

Meeting of the Finance, Planning and Resources Committee

4.00 - 6.00 pm on Tuesday, 14 November 2017
in 1B16 - Technopark, SE1 6LN

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
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2.	Declarations of Interest		HM
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5.	Annual report and accounts, 2016/17	11 - 62	RF
6.	Key performance indicators - strategic enablers	63 - 66	RF
7.	Management accounts to 30 Sept 2017	67 - 72	RF
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10.	Chief Operating Officer's report	107 - 112	IM

Date of next meeting
4.00 pm on Tuesday, 27 February 2018

Members: Hilary McCallion (Chair), Sodiq Akinbade, Jerry Cope, Michael Cutbill, Peter Fidler, Mee Ling Ng and Jenny Owen

Apologies: David Phoenix

In attendance: Pat Bailey, Richard Flatman, Nicole Louis, Ian Mehrtens, James Stevenson, Ralph Sanders and Alexander Enibe

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Agenda Item 3

	CONFIDENTIAL
Paper title:	Minutes and Proposed redactions
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	14 November 2017
Author:	James Stevenson, University Secretary
Board Sponsor:	Hilary McCallion, Chair of Committee
Purpose:	Information
Recommendation:	The meeting is requested to approve the minutes and proposed redactions, marked grey

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**Minutes of the meeting of the Finance, Planning and Resources Committee
held at 4.00 pm on Tuesday, 26 September 2017
1B16 - Technopark, SE1 6LN**

Present

Hilary McCallion (Chair)
Sodiq Akinbade
Jerry Cope
Michael Cutbill
Peter Fidler
Mee Ling Ng
David Phoenix

Apologies

Jenny Owen

In attendance

Pat Bailey
Mandy Eddolls
Richard Flatman
Nicole Louis
James Stevenson
Michael Broadway
Ralph Sanders

1. Welcome and Apologies

The above apologies were noted.

2. Declarations of Interest

The committee noted that Mee Ling Ng is a director for the parent company of Centre for Accessible Environments (CAE). The University is working with CAE to develop standards to improve future accessibility across the campus (detailed in agenda item 9). The committee noted the interest.

3. Minutes from the last meeting

The committee approved the minutes of the previous meeting subject to minor amendments. The committee approved the redactions for publication.

4. Matters Arising

The committee noted that a budget review was being undertaken by the Executive. This review would be brought to the committee meeting of 27 February 2018, which would include school-by-school analysis.

5. **Management Accounts to 31 July 2017**

The committee noted the full year management accounts for 2016/17 which showed a surplus of £1.8m. A number of items would be written off during the year, including £1m demolition costs of Hugh Astor Court and £2m preliminary costs for St George's Quarter.

6. **Student Recruitment Update**

The committee discussed the update on student recruitment in detail. The Executive is projecting final numbers of 2100 enrolled full time undergraduate students against a target of 2500.

It was reported that the University entered Clearing in a similar position to the previous year, needing approximately 1000 students. The volume of applications received through Clearing was, however, 13% down on the previous year.

The committee noted that there was a shortfall for international undergraduate and postgraduate recruitment.

The anticipated income shortfall from under-recruitment is £7m. The committee noted that the recruitment target had been reduced by 10% and a £3m contingency was in the budget for under-recruitment. The Executive was confident that the budget for 2017/18 is manageable.

The Executive is analysing the reasons for shortfall in recruitment and whether the recruitment trends represented a structural decrease. Market data would be available in November 2017 to benchmark LSBU's performance against competitors.

7. **Key performance indicators - strategic enablers**

The committee noted the key performance indicators, broadly in line with set targets.

8. **Treasury Management report**

The committee noted the treasury management report.

The committee recommended to the Board the inclusion of Nicole Louis, Chief Marketing Officer as a 'B' signatory on the bank mandate. The committee approved the inclusion of Chief Marketing Officer as an authorised signatory of the University as set out in the Financial Regulations. The annual review of the financial regulations included a review of signatories.

The committee approved the opening of an account with Revolut to improve the payment of research participants. The authority levels would be reviewed.

{*Secretary's note* – subsequently, the account with Revolut was not opened and an alternative would be proposed}.

9. Strategic HR report

The committee discussed the strategic HR report. The student recruitment shortfall had had an impact on the workforce planning exercise. Additional executive approval for all recruitment had been put in place. In the longer term, the shape of the workforce may need to be reviewed.

The committee noted the 1.7% pay increase for staff on the JNCHES pay scale. The Executive would review the level of London weighting.

The committee noted the positive improvement in the number of staff completing the annual appraisal. It was agreed that the target should be for 100% of eligible to staff to complete an appraisal.

The committee welcomed the development of a leadership strategy.

10. Committee business plan

The committee noted its work plan for 2017/18.

11. Terms of reference and committee membership

The committee noted its terms of reference and membership.

12. Insurance claims

The committee noted the insurance claims for 2016/17, which were low.

**Date of next meeting
4.00 pm, on Tuesday, 14 November 2017**

Confirmed as a true record

..... (Chair)

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**FINANCE, PLANNING AND RESOURCES COMMITTEE - TUESDAY, 26 SEPTEMBER 2017
ACTION SHEET**

Agenda No	Agenda/Decision Item	Action	Date Due	Officer	Action Status
4.	Matters Arising	Budget review to 27 February 2018 meeting		Richard Flatman	On plan
9.	Strategic HR report	Review London weighting Update appraisal target in KPIs		Mandy Eddolls Mandy Eddolls	Under review To be implemented for 2017/18

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Paper title:	Annual Report and Accounts for the year ending 31 July 2017
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	14th November 2017
Author:	Natalie Ferer, Financial Controller
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To note financial performance of 2016/17
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Statutory financial reporting
Recommendation:	It is recommended that the Committee notes the attached Report and Accounts

Executive summary

The audit for the year ended 31 July 2017 is 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 9th November 2017 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 7-11. Results for the year have previously been considered in the July management

accounts. KPMG are in the process of finalising their review of the accounts but no material adjustments are proposed or anticipated.

- Pages 3-6 of the 'Strategic Report' 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 pages 6-7.
- An assessment of the University as a going concern, as will be presented to the Board, is shown on page 12.
- Remuneration of higher paid staff, including the Vice Chancellor, is frequently the subject of FOI requests. Relevant sections that the Executive may wish to review include:
 - Staff numbers by category (page 35)
 - Remuneration of higher paid staff (pages 36-37)
 - Key Management Personnel (page 37)
 - Related Party Disclosures (page 37)

Recommendation

It is recommended that the Committee notes the attached report and accounts.



Report and Financial Statements

31 July 2017

Version 5 1/11/17

Draft for Audit Committee

Report and financial statements 2017

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Report and financial statements 2017

Strategic Report

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

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

The governing body of the University is responsible for the effective stewardship of the University and has control of the revenue and the property of the University. The University's corporate governance arrangements are described on pages 17-22 and the members of the Board of Governors during the year ended 31 July 2017 are listed on pages 2-3. The Governors are also directors under the Companies Act 2006.

The University is an exempt charity within the meaning of the Charities Act 2011 applying in England and Wales and its principal regulator is HEFCE. All Governors are also charitable trustees. The University is regulated principally by HEFCE under a 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

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

Michelmores LLP
48 Chancery Lane,
London WC2A 1JF

Eversheds
70 Great Bridgewater Street
Manchester
M1 5ES

Penningtons Manches
125 Wood Street,
London, EC2V 7AW

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

Structure, Governance and Management

The following were Governors throughout the year ended 31 July 2017 except as noted:

Board of Governors

Name	Dates
Mr Jeremy Cope (Chair)	
Professor David Phoenix OBE (Vice Chancellor and Chief Executive)	
Miss Temi Ahmadu	Retired 30 June 2017
Mr Sodiq Akinbade	Appointed 1 July 2017
Mr Steve Balmont	
Mrs Shachi Blakemore	

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Ms Julie Chappell	Appointed 1 July 2017
Mr Michael Cutbill	
Mr Douglas Denham St Pinnock	
Professor Neil Gorman	Retired 31 July 2017
Mrs Carol Hui	
Professor Hilary McCallion CBE	
Mr Kevin McGrath	
Dr Mee Ling Ng OBE	
Mr Andrew Owen	Retired 31 July 2017
Ms Jenny Owen	
Mr Tony Roberts	
Mr Suleyman Said	Appointed 1 July 2017
Mr Calvin Usuanlele	Retired 30 June 2017
Changes in Governors since 31 July 2017:	
Mr Duncan Brown	Appointed 1 August 2017
Professor Peter Fidler CBE	Appointed 1 August 2017

Principal Officers:

Name	Position
Professor David Phoenix	Vice Chancellor
Professor Patrick Bailey	Deputy Vice Chancellor
Mrs Mandy Eddolls	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 (appointed 2 May 2017)	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 17-22.

Objectives and Activities

London South Bank University has been transforming lives, communities and businesses for 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.

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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. At the same time, 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 (LSBU) 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.

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:

- LSBU achieved a Silver rating for teaching excellence under the Government's new Teaching Excellence Framework (TEF). The University was particularly praised for its focus on personalised learning and emphasis on supporting graduates into employment, with courses designed to give our students the skills, knowledge and confidence that employers want.
- LSBU was named 'University of the Year for Graduate Employability and Prospects' in The Times 2018 League table, which noted in particular "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. Year after year, the university appears close to the top of our tables for graduate employment and graduate salaries."
- LSBU is in the top 25 of all UK universities for graduate employment and further study. 82% of LSBU leavers were in graduate employment and further study (UK average 75%).
- LSBU is a top UK 12 university for Graduate Starting Salaries [The Times Good University Guide].
- The Destination of Leavers from Higher Education survey again generated positive results with 94.6% of graduates in employment or further study, showing a continued improvement on 2015/16.
- Our NSS overall satisfaction result remained constant at 82%, whilst the sector average fell by two percentage points, meaning we have improved our relative position.
- Our project to manage student appeals more effectively was shortlisted in the Outstanding Student Services Team category in the 2017 THELMAs from THE.
- 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.
- HEFCE identified our work on the Prevent agenda as leading UK practice, which led to a Foreign Office nomination and ongoing partnership work, rolling out our approach internationally.

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Strategic Report

Our work to enhance the student experience continues. The Student Journey Transformation Project implemented a wide range of programmes. These included initiatives to encourage greater student participation in extracurricular activities to support their employability. We also implemented the InPLace software solution for managing and quality assuring student placements to support our policy of offering all students work experience or study abroad opportunities. Alongside we implemented new software to deliver the Higher Education Achievement Report (HEAR) with the 2016/17 cohort being the first to receive these in 2019. The new LSBU employment and temping agency, 'LSBU Employment' is scheduled to launch in January 2018, and will connect current students to opportunities for part time work, and 3rd years and graduates with full time opportunities. We have already seen a 200% increase on student engagement with Employability initiatives, with over 3000 unique visitors in year.

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 with new Research and Enterprise Institutes, all with increased supporting activity. 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. Particular achievements during the year have included:

- LSBU's research centres in non-destructive testing and coatings and resins at the Cambridge Technology Park attracted projects worth over £10m in their first year.
- LSBU's new London Doctoral Academy now provides a physical space for research students to create a community of practice.
- Research income showed an increase of 42% on 2015/16 total and ahead of target
- Contracted activity for 2017/8 is strong with recent research bid successes including two awards from the EPSRC; a £400K award for a project modelling the mechanism of cats' whiskers for spacecraft design, a £200K for a project exploring heat re-use from sewers, and a further £600K of funding through the Welding Institute partnership.
- LSBU is now the number 2 London Modern for Knowledge Transfer Partnerships; South Bank Enterprises led on sales of commercial enterprise with a total value of £4.4m during 2016/17.
- Over one hundred and fifteen bids were submitted for research funding which was ahead of target, SME partnerships exceeded three hundred and fifty during the year.
- Two European Regional Development Fund (ERDF) projects have been secured around access to innovation and simulation for digital health. Both will work with around four hundred SME's over the next three years and will have a total value of around two million pounds. LSBU is also a partner organisation for two further ERDF projects with a total value of one million pounds.
- The Centre for Research Informed Teaching (CRIT) has been established to generate greater awareness of pedagogic developments and assist in ensuring our research activities inform our teaching.

Access to Opportunity

There are two strands to this part of the LSBU strategy. Locally, LSBU works with partners to provide opportunities for students with the potential to succeed.

- We have invested in a new Higher and Degree Apprenticeship programme to provide students and employers with a more diverse education and skills offer. Up to 25 higher and apprenticeship programmes are being offered for 2017/18 within five Schools. LSBU is a leader in the HE sector and one of only 18 institutions to receive funding from the HEFCE degree apprenticeship development fund. 105 apprentices were enrolled during 16/17, and the number is predicted to rise to 500 during 17/18.
- 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.

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- The University Academy of Engineering (UAE), which recruited to target for the 2017/18 entry cohort, received a ‘Good’ rating in its first Ofsted assessment.
- The University Technical College (UTC) has now taken up residence in its new Brixton Hill facility.

The University has also been strengthening its internationalisation activities to meet its aim of developing a multi-cultural community of students and staff. Through international alliances and partnerships LSBU is building its capacity and capabilities in education, research and enterprise and is already making significant progress:

- LSBU featured in the Times Higher Education (THE) World University Rankings in 2016-17 for the first time and is one of only 93 UK institutions featured in the international ranking.
- LSBU achieved a 4 star rating in the QS World Rankings 2017-18 with 5 stars for internationalisation. “LSBU is highly visible and involved in a high number of collaborations with other top higher education institutions” (QS World Ranking Report). This was a 2021 target achieved ahead of time.
- LSBU’s partnership with BUE in Egypt is the now the largest site for transnational education (TNE) in the Middle East and North African region with nearly 4000 students.
- Following approval by the Ministry of Education in Bahrain, LSBU Engineering programmes will begin at the Applied Science University in Bahrain in September 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 has been 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 and Impact	Mitigation Strategies
Revenue reduction if course portfolio, and related marketing activity, does not achieve Home UG recruitment targets	<ul style="list-style-type: none"> - Implement School and College outreach strategy - Development of revised BI dashboard for applications cycle - Revised approach to brand management and articulation - Program of advanced market insight analysis - Annual review and approval of four year financial forecasts
Progression rates don’t rise	<ul style="list-style-type: none"> - Focused study support, skills and welfare provision through Library and Learning, and Student Centre support teams - Minimum specification for personal tutoring
Anticipated international and EU student revenue unrealised	<ul style="list-style-type: none"> - Targeted partnership development utilising defined partnership models - Establishment of overseas offices to coordinate activity - Routine compliance training and regular reporting of visa refusal rates
Impact of Low staff engagement on organisational objectives	<ul style="list-style-type: none"> - Cascade meeting cycle and local roadmap process connects staff to institutional priorities - Engagement champions in all areas with regular review of action plans - New staff intranet and other comms technology projects enabling better connectivity
Increasing pensions deficit	<ul style="list-style-type: none"> - Participation in sector review activity - Strict control procedures on early access - DC pension scheme for some staff

