

Meeting of the Finance, Planning & Resources Committee

4pm – 6pm on Tuesday, 1 March 2016
in 1B16, Technopark, London Road, SE1

Agenda

<i>No.</i>	<i>Item</i>	<i>Paper No.</i>	<i>Presenter</i>
1.	Welcome and apologies		Chair
2.	Declarations of interest		Chair
3.	Minutes from the last meeting	FPR.01(16)	Chair
4.	Matters arising		Chair
Finance			
5.	Management Accounts to 31 January 2016 (to discuss)	FPR.02(16)	CFO
6.	Student recruitment update – Home, EU & International (to discuss)	FPR.03(16)	COO
7.	KPI report – enablers (to note)	FPR.04(16)	CFO
People and Organisation			
8.	Strategic HR report	FPR.05(16)	EDHR
Resources and Infrastructure			
9.	Chief Operating Officer's report	FPR.06(16)	COO
Matters for Approval			
10.	Treasury management policy	FPR.07(16)	CFO
11.	Gifts & Hospitality policy review	FPR.08(16)	Sec
12.	Travel, Subsistence & Expenses policy review	FPR.09(16)	CFO
13.	Financial Regulations policy review	FPR.10(16)	CFO
14.	Any other business		Chair
15.	Date of next meeting: 4pm on Thursday, 5 May 2016		

Members: Andrew Owen (Chair), Jerry Cope (Chairman of the Board), David Phoenix (Vice Chancellor), Michael Cutbill, Neil Gorman, Mee Ling Ng and Abdi Osman (SU President).

With: Chief Financial Officer, Chief Operating Officer, Executive Director of Organisational Development and HR, Pro Vice Chancellor (Education and Student Experience), University Secretary and Governance Assistant.

Apologies: Pro Vice Chancellor (Research and External Engagement)

	PAPER NO: FPR.01(16)
Paper title:	Minutes of the meeting of 27 October 2015
Board/Committee	Finance, Planning & Resources Committee
Date of meeting:	1 March 2016
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors
Board sponsor:	Andrew Owen, Chairman of the Committee
Purpose:	To approve the minutes of the last meeting as a correct record and to approve their publication.

Executive Summary

The Committee is asked to approve the minutes of its meeting of 27 October 2015 and their publication on the LSBU website. There are no proposed redactions.

Minutes of a Meeting of the Finance, Planning
and Resources Committee
held at 4pm on Tuesday 27 October 2015
in room 1B16, Technopark, London Road, London SE1

Present

Andrew Owen	Chairman
Jerry Cope	Chairman of the Board
Prof David Phoenix	Vice Chancellor and Chief Executive
Mee Ling Ng	
Abdi Osman	SU President

In attendance

Steve Baker	CEO of the Students' Union (for minute 16)
Richard Flatman	Chief Financial Officer
Prof Paul Ivey	Pro Vice Chancellor (Research and External Engagement)
Ian Mehrtens	Chief Operating Officer
James Stevenson	University Secretary and Clerk to the Board of Governors
Ruth Sutton	Governance Assistant

Apologies

Mandy Eddolls	Executive Director of Organisational Development and HR
Neil Gorman	
Carol Hui	
Shân Wareing	Pro Vice Chancellor (Education and Student Experience)

Welcome and Apologies

1. The Chairman welcomed governors to the first meeting of the Finance, Planning and Resources Committee. Apologies were received from Mandy Eddolls, Neil Gorman, Carol Hui and Shân Wareing.

Declaration of Interests

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

Matters Arising

3. There were no matters arising.

Membership and Terms of reference

4. The committee noted its membership and Terms of Reference.

Management accounts to 30 September 2015

5. The committee discussed the management accounts to 30 September 2015 (paper **FPR.02(15)**).
6. The Chief Financial Officer reported that the forecast as at September 2015 was to meet the budgeted surplus of £1m. The student withdrawal analysis was also noted.
7. The mid-year budget review would take place after completion of the HESES return in December 2015.

2014/15 Financial Performance

Management accounts to 31 July 2015

8. The committee discussed the management accounts for the year to 31 July 2015 (paper **FPR.03(15)**). The full year result was a surplus of £1.2m against a budget of £1m, as reported to the Board of Governors' meeting of 21 October 2015.

