

## Meeting of the Board of Governors

4.00\* - 6.00pm on Thursday, 17 October 2019  
In 1B27, Technopark, SE1 6LN

\* *Tour of the new Business School, 105 Borough Road, SE1 0AA at 3pm*

### Agenda

No.	Item	Pages	Presenter
1.	Welcome and apologies		JC
2.	Declarations of Interest <i>Governors are required to declare any interest in any item of business at this meeting</i>		JC
3.	Minutes of previous meeting	3 - 8	JC
4.	Matters arising	9 - 10	JC
<b>Chair's business</b>			
5.	Update on South Bank Colleges	Verbal Report	MLN
6.	Board governance effectiveness review - actions	Verbal Report	JC
<b>Items to discuss</b>			
7.	Vice Chancellor's report	11 - 34	DP
8.	CFO's report	35 - 50	RF
9.	Corporate risk - annual detailed discussion	51 - 62	RF
10.	Risk appetite	63 - 66	RF
<b>Items to approve</b>			
11.	Additional space - Tabard Street	To Follow	DP
12.	Draft Group Audit terms of reference	67 - 74	JS
<b>Items to note</b> <i>The following papers will only be discussed at the meeting if there is a matter that any governor wishes to raise with the Secretary the day before the meeting</i>			
13.	Reports and decisions of committees	75 - 80	SEC
14.	OfS compliance	81 - 86	JS
15.	Annual declaration of interests	87 - 98	JC

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
16.	Board strategy day report	To Follow	JC
17.	Board business plan	99 - 102	SEC

**Date of next meeting  
4.00 pm on Thursday, 21 November 2019**

**Members:** Jerry Cope (Chair), Douglas Denham St Pinnock (Vice-Chair), Duncan Brown, John Cole, Peter Fidler, Nelly Kibirige, Mark Lemmon, Hilary McCallion, Mee Ling Ng, Jeremy Parr, David Phoenix, Rashda Rana, Tony Roberts, Deepa Shah, Nazene Smout and Vinay Tanna

**Apologies:** Michael Cutbill

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

*Supplements –*

- *Access and Participation Plan*
- *Public Benefit guidance - for information only*

**Minutes of the meeting of the Board of Governors  
held at 4.00 pm on Thursday, 18 July 2019  
PC 101, Passmore Centre, SE1 1PX**

**Present**

Jerry Cope (Chair)  
Douglas Denham St Pinnock (Vice-Chair)  
David Phoenix  
Steve Balmont  
Duncan Brown  
John Cole  
Michael Cutbill  
Nelly Kibirige  
Mark Lemmon  
Mee Ling Ng  
Jeremy Parr  
Rashda Rana  
Tony Roberts  
Vinay Tanna

**Apologies**

Peter Fidler  
Hilary McCallion  
Jenny Owen  
Deepa Shah  
Nazene Smout

**In attendance**

Pat Bailey  
Michael Broadway  
Richard Flatman  
James Stevenson

**1. Welcome and apologies**

The Chair welcomed members to the meeting. The Chair welcomed Mark Lemmon to his first Board meeting.

The above apologies were noted.

The Chair noted the Board had just received an informative presentation on the new LSBU Group brand and fundraising. The Board supported the development of the brand for the LSBU Group and emphasised the importance of the heritage of the LSBU crest.

The Chair requested that all governors to take some action to meet the aims of the fundraising strategy.

## **2. Declarations of Interest**

Tony Roberts declared an interest in item 7 on the agenda. The Board agreed that he could not participate in the decision for item 7.

The Board noted the declared interests of Steve Balmont, Mee Ling Ng and David Phoenix as directors of South Bank Colleges in relation to minute 11.

## **3. Minutes of previous meeting**

The Board approved the minutes of the meeting of 23 May 2019 and their publication as redacted.

## **4. Matters arising**

The Board noted the update on matters arising. The Board noted that EDI training for the Board would likely be as part of the strategy day or ahead of the independent governors' dinner.

## **5. Update from Chair of Academic Board**

The Board noted an update from the Chair of the Academic Board on its work. The Academic Board is responsible for academic standards and the direction and regulation of academic matters. The Board noted that the five key issues discussed by the Academic Board during the year were the academic partnership with Applied Science University, Bahrain; the streamlining of research ethics approvals for students; implementing a more efficient exam invigilation process; oversight of the academic portfolio; and oversight of the National Student Survey.

Three key areas for discussion over 2019/20 are the academic calendar; degree algorithms; and monitoring student satisfaction at a module level.

The Board noted proposed changes to the membership of the Academic Board to make it more representative of the academic community.

The Board noted the publication of an education strategy to 2020 and the planned Education Summit.

## **6. Board governance effectiveness review and recommendations**

The Board discussed the outcome and recommendations of the governance effectiveness review of July 2019, which found that "LSBU has a largely effective Board of Governors". The Board thanked Askari Jafri, LSBU Governance Officer for his work in conducting the review. The Board noted that PwC had been appointed to oversee the review and its conclusion that "the process was free of bias and was conducted appropriately".

Three main recommendations had been identified: (i) to review both assurance and reporting from the Academic Board to the Board; (ii) that

agendas for Board meetings and strategy days provide greater focus on strategic discussions; and (iii) continued focus on finalising 'Group' governance arrangements. Progress in implementing the recommendations will be regularly reported to the Board.

The Board approved the report and the recommendations.

## 7. **Staff governor appointments**

The Board approved the re-appointment of Tony Roberts as a staff governor for a second term of three years from 1 August 2019.

The Board noted the retirement of Jenny Owen as a governor and that there was currently a vacancy for a staff governor on the Board. This vacancy will be filled from the proposed new membership of the Academic Board (minute 5 refers). The Board thanked Ms Owen for her valuable contribution to the Board.

## 8. **Vice Chancellor's report**

The Board discussed the Vice Chancellor's report.

The Board noted challenges with delivering apprenticeship provision and requested an update at the next meeting of the Finance, Planning and Resources (FPR) Committee.

The Board noted that the Office for Students expects governing bodies to approve institution's Access and Participation Plans. The Board would be requested, if required before the next Board meeting, to approve LSBU's plan ahead of submission to the Office for Students.

*{Secretary's note: At its meeting of 17 October 2019, the Board ratified the plan, which was approved by the OfS on 20 September 2019}*

The Board noted that the planned Nine Elms Skills Centre for Lambeth College was to be match-funded by the GLA. A draft funding agreement had been received from the GLA. The Board authorised the Project Larch sub-committee to authorise execution of the funding agreement with the GLA if required before the next Board meeting.

*{Secretary's note: At its meeting of 19 September 2019, the Major Project and Investment Committee discussed the draft GLA funding agreement. The sub-committee which is incorporated within the MPIC membership confirmed its consent to the execution of the GLA funding agreement by SBC}*

The Board discussed the current external environment and the challenges following the latest spending review by HM Treasury.

The Board noted that the results of the staff engagement survey were being analysed and would be reported to FPR in September 2019.

The Board noted an update on the proposed Croydon Campus. A business case was being developed for the next meeting of the Major Projects and Investment Committee.

The Board noted the improved national student survey (NSS) results and thanked staff for their hard work.

#### 9. **Chief Financial Officer's report**

The Board discussed the Group Chief Financial Officer's report, which included an update on the latest income projections for 2018/19, the draft LSBU and group budget for 2019/20, an update on future financial forecasts, cash flow, the Align project and pensions.

The Board noted that the current forecast for 2018/19 is trending towards a surplus of £3m which would be £1.5m better than budget.

The Board approved the budget for 2019/20 which had been discussed in detail by FPR. The planned income for 2019/20 is £152m to deliver a surplus of £1.5m. The level of income and surplus is consistent with the five year forecasts that were presented to the Board strategy day in April 2019.

The Board approved the budget for 2019/20 for South Bank Colleges which had previously been approved by the SBC Board. The planned income is £24.5m which would deliver a deficit of £2.8m which is in line with the CFADS model.

The Board noted the revised date for submission of the five year forecasts to the Office for Students of 30 November 2019. The Board noted and approved a summary of the three year forecasts for South Bank Colleges.

The Board discussed the update on group cash flow. The Board noted that an additional £40m - £50m of borrowing may be required from 2020 to manage group cash flow and finance the group's capital projects. A more detailed cash flow analysis would be discussed by FPR and MPIC in autumn 2019.

#### 10. **London Road redevelopment - contractor approval**

Following due consideration by MPIC and its support for the Executive's recommendation, the Board approved that Willmott Dixon Interiors Ltd is appointed to carry out the London Road Building Refurbishment for the sum of £46,500,000 (inclusive of VAT).

The Board requested that the health and safety record of Willmott Dixon Interiors is circulated to the Board for information.

## 11. **Intra-group matters**

The Board discussed an update on intra-group facility agreements, intra-group services and group sub-committees.

The Board noted that the two proposed intra-group facility agreements with South Bank Colleges were to help fund the turnaround of Lambeth College for £13.75m and to provide cash flow for its estates plans for up to £22.9m. The Board noted the key terms of the proposed agreements.

The Board noted that LSBU did not have an explicit power to lend in its articles of association. Due to the significant amount of the intra-group loans, it was recommended that the articles are amended to include an explicit power to lend. A written resolution will be proposed to the members.

The Board approved the key principles of the facilities and authorised a sub-committee of Rashda Rana, the Vice Chancellor and the Chief Financial Officer to authorise the execution of the facility agreements subject to LSBU having an explicit power to lend in its articles.

The Board noted the intention for LSBU to provide professional services to members of the group. Service level agreements are being drafted to document these services and the Board authorised the Vice Chancellor and the Chief Financial Officer to approve these agreements on behalf of LSBU.

The Board noted that planning has started to enable the scope of the Board's sub-committees to be group-wide.

## 12. **Reports and decisions of committees**

The Board noted the reports from committees and approved the amended terms of reference of the Nomination Committee and the Group Pensions sub-committee.

## 13. **Board and committee membership**

The Board noted committee membership for 2019/20. The Board thanked Hilary McCallion for her contribution as chair of FPR.

## 14. **Corporate Risk**

The Board noted the update on corporate risk and that a sub-group of the Audit Committee is reviewing the approach to risk management in detail.

## 15. **Any other business**

The Board congratulated the Students' Union on being awarded 'Quality Students' Union' by the National Union of Students.

The Board noted that this was Steve Balmont's final Board meeting. The Board thanked Mr Balmont for his significant contribution to LSBU as a member of the Board for 10 years and a member of the Audit Committee for 17 years.

**Date of next meeting**  
**Strategy day - 10am, on Thursday, 26 September 2019**  
**Board meeting – 4pm, on 17 October 2019**

**Confirmed as a true record**

..... (Chair)



**BOARD OF GOVERNORS - THURSDAY, 18 JULY 2019  
ACTION SHEET**

<b>Agenda No</b>	<b>Agenda/Decision Item</b>	<b>Action</b>	<b>Officer</b>	<b>Action Status</b>
6.	Board governance effectiveness review and recommendations	Update on progress of implementing the recommendations of the governance effectiveness review	Jerry Cope	On agenda
8.	Vice Chancellor's report	Board to ratify Access and Participation Plan  Staff engagement survey results to FPR  Business case on proposed Croydon Campus to MPIC	Nicole Louis  Shân Wareing  Pat Bailey	On agenda  On FPR agenda for Nov 2019  Deferred
9.	Chief Financial Officer's report	Cash flow analysis to FPR and MPIC in Sep 2019	Richard Flatman	Completed
10.	London Road redevelopment - contractor approval	Circulate Willmott Dixon's safety record to the Board	Paul Ivey	Completed. Circulated to the Board on 29 July 2019
11.	Intra-group matters	Written resolution to the members to amend the articles	James Stevenson	Written resolution circulated on 27 September 2019

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	CONFIDENTIAL
Paper title:	Vice Chancellor's Report
Board/Committee	Board of Governors
Date of meeting:	17 October 2019
Author:	David Phoenix, Vice Chancellor
Executive sponsor:	David Phoenix, Vice Chancellor
Purpose:	To update the Board on University matters
Recommendation:	To note the report.

## Executive Summary

We have started the academic year in a strong position. We are tracking at 98.3% towards our September 2019 recruitment target, with 7,065 Firm Accepts achieved against a goal of 7,185. Income from new students is forecast at £50.6m against a target of £52.9m.

The recruitment success is providing some challenges with timetabling – an update will be provided at the meeting.

Following our recent success in the Guardian League table where we were placed at 68<sup>th</sup> I am pleased to announce that in the 2020 Times & Sunday Times League Table we have improved our rank by 21 places moving up to 86<sup>th</sup> out of 131 institutions. Throughout 2019/20 we will continue to focus on the student experience. The recent Postgraduate Taught Experience Survey indicates there is significant work to increase the satisfaction of our PG students. Work on the new graduate outcome survey confirms our concerns that there will be a drop in the graduate outcomes statistic but how great this is (relative to other institutions) cannot be quantified at this stage.

Work is underway across our estate with Phase 1 of the LSBU Campus re-development nearing completion, excluding the London Road (LR) refurbishment which closed in September 2019 and will reopen in spring 2021. At SBC we have been developing the estate and curriculum strategy for the future and will be finalised with DfE in December 2020.

## Vice Chancellor's Report October 2019

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

### **1.0 Corporate Strategy Outcome 1: Student Success**

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

#### **1.1 Times and Sunday Times League Tables**

In the 2020 Times & Sunday Times League Table LSBU improved its rank by 21 places from rank position 107/132 to 86/131 and increased by 38 points from 442 to 480.

West London is the biggest riser in the table overall, up 31 places from 83<sup>rd</sup> to 52<sup>nd</sup>. LSBU is joint 5<sup>th</sup> biggest riser with York St John. The biggest decline is University of Buckingham, from 43<sup>rd</sup> to 92<sup>nd</sup>. Overall, 63 Institutions increased in rank, 12 maintained and 56 declined in rank.

Despite achieving the second highest increase in rank among London Moderns after West London, LSBU remains mid-table and is ranked below the following (2020 rank and Year on Year change):

West London (52 / +31), Roehampton (69 / +1), University of the Arts (79 / +15) and Greenwich (84 / +16).

LSBU made an appearance in 34 subjects and showed improvement in the majority of these with only 4 subjects showing a decline. LSBU made an appearance in 2 new subjects this year: Politics and Physiotherapy (please see Appendix A for the full list).

In the Social Inclusion ranking, LSBU is ranked 9/115 in England and Wales with a score of 814/1000. Two London Moderns that rank above LSBU are ranked near the bottom of the main table: East London (5<sup>th</sup> for social inclusion, 127<sup>th</sup> overall) and London Met (6<sup>th</sup> for social inclusion, 126<sup>th</sup> overall).

The performance across the three league tables remains strong as shown in Table 2. With the changes to the Graduate Outcome survey and the estate works, maintaining this level of performance will be challenging in the coming year.

Table 1 London Modern Performance 2020

Row Labels	RANK	STUDENT_ST AFF_RATIO	TEACHING_Q UALITY	STUDENT_EX PERIENCE	RESEARCH_R ATING	UCAS_ENTRY _POINTS	GRADUATE_P ROSPECTS	FIRSTS_21S	COMPLETION _RATE	SERVICES_FACI LITIES_SPEND
University of West London	52	14.8	85.7	84.7	1.6	124	74	74.3	78.1	2669
University of Roehampton	69	14.2	79.2	77.2	24.5	111	72.2	68.7	74.3	2759
University of the Arts, London	79	14.8	76.3	70.1	8	137	72.2	71.3	86.2	2397
University of Greenwich	84	17.4	79.9	78.4	4.9	137	70.3	77	82	2329
<b>London South Bank University</b>	<b>86</b>	<b>15.6</b>	<b>80.4</b>	<b>77.9</b>	<b>9</b>	<b>114</b>	<b>87.7</b>	<b>69.5</b>	<b>77.5</b>	<b>2156</b>
Kingston University	106	16.6	79.3	78.3	5.1	124	64.5	72.5	84.1	2559
Middlesex University	107	16.7	75.5	74	9.7	123	73.5	67.2	78.9	3030
University of Westminster	119	19.3	75.2	75.1	9.8	127	70.4	70.5	81.7	1857
London Metropolitan University	126	17.8	77.9	75.7	3.5	101	70.7	60.8	65.7	3129
University of East London	127	18.9	78	76.1	7.2	111	65.3	68.1	75.5	2018

Table 2 London Modern Performance across the 2020 Domestic League Tables

Row Labels	Average Rank 2020	Row Labels	Times 2020	Row Labels	Guardian 2020	Row Labels	CUG 2020
University of the Arts, London	60	University of West London	52	University of the Arts London	39	University of the Arts, London	61
West London	66	University of Roehampton	69	Kingston	48	Roehampton	81
<b>London South Bank</b>	<b>80</b>	University of the Arts, London	79	West London	57	Greenwich	83
Kingston	82	University of Greenwich	84	<b>London South Bank</b>	<b>68</b>	<b>London South Bank</b>	<b>87</b>
Roehampton	84	<b>London South Bank University</b>	<b>86</b>	Greenwich	90	Middlesex	89
Greenwich	86	Kingston University	106	Westminster	102	West London	90
Middlesex	102	Middlesex University	107	Roehampton	103	Westminster	92
Westminster	104	University of Westminster	119	East London	104	Kingston	93
East London	116	London Metropolitan	126	Middlesex	109	East London	116
London Metropolitan	121	University of East London	127	London Metropolitan	111	London Metropolitan	126

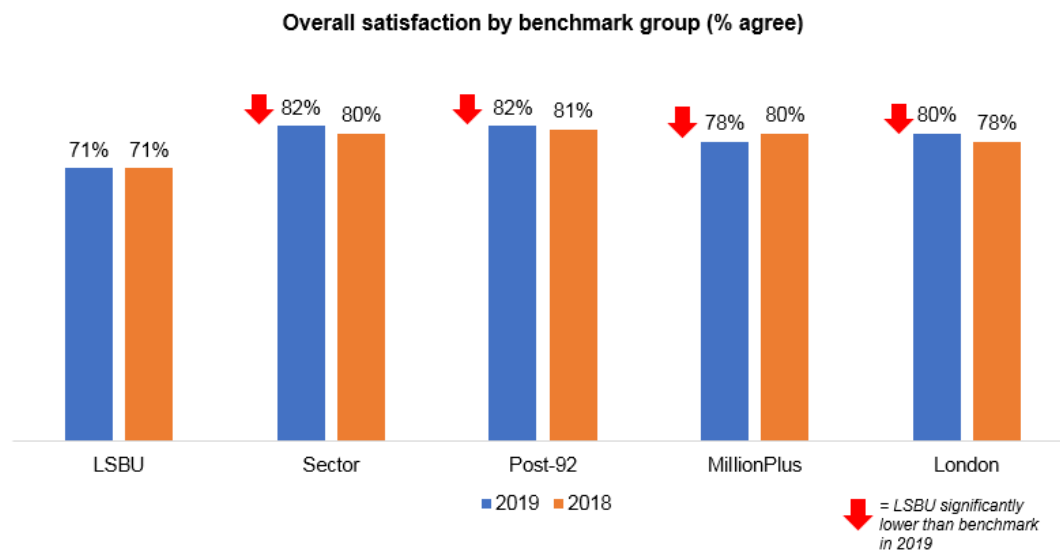
## 1.2 PTES 2019 (Postgraduate Taught Experience Survey) – Overview of findings

LSBU’s postgraduate taught students’ satisfaction remains weak versus other benchmark groups in 2019, and remaining flat versus 2018. This will be an increasing area of focus and will be supported by some of the estate ambitions.