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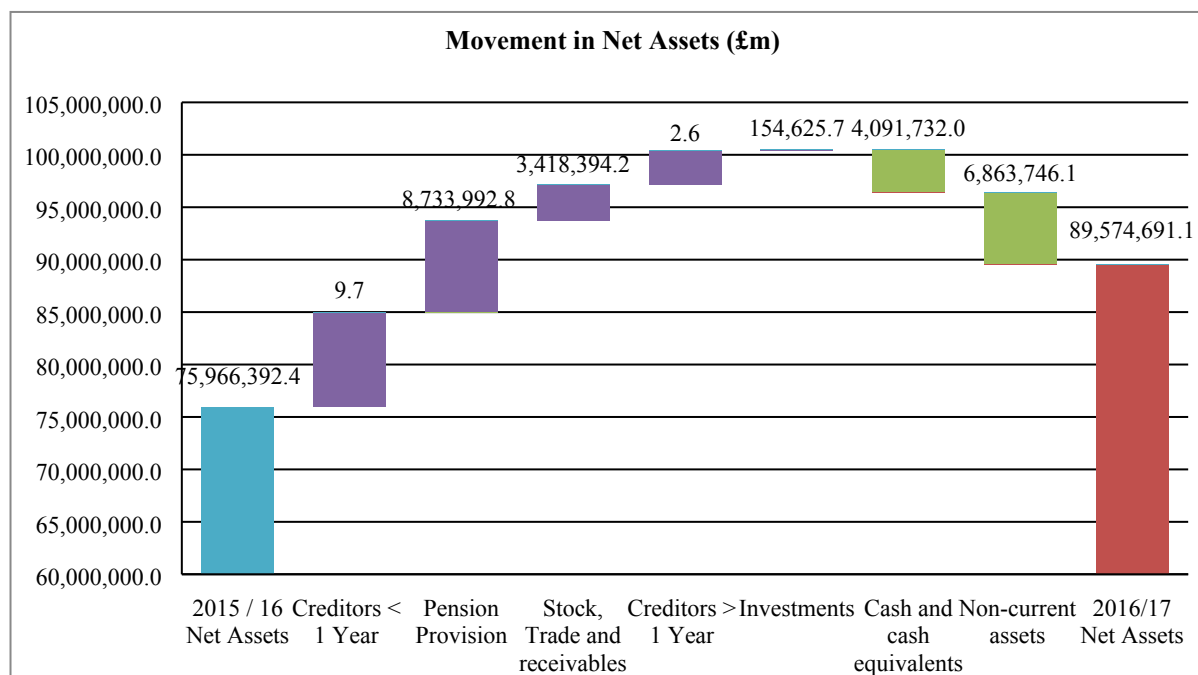
Affordability of Capital Expenditure investment plans	<ul style="list-style-type: none"> - External partners appointed to develop finance options - Clear sign off process within financial regulations utilising business case methodology
Potential loss of NHS contract income	<ul style="list-style-type: none"> - Named customer manager roles with Trusts and CCGs - Annual Quality review process with reports to funders - Increase band 1-4 activity and development of Apprenticeship programmes
Management Information perceived as unreliable, doesn't triangulate	<ul style="list-style-type: none"> - Data Quality Processes established, with pre-submission scrutiny through Planning, Performance and Assurance (PPA) team - Data Warehouse established with MIKE access layer for all key corporate data - Performance scorecards in development for all areas of the institution
Corporate data not used, processed, or maintained securely	<ul style="list-style-type: none"> - Mandatory training programme includes data protection - Logical security and live synch protocols applied to user accounts and approvals - Regular vulnerability assessments with Technical Roadmaps to chart future state - Development of GDPR options appraisal
Introduction of Higher Apprenticeships	<ul style="list-style-type: none"> - Specialist team established to manage activity and promotion - Regular scrutiny of activity by Steering Group and Apprenticeships Committee for operations - Specialist centre in development to link with LSBU family associations
Impact of EU Referendum result on regulation and market trends	<ul style="list-style-type: none"> - Academic Leads for Research Institutes to build strategic relationships - Partnership approach to EU student recruitment - Participation in Governmental and Sector forums
Academic programmes not engaged with technological and pedagogic developments	<ul style="list-style-type: none"> - CRIT established to lead on digital enhancement through TEL strategy, monitored through Academic Board - Moodle baseline established and reviewed for all programmes
Organisational responsiveness to policy changes, external perception and shifts in competitive landscape	<ul style="list-style-type: none"> - Corporate Affairs unit established to maintain relationships with key stakeholders - Strategic approach to Business Intelligence through PPA team and MIKE data platform - Annual Corporate Roadmaps revisit strategy and drive planning and reporting processes - Ongoing Portfolio review processes

Financial Review

Balance sheet and liquidity

The Group's net assets increased by 18% during the year moving, from £76.0m to £89.6m. The principal reason for the change is the re-measurement of the net assets in the London Pension Fund Authority Scheme which is included within Other Comprehensive Income within the year.

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The University always plans to have sufficient liquid assets to meet its liabilities as they fall due and the reduction in cash balances will not compromise the group's ability to do so. Cash balances and bank deposits have decreased from £52.7m to £48.8m. Bank and other loans have reduced from £25.6m at 31 July 2016 to £24.3m at 31 July 2017 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.

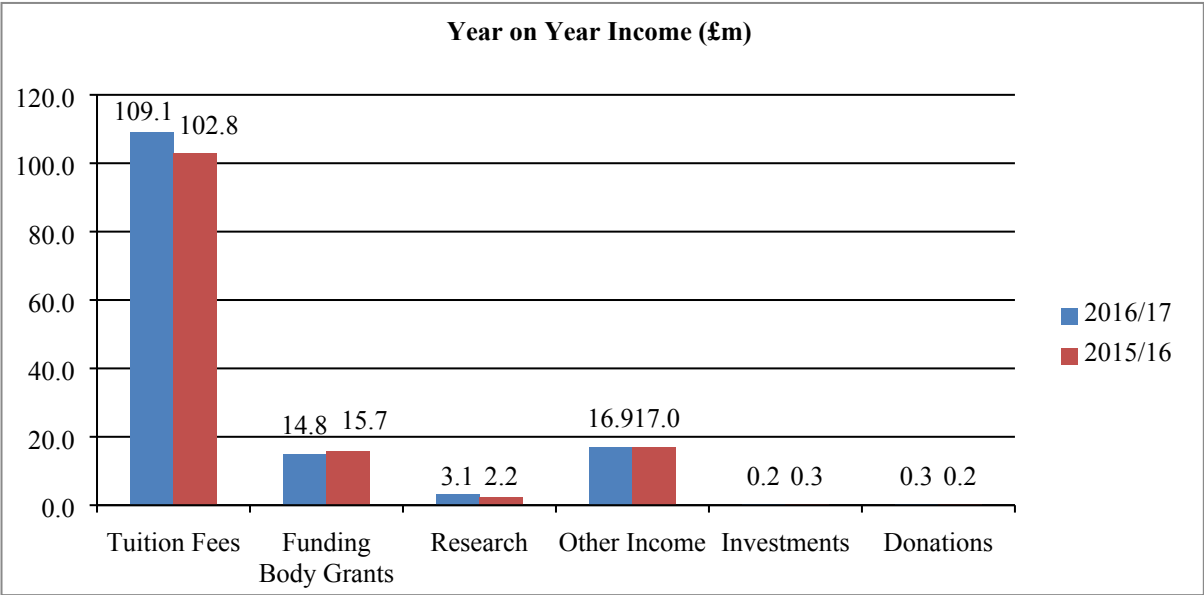
Result for the Year

Financial Summary in £m	Variance from 2015 / 16 £m	
	2016/17	2015/16
Income	144.5	138.2
Expenditure	142.6	134.9
Surplus for the year	1.9	3.3
Surplus %	1.3%	2.4%

The operating surplus of £1.9m is ahead of the agreed budget of £1.0m and the forecast surplus of £1.5m submitted to HEFCE in July 2017. In the context of the continuing investment being made by the University and the recruitment challenges across the sector in 2016/17, particularly with regard to changes in the full time undergraduate demographic and the decline of the part time student market, this is considered a strong result.

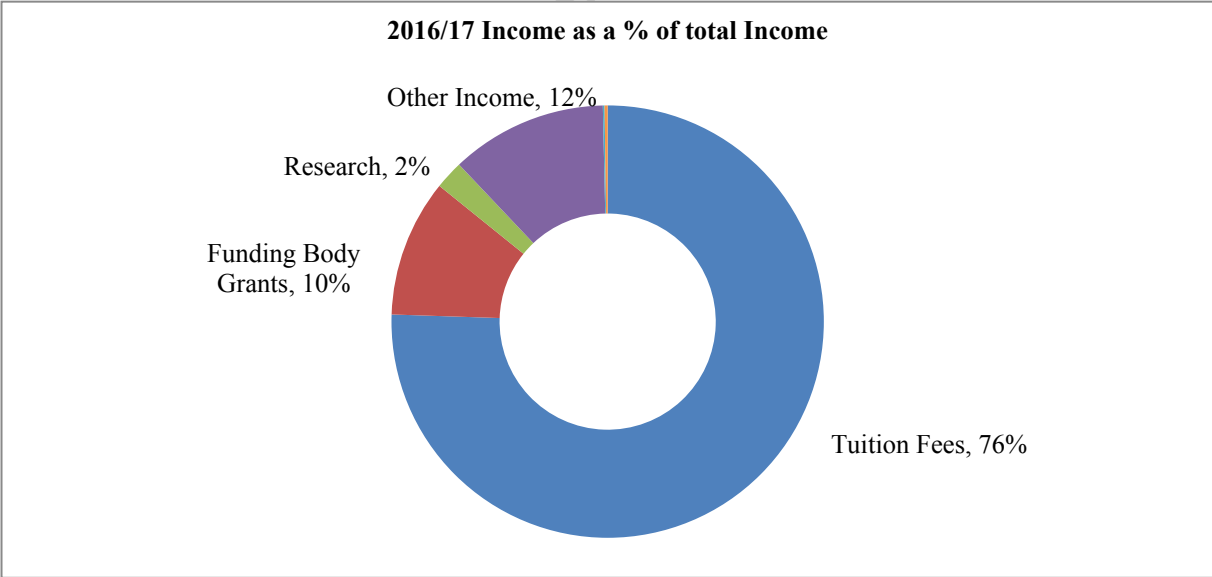
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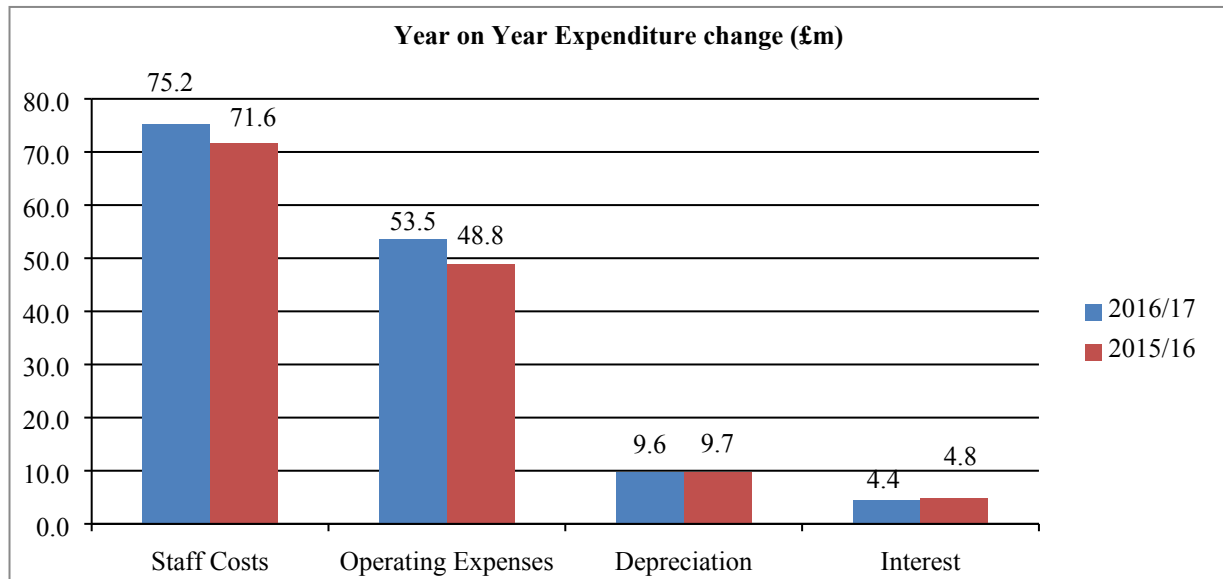


Total income increased by 4.6% (6.3m) to £144.5m (2015/16: £138.2m) income. Academic fees (including NHS contract income) and Funding Council grants remain the main sources of income for the university representing 75.5% and 10.3% respectively (2015/16 = 74.4% and 11.4%). There was a reduction in Funding Grant due to the continued impact of the new fee regime for both undergraduate (UG) and Post graduate (PG) students. This fall, however, was offset by an increase in Full Time Home / EU undergraduate fees and a significant increase in fees from Home / EU Postgraduate students. The other factors affecting income were an increase in International student income and an increase in income from students sponsored by the NHS.

The key driver for the decline in grant income is the introduction of the new fee regime for Undergraduate students.

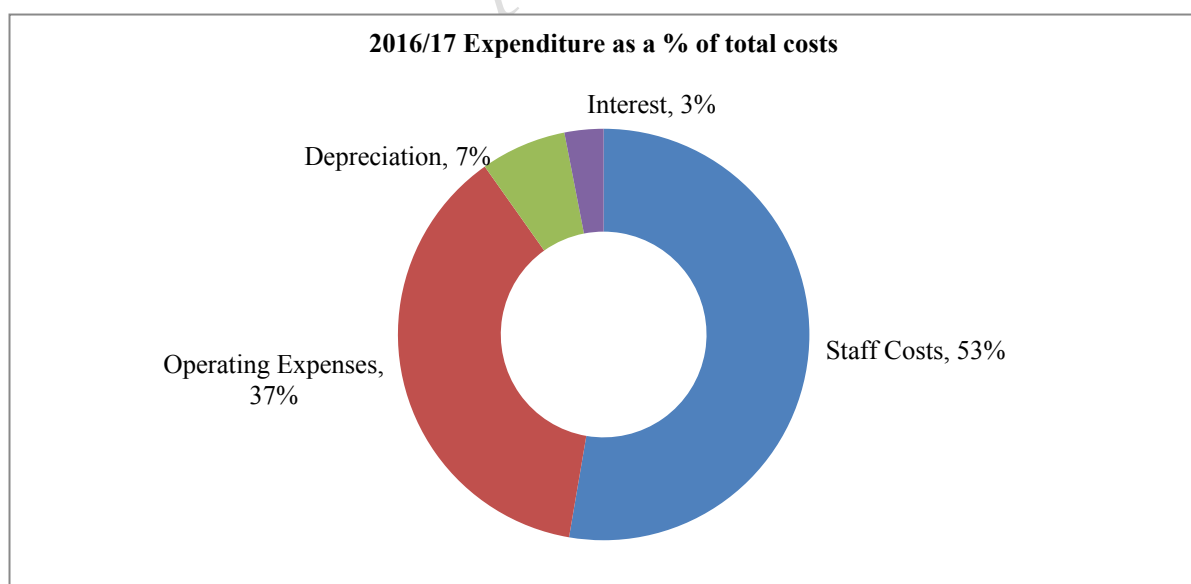


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In terms of Expenditure, Staff costs increased by 5.0% from £71.6m in 2015/16 to £75.2m in 2016/17 representing 52.0% of income (2015/16: 51.8%). After including agency staff costs, which are included in the accounts as operating expenditure, total staff costs represent 54.3% of income. This is better than our target of 55%. Although this year's performance is strong, staff costs remain an area of continued focus for the university in 2017/18.

Other operating expenses increased by 9.6% from £48.8m in 2015/16 to £53.5m. There were some large one off costs in 2016/17 primarily relating to the preliminary development costs of the University's estate, the continued investment in computing software and computing software consultancy as we review our digital infrastructure and costs associated with the wider strategic investments particularly on the development of the LSBU family. Other significant increases include the increase in security and cleaning costs due to the full implementation of the London living wage, an increase in Overseas Agent Fees due to the increase in Overseas Student recruitment and an increase in the cost of Bursaries as the University invests in Research activities.



