

Meeting of the Board of Governors

**4pm on Thursday, 20 November 2014
in 1B27, Technopark, London Road, London SE1**

Agenda

<i>No.</i>	<i>Item</i>	<i>Paper No.</i>	<i>Presenter</i>
1.	Welcome and apologies		Chair
2.	Declarations of Interest <i>Governors are required to declare any interest in any item of business at this meeting</i>		Chair
3.	Chairman's Business		
3.1	Minutes of meeting of 9 October 2014 (for publication)	BG.64(14)	Chair
3.2	Staff and student governor	BG.65(14)	Chair
3.3	Governance effectiveness review interim report (to note)	BG.66(14)	Gov. effectiveness reviewer
4.	Matters arising		Chair
5.	Vice Chancellor's Report and Key Performance Indicators (to note)	BG.67(14)	VC
6.	Chief Financial Officer's Report (to discuss and note)	BG.68(14)	CFO
7.	University Strategy		
7.1	Change programme update (to discuss and note)	BG.69(14)	PD
8.	Committee Business		
8.1	Reports on decisions of Committees	BG.70(14)	Committee chairs
8.2	Risk Appetite (to approve)	BG.71(14)	CFO
8.3	Annual detailed review of risk (to discuss and note)	BG.72(14)	CFO

9. **Year end reporting and approvals**

The External Auditors, Grant Thornton, will join the meeting

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| 9.1 | Audit Committee annual report (to consider) | BG.73(14) | Chair of Audit Committee |
| 9.2 | External Audit findings (to note) | BG.74(14) | GT |
| 9.3 | External audit letter of representation (to approve) | BG.75(14) | GT |
| 9.4 | Annual Report and financial statements for year ended 31 July 2014 (to approve) | BG.76(14) | CFO |

10. **Other matters**

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|------|---|-----------|-------|
| 10.1 | Minutes of 43 rd AGM (to approve) | BG.77(14) | Chair |
| 10.2 | Written resolution to reappoint Grant Thornton as External Auditors with delegation of remuneration to Executive (to approve) | BG.78(14) | Sec |

11. **Governance**

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| 11.1 | Board Strategy Day report (to note) | BG.79(14) | VC |
| 11.2 | Annual declaration of interests (to authorise) | BG.80(14) | Sec |

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| 12. | Any Other Business | | Chair |
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13. Date of next Board meeting: 4pm on Thursday 12 February 2015
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Members: David Longbottom (Chair), Jerry Cope (Joint Vice Chair) Dame Sarah Mullally (Joint Vice Chair), Prof David Phoenix (Vice Chancellor), Ilham Abdishakur, Steve Balmont, Douglas Denham St Pinnock, Ken Dytor, Emine Dzhihan, Prof Neil Gorman, Mee Ling Ng, Prof Hilary McCallion, Anne Montgomery, Andrew Owen, Diana Parker, Prof Shushma Patel, James Smith and Prof Jon Warwick.

With: Deputy Vice Chancellor, Chief Financial Officer, Pro Vice Chancellor (Students and Education), Pro Vice Chancellor (Research and External Engagement), University Secretary and Governance Manager.

In attendance: Sharon Page, Governance Effectiveness Reviewer
Deborah Moorhouse, Grant Thornton, External Auditors (for item 10)

	PAPER NO: BG.64(14)
Paper title:	Minutes of the meeting of 9 October 2014
Board/Committee	Board of Governors
Date of meeting:	20 November 2014
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors
Board sponsor:	David Longbottom, Chairman of the Board
Purpose:	To approve the minutes of the past meeting as a correct record and for publication

Matter previously considered by:	N/A	N/A
Further approval required?	No	N/A

Executive Summary

The Board is asked to approve the minutes of its meetings of 9 October 2014. There are no suggested redactions for publication on LSBU's website.

Minutes of a Meeting of the Board of Governors
held at 4pm on Thursday, 9 October 2014
in room 1B27, Technopark, London Road, London SE1

Present

David Longbottom	Chairman
Dame Sarah Mullally	Vice Chair
Prof David Phoenix	Vice Chancellor and Chief Executive
Steve Balmont	
Jerry Cope	
Douglas Denham St Pinnock	
Ken Dytor	
Prof Neil Gorman	
Prof Hilary McCallion	
Anne Montgomery	
Mee Ling Ng	
Andrew Owen	
Diana Parker	
Prof Shushma Patel	
James Smith	
Prof Jon Warwick	

Apologies

Ilham Abdishakur	SU President
Louisa Nyandey	

In attendance

Prof Pat Bailey	Deputy Vice Chancellor
Prof Phil Cardew	Pro Vice Chancellor (Students and Education)
Richard Flatman	Chief Financial Officer
James Stevenson	University Secretary and Clerk to the Board of Governors
Michael Broadway	Governance Manager

Welcome and Apologies

1. The Chairman welcomed Jerry Cope to his first meeting as an independent governor and Pat Bailey to his first meeting as Deputy Vice Chancellor. The Chairman welcomed Sharon Page, who was observing the meeting as part of the governance effectiveness review.
2. Apologies for the meeting had been received from Ilham Abdishakur and Louisa Nyandey.

3. Prior to the meeting, there had been an informative presentation on league tables.

Declaration of Interests

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

Minutes of the previous meeting

5. The Board approved the minutes of the meeting of 8 July 2014 and the proposed redactions for publication (paper **BG.48(14)**).

Matters Arising

6. There were no matters arising which were not covered elsewhere on the agenda.

Appointment of Joint Vice Chair

7. The Board approved the appointment of Jerry Cope as Joint Vice Chair of the Board with immediate effect (paper **BG.49(14)**).

Appointment of Pro Vice Chancellor (Research and External Engagement)

8. The Board ratified the appointment of Prof Paul Ivey as Pro Vice Chancellor (Research and External Engagement) (paper **BG.50(14)**). Prof Ivey would start on 3 November 2014.

Matter Arising

9. The Board noted that an update on the 16-20 project and a proposal on risk appetite would be considered at the Board meeting of 20 November 2014.

Health and Safety Policy

10. The Board discussed the proposed health and safety policy which had been considered in detail by the Policy and Resources Committee (paper **BG.60(14)**). The revised policy set out the Board's responsibilities to health and safety clearly. The Board as a whole would receive an annual report on the performance of health and safety.

11. The Board approved the policy and requested the Executive to consider amendments to the policy on the role of contractors and LSBU's responsibilities to students on placement.

University Academy of Engineering

12. The Board discussed the proposed relationship between LSBU and the University Academy of Engineering, which was sponsored by LSBU (paper **BG.62(14)**). The Board noted the risk analysis and controls.
13. The Board approved the proposed Memorandum of Understanding (MoU) between LSBU and the University Academy of Engineering (paper **BG.62(14)**). The MoU sets out the relationship between LSBU and the academy and ensures that LSBU retains appropriate oversight of the activities of the academy.

British University Egypt partnership

14. The Board endorsed the partnership with the British University Egypt (BUE) (paper **BG.54(14)**). There were two aspects to the partnership: 1) LSBU would continue to validate BUE programmes; and 2) a collaborative research centre originally linked to engineering and based in Egypt. The Board noted the due diligence reports by the Executive.

Vice Chancellor's Report and Key Performance Indicators

15. The Board discussed the Vice Chancellor's report and key performance indicators (paper **BG.51(14)**).
16. The Board expressed concern over UK Visa and Immigration concerns around fraud relating to English language testing for international students. The Board requested the Chairman to be regularly briefed on the issue.
17. The Board noted that Hanban had provided an additional £100k of funding for the renovation of Caxton House for the Confucius Institute.
18. The Board noted that a bid of £2.02m had been submitted to HEFCE under the STEM (Science, Technology, Engineering and Maths) Teaching Capital Funding Scheme which, if successful, would require the University to contribute a 1:1 match in funding.

Chief Financial Officer's Report

19. The Board discussed in detail the Chief Financial Officer's report (paper **BG.52(14)**), which included updates on the current financial position, the year end audit status, organisation restructure, risk and control, and pensions.
20. It was reported that the year end audit was progressing well with a draft outturn of £3.1m.
21. The Board noted the management accounts to 31 July 2014 (paper **BG.58(14)**).

Change Programme update

Amir Rashid joined the meeting

22. The Board discussed an update on change programme reporting (paper **BG.53(14)**). It was agreed that: (a) the Board will review overall progress of the change programme and its impact on the day to day running of the University; (b) the audit committee will review the risks and issues of the change programme; and (c) projects have been grouped by theme and the relevant committee of the Board will review a highlight report of these themes. Any projects rated "red" would be reviewed in detail by the relevant committee. As projects develop interdependencies would be reviewed. Overall costing and prioritisation would be reported early in 2015.
23. The Board noted that the change programme had been reviewed by PwC, the internal auditors, and the report would be reviewed by the Audit Committee at its meeting of 30 October 2014.

Amir Rashid left the meeting

Student Acceptances

24. The Board noted an update on student acceptances (paper **BG.54(14)**). The University was on track to meet its target of 2,750 full time undergraduates. Each school was above 90% of its target.
25. A report on first year progression would be provided to the Board meeting of 20 November 2014.

Destination of Leavers of Higher Education Survey

26. The Board discussed a report on the results of Destination of Leavers of Higher Education survey, 2013/14 (paper **BG.56(14)**). The University had improved the number of students in employment or further study by 8% and was now out of the bottom five but the figure for graduate employment had fallen to 51%.

Report on decisions of committees

27. The Board noted the report on decisions of committees (paper **BG.59(14)**).
28. The Board approved the proposed amendments to the terms of reference of the Policy and Resources Committee.
29. The Board approved the additions of Professor Patrick Bailey (Deputy Vice Chancellor) and Professor Paul Ivey (Pro Vice Chancellor) as authorised signatories on all the University's bank accounts and investment funds and the removal of Beverley Jullien as an authorised signatory, having left the University recently.

Risk Register

30. The Board noted the corporate risk register, which had been considered in detail by the Audit Committee (paper **BG.60(14)**).

Board annual plan

31. The Board noted its annual plan (paper **BG.61(14)**).

Any other business

32. The Chairman of the Board of South Bank University Enterprises Ltd (SBUEL) updated the Board on the appointment of Gurpreet Jagpal as interim Director of Enterprise and director of SBUEL.

Date of next meeting

33. The next Board meeting will be at 4pm on Thursday 20 November 2014.

London South Bank
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Confirmed as a true record:

..... (Chairman)



Committee Action Points

14 November 2014

12:16:42

Committee	Date	Minute	Action	Person Res	Status	
Board	09/10/2014	8	Update on 16-20 project to 20 November 2014 Board meeting	PVC - (R&E)	Reported to P&R and summary provided in the VC report (paper BG.67(14).	<input checked="" type="checkbox"/> Completed
Board	09/10/2014	8	Risk appetite to 20 November 2014 Board meeting	CFO	On agenda	<input checked="" type="checkbox"/> Completed

	PAPER NO: BG.65(14)
Paper title:	Staff and student governors
Board/Committee	Board of Governors
Date of meeting:	20 November 2014
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors
Board sponsor:	David Longbottom, Chairman of the Board
Purpose:	To approve the re-appointment of Jon Warwick for an additional one year term

Matter previously considered by:	N/A	N/A
Further approval required?	No	N/A

Executive Summary

Staff governor

Jon Warwick's three year term as an academic staff governor nominated by the Academic Board has expired. He is eligible to be nominated by the Academic Board to serve a further three year term.

However, the future membership of Academic Board is due for review as part of the governance effectiveness review and the transition to seven Schools. The Academic Board has interim membership for 2014/15.

Due to this, the Board is requested to extend Prof Warwick's term of office for one year. Subject to confirmation of the membership of Academic Board, he would be eligible to be nominated for the remainder of the term, subject to the approval of the Board.

Student governor

The Board has two student governors. One is the SU President and one is appointed following election by the Student Council each year. Louisa Nyandey was elected to the Board in October 2013 by the Student Council and served for a year. Following the expiry of Louisa Nyandey's term, the Student Council has nominated Emine Dzhihan to serve as a Student Governor for one year.

The Board is requested to approve the appointment of Emine Dzhihan as a governor.

	PAPER NO: BG.66(14)
Paper title:	Governance Effectiveness Review Progress Report
Board/Committee	Board of Governors
Date of meeting:	20 November 2014
Author:	Sharon Page, Governance Consultant
Board sponsor:	Jerry Cope, Joint Vice Chair of the Board
Purpose:	To update the Board of Governors on the status and progress of the Governance Effectiveness Review

Executive Summary

- The effectiveness review of governance at LSBU is being carried out by the Leadership Foundation for Higher Education via its Associate Director, Sharon Page;
- The review started in early October 2014 and is due to report in March and May 2015;
- The review is currently in its fact-finding stage and progressing well;
- The purpose of this interim report is to summarise the process and report on progress;
- The only risk to the timetable identified so far is if finalising interviews with Governors and Executive members proves difficult in the lead up to Christmas.

Context	To support the current strategic change programme
Question	Do Governors have any questions on the status and progress of the Governance Effectiveness Review?
Conclusion & Recommendation	To note the report

Matter previously considered by:	N/A	N/a
Further approval	Final report to Board of	On: 14 May 2014

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required?	Governors	
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INTRODUCTION

LSBU appointed the Leadership Foundation for Higher Education (LFHE) to carry out a review of the effectiveness of governance arrangements at the University in June 2014. Sharon Page, an Associate Director with the LFHE was assigned as the consultant to carry out the review. The review was originally intended to report in October 2014, but at the University's request the timetable was amended to allow the involvement of the new Chair who took up the role in September 2015. The review will now report in draft in February 2015 and with a final report and recommendations in May 2015.

SCOPE OF THE REVIEW

LSBU is undergoing significant strategic change following the appointment of a new Vice Chancellor in January 2014 and as a result believed it was timely to review the effectiveness of all the University's governance arrangements to ensure that they are aligned to the changes taking place and to ensure that best governance practice is being followed.

As a result the University asked the LFHE to carry out a review of both corporate and academic governance and the scope of the review was to encompass the Board of Governors and its sub-committees, the Executive and Academic Board and its principal sub-committees. The consultant was asked to carry out a desktop review of structures and procedures, a questionnaire survey and follow up interviews of Board members, a questionnaire survey of Academic Board members and attendance at a Board meeting and an Academic Board meeting with the possibility of attending another committee meeting. The University also required all areas of the review to be externally benchmarked against other HE institutions and other organisations. The expected output of the review is to be a concise report setting out clear recommendations to be presented to the Board of Governors in draft in March 2014 and in final form in May 2014.

APPROACH AND METHODOLOGY

The consultant's approach is based on the belief that the best governance effectiveness reviews add real value and can make a significant contribution towards overall institutional effectiveness as well as ensuring that the institution's arrangements comply with the requirements of its various stakeholders, such as the QAA and HEFCE, and also the CUC Code of Governance. The consultant is also able to tap into the various governance resources of the LFHE as well as best practice in the HE sector and beyond.

Upon appointment the consultant met with the University Secretary and his team to firm up the approach and methodology as well as agreeing a revised timetable.

The consultant's approach focuses on the following:

- Understanding **strategic and operational imperatives** so as to understand the University's unique mission and values, its priorities and key risks and what effective governance means for LSBU;
- Understanding what **performance measures** are used to assess whether strategic and operational imperatives are being met and how these are used;
- Understanding **structures**, including the University's legal framework, and its management, organisational and committee structures and how they inter-relate;
- Understanding the **people** involved in the University's various governance structures, how they are appointed and what skills and experience they bring;
- Understanding the **culture** those people operate in when engaging in University governance;
- Understanding the governance **policies and procedures** operating in LSBU;
- Understanding **communication** flows – how information is communicated into and out of key committees and how it is communicated to key stakeholders;
- Understanding how opportunities for periodic **review and reflection** are managed.

The methodology to be used by the consultant was set out in the original bid documentation and refined with the University Secretary and his team at the start of the review. In summary the stages are as follows:

Factfinding – the initial phase of the review involves face-to-face meetings with the key committee Chairs and members of the LSBU governance team and access to a wide range of background documentation including the University strategy(s), agendas, papers and minutes for the past two years of all the committees under review, structure charts and policy and procedure documents. Access has been provided to the University's governance online resource and further documentation will be requested if needed.

The purpose of this initial fact finding exercise is to obtain as full a picture as possible as to what the Chairs and governance team expect from the review, what issues they may wish to highlight and to get as full a picture as possible of current structures, processes and policies. This initial stage has also been used to clarify

any outstanding issues from the original proposal including finalising timescales, methodology and an interview list.

Questionnaires – a questionnaire was prepared and has been sent to Governors to complete electronically. A questionnaire is also being prepared to send to Academic Board members. The aim of the questionnaires is to seek feedback across a range of heading, to focus the questions to elicit examples of good practice as well as areas in need of improvements and also provide an opportunity for ideas and suggestions.

Interviews –the views of Governors are further gauged by way of face to face interviews with a relatively large number of Board members as agreed with the Secretariat to include independent Governors and staff and student Governors. Ideally all interviews will be conducted face-to-face and last approximately an hour and the governance team is arranging the meetings and providing meeting space. Interviews can be conducted on the telephone or via Skype or email, although this is not ideal.

As the review also covers the engagement of the Executive in the University's governance, the consultant is also interviewing members of the executive team including the Vice Chancellor. It is assumed that members of the executive team attend Board and Academic Board meetings as well as other University Committees. The purpose of these interviews is twofold – to obtain views as to the effectiveness of the Boards and committees under review and also obtain their views as to their aspirations for effective governance at LSBU and how it could better support the effective running of the University.

Attending meetings – the consultant is also attending one Board of Governors meeting, one Academic Board meeting and other committees. Attending meetings provides vital insights into how meetings are conducted, the skills of the Chairs and members and the overall governance culture at LSBU.

Risks and challenges – the fact-finding exercise will help the consultant to understand the risks and challenges facing the University and which may have impacted on good governance to date and which could have an impact on implementing governance enhancements in the future. The consultant will also wish to see the University's risk register(s) and understand LSBU's processes for risk management and strategic planning.

Assessment and reflection – once all the information from the fact finding stage, questionnaires and interviews has been obtained a period of assessment and reflection will be needed to gain a full picture of governance at LSBU – what works well, what works less well and ideas for improvement and development.

Best practice and benchmarking – once a full picture of the current state of Governance at LSBU has been obtained, the consultant will compare LSBU with good practice elsewhere in the HE sector and benchmark the University against other comparator institutions, as well as good practice in the broader public, charitable and private sectors. A list of six comparator institutions has been provided for benchmarking purposes.

Tools that will be used to assess current arrangements at LSBU and identify recommendations for improvement will include the CUC Code of Governance and diagnostic tools and best practice developed by the LF.

REPORT AND RECOMMENDATIONS

The final output of the exercise will be to issue a draft report for consideration by the Board in February 2015 and for a final report to be submitted to the Board in May 2015. It is anticipated that the report will be focussed and concise with a range of clearly articulated recommendations which are proportionate and achievable. It is likely that, depending on the outcome of the review, the recommendations will be prioritised to allow for implementation to be focussed on areas requiring the most urgent attention and for more long term improvements and enhancements to be implemented over a longer timescale.

TIMETABLE AND PROGRESS

DATE	ACTION	PROGRESS
October 2014	Chairman to agree terms of reference of review with the consultant	Complete
Early October 2014	Consultant to undertake fact-finding including meeting the Chairman, Chairman elect and VC	Complete
9 October 2014	Consultant to observe Board meeting (3.15pm Chair's briefing, 4-6pm meeting)	Complete
October 2014	Develop questionnaires for Governors. 1 st draft ready in 2 nd week of October. Chairman to approve.	Complete
November 2014	Develop questionnaires for Academic Board members ready to go online mid-November	
November	Questionnaires to governors and	Complete

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2014	Academic Board members	
4 November 2014	Observe Executive meeting (10am-12noon)	Complete
5 November 2014	Consultant to observe Academic Board meeting (2-4pm)	Complete
12 November 2014	Consultant to observe Policy and Resources Committee meeting (3.30pm Chair's briefing, 4-6pm meeting)	Complete
November/December 2014	Consultant interviews with governors/executive	Ongoing
20 November	Consultant to attend Board meeting (2.45pm Chair's briefing, 3.30pm presentation, 4-6pm meeting) to present interim data report to Board	
Jan/Feb 2015	Consultant to start to design a new governance structure with the Vice Chair and Vice Chancellor (with the Chairman in an advisory capacity as required)	
12 Feb 2015	Proposal report to Board on new governance structures	
14 May 2015	Final report to Board	
June 2015	Plan changes	
September onwards 2015	Implement changes	

Good progress has been made so far and the review has achieved all its agreed milestones so far. One issue of concern is that there are a lot of interviews still to be held between now and 12 December 2014 and with the Christmas period looming there is concern that not all interviews will be complete which could compromise the quality of the work to be carried out with the Vice Chair and Vice Chancellor in January and early February. Hopefully more interviews will be able to be scheduled in the next few weeks.

	PAPER NO: BG.67(14)
Paper title:	Vice Chancellor's Report
Board/Committee	Board of Governors
Date of meeting:	20 th November 2014
Author:	Marian Sweet, PA to Vice Chancellor
Executive sponsor:	Prof David Phoenix, Vice Chancellor
Purpose:	To update the Board on University matters

Executive Summary	
Context	This report provides an update on key University matters since the last Board meeting
Question	On which significant matters does the Board need to be updated?
Conclusion & Recommendation	<p>This report covers:</p> <ol style="list-style-type: none"> 1. Update on UKVI 2. Move to Schools 3. BUCS and League table update 4. Update on scarlet fever outbreak 5. Update on BUE 6. Student recruitment – final numbers for 2014/15, open days for 2015/16 entry 7. Academies update 8. Bid engagement 9. HEFCE visit 10. Update on research and enterprise (high level where we are against expected position; review and develop reporting framework) 11. KPI working group 12. Roll out of behavioural framework 13. Student/staff success stories <p>The Board is requested to note the report.</p>

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Matter previously considered by:	Board of Governors	At each meeting
Further approval required?	No	N/A

Vice Chancellor's Report: November 2014

Update on UKVI

1. The Vice Chancellor and PVC (Students and Education) met representatives of the UKVI on Friday 8 October. The focus of the meeting was to discuss the situation of 11 students who had been identified as having suspect English Language qualifications, gained through the Test of English for International Communication [TOEIC]. One further student was deemed to have a score within the test that was noted as suspiciously high.
2. UKVI staff clarified that only 7 of the students under consideration had used the TOEIC qualification in gaining a Certificate of Acceptance to Study in the UK, and these were the only students in whom they had any interest. They confirmed that they would be taking action to remove the leave to remain from these students. We have reviewed the situation for these 7 students and all but one can, if needs be, be granted an exit qualification at whichever time their leave to remain is withdrawn. Three may be in a position to conclude their studies overseas through completion of their dissertations. The student with the high score may well have a credibility interview with the UKVI. We are at this stage taking no further action until we have further guidance from UKVI.

Move to Schools

3. Following the publication of adverts for the Dean/PVC Health and Social Care and Dean of Law and Social Science, the recruitment consultants will present a long-list of candidates during week commencing 17 November. Subject to a reasonable field I will seek to undertake final interviews on the 17 and 18 December.
4. The remaining Deans are in post and are engaging well with staff and each other. Over the coming few months each School – and Professional Function will be defining its vision and local delivery plan for review in January by Executive prior to further iterations feeding into budget setting in May.
5. Consultation with Schools around internal structures has commenced and in areas other than Health and Education this has required current heads of Department to be placed at risk. The Schools will move to a core School Executive Team comprised of Dean, Director of Education and Director of Research and Enterprise. The Dean will also be supported by an Executive Assistant to manage business partner arrangements and the compilation and

oversight of the local delivery plans. The wider leadership team will involve use of grade 9 staff which will further flatten the management tiers

6. All Faculty Office processes have now been identified through a series of discussions with Faculty Managers, interviews with the individual staff members carrying out tasks and through a 'sense-checking' workshop with 16 staff. 149 processes have been identified with variation in terms of approach across areas.
7. The full staff FTE in Faculty Offices has been identified and currently stands at 106 FTE. All staff have been grouped into core task areas and aligned with the Faculty Office processes. Initial allocations of staff to Professional Functions have been made and discussion regarding the transfer of activity and staff is underway. Revised systems will be developed for the start of 2015.

British Universities and Colleges Sport League table

8. LSBU's Academy of Sport continues to go from strength to strength, with an increase in British Universities and Colleges Sport (BUCS) points in November this year. This sees LSBU rising to 82nd out of 141 compared to 99th place last year. BUCS is a live sporting league table that measures sporting performance at universities and colleges. While our Sports Academy's main focus remains basketball a variety of new clubs which we established last academic year are now playing their part in the rise. The Academy of Sport will be continuing to recruit students for individual BUCS competitions and plans to continue raising its profile in the league table. This includes increasing international student engagement to support our sporting programmes.

Update on Scarlet Fever outbreak

9. The Safety, Compliance and Business Continuity team has prepared information on dealing with Scarlet Fever due to an increase in the number of cases across the country, as well as one recent confirmed case and one suspected case involving members of LSBU staff, as of 11 November 2014. The information was approved by the local public health team and was issued to all staff to reassure them that we take all appropriate measures to protect the health of staff and students at LSBU. Nothing in the information supersedes or replaces the need to act in accordance with further specific

advice from Public Health England, or to follow any local or national guidance provided by health professionals, or statutory agencies.

Update on BUE

10. The Memorandum of Cooperation between LSBU and BUE was signed on 29 September 2014 when I visited BUE. This sets out the formal relationship between the two institutions. It covers both the validation of a number of courses and also details how the Research and Enterprise activities will develop as part of this extended partnership. BUE gave a morning over to outlining their current research and enterprise activities to myself and the Director of Collaborations as part of the visit.
11. This partnership will grow from the current 500 students to 5,000 students by 2017-18. We are currently in the process of approving the existing courses that are currently validated by Loughborough University. In addition there will be 3 new courses starting in 2015-16, one undergraduate course and two postgraduate courses. The University is currently reviewing and refining its processes for collaborations to ensure that they can support a partnership of this magnitude.
12. We are maintaining a watching brief on travel advice to Cairo from the Foreign & Commonwealth Office to ensure it remains safe to travel and are enhancing our video conferencing facilities to further strength interactions.

Student recruitment – final numbers for 2014/15, open days for 2015/16

13. LSBU maintained a steady application rate throughout the previous cycle and has achieved the 2,750 full-time undergraduate numbers (including ABB+ applicants) in September 2014. Although there are some pockets that have fallen below target, there are increases in part-time recruitment, which helps to off-set income in these areas. Given we introduced a minimum threshold level for offers, this year this achievement equates to a substantial increase in market share for students qualified above 120 points (A-level) and 160 points BTEC. Postgraduate enrolments have reached over 85% of their respective targets in semester one, but we will continue to recruit the remaining target in semester two.
14. Open days for prospective students looking at 2015 entry were held on October 11 and November 8: comparison stats are shown below and indicate similar or slightly increased footfall:

	Booked		Attended		Conversion		Walk in	
	2014	2013	2014	2013	2014	2013	2014	2013
October	2078	2019	850	823	41%	41%	173	122
November	1291	1612	778	757	60%	47%	124	97

15. Applications for 2015 entry are slightly down on last year but evidence from our local schools shows that they may have chosen to send in applications later in the cycle this year. We will not have a clear picture until after the deadline of 15 January 2015.
16. International recruitment has exceeded the full year income targets with recruitment and retention in Semester 1 alone. Finance are reporting 752 new students in Semester 1 of 2014 in comparison to 545 in 2013, representing a 38% increase. Continuing student numbers have been higher than predicted bringing the total international student body to 1271. Please note that this is against the national picture of continued declining international student numbers.
17. Finance have reported international income for Semester 1 to be £9.011m as of 7th November. It is expected that Semester 2 will see a slight increase in recruitment, and around £0.6m income.
18. LSBU currently has a 7.2% visa refusal rate. Please note that LSBU will be judged against the previous rules for visa refusal rates for the current licence renewal, as this was applied for prior to 1st November 2014. This means a 20% refusal rate allowance will be applied. LSBU saw an increase in refusals, mainly due to subjective decisions by UKVI staff at credibility interviews.
19. Cambridge Education Group (CEG) saw an unacceptable increase in refusals during 2014. A meeting was held with their management team and actions have been agreed to ensure that this does not happen in 2015. The International Office will be performing manual checks on all CEG students to ensure as few refusals as possible.

Academies Update

Engineering Academy

20. University Academy of Engineering South Bank opened in September with 90 year 7 students. The Academy is establishing links with businesses and industries to identify mentors for the students. The governing Board for the

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Academy is in place with required skills to support and challenge the Principal and staff. So far there has been an excellent response to the 2015 recruitment cycle and we aim for 150 places to be taken up in September 2015. The Academy is equipped to be the Regional Technical centre for F1 in Schools, which is a key focus for the enrichment activities offered by the Academy.

South Bank Engineering UTC

21. Following Lord Nash's approval for the LSBU sponsored UTC in Brixton, there has been significant activity around the education brief, building design, specialist computing and IT equipment specification. We have appointed an education consultant to help with curriculum design element based on this brief.
22. The UTC will be co-located with a small campus of Lambeth College and Trinity Academy (a secondary school) in Brixton. Funding for the building has been approved by the Secretary of State. We are working with the Education Funding Authority to appoint a Design and Build contractor. We are also simultaneously undertaking the statutory community consultation process for the establishment of the UTC.
23. South Bank Engineering UTC Trust company has been registered with a majority of LSBU appointed members. We expect to receive the pre-opening grant of £300,000 shortly. The Trust oversees the development of the UTC, which will be opened in September 2016.

Bid engagement

24. We have established a Collaboration Agreement with Southwark Council. This covers a range of key areas of mutual interest including schools, joint funding opportunities, business support, business intelligence and community engagement. Leads from the relevant Professional Service Groups are working on detailed programmes in these areas with their Southwark Council counterparts. A similar programme is being discussed with senior representatives from Lambeth Council.

HEFCE Visit

25. The annual institutional visit from HEFCE's Regional Consultant took place at LSBU on 29 October 2014. The VC updated on key developments, including: the transition to the seven schools and new professional service groups; the

Edison project; partnerships with local schools and colleges; and LSBU's sponsorship of the engineering academy and UTC. HEFCE recognised the significant degree of change over a relatively short period. HEFCE noted the surplus for 2013/14 and the positive position in relation to recruitment for 2014/15. The estates strategy and current low utilisation rates were discussed. HEFCE reported that following the appointment of their new CEO early in 2014 (Professor Madeleine Atkins), they would be on the "front foot" in relation to the forthcoming spending review. They wished to build an evidence-base to make the case for increased spending on higher education following the general election. Future opportunities for funding were most likely to be on a matched basis. In summary, the meeting was cordial and no serious concerns were raised by HEFCE.

Update on Research and Enterprise

26. University Research, Enterprise and Innovation and South Bank University Enterprise Ltd have recently recruited Gurpreet Jagpal as Interim Director of Enterprise and CEO SBUEL. He joins having previously spent 2 years as UCL's Deputy Director for Enterprise and Business Interaction, 2 years as Postgraduate Enterprise Consultant and Operations Manager at the University of Birmingham and 6 years at Birmingham City University working in the areas of Enterprise, Knowledge Transfer, Small Business Engagement and Regional Development. He has been joined this month by Professor Paul Ivey as Pro Vice Chancellor.
27. For the YTD the Business Development team working with the Schools have closed new sales with a total value of £328k. The current identified pipeline of development opportunities of £2.7m is estimated by the Business Development Team to yield sales of £455k. Finance business partners currently confirm we remain on track to deliver on the £8.2M outlined in the budget
28. The KTP plan was completed in March with a stretch target of 9 new KTPs (c£1.2m new income stream) acquired this budget year. To date we have one approval, and are expecting to submit two applications in November plus one in February. We will be seeking ways to further incentivise engagement in this area
29. The ERDF funded Investment Escalator project is up and running. The Funding Agreement was signed in June 2014 which has shortened the delivery window by half. The team has been working hard to make up time and made considerable progress, notably: all major procurement is completed,

programme management system and business diagnostic tools are live; SME recruitment is underway with nearly 50 SMEs registered.

30. There are 7 LSBU graduates taking part in the 2014/15 Graduate Entrepreneur Scheme, the businesses being supported are a Venezuelan Street Food, an insurance product, a PR agency, a digital consultancy, a t-shirt design business, an online platform for house music and a flood defense product.
31. In June 2014 LSBU gained the HR Excellence in Research Award from the European Commission in recognition of its commitment to valuing the work of researchers. The award is based on an action plan developed by the University's Concordat group and demonstrates LSBU's commitment to the work and career development of research staff.
32. The Clarence Centre is now fully occupied with work on the Legal and Business Advice Centre starting in early November, refurbishment for the tenant areas of the Technopark has already started and should be completed by the end of the year. It has been agreed that we should review the work undertaken in the Clarence Centre and the return on investment towards the end of the academic year.
33. Tenant engagement is increasing with a student gaining a valuable work placement at an electrical engineering firm, a tenant will be helping 120 students in the School of Business with their Business and Professional Issues module and another 3 or 4 tenants will be assisting a School of Business academic with his course content.

KPI Working Group

34. The KPI Working group, chaired by Jerry Cope and comprising staff from within the team working on the Corporate Performance Management Change Project, held its initial meeting on Friday 7 November.
35. The group established clear principles for reporting of KPIs to the Board, and made clear recommendations for minor adjustment to the current set of proposed KPIs, and for the interim reporting of these during the 14/15 academic year.
36. The 14/15 draft KPI report shared with Governors at the recent strategy day will be amended to take account of these decisions. It will be presented to the February meeting of the Board, together with a formal recommendation from

the working group regarding assurance over the internal processes for reporting and managing the operational PIs which underpin the KPI data.

Launch of Behavioural Framework

37. The introduction of the Behavioural Framework is an important step for LSBU as it articulates our values and expectations of how all employees will play their part to deliver the ambitions stated in the Corporate Strategy. Put simply, the Corporate Strategy articulates 'what' and the Behavioural Framework articulates 'how'.
38. We have made good progress on the preparation of the Framework. There is a high level project plan for the next 6 months which outlines activities to promote and raise awareness of the values as well as embedding the Framework into policies and process across the university. The document, supporting promotion and briefing materials have been drafted and printed and are ready for distribution across LSBU. I will be filming a short video to introduce the Framework. This will be followed up with further footage over the next few months.
39. The Behavioural Framework is due to be launched on 24 November. This will complement and support the launch of the Corporate Strategy which is planned for 17 November.

Student/Staff Success Stories

40. Dr Anne-Maria Brennan, Principal Lecturer, School of Engineering has won the Sir Walter Bodmer Award. This award is given to volunteers of the British Science Association as part of their Reward and Recognition scheme. Its purpose is to publicly acknowledge the contribution volunteers make to the British Science Association.
41. Professor Basu Saha, Professor of Chemical & Process Engineering, came second in this year's Institution of Chemical Engineers' (IChemE) global award in the "Energy" category.
42. Deputy Vice-Chancellor, Professor Pat Bailey, has won the Leadership Award at the Green Gowns Awards for his sterling service and commitment to sustainability. The Green Gown Awards, now in their 10th year, bring together the leaders, drivers and thinkers of exceptional sustainability initiatives being undertaken by universities and colleges across the UK. The prestigious

awards have become established as the benchmark of best practice within the tertiary education sector.

43. Patrick Tarrant, Senior Lecturer, Film Practice, had his film 'The Take-Up' screened at the BFI Film Festival in October. It was chosen as one of a handful of internationally recognised experimental films.
44. The British Psychological Society (BPS) has named a textbook co-authored by LSBU's Professor Paula Reavey as Book of the Year 2014.
45. Teaching staff of LSBU's Executive Masters in Public Administration (EMPA) have been shortlisted in the Prospects Postgraduate Awards for 2014.
46. MSc Real Estate student, Christian Birrell, became Sailing World Champion in the Fireball class in 2014. The Fireball is a high performance two-person sailing dinghy offering exciting sailing and intense competition. The sail from his dinghy will shortly be on display around the University.
47. Emma Selby, who qualified with the March 2011 cohort at both Southwark and Havering, has won the "Rising Star" award in this year's Nursing Times Awards. Emma now works for North East London Trust.

Key Performance Indicators

48. The attached report provides the latest results at 23 October 2014.

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

Report Production Date: 5th November 2014

Financial Sustainability						
KPI	2011/12 Actual	2012/13 Actual	2013/14		YoY up down	
			Target	Actual (Draft Accounts)		
Student Numbers & Contracts						
1	Recruitment against HEFCE contract	Within tolerance	Within tolerance	Within tolerance band	within tolerance	➔
Income						
2	NHS contract income (£)	On target	On target	£25.9m	£25.2	⬇
3	International student income	£9.6m	£8.8m	£9.4m	£8.5	⬇
4	Research (non-HEFCE) income (£)	£2.4m	£2.2m	£2.4m	£1.8	⬇
5	Enterprise income (£)	£10.0m	£8.4m	£9.0m	£9.5	⬆
6	Total Income (£)	£138.3m	£137.9	£137.6m	£134.8	⬇
Surplus						
7	Total Surplus (% of income)	4.7%	4.00%	1.8%	2.4%	⬇
Other Financial Indicators						
8	Cash Balance (£)	£69.1m	£60.0 m	£48.2	£53.0m	⬇
9	Gearing Ratio	0.31	0.27	0.26	0.29	⬇
10	Days liquidity	203	176.6	139	157.1	⬇
11	Staff Costs as a % of Income	<i>new indicator</i>	<i>new indicator</i>	55%	55.8%	NI

The Student Experience						
KPI	2011/12 (Actual)	2012/13 (Actual)	2013/14 (Target)	Current Performance (RAG)	YoY	
Student Satisfaction						
12	Overall Student Satisfaction - UG (NSS) *	80%	82%	86%	80%	⬇
13	Overall Student Satisfaction - PG	78%	76%	80%	77%	⬆
Student Retention & Progression						
14	FTUG Year 1 Progression (%)	63%	65%	65%	62.9%	⬇
15	Graduating in intended period (FTUG 3/4yrs) (%)	52%	51%	65%	56%	⬆
Value Added						
16	Employment of graduates (DLHE return)* (Employed, or studying, or both)	78.1%	77.4%	85%	85.50%	⬆
17	No. of first degree students obtaining 1st or Upper 2nd class degrees *	56.0%	58%	62%	58.30%	⬆
Resource Measures						
18	Spend per student (£) * (Academic Services)	£940 <i>(Complete UG 2013)</i>	£900 <i>(CUG 2014)</i>	£1,000	£971 <i>(CUG 2015)</i>	⬆
19	Spend per student (£) * (Services & Facilities)	£1,062 <i>(Times GUG 2012/13)</i>	£1,110 <i>(SundayTimes/Times GUG)</i>	£1,150	£1,250	⬆
20	Staff:student ratio *	22.4:1 <i>(2010/11 HESA)</i>	23.7:1 <i>(2011/12 HESA)</i>	21:1	24.2:1 <i>(2012/13 HESA)</i>	⬇

Institution Reputation and Esteem						
KPI	2011/12 (Actual)	2012/13 (Actual)	2013/14 (Target)	Current Performance (RAG)	YoY	
League Table Ranking						
21	The Times / Sunday Times	111 (of 116) <i>(2012/13 Table)</i>	118 (of 120) <i>(2014 Table)</i>	< 110	122 (of 123) <i>(2015 Guide - Sep 14)</i>	⬇
22	The Guardian	104 (of 120) <i>(2013 Table)</i>	113 (of 119) <i>(2014 Guide - June 13)</i>	< 110	112 (of 116) <i>(2015 Guide - June 14)</i>	⬆
23	The Complete University Guide	109 (of 116) <i>(2013 Table)</i>	119 (of 124) <i>(2014 Table - April 13)</i>	< 110	120 (of 123) <i>(2015 Table - May 14)</i>	⬇
Subject League Tables (The Guardian)						
24	No. of subjects in top 75% nationally	5 (of 17)	3 (of 21)	5 (of 21)	3 (of 25)	➔
25	No. of subjects in top 50% of post-1992	3 (of 17)	2 (of 21)	7 (of 21)	2 (of 25)	➔
26	No. of subjects in top 25% of post-1992, London	3 (of 17)	4 (of 21)	4 (of 21)	2 (of 25)	⬇
Student Perceptions						
27	% of Firm acceptances against enrolment target from FTUG students prior to clearing	<i>new indicator</i>	68% <i>(no rating criteria)</i>	75%	75.6%	⬆
28	Early:late application % (% of FTUG enrolments arising from pre/post clearing)	74:26	79:21	80:20	78:22	⬇
29	Financial support from donors (cash received, £)	£1.5m	£1.35m	1.4m	£1.35m	➔
30	Alumni Engagement: Number of placement, volunteer & mentor opportunities for students	<i>new indicator</i>	<i>new indicator</i>	500	520	NI
Staff Perceptions						
31	Staff Turnover rate	<i>new indicator</i>	21%	18%	22.4%	⬇

* Key league table measures

KPI Notes: Measure Overview		Data date & Source	Notes
1-11	Financial performance	Nov to Aug: LSBU Management Accounts	Forecast data updated after each month end period Draft figure prior to audit & final after accounts signed.
Student Satisfaction			
12	Overall Student Satisfaction - UG (NSS)	Aug 14: Ipsos Mori National Student Survey	Satisfaction has fallen by 2%
13	Overall Student Satisfaction - PG	Sep 14: LSBU PG Taught Survey	Satisfaction has increased by 1%
14	FTUG Year 1 Progression (%)	Oct/Nov 14: LSBU Cognos PAT Reports	Progression as at end October from all students with valid result code entered on QL. An improvement of 5% at the institutional level, but with departmental results ranging from 46% to 79 %.
15	% Graduating in intended period (FTUG 3/4yrs)	Oct/Nov 14: LSBU Registry Analysis	
Value Added			
16	Employment of graduates (% Employed, Studying, or both)	July 14: Hefce DLHE survey	An improvement to 85.5%
17	No. of first degree students obtaining 1st or Upper 2nd class degrees *	Oct/Nov 14: LSBU Registry Analysis	
Resource Measures			
18	Spend per student (£) * (Academic Services)	April/May 14: 'Complete University Guide'	
19	Spend per student (£) * (Services & Facilities)	Sep 14: Times 'Good University Guide'	
20	Staff:student ratio *	Aug 14th: publication of HESA data for 12/13	
League Table Ranking			
21	The Sunday Times / Times	September 14: The Sunday Times Newspaper	
22	The Guardian The Complete University Guide	June 14: The Guardian Newspaper	
23	(formerly The Independent)	April 14: Complete University Guide website	
Subject League Tables (The Guardian)			
24	No. of subjects in top 75% nationally	June 14: The Guardian Newspaper	
25	No. of subjects in top 50% of post-1992	June 14: The Guardian Newspaper	
26	No. of subjects in top 50% of post-1992, London	June 14: The Guardian Newspaper	
Student Perceptions			
27	% of Firm acceptances against enrolment target from FTUG students prior to clearing	August 2014, Recruitment Analysis	2080 Firm Acceptances were received by the 12th August, against a SNC target of 2750
28	Early : late applications (% of FTUG enrolments arising from early/late applications)	Oct/Nov 14, Registry Analysis	
29	Financial support from donors (cash received, £)	Oct/Nov 14, Development Office	LSBU's philanthropic income, as defined by the sector standard, the Ross-CASE survey of giving to Higher Education
30	Alumni Engagement: Number of placement, volunteer & mentor opportunities for students	August 14, Development Office	P&R Report notes 200 mentors, 300 placements & 20 student talks
Staff Perceptions			
31	Staff Turnover	HR Database Analysis	

	PAPER NO: BG.68(14)
Paper title:	Report from the Chief Financial Officer
Board/Committee	Board of Governors
Date of meeting:	20 November 2014
Author:	Richard Flatman, Chief Financial Officer
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To update the Board on financial matters.