LSBU’s performance against specific measures has fallen slightly (though not significantly) in several core areas (Table 3b). Our strongest areas are in ‘Information provision’ and ‘Resources’. Our weakest benchmarked measures are in ‘Dissertation support’ and ‘Organisation’. No single measure area scores more than 80% satisfaction.

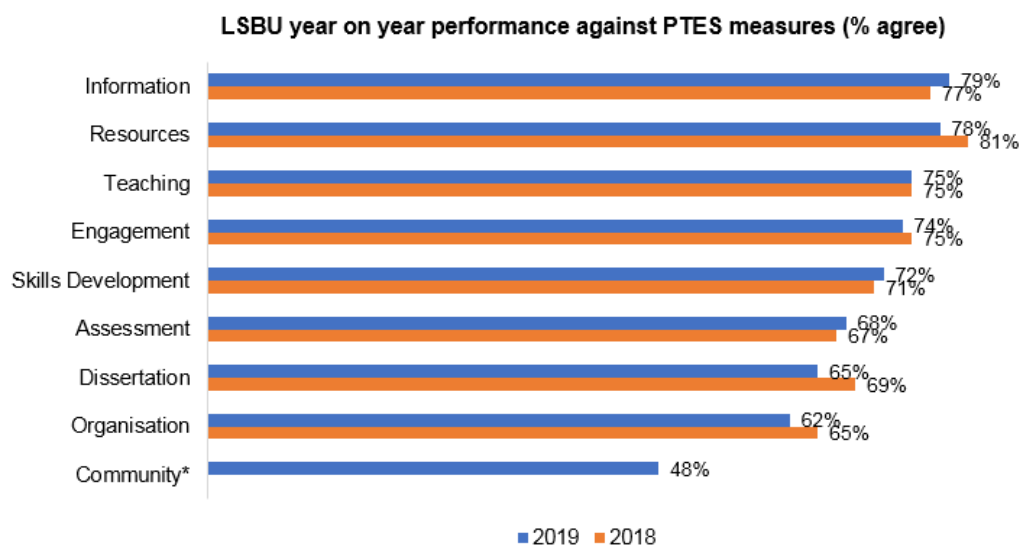
The Provost and DVC Education have already identified ‘Dissertation’ as a critical area of focus to improve overall satisfaction, and Deans are currently exploring action plans for academic provision to facilitate this in 19/20. More widely through LEAP, ‘Organisation’ is being addressed as a consistent area of focus across all student cohorts.

Table 3a Overall satisfaction by benchmark group



Q. Overall, I am satisfied with the quality of the course (Single choice, LSBU 2019 base n=372 vs 2018 base n=438)

Table 3b Year on Year performance



\*N.B. measures pertaining to learning community and student representation were shown to LSBU respondents only, meaning there is no comparison data against other benchmarking groups. This measure was introduced in 2019's survey, meaning that no comparison data for 2018 is available.

### 1.3 Retention

In the 2018/19 academic year, the total number of students withdrawing and interrupting shows a positive trend compared to the previous year. Key figures for the academic year are:

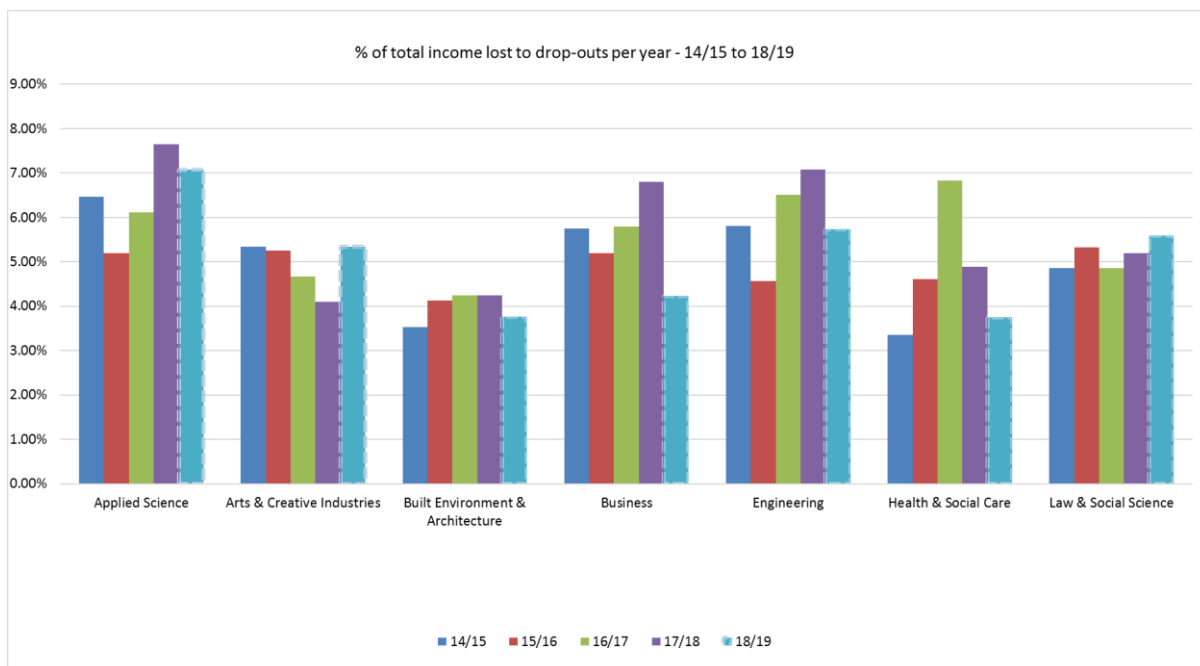
- The proportion of the total number of students who withdrew / interrupted in 2018/19 is at 8% compared to 10% in the previous year.
- The total number of interruptions is lower than in the previous year (941 in 2017/18 down to 671 in 2018/19), however there is an increase in the total number of withdrawals (510 in 2017/18 to 593 in 2018/19).
- The main reason for students withdrawing is non-engagement (45.7%).
- The main reason for students interrupting are health reasons (31.6%).

In terms of lost income, the full in-year income loss recorded in the 2018/19 annual accounts is £4,489k compared to £4,591k in 2017/18. This is a 2.2% reduction. Five schools are reporting a lower % loss of overall income than 2017/18 due to withdrawals and interruptions (see Table 4 below). Following adjustments to account for 2018/19 withdrawals and interruptions recorded after 31st July, income loss is now £4,528k which is 1.8% lower than in 2017/18 (£4,613k). We will only be able to report the progression rate towards the end of October once students have re-enrolled.

The chart below shows lost income by school as a percentage of total tuition fee income for the last five academic years as per the management accounts.



*Table 4: Percentage of total income lost to drop-outs per year.*



## 1.4 Graduate Outcomes

DLHE surveyed graduates six months after graduation and the new Graduate Outcome (GO) Survey is at 15 months after graduation. This is therefore not a direct like for like comparison.

HESA are carrying out the GO survey and separating it into 4 cohorts, surveyed between December 2018 and September 2019.

We carried out a shadow survey to understand the employment rates of our graduates and to identify those who were unemployed or underemployed and encourage them to participate in one of our activities (Internships, Post -Graduate Certificate in Project management, Boot camps with employers).

Table 5: Graduate Outcomes Results

	DLHE 2016/17	Shadow 2017/18	Change from DLHE 16/17
<b>All Leavers Measure</b>			
Response Rate (%)	86.0%	50.5%	-35.5%
In work or study (%)	96.9%	95.9%	-1.0%
In graduate level work or study (%)	91.0%	82.0% (83.4%)	-9.0% (-7.6%)
<b>EPI Leavers Measure</b>			
EPI Population – UK, first-degree, full-time graduates	1968	1921	
Response Rate (%)	98.8%	53.3%	-45.5%
In work or study (%)	95.3%	94.9%	-0.4%
<b>In graduate level work or study (%)</b>	<b>87.7%</b>	<b>75.6%</b> (78.3%)	<b>-12.1%</b> (-9.4%)

Note: Green brackets indicate expected improvements as a result of graduate outcome activities.

The lower response rate was expected and we have already received some information from HESA that indicates our shadow exercise is in line, or slightly above response rates across the sector. The EPI cohort are the most significant (those in full-time, first degree, undergraduate study). There is a potential drop of -9.4% (after interventions). It is hard to predict whether the HESA results will mirror our own, and whether the rest of the sector will see a significant drop also.

We will be adapting our strategy for internships, Post Graduate Certificates and boot camps in the future, as intervening at 15 months was problematic. Those students who were underemployed could not leave their non-graduate level jobs in order to take up graduate level work or study with us. We will, in the future be focusing on offering a rolling programme from graduation onwards, supporting students into graduate level work before the time of their GO cohort survey.

Once HESA results are available another update will be supplied to the Board.

The HESA Survey of Cohort D i.e. graduates who completed their studies from 1 May 2018 – 31 July 2018 opened 2 weeks ago. To date our response rate is low compared to other HEIs. Although we have the highest % of survey starts at

27.20%, completed surveys are at 8.70% (the 18 universities whose response rates were shared informally range from 8.20% to 19.50% completion).

We are exploring activities that we can do to encourage completion, though we have to be careful that we don't directly incentivise graduates.

## **2.0 Corporate Strategy Outcome 2: Real World Impact**

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

### **2.1 Research, Enterprise and Innovation**

Over the past few years research income has grown year on year and for this coming year we are targeting £7.50M or a 37% increase on last year's outturn of £5.7M. This is ambitious, however a review of our position at the end of August 2019 suggested that we have earned or have contracted 94% of this target leaving some 6% to find from a healthy set of pipeline proposals. The school of Engineering and TWI are the stand out contributors to this performance.

In terms of our Academic Research, this is focused on fifteen Research Centres, acting as beacons of excellence and cohering research activities around specific research themes across the seven schools. In addition, these are supported by some 35 Research Groups which act as incubators for developing new research themes. As visible evidence of our culture of researcher development, LSBU has been awarded the EU HR Excellence in Research three times since 2014. The London Doctoral Academy, our Doctoral College, continues to be the hub for our burgeoning Post Graduate Research community. Our new Researcher Development Programme, provides training in research skills across the university, from Postgraduate to Professor – and offered some 90 courses over the past academic year. Finally, for REF, we plan to enter some 180 FTE (and increase of some 80 FTE over REF2014), over an increased number of Units of Assessment; finally our Annual University Research Audit (AURA) provides us with a yearly update on the level of research output across the university the details of which will be shared with FPR.

The University struggled with the target for enterprise income last year achieving a disappointing outturn of some £10.6M. This year's target shows essentially a stand still expectation at £10.7M with, some 69% of this amount either already earned or contracted. The school of Health and Social Care and SBUEL are the stand out contributors to this performance; SBUEL's budget is some £3.4M of this figure and the expectation at this stage of the year is for SBUEL to exceed target. Pipeline analysis for enterprise income is less predictable than for research and contains a high degree of 'in year' wins The enterprise business development team is now at full strength and monthly progress monitoring between schools, finance and

business developers is in place. Our approach to enterprise will be reviewed as we develop the enterprise sub-strategy for the group over coming months.

### **3.0 Corporate Strategy Outcome 3: Access to Opportunity**

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

#### **3.1 LSBU recruitment update – Semester 1 2019/20 New Starters (Home/EU/OS) – 10/09/19**

The university is tracking at 98.3% towards its September 2019 recruitment target, with 7,065 Firm Accepts achieved against a goal of 7,185. We currently require a further 120 Firm Accepts to fully meet our headcount target, but this gap consists largely of lower income part-time and study abroad courses. From an income perspective, we have the opportunity to balance any shortfalls in headcount target by recruiting a greater mix of higher-fee full time students.

We have seen a sharp increase in overall recruitment, with an additional 22% or 1,270 Firm Accepts achieved year-on-year across LSBU. Our growth this year has come from UGFT and Apprenticeship courses, but other areas of the university do remain broadly on par with the prior year as well. Apprenticeship courses are becoming a more attractive proposition to part-time learners and employers alike, while the popularity of regular UGPT courses appears to be decreasing. From a student perspective, it is also positive to see that recruitment is up across each of our Home, EU and Overseas cohorts. The UK Government announced in May 2019 that students starting university in both 2019/2020 will be classed as home-fee payers for the duration of their study, which will have converted a number of EU-based students to join this year.

Table 6: Semester 1 Home and EU Firm Accepts, and OS Unconditional Firm Accepts – 10/09/2019

LSBU - S1 2019/20	As at 10/09/19	Year on Year Recruitment Performance			Progress to Target	
Level / Mode Domicile	Year to Date Firm Accepts	LYTD Firm Accepts	+/- Change	% +/- Change	Recruitment Target	Progress to Target
UGFT	4,578	3,584	▲ 994	▲ 27.7%	4,461	102.6%
UGPT	323	376	▼ -53	▼ -14.1%	359	90.1%
Apprenticeships	528	232	▲ 296	▲ 127.6%	589	89.7%
PGFT	1,135	1,115	▲ 20	▲ 1.8%	1,142	99.4%
PGPT	387	365	▲ 22	▲ 6.0%	456	84.8%
Study Abroad	115	123	▼ -8	▼ -6.5%	180	64.1%
<b>LSBU Overall</b>	<b>7,066</b>	<b>5,795</b>	<b>▲ 1,271</b>	<b>▲ 21.9%</b>	<b>7,186</b>	<b>98.3%</b>
Home	5,506	4,448	▲ 1,058	▲ 23.8%	5,859	94.0%
EU	833	697	▲ 136	▲ 19.5%	618	134.7%
OS	727	650	▲ 77	▲ 11.8%	709	102.5%

### 3.2 LSBU School recruitment update – Semester 1 2019/20 New Starters (Home/EU/OS) – 10/09/19

Performance at overall university level is strong, as outlined in the previous section, but it is assuring to see that performance at an individual School level is as equally positive, apart from in the case of ACI. LSBU has grown together, across a variety and number of Schools, as opposed to a singular area of strength and dependency.

Table 7: Semester 1 School performance (by percentage and number) inclusive of Home, EU, Overseas – 10/09/2019

**By percentage:** year-on-year change in Firm Accepts by School / Mode (inclusive of Home, EU and OS)

School	UGFT	UGPT	Apprent'	PGFT	PGPT	St. Abroad	Overall School
BUS	▲ 57.3%	▲ 5.9%	-	▲ 28.4%	▲ 20.0%	▲ 2.9%	50.2%
LSS	▲ 49.1%	▼ -28.0%	-	▼ -20.6%	▲ 36.8%	▼ -14.3%	34.0%
APS	▲ 29.1%	▲ 100.0%	-	⇒ 0.0%	▲ 14.6%	▼ -50.0%	23.4%
BEA	▲ 21.0%	▼ -9.2%	▲ 77.3%	▲ 3.8%	▲ 2.7%	⇒ 0.0%	21.5%
ENG	▲ 24.1%	▼ -23.2%	▲ 125.0%	▼ -4.6%	▲ 55.6%	▲ 83.3%	15.8%
HSC	▲ 18.2%	▼ -56.7%	-	▲ 2.7%	▼ -41.4%	-	10.4%
ACI	▼ -10.5%	-	-	⇒ 0.0%	▼ -12.5%	▲ 4.6%	-8.1%

(It is the first year that Apprenticeships are running in BUS and LSS. As such, percentage comparison in YoY terms is not available.)

**By number:** year-on-year change in Firm Accepts by School / Mode (inclusive of Home, EU and OS)

School	UGFT	UGPT	Apprent'	PGFT	PGPT	St. Abroad	Overall School
BUS	▲ 350	▲ 1	▲ 37	▲ 59	▲ 7	▲ 1	455
LSS	▲ 240	▼ -7	▲ 73	▼ -49	▲ 25	▼ -1	281
BEA	▲ 54	▼ -21	▲ 170	▲ 5	▲ 4	⇒ 0	212
HSC	▲ 174	▼ -17	-	▲ 9	▼ -24	-	143
APS	▲ 106	▲ 7	-	⇒ 0	▲ 6	▼ -1	118
ENG	▲ 115	▼ -16	▲ 15	▼ -4	▲ 5	▼ -10	105
ACI	▼ -45	-	-	⇒ 0	▼ -1	▲ 3	-43

### 3.3 Income and revenue projections – Semester 1 2019/20 New Starters (Home/EU/OS) – 10/09/19

Based on the current profile and mix of Firm Accepts across LSBU, we are forecasting £50.6m of new-starter income against a target of £52.9m overall for Semester 1. We are in a strong position to achieve our income target, but enrolment does remain the crucial stage of this process. In order to maximise conversions and improve student experience, the traditional enrolment process at LSBU was redesigned as part of the LEAP Enrolment Accelerator programme. Undergraduate students in three Schools (BUS, ACI and APS) have been able to enrol entirely online following the change programme, which represents a significant improvement in process. Improvements have also been made to the traditional face-to-face process for students who aren't in one of the three pilot-test groups of 'digital enrolment'. If these improvements deliver a better conversion out-turn between Firm Accept - Full Enrolment stages, we will be closer to our income targets than forecasted (as the current projections are modelled and built on a historic conversion rate of 90%).

Based on current forecasts, we require in the region of £2.3m to achieve our Semester 1 new-starter income target. EU remains on track to deliver a surplus against target, with £6.4m of income forecasted against a target of £4.5m.

Table 8: Semester 1 income projections versus target (based on current profile of Firm Accepts) – 10/09/2019

LSBU - 10th Sep 2019	Income Projections S1 2019/20 new-starters			
Level / Mode Domicile	Forecasted Income	Target Income	Progress to Target	Difference Difference
UGFT	£ 37,842,525	£ 37,513,727	100.9%	£328,798
UGPT	£ 1,362,060	£ 2,012,004	67.7%	-£649,944
Apprenticeships	£ 1,786,752	£ 2,656,160	67.3%	-£869,408
PGFT	£ 8,103,715	£ 8,809,326	92.0%	-£705,611
PGPT	£ 1,215,000	£ 1,551,732	78.3%	-£336,732
Study Abroad	£ 321,440	£ 408,247	78.7%	-£86,807
<b>LSBU Overall</b>	<b>£ 50,631,492</b>	<b>£ 52,951,195</b>	<b>95.6%</b>	<b>-£2,319,703</b>
Home	£ 39,488,058	£ 43,209,268	91.4%	-£3,721,210
EU	£ 6,466,734	£ 4,559,923	141.8%	£1,906,811
OS	£ 4,676,700	£ 5,182,005	90.2%	-£505,305

The balance of enrolment across courses has illustrated the need for us to speed up our review of the portfolio to understand which courses are becoming selective rather than recruiting, and how the shape of the portfolio aligns with future ambition. We have commissioned a report to map qualifications to career progression pathways across the College and the University.