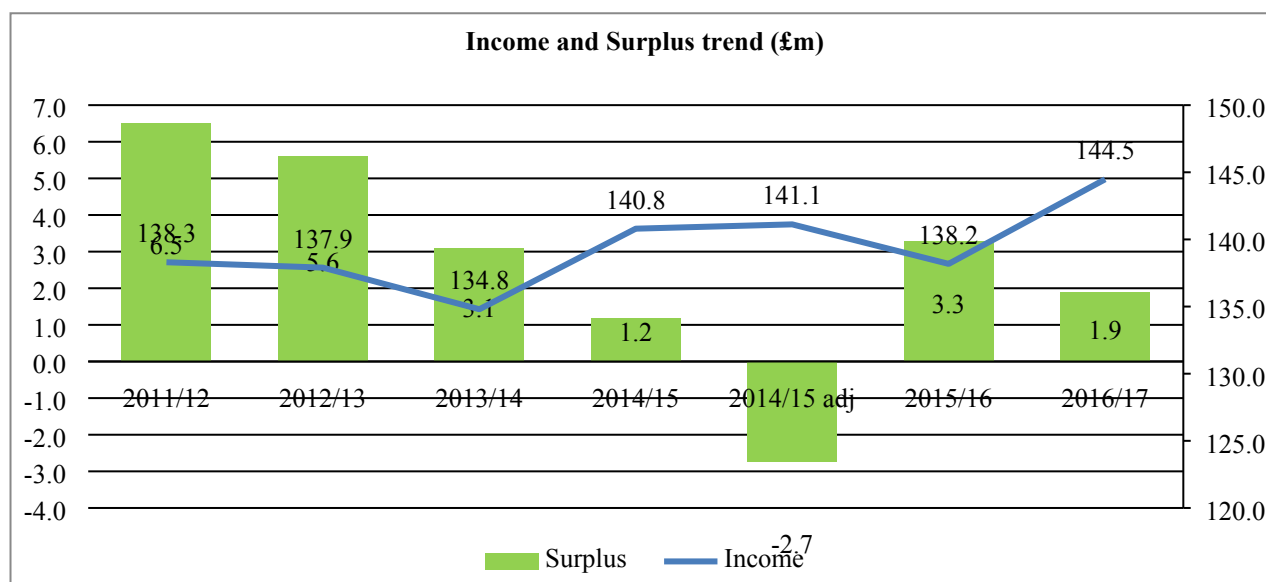
The University's fixed assets decreased by £6.9m during the year. The reduction of assets was primarily due to depreciation. There were no asset disposals.

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Financial trend analysis

14/15 adjusted for FRS 102 adjustments



Income was reduced in both 2012/13 and 2013/14 by continued cuts to the HEFCE funding grant and by a reduction in the level of income generated from overseas students. There was a one off change with regard to Teacher Training Agency (TTA) funding in 2013/14 which further depressed income.

Income growth in 14/15 was due to extraordinary levels of International recruitment and one off deferred income released. The income growth in 16/17 is due to increased retention and progression from Undergraduate students as well as significant increase in Postgraduate and International income. There were also increases in Research and Enterprise income in line the University's strategic aspirations.

The University remains focused on both income growth and cost management in order to ensure the university grows sustainably. The University delivered a surplus of £1.2m in 14/15 although this was reported as a deficit of £1.2m after technical FRS102 adjustments.

Pension liability

The pension liability with the London Pension Scheme Authority (LPFA) has reduced from £121.5m to £112.7m, mainly as a result of actuarial gains. The charge to staff costs for the year is £7m, interest £3.4m and an £11.7m gain is charged to other comprehensive income and expenditure.

Creditor payment policy

It is the University's policy to abide by the terms of payment agreed with suppliers. Unless special terms apply, payment is made within 30 days of receipt of a valid invoice or after acceptance of the goods or services, whichever is the later. Average creditor days during the year were 29 (2016: 28).

Accounting policies

The University's financial statements have been prepared in accordance with the Statement of Principal Accounting Policies set out on pages 29-33. The University's Governing Body has reviewed the Group's accounting policies and considers them to be the most appropriate to the group's operations.

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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 (2016: £0.19m).

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.

2016/17 has been a successful year with income growth of 4.6 % to £144.5m in line with budget, building on earlier change, re-structuring and investment for future success. Full time undergraduate recruitment remained challenging but this was offset by increases in postgraduate, overseas student income and health contract income together with better than anticipated numbers of re-enrolling students reflecting improvements in progression and retention. A financial surplus of £1.9m is reported (ahead of the approved budget surplus for the year of £1m) as a result of continued sound financial management and effective cost control. This is after accounting for the write off of costs associated with the demolition of Hugh Astor Court and the preliminary development costs associated with the planned St. George’s Quarter development.

A budget surplus of £1.5m has been approved for 2017/18, reflecting the need for continued surplus whilst maintaining appropriate levels of investment spend to drive the necessary corporate strategic outcomes. Enrolment and re-enrolment are continuing but the early signs are that clearing is even more challenging this year. Student numbers are expected to fall short of target as a result of a number of factors including a downward national trend in the number of applications, increased levels of market competition as a result of this downward trend and the removal of health bursaries. However, we are confident that we can manage this position in year and still deliver to the agreed budget surplus through the implementation of actions agreed and in the process of development. A longer term strategic response will be developed but this does not put the going concern basis at risk and income in 2017/18 is expected to be in line with previous year or marginally higher.

The University continues to generate positive cash inflows from operating activities and has a strong cash position with £48.8m cash and bank deposits at 31 July 2017.

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

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- 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;
- 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.

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 London South Bank University 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

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graduate employment and/or further study 6 months after leaving (DLHE survey results 2016 – 17). Over 7746 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 pages 2-3, 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.

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

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 for Audit Committee

Mr Jeremy Cope
Chair of the Board of Governors
23 November 2017

Corporate Governance Statement

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

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

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

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.

During the year, the Board met five times (five times in 2015/16) plus once for an extraordinary meeting. In addition, the Board held two strategy days (two in 2015/16) 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 83% (2015/16: 93%) 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 pages 12-14 (1.2). It receives assurance that the institution meets the requirements of the Memorandum of Assurance and Accountability through the Audit Committee (1.3).

Compliance

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

Corporate Governance Statement

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. The Chair of the Board of Governors and the chairs of the Audit Committee and the Finance, Planning and Resources committee were interviewed along with members of the Executive team as part of this process. HEFCE concluded 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 legislation, 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 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 2017 meeting]

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, twice yearly meeting with the Academic Board to discuss strategy. The Board has reviewed the quality process and agreed an assurance statement during the year under review. [to confirm at November 2017 meeting]

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

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).

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).

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 period are listed on pages 2-3. 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).

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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 on pages 19-20 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.

There is a Nomination committee to recruit 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 and experience 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. The Audit Committee produces an annual report for the Board, following HEFCE 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 post-holders, 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 committee considers comparison information and use of public funding when deciding remuneration (3.15, 3.16.). Details of the remuneration of higher paid staff and emoluments of the Vice Chancellor are shown in note 8 to these accounts.

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

Key Individuals

Position	Name
Chair of the Board of Governors	Jeremy Cope
Vice Chair of the Board of Governors	Andrew Owen (retired 31 July 2017) Douglas Denham St Pinnock (appointed 1 August 2017)
Head of Institution (Vice Chancellor and Chief Executive)	David Phoenix
Chair of Audit Committee	Steve Balmont
Chair of Finance, Planning and Resources Committee	Andrew Owen (retired 31 July 2017) Professor Hilary McCallion CBE (appointed 1 August 2017)

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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

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.
10. To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.

Corporate Governance Statement

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;

- 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.

The Corporate Governance and Internal Control statements were approved by the Board of Governors on 23 November 2017 and were signed on its behalf by:

Mr Jeremy Cope

Chair of the Board of Governors
23 November 2017

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

- 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 pages 15-16, 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

9 November 2017

**Consolidated and University Statement of Comprehensive
Income and Expenditure
Year ended 31 July 2017**

	Note	Consolidated		University	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
Income					
Tuition fees and education contracts	1	109,119	102,794	109,119	102,794
Funding body grants	2	14,845	15,684	14,358	15,141
Research grants and contracts	3	3,089	2,232	2,866	2,122
Other income	4	16,910	16,960	15,106	15,467
Investment income	5	184	313	183	310
Total income before other grants and donations		144,147	137,983	141,632	135,834
Donations and endowments	6	332	195	332	195
Total income		144,479	138,178	141,964	136,029
Expenditure					
Staff costs	7	75,160	71,581	73,771	70,380
Other operating expenses	9	53,488	48,822	52,334	47,894
Depreciation and Amortisation	12,13	9,620	9,749	9,620	9,749
Interest and other finance costs	11	4,369	4,755	4,369	4,755
Total expenditure		142,637	134,907	140,094	132,778
Surplus before other gains and losses		1,842	3,271	1,870	3,251
Gains on investments	20	52	12	52	12
Surplus for the year		1,894	3,283	1,922	3,263
Actuarial gain / (loss) in respect of pension schemes	26	11,715	(29,519)	11,715	(29,519)
Total comprehensive income / (expenditure) for the year		13,609	(26,236)	13,637	(26,256)
Represented by:					
Endowment comprehensive income for the year		52	12	52	12
Restricted comprehensive income for the year		-	-	-	-
Unrestricted comprehensive income / (expenditure) for the year		13,557	(26,248)	13,585	(26,268)
		13,609	(26,236)	13,637	(26,256)

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 2015		742	72,767	28,693	102,202
Surplus before other gains and losses from the statement of comprehensive income and expenditure		-	3,271	-	3,271
Other comprehensive income / (expenditure)		12	(29,519)	-	(29,507)
Transfers between revaluation and income and expenditure reserve	21	-	724	(724)	-
Total comprehensive income / (expenditure) for the year		12	(25,524)	(724)	(26,236)
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	26	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 31 July 2017		806	61,387	27,382	89,575
University					
Balance at 1 August 2015		742	72,633	28,693	102,068
Surplus from the statement of comprehensive income and expenditure		-	3,252	-	3,252
Other comprehensive income / (expenditure)		12	(29,519)	-	(29,507)
Transfers between revaluation and income and expenditure reserve		-	724	(724)	-
Total comprehensive income / (expenditure) for the year		12	(25,543)	(724)	(26,255)
Balance at 1 August 2016		754	47,090	27,969	75,813
Surplus from statement of other comprehensive income and expenditure		-	1,870	-	1,858
Other comprehensive income		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	14,172	(587)	13,660
Balance at 31 July 2017		806	61,286	27,382	89,473

Consolidated and University Statement of Changes in Reserves

London South Bank University

Consolidated and University Balance sheets
As at 31 July 2017

	Notes	Consolidated		University	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
Non-current assets					
Intangible assets	12	1,990	3,011	1,991	3,011
Tangible fixed assets	13	216,881	222,724	216,881	222,724
Investments	14	38	38	38	38
		<u>218,909</u>	<u>225,773</u>	<u>218,910</u>	<u>225,773</u>
Current assets					
Stocks		8	11	8	11
Trade and other receivables	15	18,378	14,956	18,135	14,780
Investments	22	16,620	16,465	16,620	16,465
Cash and cash equivalents	22	32,146	36,238	31,484	35,778
		<u>67,152</u>	<u>67,670</u>	<u>66,247</u>	<u>67,034</u>
Creditors: amounts falling due within one year	16	<u>(34,653)</u>	<u>(44,318)</u>	<u>(33,839)</u>	<u>(43,834)</u>
Net current assets		<u>32,499</u>	<u>23,352</u>	<u>32,408</u>	<u>23,200</u>
Total assets less current liabilities		<u>251,408</u>	<u>249,125</u>	<u>251,318</u>	<u>248,973</u>
Creditors: amounts falling due after more than one year	17	(48,056)	(50,647)	(48,056)	(50,648)
Provisions					
Pension provisions	19	(113,778)	(122,512)	(113,778)	(122,512)
Total net assets		<u>89,574</u>	<u>75,966</u>	<u>89,484</u>	<u>75,813</u>
Restricted reserves – endowment reserves	20	806	754	807	754
Unrestricted reserves Income and expenditure reserve		61,386	47,243	61,295	47,090
Revaluation reserve	21	27,382	27,969	27,382	27,969
Total Reserves		<u>89,574</u>	<u>75,966</u>	<u>89,484</u>	<u>75,813</u>

These financial statements were approved by the Board of Governors on 23 November 2017 and were signed and authorised on their behalf by:

London South Bank University

Consolidated Statement of Cash Flows Year ended 31 July 2017

	Note	2017 £'000	2016 £'000
Cash flow from operating activities			
Surplus for the year		1,894	3,283
Adjustment for non cash items			
Amortisation / Depreciation	12,13	9,620	9,749
Investment income	5	(184)	(313)
Interest payable	11	4,369	4,755
Decrease in stock		3	60
Increase in debtors	15	(3,422)	(2,178)
Decrease/(increase) in creditors	16	(10,931)	8,241
Pension costs less contributions payable	26	(145)	(191)
Adjustment for investment or financing activities			
Loss on disposal of assets	13	-	438
Investment income	5	21	21
Interest receivable	5	163	292
Net cash inflow from operating activities		1,388	24,157
Cashflows from investing activities			
Payment to acquire tangible fixed assets	13	(2,756)	(19,757)
Cash added to fixed term deposits	22	(155)	(102)
		(2,911)	(19,859)
Cashflows from financing activities			
Capital element of bank loan repayments		(1,325)	(1,309)
Interest element of bank loan repayments	11	(1,244)	(1,303)
		(2,569)	(2,612)
Increase/(decrease) in cash and cash equivalents during the year		(4,092)	1,686
Cash and Cash equivalents at the start of the year	22	36,238	34,552
Cash and Cash equivalents at the end of the year		32,146	36,238

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 FRS102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. 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 12 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 an Academy Trust, 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 the Academies Trust 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 the Academies Trust were to fail, the University would not receive its assets or reserves. Therefore the Accounts of the Academies Trust 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 credits 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 income and expenditure account 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 revaluation of assets are not undertaken by the University.

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

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

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

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

Freehold buildings	2% per annum
Long leaseholds	Period of lease
Short leaseholds	Period of lease
Building improvements	6.7% per annum
IT equipment	25% per annum
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 are 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 our 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 capital reserve. Where depreciation on the revalued amount exceeds the corresponding depreciation based on historical cost, the excess is transferred annually from the capital reserve to the income and expenditure reserve.