Executive Summary	
Context	This report provides an update on matters which contribute to the future financial sustainability of the University.
Question	On which significant financial matters does the Board need to be updated?
Conclusion & Recommendation	<p>The Board is requested to note the report which provides a progress update on financial matters.</p> <p>The 2014 financial tables together with the financial commentary on the variances between 2013/14 actual result and July 2014 forecast require submission to HEFCE as part of the Annual accountability return. The Executive recommends approval by the Board.</p>

Matter previously considered by:	Board of Governors	At each meeting
Further approval required?	N/A	On:

Attachments:

1. September 2014 management accounts summary
2. 2014 financial tables
3. Annual accountability review (AAR) financial commentary and variances

Report from the Chief Financial Officer: November 2014

1. HESA Recreation - Potential 2013/14 clawback

As was reported at the Board of Governors meeting in October, there was a risk of clawback of the HEFCE grant which would have impacted our 2013/14 results. The risk of clawback was due to 2 factors:

- student reassessment activity in September and October 2014 which is relevant to 2013/14 funding, and
- HEFCE adjusting our funding in light of other institution's data to ensure that all their funding is distributed to institutions and none returned to Treasury.

The University has now submitted its student numbers for 2013/14 to HESA following student reassessment activity and the risk in terms of material clawback has subsided. Initial analysis suggests that there could be a slight negative impact on the 2014/15 grant in terms of student opportunity funding, which is calculated from 2013/14 student numbers, but that this would be offset by a slight increase in the grant received for our 2013/14 students.

There is an ongoing risk in terms of a potential sector wide adjustment but that will be reflected in the 2014/15 results if it materialises and there is no reason at this stage to expect any negative adjustment.

2. 202013/14 statutory financial accounts

As no material adjustment is required as a result of the HESA recreation, the University is now in a position to close its accounts for the 2013/14 academic year and the final accounts are presented for approval in a separate paper.

The accounts report a surplus of £3.1M which is a reduction on £2.4M compared to the 2012/13 outturn. It was always anticipated that 2013/14 would be more difficult than the previous year given ongoing financial uncertainty, pressure on student numbers and the continued reductions in government funding.

As expected, recruitment proved challenging and LSBU fell marginally short of initial recruitment targets. This has been managed through effective cost control and the surplus of £3.1m is higher than the original agreed budget surplus of £2.5m. Furthermore, this is after accounting for unbudgeted revenue costs of £1m+ associated both with changed organisation structures and the Edison project.

In approving the financial statements, governors confirm that they are satisfied that it is appropriate to prepare the financial statements on a going concern basis. A going concern report has been prepared, drawing together the assurance sources regarding institutional sustainability, and this was reviewed and approved by Audit committee.

3. Current Financial Position

The Management Accounts for the period ended 30 September 2014 have been presented to the Policy & Resources Committee and the executive summary is attached for information in Appendix 1. The accounts show that the University is trending towards a surplus of £1.0M which is in line with the 2014/15 budget.

Our year to date (YTD) income is significantly ahead of the same period in 2013/14 however this is driven by a better enrolment process rather than actual UG growth and so does not impact the full year forecast. Recruitment is broadly on target. There are pockets of weakness and these will be reflected in the November management accounts as Schools continue to monitor and forecast income carefully. Whilst some changes within individual Schools are expected, the overall University position in terms of income is not expected to change materially at this stage. We will actively monitor and seek to reduce withdrawals and interruptions to ensure that we deliver our student income targets.

After adjusting for the impact of re-structure costs, which at this early stage of the year are reflected as exceptional costs in the management accounts, staffing costs are forecast to increase by £3.3M in 2014/15. However, they are currently £0.5M less than the equivalent period in 2013/14. Staffing costs are being actively managed during this period of change within the University and all new positions require Executive sign off. However, notwithstanding that we are currently within budget, the full year forecast staff cost percentage at 56%+ is higher than the sector norm (overall sector mean 53.3% based on July forecast submissions for 2014/15) and this reflects the fact that we continue to invest in change to secure income growth. This was discussed in detail at the recent Policy & Resources committee and it was agreed that more detailed analysis would be provided to the next P&R meeting on 3 February 2015. We will also carefully track the balance between academic and support costs and between recurrent costs and interim/change costs.

YTD operating expenses of £4m are slightly higher than the comparable position of £3.8m in 2014/15 due to investments within the Edison Project.

The Management Accounts for the period ending 31 October continue the trend towards a surplus of £1M in line with the agreed budget. Staffing costs are currently £1M under budget and are £0.8M less than the comparable position in 2013/14. All departments are currently forecast to deliver on budget. The School of Engineering, the School of Applied Science and the School of Architecture & the Built Environment are currently reviewing their fee income and may have to adjust their income forecasts down for the November management accounts but as noted above the consolidated position at University level remains on track given the recruitment position overall.

4. HEFCE circular regarding 2012/13 funding

The University has received the first of its 5 communications from HEFCE covering recurrent grant allocations within the academic year 2014/15. The first of these letters dealt with changes to the recurrent grants for 2012/13 and as expected there was a change to the level of grant funding that we received for students in the 2012/13 Academic Year.

For the 2012/13 academic/financial year, the HESSES recreation submitted to HEFCE in October 2013 included 315 students with a FUNDCOMP value of 3 (students have not taken the final assessment and so essentially have dropped out during the year). The HEFCE Completion Status Survey in July 2014 required reassessment of these statuses. This led to a calculated clawback of grant to HEFCE of £104k and so we provided for this amount in the 2013/14 statutory accounts. The letter from HEFCE on the 29th October 2014 confirmed that this level of clawback would indeed be required by HEFCE and so the level of funding that we receive in 2014/15 will be adjusted to match this. This will have no impact on the financial result for 2014/15 because provision for repayment has already been made.

5. HEFCE Audit of 2012/13 data

As was reported at the last Board of Governor's meeting, HEFCE advised us they would like to audit the University's 2012/13 HEFCE-funded student outturn data. The aim of the audit is to gain assurance over the reporting of the HEFCE-funded student outturn position in the HESA 2012/13 data, and to ensure the accuracy of the data submitted to HEFCE and HESA for funding purposes in this area.

The HEFCE audit team visited on 20 October 2014 to perform the first stage of their audit process. This involved reviewing a sample of 30 students specifically

selected from students with characteristics that HEFCE have found most strongly correlate to errors in the identification of completion status. A number of students were identified who were returned as FT but should not have been returned as FT because some of the modules on their record were APEL (i.e. prior learning was recognised, rather than the module being undertaken during the year), or were returned as PT when in fact all the modules were APEL. This affected two students in the sample, and fourteen students (not all of them HEFCE funded) in the entire HESA return. This is unlikely to have any material impact on funding.

HEFCE also sought assurances about how we undertake attendance monitoring, and how we confirm that students have successfully completed a sandwich year.

The next stage will be a desk-based review of a larger, random, sample of students. HEFCE will give us the details of this sample shortly, but do not expect us to respond before the New Year. We will report further on this matter to the Board in Spring.

6. HEFCE Annual Accountability Return (AAR)

The annual accountability return is due for submission to HEFCE on 2 December and will inform their overall assessment of risk for LSBU. The detailed financial forecasts no longer form part of the year-end return and are submitted in July as a mid-year return.

The majority of the papers required which need Board approval have already been to Audit committee, P&R and Board under separate cover and these include for example:

- Signed audited financial statements
- Audit committee annual report
- External audit findings report
- Internal audit annual report.

Two financial documents which do require board approval and which have not yet been reviewed are:

- The 2014 financial tables – these simply show the audited results for 2013 and 2014 in HEFCE format. The information is not new and is identical to the audited accounts, and
- An analysis of the variances between the forecast for 2013/14 submitted to HEFCE in July 2014 and the actual result reported.

London South Bank University

These documents are attached as appendix 2 and appendix 3. The Board is requested to approve. There are no significant matters arising which we need to draw to the attention of HEFCE.

Appendix 1
September Executive Summary

1) This Executive Summary reports on the Financial position of London South Bank University as at 30 September and summarises the changes since the August Forecast

2) RAG Status

Income Growth 1.3% Staff Cost Growth 1.8% Opex Growth -3.3% Staff Cost % 56.1% improvement on FYF Contribution 1.5%

3) Summary

The full year forecast as of September 2014 is trending towards a contribution of £1.0M. This is a deterioration of £2.1M on the July position but is in line with the 2014/15 budget. Year on year Income growth is driven by UG fee income as we transition from discounted UG fees to full UG fees with Bursaries rather than an increase in recruitment, and this is broadly supported by early enrolment figures although there are pockets of weakness. PG income is forecast to fall year on year and this position is unchanged following enrolment. Overseas income is forecast to increase by £0.5M year on year and this will be a challenge without strong second semester enrolments. In terms of YTD figures, Income is significantly ahead of the same period in 2013/14 however this is driven by a better enrolment process rather than actual UG growth. Staffing costs are currently £0.5M less than the equivalent period in 2013/14 and this is driven by a reduction in Academic Staff. Support staff are forecast to increase significantly compared to the 13/14 outturn and this may have to be reviewed for appropriateness and affordability. Our YTD Opex is slightly ahead of the equivalent position last year although it is behind budget. Staffing costs are being actively managed and similar pressure may be required on Opex if there is a fees shortfall.

4) Table 1: Full Year Forecast vs. Budget

Financial Summary in £'m	13 / 14 Actual	14/15 Budget	Change %
Funding Grants	25.8	19.0	-26.2%
Health - Contract	25.2	24.6	-2.0%
Home / EU Fees	51.8	61.4	18.6%
Overseas Fees	8.5	9.0	6.2%
Research & Related Activities	2.3	1.7	-24.9%
Enterprise Activities	6.9	8.2	17.9%
Student Related Income	9.9	10.1	1.6%
Other Operating Income	4.0	2.1	-48.4%
Endowments & Interest	0.3	0.3	-9.4%
Income	134.8	136.5	1.3%

Sep 14 / 15 FYF	variance to Budget	variance to Budget %	variance to 13/14
19.0	-0.0	-0.1%	-26.3%
24.6	0.0	0.0%	-2.0%
61.4	0.0	0.0%	18.6%
9.0	0.0	0.0%	6.2%
1.7	0.0	0.0%	-24.9%
8.2	0.0	0.0%	17.9%
10.1	0.0	0.0%	1.6%
2.1	0.0	0.0%	-48.4%
0.3	0.0	0.0%	-9.4%
136.5	-0.0	-0.0%	1.3%

13 / 14 YTD	14 / 15 YTD	Variance to 13 / 14	Variance %
4.2	3.0	-1.2	-28.3%
4.2	4.1	-0.1	-1.3%
15.7	37.3	21.6	137.0%
0.8	2.1	1.3	154.0%
0.6	0.5	-0.1	-11.7%
0.8	1.1	0.3	45.1%
1.7	1.6	-0.1	-3.7%
0.2	0.1	-0.1	-51.8%
0.0	0.0	0.0	134.4%
28.2	49.9	21.7	76.9%

in £'m			
Academic Staff Costs	41.3	40.5	-1.9%
Support & Technicians	30.4	34.2	12.6%
Third Party Staff	3.5	1.9	-44.7%
Depreciation	8.5	9.5	12.1%
Operating Expenses	44.3	42.7	-3.6%
Interest Payable	3.8	4.7	23.8%
Exceptional Items	0.0	2.0	0.0%
Expenditure	131.7	135.5	2.9%

40.5	-0.0	0.0%	-1.9%
33.9	-0.3	-0.9%	11.6%
2.1	0.2	7.8%	-40.3%
9.5	0.0	0.0%	12.1%
42.8	0.1	0.3%	-3.3%
4.7	0.0	0.0%	23.8%
2.0	0.0	0.0%	0.0%
135.4	-0.0	0.0%	2.9%

6.5	6.0	-0.5	-7.3%
5.1	5.0	-0.1	-2.5%
0.5	0.5	0.1	14.7%
1.3	1.4	0.1	6.3%
3.8	4.0	0.2	5.3%
0.6	0.5	-0.1	-11.2%
0.0	0.0	0.0	0.0%
17.8	17.5	-0.3	-1.8%

Surplus for the year	3.1	1.0	-67.7%
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1.0	0.0	1.5%
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Surplus as % of income	2.3%	0.7%	0.7%
Surplus per student FTE	£209.6	£67.6	£68.5
Staff cost as % of income	55.8%	56.2%	56.1%

16.1%	15.1%	YTD Staff Cost %
8.6%	9.4%	YTD OPEX Cost %
13.5%	12.9%	Total YTD cost %

5) Forecast Summary

There has been no change to the overall Forecast and we are forecast to deliver the budgeted levels of contribution. There have been some changes within the forecast in terms of the balance of permanent Support Staff and those Support staff employed on Agency contracts and this is primarily due to on-going Interim appointments within both ICT and the Business Intelligence Unit

6) Risks and Contingencies

The Full Year Forecast contains a number of risks primarily to do with recruitment and retention. In order to balance these risks we are currently holding an OPEX contingency of £0.5M and a restructuring provision of £1.1M. We also have an Investment Pot of £0.7M which may be invested once we have clarity over student numbers

7) Contribution Analysis

The Full Year Forecast Contribution is £2.1M behind the comparable position in 13/14. It was always anticipated that 2014/15 would be more challenging given our investments in the EDISON programme and the Change Programme and there is a £3.3M negative movement in contribution caused by these 2 projects. These programmes effectively use all of the £2.8M additional contribution that the Schools are required to find in 14/15. The positive movement in contribution from Academic Related Resources (Library & ICT Support) is not due to disinvestment in this area but is a result of the division of ICT and a different cost profile year on year in each ICT department. The increase in Enterprise contribution is due to growing activity within these areas. All other areas of the University are reducing their contribution as a result of increased costs compared to the 13/14 out turn.

As mentioned above, the Schools have been challenged to find an additional £2.8M increase in contribution compared to 2014/15. This is excluding any savings from the School Admin Offices. The bulk of this additional income is from the Schools of Arts & Creative Industries and the Built Environment & Architecture and there is nervousness about the ability of the latter to deliver. The School of Law and Social Sciences was forecast to fall in terms of contribution however due to strong UG recruitment it may be able to make up for the weakness in other areas

Contribution per Student and per Staff excluding School Admin		Applied Science		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Health & Social Care (including HSC admin)		Law & Social Sciences	
	12 / 13 Actual	Jun 13 / 14 FYF	12 / 13 Actual	Jun 13 / 14 FYF	12 / 13 Actual	Jun 13 / 14 FYF	12 / 13 Actual	Jun 13 / 14 FYF	12 / 13 Actual	Jun 13 / 14 FYF	12 / 13 Actual	Jun 13 / 14 FYF	12 / 13 Actual	Jun 13 / 14 FYF	
Income (£M)	10.9	11.4	8.4	9.2	14.1	15.1	21.2	21.4	13.6	14.5	32.9	32.9	14.9	13.4	
Expenditure (£M)	6.5	6.5	4.2	3.9	7.3	7.5	11.4	11.1	8.5	8.4	20.8	20.5	7.1	7.0	
Contribution (£M)	4.4	5.0	4.2	5.3	6.7	7.6	9.8	10.3	5.1	6.1	12.1	12.4	7.9	6.5	
Contribution %	40%	43%	50%	57%	48%	50%	46%	48%	38%	42%	37%	38%	53%	48%	
Student FTE	1,139	1,190	1,097	1,082	1,672	1,686	3,030	2,671	1,468	1,455	4,406	3,276	1,992	1,869	
Contribution per FTE	£3,864	£4,182	£3,804	£4,883	£4,033	£4,501	£3,242	£3,850	£3,488	£4,187	£2,747	£3,781	£3,953	£3,457	
Staff FTE		60		37		76		99		79		230		80	
Contribution per Staff FTE		£83,311		£144,169		£99,681		£103,459		£76,987		£53,879		£80,765	

In terms of full cost allocation, all of the Schools are forecast to cover their central costs apart from Law & Social Sciences and Health & Social Care. Law & Social Sciences should cover its costs once their income forecast is changed to reflect additional enrolment but HSC will struggle to cover its costs due to the level of funding it receives from the NHS and the high cost of admin per student. Other areas may fall back if their income forecast is reduced once we have a clear idea of enrolment.

8) Student Number Analysis

Student FTEs have been taken from the Registry HESES recreation as of October 1. These numbers include both EFE and EOER students. If a student is not able to fulfil our enrolment requirements they will disappear from our numbers and the year on year comparisons as they would never have been enrolled. This is quite distinct from students who interrupt or withdraw. In 2013 / 14 we lost £3.0M in income from the 1,092 students representing 773 FTE (or 5.2%) who withdrew. This number includes 354 Year 1 Full Time Undergraduate students, representing 9.7% of this cohort. The £3.0M of "lost income" is the difference between the full fee and the final charge. These figures do not yet include HSC students who enrol in Semester 2 & 3.

9) Student Withdrawal Analysis

Academic year	Total Students	Total Withdrawals	% of Total Student bodies	Comparable at 30/09	
10/11	23,062	1,600	6.9%	228	1.0%
11/12	21,127	1,189	5.6%	177	0.8%
12/13	19,262	1,020	5.3%	94	0.5%
13/14	19,641	1,092	5.6%	98	0.5%
14/15	15,527			42	0.3%

Note: the 14/15 FTE figure is at Sep 30. Enrolment has continued since then and this figure does not include HSC students who enrol during the year or students who enrol during the Second semester

10) Income Analysis

Income is forecast to increase by £1.7M year on year. The bulk of this increase is dependent upon student recruitment and progression and as at October 1 we had enrolled 15,527 students representing 13,230 FTE. This a reduction from the 14,784 FTE enrolled during 13/14 however enrolment is still continuing and HSC and second semester enrolments will increase that figure. We will amend the Fees forecasts when we have a clearer view of the final enrolment position. YTD Research income is slightly ahead of budget although it is too early to increase our forecasts. YTD income from the Enterprise segment is slightly behind budget. Both these areas are being closely watched and we will reforecast once we have a clearer picture.

11) Staff Cost Analysis

The University is forecast to increase its staffing cost from normal operations by £3.1M compared to the 2013 / 14 outturn. The bulk of this increase is from the Programme Office as that team ramps up its activity and from the Estates & Academic Environment Professional Service Function which includes Residences, Estates, ICT Infrastructure and the COO's office. £200K of the potential £600K year on year increase is a transfer from ICT support which is now reported in the Academic Related Resources and Support. The increase in Research and Enterprise staff is funded by additional revenue. Staff costs are currently forecast to be 56.1% of our total revenue which is above the Board of Governors target of 55%.

12) Opex Analysis

The University's operating expenses are forecast to fall by £1.6M year on Year, a decrease of 3.3%. £600K of these reductions are driven from the Schools and over £1M is driven from the areas of Estates and ICT (Support & Infrastructure). This represents a real reduction in terms of Estates costs but also reflects the fact that ICT spent over budget last year and so a year on year reduction brings them back to last years budgeted levels. The largest increase in operating expenses of £2.6M is due to the Edison Project.

In terms of YTD expenditure, the university has spent £3.3M less than the expected budgeted level of operating expenditure. The bulk of this is in Maintenance & Other Estate costs which represents a delay in a number of projects driven by this area. There have been slight changes in the mix of operating expenses as departments look to invest savings from their staffing forecasts and this activity will be closely monitored during the year and reined in if fee income falls short or savings are necessary to deliver the expected level of organisational contribution. As at September 30 there were no areas that had considerably overspent against their YTD budget

13 Budget Analysis

There are 28 distinct areas of the University that have separate budgets and each area is expected to deliver to their Budget. Numbers in red indicate either a shortfall in income against budget or additional costs that are being incurred. There are only 2 areas which are currently forecast to be short in terms of contribution, Finance and Student Administration, and these will move to a balanced position during the year, whilst the Executive Office is currently forecast to deliver ahead of budget.

LONDON SOUTH BANK UNIVERSITY / ENTERPRISES

Management Summary Report from August 2014 To The End Of September 2014

SMT Area: All

Cost Centre: %

**London South Bank
University**

REF MANSUM

Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD (£)		
			2014 Forecast (£)	2014 Budget (£)	Variance - Forecast to Budget (£) %		Note	2014 Actuals (£)	2014 Budget (£)	Variance - Actuals to Budget (£) %		Note	
-134,753,977	-28,212,054	Total Income	-136,452,982	-136,467,982	(15,000)	(%)		-49,917,815	-31,022,461	18,895,354	61%		-86,535,167
75,156,771	12,100,763	Total Staff Costs	76,484,318	76,643,271	158,953	%		11,566,892	12,562,655	995,763	8%		64,917,426
8,453,650	1,332,738	Total Depreciation	9,478,456	9,478,456		%		1,416,772	1,430,679	13,907	1%		8,061,684
44,270,006	3,806,554	Total Other Operating Expenses	42,793,623	42,664,184	(129,439)	(%)		4,007,406	7,359,070	3,351,664	46%		38,786,218
3,775,416	579,272	Total Interest Payable	4,672,644	4,672,644		%		514,525	779,123	264,598	34%		4,158,119
		Total Exceptional Items	2,009,427	2,009,427		%			376,094	376,094	100%		2,009,427
-3,098,134	-10,392,727	Contribution	-1,014,514	-1,000,000	14,514	1%		-32,412,220	-8,514,841	23,897,379	281%		31,397,706
55.8%		Staff costs as % of income	56.1%	56.2%				23.2%	40.5%				
2.3%		Contribution %	0.7%	0.7%				64.9%	27.4%				

2014 Financial Tables

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Financial indicators (automated table)		
Institution: London South Bank University		
UKPRN: 10004078	Actual	Actual
	2012-13	2013-14
Historical cost surplus/(deficit) as a % of total income	4.6	2.9
Discretionary reserves excluding pension asset/(liability) as a % of total income	83.2	89.4
External borrowing as a % of total income	22.5	22.0
Net cash flow as a % of total income	9.2	4.5
Net liquidity days	177	157
Staff costs as a % of total income	53.4	53.2

Note: 'UKPRN' = 'UK Provider Reference Number'

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) - (partially automated table)		
Please complete cells with blue text. All other values will automatically be completed as you complete the financial tables.		
Institution: London South Bank University		
UKPRN: 10004078	Actual	Actual
	2012-13	2013-14
	£000	£000
Surplus/(deficit) for the year retained within general reserves	5,501	3,096
Interest Payable	3,433	3,776
Tax charges / (credits)	0	0
Depreciation	7,870	8,455
Release of deferred capital grants	-1,893	-1,982
Amortisation (for institution to complete)	0	0
Exceptional items as defined in FRS 3	556	0
FRS17 staff charges / (credit) (for institution to complete)	0	0
EBITDA	15,467	13,345

Note: 'FRS' = 'Financial Reporting Standard'.

2014 Financial Tables

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Table 1: Income and expenditure account		
Institution: London South Bank University		
UKPRN: 10004078		
	Actual 2012-13 £000	Actual 2013-14 £000
Income		
1. Funding body grants	34,750	25,826
2. Tuition fees and education contracts	83,283	88,451
3. Research grants and contracts	3,255	2,255
4. Other income	16,001	17,890
5. Endowment and investment income	566	331
6. Total income	137,855	134,753
7. Less: share of income from joint venture(s)	0	0
8. Net income	137,855	134,753
Expenditure		
9. Staff costs	73,619	71,663
10. Other operating expenses	46,876	47,763
11. Depreciation	7,870	8,455
12. Interest and other finance costs	3,433	3,776
13. Total expenditure	131,798	131,657
14. Surplus/(Deficit)	6,057	3,096
15. Share of surplus/(deficit) in joint venture(s) and associates	0	0
16. Taxation	0	0
17. Minority interest	0	0
18. Exceptional items	-556	0
19. Surplus/(deficit) for the year transferred to accumulated income in endowment funds	0	0
20. Surplus/(deficit) for the year retained within general reserves	5,501	3,096
Note of group historical cost surpluses and deficits for the year ended 31 July		
21. Surplus/(deficit) on continuing operations before taxation	5,501	3,096
22. Difference between a historical cost depreciation and the actual charge for the year calculated on the re-valued amount	794	792
23. Realisation of property revaluation gains of previous years	0	0
24. Historical cost surplus/(deficit) for the year before taxation	6,295	3,888
25. Historical cost surplus/(deficit) for the year after taxation	6,295	3,888

Note: Income in this table should INCLUDE income attributable to a share in joint venture(s)

2014 Financial Tables

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Table 1a: Analysis of income		
Institution: London South Bank University		
UKPRN: 10004078		
	Actual 2012-13 £000	Actual 2013-14 £000
1. Funding body grants		
1a. HEFCE: teaching grant	28,274	18,545
1b. HEFCE: research grant	1,975	1,968
1c. HEFCE: other grants	1,778	2,642
1d. TDA / NCTL funding	770	689
1e. SFA grants	60	0
1f. Release of deferred capital grants	1,893	1,982
1g. Total funding body grants	34,750	25,826
2. Tuition fees and education contracts		
2a. Full-time UG home and EU	33,490	39,522
2b. Full-time postgraduate home and EU	4,630	4,348
2c. Part-time fees - home and EU	7,114	8,155
2d. Home and EU domicile fees paid by the Department of Health	29,029	27,026
2e. Non-EU domicile students	8,829	9,345
2f. Other fees and support grants	191	55
2g. Total tuition fees and education contracts	83,283	88,451
3. Research grants and contracts		
3a. BIS Research Councils	1,123	689
3b. UK-based charities	279	310
3c. Other research grants and contracts	1,853	1,256
3d. Total research grants and contracts	3,255	2,255
4. Other income		
4a. Other services rendered	0	0
4b. Residences and catering operations (including conferences)	9,125	9,626
4c. Income from health and hospital authorities (excluding teaching contracts for student provision)	0	0
4d. Other operating income	6,876	8,264
4e. Total other income	16,001	17,890
5. Endowment and investment income	566	331
6. Total income	137,855	134,753

Note: 'TDA' = 'Training and Development Agency for Schools'; 'NCTL' = 'National College of Teaching and Leadership'; 'SFA' = 'Skills Funding Agency'; 'UG' = 'undergraduate'; 'EU' = 'European Union'.

Table 1b: Analysis of staff costs		
Institution: London South Bank University		
UKPRN: 10004078		
	Actual 2012-13 £000	Actual 2013-14 £000
1. Salaries and wages	59,355	58,276
2. Social security costs	5,207	5,065
3. Employer pension costs	9,057	8,322
4. FRS17 adjustments	0	0
5. Other staff related costs	0	0
6. Total staff costs	73,619	71,663
7. Staff numbers (FTEs academic and other)	1,311	1,275

Note: 'FTE' = 'full-time equivalent'.

2014 Financial Tables

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Table 2: Balance sheet		
Institution: London South Bank University		
UKPRN: 10004078		
	Actual	Actual
	31/7/13	31/7/14
	£000	£000
1. Fixed assets		
a Intangible assets	0	0
b Tangible assets	174,292	176,532
c Investments	38	38
d Investments in joint ventures: share of gross assets	0	0
e Investments in joint ventures: share of gross liabilities	0	0
Total	174,330	176,570
2. Endowment assets	729	736
3. Current assets		
a Stock	18	45
b Debtors	7,823	8,663
c Investments	5,206	15,540
d Cash at bank and in hand	54,750	37,492
Total	67,797	61,740
4. Creditors: amounts falling due within one year		
a Creditors	36,667	31,059
b Current portion of long-term liabilities	1,470	1,349
c Bank overdrafts	0	0
Total	38,137	32,408
5. Net current assets/(liabilities)	29,660	29,332
6. Total assets less current liabilities	204,719	206,638
7. Creditors: Amounts falling due after more than one year		
a External borrowing	29,592	28,243
b Other	0	0
Total	29,592	28,243
8. Provisions for liabilities and charges	0	0
9. Net assets excluding pension asset/(liability)	175,127	178,395
10. Pension asset/(liability)	-62,211	-76,502
11. Net assets including pension asset/(liability)	112,916	101,893
12. Deferred capital grants	29,839	28,212
13. Endowments		
a Expendable	341	392
b Permanent	388	344
Total endowments	729	736
14. Reserves		
a Income and expenditure account	114,367	120,047
b Pension reserve	-62,211	-76,502
c Revaluation reserve	30,192	29,400
d Minority interest	0	0
Total reserves	82,348	72,945
15. Total funds	112,916	101,893

2014 Financial Tables

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Table 3: Cash flow statement		
Institution: London South Bank University		
UKPRN: 10004078		
	Actual	Actual
	2012-13	2013-14
	£000	£000
1. Net cash inflow/(outflow) from operating activities (Table 4 head 15)	12,730	6,037
2. Returns on investments and servicing of finance		
a Income from endowments	25	26
b Income from short-term investments	0	0
c Other interest received	541	305
d Interest paid	-1,472	-1,434
e Other items	0	0
f Net cash inflow/(outflow) from returns on investments and servicing of finance	-906	-1,103
3. Taxation	0	0
4. Capital expenditure and financial investment		
a Payments to acquire tangible assets	-18,552	-10,744
b Payments to acquire endowment asset investments	0	0
c Total payments to acquire fixed/endowment assets	-18,552	-10,744
d Receipts from sale of tangible assets	0	0
e Receipts from sale of endowment assets	0	0
f Deferred capital grants received	0	0
g Endowments received	0	0
h Other items	-547	0
i Net cash inflow/(outflow) from capital expenditure and financial investment	-19,099	-10,744
5. Management of liquid resources	-61	-10,334
6. Financing		
a Capital element of finance lease repayments	-340	-193
b Mortgages and loans acquired	0	0
c Mortgage and loan capital repayments	-1,914	-1,277
d Other items	240	355
e Net cash inflow/(outflow) from financing	-2,014	-1,115
7. Increase/decrease in cash in the year	-9,350	-17,259

2014 Financial Tables

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Table 4: Reconciliation of surplus/(deficit) for the year to net cash flow		
Institution: London South Bank University		
UKPRN: 10004078		
	Actual 2012-13 £000	Actual 2013-14 £000
1. Surplus/(deficit) after depreciation of assets at valuation and before tax (from Table 1 head 14 + head 15 + head 18)	5,501	3,096
2. Depreciation (from Table 1 head 11)	7,870	8,455
3. Deferred capital grants released to income	-1,893	-1,982
4. (Increase)/decrease stocks	21	-27
5. (Increase)/decrease in debtors	1,248	-841
6. Increase/(decrease) in creditors	-2,092	-5,609
7. Increase/(decrease) in provisions	-1,356	-550
8. Interest payable (from Table 1 head 12)	3,433	3,776
9. Investment income	-566	-331
10. Profit on sale of endowment assets	0	0
11. Loss on disposal of fixed assets	8	50
12. Impairment of fixed assets	0	0
13. Deconsolidation of the Students Union	556	0
14. Details	0	0
15. Net cash inflow/(outflow) from operating activities	12,730	6,037

Table 5: Supporting data		
Institution: London South Bank University		
UKPRN: 10004078		
	Actual 2012-13 £000	Actual 2013-14 £000
1. Identification of items included in other operating expenses (Table 1 head 10)		
1a. Operating leases and other long-term operating expense commitments	389	356
1b. Annual contract cost of PFI deals	0	0
1c. Maintenance expenditure	7,601	8,295

Note: 'PFI' = 'Public Finance Initiative'.

2014 Financial Tables

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HE student number forecasts 2013

Table 6: HE student number forecasts (FTEs)		Please complete student numbers in FTEs			
		Actual 2013-14			
Institution: London South Bank University UKPRN: 10004078		Home and EU	Old-regime and other	New-regime	Island and overseas
		Total full-time and sandwich year-out	UG (incl FD)	3,000	5,397
PGT	73		675	321	
PGR	39			44	
Total	3,112		6,072	923	
Total part-time	UG (incl FD)	722	1,082	13	
	PGT	198	535	17	
	PGR	85		15	
	Total	1,005	1,617	45	

Note: 'FD' = 'foundation degree'; 'PGR' = 'postgraduate taught'; PGR' = 'postgraduate research'.

The numbers returned in this table should be consistent with population of students returned to the Higher Education Statistics Agency. A description of the HESA student population is available at

www.hesa.ac.uk/index.php/component?option=com_studrec/task/show_file/Itemid,233/mnl,10051/href,coverage.html/ .

The information in this table will be used to provide context to the other financial tables and will not be used for funding purposes. For further guidance on completing this table please see Annex C of 'Annual accountability returns 2014' (HEFCE 2014/20).

2014 Financial Tables

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Financial commitments less than 12 months e.g. overdrafts			
29			
30			
31			
32			
33			
Total financial commitments less than 12 months	0	0	0
Total financial commitments drawn and commitments available as at 31 July 2014	40,263	29,592	0

Notes

1 Refer to Annex C in HEFCE 2014/12 publication for further guidance.

AAR Financial Commentary

The July 2014 Financial Submission to HEFCE was based on the forecast as at April 30. In the final 3 months of the year there have been a number of movements particularly in the areas of Surplus, Capital Expenditure and Pensions Liability between that forecast and the final accounts produced as at July 31st.

Surplus

The key change between the April forecast and the year end was the increase in the University's final surplus. The final position for the year showed a surplus of £3.1M which was an increase of £1.6M from the April forecast of £1.5M. This was driven by a number of factors including an increase in income, a reduction in staff costs which was offset by an increase in operating expenses, and a reduction in interest payable.

This has the effect of increasing the Historic surplus as a % of income from 1.7% to 2.9%

EBITDA

The positive movement on the University surplus was also reflected in a better than expected EBITDA increasing from a forecast £12.9M to £13.3M.

The key difference for the movement in EBITDA is the reduction in interest payable of £1M due to the lower than expected FRS 17 finance cost. The final year depreciation charge was also slightly lower than expected due to reduced capital expenditure during the year.

The net impact was that EBITDA increased from 9.6% of income to 9.9% compared to the April forecast.

Income Changes

As detailed above, the positive movement in our surplus was driven by income and expenditure factors.

In terms of income, as per Table 1a, our final position was £400K ahead of our April Forecast. This was driven by 4 factors.

- **Funding Body Grants**

HEFCE grant income was £0.2M down from forecast following a reduction in our central funding due to the application of a lower than expected scaling factor

- **Tuition Fees & Education Contracts**

In terms of Home/EU Tuition Fees, our final mix was slightly different to the original forecast although the total amount was in line with our forecast. Overseas student income was ahead of forecast, this was due to a significant increase in the income generated through the University's international partnerships. This however was offset by a sharper than expected fall in income from the NHS.

The net impact of the above was that our final tuition fee was in excess of £88.4 M, an increase of £0.2M ahead of the April forecast.

- **Research Grants & Contracts**

In terms of research grants, the university also finished £0.2M ahead of forecast with a final outcome of almost £2.3M following a strong final quarter. This does represent a significant decrease year on year and will be the subject of increased focus in 14/15.

- **Other Income**

In terms of other operating income the university also finished slightly ahead of forecast with a final outturn of £17.9M an increase of £0.2M.

Our final income of £134.8M was 0.3% ahead of our April forecast.

Expenditure Analysis

Our total expenditure at £131.7M was £1.2M lower than the anticipated expenditure of the April forecast, a reduction of 0.9%.

- **Staff costs**

The University is focused on balancing the costs of staff with the income generated. The £2.6M reduction compared to forecast is driven by a number of factors and is offset by an increase of £2.5M in other operating expenses and reflects the impact of the change in treatment of some staff costs between the 2 returns. The key changes are:

- In terms of continuing staff costs, there was a reduction of £1M between the April forecast and the end of year submission that is reflected in the difference in Staff FTE between the 2 submissions. Some of this reduction was due to staff restructuring and we booked £1.4M to Staff costs during this period as an end of year adjustment for the total cost of restructuring.
- The University made a provision in the final quarter of £0.5m for additional LPFA contributions.
- The key difference however is the treatment of Agency staff costs which have been transferred from Agency staff to operating expenses to match the treatment in the final year end accounts. It is this transfer of staff costs that has generated the large difference between the 2 submissions.

- **Operating Expenses**

The increase in operating expenses of £2.5M between the 2 periods is driven by the factors identified above. £3.4m of this increase was driven by the re-categorisation of Agency Staff as an operating expense to match the treatment in the year end accounts (and in previous HEFCE submissions) and there was a decrease of £1.4M in operating expenses relating to the restructuring costs as mentioned above.

The final increase of £0.5M in expenses compared to forecast reflects additional investments that the University made in the last 3 months primarily in its Estate.

- **Depreciation**

There was a slight decrease in the depreciation charge compared to forecast and this was driven by a reduction in the level of capital expenditure as compared to forecast.

- **Interest and Other finance costs**

As has been previously mentioned, one of the key drivers for the change in surplus between the 2 returns was the decrease in interest payable. The reduction of £1M was due to the lower than expected FRS 17 finance cost.

The net impact of the above was that our total expenditure at £131.7M was 0.1% lower than the total for 12/13.

Balance Sheet Movements

In terms of the balance sheet there are 3 key differences between our April forecast and the final position at the end of July. These changes are driven by a reduction in capital expenditure against forecast, a change in working capital and an increase in the university's pension liability.

- **Fixed Assets**

The University was forecast to invest £22M in our Estate in 2013/14 and our original submission assumed that we would invest at this level to give us Fixed Assets for the year of £176.5M. Some of these investments have however been delayed and the net increase in assets of £2.2M from £174.3M to £176.5M reflects the additional capital Investment of £10.8M less the depreciation of £8.6M.

- **Current Assets**

The increase in current assets of £5.9M as compared to the previous submission reflects the fact that our outlay on capital expenditure was less than forecast and so our cash reserves finished higher than forecast. There were however some changes to working capital that reduced the level of cash that the university held at year end including an increase in debtors of £0.9M and a reduction in creditors of £5.6M.

There was a slight change in categorisation from Cash to Investments as the University looked to protect the return from these resources.

- **Net Assets**

The change in net assets from the previous forecast of £11.5M nets out the changes in working capital described above, reflects the reduction in capital expenditure against forecast and reflects the cash impact of the change in surplus.

- **Pension Liability**

The University's pension liability increased by a net £17.6M to £76.5M. This change was also reflected in the total reserves held by the university which reduced from £90.4M to £72.9M to reflect this increase in liability.

2013 Financial Tables - July 2014 sul

Please ensure that the financial information completed for 2011-12 and

HEFCE assurance consultant: Jacqui Brasted
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 July Submission

Financial indicators (automated table)	
Institution: London South Bank University	
UKPRN: 10004078	
	Forecast
	2013-14
Historical cost surplus/(deficit) as a % of total income	1.7
Discretionary reserves excluding pension asset/(liability) as a % of total income	89.5
External borrowing as a % of total income	22.0
Net cash flow as a % of total income	9.3
Net liquidity days	141
Staff costs as a % of total income	55.3

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

completed as you complete the financial tables.

Institution: London South Bank University
UKPRN: 10004078

	Forecast
	2013-14
	£000
Surplus/(deficit) for the year retained within general reserves	1,495
Interest Payable	4,747
Tax charges / (credits)	0
Depreciation	8,568
Release of deferred capital grants	-1,871
Amortisation (for institution to complete)	0
Exceptional items as defined in FRS 3	0
FRS17 staff charges / (credit) (for institution to complete)	0
EBITDA	12,939

Financial commitments threshold (5 x average EBITDA)

2014 Financial Tables

HEFCE assurance consultant: Andrew Beazer
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 December submission

Financial indicators (automated table)		
Institution: London South Bank University		
UKPRN: 10004078		
	Actual	variance
	2013-14	
Historical cost surplus/(deficit) as a % of total income	2.9	1.2
Discretionary reserves excluding pension asset/(liability) as a % of total income	89.4	-0.2
External borrowing as a % of total income	22.0	-0.1
Net cash flow as a % of total income	4.5	-4.8
Net liquidity days	157	16.2
Staff costs as a % of total income	53.2	-2.1

Note: 'UKPRN' = 'UK Provider Reference Number'

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

automatically be completed as you complete the financial tables.

