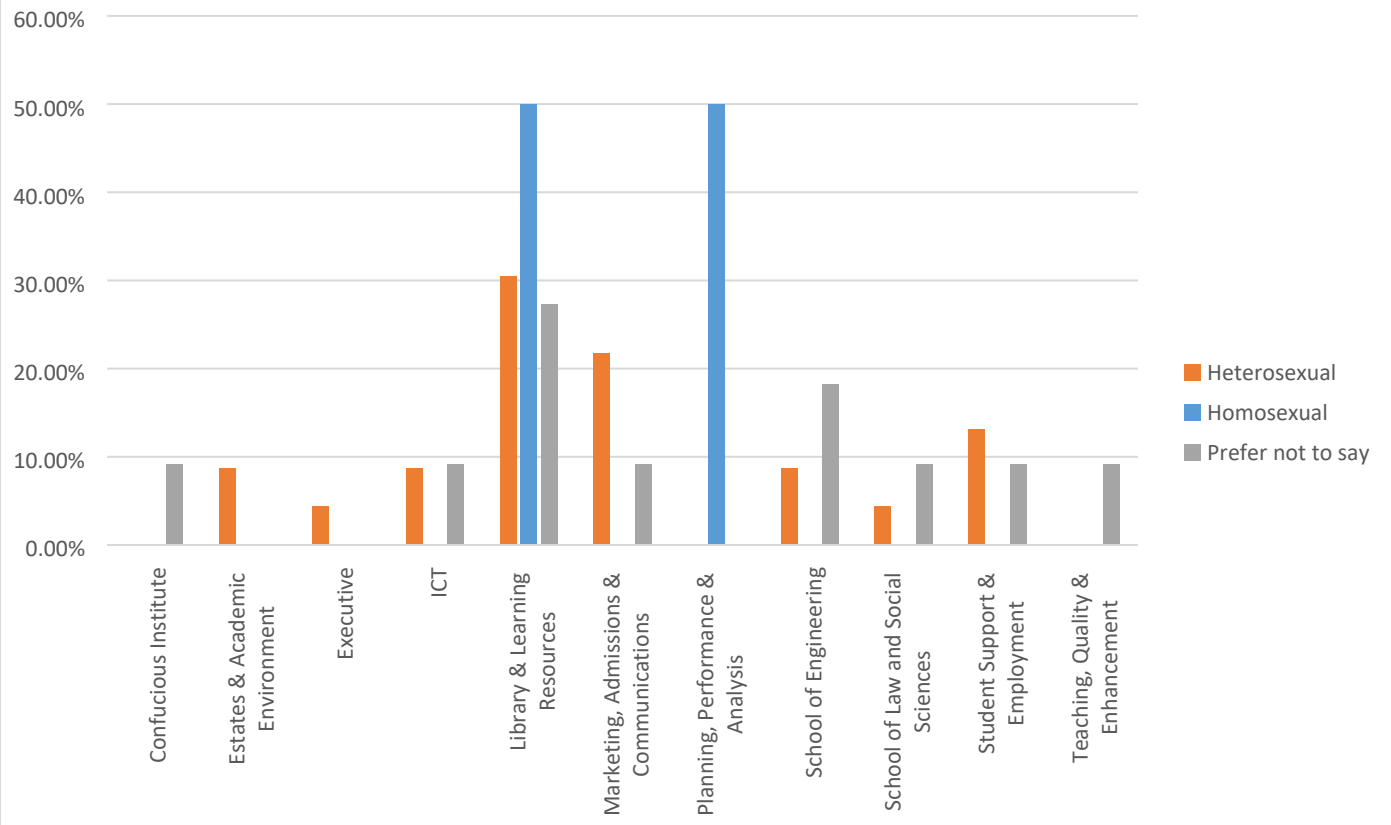


■ Cohabiting
 ■ Married
 ■ Not Known
 ■ Prefer not to say
 ■ Single

Sexuality



■ Homosexual ■ Heterosexual ■ Prefer not to say



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	CONFIDENTIAL
Paper title:	Report on Student Retention, Progression, Continuation and Re-enrolment
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	6 November 2018
Author:	Richard Duke
Sponsor:	Pat Bailey
Purpose:	To inform FPR regarding returning student numbers
Recommendation:	To note the update

Executive summary

This report focusses on the proportion of full-time, first degree students continuing or attaining an award at LSBU through a multitude of continuation measures. Compared to 2016/17, LSBU has seen a decline in year 1 progression and continuation, but a slight increase in year 1 re-enrolment rates. The same datasets are used for all performance measures, with slightly different definitions applied. Each measure is defined below.

All data contained in this report is possible to analyse by organisational structure, course, student academic performance prior to enrolment and student protected characteristics. The focus in this report will be analysis by School.

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Retention, Progression, Continuation and Re-enrolment 2017/18

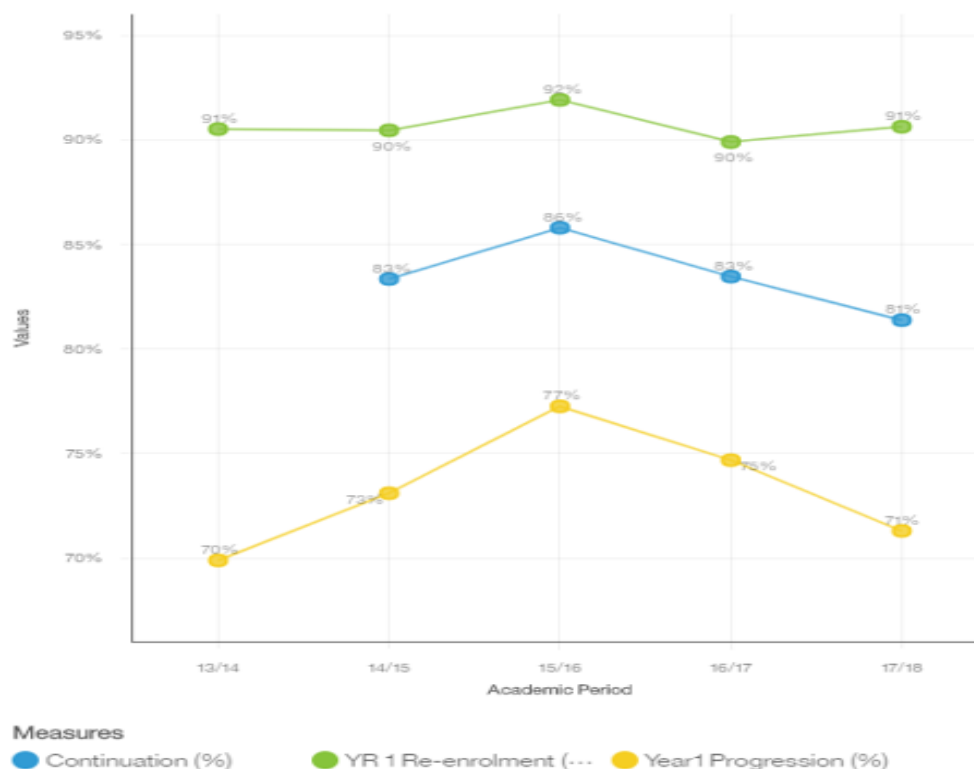
Report date: 31st October 2018

- 1 Compared to 2016/17, LSBU has seen a decline in year 1 progression and continuation, but a slight increase in year 1 re-enrolment rates.

Overall Performance

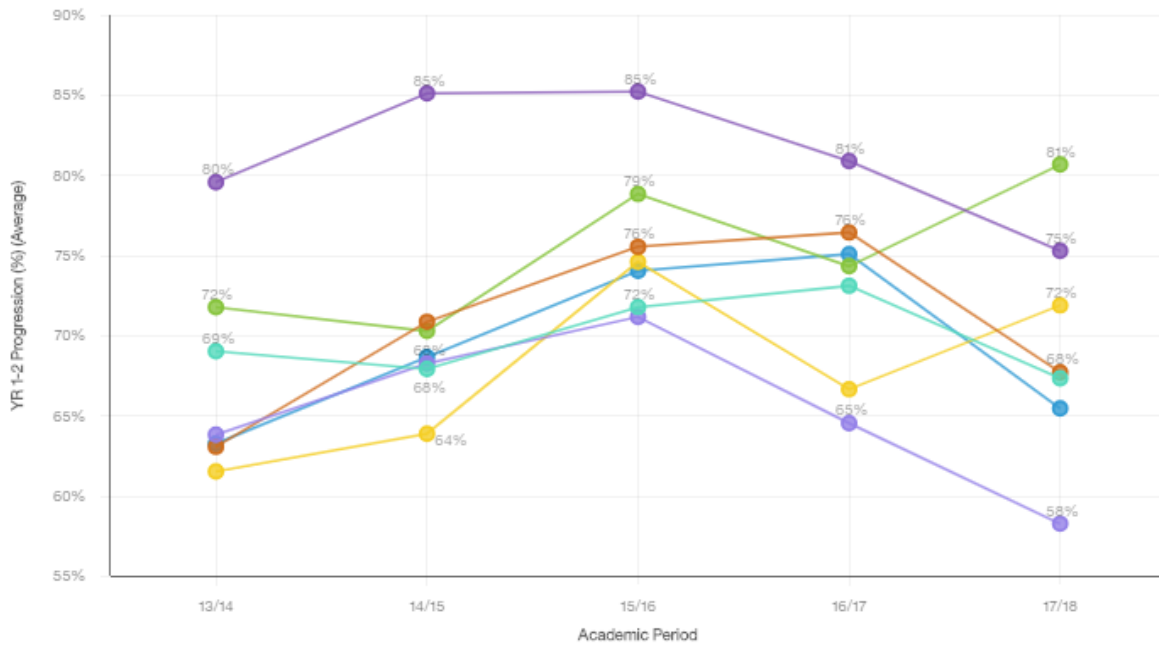
- 2 Excluding withdrawals and interruptions, all key measures show a decline compared to 2016/17 performance. Of greatest concern are year 1 progression (4% decline) and continuation (2% decline). Year 1 re-enrolment shows an increase of 1%. These key measures are detailed by School in the analysis below.
- 3 Continuation is currently tracking at 81%. In the last TEF exercise LSBU's benchmark was 88%, meaning LSBU would be 7% below benchmark. There is a possibility that a greater proportion of non-continuing students transferred to other HEIs than in previous years. If this has occurred, the negative reputational impact on LSBU will be minimised. However this cannot be determined through internal data but will become apparent when the national data is reported. It is currently an unknown factor and cannot be relied upon.

Continuation, Progression and Re-Enrolment Summary



4 Performance by School is detailed below. The School of Arts & Creative Industries have shown strong performance across all measures overall and compared to last year. The Schools of Built Environment & Architecture and Health & Social Care have shown improvements or small deteriorations across measures. Engineering has improved in relation to re-enrolment and declined against other measures. Other Schools have shown significant decline in performance.

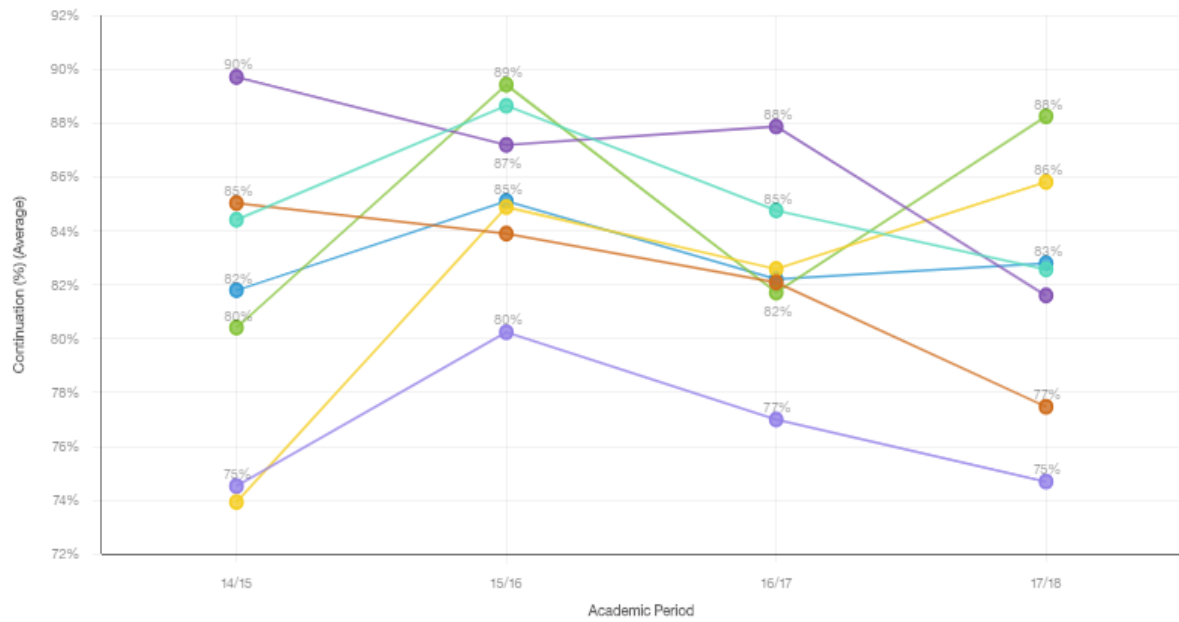
Year 1 Progression - Full-Time First Degree



School / PSG

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

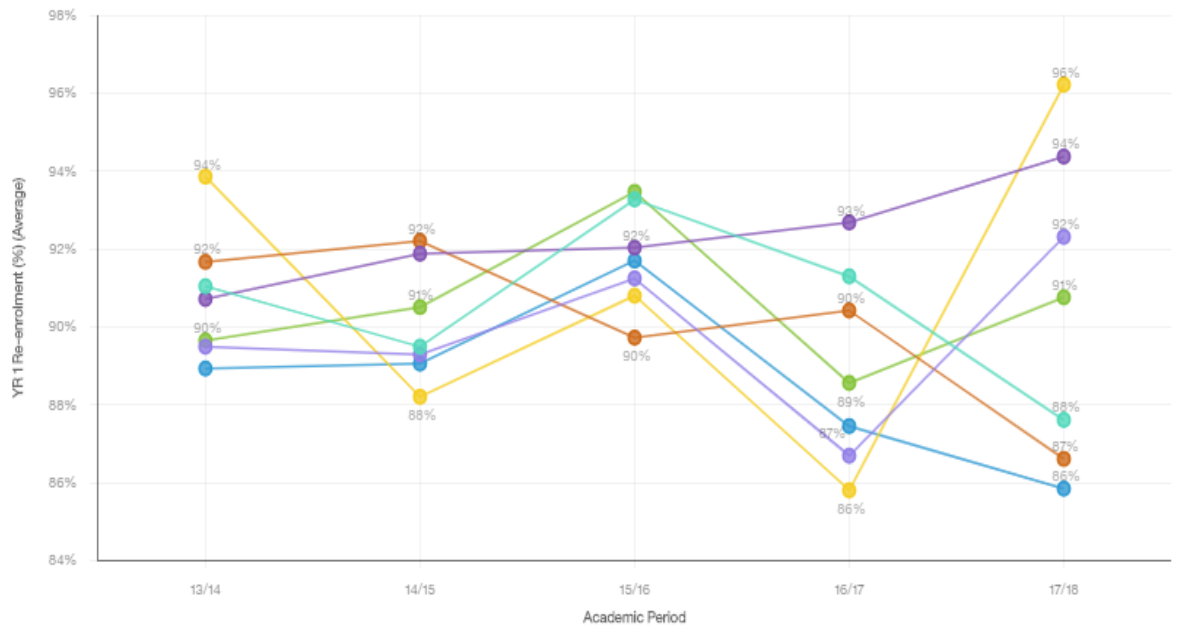
Continuation - Full-Time First Degree



School / PSG

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

Year 1 Re-Enrolment - Full-Time First Degree



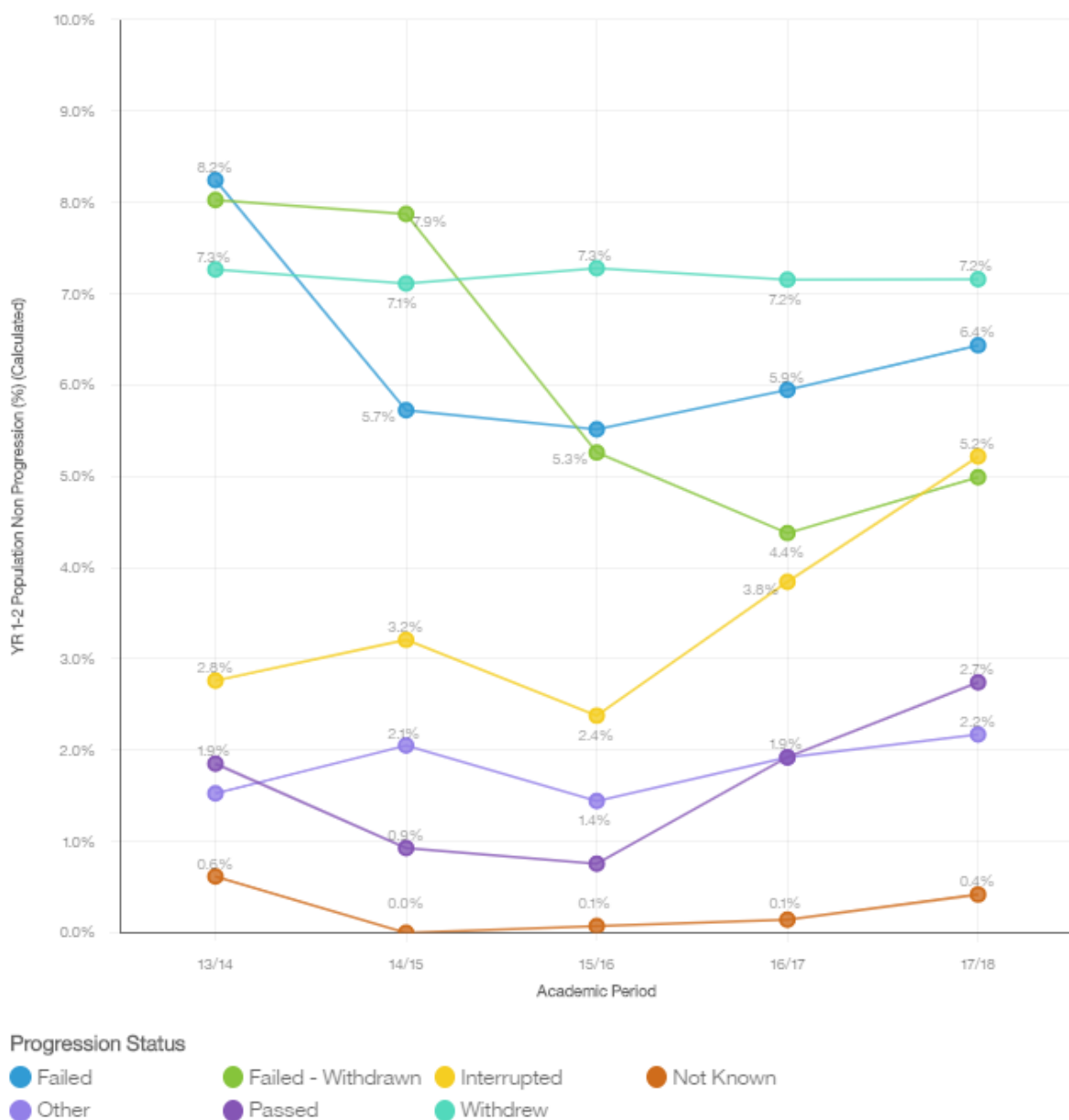
School / PSG

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

Reasons for Non-Progression

5 The graph below details the academic category that non-progressing students fall into. The percentage represents the proportion of students that did not progress in that category of the overall progression population. All categories have increased levels of non-progression, with the exception of withdrawals with the steepest increases as a results of students failing and repeating, being withdrawn as a result of failing, passing and not returning or interrupting.

Reasons for Non-Progression



Clearing vs the main UCAS Recruitment Cycle

- 6 The progression rate of students recruited prior through the main UCAS cycle deteriorated 5% between 2016/17 and 2017/18, from 77% to 72%. Students recruited through Clearing had a lower but stable progression rate of 63% in both years. Overall the proportion of student recruited through Clearing fell between 2016/7 and 2017/8 by nearly 2%, as shown in the table below.

		2014/15	2015/16	2016/17	2017/18
Year 1 Population with potential to progress	Main Cycle	2,462	2,258	2,297	2,215
	Clearing	561	517	512	411
	Total	3,023	2,775	2,809	2,626
Year 1 Progression	Main Cycle	1,867	1,813	1,775	1,604
	Clearing	343	332	323	258
	Total	2,210	2,145	2,098	1,862
Progression %	Main Cycle	75.8%	80.3%	77.3%	72.4%
	Clearing	61.1%	64.2%	63.1%	62.8%
	Total	73.1%	77.3%	74.7%	70.9%
Proportion Progressing of Total Population	Main Cycle	61.8%	65.3%	63.2%	61.1%
	Clearing	11.3%	12.0%	11.5%	9.8%
	Total	73.1%	77.3%	74.7%	70.9%

Conclusion and Actions

- 7 LSBU experienced a reduction in the proportion of full-time, first degree students who either continued their studies or attained an award at LSBU. This result is disappointing, is damaging financially and if not reversed, will be damaging reputationally as an externally reported metric.
- 8 Contributing factors to the decline of which the University was aware and has already addressed are remaining longer than optimum in Clearing in 2017 to attempt to improve student enrolment. While the decline in progression was influenced by student recruited in the UCAS cycle, the greater propensity of students recruited in Clearing not to continue has been known for some time. Improving the proportion of student recruited via the main cycle is a university a goal which will be aided by the improvements in reputation.

- 9 The University actively manages and seeks to improve retention, progression, continuation and re-enrolment and has introduced numerous improvements and new initiatives to this end. It aims to optimise understanding of external and internal factors impacting on student retention. Student engagement interns contact non-attending students, and regular reviews of students by profile are undertaken to ensure those who need it most are contacted with offers of support. Student feedback helps us focus on areas that are most disruptive to students, such as organisation and management of courses, communication, and feedback on assessed work, which we are actively engaged in improving. We will be reviewing the impact of reductions in some services such as 24 hour opening in the library, to understand the impact this has had on student progression. It is important to note that in the increasingly challenging financial context of the sector, the need for the University to prioritise resource in areas that add most value becomes increasing important.
- 10 The University is monitoring levels of students with bad financial standing, and the level to this impacts upon progression. The relationship between student's financial circumstances and academic performance will be reviewed with a view to better informing actions relating to students' financial circumstances.
- 11 The University has implemented a new approach to withdrawing non-engaging students, which is expected to have a small positive impact on our external metrics. Student engagement is monitored very closely in the first few weeks of the semester. If students have not shown a pattern of engagement and do not respond satisfactorily to the University's attempts to contact them by mid-semester, they will be withdrawn from enrolment by late November. These students would previously have been given 'the benefit of the doubt' and permitted to remain enrolled. If they remain enrolled in December, they count towards our externally published student numbers and therefore in all likelihood to our published non-progression metrics. However, we have evaluated the probability of their starting to engage appropriately after mid November and after multiple attempt to contact them, and decided the interests of both the university and ultimately the student (who is otherwise incurring student loan debt) are best served by withdrawing this small group of students. This approach will however not impact our internal figures where we use our total number of students enrolled during the academic year as the baseline.
- 12 At present the re-enrolment rate of International students is tracking above 85%, the threshold for retaining our UKVI licence. We monitor this area very closely and will report immediately on any variance.

- 13 The insights gleaned from student surveys (NSS, Student Experience Survey, New Student Survey etc.) are used as a source of information about where the institution should prioritise initiatives that reduce non-progression. The provision of exit interviews is also to be considered as potentially adding value to our understanding of the issue.

Definitions

The same datasets are used for all performance measures, with slightly different definitions applied. Measures are defined below. All data contained in this report can be analysed by organisational structure, course, student academic performance prior to enrolment, and student protected characteristics. The focus in this report is analysis by School.

Retention – Retention relates to the number of students that are retained throughout the academic year, i.e. students that have not withdrawn or interrupted mid-year. This is an internal measure only.

Progression – The proportion of students that are on a course greater length than one year who return in the following academic year to a higher year of their programme (e.g. year 1 to year 2). This is an internal measure only. It is a KPI.

Continuation – The proportion of newly enrolled students who complete year 1 with a qualification, or repeat that year of study, or progress to the next year of study. Enrolling at another University in the following year is a positive outcome under this measure but our internal data is not able to track this. As a result our published continuation score tends to be around 1% higher than our internal data. This is a significant external measure, in terms of reputation and is used by TEF and the Guardian League Table.

Re-enrolment – This measure overlaps some of the previous measures. It refers to the proportion of students that re-enrol the following academic year on courses longer than a year and to students studying a one year course who failed and need to repeat. It includes students who progress to the next year of study, repeat their previous year of study, or interrupt their study. This is an internal measure only.