### **3.4 Apprenticeships**

LSBU has 1001 apprentices enrolled with a further 577 expected to enrol this autumn. Currently apprenticeships are 98.05% against Firm Accept targets. LSBU is launching a number of new apprenticeship standards including the Chartered Town Planning apprenticeship with a cohort of 80 apprentices enrolling this month and an 'MBA' apprenticeship in Clinical Leadership in partnership with Kingston and St. Georges NHS trust. The UTC has submitted its ROATP (Apprenticeship Register application) and LSBU submitted its reapplication (as per ESFA requirements) on 30 August 2019. An increase in the proportion of non-levy paying employers enrolling apprentices at LSBU has resulted in a forecast overspend on the LSBU ESFA non – levy contract – in effect we will be teaching more students than we are being paid to teach. A number of options are available to address this including utilising LSBU and Lambeth College training levy to support local employers. The exact overspend can only be determined once enrolment is completed. FMI is supporting the apprenticeship team with the forecasting.

There are a number of issues concerning some of the earlier Health cohorts, before recruitment practices had been fully developed with the Trusts, and this has led to low retention and achievement rates for these students. This is being addressed through revised recruitment processes, and it is important that this does indeed lead to student success rates that at least match the sector average. Internally we will also be reviewing our apprenticeship processes and oversight as the level of provision in this area grows.

### **3.5 Office for Students**

On 20 September 2019, we were notified by the Office for Students (OfS) that our Access and Participation Plan has been approved. The Board is requested to ratify the plan – available in the supplement.

All HEIs are required to develop a plan to set out how providers will improve equality of opportunity for underrepresented groups to access, succeed in and progress from higher education. The OfS will monitor our progress and we will be required to publish and submit an annual access and participation impact report. The letter from OfS can be found in the supplement.

As part of our obligations to the OfS we are required to inform them of changes to our partnerships. In September 2019 we informed them of:

- The termination of a partnership with Evelina London Children's Hospital at Guy's and St Thomas' NHS Foundation Trust (6 September 2019)
- The termination of a partnership with College of Contemporary Health (24 September 2019).

All students involved in these partnerships had completed and graduated.

## **4.0 Group Issues and Environment**

### **4.1 South Bank Academies Trust**

Post 16 outcomes for 2019 were positive overall. BTEC results at level 3 were very strong at both the UTC and UAE, and represent the majority of student entries. For example, the new Extended Diploma at the UTC secured 100% Pass rate with all students achieving at least Distinction Merit Merit (DMM) (ABB equivalent) grade, and 27% 3 Distinctions (AAA equivalent). At UAE, bar one U grade, all students achieved at least one Distinction grade, with 36% achieving at least 3 Distinctions. A level results at both schools improved in relation to 2018, with average grades up, pass rates up and the number of U grades markedly down. Despite this, attainment is generally low with A levels hence there remains more work to do in improving final outcomes for A Level students and this will remain a key area of focus for both school Principals and the Executive Principal.

GCSE results were slightly disappointing overall across both schools. UAE posted its first ever GCSE results. The attainment 8 score (the measurement of a student's average grade across eight subjects) was 42.1 points. Students achieving both an English and maths pass (grade 4+) was 59% and strong pass (grade 5+) 32%. Attainment 8 figures are below the Southwark average (of 50.2 in 2018) and national average (of 46.5 in 2018) but in line with a number of local schools with a similar intake (2018 data). Core subjects (English and mathematics) performed well, while other subjects were variable. Progress 8 (a measure to show how well pupils of all abilities have progressed, compared to pupils with similar academic starting points in other schools) is -0.49 (provisional): below the national (0.0) and Southwark average. Progress 8 has increased markedly for this cohort however, from -1.38 (July 2018) to -1.08 (January 2019) to -0.93 (March 2019), showing the impact of intervention.

At the UTC, Attainment 8 was low and below the 2018 figure, although the 2019 cohort was weaker and more complex. Performance by subject was variable, with English and technical subjects strong; maths and science below expectations and computer science very poor. Progress data from the start of Year 10 shows that in relation to national data the UTC score is -0.16 (1/16 of a grade below average) and



robust actions are in place to improve performance at GCSE in both schools.

The destination of students post education has been positive and is a mix of further education (i.e. specialist electrical NVQ courses), H.E and gap years. Six students have enrolled at LSBU; four from the UTC and two from UAE.

In terms of student numbers for 19/20 these will continue to fluctuate throughout the first term of the academic year. Currently there is a shortfall of 14 students across the two schools and we are anticipating that these numbers will change ahead of the October 2019 census, after which point, the budgets will be re-worked and finalised for both schools. UAE Year 7 and 12 numbers are marginally below forecasts of 145 and 50 respectively. UTC Year 10 numbers (at 27 on census) are well below forecast of 40, while Year 12 numbers (at 101 on census) are above forecast of 85.

The ESFA has undertaken a review of SBA's 2017-18 financial statements to verify compliance with regulations. They have written to the CEO to highlight a number of issues for action in relation to the management letter previously sent. The issues mainly relate to control weaknesses which were identified 12 months ago. The trust was required to submit an action plan by 27<sup>th</sup> September outlining how it has established a control framework and has addressed concerns.

The July 2019 Forecast position of Outturn 2018/19 for the Trust is £445.9k Forecast Surplus before Depreciation against £414.0k Budget leading to a favourable variance of £31.9k. Mainly this is a result of increased income and reduced expenditure across the two schools. However £-81.7k adverse variance on depreciation of owned assets leads to £-49.7k adverse variance on "Budgeted Surplus position after Depreciation" largely a result of the Capital works carried out at the UAE.

## **4.2 South Bank Colleges**

### **4.2.1 SBC Estates strategy**

Work has continued on the development of the college estates and curriculum strategy for the future. The final Estates strategy is due to be finalised with the DfE as part of the CFADs agreement in December 2020. A new stakeholder engagement group has been established with membership from SBC, LSBU, DfE and ESFA and Lambeth Council. An overarching vision for the college's three sites has been shared with the group and work continues on developing the financial strategy to enable the realisation of the strategy. In essence we see the development of Vauxhall to be focussed on level 2 to 4 technical education for young people and adults, Clapham will be reduced in size and will be a Gateway Centre supporting young people and adults to access further education and entry to employment provision and Brixton will continue to be a centre of excellence for ESOL.

The emergence of a number of health and safety estates issues were reported over the summer exposing poor historical record keeping and weak processes/systems for managing health and safety. Managers from LSBU estates and health and safety are working closely with the Executive Principal and Chief Finance Officer to provide rapid interventions to address these issues which included Legionella, emergency lighting, chemical records/storage and asbestos. Additional staffing resource is set to be put in place on an interim basis to fully establish health and safety standards and process aligned to LSBU.

A new Group Compliance Team is being established which will strengthen the oversight of Health and Safety, GDPR, business continuity and Group wide risk.

#### 4.2.2 18/19 Achievement

##### ***Classroom based learning***

16-19 year old Study Programme achievement is currently at 81.6%. This is an 8.6% improvement on 17/18 and brings the college close to the latest national average (NA) published data. 19+ Adult is currently at 89.1%, which is 2% above 17/18 final outturn. There are 993 claims outstanding which will shift the final result. There are risks around one sub-contractor and one delivery partner. The Deputy Principal is working on a daily basis with college managers and external partners to maximise 18/19 student achievement.

	Leavers	Outstanding achievement	Ach%	NA	17/18	CFADs Target
<b>16-19 yr olds</b>	2,623	21	81.6%	82.8	73%	78%
<b>19+</b>	10,214	194	89.1%	89.1	87%	89%
<b>Overall</b>	12,837	215	87.5%	85.8	85%	NA

##### ***Apprenticeships***

Overall current achievement is at 37.3%, final outcome predicted to be 42.0% against NA of 67.3%, this is 2.8% down on 17/18. CFADs target is 50%.

Timely current achievement is at 33.9%, final outcome predicted to be 34.8% against NA of 59.1%, this is 6.4% up on 17/18. The CFADs target is 31%. There are 58 results outstanding, the majority with sub-contractors.

09.09.19	Leavers	Outstanding ach	Ach%	NA	17/18	CFADs Target	Best case
Overall	279	90	37.3	67.3	44.8%	50%	58.4%
Timely	233	1,112	33.9	59.1	28.4%	31%	58.4%

### 4.2.3 19/20 Student Recruitment

The first 6 weeks of term are critical in terms of recruitment in particular of 16-19 year olds and will give us a clear indication of funding for the year and for 20/21.

Recruitment of 16-18 year olds is at 1,063 and term started on the 9 September 2019. Overall recruitment is in line with last year, though there have been changes to the process which makes day to day comparison with last year difficult. We recruit a small number of 16-19 year olds in-year, primarily in Gateway to Personal Development and Employment and in ESOL. The Assistant Principal Curriculum and Innovation is focussed on delivering the Adult Education Budget (AEB) offer and meeting funding targets.

	Target*	Current	Diff	17/18	ESFA
16-19 yr. olds	1,331	1,238	-93	1,210	1,243
AEB	4,006	3,179	-827	NA	NA

\*September starts

We are in the process of reviewing apprenticeship provision and developing a Group strategy that will shape our focus for the future.

### 4.3 Croydon

We continue to work closely with Croydon Council. We met again with the CEO of the Council and have maintained contact through meetings of the newly formed Joint Steering Group. We have worked together on joint funding bids to support the creation of the LSBU campus. We have also met with local school representatives and with Croydon College around curriculum collaboration. The University's internal business case setting out the detailed curriculum and financial projections is being finalised.

### 4.4 The Welding Institute (TWI)

LSBU is negotiating with The Welding Institute (TWI) at Cambridge to create a 'knowledge exchange campus at Cambridge' (KEMPUS). TWI is a knowledge exchange organisation with 700 members worldwide and LSBU has three Innovation centres based within. The intent is to move on from the traditional understanding of a campus based around taught knowledge, and to create a 21<sup>st</sup> century campus for innovation and knowledge exchange. The focus will be Knowledge Transfer Partnerships (KTPs), commercialisation of contract research, Masters by Research degrees, CPD and small business support. These are all core LSBU attributes and as yet not offered to the TWI membership. We will seek to obtain an agreed approach in the coming months.

#### **4.5 Public Affairs and Civic Engagement**

We published with HEPI two well-received blogs on technical education – Prescribed and Non-Prescribed qualifications and Levels 4 and 5 Qualifications. The Level 4 and 5 blog resulted in engagement from the Sheffield University School of Education which is researching the area, and The Gatsby Foundation. We were also invited to contribute to a study of Levels 4 and 5 education in London commissioned by the GLA.

The Department for Education provided us with confidential advance access to the content of the first round of T-Levels and sought our views on their suitability for progression to degree level study. We also responded to formal government consultations on the Knowledge Exchange Framework and Higher Technical Qualifications (Levels 4 and 5).

The Talent 2050 report – a research and policy paper on engineering education, sponsored by LSBU - was launched and featured in the meeting of the All Party Parliamentary Group (APPG) Scientific at Westminster. I chaired the Provider Working Group of the Independent Commission on Life Long Learning set up by the Labour Party.

We held a successful breakfast event on the UK government's target of 2.4% of GDP being spent on research. This attracted a wide group of stakeholders including the Policy Adviser to the Minister of State for Universities. Subsequently we met with BEIS representatives Bairbre Kelly (Place & Science/Research/Innovation) and Bruno Kronberg, who is developing the Government's roadmap for achieving the 2.4% research investment target. We plan to meet again for more detailed discussions on how this might link research and local growth.

We continue to work closely with our local borough councils. In July 2019 we held a formal signing of the LSBU/ Lewisham Council Memorandum of Understanding; we are working closely with Lambeth Council on the development of Lambeth College; and we continue to support development and delivery of the Southwark Skills Strategy and Economic Development Strategy.

#### **4.6 Government Update**

The Secretary of State for Education Gavin Williamson has issued a fresh instruction letter to the Office for Students (OfS). The letter focuses on Global Britain, fair admissions, flexible and lifelong learning, the future of the subject-level Teaching Excellence Framework (TEF), and a further push on the 2.4 per cent of GDP on research and development targets.

In addition to the reintroduction of the post-study work route, ministers have set out the ambition to retain participation in Erasmus+ or a similar scheme, and to remain

associated with Horizon 2020 and its successor, Horizon Europe. Williamson has called for the publication of data on the outcomes for international students, including those studying as part of transnational education programmes. Concern remains about the impact of unconditional offers, and the letter instructs the OfS to explore options for a system of post-qualification admissions. OfS is also charged with a review of the regulatory and funding environment for flexible and lifelong learning, and the rollout of a challenge competition to stimulate diverse provision.

Williamson has also asked the OfS to publish subject-level TEF in 2021, and to consider running provider-level TEF in 2020, though there will be no graduate employment data at that point due to the longer Graduate Outcomes cycle. Though pre-empting the publication of the independent review of the TEF, it's implied that it's expected that there will be sufficient alignment between the recommendations of the report and ministerial plans.

OfS is strongly encouraged to “exercise your powers boldly” on access and participation, quality, and value for money, including reviewing protections for students' consumer rights and exploring options for “standard contractual templates setting out those rights’. I will continue to update the Board as we learn more.

## **5.0 Strategic Enablers**

### **5.1 LSBU Estate Development**

Phase 1 of the LSBU Campus re-development is nearing completion excluding the London Road (LR) refurbishment with ten enabling projects completing on time. The budget for Phase 1 is £65m. Of this £56m is dedicated for LR with the £9m balance funding these enabling projects. A construction value engineering exercise with Willmott Dixon is underway to identify £2.8m low and medium impact savings to ensure we achieve the budget. Confirmation of these savings is due next month. The refurbishment will see the closure of LR until the spring of 2021. During this period of construction the LSBU campus plan will emerge further, and following a complete review of space utilisation, this plan will see a greater concentration of dedicated space identified and resourced for teaching, staff and learning.

Higher than anticipated levels of new student recruitment have resulted in capacity constraints for teaching space within the Southwark campus, particularly for the schools of Business, LSS and HSC. The advance planning leading up to the closure of London Road had anticipated the ability to locate courses displaced through the decant into alternative spaces on campus, however planning was based on the 2018/19 timetable and the 2019/20 predicted out turn for new students is significantly above prior year.

A variety of solutions are being implemented simultaneously to address the lack of teaching space, however the matter still requires further resolution as a number of lectures taking place within the next couple of weeks still do not have accommodation resolved. Current measures undertaken include timetabling flexible

options such as early evening teaching and lecture capture to cope with the over-capacity lecture theatres, using the Passmore Centre as an overflow teaching space resulting in pre-scheduled meetings and events being moved to external venues hire and securing temporary off-site local venue hire to accommodate large lectures.

Whilst we will continue to utilise local venue hire on a tactical basis in Semester 1, this is not efficient and we are therefore actively seeking a more permanent solution to extend the Southwark teaching facilities in advance of Semester 2 and in advance of next September start. What is required is large lecture space(s). Either 300 or 2 x 200 and some additional computer lab and smaller seminar rooms.

Due to the sudden closure of the Greenwich School of Management, their premises in Tabard Street, SE1 (a 10 minute walk from the Southwark Campus) have become available to rent for a 3.75 year period i.e. to the end of the current lease. The premises comprises 12,656 sq ft of space arranged over three levels to include a variety of flat floor teaching spaces, meeting rooms, offices and a dedicated entrance with reception. Bids from interested parties were invited with LSBU being the successful bidder and our interest has been secured by payment of a non-returnable deposit. The building would go some way to addressing the space issues identified above both now and for the future – please see separate item on the agenda.

### **5.3 New JNCHES 2019-20 – Final Offer Update**

The Universities and Colleges Employers Association (UCEA) has not secured agreement to the final pay offer, but has issued advice to its employer members to implement this, backdated to 1 August 2019. For colleagues employed on our salary scales, the final offer means:

- at least 1.8% base pay increase for all employees
- base pay increases of between 1.82% and 3.65% for colleagues on points 2-16 on the pay spine
- removal of spine point two from the 50-point pay scale from 1 April 2020, meaning the lowest pay point will be point three.

We have received ballot notification from all of our recognised unions regarding their rejection of the offer. Ballots are now open and close by 31 October 2019. A joint meeting took place on 9 September 2019 with Unison and GMB. At this meeting, the unions expressed their concerns with our plan to implement the pay award in October 2019 pay (backdated to 1 August 2019) and presented their objections in writing. The University's position is that it is in the best interest of staff to implement the pay award as soon as possible and this has now been communicated to staff.

We are still awaiting the outcome of the national FE pay negotiations.

## 5.4 2025 Strategy Development

The Group University Board approved the Group Strategy in March, and progress is being made to take this to the next stage of development through the identification of high level KPIs at overall group strategy level and group sub strategies. In the last update the following initiatives were identified:

- Working with Viewforth Consulting to define and measure LSBU group economic impact, as well as provide a framework to enable LSBU to understand contributing activity to increase impact;
- The undertaking of a series of staff engagement sessions, identifying where the United Nations Sustainable Development Goals, can inform the development of LSBU Group sub strategies;
- Four Executive sessions to agree KPIs for the overall group strategy, priorities for the twelve sub strategies (and associated KPIs), and five year financial forecasts. These will occur in July and September.

Key areas of progress detailed below:

- The base-lining of 2017/18 economic impact of the Group of £910m, Gross Value Added (GVA) of £464m and there being over ten thousand jobs dependent on the LSBU Group in the UK. The impact can be modelled by London Borough, and rest of UK;
- A framework to model societal impact as well other performance measures at overall Group Level;
- Development of performance measurement framework, which can be populated at sub strategy, institutional and local level and contribute to overall Group objectives and targets.
- Three Executive Strategy sessions have been held, resulting in significant progress in laying the foundations for the development of the sub-strategies and resulting measures. Subsequent sessions will develop these in further detail.
- Hosting of four UN SDG workshops. The outcomes of these, and how LSBU can contribute to the UN SDGs will be fed into the strategy development process.

## 5.5 Staff Update

Marcelle Moncrieffe-Johnson has joined as the Executive Director of People & Organisational Development. Work is being initiated on a Group People Strategy, for which engagement workshops will commence from October 2019.

Recruitment is underway to seek a replacement for Shân Wareing. The role has been advertised as PVC Education with a focus on support the University's group mission and the educational environment. The deadline for applications is 21 October 2019 with a series of selection processes taking place until the final interview stage w/c 25 November 2019.