The pension reserve represents the pension liability in respect of the defined benefit pension schemes (see note 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 2017

Consolidated and University

	2017		2016	
	£'000		£'000	
1. Tuition fees and education contracts				
Full-time home and EU students		57,173		54,511
Full-time international students		9,250		8,438
Part-time students		12,373		11,347
Other courses		1,916		1,266
Strategic Health Authority education contracts		28,407		27,232
		<u>109,119</u>		<u>102,794</u>

	Consolidated		University	
	2017	2016	2017	2016
	£'000		£'000	
2. Funding body grants				
HEFCE recurrent grant	12,973	13,396	12,973	13,396
HEFCE Non recurrent grants				
Specific grants	487	543	-	-
Pension liabilities	240	201	240	201
Other grants	1,126	1,379	1,126	1,379
Teaching Agency grant	19	165	19	165
	<u>14,845</u>	<u>15,684</u>	<u>14,358</u>	<u>15,141</u>

	Consolidated		University	
	2017	2016	2017	2016
	£'000		£'000	
3. Research grants and contracts				
Research councils	1,667	718	1,444	608
UK based charities	80	249	79	249
European Commission	854	191	854	191
Other grants and contracts	345	814	345	814
Knowledge Transfer Partnerships	143	260	144	260
	<u>3,089</u>	<u>2,232</u>	<u>2,866</u>	<u>2,122</u>

	Consolidated		University	
	2017	2016	2017	2016
	£'000		£'000	
4. Other income				
Residence and catering income	11,716	10,931	11,716	10,931
Other income	5,194	6,029	3,390	4,536
	<u>16,910</u>	<u>16,960</u>	<u>15,106</u>	<u>15,467</u>

	Consolidated		University	
	2017	2016	2017	2016
	£'000		£'000	
5. Investment income				
Interest on short term investments	21	21	21	21
Endowment income and interest receivable	163	292	162	289
	<u>184</u>	<u>313</u>	<u>183</u>	<u>310</u>

Notes to the accounts
Year ended 31 July 2017

		Consolidated and University	
		2017	2016
		£'000	£'000
6. Donations and endowments			
	Unrestricted donations	332	195

		Consolidated	
		2017	2016
		No.	No.
7. Staff			
	Average staff numbers by major category:		
	Academic staff	766	732
	Student support staff	117	116
	Other support staff	491	492
		<u>1,374</u>	<u>1,340</u>

	Consolidated		University	
	2017	2016	2017	2016
Costs:	£'000	£'000	£'000	£'000
Wages and salaries	56,895	55,960	55,701	55,421
Social security costs	6,202	5,284	6,097	5,191
Employers' pension contributions	12,063	10,337	11,973	9,768
	<u>75,160</u>	<u>71,581</u>	<u>73,771</u>	<u>70,380</u>

Staff costs for the year include costs arising from redundancies of £0.6m (2016 credit £(0.49)m arising from over accrual of prior year costs).

Notes to the accounts

Year ended 31 July 2017

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.

	2017 £'000	2016 £'000
Salaries	406	331
Pension contributions	42	54
	448	385

Governors, who are also all trustees, are paid expenses for attending meetings and duties directly related to their duties as trustees. In 2017 five trustees were paid total expenses of £3,095 (2016: six trustees were paid total expenses of £2,331) 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

	2017 £'000	2016 £'000
Salary	258	243
Taxable benefits	12	12
Pension Scheme contributions	18	40
Total emoluments and remuneration	288	295

All remuneration was to the current Vice Chancellor, Professor David Phoenix. 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(E). The Vice Chancellor is a member of the Teachers' Pension Scheme, however ceased contributions in February 2017. The nature of the scheme means it is not possible to ascertain the amount of his accrued pension at the year end.

D. Remuneration of other higher paid staff

Certain employees, excluding the Vice Chancellor, received remuneration (excluding pension contributions) in excess of £100,000 during the year. Seven of these employees accrued benefits under defined benefit pension schemes during the year (2016:7). These employees are grouped as follows:

	2017 No.	2016 No.
£110,000 to £119,999	1	1
£120,000 to £129,999	1	1
£130,000 to £139,000	1	2

Notes to the accounts

Year ended 31 July 2017

£140,000 to £149,999	1	1
£150,000 to £159,999	1	1
£160,000 to £169,999	2	2
£170,000 to £179,999	1	-
	<u>8</u>	<u>8</u>

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 3 of these accounts.

	2017 £'000	2016 £'000
Key management personnel	<u>1,326</u>	<u>1,245</u>

F. Related party disclosures

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

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 £855,000 (2016: £855,000) net of services provided by the University. The President of the LSBU Students' Union is a member of the Board of Governors. The balance between the two parties at the year-end was £nil (2016: £nil).

A member of the Board, Hilary McCallion, is a visiting professor at Kings College London. During the year the University paid Kings College London £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 £15,236 (2016: £5,195) in respect of membership and conference fees.

The Vice Chancellor of the University, Professor David Phoenix and the University are both members of the board of South Bank Academies. There were no transactions between South Bank Academies and the University during the year. During the year South Bank Academies paid the University £nil (2016 £189,017) in reimbursement of actual expenses incurred.

The Vice Chancellor of the University is a member of the board of Universities UK. During the year the University paid Universities UK £33,654 (2016: £28,632) in respect of membership fees and conference attendance. The Vice Chancellor of the University is a visiting professor at Kings College NHS Trust. During the year the University paid £19,479 in respect of seconded staff.

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 purchase a specified property. The loan is repayable on 30 October 2018 (or later as agreed). As of 31 July 2017 the outstanding balance was £350,000. The loan is fully secured by way of legal mortgage on the property in favour of London South Bank University.

Notes to the accounts
Year ended 31 July 2017

	Consolidated		University	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
9. Other operating expenses				
Academic	11,971	8,675	11,971	8,675
Academic support	9,148	7,173	9,148	7,173
Other support	7,292	6,769	7,292	6,769
Premises	15,636	14,627	15,636	14,627
Residence and catering	4,644	4,197	4,644	4,197
Other expenses	4,797	7,381	3,643	6,453
	<u>53,488</u>	<u>48,822</u>	<u>52,334</u>	<u>47,894</u>

Group other operating expenses are stated after charging:

	2017 £'000	2016 £'000
Auditors' remuneration		
<i>External audit</i> Grant Thornton UK LLP*	-	65
<i>External audit</i> – KPMG LLP	63	-
<i>Internal audit</i> ** PricewaterhouseCoopers LLP	93	91
<i>Other services</i> ** Grant Thornton UK LLP	TBC	4
Rentals under operating leases Plant and machinery	217	212
Loss on disposal of fixed assets	-	22
	<u>217</u>	<u>22</u>

* Includes £59,280 attributable to the University (2016: £51,156)

** 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 £7,659 (2016: £5,680). 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	
	2017 £'000	2016 £'000
11. Interest and other finance costs		
Loans Interest	1,244	1,303
Net charge on pension scheme	3,125	3,452
	<u>4,369</u>	<u>4,755</u>

Notes to the accounts
Year ended 31 July 2017

12. Intangible Assets
Software

	Consolidated and University	
	2017	2016
	£'000	£'000
Opening balance	3,011	229
Additions	-	3,788
Amortisation charge for the year	(1,021)	(1,006)
Closing balance	<u>1,990</u>	<u>3,011</u>

13. Tangible Fixed assets (Consolidated and University)

	Freehold Land	Freehold Buildings	Long Leasehold land and buildings	Fixtures, Fittings and Equipment	Short Leasehold land and buildings	Assets in Course of Construction	Total Fixed Assets Total
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2016	53,000	164,887	47,210	45,745	44	22,508	333,394
Additions	-	2	-	-	-	2,754	2,756
Disposals	-	-	-	-	-	-	-
Transfers	11,368	137	-	935	-	(12,440)	-
At 31 July 2017	<u>64,368</u>	<u>165,026</u>	<u>47,210</u>	<u>46,680</u>	<u>44</u>	<u>12,822</u>	<u>336,150</u>
Depreciation							
At 1 August 2016	-	(50,203)	(28,058)	(32,372)	(37)	-	(110,670)
Charge for the year	-	(4,411)	(1,281)	(2,907)	-	-	(8,599)
Disposals	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
At 31 July 2017	<u>-</u>	<u>(54,614)</u>	<u>(29,339)</u>	<u>(35,279)</u>	<u>(37)</u>	<u>-</u>	<u>(119,269)</u>
Net book value							
At 31 July 2017	<u>64,368</u>	<u>110,412</u>	<u>17,871</u>	<u>11,401</u>	<u>7</u>	<u>12,822</u>	<u>216,881</u>
At 31 July 2016	<u>53,000</u>	<u>114,684</u>	<u>19,152</u>	<u>13,373</u>	<u>7</u>	<u>22,508</u>	<u>222,724</u>

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

14. Investments

	Consolidated		University	
	2017	2016	2017	2016
	£000	£000	£000	£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.

Notes to the accounts

Year ended 31 July 2017

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 2017 (2016 : £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.

15. Debtors: amounts falling due within one year	Consolidated		University	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade debtors	13,684	11,425	12,967	11,100
Amounts owed by group undertakings	-	-	664	224
Other debtors	278	190	275	188
Prepayments and accrued income	4,066	2,991	3,879	2,918
Total debtors due within one year	18,028	14,606	17,785	14,430
Debtors: amounts falling due after one year: amounts owed by related parties (note 8)	350	350	350	350
	18,378	14,956	18,135	14,780

16. Creditors: amounts falling due within one year	Consolidated		University	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Bank and other loans	1,347	1,325	1,347	1,325
Trade creditors	1,586	1,004	1,586	991
Other creditors	1,934	11,555	1,844	11,495
Social security and other taxation payable	1,481	1,485	1,481	1,466
Accruals and deferred income	28,305	28,949	27,581	28,557
	34,653	44,318	33,839	43,834

17. Creditors: amounts falling due after more than one year	Consolidated and University
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Notes to the accounts
Year ended 31 July 2017

	2017	2016
	£'000	£'000
Bank and other loans	24,262	25,609
Deferred income	23,794	25,038
	<u>48,056</u>	<u>50,647</u>

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

	Consolidated		University	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Government	8,584	8,957	8,178	8,867
Non government	2,717	2,334	2,619	2,292
Capital grants	24,122	25,248	24,122	25,248
	<u>35,423</u>	<u>36,539</u>	<u>34,919</u>	<u>36,407</u>

18. Borrowings

Consolidated and University

Bank loans and finance leases are repayable as follows:

	2017	2016
	£'000	£'000
Due in less than one year (note 16)	1,347	1,325
Due between one and two years	1,367	1,347
Due between two and five years	4,079	4,135
Due after five years	18,816	20,127
Total due after one year (note 17)	<u>24,262</u>	<u>25,609</u>
	<u>25,609</u>	<u>26,934</u>

Details of bank basic loans

Lender	Term	Interest rate	Security	2017	2016
				£'000	£'000
Barclays Bank	25 years to 2032	5.67% fixed	David Bomberg House	4,508	4,819
Barclays Bank	To April 2029	5.25 % fixed	Unsecured	5,000	5,000
Barclays Bank	23.25 years to 2032	5.54% fixed	Unsecured	7,653	7,993
Barclays Bank	23 years to 2032	0.225% over Libor	Unsecured	4,380	4,677
Allied Irish Bank	26.5 years to 2027	6.67% Fixed	Dante Road Halls	3,868	4,245
Salix	Variable	Interest free	Unsecured	200	200
				<u>25,609</u>	<u>26,934</u>

19. Provisions for liabilities (Consolidated and University)

USS pension	LPFA pension	Total
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Notes to the accounts
Year ended 31 July 2017

	£'000	£'000	£'000
Balance at 1 August 2016	1,012	121,500	122,512
Utilised during the year	-	(7,120)	(7,120)
Charged to comprehensive income and expenditure	17	(1,631)	(1,614)
Balance at 31 July 2017	<u>1,029</u>	<u>112,749</u>	<u>113,778</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 £'000	Restricted Expendable £'000	2017 Total £'000	2016 Total £'000
Balance at 1 August	634	120	754	742
Increase in market value of investments	44	8	52	12
Balance at 31 July	<u>678</u>	<u>128</u>	<u>806</u>	<u>754</u>

21. Unrestricted reserves	Consolidated and University	
	2017 £'000	2016 £'000
Revaluation reserve		
Balance at 1 August	27,969	28,693
Transfer to income and expenditure reserves being excess depreciation on revalued assets	(587)	(724)
Balance at 31 July	<u>27,382</u>	<u>27,969</u>

22. Cash and cash equivalents	At 1 Aug 2016 £'000	Cashflows £'000	At 31 July 2017 £'000
	Consolidated		
Investments	16,465	155	16,620
Cash at bank and on deposit	36,238	(4,092)	32,146
Balance at 31 July	<u>52,703</u>	<u>(3,937)</u>	<u>48,766</u>

Investments comprise of funds held in fixed term deposits for periods not exceeding three months at 31 July 2017. Cash and cash equivalents comprise funds held in bank and on deposit not exceeding 3 months.

23. Capital commitments	Consolidated and University	
	2017 £'000	2016 £'000
Commitments contracted at 31 July	4,249	804

24. Lease obligations

Notes to the accounts

Year ended 31 July 2017

At 31 July 2017 the University and the Group were committed to making the following future minimum lease payments in respect of operating leases on land and buildings:

	2017	2016
	£'000	£'000
Expiring within two and five years	17	57
Expiring in over five years	481	491
	<u>497</u>	<u>548</u>

25. Amounts disbursed as agent - Teacher Training Bursaries

	2017	2016
	£'000	£'000
Balance at 1 August	14	(41)
Funding council grant	142	352
Disbursed to students	(153)	(297)
	<u>3</u>	<u>14</u>

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

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

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 Friends Life.

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 of 3.5%, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

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

The last valuation of the TPS was as of 31 March 2012 and revealed that total liabilities in the scheme (pensions currently in payment and estimated cost of future benefits) amounted to £191.5 billion. The value of the assets

Notes to the accounts

Year ended 31 July 2017

(estimated future contributions together with the proceeds of notional investments) amounted to £176.6 billion, giving a notional past service deficit of £15.0 billion. The assumed real rate of return is 3%, pension increases 2% and long term salary growth 4.75% (2.75% pa in excess of assumed CPI).

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

At 31 July 2017 the University had 1043 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% (2016: 16.48%) of salaries and the University's contribution to the TPS for 2017 was £4,171,742 (2016: £4,021,187).

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). The scheme is a defined benefit plan and the assets of the scheme are held in a separate trustee-administered fund.

The latest available full actuarial valuation of the scheme was at 31 March 2014 (the valuation date), which was carried out using the projected unit method.

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 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. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

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

	2017	2016
Discount Rate	2.6%	3.6%
Pensionable salary growth	n/a	n/a
Price inflation and pension increases(CPI)	2.4%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4

Notes to the accounts

Year ended 31 July 2017

Females currently aged 45 (years)	29.0	28.8	
	2017	2016	
Scheme Assets	£60.0bn	£49.8bn	In
Total scheme liabilities	£77.5bn	£58.3bn	
FRS 102 total scheme deficit	£17.5bn	£8.5bn	
FRS 102 total funding level	77%	85%	

addition, because the scheme is in deficit and a funding plan has been agreed, section 28 of FRS102 also requires individual employers to recognise a liability for the contributions payable that arise from the agreement to fund the scheme (to the extent that they relate to the deficit) and the resulting expense in the profit and loss. It also requires disclosure of how any liability recognised has been determined. The University has used a deficit modeller produced by USS to assist with meeting this requirement and the resulting additional charge to expenditure for the year was £17,000.

At 31 July 2017 the University had 58 active members participating in the scheme. The total cost charged to the Statement of Comprehensive Income and Expenditure is £599,508 (2016: £620,418) with tiered employer contribution rates of between 6% and 9% depending on employee earnings.

C. The London Pension Fund

The London Pension Fund Authority (LPFA) provides members with benefits related to pay and service at rates which are defined under the Local Government Pensions Scheme Regulations 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 2017 are 12.71% 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 2017 this payment amounted to £1,975,000.