Institution: London South Bank University
UKPRN: 10004078

	Actual	
	2013-14	
	£000	
Surplus/(deficit) for the year retained within general reserves	3,096	1601.0
Interest Payable	3,776	-971.0
Tax charges / (credits)	0	0.0
Depreciation	8,455	-113.0
Release of deferred capital grants	-1,982	-111.0
Amortisation (for institution to complete)	0	
Exceptional items as defined in FRS 3	0	
FRS17 staff charges / (credit) (for institution to complete)	0	
EBITDA	13,345	406.0

Financial commitments threshold (5 x average EBITDA)

Balance of outstanding financial commitments and agreed financial commitments (includes long-term and short-term) not yet drawn down as at 31st July 2014

Balance of outstanding financial commitments and agreed financial commitments (includes long-term and short-term) not yet drawn down as at 31st July 2014

Note: 'FRS' = 'Financial Reporting Standard'.

Table 1: Income and expenditure account

Institution: London South Bank University

UKPRN: 10004078

	Forecast 2013-14 £000
Income	
1. Funding body grants	25,941
2. Tuition fees and education contracts	88,215
3. Research grants and contracts	2,069
4. Other income	17,699
5. Endowment and investment income	424
6. Total income	<u>134,348</u>
7. Less: share of income from joint venture(s)	<u>0</u>
8. Net income	134,348
Expenditure	
9. Staff costs	74,230
10. Other operating expenses	45,308
11. Depreciation	8,568
12. Interest and other finance costs	4,747
13. Total expenditure	<u>132,853</u>
14. Surplus/(Deficit)	1,495
15. Share of surplus/(deficit) in joint venture(s) and associates	0
16. Taxation	0
17. Minority interest	0
18. Exceptional items	0
19. Surplus/(deficit) for the year transferred to accumulated income in endowment funds	0

Table 1: Income and expenditure account

Institution: London South Bank University

UKPRN: 10004078

	Actual 2013-14 £000	
Income		
1. Funding body grants	25,826	-115.0
2. Tuition fees and education contracts	88,451	236.0
3. Research grants and contracts	2,255	186.0
4. Other income	17,890	191.0
5. Endowment and investment income	331	-93.0
6. Total income	<u>134,753</u>	405.0
7. Less: share of income from joint venture(s)	<u>0</u>	
8. Net income	134,753	405.0
Expenditure		
9. Staff costs	71,663	-2567.0
10. Other operating expenses	47,763	2455.0
11. Depreciation	8,455	-113.0
12. Interest and other finance costs	3,776	-971.0
13. Total expenditure	<u>131,657</u>	-1,196
14. Surplus/(Deficit)	3,096	1601.0
15. Share of surplus/(deficit) in joint venture(s) and associates	0	
16. Taxation	0	
17. Minority interest	0	
18. Exceptional items	0	
19. Surplus/(deficit) for the year transferred to accumulated income in endowment funds	0	

20. Surplus/(deficit) for the year retained within general reserves	1,495
Note of group historical cost surpluses and deficits for the year ended 31 July	
21. Surplus/(deficit) on continuing operations before taxation	1,495
22. Difference between a historical cost depreciation and the actual charge for the year calculated on the re-valued amount	794
23. Realisation of property revaluation gains of previous years	0
24. Historical cost surplus/(deficit) for the year before taxation	2,289
25. Historical cost surplus/(deficit) for the year after taxation	2,289
Description	y201314

20. Surplus/(deficit) for the year retained within general reserves	3,096	1601.0
Note of group historical cost surpluses and deficits for the year ended 31 July		
21. Surplus/(deficit) on continuing operations before taxation	3,096	1601.0
22. Difference between a historical cost depreciation and the actual charge for the year calculated on the re-valued amount	792	-2.0
23. Realisation of property revaluation gains of previous years	0	
24. Historical cost surplus/(deficit) for the year before taxation	3,888	1599.0
25. Historical cost surplus/(deficit) for the year after taxation	3,888	1599.0
Description	y201314	

Note: Income in this table should INCLUDE income attributable to a share in joint ven

Table 1a: Analysis of income
Institution: London South Bank University
UKPRN: 10004078

	Forecast 2013-14 £000
1. Funding body grants	
1a. HEFCE: teaching grant	18,762
1b. HEFCE: research grant	1,970
1c. HEFCE: other grants	2,650
1d. TDA / NCTL funding	688
1e. SFA grants	0
1f. Release of deferred capital grants	1,871
1g. Total funding body grants	25,941
2. Tuition fees and education contracts	
2a. Full-time UG home and EU	39,839
2b. Full-time postgraduate home and EU	4,722
2c. Part-time fees - home and EU	7,455
2d. Home and EU domicile fees paid by the Department of Health	27,703
2e. Non-EU domicile students	8,496
2f. Other fees and support grants	0

Table 1a: Analysis of income
Institution: London South Bank University
UKPRN: 10004078

	Actual 2013-14 £000	
1. Funding body grants		
1a. HEFCE: teaching grant	18,545	-217.0
1b. HEFCE: research grant	1,968	-2.0
1c. HEFCE: other grants	2,642	-8.0
1d. TDA / NCTL funding	689	1.0
1e. SFA grants	0	0.0
1f. Release of deferred capital grants	1,982	111.0
1g. Total funding body grants	25,826	
2. Tuition fees and education contracts		
2a. Full-time UG home and EU	39,522	-317.0
2b. Full-time postgraduate home and EU	4,348	-374.0
2c. Part-time fees - home and EU	8,155	700.0
2d. Home and EU domicile fees paid by the Department of Health	27,026	-677.0
2e. Non-EU domicile students	9,345	849.0
2f. Other fees and support grants	55	55.0

2g. Total tuition fees and education contracts	88,215
3. Research grants and contracts	
3a. BIS Research Councils	716
3b. UK-based charities	177
3c. Other research grants and contracts	1,176
3d. Total research grants and contracts	2,069
4. Other income	
4a. Other services rendered	0
4b. Residences and catering operations (including conferences)	9,639
4c. Income from health and hospital authorities (excluding teaching contracts for student provision)	0
4d. Other operating income	8,060
4e. Total other income	17,699
5. Endowment and investment income	424
6. Total income	134,348

2g. Total tuition fees and education contracts	88,451	
3. Research grants and contracts		
3a. BIS Research Councils	689	-27.0
3b. UK-based charities	310	133.0
3c. Other research grants and contracts	1,256	80.0
3d. Total research grants and contracts	2,255	
4. Other income		
4a. Other services rendered	0	
4b. Residences and catering operations (including conferences)	9,626	-13.0
4c. Income from health and hospital authorities (excluding teaching contracts for student provision)	0	
4d. Other operating income	8,264	204.0
4e. Total other income	17,890	
5. Endowment and investment income	331	-93.0
6. Total income	134,753	405.0

Table 1b: Analysis of staff costs
Institution: London South Bank University
UKPRN: 10004078

	Forecast 2013-14 £000
1. Salaries and wages	59,848
2. Social security costs	5,250
3. Pension costs	9,132
4. Exceptional FRS17 related costs	0
5. Other staff related costs	0
6. Total staff costs	74,230
7. Staff numbers (FTEs academic and other)	1,308

Table 1b: Analysis of staff costs
Institution: London South Bank University
UKPRN: 10004078

	Actual 2013-14 £000	
1. Salaries and wages	58,276	-1572.0
2. Social security costs	5,065	-185.0
3. Employer pension costs	8,322	-810.0
4. FRS17 adjustments	0	
5. Other staff related costs	0	
6. Total staff costs	71,663	
7. Staff numbers (FTEs academic and other)	1,275	-33.0

Note: 'FTE' = 'full-time equivalent'.

Table 2: Balance sheet**Institution: London South Bank University****UKPRN: 10004078**

	Forecast
	31/7/14
	£000
1. Fixed assets	
a Intangible assets	0
b Tangible assets	187,724
c Investments	38
d Investments in joint ventures: share of gross assets	0
e Investments in joint ventures: share of gross liabilities	0
Total	187,762
2. Endowment assets	729
3. Current assets	
a Stock	18
b Debtors	7,823
c Investments	0
d Cash at bank and in hand	47,978
Total	55,819
4. Creditors: amounts falling due within one year	
a Creditors	36,667
b Current portion of long-term liabilities	1,293
c Bank overdrafts	0
Total	37,960
5. Net current assets/(liabilities)	17,859
6. Total assets less current liabilities	206,350
7. Creditors: Amounts falling due after more than one year	
a External borrowing	28,299
b Other	0
Total	28,299
8. Provisions for liabilities and charges	0
9. Net assets excluding pension asset/(liability)	178,051

Table 2: Balance sheet**Institution: London South Bank University****UKPRN: 10004078**

	Actual	
	31/7/14	
	£000	
1. Fixed assets		
a Intangible assets	0	
b Tangible assets	176,532	-11192.0
c Investments	38	0.0
d Investments in joint ventures: share of gross assets	0	
e Investments in joint ventures: share of gross liabilities	0	
Total	176,570	
2. Endowment assets	736	7.0
3. Current assets		
a Stock	45	27.0
b Debtors	8,663	840.0
c Investments	15,540	15540.0
d Cash at bank and in hand	37,492	-10486.0
Total	61,740	5,921
4. Creditors: amounts falling due within one year		
a Creditors	31,059	-5608.0
b Current portion of long-term liabilities	1,349	56.0
c Bank overdrafts	0	
Total	32,408	
5. Net current assets/(liabilities)	29,332	11473.0
6. Total assets less current liabilities	206,638	288.0
7. Creditors: Amounts falling due after more than one year		
a External borrowing	28,243	-56.0
b Other	0	
Total	28,243	
8. Provisions for liabilities and charges	0	
9. Net assets excluding pension asset/(liability)	178,395	344.0

10. Pension asset/(liability)	-58,911
11. Net assets including pension asset/(liability)	<u>119,140</u>
12. Deferred capital grants	27,968
13. Endowments	
a Expendable	341
b Permanent	388
Total endowments	729
14. Reserves	
a Income and expenditure account	119,956
b Pension reserve	-58,911
c Revaluation reserve	29,398
d Minority interest	0
Total reserves	<u>90,443</u>
15. Total funds	119,140
Description	d310714

10. Pension asset/(liability)	-76,502	-17591.0
11. Net assets including pension asset/(liability)	<u>101,893</u>	<u></u>
12. Deferred capital grants	28,212	244.0
13. Endowments		
a Expendable	392	51.0
b Permanent	344	-44.0
Total endowments	<u>736</u>	<u>7.0</u>
14. Reserves		
a Income and expenditure account	120,047	91.0
b Pension reserve	-76,502	-17591.0
c Revaluation reserve	29,400	2.0
d Minority interest	0	0.0
Total reserves	<u>72,945</u>	<u></u>
15. Total funds	101,893	-17247.0
Description	d310714	

Table 3: Cash flow statement

Institution: London South Bank University

UKPRN: 10004078

	Forecast 2013-14 £000
1. Net cash inflow/(outflow) from operating activities (Table 4 head 15)	12,515
2. Returns on investments and servicing of finance	
a Income from endowments	20
b Income from short-term investments	0
c Other interest received	404
d Interest paid	-1,447
e Other items	0
f Net cash inflow/(outflow) from returns on investments and servicing of finance	<u>-1,023</u>

Table 3: Cash flow statement

Institution: London South Bank University

UKPRN: 10004078

	Actual 2013-14 £000	
1. Net cash inflow/(outflow) from operating activities (Table 4 head 15)	6,037	-6478.0
2. Returns on investments and servicing of finance		
a Income from endowments	26	6.0
b Income from short-term investments	0	0.0
c Other interest received	305	-99.0
d Interest paid	-1,434	13.0
e Other items	0	
f Net cash inflow/(outflow) from returns on investments and servicing of finance	<u>-1,103</u>	

3. Taxation	0
4. Capital expenditure and financial investment	
a Payments to acquire tangible assets	-22,000
b Payments to acquire endowment asset investments	0
c Total payments to acquire fixed/endowment assets	-22,000
d Receipts from sale of tangible assets	0
e Receipts from sale of endowment assets	0
f Deferred capital grants received	0
g Endowments received	0
h Other items	0
i Net cash inflow/(outflow) from capital expenditure and financial investment	-22,000
5. Management of liquid resources	0
6. Financing	
a. Capital element of finance lease repayments	-192
b. Mortgages and loans acquired	0
c. Mortgage and loan capital repayments	-1,278
d. Other items	0
e. Net cash inflow/(outflow) from financing	-1,470
7. Increase/decrease in cash in the year	-11,978

3. Taxation	0	
4. Capital expenditure and financial investment		
a Payments to acquire tangible assets	-10,744	11256.0
b Payments to acquire endowment asset investments	0	0.0
c Total payments to acquire fixed/endowment assets	-10,744	
d Receipts from sale of tangible assets	0	
e Receipts from sale of endowment assets	0	
f Deferred capital grants received	0	
g Endowments received	0	
h Other items	0	
i Net cash inflow/(outflow) from capital expenditure and financial investment	-10,744	
5. Management of liquid resources	-10,334	-10334.0
6. Financing		
a. Capital element of finance lease repayments	-193	-1.0
b. Mortgages and loans acquired	0	
c. Mortgage and loan capital repayments	-1,277	1.0
d. Other items	355	355.0
e. Net cash inflow/(outflow) from financing	-1,115	
7. Increase/decrease in cash in the year	-17,259	-5,281

Table 4: Reconciliation of surplus/(deficit) for the year to net cash

Institution: London South Bank University

UKPRN: 10004078

	Forecast 2013-14 £000
1. Surplus/(deficit) after depreciation of assets at valuation and before tax (from Table 1 head 14 + head 15 + head 18)	1,495
2. Depreciation (from Table 1 head 11)	8,568
3. Deferred capital grants released to income	-1,871
4. (Increase)/decrease stocks	0
5. (Increase)/decrease in debtors	0
6. Increase/(decrease) in creditors	0

Table 4: Reconciliation of surplus/(deficit) for the year to net cash flow

Institution: London South Bank University

UKPRN: 10004078

	Actual 2013-14 £000	
1. Surplus/(deficit) after depreciation of assets at valuation and before tax (from Table 1 head 14 + head 15 + head 18)	3,096	1601.0
2. Depreciation (from Table 1 head 11)	8,455	-113.0
3. Deferred capital grants released to income	-1,982	-111.0
4. (Increase)/decrease stocks	-27	-27.0
5. (Increase)/decrease in debtors	-841	-841.0
6. Increase/(decrease) in creditors	-5,609	-5609.0

7. Increase/(decrease) in provisions	0
8. Interest payable (from Table 1 head 12)	4,747
9. Investment income	-424
10. Profit on sale of endowment assets	0
11. Loss on disposal of fixed assets	0
12. Impairment of fixed assets	0
13. Deconsolidation of the Students Union	0
14. Details	0
15. Net cash inflow/(outflow) from operating activities	12,515

7. Increase/(decrease) in provisions	-550	-550.0
8. Interest payable (from Table 1 head 12)	3,776	-971.0
9. Investment income	-331	93.0
10. Profit on sale of endowment assets	0	
11. Loss on disposal of fixed assets	50	50.0
12. Impairment of fixed assets	0	
13. Deconsolidation of the Students Union	0	
14. Details	0	
15. Net cash inflow/(outflow) from operating activities	6,037	-6478.0

Table 5: Supporting data

Institution: London South Bank University
UKPRN: 10004078

	Forecast 2013-14 £000
1. Identification of items included in other operating expenses (Table 1 head 10)	
1a. Operating leases and other long-term operating expense commitments	389
1b. Annual contract cost of PFI deals	0
1c. Maintenance expenditure	7,315

Table 5: Supporting data

Institution: London South Bank University
UKPRN: 10004078

	Actual 2013-14 £000	
1. Identification of items included in other operating expenses (Table 1 head 10)		
1a. Operating leases and other long-term operating expense commitments	356	-33.0
1b. Annual contract cost of PFI deals	0	0.0
1c. Maintenance expenditure	8,295	980.0

Note: 'PFI' = 'Public Finance Initiative'.

Staff variances	May Forecast		July Forecast	
	All	Funi	All	Funi
Academic - Permanent staff	£36,581,763	£186,000	£37,535,865	£1,611,429
Academic - Temporary staff	£3,538,375		£3,762,737	
Interdepartmental Delivery staff	£12		£0	
Technicians staff	£2,808,987		£2,788,953	
Support - Permanent staff	£27,173,331	£54,000	£26,741,766	£499,302
Support - Temporary staff	£747,852		£833,387	£154
Third party staff	£3,380,631		£3,494,063	
	£74,230,951	£240,000	£75,156,771	£2,110,885

FRS 17	486000
Pensions	240000
redundancy	£1,384,885
	£2,110,885

Year on Year Movement	
Academic - Permanent staff	-£471,327
Academic - Temporary staff	£224,362
Interdepartmental Delivery staff	-£12
Technicians staff	-£20,034
Support - Permanent staff	-£876,867
Support - Temporary staff	£85,381
Third party staff	£113,432
	-£945,065

Movements

1) Reduction in Academic staff	-£246,965
2) Reduction in Support Staff	-£811,520

Transfer of Restucturing Costs	£1,384,885
Increase in LPFA contribution	£486,000
reduction in 3rd Party Staff	-£3,380,631
	-£2,568,231

Impact on operating expenses

increase in 3rd Party staff	£3,494,063
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decrease in Exceptional items	-£1,918,704
Increase in Opex	£880,204 primarily investments in mainetnence and other Estate co
	£2,455,563

2.5

3.4

-1.4

0.5

2.5

	PAPER NO: BG.69(14)
Paper title:	Change Programme update
Board/Committee	Board of Governors
Date of meeting:	20 November 2014
Author:	Amir Rashid, Programme Director
Executive/Operations sponsor:	David Phoenix, Vice Chancellor
Purpose:	To provide an update on the change programme covering: <ul style="list-style-type: none"> • High level dashboard / roadmap by theme

Executive Summary	
Context	<p>This paper gives a high level overview (dashboard) of programme performance.</p> <p>The information presented is correct as of 12 November 2014.</p> <p>The change programme is delivering a range of projects – ie interventions outside our business-as-usual, defined by time and scope – to achieve those aspects of the corporate strategy that represent significant change.</p>
Question	What is the current progress of the change programme?
Conclusion & Recommendation	That Board note progress to date.

Programme Status

At this stage there are 17 distinct projects:

- 2 projects are at 'concept' stage – developing an initial, high level, scope of activity
- 4 projects are in the process of developing detailed project initiation documents
- 4 projects are in design (extensive analysis required for highly complex projects)
- 6 projects are in delivery
- 1 area of work (leadership and workforce development) will be delivered as business as usual – it is shaded grey on the dashboard.

High level commentary on the status of projects is provided on the dashboard.

Key successes

Under the theme of Developing the Academic Environment, portfolio review panels have been held across the schools – outcomes will be ratified in November. The process was well received by schools, and will lead to a number of courses and modules, with poor satisfaction or recruitment, being closed or merged.

Within the Support to the Academic Environment, a project manager has come into post to initiate the business change project which will look at how the EDISON business analytics tools are deployed in the student support and academic environment. So far engagement with academics has been very positive. The design phase has been completed. This sets out how we will redesign our student-facing services using EDISON and other technology to deliver significant improvements to the student experience, and efficiencies within services. A business case will be presented to Executive on 9 December 2014 – for final approval by Board of Governors in February 2015.

Within the Informed Decision Making theme, achievements this month have included the optimisation of our student data return. The validation of data has reduced the number of students that are reported – thus improving our staff: student ratio and league table position. The Data Quality project has been approved and started mapping data sets across the organisation.

Within ICT and Infrastructure, tools for social collaboration have been rolled out, including instant messaging and a platform for online communities.

Key risks and issues

Risks/issues that are rated as critical or high are reported to each Executive Change Programme Board and mitigations are set and tracked by the programme team.

London South Bank University

At this point, the key risks and issues to the programme relate to staff engagement and communications, and technical issues relating to the delivery of EDISON.

Engagement and communications issues are being addressed quickly, with the Programme Communications Lead, Deputy Director of Organisational Development, and Head of Communications and PR, all now in post. Proposals for engagement networks were discussed by the Programme Board, 11 November. Change Programme webpages will be published in November, and further roadshows allowing face-to-face engagement are planned in late November.

Programme Dashboard – November 2014

	Project	Sponsor	Project Lead	RAG status	Overall status	Commentary	
Developing the academic environment	1	Portfolio review	Mike Molan	Simon Houlding	A	In delivery	Final institutional panel delayed to 26/11/14
	2	Learning pathway: curriculum structure	Phil Cardew	TBD	G	PID in development	PID scheduled for discussion at Programme Board 13/01/15
	3	Partnerships, collaboration and reputation	Paul Ivey	TBD	G	PID in development	PID scheduled for discussion at Programme Board 09/12/14
	4	Developing scholarship	Paul Ivey	TBD		HLS needs development	HLS scheduled for discussion at Programme Board 13/01/15
Support for the academic environment	5	Learning pathway: student support	Pat Bailey	TBD	A	PID in development	PID scheduled for 13/01/15: pilot phase underway to inform PID
	6	Student journey	Pat Bailey	Paul Grosart	G	In design phase	On track for high level business case 09/12/14
	7	Professional service models	Mike Molan	Paul Grosart	G	In design phase	On track for high level business case 09/12/14
Informed decision making	8	League table	James Stevenson	Hannah Le Vay	A	In delivery	Improved student return submitted; staff return improvements underway
	9	Management committee review	James Stevenson	Michael Broadway	A	PID in development	PID delayed from 29/10/14 to 25/11/14
	10	Corporate performance management	Richard Flatman	Hannah Le Vay	A	In delivery	Additional requirements will impact on resources / timescales. PID to be updated
	11	Data quality and management	Richard Flatman	Hannah Le Vay	G	In delivery	Initial data sets report submitted to Executive
ICT and infrastructure	12	Information management	Ian Mehrtens	Paul Grosart	G	In design phase	On track for high level business case 09/12/14
	13	ICT strategy	Ian Mehrtens	ICT	G	In design phase	On track for high level business case 09/12/14
	14	Edison	Phil Cardew / Ian Mehrtens	Francois Contreiras	A	In delivery	Proposed IAMS solution being explored. Master Data Management behind schedule
	15	Estates	Ian Mehrtens	Carol Rose		HLS needs development	To be decided
People	16	Leadership and workforce development	Mandy Eddolls			BAU	Delivered through BAU with reporting on key milestones at Programme Board
	17	Communications	Paul Ivey	Caroline Shaw	A	In delivery	Enhanced comms approach rolling out throughout November 2014

	PAPER NO: BG.70(14)
Paper title:	Report on decisions of Committees
Board/Committee	Board of Governors
Date of meeting:	20 November 2014
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors
Board sponsors:	Relevant committee chairs
Purpose:	To update the Board on committee decisions

Matter previously considered by:	As indicated	N/A
Further approval required?	No	N/A

Summary

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

The Board is requested to note the reports.

In addition, the Board is requested to approve:

- Amended terms of reference of the Human Resources Committee – attached as an appendix

Summary of Committee decisions

Audit Committee – 30 October 2014

The committee recommended to the Board for approval:

- The draft report and accounts for 2013/15 - paper **BG.76(14)**;
- The letter of representation to the auditors – paper **BG.75(14)**;
- the proposed framework for assessing the University's risk appetite – paper **BG.72(14)**.

The committee approved:

- The draft audit committee annual report;

The committee discussed:

- Grant Thornton's audit findings – no material weaknesses had been identified – paper **BG.74(14)**
- The final internal audit annual report.

The committee noted:

- The “going concern” review;
- that Grant Thornton, the external auditors, had achieved all of their agreed key performance indicators;
- that during the year 2013/14 Grant Thornton had provided corporate tax advisory services with a value of £4,050;
- the annual review of effectiveness of internal controls;
- the corporate risk register;
- a progress report on internal audit work;
- the internal audit report on the change programme, which was rated as medium risk;
- an update on the risks and issues of the change programme and progress of the informed decision making theme;
- an audit report by AASG Funding Assurance on financial controls of research contract income from Research Councils UK, which was rated as satisfactory assurance;
- the annual value for money report;
- the anti-fraud, bribery and corruption report - one breach in financial regulations had been discovered around falsified timesheets since the last committee meeting. There was no evidence that the breaches were ongoing.

Human Resources Committee – 14 October 2014

The committee recommended to the Board for approval:

- its amended terms of reference – attached as appendix.

The committee discussed:

- An update on equality, diversity and inclusion

The committee noted:

- an update on HR aspects of the change programme; and
- the key priorities of the Organisation and People professional service group for 2014/15;

South Bank University Enterprises Ltd Board meeting– 5 November 2014

The Board approved:

- the statutory accounts for the year ended 31 July 2014, subject to minor amendments to the directors' report. These are consolidated in the University's accounts.
- the letter of representation to the auditors;
- the proposed individual performance bonuses – paper tabled at meeting;
- the proposed changes to SBUEL employee terms and conditions – paper tabled at meeting.

The Board discussed:

- the audit findings report from Grant Thornton, the University's external auditors.

KPI Working Group – 7 November 2014

The group met for the first time on 7 November. Its remit was to review and make recommendations to the Board on the following:

- What KPIs are selected for monitoring and public reporting (**the KPI set**)
- What targets are selected for strategic planning (**the KPI targets**)
- What ratings are applied to the results against these (**the 14/15 RAG criteria**)
- Data presentation structures & options (**reporting formats**)
- Whether it can provide satisfactory assurance regarding the processes for reporting and managing the data for the operational performance indicators that underpin the more lagging KPI indicators, and the process by which operational data management supports institutional outcomes.

The group discussed the proposed KPI set and rating criteria which would be amended and reported to the Board at its meeting of 12 February 2014.

Policy and Resources Committee – 12 November 2014

The committee recommended to the Board for approval:

- annual report and accounts for year ended 31 July 2014

The committee discussed:

- key performance indicators – appendix to paper **BG.67(14)**;
- management accounts to 30 September 2014 – summary provided in paper **BG.68(14)**;
- student recruitment which was on or above target for undergraduate and postgraduate, full and part time – summary provided in paper **BG.67(14)**;
- an update on enterprise activity – summary provided in paper **BG.67(14)**;
- an update on the resources and infrastructure theme of the change programme;
- the Student's Union accounts for the year ended 31 July 2014 and the steps being taken to improve student satisfaction with the Union.

The committee noted:

- insurance claims for 2013/14 which were low.

Appendix

Human Resources Committee Terms of Reference

1. Constitution

1.1 Under Article 24 the Board of Governors has established a committee of the Board known as the Human Resources Committee.

2. Membership

2.1 The Human Resources Committee and its chair shall be appointed by the Board from amongst its own members.

2.2 Membership shall consist of the Chairman of the Board, the Vice Chancellor and up to four independent governors.

2.3 A quorum shall consist of two independent governors.

2.4 The chair shall be an independent governor.

2.5 Staff (other than the Vice Chancellor) and Student governors may not be members of the committee.

2.6 One staff governor may be an observer on the committee at the discretion of the chair. The staff governor observer remains bound by their duty of confidentiality as a governor.

3. Attendance at meetings

3.1 The Director of HR shall normally attend meetings.

4. Frequency of Meetings

4.1 Meetings shall normally be held three times each year.

5. Authority

5.1 The committee is authorised under Article 24 to determine or advise the Board of Governors on such matters relating to employment policy as the Board of Governors may remit to them.

6. Secretary

6.1 The secretary to the Human Resources Committee will be the Clerk to the Board or other appropriate person nominated by the Clerk.

7. Duties

7.1 The committee shall be responsible to the Board of Governors for:

7.1.1 ensuring that there are policies and procedures in place for staff (other than senior post holders) on appointments, promotion, disciplinary, grievance and redundancy; staff development, training and appraisal and that these are kept under review.

7.1.2 ensuring that pay and conditions of employment are properly determined.

7.1.3 ensuring that the University complies with the requirements of employment law and related legislation.

7.1.4 keeping under regular review the staffing and relevant costs of the ongoing strategic plan prior to the draft plan being discussed by the Board.

7.1.5 the consideration and recommendation of the annual estimates of employment costs.

7.1.6 To review annually whether to opt into national pay negotiations and recommend to the Board.

7.1.7 ~~To review and recommend to the Policy and Resources Committee pay awards.~~ To be consulted on proposed pay awards which shall be approved by the Vice Chancellor

7.1.8 To consider annually a report on equality and diversity.

7.2 The committee shall provide advice to the Vice-Chancellor and Chief Executive on:

7.2.1 best practice based on the Committee's direct experience of the management of human resources

8. Reporting Procedures

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

Membership, 2014/15

Anne Montgomery	Independent Governor (Chair)
Prof David Phoenix	Vice Chancellor
Steve Balmont	Independent Governor
Mee Ling Ng	Independent Governor
Prof Hilary McCallion	Independent Governor
Observer	
Jon Warwick	Staff Governor

	PAPER NO: BG.71(14)
Paper title:	Risk Appetite
Board/Committee	Board of Governors
Date of meeting:	12 November 2014
Author:	John Baker, Corporate and Business Planning Manager
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To provide a framework for assessing the Board's appetite for Risk

Executive Summary	
Context	The attached framework for Risk Appetite has been developed in consultation with PwC, our internal auditors, to enable the Board of Governors to express risk appetite across different aspects of operations.
Question	What framework should be used to assess the Board's appetite for risk?
Conclusion & Recommendation	<p>The framework describes six potential levels of risk appetite for four specific types of risk, which could be used by Governors to assess the Board's appetite for risk. This will then enable more detailed assessment of current risk exposure.</p> <p>The proposed format offers more flexibility than the previous statement of risk tolerance, which was based simply on an aggregate score for the corporate risk framework.</p> <p>The Board is requested to approve the risk appetite framework and consider the approach for implementation.</p>

Matters previously considered by:	Audit Committee	30 October 2014
Further approval required?	N/A	

London South Bank University: Draft Proposal for Risk Appetite selection and prioritisation: September 2014

	Avoid / Averse Avoidance of risk and uncertainty is a Key Organisational objective	Minimal (as little as reasonably possible) Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward	Cautious Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward	Open Willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and Vfm)	Seek Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk)	Mature Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust
Financial Operation & Investment	Avoidance of financial loss is a key objective.	Only prepared to accept the possibility of very limited financial loss if essential.	Prepared to accept possibility of some limited financial loss. Resources generally restricted to existing commitments.	Prepared to invest for return and minimise the possibility of financial loss by managing the risks to a tolerable level. Resources allocated in order to capitalise on opportunities.	Investing for the best possible return and accept the possibility of financial loss (with controls may in place). Resources allocated without firm guarantee of return – 'investment capital' type approach.	Consistently focused on the best possible return for stakeholders. Resources allocated in 'social capital' with confidence that process is a return in itself.
Legal Compliance	Play safe; avoid anything which could be challenged, even unsuccessfully.	Want to be very sure we would win any challenge. Similar situations elsewhere have not breached compliances.	Limited tolerance for sticking our neck out. Want to be reasonably sure we would win any challenge.	Challenge would be problematic but we are likely to win it and the gain will outweigh the adverse consequences.	Chances of losing any challenge are real and consequences would be significant. A win would be a great coup.	Consistently pushing back on regulatory burden. Front foot approach informs better regulation.
Academic Activity	Defensive approach to objectives – aim to maintain or protect, rather than innovate. Priority for tight management controls & limited devolved authority. General avoidance of systems/ technology developments.	Innovations always avoided unless essential or commonplace elsewhere. Decision making authority held by senior management. Only essential systems / technology developments to protect current operations.	Tendency to stick to the status quo, innovations in practice avoided unless really necessary. Decision making authority generally held by senior management. Systems / technology developments limited to improvements to protection of current operations.	Innovation supported, with demonstration of commensurate improvements in management control. Systems / technology developments used routinely to enable operational delivery. Responsibility for non-critical decisions may be devolved.	Innovation pursued – desire to 'break the mould' and challenge current working practices. New technologies viewed as a key enabler of operational delivery. High levels of devolved authority – management by trust rather than tight control.	Innovation the priority – consistently 'breaking the mould' and challenging current working practices. Investment in new technologies as catalyst for operational delivery. Devolved authority – management by trust rather than tight control is standard practice.
Reputation	No tolerance for any decisions that could lead to scrutiny of, or indeed attention to, the organisation. External interest in the organisation viewed with concern.	Tolerance for risk taking limited to those events where there is no chance of any significant repercussion for the organisation. Senior management distance themselves from chance of exposure to attention.	Tolerance for risk taking limited to those events where there is little chance of any significant repercussion for the organisation should there be a failure. Mitigations in place for any undue interest.	Appetite to take decisions with potential to expose the organisation to additional scrutiny/interest. Prospective management of organisation's reputation.	Willingness to take decisions that are likely to bring scrutiny of the organisation but where potential benefits outweigh the risks. New ideas seen as potentially enhancing reputation of organisation.	Track record and investment in communications has built confidence by public, press and politicians that organisation will take the difficult decisions for the right reasons with benefits outweighing the risks.

	PAPER NO: BG.72(14)
Paper title:	Corporate Risk Register.
Board/Committee	Board of Governors
Date of meeting:	20 November 2014
Author:	John Baker, Corporate and Business Planning Manager
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To provide a copy of the current Corporate Risk Register.

Executive Summary	
Context	<p>The Corporate Risk Register is a dynamic live document managed within the 4-Risk web platform.</p> <p>This record presents the details of all identified corporate risks, along with their assessments of impact and likelihood, and related control and actions as at the 7th November.</p> <p>The following summary pages present the risks against a one page matrix of impact and residual likelihood, and also details all changes and action progress updates since the last presentation of the register to the Board.</p> <p>The risks are linked to the objectives of the new Corporate Strategy, and the Register now presents the risks in this format.</p>
Question	Is the Board content with the action being taken to assess, manage, and present corporate risk?
Conclusion & Recommendation	<p>The Executive recommends that the Board:</p> <ul style="list-style-type: none"> • Note this record

Matter previously considered by:	Operations Board	23 rd October
	Audit Committee	30 th October
Further approval required?		

LSBU Corporate Risk Register cover sheet: Risk overview matrix by impact & residual likelihood

Date: 12th November 2014

Author: John Baker – Corporate & Business Planning Manager

Executive Lead: Richard Flatman – Chief Financial Officer

	2: Loss of revenue if recruitment targets not met (PC)	1: Failure to position the university to effectively respond to changes in government policy & the competitive landscape (DP)	4 Critical <i>fail to deliver corporate plan / removal of funding or degree awarding status, penalty / closure</i>	Impact
397: Effectiveness of delivery impaired as institution goes through restructuring process (DP)	6: Ineffective data systems provide Management Information that is not meaningful and reliable, either for internal decision or for external reporting (RF) 14: Potential loss of NHS contract income (WT) 305: Data not used / maintained securely (IM) 362: Poor staff engagement (DP) 3: Increasing pensions deficit (RF) 402: Income from 20:20 Programme unrealised (PB)	37: Potential impact of estates strategy delivery on financial position (RF)	3 High <i>significant effect on the ability for the University to meet its objectives and may result in the failure to achieve one or more corporate objectives</i>	
	398: Academic programmes do not remain engaged with technological and pedagogic developments which support students and promote progression and achievement (PC)		2 Medium <i>failure to meet operational objectives of the University</i>	
			1 Low <i>little effect on operational objectives</i>	
3 - High <i>The risk is likely to occur short term</i>	2 - Medium <i>This risk may occur in the medium to long term.</i>	1 - Low <i>This risk is highly unlikely to occur</i>		
	Residual Likelihood			
Executive Risk Spread: VC – 3, DVC – 1, CFO – 3, PVC-S&E – 2, COO – 1, PVC/Health – 1, ExD-HR – 0, US - 0				

Changes since presentation at Sep Audit Committee meeting detailed below:

<i>Risk ref</i>	<i>Risk area</i>	<i>Changes made</i>
Goal 3: Real World Impact - Teaching & Learning: Ensuring teaching is highly applied, professionally accredited & linked to research & enterprise		
398 (PC)	Academic programmes not engaged with technology or pedagogic dev.	New action added relating to implementing the TEL strategy.
Goal 4: Real World Impact - Research & Enterprise: Delivering outstanding economic, social and cultural benefits from our intellectual capital.		
402 (PB)	2020 income growth through Research & Enterprise	Risk allocated to Pat Bailey pending Paul Ivey joining LSBU as PVC Research and External Engagement.
Goal 7: Strategic Enabler - People & Organisation: Attracting proud, responsible staff, & valuing & rewarding their achievements.		
1 (DP)	Response to environment change	New controls added – appointment of Ketchum as external strategic consultant & production of Horizon scanning reports by Mike Simmons - Director of Strategic Stakeholder Engagement.
362 (DP)	Staff Engagement	Actions added for Louise Delaney, relating to implementing the Comms strategy for the Change Programme, re-allocated to Tom Kelly following staff departure.
397 (DP)	Restructuring impact on service	2 New Actions – Creation of report format for Creating the Schools project Opportunities ,Risks & Issues for Ops Board, and high level action tracker for transition activities and gaps – now completed.
Goal 8: Strategic Enabler - Infrastructure: Investing in first class facilities and outcome focused services, responsive to academic needs.		
2 (PC)	Recruitment & income targets including International	International strategy re-allocated to Jenni Parsons pending arrival of Paul Ivey, and action on BIU reports on League Tables provided to Executive now completed.
3 (RF)	Pensions deficit	No changes made.
6 (RF)	Ineffective data	New action around ICT strategy & other CPO projects – IM. Master Data action completed as this action now a strand of activity within the EDISON programme.
14 (JE)	Loss of NHS income	No changes made.
37 (RF)	Estates strategy £ impact	No changes made. (Action update notes present on 4-Risk system reported previously)
305 (IM)	Data Security	Risk title amended to data access and storage for clarity as regards risk #6. New action around enforcement through Line Management for any staff who do not comply with policy – via staff comms

Corporate Level - Risk Register

Date	13/11/2014
Risk Status	Open
Corporate Objective	A 15-20 #3 Real World Impact - Teaching & Learning: Ensuring teaching is highly applied, professionally accredited & linked to research & enterprise
Risk Area	Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
398	Academic programmes do not remain engaged with technological and pedagogic developments which support students and promote progression and achievement Risk Owner: Phil Cardew Last Updated: 18/09/2014	<p>Cause & Effect:</p> <p>Cause: LSBU does not effectively exploit the learning potential of new technologies. Curriculum do not adapt sufficiently to give students the knowledge and skills valued by employers Support mechanisms do not provide some students with the learning support they need to navigate and succeed in the learning environment.</p> <p>Effect: Retention does not meet the targets within the 5 year forecast. Employability of LSBU graduates does not improve. Market appeal of courses is impaired</p>	2 3 Medium	Delivery of the Teaching Enhanced Learning Strategy (TEL) through Academic Board and related committees.	2 2 Medium	<p>Actively pursue the long term objectives of the TEL strategy:</p> <ol style="list-style-type: none"> 1. Promote active learning methods that go beyond a 'filing cabinet' use of a VLE; 2. Promote electronic submission, assessment and feedback; 3. Promote aspects of staff development focused towards developing effective and technology enhanced learner-centred approaches to curriculum design, learning and assessment; 4. Support all staff in professional development and other learning and teaching activities; 5. Identify common technologies and develop information repositories; 6. Actively engage students in the further development of the VLE and in evaluating the use of technology in support of learning. <p>Person Responsible: Phil Cardew To be implemented by: 30/09/2015</p> <hr/> <p>Implement 'Exceptional Student Experience' aspect of the EDISON Investment program to deliver a step change in the institutional use of personal in year data to drive communications to students concerning their academic performance.</p> <p>Person Responsible: Francois Contreiras To be implemented by: 31/07/2015</p>

Corporate Level - Risk Register

Date	13/11/2014
Risk Status	Open
Corporate Objective	A 15-20 #4 Real World Impact – Research & Enterprise: Delivering outstanding economic, social and cultural benefits from our intellectual capital.
Risk Area	Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
402	<p>New income expectations from 16/20 programme are not met</p> <p>Risk Owner: Phil Cardew</p> <p>Last Updated: 21/08/2014</p>	<p>Cause & Effect:</p> <p>Cause: Academic staff Fail to engage with research and enterprise activities that have potential to deliver additional income. Enterprise department encounter resistance from academic staff to a more commercial approach or are not able to provide the support or development required. The outcome of the REF is not as positive as was hoped.</p> <p>Effect: Income growth expectations of the 5 year forecast are unrealised. Research funding opportunities are harder to come by. A market based approach to costing academic activity to slow to develop.</p>	<p>3 2</p> <p>High</p>	<p>Reports on the 16-20 Challenge Programme (Financial & Narrative) will be provided to each Executive Meeting to aid constant scrutiny of this initiative and review of progress against 5 year income targets.</p> <hr/> <p>Enterprise Business Plan & strategy submitted for approval annually to SBUEL Board (which has 2 Non-Executive Directors) for monitoring & quarterly updates provided at LSBU Board meetings.</p>	<p>3 1</p> <p>Medium</p>	<p>16/20 Pipeline: research, identify, prioritise & develop a range of major long term Research & Enterprise investment opportunities with potential to generate significant income and contribution over 5 years, progress to be reported to Executive monthly.</p> <p>Person Responsible: Yvonne Mavin</p> <p>To be implemented by: 31/07/2014</p>