In the interim, Pat Bailey, will lead on Teaching Quality and Enhancement with Marc Griffith acting as interim Director and Nicole Louis will provide interim leadership for Academic Related Resources with Alison Chojna as Interim Director. The new Pro Vice Chancellor will lead on the search for a permanent Director for TQE and Executive Director for ARR.

People and Organisational Development has moved to Nicole Louis, and South Bank Academies has moved under the leadership of Fiona Morey.



## Appendix A: Year on Year LSBU Subject Performance

Subject	2019/20 RANK	Number of Institutions	2019/20 Percentile	Change in Percentile
Mechanical Engineering	17	68	25%	23%
Social Work	22	77	29%	-4%
Hospitality, Leisure, Recreation and Tourism	18	59	31%	20%
Building	11	35	31%	37%
Creative Writing	18	53	34%	7%
Subjects allied to medicine	28	80	35%	23%
Law	36	101	36%	-3%
Computer Science	44	111	40%	6%
Music	34	79	43%	3%
Art and Design	37	85	44%	21%
Electrical and Electronic Engineering	32	66	48%	21%
Communication and Media Studies	48	95	51%	34%
English	56	105	53%	17%
General Engineering	22	41	54%	23%
Criminology	36	67	54%	34%
Accounting and Finance	58	102	57%	18%
Sports Science	47	81	58%	-26%
Civil Engineering	32	55	58%	29%
Drama, Dance and Cinematics	59	101	58%	4%
Economics	46	78	59%	27%
Architecture	35	56	63%	10%
Chemical Engineering	19	29	66%	14%
Overall	86	131	66%	15%
Physiotherapy	24	36	67%	-
Nursing	49	72	68%	4%
Psychology	81	116	70%	-25%
Archaeology and forensic science	41	58	71%	29%

Education	64	84	76%	2%
Sociology	72	94	77%	21%
Business Studies	94	120	78%	8%
Radiography	20	25	80%	-5%
Politics	68	84	81%	-
Biological Sciences	82	100	82%	14%
Food Science	39	41	95%	5%

	CONFIDENTIAL
Paper title:	Report from the Group Chief Financial Officer
Board/Committee:	Board of Governors
Date of meeting:	17 October 2019
Author(s):	Richard Flatman, Group Chief Financial Officer
Sponsor(s):	Richard Flatman, Group Chief Financial Officer
Purpose:	To update the Board on group financial matters including the draft financial result for 2018/19 (subject to audit).
Recommendation:	The Board is requested to note the report.

Attachments:

Appendix 1: Management accounts summary to 31 July 2019.

## Report from the Group Chief Financial Officer: October 2019

### 1. Financial performance

#### *Year end result*

#### *LSBU*

The University draft full year management accounts to 31 July 2019 are included as Appendix 1.

Although the year end accounts have yet to be audited, the full year forecast as at 31 July 2019 is trending towards a surplus of £3.0M, this would deliver the University £1.5M better than budget.

This improvement in surplus was delivered through income growth and cost control, particularly in the School Portfolio. Home & EU Tuition Fee income increased by £2.6M, an increase of 2.8% over 2017/18. Overseas Tuition Fee income increased by £1.3M, a 15% increase over 2017/18. In terms of Student FTE recruitment, this increased by 13% as compared to 2017/18 and we finished the year with 17,800 students.

The University invested £80.8M in staff costs before extraordinary Pension costs of £3.2M, this represents a £2M decrease on the equivalent position last year. In terms of Operating Expenses, the University invested £47.1M and although this is an increase of £2.6M as compared to last year it includes £3.1M of unfunded investments to take advantage of our strong financial position.

The University is currently holding cash and cash equivalents of £56.5M. We have transferred £8.0M to South Bank Colleges to support its cash requirements including the NESD development, and the University is also holding £5.8M with respect to the recent Lambeth College transaction. Without these transactions the University would be holding £50.8M an improvement on the equivalent position of £49.7M in July 2018.

The above position will deliver EBITDA at 11.2% which compares favourably to the 10.7% achieved in 17/18. Our recurring staff cost expressed as a % of income is currently forecast to be 56.4% which is slightly above the long term target of 55% target set by the Board of Governors. If we discount for the £3.2M of extraordinary pension costs, our run rate reduces to 54.3% which is within target.

## SBC

The consolidated accounts for 2018/19 will for the first time include SBC, covering six months activity from 1 February 2019 to 31 July 2019.

The unaudited results for the period show a deficit of £1.1m after including recharges from LSBU. This will be offset by grant release and will not adversely impact the group consolidated surplus of £3m.

The above would deliver a Full Year Operating deficit of £4.0M which reflects the operational performance of the College (both as Lambeth College Corporation and as South Bank Colleges) and does not include the £14,986k income release of ESFA balances at 31 January, nor does it include the £962k charges from LSBU which cover loan interest and other charges. This position compares favourably to the forecast deficit position of £5.3M that was reported to the ESFA during the transaction negotiations.

All results are subject to audit completion.

## **2. Year end audit**

The production of the year-end statutory financial statements, consolidating LSBU, SBUEL and SBC, is well advanced and the audit is progressing well. The external audit team from KPMG is currently onsite. Areas of audit focus include fixed assets, revenue recognition, pensions and current year recruitment. No matters were reported to Audit Committee arising from any external audit work done to date.

## **3. 2019/20 financial performance**

At this early stage of the year recruitment is positive and there is nothing to indicate that a mid-term budgetary review will be required although we will continue to monitor the position carefully over the next few months, also taking account of semester 2 enrolment.

This gives confidence at this early stage in the year that we can deliver to budget in 2019/20. We also have additional contingency within staff costs. After adjusting for non-recurrent year end pension adjustments reported in 2018/19, there is likely to be up to £2m of additional contingency within the current year staff cost budget. However, this is likely to be needed to cover additional costs of borrowing,

additional space cost requirements and other potential investments to drive efficiency and protect existing income streams.

#### 4. Risk and control

##### *Internal audit annual opinion*

The internal audit programme for 2018/19 is complete and the draft annual report from PwC, our internal auditors, has been received. Their annual opinion rating is:

Generally satisfactory with some improvements required

Governance, risk management and control, and value for money arrangements in relation to business critical areas is generally satisfactory. However, there are some areas of weakness in the framework of governance, risk management and control and value for money arrangements which potentially put the achievement of objectives at risk. Improvements are required in those areas to enhance the adequacy and effectiveness of governance, risk management and control and value for money arrangements.

The annual opinion is consistent with previous year and is the second highest of 4 assurance categories with the highest being satisfactory.

There were no critical risk findings in the year.

There were however, 3 high risk rated reviews covering procurement, GDPR compliance and CMA compliance reflecting an increase in non-systemic system issues in year. These are key areas and we have developed action plans in each which are in the process of implementation. The overall risk rating reflects the fact that notwithstanding the increase in the number of high risk rated reviews, this does not reflect the overall control environment within the university which has remained fairly consistent during the year with no significant exceptions or control recommendations raised; and which has improved considerably since 2016/17.

##### *Statement of Internal control for inclusion in the statutory accounts*

On the basis of these results (and other management checks), the year-end financial accounts will include a full compliance statement in relation to LSBU's system of internal control. A detailed report setting out the assurance sources will

be reported to Audit Committee in November 2019 which is required to approve the statement.

#### *Moving to a group risk approach*

A sub-group of the Audit Committee recently met to review and discuss a new approach to risk; with the aim of moving to a group wide scope whilst also enabling better integration into business planning and day to day operations. Proposals, including an updated draft risk policy will be submitted in the first instance to the November audit committee for review.

#### *Potential for leaving the EU with no deal*

The risk of leaving the EU without a deal has been on the corporate risk register for some time and for the last few months has been the subject of a separate risk register. More recently we have established a project group led by Ed Spacey, Head of People & Organisation Compliance, and reporting to the Group CFO. The Project Group has continued to meet regularly, working in close partnership with the Director of Procurement, to manage detailed operational risks around Brexit. This includes consideration of viability and impact assessment. A full Brexit Contingency Plan has been produced including for each risk detailed operational mitigations and actions. We have asked senior staff not to take protracted leave around 31 October or during the month of November and all but essential travel during the same period has been restricted. Diary dates have been established for emergency situation reporting meetings on and close to 31 October. These will be chaired by the Group CFO.

## **5. Cashflow / Treasury**

As reported at the recent Board strategy day, detailed cashflow forecasts have been prepared to take account of the planned £150m+ capital expenditure over the next 3 years. These forecasts were reviewed in detail by both MPIC and FPR and show that the University will need to borrow additional funds to cover the planned capital expenditure and provide for working capital. Based on these forecasts, the intention is to put in place a revolving credit facility for a 3 or preferably 5 year period giving us the option to draw down up to £45m as required. This will be converted to long term debt at term completion or repaid depending on the timing of any asset disposals. Asset disposal is key as a large part of the new borrowing facility will be required to fund cashflows for the Nine Elms Skills Centre for SBC until part of the Clapham site can be sold. When the group audit for 2018/19 is complete and we have the first set of consolidated accounts incorporating SBC we will test the market and expect to come back to the Board with more detailed proposals in Spring 2020. At this stage we are confident that there will be appetite

in the market to lend us up to £45m although this will potentially cost £1.5m pa assuming draw down of the full amount. Whilst important to establish the new credit line as early as possible, the burden on the I&E this year is expected to be minimal covering a small non-utilisation fee for 3 or 4 months. Significant draw down is not expected until 2020/21.

## 6. Pensions

### *LGPS*

The Local Government Pension Scheme (LGPS) service charge in respect of our membership of the LPFA (London Pension Fund Authority) for 2018/19 has increased by £1.3m compared to the previous year from £8.6m to £9.9m. The service charge is included in reported staff costs for the year. The final figure of £9.9m is significantly higher than expected and forecast by the actuaries last year. The increase is entirely driven by the inclusion of a charge of £1.4m which is the estimate by the actuary of the impact of the recent McCloud/Sargent judgment. This judgment relates to two employment tribunal cases brought against the government in relation to age discrimination when implementing transitional protection following the implementation of scheme changes in 2015. The expectation is that this will be a non-recurrent charge and the actuarial estimate of the service charge for 2019/20 is that this will fall to £8.8m.

### *TPS*

Having faced fairly modest Teachers Pension Scheme (TPS) employer contribution increases over the last few years, University contributions to the scheme have increased significantly from 16.48% to 23.5%. The cost increase is driven by (a) HMT instructing the Government Actuary's Department to reduce the discount rate it uses, and (b) improvements to benefits and reduced employee contributions as a result of life expectancy improvements slowing down and salary increases not being as high as previously assumed. The additional cost to the University in 2019/20 is £2m+ and has been built into the staff cost budget.

### *USS*

In line with FRS102, the University is required to recognise a liability for the contributions payable in order to fund the deficit in the USS scheme. This is a contractual obligation to pay out a sum of money between 2020 and 2034 to fund the deficit in the USS scheme (a scheme in which LSBU has fewer than 50 academic staff members).



Individual employers, including LSBU, cannot identify their share of assets and liabilities in the scheme, but rather this is a contribution to the deficit based on a percentage of the pensionable pay of our membership. A deficit modeller has been produced by BUFDG (the British Universities' Finance Directors Group) to assist employers with meeting this requirement. The University must choose the assumptions it uses when making this calculation and, as in previous years, we have chosen to use the same assumptions as for the LGPS scheme accounting report. The university's auditors will review this as part of their year-end work, but in previous years have agreed that it is reasonable to use this approach. The financial impact this year has been considerable with the deficit provision increasing from £977k at 31/7/18 to £2.2m at 31/7/19, representing a charge in year to the I&E account of £1.2m.

#### *Group pensions sub-committee*

The Group pensions sub-committee has now met twice to consider future potential options for pensions provision across the group. Detailed financial modelling has been completed for LSBU and SBC with support from Mercers and this is being considered alongside work on the group reward strategy. Next steps include wider discussion with the LPFA about the possible impact of potential options and to explore the impact of any security we are able to provide.

## **7. Other matters**

#### *Finance return to OfS*

The finance return used to be submitted to HEFCE in mid July but has now been pushed back by the OfS to coincide with year end reporting. We are still awaiting guidance and template tables for this return. The OfS have recently advised that they expect these to be available in mid-October. The deadline for sign-off for the return is now five months after the financial year end (i.e. 31 December), with a compulsory data verification period taking place the month before this. Further details with exact dates will be provided when the guidance is issued. If the guidance is not received soon we will prepare the finance return using the previous template, for approval in the next committee cycle. No substantial changes are expected from the forecasts presented at the recent Board strategy day.

### *Pay negotiations*

The University has agreed that employees should receive the pay increase recommended by the Universities and Colleges Employers Association (UCEA). Therefore, this will be implemented in the October 2019 payroll, backdated to 1 August 2019. For colleagues employed on our salary scales, the final offer means:

- At least an 1.8% base pay increase for all employees.
- Base pay increases of between 1.82% and 3.65% for colleagues on points 2-16 on the pay spine.
- Removal of spine point two from the 50-point pay scale from 1 April 2020, meaning the lowest pay point will be point three.

This is within budget.

### *Internal audit provision*

Following the appointment of PwC as our LEAP change partner, a decision has been taken to appoint BDO as our new group internal auditors with effect from 1 August 2019. A detailed internal audit strategy, including a 3 year rolling plan and detailed plan for 2019/20 across the group was approved at the October 2019 audit committee.

### *Banking operations*

As noted above, we are in discussions with Barclays regarding the transfer of our day to day banking operations from RBS to Barclays.

## **APPENDIX 1**

Management accounts summary to 31 July 2019

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## July Executive Summary

1) This Executive Summary reports on the draft financial position of London South Bank University as at 31 July 2019

### 2) RAG Status

Income Growth	2.6%	Staff Cost Growth	0.8%	Staff Cost %	56.4%	Opex Growth	5.8%	FYF Surplus	2.0%	EBITDA	11.2%
			<i>excluding restructuring</i>		<i>excluding restructuring</i>						

### 3) Summary

The full year forecast as at 31 July 2019 is trending towards a surplus of £3.0M, this would deliver the University £1.5M better than budget.

Although the year end accounts have yet to be audited, we are currently reporting income for the year of £149.0M an increase of 2.6% on the 2017/18 reported outturn. The key driver of this income growth was Home and EU Tuition fees which increased by £10.9M, of this Home and EU PG income increased by £1.8M an increase of 21%. The overall increase was offset by a decrease in Health Contract income of £8.4M as those students switched to UG and PG courses funded by Tuition Fees rather than the contract. In total, Home & EU Tuition Fee income increased by £2.6M, an increase of 2.8% over 2017/18. Overseas Tuition Fee income increased by £1.3M, a 15% increase over 2017/18. In terms of Student FTE recruitment, this increased by 13% as compared to 2017/18 and we finished the year with 17,800 students, equivalent to 13,058 FTE an overall increase of 3%. Total income in the Enterprise segment was £10.5M representing year on year growth of 4%. Total income in the Research segment was £6.0M representing growth of 6% whilst TNE Income of £1.8M was flat against the previous year. The University invested £80.8M in staff costs before extraordinary Pension costs of £3.2M, this represents a £2M decrease on the equivalent position last year. In terms of Operating Expenses whilst the University invested £47.1M, this included £3.1M of unfunded investments to take advantage of our strong financial position. Depreciation and interest payable were broadly unchanged from 17/18.

The University is currently holding cash and cash equivalents of £56.5M. We have transferred £8.0M to South Bank Colleges to support its cash requirements including the NESC development, and the University is also holding £5.8M with respect to the recent Lambeth College transaction. Without these transactions the University would be holding £50.8M an improvement on the equivalent position of £49.7M in July 2018.

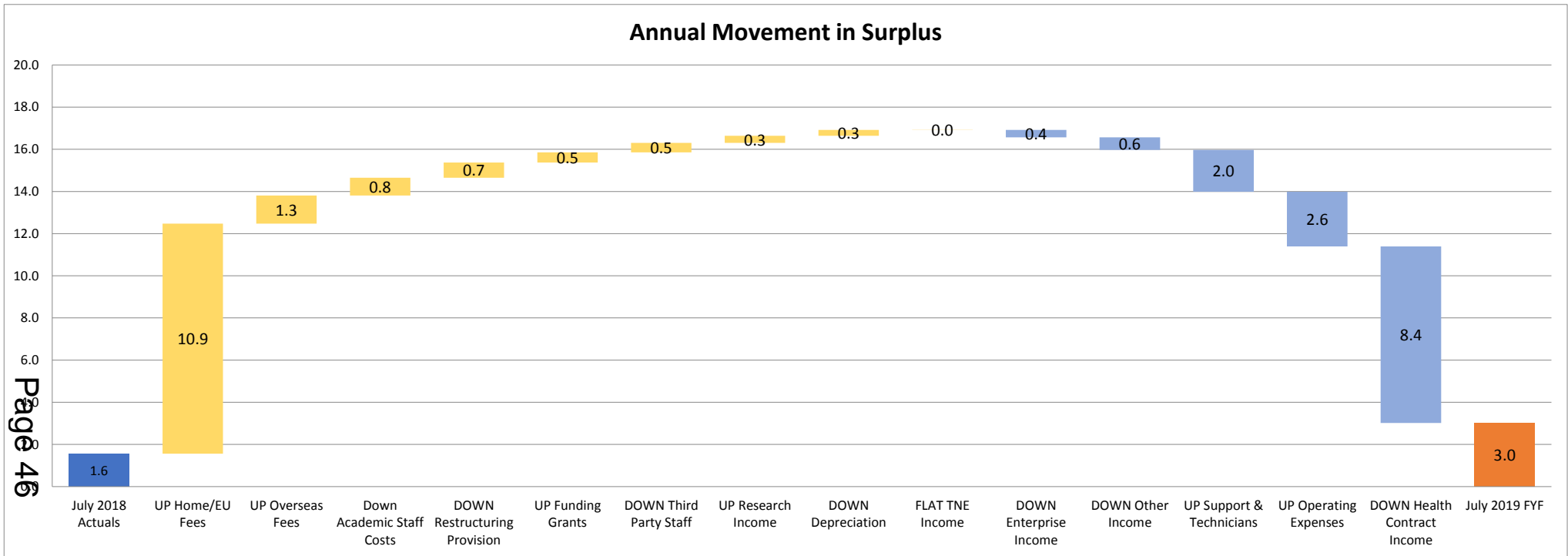
The above position will deliver EBITDA at 11.2% which compares favourably to the 10.7% achieved in 17/18. Our recurring staff cost expressed as a % of income is currently forecast to be 56.4% which is slightly above the long term target of 55% target set by the Board of Governors. If we discount for the £3.2M of extraordinary pension costs, our run rate reduces to 54.3% which is within target.