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 2017	31 July 2016
	% per annum	% per annum
Salary increases	4.2%	3.9%
Pension and price increases	2.7%	2.1%
Discount rate	2.7%	2.5%

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

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

- Members will exchange half of their commutable pension for cash at retirements.
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age

Notes to the accounts

Year ended 31 July 2017

- 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	21.2	24.2
Future pensioners	23.6	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 2017 £'000	Fair value as at 31 July 2016 £'000
Equities	82,009	57,655
Target return portfolio	27,749	27,250
Cash	9,273	4,662
Cashflow matching	-	9,793
Infrastructure	6,028	7,917
Commodities	-	599
Property	8,712	4,190
	<hr/>	<hr/>
Total fair value of assets	<u>133,771</u>	<u>112,066</u>

Net pension liability

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

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Fair value of Employer Assets	133,771	112,066	105,534	99,726	96,319
Present value of funded obligations	(234,955)	(221,698)	(182,439)	(164,260)	(146,774)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net underfunding in funded plans	(101,184)	(109,632)	(76,905)	(64,534)	(50,455)
Present value of unfunded obligations	(11,565)	(11,868)	(11,852)	(11,968)	(11,756)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Pension Liability	<u>(112,749)</u>	<u>(121,500)</u>	<u>(88,757)</u>	<u>(76,502)</u>	<u>(62,211)</u>

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

Notes to the accounts

Year ended 31 July 2017

Analysis of the amount included in staff costs for the year

	2017	2016
	£'000	£'000
Service cost	6,985	5,484
Enhancements to former employees	240	201
	<u>7,225</u>	<u>5,685</u>

Analysis of the amount included in interest payable for the year

	2017	2016
	£'000	£'000
Interest on the defined liability (asset)	2,953	3,270
Administration expenses	146	158
	<u>3,099</u>	<u>3,428</u>

Analysis of the amount recognised in Other Comprehensive Income

	2017	2016
	£'000	£'000
Return on fund assets in excess of interest	14,351	1,473
Other actuarial gains on assets	2,164	-
Change in financial assumptions	(14,972)	(31,077)
Change in demographic assumptions	3,550	-
Experience gains and losses on defined benefit obligation	6,622	85
	<u>11,715</u>	<u>(29,519)</u>

Analysis of movement in the present value of scheme liabilities

	2017	2016
	£'000	£'000
At 1 August	233,566	194,291
Movement in the year:		
Current service cost	6,810	5,014
Interest cost	5,786	7,296
Changes in financial assumptions	14,972	30,839
Change in demographic assumptions	(3,550)	-
Experience loss/(gain) in defined benefit obligation	(6,622)	(85)
Past service costs, including curtailments	175	456
Estimated benefits paid net of transfers in	(5,429)	(4,987)
Contributions by scheme participants	1,548	1,478
Unfunded pension payments	(736)	(736)
	<u>246,520</u>	<u>233,566</u>

Analysis of movement in the fair value of scheme assets

	2017	2016
	£'000	£'000
At 1 August	112,066	105,534
Interest on assets	2,833	4,026
Return on assets less interest	14,351	1,221
Other actuarial gains	2,164	-
Administration expenses	(146)	(158)
Contributions paid	8,668	7,166
Estimated benefits paid plus unfunded net of transfers in	(6,165)	(5,723)
	<u>133,771</u>	<u>112,066</u>

The projected pension expense for the year to 31 July 2018 is £10,998,000.

Notes to the accounts
Year ended 31 July 2017

D. London South Bank University Defined Contribution Scheme

The University provides a defined contribution pension scheme through Friends Life for employees of London South Bank University Enterprises Limited (SBUEL). At 31 July 2017 the University had 20 members participating in the scheme. The University's contribution to the Friends Life scheme for 2017 was £77,257 (2016: £78,822) and employers contribution rates ranged from 6%-9%. Pension contributions payable at 31 July 2017 were £7,672 (2016: £6,538).

27. Post Balance Sheet Events

There are no events after the reporting date to report in these accounts.

Draft for Audit Committee

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Agenda Item 6

	CONFIDENTIAL
Paper title:	Key Performance Indicators – Strategic Enablers
Board/Committee	Financial Planning & Resources Committee
Date of meeting:	14 November 2017
Author:	John Baker, Corporate & Business Planning Manager
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To present the latest performance figures for the KPIs for Strategic Enablers for the 16/17 cycle, as at Oct 31 2017. (Performance figures for the other goal KPIs are provided for information).
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	The indicators help to track institutional progress across all sections of the Corporate Strategy.
Recommendation:	The Committee is requested to note this report.

Executive Summary:

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

Financial figures are provided from the draft financial accounts (*for KPIs 8,9,17 & 20 - 22*).

The only outstanding result for the 16/17 cycle remains the appraisal completion % which is currently in the process of calculation.

A direction of travel indicator is provided after the result column to show the direction of travel from the result in the previous year.

The Committee is requested to note the report.

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		Report Date		1st November 2017		Benchmark	Past Performance Baselines			Target	Result	DoT	Ambition		16/17 Rating Criteria		
Out comes	#	Corporate Strategy Goals	20/20 Success Measures	#	Key Performance Indicators	Competitor Group 12/13 average	13/14	14/15	15/16	16/17			20/21	Exec. Lead	Green	Amber	Red
Student Success	1	Teaching and Learning	Top 50% of universities for graduate employment / starting salaries.	1	Graduate level employment &/or Further study (EPI population)	n/a (local indicator)	49%	68%	76.0%	77%	81.8%	↑	80%	PVC (SE)	77 % +	72 - 76 %	<72 %
	2	Student Experience	Top quartile of all universities in NSS	2	NSS scores – overall satisfaction (First Degree respondents)	81.7%	80%	82%	82%	84%	82%	→	89%	DVC	84 % +	82 - 83 %	< 82 %
				3	International Student barometer (% recommending LSBU)	not available	72.40%		77%	78%	77%	→	81%		78% +	74 - 77%	< 74 %
				4	PGT experience (% satisfaction)	not available	77%	74%	74%	76%	74%	→	82%		76 % +	73- 75 %	< 73 %
				5	Student Staff Ratio	21.2	17.2:1	16.4:1	17:1	17.5:1	16.5:1		18:1		<=17.5	17.5 - 18.5	> 18.5
Real World Impact	3	Employability	95% students in employment / further study (EPI)	6	DHLE Positive Outcomes; employment or further study (EPI)	88.5%	85.5%	90.2%	90.8%	92%	94.6%	↑	95%	PVC (SE)	92 % +	90 - 91 %	<90 %
			Top 10 UK universities for student start ups	7	Number of Student start ups	47.86	1	30	50	70	65 *(Forecast)		150	PVC (R&E)	70 +	63 - 69	< 63
	4	Research & Enterprise	Top 50% UK for Research & Enterprise Income	8	Research Income (non Hefce)	£6.1	£1.8	£2.0	£1.9	£2.6	£2.8	↑	£6.0 m	PVC (R&E)	£2.6 m +	£2.35 - 2.60 m	<£2.35 m
				9	Enterprise Income	not available	£8.4m	£8.1	£7.8	£9.9	£9.2	↑	£15.0 m		£9.9 m +	£9.3 - 9.9 m	<£9.3 m
				10	% recruitment from low participation neighbourhoods	6.4%	7.4%	7.7%	8.4%	7.5-8.5%	9.2%	↑	9.0%		CMO	8.2% +	7.7 -8.1 %
11	% FT UG students (excluding HSC contract) recruited before Clearing	not available	73.6%	71.8%	71.8%	72%	71.1%	↓	90%	72 % +	69 - 71 %	< 69 %					
Access to Opportunity	5	Access	Top London Modern for LPN recruitment	12	First Degree completion projection (from HESA benchmark)	-3.13%	-9.5%	-7 %	-5.8%	-4%	-5.5%	↑	+3%	DVC	>=-4 %	-5 to -7 %	<-8 %
				13	Year 1 progression	not available	69.9%	73.1%	77.2%	79%	74% (tbc)	↓	85%		79 % +	75 - 78%	<75%
				14	Good Honours	62.2%	61.0%	61.2%	66.4%	63-67%	69.1%	↑	63 - 67%		63-67%	68-70%	<60%
			15	PGT completion	not available	54.8%	61.5%	58.7%	65%	69%	↑	85%	60-62%	60-62%	>70%		
			16	QS Star Rating	not available	2 (prov.)	3 stars	3 stars	3	4 stars	↑	4	65% +	61-64%	< 60%		
	17	Overseas student income (millions)	£29.5m	£9.3 m	£11.2	£9.8	£10.7	£11.2	↑	20m	VC	3	2	2			
	Strategic Enablers	7	People and Organisation	Rated as a good employer	18	Appraisal completion %	not available	37%	90%	91%	95%		95%	EDHR	95 % +	90 - 94 %	< 90 %
19					Average Engagement Score as as %	70%	-	58%	62%	62%	↑	75%	62%		58 - 61 %	< 58 %	
8		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	9.6%	2.3%	0.9%	2.4%	0.7%	1.3%	↓	5.0%	CFO	0.7 % +	0.4 - 0.6 %	< 0.4%
				21	Income (£m)	£188.2m	£134.8m	£140.8m	£138.2	£144.5m	£144.5	↑	£170.0m		£144.5 m +	£140 - 144 m	< £140 m
				22	EBITDA margin (EBITDA expressed as % of income)	9.20%	11.4%	9.2%	11.8%	11.7%	12.0%	↑	15.0%		11.7% +	11.3 - 11.6%	<11.3%
				23	Student satisfaction ratings with facilities & environment (FD)	82.7%	83.0%	87.7%	90.0%	90.0%	87.2%	↓	90%		COO	90 % +	86 - 89 %
24	ICS Service Index %	-	-	68%	76%	78%	66%	↓	80%	78% +	75-77%	<75%					
League Tables	Overall	Top London Modern university (excl UAL)	25	Times - League table ranking	92.3	122/123	120 / 127	120 / 128	115	106 / 128	↑	80	VC	115 or higher	116 - 119	120 or lower	
			26	Guardian – League table ranking	87.1	112/116	111 / 119	107 / 119	102	92 / 121	↑	86		102 or higher	103 - 106	107 or lower	
			27	Complete University Guide – League table ranking	85	120/123	119 / 126	115 / 127	110	108 / 129	↑	93		110 or higher	111 - 114	115 or lower	

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	CONFIDENTIAL
Paper title:	Management Accounts (September)
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	14 November 2017
Author:	Ralph Sanders Director of Financial Planning, Reporting & Registry
Executive/Operations sponsor:	Richard Flatman CFO
Purpose:	To update the FPR Committee on the current financial position of the University and any risks to our future financial performance.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Goal 8 Resources & Infrastructure Income Growth of 25% to £170m in the Academic Year 20/21 delivering an operating surplus of 5% and EBITDA of 15%
Recommendation:	FPR is requested to note

Executive Summary

The full year forecast as at 30 September 2017 is trending towards a surplus of £1.5M, this would deliver the University on budget.

Following a challenging recruitment and re-enrolment round in Semester 1, the University is forecasting that we will miss our Corporate Income target by £5M. To ensure that we deliver to the surplus target set by the Board we have taken 3 steps to balance the budget;

- firstly we have released the £3M contingency in Exceptional Items that was created by rebasing the staff cost budget
- secondly we have reduced our Staff Restructuring provision by £0.5M to £1.0M and
- finally we have challenged both Schools and Professional Functions to deliver £1.5M of savings in their budgeted levels of Operating Expenses.

This position will deliver EBITDA at 10.9% which is slightly ahead of the 17/18 target of 10.5%, our recurring staff cost expressed as a % of income is likely to be 55.3% which is marginally above the 55% target set by the Board of Governors and our

Corporate Income Growth is currently forecast at 0.7% which is below the 4% target for the year.

In terms of next steps

- 1) We continue to closely monitor all requests for new and replacement staff to ensure that the recurring staff cost as a % of income is brought below the 55% target
- 2) We are working closely with the School and Professional Functions to identify areas that will deliver appropriate savings in Operating Expenses
- 3) The Registry team are working closely with the Admissions Team to ensure that Students who are currently Enrolled with Outstanding Requirements transition to Fully Enrolled to maximise the Tuition Fee income from our current cohort.

September Executive Summary

1) This Executive Summary reports on the draft financial position of London South Bank University as at 30 September 2017.

2) RAG Status

Income Growth	0.7%	Staff Cost Growth	5.9%	Staff Cost %	55.3%	Opex Growth	-13.3%	FYF Surplus	1.0%	EBITDA	10.9%
			<i>excluding restructuring</i>		<i>excluding restructuring</i>						

3) Summary

The full year forecast as at 30 September 2017 is trending towards a surplus of £1.5M, this would deliver the University on budget.

Following a challenging recruitment and re-enrolment round in Semester 1, the University is forecasting that we will miss our Corporate Income target by £5M. To ensure that we deliver to the surplus target set by the Board we have taken 3 steps to balance the budget; firstly we have released the £3M contingency in Exceptional Items that was created by rebasing the staff cost budget, secondly we have reduced our Staff Restructuring provision by £0.5M to £1.0M and finally we have challenged both Schools and Professional Functions to deliver £1.5M of savings in their budgeted levels of Operating Expenses.

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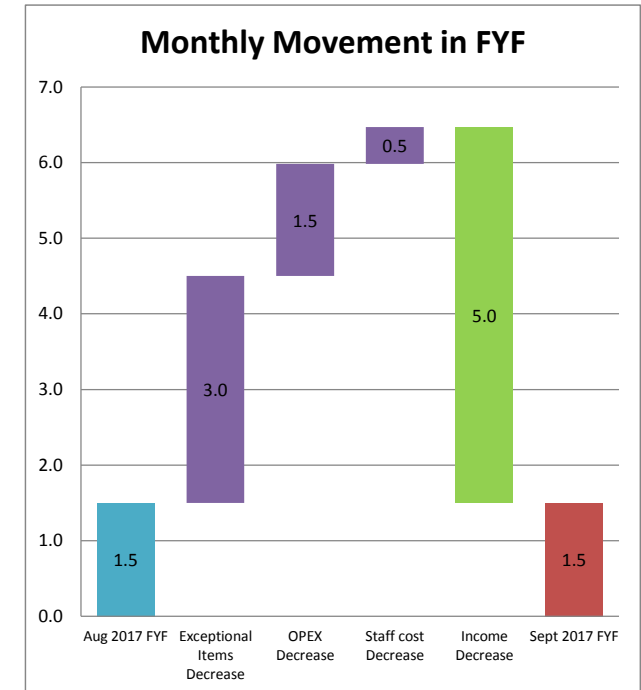
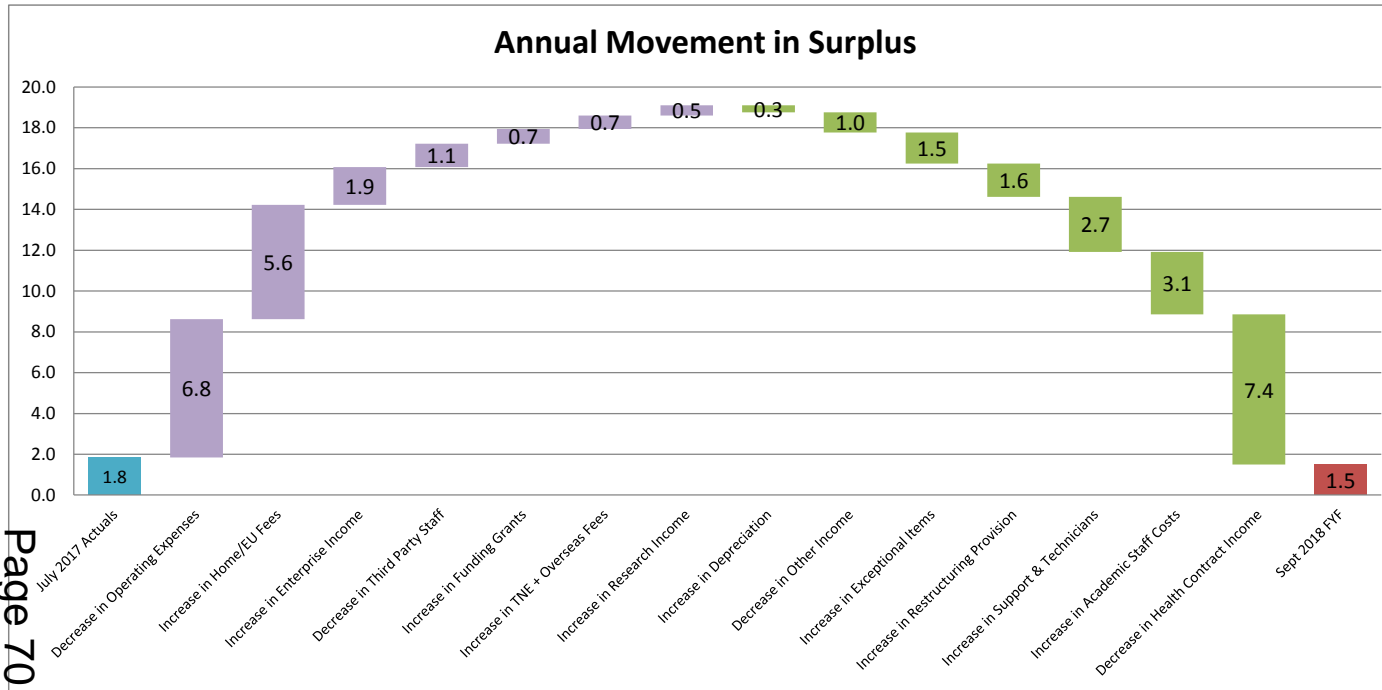
4) Table 1: Full Year Forecast vs. Budget