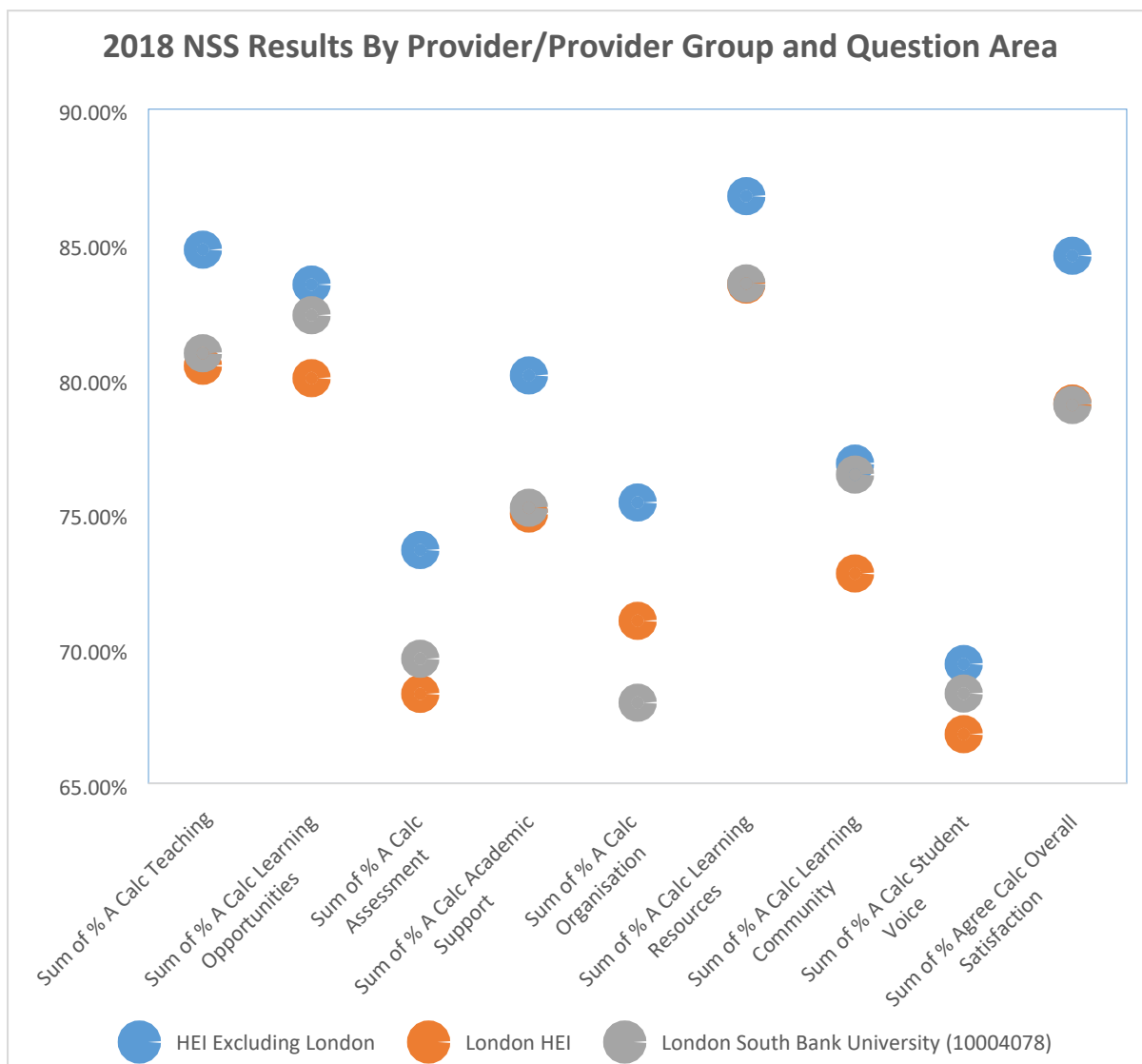
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CONFIDENTIAL - RESTRICTED TO MEETING PARTICIPANTS	
Paper title:	National Student Survey (NSS) Progress Report
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	06 November 2018
Author(s):	Pat Bailey (Provost), Shân Wareing (COO/DVC)
Sponsor(s):	Pat Bailey
Purpose:	For Discussion
Recommendation:	The Committee is asked to note the progress report, and is invited to comment.

Executive Summary

LSBU saw a decline in its overall satisfaction of 3% in 2018 compared to 2017 which is disappointing. Sector wide, all NSS question areas declined for the second year in a row after a trend of steady increases for the previous 10+ years. LSBU saw declines against all question areas in excess of the national average. The decline in NSS scores will have an impact on TEF scores and league tables. This impact is currently being modelled.

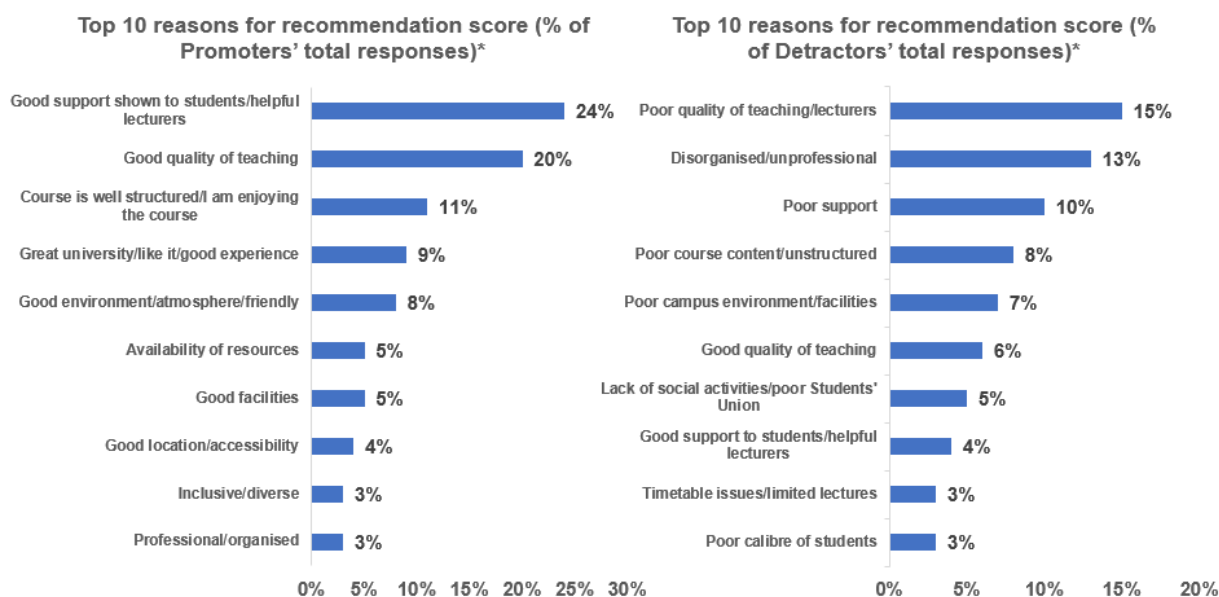
	LSBU			Sector		
	% Agree	% Agree : Previous Year	% Change	% Agree	% Agree : Previous Year	% Change
The teaching on my course	80.8%	82.7%	-1.9%	84.1%	84.6%	-0.4%
Learning opportunities	82.3%	83.0%	-0.7%	83.1%	83.6%	-0.5%
Assessment and feedback	69.3%	71.0%	-1.8%	73.1%	73.3%	-0.2%
Academic support	75.1%	79.3%	-4.2%	79.5%	79.9%	-0.4%
Organisation and management	67.7%	70.4%	-2.7%	74.7%	75.4%	-0.7%
Learning resources	83.6%	87.0%	-3.4%	85.6%	85.4%	0.2%
Learning community	76.6%	78.3%	-1.7%	76.8%	77.6%	-0.8%
Student voice	68.4%	70.9%	-2.5%	69.5%	69.5%	0.0%
Overall Satisfaction	78.8%	81.5%	-2.7%	83.5%	84.3%	-0.8%



The graph above shows LSBU’s results in comparison to the sector and London higher education institution averages. As can be seen, London consistently has lower NSS scores than nationwide, and LSBU has results in line, or above the London average for each question set in the 2018 NSS, with the exception of Organisation. LSBU has consistently received poor scores against questions relating to organisation and management in the NSS. These questions relate to course organisation, timetabling, and communication of changes. This area of the NSS, as well as other question areas and other forms of student and staff feedback have been a significant driver in establishing LEAP. Appendix A details NSS question area performance compared to sector averages by School.

In terms of understanding the drivers of NSS performance, analysis of comments from the Year 1 and Year 2 UG Student Experience Survey (SES) is detailed below. The results illustrate the areas that were most frequently referred to in comments when students have a net promoter score and a net detractor score. The three most frequently commented upon categories in terms of net detractors were poor quality of

teaching/lectures, disorganised/unprofessional and poor support levels. This largely complements the data and qualitative feedback that is seen from Year 3 NSS results.



The key actions for NSS 2019 are being coordinated through a Task & Finish Group, and comprise:

- A specific action plan has been drawn up in each School, with explicit focus on courses that have performed poorly in the NSS, and including an NSS engagement approach that is tailored to the disciplines
- A range of University-wide initiatives (many of which have already been delivered), including improved induction activities and the design of a new module questionnaire
- Working closely with students, a more extensive approach to informing students about the NSS, and why it is important
- A much more extensive internal 'marketing' campaign, to highlight the strengths and improvements that have been made for students at LSBU, again with extensive student engagement

It is also intended that 'temperature checks' will be made through quick-fire surveys, so that issues can be quickly picked up and appropriate action taken.

Appendix A – Percentage Point Differential to Sector Average by School and Question Area (benchmarks calculated at subject level)

NSS Question Area/School	Applied Sciences	Arts & Creative Industries	Built Environment & Architecture	Business	Engineering	Health & Social Care	Law & Social Sciences	Overall
The teaching on my course	-7.6	-1.1	-7.7	-2.9	-5.6	0.2	-3.7	-3.3
Learning Opportunities	-8.2	-0.3	-7.4	0.7	-4.7	1.0	0.0	-0.8
Assessment & Feedback	-13.6	-1.3	-3.2	-6.0	0.8	-0.9	-6.5	-3.8
Academic Support	-10.6	0.0	-9.2	-4.3	-2.8	-3.2	-2.6	-4.4
Organisation & Management	-11.0	1.2	-11.1	-2.2	-3.2	-3.5	-1.2	-7.0
Learning Resources	-4.7	-6.2	-8.8	2.4	-2.4	-1.1	-1.5	-2.0
Learning Community	-8.6	0.1	-9.7	-1.1	-1.0	1.0	-2.4	-0.2
Student Voice	-9.0	5.1	-9.5	-1.8	0.8	-0.9	-0.9	-1.1
Overall Satisfaction	-12.5	-2.5	-9.8	-4.5	-7.1	-0.1	-0.6	-4.7

Agenda Item 7

	CONFIDENTIAL
Paper title:	Key Performance Indicators – 1819 Targets
Board/Committee:	Financial Planning & Resources Committee
Date of meeting:	06 November 2018
Author(s):	John Baker – Corporate & Business Planning Manager
Sponsor(s):	Richard Flatman, Chief Financial Officer
Purpose:	To present the proposed target figures for the KPIs for the 18/19 cycle.
Recommendation:	The Committee is requested to review the proposed target figures & associated rating criteria, and recommend them to the Board for approval.

Executive Summary

Following Executive review of 17/18 performance against the Key Performance Indicators, and consideration of planned strategic activity during 18/19, these targets for the 18/19 academic year are presented for approval, for the next annual reporting cycle.

The targets for financial performance measures are drawn from the budgets approved at the July 2018 Board meeting.

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Report Date		18th October 2018		Past Performance		Benchmark	Target	Forecast	Result	DoT	Target		Ambition	18/19 Rating Criteria		
Corporate Strategy Goals	20/20 Success Measures	#	Key Performance Indicators	15/16	16/17	Aspirational Group 15/16 average	17/18		YoY	18/19	Exec. Lead	20/21	Green	Amber	Red	
Teaching and Learning	Top 50% of universities for graduate employment / starting salaries.	1	Graduate level employment &/or Further study (EPI population)	76.0%	81.8%	67.1	80%		87.7%	↑	X	DVC (E)	80%			
Student Experience	Top quartile of all universities in NSS	2	NSS scores – overall satisfaction (First Degree respondents)	82%	82.2%	82.4%	84%		79.1%	↓	83.0%	Provost	89%	83 % +	80 - 82 %	< 80 %
		3	International Student barometer (% recommending LSBU)	77%	77%	not available	78%		80%	↑	80.0%		81%	80% +	77 - 79%	< 77 %
		4	PGT experience (% satisfaction)	74%	71%	not available	77%		71%	↓	74.0%		82%	74 % +	70 - 73 %	< 70 %
		5	Student Staff Ratio	17:1	16.5:1	17.6:1	17:1	16.5:1		→	17:1		18:1	<=17	17 - 18	> 18
Employability	95% students in employment / further study (EPI)	6	DLHE Positive Outcomes; employment or further study (EPI)	90.8%	94.6%	92.0%	95%		95.3%	↑	X	DVC (E)	95%			
	Top 10 UK universities for student start ups	7	Number of Student start ups (Active Firms in HE-BCI 4aiv)	50	45	53.6	90	65		↑	110	DVC (I)	150	110 +	100 - 109	< 100
Research & Enterprise	Top 50% UK for Research & Enterprise Income	8	Research Income (non Hefce)	£1.9	£2.8	£10.3	£3.1	£3.4		↑	£4.3	Provost	£6.0 m	£4.3 m +	£4.0 - 4.3 m	< £4 m
		9	Enterprise Income	£7.8	£9.2	not available	£10.5	£11.0		↑	£12.0	DVC (I)	£19.0 m	£12 m +	£11 - 11.9 m	<£11 m
Access	Top London Modern for LPN recruitment	10	% recruits from low participation neighbourhoods (Young FT FD)	8.4%	9.2%	6.8%	8.2%		8.9%	↓	8.0%	CCO	9.0%	8.0% +	7.7 - 7.9 %	<7.7 %
		11	FTUG % (w/o HSC contract) recruited before Clearing	71.8%	71.1%	not available	75%	79.8%		↑	78.0%		90%	78 % +	74 - 77 %	< 74 %
	Exceed expectations on completion	12	First Degree Completion projection (at or above benchmark)	-5.8%	-5.5%	-2.5%	-2%		-1.8%	↑	-1.0%	Provost	+3%	>=-1 %	-2 to -3 %	<-3 %
		13	Year 1 progression	77.3%	74.7%	not available	80%	71.0%		↓	76.0%		85%	76 % +	72 - 75%	<72%
		14	Good Honours	66.4%	69.1%	67.4%	63 - 67%	69.6%		↑	66 - 71%		63 - 67%	66-71%	72-73% 64-65%	>73% <64%
15	PGT completion	58.7%	69%	not available	70%	tbc				75.0%	85%	75% +	71-74%	< 71%		
International	4 QS Stars	16	QS Star Rating	3 stars	4 stars	not available	4		4 stars	→	4	VC	4	4	3	2
		17	Overseas student income (millions)	£9.8	£11.2	£31.9 m	£13.1	£10.9		↓	£12.6	DVC (I)	£20m	£12.6 m +	£12.2 - 12.5 m	<£12.2 m
People and Organisation	Rated as a good employer	18	Appraisal completion % (Amongst all eligible staff)	91%	95.6%	not available	100%	46.6%	* to date	↓	100%	DVC (E)	100%	100%	95 - 99 %	< 95 %
		19	Average Engagement Score as a %	58%	62%	70%	66%		61%	↓	69.0%		75%	69%	65 - 68 %	< 64 %
Resources & Infrastructure	Grow our income by 25% to £170m annually, deliver an operating surplus of 5% and an EBITDA margin of 15%	20	Surplus as % of income	2.4%	1.3%	3.0%	1.0%	1.1%		↓	1.0%	CFO	5.0%	1 % +	0.7 - 0.9 %	< 0.7%
		21	Income (£m)	£138.2	£144.5	£202.8m	£150.5m	£145.3		↑	£145.2		£170.0m	£145.2 m +	£142 - 145 m	< £142 m
		22	EBITDA margin (EBITDA expressed as % of income)	11.8%	12.0%		13.0%	10.7%		↓	12.8%		15.0%	12.8% +	11.7 - 12.7%	<11.7%
	Student satisfaction with facilities & environment in top UK quartile	23	Student satisfaction ratings with facilities & environment (FD)	90.0%	87.2%	86.5%	90.0%		84.0%	↓	87.0%	DVC (I)	90%	87 % +	84 - 86 %	< 84%
		24	ICS Service Index %	76%	66%	-	76%			-	X		80%			
Overall	Top London Modern university (excl UAL)	25	Times - League table ranking	120 / 128	106 / 128	98	103		107 / 132	↓	99	VC	85	99 or higher	100 - 104	105 or lower
		26	Guardian – League table ranking	107 / 119	92 / 121	86	87		78 / 121	↑	75		70	75 or higher	76 - 78	79 or lower
		27	Complete University Guide – League table ranking	115 / 127	108 / 129	90	105		93 / 131	↑	90		87	90 or higher	91 - 94	95 or lower

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	CONFIDENTIAL
Paper title:	Recruitment and Re-enrolment Update September 2018/19 – semester 1
Committee:	Finance, Planning and Resources Committee
Date of meeting:	06 November 2018
Authors:	Mehmet Tarhan, Data Intelligence & Operations Officer David Kotula, Reporting Analyst
Sponsor:	Nicole Louis, Chief Customer Officer
Purpose:	For Information
Recommendation:	The committee is requested to note

Executive Summary

- LSBU has fully enrolled 5,726 new students against a new starter target of 5,670 for Semester 1 – 2018/19 entry, equivalent to 101.0%.
 - 216 students are only partially enrolled but we remain engaged with them and we are confident of delivering above budget for both the new enrolments and associated income. Enrolment for partially enrolled students will continue until mid/late November.
- LSBU has re-enrolled 6,909 existing students against a target of 6,347 continuing students for Semester 1, equivalent to 108.9% of target.
 - Despite delivering on the absolute number of re-enrolling students, the current revenue derived from re-enrolling students is below budget for reasons that are outlined within this document(-£485k)
- Current income projections for Semester 1 based on actual enrolments and re-enrolments show a forecast revenue upside of £1.7m v budget across both new and returning student cohorts
 - Income from home students + £466k
 - Income from EU students + £1.4k
 - Income from O/S students - £172k
- Semester 2 recruitment to date is currently in line with prior year in terms of firm accepts (71) but with a stronger application pipeline

September 2018/19 New Entrants

Enrolment Update - S1 2018/19

LSBU has fully enrolled 5,726 students against a target of 5,670 new starters, equivalent to 101.0% of target.

- Driven by a strong UGFT campaign which has delivered 3,579 students against a target of 3,367 (equivalent to 106.3% of target).

As at 26th Oct	Current Enrolments				Pipeline
LSBU / Mode Home / EU / OS	Current Enrolments	Target Enrolments	Progress to Target	+/- vs Target	Partial Enrolments
UGFT	3,579	3,367	106.3%	212	137
UGPT	652	718	90.8%	-66	31
PGFT	856	1,012	84.6%	-156	30
PGPT	518	504	102.8%	14	17
Study Abroad	121	69	175.4%	52	0
<hr/>					
LSBU Overall	5,726	5,670	101.0%	56	215
Home	4,687	4,759	98.5%	-72	193
EU	601	391	153.7%	210	8
OS	438	520	84.2%	-82	14

Enrolment is ongoing for Partially Enrolled students. These are students who have results pending, or funding requirements still to fulfil.

Any students who remain Partially Enrolled at the end of enrolment (mid/late November), will be withdrawn for failing to Fully Enrol.

Our performance is underpinned by a strong UGFT campaign, which saw Firm Accepts grow substantially both in the Main Cycle and through Clearing. LSBU is one of the few universities to have generated over 1,000 Firm Accepts through Clearing this year, a milestone shared with TEF Gold institutions such as the University of Nottingham and Hertfordshire. Considering the current sector landscape (with UCAS acceptances declining year-on-year), this is an excellent achievement. It is further confirmation of our growing efficiency towards **making each application count**.

September 2018/19 Re-enrolments

Re-enrolment Update - S1 2018/19

LSBU has re-enrolled 6,909 students against a target of 6,347 continuing students, equivalent to 108.9% of target.

- An outbound re-enrolment contact service was in operation from mid-August to mid-October.
- Over 4,000 calls and 6,500 text messages were sent to students, prompting them to re-enrol and assisting with their enquiries.
- In the process, the team addressed a number of issues preventing students from re-enrolling, ranging from technical help with the online platform, to fees and bursary concerns.

As at 18th Oct	Current Re-enrolments			
LSBU / Mode Home / EU / OS	Current Re-enrolments	Target Re-enrolments	Progress to Target	+/- vs Target
UGFT	4,382	4,340	101.0%	42
LSBU Overall	6,909	6,347	108.9%	562
Home	5,838	5,307	110.0%	531
EU	587	515	114.0%	72
OS	484	525	92.2%	-41

Students that failed to complete their re-enrolment by Friday 19th October were withdrawn and blocked from accessing IT accounts and other resources.

Students will have a window of 2 weeks to appeal this and complete their re-enrolment fully if they wish to resume their studies this academic year.

January 2019 Recruitment

Financial Performance - S1 2018/19

Forecast (as at 25/10/18)

Group	New	Re-Enrolled	Total
UGFT	£33,873,253	£37,613,431	£71,486,685
H	£27,463,061	£31,315,277	£58,778,338
E	£3,802,434	£3,575,896	£7,378,330
O	£2,607,758	£2,722,259	£5,330,017
UGPT	£3,112,599	£5,654,424	£8,767,022
H	£2,908,557	£5,355,280	£8,263,837
E	£43,167	£214,234	£257,401
O	£160,875	£84,910	£245,785
PGFT	£7,577,076	£1,673,944	£9,251,021
H	£5,089,357	£849,654	£5,939,011
E	£668,129	£94,205	£762,334
O	£1,819,590	£730,086	£2,549,676
PGPT	£1,525,588	£1,880,686	£3,406,274
H	£1,393,181	£1,672,012	£3,065,193
E	£115,649	£139,442	£255,091
O	£16,758	£69,231	£85,989

Budget Targets for S1

Group	New	Re-Enrolled	Total
UGFT	£30,777,899	£38,984,631	£69,762,530
H	£25,720,663	£32,243,234	£57,963,896
E	£2,603,014	£3,445,816	£6,048,830
O	£2,454,222	£3,295,581	£5,749,804
UGPT	£3,470,952	£5,383,467	£8,854,418
H	£3,359,392	£5,138,664	£8,498,056
E	£0	£209,536	£209,536
O	£111,560	£35,267	£146,827
PGFT	£7,942,791	£1,336,206	£9,278,997
H	£5,239,355	£809,898	£6,049,253
E	£828,402	£2,398	£830,800
O	£1,875,034	£523,910	£2,398,944
PGPT	£1,689,907	£1,602,695	£3,292,602
H	£1,650,516	£1,418,591	£3,069,107
E	£0	£135,384	£135,384
O	£39,391	£48,720	£88,111

Variance Forecast to Budget

Group	New	Re-Enrolled	Total
UGFT	£3,095,355	-£1,371,200	£1,724,155
H	£1,742,399	-£927,957	£814,441
E	£1,199,420	£130,079	£1,329,499
O	£153,536	-£573,322	-£419,786
UGPT	-£358,353	£270,957	-£87,396
H	-£450,835	£216,615	-£234,219
E	£43,167	£4,698	£47,865
O	£49,315	£49,643	£98,958
PGFT	-£365,714	£337,738	-£27,976
H	-£149,998	£39,756	-£110,242
E	-£160,273	£91,807	-£68,466
O	-£55,444	£206,176	£150,732
PGPT	-£164,319	£277,991	£113,672
H	-£257,335	£253,422	-£3,913
E	£115,649	£4,058	£119,707
O	-£22,633	£20,511	-£2,122

Total	£46,088,517	£46,822,485	£92,911,002
H	£36,854,156	£39,192,223	£76,046,379
E	£4,629,379	£4,023,777	£8,653,155
O	£4,604,982	£3,606,486	£8,211,468

Total	£43,881,548	£47,306,999	£91,188,547
H	£35,969,926	£39,610,386	£75,580,312
E	£3,431,416	£3,793,134	£7,224,550
O	£4,480,207	£3,903,478	£8,383,686

Total	£2,206,968	-£484,514	£1,722,455
H	£884,231	-£418,164	£466,067
E	£1,197,963	£230,643	£1,428,606
O	£124,774	-£296,992	-£172,218

The income forecast as at 25/10/18, shows that we are currently ahead of the S1 budget targets by £1.72M. With the key positive variance being H/EU FT-UG new entrants.

For re-enrolling students there is a difference in outcome between budget and actuals.

- 1) FTUG H/EU - The average fee from actual billings for FTUG H/EU students is £237 lower than budgeted.
- 2) FTUG - The numbers and average fee were lower than in the budget model. The budget model only accounted for fee paying students, a large number of re-enrolling PG students are undertaking a dissertation only, the fee for which was paid in their first year. These were included as re-enrolling student numbers, but no fee is due.
- 3) Inconsistencies between classifications for some returning CertHE, Fd, HNC/D or Extended degree type students. - Some students been treated as *new* in the student numbers data when they move onto a UG course of study, but are treated as *re-enrollers* in the fee forecast model.

January 2019 Recruitment

Semester 2 Recruitment Position Home/EU/OS – 18th October 2018

As at 18th Oct	2018/19 Semester 2 Recruitment Position			
LSBU / Mode Home / EU / OS	Year to Date FAs / UFs	Recruitment Target	Progress to Target	+/- vs Target
UGFT	13	96	13.5%	-83
UGPT	4	209	1.9%	-205
PGFT	42	238	17.6%	-196
PGPT	12	91	13.2%	-79
LSBU Overall	71	634	11.2%	-563
Home	35	401	8.7%	-366
EU	7	32	21.9%	-25
OS	29	201	14.4%	-172

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S2 2018/19 Overall Postgraduate Pipeline (FAs, Offers, Applications) – Home/EU/OS as at 18th October 2018

Firm Accepts are flat (+1 acceptance or 1.4% gain versus last year), but our supply-pipeline is in a stronger position due to growing demand in UG-S2 provision.

Undergraduate entry via S2 is an expanding area, and represents a potential growth opportunity for LSBU. Compared to Postgraduate recruitment, our Undergraduate offering is seeing a significant growth proportionate to last year -

- i. UG-specific: Firm Accepts - up 70% (+7); Live Offers; up 168% (+27), Live Applications up 195% (+39), compared to
- ii. PG-specific Firm Accepts – down 10% (-6); Live Offers; up 29% (+29), Live Applications down 6% (-6).