### 4) Table 1: Full Year Forecast vs. Budget

Financial Summary in £'m	Budget				Full Year Outturn Position					Year on Year Increase			
	17/18 Actuals	18/19 Budget	Change to 17/18	Change %	June 18/19 Outturn	Monthly Move	July 18/19 Outturn	variance to Budget	Budget variance%	17/18 Actuals	18/19 Actuals	Change to 17/18	Change %
Income	145.3	145.2	-0.1	0%	148.2	0.9	149.0	3.8	3%	145.3	149.0	3.7	2.6%
Surplus for the year	1.6	1.5	-0.1	-7%	3.0	0.0	3.0	1.5	101%	1.6	3.0	1.4	86%
Surplus as % of income	1.1%	1.0%			2.0%		2.0%			1.1%	2.0%		
Expenditure	143.7	143.7	0.0	0%	145.2	0.8	146.0	2.3	2%	143.7	146.0	2.4	2%
Academic Staff Costs	40.8	42.3	1.5	4%	41.1	-1.2	39.9	-2.3	-5%	40.8	39.9	-0.8	-2%
Support & Technicians	39.4	39.9	0.5	1%	38.9	2.5	41.4	1.5	4%	39.4	41.4	2.0	5%
Third Party Staff	3.1	1.6	-1.5	-49%	2.0	0.7	2.7	1.1	69%	3.1	2.7	-0.5	-14%
Restructuring	1.9	1.7	-0.2	-9%	1.7	-0.5	1.2	-0.5	-29%	1.9	1.2	-0.7	-38%
Depreciation	9.6	10.5	0.9	9%	10.5	-1.1	9.4	-1.1	-11%	9.6	9.4	-0.3	-3%
Operating Expenses	44.5	41.4	-3.1	-7%	43.9	3.2	47.1	5.7	14%	44.5	47.1	2.6	5.8%
Interest Payable	4.3	5.3	1.0	23%	5.2	-0.8	4.4	-0.9	-18%	4.3	4.4	0.1	1%
Exceptional Items	0.0	1.1	1.1	0%	1.9	-1.9	0.0	-1.1		0.0	0.0	0.0	0%

## 5) Forecast Summary

As compared to 17/18 we are now forecasting an income increase of £3.7M (2.6%), a £0.7M (0.8%) increase in total staff costs, a £0.7M decrease in the costs associated with staff restructuring, a decrease of £0.3M in depreciation, a £2.6M (5.8%) reduction in operating expenses, and a £0.1M increase in interest payable. This has led to an increase of £1.4M in our annual surplus.



The key movement in the year on year position is the £10.9M increase in Home/EU Tuition fee income. This is driven by strong recruitment and we have 13% more New students than at the comparable position in 17/18. Health Contract income is down by £8.4M as NHS Student's fees are now funded through Tuition fee income rather than through the Health Contract. We are now forecasting a increase of £2.6M in our total income outturn for Home/EU students. Operating expenses were budgeted to fall by £2.5M year on year however a number of areas have been given additional OPEX investments. We have also been able to fund both tactical investments in Equipment and Lab space and reviewed our capital expenditure for items that could be appropriately charged to the accounts including Leap costs and Data Migration charges. This is a 5.8% year on year increase. The University finished 17/18 with a recurring staff cost of £83.3M including £0.5M of Pension costs. The position in 2018/19 was £80.8M with £3.2M of pension costs.

## 6) Contribution Analysis

In terms of School Income, this is forecast to be £4.9M higher than in 17/18 whilst costs are forecast to increase by £0.6M. This means the net contribution from the Schools will increase by £5.5M or 8.8% year on year. This is driven by strong cost control within the School Portfolio. The key areas of growth are forecast to be the School of Health & Social Care which is growing its contribution by £2.3M, the School of Business which is growing its contribution by £1.4M, Built Environment & Architecture which is growing its contribution by £0.8M and the School of Law & Social Sciences which is growing its contribution by £0.6M

### Contribution per School across Teaching, Research and Enterprise activities

	Applied Sciences		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Health & Social Care		Law & Social Sciences		Total All Schools	
	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF
Income (M)	£10.8	£10.8	£11.2	£11.3	£18.3	£18.9	£16.3	£18.0	£16.7	£17.9	£35.6	£36.7	£14.2	£14.4	£123.1	£128.0
Expenditure (M)	£5.4	£5.5	£5.4	£5.2	£7.2	£7.0	£6.8	£7.0	£9.6	£10.7	£19.3	£18.1	£6.8	£6.4	£60.4	£59.8
Contribution (M)	£5.4	£5.3	£5.9	£6.1	£11.1	£11.9	£9.6	£11.0	£7.0	£7.3	£16.3	£18.6	£7.4	£8.0	£62.7	£68.2
Contribution %	50%	49%	52%	54%	61%	63%	59%	61%	42%	40%	46%	51%	52%	56%	51%	53%

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

### Contribution per School across Teaching activity only (excluding TNE)

Total Income	Applied Sciences		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Health & Social Care		Law & Social Sciences		Total All Schools	
	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF
Teaching Income (M)	£10.0	£9.9	£10.6	£11.0	£17.4	£18.0	£15.9	£17.7	£14.5	£14.3	£31.2	£32.0	£13.8	£14.1	£113.5	£117.2
Teaching Staff (M)	£3.2	£3.3	£2.9	£3.0	£4.7	£4.7	£4.2	£4.1	£4.6	£4.5	£12.9	£12.3	£4.6	£4.6	£37.3	£36.5
Teaching Expenditure (M)	£1.3	£1.4	£1.8	£1.7	£1.8	£1.8	£2.0	£2.6	£2.6	£2.8	£4.5	£3.7	£1.8	£1.7	£15.9	£15.7
Expenditure per FTE	£4,397	£4,654	£4,236	£4,027	£3,719	£3,447	£3,071	£3,228	£5,072	£5,282	£4,529	£4,029	£4,237	£4,031	£4,174	£3,997
Teaching Contribution (M)	£5.4	£5.3	£5.9	£6.2	£10.8	£11.6	£9.7	£11.0	£7.3	£7.1	£13.8	£16.1	£7.3	£7.8	£60.3	£65.0
Contribution %	54%	53%	55%	57%	62%	64%	61%	62%	51%	49%	44%	50%	53%	56%	53%	55%
Full Year Student FTE	1,039	1,007	1,124	1,189	1,763	1,879	2,020	2,096	1,409	1,380	3,844	3,961	1,528	1,546	12,727	13,058
Contribution per Stud FTE	£5,200	£5,200	£5,200	£5,300	£6,200	£6,100	£4,800	£5,200	£5,200	£5,100	£3,600	£4,100	£4,800	£5,100	£4,700	£5,000
Return on Academic Invest	168%	159%	201%	205%	229%	245%	231%	265%	160%	157%	107%	131%	158%	172%	162%	178%

In terms of budgeted performance, the School of Built Environment & Architecture is now expected to deliver £2.8M better than budget, a 30% increase against the budgeted position, Health & Social Care is £3.0M and 19% ahead of budget, Law & Social Sciences is £1.0M and 14% ahead, Arts & Creative Industries are £0.4M and 7% better than budget and the School of Business is now forecast to be £0.6M and 5% better than budget. Overall the School portfolio is now trending £6.9M better than budget. In terms of contribution per student, The average has increased from £4,700 per student to £5,000. The School of the Built Environment & Architecture has the highest contribution per student at £6,100 whilst Health & Social Care delivers £4,100 per student.

### 7) Student Number Analysis

In terms of Student numbers, we finished 2107/18 with a student body of 12,727 FTE. We currently have 13,058 enrolled FTE and so are 3% ahead of the year on year position. The biggest increase is New students which are now 13% up and there have been significant increases across most schools. In terms of student numbers we finished the year with 17,908 enrolled students.

New	Continuing				Total	Total								
	School	Jul-18	Jul-19	Change % Change		School	Jul-18	Jul-19	Change % Change	School	Jul-18	Jul-19	Change % Change	
ASC	434	468	34	8%	ASC	605	539	-66	-11%	ASC	1,039	1,007	-32	-3%
ACI	514	533	19	4%	ACI	610	656	46	8%	ACI	1,124	1,189	65	6%
BEA	730	848	118	16%	BEA	1,033	1,031	-2	-0%	BEA	1,763	1,879	116	7%
BUS	937	1,052	115	12%	BUS	1,083	1,044	-39	-4%	BUS	2,020	2,096	76	4%
ENG	525	599	74	14%	ENG	884	781	-103	-12%	ENG	1,409	1,380	-29	-2%
HSC	1,659	1,930	271	16%	HSC	2,185	2,031	-154	-7%	HSC	3,844	3,961	117	3%
LSS	675	766	91	13%	LSS	853	780	-73	-9%	LSS	1,528	1,546	18	1%
<b>YTD Total</b>	<b>5,474</b>	<b>6,196</b>	<b>722</b>	<b>13%</b>	<b>YTD Total</b>	<b>7,253</b>	<b>6,862</b>	<b>-391</b>	<b>-5%</b>	<b>YTD Total</b>	<b>12,727</b>	<b>13,058</b>	<b>331</b>	<b>3%</b>

## 8) Student Withdrawal Analysis

At 31 July 2018, the total amount refunded to students who withdrew or interrupted in year totalled £4,591k. This is the difference between Income generated at Enrolment and the amount retained at the end of the Year. The University receives funding for UG students in 3 tranches; 25% for Semester 1, 25% for Semester 2 and 50% for semester 3. If a student does not progress into the following semester then a refund is generated.

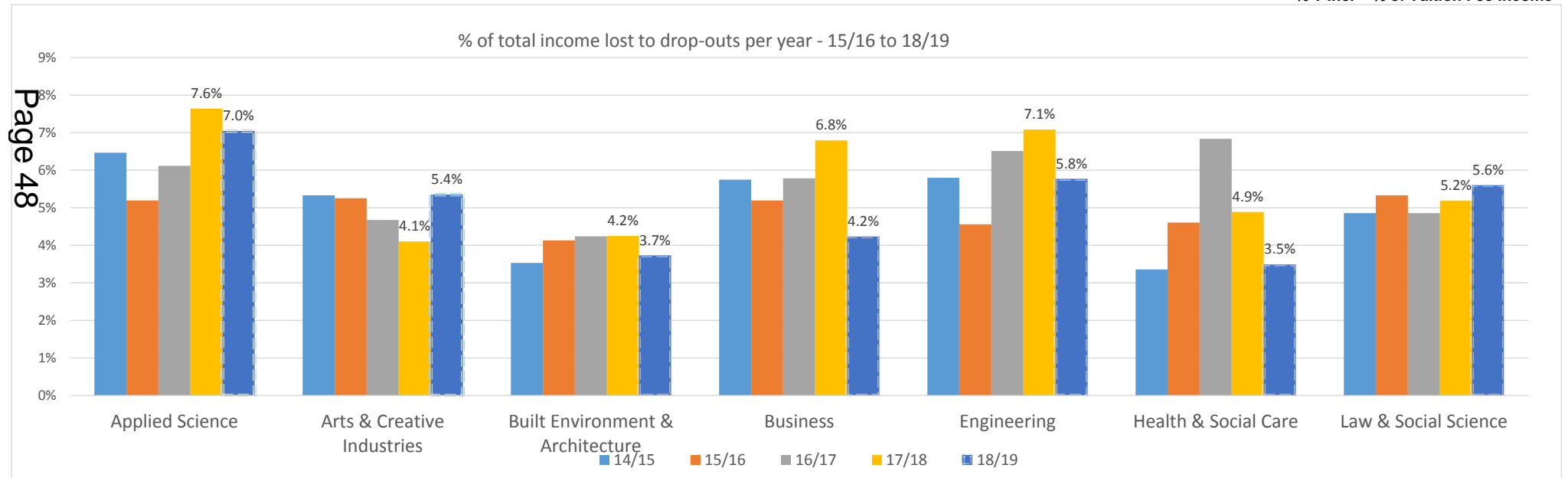
Total lost income due to drop-outs is £4,490k and £101k better than 2017/18's £4,591k or a year on year decrease of income lost by 2.2%. The Head count of drop outs is also down from 2017/18's 1,115 to 2018/19's 1054. Both undergraduate and Postgraduate drop out numbers in terms of head count are down too; PG from 256 to 243 this year, and UG more impressively from 859 to 811. 5 schools performed better than last year, with Business in particular reducing its lost income by over 30%.

The only concern is the increase to the amount of withdrawals as opposed to interruptions, this increased from 2017/18's 550 to 594 students in year by 7.4%. We did believe this was due to tighter, earlier processes to withdraw by census date in mid-November and before the exams in January, but the number of withdrawals before December 2018 were 258 or 43.4% of the total, whilst in 2017 they were almost identical at 43.3% (230 out of 530). We need to review the reason codes for withdrawal in more detail.

Academic year	YTD withdrawals
15/16	1,025
16/17	1,215
17/18	1,115
18/19	1,054

'Lost Fee Income' in £000K	17/18 A	18/19 F	% change	% T Inc.		17/18 A	18/19 F	% change	% T Inc.
Applied Science	£653	£603	-7.7%	6.6%	Engineering	£815	£659	-19.2%	7.1%
Arts and Creative Industries	£391	£538	37.5%	4.8%	Health & Social Care	£482	£715	48.3%	3.8%
Built Environment & Architecture	£601	£558	-7.2%	4.2%	Law & Social Sciences	£652	£722	10.7%	5.2%
Business	£997	£696	-30.2%	5.8%	<b>Total</b>	£4,591	£4,490	-2.2%	5.2%

% T Inc. = % of Tuition Fee Income



## 9) Income Analysis

Although Income was overall £3.8M better than budget this was driven by Tuition Fees which finished the year £4.7M ahead of budget. Grant income was £1.2M better than budget mostly due to the release of Catalyst Funding to match Lab and equipment expenditure. TNE income which had been budgeted to grow to £2.7M was broadly flat at £1.8M. Enterprise income declined as compared to 2017/18 and finished the year £1.4M behind budget. Research income finished the year £0.5M behind budget whilst Other Student Operating income was £0.6M behind budget due to changes in the way the catering contract was accounted for. Operating income finished the year £1.1M ahead of budget, £0.5M was due to the recharge to SBC of Interest Payments on the novated loan and there was considerable activity within the School of Health & Social Care.



## 10) Staff Cost Analysis

In terms of staffing Overall the University delivered an improvement of staff costs against the 2017/18 run rate of £5M

- Staff costs before £0.5M pension were £82.8M in 2017/18
- 2018/19 Budget = £83.8
- 2018/19 Actuals = £80.8 before £3.2M extraordinary pension costs

The 2018/19 position therefore represents a £2M decrease on 2017/18 and assuming a 3.5% rise in cost, a net saving of £5.0M over a 'do nothing' position.

Staff costs also included £3.2M of extra ordinary pension costs including; USS provision £1.2m, LPFA McCloud judgement £1.4m and LPFA cost re redundancy (early retirements) £600k. These costs should not be recurring but there is the potential for the LPFA McCloud judgement to increase future pension costs and we will monitor this case closely.

## 11) Operating Expense Analysis

Operating Expenses were £5.7M more than budget as we took the opportunity to make a number of unfunded investments during the year. The following labs costs were expensed as we had received Catalyst funding to pay for them, so there was matching income recognised. They have Opex variance but no contribution impact in those areas: In Technicians: Applied Science equipment £297k BEA lab equipment £446k , In Estates: Dynanometer £85k , In Engineering: Informatics Cloud Computing £260k & Mechanical Engineering lab equipment £61k.

The following expenses did not have corresponding income and so generated a variance; Bioscience Labs £250k was expensed in Technicians as long term maintenance as part of UMC's year end investment plans, The Turney Road dilapidations of £306k were expensed in Estates as were Old professional fees re Estates masterplan £53k. We also wrote off Data migration in ICT £306k

Overseas recruitment costs were £1M over budget and £0.9M more than 2017/18

We were able to take advantage of our strong financial position and revenue over £1m of Leap costs including salary costs, communication costs, Align and other expenses.

Opex also included £0.5M of transition expenses subsequently charged to Lambeth College

Full Year Outturn Last Year  (£)	Description	Note	YEAR TO DATE				Year on Year variance  (£)   %
			2018 Actuals  (£)	2018 Budget  (£)	Variance - Actuals to Budget  (£) %	Note	
-145,301,325	<b>Total Income</b>		-149,049,467	-145,200,000	3,849,468 3%	3,748,143 3%	
85,240,117	<b>Total Staff Costs</b>		85,203,850	85,434,846	230,995 %	36,267 %	
9,625,747	<b>Total Depreciation</b>		9,352,180	10,500,000	1,147,820 11%	273,567 3%	
44,523,872	<b>Total Other Operating Expenses</b>		47,125,182	41,406,220	(5,718,962) (14%)	(2,601,310) (6%)	
4,297,781	<b>Total Interest Payable</b>		4,360,146	5,300,000	939,854 18%	(62,365) (1%)	
	<b>Total Exceptional Items</b>			1,058,934	1,058,934 100%		
-1,613,808	<b>Contribution</b>		-3,008,108	-1,500,000	1,508,108 101%	1,394,301 86%	
57.4%	Recurring Staff costs as % of income		56.4%	57.7%			
1.1%	Contribution %		2.0%	1.0%			

	CONFIDENTIAL
Paper title:	Corporate Risk – annual detailed discussion
Board/Committee	Board of Governors
Date of meeting:	17 October 2019
Author:	Richard Duke, Director of Strategy & Planning
Sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	For Information; to provide Board with a report on corporate risk
Recommendation:	To note the corporate risk report

## Executive Summary

The corporate risk register currently has:

- Two critical risks;
- Four high risks;
- Twelve medium risks;
- Three low risks

These risks are detailed in the paper, as well as mitigation and progress against actions.

Following its discussion of the risk register at its meeting of 1 October 2019, the audit committee requested that the Executive review whether a risk around ‘research quality’ should be added to the register and whether the rating of risk 305 “Data not used / maintained securely” is correct.

The alignment of the current risk process with corporate and business planning is currently under review. A survey has been distributed to senior managers where questions relating to corporate risk, local risk and risk systems are asked. When answers are reviewed, it is envisaged that a process that ensures risk management alignment with planning processes, that is undertaken as efficiently as possible will be designed and implemented.

This format is under review, with plans for future Corporate Risk reports to integrate a Group Approach. This proposed revised risk process was discussed by the Audit Committee at its meeting of 1 October 2019. The committee will be requested to approve the revised approach at its meeting of 7 November 2019.

The Board is requested to note the current risk register.