Corporate Level - Risk Register

Date	13/11/2014
Risk Status	Open
Corporate Objective	A 15-20 #7 Strategic Enabler - People & Organisation: Attracting proud, responsible staff, & valuing & rewarding their achievements.
Risk Area	Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
1	<p>Failure to position the university to effectively respond to changes in government policy and the competitive landscape</p> <p>Risk Owner: David Phoenix</p> <p>Last Updated: 18/09/2014</p>	<p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Changes to fees and funding models - Increased competition from Private Providers - Government policy changes and SNC cap removal - Failure to anticipate change - Failure to position (politically) - Failure to position (capacity/structure) - Failure to improve League Table position <p>Effects:</p> <ul style="list-style-type: none"> - Further loss of public funding - Loss of HEFCE contract numbers - Failure to recruit students - Business model becomes unsustainable 	<p>4 3</p> <p>Critical</p>	<p>Ketchum appointed to advise LSBU on the ongoing changes to the political environment for higher education & its external communications in response to these changes.</p> <hr/> <p>Financial controls (inc. forecasting/modelling, restructure) to enable achievement of operating surplus target</p> <hr/> <p>Regular scrutiny of press packs by Board & Executive to monitor Institutional Esteem, and direct PR activity as appropriate.</p> <hr/> <p>A horizon scanning report produced by the Director of Strategic Stakeholder Engagement is provided to each meeting of the Executive.</p> <hr/> <p>Maintain relationships with key politicians/influencers, boroughs and local FE</p> <hr/> <p>Annual review of corporate strategy by Executive and Board of Governors</p> <hr/> <p>Student Access & Success Strategy for 14/15 through OFFA</p> <hr/> <p>Modelling work regularly updated to establish a fee position net of fee waivers less than £7500 for the 12/13 entry cohort, using allocation of fee waivers and bursaries as required.</p>	<p>4 1</p> <p>High</p>	<p>Realign academic offering to market through restructuring of Faculties into Schools, and appointment of 6 new Deans of School.</p> <p>Person Responsible: David Phoenix</p> <p>To be implemented by: 29/08/2014</p> <hr/> <p>Full review of organisational processes to ensure clarity of roles and functions, and alignment with key deliverables of Corporate Delivery plan.</p> <p>Person Responsible: David Phoenix</p> <p>To be implemented by: 31/07/2015</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
362	Poor staff engagement with University	<p>Cause & Effect: Causes:</p> <ul style="list-style-type: none"> •Bureaucracy involved in decision making at the University •No teamwork amongst departments at the University •Staff feeling that they do not receive relevant information directly linked to them and their jobs •Poor pay and reward packages •Poor diversity and inclusion practises <p>Effects:</p> <ul style="list-style-type: none"> •Decreased customer (student) satisfaction •Overall University performance decreases •Low staff satisfaction results •Increased staff turnover •Quality of service delivered decreases 	3 3 High	<p>Departmental Business Planning process</p> <hr/> <p>Direct staff feedback is encouraged through the "asktheVC@" email address and through feedback forms on intranet and 'developing our structures' microsite.</p> <hr/> <p>Scheduled Team meetings</p> <hr/> <p>Regular Business review meetings</p>	3 2 High	<p>Develop and launch Stakeholder Change Network in conjunction with HR</p> <p>Person Responsible: Tom Kelly To be implemented by: 28/11/2014</p> <hr/> <p>Develop Key Message Cascade Framework for Face-to-Face dissemination of staff communications relating to the Corporate Change Programme from the Operations Board.</p> <p>Person Responsible: Tom Kelly To be implemented by: 23/10/2014</p> <hr/> <p>Establish Change Programme Microsite linked to existing Staff Gateway to provide all relevant change programme materials to staff as detailed in Programme Comms Strategy.</p> <p>Person Responsible: Tom Kelly To be implemented by: 31/10/2014</p> <hr/> <p>Launch Behavioural Framework & embed within HR processes and documents at start of 14/15 Academic Year</p> <p>Person Responsible: Cheryl King-McDowall To be implemented by: 28/11/2014</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
397	Effectiveness of delivery impaired as Institution goes through restructuring process Risk Owner: David Phoenix Last Updated: 13/11/2014	<p>Cause & Effect: Cause: The structural re-organisation of academic groupings from 4 faculties to 7 schools. The re-focusing of support departments into professional service clusters. - undertaken to underpin academic and business effectiveness.</p> <p>Effect: Staff morale could be impacted negatively by process of change, and by perceived threats to job security, which impairs enthusiasm and contribution in role. In turn this can cause high performing staff to seek employment elsewhere, which can cause skills shortages and loss to the institutional knowledge base. Service levels - to staff and students - could be impacted negatively by teams trying to deliver business as usual whilst also going through the change process. Data reliability might be impaired if the translation process encounters issues such as limitations with the flexibility of existing software solutions, unforeseen time or money resource implications or error in the relocation process.</p>	3 3 High	<p>The Executive team have taken a Project Management Approach to the Change, appointing as Executive Director of HR an expert on Organisational change, and freeing up staff from within the organisation to act as a change team for the Programme Director, whom reports directly to the Executive.</p> <hr/> <p>The Executive have developed a Communications Strategy to ensure significant consultation with internal and external stakeholders.</p> <hr/> <p>New Professional Service groupings will be created from existing business units to minimise impact on service delivery.</p> <hr/> <p>Routine monitoring of high level action tracker for institutional transition by Operations Board.</p>	3 2 High	<p>New action - 15 Change Programme Projects to be monitored by the Executive through the Project Office, with regular updates to the Board.</p> <p>Person Responsible: Amir Rashid To be implemented by: 30/03/2015</p> <hr/> <p>Establish a format for a regular report to the Operations Board on the opportunities risks and issues to business as usual in the "Creating the Schools" project</p> <p>Person Responsible: Pat Bailey To be implemented by: 18/11/2014</p>

Corporate Level - Risk Register

Date	13/11/2014
Risk Status	Open
Corporate Objective	A 15-20 #8 Strategic Enabler – Infrastructure: Investing in first class facilities underpinned by outcome focused services responsive to academic need
Risk Area	Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
2	Loss of revenue if recruitment targets not met Risk Owner: Phil Cardew Last Updated: 13/11/2014	<p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Changes to fees mechanisms for UGFT - Increased competition (removal of SNC cap in 15/16) - Failure to develop and communicate brand & lsbu graduate attributes - Lack of accurate real-time reporting mechanisms - LSBU late entrant to international student market and fails to catch-up - Poor league table position - Portfolio or modes of delivery do not reflect market need - Tighter tariff policy during clearing <p>Effects:</p> <ul style="list-style-type: none"> - Under recruitment - Loss of HEFCE contract numbers - Failure to meet income targets for non-HEFCE students 	4 3 Critical	<p>Report on student recruitment presented to every monthly Executive meeting and also reviewed by Board of Governors</p> <hr/> <p>League Table action plan & related actions and monitoring by the HESA Board</p> <hr/> <p>Modelling of student recruitment numbers, including worse case scenarios which aid the planning process.</p> <hr/> <p>Differentiated campaigns started for postgraduate and part-time students</p>	4 2 Critical	<p>Develop partnership strategy for working with local schools</p> <p>Person Responsible: Tere Daly To be implemented by: 30/09/2014</p> <hr/> <p>Develop strategy for LSBU Graduate Attributes at all award levels to ensure continued course competitiveness, to be generated through the learning pathway.</p> <p>Person Responsible: Phil Cardew To be implemented by: 30/11/2014</p> <hr/> <p>International strategy to be refocused into an Internationalisation Plan to deliver a step-change in recruitment at both UG and PG.</p> <p>Person Responsible: Jennifer Parsons To be implemented by: 30/09/2014</p> <hr/> <p>Support and engage with University Academy of Engineering & support development of University Technical College.</p> <p>Person Responsible: Rao Bhamidimarri To be implemented by: 28/11/2014</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
3	Staff pension scheme deficit increases Risk Owner: Richard Flatman Last Updated: 11/08/2014	<p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Increased life expectancies - Reductions to long term bond yields, which drive the discount rate - Poor stock market performance - Poor performance of the LPFA fund manager relative to the market - TPS/USS schemes may also become subject to FRS17 accounting <p>Effects:</p> <ul style="list-style-type: none"> - Increased I&E pension cost means other resources are restricted further if a surplus is to be maintained - Balance sheet is weakened and may move to a net liabilities position, though pension liability is disregarded by HEFCE - Significant cash injections into schemes may be required in the long term 	3 3 High	<p>Switch of inflator from RPI to CPI (expected to be lower in the long term)</p> <hr/> <p>Regular monitoring of national/sector pension developments and attendance at relevant conferences and briefing seminars</p> <hr/> <p>Regular valuation of pension scheme (actuarial and FRS 17).</p> <hr/> <p>Regular Reporting to HR committee.</p> <hr/> <p>DC pension scheme now established for SBUJEL staff.</p> <hr/> <p>Tight control of staff costs in all areas (and reported to committee and Board via agreed KPIs)</p> <hr/> <p>New LPFA scheme, effective April 2014</p> <hr/> <p>Strict control on early access to pension at redundancy/restructure</p> <hr/> <p>Active monitoring in year of trends in discount rate, life expectancy assumptions etc to ensure year-end adjustments are minimised</p>	3 2 High	<p>Ongoing participation in sector discussions regarding employer categorisation.</p> <p>Person Responsible: Richard Flatman</p> <p>To be implemented by: 31/03/2015</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
6	<p>Ineffective data systems provide Management Information that is not meaningful and reliable, either for internal decision or for external reporting</p> <p>Risk Owner: Richard Flatman</p> <p>Last Updated: 13/11/2014</p>	<p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Data in systems is inaccurate - Data systems are insufficient to support effective delivery of linked management information - Resource constraints & insufficient staff capability delay system improvement - unclear data during clearing - Lack of data quality control and assurance mechanisms <p>Effects:</p> <ul style="list-style-type: none"> - Insufficient evidence to support effective decision-making at all levels - Inability to track trends or benchmark performance - Internal management information insufficient to verify external reporting - over-recruitment penalties - HESA/HESES returns not credible - League table position impaired by wrong data - UKBA licence revocation if conditions not satisfied = loss of £8m+ revenue/year, & reputation damage - Failure to satisfy requirements of Professional, Statutory and Regulatory bodies (NHS, course accreditation etc) 	<p>3 3</p> <p>High</p>	<p>Regular Engagement with internal auditors & 3 year IA cycle to systematically check data in key systems (and related processes):</p> <ul style="list-style-type: none"> - Finance (including student fees) - Student data (& data Quality) - HR systems - Space management systems - UKBA requirements & compliance <hr/> <p>Systematic data quality checks of staff returns by HR in conjunction with faculties.</p> <hr/> <p>Engagement between International Office, Registry & Faculties to ensure UKVI requirement compliance, specifically regarding:</p> <ul style="list-style-type: none"> - Visa applications and issue of Certificate of Acceptance to Study - English language requirements - Reporting of absence or withdrawal <hr/> <p>Systematic data quality checks of student returns by Registry in conjunction with faculties.</p> <hr/> <p>International Office runs annual cycle of training events with staff to ensure knowledge of & compliance with UKVI processes.</p>	<p>3 2</p> <p>High</p>	<p>Develop TOR for Internal Audit review of Home Office HTS Compliance during Student Data review in 14-15 Continuous Audit Programme.</p> <p>Person Responsible: Richard Flatman</p> <p>To be implemented by: 31/10/2014</p> <hr/> <p>Manual attendance monitoring system to be implemented on monthly basis for international students whilst SAM/SPOC reporting & system issues addressed in conjunction with Registry & School Admin teams.</p> <p>For details of the project team and plan see the note attached to this risk (31/07/2014) and project SharePoint site.</p> <p>As a result of carrying out the project issues relating to the performance of the LSBU network have become apparent. There is a risk that poor network performance will result in ID card data not being transferred to the database, queues of students at turnstiles resulting in security staff opening gates to let students in resulting in loss of data (this has happened in the past). The ICT Network team should carry out a survey of the network to identify bottlenecks and resolve these.</p> <p>Person Responsible: Mike Molan</p> <p>To be implemented by: 28/11/2014</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
						Oversee production of PID for ICT Strategy / Architecture Change Programme Project - to address system mapping issues and an approach to data warehousing. Person Responsible: Ian Mehrrens To be implemented by: 31/10/2014
14	Loss of NHS contract income Risk Owner: Warren Turner Last Updated: 18/08/2014	Cause & Effect: Cause: NHS financial challenges/ structural change is resulting in a total review of educational comissioning by Health Education England with an expected overall 40% reduction in available funding. In addition late decision making over community programmes. Plus London Educational Contracts last intake September 2014 (apart from physio and adult nursing) and possible retenders or preferably a return to National Framework Failure to recruit to target inspite of increased applications due to low numeracy and literacy pass rates. Failure to maintain student numbers on the contract resulting in clawback Effect: Reduction in income Reduced staff numbers Negative impact on reputation	3 3 High	Named Customer Manager roles with NHS Trusts, CCGs and HEE. Monitor quality of courses (QCPM and NMC) annually in autumn (QCPM) and winter (NMC) Support with numeracy and literacy test preparation Develop BSc Health and Social Care by September 2015 for applicants not meeting course tariffs requirments and to support PGDip recruitment. Regular contact with HEE DEQs, None Medical Deans and commissioning contract managers.	3 3 High	Attend consultation events with CoD and HEE (review of LEC and NF, NHS Pre-reg contract benchmark price / move to Outcome Based Commissioning could = drop in NHS income) Person Responsible: Warren Turner To be implemented by: 15/11/2014 Continue contract discussions with HEE/ LETB's as LEC last intake for all by Physio and adult nursing September 2014. Attempt to extend contracts or revert to National Framework Person Responsible: Warren Turner To be implemented by: 01/11/2014 Ensure a quality campus in each HEE/ LETB area. Plan for none renewal of Havering lease in 2018. Negotiate re inclusion in Care City plans with NELFT and Barking

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
						<p>Person Responsible: Warren Turner To be implemented by: 01/11/2014</p> <hr/> <p>Grow into new markets for medical and private sector CPPD provision</p> <p>Person Responsible: Warren Turner To be implemented by: 30/10/2014</p> <hr/> <p>Develop opportunities for further International 'in-country' activity in Malaysia, Singapore, Hong Kong, India and Saudi.</p> <p>Person Responsible: Mary Lovegrove To be implemented by: 30/12/2014</p> <hr/> <p>Increase uptake in band 1-4 activity Support Trusts in seeking external (non NHS) funding</p> <p>Person Responsible: Sheelagh Mealing To be implemented by: 01/12/2014</p> <hr/> <p>Improve NSS participation & scores Develop action plans for Departments and Faculty from results of 2014 NSS</p> <p>Person Responsible: Sue Mullaney To be implemented by: 30/10/2014</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
37	Negative impact of estates strategy delivery on financial position Risk Owner: Richard Flatman Last Updated: 13/08/2014	<p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Poor project controls - Lack of capacity to manage/deliver projects - Reduction in agreed/assumed capital funding - Reduction in other government funding <p>Effects:</p> <ul style="list-style-type: none"> - Adverse financial impact - Reputational damage - Reduced surplus - Planned improvement to student experience not delivered - Inability to attract new students 	3 3 High	<p>Regular Reports are provided to both P&R and the Board on planned capital expenditure.</p> <hr/> <p>Full Business Cases prepared; using guidance and process approved by Executive - including clarity on cost and funding, for each element of Estates Strategy, and approved by Board of Governors where cost = >£1M.</p> <hr/> <p>ncluding all capital spend. Guidance developed as part of new process.</p> <hr/> <p>Clear requirement (including authority levels) for all major (>£1m) capital expenditure to have Board approval</p> <hr/> <p>Property Committee is a sub-committee of the Board of Governors and has a remit to review all property related capital decisions.</p> <hr/> <p>Capex reporting routines established and embedded into regular updated financial forecasts & management accounts and regular Board reports.</p> <hr/> <p>LSBU Project methodology & Estates & Facilities Dept project controls, including Governance arrangements applied to all Capex projects.</p>	3 1 Medium	<p>The Terraces Project completed the Anchor Projects in the current development plan, but the potential acquisition of Hugh Astor Court (Peabody Building) on Keyworth Street opens up the opportunity for the redevelopment of the North West quarter & creation of a clear University 'front door'. Plans have been shared with Executive and Governors, and now need to be developed and cross referenced with the Capex schedule of the Five year plan.</p> <hr/> <p>Person Responsible: Ian Mehrtens To be implemented by: 30/11/2013</p> <hr/> <p>Complete report on the final negotiations for the Student Centre. Update: the 12 month defects liability period has past & we're working through the final defect list. No progress on Final Account completion until works are done to ensure completion. POE due by Feb 14.</p> <hr/> <p>Person Responsible: Ian Mehrtens To be implemented by: 30/04/2013</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
305	Student & corporate data not accessed and stored securely or appropriately Risk Owner: Ian Mehrtens Last Updated: 18/09/2014	Cause & Effect: Cause: Loss or inappropriate access to data, or breach of digital security; either en masse (e.g. address harvesting) or in specific cases (e.g. loss of sensitive files / data) Effect: Reputational damage, regulatory failure, undermining of academic credibility or compromise of competitive advantage.	3 2 High	Responsibility for control over data protection risks at an institutional level allocated to Director of ICT.	3 2 High	To develop a strategy to enable pop up screen type messages, to deliver and track critical corporate communications to staff outside of e-mail, if possible working with the Marketing project which aims to restructure the staff gateway towards an enterprise content management home for key documents, records and processes. Person Responsible: Rob McGeechan To be implemented by: 26/12/2014 <hr/> Liaise with new HR Deputy Director-Organisational Development to consider and deliver strategy to increase awareness of this risk to all staff, especially including the dangers of phishing and enforcement action for non-compliance with university policy. Person Responsible: Mandy Eddolls To be implemented by: 31/10/2014

	PAPER NO: BG.73(14)
Paper title:	Audit Committee Annual Report
Board/Committee	Board of Governors
Date of meeting:	20 November 2014
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors
Board sponsor:	Andrew Owen, Chairman of the Audit Committee
Purpose:	To note the annual report of the Audit Committee to the Board

Executive Summary	
Context	As part of the Audit Code of Practice in the Financial Memorandum with HEFCE (which was effective for 2013/14), the Audit Committee is required to provide an annual report to the Board of Governors and accountable officer (the Vice Chancellor). The report should include the committee's opinion on risk management, control and governance; economy, efficiency and effectiveness (VFM); and management and quality assurance of data.
Question	What is the Audit Committee's opinion on: <ol style="list-style-type: none"> 1) risk management, control and governance; 2) economy, efficiency and effectiveness (VFM); and 3) management and quality assurance of data submitted to HEFCE and HESA?
Conclusion & Recommendation	The opinions of the committee are set out below: <ol style="list-style-type: none"> 1) the institution's risk management, control and governance arrangements are adequate and effective; 2) the arrangements for VFM are adequate and effective; and 3) for the management and quality assurance of data submitted to HEFCE and HESA the University has adequate assurance.

	The Board is requested to note the report.
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Matter previously considered by:	N/A	N/A
Further approval required?	Submitted to HEFCE as part of the Annual Accountability Return	On: 1 December 2014

Audit Committee Annual Report to the Board and Accountable Officer

Introduction

Under the Financial Memorandum with HEFCE, the Audit Committee is required to issue an annual report to the Board of Governors and the Accountable Officer (the Vice Chancellor). The report will also be submitted to HEFCE in December.

Guidance from HEFCE is that the report must include any significant issues and should be considered by the Board before approval of the accounts. It must also include the committee's opinions on the adequacy and effectiveness of LSBU's arrangements for the following:

- Risk management, control and governance;
- Economy, efficiency and effectiveness (value for money);
- Management and quality assurance of data submitted to HESA and to HEFCE and other funding bodies.

Executive Summary

During the year to 31 July 2014, the Audit Committee was chaired by Andrew Owen and met four times.

Work done by the Committee during the year includes:

- review and clearance of the University's annual report and accounts for 2013/14 (paragraph 9);
- approval of the plan for PwC's internal audit review work for the year (paragraph 13);
- at each meeting, detailed consideration of PwC's internal audit reports (paragraph 14);

London South Bank University

- four meetings with PwC and one meeting with Grant Thornton UK LLP in the absence of all University officers;
- consideration of the annual internal audit report (paragraph 16);
- regular review of the corporate risk framework (paragraph 21);
- approval of a statement of internal control (paragraph 22); and
- a self-assessment of the Committee's effectiveness (paragraphs 34-36).

Opinions

The opinions of the committee have been included at the end of the report and are set out below:

- 1) the institution's risk management, control and governance arrangements are adequate and effective;
- 2) the arrangements for VFM are adequate and effective; and
- 3) for the management and quality assurance of data submitted to HEFCE and HESA the University has adequate assurance.

Principal Concerns

The principal concerns of the committee have been updated from last year's report:

"The principal concerns of the Committee, which have been discussed in detail (either in formal committee meetings or in private pre-meetings) during the year, are:

- ICT controls (as highlighted in the PwC internal audit report and the Grant Thornton audit findings report); and
- The interdependencies of the projects in the change programme.

These concerns will be monitored by the Committee in the current financial year 2014/15.

Last year's concern was around ICT security in relation to an internal audit report which was rated as high risk. The committee is satisfied that these have been addressed based on the implementation of the recommendations of the internal audit report".

Additional Information

Additional information that the Board of Governors should be aware of but is not included in the report is set out below:

Internal Audit

During the year 10 internal audits (2013: 14) and one specialist review were undertaken. Of the four that were classified, two were deemed low risk (2013: 3), one medium risk (2013: 3) and one high risk (2013: 1) which was “student module data”. A total of 12 recommendations (2013: 29) across the four audits were made of which none were critical (2013: 0), two were high (2013: 5), eight were medium (2013: 13) and eight were low (2013: 11).

The two high risk issues identified as part of the review of Student Module Data were:

- At the time of audit there was no requirement to retain supporting evidence for amendments made to module data or exception investigation. Lack of independent review of changes to data could mean unauthorised amendments are not identified; and
- Of the 40 students tested who had no modules attached to their data 14 students tested were incorrectly classified as having no modules. We also tested a sample of 40 data mismatches; five exceptions were noted from this test.

The Internal Audit Annual Report states that: management has implemented all agreed actions from the review, including the introduction of monthly exception reporting to identify mis-matches and resolve them. Management has also reminded staff of the need to retain supporting documentation.

Anti-fraud

Under the anti-fraud policy the Chief Financial Officer reported on fraud at every business meeting. During the year 2013/14 six irregularities were discovered, two of which were notified to HEFCE, and all were reported to the Board.

- a. A potential fraud in ESBE (reported in February 2014). The allegation is that the academic record of a number of students for 2012/13 were falsely amended by a Faculty Administrator. Evidence suggested that students may have made payments to the administrator in return for records being changed. The employee resigned and the matter was reported to the police. The CPS has decided to prosecute the ex-employee under the Bribery Act 2010.

- b. One possible misuse of purchasing card by an employee was investigated and the employee was dismissed (reported in September 2013).
- c. The committee was notified in February 2014 that a Project Manager working in Estates authorised a supplier, Pulsar Electrical, an additional £140,000 (excluding VAT) of boiler replacement work in London Road without the correct authorisation and without issuing a purchase order in advance of commencement of the additional work. Following investigation this was deemed not to be a fraud but a breach of regulations and the employee was dismissed.
- d. Attempted amendment of supplier bank details (reported in February 2014).
- e. Financial irregularities in the Confucius Institute (reported in June 2014). Both the Director and the Deputy Director of the Confucius Institute subsequently resigned.
- f. Theft from halls of residence (reported in June 2014). It was concluded that this was not a fraud but a theft from students

A further possible fraud was reported to the Committee in September 2013 relating to misuse of a procurement card by a member of staff who reimbursed the university. The member of staff subsequently resigned.

Recommendation

The Board is asked to note the report and the opinions and concerns of the committee.

Attachment

- Audit Committee annual report to the Board and accountable officer

Annual Report of the Audit Committee to the Accountable Officer and the Board of Governors 2013/14

Executive summary

During the year to 31 July 2014, the Audit Committee was chaired by Andrew Owen and met four times.

Matters completed by the Committee during the year include:

- review and clearance of the University's annual report and accounts for 2013/14 (paragraph 9);
- approval of the plan for PwC's internal audit review work for the year (paragraph 13);
- at each meeting, detailed consideration of PwC's internal audit reports (paragraph 14);
- four meetings with PwC and one meeting with Grant Thornton UK LLP in the absence of all University officers;
- consideration of the annual internal audit report (paragraph 16);
- regular review of the corporate risk framework (paragraph 21);
- approval of a statement of internal control (paragraph 22); and
- a self-assessment of the Committee's effectiveness (paragraphs 34-36).

The principal concerns of the Committee, which have been discussed in detail during the year, are:

- ICT controls (as highlighted in the PwC internal audit report and the Grant Thornton audit findings report); and
- The interdependencies of the projects in the change programme.

These concerns will be monitored by the Committee in the current financial year 2014/15.

Introduction to report

1. This report covers the financial and academic year from 1 August 2013 to 31 July 2014.
2. No member of the Audit Committee has, or has had during the year, a direct role in the management of the University. All members of the Committee are asked to declare any interests in any item of business on the agenda at each meeting.
3. During 2013/14, the Audit Committee was chaired by Andrew Owen, an independent governor. Other members of the committee during the year were: Steve Balmont, Douglas Denham St Pinnock, Mee Ling Ng and Shachi Patel (independent co-opted member). All members of the Committee are independent of management. James Stevenson, University Secretary & Clerk to the Board, served as secretary to the Committee throughout the year.
4. The Committee held four business meetings during the year. The Vice Chancellor, Chief Financial Officer and other members of the Executive were present at all meetings. The internal auditors and the external auditors were present at all four meetings. For the financial & academic year 2014/15 the Committee will also hold four business meetings (September, October, February, June).
5. The Committee's terms of reference are reviewed annually in the autumn. The Committee has an agreed forward business plan which is used to plan its agendas during the year and is reviewed annually.
6. All these arrangements are consistent with CUC guidance on Audit Committees.

External Audit

7. Throughout the year Grant Thornton UK LLP served as the University's external auditors.
8. At its meeting of 12 June 2014, the Committee approved the external audit plan for 2013/14.
9. At its meeting of 30 October 2014, the Committee considered and recommended to the Board for approval the draft Financial Statements for the year ended 31 July 2014. The Committee considered in detail audit findings and audit opinion from Grant Thornton UK LLP. The Committee considered and recommended to the

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

10. Performance indicators had been agreed against which the performance of the external auditors would be measured. The Committee received a report on performance against indicators at its meeting of 30 October 2014. The external auditors met all of the agreed performance indicators.
11. The Committee met Grant Thornton UK LLP prior to its meeting of 30 October 2014 in the absence of any University employees to discuss the year end audit and other matters. In addition, private meetings between the Committee and Grant Thornton UK LLP are held, if required, during the year.
12. For the year ended 31 July 2014, Grant Thornton UK LLP provided SBUEL tax calculations with a value of £4,050 including VAT.

Internal Audit

13. The University's Internal Auditors for the year were PricewaterhouseCoopers (PwC). PwC worked to an internal audit plan approved by the Committee.
14. The Committee has received progress reports from PwC at every meeting, which it monitors both with the internal auditors and with management. A protocol agreement is in place which sets out the timetable by which management must respond to the recommendations of the internal auditors.
15. During the year 10 internal audits (2013: 14) and one specialist review were undertaken and the Continuous Audit programme was maintained in 6 areas of operation.
16. The internal auditor's annual report for 2013/14 (dated October 2014) provided a positive assurance statement. The internal audit opinion is that:

"LSBU has adequate and effective arrangements in place to address the risks that management's objectives are not achieved in respect of risk management, control, governance and value for money".
17. The results of the internal auditor's trend analysis indicate that LSBU's control environment has improved from the previous year. The overall volume of recommendations raised per review has reduced and the individual ratings of recommendations have also reduced. The most recent Continuous Auditing report

did not identify any exceptions providing assurance that the control environment surrounding key financial systems is operating effectively.

18. The internal audit annual report found stability in the control environment: “Our [PwC’s] review of Risk Management has been assigned a low risk rating and our audit fieldwork shows that there has been an improvement in the core control and governance environment”.
19. The Committee met PwC prior to each meeting, in the absence of any of the University’s employees.
20. PwC’s contract was extended for a further year by the Audit Committee at the June 2014 meeting based on PwC meeting the agreed performance standards. This is the last extension permitted under the original contract. A tender process is underway for the provision of internal audit services from 1 August 2015.

Risk management, control and governance

21. The Committee received a report on risk management at each meeting. Risk is also reported to the Board of Governors and is considered by the University Executive at its monthly meetings. The University’s corporate risk framework is aligned to the Corporate Plan.
22. A review of the effectiveness of internal control is undertaken annually and a draft report was submitted to the Committee at its meetings of 25 September 2014 and 30 October 2014. At the October meeting, the Committee approved the Statement of Internal Control as part of the annual report and accounts.

Economy, Efficiency and Effectiveness (VFM)

23. Value for money (VFM) is a component in every review undertaken by the internal auditors. The Committee receives an annual VFM report from the Executive. For 2013/14, the principal achievements are:
 - a. cashable savings identified in 13/14 totalled £2.3 million over their respective contract terms;
 - b. further embedding the Category Management approach and introducing Procurement maturity reviews at individual category level; and
 - c. the overall conclusion of the internal auditors continues to be positive in respect of VFM.

Management and Quality Assurance of Data submitted to HESA and HEFCE

24. During the year the committee considered internal audit reports on HESA Finance Return and student module data. A further independent audit report was delivered by Deloitte on student records and reported positively regarding the development of student data environment.
25. The HESA Finance Return review identified two low risk findings, and the student module data review found two risk issues surrounding review of amendments and inaccuracy of data. These risks did not affect data reported to HESA and HEFCE and management have improved their exception reporting to ensure compliance with processes. As part of the continuous auditing work no exceptions were identified regarding student financial controls during 2013/14.

HEFCE's Assessment of Institutional Risk

26. In May 2014 the Board received HEFCE's assessment of the University's institutional risk, which was that LSBU was "not at higher risk" at this time, and noted that this was the most favourable opinion available for HEFCE to give to any institution. HEFCE has given the same opinion each year since 2007.

HEFCE Assurance Review

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

Public Interest Disclosure

28. Under the "speak up" policy the University Secretary reported on speak up activity at every business meeting of the Audit Committee. The Chairman of the Audit Committee acts as the independent point of contact for anyone wishing to raise a speak up matter outside line management of the Executive.
29. During 2013/14, one matter was considered to fit the definition of the "speak up" policy. In this instance, the committee was satisfied that due process had been followed by management. Two further speak up matters were considered by the committee at their meeting of 25 September 2014.

30. The independent reporting route within the “speak up” policy was reviewed in September 2014 and the use of an independent helpline is being investigated.

Anti-Fraud

31. Under the anti-fraud policy the Chief Financial Officer reported on fraud at every business meeting. During the year 2013/14 six irregularities were investigated, two of which were notified to HEFCE and all were reported to the Board.

32. The Audit Committee reviewed and approved the anti-fraud policy in June 2014.

Audit Committee self-assessment

33. The Audit Committee reviewed its own effectiveness during spring/summer 2013. The National Audit Office Audit Committee self-assessment checklist was sent to all committee members and the Vice Chancellor, Chief Financial Officer and Pro Vice Chancellor (Academic). The findings and recommendations were considered at its meeting of 26 September 2013.

34. Key recommendations were:

- a. an appointment letter for all committee members setting out the expectations of the role;
- b. a formal and in depth induction plan for new members; and
- c. quarterly updates on sector developments sent to the committee.

35. These recommendations were implemented during the year.

Principal concerns of the Audit Committee

36. The principal concerns of the Committee, which have been discussed in detail (either in formal committee meetings or in private pre-meetings) during the year, are:

- ICT controls (as highlighted in the PwC internal audit report and the Grant Thornton audit findings report)
- The interdependencies of the projects in the change programme

These concerns will be monitored by the Committee in the current financial year 2014/15.

37. Last year's concern was around ICT security in relation to an internal audit report which was rated as high risk. The committee is satisfied that these have been addressed based on the implementation of the recommendations of the internal audit report.

Opinion of the Audit Committee

Risk Management, Control and Governance

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

39. This opinion is based on:

- the HEFCE (five yearly) assurance review of July 2011 and HEFCE's annual assessment of institutional risk;
- the Internal Audit annual report for 2013/14 which gave the opinion that "we believe London South Bank University has adequate and effective arrangements to address the risks that management's objectives are not achieved over risk management, control and governance"; and
- the Executive's detailed review of internal controls and governance arrangements. This review was considered by the Audit Committee on 30 October 2014.

Economy, Efficiency and Effectiveness (VFM)

40. The Committee's opinion on the arrangements for the economy, efficiency and effectiveness (VFM) of the University is that they are adequate and effective.

41. This opinion is based on our annual assessment of VFM and the Internal Audit annual report, 2013/14 which gave the opinion that "we believe London South Bank University has adequate and effective arrangements to address the risks that management's objectives are not achieved over value for money".

Management and quality assurance of data submitted to HESA and HEFCE

42. The Committee's opinion on the management and quality assurance of data submitted to HESA and HEFCE is that the University has adequate assurance.

43. This is based on the internal audit reviews of the HESA Finance Return and student module data, and a further review by Deloitte on student records. The Deloitte review of student records was generally positive and an action plan had been developed to follow up on the recommendations.
44. For the year 2013/14, no exception reports were received from management in relation to the HESA student and staff returns.
45. There was no specific requirement for the internal auditors to give an opinion on data quality. From 2014/15, student data quality will be monitored regularly through the continuous auditing programme.

This annual report is recommended to the Audit Committee by the University Executive and approved by the members of the Audit Committee on 30 October 2014.

Signed

Andrew Owen
Chairman of the Audit Committee

	PAPER NO: BG.74(14)
Paper title:	Audit Findings
Board/Committee	Board of Governors
Date of meeting:	20 November 2014
Author:	Grant Thornton, External Auditors
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To present findings from the audit for the year ending 31 July 2014

Executive Summary	
Context	The attached paper highlights the significant findings arising from the audit for the year ending 31 July 2014.
Question	Has the audit progressed in line with the agreed plan and are there any significant findings that governors should be aware of when approving the financial statements?
Conclusion & Recommendation	The Audit Committee have reviewed the audit findings in detail. The Board is recommended to note the audit findings, which will be submitted to HEFCE.

Matter previously considered by:	Audit Committee	On: 30 October 2014
Further approval required?	No	N/A

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

Year ended 31 July 2014

October 2014

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October 2014

Ladies and Gentlemen,

Audit Findings for London South Bank University and its subsidiary undertakings for the year ended 31 July 2014

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

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

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

Yours faithfully

Grant Thornton UK LLP

Chartered Accountants

Member firm within Grant Thornton International Ltd

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

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

1. Status of the audit

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



HESA data collection report
Receipt of Chinese bank letter
Completion of our VAT audit review
Completion of our going concern / post balance sheet reviews
Updated financial statements for LSBU and SBUEL
Signed letters of representation

Subject to resolution of outstanding matters as per outstanding items list dated 17th October 2014

Status

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

Audit opinion

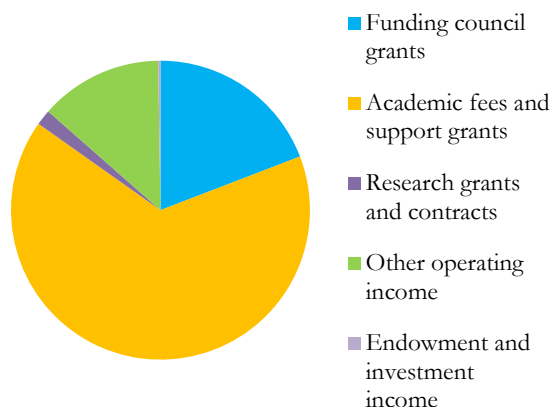
Our anticipated audit report will be unmodified for the following entities:

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

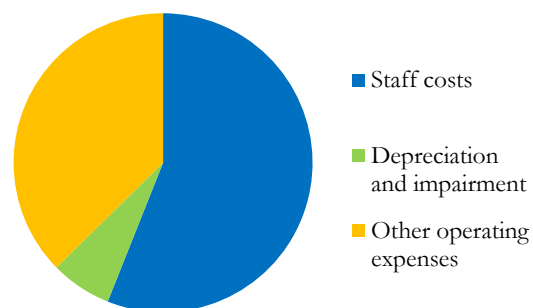
2. Context to our Audit

- Actual outturn for the year to 31 July 2014 of £3,097k surplus is ahead of the budgeted surplus of £2,500k which was as submitted to HEFCE.
- There has been a reduction in Funding Council grants going from £34,750k in 2013 to £25,825k in 2014. This reduction is mainly driven by the HEFCE income having significantly reduced in the current period due to the continued impact of the new fee regime for both undergraduate and post graduate student. This has been offset by an increase in undergraduate fees and a significant increase in post graduate fees.
- Research grants and contracts income continues to decline due to a fall in Health Contract income and a decline in Research Grants which were both related to continued pressure on government spending as seen in recent years.
- Student numbers have fallen overall in both Home/EU and Overseas categories. The Home/EU student went from 12,254 in 2013 to 11,914 in 2014. Overseas students fell only marginally from 1,416 to 1,366 in 2014.

Income (£'000s)



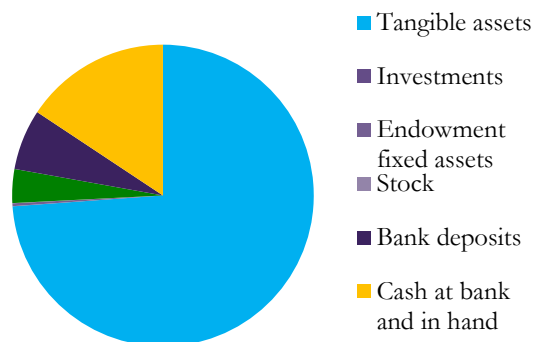
Expenditure (£'000s)



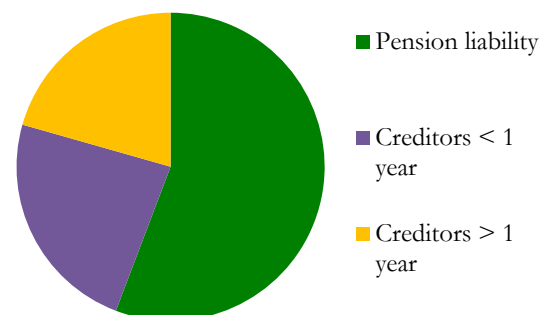
2. Context to our Audit

- Net assets at 31 July 2014 are £101,893k (2013: £112,916k). Net current assets are £29,332k and down slightly from the prior year comparative of £29,660k.
- The bank deposits have increased to £15.540k in the current year after transferring over £10.3m to fixed term bank deposits in the current year. Cash has also been used to fund changes in working capital resulting in the 15% reduction in creditors.
- The largest asset on the balance sheet continues to be the tangible assets, with the key development in the year being the opening of the Clarence Centre for Enterprise and Innovation in September 2013. This is held at a value of £10.7m at the year ended 31 July 2014.
- The pension liability has increased primarily as a result of actuarial losses due to lower Fund returns over the year than assumed. The Pension liability increased to £76,502k from £62,211k.. The Fund's estimated return was 1.8% compared to the assumption made last year of 5.5% although it should be noted that asset returns are, by their nature volatile and 2012/13 was a particularly good year for example (with a return of 19%).
- The main actuarial loss is from the change in assumptions which is primarily due to interest rates falling over the year so that the discount rate used this year is only 4.2% per annum instead of 4.7% per annum last year as per the Actuary's report produced by Barnett Waddingham.

Assets (£'000s)



Liabilities (£'000s)



3. Overview of audit findings

Account	Material misstatement risk?	Description of risk	Changes to Audit Plan?	Sufficiency of controls?	Significant audit findings?
Revenue	Significant	Presumed risk in line with ISA's: The income cycle includes improper transactions	No	●	None
Revenue - Funding Council	Reasonably Possible	Risk of incorrect recognition of income stream	No	●	None
Revenue - tuition fees and educational contracts	Reasonably Possible	Income includes fraudulent transactions	No	●	None
Revenue - research grants and	Reasonably Possible	Risk of incorrect recognition of income stream	No	●	None
Revenue - other income	Remote	Risk of incorrect recognition of income stream	No	●	None
Revenue - endowment and	Remote	Risk of incorrect recognition of income stream	No	●	None
Employee costs	Reasonably Possible	Risk of incorrect recognition of employee	No	●	None
Depreciation	Remote	Risk of incorrect treatment of fixed assets	No	●	None
Other operating expenses	Remote	Risk that expenses incurred are not for the	No	●	None

Controls

For further details see Internal controls

- Significant deficiency
- Deficiency
- No findings
- Controls not evaluated under Audit Plan

3. Overview of audit findings – continued

Account	Material misstatement risk?	Description of risk	Changes to Audit Plan?	Sufficiency of controls?	Significant audit findings?
Property valuations	Reasonably Possible	Risk of incorrect valuation of investments	No	●	None
Tangible fixed assets	Remote	Risk of incorrect treatment of fixed assets	No	●	None
Stock	-	-	-	●	-
Trade debtors	Reasonably Possible	Risk of incorrect recognition of income streams and recoverability of balances	No	●	None
Other debtors	Reasonably Possible	Risk of incorrect recognition of income streams and recoverability of balances	No	●	None
Cash	Remote	Risk of incorrect valuation of cash	No	●	None
Trade creditors	Reasonably Possible	Risk that creditors are understated	No	●	None
Other creditors	Remote	Risk that creditors are understated	No	●	None
Accruals and deferred income	Reasonably Possible	Risk of incorrect recognition of income streams	No	●	None
Bond	Remote	Risk of incorrect treatment of bond	No	●	None
Deferred capital grants	Remote	Risk of incorrect recognition of income streams	No	●	None
Pension fund liability	Remote	Risk of incorrect valuation of pension fund liability	No	●	None
Reserves	Remote	Risk of incorrect treatment of reserves	No	●	None

Controls

For further details see Internal controls

- Significant deficiency
- Deficiency
- No findings
- Controls not evaluated under Audit Plan

Changes to Audit Plan

- We have not had to alter or change our Audit Plan as previously communicated to you on 12 June 2014.