Financial Summary in £'m	Budget				Year to Date Position				Full Year Forecast Position				
	16/17 Actuals	17/18 Budget	Change to 16/17	Change %	16/17 YTD	17/18 YTD	Change to 16/17	Change %	Aug 17/ 18 Forecast	Monthly Move	Sept 17/18 Forecast	variance to Budget	Budget variance
Funding Grants	12.6	13.3	0.7	6%	2.5	2.5	0.0	2%	13.3	0.0	13.3	0.0	0%
Health - Contract	26.0	18.6	-7.4	-28%	4.3	3.6	-0.6	-15%	18.6	0.0	18.6	0.0	0%
Home / EU UG Fees	59.4	67.8	8.4	14%	42.1	46.0	3.9	9%	67.8	-3.5	64.3	-3.5	-5%
Home / EU PG Fees	9.3	10.2	0.9	10%	3.3	3.5	0.2	5%	10.2	-0.3	9.9	-0.3	-3%
Overseas + TNE Fees	11.2	13.1	1.9	17%	3.6	2.8	-0.8	-23%	13.1	-1.2	11.9	-1.2	-10%
Research Activities	4.5	5.0	0.5	11%	0.7	0.7	-0.0	-1%	5.0	0.0	5.0	0.0	0%
Enterprise Activities	8.7	10.6	1.9	21%	1.0	1.2	0.2	25%	10.6	0.0	10.6	0.0	0%
Student Related Income	11.6	11.3	-0.2	-2%	1.8	1.8	-0.0	-0%	11.3	0.0	11.3	0.0	0%
Other Operating Income	1.1	0.4	-0.7	-62%	0.3	0.1	-0.1	-50%	0.4	0.0	0.5	0.0	6%
Endowments & Interest	0.2	0.1	-0.0	-26%	0.0	0.0	-0.0	-61%	0.1	0.0	0.1	0.0	0%
Income	144.5	150.5	6.0	4%	59.6	62.3	2.7	5%	150.5	-5.0	145.5	-5.0	-3%
in £'m													
Academic Staff Costs	39.4	42.5	3.1	8%	6.2	6.1	-0.0	0%	42.5	0.0	42.5	0.0	0%
Support & Technicians	36.4	39.1	2.7	7%	5.7	6.1	0.4	7%	39.1	0.0	39.1	0.0	0%
Third Party Staff	2.7	1.6	-1.1	-42%	0.1	0.5	0.4	321%	1.6	0.0	1.6	0.0	0%
Restructuring Provision	-0.6	1.5	2.1		0.2	0.0	-0.2		1.5	-0.5	1.0	-0.5	-33%
Depreciation	9.6	10.0	0.3	4%	0.0	1.6	1.6	0%	10.0	0.0	10.0	0.0	0%
Operating Expenses	50.8	45.5	-5.3	-10%	4.7	5.2	0.5	11%	45.5	-1.5	44.0	-1.5	-3%
Interest Payable	4.4	4.4	-0.0	0%	0.9	0.2	-0.7	-77%	4.4	0.0	4.4	0.0	0%
Exceptional Items	0.0	4.5	4.5	0%	0.0	0.0	0.0	0%	4.5	-3.0	1.5	-3.0	-66%
Expenditure	142.6	149.0	6.3	4%	17.7	19.8	2.0	12%	149.0	-5.0	144.0	-5.0	-3%
Surplus for the year	1.8	1.5	-0.3	-19%	41.8	42.5	0.7	2%	1.5	0.0	1.5	0.0	0%
Surplus as % of income	1.3%	1.0%							1.0%		1.0%		
Surplus per student FTE	£138.3	£117.9							£117.9		£117.9		

The key movements this month are the £5M reduction in Forecast income for the year. This shortfall comprises £3.5M of UG income, a smaller £0.3M shortfall in Post Graduate income and a reduction against target of £1.2M in Overseas income. Although the Total YTD income position is ahead of last year by £2.7M this is due to the change in profile of income from Health Students who are no longer funded through the NHS Contract. In terms of staffing we have currently spent £0.8M more than the comparable position in 16/17 and are forecast to grow our staffing costs by 5.9% for the year. In terms of Operating Expenses, we are slightly ahead of the YTD position although the Forecast reflects the £1.5M of required Budgetary reductions.

5) Forecast Summary

As compared to 16/17 we are now forecasting a £1.0M increase in Income, a £6.3M increase in Staffing Costs, a £6.8M reduction in Operating Expenses, an increase of £0.3M in Depreciation and an increase of £1.5M in Exceptional Items to fund our Investment Pots, leading to a reduction of £0.3M in our annual surplus but in line with our budget surplus of £1.5M.



In terms of our year on year position, it should be noted that Operating Expenses in 16/17 finished £5M higher than the original 16/17 Opex Budget of £45.8M due to a number of year end write downs associated with the development of the Estate. The University is therefore targeting a decrease in Operating Expenses of £1.8M as compared to the 16/17 Budget position. The University is also forecasting a £5.6M increase in Home/EU Tuition Fees, a £1.9M increase in Enterprise Income, a £0.7M Increase in Funding Grants, a £0.7M increase in Overseas and TNE income and a £0.5M increase in Research Income. The University is also forecasting to spend £1.1M less on Third Party staff than in 16/17. These income increases and expense reductions have been used to fund an increase of £0.3M in depreciation, a decrease of £1M in Other Income, an increase of £1.5M in Exceptional items to fund Investment Pots, a £1.6M increase in in our restructuring provision, a £2.7M increase in Support Staff including Technicians and a £3.1M increase in Academic Staff. The reduction in HSC income of £7.4M is due to these students income being paid as Tuition Fees rather than thorough the NHS Contract.

6) Contribution Analysis

The current forecast contribution for the year is £0.3M behind the 16/17 position. This slight reduction in target surplus is due to finishing 16/17 in a slightly better position than anticipated rather than a deliberate reduction in contribution when we set the 17/18 budget.

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	
	15/16 Actual	July 16/17 FYF	15/16 Actual	July 16/17 FYF	15/16 Actual	July 16/17 FYF	15/16 Actual	July 16/17 FYF	15/16 Actual	July 16/17 FYF	15/16 Actual	July 16/17 FYF	15/16 Actual	July 16/17 FYF	15/16 Actual	July 16/17 FYF
Income (M)	£11.2	£10.8	£10.5	£11.5	£18.4	£19.0	£17.4	£17.0	£18.5	£18.9	£34.0	£33.8	£15.0	£15.1	£125.1	£126.1
Expenditure (M)	£5.4	£5.5	£5.1	£4.9	£7.1	£6.5	£8.0	£7.7	£9.8	£10.7	£19.5	£19.7	£6.6	£7.0	£61.6	£63.7
Contribution (M)	£5.9	£5.3	£5.4	£6.6	£11.3	£12.5	£9.4	£9.3	£8.7	£8.2	£14.5	£14.1	£8.4	£8.1	£63.5	£62.4
Contribution %	52%	49%	51%	57%	61%	66%	54%	55%	47%	43%	43%	42%	56%	54%	51%	49%

Even after the £5M adjustment for Income we are still expecting the School portfolio to grow their income year on year by £1M, this is being used to fund investments in Staff and Opex of £2.1M and so the net contribution from the Schools is £0.9M less than in 16/17. 4 Schools; Arts & Creative Industries, Built Environment & Architecture, Engineering and Health & Social Care are forecast to grow in terms of Income whilst 3 schools are currently forecast to decline.

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	
	Sept 16/17 Actual	Sept 17/18 FYF	Sept 16/17 Actual	Sept 17/18 FYF	Sept 16/17 Actual	Sept 17/18 FYF	Sept 16/17 Actual	Sept 17/18 FYF	Sept 16/17 Actual	Sept 17/18 FYF	Sept 16/17 Actual	Sept 17/18 FYF	Sept 16/17 Actual	Sept 17/18 FYF	Sept 16/17 Actual	Sept 17/18 FYF
Teaching Income (M)	£10.5	£10.1	£10.2	£10.9	£17.1	£18.1	£17.1	£16.6	£16.0	£15.7	£29.8	£28.8	£14.4	£14.7	£115.2	£114.9
Teaching Staff (M)	£3.0	£3.1	£2.8	£2.7	£3.8	£3.9	£4.9	£5.0	£4.6	£4.4	£12.7	£13.2	£4.5	£4.6	£36.3	£38.6
Teaching Expenditure (M)	£1.7	£1.7	£1.8	£1.7	£1.9	£2.1	£3.0	£2.6	£2.7	£2.6	£4.6	£4.7	£1.9	£2.1	£17.7	£17.5
Teaching Contribution (M)	£5.8	£5.3	£5.6	£6.4	£11.3	£12.1	£9.3	£9.0	£8.7	£8.8	£12.5	£10.9	£8.1	£7.9	£61.2	£58.8
Contribution %	55%	52%	55%	59%	66%	67%	54%	54%	54%	56%	42%	38%	56%	54%	53%	51%
Student FTE	1,117	1,056	1,115	1,151	1,841	1,765	2,144	2,037	1,593	1,468	3,889	3,690	1,617	1,550	13,316	12,718
Contribution per Stud FTE	£5,200	£5,000	£5,000	£5,600	£6,100	£6,900	£4,300	£4,400	£5,500	£6,000	£3,200	£3,000	£5,000	£5,100	£4,600	£4,600
Return on Academic Investment	191%	169%	201%	239%	295%	308%	189%	178%	189%	201%	99%	83%	181%	172%	169%	153%

The Teaching staffing costs reported above exclude any technicians, administration or research staff and demonstrate that the School of the Built Environment & Architecture remains significantly ahead of the School's average when measured in Return on Academic Investment, whilst the School of Health & Social Care is significantly behind the other Schools. In terms of contribution per student, the Schools of the Built Environment & Architecture and Engineering are significantly ahead of the average School position although their costs do not include the cost of centrally funded Labs and Technicians. At a School level these Teaching Costs do not include the £1.6M of new investments in Academic Staff agreed with the DVC although these are included in the Total Schools column.

7) Student Number Analysis

In terms of Student numbers we finished the year with 13,316 FTE. Based on our current levels of recruitment and re-enrolment we are currently forecasting a 4.5% decline in terms of our student numbers and are trending towards an FTE population of 12,718 in 17/18

8) Student Withdrawal Analysis

In 16/17 we refunded £4.2M in income to students who Withdrew or Interrupted representing 5.4% of Tuition Fee Income. In 17/18 We are budgeting £5.4M in refunds representing 6% of the total Tuition Fee Budget. The increase is due to the change in classification for NHS Contract students. As at September 30, just 11 students had withdrawn

9) Income Analysis

In terms of income, the only change to Forecast this month was the reduction in Tuition Fee Forecast Income. Our YTD Research Income is slightly ahead of target and broadly comparable with 16/17 whilst our Enterprise income is 25% higher than the year on year position.

10) Staff Cost Analysis

In terms of staffing, we have taken steps to improve the accuracy of our staffing forecast by applying a vacancy factor across the University. In terms of our YTD spend we are currently underspent against budget by 4%. This £564K underspend is primarily driven by savings in Support Staff against budget and is a direct result of the closer scrutiny being applied to appointments by the Exec whilst we were reviewing our Semester 1 income shortfall. We have reduced our Staffing forecast by £0.5M but this is not related to the current YTD underspend, instead we have assumed that our restructuring provision can be reduced by £0.5M.

11) Operating Expense Analysis

In terms of Operating Expenses, as previously indicated we finished 16/17 £5M over budget due to a significant write down of Assets in the Course of Construction and other costs associated with developing the Estate. We are currently targeting Operating Expense reductions of £1.5M against budget. This reduction has been put into the 'Other' line in the short term but will be redistributed to specific budget lines as proposals for reducing spend are reviewed.

12) Budget Analysis

There are 32 distinct areas of the University that have separate budgets and each area is expected to deliver to their Budget. At present each Professional Function is on budget as is the School of Architecture & the Built Environment. The other 6 schools are currently forecasting a deficit against budget.

Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	Code	Client	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD (£)		
					2017 Forecast (£)	2017 Budget (£)	Variance - Forecast to Budget		2017 Actuals (£)	2017 Budget (£)	Variance - Actuals to Budget			Note	
							(£)	%			(£)	%			
-144,478,035	-59,559,548	Total Income			-145,487,720	-150,459,411	(4,971,691)	(3%)		-62,266,782	-8,446,550	53,820,232	637%		-83,220,938
77,889,377	12,154,803	Total Staff Costs			84,143,209	84,633,003	489,794	1%		12,788,455	13,353,057	564,602	4%		71,354,755
9,619,774		Total Depreciation			9,963,303	9,963,303		%		1,583,606	1,583,606		%		8,379,697
50,758,553	4,692,756	Total Other Operating Expenses			43,993,051	45,474,948	1,481,897	3%		5,199,857	7,458,510	2,258,654	30%		38,793,194
4,368,590	881,082	Total Interest Payable			4,358,157	4,358,157		%		202,627	866,359	663,733	77%		4,155,530
		Total Exceptional Items			1,530,000	4,530,000	3,000,000	66%							1,530,000
-1,841,740	-41,830,908	Contribution			-1,500,000	-1,500,000		(%)		-42,492,238	14,814,982	57,307,220	387%		40,992,238
54.3%		Recurring Staff costs as % of income			57.1%	55.3%				20.5%	156.4%				84.6%
1.3%		Contribution %			1.0%	1.0%				68.2%	(175.4%)				

Agenda Item 8

	CONFIDENTIAL
Paper title:	Student Recruitment 2017/18 Semester 1 Overview
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	14 th November 2017
Author:	Nicole Louis
Executive/Operations sponsor:	Nicole Louis
Purpose:	Recruitment review 2017/18 S1
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Goal 5: Access
Recommendation:	The Committee is requested to note the report.

Executive Summary

This paper provides the committee with an overview of the recruitment and enrolment position for academic year 2017/18 Semester 1.

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

2017 Recruitment & Enrolment Update (as at 20/10/2017)

The 2017/18 recruitment cycle saw a decline in demand across most modes which continue throughout clearing. However a substantial and consistent recruitment and conversion effort which extended through to late October meant that results are better than previously forecast. For Home / EU full-time under-graduates the final number is expected to reach 2,402 which is only marginally down on prior year.

Full Time Under-Graduate Recruitment

At the end of clearing, Home / EU generated 2,636 firms accepts versus 2,775 last year (-5%). This represents a good recovery throughout clearing, given the additional impact in the reduction of national applicants available at the start of the second cycle.