# LSBU Corporate Risk: Board Summary Report – Sep 2019

Cover Page: Risk Exposure Matrix – Severity by risk type (from Risk Appetite)

Severity Rating	Critical	High	Medium	Low
Risk Types:				
<b>Financial</b> (Open)	<p><b>2:</b> Revenue reduction if activity does not achieve H/EU UG recruitment targets (NL)</p> <p><b>3:</b> Sustainability of pension schemes (RF)</p>	<p><b>625:</b> Impact of Govt. Education Review on HE funding (RF)</p>	<p><b>14:</b> Loss of NHS contract income (WT)</p> <p><b>402:</b> Income growth from Research &amp; Enterprise unrealised (PI)</p> <p><b>457:</b> Anticipated international &amp; EU student revenue unrealised (PI)</p> <p><b>624:</b> LSBU Family integrated service benefits (IM)</p>	<p><b>517:</b> EU Referendum Impact on regulation &amp; market (DP)</p>
<b>Legal / Compliance</b> (Cautious)			<p><b>305:</b> Data not used / maintained securely (SW)</p> <p><b>519:</b> Negative Curriculum Assessment (SW)</p> <p><b>584:</b> External incident compromises campus operations or access (PB)</p>	
<b>Academic Activity</b> (Seek)		<p><b>467:</b> Progression rates don't increase (SW)</p> <p><b>37:</b> Impact and affordability of Capital Expenditure investment plans (RF)</p>	<p><b>398:</b> Academic programmes not engaged with technological and pedagogic developments (SW)</p> <p><b>495:</b> Higher Apprenticeship degrees (PB)</p> <p><b>518:</b> Core student system inflexibility / failure (SW)</p>	<p><b>494:</b> Inconsistent delivery of Placement activity (SW)</p>
<b>Reputation</b> (Open)		<p><b>626:</b> Impact of assurance activity &amp; new initiatives fails to address issues around student experience (PB)</p>	<p><b>6:</b> Management Information perceived as unreliable, doesn't triangulate or absent (RF)</p> <p><b>362:</b> Low staff engagement or staff cost containment programme impacts performance negatively (PB)</p>	<p><b>1:</b> Lack of capability to respond to policy changes &amp; shifts in competitive landscape (DP)</p>

Risk summary reports: a high level overview of risk exposure by appetite risk type for risks with severity ratings of critical, high and medium.

Risk Type 1: <b>Financial</b>		
<i>Summary of current risks &amp; drivers</i>	<i>Notes on controls &amp; mitigation strategies</i>	<i>Notes on progress made and actions completed</i>
<p><b>2: Home UG Recruitment:</b> (NL) Increased competition &amp; narrowing candidate pool put pressure on applicant numbers. Brand positioning doesn't articulate LSBU offer effectively &amp; impacts on conversion rate, leading to shortfall in anticipated income, or &lt; tariff score</p>	<ul style="list-style-type: none"> <li>• Weekly review of numbers in DARR report by MAC leadership team &amp; Leadership group</li> <li>• LEAP programme workstreams</li> <li>• Annual MAT &amp; Lambeth liaison plan</li> <li>• Course development lifecycle project will ensure organisation insight informs validation cycle</li> </ul>	<ul style="list-style-type: none"> <li>• Response protocols completed for full 19/20 application cycle</li> <li>• Phase 1 School website content updated</li> <li>• Research project underway to assess impact of current 'value add' applicant offer.</li> </ul>
<p><b>3: Pensions scheme sustainability:</b> (RF) Increasing life expectancy &amp; poor performance of funds post 2008 leads to greater deficit</p>	<ul style="list-style-type: none"> <li>• Annual FRS 102 valuation</li> <li>• Strict control on early access to scheme</li> </ul>	<ul style="list-style-type: none"> <li>• Mercers costed scenarios being considered in autumn, with HR representation.</li> </ul>
<p><b>57: International Income:</b> (PI) Government policy &amp; UKVI process creates additional burdens to recruitment, and TNE partner models still in development</p>	<ul style="list-style-type: none"> <li>• Annual cycle of training events with staff on UKVI</li> <li>• Recruitment reports to Executive by exception</li> <li>• Overseas offices support in-country recruitment</li> <li>• Partnership model established for new activity</li> </ul>	<ul style="list-style-type: none"> <li>• School Roadshows on developing &amp; managing partnerships delivered</li> <li>• UKVI Consultant report received &amp; actioned</li> <li>• Egyptian Joint Venture in development</li> </ul>
<p><b>625: Impact of Government HE Review:</b> (RF) If a reduction in the funded unit of resource for HE students is recommended, and approved by parliament, it would undermine current operating model &amp; contribution rates.</p>	<ul style="list-style-type: none"> <li>• Annual Board approval of 5 year forecasts</li> <li>• CFO access to sector &amp; professional expertise</li> <li>• Scenario planning for reduced resource levels</li> </ul>	
<p><b>14: NHS Contract Income:</b> (WT) Changes to NHS management structures, and move from bursaries to loans for pre-Reg courses impacts on levels of income</p>	<ul style="list-style-type: none"> <li>• QCPM &amp; NMC course review processes demonstrate quality of provision to funders</li> <li>• Literacy &amp; Numeracy no longer tested</li> </ul>	<ul style="list-style-type: none"> <li>• New programmes in development</li> <li>• Havering lease now extended</li> <li>• Applicant process re-engineered</li> </ul>

<p><b>402: Research &amp; Enterprise contracting: (PI)</b>          Forward financial plans anticipate increases in income which will need to be supported through reaching into new markets and areas of activity</p>	<ul style="list-style-type: none"> <li>• Bid writing workshops for academic staff delivered</li> <li>• Sharepoint &amp; FEC Research &amp; Enterprise Approval Process for authorisation of new opportunities</li> <li>• R&amp;E activity Pipeline Reports (Financial &amp; Narrative) provided to Business Planning Group</li> </ul>	<ul style="list-style-type: none"> <li>• Health Innovation Lab director appointed, and premises options under review</li> <li>• ACEEU accreditation application underway</li> <li>• Heads of Terms agreed for Cambridge research partnership</li> </ul>
<p><b>624: LSBU Family integrated service: (IM)</b>          Obstacles may hinder planned synchronisation</p>	<ul style="list-style-type: none"> <li>• Interim appointments at Lambeth College</li> </ul>	<ul style="list-style-type: none"> <li>• Plans underway for transfer at year end</li> </ul>

<b>Risk Type 2: Legal / Compliance</b>		
<i>Summary of current risks &amp; drivers</i>	<i>Notes on controls &amp; mitigation strategies</i>	<i>Notes on progress made and actions completed</i>
<p><b>305: Data use and access:</b> (SW)  The rise of cyber-attacks, and malicious attempts to circumvent existing controls pose a threat to data security. Evolving standards of good practice take time to become articulated within an institutional context and fully adopted as salient culture. European GDPR legislation came into force on 25<sup>th</sup> May 2018.</p>	<ul style="list-style-type: none"> <li>• GDPR Project programme approved by Executive</li> <li>• Data Protection now included within suite of Mandatory Training modules for staff</li> <li>• ICT project process requires Privacy Impact Statements and changes to digital infrastructure reviewed quarterly by ICT Technical Roadmap Board</li> <li>• IT access now linked directly to live info from i-Trent staff record system, and logical security protocols require 6 monthly change</li> <li>• Vulnerability tests scheduled weekly</li> </ul>	<ul style="list-style-type: none"> <li>• GDPR project programme reviewed by project board</li> </ul>
<p><b>319: Curriculum Compliance:</b> (SW)  The transition from sector funder (Hefce) to regulator (OfS) sees a move away from the Annual Provider Review approach to quality assurance of provision, to achievement of registration conditions, which now connect explicitly to the stipulations of the CMA (Competitions &amp; Markets Authority) around consumer protection. The links between Course Approval documents and Marketing content is not currently assured, and tolerance thresholds for changes to course content may vary in practice.</p>	<ul style="list-style-type: none"> <li>• Academic Audit process is monitored by Academic Board, through reports from QSC (Quality &amp; Standards Committee)</li> <li>• Curriculum creation process being transferred to the Registry function</li> <li>• All Course Specs being translated into new Educational Framework format</li> <li>• LEAP workstreams including CRM elements will help mitigate this risk, along with outputs of OEG project 3</li> </ul>	<ul style="list-style-type: none"> <li>• Full audit of Course specifications now completed</li> <li>• OfS Registration process being overseen by project board &amp; Company Secretary</li> <li>• Educational Framework specification documents now mandatory for all new programmes</li> <li>• LSBU Subject TEF pilot participation has informed review of core review cycles</li> </ul>
<p><b>584: External Incident impact on campus:</b> (PB)  UK government's current terror threat level</p>	<ul style="list-style-type: none"> <li>• Building Lockdown plans in place</li> <li>• Business continuity plans for critical activity reviewed annually by resilience team</li> </ul>	<ul style="list-style-type: none"> <li>• Review actions now being implemented</li> <li>• Gold Command transferred to VC &amp; COO.</li> </ul>

of 'severe' and incidents during 2017 mean that a central London location places LSBU at greater risk of being impacted by a future event.

- Emergency Information sets at receptions
- Halls Accommodation aid agreement in place with London School of Economics
- Annual scenario testing with Executive



<b>Risk Type 3: Academic Delivery</b>		
<i>Summary of current risks &amp; drivers</i>	<i>Notes on controls &amp; mitigation strategies</i>	<i>Notes on progress made and actions completed</i>
<p><b>467: Progression:</b> (SW) Despite a revised focus on the re-enrolment process, the progression rate fell by 2% to 75% for full time students, and is featured as a negative flag on some of the metrics supplied through the Subject TEF pilot process.</p>	<ul style="list-style-type: none"> <li>• Range of data in the Corporate Warehouse being expanded to utilise the MIKE platform to provide greater insight and analysis to academic staff</li> <li>• Study support provided by Library &amp; LRC</li> <li>• CRIT embeds support in high impact modules</li> <li>• Personal tutoring minimum specification published</li> </ul>	<ul style="list-style-type: none"> <li>• Course Director Role Description completed &amp; provided to the School DESEs</li> <li>• New Progression dataset tested and added to Data Warehouse for ongoing reporting</li> <li>• 1 LEAP workstream will impact on this</li> </ul>
<p><b>37: Capex impact on business:</b> (RF) Project ambitions and scales do not achieve planned impact, or not in alignment with current cash generation capacity or asset valuations.</p>	<ul style="list-style-type: none"> <li>• Capex reporting embedded into management accounts provided to FP&amp;R Committee</li> <li>• Estates project methodology controls &amp; governance</li> <li>• Financial Regs require Board approval &gt;£2m</li> </ul>	<ul style="list-style-type: none"> <li>• Sino-campus Steering Panel ongoing</li> <li>• Perry disposal options being considered</li> <li>• St Georges options being tested with Clive Crawford Associates</li> </ul>
<p><b>308: Technology &amp; Pedagogy:</b> (SW) Some competitors have made greater investment in using learning analytics to support the learning experience, &amp; embedding Classroom technology. There are sector concerns with regard to the priority attached to teaching support by OfS &amp; Advance HE, and CRIT Reorganisation could impact on delivery.</p>	<ul style="list-style-type: none"> <li>• CRIT (Centre for Research Informed Teaching) reports to the Student Experience Committee &amp; to the Quality &amp; Standards Committee.</li> <li>• Delivery of the Technologically Enhanced Learning Strategy (TEL) through Educational Framework &amp; Quality Processes monitored by Academic Board.</li> <li>• Digital baseline created for all Moodle sites</li> </ul>	<ul style="list-style-type: none"> <li>• CPD sessions for Course Directors delivered utilising TESTA framework</li> <li>• Lecture capture facilities being provided to pilot group using Panopta on laptops, with associated training sessions</li> <li>• Moodle baseline available to all staff &amp; contained within new site template</li> </ul>
<p><b>495: Apprenticeships:</b> (PB) Some issues with system adaptations in order to accommodate all requirements of running Apprenticeship programmes, and some sector reports have introduced some uncertainty over future enrolment patterns.</p>	<ul style="list-style-type: none"> <li>• The Apprenticeships team is now fully established within LSBU</li> <li>• 6 monthly progress report from Apprenticeships Steering Group scrutinised by</li> </ul>	<ul style="list-style-type: none"> <li>• Passmore Centre refurbishment project now underway</li> <li>• Launch events in preparation stages</li> <li>• Ofsted preparation task group in place</li> </ul>

	Academic Board covers IPTE and the Passmore Centre.	
<p><b>518: Core Student Systems: (SW)</b> Although the LEAP project is underway to create a paradigm shift in administration of the student journey, existing platforms will be required in the interim, and are patched and burdensome.</p>	<ul style="list-style-type: none"><li>• LEAP Programme project Updates scrutinised by Academic Board, &amp; Exec &amp; FP&amp;R.</li><li>• Operational Issues reported &amp; tracked through ICT TopDesk system, with internal escalation protocols.</li></ul>	<ul style="list-style-type: none"><li>• Timetabling review completed, and some recommendations implemented</li><li>• PWC appointed as LEAP Programme Change Partner</li></ul>

Risk Type 4: <b>Reputation</b>		
<i>Summary of current risks &amp; drivers</i>	<i>Notes on controls &amp; mitigation strategies</i>	<i>Notes on progress made and actions completed</i>
<p><b>626: Assurance activity &amp; new initiatives fail to address student experience issues (PB)</b></p> <p>Changing expectations, a value media focus and campus developments may impact negatively on student perceptions of experience, and new initiatives may not address known issues or variations in performance levels</p>	<ul style="list-style-type: none"> <li>• Action plans for each School &amp; for Institution</li> <li>• Year 1 &amp; Year 2 UG Student Experience Survey (SES) identifies issues with cohorts ahead of Y3</li> <li>• Funding ring fenced for staff mini project submissions to address student experience issues</li> <li>• Comms plan aims to shift student perceptions</li> <li>• Long term roadmaps in development to identify greater opportunities for incorporation of student feedback in provision of professional services</li> </ul>	<ul style="list-style-type: none"> <li>• New module questionnaire in development</li> <li>• New invigilation approach being rolled out</li> <li>• Courses below agreed performance threshold identified for further activity</li> </ul>
<p><b>6: Management Information: (RF)</b></p> <p>Past concerns expressed regarding triangulation of data from separate returns made to the designated data body, and controlled internal access to this business intelligence.</p> <p>Lack of detailed articulation of interdependencies between data systems and use of multiple system fields</p>	<ul style="list-style-type: none"> <li>• Data Assurance Group mechanism</li> <li>• MIKE platform for sharing data &amp; visualisations using corporate warehouse</li> <li>• Continuous Audit programme reviews student and financial data for accuracy</li> <li>• Systemised data checks and reviews completed by PPA team prior to external submission.</li> </ul>	<ul style="list-style-type: none"> <li>• Performance scorecard project underway to develop measures for professional services</li> <li>• LEAP programme includes an information &amp; reporting work stream</li> <li>• MIKE phase 2 datasets in testing phase prior to formal release</li> <li>• Subject TEF pilot submission outcome being analysed and metrics integrated into MIKE</li> </ul>
<p><b>362: Low staff engagement or staff cost containment impacts performance: (PB)</b></p> <p>Systems and structures don't achieve</p>	<ul style="list-style-type: none"> <li>• Town Halls cascade corporate messages</li> <li>• Regular engagement with Unions on staff matters</li> </ul>	

intended facilitation of collaborative working across the institution.  
 Reward and recognition packages perceived to be out of line with other sectors or institutions, or not applied equally across full range of protected characteristics.  
 Frozen fee levels and continued challenges in recruitment market have contributed to flat income predictions and planned staff cost reduction programme, which could lead to lower engagement, disruption in service provision or skills / knowledge gaps that impact on delivery.

- Shape & Skills approach to review
- Comms strategy approved by Exec for MAC team
- HR Business Partners manage all change activity
- Direct staff feedback is encouraged through VC 'Continuing the Conversation' events & Yammer
- Employee engagement champions network
- Planning process promotes golden thread connection from Corporate Strategy, through Local Roadmaps to Staff Appraisals.
- OEG project 5 will develop an approach to service levels and business partnering

- All Staff email introduced programme remit
- Leadership forum group established
- Procurement completed on Sodexo platform to deliver benefits to all staff & contractors
- Engagement survey results provided to management teams in Schools & PSGs

Appendix: LSBU Corporate Risk Register - Cover page, Risk overview matrix; by impact & residual likelihood

**Date:** May 2019    **Author:** Richard Duke – Director of Strategy & Planning    **Executive Lead:** Richard Flatman – Chief Financial Officer

Page 6 Impact	<b>4 Critical</b> <i>Corporate plan failure / removal of funding, degree award status, penalty / closure</i>		2: Revenue reduction if course portfolio, and related marketing activity, does not achieve Home UG recruitment targets (NL)	3. Sustainability of current pension schemes (RF)	
	<b>3 High</b> <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>	6: Management Information (RF) 305: Data not used / maintained / processed securely (SW) 362: Low staff engagement (PB) 457: Anticipated international & EU student revenue unrealised (PI) 495: Higher Apprenticeships (PB) 519: Negative Curriculum Assessment (SW) 624: LSBU Family integrated service benefits (IM)	467: Progression rates don't rise (SW) 37. Impact or affordability of Capital Expenditure Investment Plans 626. Impact of programme of activities and initiatives doesn't achieve anticipated improvement in student experience, and results of NSS survey (PB)	625: Impact of Govt. Education review on HE Funding (RF)	
	<b>2 Medium</b> <i>failure to meet operational objectives of the University</i>	1: Capability to respond to change in policy or competitive landscape (DP) 517: Impact of EU Referendum result on regulation & market trends (DP) 494: Inconsistent delivery of Placement activity across the institution (SW)	14: Loss of NHS contract income (WT) 398: Academic programmes not engaged with technological and pedagogic developments (SW) 402: Unrealised research & enterprise £ growth (PI) 584: External incident compromises campus operations or access (PB) 518: Core student system inflexibility / failure (SW)		
	<b>1 Low</b> <i>little effect on operational objectives</i>				
		1 - Low	2 - Medium	3 - High	
		<i>This risk is only likely in the long term</i>	<i>This risk may occur in the medium term.</i>	<i>The risk is likely to occur short term</i>	
		<b>Residual Likelihood</b>			
	Executive Risk Spread: VC – 2, DVC – 3, CFO – 3, PVC-S&E – 5, PVC-R&EE – 2, COO – 1, CMO -1, Dean Health – 1, US - 0				

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	CONFIDENTIAL
Paper title:	Statement of Risk Appetite
Board/Committee:	Board of Governors
Date of meeting:	17 October 2019
Author(s):	Richard Duke, Director of Planning, Performance and Assurance
Sponsor(s):	Richard Flatman, Chief Financial Officer
Purpose:	For Approval
Recommendation:	The Board is requested to approve the proposed statement of risk appetite

### Executive Summary

During discussions on risk approach the current risk appetite statement has been reviewed. It is recommended that the attached Risk Appetite statement is maintained in its current form for 2019/20, subject to Board approval.