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

	Risks identified in our audit plan	Audit findings and conclusions
1.	<p>Improper revenue recognition</p> <ul style="list-style-type: none"> Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue 	<p>In addition to the testing detailed in the individual revenue streams below, we have:</p> <ul style="list-style-type: none"> reviewed and tested revenue recognition policies for all revenue streams ; tested key controls and significant revenue streams. <p>Please refer to point 4 for further details of our testing in this area.</p> <p>Conclusion</p> <p>Revenue is recognised appropriately and in accordance with the accounting policies.</p>
2.	<p>Management override of controls</p> <ul style="list-style-type: none"> Under ISA 240 it is presumed that that the risk of management over-ride of controls is present in all entities. 	<p>To ensure that we have gained reasonable assurance that management over-ride of controls has not resulted in a material misstatement or fraudulent activities within the financial statements, we have performed the following work in this area:</p> <ul style="list-style-type: none"> reviewed the accounting estimates, judgements and decisions made by management; reviewed the controls in place over the accounting system and other key IT software applications by the IT members of our audit team tested a sample of journals entries selected through the use of our data interrogation software (IDEA) and focused on the higher risk journal postings; identified the related parties of the University and reviewed the procedures in place to ensure that any related party transactions are approved, captured and correctly presented within the financial statements; Reviewed unusual significant transactions as part of the journals testing. <p>Conclusion</p> <p>We have gained reasonable assurance in this area , however we would like to draw your attention to some internal control findings in relation to journals without descriptions which are discussed further in Section 5 'Internal controls' of this report.</p>

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

	Risks identified in our audit plan	Audit findings and conclusions
3.	Valuation of properties	<p>Impairment review of the Enterprise Centre</p> <p>We note that the Enterprise Centre was brought into use in September 2013. An impairment review has been carried out by management to confirm the carrying valuation of the Centre at £10.7m at the year ended 31 July 2014.</p> <p>We have reviewed the impairment paper produced by management to ensure that this is in line with the requirements of Financial Report Standard 11 'Impairment of Fixed Assets and Goodwill.' Under FRS 11 an asset will be considered to be impaired where its carrying value is higher than its recoverable amount. The recoverable amount being the lower of the net realisable value or the value in use of the asset. For the University the 'value in use' is considered to be the service potential of the asset as the Enterprise Centre is not assessed as to be solely an 'income generation unit'. Management have assessed the asset as being used to meet the objectives of the University and have provided evidence to support this.</p> <p>Our work performed in this area included reviewing the information surrounding the performance of the centre and consideration of the potential realisable value of the asset. On the basis of the information presented to us the carrying value of the Centre appears reasonable.</p> <p>Assets under construction</p> <p>We have tested a sample of costs incurred to date which have included as part of the Assets Under Construction in the financial statements, checked that these appear reasonable, agreed these back to invoices and ensured that they have been capitalised appropriately.</p> <p>Conclusion</p> <p>We are pleased to conclude that there were no issues noted during our testing in this area.</p>
4.	Recognition, recoverability and existence of tuition fees and other fees	<p>We have carried out substantive testing and analytical review of tuition fee income and we are pleased to report that no issues were identified. Income recognised in the year is in line with our expectation, which was based on actual student numbers and standard fees set by the Board for 2013/14.</p> <p>In addition to this, we have performed detailed testing on a sample basis in the period and agreed these back to student enrolment forms, SLC remittances, bank statements for self payers and sponsored students, and agreed back to the QLS database records. No issues were noted on this testing carried out.</p> <p>We have reviewed the treatment of income from the NHS and agreed this back to the contracts and cash received. NHS income appears reasonably stated with the clawback confirmed by the NHS subsequent to year end.</p> <p>Bad debt review</p> <p>We have reviewed the recoverability of the debtors in respect of tuition fees, halls accommodation fees and sales ledger debtors.</p>

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

	Risks identified in our audit plan	Audit findings and conclusions
4.	<p>Recognition, recoverability and existence of tuition fees and other fees (continued)</p>	<p>Management makes a 90% general provision for all self-funded student balances owed to the university at year end less any amounts received in August and September. This is consistent with prior years.</p> <p>Based on our review of the ageing of the debtors profile and historic cash recoveries, the bad debt provision appears to be reasonable.</p> <p>No provision has been made against the Student Loan Company (SLC) or Sponsored student debt, these debtors are not provided for as there is not considered to be a risk of non-recovery and there are also creditor balances with the SLC and Sponsors. Management have concluded that as the overall position with SLC and Sponsors is a credit no bad debt provision is required.</p> <p>SLC creditor balance</p> <p>We have reviewed the reconciliation of amounts remitted to the University by the SLC against student records to identify data mismatches and overpayments to the University. We have compared the resulting University accrual for amounts owed to the SLC against the amount recorded as 'overpaid' in the SLC system. Management has accrued for £1,132,277 at the year end, however the report from SLC website shows that £245,049 is due to be repaid by the University.</p> <p>Per discussions with management we note that this is mainly due to a timing difference between the University's records and the information being updated on the SLC website portal. From our understanding this SLC credit balance increases continuously until the credits are taken against the next payment from SLC. The rationale behind this is that the overpayment can only increase as more and more students change their course / drop out / do not re-enrol / notice an overpayment. In addition, £500k, relates to before 31st July 2011 and much of this will only be noticed by students once they start to repay their loans.</p> <p>Conclusion</p> <p>We gained assurance that the tuition fee and other fee income has been correctly recognised and conclude that the bad debt provision appears to be reasonable.</p> <p>Whilst we conclude that the difference between the University SLC creditor and amount owed per the SLC system is not considered to be materially misstated, we recommend, management inform the SLC of data mismatches to enable the SLC to update their records on a timely basis and avoid this balance becoming unmanageable and increasing over time.</p> <p>Management response</p> <p>We will contact our account manager at SLC and seek to engage them in a process of reconciling their records to ours in order to agree balances, including those relating to prior years.</p>

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

	Risks identified in our audit plan	Audit findings and conclusions
5.	<p>Appropriate application of funds in accordance with relevant legislation</p>	<p>We have agreed amounts recognised to remittance statements provided by HEFCE and reconciled these payments back to the most recent grant letter provided by HEFCE in March 2014.</p> <p>We have reviewed the HESES reconciliation and discussed this with appropriate personnel in Registry and Admissions who compile the HESES report, to understand why they believe there will be no discrepancies. We have also considered whether a provision is required for 2013/14 and discussed this with Andrew Fisher, (Head of Registry and Admissions) who compiles the HESES report, to understand the process and controls around student data, which feeds into the assessment of whether a provision is required.</p> <p>We conclude that the university funds have been applied for the proper purposes and in accordance with the Financial Memorandum.</p> <p>Conclusion</p> <p>We are yet to review your HESA reconciliation once this has been submitted in October 2014. All other testing in this area proved satisfactory.</p>
6.	<p>Operating expenses and creditors</p>	<p>We have:</p> <ul style="list-style-type: none"> • enquired of accounting staff as to the possibility of unrecorded liabilities and examined any unprocessed invoices for unrecorded creditors.; • searched for unrecorded liabilities by reviewing the payments journal subsequent to the year end for large or unusual entries; • reviewed all significant balance sheet items and compared to prior year and expectations, investigating any significant differences; • reviewed expenditure streams for the year and verified significant items to supporting documentation. <p>We noted there was an under-accrual of approximately £8,500 in South Bank University Enterprises Limited at the year end. This balance is not considered to be significant and therefore the proposed adjustment has not been posted by management. See unadjusted misstatements as per Section 6, page 24 of this report.</p> <p>Conclusion</p> <p>No other issues were noted from our testing in this area.</p>

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

	Risks identified in our audit plan	Audit findings and conclusions
7.	Employee costs	<p>To gain assurance over this significant expenditure balance we:</p> <ul style="list-style-type: none"> • updated our understanding of the systems and controls in place surrounding the management of staff changes and the calculation and processing of the payroll; • analytically reviewed payroll expenses in comparison to prior years and budgets and investigated any significant or unexpected variances and reviewed the reconciliation of payroll reports to the ledger; • tested a sample of staff members to supporting documentation (including contracts) to gain assurance over the correct calculation of remuneration and processing of staff changes, including salary changes, new joiners and leavers; • performed data interrogation tests (using IDEA software) to identify exceptions such as duplicate employee names, NI numbers or bank accounts and have fully investigated the results; • carried out the review the relevant disclosures relating to staff costs within the financial statements. <p>We noted during our testing one control issue as we identified one incident of a duplicate employee record on the payroll system which has been discussed in further details in Section 5 Internal controls. We do not consider this to be material to the financial statements.</p> <p>Conclusion Other than the above control point, we have gained assurance that the employee costs appears reasonable.</p>
8.	Pension liability	<p>We have reviewed the actuarial assumptions suggested by Barnett Waddingham and agree that these assumptions appear reasonable.</p> <p>We have carried out a review of the detailed disclosures within the financial statements to ensure that full compliance with FRS 17 is met.</p> <p>For further details of benchmarking of the assumptions compared to other educational institutions please see Section 9.</p> <p>Conclusion No issues were noted from our testing in this area.</p>

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

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


	Issue arising	Audit findings and conclusions
1.	Difference on the opening reserves	<p>During our review of the reserves, we noted a difference of approximately £534,000 on the opening reserves within the University.</p> <p>Management has reconciled this difference and noted this difference of £534,000 was due the gift aid payment from South Bank University Enterprise Limited to the University for the year ended 31 July 2013.</p> <p>The gift aid payment had not been posted through the financial statements for 2013 and therefore resulted in the University Balance Sheet Reserves, Intercompany debtor and the University Income and Expenditure Account being understated by £534,000 in the 2013 signed accounts. This error has not impacted the Consolidated Financial statements for the year ended 31 July 2013 and is not considered to be a material misstatement.</p> <p>Management have agreed to amend this through the surplus for 2013/14 to ensure all balances are corrected at the year end.</p> <p>Conclusion</p> <p>We conclude that this is the correct treatment.</p>
3.	VAT	<p>We are awaiting to finalise our VAT review and will update this section once this has been completed.</p>

4. Audit findings – Other communication requirements

	Issue	Commentary
1.	Matters in relation to fraud	We have not been made aware of any significant incidents in the period and no other issues have been identified during the course of our audit procedures. We have also discussed fraud with the internal audit team.
2.	Matters in relation to related parties	<p>We note that in the current year, there is a related party transaction. The Vice Chancellor of the University, Professor David Phoenix received an interest free loan as part of a relocation package. Professor David Phoenix is an employee of the University.</p> <p>The amount of the loan was £350,000 and was for the purpose of purchasing a property within reasonable commuting distance to the University.</p> <p>As at 31 July 2014 the outstanding balance on this loan was £350,000 and this should be disclosed separately, as a related party transaction within the financial statements in line with the requirements of HE SORP 2007, Financial Reporting Standard 8 'Related party disclosures' and Companies Act 2006. A reclassification adjustment to disclose this balance has been posted through the financial statements as noted on Section 7 of this report.</p>
3.	Matters in relation to laws and regulations	We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
4.	Written representations	<p>As in previous years we will include a representation on data assurance in addition to our standard representations:</p> <p>"We confirm that we have provided to you all information relating to our contractual arrangements with HEFCE and that we currently know of nothing which could have an impact upon these arrangements and as far as we are aware at the current time, there is no adjustment to the HEFCE funds to be provided for in the financial statements."</p>
5.	Disclosures	<p>We are yet to carry out a detailed technical review of the financial statements and our work in this area is pending.</p> <p>These will be communicated to the finance team and their resolution will be discussed and reviewed in the final set of financial statements.</p>
6.	Going Concern	We are currently finalising our review of going concern. However from our discussions and understanding of the University, we do not anticipate any issues to be identified that would cause concern about the going concern status in the 12 months following the signing of the audit report.

5. Internal controls


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

	Assessment	Issue and risk	Recommendations
1.		<p>Payroll controls</p> <p>Our work on duplicates testing, identified one employee record which appeared in Oracle, the HR system twice. On the basis of the work performed, we conclude that no instances of duplicate payments made to this employee in the financial year ended 31 July 2014.</p> <p>We understand from HR that this was caused due to an Oracle application disk issue whereby a 'ghost' record had been created within the Oracle data tables at some point in the past. This meant HR were unable to do any further updating of this record but has subsequently been removed from the Oracle system.</p>	<p>We recommend existing procedures are tightened whereby a review process and policy is put in place to ensure there is timely updating of casual employee records .</p> <p>Management response</p> <p>The duplicate record was an Oracle application disk issue whereby a 'ghost' record had been created within the Oracle data tables – this could have been a network or database resource issue within Borough Road at some time in the past. This stopped HR doing any further updating of this record as the system was 'seeing' two records whereas there should only have been one. This issue has recently been resolved (within the last two weeks) while a consultant was working with management on this year's HESA report. There is now only one record on Oracle therefore this audit issue no longer exists.</p>




Assessment

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



5. Internal controls – Actions taken on issues raised in previous years

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1.		<p>Journals authorisation</p> <p>In the previous year, we noted there are practical reasons why two authorisation systems are currently in operation: the J5 system being used for large multi-line journals and the G6 system for short corrections and adjustments.</p> <p>As a result of this, we had also noted that manual G6 journals posted by the Financial accountant were not reviewed or approved by the financial controller until the end of month process.</p> <p>Our previous recommendations in this area were as follows:</p> <ul style="list-style-type: none"> all journals posted should have a description of what the posting relates to. This would aid the reviewer and approver as part of the authorisation and monitoring control over journal postings all supporting documentation in relation to a journal is uploaded onto Agresso by the team. 	<ul style="list-style-type: none"> During our work in this area in the current year, we are pleased to report a significant improvement in the area of supporting documentation for journals. However, we continue to recommend that management ensure that all journals posted have a description, as we found several journals with no description. <p>Management response</p> <p>All G6 journals should include an appropriate description and a monthly check will take place to ensure that this procedure is followed by finance staff preparing these types of journal.</p> <p>Journal lines without descriptions included J1 transactions which originate from purchase invoices that are matched to POs. for these journals the description comes from the original requisition. We will issue instructions to those raising requisitions to ensure they include a description.</p>




Assessment

-  Significant improvement still required
-  Improvements noted but room for improvements remains
-  Control issue resolved

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

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
2.		<p>Suspense account</p> <p>In the prior year, we recommended that all suspense accounts are cleared on a timely basis and allocated to the appropriate areas.</p> <p>We carried out further testing in respect of the use of suspense accounts as part of review of journals posted to such accounts in the year. We have no issues to report from our testing in this area.</p>	<ul style="list-style-type: none"> • During our review this year, we noted that the balance on the suspense account at the year end has reduced significantly from £309,000 in the previous year to £10,000 in the current year. • Whilst the balance is not considered to be significant to the financial statements, due to the nature of this account, we continue to recommend that all suspense accounts are cleared on a timely basis and allocated to the appropriate areas. <p>Management response</p> <p>Suspense accounts are normally cleared to zero as part of the month end process but this balance was not corrected at the year end. suspense accounts will continue to be reviewed monthly to prevent this error re occurring.</p>
3.		<p>Payroll controls</p> <p>The following control recommendations were made in this area in the prior year:</p> <ul style="list-style-type: none"> • signed employment contracts are place for all members of staff • existing procedures are tightened whereby any changes in relation to secondee employees are informed to the finance team by HR on a timely basis with information provided on the start and end dates/agreed payments to these employees • monthly reconciliation of the payroll report to the bank statements together with any reconciling items once investigated by the finance team, are formally approved by the Financial Controller and that this is a documented process. 	<ul style="list-style-type: none"> • We are pleased to report that these recommendations have been addressed by management.


Assessment

-  Significant improvement still required
-  Improvements noted but room for improvements remains
-  Control issue resolved


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6. IT control findings


As part of our work on understanding the University and its control environment our IT specialists have reviewed the General IT controls in place at the University to determine whether they are designed effectively. As a result of this review a number of recommendations have been made which we would like to bring to the attention of management.

	Asses sment	Issue and risk	Recommendations
1.		<p>Proactive reviews of logical access within iTrent and network domain</p> <p>User accounts and associated permissions within iTrent and network domain access are not proactively reviewed for appropriateness.</p> <p>Implication</p> <p>a) No-longer-needed permissions granted to end-users may lead to segregation of duties conflicts</p> <p>b) Access privileges may become disproportionate with respect to end users' job duties</p>	<ul style="list-style-type: none"> It is our experience that access privileges tend to accumulate over time. As such, there is a need for management to perform periodic, formal reviews of the user accounts and permissions within all financially critical systems (including Active Directory). These reviews should take place at a pre-defined, risk-based frequency (annually as a minimum). We are aware that user accounts on iTrent are being reviewed, but this process is not documented. These reviews should evaluate both the necessity of existing user ID's as well as the appropriateness of user-to-group assignments (with due consideration being given to adequate segregation of duties). <p>Management response</p> <ul style="list-style-type: none"> LSBU is currently engaged in project to replace Identity and Access Management (IAM) systems. Once live these projects will tie access to role rather than relying on manually granted permissions which then accumulate. The monthly review of access for core payroll system users will be documented in the future. Expected to be complete by March 2015. iTrent - A monthly review of access for core payroll system users is already in place and performed by the Payroll Manager who is responsible for security and access rights. There are around 10 users of iTrent and as such the risk of user accounts becoming out of date is low.



6. IT control findings (continued)

	Assessment	Issue and risk	Recommendations
2.		<p>Lack of information security policies and procedures</p> <p>We note that following procedures are not documented</p> <ul style="list-style-type: none"> • User creation process • User termination process • User access review process <p>Further, Information security policy and the change management policy are not reviewed on periodic basis (the last review was July 2009). We also note these policies are not approved from the senior management.</p> <p>Implication</p> <p>Lack of sufficient IT policies and procedures may lead to information security processes, requirements and controls inconsistently defined, understood, and implemented throughout the organisation. This may lead to inconsistent controls deployed and may leave potential vulnerabilities in access management, server security, network security, which can also lead to inappropriate access to underlying financial data.</p>	<ul style="list-style-type: none"> • A user access management policy should be established, formally approved by the appropriate members of the organization, and communicated to relevant personnel responsible for implementing them and/or abiding by them. • Once established, these documents should be formally reviewed (at least annually) to ensure their continued accuracy and appropriateness. Examples of topics commonly addressed within user access management policy are user access provisioning, user access reviews, password control requirements, account lockout restriction requirements, and restriction of administrative access, acceptable use of IT resources, information security event monitoring, and information security incident handling. • Typically, policies exist to address high-level control requirements as defined by the organization's information security or compliance group while procedures exist for individual systems which outlining security-related processes and controls unique to that system. <p>Management response</p> <ul style="list-style-type: none"> • These polices and processes are also affected by the project for IAM. Policies on security will be reviewed and updated by December 2014.


6. IT control findings (continued)

	Assessment	Issue and risk	Recommendations
3.		<p>Acknowledgement of IT security policy</p> <p>Staff employment contracts require employees to abide by London State Bank University policies, which includes the IT Acceptable Use Policy. However, employees are not required to periodically formally acknowledge that they have read, understand, and will abide by the organisation's information security policy requirements</p> <p>Implication</p> <p>It is important that senior management promote a culture where end-users of information resources are aware of their roles, responsibilities and accountability with respect to security of information assets. The lack of periodic formal acknowledgements of information security requirements may make disciplining employees for inappropriate use of information resources more difficult. The lack of these acknowledgements may lead to a lack of employee awareness of expectations over the use of IT resources. For example, a user who is caught sharing personal passwords with other employees may be able to claim ignorance of any wrongdoing.</p>	<ul style="list-style-type: none"> Management should introduce a process whereby employees are required to periodically (at least annually) acknowledge that they have read, understand, and will abide by requirements outlined in the organisation's information security policies. An example of a low impact method of implementing this control would be to introduce a 'splash' screen that users are presented with at each log-in that states that by using their machine they have read and will abide by the IT Acceptable Use Policy. <p>Management response</p> <ul style="list-style-type: none"> We will review this recommendation and consider how best to implement as part of on-going Identity and Access Management (IAM) work. We recognize that the University should improve its processes for staff acknowledging that they accept IT acceptable use policy. We will address this as part of the IAM work with a target date of March 2015.




6. IT control findings (continued)

	Assessment	Issue and risk	Recommendations
4.		<p>Password complexity</p> <p>Password complexity (i.e. requirement that passwords must contain at least one numeric, number and special character) is not enforced within Active Directory.</p> <p>Users of the QLX application are not forced to routinely change their passwords.</p> <p>Implication</p> <p>This may lead to compromise of user accounts through password guessing or cracking. Further, compromised user accounts may be misused by unauthorised users to circumvent internal controls and may lead to inappropriate access to data.</p>	<ul style="list-style-type: none"> • Password complexity should be enforced within Windows domain access. • If possible, the organisation should enable restrictions within the QLX application to force users to change their passwords on a regular risk-based frequency (e.g. every 90 days). <p>Management response</p> <ul style="list-style-type: none"> • QLX - There is password enforcement within the system for Users and their associated Workgroups. Password limits can be configured and are currently set to 99 logins, when users are forced to change their password. • Windows - Complexity not currently enforced due to legacy systems. These will be replaced by IAM and complexity enforced at that point.
5.		<p>Terminated user process for QLX application</p> <p>There are no documented procedures in place to ensure the timely notification to the QLX application manager of terminated employees from the registry team.</p> <p>Implication</p> <p>Without processes to automatically inform the IT department of terminated users, there is a risk that the access rights of these users would not be removed from the system, exposing the data to unauthorised access which would not be detected in a timely manner.</p>	<ul style="list-style-type: none"> • A process whereby the registry team is assigned specific responsibility for notifying the IT department of all terminated users should be introduced. • Additional assurance over this process operation could be achieved if it could be automated. For example, if an interface to the HR system, which flags up user terminations, could be introduced. The IT department should complement the control with a periodic review of all terminated users provided from Human Resources against the active network accounts. <p>Management response</p> <ul style="list-style-type: none"> • We have manual notifications in place but we recognize that an automated feed will increase the accuracy and timelessness of notifying IT. The Identity Management project will make this an automatic rather than manual process. (See point 1.) • QLX - An additional manual process in Registry notifies ICT of terminated users.

6. IT control findings– Actions taken on issues raised in prior year

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
6.		<p>Logical access parameters We continue to recommended that the following best practice password parameters be enforced on the network, Agresso Web and the core Agresso system:</p> <ul style="list-style-type: none"> • minimum password length of 6-8 characters • minimum password age of at least 1 day • maximum password age of 30-60 days • alphanumeric passwords (complexity) enabled • account lockout set to 3-5 invalid lockout attempts • inactivity lockout set to 10-20 minutes • lockout period should be set to indefinite, with access only • reinstated by an administrator 	<p>We continue to repeat our recommendations until this is completed.</p> <p>Management response</p> <p>A revised identity management system is being implemented to address this control weakness. The following parameters are already in place for the network and applications controlled by Active Directory:</p> <ul style="list-style-type: none"> • minimum password length 6 characterers • account log out set for 3 attempts • lock out period indefinite. <p>the other parameters will be addressed as part of the AIM project.</p>

Assessment

-  Significant improvement still required
-  Improvements noted but room for improvements remains
-  Control issue resolved

7. Adjusted misstatements

London South Bank University

Journal	Detail	Income Statement		Balance sheet		Profit effect
		Debit	Credit	Debit	Credit	
1	DR Amounts owed to related parties > one year			350,000		-
	CR Other debtors				350,000	-
	Being a reclassification of the VC's loan amount					

No adjusted misstatements have been noted in relation to South Bank University Enterprise Limited.

7. Unadjusted misstatements

London South Bank University

Journal	Detail	Income Statement		Balance sheet		Profit effect
		Debit	Credit	Debit	Credit	
1	DR Other debtors CR Other creditors Being the net effect of bursary income and bursary payments.			185,097	185,097	-
2	DR Bank CR Creditors Being the reclassification of the SLC account balance			156,634	156,634	-

South Bank University Enterprise Limited

Journal reference	Detail	Profit and loss account		Balance sheet		Profit effect
		Debit	Credit	Debit	Credit	
1	DR Trade debtors CR Trade creditors Being reclassification of credit balances on the debtors ledger.			23,012	23,012	-
2	DR Operating expenses CR Accruals Being an unrecorded liability for Spring Personnel	8,585			8,585	(8,585)

8. Non-audit fees and independence

	Fees	Threat Y/N	Safeguard
Statutory audit	£40,975	• No	
Non-audit services			
Tax compliance services	£2,525	• Yes	Use of separate teams
iXBRL tagging	£850	• No	Use of separate teams
Total non-audit services	£3,375		

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

Independence and ethics:

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

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

9. Pension

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

Mortality (based on future life expectancies at the age of 65)	2014	Benchmark* (years)
Current pensioners - male	21.8	21.8-22.9
Current pensioners - female	25.0	24.4-25.8
Future pensioners – male	24.2	24.1-24.3
Future pensioners - female	27.2	26.9-27.4
* Benchmark has been obtained from various other Educational institutions		

Mortality / life expectancy

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

The Base Table

The base table that has been used in the calculations is the Club Vita tables, which is based on the mortality experience of the Scheme itself.

Projected Improvements

The method used to allow for future improvements in mortality is critical in the assessment of the liabilities. The approach adopted by the Actuary is the CMI 2012 improvement factors applied with an underpin to future improvements of 1.50% pa.

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

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

9. Pension

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

Actuarial assumptions	2014	2013	Benchmark*
Pension increases	2.7%	2.5%	2.2%-2.7%
Salary increases	4.5%	4.2%	3.1%-4.5%
Discount rate	4.2%	4.7%	3.7%-4.3%
CPI increases	2.7%	2.5%	2.2%-2.7%

* Benchmark has been obtained from various other Educational institutions

Pension increases

Increases in payment – 2.70% p.a (CPI)

Increases in deferment – 2.70% p.a (CPI)

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

Salary increases

The rate assumed for salary increases is 4.50% pa, which represents a 1.00% pa real salary increase above the RPI inflation rate assumption adopted. In the past the usual range was between 0.5% and 1.5% pa above RPI inflation. However, due to changing economic conditions, the typical margin we have observed over recent periods has reduced to, in some cases, a zero margin.

As this assumption is based on long term expectations, we have confirmed with the University that this in line with their long term business plans.

We note that the Actuary states that within the salary increase assumption an adjustment has been made for a short term pay restraint in line with CPI until 31 March 2015.

We have confirmed with the University that this applies to them to the extent proposed by the Actuary.

Discount rate

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

The yield on the iBoxx AA-rated Corporate Bond Index (for terms of over 15 years) (the "iBoxx index") as at 31 July 2014 was 4.08% pa. The Actuary has adopted a discount rate of 4.20% pa as at 31 July 2014.

Due to the current upward-sloping curve of the yield curve, we would expect to see discount rates above the iBoxx index for schemes whose liabilities have a longer duration than iBoxx. The current duration of the iBoxx index is 13 years. The Actuary has estimated the duration of the scheme's liability to be 19 years. We are therefore comfortable with the adjustment to the iBoxx index and the discount rate assumption is acceptable.

CPI increase

Standard practice is to derive the CPI assumption based on the RPI assumption. Based on the RPI assumption a downward adjustment of 0.80% has been made to RPI inflation in this case. Since the introduction of the CPI measure in 2010, we have been observing downward adjustments of between 0.50% and 1.00%, from the RPI to produce estimates of CPI.

We expect the RPI/CPI wedge to remain between 0.50% and 1.00% and therefore this assumption is reasonable.

Alignment of UK and International Financial Reporting

From the year ending 31 July 2016, the University will be required to report under The FRS (FRS 102) and a revised SORP 2015 for the education sector. We set out below a summary of the key areas of impact for the University:

Impact

The new SORP 2015 has been through consultation and the final version was published in March 2014. The SORP has resulted in a number of changes to financial reporting which will require some additional work to be completed by the finance team. From our experience in helping other entities transition between frameworks we note that the key to managing the process successfully is thorough planning and understanding of the new requirements. We have already started to discuss the transition plan with management and key members of the finance team have been invited to attend seminars and workshops held by Grant Thornton to expand their knowledge.

The key areas of focus for London South Bank University are as follows:

Loans- Management will need to review any loan agreements to determine their complexity and whether there are any financial instruments within the agreement which require measurement at their fair value.

Capital Grants- Following much debate during consultation, the final SORP has retained a policy choice for the treatment of government grants. Universities will be able to account for government grants using the accruals model or the performance model. Under the accruals model, the grant is held on the balance sheet, within creditors, and recognised (amortised) as income over the expected useful economic life of the structure of the capital asset. Any non-government grants will be recognised directly in income as soon as the conditions attaching to the grant are met under the performance model. Management should complete an exercise to determine whether grants received to date are government or non-government grants to ensure that they are appropriately treated under the new SORP.

Tangible Fixed assets - The new SORP requires more assets to be classified as investment properties than under current accounting standards. Unlike tangible fixed assets, investment properties are held at their fair value and are not depreciated. Management will need to review all asset classifications to determine whether they meet the definition of a tangible fixed asset or an investment property.

Designated reserves - The new SORP does not allow designated reserves to be presented in the financial statements. These reserves can still be used for internal purposes, but should not be shown on the face of the balance sheet. Although the University does not currently have designated reserves, this should be noted where potential designated reserves are being considered.

Pensions – London South Bank University is a member of a multi-employer pension scheme. As with current UK GAAP, the University will continue to not recognise the pension liability relating to the Teachers Pension Service and the University Superannuation Scheme on the balance sheet as the assets and liabilities of the scheme cannot be separately identified. However, the University will need to provide for any contractual obligation they may have to fund the deficit position.

Holiday pay accrual - At each year end there will be a requirement to accrue for any unutilised staff holiday entitlements. Management will need to review the current process for capturing holiday entitlement to ensure that an estimate of the accrual can be made at the year end.

Intangible assets and goodwill - For intangible assets and goodwill, current UK GAAP presumes a maximum useful life of 20 years, but this can be rebutted if a longer or indefinite life can be justified. Under FRS 102, intangible assets and goodwill always have a finite life. If no reliable estimate can be made, the useful life will be limited to a maximum of five years.

Specific impact on the University

Alignment of UK and International Financial Reporting (continued)

Impact

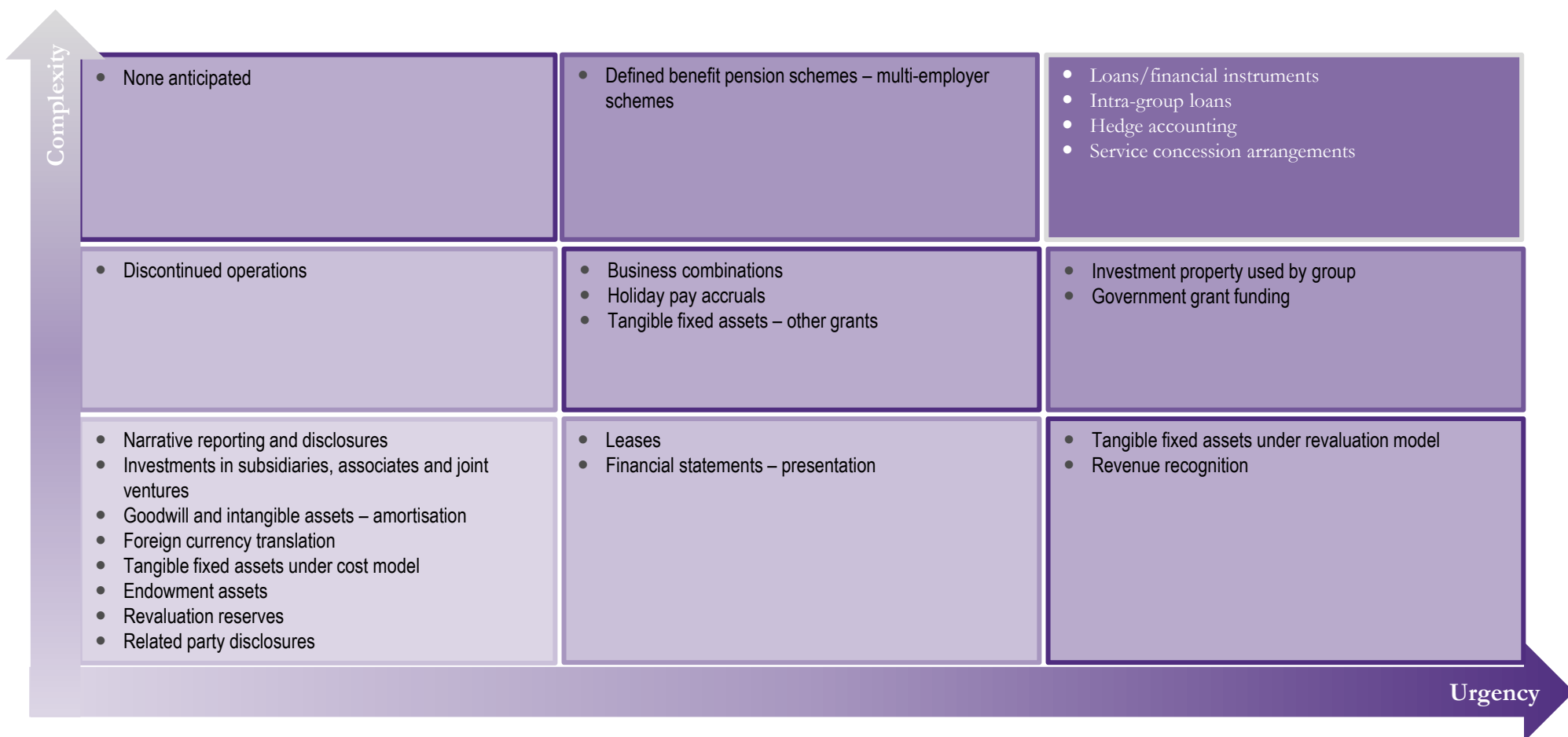
Lease accounting - FRS 102 classifies leases into finance leases and operating leases based on whether the lessee or the lessor holds the risks and rewards of ownership. This is the same principle as current UK GAAP; however current UK GAAP also includes a presumption that where the present value of the minimum lease payments is 90% or more of the fair value of the asset, then the lease is a finance lease. FRS 102 does not include this '90% test' so the classification of some leases may change. Under current UK GAAP, the value of a lease incentive, such as a rent-free period, is spread over the period to the first rent review, being the point at which the rent is reset to market rates. Under FRS 102, lease incentives are spread over the lease term, which may be a significantly longer time period.

We will continue to work with management throughout their transition and provide technical support, as required, throughout the process. We will perform a formal review of the restated opening balances once this exercise is complete, to ensure that policies and disclosures have been agreed in advance of preparing the first set of financial statements under the new SORP.

Specific impact on the University

Alignment of UK and International Financial Reporting (continued)

We now set out below a summary of the key areas of changes to financial reporting and our view on the complexity of the area and their urgency:



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Alignment of UK and International Financial Reporting (continued)

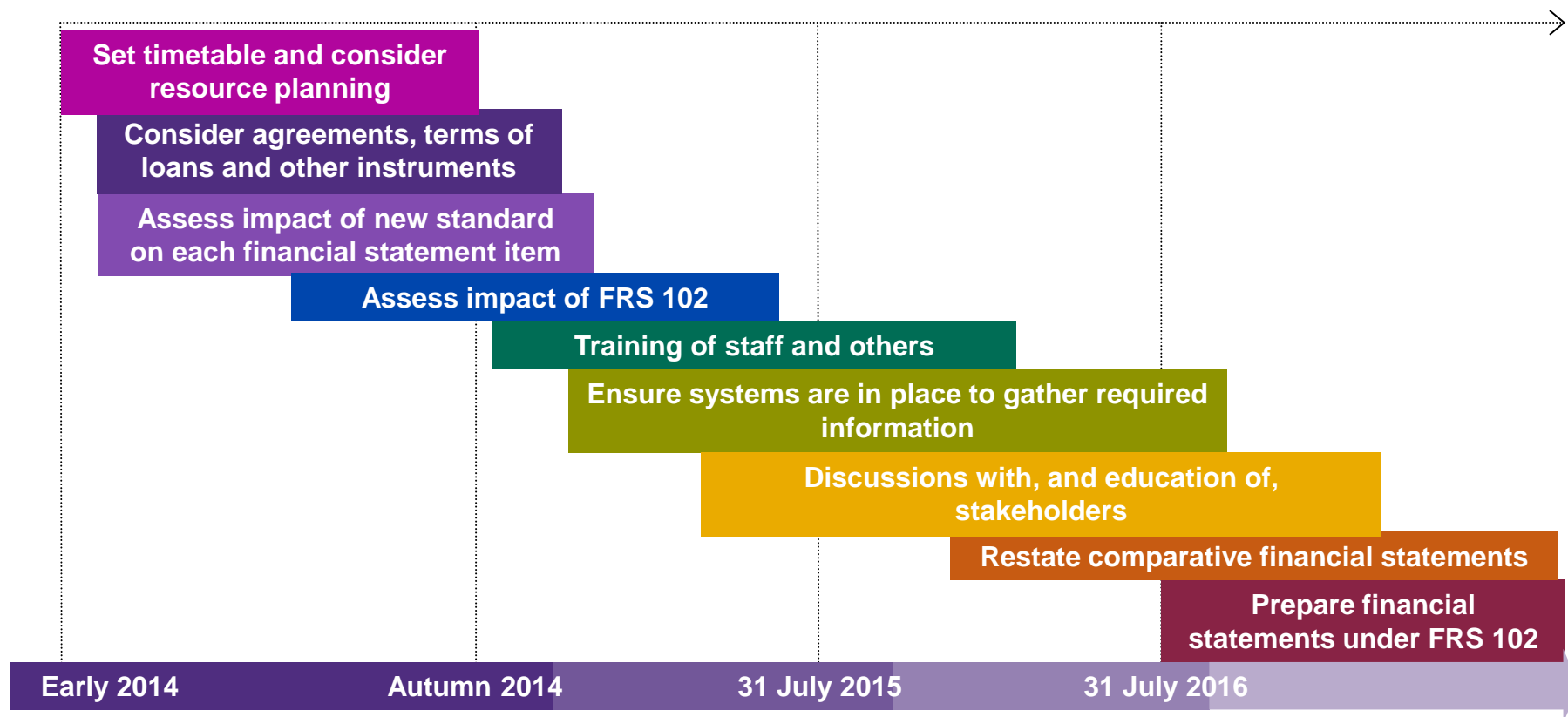
Practical issues

In addition to the accounting issues, conversion to FRS 102 and the new education SORP will have an array of practical implications. These may prove to be the real challenge on transition and, consequently, timely consideration is strongly recommended.

Potential requirement	Issues to consider
Training	Who will need to be trained in the new standards, in what depth, and at what time?
Resources	What resources will be needed? The need to restate the comparatives will mean essentially preparing two sets of financial statements in the year of transition.
Accounts production	Differences in the format of the accounts will affect the accounts production process. Can the current process cope with these changes?
Involving other departments	The search for information and the training shouldn't just be restricted to the finance function. Other departments will have a significant amount of information that will assist the conversion and they will need to be educated on the new standards for operational decisions being made. Include IT, HR and commercial operations teams.
Stakeholder education	Are there other stakeholders who may need to be educated in why the numbers and the accounts look different, for example members of the Board, lenders or funding bodies?
Systems	Will the systems be able to capture the information needed, such as holiday pay accruals?
Tax advice	Should specialist tax advice be obtained to address the conversion issues, particularly in respect of the subsidiary undertakings?
Audit	The transition adjustments will need to be audited in addition to the year end figures. When would be appropriate and convenient for this work to be performed?

Alignment of UK and International Financial Reporting (continued)

Suggested timeline for transition to FRS 102



Sector Update

Accounts Direction 2014-15

HEFCE has published its updated Accounts Direction 2014-15 to be applied to the University's 2014-15 accounts. The Direction is very similar to the 2013-14 version, but with one key change which is to provide greater and more transparent disclosure of remuneration and benefits payments to the Head of Institution. Whilst the Direction applies to 2014-15 accounts, we understand that HEFCE are encouraging Universities to adopt this change early.

HEFCE Memorandum of assurance and accountability

HEFCE has published changes to the Financial Memorandum which will take effect on 1 August 2014. The changes proposed in the consultation take account of the Government's recent reforms to the funding and regulation of HE. Key changes impacting on the function of the Audit Committee are that:

- The memorandum sets out principles of ensuring governing bodies take full responsibility for entering into any financial commitments. These should not expose the institution to unnecessary levels of risk. Institutions must seek separate approval from HEFCE before entering into any new financial commitments that would increase the total financial commitments to five times its average EBITDA-based surplus.
- The Accountable Officer must report any material adverse events in a timely manner to the chair of the audit committee, the chair of the governing body, the head of internal audit, the external auditor and the chief executive of HEFCE. Material adverse events include a change that poses a significant and immediate threat to the financial position, a significant fraud (over £25,000) or impropriety or major accounting breakdown.
- The Code states that the institution should undertake market testing every seven years and that one named individual should not be responsible for the HEI's audit for more than ten consecutive years. The latter point is an extension on the old financial memorandum that limits an individual partner's involvement to seven years. Where internal audit is provided from an outside source, market testing should be undertaken at least every five years.
- Audit Committees should include a minimum of three lay members of the governing body. Audit committee members should not be members of an HEI's finance committee or its equivalent. If an HEI's governing body determines that cross-representation involving one member is essential, this should be the subject of an explicit, recorded resolution, which sets out the rationale for such a decision – but it should not be an option for the chair of either committee or the chair of the governing body.

Sector Update (continued)

Managing through uncertainty- Financial Health of the HE Sector

Grant Thornton has published its latest annual review of the financial health of the HE sector. Headline statistics, based on 2012-13 accounts are:

- HE sector surplus is 3.7% continuing a three year decline (down from 4.0% in 2011-12)
- Fees from overseas students grew by 9.5% but growth is slowing
- Research grants and contracts income grew by 6.3%
- Staff costs grew by 4.3% whilst total income grew by 4.7%
- Borrowing has increased by 13.6% although the gearing and liquidity of the sector has remained relatively stable.

Copies of our report continue to be available and we have provided the University with a bespoke report highlighting the University's comparative position on financial indicators with other universities.