January 2019 Recruitment

Semester 2 Recruitment Pipeline of FAs, Offers and Applications Home/EU/OS – 18th October 2018

Home/EU/OS	Firm Accepts	Live Offers	Live Apps
UGFT	13 30.0% 10 +3	32 100.0% 16 +16	35 75.0% 20 +15
UGPT (inc App'ships)	4 - % 0 +4	11 - % 0 +11	24 - 0 +24
			63 -7.4% 68 -5
	71 1.4% 70 1		

	CONFIDENTIAL
Paper title:	September Management Accounts
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	06 November 2018
Author(s):	Ralph Sanders, Director of Financial Planning, Reporting & Registry
Sponsor(s):	Richard Flatman, Chief Financial Officer
Purpose:	For Information
Recommendation:	To review the September Management Accounts before presentation to FPR Committee

Executive Summary

The full year forecast as at 30 September 2018 is trending towards a surplus of £1.5M, this would deliver the University on budget.

There are 2 key risks in the management accounts, tuition fee income and staff costs;

- The University has had a strong recruitment round and in terms of New student numbers we have enrolled 556 FTE more students than at the equivalent period last year. In terms of continuing students this has fallen by 353 FTE. In terms of Tuition Fee income, this is currently £0.5M higher than at the equivalent period in 2017/18 and is trending to a position of between £1M and £2M better than budget.
- In terms of staff costs, the University is currently implementing a number of change programmes and these are still to generate their full staff savings. However, the University delivered under budget in period 1, slightly ahead of budget in period 2 and remains under budget for the YTD.

The University is currently holding cash and cash equivalents of £45.1M. This is broadly comparable with the position at this date last year.

The above position will deliver EBITDA at 10.7% which is ahead of 17/18 and our recurring staff cost expressed as a % of income is currently forecast to be 57.7%. Income is broadly comparable with last year

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September Executive Summary

1) This Executive Summary reports on the draft financial position of London South Bank University as at 30 September 2018.

2) RAG Status

Income Growth	-0.1%	Staff Cost Growth	0.5%	Staff Cost %	57.7%	Opex Growth	-7.1%	FYF Surplus	1.0%	EBITDA	11.9%
			<i>excluding restructuring</i>		<i>excluding restructuring</i>						

3) Summary

The full year forecast as at 30 September 2018 is trending towards a surplus of £1.5M, this would deliver the University on budget.

There are 2 key risks in the management accounts, tuition fee income and staff costs. The University has had a strong recruitment round and in terms of New student numbers we have enrolled 556 FTE more students than at the equivalent period last year. In terms of continuing students this has fallen by 353 FTE. The reduction in continuing students is both a result of last years reduced recruitment round and reduced progression. We are continuing to encourage continuing students to engage with the University and enrolments for both new and continuing students will continue into October. In terms of Tuition Fee income, this is currently £0.5M higher than at the equivalent period in 2017/18 and is trending to a position of between £1M and £2M better than budget. Health Contract income is down as HSC students are no longer funded through the contract and these students' tuition fee income is now classified as UG or PG. In terms of staff costs, the University is currently implementing a number of change programmes and these are still to generate their full staff savings. However, the University delivered under budget in period 1 and slightly ahead of budget in period 2 and remains under budget for the YTD.

The University is currently holding cash and cash equivalents of £45.1M. This is broadly comparable with the position at this date last year.

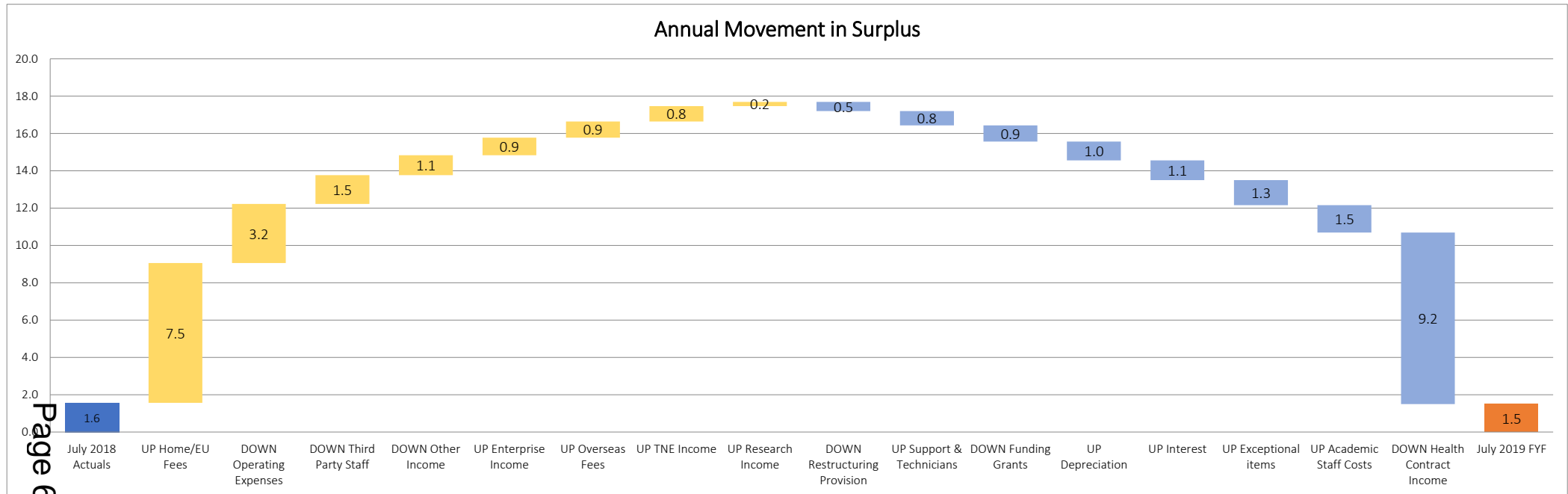
The above position will deliver EBITDA at 10.7% which is ahead of 17/18 and our recurring staff cost expressed as a % of income is currently forecast to be 57.7% which is slightly above the long term target of 55% target set by the Board of Governors. Income is broadly comparable with last year

4) Table 1: Full Year Forecast vs. Budget

Financial Summary in £'m	Budget				YTD Position				Full Year Outturn Position				
	17/18 Actuals	18/19 Budget	Change to 16/17	Change %	17/18 Actuals	18/19 Actuals	Change to 16/17	Change %	Aug 18/19 Forecast	Monthly Move	Sept 18/19 Outturn	variance to Budget	Budget variance%
Funding Grants	13.9	13.2	-0.8	-5%	2.5	2.5	-0.0	-0%	13.2	0.0	13.2	0.0	0%
Health - Contract	18.9	9.7	-9.2	-49%	3.6	2.2	-1.4	-39%	9.7	0.0	9.7	0.0	0%
Home / EU UG Fees	64.4	70.1	5.7	9%	46.0	47.4	1.4	3%	70.1	0.0	70.1	0.0	0%
Home / EU PG Fees	8.5	10.3	1.8	21%	3.5	4.3	0.8	22%	10.3	0.0	10.3	0.0	0%
Overseas Tuition Fees	9.0	10.0	0.9	11%	2.8	2.5	-0.3	-10%	10.0	0.0	10.0	0.0	0%
UNE Income	1.8	2.7	0.9	48%	0.0	-0.1	-0.1	0%	2.7	0.0	2.7	0.0	0%
Research Activities	5.3	6.1	0.8	15%	0.7	0.8	0.1	12%	6.1	0.0	6.1	0.0	0%
Enterprise Activities	10.9	12.0	1.1	10%	1.8	1.1	-0.6	-37%	12.0	0.0	12.0	0.0	0%
Student Related Income	10.4	11.0	0.5	5%	1.8	1.8	0.1	3%	11.0	0.0	11.0	0.0	0%
Other Operating Income	1.9	0.1	-1.8	-94%	0.1	0.1	-0.0	-31%	0.1	0.0	0.1	0.0	0%
Endowments & Interest	0.2	0.1	-0.1	-39%	0.0	0.0	0.0	13%	0.1	0.0	0.1	0.0	0%
Income	145.3	145.2	-0.1	0%	62.8	62.6	-0.1	0%	145.2	0.0	145.2	0.0	0%
in £'m													
Academic Staff Costs	40.8	42.3	1.5	4%	6.1	6.4	0.3	5%	42.3	0.0	42.3	0.0	0%
Support & Technicians	39.4	39.9	0.5	1%	6.1	6.4	0.3	5%	39.9	0.0	39.9	0.0	0%
Third Party Staff	3.1	1.6	-1.5	-49%	0.5	0.4	-0.1	-25%	1.6	0.0	1.6	0.0	0%
Restructuring	1.9	1.7	-0.2	-9%	-0.6	0.0	0.6	0%	1.7	0.0	1.7	0.0	0%
Depreciation	9.6	10.5	0.9	9%	0.0	1.5	1.5	0%	10.5	0.0	10.5	0.0	0%
Operating Expenses	44.6	41.4	-3.2	-7%	5.2	5.7	0.5	10%	41.4	0.0	41.4	0.0	0%
Interest Payable	4.3	5.3	1.0	23%	0.2	0.8	0.6	311%	5.3	0.0	5.3	0.0	0%
Exceptional Items	0.0	1.1	1.1	0%	0.0	0.0	0.0	0%	1.1	0.0	1.1	0.0	0%
Expenditure	143.7	143.7	-0.0	0%	17.6	21.3	3.7	21%	143.7	0.0	143.7	0.0	0%
Surplus for the year	1.6	1.5	-0.1	-4%	45.2	41.4	-3.8	-8%	1.5	0.0	1.5	0.0	0%
Surplus as % of income	1.1%	1.0%			72.0%	66.1%			1.0%		1.0%		

5) Forecast Summary

As compared to 17/18 we are budgeting for a £0.1M decrease in Income, a £0.5M increase in Staffing Costs, a £0.2M decrease in the costs associated with staff restructuring, an increase of £0.9M in depreciation, a £3.2M reduction in operating expenses, a £1.0M increase in interest payable, and an increase of £1.1M in exceptional items to fund in-year investments. This has led to a reduction of 0.1M in our annual surplus.



The key movement in the year on year position of the University is the reduction of £7.5M in Health Contract income. This is not due to a reduction in activity but is because New Health & Social Care students have transferred to the same funding regime as UG and PG students in the other 6 schools and we are budgeting for a net increase of 0.7M in our total income outturn for Home / EU students. This may increase following the strong recruitment in Semester 1. Operating Expenses are budgeted to decrease by £3.2M and were set at 85% of the 17/18 position. The other major investment as compared to 17/18 is in staffing. The University has budgeted to increase its Academic Staff by £1.5M and its Support Staff including Technicians by £0.8M. In order to fund this, the University must reduce its reliance on third party staff and this is budgeted to fall by £1.5M. LSBU has struggled in the past to reduce third party costs but we are currently delivering ahead of budget and 20% better than the comparable period last year. The University has ambitious targets for Overseas Tuition Fee income and TNE income. We are slightly down in terms of year on year billings but are expected to catch up in period 3.

6) Contribution Analysis

The University continues to invest in the Schools, Income is budgeted to be £1.7M higher than in 17/18 whilst costs are budgeted to increase by £3.2M. This means the net contribution from the Schools will fall by £1.5M or 2.4% year on year. The largest decline in terms of contribution is expected to be the School of the Built Environment and Architecture whilst the areas of growth are budgeted to be the School of Business and the School of Engineering.

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	
	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF
Income (M)	£10.8	£11.4	£11.2	£10.9	£18.3	£17.4	£16.3	£18.0	£18.1	£19.6	£35.6	£35.0	£14.2	£13.8	£124.5	£126.2
Expenditure (M)	£5.4	£5.9	£5.4	£5.2	£7.2	£8.3	£6.8	£7.6	£11.0	£11.8	£19.3	£19.4	£6.8	£6.8	£61.8	£65.0
Contribution (M)	£5.4	£5.5	£5.9	£5.7	£11.1	£9.1	£9.6	£10.4	£7.1	£7.9	£16.3	£15.6	£7.4	£7.0	£62.8	£61.3
Contribution %	50%	48%	52%	52%	61%	52%	59%	58%	39%	40%	46%	45%	52%	51%	50%	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	
	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF
Teaching Income (M)	£10.0	£10.3	£10.6	£10.3	£14.5	£15.4	£16.0	£17.5	£14.5	£15.4	£30.2	£30.1	£13.8	£13.3	£109.6	£112.3
Teaching Staff (M)	£3.2	£3.3	£2.9	£3.1	£4.6	£4.7	£4.2	£5.0	£4.6	£4.7	£12.7	£12.4	£4.6	£4.6	£36.8	£38.0
Teaching Expenditure (M)	£1.3	£1.6	£1.8	£1.6	£2.6	£2.8	£2.0	£2.4	£2.6	£2.8	£4.4	£4.5	£1.8	£1.9	£16.5	£17.6
Teaching Contribution (M)	£5.4	£5.4	£5.9	£5.5	£7.3	£7.9	£9.8	£10.1	£7.3	£7.9	£13.2	£13.3	£7.3	£6.8	£56.2	£56.8
Contribution %	54%	52%	55%	54%	51%	51%	61%	57%	51%	51%	44%	44%	53%	51%	51%	51%
Full Year Student FTE	1,039	1,066	1,124	1,089	1,763	1,880	2,020	2,219	1,409	1,503	3,844	3,829	1,528	1,469	12,727	13,049
Contribution per Stud FTE	£5,200	£5,000	£5,200	£5,100	£4,200	£4,200	£4,800	£4,500	£5,200	£5,200	£3,400	£3,500	£4,800	£4,600	£4,400	£4,400
Return on Academic Investment	168%	160%	201%	178%	160%	166%	232%	200%	160%	166%	104%	108%	158%	146%	153%	150%

The School Teaching budget was set using Staff / Student ratios and with a standard investment in Operating Expenses per student. Due to the different levels of funding this can produce different contributions per student particularly for those areas that must fund central laboratory and technical services. The School of Health & Social Care also funds a number of administrative areas that are managed centrally in the other schools which reduces its contribution. In terms of contribution per student, Engineering and Arts & Creative Industries are slightly ahead of average, whilst the School of Business delivers the highest school contribution expressed as a % of income and the highest return on Academic Investment.

7) Student Number Analysis

In terms of Student numbers, at the comparable position in 17/18 had 11,769 FTE and finished the year with a student body of 12,727. We currently have 11,972 enrolled FTE and so are 2% ahead of the year on year position. The biggest increase is New students which are now 12% up and there have been significant increases across all schools. There are still a number of students to convert but the position is looking positive.

New					Continuing					Total				
School	Sep-17	Sep-18	Change	% Change	School	Oct-17	Oct-18	Change	% Change	School	Oct-17	Oct-18	Change	% Change
ACI	460	483	23	5%	ACI	612	645	33	5%	ACI	1,072	1,128	56	5%
ASC	370	443	73	20%	ASC	627	575	-52	-8%	ASC	997	1,018	21	2%
BEA	658	652	-6	-1%	BEA	1,064	1,088	24	2%	BEA	1,722	1,740	18	1%
BUS	656	748	92	14%	BUS	1,150	1,129	-21	-2%	BUS	1,806	1,877	71	4%
ENG	473	562	89	19%	ENG	925	766	-159	-17%	ENG	1,398	1,328	-70	-5%
HSC	1,266	1,442	176	14%	HSC	2,013	1,930	-83	-4%	HSC	3,279	3,372	93	3%
LSS	627	736	109	17%	LSS	868	773	-95	-11%	LSS	1,495	1,509	14	1%
YTD Total	4,510	5,066	556	12%	YTD Total	7,259	6,906	-353	-5%	YTD Total	11,769	11,972	203	2%
Y / E Total	5,474				Y / E Total	7,253				Y / E Total	12,727	13,049	322	3%

8) Student Withdrawal Analysis

At 31 July 2018, the total amount refunded to students who withdrew or interrupted in year totalled £4,592k. This is the difference between Income generated at Enrolment and the amount retained at the end of the Year. The University receives funding for UG students in 3 tranches; 25% for Semester 1, 25% for Semester 2 and 50% for semester 3. If a student does not progress into the following semester then a refund is generated. Refunds increased by 9.6% as compared to 2016/17's £4,214k. One key reason for the increase was Health & Social Care students who now generate refunds for the first time as they have moved to the new tuition fee regime. In 18/19 we have budgeted for a similar level of refunds at an average of 5% per school.

Academic year	FY Withdrawals
15/16	1,025
16/17	1,215
17/18	1,096
18/19	

'Lost Fee Income' in £000K	17/18 A	18/19 B % change	% T Inc.		17/18 A	18/19 B % change	% T Inc.		
Applied Science	£653	£430	-34.2%	4.8%	Engineering	£815	£766	-6.0%	6.0%
Arts and Creative Industries	£391	£409	4.6%	4.4%	Health & Social Care	£482	£1,438	198.3%	8.3%
Built Environment & Architecture	£601	£554	-7.8%	4.4%	Law & Social Sciences	£652	£614	-5.8%	5.0%
Business	£997	£700	-29.8%	4.3%	Total	£4,591	£4,911	7.0%	5.5%

% T Inc. = % of Tuition Fee Income

9) Income Analysis

Year to date income is broadly comparable with the corresponding position in 17/18 and slightly ahead of budget, however there are some significant differences in certain schools. The School of Health & Social Care is ahead of the comparable position in 17/18 as Tuition Fees are recognised when they are billed whilst Health Contract income is recognised on a monthly basis and so the switch from Health Contract to Tuition Fees has had a positive short term impact. 2 Schools are currently down as compared to budget; the School of Engineering and the School of The Built Environment and Architecture. These schools have a large number of Apprenticeship students and part-time Undergraduates and these can be complex to invoice. We would expect these schools to catch up in terms of income next month to match the success in terms of recruitment. We also expect Research and Enterprise income to catch up in terms of budget next month to match activity.

10) Staff Cost Analysis

In terms of staffing there will be pressure to deliver to our staffing budget this year. Each area has a built in vacancy factor and we are still delivering on the change programmes instigated in 17/18. The School portfolio is currently delivering better than budget although the School of Health & Social Care is currently over budget due to a desire to retain capacity in areas like Learning Disability Nursing which are important to our trusts. Whilst Marketing looks to be ahead of budget this is due to a delay in billing for the enrolment event, the International Team looks over budget but this is due to an error in budget phasing which will be rectified next month.

11) Operating Expense Analysis

In terms of Operating Expenses these have been reduced by 15% in the 18/19 budget to fund Staff growth and our Investment Pots. There are a number of areas that are currently overspent including Marketing and the International team and this is due to additional investments particularly in terms of recruitment and induction activities. Overall however the University is currently underspent as compared to budget but 10% higher than the equivalent period in 17/18.

12) Budget Analysis

The University operates on a Portfolio basis so members of the Executive are expected to manage their portfolio as a whole and if one area requires additional funds this can be generated by reducing investment in another area of the Executive's responsibility. At present all members of the Executive are forecasting to deliver on budget.

13) Investments

In terms of flexible in-year investment the Executive have set aside £2.5M in 18/19 to fund £1M of Research pump priming activities, £1M of normal in-year investments and £0.5M of extra ordinary staff development activity. The Executive approved in June areas for Research Investment and have so far approved £715K of the £1M pot.

In terms of the Capital Expenditure investment funds, the University has set aside £0.6M to fund ICT based Innovation activities, £0.3M to fund Teaching and Learning Equipment and £0.6M to fund Estates Minor works. There are some large capital projects that will require monitoring during the year including the investment in the Leap transformation project, the relocation of the Business School to the LRC building and the redevelopment of London Road including Chapel stabilisation works. These are currently within budget.

Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD (£)		
			2018 Forecast	2018 Budget	Variance - Forecast to Budget		2018 Actuals	2018 Budget	Variance - Actuals to Budget			Note	
			(£)	(£)	(£)	%	(£)	(£)	(£)	%		Note	
-13,936,135	-2,521,108	Funding Grants	-13,176,875	-13,176,875	%			-2,514,335	-2,296,374	217,961	9%		-10,662,539
-18,931,753	-3,628,085	Health - Contract	-9,741,020	-9,741,020	%			-2,227,192	-2,167,911	59,281	3%		-7,513,828
-64,378,797	-46,035,301	Fees - Home & EU UG	-70,076,532	-70,076,532	%			-47,404,490	-46,035,301	1,369,189	3%		-22,672,042
-8,469,149	-3,493,113	Fees - Home & EU PG	-10,262,244	-10,262,244	%			-4,264,378	-3,493,113	771,265	22%		-5,997,867
-5,772,069	-2,260,263	Fees - Overseas UG	-6,536,255	-6,536,255	%			-2,037,214	-2,260,263	(223,049)	(10%)		-4,499,040
-3,241,939	-489,931	Fees - Overseas PG	-3,425,714	-3,425,714	%			-433,528	-489,931	(56,404)	(12%)		-2,992,186
-1,808,004	-2,665	Overseas Partnerships	-2,675,000	-2,675,000	%			60,575	-35,596	(96,171)	(270%)		-2,735,575
-1,838,146	-308,612	Research - Funding Grants	-1,833,764	-1,833,764	%			-305,630	-305,630		%		-1,528,134
-2,925,747	-372,326	Research - Grants	-3,556,564	-3,556,564	%			-451,314	-518,873	(67,558)	(13%)		-3,105,250
-295,578	14,738	Research - Collaborations	-552,949	-552,949	%			111	-100,652	(100,763)	(100%)		-553,060
-253,681	-17,689	Research - Studentships	-188,767	-188,767	%			-8,463	-31,764	(23,301)	(73%)		-180,304
-664,800	-123,166	Enterprise - Funding Grants	-567,033	-567,033	%			-94,506	-94,506		%		-472,527
-358,146	-14,187	Enterprise - Research Related Activities	-772,485	-772,485	%			-53,787	-101,828	(48,041)	(47%)		-718,698
-3,713,880	-363,997	Enterprise - University Fees	-3,266,793	-3,266,793	%			-366,094	-398,535	(32,441)	(8%)		-2,900,699
-6,175,259	-1,257,305	Enterprise - Other	-7,369,940	-7,369,940	%			-600,685	-754,995	(154,311)	(20%)		-6,769,255
-10,420,906	-1,786,846	Other - Student Related Income	-10,970,242	-10,970,242	%			-1,842,712	-2,067,064	(224,351)	(11%)		-9,127,530
-1,938,387	-93,111	Other - Operating Income	-117,824	-117,824	%			-64,330	-7,008	57,322	818%		-53,494
-178,950	-13,814	Endowment Income & Interest Receivable	-110,000	-110,000	%			-15,554		15,554			-94,446
-145,301,325	-62,766,782	Total Income	-145,200,000	-145,200,000	%			-62,623,526	-61,159,344	1,464,181	2%		-82,576,474
37,649,862	6,183,477	Academic - Permanent staff	39,374,692	39,374,692	%			6,208,707	6,228,511	19,805	%		33,165,985
8,133,094	-43,716	Academic - Temporary staff	2,878,478	2,878,478	%			217,722	293,978	76,256	26%		2,660,756
2,399,278	394,450	Technicians staff	2,568,281	2,568,281	%			409,939	420,788	10,849	3%		2,158,342
36,416,199	5,615,444	Support - Permanent staff	36,880,016	36,880,016	%			5,917,417	5,753,055	(164,362)	(3%)		30,962,599
602,371	87,504	Support - Temporary staff	466,421	466,421	%			76,874	317,617	240,743	76%		389,547
3,133,736	527,815	Third party staff	1,591,048	1,591,048	%			393,799	504,870	111,071	22%		1,197,249
3,905,578	-582,769	Structural staff	1,675,910	1,675,910	%			16,933	31,168	14,235	46%		1,658,977
85,240,117	12,182,205	Total Staff Costs	85,434,846	85,434,846	%			13,241,390	13,549,987	308,597	2%		72,193,455
9,625,747		Total Depreciation	10,500,000	10,500,000	%			1,483,576	1,502,722	19,146	1%		9,016,424
2,392,013	77,858	Staff Related	2,250,571	2,250,571	%			208,713	337,231	128,518	38%		2,041,858
2,584,519	615,256	Marketing and PR	2,285,778	2,285,778	%			514,523	358,816	(155,707)	(43%)		1,771,255
781,084	36,297	Student Recruitment	647,824	647,824	%			52,414	940	(51,474)	#####		595,410
2,549,969	232,815	Bursaries and Scholarships	2,159,267	2,159,267	%			197,798	177,537	(20,261)	(11%)		1,961,469
5,508,396	516,077	Student Related	5,032,351	5,032,351	%			713,771	683,139	(30,633)	(4%)		4,318,580
962,210	111,707	Equipment	1,759,649	1,759,649	%			145,449	165,990	20,542	12%		1,614,201
5,082,462	596,718	Computing	4,320,099	4,320,099	%			610,342	751,662	141,320	19%		3,709,757
3,654,874	489,719	Utilities	3,363,825	3,363,825	%			501,619	541,123	39,504	7%		2,862,205
5,339,902	809,722	Maintenance & Other Estate	3,395,369	3,395,369	%			742,332	865,486	123,154	14%		2,653,037
5,800,434	774,556	Cleaning & Security	5,813,444	5,813,444	%			907,474	956,827	49,353	5%		4,905,970
968,668	30,113	Financial	475,732	475,732	%			31,811	24,294	(7,518)	(31%)		443,920
461,413	96,681	Communications	541,015	541,015	%			98,714	94,618	(4,096)	(4%)		442,301
3,780,226	357,002	Legal & Professional	3,015,987	3,015,987	%			303,552	508,808	205,255	40%		2,712,435
1,206,465	190,840	Subscriptions and Membership Fees	1,340,665	1,340,665	%			203,899	215,002	11,102	5%		1,136,766
1,107,510	126,040	Photocopying and Stationery	1,026,693	1,026,693	%			93,698	73,407	(20,291)	(28%)		932,995
2,393,912	138,455	Other	3,950,275	3,950,275	%			374,296	456,742	82,445	18%		3,575,979
208		Internal Recharges	27,676	27,676	%			-25,127		(25,127)	(100%)		27,676
44,574,263	5,199,857	Total Other Operating Expenses	41,406,220	41,406,220	%			5,700,406	6,186,493	486,088	8%		35,705,815
4,297,781	202,627	Total Interest Payable	5,300,000	5,300,000	%			832,904	872,692	39,788	5%		4,467,096
		Total Exceptional Items	1,058,934	1,058,934	%								1,058,934
-1,563,417	-45,182,093	Contribution	-1,500,000	-1,500,000	%			-41,365,249	-39,047,450	2,317,799	6%		39,865,249
57.4%		Recurring Staff costs as % of income	57.7%	57.7%				21.1%	22.1%				
1.1%		Contribution %	1.0%	1.0%				66.1%	63.8%				

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	INTERNAL
Paper title:	Drafts Annual Report and Accounts for year ending 31 July 2018
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	06 November 2018
Author(s):	Natalie Ferer, Financial Controller
Sponsor(s):	Richard Flatman, Chief Financial Officer
Purpose:	For Information
Recommendation:	It is recommended that the Committee notes the attached report and accounts.