Draft Annual Accounts 2014/15

9. The committee discussed the draft Annual Accounts 2014/15 (paper **FPR.03(15)**). The reported full year result was a surplus of £1.2m. The draft would also be considered by the Audit Committee on 5 November 2015 and the Board of Governors on 26 November 2015.
10. Queries from governors in relation to trade debtors and endowment income were discussed.

Chief Operating Officer's report

11. The committee discussed the Chief Operating Officer's report (paper **FPR.04(15)**), based on the goals of the corporate strategy. Key matters included centralisation of technical support services, the restructure of ICT, the central timetabling project and work with the Institute of Customer Services (ICS).
12. The Chief Operating Officer reported on recent disruption to the email system. The service from IBM would be reviewed in a high level meeting with them in late November 2015.

Insurance programme and report on claims

13. The committee discussed the insurance programme renewal and report on claims (paper **FPR.05(15)**). LSBU's claims record is low.
14. The committee requested an update on when the insurance programme was last tendered.

Annual Report on Fundraising and Charitable Funds expenditure

15. The committee discussed the Annual Report on Fundraising and Charitable Funds expenditure (paper **FPR.06(15)**). There were no matters to report under the Gift Acceptance Policy.

Steve Baker entered

SU financial performance for year ended 31 July 2015

16. The committee noted the SU financial performance for the year ended 31 July 2015 (paper **FPR.07(15)**). Net outgoing resources were £41,606. LSBU's subvention grant to the SU was £741,600. The committee questioned in detail the targets for the SU's next operating year 2015/16.

Steve Baker left the meeting

Date of next meeting

17. The next committee meeting will be at 4pm on Tuesday 1 March 2016.

The Chairman closed the meeting.

Confirmed as a true record:

..... (Chairman)



Committee Action Points

23 February 2016

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16:22:14

Committee	Date	Minute	Action	Person Res	Status	
Finance, Planning and Resources	27/10/2015	10	Update on trade debtors and endowment income	CFO	Update emailed to committee	<input checked="" type="checkbox"/> Completed
Finance, Planning and Resources	27/10/2015	14	Update on when the insurance programme was last tendered	CFO	Update emailed to committee	<input checked="" type="checkbox"/> Completed

	CONFIDENTIAL
	PAPER NO: FPR.02(16)
Paper title:	Management Accounts to 31 January 2016
Board/Committee	Finance, Planning & Resources Committee
Date of meeting:	1 March 2016
Author:	Ralph Sanders, Director of Planning, Information & Reporting
Executive/Operations sponsor:	Richard Flatman, CFO
Purpose:	To brief the Committee on the 31 January 2016 Full Year Forecast
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Corporate Delivery Plan – Goal 8 Resources & Infrastructure (<i>We will grow our income by 25% to £170m annually delivering an operating surplus of 5% and an EBITDA margin (our ability to generate cash) of 15%</i>)
Recommendation:	The Committee is requested to note the attached

Matter previously considered by:	Operations Board	16 February 2016
Further approval required?	No	On:

Executive Summary

The full year forecast at January 2016 is trending towards a surplus of £1.0M. This would deliver the University on budget for the year.

The key driver for the change in forecast this month is a reduction in income from overseas students of £0.6M due to a shortfall in second semester recruitment and a reduction of £0.5M in our Research and Enterprise income forecasts

This income reduction has been offset by a £1.7M reduction in our staffing forecast by holding back staffing appointments in the second half of the academic year and a reduction of £1.5M in operating expenses which is equivalent to a 3.5% budget cut.

The Committee is requested to note the attached.

1) This Executive Summary reports on the Financial position of London South Bank University as at 31 January 2016 and summarises the changes since the December forecast

2) RAG Status

Income Growth 0.9% <i>excluding EDISON</i>	Staff Cost Growth 2.3% <i>excluding EDISON & restructuring</i>	Staff Cost % 55.3% <i>excluding restructuring</i>	Opex Growth -3.5% <i>excluding EDISON</i>	FYF Surplus 0.7%	EBITDA 10.1%
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3) Summary

The full year forecast at January 2016 is trending towards a surplus of £1.0M after recognising £1.7M in reductions to our Staffing forecast, £1.5M reductions in our Operating Expenses forecast and a reduction in our income forecast of £1.2M. This would deliver the University on budget for 15/16.