Overview of main trends and changes in Higher Education in England

HEFCE has published a research report (April 2014) of trends and changes in the HE sector. A selection of findings based on 2013-14 data are:

- Undergraduate entrants grew by 8% in 2013-14 representing a strong recovery. This is expected to continue in 2014-15
- Numbers of part time undergraduates has halved in the last 3 years
- Full time post graduate student entries has risen following a decline last year
- Improvements to widening access and fair access continue
- Young women are more likely to apply for and be accepted into higher education than young men
- STEM subjects continue a trend of growth
- Changes in recruitment trends are favoring some types of institution more than others. Universities with higher average tariff scores are gaining students whilst those with medium and low average tariffs have seen numbers decline
- FE colleges are gaining market share
- The sector retains a high level of confidence to invest with a 30% increase in investment planned in the next 3 years compared to the last 3 years.

10. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the Group's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence		✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to Going Concern		✓
Matters in relation to the Group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	✓	✓

International Auditing Standard (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, The Audit Findings, outlines those key issues and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the governing body and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISA's (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.



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	PAPER NO: BG.75(14)
Paper title:	Letter of Representation to Auditors
Board/Committee	Board of Governors
Date of meeting:	20 November 2014
Author:	Natalie Ferer, Financial Controller
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To agree the letter of representation.

Matter previously considered by:	Audit Committee	On: 30 October 2014
Further approval required?	No	N/A

Executive Summary

The letter of representation requires the Board of Governors to give specific assurances to the auditors over matters regarding the financial statements and the year-end audit. It is to be signed by the Chairman of the Board at the time of signing the accounts.

The draft letter is attached. There are no non-standard matters inserted specific to LSBU or arising as a result of the audit which require reference in the letter of representation.

The Audit Committee have reviewed and recommend the attached Letter of Representation for approval by the Board.

{Prepare on LSBU letterhead**}**

Our Ref: L05822015/DB/AT

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

20th November 2014

Dear Sirs

London South Bank University
Financial Statements for the year ended 31 July 2014

This representation letter is provided in connection with the audit of the financial statements of London South Bank University and its subsidiary undertaking(s) as shown in Appendix I to this letter for the year ended 31 July 2014 for the purpose of expressing an opinion as to whether the group financial statements give a true and fair view in accordance with the Companies Act 2006.

We confirm to the best of our knowledge and belief that the following representations are made on the basis of appropriate enquiries of other members of the Board with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you in respect of your audit of the above financial statements, in accordance with the terms of your engagement letter dated 16 July 2014.

Financial Statements

- i As set out in the Statement of Responsibilities of the Board of Governors on page 22, we acknowledge our responsibilities, in accordance with the University's Memorandum and Articles of Association, for preparing financial statements in accordance with the University's Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting for Further and Higher Education, and for making accurate representations to you.
- ii In addition, within the terms and conditions of the Financial Memorandum agreed between the Higher Education Funding Council for England and the Board of Governors of the University, the Board of Governors, through its designated officer holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.
- iii We are responsible for ensuring that funds from the Higher Education Funding Council for England, the Teaching Agency for Schools, and the Skills Funding Agency are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Higher Education Funding Council for England and any other conditions which the Funding Council may from time to time prescribe.
- iv The University has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has

been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

- v We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error and fraud.
- vi Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Statement of Recommended Practice - Accounting for Further and Higher Education ('SORP'), issued by the Charity Commission for England and Wales and any subsequent amendments or variations to this statement.
- viii All events subsequent to the date of the University financial statements and for which the SORP and any subsequent amendments or variations to this statement require adjustment or disclosure have been adjusted or disclosed.
- ix Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice.
- x We have not adjusted the misstatements brought to our attention on the audit differences and adjustments summary, attached to this letter, as they are immaterial to the results of the University and its financial position at the year-end. The University financial statements are free of material misstatements, including omissions.
- xi We confirm that we have provided to you all information relating to our contractual arrangements with HEFCE and that we currently know of nothing which could have an impact upon these arrangements and as far as we are aware at the current time, there is no adjustment to the HEFCE funds to be provided for in the financial statements.

Information Provided

- i We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the University financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- ii We have disclosed to you the results of our assessment of the risk that the University financial statements may be materially misstated as a result of fraud.
- iii All transactions have been recorded in the accounting records and are reflected in the University's financial statements.
- iv We confirm that we have provided to you all information relating to our contractual arrangements with HEFCE and that we currently know of nothing which could have an impact upon these arrangements and as far as we are aware, at the current time, there is no adjustment to the HEFCE funds to be provided for in the financial statements.

We have disclosed to you our knowledge of fraud or suspected fraud affecting the entity involving:

- a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the University's financial statements.
- v We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the University's financial statements communicated by employees, former employees, analysts, regulators or others.
- vi We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing University's financial statements.
- vii We have disclosed to you the identity of the University's related parties and all the related party relationships and transactions of which we are aware.
- viii We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- ix We confirm that we have reviewed the serious incident guidelines issued by the Charity Commission (updated in 2010). We also confirm that no serious incident reports have been submitted to the Charity Commission, nor any events considered for submission, during the year or in the period to the signing of the balance sheet.

Yours faithfully

	PAPER NO: BG.76(14)
Paper title:	Report and Accounts for the year to 31 st July 2014
Board/Committee	Board of Governors
Date of meeting:	20 November 2014
Author:	Natalie Ferer, Financial Controller
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To Approve the report and accounts for the year ending 31 st July 2014

Executive Summary	
Context	The audit for the year ended 31 st July 2014 is now complete and the report and accounts are enclosed for approval and signing.
Question	Can the Governing Body approve the report and accounts for the year ending 31 st July 2014?
Conclusion & Recommendation	It is recommended that the Board of Governors review and approve the attached report and accounts.

Matter previously considered by:	Audit Committee	30 th October 2014
	Policy and Resources	12 th November 2014
Further approval required?	No	N/A

Executive summary

The audit for the year ended 31 July 2014 has been completed. The report & accounts are enclosed for approval by the Board. Since consideration by Policy and Resources Committee on 12th November, only minor changes to format have been made.

Outstanding steps to completion

- Approval by Board of Governors
- Signing of accounts

Key Issues

The attached accounts are for the year ended 31 July 2014. Grant Thornton has now completed their technical review and any changes to the accounts and their presentation have been incorporated into these accounts.

The operating surplus of £3.1m is ahead of the agreed budget and the forecast surplus of £2.5m submitted to HEFCE in November 2013. In the context of the recruitment challenges across the sector in 2013/14 this is a considered a strong result.

No clawback of funds by HEFCE relating to 2013/14 is expected. At the date of this report, the annual HESA return has been submitted and show that the University has reached its funding target and Grant Thornton are satisfied that no provision for clawback is required.

The pension liability with the London Pension Scheme Authority (LPFA) has increased from £62.2m to £76.5m, mainly as a result of actuarial losses. The FRS17 charge to the I&E account for the year is £6.9m (interest £2,341k and staff costs £4,581k) and a £12.5m loss is recognised in the statement of total recognised gains and losses (STRGL).

The University generated a net cash outflow from operating activities of £6.0m in the year. After accounting for the cost of the Capital Investment programme and repayment of loans the net cash position was reduced by £17.3m. However this is after transferring over £10.3m to fixed term bank deposits. Net funds reduced by £5.4m to £23.5m at 31 July 2014.

A detailed commentary on the financial results is included on pages 9-14 of the accounts.

London South Bank University

Grant Thornton has presented the results of their audit in their Audit Findings document.

Recommendation

Audit Committee and Policy and Resources Committee recommend that the Board of Governors approve the attached accounts.

Company Registration No. 986761

London South Bank
University

Report and Financial Statements

31 July 2014

London South Bank University

Report and financial statements 2014

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London South Bank University

Strategic Report

Legal and Administrative Details

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 21-27 and the members of the Board of Governors during the year ended 31 July 2014 are listed on page 4. 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 Financial Memorandum. The University complies with conditions of grant set out in funding agreements with the relevant grantor.

Bankers

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

Solicitors

SGH Martineau
1 Colmore Square
Birmingham
B4 6AA

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

Shoosmiths LLP
Witan Gate House,
500-600 Witan Gate West,
Milton Keynes,
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Michelmores LLP
48 Chancery Lane,
London,
WC2A 1JF

Muckle LLP
Time Central
32 Gallowgate
Newcastle-Upon-Tyne
NE1 4BF

London South Bank University

Strategic Report

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

Auditor

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

Structure, Governance and Management

A separate Corporate Governance Statement is shown on pages 21-27.

Principal Officers:

Vice Chancellor

Professor Martin Earwicker (resigned 31 December 2013)
Professor David Phoenix (appointed 1 January 2014)

Pro Vice Chancellors

Professor Phil Cardew (Students and Education)
Ms Beverley Jullien (External) (resigned 31 July 2014)

Chief Financial Officer

Mr Richard Flatman

Chief Operating Officer

Mr Ian Mehrtens

Executive Director of Human Resources

Ms Mandy Eddolls (appointed 16 June 2014)

Secretary and Clerk to the Board of Governors

Mr James Stevenson

Strategic Report

Changes in officers since 31 July 2014:

Deputy Vice Chancellor

Professor Patrick Bailey (appointed 1 September 2014)

Pro Vice Chancellors

Professor Paul Ivey (Research and External Engagement) (appointed 1 November 2014)

Board of Governors

The following were Governors throughout the year ended 31 July 2014 except as noted:

Mr David Longbottom (Chair)

Professor Martin Earwicker (Vice Chancellor and Chief Executive) (resigned 31 December 2013)

Professor David Phoenix (Vice Chancellor and Chief Executive) (appointed 1 January 2014)

Ms Ilham Abdishakur (appointed 1 July 2014)

Ms Barbara Ahland (resigned 30 June 2014)

Mr Steve Balmont

Mr Douglas Denham St Pinnock

Mr Ken Dytor

Professor Neil Gorman (appointed 20 March 2014)

Professor Hilary McCallion CBE

Ms Anne Montgomery

The Revd Canon Sarah Mullally DBE

Dr Mee Ling Ng

Ms Louisa Nyandey (appointed 14 October 2013)

Mr Andrew Owen

Ms Diana Parker

Professor Shushma Patel

Mr James Smith CBE

Professor Jon Warwick

Changes in Governors since 31 July 2014:

Mr Jeremy Cope (appointed 01 September 2014)

Strategic Report

Objectives and Activities

Our mission:

To be recognised as an enterprising civic university that addresses real world challenges

London South Bank University has been transforming lives, communities and businesses for over 120 years. At its creation, the Prince of Wales and Archbishop of Canterbury were instrumental in a fundraising campaign which included 55000 letters of appeal and led to collection boxes being placed on London's bridges. The aims were to improve the social mobility of the people of south east London by improving their employment opportunities and to support the community by providing access to applied knowledge that would advance their businesses. Other than an increasingly global reach that mission remains almost unchanged today –LSBU provides a highly applied academic environment which supports students into professional careers by providing the knowledge and skills 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 to grow their businesses.

Building on our past to shape our future

The higher education sector and the market within which we operate has changed and continues to develop rapidly and so we must continue to innovate in order to keep pace. The recent decision to remove student number controls means we will inevitably see recruitment becoming an even more heated environment and this will be fuelled by new entrants such as private providers and overseas institutions, plus UK universities setting up London campuses. In 2010 only £30 million of public funding went to private providers and by 2015 this will be approaching £1billion.

Students do not want to simply sit in a lecture theatre. They continue to demand more for their money and they will expect that their investment in education will enhance their future career prospects. Institutions who strive to successfully meet and manage these expectations are the ones who will prosper. Providing a personalised student experience leading to strong graduate outcomes will become increasingly important and given our focus on professional education, is an area in which we must excel.

As the number and diversity of providers grows it will be important to ensure a degree of differentiation from competitors. Universities that succeed in this new environment will be ones that build on their strengths to ensure they develop a strong external reputation for the quality of what they deliver and indeed with the increase in the number of providers new quality measures will no doubt be linked to funding success. For example there is the current discussion around linking student loans and fee levels to graduate employment or retention rates and league table performance will of course continue to be of keen interest to students, employers, commissioners and funding agencies in the UK and overseas.

Our new Corporate Strategy 2015-2020 builds on the strengths of our university to enhance our reputation for supporting student success, delivering real world impact through our academic activity and by building on our history of providing opportunities through partnership.

Developing into a university that is recognised for addressing society's challenges by engaging with partners on both a local and global scale is not in itself a significant move away from who we are now. We have a reputation for courses relevant to the professions, for applied research and for business engagement and our teaching is becoming more and more dynamic as we produce enterprising graduates ready for a global market. Our academic expertise has real world impact and is drawn upon by commercial and government organisations, so it makes sense to build our future ambitions upon the relevance and strengths of our current identity. Examples of recent activity include:

- 960 employers send 4000 of their staff to be educated by LSBU each year
- Over 150 British SMEs and major companies have formed commercial research partnerships
- The Clarence Centre for Enterprise and Innovation is now home to 48 student-led businesses and social enterprises: companies in our business incubation suite generate an annual turnover of over £37m.

We are refocusing and re-doubling our ambition, trading on our specialisms and moulding graduates for success.

We want our success to be recognised, so by 2020 we aim to be London's top modern University.

Strategic Report

Key outcomes 2015-2020

We are committed to:-

- Ensuring we work with local partners to provide opportunities for students with the potential to succeed and through active engagement retain them
- Developing the multicultural community of students and staff, working through international alliances and partnerships to further build our capacity and capabilities in education, research and enterprise
- Ensuring students develop skills and aspiration to enter employment or further study and so become sought after by employers, or have the skills and confidence to start their own businesses, or develop a portfolio career
- Ensuring that students are seen as participants in their learning and that the student voice is encouraged and listened to
- Strengthening our national position and our profile as a leading university for professionally focused education underpinned by highly applied research
- Delivering outstanding economic, social and cultural benefits from our intellectual capital, by connecting our teaching and research with the real world through commercial activities and via social enterprise
- Creating an environment which attracts and fosters the very best staff, and within which all staff, whatever their role, feel valued and proud of their university and take appropriate responsibility for its development
- Strategically investing in the creation of first class facilities and ensuring that they are underpinned by services which are responsive to academic needs and outcome focused.

A range of cross University change projects are in progress to help deliver those future outcomes.

To ensure that the University has academic groupings that are meaningful to the outside world and focused enough to be able to respond rapidly to stakeholder need, the University's four faculties have been split into seven new schools. The smaller schools will enable each one to build its own ethos and brand, to attract potential students and business to work with the University. The Schools from 1st August 2014 are:

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

Professional Service functions have also been aligned with key areas of delivery, whilst allowing the University to minimise duplication through ensuring clarity in terms of responsibility.

In February 2014, the University embarked on the implementation of a suite of IBM hardware and software solutions – the Edison Project – which will both reduce risks around systems delivery and security, and enable a step-change in the ways in which we monitor and respond to student engagement, and communicate digitally with students. The project has three distinct strands of activity: the transference of core systems onto IBM 'Softlayer' data centres; the implementation of new identity and access management systems; and the delivery of new systems for monitoring student engagement and enhancing digital communication with students. The last of these strands includes the use of analytical tools to identify and pro-actively respond to student engagement, the delivery of a new Student Portal (which will provide access to all our core systems in one location) and the enhancement of our Virtual Learning Environment to include social collaboration tools and instant messaging to students.

Strategic Report

Achievements and Performance

Strategy and Performance:

The University's financial strategy is expressed through its rolling five year financial forecasts. The strategy is focused on future sustainability and is designed to maintain financial resilience and flexibility at all times. These rolling 5 year forecasts are updated each year following Semester 1 recruitment and include surplus and liquidity forecasts and a 5 year investment profile as well as income and cost projections. This analysis ensures that the University delivers not only an acceptable level of surplus but stays within acceptable gearing levels and has the funds for an appropriate capital investment programme.

The strategy sets out a range of financial key performance indicators and these have recently been reviewed as part of the new corporate strategy 2015-2020. The headline financial targets are that by 2020 we will have:

- Grown our income by 25% to £170m
- Returned to an annual operating surplus of minimum 5%, and
- Improved the EBITDA margin to 15%.

The key drivers of successful financial outcomes for the university are:

- Meeting our home/EU recruitment targets
- Delivering against agreed growth targets for postgraduate, overseas students and enterprise income
- Improving progression and retention rates. Our future forecasts assume that undergraduate fees are capped at £9,000 and that significant financial impact can be delivered through small improvements in progression and retention rates
- Maintaining current levels of NHS contract income through high quality delivery
- Managing staff costs, including agency costs, so they are within our maximum agreed percentage of income
- Further efficiency savings wherever possible.

The key targets have been accompanied by a renewed focus on part time UG recruitment which has been a historic strength of this university and an emphasis on international recruitment where the University has underperformed compared to its peers.

We entered 2013/14 in a strong financial position having made real progress streamlining activity and delivering efficiency wherever possible. A record financial surplus of £9.9m was achieved in 2010/11 and this was followed by surpluses of £6.5m and £5.5m in 2011/12 and 2012/13 respectively. The 2011/12 result was after accounting for an impairment charge of £2.9m in respect of building stabilisation costs which made the result even more satisfying. The true underlying operating surplus last year was £6m before an exceptional loss on the deconsolidation of the Student's Union. It was always anticipated that 2013/14 would be more challenging given ongoing financial uncertainty, pressure on student numbers and the continued reductions in government funding. As expected, recruitment proved challenging and LSBU fell marginally short of initial recruitment targets. This has been managed through effective cost control and the surplus of £3.1m is higher than the original agreed budget surplus of £2.5m. Furthermore, this is after accounting for unbudgeted revenue costs of £1m+ associated both with changed organisation structures and the Edison project.

The 2014/15 budget shows a surplus of £1m. This reduced level of surplus is planned and takes account of increased investment in 2014/15 in a number of areas including close to £3m revenue spend on the Edison project and £0.75m in relation to the cost of running the new programme change office which has been established to drive University wide projects in support of the key outcomes in the new corporate strategy. Depreciation in 2014/15 also increases by £2m to £10.5m, reflecting IBM investment cost and the recent investment in both the new Student Centre and the Clarence Centre. Also included within the budget is an uncommitted revenue investment pool of £1m which allows for some flexibility in terms of actual spending.

The 5 year forecasts demonstrate that the University can deliver a minimum level of £1m surplus over the next 3 years after accounting for this significant level of increased investment spend in our digital and physical infrastructure which

Strategic Report

is designed to improve student experience and progression. The resultant outcome that the increased spend will deliver will be increased surpluses (reaching 5% by 2020) linked to increased levels of graduation and international recruitment.

Investment in the physical estate

LSBU continues to develop its strategic investment in the estate to create sustainable, first class facilities which will enhance both the learning and social experiences of students and support the delivery of the academic mission.

Approximately £100m will be invested in redeveloping the estate over the next ten years (funded from cash reserves and operating cash flows generated over that period). This investment includes both the provision of new buildings using sustainable construction principles and the development of innovative solutions to improve the energy efficiency of existing buildings in order to meet the University's carbon reduction commitment by 2020.

It is proposed to dispose of old buildings of corresponding dimensions to those of the new builds in order that there is no significant increase in the size of the overall footprint of the campus.

The energy and environmental management systems at the University have achieved re-accreditation to ISO 50001 and ISO14001 standards. Sustainability is a major consideration in all procurement processes and we ensure that, where appropriate, environmental criteria are used in both the award of contracts and the purchase of equipment and supplies.

In September 2013, the renovation of seventeen unused Grade II listed Georgian buildings to create the Clarence Centre for Enterprise and Innovation was completed at a cost of £13m. A further £5.6m has been invested in the estate including the provision of a new street facing library entrance, the creation of a dedicated entrance to our sports centre (jointly funded with Sport England and from Section 106 money), the refurbishment of specialist laboratory space and public realm improvements costing £830K.

Key Performance Indicators

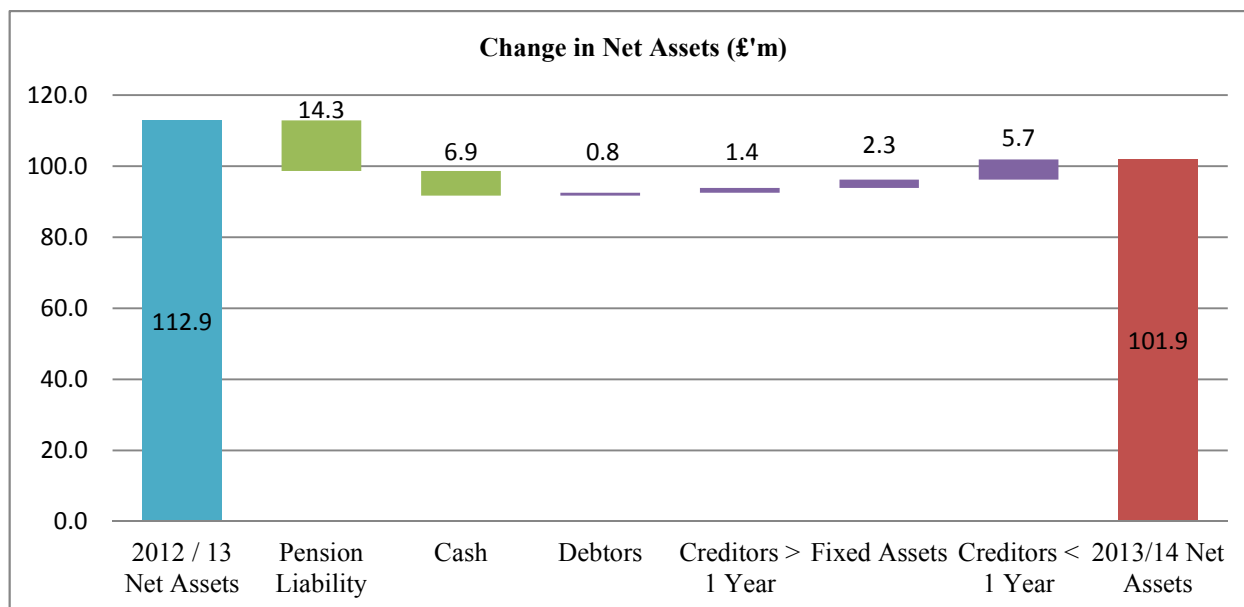
We review the institution's performance continually using a number of KPIs in areas relevant to the sustainability of the institution. In these areas, we have set long term targets against which the Board of Governors and its committees and our Executive team monitor performance. We are satisfied that our strategies will help us move towards achieving these targets.

Strategic Report

Financial Review

Balance sheet and liquidity

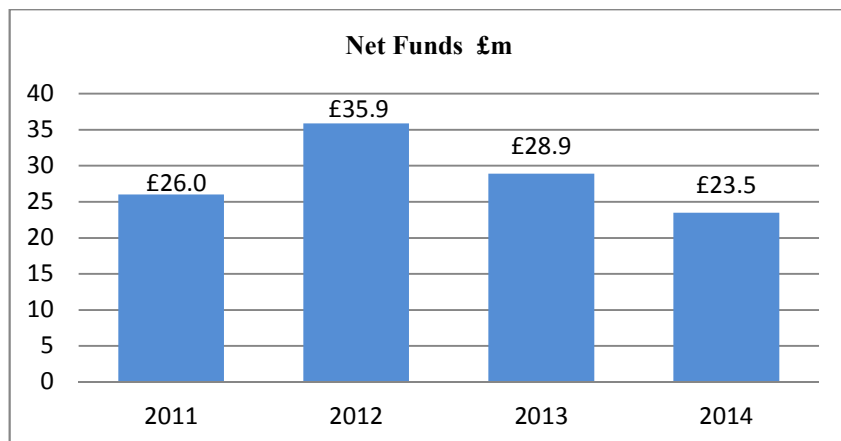
The Group's net assets decreased by 10% during the year moving from £112.9m to £101.9m. There are two principle reasons for the reduction. Firstly an increase of £14.3m in the LPFA pension liability, and secondly an increase of almost £2.3m in tangible assets reflecting the University's continued investment in its Estate and digital infrastructure. Cash balances have been reduced by £6.9m reflecting other changes to working capital.



The University always plans to have sufficient liquid assets to meet its liabilities as they fall due and this reduction in net assets will not compromise the group's ability to do so. Days liquidity has decreased from 176 days at 31 July 2013 to 157 days at 31 July 2014. This reduction is primarily due to a fall in cash balances and bank deposits from £59.9m at 31 July 2013 to £53.0m at 31 July 2014, which reflects the reduction in creditors and continuing capital expenditure through 2013/14. The longest term deposit is 3 months and the maximum overseas exposure is £5.0m through liquidity funds.

Borrowings have reduced from £31.1m at 31 July 2013 to £29.6m at 31 July 2014 reflecting loan repayments made during the year.

Net funds is summarised below:



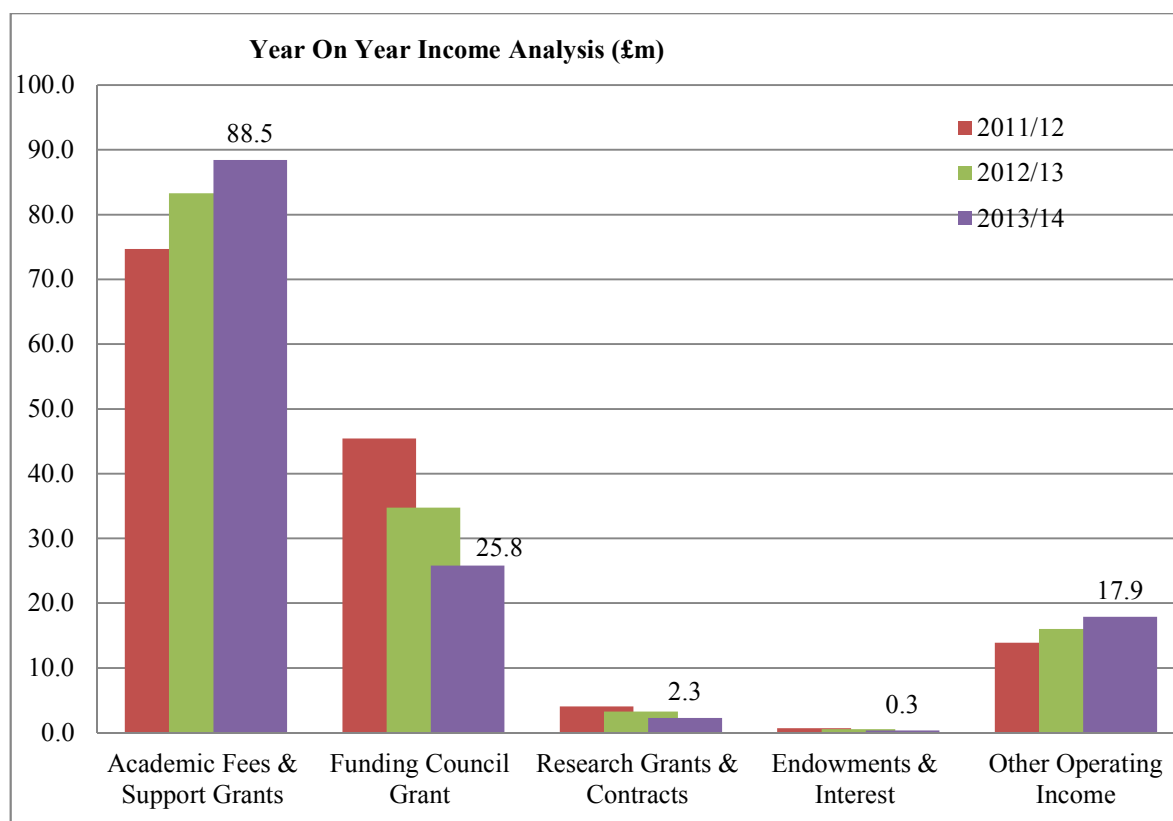
Borrowing capacity is reviewed on a regular basis and is considered adequate to meet current plans.

Strategic Report

Result for the Year

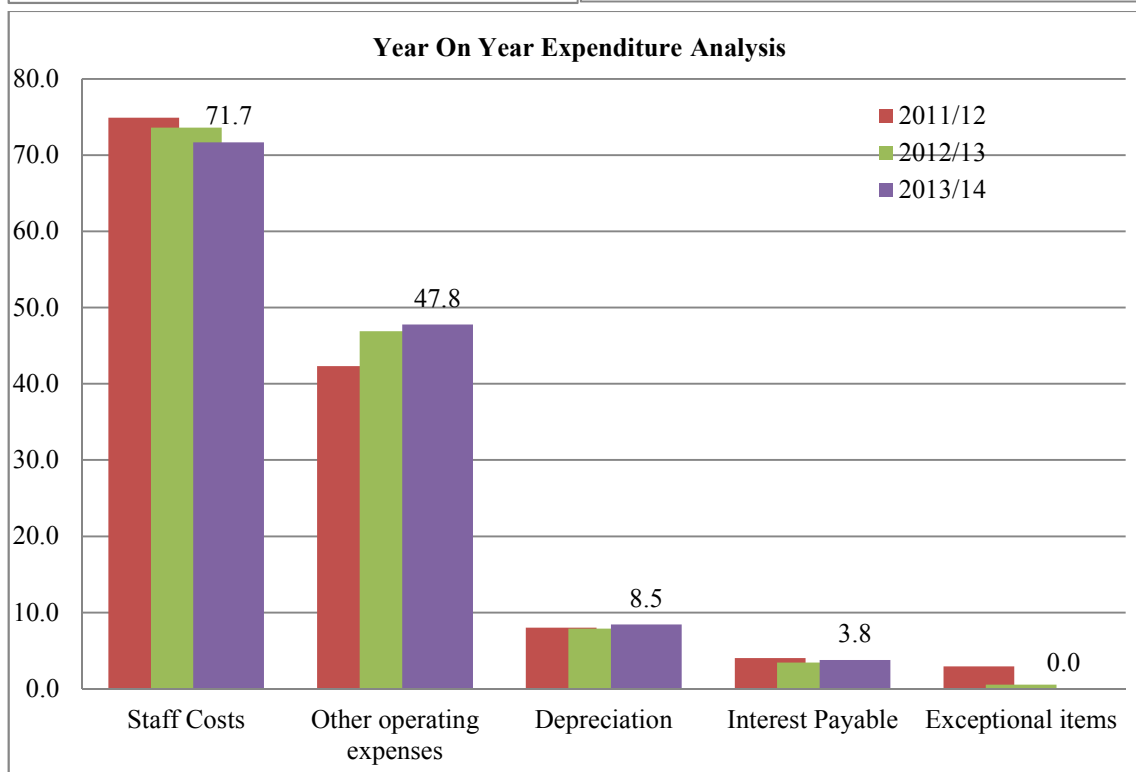
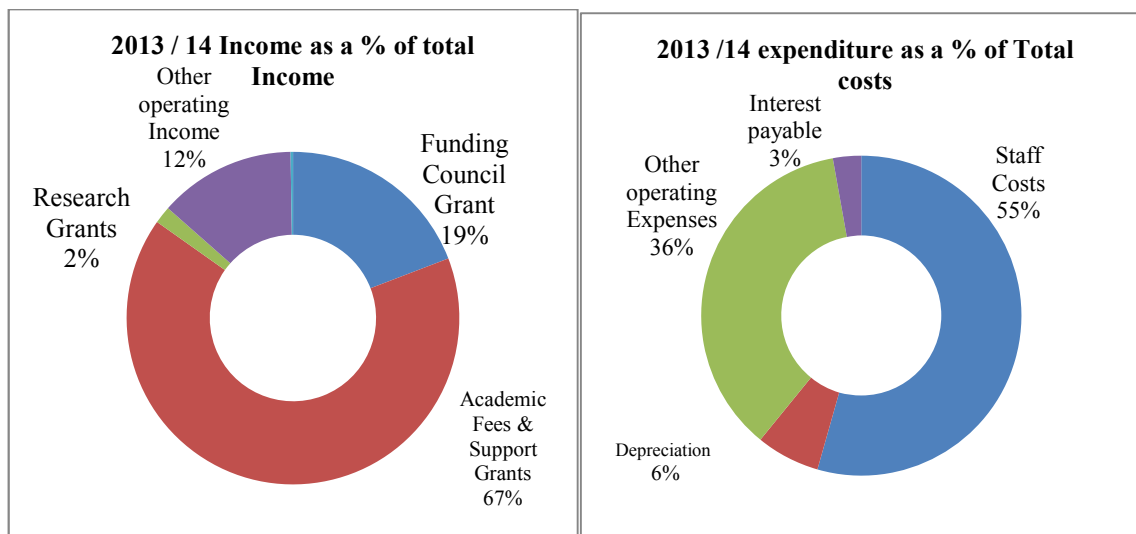
Financial Summary in £m				Variance from 2012 / 13	
	2013/14	2012/13	2011/12		
Income	134.8	137.9	138.3	-3.1m	-2.2%
Expenditure	131.7	132.4	131.8	-0.7m	-0.5%
Surplus for the year	3.1	5.5	6.5	-2.4m	-43.6%
Surplus %	2.3%	4.0%	4.7%		

The operating surplus of £3.1m is ahead of the agreed budget and the forecast surplus of £2.5m submitted to HEFCE in November 2013. In the context of the recruitment challenges across the sector in 2013/14 this is a considered a strong result.



- Total income decreased by 2.2% (£3.1m) to £134.8m (2012/13: £137.9m). There was a reduction in Funding Grant due to the continued impact of the new fee regime for both UG and PG students. This fall, however, was offset by an increase in UG fees and a significant increase in PG fees. The other factors affecting income were a decline in Health Contract income and a decline in Research Grants which were both related to continued pressure on Government spending.
- Academic fees including NHS contract income and Funding Council grants remain the main sources of income for the university representing 67% and 19% respectively (2012/13 = 60% and 25%). The key driver for the increase in fee income and corresponding decline in grant income is the introduction of the new fee regime for Undergraduate students.

Strategic Report

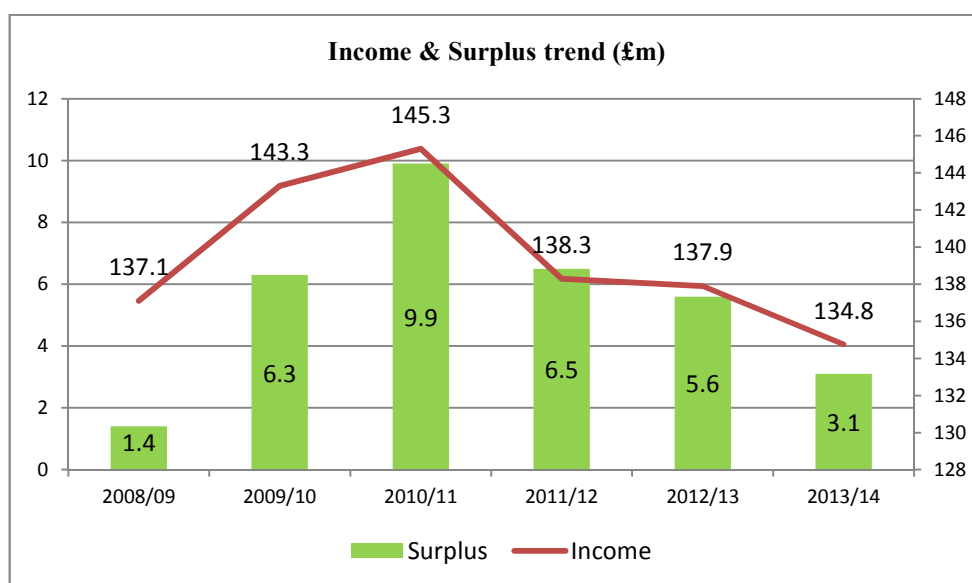


- Staff costs decreased by 2.6% from £73.6m in 2012/13 to £71.7m in 2013/14 representing 53.2% of income (2012/13 = 53.4%). After including Agency Staff costs, which are included in the accounts as operating expenditure, Total staff costs represent 55.7% of income. This is marginally ahead of our target of 55%. This remains an area of continued focus for the university in 2014/15.
- Other operating expenses increased by 1.9% from £46.9m in 2012/13 to £47.8m. This increase was driven by increased expenditure on computing software and hardware as the University transitions to a digital learning environment, increased expenditure on the maintenance of the Campus including our Halls of Residences and increased expenditure due to the change of Catering provider. This was offset by a year on year reduction in the provision for debts to cover higher fees due from self-paying and sponsored students, reductions in Bursaries payable to students under the old Fee regime and a reduction in payments to our Franchise partners.

Strategic Report

- Capital expenditure amounted to £10.7m during the year as we continued to implement the Estate Strategy along with some additional investment in computers and other equipment. Major investments included the EDISON project (an IBM led investment in our Digital infrastructure), investments in Academic spaces including Psychology, Engineering, Architecture and the National Bakery School and continued investments in our campus infrastructure including the Sports Centre, the Perry Library and the University's WiFi network.

Financial trend analysis



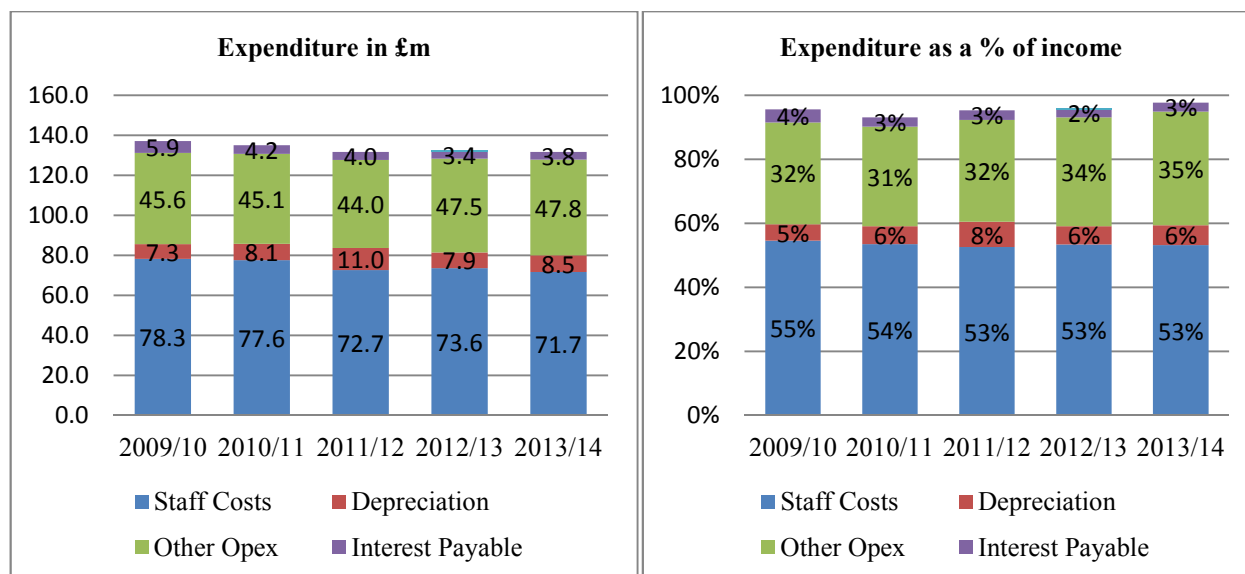
Between 2007/08 and 2010/11 income had grown steadily as a result of the introduction of higher tuition fees for full-time Home & European Union students from 2006 and growth in student numbers. However the number of new students enrolling in the University has declined as a result of the introduction of the new fee regime and is expected to remain below previous levels following the abolition of Student Number Controls.

The University strategy is to focus on income growth from postgraduate, overseas students and enterprise. For full time home and EU undergraduate students the focus is on maintaining stability in terms of numbers with the emphasis on the student experience and improved retention and progression.

The large increase in 2010/11 income can be explained by the one-off increase of 300 UGFT (Undergraduate Full-Time) Student Numbers. These discontinued in 2011/12 and income was further 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 also an additional change with regard to TTA funding in 2013/14 which further depressed income.

The surplus remained relatively constant over recent years but has reduced in 2013/14 by approximately £3m from £6m to £3m due to the decline in income. This reflects declining income but broadly static staff costs and operating expenditure. The University remains focused on cost control and income growth through improved progression.

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Staff costs

Staff costs (including restructuring costs but excluding Agency Staff) have decreased from £78.3m in 2009/10 to £71.7m in 2013/14. As a % of income, staff costs (excluding Agency Staff) have been broadly flat over the last 4 years.

Operating expenditure

Operating expenditure increased from 2008/09 as a result of the introduction of student bursaries alongside higher tuition fees. This began to reverse in 2012/13 and continued to fall in 2013/14 due to the replacement of Bursaries with fee waivers which impact income rather than expenditure. The increase in operating expenditure from 32% of income in 2009/10 to 35% in 2013/14 reflects the decline in income as well as additional expenditure particularly with regard to ICT and the maintenance of our Estate.

Interest

Interest payable decreased from £5.9m in 2009/10 to £3.8m in 2013/14 reflecting a reduction in borrowings outstanding and a requirement for a reduced FRS 17 interest charge compared to previous years.

Depreciation

Depreciation has increased over the 5-year period as a result of investments in the University's estate including the K2 building which came into use in November 2009, the Student Centre which came into use in 2012/13 and the Clarence Centre for Enterprise which came into use in 2013/14. The increase is expected to continue since the University has proposed further investments in the estate, additional investments in IT infrastructure and systems and has further plans to improve teaching spaces. Depreciation is actually higher than in 2011/12 because the impairment write down of £2.9m, linked to stabilisation of the terraces which were ultimately transformed into the Clarence Centre, was reflected in the depreciation charge that year.

Cashflows

The University generated a net cash outflow from operating activities of £6.0m in the year. After accounting for the cost of the Capital Investment programme and repayment of loans the net cash position was reduced by £17.3m. However this is after transferring over £10.3m to fixed term bank deposits. Net funds reduced by £5.4m to £23.5m at 31 July 2014.

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Pension liability

The pension liability with the London Pension Scheme Authority (LPFA) has increased from £62.2m to £76.5m, mainly as a result of actuarial losses. The FRS17 charge to the I&E account for the year is £6.9m (interest £2,341k and staff costs £4,581k) and a £12.5m loss is recognised in the statement of total recognised gains and losses (STRGL).