Executive summary

The audit for the year ended 31 July 2018 is almost complete. The draft report and accounts are presented here and KPMG are in the process of finalising their audit letter. The audit committee will review the accounts from an audit perspective at its meeting of 8 November 2018 and will be asked to recommend the accounts to the Board for approval.

Committee members should in particular draw their attention to the following sections in the accounts:

- A commentary on the financial results for the year is shown on pages 6 -10 of the accounts. Results for the year have previously been considered in the July management accounts. KPMG are in the process of finalizing their review of the accounts but no material adjustments are proposed or anticipated.
- The ‘Strategic Report’ on pages 4 - 6 of the accounts sets out the University’s objectives and strategy for achieving those objectives in its performance through the year and its prospects for the future. This narrative is taken from the Corporate Strategy Progress Report presented to the Board.
- A description of the principal risks and uncertainties facing the University is shown on page 6 of the accounts.
- As assessment of the University as a going concern, as will be presented to the Board, is shown on pages 10 -11 of the accounts.

Recommendation

The committee is requested to note the attached report and accounts.



Report and Financial Statements

31 July 2018

20/9/18

Draft at 25/10/2018

Report and financial statements 2018

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Report and financial statements 2018

Strategic Report

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

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

The governing body of the University is responsible for the effective stewardship of the University and has control of the revenue and the property of the University. The University's corporate governance arrangements are described on pages 15-20 and the members of the Board of Governors during the year ended 31 July 2018 are listed on page 3. The Governors are also directors under the Companies Act 2006.

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

Solicitors

Shakespeare Martineau LLP
1 Colmore Square
Birmingham B4 6AA

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

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

Eversheds
70 Great Bridgewater Street
Manchester
M1 5ES

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Internal Auditor

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

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

Report and financial statements 2018

Strategic Report

Structure, Governance and Management

The following were Governors throughout the year ended 31 July 2018 except as noted:

Board of Governors

Name	Dates
Mr Jeremy Cope (Chair)	
Professor David Phoenix OBE (Vice Chancellor and Chief Executive)	
Mr Sodiq Akinbade	Retired 30 June 2018
Mr Steve Balmont	
Mrs Shachi Blakemore	
Mr Duncan Brown	Appointed 1 August 2017
Ms Julie Chappell	
Mr Michael Cutbill	
Mr Douglas Denham St Pinnock	
Professor Peter Fidler CBE	Appointed 1 August 2017
Mrs Carol Hui	Resigned 20 February 2018
Professor Hilary McCallion CBE	
Ms Nelly Kibirige	Appointed 1 July 2018
Mr Kevin McGrath	
Dr Mee Ling Ng OBE	
Ms Jenny Owen	
Mr Tony Roberts	
Mr Suleyman Said	Retired 30 June 2018
Mr Nazene Smout	Appointed 1 July 2018
Changes in Governors since 31 July 2018:	
Mr Jeremy Parr	Appointed 1 August 2018

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Strategic Report

Principal Officers:

Name	Position
Professor David Phoenix	Vice Chancellor and Chief Executive
Professor Patrick Bailey	Deputy Vice Chancellor
Mrs Mandy Eddolls (resigned 15 June 2018)	Executive Director of Organisational Development and HR
Mr Richard Flatman	Chief Financial Officer
Professor Paul Ivey	Pro Vice Chancellor (Research and External Engagement)
Miss Nicole Louis	Chief Marketing Officer
Mr Ian Mehrtens	Chief Operating Officer
Mr James Stevenson	Secretary and Clerk to the Board of Governors
Professor Shân Wareing	Pro Vice Chancellor (Education and Student Experience)

A separate Corporate Governance Statement is shown on pages 15-20.

Objectives and Activities

London South Bank University has been transforming lives, communities and businesses for over 125 years. At its creation, its aims were to improve social mobility for the people of south London by improving their employment opportunities, and to support the community by providing access to the applied knowledge that would advance their businesses. Other than an increasingly global reach, that mission remains almost unchanged today – LSBU provides a highly applied academic environment which supports students into professional careers by providing the knowledge and skills that are attractive to employers. It supports employers and the professions by providing the education, consultancy and high quality applied research they need.

Our mission is to be recognised as an enterprising civic university that addresses real world challenges. London South Bank University's Corporate Strategy 2015–2020 sets out how the University will achieve its vision of becoming London's top modern university by 2020. The University's strategy has three key outcomes:

Student success

- Ensuring we are externally recognised for providing a personalised, high calibre education which equips graduates for employment and prepares them to make a positive contribution to society.

Real world impact

- Ensuring we provide dynamic evidence-based education which is underpinned by highly applied research and enterprise activity.

Access to opportunity

- Building opportunity through partnership: ensuring we are actively widening participation, engaging with our communities and are a partner of choice.

The University has had a very good year in terms of financial and strategic outcomes. It improved its rank by 15 places in the Good University Guide and subject performance ranking improved for 23 out of 30 subjects.

Report and financial statements 2018

Strategic Report

Student Success

We aim to ensure that our teaching remains highly applied, professionally accredited and demonstrably linked to research and enterprise, delivering the attributes that will make our graduates highly sought after. Students are seen as participants in their learning and their voices are encouraged and listened to. We provide students with an individualised learning experience to develop the skills and aspirations that enable them to enter employment, further study or start their own business. Our approach continues to pay dividends. Sam Gyimah, Minister for Higher Education, said: "There are some great technical options within universities; like South Bank University.. do a great technical option in construction." (BBC's Newsnight programme 19 February 2018)

- LSBU was named University of the Year for Graduate Employment [The Times and Sunday Times Good University Guide 2018]. Alistair McCall, editor of the Guide said: "London South Bank has an outstanding record for graduate employment. It is a shining example of all the best qualities held by the modern university sector".
- LSBU is now the top 4 university in the UK for graduate outcomes (graduate employment and further study). 87.7% of LSBU graduates were in graduate employment or further study, surpassing Oxford and Cambridge and all but one Russell Group university. (This is based on the official Employment Performance Indicator cohort and excludes Specialist Institutions).
- LSBU is a top 12 UK university for Graduate Starting Salaries [The Times Good University Guide September 2017]
- LSBU is a top 20 UK university for Graduate Prospects; and is the No 1 London Modern University for Graduate Prospects [Sunday Times League Table September 2017]

Real World Impact

We aim to deliver outstanding economic, social and cultural benefits from our intellectual capital, by connecting our teaching and research to the real world through commercial activities and social enterprise.

The profile of our research within and beyond LSBU has been enhanced through our new Research and Enterprise Institutes. The Annual University Research Audit (AURA) informed preparations for further research development and led to the creation of 33 research groups and 15 research centres.

- 73% of LSBU research is rated 3* and 4* for Impact. LSBU has ongoing research partnerships with leading companies including Sellafield, London Underground and FitFlop
- 2017/8 was a year of growth for our two innovation centres, based at the Cambridge Technology Park in collaboration with TWI. The London South Bank Innovation Centre and the Advanced Resins and Coatings Innovation Centre launched two major projects in spring 2017. The two centres have already attracted projects worth over £10m
- The University's Clarence Centre for Enterprise and Innovation is ranked in the top 15 worldwide of university-run business incubators. [UBI Global World Rankings 2017/18]
- LSBU rose 50 places in the QS World Rankings having entered the rankings for the first time last year when it achieved a QS stars rating of 4 stars.

Access to Opportunity

LSBU works with partners to provide opportunities for students with the potential to succeed.

- LSBU is a leader in the new Higher and Degree apprenticeships offering over 20 programmes in partnership with employers. 350 students were enrolled on Higher and Degree Apprenticeship programmes during the year

Report and financial statements 2018

Strategic Report

- LSBU is a top 15 UK university and the top London Modern for part-time postgraduate study. Over a quarter of LSBU students are on postgraduate courses, with 45% of them sponsored by their employer (HESA Student Full Person Equivalent (FPE))
- LSBU is establishing a new Institute for Professional and Technical Education to support educational pathways into higher and degree level technical education and, with partners, is investing over £12m in increasing provision for apprenticeships
- LSBU was ranked 32nd of all UK universities for “value added” by the Economist magazine, which used published data to analyse the “value added” by individual universities to their students based on actual and expected earnings [The Economist Data Team 10 August 2017]

Strategic Enablers

- LSBU was awarded Outstanding Student Services Team 2018 in the THE Leadership & Management Awards 2018

Principal risks and uncertainties

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

The Corporate Risk Register is the subject of careful and frequent review, and is aligned to the Corporate Strategy. The principal risks which the institution faces, considering external factors in the main, and the associated mitigation strategies are as follows:

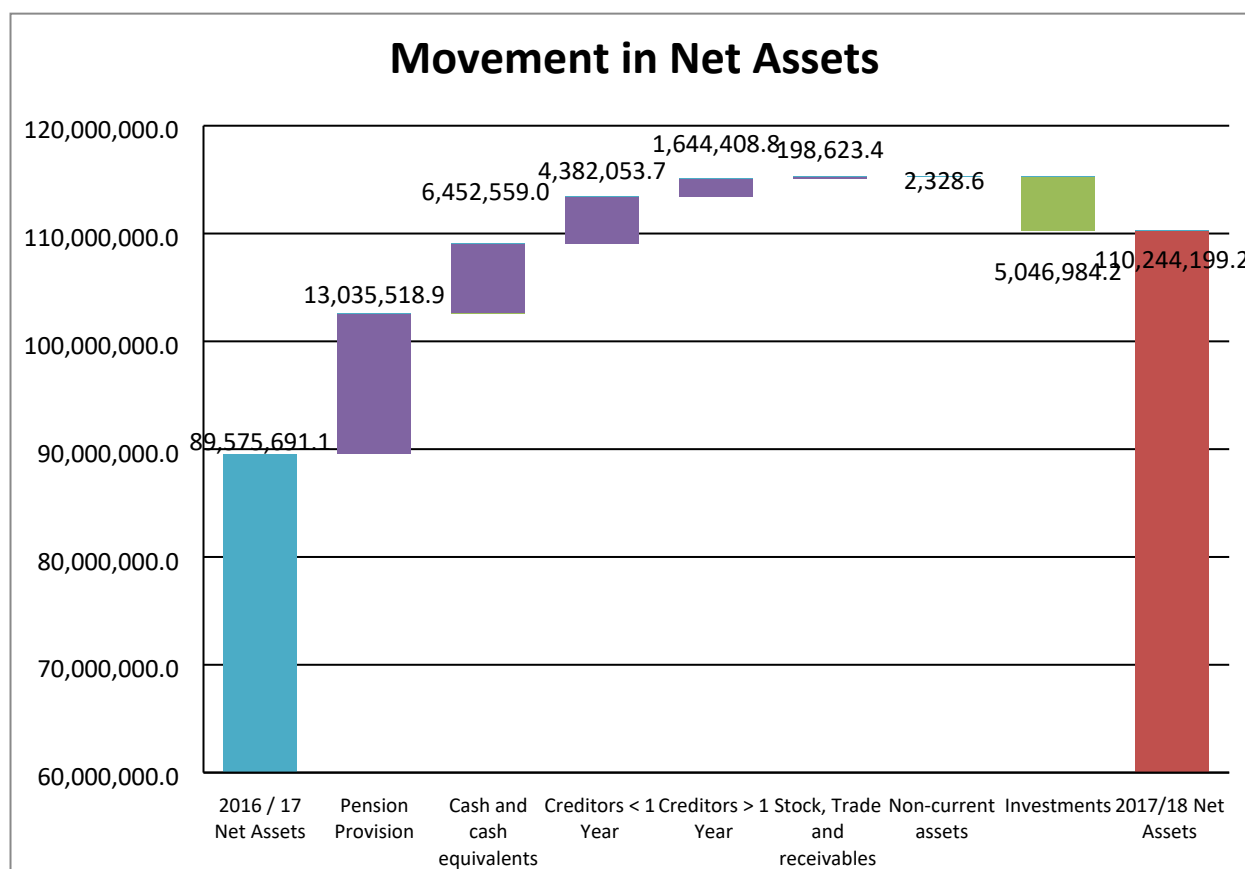
Risk	Controls and Mitigation Strategies
Revenue reduction	<ul style="list-style-type: none"> • QSC approval of course validations informed by market insight • Weekly review of numbers by MAC leadership team • Monthly review of DARR report • Revised Outreach
Anticipated International and EU student revenue not realised	<ul style="list-style-type: none"> • Annual cycle of training events with staff on UKVI processes. • Recruitment reports to each meeting of Ops Board • Development of Overseas offices
Progression rates don’t increase	<ul style="list-style-type: none"> • Increase data analysis to academic staff including progression data • Study support provided by Library & Learning Resource Centre • Personal tutoring specification established
Increasing pensions deficit	<ul style="list-style-type: none"> • Regular review and consideration of potential options for future provision • Modelling / scenario analysis of future costs and projected movements in assets & liabilities • Group defined contribution scheme established • Strict controls over early access to pensions.

Financial Review

Balance sheet and liquidity

The Group’s net assets increased by 23% during the year moving, from £89.6m to £110.2m. The principal reason for the change is the valuation of the deficit in the London Pension Fund Authority (LPFA) Scheme which is included within Other Comprehensive Income within the year.

Report and financial statements 2018 Strategic Report



The University always plans to have sufficient liquid assets to meet its liabilities as they fall due. Cash balances and bank deposits increased from £48.8m to £50.2m whilst Bank and other loans have reduced from £25.6m at 31 July 2017 to £24.3m at 31 July 2018 reflecting loan repayments made during the year. No new loans were taken out during the year.

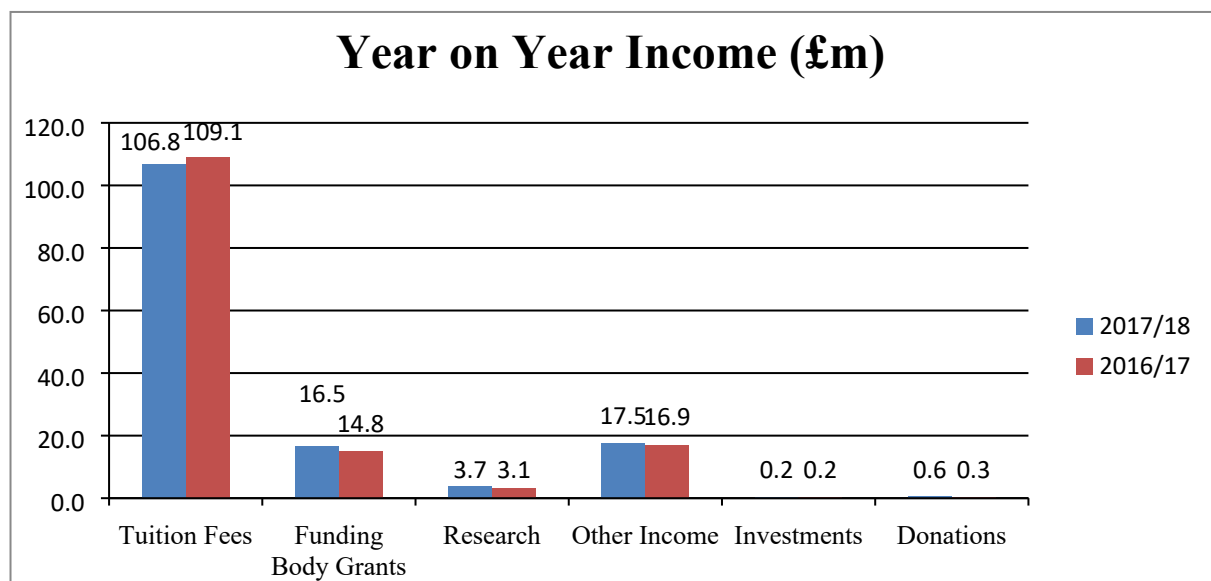
The levels of borrowing are reviewed on a regular basis and are considered adequate to meet current operational plans.

Result for the Year

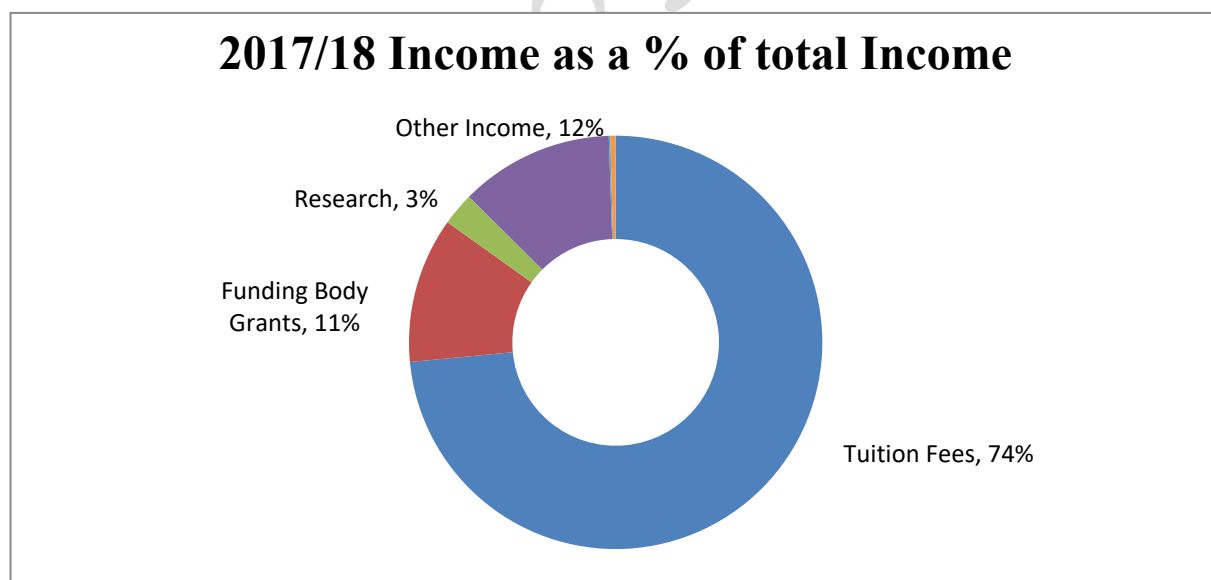
Financial Summary in £m			Variance from 2016 / 17 £m	
	2016/17	2016/17		
Income	144.5	145.3	0.8	0.6%
Expenditure	142.6	143.7	1.1	0.8%
Surplus for the year	1.9	1.6	-0.3	-15.8%
Surplus %	1.3%	1.1%		

The operating surplus of £1.6m is ahead of the agreed budget surplus of £1.5m and the forecast surplus of £1.5m submitted to HEFCE in January 2018. In the context of the continuing investment being made by the University and the recruitment challenges across the sector in 2017/18, particularly with regard to changes in the full time undergraduate demographic and the decline of the part time student market, this is considered a good result.

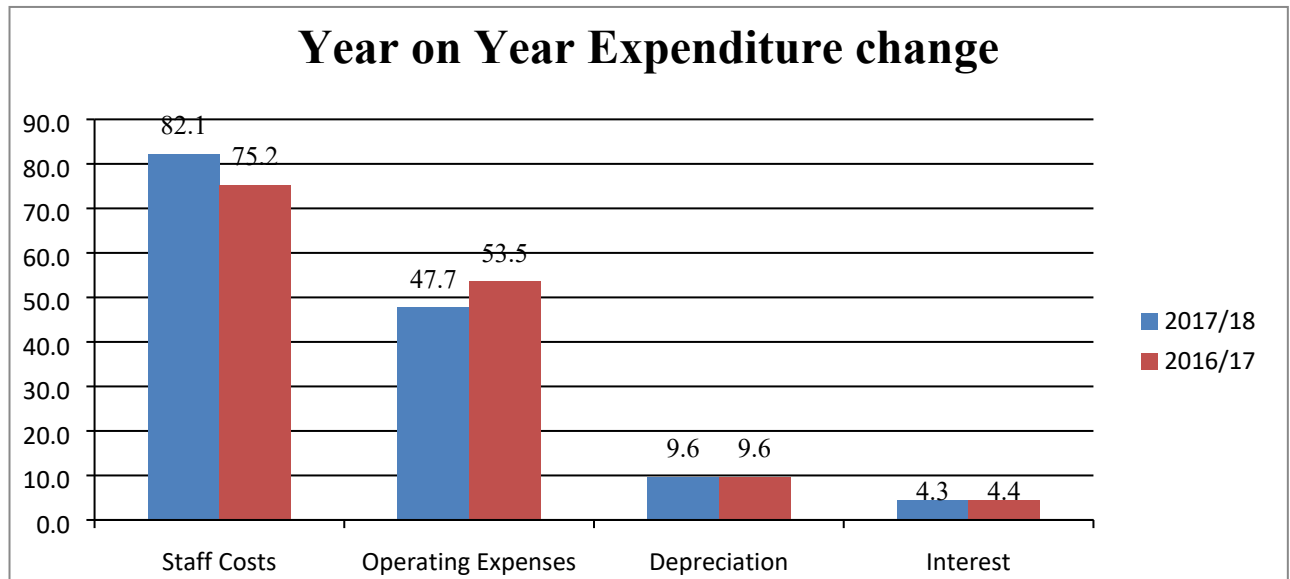
Report and financial statements 2018 Strategic Report



Total income increased by 0.6% (0.8m) to £145.3m (2016/17: £144.5m). Academic fees (including NHS contract income) and Funding Council Grants remain the main sources of income for the University representing 73.5% and 11.4% respectively (2016/17 = 75.5% and 10.3%). There was an increase in Funding Grants due to the impact of the new fee regime for both undergraduate (UG) and Postgraduate (PG) Health & Social Care students. This increase, however, was offset by a net decrease in Home / EU Tuition fees. Although Tuition Fees went up as the responsibility for fees transferred from the NHS to individual students this was offset by a larger decline in Health Contract income. The other factors affecting income were an increase in research income following a number of successful research bids and an increase in Other Income as the University expands its enterprise activities.

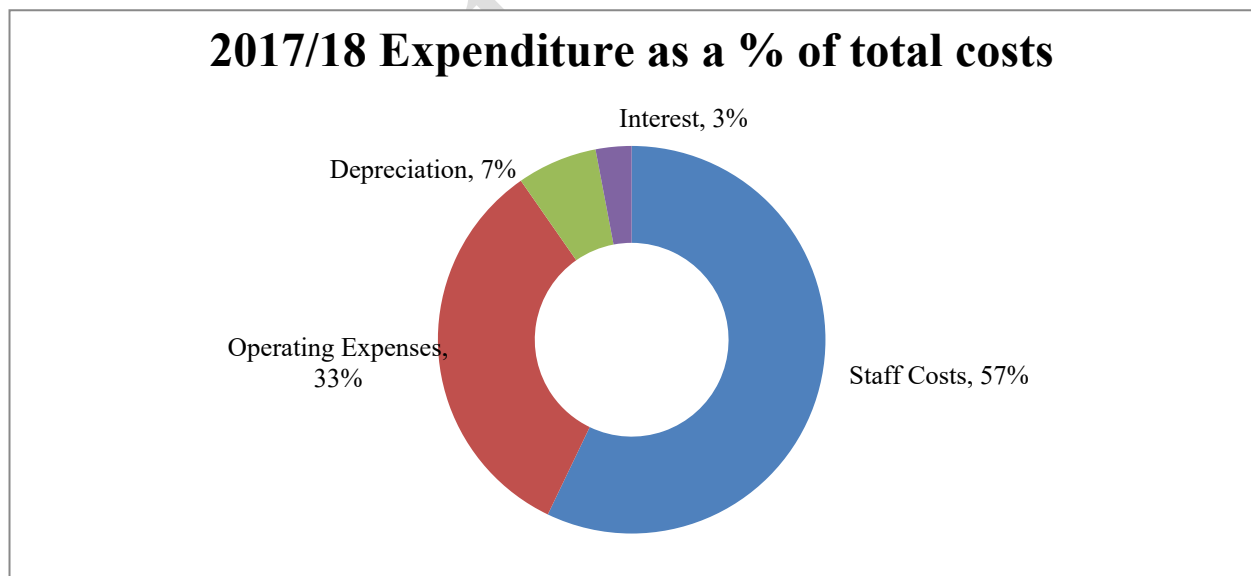


Report and financial statements 2018 Strategic Report



In terms of Expenditure, Staff costs increased by 9.9% from £75.2m in 2016/17 to £82.6m in 2017/18 representing 56.9% of income (2016/17: 52.0%). After including agency staff costs, which are included in the accounts as operating expenditure but before any restructuring provision, total staff costs represent 57.4% of income. This is slightly higher than our target of 55% and Staff costs remain an area of continued focus for the University in 2017/18.