The key driver for the change in forecast this month is a downward review of income following second semester enrolment and then subsequent reductions in forecasts for both Staffing and in Operating Expenses following the directive of the Executive. The £1.7M reduction in the staff cost forecast is equivalent to a 32% 'haircut' on proposed staff growth in the final 6 months of the year, the £1.5M Operating expense reduction is equivalent to a 3.5% reduction against the budgeted level of Operating Expenses.

The £3.2M movement was expected to move the University to a £2M surplus which would have enabled us to increase our contingency by £1M, however there has been a subsequent review of Overseas Income following disappointing levels of Second semester enrolment and a fall in our Research and Enterprise income forecast. Further changes within exceptional items has reduced the surplus to £1.0M.

Our Second Semester income forecast has reduced from £2.4M to £1.8M and is primarily due to lower than expected International students enrolling on UG and PG degrees. The reduction of £0.3M in Exceptional items is a transfer from the Investment Pot to fund investments in both Staffing and Opex in key areas of growth.

4) Table 1: Full Year Forecast vs. Budget

Financial Summary in £'m	14/15 Actuals	15/16 Budget	Change %
Funding Grants	14.8	13.4	-10%
Health - Contract	24.8	24.9	1%
Home / EU UG Fees	54.2	58.7	8%
Home / EU PG Fees	6.4	7.7	20%
Overseas Fees	10.6	10.9	3%
Research Activities	3.9	4.0	3%
Enterprise Activities	8.5	10.2	21%
Student Related Income	10.7	11.2	5%
Other Operating Income	7.0	1.5	-78%
Endowments & Interest	0.3	0.2	-39%
Income	141.1	142.7	1%

Dec 15/16 FYF	Monthly Move	Jan 15/16 FYF	variance to Budget	Budget variance%	variance to 14/15
13.4	0.0	13.4	0.0	0%	-9%
24.9	0.3	25.2	0.3	1%	2%
57.2	-0.0	57.1	-1.6	-3%	5%
7.5	-0.0	7.4	-0.3	-3%	16%
9.3	-0.6	8.8	-2.1	-20%	-17%
4.0	-0.1	3.9	-0.1	-3%	-0%
10.2	-0.6	9.6	-0.6	-6%	14%
11.2	-0.0	11.2	-0.0	-0%	5%
1.2	-0.1	1.1	-0.4	-26%	-84%
0.2	0.0	0.2	0.0	0%	-39%
139.1	-1.2	138.0	-4.8	-3.3%	-2%

Dec 14 / 15 YTD	Dec 15 / 16 YTD	variance to 14/15	variance to 14/15 %
7.8	6.6	-1.2	-16%
12.2	12.4	0.2	2%
57.2	58.7	1.5	3%
6.0	6.9	0.8	14%
9.6	8.0	-1.6	-17%
2.0	1.8	-0.2	-9%
3.3	3.7	0.4	13%
5.2	5.6	0.4	7%
0.8	0.5	-0.3	-42%
0.1	0.2	0.1	134%
104.2	104.3	0.1	0%

in £'m	14/15 Actuals	15/16 Budget	Change %
Academic Staff Costs	42.1	41.8	-1%
Support & Technicians	32.2	36.8	14%
Third Party Staff	7.2	2.0	-72%
Depreciation	8.8	10.7	22%
Operating Expenses	46.7	43.4	-7%
Interest Payable	3.0	4.7	58%
Exceptional Items	0.0	2.3	0%
Expenditure	139.6	141.7	2%

Dec 15/16 FYF	Monthly Move	Jan 15/16 FYF	variance to Budget	Budget variance%	variance to 14/15
40.6	-1.1	39.5	-2.3	-5%	-6%
36.0	-0.2	35.7	-1.0	-3%	11%
2.7	-0.2	2.5	0.5	23%	-65%
10.7	-0.0	10.6	-0.0	0%	21%
43.2	-1.6	41.6	-1.8	-4%	-11%
4.6	0.0	4.6	-0.1	-1%	56%
2.7	-0.3	2.4	0.0	1%	0%
140.5	-3.5	137.0	-4.8	-3.4%	-2%