Financial – open	Legal and compliance – cautious
Academic delivery – seek	Reputational - open

The Board is requested to approve the proposed statement of risk appetite

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## **London South Bank University Risk Appetite:**

### **Proposed Statement – October 2019**

That the risk appetite statements remain as follows for each of the four risk types within the risk appetite framework:

- Page 65
- a. Financial – open;
  - b. Legal and compliance – cautious;
  - c. Academic delivery – seek;
  - d. Reputational – open.

These are displayed against the original appetite framework overleaf.

This proposal will be considered at the Board of Governors meeting in October 2018.

Financial

**Avoid / Averse**

Avoidance of risk and uncertainty is a Key Organisational objective

Avoidance of financial loss is a key 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 potential

Only prepared to accept the possibility of very limited financial loss if essential.

**Cautious**

Preference for safe delivery options that have a low degree of inherent risk & may only have limited potential for reward

Prepared to accept possibility of some limited financial loss.

Resources generally restricted to existing commitments.

**Open**

Willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM)

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.

**Seek**

Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk)

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

**Mature**

Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust

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.

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.

Similar situations elsewhere have not breached Innovations always avoided unless essential or commonplace elsewhere.

Tendency to stick to the status quo, innovations in practice avoided unless really necessary. Decision making authority generally held by senior management.

Innovation supported, with demonstration of commensurate improvements in management control.

Innovation pursued – desire to 'break the mould' and challenge current working practices. New technologies viewed as a key enabler of operational delivery.

Innovation the priority – consistently 'breaking the mould' and challenging current working practices.

Priority for tight management controls & limited devolved authority.

Decision making authority held by senior management.

Systems / technology developments limited to

Systems / technology developments used routinely to enable operational delivery.

High levels of devolved authority – management by trust rather than tight control.

Investment in new technologies as catalyst for operational delivery. Devolved authority – management by trust rather than tight control is standard practice.

General avoidance of systems/ technology developments.

Only essential systems / technology developments to protect current operations.

improvements to protection of current operations.

Responsibility for non-critical decisions may be devolved.

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.

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.

Appetite to take decisions with potential to expose the organisation to additional scrutiny/interest.

Willingness to take decisions that are likely to bring scrutiny of the organisation but where potential benefits outweigh the risks.

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.

Senior management distance themselves from chance of exposure to attention.

Mitigations in place for any undue interest.

Prospective management of organisation's reputation.

New ideas seen as potentially enhancing reputation of organisation.

	CONFIDENTIAL
Paper title:	Draft Group Audit Committee terms of reference
Board/Committee:	Board of Governors
Date of meeting:	17 October 2019
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	Duncan Brown, Chair of the Committee
Purpose:	For Approval
Recommendation:	The Board is requested to approve the revised terms of reference of the Audit Committee

## **Executive Summary**

Following the formation of the LSBU Group (comprising LSBU, South Bank Colleges, South Bank Academies, South Bank University Enterprises Ltd and SW4 Catering Ltd), governance arrangements for the group are being reviewed, starting with the Audit Committee.

Following discussions with the Chairs of the LSBU, SBA and SBC audit committees and at the LSBU Audit Committee, the LSBU Audit Committee recommends that it has a group-wide remit and that SBA and SBC will continue to have audit committees to oversee local audit matters.

The terms of reference of the committee have been to reflect this and are recommended to the Board for approval.

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DRAFT – FOR DISCUSSION

## LSBU Group Audit and Risk committee

### Terms of reference

#### 1. Constitution

1.1 The LSBU Board of Governors has established a committee of the Board known as the LSBU Group Audit Committee.

1.2 Each entity in the LSBU group<sup>1</sup> will have an audit committee to review audit matters relevant for that entity and in line with its terms of reference.

#### 2. Membership

2.1 The ~~Audit~~ Committee and its chair shall be appointed by the Board, from among its own members, and must consist of members with no executive responsibility for the management of the institution.

2.2 There shall be no fewer than three members; a quorum shall be at least two members.

2.3 The chair of the Board should not be a member of the committee.

2.4 Members should not have significant interests in LSBU or any LSBU group company.

2.5 At least one member should have recent relevant experience in finance, accounting or auditing.

2.6 The committee may, if it considers it necessary or desirable, co-opt members with particular expertise.

2.7 Members of the committee should not also be members of the ~~finance committee (or equivalent)~~ Major Projects and Investment Committee or the Finance, Planning and Resources Committee.

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<sup>1</sup> Currently SBUEL and SW4 Catering Ltd's audit arrangements are reviewed by its boards. This will be reviewed as future arrangements of the companies are developed.

### **3. Attendance at meetings**

3.1 Members of the ~~The chief group~~ Executive may attend meetings where business relevant to their remit is to be discussed.

3.2 The Group Chief Financial Officer, ~~head of finance~~ (or equivalent), the head of group internal audit and a representative of the group external auditors shall normally attend meetings ~~where business relevant to them is to be discussed.~~

3.23 At least once a year the committee should meet with the group external and group internal auditors without any officers present.

### **4. Frequency of meetings**

4.1 Meetings shall normally be held four times each financial year. The Chair, group external auditors or head of group internal audit may request a meeting if they consider it necessary.

### **5. Authority**

5.1 The committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the committee.

5.2 The committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary, normally in consultation with the head of institution and/or chair of the Board. However, it may not incur direct expenditure in this respect in excess of £20,000 without the prior approval of the Board.

5.3 The Audit Committee will review the audit aspects of the draft annual financial statements. These aspects will include the external audit opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the external auditors' management letter. The committee should, where appropriate, confirm with the internal and external auditors that the effectiveness of the internal control system has been reviewed, and comment on this in its annual report to the Board.

### **6. Secretary**

6.1 The secretary to the ~~Audit~~ Committee will be the Clerk to the LSBU Board or other appropriate person nominated by the Clerk.

## 7. Duties

7.1 The duties of the committee shall be to:

7.1.1 advise the LSBU Board on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors, and any questions of resignation or dismissal of the external auditors;

7.1.2 consent, on behalf of LSBU, to the appointment of the external auditors of SBA and SBC;

7.1.2 discuss with the external auditors, before the audit begins, the nature and scope of the audit of the LSBU Group consolidated accounts;

7.1.3 as necessary, to hold regular discussions with the group external auditors (in the absence of management where necessary);

7.1.4 consider and advise the LSBU Board on the appointment and terms of engagement of the group internal audit service (and the head of internal audit if applicable), the audit fee, the provision of any non-audit services by the internal auditors, and any questions of resignation or dismissal of the internal auditors;

7.1.5 review the group internal auditors' annual audit risk assessment, strategy and programme for LSBU; consider major findings of internal audit investigations and management's response for audits relating to LSBU and group-wide audits; consider a summary of internal audit reports relating to SBA or SBC; and promote co-ordination between the internal and external auditors. The committee will monitor that the resources made available for group internal audit by the group executive are sufficient to meet the LSBU Group's needs (or make a recommendation to the LSBU Board as appropriate);

7.1.6 keep under review the effectiveness of the group risk management, control and governance arrangements, and in particular review the group external auditors' management letter, the group internal auditors' annual report, and management responses;

7.1.7 monitor the implementation of agreed audit-based recommendations, from whatever source;

- 7.1.8 monitor the proper investigation by the executive of all significant losses and that the internal and external auditors, and where appropriate the funding council's accounting officer, have been informed;
- 7.1.9 oversee the group policy on anti-fraud and irregularity, including being notified of any action taken under that policy;
- 7.1.10 set expectations for the Group to promote economy, efficiency and effectiveness and to satisfy itself that suitable arrangements are in place in LSBU to achieve this; ~~to promote economy, efficiency and effectiveness;~~
- 7.1.11 receive any relevant reports from the National Audit Office (NAO), the funding councilsrelevant educational regulators and other organisations;
- 7.1.12 monitor annually the performance and effectiveness of the group external and group internal auditors, including any matters affecting their objectivity, and make recommendations to the LSBU Board concerning their reappointment, where appropriate;
- 7.1.13 consider elements of the annual LSBU Group consolidated financial statements in the presence of the group external auditors, including the auditors' formal opinion, the statement of ~~members' directors'~~ responsibilities and the statement of internal control, in accordance with the relevant educational regulators'~~funding councils'~~ accounts directions;
- 7.1.14 in the event of the merger or dissolution of the institution, ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed;
- 7.1.15 advise the LSBU Board of Governors on the effectiveness of the internal control system and recommend changes as necessary;
- 7.1.16 review regularly the group financial regulations for the supervision and control of financial procedures, accounts, income and expenditure of LSBU and to advise the Board of Governors as necessary;
- 7.1.17 monitor compliance with relevant regulatory and legal requirements ~~(e.g. HEFCE financial memorandum)~~ and report to the LSBU Board of Governors as necessary;



7.1.18 receive reports made under the group “speak up” policy and to monitor annually the performance and effectiveness of the “speak up” policy and procedures;

7.1.19 to authorise single debt write offs above £10,000 and annual debt write offs above £50,000. To receive a report on any debt written off below this threshold and approved by the Group Chief Financial Officer~~Executive Director of Finance~~.

7.1.20 to consider significant deviations from business case or concerns following a post investment review

7.1.21 note a summary of any audit reports commissioned by the board of any LSBU Group company to cover matters specific to that company

7.1.22 to review LSBU’s assurance to the Office for Students with regard to its academic quality

## **8. Reporting procedures**

8.1 The minutes (or a report) of meetings of the ~~Audit~~ Committee will be circulated to all members of the LSBU Board. Minutes of subsidiary audit committees are published on the modern.gov system.

8.2 The committee will prepare an annual report to the OfS covering the institution’s financial year and any significant issues up to the date of preparing the report. The report will be addressed to the LSBU Board and LSBU Vice Chancellor/Chief Executive, and will summarise the activity for the year. It will give the committee’s opinion of the adequacy and effectiveness of the institution’s arrangements for the following:

- risk management, control and governance (the risk management element includes the accuracy of the statement of internal control included with the annual statement of accounts); and
- economy, efficiency and effectiveness (value for money).
- management and quality assurance of data submitted to HESA, the Student Loans Company and to ~~HEFCE~~ the OfS and other funding bodies

This opinion should be based on the information presented to the committee.  
The Audit Committee annual report should normally be submitted to the LSBU  
Board before the members' responsibility statement in the annual financial  
statements is signed.

*Approved by the Audit Committee on [1 October 2019]*

*Approved by the Board of Governors on ~~9 July 2015~~[17 October 2019]*

# Agenda Item 13

	CONFIDENTIAL
Paper title:	Report and decisions of committees
Board/Committee:	Board of Governors
Date of meeting:	17 October 2019
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	Relevant committee chairs
Purpose:	To update the Board on committee decisions
Recommendation:	The Board is requested to note the report on decisions of committees

## **Executive Summary**

A summary of Committee decisions is provided for information. Minutes and papers are available on [modern.gov](http://modern.gov).

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## **Group Pensions sub-committee – [17 September 2019](#)**

The committee discussed:

- An updated report from Mercer which covered all entities and pension schemes in the LSBU Group. The Executive is reviewing options and cost implications and will bring an updated recommendation to the next meeting.
- An update from the reward working groups. Due to summer holidays, consultations were at an early stage.

## **SBA Board – [17 September 2019](#)**

The Board discussed:

- that the students' exam results were below target but there has been progress year on year;
- the July 2019 forecast position outturn 2018/19 for the Trust is a £445.9k forecast surplus before depreciation against a budget of £414k;
- the ESFA letter dated 30 August 2019 requesting that the Trust provide an internal plan to address the various points of financial governance which were identified in the management letter accompanying the 2017/18 financial statements; and
- the ESFA's priorities listed in the ESFA letter to accounting officers of academy trusts regarding the 2019 Academies financial handbook.

The Board approved:

- the appointment of Fiona Morey (Executive Principal Lambeth College and PVC Compulsory and Further Education) as CEO and Accounting Officer of SBA, with effect from 1 October 2019.

## **South Bank Colleges Board – [18 September 2019](#)**

The Board discussed:

- A progress report on the Vauxhall estates project and received a presentation on the vision, development plan and funding plan. A joint meeting between SBC Board and MPIC is being arranged for December 2019 to approve the estates plan for submission to the ESFA.

The Board approved:

- The draft GLA funding agreement subject to consent of LSBU under the Governance Agreement. MPIC gave consent on behalf of LSBU at its meeting of 19 September 2019;

- a contract with The Skills Centre for the delivery of construction courses for £1.6m.
- the updated Safeguarding & Prevent Policy 2019/20.

The Board noted:

- An update on the key areas of the college since the last meeting in July 2019, including: the Vauxhall vision and curriculum strategy; student achievement 2018/19; 2019/20 enrolment and compliance areas.
- the Safeguarding & Prevent Annual Report 2018/19.
- an update on Lambeth College and LSBU transition work across the professional services areas with particular focus on Health and Safety.
- The Chief Financial officer's report, which provided an update on the 2018/19 financial position including the management accounts ending 31 July 2019, statutory reporting matters and financial KPIs.
- The corporate risk register.

### **Major Projects and Investment Committee – [19 September 2019](#)**

The committee discussed:

- The different options proposed for construction of the additional teaching space at the Chapel site and agreed the Executive's recommendation of the base option. The final business case will be subject to approval from MPIC and the LSBU Board;
- The 5 year group cashflow forecast 2019-23 and the requirements for additional funds for ongoing and proposed projects;
- Croydon campus. A full business case is currently being drafted. Further consultations with Croydon Council have been scheduled for the end of September 2019. A soft launch is proposed for September 2020. The campus is scheduled to be fully open in September 2021.

The committee noted:

- The LEAP progress update and the new project governance arrangements;
- The LSBU estate development update and queried the restrictive access faced by disabled students to some buildings on campus. The committee noted that the issue is being addressed;
- International Branch Campus, Cairo update. The outcome of the application to the Ministry of Education in Egypt is pending. Work is currently being undertaken to explore leadership roles within the partnership.

The committee approved:

- The GLA funding agreement. The sub-committee which is incorporated within the MPIC membership confirmed its consent to the execution of the GLA funding agreement. The GLA grant offered to SBC will part-fund the SBC Nine Elms STEAM Centre (NESC) building. The GLA is to provide £20m with SBC contributing £23m.

#### **Finance, Planning and Resources Committee – [24 September 2019](#)**

The committee discussed:

- Full year management accounts to 31 July 2019 which showed a £3m surplus, subject to audit;
- Student recruitment – the executive expected to meet the enrolment target and exceed the income target;
- Group cash flow and the need to borrow to finance investments in the medium-term;
- Its key areas of focus over the next 3 years, primarily income and expenditure, including student recruitment; student experience including wellbeing; and the research and enterprise environment. A further discussion will be had at the November 2019 committee meeting. Any changes to the committee's terms of reference will be brought to the Board for approval.

The committee noted:

- The treasury management report showing £60m cash at bank;
- Research and enterprise update;
- Business continuity update;
- COO report. The committee noted the appointment of a new Director of People and Organisation who reports to the Chief Customer Officer; and
- Insurance claims which were low.

#### **Audit Committee – [1 October 2019](#)**

The committee recommended to the Board:

- Amendments to its terms of reference to reflect the committee's group-wide remit;

The committee approved:

- The internal audit plan for 2019/20 to be delivered by BDO, the newly appointed internal auditors.
- Pension assumptions for the report and accounts, subject to benchmark data; and
- Revised Group Speak Up report.

The committee discussed:

- The internal audit report on student data which was rated as medium risk;
- An update on GDPR compliance. The committee welcomed the positive report;
- The internal audit annual report 2018/19, with the audit opinion that the control environment at LSBU is “generally satisfactory with some improvements required”;
- Approach to group risk reporting and the current risk register.

The committee noted:

- The internal audit report on risk and value for money in SBA which was rated as medium risk. The SBA audit committee would consider the report in detail;
- The internal audit progress report;
- The external audit progress report;
- The anti-fraud, bribery and corruption report – there were two new matters under investigation;
- Speak up report – one new matter had been raised under the speak up policy.
- An update on OfS compliance and events that had been reported to the OfS.



	CONFIDENTIAL
Paper title:	Office for Students compliance and reportable events
Board/Committee:	Board of Governors
Date of meeting:	17 October 2019
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	James Stevenson, University Secretary
Purpose:	For Information
Recommendation:	The Board is requested to note measures taken by LSBU to ensure compliance with the Office for Students (OfS) conditions of registration

## **Executive summary**

### **Compliance**

The Office for Students is the new regulator for Higher Education. Its full powers under the Higher Education and Research Act came into effect on 1 August 2019. This paper summaries LSBU's obligations to the OfS and provides assurance that processes are in place to ensure compliance with these obligations.

The Board is requested to note.

## **Office for Students Compliance**

### **Complying with registration conditions**

As a registered university, LSBU has to comply with the OfS's regulatory framework, which imposes the following obligations:

- To meet the ongoing general conditions of registration;
- To meet any specific conditions of registration (none were specified when LSBU registered with the OfS);
- To notify the OfS of any 'reportable events'; and
- To make regular specific returns to the OfS (e.g. TRAC return).

An OfS working group consisting of representatives from student services, quality, planning, legal and governance has been set up to oversee arrangements for complying with the regulatory framework.

### **Ongoing general conditions of registration**

There are 24 general ongoing conditions of registration covering access and participation, quality and standards, student protection, financial sustainability, governance, information for students, and accountability for fees and funding.

A compliance grid of evidence of how LSBU complies with each of these conditions and how this compliance is monitored is in preparation and will be reviewed by the Executive.

### **Specific conditions of registration**

On registration, the OfS did not impose any specific conditions of registration on LSBU.

### **Reportable events**

One of the registration conditions is to report certain events ('reportable events') to the OfS. The OfS defines a reportable event as:

"any event or circumstance that, in the judgement of the OfS, materially affects or could materially affect the provider's legal form or business model, and/or its willingness or ability to comply with its conditions of registration".

Potential reportable events (although non-exhaustive) are listed in the regulatory framework – please see appendix. Additional guidance on reportable events will be issued by the OfS in September 2019.

Reportable events will be notified to the executive before being reported to the OfS. It is proposed that notifications of reportable events are a standing item on the audit committee agendas. Academic reportable events, e.g. closure of a partnership will be reported to each meeting of the Academic Board to note implications.

### **Regular returns**

As previously with HEFCE, LSBU is required to submit a number of returns to the OfS. Returns that require Board or committee approval are the same as with HEFCE: TRAC return, TRAC(T) return, Prevent return, Finance return and Financial Forecasts.

### **OfS approach to regulation**

The OfS takes a risk-based approach to regulation. This risk-based output informs the level of scrutiny given to individual institutions. To do this the OfS has a risk register for each institution, which is data informed. Though this is not published, its contents are outlined in the OfS Data Strategy, which details how the OfS will use data to inform risk appraisal. LSBU is using this information to construct an OfS LSBU risk register, using the measures it is believed the OfS will be using to inform their risk judgement. This document is in production, but will be part of the LSBU risk management processes in 2019/20 and going forward.