Other operating expenses decreased by 9.9% from £53.5m in 2016/17 to £47.7m. There were some large one off costs in 2016/17 primarily relating to the preliminary development costs of the University's estate which explains some of the year on year reduction. The University is extremely focused on delivering value for money for students and constantly reviews expenditure to drive down costs. There were increases in security and cleaning costs due to the full implementation of the London living wage, an increase in both business rates and utility bills and an increase in the cost of Scholarships as the University invests in Research activities.



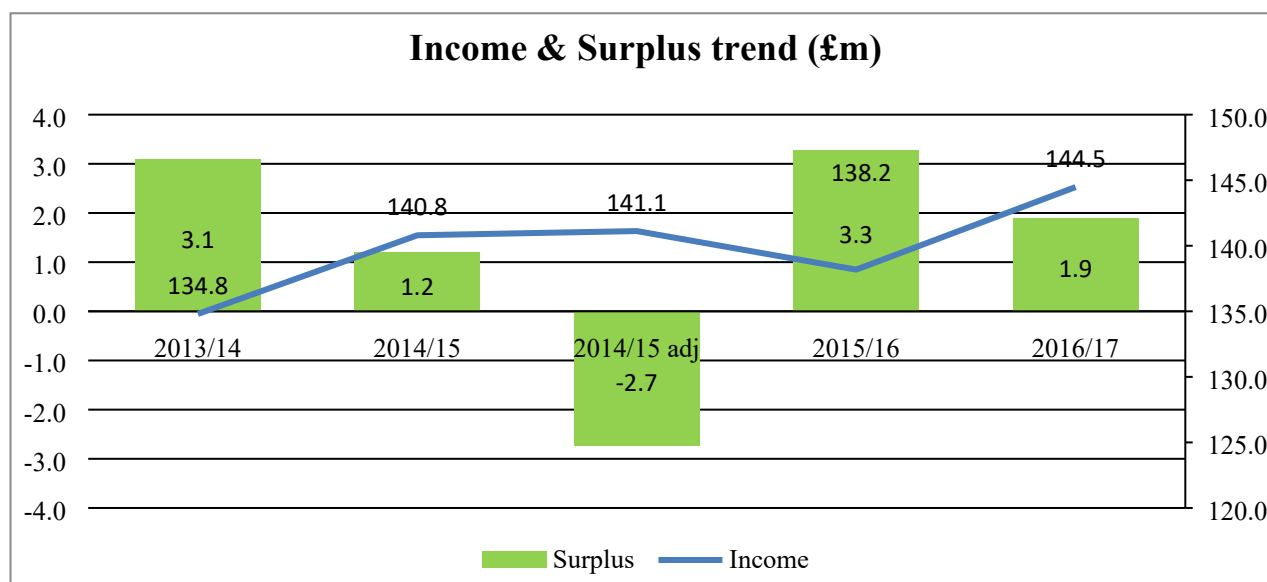
There were no changes to the University's Fixed assets. There were no asset disposals.

Report and financial statements 2018

Strategic Report

Financial trend analysis

2014/15 adjusted for FRS 102 adjustments



Income has grown by 8% since 2013/14. There have been large decreases in funding grants but this has been offset by larger tuition fees as the University expands student numbers. The University has also seen growth in Post Graduate and International tuition fees and a growth in Transnational Education Income. There has been significant growth in Research income as the University prepares for the REF in 2020 and significant growth in income from Enterprise activities which led to the University being recognised with the Entrepreneurial University of the Year at the Times Higher Education Awards in 2016.

The University always aims to make a small surplus. There were a number of FRS102 adjustments that moved 2014/15 into a deficit position but this was considered exceptional and the future forecasts submitted to our regulator, the OFS, reflect our aspiration to generate a positive financial position in each of the next 5 years.

Subsidiaries

South Bank University Enterprises Limited (SBUEL) provides consultancy and other services to a range of commercial organisations. SBUEL has entered into Gift Aid arrangements in order that its taxable profits can be donated to the University. SBUEL donated £nil in gift aid to the University (2017: £nil).

SBUEL is fully consolidated into the Group accounts.

Going Concern

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

2017/18 has been a successful year with income growth of 0.5% to £145.3m, building on earlier re-structuring and investment for future success. Full time undergraduate recruitment remained challenging but this was offset by increases in postgraduate and overseas TNE income and increases in research & enterprise activity. A financial surplus of £1.5m is reported, in line with the approved budget, as a result of continued sound financial management and effective cost control. This is after accounting for the re-structure costs of £1.9m and a year on year increase in pension service charge of £1.7m.

Report and financial statements 2018

Strategic Report

A budget surplus of £1.5m has been approved for 2018/19, reflecting the need for continued surplus whilst maintaining appropriate levels of investment spend to drive the necessary corporate strategic outcomes. Recruitment has been positive this year, with new student enrolments expected to exceed targets, despite continued increased levels of market competition. Whilst progression and retention have shown a slight deterioration, we are confident that we can deliver to the agreed budget surplus.

The University continues to generate positive cash inflows from operating activities and has a strong cash position with £50.2m cash and bank deposits at 31 July 2018.

Public Benefit statement

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

Charity Commission Guidance on Public Benefit

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

Charitable Objects

The charitable objects (under s.3 Charities Act 2011) of the University, as set out in its Articles of Association, are to:

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

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

The University advances education for the public benefit by:

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

The University promotes research and the dissemination of knowledge by:

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

The University provides student support and services for students through:

- wellbeing services, including support for students with disabilities and mental health issues. This includes a counselling service;
- student advice and guidance services via a one-stop-shop and student helpdesks across both campuses;
- employability services, supporting students who are working while studying, helping students source work experience and graduate opportunities;

Report and financial statements 2018

Strategic Report

- money advice, including debt management;
- specific support services for particular groups of students, including care leavers, carers and pregnant students;
- mentoring and coaching;
- providing student accommodation;
- funding some individual students' education through bursaries and fee waivers;
- providing funds to London South Bank University Students' Union (LSBUSU).

Beneficiaries

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

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

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

The University has one "linked" exempt charity: the LSBU consolidated charitable fund for the welfare of students. This fund was worth £761,457 on 31 July 2017 (2016: £755,551). The funds are managed with the aim of securing capital growth and an annual income. In 2016/17 the income received was £24,427 (2015/16: £18,420). The income is allocated for distribution by the University's Hardship Panel to students in financial difficulty.

The University's curriculum is firmly rooted in professional courses supported by accreditation from professional, statutory and regulatory bodies that enhance employability and career success. In 2016, 84.5% of graduates were in graduate employment and/or further study 6 months after leaving (DLHE survey results 2016/17). Over 7,746 LSBU students are sponsored to study by their employers, including NHS funded students.

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

Disclosure of information to auditors

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

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

Auditor

The Members will be asked to reappoint KPMG UK LLP as auditor of the University by written resolution.

Directors' report

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

Report and financial statements 2018 Strategic Report

Approval

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

Mr Jeremy Cope (Chair)

Professor David Phoenix (Vice Chancellor and Chief Executive)

Date

Draft at 25/10/2018

Statement of Responsibilities of the Board of Governors

In accordance with the University's Articles of Association, the Board of Governors is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year. The Board of Governors (the Governors of which are also the directors of the University for the purposes of company law) is responsible for preparing the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Board of Governors to prepare financial statements for each financial year. Under that law, the Board of Governors is required to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. In addition, the Board of Governors is required to prepare the financial statements in accordance with the terms and conditions of the HEFCE Memorandum of assurance and accountability (July 2016), through its accountable officer. Under company law, the Board of Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and the Group and of the surplus or deficit, gains and losses, changes in reserves and cash flows of the University and the Group for that year.

In preparing the financial statements, the Board of Governors is required to:

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

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the University's transactions and disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements comply with the Articles of Association, the Statement of Recommended Practice - Accounting for Further and Higher Education as issued in March 2014 and any subsequent amendments, the HEFCE Accounts Direction and the Companies Act 2006. They are also responsible for safeguarding the assets of the University and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Governors has taken reasonable steps to:

- ensure that funds from HEFCE and other funding bodies are used only for the purposes for which they have been given and in accordance with the HEFCE memorandum of assurance and accountability (July 2016) and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial management controls in place to safeguard public funds and funds from other sources;
- ensure that the University has a robust and comprehensive system of risk management, control and corporate governance, which includes the prevention and detection of corruption, fraud, bribery and irregularities; and
- secure the economic, efficient and effective management of the University and the Group's resources and expenditure.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board of Governors by:

Draft at 25/10/2018

Mr Jeremy Cope

Chair of the Board of Governors
22 November 2018

Corporate Governance Statement

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

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

- The Directors' duties as set out in sections 170 – 177 of the Companies Act 2006
- The CUC Higher Education Code of Governance
- The Higher Education Senior Staff Remuneration Code
- The HEFCE/Office for Students (OfS) Memorandum of Assurance and Accountability and the Audit Code of Practice
- The OfS Public Interest Principles
- The Charity Commission's Guidance on Public Benefit and its duties as charity trustees of compliance, prudence and care
- The University's Articles of Association and standing orders
- The seven principles of standards in public life
- Other legislative requirements of corporate and Higher Education bodies

Governance and Legal Structure

London South Bank University is a company limited by guarantee and an exempt charity within the meaning of the Charities Act 2011. Its objects and powers are set out in its Articles of Association. The Articles provide the governance framework of the University and set out the key responsibilities of the Board of Governors and its powers to delegate to committees, the Vice Chancellor and the Academic Board.

Compliance with the CUC Higher Education Code of Governance

The Board has materially complied with all aspects of the Higher Education Code of Governance (CUC, December 2014) during the year under review, as demonstrated below. References to paragraphs of the code are shown in brackets below.

Decision making

London South Bank University is led by a Board of Governors, which is collectively responsible for the strategic direction of the University, approval of major projects and partnerships and ensuring that the potential of every student is maximised (1.1).

The Board has agreed a Schedule of Matters Reserved which establishes the responsibilities of the Board and its committees. The Board, and where appropriate, its committees make decisions by consensus at meetings or electronically (2.4). The schedule is reviewed on an annual basis, the last occasion being 12th October 2017.

During the year, the Board met five times (five times in 2016/17). In addition, the Board held two strategy days (two in 2016/17) allowing further time to discuss and debate longer-term strategic challenges for the University. All governors are expected to attend meetings and to contribute effectively. Attendance at meetings is recorded and monitored by the Chair. In the year under review there was an 82% (2016/17: 83%) attendance rate at Board meetings.

The Board has due regard to Charity Commission guidance on public benefit when making decisions (see separate statement of public benefit on page 1 (1.2). The board receives an annual reminder on charity commission guidance (most recently, 23rd November 2017). It receives assurance that the institution meets the requirements of the Memorandum of Assurance and Accountability with HEFCE (from 1 April 2018 the Financial Memorandum with OfS) through the Audit Committee (1.3).

Compliance

Corporate Governance Statement

All governors and members of the Executive are required to declare their interests on appointment, on an annual basis and are required to declare any interests which relate to decisions at meetings. During the year under review, all declared interests were authorised by the Board. No conditions were attached to any of these interests (2.2). The governing body affirms that it makes decisions without any undue pressure from external interest groups, which is assured through the declaration of interests' process (2.3).

HEFCE undertook its five-yearly assurance visit in January 2017 and that it could place reliance on LSBU's accountability information, the highest opinion of the four possible.

The Board receives annual reports on the institution's compliance with key legislations, for example health and safety; equality, diversity and inclusion; and otherwise by exception reporting (3.6). In addition, independent governors have the right to external, independent advice at the University's expense where necessary in order to fulfil their duties. Material adverse change is reported to HEFCE (from 1st April 2018 through OfS) when discovered and annually as part of the Accountability and Assurance statement (3.6). [No material adverse changes were reported to HEFCE during the year – to confirm at November 2018].

The Board receives annual reports from the Students' Union in relation to its democratic processes and finances (2.5).

Sustainability

The Board is responsible for the sustainability of the institution and approves the annual budget, which is aligned to the five year corporate strategy (3.2). The Board oversees the performance and financial sustainability of the institution by regularly reviewing Key Performance Indicators, management accounts and five year forecasts (3.3). Overall financial control is delegated to the Chief Financial Officer, who is a member of the Executive and has regular access to the Vice Chancellor, as and when required.

Academic governance

The Board has oversight of academic governance across the institution, receiving an annual report from the Academic Board. [The Board has reviewed the quality process and agreed an assurance statement during the year under review – to confirm at the November 2018 board.]

The Board has regard to the principle of academic freedom (4.1, 4.2, 4.3).

In addition, the Board meets with the Academic Board twice each year to discuss the strategy.

External activities

The Board reviews all proposals for all significant, external activities and independent legal advice is sought, if necessary. Due diligence is conducted when entering into major projects that have significant risk associated with them (5.1).

During the year under review the Board has progressed negotiations with Lambeth College about joining the LSBU group. Appropriate due diligence has been carried out and will be used to inform the final decision in 2018/19.

Equality and Diversity

The Board receives an annual report on equality, diversity and inclusion, and compliance with the public sector equality duty under the Equality Act 2010. The Board also receives progress updates against agreed Equality, Diversity and Inclusion action plans at the institution.

The Board regularly reviews its composition and considers equality and diversity in its appointments. The Nomination Committee has agreed that in the event of underrepresentation of any group, targeted recruitment would be used to address this (6.3, 6.4, 6.5).

A recruitment company that specialises in equality and diversity has been appointed to help improve the diversity of the Board.

Structures and processes

The Board when fully complemented consists of 18 governors: 13 independent governors (7.1), the Vice Chancellor, two student governors and two academic staff members nominated by the Academic Board. Governors serving for the

Corporate Governance Statement

period are listed on page (5). The Board determines the number and composition of the Board of Governors within parameters set by the University's Articles of Association. Staff and student governors were not excluded from any items at Board meetings during the year (1.4).

Under the Articles, the Board has the power to remove any governor from office if they breach their terms of office (7.2). On appointment, governors also agree to act in accordance with the seven principles of public life and the University values. (1.2, 2.1).

Following the publication of the OfS Public Interest Principles in 2018, all governors have confirmed that they meeting the 'fit and proper' definitions as set out by the OfS.

Committees

The Board delegates authority to a number of committees. All committees are formally constituted with appropriate terms of reference, which are reviewed annually (3.6). Terms of reference and membership of each committee are available on the governance pages of the University's website. Each committee has a majority of independent governors. The chairs of each committee are independent governors and are set out below under Key Individuals.

The following principal committees met throughout the year:

- Appointments Committee
- Audit Committee
- Finance, Planning and Resources Committee
- Major Projects and Investment Committee
- Nomination Committee
- Remuneration Committee.

The Nomination committee is responsible for recruiting new independent governors (7.3). Recommendations are made to the Appointments Committee, which makes the final decision on appointment. A written description of the role and capabilities required of governors has been agreed by the Nomination Committee. Candidates are judged against the capabilities required and the balance of skills and experience currently on the Board. The balance of skills, experience and diversity of independent governors is kept continually under review by the Nomination Committee.

Membership of the Audit Committee is four independent governors (3.12), and a co-opted external member (who retired in February 2018). The Audit Committee produces an annual report for the Board, following HEFCE (OfS since 1 April 2018) requirements (3.4, 3.5). The Audit Committee reviews the effectiveness of the systems of control in place across the institution. The Audit Committee receives an annual report on the quality of data submitted to external bodies (3.8, 3.10).

There is a Remuneration Committee which decides the remuneration of senior executives, including the Vice Chancellor (3.13). Membership of the committee is four independent governors, including the Chair of the Board (3.14). No individual is present for discussions that directly affect them. The Vice Chancellor is not a member of the committee. The committee considers comparison information and use of public funding when deciding remuneration (3.15, 3.16.).

Further details on the work of the committee are included in the annual remuneration report below (at pages 23 to 27)

The Board completed an interim effectiveness review in July 2017. Following this review no major changes to the Board's structure have been proposed.

The Board plans to undertake a full effectiveness review during 2018/19 following the guidance in the CUC Code.

Key Individuals

Position	Name
Chair of the Board of Governors	Jeremy Cope
Vice Chair of the Board of Governors	Douglas Denham St Pinnock (from 1 st August 2017)

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Head of Institution and Accountable Officer (Vice Chancellor and Chief Executive)	David Phoenix
Chair of Audit Committee	Steve Balmont
Chair of Finance, Planning and Resources Committee	Hilary McCallion (From 1 st August 2017)
Chair of Major Projects and Investment Committee	Douglas Denham St Pinnock
Chair of Nominations Committee	Jeremy Cope
Chair of Appointments Committee	Jeremy Cope
Chair of Remuneration Committee	Mee Ling Ng
University Secretary and Clerk to the Board of Governors	James Stevenson

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

Statement of Primary Responsibilities of the Board of Governors

(based on the CUC Guide for Members of Higher Education Governing Bodies in the UK)

1. To approve the educational character, mission and strategic vision of the institution, together with its long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate, personnel and health and safety management of the institution, and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution.
3. To ensure the establishment and monitoring of quality assurance and systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
4. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
5. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself, and to carry out such reviews at appropriate intervals.
6. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
7. To safeguard and promote the good name and values of the institution.
8. To appoint the head of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
9. To appoint a secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.

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10. To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
11. To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
12. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
13. To make such provision as it thinks fit for the general welfare of students.
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution or its students.
15. To ensure that the institution's constitution is followed at all times and that appropriate advice to the Board is available to enable this to happen.

Statement on Internal Control

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

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process linked to the achievement of institutional objectives and designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2017 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

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

- We meet a minimum of seven times a year (including 2 strategy days) to consider the plans and strategic direction of the institution;
- The approach to internal control is risk based, including a regular evaluation of the likelihood and impact of risks becoming a reality;
- The Audit Committee provide oversight of the risk management process and comments on its effectiveness;
- We receive periodic reports from the chair of the Audit Committee concerning internal control and we require regular reports from managers on internal control activities and the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects;
- The Audit Committee receives regular quarterly reports from management;
- Internal audit is outsourced to an external provider. The Audit Committee receives regular reports from the internal auditor, which include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, governance and risk management processes, together with recommendations for improvement;
- The internal audit programme has been aligned with the University's corporate risk register;

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- An organisation-wide register of key corporate risks is maintained, together with individual risk registers for each school and professional service group. Review procedures cover risk to achievement of strategic objectives, operational business matters, and regulatory compliance as well as financial risk;
- Senior Managers meet regularly to consider risk, assess the current exposure and keep up to date the record of key corporate risks facing the University;
- A network of risk champions exists to support risk management activity in all schools and professional service groups; Update training is provided as required to support delivery;
- Formal risk management and internal control procedures have been embedded within ongoing operations. Our review of the effectiveness of the system of internal control is informed by internal audit, which operates to standards defined in the HEFCE Audit Code of Practice and which was last reviewed for effectiveness by the HEFCE Audit Service in January 2017. The internal auditors submit regular reports, which include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, governance and risk management processes, with recommendations for improvement. Our review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Draft at 25/10/2018

The Corporate Governance and Internal Control statements were approved by the Board of Governors on 22 November 2018 and were signed on its behalf by:

Draft at 25/10/2018

Mr Jeremy Cope

*Chair of the Board of Governors
22 November 2018*

Annual Remuneration Report

Introduction

This remuneration report sets out the University's approach to determining senior pay and outlines performance and reward during the year.

The Remuneration Committee is responsible for determining the remuneration of the Vice Chancellor and Senior Executives covered by the Senior Remuneration Policy as approved by the Board. Senior Executives are the senior leaders of LSBU who report directly to the Vice Chancellor. The Senior Executives for the year are listed on page x.

During the year, the Board adopted the CUC Remuneration Code and approved the senior remuneration policy.

Full details of the senior pay policies referred to in this report are available on the LSBU website.

Terms of Reference:

The Remuneration Committee's Terms of Reference are available online.

Committee Membership 2017/18

The members of the committee for the year 2017/18 were Mee Ling Ng (Committee Chair), Jerry Cope (Chair of the Board), Carol Hui (resigned 20 February 2018), Michael Cutbill (appointed 1 April 2018) and Douglas Denham St Pinnock. All members of the committee are independent governors. No members of the executive are members of the committee. The Vice Chancellor is invited to committee meetings where appropriate, such as to make recommendations on pay award and bonuses of senior executives. No member of the executive was present for any discussion on their own remuneration.

Committee meetings 2017/18

The committee met twice in the 2017/18 academic year.

- 23 November 2017
- 12 July 2018

The committee also met on 6 November 2018 to consider Senior Executive performance and remuneration for 2017/18.

Approach to remuneration of all staff in 2017/18 and for 1 August 2018 onward

LSBU is a large complex organisation requiring both general and specialised leadership to fulfil its strategic objective of being seen as the leading Modern University in London. This requires the provision of high quality teaching and support to its students, at home and overseas, enabling them to face the real world confidently and successfully. The teaching environment will be underpinned by input from employers and will have a strong focus on Enterprise and applied Research.

To achieve this objective, LSBU needs to attract, retain and motivate a strong calibre of leaders with competitive remuneration packages, within both a London and international labour market. However, the approach to senior remuneration must be framed within a context that all LSBU employees are, and feel, remunerated fairly for their roles and responsibilities and enthusiasm for the success of the University.

At LSBU, we create an environment which attracts and fosters the very best staff, and in which all staff, whatever their role, feel valued and proud of the University and take appropriate responsibility for its development. Embracing and

integrating equality and diversity and inclusion is fundamental to our success and growth as an institution of higher education.

Senior Remuneration

In setting senior remuneration, LSBU has adopted the CUC Higher Education Senior Staff Remuneration Code (2018).

LSBU's Senior Remuneration Policy sets out the following principles for senior remuneration:

- Remuneration will be applied to ensure that it is discrimination free, and based on job scale and complexity;
- Overall remuneration levels, including benefits, will be comparable, taking account of geography and affordability, to a set of equivalent institutions, decided by the Remuneration Committee but independently validated and, if appropriate, refreshed at least once every three years;
- Starting packages will reflect the experience and capability and particular circumstances of candidates, and the size and challenge of the particular role facing them;
- New starters will initially therefore often receive higher than average annual increases as their performance moves above the median expected for the role;
- Overall nonetheless the average % annual pay increases for senior executives as a whole will normally be no higher than for all employees, including the value of increments, where paid;
- Account will also be taken of the ratio of the VC's base salary and total remuneration to the median earnings of the Institution as a whole, both absolute and the change from the previous years.
- Individual annual pay increases will be influenced by performance, but in general good or exceptional performance will be rewarded mainly by annual unconsolidated bonus rather than basic pay;
- This individual performance annual bonus scheme, currently set at a maximum of 10% of basic pay, will be based on pre-agreed clear measurable output-based objectives; no individual bonus will normally be paid unless the University meets an overall financial target set by the Board as a whole;
- At the Board's discretion, the overall package may also include a longer-term incentive scheme, the perceived value of which should be included in assessing comparability with equivalent institutions;
- The Board will publish the value of the packages of some or all of its senior executives, in the way defined and required by the Office for Students (OfS);
- These principles will be resubmitted to the full Board for endorsement, as a minimum once every three years and will be published in LSBU's Report & Accounts

Benchmarking

An independent review of the benchmark set for Senior Executive salaries was carried out by Korn Ferry in September 2018 and a revised benchmark set approved by the Committee at its meeting of 6 November 2018. The Hay Group Guide Chart Profile Method of job evaluation was used to set the benchmark for all Executive level jobs and salaries.

The benchmark set for Senior Executive salaries is:

[to be filled in following Korn Ferry report and confirmation from Rem Co]

Institutional performance, 2017/18

The Board monitors the performance of the University through the agreed key performance indicators. As set out in the *Strategic Report*, the University performed well in terms of both financial and strategic outcomes.

Institutional performance including areas measured by the key performance indicators plus individual objectives are reviewed as part of individual Senior Executive's appraisals and are overseen by the Remuneration Committee.

Vice Chancellor performance, 2017/18

This assessment of Vice Chancellor performance is for academic year 2017/18. The bonus awarded based on performance for academic year 2017/18 will be paid in financial year 2018/19 and appear in next year's accounts.

The Vice Chancellor's performance was reviewed by the Chair of the Board as part of the appraisal process.

*[Draft to be finalised following the Remuneration Committee meeting of 6 November 2018 - Looking at key results both against key KPIs for the University, which the Vice Chancellor oversees, and against the specific personal objectives (marked *) set for the Vice Chancellor by the Remuneration Committee:*

- *The finances remain sound and meeting target in a difficult environment;
- Recruitment in 2018, particularly through clearing, has been above expectation, where others have struggled, thanks to the growing reputation of the University;
- Progression rates were disappointingly below target;
- *League table rankings have generally improved above the average improvement by comparators; a TEF silver has been achieved;
- *The transaction for Lambeth College, as part of the family of educational Institutions strategy, has been all but secured, meeting the Board's 'red lines';
- LSBU secured the Times employability award for an impressive 2nd consecutive year;
- Costs have been reduced to counterbalance lower student numbers in 2017/18, and invest in key areas;
- *The staff engagement score improved, and staff networks and diversity issues were progressed to plan;
- *Progress has been made on the Estates strategy with a masterplan approved by the Board, but some business cases are not yet in place;
- There has been strong and confident leadership both internally and externally, including representing LSBU to key stakeholders;

So in summary LSBU has had an excellent year at a particularly complex and challenging time and is well placed to thrive in a potentially tough environment going forward, The Board recognises the importance of maintaining a strong and determined leadership team at this time].

During the year under review the Vice Chancellor was awarded a bonus of [£x – *to be approved by the remuneration committee meeting of 6 November 2018*] (a bonus of £18k was awarded for performance in 2016/17).