Dec 14 / 15 YTD	Dec 15 / 16 YTD	variance to 14/15	variance to 14/15 %
19.0	18.6	-0.4	-2%
15.4	16.5	1.2	8%
1.7	1.5	-0.2	-14%
4.4	4.8	0.5	11%
17.6	17.9	0.3	2%
1.5	2.4	0.9	57%
0.0	0.0	0.0	0%
59.6	61.8	2.2	4%

Surplus for the year	1.2	1.0	-17%
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-1.4	2.4	1.0	0.0	0.0%	-212%
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44.6	42.5	-2.1	-5%
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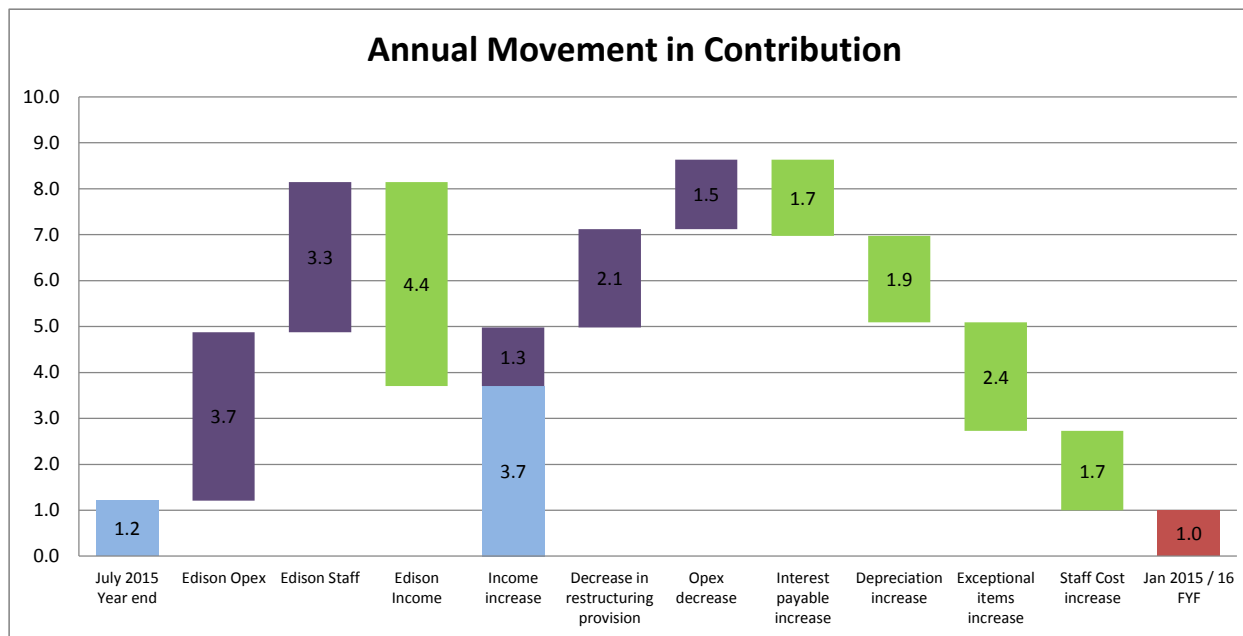
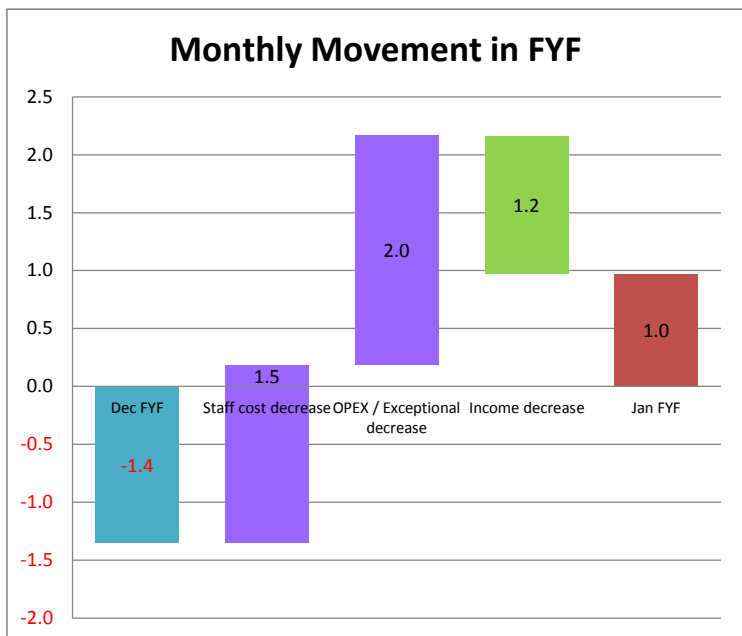
Surplus as % of income	0.9%	0.7%	-1.0%	0.7%
Surplus per student FTE	£82.0	£71.5	-£105.2	£78.0
Staff cost as % of income	57.7%	56.5%	57.0%	56.4%