- The breakdown of firm accepts was 80% home, 11% O/S and 9% EU. This represents a strengthening of demand from non-UK students who were targeted to generate 17% of total firm acceptances.
- To date, 2,341 full-time Home and EU under graduate students are fully enrolled for Semester 1 against a target of 2,563, representing 91% of target achieved. A further 61 home / EU students are partially enrolled and it expected that the vast majority of these will convert, giving a potential out-turn of 2,402 students or 94% of target and just -98 to prior year.
- To date, 169 overseas full-time under-graduate students are fully enrolled for Semester 1 against a target of 200, representing 85% of target achieved. A further 8 overseas students are partially enrolled giving a potential out-turn of 177 students or 89% of target and -13 adverse to prior year.

Part Time Under-Graduates

Applications for part time places declined throughout the recruitment cycle which in total generated 648 firms accepts, 41 less than prior year (-6%). However conversion held up and to-date 560 home & EU students are fully enrolled with a further 19 partially enrolled. This gives a potential out-turn of 579 students or 97% of target and 13 above prior year.

HSC Commissions

HSC commissioned courses continued to see the impact of the removal of bursary funding and generated 711 firm accepts versus 782 prior year (-9%). However conversion is 100% with 705 students now fully enrolled and a further 6 students partially enrolled giving a potential out-turn of 711 which is -99 down on prior year (-12%)

Post Graduate Recruitment

Applications for post-graduate courses from Home/EU students declined for both full time and part-time provision, with full-time courses more heavily impacted. In total 1,413 firm accepts were generated for full and part time courses versus 1,587 prior year (-11%).

- To date, 664-full time Home/EU students are fully enrolled with a further 31 partially enrolled, giving a potential out-turn of 695 students which is 80% of target and -113 down in prior year.
- For part-time, 569 students are fully enrolled with a further 21 partially enrolled giving a potential out-turn of 590 which is 97% of target and -70 down on prior year.
- There was an increase in both applications and firm accepts from overseas students, in total 697 FAs versus 639 in prior year (+9%). Conversion has been below prior year and to date, 155 overseas students are fully enrolled with a further 4 students partially enrolled meaning the likely turnout of 159 which is 49 below prior year.

2017 Continuing Students Update

Indications are that progression for full time degree students has fallen by 3% from 77.6% to 74.7% for Yr 1 to 2. This has contributed to an overall income reduction of £1.8m for continuing students compared to budget. Further detailed work on progression and re-enrolment outcomes is underway.

Fully Enrolled Students By Mode – 6/11/17 (Excludes Partially Enrolled Students)

Full Enrolment - End of Enrolment	2017 Actual	2017 Conversion of Firm Accepts %	2017 EFE Target	2017 Variance Vs target EFE	2016 Actual
UG RECRUITMENT					
FT Home (exc HSC Comms)	2,051	87%	2,263	-212	2,175
FT EU (exc HSC Comms)	290	107%	300	-10	291
FT Home HSC Commissions	652	104%	757	-105	748
FT EU HSC Commissions	53	108%	64	-11	62
FT Overseas	169	48%	200	-31	190
PT Home	536	92%	527	9	500
PT EU	24	37%	67	-43	66
PT Overseas	7	88%	2	5	1
Study Abroad Overseas	91		65	26	41
Total UG	3,873	90%	4,245	-372	4,074
PGT RECRUITMENT					
FT Home	579	84%	781	-202	735
FT EU	81	63%	68	13	61
FT Overseas	152	22%	205	-53	201
PT Home	511	110%	605	-94	558
PT EU	37	65%	35	2	33
PT Overseas	13	36%	12	1	12
Total PGT	1,373	66%	1,706	-333	1,600
PGR RECRUITMENT					
FT Home	2	33%	11	-9	9
FT EU	2	67%	3	-1	3
FT Overseas	3	19%	15	-12	7
PT Home	21	84%	20	1	16
PT EU	0	0%	1	-1	0
PT Overseas	0	0%	1	-1	1
Total PGR	28	54%	51	-23	36
LSBU Grand Total Home					
	4,352	91%	4,964	-612	4,741
LSBU Grand Total EU					
	487	85%	538	-51	516
LSBU Grand Total Overseas					
	435	39%	500	-91	412
LSBU Grand Total					
	5,274	82%	6,002	-754	5,669

Source data for 2017: Registry All Student Query run Nov 6

Projected Income Shortfall – 6/11/17

School By School Summary								
Projected Income Shortfall against Budget @ Nov 6								
	ACI	ASC	BEA	BCM	ENG	HSC	LSS	LSBU
Home / EU								
FT UG	-£18,000	-£186,000	-£154,000	£43,000	-£616,000	-£823,000	-£442,000	-£2,197,000
PT UG	£0	£22,000	£110,000	-£278,000	£67,000	-£21,000	£10,000	-£90,000
FT PG	-£6,000	£24,000	-£315,000	-£169,000	-£248,000	£8,000	-£382,000	-£1,088,000
PT PG	£9,000	£35,000	£679,000	£62,000	£8,000	£12,000	£151,000	£956,000
	-£15,000	-£105,000	£320,000	-£342,000	-£789,000	-£824,000	-£663,000	-£2,419,000
Overseas								
FT UG	£168,000	£0	-£20,000	-£80,000	-£192,000	£8,000	£23,000	-£93,000
PT UG	£0	£0	£0	£0	£0	-£3,000	£0	-£3,000
FT PG	-£43,000	-£25,000	£0	-£413,000	-£106,000	£2,000	£44,000	-£541,000
PT PG	£0	-£3,000	-£204,000	£0	-£21,000	£0	£0	-£228,000
	£125,000	-£28,000	-£224,000	-£493,000	-£319,000	£7,000	£67,000	-£865,000
Total	£110,000	-£133,000	£96,000	-£835,000	-£1,108,000	-£817,000	-£596,000	-£3,284,000
Continuing								
Home / EU	-£249,000	-£920,000	£474,000	-£452,000	-£241,000	£0	-£308,000	-£1,696,000
Overseas	£67,000	£36,000	-£12,000	-£61,000	-£330,000	£23,000	£69,000	-£208,000
Total Continuing	-£182,000	-£885,000	£463,000	-£512,000	-£572,000	£23,000	-£239,000	-£1,858,000
Total	-£72,000	-£1,018,000	£559,000	-£1,347,000	-£1,680,000	-£794,000	-£835,000	-£5,142,000

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CONFIDENTIAL	
Paper title:	Draft Students' Union accounts, 2015/16
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	14 November 2017
Author:	Steve Baker, Chief Executive, LSBSU
Executive/Operations sponsor:	Shân Wareing, Pro-Vice Chancellor
Purpose:	As part of the Memorandum of Understanding agreed between LSBU and the Students' Union the SU shall provide a copy of its annual accounts to the Board of Governors.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	N/A
Recommendation:	The committee is requested to note the draft Students' Union accounts.

Executive summary

The Union's gross income from all sources this year totalled £1,258,157. Total expenditure of £1,258,043 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 £114 before actuarial gains or losses.

Following the adoption of new accounting requirements (FRS102), the accounts include a long term pension deficit of £1,247,493 (2016: £952,003). Following an actuarial review of the scheme in year, the estimated deficit increased by £295,490 due to revised assumptions relating to the planned deficit payments over the remaining 14 years. This is shown as an actuarial loss on the face of the Statement of Financial Activities making the current net liabilities a deficit of £707,558.

The committee is requested to note the accounts.

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CHARITY NUMBER: 1158441

London South Bank University Students' Union

Annual Report and Accounts for the Year Ended 31st July 2017

London South Bank University Students' Union
Annual Report and Accounts 2016-17
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London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2017

The Trustees present their annual report for the year ended 31 July 2017 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 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

Holding office for 2016/17

(from 1 July 2016 to 30 June 2017)

President	Temí Ahmadu
VP Education	Sodiq Akinbade
VP Activities	Michael Jones
VP Welfare & Equalities	Farzana Begum
External Trustee	K Woodley
External Trustee	TBC
External Trustee	N Allen
Alumni Trustee	J Mason
Student Trustee	Andrea Smith
Student Trustee	A Abdulsami
Student Trustee	M Wilson
Student Trustee	J Sarkar

London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2017

Auditors

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

Bankers

HSBC plc
28 Borough High St
Southwark
London
SE1 1YB

Solicitors

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

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

London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2017

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.

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.

London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2017

- 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

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: "Proud to be the home of our Students."

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

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

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

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

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

These 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

London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2017

representatives are present on the University's policy/strategy making Boards/Committees and are also members of Course Boards within the four University Faculties.

Achievements and Performance

The Union has delivered consistent positive improvement in all areas of activities.

The Union's good reputation has continued to grow and relationships with the University are now stronger than ever before. We have once again increased our physical space but physical visibility does remain an issue for us. We are currently in the middle of a process of approval with the University to significantly develop the Union building and currently have feasibility study plans and are working with the University to confirm the timeline of the project.

We continued our improvement in our elections with our larger ever number of candidates standing for the election, over 228 candidate for our Autumn and Spring Elections, and our highest turnout of 28.5% which has maintained our position in the top 10 turnouts in the country.

The Union's strategic plan is in its last year and we have made significant progress during its time. Over the last 3 years the Union and LSBUSU have changed so much and we are now going through the process of creating our next iteration of strategic plan which will enable us to make the appropriate changes to meet this change most effectively.

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

Area	Objective	Progress/ Achievement
Student Voice	<ul style="list-style-type: none"> • 130 new cases will be opened on average each quarter • Develop a framework so as to allow School Reps to be able to positively affect the student experience, and engage the course reps they work alongside in their school. 	<ul style="list-style-type: none"> • Number of cases opened have consistently been over the 130 target. • We have recruited to several of these positions but we are now reviewing the effectiveness of the School Reps system
Community	<ul style="list-style-type: none"> • 25 Sports Clubs, 500 sports members • 50 societies, 1000 members • 25 Academic Societies established. 	<ul style="list-style-type: none"> • 22 Sports Clubs, 456 members • 89 Societies, 797 members • 44 Academic Societies established.
Participation and Development	<ul style="list-style-type: none"> • 2365 students involved in minimum of one Union activity • 600 course reps recruited throughout the year • 33% of Course Representatives attend Course Rep Training • 40x candidates standing in the elections. • Hold Elections turnout at 20% 	<ul style="list-style-type: none"> • 2259 students involved in minimum of one Union activity • 806 course reps recruited throughout the year • 31% of Course Representatives attend Course Rep Training • 228 candidates standing in the elections • Elections turnout at 28.5%
Visibility	<ul style="list-style-type: none"> • 8 Union on tour events throughout the year supporting Union tour for various departments and running it centrally as well. • Bi monthly report shows increased engagement in comparison to this year 2015/16 	<ul style="list-style-type: none"> • 7 Union on tour events throughout the year supporting Union tour for various departments and running it centrally as well. • Total website visits per month increased from 3897 to 4203.

London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2017

Future Plans

The following objectives are set for the future period:

Area	Objective
Student Voice	<ul style="list-style-type: none"> • Students have campus wide knowledge of campaigns and projects • Provide platforms and forums so all student activity groups voices can be heard. • Students set the agenda for the Union's work and hold the Union to account. • Facilitate Students to improve their Student Experience and shape their education collaboratively
Community	<ul style="list-style-type: none"> • All student led activities should provide students with the opportunity to develop skills, and shape their extra-curricular experience at LSBU. • Creating Communities. Encourage and enable student to establish the communities they would like on campus. • Maintain an independent confidential advice service is operated that is freely accessible and known to those who need it
Participation and Development	<ul style="list-style-type: none"> • Monitor and map student engagement across LSBSU activities • 600 students involved in Sports • 1100 students involved in Societies • 2300 students involved in Volunteering • 100 students involved in Student Media • 400 students involved in activities department volunteering opportunities. • 700 course reps recruited throughout the year • 40% of Course Reps will be trained in the fundamentals of their role • Development of the Union's elections procedures that ensure fairness, robust systems and promote student involvement both in standing for election and voting for candidates
Visibility	<ul style="list-style-type: none"> • The Union will be highly visibly across campus in Physical and Virtual Spaces • Using online communications effectively

Financial Review

The Union's gross income from all sources this year totalled £1,258,157. Total expenditure of £1,258,043 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 £114 before actuarial gains or losses.

Following the adoption of new accounting requirements (FRS102), the accounts include a long term pension deficit of £1,247,493 (2016: £952,003). Following an actuarial review of the scheme in year, the estimated deficit increased by £295,490 due to revised assumptions relating to the planned deficit payments over the remaining 14 years. This is shown as an actuarial loss on the face of the Statement of Financial Activities.

Designated (unrestricted) funds relating to the ongoing costs associated with facilities improvements amounted to £8,065 (2016: £13,303) and restricted society fund balances were £12,877 (2016: £13,072).

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 2017 included £240,884 which has been designated as a protected minimum amount (shown as "Accumulated Funds") and the remaining £278,109 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.

London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2017

The Union is currently affiliated to the National Union of Students (NUS), for which the total subscription costs amounted to £38,917 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 2017/18 has been confirmed at £945,000.

**London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2017**

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

The Trustees 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 charity and of its net incoming resources for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with charity law. They are also responsible for safeguarding the assets of the charity and ensuring their proper application under charity and tax law and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditors

Insofar as each of the Trustees of the charity at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each Trustee has taken all of the steps that he/she should have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Approved by the Board of Trustees on 2017 and signed on its behalf by:

.....

Sodiq Akinbade - President

London South Bank University Students' Union
Statement of Financial Activities
for the year ended 31st July 2017

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 2017 which comprise the Statement of Financial Activities, the Balance Sheet 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 2017 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.

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.

London South Bank University Students' Union
Statement of Financial Activities
for the year ended 31st July 2017

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.

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.

Crowe Clark Whitehill LLP

Statutory Auditor

49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

Date:

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

London South Bank University Students' Union
Statement of Financial Activities
for the year ended 31st July 2017

	Notes	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2017 £	Total 2016 £
Income From:						
Donations:						
University Grant		900,000	-	-	900,000	900,000
Space Grant (benefit in kind)		225,619	-	-	225,619	225,619
Other Grant		-	-	-	-	11,820
Other Trading Activities						
Marketing		102,777	-	-	102,777	37,535
Merchandising		7,793	-	-	7,793	4,777
Income From Investments		4,270	-	-	4,270	4,906
Charitable activities						
Student Activities		7,700	-	6,165	13,865	29,062
Other Income		3,833	-	-	3,833	15,509
Total income		1,251,992	-	6,165	1,258,157	1,229,228
Expenditure On:						
Charitable Activities for students:						
Advice & Representation		528,160	-	-	528,160	610,728
Communications and Marketing		408,925	-	-	408,925	209,881
Student Activities		309,360	5,238	6,360	320,958	392,507
Total expenditure	3-7	1,246,445	5,238	6,360	1,258,043	1,213,116
Net income/(expenditure) before other recognised gains and losses		5,547	(5,238)	(195)	114	16,112
Actuarial gains / (losses) on defined benefit pension schemes		(295,490)	-	-	(295,490)	-
Net movement in funds		(289,943)	(5,238)	(195)	(295,376)	16,112
Fund balances brought forward		(438,557)	13,303	13,072	(412,182)	(428,294)
Fund balances carried forward		(728,500)	8,065	12,877	(707,558)	(412,182)

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

London South Bank University Students' Union
Balance Sheet
at 31st July 2017

		2017	2016
		£	£
Notes			
Fixed Assets			
Tangible fixed assets	8	8,007	17,146
Current Assets			
Stock		1,134	1,942
Debtors & prepayments	9	46,841	16,579
Cash at bank & in hand		561,994	549,733
		609,969	568,254
Current Liabilities			
Creditors: Amounts due within one year	10	(78,041)	(45,579)
		531,928	522,675
Net Current Assets		531,928	522,675
Net Assets Excluding Pension Liability		539,935	539,821
Long term Liabilities			
Pension Scheme Funding deficit		(1,247,493)	(952,003)
Net Liabilities		(707,558)	(412,182)
Reserves			
Accumulated Fund		240,884	240,884
Development Fund		278,109	272,562
Pension Deficit		(1,247,493)	(952,003)
General Funds (Unrestricted)		(728,500)	(438,557)
Designated Funds (Unrestricted)		8,065	13,303
Restricted Funds		12,877	13,072
Total Funds	12	(707,558)	(412,182)

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

.....