Performance related pay, 2017/18

Under the Senior Remuneration Policy, the Vice Chancellor and Senior Executives are eligible for a bonus of up to 10% of salary as set out in the remuneration principles above. The award of bonuses is reviewed and approved by the Remuneration Committee.

During the year, the University met its overall financial target and seven members of the executive were eligible to receive a bonus. Following the appraisal process and a report on performance against individual measurable objectives, the Committee approved [seven] (including the Vice Chancellor) bonuses totalling [£x] (for 2016/17 performance seven bonuses were awarded totalling £61k).

There is a separate performance related pay scheme for Senior Managers (grades A – B. Bonus of up to 3% of salary) and Senior Leaders (grade C. Bonus of up to 10% of salary). Staff eligible for performance related pay receive annual inflation uplifts to their base pay. Based on performance during 2017/18 x bonuses were awarded totalling £x (previous year: 15 bonuses were awarded totalling £65k).

Total Remuneration: Vice Chancellor

The table below sets out payments to the Vice Chancellor during 2017/18 with a comparison to 2016/17. The bonus figure relates to performance in the previous year.

Emoluments of the Vice Chancellor	2017-18	2016-17
	£'000	£'000
Salary	228	224
Performance related pay	18	18
Taxable benefits	10	12
Subtotal	256	254
Pension scheme contributions or payments in lieu of pension contributions	33	34
Total	289	288

During the year the governors (as Members in general meeting) approved the extension of a loan to the Vice Chancellor of £350k for a further five years to October 2023 (full details of the loan are included in note 8(E)). Included in taxable benefits is the value of the benefit to the Vice Chancellor of the loan.

Pay Multiple

The pay multiple of the Vice Chancellor's earnings against the median of all staff for the academic year 2017/18 is 6.17 for basic salary and 6.23 for total remuneration.

The pay multiple has remained in line with that of previous years.

Year	Ratio – basic salary	Ratio – total remuneration
2017/18	6.17	6.23
2016/17	6.33	6.24
2015/16	6.17	6.25

External appointments, expenses and severance

LSBU's policy on the retention of income generated from external bodies is available online *[TO BE APPROVED by Remuneration committee 06/11/2018]*

In 2017/18 the Vice Chancellor donated royalties to the University's hardship fund. The Vice Chancellor did not undertake any external remunerated activity.

LSBU's Expense policy is available online. It applies to all staff including Senior Executives.

In 2017/18 the Vice Chancellor's expenses totalled £22k. £3k of this was payments on a purchasing card for travel, accommodation, meals, entertaining and other authorised costs. £18k relates to travel costs booked through the University's central travel buying team.

During the year, the Remuneration Committee approved a policy on severance arrangements.

Draft at 25/10/2018

Independent auditor's report to Board of Governors of London South Bank University

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of London South Bank University ("the University") for the year ended 31 July 2017 which comprise the University and its subsidiary, South Bank University Enterprises Limited and related notes, including the principle accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2017, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*;
- meet the requirements of HEFCE's Accounts Direction to higher education institutions for 2016/17 financial statements; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information, which comprises the Strategic Report, the Statement of Responsibilities of the Board of Governors and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic Report, the Statement of Responsibilities of the Board of Governors and Corporate Governance Statement, which together constitute the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion the directors' report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent University, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent University's financial statements are not in agreement with the accounting records and returns; or

Draft at 25/10/2018

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Board of Governors responsibilities

As explained more fully in their statement set out on page 13, the Board of Governors (who are the Directors of the University company for the purposes of company law) is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters under the HEFCE Audit Code of Practice (effective 1 August 2016) issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation; and
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

Fleur Nieboer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
 15 Canada Square
 Canary Wharf
 London
 E14 5GL
 22 November 2018

**Consolidated and University Statement of Comprehensive
Income and Expenditure
Year ended 31 July 2018**

	Note	Consolidated		University	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Income					
Tuition fees and education contracts	1	106,536	109,119	106,536	109,119
Funding body grants	2	16,543	14,845	16,053	14,358
Research grants and contracts	3	3,739	3,089	3,311	2,866
Other income	4	17,708	16,910	15,195	15,106
Investment income	5	179	184	177	183
Total income before other grants and donations		144,706	144,147	141,272	141,632
Donations and endowments	6	596	332	596	332
Total income		145,302	144,479	141,868	141,964
Expenditure					
Staff costs	7	82,106	75,160	80,346	73,771
Other operating expenses	9	47,633	53,488	46,466	52,334
Depreciation and Amortisation	12,13	9,626	9,620	9,626	9,620
Interest and other finance costs	11	4,298	4,369	4,298	4,369
Total expenditure		143,663	142,637	140,736	140,094
Surplus before other gains and losses		1,563	1,842	1,133	1,870
Gains on investments	20	17	52	17	52
Surplus for the year		1,656	1,894	1,150	1,922
Actuarial gain in respect of pension schemes	26	19,083	11,715	19,083	11,715
Total comprehensive income /for the year		20,739	13,609	20,233	13,637
Represented by:					
Endowment comprehensive income for the year		17	52	17	52
Restricted comprehensive income for the year		-	-	-	-
Unrestricted comprehensive income / for the year		20,722	13,557	20,216	13,585
		20,739	13,609	20,233	13,637

All activities consist of continuing operations.

London South Bank University

	Note	Income and Expenditure Reserve		Revaluation Reserve	Total Reserves
		Endowment	Unrestricted		
Consolidated		£'000	£'000	£'000	£'000
Balance at 1 August 2016		754	47,243	27,969	75,966
Surplus before other gains and losses from the statement of comprehensive income and expenditure		-	1,842	-	1,842
Other comprehensive income / (expenditure)		52	11,715	-	11,767
Transfers between revaluation and income and expenditure reserve	21	-	587	(587)	-
Total comprehensive income / (expenditure) for the year		52	14,144	(587)	13,609
Balance at 1 August 2017		806	61,387	27,382	89,575
Surplus before other gains and losses from the statement of comprehensive income and expenditure		-	1,639	-	1,639
Other comprehensive income	26	17	19,083	-	19,100
Transfers between revaluation and income and expenditure reserve	21	-	660	(660)	-
Total Comprehensive income / (expenditure) for the year		17	21,382	(660)	20,739
Balance at 31 July 2018		823	82,769	26,722	110,314
University					
Balance at 1 August 2016		754	47,090	27,969	75,813
Surplus from the statement of comprehensive income and expenditure		-	1,870	-	1,870
Other comprehensive income / (expenditure)		52	11,715	-	11,767
Transfers between revaluation and income and expenditure reserve		-	587	(587)	-
Gift aid received			36		36
Total comprehensive income / (expenditure) for the year		52	14,208	(587)	13,673
Balance at 1 August 2017		806	61,298	27,382	89,486
Surplus from statement of other comprehensive income and expenditure		-	1,133	-	1,133
Other comprehensive income		17	19,083	-	19,100
Transfers between revaluation and income and expenditure reserve		-	660	(660)	-
Gift aid received		-	-	-	-
Total Comprehensive income / (expenditure) for the year		17	20,876	(660)	20,233
Balance at 31 July 2018		823	82,174	26,722	109,719

Consolidated and University Statement of Changes in Reserves

Draft at 25/10/2018

London South Bank University

Consolidated and University Balance sheets
As at 31 July 2018

	Notes	Consolidated		University	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Non-current assets					
Intangible assets	12	1,015	1,991	1,015	1,991
Tangible fixed assets	13	217,854	216,881	217,854	216,881
Investments	14	38	38	38	38
		<u>218,907</u>	<u>218,910</u>	<u>218,907</u>	<u>218,910</u>
Current assets					
Stocks		10	8	10	8
Trade and other receivables	15	19,408	18,378	19,023	18,135
Investments	22	11,573	16,620	11,573	16,620
Cash and cash equivalents	22	37,841	32,146	36,820	31,484
		<u>68,832</u>	<u>67,152</u>	<u>67,426</u>	<u>66,247</u>
Creditors: amounts falling due within one year	16	<u>(31,260)</u>	<u>(34,653)</u>	<u>(30,451)</u>	<u>(33,839)</u>
Net current assets		<u>37,572</u>	<u>32,499</u>	<u>36,975</u>	<u>32,408</u>
Total assets less current liabilities		<u>256,479</u>	<u>251,409</u>	<u>255,882</u>	<u>251,318</u>
Creditors: amounts falling due after more than one year	17	(45,422)	(48,056)	(45,422)	(48,056)
Provisions					
Pension provisions	19	(100,743)	(113,778)	(100,743)	(113,778)
Total net assets		<u>110,314</u>	<u>89,575</u>	<u>109,717</u>	<u>89,484</u>
Restricted reserves – endowment reserves	20	824	807	824	807
Unrestricted reserves Income and expenditure reserve		82,768	61,386	82,171	61,295
Revaluation reserve	21	26,722	27,382	26,722	27,382
Total Reserves		<u>110,314</u>	<u>89,575</u>	<u>109,717</u>	<u>89,484</u>

These financial statements were approved by the Board of Governors on 22 November 2018 and were signed and authorised on their behalf by:

London South Bank University

Consolidated Statement of Cash Flows Year ended 31 July 2018

	Note	2018 £'000	2017 £'000
Cash flow from operating activities			
Surplus for the year		1,656	1,894
Adjustment for non cash items			
Amortisation / Depreciation	12,13	9,626	9,620
Investment income	5	(179)	(184)
Interest payable	11	4,298	4,369
Increase in stock		(2)	3
Increase in debtors	15	(1,030)	(3,422)
(Decrease) / increase in creditors	16	(4,678)	10,931
Pension costs less contributions payable	26	2,876	(145)
Adjustment for investment or financing activities			
Loss on disposal of assets	13	-	-
Investment income	5	22	21
Interest receivable	5	157	163
Net cash inflow from operating activities		12,746	1,388
Cashflows from investing activities			
Payment to acquire tangible fixed assets	13	(9,623)	(2,756)
Cash added to fixed term deposits	22	5,047	(155)
		(4,576)	(2,911)
Cashflows from financing activities			
Capital element of bank loan repayments		(1,347)	(1,325)
Interest element of bank loan repayments	11	(1,128)	(1,244)
		(2,475)	(2,569)
Increase in cash and cash equivalents during the year		5,695	(4,092)
Cash and Cash equivalents at the start of the year	22	32,146	36,238
Cash and Cash equivalents at the end of the year		37,841	32,146

Principal Accounting Policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standard FRS 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared under the historical cost convention, modified by the inclusion of certain properties at valuation and the revaluation of endowment assets.

The financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in operation. The Board is satisfied that the Group has adequate resources to continue in operation for the foreseeable future, as described in more detail on page 10 of these accounts. For this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the University's accounting policies.

Consolidation of accounts

The consolidated financial statements incorporate the financial statements of the University and its subsidiary undertaking South Bank University Enterprises Limited (SBUEL). Following a change to the constitution of London South Bank University Students' Union (LSBUSU) from August 2012, the University no longer exercises control over LSBUSU and therefore took the decision to cease consolidating the accounts of LSBUSU within these financial statements from that date.

The University Sponsors South Bank Academies, which operates The University Academy of Engineering South Bank and a University Technical College, Southbank Engineering UTC (opened September 2016). Although the University has representation on the Trust's Board and the local governing boards of the two schools, the Trustees and Governors act for the Trust or schools and not the University. The University does not gain direct benefits from its activities and the funds of South Bank Academies are restricted to its own purpose and will not be available to the creditors of the University, for example in the event of the University's insolvency. Furthermore, if South Bank Academies were to fail, the University would not receive its assets or reserves. Therefore the Accounts of South Bank Academies are not consolidated into the University Accounts.

Consolidation of subsidiaries is based on the equity method. Intragroup loans or balances are recognised at fair value.

Income recognition

Income from the sale of goods and services is credited to the Consolidated Statement of Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

Revenue Government grants, including funding council block and research grants from government sources are recognised within the Consolidated Statement of Income and Expenditure over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a Government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Other grants and donations from non-government sources, including research grants from non-government sources, are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions is deferred on the balance sheet and released to the Consolidated Statement of Comprehensive Income and Expenditure in line with such conditions being met.

Government capital grants are recognised in income over the expected useful economic life of the asset. Other capital grants are recognised in income when the University is entitled to funds subject to any performance related conditions being met.

Principal Accounting Policies

Donations and endowments with donor imposed restrictions are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income. Income is retained within the restrictive reserve until such a time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer. Any realised gains or losses from dealing in the related assets are retained within the restricted reserve in the balance sheet and reported in the Statement of Comprehensive Income and Expenditure.

Donations with no restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income.

Investment income is credited to the statement of Comprehensive Income and Expenditure on a receivable basis.

Intangible assets

Software costing less than £10,000 per individual item or group of items is written off to the Statement of Comprehensive Income and Expenditure in the year of acquisition. All other software is capitalised as an intangible asset and amortised at 25% per annum.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that have been revalued to fair value on the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Properties are not carried under the valuation method and therefore regular revaluations of assets are not undertaken by the University.

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

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

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

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

Freehold buildings	2% per annum
Long leaseholds	Period of lease
Short leaseholds	Period of lease
Building improvements	6.7% per annum
IT equipment	25% per annum
Other equipment and motor vehicles	20% per annum
Furniture	6.7% per annum

As LSBU is not a research intensive University, all equipment purchased with research grants is assumed to have a life equal to the length of the research project and will be depreciated accordingly. Assets purchased using research funds, including computers and software, costing less than £10,000 per individual item or group of related items are written off in the year of acquisition in line with the University's normal accounting policy regarding depreciation of fixed assets. All other items are capitalised and depreciated over the remaining life of the research project.

Freehold land is not depreciated as it is considered to have an indefinite useful life. No depreciation is charged on assets in the course of construction.

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

Principal Accounting Policies

Investments

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

Endowment Asset Investments are included in the balance sheet at fair value.

Stocks

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

Pension costs

The University contributes to the Teachers' Pensions Scheme (England and Wales), the London Pension Fund Authority Pension Fund (LPFAPF) and the Universities Superannuation Scheme (USS). These schemes are administered by Teachers' Pensions (on behalf of the Department for Education), the London Pension Fund Authority and USS Ltd respectively and are all of the defined benefit type.

Where the University is unable to identify its share of the underlying assets and liabilities in a scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme, so that the cost is equal to the total of contributions payable in the year. The TPS and USS are multi-employer schemes for which is not possible to identify the University's share of assets and are therefore reported as if they were defined contribution schemes, so that the cost is equal to the total of contributions payable in the year. Contractual obligations relating to these schemes including any agreements to pay additional contributions to fund a deficit are calculated at net present value and are included in provisions.

For other defined benefit schemes, including the LPFAPF, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that return on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The University has a defined contribution pension scheme for employees of its subsidiary, SBUEL. The University pays contributions into a separate legal entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of unused entitlement.

Taxation status

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

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

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in

Principal Accounting Policies

periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

Agency arrangements

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

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of the fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The Finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Maintenance

Maintenance expenditure is charged to the Consolidated Statement of Comprehensive Income and Expenditure in the period in which it is incurred.

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

Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund as the University must hold the fund in perpetuity. Other restricted reserves include balances through which the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Where fixed assets were revalued prior to the implementation of FRS 102, the gain or loss on revaluation was credited or debited to the revaluation reserve. Where depreciation on the revalued amount exceeds the corresponding depreciation based on historical cost, the excess is transferred annually from the capital reserve to the income and expenditure reserve.

The pension reserve represents the pension liability in respect of the defined benefit pension schemes (see note 26).

Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within twenty-four hours without penalty.

Liquid resources comprise assets which in normal practice are generally convertible to cash and cash equivalents. They include term deposits held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

Financial instruments

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

Principal Accounting Policies

Judgements and estimates

Accounting policies are supplemented by estimation techniques where judgement is required to establish the monetary amounts of assets, liabilities, gains and losses included in the accounts and the estimates and associated assumptions are believed to be reasonable and prudent. In all cases these judgements and estimates are either based on past experience or are prepared by qualified advisors. In preparing these financial statements management have made the following judgements and estimates:

The present value of the Local Government Pension Scheme and defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate, salary, pension and price increase and any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability.

Land has been revalued at 31/7/14 resulting in one off adjustment to increase the deemed cost of land by £41,946,000. The valuation was prepared by qualified valuers in accordance with the Red Book. The fair value depends on the classification of assets and a number of material assumptions including the condition of properties, ground and services, estimated market value and estimated rental income at the date of valuation.

The Provision for bad debt is calculated based on the University's past experience of collecting student and other debt. It is estimated that, at the date of signing the accounts and after making deductions where a repayment arrangement has been agreed with the debtor, 90% of remaining debt will not be recoverable.

Foreign currency translation

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

Provisions, contingent liabilities and contingent assets

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

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

Contingent assets arise where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise uncertain future events not wholly within the control of the University. These are disclosed by way of a note, where there is a probable, rather than a present asset arising from a past event.

Notes to the accounts
Year ended 31 July 2018

Consolidated and University

	2018		2017	
	£'000	£'000	£'000	£'000
1. Tuition fees and education contracts				
Full-time home and EU students	60,217		57,173	
Full-time international students	8,621		9,250	
Part-time students	13,198		12,373	
Other courses	1,925		1,916	
Strategic Health Authority education contracts	22,575		28,407	
	<u>106,536</u>		<u>109,119</u>	

	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
2. Funding body grants				
HEFCE recurrent grant	14,498	12,973	14,498	12,973
HEFCE Non recurrent grants				
Specific grants	665	487	175	-
Pension liabilities	318	240	318	240
Other grants	964	1,126	964	1,126
Teaching Agency grant	99	19	99	19
	<u>16,544</u>	<u>14,845</u>	<u>16,054</u>	<u>14,358</u>

	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
3. Research grants and contracts				
Research councils	1,768	1,667	1,340	1,444
UK based charities	242	80	242	79
European Commission	1,389	854	1,389	854
Other grants and contracts	208	345	208	345
Knowledge Transfer Partnerships	131	143	131	144
	<u>3,738</u>	<u>3,089</u>	<u>3,310</u>	<u>2,866</u>

	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
4. Other income				
Residence and catering income	10,514	11,716	10,514	11,716
Other income	7,194	5,194	4,681	3,390
	<u>17,708</u>	<u>16,910</u>	<u>15,195</u>	<u>15,106</u>

	Consolidated		University	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
5. Investment income				
Interest on short term investments	22	21	21	21
Endowment income and interest receivable	157	163	156	162
	<u>179</u>	<u>184</u>	<u>177</u>	<u>183</u>

Notes to the accounts
Year ended 31 July 2018

		Consolidated and University			
		2018	2017		
		£'000	£'000		
6. Donations and endowments					
Unrestricted donations		596	332		
		<u>596</u>	<u>332</u>		
7. Staff		Consolidated			
		2018	2017		
Average staff numbers by major category:		No.	No.		
Academic staff		769	766		
Student support staff		107	117		
Other support staff		544	491		
		<u>1,420</u>	<u>1,374</u>		
		Consolidated		University	
		2018	2017	2018	2017
Costs:		£'000	£'000	£'000	£'000
Wages and salaries		62,469	56,895	60,966	55,701
Social security costs		6,526	6,202	6,401	6,097
Employers' pension contributions		13,111	12,063	12,978	11,973
		<u>82,106</u>	<u>75,160</u>	<u>80,345</u>	<u>73,771</u>

Staff costs for the year include costs arising from redundancies of £2m (£0.5m paid in the year and £1.5m provision) (2017 £0.6m).

Notes to the accounts
Year ended 31 July 2018

8. Remuneration of Board of Governors and higher paid employees

A. Governors

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

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

	2018	2017
	£'000	£'000
Salaries	400	402
Pension contributions or payment in lieu of pension contributions	57	58
	<hr/>	<hr/>
	457	460
	<hr/> <hr/>	<hr/> <hr/>

Notes to the accounts

Year ended 31 July 2018

Governors, who are also all trustees, are paid expenses for attending meetings and duties directly related to their duties as trustees. In 2018 5 trustees were paid total expenses of £2,731 (2017: five trustees were paid total expenses of £3,095) for travel and subsistence.

B. Determining pay of senior staff

Senior pay, including the pay of the Vice Chancellor, is overseen, and for designated posts is determined, by a Remuneration Committee, composed of Independent Board Members, and chaired by an experienced Independent Member. The Vice Chancellor is not a Member of this Remuneration Committee.

The Committee, in making its determination, considers remuneration levels in a number of comparable institutions, but also more widely in the Sector; it seeks to ensure, based on good performance, that remuneration in LSBU is competitive and comparable to those comparator Institutions. The Committee also considers as a key input the level of pay increase that has been made to staff generally. The Committee further considers a report on the performance of Senior post holders against individual measurable stretching objectives and may award bonuses of up to 10% for clear achievement of those objectives, but only providing the overall financial performance of the University has been met.

C. Emoluments of the Vice Chancellor

	2018	2017
	£'000	£'000
Salary	228	224
Bonus	18	18
Taxable benefits	10	12
Pension Scheme contributions or payments in lieu of pension contributions	33	34
Total emoluments and remuneration	<u>289</u>	<u>288</u>

The Vice Chancellor is the highest paid Governor. Included in taxable benefits is the value of the benefit to the Vice Chancellor of an interest free loan detailed in note 8(F).

The Vice Chancellors taxable benefit includes £8,750 interest benefit for the loan and £1,148 for medical care cover.

The Vice Chancellors basic salary is 6.17 times the median pay of staff across the organisation, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The Vice Chancellors total remuneration salary is 6.23 times the median total remuneration of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

D. Remuneration of other higher paid staff

Certain employees, including the Vice Chancellor, received basic salary (excluding pension contributions) in excess of £100,000 during the year. Five of these employees accrued benefits under defined benefit pension schemes during the year (2017:7). These employees are grouped as follows:

	2018	2017
	No.	No.
£115,000 to £119,999	-	1
£120,000 to £124,999	2	2
£125,000 to £129,999	2	-
£130,000 to £134,999	1	-

Notes to the accounts

Year ended 31 July 2018

£135,000 to £139,999	-	1
£140,000 to £144,999	1	1
£145,000 to £149,999	1	1
£150,000 to £154,999	-	1
£155,000 to £159,999	1	-
£220,000 to £224,999	-	1
£225,000 to £229,999	1	-
	9	8
	9	8

E. Key management personnel

Key Management personnel include members of the University Executive Group, being those persons having authority and responsibility for planning, directing and controlling the activities of the University. This includes compensation (including salary and benefits in kind but excluding employers pension contributions). Members of the University Executive are listed on page 4 of these accounts.

	2018	2017
	£'000	£'000
Key management personnel	1,370	1,269
	1,370	1,269
	1,370	1,269

F. Related party disclosures

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

The accounts of SBUEL, a wholly owned subsidiary, are consolidated into these accounts and therefore the University has taken exemption under FRS 102 not to disclose transactions between the SBUEL and the University.

There were no transactions during the year between London Knowledge Innovation Centre Limited (LKIC) or CVCP Properties PLC and the University.

During the year the LSBU Students' Union received financial support from the University of £945,000 (2017: £855,000) net of services provided by the University. The President and the Union Council Chair of the LSBU Students' Union are members of the Board of Governors. The balance between the two parties at the year-end was £nil (2017: £nil).

A member of the Board, Hilary McCallion, and the Vice Chancellor are both visiting professors at Kings College London. During the year the University paid Kings College London £74,100 (2017: £78,844) in respect of seconded staff.

A member of the Board, Jeremy Cope, is a board member of the Universities and Colleges Employer Association (UCEA). During the year the University paid £20,832 (2017: £15,236) in respect of membership and conference fees.

A member of the Board, Duncan Brown, is a retired partner of PriceWaterhouseCoopers LLP (PWC) and receives an annuity from that organization. During the year the University paid PWC £164,625 in respect of internal audit and professional fees.

The Vice Chancellor of the University, Professor David Phoenix and the University are both members of the board of South Bank Academies. During the year the University charged The Trust £6,000 for clerking services. During the year South Bank Academies paid the University £18,000 (2017 £nil) in reimbursement of actual expenses incurred.

The Vice Chancellor of the University received an interest free loan in October 2013 as part of a relocation package agreed for him. Professor David Phoenix is an employee of the University. The amount of the loan was £350,000 and was solely to contribute to a specified property. The loan was originally repayable on 30 October 2018 and has been subject to an extension until 30 October 2023 (or later as agreed). As of 31 July 2018 the outstanding balance

Notes to the accounts

Year ended 31 July 2018

was £350,000. The loan is fully secured by way of legal mortgage on the property in favour of London South Bank University.

	Consolidated		University	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
9. Other operating expenses				
Academic	10,275	11,971	10,275	11,971
Academic support	7,254	9,148	7,254	9,148
Other support	6,696	7,292	6,696	7,292
Premises	13,032	15,636	13,032	15,636
Residence and catering	3,981	4,644	3,981	4,644
Other expenses	6,395	4,797	5,228	3,643
	<u>47,633</u>	<u>53,488</u>	<u>46,466</u>	<u>52,334</u>

Group other operating expenses are stated after charging:

	2018 £'000	2017 £'000
Auditors' remuneration		
<i>External audit</i> * KPMG LLP	53	63
<i>Internal audit</i> ** PricewaterhouseCoopers LLP	114	93
<i>Other services</i> * KPMG LLP	6	4
Rentals under operating leases Plant and machinery	168	217
	<u>168</u>	<u>217</u>

* Includes £53,198 attributable to the University (2017: £59,280)

** All attributable to the University

10. Taxation

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

The amount of the asset not recognised is £xx (2017: 7.7k). The asset would be recovered if suitable taxable profits were to arise in the future against which the asset could be offset.