44%	45%	YTD Staff Cost %
38%	41%	YTD OPEX Cost %
43%	44%	Total YTD Cost %

5) Forecast Summary

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As described above the key drivers for the change in surplus this month are the £1.2M reduction in forecast income, investments in staff which have reduced the staffing forecast by £1.7M and a 3.5% cut in all area's Operating Expense budgets which will deliver £1.5M savings. There have been subsequent investments in both Staffing and Opex funded through Exceptional Items.



In terms of staff savings, we have identified and implemented over £1.7M of savings which was equivalent to slowing down the rate of growth in the staffing forecast across all areas by 32%. There are no staffing cuts rather the rate of investment has been slowed. With regard to Operating Expenses we have reduced expenses across all areas by 3.5% which has generated a saving of £1.5M

Even after the income revision the University is still forecast to grow its income by £1.3M year on year, will be investing an additional £1.7M in staff year on year and has £2.4M to invest in Exceptional items to support Research and Enterprise activity and in wider remaining investment funds. The University is benefitting from a reduction in the restructuring provision for the year which currently stands at a forecast £1.5M as compared to last years £3.6M, this however has been offset by increases in interest payable relating to FRS17 Pension costs and by an increase in depreciation due to the increase in capital expenditure.

6) Risks and Contingencies

The Full Year Forecast contains a number of risks primarily now to do with retention. We have reduced our income forecast by £0.6M as we have not met our second semester income targets. We do still hold a contingency of £0.5M and a restructuring provision of £1.5M. There has been £0.2M of charges to the restructuring provision in 15/16 and we may have overprovided in 14/15. We continue to review this provision and will release any overprovision next month. There are no funds remaining in the £1M general Investment Pot. The other key risk/opportunity concerns tuition fee refunds. We have assumed Tuition Fee refunds of £3.7M whilst we have currently refunded £1.8M.

There are however a number of risks that have not been factored into the current year forecast including an additional charge of £1.3M provision for LPFA pension costs, an assumed £0.5m bad debt provision and an assumed HEFCE clawback of £1M. These risks are the key reason that we targeted an increase in our contingency of £1M

7) Contribution Analysis

The current forecast contribution for the year is £0.2M behind 2014/15 and £2.7M behind the directly comparable position in 14/15 once we strip out the costs of the EDISON programme and the extraordinary levels of voluntary redundancy. The change in contribution is directly linked to Investments in Research, funds for the 'normal' Investment Pot, investing in Staff including pension provision and the additional depreciation costs associated with our most recent capital investments

In terms of contribution, there are 2 Professional Functions that are currently forecast to not deliver to the expected levels of contribution; the Confucius Institute where an income shortfall was recognised last month and ICT including ICT innovation. It is now recognised that ICT will not deliver to its staffing budget and that area is now trending towards an overspend of £260K.

Contribution per Student and per Staffexcluding School admin
before staff adjustment