## Appendix – Reportable events (as defined in the OfS Regulatory Framework)

### Reportable events

A reportable event is any event or circumstance that, in the judgement of the OfS, materially affects or could materially affect the provider's legal form or business model, and/or its willingness or ability to comply with its conditions of registration. Reportable events must be reported to the OfS under condition F3(i) and include, but are not limited to:

a. A change in the provider's circumstances, including but not limited to:

- a sale of either the provider itself, a part of it, or its parent
- a merger of the provider with another entity
- an acquisition by the provider of another entity
- a material change in the provider's business model, such as a move to focus on further instead of higher education
- a change in the provider's legal status
- other, similar structural changes, such as the establishment of joint ventures, or the separation of the provider into multiple entities
- other changes resulting in a change of ownership of the provider.

b. **A change of ownership.** The OfS is principally, but not exclusively, concerned with situations where 50 per cent or more in the shareholding of the registered provider (or the closest equivalent, where the provider is not limited by shares) are, or may be, in common ownership. Common ownership includes:

- ownership by the same person or entity
- ownership by multiple entities themselves under common ownership or control
- ownership by multiple individuals or entities who, by agreement or practice, exercise their ownership rights in a co-ordinated way (and without restricting the scope of our understanding of what constitutes common ownership, we will deem people who are 'connected' to be exercising their ownership rights in a co-ordinated way)
- ownership by multiple individuals or entities on behalf of, or acting under the direction or in the interests of, the same third party, including a case where ownerships are held on trust for a common beneficiary, and
- any similar structure.

Ownership does not require beneficial ownership. A provider:

- must inform the OfS of any changes in ownership where 50 per cent or more of the ownership of the registered provider is in common ownership, and a change affects the majority ownership rights. This includes the creation of majority ownership rights for the first time, the transfer of majority ownership rights to a new holder, the

introduction of a new entity to majority ownership rights and majority ownership rights coming to an end

- must inform the OfS of any change in ownership that affects 15 per cent by value or voting rights of the registered provider's shares, or closest equivalent. A provider must do so whether the change is brought about in one transaction or a series of connected transactions. A provider does not need inform the OfS of entirely unconnected transactions provided none of those transactions is individually above our notification threshold
- is not required to inform the OfS of changes in ownership where 50 per cent or more of the ownership of the registered provider is in common ownership, and the changes only affect less than 15 per cent by value or voting rights of the minority ownership rights.

Some examples of changes that must be reported include:

- where all or any part of the majority ownership rights in the provider change:
    - i. Example 1: there are five shareholders, each holding 10 per cent of the shares in a provider. They are business partners and act in a co-ordinated way. One shareholder sells their shareholding to the others. This must be notified.
    - ii. Example 2: there are three shareholders, each holding 20 per cent of the shares in a provider. They are business partners and act in a co-ordinated way. One sells a 10 per cent shareholding to a relative who is a connected person. This must be notified.
    - iii. Example 3: There are three shareholders, each holding 20 per cent of the shares in a provider. They are business partners and act in a co-ordinated way. One sells their shareholding to a third party. This must be notified.
  - where additional share capital is issued, or shares are bought back, or the voting rights that attach to existing shares are changed
  - where a controlling proportion of a provider's shares is directly, or indirectly such as through those of its parent organisation(s), acquired by another individual(s), partnership(s) or organisation(s).
- c. **A change of control.** 'Control' has the meaning given by section 1124 of the Corporation Tax Act 2010, and 'change of control' means a change in control so defined. Where two or more entities or individuals, by agreement or practice, exercise their rights in a co-ordinated way, with the result that they together have control so defined, each will be treated as having control of the provider. A provider is required to notify the OfS of any change in the individual(s) or entity/ies who have control of the provider.
- d. The provider becoming aware of suspected or actual fraud or financial irregularity.

- e. The provider becoming aware of legal or court action.
  - f. The provider resolving to cease to provide higher education.
  - g. Regulatory investigation and/or sanction by other regulators, e.g. Charity Commission, Home Office.
  - h. Loss of accreditation by a Professional, Statutory or Regulatory Body (PSRB).
  - i. Any new partnerships, including validation or subcontractual arrangements.
  - j. Opening a new campus.
  - k. Intended campus, department, subject or provider closure.
- l. Any other material events with possible financial viability or sustainability implications, including but not limited to:
- a material change in actual or forecast financial performance and/or position
  - a material change in gearing
  - a material change in student numbers that was not included in the provider's financial forecasts
  - for a provider with a legally binding obligation of financial support underpinning its financial sustainability, a withdrawal of the obligation (including as a result of a change of control, even where the new owner will offer a similar obligation) or a material adverse change in the counterparty's financial position or other standing that could affect its suitability as counterparty
  - the sale of significant assets
  - significant redundancy programmes.

	CONFIDENTIAL
Paper title:	Annual declarations of interest
Board/Committee:	Board of Governors
Date of meeting:	17 October 2019
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	James Stevenson, University Secretary
Purpose:	For approval
Recommendation:	The Board is requested to authorise the newly declared situational conflicts of its members.

## 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 2019, the Register of Interests has been updated and is attached. Declarations have been made by governors and the Executive. Additions and amendments to the register are highlighted in red.
  
2. The Board is 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. This means that governors must not participate in the authorisation of their own interests.
  
3. When authorising 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 in items on the agenda at each meeting.

6. The Board is requested to authorise the declared situational conflicts of its members.

### Governors' declaration of interests

A full list of declarations of interest which have been authorised by the Board can be viewed on each governor's profile on the modern.gov website. New declarations to be authorised by the Board are listed in the table below. A full list of changes is provided as supplementary information.

<b>Organisation</b>	<b>Sector</b>	<b>Relationship</b>
<b>Douglas Denham St Pinnock</b>		
Mid Sussex District Council Standards Committee	Local Authority	Member
South Bank Academies	Secondary Education	Resigned as a trustee on 31 July 2019
<b>Peter Fidler</b>		
Management Development Institute Singapore (MDIS)	Not for Profit Higher Education Institution	Member of Senate
<b>Hilary McCallion</b>		
South Bank Academies	Secondary Education	Trustee
<b>Deepa Shah</b>		
CFO (Publicis Sapient)	IT	CFO
<b>Richard Flatman</b>		
BDO (LSBU internal auditors)	Accountancy and business advisory	Daughter
<b>Paul Ivey</b>		
Central Organisation of Military Education committees COMEC	Liaison MOD and UK Universities	Council member
MOD Gold Alumni Association	Liaison between MOD and DERS Gold award holders	Member national steering committee
<b>Nicole Louis</b>		
ACS	Private schools	Trustee
<b>Fiona Morey</b>		
South Bank Academies	Secondary Education	Trustee



## London South Bank University Register of Interests 2018-19

### INDEPENDENT GOVERNORS

<b>Duncan Brown</b>					
<b>Organisation with which connected</b>	<b>Sector</b>	<b>Relationship with organisation</b>	<b>As of date</b>	<b>Notes</b>	<b>Authorised by Board</b>
PricewaterhouseCoopers LLP	Professional Services	Retired partner (annuity payable)	31/12/2016		23/11/2017
Bushey Symphony Orchestra	Charity	Chair	May 2018		18/10/2018
<b>John Cole</b>					
<b>Organisation with which connected</b>	<b>Sector</b>	<b>Relationship with organisation</b>	<b>As of date</b>	<b>Notes</b>	<b>Authorised by Board</b>
Age UK London	Charity	Trustee and Director	October 2017		23/05/2019
<b>Jerry Cope</b>					
<b>Organisation with which connected</b>	<b>Sector</b>	<b>Relationship with organisation</b>	<b>As of date</b>	<b>Notes</b>	<b>Authorised by Board</b>
t-three Group	Leadership Consultancy	Director (paid) and shareholder	2006		20/11/2014
Postal & Logistics Consulting Worldwide	Logistics Consultancy	Director and shareholder	2008		20/11/2014
University and Colleges Employers Association	Higher Education	Board member Vice-Chair	2016 2017		13/07/2017
One Croydon Alliance	Healthcare	Chair (paid)	Feb 2018		15/03/2018

English Cricket Board	Sporting Body	Regulatory Committee member	Feb 2018		15/03/2018
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<b>Michael Cutbill</b>					
<b>Organisation with which connected</b>	<b>Sector</b>	<b>Relationship with organisation</b>	<b>As of date</b>	<b>Notes</b>	<b>Authorised by Board</b>
Kellen Head	Business Consultancy	Owner (100%)	2015		17/03/2016
Richmond Crescent Flats Ltd	Freehold int. in 21 Richmond Crescent	Owner (25%)			17/03/2016
Age UK Trading CIC	Charity	Strategy and Marketing Director			23/11/2017
South Bank University Enterprises Ltd	Commercial arm of LSBU	Director	2016		23/11/2017
Age UK Information and Advice Lottery CIC	Charity	Director	2019		14/03/2019
Age UK Local Programmes Lottery CIC	Charity	Director	2019		14/03/2019
Age UK Education and Research Lottery CIC	Charity	Director	2019		14/03/2019

<b>Douglas Denham St Pinnock</b>					
<b>Organisation with which connected</b>	<b>Sector</b>	<b>Relationship with organisation</b>	<b>As of date</b>	<b>Notes</b>	<b>Authorised by Board</b>
Owengate Capital Ltd	Financial trading	Owner/director (paid)	1988		19/07/2012
Owengate Ltd	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 Green Technology Ltd	Licensing, financing, manufacturing &	Owner/director	July 2015	Dormant company	21/10/2015

<b>Douglas Denham St Pinnock</b>					
<b>Organisation with which connected</b>	<b>Sector</b>	<b>Relationship with organisation</b>	<b>As of date</b>	<b>Notes</b>	<b>Authorised by Board</b>
	maintaining green technology				
Nanogentech Limited	Licensing, financing, manufacturing & maintaining green technology	Owner/director	July 2015		21/10/2015
AqSorp Ltd	Licensing, financing, manufacturing & maintaining green technology	Owner/director	July 2015	Dormant company	21/10/2015
West Hoathly Parish Council	Local Authority	Member	July 2016		24/11/2016
Mid Sussex District Council Standards Committee	Local Authority	Member	31 May 2019		
Zoe Mackey, Senior Staff member, OFS formerly HEFCE	HE regulator	Son's partner			23/11/2017

<b>Peter Fidler</b>					
<b>Organisation with which connected</b>	<b>Sector</b>	<b>Relationship with organisation</b>	<b>As of date</b>	<b>Notes</b>	<b>Authorised by Board</b>
Hays Travel Foundation	Charity	Trustee	Dec 2014		18/10/2018
Management Development Institute Singapore (MDIS)	Not for Profit Higher Education Institution	Member of Senate	2016		

<b>Mark Lemmon</b>					
<b>Organisation with which connected</b>	<b>Sector</b>	<b>Relationship with organisation</b>	<b>As of date</b>	<b>Notes</b>	<b>Authorised by Board</b>
Enviromena Power Systems Ltd (Dubai)	Developer and EPC contractor of	Chair and Non-executive director (remunerated)	September 2018		23/05/2019

	renewable power plants				
Shoreham Port Authority Ltd	Port Owner and operator	Non – executive director (remunerated)	January 2018		23/05/2019
Quo Vadis Trust	Social Housing	Non-executive director, Trustee and Chair of Audit Committee	01/06/2017		23/05/2019
Bowlem Ltd	Financial advisory, consultancy and expert witness	Owner and Sole Director (remunerated)	01/11/2018		23/05/2019
Friends of Brompton Cemetery	Charity	Trustee	01/04/2017		23/05/2019

### Hilary McCallion

Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Authorised by Board
Hilary McCallion Consultancy Limited	Healthcare Consultancy	Owner and director (remunerated)	April 2013	Provision of service to NHS and possibly Educational bodies	18/07/2013
Bucks New University	HE	Visiting Professor			18/07/2013
King's College, London	HE	Visiting Professor			18/07/2013
Ashford and St. Peters NHS Foundation Trust	Healthcare	Non-executive director	2016		18/10/2018
South Bank Academies	Secondary education	Trustee	13/8/2019		

### Mee Ling Ng

Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Authorised by Board
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Transport for London Board	Transport	Non-Executive director	September 2016		24/11/2016
South Bank Colleges	Education	Director			

Jeremy Parr					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Authorised by Board
Allen & Overy LLP	Legal services	Partner	May 2000		18/10/2018

Rashda Rana					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Authorised by Board
No interests to declare					

Deepa Shah					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Authorised by Board
Publicis Sapient	IT and services	CFO	Oct 2018		

Vinay Tanna					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Authorised by Board
No interests to declare					

**VICE CHANCELLOR AND CHIEF EXECUTIVE**

<b>Professor David Phoenix</b>					
<b>Organisation with which connected</b>	<b>Sector</b>	<b>Relationship with organisation</b>	<b>As of date</b>	<b>Notes</b>	<b>Authorised by Board</b>
Science Museum Group	Museums	Trustee	2015		14/05/2015
British University in Egypt	HE	Trustee	Oct 2015		21/10/2015
South Bank Academies Trust	Secondary education	Member	21/12/2015		17/03/2016
National Centre for Universities and Businesses	HE	Board member	2015		24/11/2016
Museum of Science and Industry	Educational charity	Board member	2015		24/11/2016
Universities UK	HE	Member of Board Chair of Funding Policy Network	2015 Jan 2019		21/10/2015 18/10/2018
South Bank Colleges	FE	Director			

## STUDENT GOVERNORS

Nelly Kibirige					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Authorised by Board
London South Bank Students' Union	HE	President of the Students' Union	July 2018		18/10/2018

Nazene Smout					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Authorised by Board
London South Bank Students' Union	HE	Union Council Chair	July 2017		18/10/2018

## STAFF GOVERNORS

Tony Roberts					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Authorised by Board
No interests to declare					

## EXECUTIVE

Pat Bailey – Deputy Vice Chancellor					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Authorised by Board
OfS	HE	Member of the Teaching Excellence Framework panel	October 2016		24/11/2016

Richard Flatman – Chief Financial Officer					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Authorised by Board
South Bank University Enterprises Ltd	Commercial arm of LSBU	Director	2002		25/11/2010
South Bank Academies	Secondary education	Director and Member Chair of Audit Committee	21/12/2015 Sept 2016		17/03/2016
SW London & St. George's Mental Health NHS Trust	NHS Trust	NED & Chair of Audit Committee	1/04/2016		24/11/2016
SW4 Catering Ltd	Service subsidiary of SBC	Director	31/01/2019		23/05/2019
BDO (LSBU internal auditors)	Accountancy and business advisory	Daughter			

Paul Ivey – Deputy Vice Chancellor and Chief Business Officer					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Authorised by Board
South Bank University Enterprises Limited	Commercial arm of LSBU	Managing Director	2014		21/10/2015
Emirates Aviation University	Higher Education	Governor	2010		20/11/2014



<b>Paul Ivey – Deputy Vice Chancellor and Chief Business Officer</b>					
<b>Organisation with which connected</b>	<b>Sector</b>	<b>Relationship with organisation</b>	<b>As of date</b>	<b>Notes</b>	<b>Authorised by Board</b>
Greater London Authority	Local Authority	London European Structural Investment Fund committee HE Representative	Nov 2015		24/11/2016
University of London Military Education Committee	HE	Chair	Sept 2017		18/10/2018
Central Organisation of Military Education committees COMEC	Liaison MOD and UK Universities	Council member	September 2019 - September 2022		
MOD Gold Alumni Association	Liaison between MOD and DERS Gold award holders	Member national steering committee	October 2019 – October 2022		

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<b>Nicole Louis – Chief Customer Officer</b>					
<b>Organisation with which connected</b>	<b>Sector</b>	<b>Relationship with organisation</b>	<b>As of date</b>	<b>Notes</b>	<b>Authorised by Board</b>
South Bank Academies	Secondary education	Trustee	April 2018		18/10/2018
ACS	Private schools	Trustee	Sept 2017		

<b>Fiona Morey – Pro Vice Chancellor/Executive Principal, Lambeth College</b>					
<b>Organisation with which connected</b>	<b>Sector</b>	<b>Relationship with organisation</b>	<b>As of date</b>	<b>Notes</b>	<b>Authorised by Board</b>
Laser Awarding Body (Laser Learning Awards)	FE	Trustee and member Chair of Quality Committee	Nov 2013		18/10/2018

SW4 Catering Ltd	Service subsidiary of SBC	Director	01/02/2019		23/05/2019
South Bank Academies	Secondary education	Trustee	14/3/2019		

James Stevenson – University Secretary					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Authorised by Board
No interests to declare					

Shân Wareing – Pro Vice Chancellor					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Authorised by Board
	HE	Member of the NSS Sub Group reporting to the Student Information Advisory Group	Sept 2017		23/11/2017
Unite Foundation (independent but funded by Unite student accommodation)	HE	Trustee	Aug 2018	charity to support estranged and isolated students	18/10/2018

	CONFIDENTIAL
Paper title:	Board of Governors annual work plan
Board/Committee:	Board of Governors
Date of meeting:	17 October 2019
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	James Stevenson, University Secretary
Purpose:	For Information
Recommendation:	The Board is requested note the plan.

## **Executive Summary**

The Board's business plan is based on its primary responsibilities and the Matters reserved to the Board. The plan covers recurring and compliance matters for the year. Significant investments or ad hoc items will be discussed as required.

The Board meetings for 2019/20 are:

- 17 October 2019
- 21 November 2019
- 12 March 2020
- 21 May 2020
- 16 July 2020

The Board is requested to note its annual business plan.

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Item	Meeting				
	17/10/19	21/11/19	12/3/20	21/5/20	16/7/20
Vice Chancellor's Report	✓	✓	✓	✓	✓
CFO's report with management accounts summary	✓	✓	✓	✓	✓
KPI results for previous year; KPI targets for next year		✓			
Corporate Strategy Progress Report		✓		✓	
Budget					✓
OfS annual accountability return		✓			
5 year forecasts to OfS		✓			
Health and Safety reports		✓ (annual)			✓ (mid-year)
Equality and Diversity annual report			✓		
Risk – annual detailed review	✓				
Risk appetite annual review	✓				
Corporate Risk Register	✓	✓	✓	✓	✓
Board Strategy Day report	✓			✓	
Annual declaration of interests	✓				
Reports on decisions of committees	✓	✓	✓	✓	✓
SU elections results and report				✓	
Updates from Chair of a committee	✓	✓	✓	✓	✓
Board annual work plan	✓				
Public benefit guidance	✓				
Annual Academic Board report		✓			

Item	Meeting				
	14/10/19	21/11/19	12/3/19	21/5/20	16/7/20
Quality assurance return		✓			
Prevent annual return		✓			
<b>Year end items</b>					
Annual Report and Accounts		✓			
External audit findings		✓			
External audit letter of representation		✓			
Audit Committee Annual Report to Board		✓			
Remuneration Report to Board		✓			
Written resolution to re-appoint external auditors		✓			