	Consolidated and University	
	2018 £'000	2017 £'000
11. Interest and other finance costs		
Loans Interest	1,128	1,244
Net charge on pension scheme	3,170	3,125
	<u>4,298</u>	<u>4,369</u>

Notes to the accounts
Year ended 31 July 2018

12. Intangible Assets
Software

	Consolidated and University		
	Software £'000	Assets in Course of Construction £'000	Total Intangible Assets £'000
Cost or Valuation			
At August 2017	4,090	38	4,128
Additions	-	62	62
Transfer	50	(50)	-
At 31 July 2018	4,140	50	4,190
Amortisation Charge			
At August 2017	(2,100)		(2,100)
Charge for the year	(1,025)		(1,025)
At 31 July 2018	(3,125)	-	(3,125)
Net Book Value			
At 31 July 2018	1,015	50	1,065
At 31 July 2017	1,991	38	2,029

Notes to the accounts

Year ended 31 July 2018

13. Tangible Fixed assets (Consolidated and University)

	Freehold Land £'000	Freehold Buildings £'000	Long Leasehold land and buildings £'000	Fixtures, Fittings and Equipment £'000	Short Leasehold land and buildings £'000	Assets in Course of Construction £'000	Total Fixed Assets Total £'000
Cost or Valuation							
At 1 August 2017	64,368	165,026	47,210	46,680	44	12,784	336,112
Additions	-	-	-	-	-	9,561	9,561
Disposal				(944)			(944)
Transfers		2,084	-	1,170	-	(3,254)	-
At 31 July 2018	<u>64,368</u>	<u>167,110</u>	<u>47,210</u>	<u>46,906</u>	<u>44</u>	<u>19,091</u>	<u>344,729</u>
Depreciation							
At 1 August 2017	-	(54,614)	(29,339)	(35,279)	(37)	-	(119,269)
Charge for the year	-	(4,485)	(1,281)	(2,835)	-	-	(8,601)
Disposals				944			944
At 31 July 2018	<u>-</u>	<u>(59,099)</u>	<u>(30,620)</u>	<u>(37,170)</u>	<u>(37)</u>	<u>-</u>	<u>(126,926)</u>
Net book value							
At 31 July 2018	<u>64,368</u>	<u>108,013</u>	<u>16,589</u>	<u>9,736</u>	<u>7</u>	<u>19,091</u>	<u>217,804</u>
At 31 July 2017	<u>64,368</u>	<u>110,413</u>	<u>17,870</u>	<u>11,401</u>	<u>7</u>	<u>12,784</u>	<u>216,843</u>

Software, previously reported as fixtures, fittings and equipment, are now shown in note 12 as intangible assets.

14. Investments

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
CVCP Properties plc	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>

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

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

South Bank University Enterprises Limited

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

London Knowledge Innovation Centre Limited

SBUEL held 50% of the issued £1 shares of London Knowledge Innovation Centre Limited (LKIC), a company formed to provide serviced office space and other services to start-up companies. The share of the net assets and profit/(loss) of LKIC have not been included in the consolidated accounts as they are immaterial. The profit/(loss) and net assets of LKIC were both £nil for the period ended 31 July 2018 (2017 : £nil). The company dissolved on 12 September 2017.

Other investments

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

Notes to the accounts
Year ended 31 July 2018

15. Debtors: amounts falling due within one year	Consolidated		University	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade debtors	14,453	13,684	14,072	12,967
Amounts owed by group undertakings	-	-	356	664
Other debtors	1,255	278	1,253	275
Prepayments and accrued income	3,349	4,066	2,991	3,879
Total debtors due within one year	19,057	18,028	18,672	17,785
Debtors: amounts falling due after one year: amounts owed by related parties (note 8)	350	350	350	350
	19,407	18,378	19,241	18,135

16. Creditors: amounts falling due within one year	Consolidated		University	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank and other loans	1,367	1,347	1,367	1,347
Trade creditors	1,677	1,586	1,661	1,586
Other creditors	1,582	1,934	1,449	1,844
Social security and other taxation payable	1,544	1,481	1,544	1,481
Accruals and deferred income	25,090	28,305	24,430	27,581
	31,260	34,653	30,451	33,839

17. Creditors: amounts falling due after more than one year	Consolidated and University	
	2018 £'000	2017 £'000
Bank and other loans	22,895	24,262
Deferred income	22,527	23,794
	45,422	48,056

Included within deferred income are items of income which have been deferred until specific performance related conditions have been met.

	Consolidated		University	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Government	7,818	8,584	7,492	8,178
Non government	2,603	2,717	2,448	2,619
Capital grants	23,158	24,122	23,158	24,122
	33,579	35,423	33,098	34,919

Notes to the accounts
Year ended 31 July 2018

18. Borrowings

Consolidated and University

Bank loans and finance leases are repayable as follows:

Due in less than one year (note 16)

Due between one and two years

Due between two and five years

Due after five years

Total due after one year (note 17)

	2018	2017
	£'000	£'000
	1,367	1,347
	1,383	1,367
	4,156	4,079
	17,356	18,816
	22,895	24,262
	<u>24,262</u>	<u>25,609</u>

Details of bank basic loans

Lender	Term	Interest rate	Security	2018	2017
				£'000	£'000
Barclays Bank	25 years to 2032	5.67% fixed	} David Bomberg House and McLaren House	4,197	4,508
Barclays Bank	To April 2029	5.25 % fixed		5,000	5,000
Barclays Bank	23.25 years to 2032	5.54% fixed		7,291	7,653
Barclays Bank	23 years to 2032	0.225% over Libor		4,083	4,380
Allied Irish Bank	26.5 years to 2027	6.67% Fixed	Dante Road Halls	3,491	3,868
Salix	Variable	Interest free	Unsecured	200	200
				<u>24,262</u>	<u>25,609</u>

19. Provisions for liabilities (Consolidated and University)

	USS pension	LPFA pension	Total
	£'000	£'000	£'000
Balance at 1 August 2017	1,029	112,749	113,778
Utilised during the year	-	(5,660)	(5,660)
Charged to comprehensive income and expenditure	(52)	(7,324)	(7,376)
Balance at 31 July 2018	<u>977</u>	<u>99,765</u>	<u>100,742</u>

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

20. Restricted reserves

Endowments Consolidated and University

	Restricted Permanent	Restricted Expendable	2018 Total	2017 Total
	£'000	£'000	£'000	£'000
Balance at 1 August	678	128	807	755
Increase in market value of investments	14	3	17	52
Balance at 31 July	<u>692</u>	<u>131</u>	<u>824</u>	<u>807</u>

Notes to the accounts
Year ended 31 July 2018

21. Unrestricted reserves	Consolidated and University	
	2018	2017
	£'000	£'000
Revaluation reserve		
Balance at 1 August	(27,382)	(27,969)
Transfer to income and expenditure reserves being excess depreciation on revalued assets	660	587
Balance at 31 July	(26,722)	(27,382)

22. Cash and cash equivalents	At 1 Aug	Cashflows	At 31 July
	2017		2018
	£'000	£'000	£'000
Consolidated			
Investments	16,620	(5,047)	11,573
Cash at bank and on deposit	32,146	5,695	37,841
Balance at 31 July	48,766	648	49,414

Investments comprise of funds held in fixed term deposits for periods not exceeding three months at 31 July 2018. Cash and cash equivalents comprise funds held in bank and on deposit not exceeding 3 months.

23. Capital commitments	Consolidated and University	
	2018	2017
	£'000	£'000
Commitments contracted at 31 July	6,941	4,249

24. Lease obligations		
At 31 July 2018 the University and the Group were committed to making the following future minimum lease payments in respect of operating leases on land and buildings:		
	2018	2017
	£'000	£'000
Expiring within two and five years	-	17
Expiring in over five years	470	481
	470	498

Notes to the accounts

Year ended 31 July 2018

25. Amounts disbursed as agent - Teacher Training Bursaries

	2018	2017
	£'000	£'000
Balance at 1 August	3	14
Funding council grant	23	142
Disbursed to students	(36)	(153)
	<hr/>	<hr/>
Balance at 31 July	(10)	3
	<hr/> <hr/>	<hr/> <hr/>

- Apprenticeship Employer Incentive Payments

	2018	2017
	£'000	£'000
Balance at 1 August	-	-
Funds received	12	-
Disbursed to employers	(12)	-
Balance at 31 July	-	-

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

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

26. Pension arrangements

Different categories of staff were eligible to join one of four different schemes:

- Teachers' Pension Scheme (TPS)
- Universities Superannuation Scheme Limited (USS)
- London Pension Fund Authority (LPFA) Pension Fund
- London South Bank University Defined Contribution Scheme, administered by Aviva.

A. The Teachers' Pension Scheme

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

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

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

The last valuation of the TPS was as of 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost CAP) Directions 2014. The valuation report was published by the Department on 9 June 2014. The Key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;

Notes to the accounts

Year ended 31 July 2018

- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

At 31 July 2018 the University had 899 active members participating in the scheme. During the year contributions were paid by the University and charged to the Income and Expenditure account at a current rate of 16.48% (2017: 16.48%) of salaries and the University's contribution to the TPS for 2018 was £4,294,274 (2017: £4,171,742). Employees paid tiered contribution rates which ranged from 7.4% - 11.7%, depending on earnings.

Under the definitions set out in FRS 102 'Retirement Benefits', the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has accounted for its contributions as if it were a defined contribution scheme.

B. The Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contributing rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by section 28 of FRS102 'Employee Benefits', the University accounts for the scheme as if it were a wholly defined contribution scheme. Since the University has entered into an agreement that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that relate to the deficit and movement in this provision is treated as an expense.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The latest available complete actuarial valuation of the Retirement Income builder section of the scheme is 31 March 2014., which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway but not yet complete.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. These figures will be revised once the 2017 scheme valuation is complete.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	31 March 2018	31 March 2017
Discount Rate	2.6%	2.6%
Price inflation and pension increases (CPI)	2.0%	2.4%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for 31 March 2018 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Pre- retirement 71% of AMC00 (Duration 0) for males and 112% of AFC00 (duration 0) for females.

Notes to the accounts

Year ended 31 July 2018

Post-retirement 96.5% of SAPS SINMA 'light' for males and 101.3% of RFV00 for females

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 (years)	24.5	24.4
Females currently aged 65 (years)	26.0	26.6
Males currently aged 45 (years)	26.5	26.5
Females currently aged 45 (years)	27.8	29.0

	2018	2017
Scheme Assets	£63.6bn	£60.0bn
Total scheme liabilities	£72.0bn	£77.5bn
FRS 102 total scheme deficit	£8.4bn	£17.5bn
FRS 102 total funding level	88%	77%

At 31 July 2018 the University had 42 active members participating in the scheme. The total cost charged to the Statement of Comprehensive Income and Expenditure is £513,726 (2017: £599,508) with an employer contribution rates of 18% (2017: 18%).

C. The London Pension Fund

The London Pension Fund Authority (LPFA) provides members with benefits related to pay and service at rates which are defined under the Local Government Pensions Scheme Regulations 2013. To finance these benefits, assets are accumulated in the Fund and held separately from the assets of the University.

A full triennial valuation was carried out by the scheme's actuary Barnett Waddingham as at 31 March 2016 with the valuation results taking into account changes to the scheme from 1 April 2017. The results showed the market value of the Fund's assets attributable to the University as £92.17m. The actuarial value of those assets represented 69% of the value of the benefits that have accrued to the University's pensioners, deferred pensioners and current members based upon past service but allowing for assumed pay increases and pension increases. Employer contribution rates effective from 1 April 2018 are 12.7% of pensionable salaries to cover the cost of future service plus a past service adjustment expressed as a lump sum to clear the deficit over a recovery deficit period of 17 years. During the year ending 1 April 2018 this payment amounted to £2,022,000.

At 31 July 2018 the University had 821 active members participating in the scheme.

Pension costs under FRS 102

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

	31 July 2018 % per annum	31 July 2017 % per annum
Salary increases	3.85%	4.2%
Pension and price increases	2.35%	2.7%
Discount rate	2.65%	2.7%

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

Notes to the accounts

Year ended 31 July 2018

On the advice of our actuaries we have made the following assumptions:

- Members will exchange half of their commutable pension for cash at retirement
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age
- No members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits

In calculating the scheme assets and liabilities, the fund's actuaries had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes but it is possible that actual outcomes will differ from those included in the accounts. Any differences between expected and actual outcomes are reported through experience gains and losses.

Life expectancy

Post-retirement mortality is based on Club Vita analysis. These base tables are then projected using the CMI 2015 model, allowing for a long term rate of improvement of 1.5% per annum. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	Males Years	Females Years
Current pensioners	21.3	24.3
Future pensioners	23.7	26.5

Fund assets

For the year ending 31 July 2016 a single expected rate of return of 5.0% has been used to determine the charge to the statement of comprehensive income and expenditure for the year (2015: 5.8%). Comparative figures for the year ending 31 July 2015 show the expected returns based on the long-term future expected investment return for each asset class as at the beginning of that period as follows:

	Fair value as at 31 July 2018 £'000	Fair value as at 31 July 2017 £'000
Equities	87,224	82,009
Target return portfolio	31,847	27,749
Cash	6,599	9,273
Infrastructure	7,155	6,028
Property	11,044	8,712
Total fair value of assets	<u>143,869</u>	<u>133,771</u>

Net pension liability

Notes to the accounts

Year ended 31 July 2018

The following amounts at 31 July related to London South Bank University measured in accordance with the requirements of FRS 102:

	2018	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000
Fair value of Employer Assets	143,869	133,771	112,066	105,534	99,726
Present value of funded obligations	(232,750)	(234,955)	(221,698)	(182,439)	(164,260)
Net underfunding in funded plans	(88,881)	(101,184)	(109,632)	(76,905)	(64,534)
Present value of unfunded obligations	(10,884)	(11,565)	(11,868)	(11,852)	(11,968)
Net Pension Liability	<u>(99,765)</u>	<u>(112,749)</u>	<u>(121,500)</u>	<u>(88,757)</u>	<u>(76,502)</u>

The movement for the year in the net pension liability is shown in note 19.

Analysis of the amount included in staff costs for the year

	2018	2017
	£'000	£'000
Service cost	8,616	6,985
Enhancements to former employees	318	240
Total operating charge	<u>8,934</u>	<u>7,225</u>

Analysis of the amount included in interest payable for the year

	2018	2017
	£'000	£'000
Interest on the defined liability (asset)	2,969	2,953
Administration expenses	174	146
Total interest charge	<u>3,143</u>	<u>3,099</u>

Analysis of the amount recognised in Other Comprehensive Income

	2018	2017
	£'000	£'000
Return on fund assets in excess of interest	4,524	14,351
Other actuarial gains on assets	-	2,164
Change in financial assumptions	14,543	(14,972)
Change in demographic assumptions	-	3,550
Experience gains and losses on defined benefit obligation	16	6,622
Remeasurement of the net assets / (defined liability)	<u>19,083</u>	<u>11,715</u>

Notes to the accounts

Year ended 31 July 2018

Analysis of movement in the present value of scheme liabilities

	2018	2017
	£'000	£'000
At 1 August	246,520	233,566
Movement in the year:		
Current service cost	8,488	6,810
Interest cost	6,609	5,786
Changes in financial assumptions	(14,543)	14,972
Change in demographic assumptions	-	(3,550)
Experience loss / (gain) in defined benefit obligation	(16)	(6,622)
Past service costs, including curtailments	128	175
Estimated benefits paid net of transfers in	(4,513)	(5,429)
Contributions by scheme participants	1,697	1,548
Unfunded pension payments	(736)	(736)
	<u>243,643</u>	<u>246,520</u>
At 31 July	<u>243,643</u>	<u>246,520</u>

Analysis of movement in the fair value of scheme assets

	2018	2017
	£'000	£'000
At 1 August	133,771	112,066
Interest on assets	3,640	2,833
Return on assets less interest	4,524	14,351
Other actuarial gains	-	2,164
Administration expenses	(174)	(146)
Contributions paid	7,357	8,668
Estimated benefits paid plus unfunded net of transfers in	(5,249)	(6,165)
	<u>143,869</u>	<u>133,771</u>
At 31 July	<u>143,869</u>	<u>133,771</u>

The projected pension expense for the year to 31 July 2019 is £10,530.

D. London South Bank University Defined Contribution Scheme

The University provides a defined contribution pension scheme through Aviva for employees of London South Bank University Enterprises Limited (SBUEL). At 31 July 2018 the University had 23 members participating in the scheme. The University's contribution to the Aviva scheme for 2018 was £89,516 (2017: £77,257) and employers contribution rates ranged from 6%-9%. Pension contributions payable at 31 July 2018 were £7,373 (2017: £7,672).

27. Post Balance Sheet Events

In August 2018 the Minister of State for Education approved Lambeth College's decision to join the LSBU Family of Institutions and it is expected that Parliament will ratify this decision with Lambeth College joining the group on 31 January 2019. The College will be a wholly owned subsidiary of London South Bank University with its results consolidated into those of the University from that date.

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Author:	Olivia Rainford
Sponsor:	Nicole Louis
Purpose:	For review and approval
Recommendation:	The committee is requested to recommend the annual report to the Board for approval.

Executive Summary

1) Fundraising Programme

(a) In 2017/8 LSBU received £40,632.50 in charitable donations. The University did not actively fundraise or launch a fundraising campaign in 2017/18.

(b) The University's new Philanthropy and Fundraising strategy was approved by the Board of Trustees in April 2018.

2) Charitable Funds

As at 31 July 2018 the University held £823,960 in historic endowments and £737,176.85 in other charitable funds.

3) Gift Acceptance Policy

There is nothing to report with regard to Matters Arising from University Policy on Gift Acceptance. As of September 2018, the policy is under review and will be updated in accordance with changes to internal structures and the introduction of the Fundraising Regulator.

Annual Report on Fundraising and Charitable Funds

1) (a) To report on the University's fundraising programme

In 2017/8 LSBU received £40,632.50 in charitable donations.

The Annual Telethon ceased to exist in December 2015 and so income has subsequently been limited to existing regular donors, rather than new regular or individual gifts and pledges. This income is directed to the Annual Fund, the balance of which was £63,859.11 as of 31 July 2018.

In 2016/17 the Annual Fund Balance was retained for distribution in 2017/18. Of these funds, £20,000 was distributed to the Academy of Sport Elite Scholars programme to support students whose performance is at a senior international level who have a strong professional profile in their chosen sport.

A further £25,000 was distributed to honour a pre-existing commitment to the Vice Chancellor's Scholarships from 2014-2016. All of whom have now completed their studies. No new Vice Chancellor's scholarships were awarded in 2017 in accordance with the freeze on fundraising activity and the review of the fundraising programme.

Further to the revised approach to fundraising as laid out in the new strategy, the 2017/18 Annual Fund balance will be transferred to the following allocated projects in 2018/19 in Student Support and Employability:

- Sexual Violence response training
- Suicide Awareness and Intervention training
- Coaching training for Student Advisors
- Launch of a Gender Identity Advice service
- Pilot of a Buddying scheme between 1st and 2nd year students

1) (b) To update on the Philanthropy and Fundraising Strategy

In the first six months of the strategy, the following activities have been undertaken to ensure we build a sustainable fundraising programme.

- A Fundraising Steering Group has been established.
- We have a series of public-facing philanthropic aims that guide all fundraising activity.
- A draft case-for support has been produced to build interest in and support for projects from internal stakeholders and key external supporters. We are currently in the consultation phase for this, due for completion on 31 January 2019.

- We have achieved compliance in accordance with GDPR and the Fundraising Regulator.
- We have completed a review with Finance colleagues to ensure the management of charitable income in accordance with the principles of fairness and transparency.

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

Historic Endowments

At 31 July 2018 the University held £823,960 in a charitable endowment, which is an amalgamation of historic endowed charitable funds. These funds are invested and managed by Sarasin whose performance is overseen by the Finance, Policy and Resources Committee. The funds are managed with the aim of securing capital growth and an annual income. In 2017/18 the income received was £25,882.00 up from £25,603 in the previous year.

The University held another £737,176.85 of restricted charitable funds. This is largely made up of remaining funds for the Nathu Puri Institute as well as designated gifts, such as the Annual Hitesh Tailor Alumni Lecture and a small number of scholarships.

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

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

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

The policy is currently under review.

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

	<i>CONFIDENTIAL</i>
Paper title:	Students' union (SU) draft accounts 2017/18
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	06 November 2018
Author(s):	Steve Baker, Chief Executive Officer LSBUSU
Sponsor(s):	Shan Waring, Chief Operating Officer and DVC Education
Purpose:	For Information
Recommendation:	Note the SU accounts

Executive Summary

The Union's gross income from all sources this year totalled £1,288,585. Total expenditure of £1,226,031 on the wide-ranging student benefits we provide within a broadly balanced budget, as well as on the modest fundraising and other revenue-generating activities we undertake, left a surplus for the year of £68,428 after actuarial gains of £5,874.

Under Education Act 1994, the Board of Governors of the University has a responsibility to ensure that "the financial affairs of the union should be properly conducted and appropriate arrangements should exist for the approval of the union's budget, and the monitoring of its expenditure, by the governing body".

The committee is requested to note the SU accounts.

CHARITY NUMBER: 1158441

London South Bank University Students' Union

**Annual Report and Accounts for the Year Ended 31st
July 2018**

London South Bank University Students' Union
Annual Report and Accounts 2017-18
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**London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2018**

The Trustees present their annual report for the year ended 31 July 2018 under the Charities Act 2011, together with the audited financial statements for the year.

Reference and administrative information

London South Bank University Students' Union (LSBUSU) is an unincorporated charity (limited by guarantee). The charity registration number is 1158441.

It was originally established under the Education Act 1994 when students' unions connected with exempt higher/further education institutions were removed by section 11(9), Charities Act 2006, from the list of exempt charities in Schedule 2 to the Charities Act 1993.

Principal Address

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

Charity Trustees

**Holding office for 2018/19
(from 1 July 2018 to 30 June 2019)**

President & University Governor	Nelly Kibirige
VP Education	Sajjad Hossain
VP Activities & Employability	Kat Colangelo
VP Welfare & Equalities	Samantha Robson
External Trustee	Dean Casswell
External Trustee	Kate Wicklow
External Trustee	Nicola Allen
Alumni Trustee	Simon Little
Student Trustee	Adnan Mustafa
Student Trustee	Stevyn Kemp
Student Trustee	Joseph Anieke
Student Trustee	Jennifer Diver

**Holding office for 2017/18
(from 1 July 2017 to 30 June 2018)**

President	Sodiq Akinbade
VP Education	Patricia Godwin
VP Activities	Kat Colangelo
VP Welfare & Equalities	Samantha Robson
External Trustee	K Woodley
External Trustee	TBC
External Trustee	N Allen
Alumni Trustee	TBC
Student Trustee	Stevyn Kemp
Student Trustee	Adnan Abdulhusein
Student Trustee	Joseph Anieke
Student Trustee	Jennifer Diver

London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2018

Auditors

Knox Cropper
153-155 London Road
Hemel Hempstead
HP3 9SQ

Bankers

HSBC plc
28 Borough High St
Southwark
London
SE1 1YB

Solicitors

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

Key Management Personnel

Key management personnel include the Chief Executive and paid sabbatical officers.

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

Structure, governance and management

The Union is constituted under the Education Act 1994 as a charity. The Union's charitable objects are:

- Promoting the interests and welfare of students at London South Bank University during their course of study;
- Representing, supporting and advising students as the channel between students and the University; and
- Providing social, cultural, sporting and recreational activities and forums for discussions and debate for the personal development of its students.

The University Board of Governors formally approved a revised Constitution and Memorandum of Understanding for the Students' Union at its meeting on the 19th July 2012 and at Student Council on 6th November 2012. The Union's Constitution incorporating internal regulations or Rules are approved by the governing body of the University.

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

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

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

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

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

London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2018

As charity Trustees, all Trustees receive a comprehensive training programme into their legal and administrative responsibilities at the start of their term of office, with ongoing guidance as and when required for issues arising during their term.

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

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

The remuneration of key management personnel is set by the Board, with the policy objective of ensuring that they are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the Union's success. The appropriateness and relevance of the remuneration policy is reviewed annually including reference to comparisons with other unions to ensure that the Union remains sensitive to the broader issues of pay and employment conditions elsewhere. We aim to recruit, subject to experience, at the lower to medium point within a band, providing scope to be rewarded for excellence. Delivery of the Union's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

Relationship with the University

LSBUSU is established in the University's Memorandum and Articles of Association in that there shall be a Students' Union. The Union receives a Subvention/Block Grant from the University, which also pays for utilities, some security staff and the majority of the costs associated with cleaning and premises maintenance. The non-monetary support is intrinsic to the relationship between the University and LSBUSU. As recommended by the Charities SORP an estimated value to LSBUSU for this free serviced accommodation has been included in the accounts at an estimated value (based on prior year space charge calculations). Although LSBUSU some income generating activities, it is dependent on the University's financial support.

The trustees consider it reasonable to anticipate that this or equivalent support from the University will continue for the foreseeable future, as the Education Act 1994 imposes a duty on the University to ensure the financial viability of its student representative body in one form or another. The trustees therefore consider the Union to be financially viable for the foreseeable future.

Principal Risks and Uncertainties

The Board with particular assistance from a risk management working party consisting of the chair of trustees and the Chief Executive, reviews the Union's current and planned future activities in the light of any major risks arising from time to time and the effectiveness of systems and procedures designed to manage them. The principal risks and uncertainties currently facing the Union are considered to be:

- the possible reduction in funding by the University

We work closely with the University, updating on our progress to set outcomes. We have ongoing conversation throughout the year concerning funding and we are fully included into the University's finance planning process enabling us to negotiate and plan for increases or decreases in our funding allocation.

- The financial health of the University is itself dependent on its own income, which in turn is susceptible to factors beyond the control of the Union

London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2018

We are regularly updated on the University's financial situation and, once again, ensure that this is included in any longer term strategies.