Creditor payment policy

It is the University's policy to abide by terms of payment agreed with suppliers. Unless special terms apply, payment is made within 30 days of receipt of a valid invoice or after acceptance of the goods or services, whichever is the later. Average creditor days during the year were 25 (2013: 24).

Accounting policies

The University's financial statements have been prepared in accordance with the Statement of Principal Accounting Policies set out on pages 34-39. The University's Governing Body has reviewed the Group's accounting policies and considers them to be the most appropriate to the University's operations.

Subsidiaries

South Bank University Enterprises Limited ("SBUEL") provides consultancy and other services to a range of commercial organisations. SBUEL has entered into Gift Aid arrangements in order that its taxable profits can be donated to the University. SBUEL has donated £nil in gift aid to the University this year (2013: £0.5m).

SBUEL is fully consolidated into the Group accounts.

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Principal risks and uncertainties

At a corporate level, the principal 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 recently to ensure alignment with the new corporate strategy 2015-2020.

Risk and impact	Mitigation Strategy
Failure to meet recruitment targets leading to loss of income	<ul style="list-style-type: none"> - Financial modelling and scenario analysis, linking student number and financial planning much more closely - Sustainable strategy for recruitment including international students, building on our academic strengths - Different modes of delivery and ensuring differentiated marketing for undergraduate, part-time and post graduate programmes.
Potential loss of NHS contracts, leading to loss of income, loss of student numbers and negative impact on the University's reputation	<ul style="list-style-type: none"> - Five year financial forecast has made allowances for potential reductions - Contract discussions with Health Education England and Local Education and Training Boards (LETBs) - Focus on submission of strong returns to the Research Excellence framework (REF) exercise.
Failure to position the university to effectively respond to changes in government policy and the competitive landscape leading to loss of public funding, loss of HEFCE contract numbers, failure to recruit students and the University's business model becoming unsustainable	<ul style="list-style-type: none"> - Appropriate leadership through senior University appointments and a more strategic approach to Business Intelligence - Realigning the academic offering to the market through restructuring the faculties into 7 new schools.
Effectiveness of delivery impaired as the University goes through a re-structuring process, leading to loss of staff, reduction in service levels and less reliable data.	<ul style="list-style-type: none"> - Project management approach to the change with a Programme Director who reports directly to the Executive - Appointing an Executive Director of HR and freeing up staff from the organisation to act as a change team - New professional service groupings to ensure minimal impact on service delivery - Behavioural framework and extensive communications strategy to support staff engagement.
Increasing Staff pension scheme deficits leading to increased pension costs, weakened balance sheet and more requirement for cash payments into the scheme.	<ul style="list-style-type: none"> - Participation in sector discussions - Tight control of staff costs and early access to pensions - Establishment of a defined contribution pension scheme for some staff.
Ineffective data systems leading to insufficient evidence to support decision making, over recruitment penalties, poor league table and failure to satisfy requirements of professional, statutory and regulatory bodies	<ul style="list-style-type: none"> - Internal audit and systematic data checks - Staff training - Attendance monitoring.

Strategic Report

Going Concern

Governors are satisfied that it is appropriate to prepare the financial statements on a going concern basis. 2013/14 has been another year of continued strong financial performance with a financial surplus of £3.1m.

A reduced budget surplus of £1m for 2014/15 has been approved. The reduced level of surplus is planned and takes account of increased investment to ensure delivery of future required outcomes. The next few years will remain challenging in financial terms and the levels of surplus are expected to remain lower than the recent past whilst we are in the process of investing for growth, delivering new income streams and improving retention and progression. This is entirely consistent with the University's financial model and approved five year forecasts.

Whilst financial performance is expected to remain challenging, the University will continue to deliver annual surpluses and generate positive cash inflows from operating activities. This, together with the current strong cash position (the University has £53m cash and bank deposits at 31 July 2014), supports the University's ambitious investment plans.

Public Benefit statement

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

The University has no linked charities.

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.

Aims (Charitable Objects)

During the year, the Privy Council approved new Articles for LSBU. The new Articles included revised objects, approved by the Charity Commission. The revised charitable objects (under s.3 Charities Act 2011) of the University are to:

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

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

The University advances education for the public benefit by:

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

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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 academics and students;

The University provides associated support and welfare for students by:

- tutorial guidance, assessment and feedback;
- mentoring and coaching;
- providing student welfare and student accommodation;
- funding some individual students' education through bursaries and fee waivers;
- providing funds to London South Bank University Students' Union.

Beneficiaries

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

The trustees affirm that the opportunity to benefit is not unreasonably restricted. The benefits of learning at London South Bank University are open to anyone who the University believes has the potential to succeed, irrespective of background or ability to pay tuition fees. 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 grants are available to those with restricted means, especially students from families on low incomes. In addition, the University offers financial assistance in the form of scholarships, bursaries and charitable funds to students in need. LSBU's fee structure for part-time students reflects the bursary/scholarship paid to full-time students thus ensuring that they are not disadvantaged by studying part-time.

The University's portfolio is firmly rooted in professional courses supported by accreditation from professional, statutory and regulatory bodies that enhance employability and career success. 86% of graduates were in employment or further education six months after graduating (DLHE survey results 2013). Over 4,500 of LSBU's students are sponsored to study by employers.

The University's research activities also contribute to wider public benefit through the publication of technological advances, scientific knowledge and innovation. The University has undertaken and published research in 2013-14 which will benefit the wider public.

Achievements in relation to objectives

LSBU's student body is diverse and reflects its outreach to the wider community. During the year 97.8% of its full time first degree students came from state schools. LSBU is above the location adjusted benchmark in recruiting students from low participation neighbourhoods.

LSBU's Schools and Colleges Liaison team has received a number of accolades for their work in widening participation and in particular were the winner of a Times Higher Education Award 2012 for Widening Participation Initiative of the Year. This innovative scheme provides care leavers with a first-hand taster of University life and demonstrates that a career in the City is an attainable goal. Overall, the team encourage under-represented groups, such as care leavers, people with disabilities and those from other minority groups, to consider higher education. Through a

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number of workshops, mentoring and careers advice, along with visits to City firms such as UBS, PriceWaterhouseCoopers and Lloyds of London, participants leave with a set of transferable skills to utilise throughout the remainder of their education, along with defined pathways to their desired objective.

We were awarded the Frank Buttle Trust Quality Mark in 2008 for our processes in support of care leavers, and we offer all care leavers a bursary of £750 at the beginning of each academic year, up to £1,000 travel allowance, a dedicated link person to deal with their local authority, help accessing all the University's support services and support in finding accommodation appropriate to their needs and preferences, including year-round accommodation available outside term time.

The University Academy of Engineering South Bank, opened in September 2014, is the first academy in South London to be sponsored by a University. The Academy specialises in engineering within the broad science, technology, engineering and maths (STEM) framework. LSBU's sponsorship of the Academy is an example of community engagement which aims to create professional opportunities for students who have the ability to succeed and to enhance student success by preparing them for higher education.

Private Benefits

Governors are not paid in their capacity as governors. In revising the University's Articles of Association, an enabling power to remunerate governors was included. This power has not been used. It will only be used if the benefit of remunerating governors outweighs all the other options available.

Employment policy, diversity and training

During the year the University has continued to roll out action from its Equality Diversity and Inclusion Policy which was first developed to ensure that the University met all of its obligations under the terms of the Equality Act 2010 and in particular to deliver the requirements of the general equality duty in relation to staff. This requirement covers all staff and in particular those who are defined within the nine protected characteristics outlined in the Act.

We are committed to the promotion of equality, diversity and a supportive environment for all members of our community and aspire to be a truly inclusive organisation. To enable us to achieve this we have developed a wide ranging plan of action based on our Equality and Diversity and Inclusion Policy to strive to prevent and eliminate discrimination, promote fairness and celebrate the diversity within our community.

Employee recruitment and grading processes, together with programmes for employee involvement, communication and training are all designed to promote equal opportunity irrespective of age, disability, sex, gender reassignment, marriage/civil partnership, pregnancy and maternity, race, religion or sexual orientation.

The University continues to meet the requirements of the "two ticks positive about disability" scheme having demonstrated its commitment to the recruitment and retention of staff who have or become disabled during the course of their employment.

The University places considerable value on the involvement of its employees and on good communication with them. Staff are informed through regular meetings, emails and information on the University website, open staff forums, staff newsletters, staff magazines and other means. Staff are encouraged to participate in formal and informal consultation, through membership of formal Committees and informal working groups.

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Disclosure of information to auditors

At the date of making this report each of the Governors, as set out on page 4, confirm the following:

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

Auditor

A resolution to reappoint Grant Thornton UK LLP as auditor of the University will be proposed at the forthcoming Annual General Meeting.

Directors' report

This 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:

Responsibilities of the Board of Governors

In accordance with the University's Memorandum and Articles of Association approved by the Privy Council, the Board of Governors is responsible for the effective stewardship of the University and Group and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the University and the Group and to enable it to ensure that the financial statements are prepared in accordance with the University's Memorandum and Articles of Association, the HEFCE Accounts Direction, the Statement of Recommended Practice on Accounting for Further and Higher Education, other relevant accounting standards and comply with the Companies Act 2006. In addition, within the terms and conditions of a Financial Memorandum agreed between the HEFCE and the Board of Governors of the University, the Board of Governors, through its Accounting Officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and the Group and of the surplus or deficit and cash flows of the Group for that year.

In preparing the financial statements, the Board of Governors has ensured that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed; and
- Financial statements are prepared on a going concern basis unless it is inappropriate to presume that the University will continue in operation.

The Board of Governors is satisfied that it has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Governors has taken reasonable steps to:

- Ensure that funds from HEFCE and other funding bodies are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- Ensure that there are appropriate financial management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the University and the Group and prevent and detect fraud; and
- Secure the economical, efficient and effective management of the University and Group's resources and expenditure.

Signed on behalf of the Board of Governors by:

Corporate Governance Statement

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

The University's Board of Governors is committed to maintaining the highest standards of corporate governance and in doing so complies with the CUC Governance Code of Practice. In carrying out its duties it also has regard to:

- The UK Corporate Governance Code (where applicable)
- The seven principles of behaviour in public life
- The HEFCE Financial Memorandum (now the 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 bodies
- The University's Memorandum and Articles of Association

In September 2011, the University received a positive outcome from HEFCE's five yearly assurance review, undertaken in July 2011, which examined how the University exercises accountability for the public funding it receives. The University's Internal Auditor's annual opinion on risk management, control and governance is that it is adequate and effective.

Governance and Legal Structure

London South Bank University is a company limited by guarantee and an exempt charity within the meaning of the Charities Act 2011. Its objects and powers are set out in its Articles of Association, which govern how the University is run. During the year, the University amended its Articles of Association, approved by the Privy Council on 3 June 2014.

The Articles set the governance framework of the University and set out the key responsibilities of the Board of Governors and its powers to delegate to committees, the Vice Chancellor and the Academic Board.

Compliance with CUC Governance Code of Practice

The Board has complied with all aspects of the CUC Governance Code of Practice during the year under review, as demonstrated below.

Role of the Board of Governors

The University is headed by a Board of Governors which is collectively responsible for the strategic direction of the University, approval of major developments and creating an environment where the potential of all students is maximised. It takes the final decision on all matters of fundamental concern to the institution.

All governors, when appointed, agree to abide by the standards of behaviour in public life. As the University is also a company, its governors comply with the directors' duties as set out in sections 170 – 177 of the Companies Act 2006 and duties of charity trustees when making decisions. Governors are unremunerated but may claim back expenses properly incurred in the discharge of their duties.

The Board met seven times (five in 2012/13) during the year. In addition to the usual five ordinary business meetings the Board met twice (i) to approve the appointment of the Vice Chancellor; and (ii) to approve aspects of the Vice Chancellor designate's remuneration. In addition, the Board held two strategy days (two in 2012/13) allowing further

Corporate Governance Statement

time to discuss and debate longer-term strategic challenges for the University. The Board prioritises strategic matters at its meetings. Where necessary, governors receive presentations on a specific strategic matter before Board meetings to allow them to explore key issues in greater depth. All governors are expected to attend meetings and to contribute effectively. Attendance at meetings is recorded and monitored by the Chairman. In the year under review there was an 87% (2012/13: 83%) attendance rate at Board meetings.

The Board has agreed a Statement of Primary Responsibilities (on page 25), which is reviewed annually and published on the University's website. It follows the model statement as recommended by the CUC and includes approval of the educational character, mission and strategic vision of the university and to ensure that these meet the needs of stakeholders.

The Board delegates day-to-day management of the University to the Vice Chancellor as Chief Executive and Chief Academic Officer. The Vice Chancellor's delegated authority is set out in the Articles of Association and includes:

- making proposals to the Board about the educational character and mission of the University;
- the organisation, direction and management of the University and leadership of staff;
- the determination, after consultation with the Academic Board, of the University's academic activities, and for the determination of its other activities;
- preparing annual estimates of income and expenditure for consideration by the Board of Governors, and for the management of budget and resources, within the estimates approved by the Board of Governors;
- for the maintenance of Student discipline and within the rules and procedures provided for within these Articles, for the suspension or expulsion of Students on disciplinary grounds and for implementing decisions to expel students for academic reasons.

The Vice Chancellor is the designated officer in respect of the use of Funding Council funds.

As Chief Academic Officer, the Vice Chancellor is the Chairman of the Academic Board. The Academic Board is responsible for all the academic affairs, subject to the overall responsibility of the Board of Governors, for determining the educational character and mission of the institution.

Governors are reminded of their duty to exercise their responsibilities in the interests of the University as whole during their induction and throughout their term of office. The University maintains a register of interests of governors and the Executive which is published on the University's website. New governors are required to complete a declaration on appointment and to inform the Secretary of any amendments to their entry. The register is reviewed annually by the Board who decide whether to authorise the declared interests. During the year under review all declared interests were authorised by the Board. No conditions were attached to any of the interests authorised by the Board. In addition, governors are asked at the opening of each Board and committee meeting to declare whether they have any interests in any matters on the agenda.

The University Court enhances the University's engagement with its key stakeholders. Although not a decision making body, the University Court plays an important advisory role in the development of the University through its wide membership of prominent and distinguished individuals. The University Court meets annually in the spring and helps the University build relationships with members and identify areas for collaboration for the benefit of students. The Court's annual meeting took place in the new Clarence Centre for Enterprise and Innovation on 20th March 2014. The University's Chancellor, Richard Farleigh, acts as the principal figurehead of the University and represents the University's interests externally. His role includes hosting the annual Court event, presiding at degree ceremonies and establishing relationships with the University's stakeholders.

Corporate Governance Statement

Structure and Processes

The Board when fully complemented consists of 18 governors: 13 independent governors, the Vice Chancellor, two student governors and two academic staff members nominated by the Academic Board. Governors serving for the period are listed on page 4. The Board determines the number and composition of the Board of Governors within parameters set by the University's Articles of Association.

In accordance with the Articles of Association the Board consisted of a majority of independent governors throughout the year and at all Board and committee meetings. All "independent governors" are external and independent of the University.

The appointment of independent governors to the Board is determined by the Nomination Committee and Appointments Committee, both chaired by the Chairman of the Board. A written description of the role and capabilities required of governors has been agreed by the Nomination Committee. Candidates are judged against the capabilities required and the balance of skills and experience currently on the Board. The balance of skills and experience of independent governors is kept continually under review by the Nomination Committee.

Each new governor is given an appropriate induction and encouraged to attend relevant external training. New governors are appointed to at least one committee.

At the University's expense, governors have the right to external, independent advice where necessary in order to fulfil their duties.

The Board of Governors is supported by the University Secretary and Clerk to the Board of Governors and his team. The Secretary provides independent advice on matters of governance to the Chairman. The Secretary ensures that governors receive information in a timely manner and of sufficient quality to allow the Board to fulfil its duties.

The University publishes minutes of Board and its sub-committee meetings on its external website. Minutes are redacted when the wider interests of the University as a whole demands it and in the spirit of the Freedom of Information Act 2000.

Effectiveness and Performance Reviews

The Board has appointed an independent facilitator to undertake a formal and rigorous review of the effectiveness of governance at the University. The review will include reviewing the effectiveness of the Board and its sub-committees, the Academic Board and its sub-committees, and their relationships with the University Executive. The review will be carried out during 2014/15. The agreed recommendations of the review will be implemented during 2015/16. The Board of Governors last reviewed its effectiveness in 2010.

Committees

The Board operates through a number of committees which report to the Board at each meeting. All committees are formally constituted with appropriate terms of reference which are reviewed annually. Terms of reference and membership of each committee are available on the governance pages of the University's website. All committees have a majority of independent governors, from whom its Chairman is drawn. The chairs of each committee are set out on page 26. The terms of reference of each committee complement the decision-making framework of the Matters Reserved to the Board, which the Board reviews annually.

Corporate Governance Statement

Matters specifically reserved to the Board as a whole for decision include:

- The determination of the educational character and mission of the University;
- The approval of the University's long-term mission and strategic vision;
- The approval of the annual budget and five year forecasts;
- Investment in capital projects above agreed levels;
- Election of the Chairman of the Board;
- Appointment of the Vice Chancellor and the Clerk to the Board and other senior post holders; and
- The variation of the University's Memorandum and Articles of Association.

Current committees of the Board are:

- Policy and Resources Committee
- Audit Committee
- Educational Character Committee
- Human Resources Committee
- Property Committee
- Nominations Committee
- Appointments Committee
- Remuneration Committee

The Policy and Resources Committee advises the Board of Governors on the solvency and the use and safeguarding of its resources and assets, and recommends to the Board of Governors the University's annual revenue and capital budgets and monitors performance in relation to those budgets. It reviews high level corporate policy of the University. Throughout the year under review it met on five occasions.

The Audit Committee is responsible for meeting the external auditors and internal auditors of the University and reviewing their work. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's response and implementation plans. It provides oversight of the risk management process and receives regular risk reports from management. It also scrutinises the University's relationship with HEFCE and monitors adherence with its regulatory requirements. It reviews the University's annual financial statements together with the accounting policies. In addition to the four independent governor members, there is one independent external member co-opted to the committee. Whilst members of the Executive attend meetings of the Audit Committee, they are not members of the Committee. The Chairman of the Board is not a member of the Committee and does not attend its meetings. The committee met four times during the year under review.

The Educational Character Committee helps the Board gain a greater insight and understanding of the educational and academic work of the institution. It considers issues such as student retention and progression, student satisfaction and reports from the Academic Board. The committee met three times in the year under review.

The Human Resources Committee is responsible for setting the framework for the determination and implementation of policies and procedures relating to the employment of staff. It also sets the framework for collective salary and conditions of service negotiations. The Committee considers the broad financial implications of the University's staffing needs. With the Chair's permission, one of the staff governors attends as an observer. The committee met three times during the year under review.

The Property Committee advises the Board of Governors on property and estates matters. It considers all major estates projects before recommending their approval to the Policy and Resources Committee and the Board of Governors. The Property Committee monitors the execution of these projects. It met three times during the year under review.

Corporate Governance Statement

The Nomination Committee meets as necessary to consider candidates for independent governor vacancies on the Board of Governors. Independent Governors are appointed for a term of four years by the Appointments Committee. Renewal for an additional term can be considered, but is not automatic. The Nominations Committee met twice during the year and recommended two new independent governors for appointment. The Appointments Committee met twice during the year.

The Remuneration Committee determines the annual remuneration of senior post holders. It met twice during the year.

Modernisation of the Articles

During the year the Board reviewed the University's constitution and a new set of Articles was approved by the Privy Council in September 2014.

Board of Governors – Statement of Primary Responsibilities (approved by the Board at its meeting in October 2013)

- To approve the educational character, mission and strategic vision of the institution, together with its long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
- To delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate, personnel management and health and safety management of the institution, and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution.
- To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
- To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
- To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself, and to carry out such reviews at appropriate intervals.
- To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
- To safeguard and promote the good name and values of the institution.
- To appoint the head of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
- To appoint a secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
- To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
- To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
- To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
- To make such provision as it thinks fit for the general welfare of students.
- To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution or its students.
- To ensure that the institution's constitution is followed at all times and that appropriate advice to the Board is available to enable this to happen.

Corporate Governance Statement

This Statement of Primary Responsibilities does not replace the provisions of the University's Articles of Association. If the two conflict, the Articles shall prevail.

Key individuals

Chair of the Board of Governors	Mr David Longbottom
Joint Vice Chair of the Board of Governors	The Revd Canon Sarah Mullally DBE
Joint Vice Chair of the Board of Governors (Appointed 9 th October 2014)	Mr Jeremy Cope
Head of Institution (Vice Chancellor and Chief Executive)	Professor David Phoenix
Chair of Policy and Resources Committee	The Revd Canon Sarah Mullally DBE
Chair of Audit Committee	Mr Andrew Owen
Chair of Educational Character Committee	Mr Douglas Denham St Pinnock
Chair of Human Resources Committee	Ms Anne Montgomery
Chair of Property Committee	Mr Ken Dytor
Chair of Nominations Committee	Mr David Longbottom
Chair of Appointments Committee	Mr David Longbottom
Chair of Remuneration Committee	Ms Diana Parker
University Secretary and Clerk to the Board of Governors	Mr James Stevenson

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

Statement on Internal Control

As the governing body of London South Bank University, we have responsibility for ensuring that there is a process for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives of the University, whilst safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the Memorandum and Articles of Association, and the 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 2014 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

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

- We meet a minimum of four times a year to consider the plans and strategic direction of the institution;
- The approach to internal control is risk based, including a regular evaluation of the likelihood and impact of risks becoming a reality;
- The Audit Committee provides oversight of the risk management process and comments on its effectiveness;

Corporate Governance Statement

- 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 function. Review procedures cover risk to achievement of strategic objectives, operational business matters, and regulatory compliance as well as financial risk;
- The Operations Board meets regularly to consider risk, assess the current exposure and keep up to date the record of key corporate risks facing the University;
- A network of risk champions exists to support risk management activity in all schools and professional service functions; Update training is provided as required to support delivery;
- Formal risk management and internal control procedures have been embedded within ongoing operations.

Our review of the effectiveness of the system of internal control is informed by internal audit, which operates to standards defined in the HEFCE Audit Code of Practice and which was last reviewed for effectiveness by the HEFCE Audit Service in July 2011. The internal auditors submit regular reports, which include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, governance and risk management processes, with recommendations for improvement.

Our review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The Corporate Governance and Internal Control statements were approved by the Board of Governors on 20 November 2014 and were signed on its behalf by:

Mr David Longbottom

Chair of the Board of Governors

Professor David Phoenix

Vice Chancellor and Chief Executive

Independent auditors' report to the Board of Governors of London South Bank University

We have audited the financial statements of London South Bank University (the 'University') for the year ended 31 July 2014 which comprise the principal accounting policies, the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated statement of historical cost surpluses and deficits, the University and consolidated balance sheet, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governing Body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 124B (4) of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992. Our audit work has been undertaken so that we might state to the University's Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and its Governing Body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Board of Governors and auditor

As explained more fully in the Statement of Responsibilities set out on page 25, the Governing Body (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under the Companies Act 2006 and the Education Reform Act 1988 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and University's affairs as at 31 July 2014 and of its incoming resources and application of resources, including its income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinion on other matters prescribed by HEFCE's Financial Memorandum dated July 2010

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation; and
- funds provided by HEFCE have been applied in accordance with the funding council's Financial Memorandum and any other terms and conditions attached to them.

Independent auditors' report to the Board of Governors of London South Bank University

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from Branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Governing Body's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion, the Statement of Internal Control is inconsistent with our knowledge of the University.

David Barnes
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
20 November 2014

London South Bank University

Consolidated income and expenditure account Year ended 31 July 2014

		2014	2013
		£'000	£'000
Income	Note		
Funding council grants	1	25,825	34,750
Academic fees and support grants	2	88,453	83,282
Research grants and contracts	3	2,255	3,255
Other operating income	4	17,890	16,001
Endowment income and interest receivable	5	331	566
		<hr/>	<hr/>
Total income		134,754	137,854
		<hr/>	<hr/>
Expenditure			
Staff costs	6	71,663	73,619
Depreciation	13	8,455	7,870
Other operating expenses	8	47,763	46,876
Interest payable	10	3,776	3,433
		<hr/>	<hr/>
Total expenditure		131,657	131,798
		<hr/>	<hr/>
Surplus before exceptional items		3,097	6,056
		<hr/>	<hr/>
Exceptional Items: Deconsolidation of the Students' Union	11	-	(556)
		<hr/>	<hr/>
Surplus for the year		3,097	5,500
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 40-60 form an integral part of the Financial Statements. All activities consist of continuing operations.

London South Bank University

Consolidated statement of total recognised gains and losses Year ended 31 July 2014

	2014 £'000	2013 £'000
	Note	
Surplus for the year	22 3,097	5,500
Actuarial (losses)/gains relating to pension scheme	24 (12,500)	14,237
Change in market value of endowment asset investments	26 7	88
	<hr/>	<hr/>
Total recognised (losses)/ gains relating to the financial year	(9,396)	19,825
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation

Opening reserves and endowments	83,077	63,252
Total recognised (losses)/gains for the year	(9,396)	19,825
	<hr/>	<hr/>
Closing reserves and endowments	73,681	83,077
	<hr/> <hr/>	<hr/> <hr/>

Note of consolidated historical cost surplus Year ended 31 July 2014

	2014 £'000	2013 £'000
Reported surplus for the year	22 3,097	5,500
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	22 792	794
	<hr/>	<hr/>
Historical cost surplus for the year	3,889	6,294
	<hr/> <hr/>	<hr/> <hr/>

**Balance sheets
As at 31 July 2014**

		Consolidated		University	
		2014	2013	2014	2013
		£'000	£'000	£'000	£'000
Fixed assets	Note				
Tangible assets	13	176,532	174,292	176,532	174,292
Investments	14	38	38	38	38
		<u>176,570</u>	<u>174,330</u>	<u>176,570</u>	<u>174,330</u>
Endowment fixed assets					
Total Endowments	26	736	729	736	729
		<u>736</u>	<u>729</u>	<u>736</u>	<u>729</u>
Stocks		45	18	45	18
Debtors	15	8,663	7,823	9,023	7,770
Bank Deposits		15,540	5,206	15,540	5,206
Cash at bank and in hand		37,492	54,750	36,526	53,821
		<u>61,740</u>	<u>67,797</u>	<u>61,134</u>	<u>66,815</u>
Creditors: amounts falling due within one year	16	(32,408)	(38,137)	(31,890)	(37,835)
		<u>29,332</u>	<u>29,660</u>	<u>29,244</u>	<u>28,980</u>
Net current assets					
		<u>29,332</u>	<u>29,660</u>	<u>29,244</u>	<u>28,980</u>
Total assets less current liabilities		<u>206,638</u>	<u>204,719</u>	<u>206,550</u>	<u>204,039</u>
Creditors: amounts falling due after more than one year	17	(28,243)	(29,592)	(28,243)	(29,592)
Pension liability	19	(76,502)	(62,211)	(76,502)	(62,211)
		<u>101,893</u>	<u>112,916</u>	<u>101,805</u>	<u>112,236</u>
Net assets					
		<u>101,893</u>	<u>112,916</u>	<u>101,805</u>	<u>112,236</u>
Deferred capital grants	20	28,212	29,839	28,212	29,839
Endowments					
Permanent	26	392	388	392	388
Expendable	26	344	341	344	341
		<u>736</u>	<u>729</u>	<u>736</u>	<u>729</u>
Capital and reserves					
Income & expenditure account excluding pension reserve	22	120,047	114,367	119,959	113,687
Pension reserve	22	(76,502)	(62,211)	(76,502)	(62,211)
		<u>43,545</u>	<u>52,156</u>	<u>43,457</u>	<u>51,476</u>
Income and expenditure account including pension reserve		<u>43,545</u>	<u>52,156</u>	<u>43,457</u>	<u>51,476</u>
Revaluation reserves	21	29,400	30,192	29,400	30,192
Total		<u>101,893</u>	<u>112,916</u>	<u>101,805</u>	<u>112,236</u>

These financial statements were approved by the Board of Governors on 20 November 2014 and were signed and authorised on their behalf by:

London South Bank University

Consolidated Cash flow statement Year ended 31 July 2014

	Note	2014 £'000	2013 £'000
Net cash inflow from operating activities	29	6,038	12,729
Returns on investments and servicing of finance	30	(1,103)	(906)
Capital expenditure and financial investment	31	(10,744)	(18,552)
Acquisitions and disposals	32	-	(547)
Net cash outflow before management of liquid resources and financing		<u>(5,809)</u>	<u>(7,276)</u>
Management of liquid resources	33	(10,334)	(61)
Financing	34	(1,115)	(1,914)
Decrease in cash	35	<u><u>(17,258)</u></u>	<u><u>(9,251)</u></u>
Reconciliation of net cash flow to movement in net funds			
Decrease in cash	35	(17,258)	(9,251)
Cash outflow/(inflow) from/(to) liquid resources	33	10,334	61
Net decrease in debt	36	1,470	2,254
Change in net funds		<u>(5,454)</u>	<u>(6,936)</u>
Net funds at 1 August	35	<u>28,961</u>	<u>35,897</u>
Net funds at 31 July	35	<u><u>23,507</u></u>	<u><u>28,961</u></u>

London South Bank University

Principal Accounting Policies Year ended 31 July 2014

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

Basis of preparation

The financial statements are prepared under the historical cost convention, modified by the inclusion of certain properties at valuation and the revaluation of endowment assets, in accordance with the Companies Act 2006 and with the Statement of Recommended Practice (SORP) for Further and Higher Education 2007, and in accordance with applicable accounting standards and HEFCE's Accounts Direction.

The financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in operation. The Board is satisfied that the Group has adequate resources to continue in operation for the foreseeable future, as described in more detail on page 16 of these accounts. For this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

Consolidation of accounts

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

The University Sponsors an Academy, University Academy of Engineering South Bank and a University Technical College, Southbank Engineering UTC Trust (which was incorporated on 24th October 2014). Although the University has representation on the Academy's Board of Trustees and Governing Body, the Trustees and Governors act for the Academy and not the University. Furthermore, if the Academy were to fail, the University would not receive its assets or reserves. Therefore the Accounts of the Academy are not consolidated into the University Accounts.

Consolidation of subsidiaries is based on the equity method.

Income recognition

Recurrent funding council block grants are accounted for in the period to which they relate.

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

Income from research grants, contracts and other services rendered is included when conditions attaching to its receipt have been met. Contributions towards overhead costs are aligned with expenditure and recognised based on expenditure to date.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Income from the sale of goods and services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

London South Bank University

Principal Accounting Policies Year ended 31 July 2014

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowments, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus. Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, debiting or crediting the endowment fund and is reported in the statement of total recognised gains and losses.

Tangible fixed assets

Upon implementation of FRS 15 'Tangible Fixed Assets', the University opted to include assets in its books at historical cost/revalued amount at the date of introduction of the FRS. Properties are not carried under the valuation method and therefore regular revaluation of assets are not undertaken by the University.

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

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

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

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

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

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

Investments

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

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

London South Bank University

Principal Accounting Policies Year ended 31 July 2014

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. The costs in relation to these schemes are accounted for in accordance with FRS 17 (Retirement benefits).

Where the University is unable to identify its share of the underlying assets and liabilities in a scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme, so that the cost is equal to the total of contributions payable in the year.

For other defined benefit schemes, the assets of each scheme are measured at fair value, and the liabilities are measured on an actuarial basis using the projected unit method and discounted at an appropriate rate of return. The University's share of the surplus or deficit of the scheme is recognised as an asset or liability on the balance sheet. The current service cost, being the actuarially determined present value of the pension benefits earned by employees in the current period, and the past service cost are included within staff costs. Endowment and investment income includes the net of the expected return on assets, being the actuarial forecast of total return on the assets of the scheme, and the interest cost being the notional interest cost arising from unwinding the discount on the scheme liabilities. All changes in the pension surplus or deficit due to changes in actuarial assumptions or differences between actuarial forecasts and the actual out-turn are reported in the statement of total recognised gains and losses.

Taxation status

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

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

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

Agency arrangements

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

London South Bank University

Principal Accounting Policies Year ended 31 July 2014

Leases

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

Finance leases, which substantially transfer all the benefits and risks of ownership of an asset to the institution, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance lease are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Maintenance

Maintenance expenditure is charged to the consolidated income and expenditure account in the period in which it is incurred.

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

Reserves

Designated reserves represent retained reserves generated by activities not funded by the HEFCE. Any surplus or deficit for the year is transferred from the income and expenditure reserve to designated reserves.

Where fixed assets were revalued prior to the implementation of FRS 15, the gain or loss on revaluation was credited or debited to the capital reserve. Where depreciation on the revalued amount exceeds the corresponding depreciation based on historical cost, the excess is transferred annually from the capital reserve to the income and expenditure reserve.

The pension reserve represents the pension liability in respect of the defined benefit pension schemes (see note 24).

Cash flows and liquid resources

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

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

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.

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.

London South Bank University

Principal Accounting Policies Year ended 31 July 2014

Provisions, contingent liabilities and contingent assets

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

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

Contingent assets are disclosed by way of a note, where there is probable, rather than a present asset arising from a past event.

Accounting for charitable donations

Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Endowment funds

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

1. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution. These are shown as unrestricted permanent endowments in the balance sheet.
2. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income. These are shown as restricted expendable endowments in the balance sheet if the donation is to be retained for more than two years, and as deferred income within creditors due within one year if the donation is to be fully expended within two years.
3. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective. These are shown as restricted permanent endowments in the balance sheet.

Total return on investment for permanent endowments

Total return is the whole of the investment return received by the institution on the permanent endowment funds regardless of how it has arisen.

The total return, less any part of the return which has previously been applied for the purposes of the institution, remains in the unapplied total return fund. This fund remains part of the permanent endowment until such time as a transfer is made to the income and expenditure account.

Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

London South Bank University

Principal Accounting Policies Year ended 31 July 2014

Gifts in kind, including donated tangible fixed assets

Gifts in kind are included in 'other income' or 'deferred capital grants' as appropriate using a reasonable estimate of their gross value or the amount actually realised.

London South Bank University

Notes to the accounts Year ended 31 July 2014

1. Funding council grants	2014	2013
HEFCE	£'000	£'000
Recurrent grant	22,102	30,993
Specific grants	808	810
Pension liabilities	244	224
Other funding bodies		
Skills Funding Agency (SFA) grant	-	60
Teaching Agency grant	689	770
Deferred capital grants released (note 20)	1,982	1,893
	<u>25,825</u>	<u>34,750</u>
	<u><u>25,825</u></u>	<u><u>34,750</u></u>
2. Academic fees and support grants	2014	2013
	£'000	£'000
Full-time home and EU students	43,871	38,120
Full-time international students	8,067	8,456
Part-time students	8,606	7,486
Other courses	721	191
Strategic Health Authority education contracts	27,188	29,029
	<u>88,453</u>	<u>83,282</u>
	<u><u>88,453</u></u>	<u><u>83,282</u></u>
3. Research grants and contracts	2014	2013
	£'000	£'000
Research councils	689	1,123
UK based charities	310	279
European Commission	295	434
Other grants and contracts	678	750
Knowledge Transfer Partnerships	283	669
	<u>2,255</u>	<u>3,255</u>
	<u><u>2,255</u></u>	<u><u>3,255</u></u>
4. Other operating income	2014	2013
	£'000	£'000
Residence and catering income	9,626	9,125
Other income	8,264	6,876
	<u>17,890</u>	<u>16,001</u>
	<u><u>17,890</u></u>	<u><u>16,001</u></u>
5. Endowment income and investment income	2014	2013
	£'000	£'000
Income from permanent endowments	12	12
Income from expendable endowments	14	13
Interest receivable	305	541
	<u>331</u>	<u>566</u>
	<u><u>331</u></u>	<u><u>566</u></u>

London South Bank University

Notes to the accounts Year ended 31 July 2014

6. Staff - consolidated	2014	2013
Average staff numbers by major category:	No.	No.
Academic staff	676	665
Part time teaching staff	282	307
Student support staff	366	411
Other support staff	395	385
	<u>1,719</u>	<u>1,768</u>
	2014	2013
Costs:	£'000	£'000
Wages and salaries	58,276	59,355
Social security costs	5,065	5,207
Employers' pension contributions	8,322	9,057
	<u>71,663</u>	<u>73,619</u>

Staff costs for the year include costs arising from redundancies of £1.3m (2013: £1.5m).

7. Remuneration of Board of Governors and Higher-Paid employees

A. Governors

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

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

	2014	2013
	£'000	£'000
Salaries	378	447
Pension contributions	41	23
	<u>419</u>	<u>470</u>

Governors, who are also all trustees, are paid expenses for attending meetings and duties directly related to their duties as trustees. In 2014 five trustees were paid total expenses of £3,897 (2013: six trustees were paid total expenses of £3,716) for travel and subsistence.

London South Bank University

Notes to the accounts Year ended 31 July 2014

B. Higher paid employees

Certain employees received remuneration (excluding pension contributions) in excess of £100,000 during the Year. Eight of these employees accrued benefits under defined benefit pension schemes during the year (2013:7). These employees are grouped as follows:

	2014 No.	2013 No.
£100,000 to £109,999	2	3
£110,000 to £119,999	3	2
£120,000 to £129,999	-	1
£130,000 to £139,000	3	1
£140,000 to £149,999	1	-
£160,000 to £169,999	1	1
£230,000 to £239,999	-	1
	10	9
	10	9

In addition to the remuneration above, one higher paid employee received compensation for loss of office of £93,000.

C. Remuneration of the Vice Chancellor

	2014 £'000	2013 £'000
Salary and taxable benefits	247	233
Pension Scheme Contributions	20	-
	267	233
	267	233

Remuneration of the Vice Chancellor (excluding pension contributions) includes payments of £140,383 to the current Vice Chancellor Professor David Phoenix, and payments to former Vice Chancellor Professor Martin Earwicker of £106,906. Professor Martin Earwicker was employed until to 31st December 2013 and Professor David Phoenix commenced employment on 1st January 2014. The Vice Chancellor is the highest paid Governor. The Vice Chancellor is a member of the Teachers' Pension Scheme. The nature of the scheme means it is not possible to ascertain the amount of his accrued pension at the year end.

8. Other operating expenses	2014 £'000	2013 £'000
Academic	11,487	13,585
Academic support	5,845	5,232
Other support	5,668	5,174
Premises	16,912	16,076
Residence and catering	1,758	1,089
Other expenses	6,093	5,720
	47,763	46,876
	47,763	46,876

London South Bank University

Notes to the accounts Year ended 31 July 2014

	2014	2013
	£'000	£'000
Group other operating expenses are stated after charging:		
Auditors' remuneration		
<i>External audit</i>		
Grant Thornton UK LLP*	49	51
<i>Internal audit**</i>		
PricewaterhouseCoopers LLP	98	95
<i>Other services**</i>		
Grant Thornton UK LLP	3	3
Rentals under operating leases		
Plant and machinery	356	269
Other assets	-	120
Loss on disposal of fixed assets	50	8

* Includes £44,714 attributable to the University (2013: £47,736)

** All attributable to the University

Depreciation includes £192,000 attributable to assets held under finance leases (2013: £340,000)

9. Taxation

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

The amount of the asset not recognised is £24,147 (2013: £13,410). The asset would be recovered if suitable taxable profits were to arise in the future against which the asset could be offset.

	2014	2013
	£'000	£'000
10. Interest payable		
Loans repayable within five years	-	15
Loans not wholly repayable within five years	1,423	1,420
Unwinding of discount in respect of pension liability less expected return on pension assets (see note 19)	2,341	1,961
Finance leases	12	37
	<u>3,776</u>	<u>3,433</u>

11 Exceptional items

There were no exceptional items in the year ending 31st July 2014. The Exceptional item of £556,000 for the year ending 31st July 2013 related to a loss on derecognition following a change to the constitution of the London South Bank University Students' Union.

London South Bank University

Notes to the accounts Year ended 31 July 2014

12. Surplus of parent company

The income and expenditure account of the parent company (London South Bank University) has not been presented as part of these accounts. This dispensation is allowed under section 408 of the Companies Act 2006.

The surplus, after depreciation of assets at valuation, of London South Bank University was £3.1m (2013: £6.1m).

London South Bank University

Notes to the accounts Year ended 31 July 2014

13. Tangible fixed assets (University and Consolidated)

	Equipment, Furniture and Motor Vehicles		Land and buildings		Assets in Course of Construction	Total £'000
	Freehold £'000	£'000	Long Leasehold £'000	Short Leasehold £'000		
Cost or Valuation						
At 1 August 2013	33,013	167,111	47,281	52	17,267	264,724
Additions	308	-	-	-	10,437	10,745
Disposals	(185)	-	-	-	-	(185)
Transfers	7,545	10,614	-	-	(18,159)	-
At 31 July 2014	<u>40,681</u>	<u>177,725</u>	<u>47,281</u>	<u>52</u>	<u>9,545</u>	<u>275,284</u>
Depreciation						
At 1 August 2013	(24,723)	(41,430)	(24,234)	(45)	-	(90,432)
Charge for the year	(2,830)	(4,330)	(1,295)	-	-	(8,455)
Disposals	135	-	-	-	-	135
At 31 July 2014	<u>(27,418)</u>	<u>(45,760)</u>	<u>(25,529)</u>	<u>(45)</u>	<u>-</u>	<u>(98,752)</u>
Net book value						
At 31 July 2014	<u>13,263</u>	<u>131,965</u>	<u>21,752</u>	<u>7</u>	<u>9,545</u>	<u>176,532</u>
At 31 July 2013	<u>8,290</u>	<u>125,681</u>	<u>23,047</u>	<u>7</u>	<u>17,267</u>	<u>174,292</u>

If the land and buildings detailed above had not been revalued, tangible fixed assets would have been included in these financial statements at 31 July 2014 at the following amounts:

	Equipment, Furniture and Motor Vehicles		Land and buildings		Assets in Course of Construction	Total £'000
	Freehold £'000	£'000	Long Leasehold £'000	Short Leasehold £'000		
Cost	33,013	98,763	24,854	52	9,545	166,227
Depreciation	(24,723)	(24,099)	(15,961)	(45)	-	(64,828)
Net book value	<u>8,290</u>	<u>74,664</u>	<u>8,893</u>	<u>7</u>	<u>9,545</u>	<u>101,399</u>

London South Bank University

Notes to the accounts Year ended 31 July 2014

Land and buildings were valued in September 1994 by Drivers Jonas, Chartered Surveyors. Properties were valued at their open market value for existing use, and where this was not practical, the depreciated replacement cost was used.