	Applied Sciences		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Health & Social Care (excl. student admin)		Law & Social Sciences		Total All Schools	
	14 / 15 Actual	Jan 15/16 FYF	14 / 15 Actual	Dec 15/16 FYF	14 / 15 Actual	Dec 15/16 FYF	14 / 15 Actual	Dec 15/16 FYF	14 / 15 Actual	Dec 15/16 FYF	14 / 15 Actual	Dec 15/16 FYF	14 / 15 Actual	Dec 15/16 FYF	14 / 15 Actual	Dec 15/16 FYF
Income (M)	£10.7	£11.5	£9.4	£9.4	£15.0	£16.1	£17.9	£16.2	£18.2	£18.6	£32.8	£33.1	£14.6	£15.0	£118.6	£120.0
Expenditure (M)	£5.7	£5.6	£3.8	£4.1	£7.1	£6.7	£8.7	£8.0	£9.9	£9.1	£16.4	£14.7	£6.9	£6.9	£58.7	£55.1
Contribution (M)	£5.0	£5.9	£5.6	£5.3	£7.8	£9.4	£9.2	£8.2	£8.3	£9.5	£16.3	£18.4	£7.7	£8.0	£59.9	£64.9
Contribution %	46%	51%	60%	56%	52%	59%	51%	51%	45%	51%	50%	56%	53%	54%	51%	54%
Student FTE	1,128	1,150	1,040	1,089	1,596	1,726	2,622	1,986	1,437	1,829	3,592	3,414	1,694	1,656	13,109	12,850
Contribution per FTE	£4,391	£5,145	£5,422	£4,881	£4,909	£5,474	£3,514	£4,149	£5,752	£5,206	£4,551	£5,394	£4,518	£4,857	£4,570	£5,051
Academic / HPL FTE	52	47	35	37	65	60	106	81	56	64	183	190	69	71	566	551
Student / Acad. Staff ratio	22	24	29	30	25	29	25	24	26	29	20	18	25	23	23	23
Contribution per Staff FTE	£95,262	£124,653	£158,904	£144,123	£120,346	£158,419	£86,889	£101,436	£148,091	£148,695	£89,218	£96,686	£111,404	£112,698	£105,774	£117,768

The Schools are approximately £1.9M behind their target contribution and every School is expected to miss budget apart from the School of the Built Environment and Architecture. The total contribution from the Schools at £64.9M is however £5.0m higher than in 14/15 and every School is improving its financial position except for the School of Arts & Creative Industries which is benefitting from extra investment in 15/16 and the School of Business which has transferred the Division of Informatics to the School of Engineering

8) Student Number Analysis

In 2013 / 14 we lost £3.0M in income from the 1,092 students who Withdrew or Interrupted. In 2014/15 we lost almost £3.7M in terms of the difference between the Fee that we will charge and the Fee that would have been charged if the student completed. In 15/16 we are forecasting to return £3.7M again and have already returned £1.8M of this. In terms of % we are slightly better than the comparable position in 14/15 but it is too early to tell if this is due to actions on retention or a change in process in the student admin team

9) Student Withdrawal Analysis

Academic year	Total Students	Total Withdrawals	% of Total	Comparable at 31/1	
12/13	19,262	1,020	5.3%	636	3.3%
13/14	19,734	1,092	5.5%	490	2.5%
14/15	19,495	1,102	5.7%	503	2.6%
15/16	18,589			432	2.3%

'Lost Income'	Jan	15/16 YTD	Jan	15/16 YTD	
Applied Science	£24,000	£257,000	Engineering	£14,000	£229,000
Arts and Creative Industries	-£8,000	£201,000	Health & Social Care	£12,000	£69,000
Built Environment & Architecture	£31,000	£309,000	Law & Social Sciences	£69,000	£374,000
Business	£44,000	£393,000	Total	£186,000	£1,832,000

10) Income Analysis

There are 6 key movements in terms of income for the month; Firstly there has been a review of some of the more speculative Enterprise activity across the Schools and this has led to a reduction in forecast income in both the School of Health & Social Care and the School of Architecture and the Built Environment. This review has reduced our Enterprise forecast to £9.6M for the year which is £0.6M off target. Secondly there has been a review of our research activity and this has led to a reduction of £0.1M in the Nat Puri Institute within the School of Engineering. Thirdly there has been a review of activity under the Health Contract within the School of Health & Social Care and this has led to an increase in forecast of £0.3M. There has also been a reforecast of income within the Academy of Sport and this has led to a reduction in forecast of £0.2M. This has been slightly offset by additional income from Residences as a result of a second summer school and the net change in income for the month is a reduction of £0.5M. The additional reduction of £0.6M is linked to under recruitment against second semester targets

11) Staff Cost Analysis

In terms of staffing we have recognised the £1.7M reduction in staffing forecast required by the Executive and this brings the total underspend in staffing as compared to the budget to £2.9M. Excluding the provision for restructuring we have spent £36.5M in staffing in the first 6 months of the year and are forecasting £39.6M in staffing costs in the second half of the year. This increase of £3.1M equates to an 8.6% in staffing costs in the second 6 months as compared to the first.