.....
Sodiq Akinbade
President

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

London South Bank University Students' Union
Cashflow statement
For the year ended 31st July 2017

		2017	2016
		£	£
Net cash used in operating activities	19	9,785	14,820
Cash flows from investing activities:			
Interest income		4,270	4,906
Purchase of fixed assets	8	(1,794)	-
Net cash used in investing activities		2,476	4,906
Change in cash and cash equivalents in the year		12,261	19,726
Cash and cash equivalent brought forward		549,733	530,007
Cash and cash equivalents carried forward		561,994	549,733

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 2017

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.

(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) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from the Students' Union Superannuation Scheme, a liability was recognised at the date of transition based on the net present value of the deficit reduction plan payments, as required by the scheme actuary. The initial liability was for £952,003.

No other restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

	1 August 2015 £	31 July 2016 £
Fund balances as previously stated	523,709	539,821
SUSS Pension scheme deficit	(952,003)	(952,003)
Fund balances as restated	(428,294)	(412,182)

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2017

1 Accounting Policies (continued)

(e) 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.

(f) 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.

(g) Tangible fixed assets

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

Motor vehicles	over a period of approximately 8 years
Fixtures, Fittings and sundry equipment	25% per annum

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

(h) 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

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2017

payable.

(i) **Stock**

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

(j) **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 18 provides more information on financial instruments where future cash flows are anticipated.

(k) **Fund accounting**

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

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

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 2.52% has been used in line with industry standards. Other assumptions used are salary inflation and staff changes that total 5.0% each year (20% in 2017/18).

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2017

3 Charitable and other Activity costs

	Cost of Sales	Staff	Other	Total
	£	£	£	£
Charitable Activities for students:				
Advice & Representation	-	321,575	206,585	528,160
Communications and Marketing	7,562	182,156	219,207	408,925
Student Activities	-	155,353	154,007	309,360
Other Fund Expenditure:				
Designated Funds	-	-	5,238	5,238
Restricted Funds	-	-	6,360	6,360
Total costs	7,562	659,084	591,397	1,258,043

Included above are governance costs for the annual audit fee of £10,575 (2016: £10,250).

4 Central Overhead Costs included in Note 3

	Usage	Staff	Rent & Rates	Other	Total
		£	£	£	£
Resources expended					
Charitable Activities for Students:					
Advice & Representation	42%	83,551	95,602	44,861	224,014
Communications and Marketing	33%	64,689	74,020	34,733	173,442
Student Activities	25%	48,939	55,997	26,276	131,212
Totals	100%	197,179	225,619	105,870	528,668

Other Costs comprised:-

	2017
	£
Small Equipment	17,084
Professional Fees	16,047
Insurances	14,563
Audit Fees	11,412
Depreciation	10,933
Training	9,100
Recruitment	6,298
Photocopying and Stationery	5,540
Staff Welfare	3,342
Licences and Subscriptions	2,669
Irrecoverable VAT	1,999
Sundry	6,883
Total	105,870

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2017

5 Net income/expenditure for the year

Net income for the year is stated after charging/ (crediting)	2017 £	<i>2016</i> £
Depreciation	10,933	11,709
Auditors Remuneration	10,575	12,300

6 Staff Costs

	2017 £	<i>2016</i> £
Wages and salaries	533,326	547,946
Social security	45,293	48,454
Pension costs	80,465	76,628
	659,084	<i>673,028</i>

The remuneration of higher paid employees was as follows:

	2017	<i>2016</i>
	Staff	<i>Staff</i>
£60,000-70,000	1	<i>-</i>

The aggregate employee benefits of key management personnel were £165,203 (2016: £151,815).

The average number of staff employed during the year was 19 (2016: 21) permanent staff and 6 (2016: 8) student and temporary staff members.

7 Trustees' Remuneration and Expenses

The Trustees' four sabbatical officers each received an annual salary of £21,956 (2016: £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 (2016: £93,203).

There were no other trustee-benefits for the year.

Trustees were reimbursed a total of £367 (2016: £3,187) 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 2017

8 Tangible Fixed Assets

	Total	
	£	
COST		
At 1 August 2016	50,882	
Additions	1,794	
At 31st July 2017	52,676	
DEPRECIATION		
At 1 August 2016	33,736	
Charge for the year	10,933	
At 31st July 2017	44,669	
NET BOOK VALUE		
At 31st July 2017	8,007	
<i>At 31 July 2016</i>	17,146	

9 Debtors

	2017	2016
	£	£
Trade debtors	6,033	7,170
Prepayments & accrued income	24,104	7,554
Social security & other taxes	12,041	-
Other debtors	4,663	1,855
	46,841	16,579

10 Creditors: Amounts due within one year

	2017	2016
	£	£
Trade creditors	26,004	6,555
Social security & other taxes	11,098	14,027
Accruals & Deferred income	34,804	14,968
Other creditors	6,135	10,029
	78,041	45,579

11 Deferred Income

	2017	2016
	£	£
Balance as at 1 st August 2016	3,773	2,701
Amount released to income earned from charitable activities	(5,948)	(2,701)
Amount deferred in year	10,104	3,773
Balances as at 31st July 2017	7,929	3,773

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 2017

12 Funds

	01-Aug 2016 £	Incoming Resources £	Outgoing Resources £	31-Jul 2017 £
Unrestricted Funds:				
General Funds	513,446	1,251,992	(1,246,445)	518,993
Designated Funds	13,303	-	(5,238)	8,065
Pension Deficit	(952,003)	-	(295,490)	(1,247,493)
	(425,254)	1,251,992	(1,547,173)	(720,435)
Restricted Funds	13,072	6,165	(6,360)	12,877
Total Funds	(412,182)	1,258,157	(1,553,533)	(707,558)

The Designated Fund was set up by the Union in 2015, and represents planned future investment in Union facilities and refurbishment.

13 Analysis of Net Assets between Funds

	General Funds £	Designated Funds £	Restricted Funds £	Total £
Fixed Assets	8,007	-	-	8,007
Net current assets	510,986	8,065	12,877	531,928
Long Term Liabilities	(1,247,493)	-	-	(1,247,493)
	(728,500)	8,065	12,877	(707,558)

14 Leasing Commitments

At 31st July 2017 London South Bank University Students' Union had annual commitments under non-cancellable operating leases as detailed below:

	2017 £	2016 £
Plant and machinery		
Operating leases expiring within one year	3,573	3,276
Operating leases expiring within two to five years	11,018	14,293
Operating leases expiring after five years	-	298

The amount paid during the year in respect of operating leases for plant and machinery was £3,276 (2016: £4,020).

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 £120 due from the University (2016: £nil due from the University).

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2017

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

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

The following assumptions applied at 30 June 2013:-

- The investment return would be 6.1% per annum before retirement and 4.1% per annum after retirement
- Pensions accruing on the CARE basis would revalue at 3.6% per annum.
- Present and future pensions would increase at rates specified by Scheme rules with appropriate assumptions where these are dependent on inflation.

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

In accordance with FRS102, the net present value of the future contributions required over 17 years to clear the funding deficit is £1,247,493 (2016: £952,003). In calculating this net present value, a one-off 20% increase in 2017/18 then annual increases of 5% have been made and a discount rate of 2.52% (2016: 2.88%) 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 2017 amounted to £61,027 (2016: £76,628).

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 £19,438 (2016: £23,234).

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2017

18 Financial Instruments

	2017 £	2016 £
Financial assets measured at amortised cost	572,690	558,758
Financial liabilities measured at amortised cost	(51,085)	(27,779)

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

	2017 £	2016 £
Income and expenses:		
Total interest income for financial assets held at amortised cost	4,270	4,906
Total interest expense for financial liabilities held at amortised cost	61,027	53,394

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.

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

	2017 £	2016 £
Net movement in funds	(295,376)	16,112
Interest Income	(4,270)	(4,906)
Add back depreciation charge	10,933	11,709
Add back fixed asset disposal	-	22,718
(Increase) in debtors	(30,262)	(3,533)
Decrease/ (increase) in stock	808	(37)
Increase/(decrease) in creditors	32,462	(27,243)
Increase in pension scheme liability	295,490	-
	9,785	14,820

London South Bank University Students' Union
Notes to the accounts
For the year ended 31st July 2017

20 Comparative Statement of Financial Activities

	<u>Unrestricted</u> <u>Funds</u> £	<u>Designated</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>2016</u> <u>Total</u> £
<u>GROSS INCOME:</u>				
Donations:				
University Grant	900,000	-	-	900,000
Space Grant (benefit in kind)	225,619	-	-	225,619
Other Grant	11,820	-	-	11,820
Other Trading Activities				
Marketing	37,535	-	-	37,535
Merchandising	4,777	-	-	4,777
Income From Investments	4,906	-	-	4,906
Charitable activities for students				
Student Activities	8,135	-	20,927	29,062
Other Income	15,509	-	-	15,509
Total Income	1,208,301	-	20,927	1,229,228
<u>EXPENDITURE ON:</u>				
Charitable Activities for students				
Advice & Representation	610,728	-	-	610,728
Communications and Marketing	209,881	-	-	209,881
Student Activities	373,936	-	18,571	392,507
Total Expenditure	1,194,545	-	18,571	1,213,116
Net Income	13,756	-	2,356	16,112
Transfers	29,369	(29,369)	-	-
Net Movement in Funds	43,125	(29,369)	2,356	16,112
Fund balances brought forward	(481,682)	42,672	10,716	(428,294)
Fund balances carried forward	(438,557)	13,303	13,072	(412,182)

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	CONFIDENTIAL
Paper title:	Chief Operating Officer's Report
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	14 th November 2017
Author:	Ian Mehrrens
Executive/Operations sponsor:	Ian Mehrrens, COO
Purpose:	An update on activities and an indication of which goals in the corporate strategy these activities help to deliver against.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Goal 2: Student Experience Goal 3: Teaching & Learning Goal 4: Research & Enterprise Goal 7: Resources and Infrastructure Goal 8: People & Organisation
Recommendation:	The Committee is requested to note the contents.

Executive Summary

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

1. Academic Related Resources

1.1. General

(Goal 2, Goal 3 and Goal 7)

- 1.1.1. The Director has created an Enterprise Board with staff enterprise champions across all services to develop a culture of enterprise and to support the development and testing of new income generating ideas.
- 1.1.2. An example of this is the digital skill centre in the library that is primarily for students and staff, will be used for revenue opportunities targeted at residents in Southwark (with potential for grant funding) and B2B courses.
- 1.1.3. 35 managers across the services have undertaken an introduction to LEAN workshop that is introducing continuous improvement tools to

develop more efficient processes.

- 1.1.4. A focus of this approach is to empower staff to regularly review how their processes are received by the customer and to make changes to reduce waste.

1.2. ICT *(Goal 2, Goal 3 and Goal 7)*

- 1.2.1. PWC have recently undertaken a risk diagnostic audit of the ICT operational services covering governance, delivery and security which has provided a baseline to focus resources of the next twelve months embedding ITIL (industry standard processes) and to mitigate operational risk. It is expected that the report will be available by early November.

- 1.2.2. The senior team have developed a cross university 3-year ICT technical roadmap to allow LSBU to be more strategic in reducing data silos and focusing resources to have the greatest positive impact for the student.

- 1.2.3. An external cloud assessment of the ICT estate has been commissioned to help inform the hosting of the infrastructure, once the IBM contract ends in January 2019. This assessment will review the options based on performance and cost and will inform the 3-year cloud strategy from January 2019.

1.3. Technical Services *(Goal 2, Goal 3 and Goal 7)*

- 1.3.1. A workforce plan has been developed in discussion with the Schools and the organisational development team to respond to the challenges the service will face over the next few years. Primarily, the strategy is to create a structure that brings in a more junior, apprenticeship role and gives a clear technical career path for staff to develop and so supporting succession planning.

1.4. Library and Learning Resources (LLR) *(Goal 2, Goal 3 and Goal 7)*

- 1.4.1. The LLR senior team have developed a workforce plan leading to a new model of working in 2020, aided by the latest technology being utilised in the St George's development (automated book retrieval system). This will shift skills and capacity from book administration to customer facing

services, whilst expanding the opening hours throughout the year in response to student demand.

2. Estates and Academic Environment

2.1. Estate Development

(Goal 2, Goal 3, Goal 4 and Goal 8)

- 2.1.1. A Transformative Estate Development Plan was presented to MPIC in September which considered options for the development of the estate up to 2025.
- 2.1.2. The Plan considered the funding options including the disposal of the Perry Library and potential for debt funding but concluded that until there was some certainty around the sale of the Perry Library, firm decisions could not be agreed.
- 2.1.3. MPIC therefore supported a plan to continue with the design of the St George's Project and the London Road redevelopment project and to submit both for planning permission.
- 2.1.4. There was agreement to also proceed with marketing the Perry library site with a view to achieving the minimum disposal of £50m to support the estate development plans. The site will be marketed in October with bids received before the end of the year.
- 2.1.5. The Plan will be considered again by MPIC in February once there is certainty on the Perry Library value.

2.2. St George's Development project

- 2.2.1. Design work on the St George's Development Project is proceeding to programme and the external stakeholder engagement has been positive.
- 2.2.2. The scheme will be submitted for planning at the end of October 2017 and it is anticipated that a decision will be received in March 2018.

2.3. Carbon Reduction

- 2.3.1. The 2020 carbon reduction commitment target has been achieved in 2017 however we have continued with the strategy for energy saving that includes the replacement of lighting, the installation of waterless urinals and reducing water tank capacity in toilets.
- 2.3.2. The new development will be utilising the latest technology to have a minimum environmental impact and is currently achieving BREEAM excellent at design.

2.4. Maintenance Services

- 2.4.1. The retendering of the maintenance services contract allowed a complete review of the strategy for maintenance services and an opportunity to change from a total FM solution, to individual outsourced contracts with in house management, resulting both in a saving overall and a service more responsive to customer need.

3. Equality, Diversity and Inclusion (EDI)

(Goal 2, Goal 3 and Goal 7)

- 3.1. Work is well underway to submit an application for the Race Charter Mark in November 2018. The action plan has been developed and the engagement work with staff and students is underway. This is a large piece of work that is being monitored through the Diversity & Inclusion Steering Group.
- 3.2. The EDI Steering Group is working on establishing a set of equality and diversity performance indicators as a mechanism for understanding progress other than through charter marks by the end of the year.
- 3.3. Our submission for the Stonewall Workplace Equality Index was made in September and we await the decision early in 2018 on whether we have improved our position in the league table.

4. Customer Service

(Goal 2, Goal 3, Goal 7 and Goal 8)

- 4.1. The team have been working with the existing ICS awarded teams on their mid-point reaccreditation. Early indications are that they have all improved on their

achievements over the last two years and should achieve reaccreditation in 2018.

- 4.2. The action plans for the newly benchmarked areas have been developed and supported with training, the teams are working towards a further survey next year.
- 4.3. The surveys that will measure the customer service experience within the Schools have now been agreed and they will be undertaken early next year. Recognising that our students can get survey fatigue, it was agreed that we would create a suite of surveys that students will undertake in their first, second and final years.
- 4.4. In the third-year students have the externally managed NSS to complete, our second-year students an internally managed mock-NSS to gauge their experience.
- 4.5. It has been agreed then that the customer service surveys will be undertaken by first year students only and will provide a litmus test against future NSS surveys.

Ian Mehrtens
Chief Operating Officer
October 2017

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