All properties, other than those detailed below, are included at 1 August 1994 prices less subsequent depreciation in accordance with the Drivers Jonas valuation report of September 1994:

Freehold Land and Buildings

- ❖ The K2 building is stated at cost of £45.9m. The land at the site of the K2 building is stated at a cost of £4.3m.
- ❖ The Keyworth Centre is stated at cost of £25.8m.
- ❖ The David Bomberg House hall of residence is stated at cost of £11.6m.
- ❖ The Learning Resource Centre is stated at cost of £4.7m.
- ❖ The St George's Circus and Chapel sites are stated at a cost of £11.1m, represented by land of £0.7m and £10.4m cost of redeveloping the Clarence Centre for Innovation and Enterprise.
- ❖ The Technopark building is stated at purchase cost of £3.6m.
- ❖ Phase 2 of the Dante Road hall of residence is stated at cost of £2.1m.
- ❖ The Student Centre is stated at cost of £6.8m.

Long leasehold Land and Buildings

- ❖ The New Kent Road hall of residence was originally held under a finance lease. It is included in these accounts at the capital cost of the original lease charges payable, the agreed amount of which was £1.1m. The finance lease was settled before the expiry of its term. Although this property is treated as a long leasehold property the University also owns the freehold of this property, which has a nominal value.
- ❖ Phase 1 and phase 3 of the Dante Road hall of residence are included in these accounts under long leasehold land and buildings at capital costs of £3.5m and £2m respectively.
- ❖ McLaren House, a 620 bed hall of residence, is stated at cost of £16.3m. It was originally held under a finance lease however the lease was settled before the expiry of its term. Although this property is treated as a long leasehold property, the University also holds the underlying freehold, which has a nominal value.

Included in long leasehold land and buildings is £0.7m (2013: £0.7m) of capitalised interest. This interest was capitalised in 1996 in connection with the construction of McLaren House.

London South Bank University

Notes to the accounts Year ended 31 July 2014

Assets held under Finance Leases

Consolidated and University equipment, furniture and motor vehicles include assets held under finance leases as follows:

	2014 £000	2013 £000
Cost	2,870	2,870
Accumulated depreciation	(2,815)	(2,623)
Net book value	55	247
Depreciation charge for the year	192	340

14. Investments

	Consolidated		University	
	2014 £000	2013 £000	2014 £000	2013 £000
CVCP Properties plc	38	38	38	38

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

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

South Bank University Enterprises Limited

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

London Knowledge Innovation Centre Limited

SBUEL holds 50% of the issued £1 shares of London Knowledge Innovation Centre Limited (LKIC), a company formed to provide serviced office space and other services to start-up companies. The share of the net assets and profit/(loss) of LKIC have not been included in the consolidated accounts as they are immaterial. The profit/(loss) and net assets of LKIC were both £nil for the period ended 31 July 2014 (2013: £nil).

Other investments

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

London South Bank University

Notes to the accounts Year ended 31 July 2014

15. Debtors: amounts falling due within one year	Consolidated		University	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade debtors	5,284	4,849	5,430	5,104
Amounts owed by group undertakings	-	-	554	17
Other debtors	271	672	198	617
Prepayments & accrued income	2,758	2,302	2,491	2,032
Total debtors due within one year	8,313	7,823	8,673	7,770
Debtors: amounts falling due after one year: amounts owed by related parties (note 25)	350	-	350	-
Total Debtors	8,663	7,823	9,023	7,770

16. Creditors: amounts falling due within one year	Consolidated		University	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Bank and other loans	1,294	1,278	1,293	1,277
Obligations under finance leases	55	192	55	192
Trade creditors	1,997	1,652	1,997	1,652
Other creditors	957	1,547	892	1,487
Social security and other taxation payable	1,354	1,482	1,354	1,482
Accruals and deferred income	26,751	31,986	26,299	31,745
Total	32,408	38,137	31,890	37,835

17. Creditors: Amounts falling due after more than one year	Consolidated and University	
	2014 £'000	2013 £'000
Bank and other loans	28,243	29,537
Obligations under finance leases	-	55
Total	28,243	29,592

18. Borrowings	Consolidated and University	
	2014 £'000	2013 £'000
Bank loans and finance leases are repayable as follows:		
Due in less than one year (note 16)	1,349	1,470
Due between one and two years	1,309	1,349
Due between two and five years	4,039	3,981
Due after five years	22,895	24,262
Total due after one year (note 17)	28,243	29,592
	29,592	31,062

Details of bank loans:

London South Bank University

Notes to the accounts Year ended 31 July 2014

- The loan from Allied Irish Bank (GB) in respect of the Dante Road hall of residence is repayable over 26.5 years to 2027. The amount outstanding at 31 July 2014 was £5.000 million (2013: £5.377 million). The loan bears interest at a rate of 6.67% per annum. The loan is secured on the property to which it relates.
- There is a loan facility from Barclays Bank of £37 million, secured on David Bomberg House halls of residences. Within the facility, the following balances are outstanding at 31 July 2014:
 - An amount of £5.441 million in respect of David Bomberg House was outstanding at 31 July 2014 (2013: £5.752 million). This borrowing is repayable over 25 years to 2032 and bears interest at a fixed rate of 5.67% per annum.
 - A further £21.830 million of the Barclays facility was drawn down to finance the K2 building. Of this amount, £18,896 million was outstanding at 31 July 2014 as follows: £5.000m (2013: £5.000m) is interest-only, repayable in April 2029, and bears interest at a fixed rate of 5.25% per annum; £8.625m (2013: £8.917m) is repayable over 23.25 years to 2032 and bears interest at a fixed rate of 5.54% per annum, and £5.271 (2013: £5.568m) is repayable over 23 years to 2032 and bears interest at a variable rate of 0.225% above LIBOR per annum.

19. Pension liability

The pension liability has been measured in accordance with the requirements of FRS17 and relates to the London Pension Fund Authority pension scheme (LPFA).

	Consolidated and University	
	2014	2013
	£'000	£'000
Balance at 1 August	62,211	74,664
Current service cost	4,228	4,449
Settlements and curtailments	104	307
Contributions	(4,882)	(4,933)
Other finance cost (note 24)	2,341	1,961
Actuarial losses/(gains) recognised in STRGL (note 24)	12,500	(14,237)
	<hr/>	<hr/>
Balance at 31 July	76,502	62,211
	<hr/> <hr/>	<hr/> <hr/>

London South Bank University

Notes to the accounts Year ended 31 July 2014

20. Deferred capital grants	Consolidated and University						
	<table border="0" style="width: 100%;"> <tr> <td style="text-align: right;">Land and buildings</td> <td style="text-align: right;">Equipment</td> <td style="text-align: right;">Total</td> </tr> <tr> <td style="text-align: right;">£'000</td> <td style="text-align: right;">£'000</td> <td style="text-align: right;">£'000</td> </tr> </table>	Land and buildings	Equipment	Total	£'000	£'000	£'000
Land and buildings	Equipment	Total					
£'000	£'000	£'000					
Balance at 1 August 2013	26,165 3,674 29,839						
Release to income and expenditure account (note 1)	(1,286) (696) (1,982)						
Grants received	- 355 355						
Transfers to deferred income	-						
Balance at 31 July 2014	24,879 3,333 28,212						
21. Revaluation reserves	Consolidated and University						
	<table border="0" style="width: 100%;"> <tr> <td></td> <td style="text-align: right;">2014</td> <td style="text-align: right;">2013</td> </tr> <tr> <td></td> <td style="text-align: right;">£'000</td> <td style="text-align: right;">£'000</td> </tr> </table>		2014	2013		£'000	£'000
	2014	2013					
	£'000	£'000					
Balance at 1 August	30,192 30,986						
Transfer to income & expenditure reserves being excess depreciation on revalued assets (note 22)	(792) (794)						
Balance at 31 July	29,400 30,192						
22. Income and expenditure account	Consolidated University						
	<table border="0" style="width: 100%;"> <tr> <td></td> <td style="text-align: right;">2014</td> <td style="text-align: right;">2014</td> </tr> <tr> <td></td> <td style="text-align: right;">£'000</td> <td style="text-align: right;">£'000</td> </tr> </table>		2014	2014		£'000	£'000
	2014	2014					
	£'000	£'000					
Reserve							
Balance at 1 August 2013	114,367 113,687						
Surplus for the year	3,097 3,689						
Transfer from revaluation reserve	792 792						
Net FRS17 pension costs transferred to pension reserve	1,791 1,791						
Balance at 31 July 2014	120,047 119,959						
Pension reserve							
Balance at 1 August 2013	(62,211) (62,211)						
Actuarial loss	(12,500) (12,500)						
Net FRS17 pension costs transferred from income and expenditure reserve	(1,791) (1,791)						
Balance at 31 July 2014	(76,502) (76,502)						
23. Designated reserves							
The income and expenditure account of the Group does not include any amount which are designated reserves. (2013: £nil).							

Notes to the accounts Year ended 31 July 2014

24. Pension arrangements

The University participates in the Teachers Pension Scheme (TPS) and the Universities Superannuation Scheme Limited (USS) for academic employees and the London Pension Fund Authority (LPFA) Pension Fund for non-academic employees.

A. The Teachers' Pension Scheme

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

Retirement and other pension benefits are provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Teachers' contributions are credited to the Exchequer under arrangements governed by the above act. The Teachers' Pension Regulations require that an annual account, the Teachers' Budgeting and Valuation Account, 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 2004 and revealed that total liabilities in the scheme (pensions currently in payment and estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds of notional investments) amounted to £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The real rate of earnings growth is assumed to be 1.5% and the assumed gross rate of return is 6.5%.

From 1 January 2007, and as a part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate is 19.75% plus a supplementary contribution rate of 0.75%; a total contribution rate of 20.5%. This translated into an employee contribution rate of 6.4% and an employer contribution rate of 14.1%. During the year contributions were paid by the University and charged to the Income and Expenditure account at a current rate of 14.1% (2013: 14.1%) of salaries and the University's contribution to the TPS for 2014 was £3,590,765 (2013: £3,549,403). Employee contribution rates were between 6.4% and 12.4% depending on earnings.

Actuarial scheme valuations are dependent on assumptions about the valuation of future costs and design of benefits. These are being discussed in the context of the design for a reformed TPS and scheme valuations are therefore currently suspended. The Government however has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in FRS17 'Retirement Benefits', the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has accounted for its contributions as if it were a defined contribution scheme.

London South Bank University

Notes to the accounts Year ended 31 July 2014

B. The Universities Superannuation Scheme

The Universities Superannuation Scheme is a defined benefit scheme which is externally funded. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Contributions are paid by the University and charged to the Income and Expenditure account. The contribution rate for 2014 is 16% of salaries.

The latest triennial valuation of the scheme for which results are available was 31 March 2011. At the valuation date, the value of the assets in the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7million, indicating a shortfall of £2,910.2 million. The assets were therefore sufficient to cover 92% of the benefits accrued to members after allowing for expected future increases in earnings.

The financial assumptions of that valuation are as follows:

Investment returns per annum – past service	4.4%
Investment returns per annum – future service	6.2%
Salary scale increases per annum	4.4%
Price increases per annum	2.9%
Pension increases	3.4%

The Trustees have determined, after consultation with employers, a recovery plan to pay off the shortfall by 31 March 2021. A formal triennial valuation took place at 31 March 2014. It is expected to show a considerable ongoing scheme deficit. Although the formal results of the valuation are not expected until later in 2014, the employers and the University and College Union continue to work together constructively to respond to the USS funding position. The contribution rate will be reviewed as part of this valuation and may be reviewed more frequently.

At 31/7/14 the University had 48 active members participating in the scheme. The University's contribution to the USS for 2014 was £414,047 (2013: £409,605). The scheme has tiered employer contribution rates of between 6% and 9% depending on employee earnings.

Under the definitions set out in FRS17 'Retirement Benefits', the USS scheme is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has accounted for its contributions as if it were a defined contribution scheme.

C. The London Pension Fund

The London Pension Fund Authority (LPFA) provides members with benefits related to pay and service at rates which are defined under the Local Government Pensions Scheme Regulations 1997. To finance these benefits, assets are accumulated in the Fund and held separately from the assets of the University.

A full triennial valuation was carried out by the scheme's actuary Barnett Waddingham as at 31 March 2013 with the valuation results taking into account changes to the scheme from 1 April 2014. 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. New employer contribution rates effective from 1 April 2014 are 15.2% of pensionable salaries to cover the cost of future service plus an annual lump sum of £1,418,000 to clear the deficit over a recovery deficit period of 17 years.

Pension costs under FRS17

London South Bank University

Notes to the accounts Year ended 31 July 2014

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 2014	31 July 2013
	% per annum	% per annum
Salary increases	4.5	4.2
Pension and price increases	2.7	2.5
Discount rate	4.2	4.7

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

On the advice of our actuaries we have assumed that members will exchange half of their commutable pension for cash at retirements. In calculating the scheme assets and liabilities, the fund's actuaries had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes but it is possible that actual outcomes will differ from those included in the accounts. Any differences between expected and actual outcomes are reported through experience gains and losses.

Life expectancy

Post-retirement mortality is based on Club Vita analysis which has then been projected with the Medium Cohort Projection, allowing for a minimum rate of improvement of 1% per annum. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	Males	Females
	Years	Years
Current pensioners	21.8	25.0
Future pensioners	24.2	27.2

London South Bank University

Notes to the accounts Year ended 31 July 2014

Fund assets

The expected return on fund assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 August 2013 for the year to 31 July 2014). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields. The employer assets in the scheme and the expected rates of return are as follows:

	Expected rate of return at 31 July 2014	Fair value as at 31 July 2014 £'000	Expected rate of return at 31 July 2013	Fair value as at 31 July 2013 £'000
Equities	6.7%	44,008	6.4%	45,279
Target return portfolio	6.1%	28,644	4.9%	27,938
Alternative assets	-	-	5.4%	7,707
Cash	3.2%	13,803	0.5%	944
Cashflow matching	3.4%	6,116	3.4%	14,451
Infrastructure	6.3%	3,343	-	-
Commodities	6.1%	1,067	-	-
Property	5.6%	2,745	-	-
Total fair value of assets		<u>99,726</u>		<u>96,319</u>

C. The London Pension Fund (continued)

Net pension liability

The following amounts at 31 July related to London South Bank University measured in accordance with the requirements of FRS17:

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Fair value of Employer Assets	99,726	96,319	80,635	78,471	70,432
Present value of funded obligations	<u>(164,260)</u>	<u>(146,774)</u>	<u>(143,181)</u>	<u>(121,971)</u>	<u>(123,986)</u>
Net underfunding in funded plans	(64,534)	(50,455)	(62,546)	(43,500)	(53,554)
Present value of unfunded obligations	<u>(11,968)</u>	<u>(11,756)</u>	<u>(12,118)</u>	<u>(11,840)</u>	<u>(12,065)</u>
Net Pension Liability	<u>(76,502)</u>	<u>(62,211)</u>	<u>(74,664)</u>	<u>(55,340)</u>	<u>(65,619)</u>

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

London South Bank University

Notes to the accounts Year ended 31 July 2014

Analysis of the amount included in staff costs for the year

	2014	2013
	£'000	£'000
Current service cost	4,228	4,449
Curtailments and settlements	104	307
Enhancements to former employees (recoverable in full from HEFCE (note 1))	249	229
Total operating charge	<u>4,581</u>	<u>4,985</u>

Analysis of the amount included in interest payable for the year

	2014	2013
	£'000	£'000
Expected return on pension scheme assets	(5,209)	(4,173)
Interest on pension scheme liabilities	7,550	6,134
Net charge	<u>2,341</u>	<u>1,961</u>

Analysis of the amount recognised in STRGL

	2014	2013
	£'000	£'000
Actual return less expected return on pension scheme assets	(2,910)	11,058
Experience gains and losses	10,002	(237)
Changes in assumptions underlying the present value of scheme liabilities	(19,592)	3,416
Actuarial (losses)/ gains recognised in STRGL	<u>(12,500)</u>	<u>14,237</u>

Analysis of movement in the present value of scheme liabilities

	2014	2013
	£'000	£'000
At 1 August	158,530	155,299
Current service cost	4,228	4,449
Interest cost	7,550	6,134
Actuarial loss/(gains)	9,590	(3,179)
Losses on curtailments	104	307
Benefits paid	(4,248)	(4,877)
Contributions by scheme participants	1,323	1,294
Unfunded pension payments	(849)	(897)
At 31 July	<u>176,228</u>	<u>158,530</u>

London South Bank University

Notes to the accounts Year ended 31 July 2014

Analysis of movement in the fair value of scheme assets

	2014 £'000	2013 £'000
At 1 August	96,319	80,635
Expected return on scheme assets	5,209	4,173
Actuarial (losses)/gains	(2,910)	11,058
Contributions by employer	4,033	4,036
Contributions by scheme participants	1,323	1,294
Benefits paid	(4,248)	(4,877)
	<u>99,726</u>	<u>96,319</u>
At 31 July	<u>99,726</u>	<u>96,319</u>

The projected pension expense for the year to 31 July 2015 is £6,141,000 (2014: £6,665,000)

Experience gains & losses in year

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Difference between the actual and expected return on pension scheme assets	(2,910)	11,058	(4,000)	1,206	1,935
Experience gains and losses arising on scheme liabilities	10,002	(237)	(374)	12,593	4,498

Sensitivity Analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	175,030	176,228	181,417
Projected service cost	4,350	4,228	4,541
Adjustment to mortality age rating assumption	+1 Year	None	- 1 Year
Present Value of total obligation	172,413	176,228	183,974
Projected service cost	4,306	4,228	4,582

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 31/7/14 the University had 9 members participating in the scheme. The University's contribution to the Friends Life scheme for 2014 was £22,750 (2013: nil) and employers contribution rates ranged from 6%-9%. Pension contributions payable at 31st July 2014 were nil (2013: nil)

London South Bank University

Notes to the accounts Year ended 31 July 2014

25. 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 FRS8 not to disclose transactions between the SBUEL and the University. There were no transactions during the year between London Knowledge Innovation Centre Limited (LKIC) or CVCP Properties PLC and the University.

During the year the LSBU Students' Union received financial support from the University of £727,000, 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.

The Vice Chancellor of the University is a member of the University Academy of Engineering South Bank (UAESB), which the University sponsors. During the year UAESB paid the University £8,527 in reimbursement of actual expenses incurred on behalf of the Academy.

The Vice Chancellor of the University, Professor David Phoenix received an interest free loan 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 30th October 2015 (or later as agreed). As of 31st July 2014 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.

26. Endowments

	Consolidated and University			
	Unrestricted Permanent £'000	Restricted Expendable £'000	2014 Total £'000	2013 Total £'000
Balance at 1 August 2013	388	341	729	641
Investment income	14	12	26	25
Expenditure	(14)	(12)	(26)	(25)
Increase in market value of investments	4	3	7	88
Balance at 31 July 2014	392	344	736	729

27. Operating lease commitments

At 31 July 2014 the University and the Group were committed to making the following annual payments in respect of operating leases on land and buildings:

	2014 £'000	2013 £'000
Expiring in over five years	51	51
	51	51

London South Bank University

Notes to the accounts Year ended 31 July 2014

	Consolidated and University	
	2014	2013
	£'000	£'000
28. Capital commitments		
Commitments contracted at 31 July	5,369	5,006
	<u>5,369</u>	<u>5,006</u>
Commitments include those relating to building projects, being undertaken as part of the University's Estates and ICT Strategy.		
29. Reconciliation of consolidated operating surplus to net cash inflow from operating activities		
	2014	2013
	£'000	£'000
Surplus after depreciation of assets at valuation	3,097	6,056
Depreciation (note 13)	8,455	7,870
Loss on disposal of fixed assets	50	8
Investment income	(331)	(566)
Interest payable (note 10)	3,776	3,433
(Increase)/Decrease in stocks	(27)	21
(Increase)/Decrease in debtors	(841)	1,248
Decrease in creditors	(5,609)	(2,092)
Decrease in provisions	(550)	(1,356)
Deferred capital grants released to income (note 20)	(1,982)	(1,893)
	<u>6,038</u>	<u>12,729</u>
Net cash inflow from operating activities	6,038	12,729
30. Returns on investments and servicing of finance		
	2014	2013
	£'000	£'000
Income from endowments (note 5)	26	25
Interest receivable (note 5)	305	541
Interest paid (note 10)	(1,434)	(1,472)
	<u>(1,103)</u>	<u>(906)</u>
Net cash outflow from returns on investments and servicing of finance	(1,103)	(906)
31. Capital expenditure and financial investment		
	2014	2013
	£'000	£'000
Payment to acquire tangible fixed assets	(10,744)	(18,544)
Adjustment for Students' Union assets	-	(8)
	<u>(10,744)</u>	<u>(18,552)</u>
Net cash outflow from capital expenditure and financial investment	(10,744)	(18,552)
32. Acquisitions and disposals	2014	2013
	£'000	£'000
Transfer of assets to Students' Union	-	(547)
	<u>-</u>	<u>(547)</u>

London South Bank University

Notes to the accounts Year ended 31 July 2014

33. Management of Liquid Resources	2014	2013
	£'000	£'000
Cash added to fixed term	(10,334)	(61)
Net cash outflow from returns on investments and servicing of finance	<u>(10,334)</u>	<u>(61)</u>

34. Financing	2014	2013
	£'000	£'000
Capital element of bank loan repayments	(1,277)	(1,914)
Capital element of finance lease repayments	(193)	(340)
Capital grants received in year	355	340
Net cash outflow from financing	<u>(1,115)</u>	<u>(1,914)</u>

35. Analysis of changes in net funds	At	Cash flow	At
	31 July		31 July
	2013	2014	2014
	£'000	£'000	£'000
Cash at bank and in hand	54,750	(17,258)	37,492
Endowment asset investments	67	-	67
	<u>54,817</u>	<u>(17,258)</u>	<u>37,559</u>
Fixed Term deposits	5,206	10,334	15,540
Debt due within one year (note 16)	(1,470)	121	(1,349)
Debt due after more than one year (note 17)	(29,592)	1,349	(28,243)
Net funds	<u>28,961</u>	<u>(5,454)</u>	<u>23,507</u>

36. Analysis of changes in financing during the year

Bank and Other Loans	2014	2013
	£'000	£'000
Balance at 1 August	31,062	33,316
Capital repayments	(1,470)	(2,254)
Balance at 31 July	<u>29,592</u>	<u>31,062</u>

London South Bank University

Notes to the accounts Year ended 31 July 2014

37. Access & Hardship funds	2014	2013
	£'000	£'000
Balance at 1 August	5	21
HEFCE grant	530	543
Administration costs	(15)	(15)
Distributed to students	(520)	(521)
Funds returned	-	(23)
	<hr/>	<hr/>
Balance at 31 July	-	5
	<hr/> <hr/>	<hr/> <hr/>

Access and Hardship funds are paid to universities by HEFCE to provide financial assistance to students whose access to further or higher education might be inhibited by financial considerations or who, for whatever reason, including physical or other disabilities, face financial difficulties.

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

38. Teacher Training Bursaries	2014	2013
	£'000	£'000
Balance at 1 August	(190)	(61)
Funding council grant	682	692
Disbursed to students	(569)	(821)
	<hr/>	<hr/>
Balance at 31 July	(77)	(190)
	<hr/> <hr/>	<hr/> <hr/>

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.

London South Bank University

	PAPER NO: BG.77(14)	
Board/Committee:	Board of Governors	
Date:	20 November 2014	
Paper title:	AGM minutes 21 November 2013	
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors	
Board sponsor:	David Longbottom, Chairman of the Board	
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	N/A	

Executive summary

1. The Board is requested to approve the minutes from last year's annual general meeting held on 21 November 2013.
2. Following amendments to LSBU's Articles of Association (approved in June 2014), LSBU is no longer required to hold an annual general meeting. In future the business of the AGM will be conducted through: a written resolution to appoint the auditors; and by circulation of the final accounts to governors in order to comply with s.423 Companies Act 2006.

London South Bank University

Minutes of the 43rd Annual General Meeting of
London South Bank University
held on Thursday, 21 November 2013
in 1B27, Technopark, London Road, SE1

Present:

David Longbottom	Chairman
Dame Sarah Mullally	Vice Chair
Prof Martin Earwicker	Vice Chancellor and Chief Executive
Barbara Ahland	SU President
Steve Balmont	
Douglas Denham St Pinnock	
Ken Dytor	
Prof Hilary McCallion	
Anne Montgomery	
Mee Ling Ng	
Louisa Nyandey	
Andrew Owen	
Diana Parker	
Prof Shushma Patel	
Prof Jon Warwick	

In Attendance:

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

Welcome and Apologies

1. The Chair welcomed members to the meeting.
2. Apologies had been received from James Smith.

Minutes

3. The minutes of the fortieth annual general meeting held on 22 November 2012 were approved as a true record.

Annual Report and Accounts

4. The members received the report and financial statements for the year ended 31 July 2013 (paper **BG.84(13)**), which the Board of Governors had approved.

Reappointment of Auditors

5. The members resolved to reappoint Grant Thornton UK LLP as external auditors to the University for the year to 31 July 2014 on the recommendation of the Audit Committee.

Remuneration of Auditors

6. The members agreed to delegate authority to the Executive to agree the auditors' remuneration for the year ending 31 July 2014.

The Chairman thanked members and closed the meeting.

Confirmed as a true record:

.....
Chairman

	PAPER NO: BG.79(14)
Paper title:	Board Strategy Day report
Board/Committee	Board of Governors
Date of meeting:	20 November 2014
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors
Board sponsor:	David Longbottom, Chairman of the Board
Purpose:	To update the Board on key outcomes of the Board strategy day of 15 October 2014

Introduction

As part of its annual plan the Board holds a strategy day twice a year. The following notes are a record of the strategy day held on 15 October 2014.

Board of Governors strategy day held on 15 October 2014
Notes

Session 1: LSBU and sector developments (Dave Phoenix)

1. An update was provided on sector developments covering:
 - Changes to UK Visas and Immigration visa regulations for international students
 - HE funding model
 - Postgraduate funding
 - Increased competition from private providers and the end of the student number control
 - Changing role of HEFCE from funder to regulator

Session 2: Corporate Strategy 2015-2020 – refresher (Dave Phoenix)

2. LSBU's mission as defined in the Corporate Strategy, 2015-2020 (as approved by the Board) is "to be recognised as an enterprising civic university that addresses real world challenges". The eight component goals were noted (see below).
3. Governors discussed the opportunities for gaining competitive advantage.
4. LSBU's short to medium term priorities are:
 - Income generation from recruitment, retention, research and enterprise;
 - Improving student satisfaction (and the National Student Survey);
 - Improving the internal environment, including:
 - a. Development of the estates strategy , to be discussed at the next Board strategy day in April 2015;
 - b. Capital expenditure priorities, to be discussed by the Board in May 2015

Session 3: Key Performance Indicators (KPIs) (Richard Flatman)

5. Governors noted the work-in-progress set of KPI's which will monitor progress in achieving the eight goals of the Corporate Strategy, 2015-2020. The eight goals are:
 - 1) Employability: Supporting all students, according to need, to develop the skills and aspiration to enter employment or further study, and so

become sought after by employers, or have the skills and confidence to start their own businesses, or develop a portfolio career.

- 2) Student Experience: Ensuring that students are seen as participants in their learning and that the student voice is encouraged and listened to.
 - 3) Teaching & Learning: Our teaching will remain highly applied, professionally accredited and demonstrably linked to research and enterprise, delivering the attributes that will make our graduates highly sought after informed environment.
 - 4) Research & Enterprise: Delivering 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.
 - 5) Access: Working with local partners to provide opportunities for students with the potential to succeed, and through active engagement ensuring we retain them
 - 6) Internationalisation: Developing the multicultural community of students and staff, working through international alliances and partnerships to further build our capacity and capabilities in education, research and enterprise.
 - 7) Resources & Infrastructure: Strategically investing in the creation of first class facilities and ensuring they are underpinned by services which are responsive to academic needs and outcome focused.
 - 8) People & Organisation: Creating an environment which attracts and fosters the very best staff, and within which all staff, whatever their role, feel valued and proud of their university and take appropriate responsibility for its development
6. A working group of governors was established to review and finalise the set of KPI's.
{Secretary's note: Jerry Cope and Andrew Owen agreed to join the working group, which met on 7 November 2014 and approved the KPI's}
7. Once approved, the KPIs will be reported to each Board meeting with a rating for progress and commentary.

Session 4: Corporate delivery plan – introduction (Dave Phoenix)

8. The Corporate delivery plan has been developed with key deliverables and milestones for each of the eight corporate goals. The newly formed Operations Group is responsible for implementation of the corporate delivery plan and reviewing the related Performance Indicators in the plan.
9. As part of the single planning process, at the seven Schools and the Professional Service Groups are developing local delivery plans, which will relate to the budget.

Session 5: LSBU's graduate attributes (Mike Molan)

10. A statement of LSBU graduate attributes is being developed in order to demonstrate LSBU's qualities, distinctiveness and value to students, employers and collaborative partners. An important outcome is the improved employability of LSBU's graduates.
11. It is important to be clear and succinct in defining the attributes. The current proposed attributes are:
 - Knowledge
 - Understanding
 - Application
12. The Board supported the development of a statement of graduate attributes. The Board considered that the draft attributes apply best to the degree subject matter studied. The Board considered that there is a set of skills, such as teamwork, inter-personal skills, report writing and oral presentations, relevant to employability which, irrespective of degree subject, should be included when articulating LSBU's graduate attributes.

Session 6 - The learning pathway (Phil Cardew)

13. The learning pathway project aims to ensure that learning, teaching, assessment and student opportunity are provided to support the development of the graduate attributes in LSBU's students. Essentially it is the journey from dependence to independence and acquiring the skill of critical thinking.
14. The structure of degree programmes would be moved away from a modular approach in order to emphasise the development of the graduate attributes of

knowledge, application and skills across the levels of a degree. Discussions with stakeholders including academic teams will take place during the autumn.

15. The Board requested the Executive to review the number of assessment points and the viability of personal tutoring for 3rd year undergraduate students.

Conclusions

16. The Board confirmed that the key areas of focus for the short and medium term continued to be:
- a. Student satisfaction (as measured by the National Student Survey);
 - b. Improved retention; and
 - c. Employability of graduates

The Corporate Strategy, 2015-2020 sets out the detail of these priorities.

17. The Chairman thanked governors and Executive members for their contributions.

Present

Governors

David Longbottom (Chairman), Jeremy Cope (Joint Vice Chair), Prof David Phoenix (Vice Chancellor), Steve Balmont, Douglas Denham St Pinnock, Prof Hilary McCallion, Anne Montgomery, Mee Ling Ng, Andrew Owen, Diana Parker, Prof Shushma Patel, James Smith and Prof Jon Warwick.

Apologies:

Ilham Abdishakur, Ken Dytor, Sarah Mullally and Louisa Nyandey

Members of the Executive:

Prof Pat Bailey, Deputy Vice Chancellor
Prof Phil Cardew, Pro Vice Chancellor (Students and Education)
Mandy Eddolls, Executive Director of Human Resources
Richard Flatman, Chief Finance Officer
James Stevenson, University Secretary & Clerk to the Board of Governors

Apologies:

Ian Mehrtens, Chief Operating Officer

With:

John Baker, Corporate and Business Planning Manager (morning session)

Michael Broadway, Governance Manager

Prof Mike Molan, Pro Vice Chancellor (Enhancement) (afternoon session)

Amir Rashid, Programme Director (morning session)

Prof Warren Turner, Dean/Pro Vice Chancellor Health and Social Care
(afternoon session)

	PAPER NO: BG.80 (14)	
Board/Committee:	Board of Governors	
Date:	20 November 2014	
Paper title:	Annual Conflicts of Interest Declarations	
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors	
Board sponsor:	David Longbottom, Chairman of the Board of Governors	
Recommendation:	That the Board authorises the interests of its members.	
Aspect of the Corporate Plan to which this will help deliver?	N/A - Compliance with Companies Act 2006	
Matter previously considered by:	Annually by the Board	Nov 2013
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	The Register of Interests is published on the University's website	

Executive summary

1. Under the Companies Act 2006, governors have a duty to avoid a "situation" in which they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of LSBU, unless this has previously been authorised by the Board. Following a declaration process during October/November 2014 the Register of Interests has been updated and is attached for noting by the Board. Declarations have been made by governors and the Executive. Additions to and deletions from the register are highlighted in red.
2. The Board are requested to review existing interests and authorise new interests. Please note, that any new interests or changes to the authorised interests will need to be approved by unconflicted members of the Board.

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

London South Bank
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Register of Interests 2014/15

INDEPENDENT GOVERNORS

Steve Balmont					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
The Law Debenture Pension Trust Corporation plc	Pensions	Director (paid)	2000		25/11/2010
Civil Service Motoring Association		Principal Representative of Pension Scheme			25/11/2010
GSK		Principal Representative of Pension Schemes			25/11/2010
Taylor Wimpey		Principal Representative of Pension Scheme			25/11/2010
Kelda Water		Principal Representative of Pension Scheme			25/11/2010
Lloyds Register		Principal Representative of Trust			25/11/2010
Low & Bonar Plc		Principal Representative of Pension Scheme			25/11/2010

Citigroup (Thomson Regional Newspapers)		Principal Representative of Pension Scheme			25/11/2010
Syngenta		Principal Representative of Pension Scheme			03/10/2012
DHL		Principal Representative of Pension Scheme			03/10/2012
Mitcham RUFC Limited	Sporting	Director	c1996		25/11/2010
PriceWaterhouseCooper LLP	Financial Services	Principal Representative to Three Trusts			24/11/2011
Western Power Distribution Group	Electricity distribution	Principal Representative of Pension Scheme			21/11/2013
Arjo Wiggins	Paper manufacturer	Principal Representative of Pension Scheme	2006		08/07/2014
EDF Energy Generation	Electricity generation	Principal Representative of Pension Scheme	2014		08/07/2014
Johnson Service Group Plc	Textile services and facility management	Principal Representative of Pension Scheme	2014		08/07/2014
Superannuation Arrangements of University of London	Pension Scheme for 49 Higher Education Institutions	Principal Representative of Pension Scheme	2014		08/07/2014
UK Power Networks	Electricity distributor	Principal Representative of Pension Scheme	2014		08/07/2014

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Mercedes-Benz UK Limited	Manufacture and sale of motor vehicles	Principal Representative of Pension Schemes	2014		
Monarch Airlines	Airline	Principal Representative of Pension Scheme	2014		

Jerry Cope

Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
t-three Group	Leadership Consultancy	Director (paid) and shareholder	2006		
Postal & Logistics Consulting Worldwide	Logistics Consultancy	Director and shareholder	2008		
NHS Pay Review Body	Government body	Chair	2011		

Douglas Denham St Pinnock

Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Owengate Capital Ltd	Financial trading	Owner/director (paid)	1988		19/07/2012
Owengate Ltd	Financial trading	Owner/director	Pre1995	Dormant company	19/07/2012
Owengate Equipment Finance	Financial trading	Owner/director	Pre1995	Dormant company	19/07/2012

Council for the Defence of British Universities	Higher Education	Member	2012		21/03/2013
Owengate Environmental Ltd	Environmental systems integration and finance	Owner/director	2014		22/05/2014

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

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Neil Gorman					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
David Longbottom					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Flybe	Air travel	Director	April 2006		25/11/2010
Horton International (UK)	Executive Search	Chairman	April 2008		25/11/2010
LSBU	Education	Wife is a Principal Lecturer in the Nat Puri Institute (appointed to that position in July 2012).			03/10/2012
Hilary McCallion					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Hilary McCallion Consultancy Limited	Healthcare Consultancy	Owner and director (remunerated)	April 2013	Provision of service to NHS and possibly	18/07/2013

				Educational bodies	
Bucks New University	HE	Visiting Professor			18/07/2013
King's College, London	HE	Visiting Professor			18/07/2013
London South Bank University	HE	Daughter is a student – Children's Nursing			21/11/2013
Dementia UK	Charity	Trustee	December 2013		
Bethlem Museum of the Mind	Museum, art, archives provision	Trustee	June 2012		
Anne Montgomery					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Battersea Cats and Dogs Home	Animal welfare	Trustee	April 2010		25/11/2010
Barker Dewson		Self employed client			25/11/2010
A&DC		Self employed client			25/11/2010
SHL		Self employed client			25/11/2010
Leadership in Action		Self employed client			25/11/2010
Office of Commissioner for Public Appointments Northern Ireland	Ministerial appointments	Independent assessor	August 2013		21/11/2013
REAL Consulting	Leadership development & assessment	Self employed client	April 2013		21/11/2013

London South Bank
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The Reverend Dame Sarah Mullally

Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Church of England	Religious organisation	Priest (paid)			25/11/2010
Salisbury NHS Foundation Trust	NHS Trust	Non-executive director	April 2013		21/11/2013

Mee Ling Ng

Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Habinteg Housing Association Ltd	Housing	Director	July 2011		18/07/2013
Mulan Foundation Network	Charitable Trust	Trustee	Nov 2011		21/11/2013

Andrew Owen

No interests to declare

Diana Parker					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Temple Property Holdings Limited		Director			25/11/2010
Common Purpose Charitable Trust		Director			25/11/2010
Museum of Modern Art Limited		Director			25/11/2010
Withers LLP		Partner			25/11/2010
James Smith					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Conservatoire for Dance and Drama	Higher Education Institution	Chair of Board of Governors	2011		19/07/2012
Carbon Trust	Provision of services to accelerate the move to a low carbon economy	Chair of the Board	2010		19/07/2012

London South Bank University

Science Museum Group		Trustee	2011		19/07/2012
South Bank University Enterprises Ltd	Enterprise subsidiary of LSBU	Chairman	2012		19/07/2012
Grantham Institute		Chair of the advisory board			03/10/2012
Energy Institute		Former President			03/10/2012
EPSRC transition pathways		Chair of the advisory board			03/10/2012
Association for Black Engineers UK		Chair of the advisory board			03/10/2012
UCL Energy Institute		Member of the advisory board			03/10/2012
Liverpool School of Tropical Medicine		Vice president			03/10/2012
Museum of Science and Industry	Museum	Chair of advisory board	March 2013		21/11/2013
Imperial College Energy Futures Lab		Member of the advisory board			21/11/2013
The Energy Institute	Learned Society	Member of Finance Committee	June 2013		
Science Council	Learned Society	Chair of strategy board for equality and inclusion	November 2013		

VICE CHANCELLOR AND CHIEF EXECUTIVE

Professor David Phoenix					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Higher Education Funding Council for England (HEFCE)	HE	Teaching & Quality Committee Member	2013		20/03/2014
Academy of Social Science		Policy Group member	2013		20/03/2014
Government Equalities Office	Government	Ambassador	2010		20/03/2014
Million+	Think tank	Executive member			
Kings College Hospital NHS Foundation Trust	NHS Trust	Visiting professor			
SiChuan University	University	Visiting professor			
University of Central Lancashire	University	Visiting professor			
University Academy of Engineering South Bank	Secondary school	Member			
South Bank Engineering UTC Trust	Secondary school	Member			

STUDENT GOVERNORS

Ilham Abdishakur

No interests to declare

London South Bank
University
STAFF GOVERNORS

Shushma Patel					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
R&M Capital Ltd	Family property investment	Director	2003	Unremunerated	21/11/2013
Hiruma Overseas Corp. Ltd	Lettings	Director	1984	Unremunerated	21/11/2013
Hiruma Investments Ltd	Investment	Director	1984	Unremunerated	21/11/2013
Jon Warwick					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
University of Bedfordshire	Higher Education	Wife is employed as an academic	1992		24/11/2011

INDEPENDENT CO-OPTED MEMBER OF THE AUDIT COMMITTEE

Shachi Patel					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Buzzacott LLP	Accountancy	Employee (paid)	2005		21/11/2013
Croydon College	Further Education	Member of Audit Committee	2012		21/11/2013

EXECUTIVE MEMBERS

Pat Bailey – Deputy Vice Chancellor					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board

London South Bank
University

Phil Cardew – Pro Vice Chancellor (Students and Education)					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Norwich University College of the Arts	Higher Education	Independent Governor	November 2010		25/11/2010
Apollo (IOW)	Performing Arts	Trustee	April 1979		25/11/2010
QAA	Higher Education	Institutional Auditor	January 2001		25/11/2010
University Centre, Brighton		External Examiner			25/11/2010
University of Gloucestershire	Higher Education	Chief External Examiner	01/06/2011	Expenses & attendance fee paid	24/11/2011
Mandy Eddolls – Interim Executive Director of Human Resources					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board

Richard Flatman – Executive Director of Finance

Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
South Bank University Enterprises Ltd	Commercial arm of LSBU	Director	2002		25/11/2010
London Knowledge Innovation Centre	Incubator	Director	2007		25/11/2010
London Strategy Ltd	Dormant	Director	2002		25/11/2010

Paul Ivey – Pro Vice Chancellor (Research and Enterprise)

Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Emirates Aviation University	Higher Education	Visiting Professor	2010		

London South Bank University

Ian Mehrtens – Chief Operating Officer					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Regent's University London	HE	Pro Chancellor & Chairman	01/11/2007	Term ends 31/12/2014	21/11/2013
Regent's Marylebone Ltd	HE	Director	01/08/2012	Term ends 31/12/2014	21/11/2013

James Stevenson – University Secretary					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
South Bank University Enterprises Limited	Commercial arm of LSBU	Company Secretary	2011		21/11/2013
South Bank Engineering UTC Trust	Secondary education	Director	Nov 2014		