- reputational damage in the unlikely event of a high profile activity by a student

We undertake training and development of Student Volunteers who are supported by trained full time staff to ensure students are aware of the constraints in which they operate.

- reputational damage in the unlikely event of a high profile activity by a trustee

Trustees' introduction includes full information of the responsibilities within the role and we work closely with all trustees to ensure they are fully aware of Union activity. Regular updates with trustees ensure that trustees have the opportunity to work through the organisation to meet any objective they may have.

Overall, we work very closely with the University, students and Trustees to ensure that we have knowledge of their activity. We use our plans and strategies to managing risk the Union's reserves strategy, strategic plans, maintaining effective internal controls, risk registers, incident-reporting and monitoring systems and insurance cover wherever appropriate.

Aims, Objectives and Activities

LSBUSU's Vision is: "Every Student Matters, Powering your experience."

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

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

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

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

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

These include the Union's Student Advice Service, Communications and Marketing Department, Representation and Democracy Department and Activities Departments. The Union's Sabbatical Officers and Council members are the students' representatives on all major University committees and the Board of Governors.

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

**London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2018**

Achievements and Performance

The Union's good reputation has continued to grow and relationships with the University are now stronger than ever before.

We ended the year with the program of development for Union space fully negotiated with the University with the plan to come into fruition by the start of the next academic year.

We developed our main space to be open to the Grads Cafe, the Reps Hub to be developed into an open plan office to include advice rooms, a brand new retail shop and an Activities space to be located downstairs. Overall, the Union has achieved its long term objective of developing front facing visible space. This was the large remaining strategic objective from the previous plan. The Union has established effective services for students across all areas of representation, advice and activities. During the year we adopted student sport which has enabled us to put students at the heart of this activity.

Our new strategic plan is nearly complete which has been supported by internal development programs with students, union staff and all relevant stakeholders. We have also informed the development of the plan with internal and external research support by external research partners.

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

Area	Progress
Student Voice	<ul style="list-style-type: none"> • The Students' Union Elections had another record-breaking year of success this year. We surpassed the turnouts in previous years to break through the 30% student participation mark, with a voter percentage of 31% of total eligible membership count of 13,752, putting us amongst the highest turnouts in the country. • We recruited and identified 680 Course Reps. • The Advice Service supported 438 cases throughout the year.
Community	<ul style="list-style-type: none"> • Throughout the academic year, and now that the sports season is over, we were able to maintain the number of sports clubs we started with, keeping the number to 19 sports clubs. • 60 societies were active during the year.
Participation and Development	<ul style="list-style-type: none"> • 1,862 students were involved across all opportunities. • 56 Students stood for election
Visibility	<ul style="list-style-type: none"> • New visible Union main Office, new Representation and Advice Hub, new Activities Office, new Shop, control of booking shared spaces in the Students Centre.

Future Plans

The Union has been developing its new strategic plan over the last 12 months and are now in a transitional period to the new plan. We currently have our new Vision, Mission, Values and Themes and are developing our new objectives.

Vision

'Every Student Matters: Powering Your Experience'

Mission

At London South Bank Students' Union we believe Every Student Matters and your experience at university should be the best it can be regardless of age, race or ethnicity, if you're disabled or a carer, no matter your sexual orientation or gender identity, where in the world you come from, or if you're a man or a woman.

London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2018

We are committed to powering your experience, helping you get what you want from your time at university and helping you become who you want to be. We'll be with you from the day you arrive, until the day you graduate... no "ifs" no "buts" we've got your back. We are your Union.

Values

Integrity - Inclusivity - Positivity - Student Focused - Empowering

Theme 1

'Understanding & impacting on every student experience'

Ensuring our services work to meet the needs of our membership

We will work to ensure that we understand the full range of 'student journeys' made by our members: where they've come from, where they are and where they'd like to go - we'll help them understand their options and give them opportunities to reach their aspirations to maximise their student experience and where possible removing barriers and enhancing upon that experience.

Theme 2

'Personal & practical solutions to meet needs'

Enhancing the student experience & effectively representing member's academic interests

We will work to enhance the student experience, creating opportunities and help solve the real world problems faced by our members collectively and individually, both on their course and beyond. Our work will be practical and scale-able, empowering our members to not only solve the issue at hand, but where appropriate include them in the solution making, empowering them for future challenges.

Theme 3

'Be accessible & understood.'

Explaining the Union Purpose, how and what we do.

We will work to ensure that all of our stakeholders understand who we are, what we do and why we are important. Every student should feel that they are a part of us, and we are here for them, and that begins with every member understanding who we are and how we can impact on their experience. Whether accessing services, taking part in our democracy or seeking our support, we will ensure that we are known and there for every student.

During this transition year to the new strategy we will be aiming to maintain the participation levels of the previous year in key activities and will be generating new measures as we refine the objectives in the new strategic plan.

Financial Review

The Union's gross income from all sources this year totalled £1,288,585. Total expenditure of £1,226,031 on the wide-ranging student benefits we provide within a broadly balanced budget, as well as on the modest fundraising and other revenue-generating activities we undertake, left a surplus for the year of £68,428 after actuarial gains of £5,874.

Designated (unrestricted) funds relating to the ongoing costs associated with facilities improvements amounted to £89,499 (2017: £8,065). This relates to a transfer during the year from general funds intended to cover future depreciation costs associated with recent capitalised refurbishment costs. Restricted society fund balances were £14,663 (2017: £12,877).

The Union should hold reserves to cover unexpected eventualities and also ensure there are sufficient reserves to resource planned capital expenditure. General Fund reserves at the 31st July 2018 included £240,884 which has been designated as a protected minimum amount (shown as "Accumulated Funds") and

London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2018

the remaining £221,222 as a development fund to support future activity. Use of development fund reserves will be considered by Trustees on a planned basis for future agreed projects which help the Union to support a high standard of service for students.

The Union is currently affiliated to the National Union of Students (NUS), for which the total subscription costs amounted to £35,789 for the year, and no donations were made during the year to any external institutions out of LSBUSU's own resources.

Funds

Income and expenditure relating to clubs and societies are classified as restricted funds. All other funds have been classified as general funds, which are unrestricted in nature.

Funds Held as Custodian Trustee

In addition to the grant-support funds it disburses to Clubs and Societies, LSBUSU acts as custodian for funds raised by the students' many Clubs and Societies themselves. Club and Society funds are treated as restricted funds, which are included in restricted funds in the accounts. The holding of club and society balances is subject to the same safeguards as balances belonging to the Union, but their funds are accounted for separately to ensure that balances are appropriately protected.

Future Funding

The Board confirms that LSBUSU has sufficient funds to meet all its obligations. The Block Grant for 2018/19 has been confirmed at £945,000.

London South Bank University Students' Union
Statement of Financial Activities
for the year ended 31st July 2018

Independent Auditor's Report to the Members of London South Bank University Students' Union

Opinion

We have audited the financial statements of London South Bank University Students' Union For the year ended 31 July 2018 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2018 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

London South Bank University Students' Union
Statement of Financial Activities
for the year ended 31st July 2018

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**London South Bank University Students' Union
Statement of Financial Activities
for the year ended 31st July 2018**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Knox Cropper

Statutory Auditor

153-155 London Rd, Hemel Hempstead HP3 9SQ

Date:

Knox Cropper is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

London South Bank University Students' Union
Statement of Financial Activities
for the year ended 31st July 2018

	Notes	General Funds	Designated Funds	Restricted Funds	Total 2018 £	Total 2017 £
Income From:						
Donations and Legacies:						
University Grant		945,000	-	-	945,000	900,000
Space Grant (benefit in kind)		225,619	-	-	225,619	225,619
Other Trading Activities						
Marketing		90,339	-	-	90,339	102,777
Merchandising		6,001	-	-	6,001	7,793
Income From Investments		3,059	-	-	3,059	4,270
Charitable activities						
Student Activities		4,719	-	8,628	13,347	13,865
Other Income		5,220	-	-	5,220	3,833
Total income		1,279,957	-	8,628	1,288,585	1,258,157
Expenditure On:						
Charitable Activities for students:						
Advice & Representation		553,545	-	-	553,545	528,160
Communications and Marketing		322,333	-	-	322,333	408,925
Student Activities		335,246	8,065	6,842	350,153	320,958
Total expenditure	3-7	1,211,124	8,065	6,842	1,226,031	1,258,043
Net income/(expenditure)		68,833	(8,065)	1,786	62,554	114
Transfers between funds		(89,499)	89,499	-	-	-
Actuarial gains / (losses) on defined benefit pension schemes		5,874	-	-	5,874	(295,490)
Net movement in funds		(14,792)	81,434	1,786	68,428	(295,376)
Reconciliation of Funds:						
Fund balances brought forward		(728,500)	8,065	12,877	(707,558)	(412,182)
Fund balances carried forward		(743,292)	89,499	14,663	(639,130)	(707,558)

The notes on pages 15 to 24 form part of these accounts.

London South Bank University Students' Union
Statement of Financial Activities
for the year ended 31st July 2018

		2018		2017	
	Notes	£	£	£	£
Fixed Assets					
Tangible fixed assets	8		92,999		8,007
Current Assets					
Stock		716		1,134	
Debtors & prepayments	9	41,338		46,841	
Cash at bank & in hand		<u>545,983</u>		<u>561,994</u>	
		588,037		609,969	
Current Liabilities					
Creditors: Amounts due within one year	10	<u>(114,768)</u>		<u>(78,041)</u>	
Net Current Assets			<u>473,269</u>		<u>531,928</u>
Net Assets Excluding Pension Liability			566,268		539,935
Provisions for Liabilities					
Pension Scheme Funding deficit	18		(1,205,398)		(1,247,493)
Net Liabilities			<u>(639,130)</u>		<u>(707,558)</u>
Reserves					
Accumulated Fund		240,884		240,884	
Development Fund		221,222		278,109	
Pension Deficit		<u>(1,205,398)</u>		<u>(1,247,493)</u>	
General Funds (Unrestricted)			(743,292)		(728,500)
Designated Funds (Unrestricted)			89,499		8,065
Restricted Funds			<u>14,663</u>		<u>12,877</u>
Total Funds			<u>(639,130)</u>		<u>(707,558)</u>

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

.....

.....

Nelly Kibirige
President

The notes on pages 15 to 24 form part of these accounts.

London South Bank University Students' Union
Statement of Financial Activities
for the year ended 31st July 2018

		2018	2017
		£	£
Net cash used in operating activities	21	73,650	9,785
Cash flows from investing activities:			
Interest income		3,059	4,270
Purchase of fixed assets	8	(92,720)	(1,794)
Net cash used in investing activities		(89,661)	2,476
Change in cash and cash equivalents in the year		(16,011)	12,261
Cash and cash equivalent brought forward		561,994	549,733
Cash and cash equivalents carried forward		545,983	561,994

The notes on pages 15 to 24 form part of these accounts.

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2018

1 Accounting Policies

(a) Charity Information

The London South Bank University Students' Union is a charity registered in the UK (Charity number 1158441) with its registered office at the Student Centre, 103 Borough Road, London SE1 0AA.

The Principal activities are campaigning, representation, provision of social activities and the organisation of sporting and recreational activities and opportunities.

(b) Basis of preparation

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the 2015 Charities Statement of Recommended Practice based thereon – the Charities SORP. The charity meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared under the historical cost convention.

(c) Going Concern

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

(d) Incoming resources

All income and capital resources are recognised in the accounts when the entitlement to the income or endowment arises, there is probable economic benefit to the Union and the amount can be reliably quantified. The University grant of free serviced accommodation on the campus is accounted for as income and expenditure of the year at an estimated value to London South Bank University Students' Union by reference to the alternatives available on the commercial market.

(e) Resources expended

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities. Expenditure includes irrecoverable VAT and comprises the direct and indirect costs of delivering public benefit. Governance costs are those incurred for compliance with constitutional and statutory requirements, such as the annual audit, annual elections and training for sabbatical officers. The value of free serviced campus accommodation is apportioned on estimated floor space occupied. Other central overhead costs, as well as governance costs, are apportioned to charitable and other projects/activities on a usage basis, pro rata to the total costs of each project or activity undertaken.

(f) Tangible fixed assets

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

Buildings and Refurbishment	15 years
Motor vehicles	8 years
Fixtures, Fittings & sundry equipment	4 years

It is the Union's policy to capitalise any individual assets greater than £1,000.

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2018

1 Accounting Policies (continued)

(g) Pension costs

Retirement benefits to employees of the Union are provided through two pension schemes, one defined benefit (SUSS), the other defined contribution (NUSPS).

SUSS

The Union participates in the Students' Union Superannuation Scheme, which is a defined benefit scheme whose membership consists of employees of students' unions and related bodies throughout the country. Benefits in respect of service up to 30 September 2003 are accrued on a "final salary" basis, with benefits in respect of service from 1 October 2003 accruing on a Career Average Revalued Earnings (CARE) basis. With effect from 30 September 2011 the Scheme closed to future accrual. The Scheme operates as a pooled arrangement, with contributions paid at a centrally agreed rate. As a consequence, no share of the underlying assets and liabilities can be directly attributed to LSBUSU. However the Union has entered into an arrangement to clear the scheme deficit over a 20 year period.

NUSPS

Since 1 October 2011, all participating employees have been in a new defined contribution pension scheme, National Union of Students Pension Scheme (NUSPS). Contributions are at the rate of 6% for the employer and 3% for the employee pensions costs are charged in the period in which the salaries to which they relate are payable.

(h) Stock

Stock is valued at the lower of the cost (gift value for any donated items) and its net realisable value.

(i) Financial Instruments

The charity holds only financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments include debtors and creditors. Debtors and creditors are initially recognised at transaction value and subsequently measured at fair value. Note 20 provides more information on financial instruments where future cash flows are anticipated.

(j) Fund accounting

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

- (i) Unrestricted Funds** representing unspent income which may be used for any activity/purpose at the Trustees' own discretion;
- (ii) Restricted funds** raised and administered by London South Bank University Students' Union for specific purposes as determined by students, such as Club and Societies Accounts, as well as revenue received for purposes specified by the donor and also (if not material enough to require a separate column in the SoFA) any small capital grants received from the College.
- (iii) Custodian Funds** entrusted to London South Bank University Students' Union for safekeeping, but not under its management control, e.g., Clubs & Societies Funds and the annual RAG. Such custodian activities are disclosed in the Annual Report,

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2018

but as the funds are not managed by London South Bank University Students' Union they cannot be included in the accounts.

- (iv) **Designated Funds** relating to amounts set aside from existing reserves to cover restructuring costs, including depreciation associated with refurbishment work.
- (v) **Transfers** from Unrestricted Funds to Designated Funds represent planned costs associated with restructuring which have been financed from the Union's reserves. These include capital refurbishment costs.

2 Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

Preparation of the financial statements requires management to make judgements and estimates. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are that of the SUSS pension scheme deficit. A discount rate of 2.58% (2017: 2.52%) has been used in line with industry standards. Other assumptions used are salary inflation and staff changes that total 5.0% each year.

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2018

3 Charitable and other Activity costs

	Cost of Sales £	Staff £	Other £	Total £
Charitable Activities for students:				
Advice & Representation	-	324,050	229,495	553,545
Communications and Marketing	4,741	160,400	157,192	322,333
Student Activities	-	150,631	184,615	335,246
Other Fund Expenditure:				
Designated Funds	-	-	8,065	8,065
Restricted Funds	-	-	6,842	6,842
Total costs	4,741	635,081	586,209	1,226,031

Included above are governance costs for the annual 2017/18 audit fee of £6,500 (2017: £10,575).

4 Support Costs included in Note 3

	Usag e	Staff £	Rent & Rates £	Other £	Total £
Resources expended					
Charitable Activities for Students:					
Advice & Representation	42%	54,959	104,413	50,634	210,006
Communications and Marketing	33%	43,182	57,817	31,103	132,102
Student Activities	25%	32,714	63,389	30,583	126,686
Totals	100%	130,855	225,619	112,320	468,794

Other Costs comprised:-

	2018
	£
Finance costs (unwinding of pension discount)	31,447
Insurances	16,801
Professional Fees	11,948
Training	10,617
Depreciation	7,729
Travel and Subsistence	6,442
Audit Fees	6,500
Staff Welfare	4,628
Recruitment	3,953
Licences and Subscriptions	1,621
Small Equipment	1,364
Photocopying and Stationery	1,289
Sundry	7,981
Total	112,320

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2018

5 Net income/expenditure for the year

Net income for the year is stated after charging/ (crediting)	2018 £	2017 £
Depreciation	7,729	10,933
Auditors Remuneration	6,500	10,575

6 Staff Costs

	2018 £	2017 £
Wages and salaries	556,630	533,326
Social security	49,540	45,293
Pension costs	28,911	19,438
	635,081	598,057

The remuneration of higher paid employees was as follows:

	2018 Staff	2017 Staff
£60,000-70,000	1	1

The aggregate employee benefits of key management personnel were £174,194 (2017: £165,203).

The average number of staff employed during the year was 22 (2017: 19) permanent staff and 3 (2017: 6) student and temporary staff members.

7 Trustees' Remuneration and Expenses

The Trustees' four sabbatical officers each received an annual salary of £21,956 (2017: £21,956) for the year, as authorised in the Union's governing document, for the representation, campaigning and support work they undertake as distinct from their trustee responsibilities. This work includes voicing student opinion with the institution and local community, defending and extending the rights of students through petitions, discussion with MPs and also organising and supporting student volunteers and service provision for them. The total salary, NI and pension costs for the sabbatical officers in post during the year amounted to £97,740 (2017: £101,903). There were no other trustee benefits for the year.

Trustees were reimbursed a total of £3,109 (2017: £367) for the year in respect of personal travel and subsistence expenses.

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2018

8 Tangible Fixed Assets

	Office Equipment including Computers £	Restructure Costs £	Total £
COST			
At 1 August 2017	26,072	26,604	52,676
Additions	2,721	90,000	92,721
At 31st July 2018	28,793	116,604	145,397
DEPRECIATION			
At 1 August 2017	24,276	20,393	44,669
Charge for the year	1,017	6,712	7,729
At 31st July 2018	25,293	27,105	52,398
NET BOOK VALUE			
At 31st July 2018	3,500	89,499	92,999
<i>At 31 July 2017</i>	<i>1,796</i>	<i>6,211</i>	<i>8,007</i>

9 Debtors

	2018 £	2017 £
Trade debtors	7,014	6,033
Prepayments & accrued income	26,152	24,104
Social security & other taxes	4,867	12,041
Other debtors	3,305	4,663
	41,338	46,841

10 Creditors: Amounts due within one year

	2018 £	2017 £
Trade creditors	59,133	26,004
Social security & other taxes	14,483	11,098
Accruals & Deferred income	29,942	34,804
Other creditors	11,210	6,135
	114,768	78,041

11 Deferred Income

	2018 £	2017 £
Balance as at 1 st August 2017	7,929	3,773
Amount released to income earned from charitable activities	(17,719)	(5,948)
Amount deferred in year	18,139	10,104
Balances as at 31st July 2018	8,349	7,929

Deferred income includes NUS Commission income and events relating to the next financial year.

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2018

12 Funds

	01-Aug 2017	Incoming Resources	Outgoing Resources	Transfers	31-Jul 2018
	£	£	£	£	£
General Funds	(728,500)	1,285,831	(1,211,124)	(89,499)	(743,292)
Designated Funds	8,065	-	(8,065)	89,499	89,499
Restricted Funds	12,877	8,628	(6,842)	-	14,663
Total Funds	(707,558)	1,294,459	(1,226,031)	-	(639,130)

Designated Funds relate to investment in Union facilities and refurbishment.

13 Analysis of Net Assets between Funds

	General Funds	Designated Funds	Restricted Funds	Total
	£	£	£	£
Fixed Assets	3,500	89,499	-	92,999
Net current assets	458,606	-	14,663	473,269
Long Term Liabilities	(1,205,398)	-	-	(1,205,398)
	(743,292)	89,499	14,663	(639,130)

14 Leasing Commitments

At 31st July 2018 London South Bank University Students' Union had annual commitments under non-cancellable operating leases as detailed below:

	2018	2017
	£	£
Plant and machinery		
Operating leases expiring within one year	3,413	3,573
Operating leases expiring within two to five years	6,825	11,018

The amount paid during the year in respect of operating leases for plant and machinery was £3,413 (2017: £3,276).

15 Control Relationship

Ultimate control of the Union rests with its membership, represented by the Board of Trustees.

16 Related Party Transactions

The London South Bank University provides the Union with an annual grant as shown in the Statement of Financial Activities. The London South Bank University provides the Union with accommodation and a range of support services for which no actual charge is made, however the value of this support has been recognised in the accounts as a benefit in kind.

Net amounts due from/to the London South Bank University as at the year-end amounted to £30,324 due to the University (2017: £120 due from the University).

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2018

17 Pension Costs

Defined benefit scheme – SUSS

London South Bank University Students' Union participates in the Students' Union Superannuation Scheme, which is a defined benefit scheme whose membership consists of employees of students' unions and related bodies throughout the country. Benefits in respect of service up to 30 September 2003 are accrued on a "final salary" basis, with benefits in respect of service from 1 October 2003 accruing on a Career Average Revalued Earnings (CARE) basis. With effect from 30 September 2011 the Scheme closed to future accrual. The most recent Valuation of the Scheme was carried out as at 30 June 2016 and showed that the market value of the Scheme's assets was £101.3m with these assets representing 46% of the value of benefits that had accrued to members after allowing for expected future increases in earnings. The deficit on an ongoing funding basis amounted to £119.7m.

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

The following assumptions applied at 30 June 2016:-

- The investment return would be 4.3% per annum before retirement and 2.3% per annum after retirement.
- Pensions accruing on the CARE basis would revalue at 3.2% per annum.
- Present and future pensions would increase at rates specified by Scheme rules with appropriate assumptions where these are dependent on inflation.

The 2016 valuation recommended a monthly contribution requirement by each Participating Employer expressed in monetary terms intended to clear the ongoing funding deficit over a period of 15 years from 2018/19, increasing by 5% each year. These contributions also include an allowance for the cost of the ongoing administrative and operational expenses of running the Scheme. These rates will be formally reviewed following completion of the next Valuation due with an effective date of 30 June 2019. Surpluses or deficits which arise at future valuations will also impact on London South Bank University Students' Union's future contribution commitment. In addition to the above contributions, London South Bank University Students' Union also pays its share of the Scheme's levy to the Pension Protection Fund.

In accordance with FRS102, the net present value of the future contributions required over 15 years to clear the funding deficit is £1,205,398 (2017: £1,247,493). In calculating this net present value annual increases of 5% have been made and a discount rate of 2.58% (2017: 2.52%) representing the typical yield of high quality corporate bonds has then been applied.

The contributions paid into the Scheme in respect of eligible employees for the year ended 31 July 2018 amounted to £67,927 (2017: £61,027).

Defined Contribution Pension Scheme

Since 1 October 2011, all participating employees have been in a new defined contribution pension scheme, the National Union of Students Pension Scheme (NUSPS). Contributions are at variable rates up to 6% for the employer and a minimum of 3% for the employee. The Union's cost of contribution for the year amounted to £28,652 (2017: £19,438).

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2018

18 Pension Scheme Liability

	2018 £	2017 £
Balance as at 1 st August 2017	1,247,493	952,003
Unwinding of discounted amount	31,447	-
Deficit funding contributions	(67,668)	(61,027)
Changes in assumption	(5,874)	356,517
Closing liability	1,205,398	1,247,493

19 Contingent Liability

During the year the charitable company was made aware of a possible increase in the liability for the pension deficit. The outcome of this contingent liability is not yet known and it cannot be quantified at this stage. As a result the charitable company do not consider it necessary to provide for any additional liabilities in the accounts for the year ended 31 July 2018.

20 Financial Instruments

	2018 £	2017 £
Financial assets measured at amortised cost	556,442	572,690
Financial liabilities measured at amortised cost	(90,188)	(51,085)

The Charity's income, expense, gains and losses in respect of financial instruments are summarised below:

	2018 £	2017 £
Income and expenses:		
Total interest income for financial assets held at amortised cost	3,059	4,270
Total interest expense for financial liabilities held at amortised cost	67,927	61,027

Financial assets held at amortised cost comprise trade debtors, other debtors and cash at bank.
 Financial liabilities held at amortised cost comprise trade creditors, other creditors and accruals.

21 Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net movement in funds	68,428	(295,376)
Interest Income	(3,059)	(4,270)
Add back depreciation charge	7,729	10,933
Decrease/ (increase) in debtors	5,503	(30,262)
Increase in stock	418	808
Increase/(decrease) in creditors	36,726	32,462
(Decrease)/ increase in pension scheme liability	(42,095)	295,490
	73,650	9,785

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2018

22 Comparative Statement of Financial Activities

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2017 £
Income From:				
Donations:				
University Grant	900,000	-	-	900,000
Space Grant (benefit in kind)	225,619	-	-	225,619
Other Trading Activities				
Marketing	102,777	-	-	102,777
Merchandising	7,793	-	-	7,793
Income From Investments	4,270	-	-	4,270
Charitable activities				
Student Activities	7,700	-	6,165	13,865
Other Income	3,833	-	-	3,833
Total income	1,251,992	-	6,165	1,258,157
Expenditure On:				
Charitable Activities for students:				
Advice & Representation	528,160	-	-	528,160
Communications and Marketing	408,925	-	-	408,925
Student Activities	309,360	5,238	6,360	320,958
Total expenditure	1,246,445	5,238	6,360	1,258,043
Net income/(expenditure) before other recognised gains and losses	5,547	(5,238)	(195)	114
Actuarial gains / (losses) on defined benefit pension schemes	(295,490)	-	-	(295,490)
Net movement in funds	(289,943)	(5,238)	(195)	(295,376)
Fund balances brought forward	(438,557)	13,303	13,072	(412,182)
Fund balances carried forward	(728,500)	8,065	12,877	(707,558)

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