12) Operating Expense Analysis

In terms of Operating Expenses, all areas have recognised the full 3.5% reduction in operating expenses required by the Executive.

13) Budget Analysis

There are 33 distinct areas of the University that have separate budgets and each area is expected to deliver to their Budget. 6 of the 7 Schools are no longer expected to deliver to budget, 18 areas are forecast to deliver better than budget but ICT and the Confucius Institute are in a deficit position.

Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD (£)
			2015 Forecast (£)	2015 Budget (£)	Variance - Forecast to Budget		2015 Actuals (£)	2015 Budget (£)	Variance - Actuals to Budget		
					(£)	%			(£)	%	
-141,122,532	-104,170,654	Total Income	-137,958,778	-142,734,309	(4,775,532)	(3%)	-104,294,847	-105,144,662	(849,815)	(1%)	-33,663,930
81,457,831	36,122,609	Total Staff Costs	77,771,480	80,639,104	2,867,624	4%	36,653,301	39,018,903	2,365,602	6%	41,118,179
8,758,726	4,362,778	Total Depreciation	10,639,741	10,668,491	28,750	%	4,829,295	5,378,565	549,270	10%	5,810,446
46,732,524	17,563,699	Total Other Operating Expenses	41,556,010	43,384,216	1,828,206	4%	17,889,000	20,394,497	2,505,497	12%	23,667,010
2,961,894	1,536,008	Total Interest Payable	4,623,104	4,692,374	69,270	1%	2,413,768	2,255,473	(158,295)	(7%)	2,209,335
		Total Exceptional Items	2,365,707	2,349,124	(16,583)	(1%)		548,709	548,709	100%	2,365,707
-1,211,558	-44,585,559	Contribution	-1,002,735	-1,000,000	2,735	%	-42,509,484	-37,548,515	4,960,968	13%	41,506,748
57.7%		Staff costs as % of income	56.4%	56.5%			35.1%	37.1%			
0.9%		Contribution %	0.7%	0.7%			40.8%	35.7%			

	CONFIDENTIAL
	PAPER NO: FPR.03(16)
Paper title:	Student Recruitment update
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	1 March 2016
Author:	Ian Mehrtens, COO
Executive/Operations sponsor:	Ian Mehrtens, COO
Purpose:	An update on student recruitment for 2016/17
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Goal 5: Access
Recommendation:	The Committee is requested to note the contents.

Matter previously considered by:	N/A	
Further approval required?	N/A	On:

Executive Summary

The recruitment in 2015 fell short of the 2750 target for a number of reasons but primarily because of poor conversion from offer to enrolment. Whilst there has been a focus on driving up as far as possible the numbers of applicants alongside the mix of courses on offer, what has followed this year has been a focus on conversion activities, keeping in touch events and information along with delivering a package of added value offers to students.

We are seeing at this early stage an increase in conversion to acceptance of offers, however there should be caution around this at such an early stage in the process.

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

1. 2015/16 Semester Two

As at 10/02/2016

1.1. In semester two, there are 310 fully enrolled students:

Home / EU Total	373
<i>Erasmus</i>	<i>39</i>
<i>Other non-fee</i>	<i>24</i>
<i>Exc. Erasmus</i>	<i>334</i>
<i>Exc. All non-fee</i>	<i>310</i>
Total (Inc.133 International students)	506

1.2. This exceeds the £1.1m finance target for Home/EU recruitment.

2. 2016/17 Undergraduate Applications

As at 15/02/2016

- 2.1. Based on the 2015/16 cycle, the key objectives for 2016/17 will focus on the need to increase the quantum of applications and therefore market share, and more importantly, to ensure higher conversion rates at all stages of the process in order to reach our 2016/17 target of 3,200 firm acceptances. This will allow up to 13% drop out prior to enrolment and should deliver the target of 2750.
- 2.2. Overall the undergraduate market has experienced a slow start to the 2016/17 cycle, with applications down across the sector right up until the early UCAS deadline on the 15th January (with very little movement since that date).
- 2.3. The national market has now seen a slight recovery but is currently less 0.36% up on last year (9,637 applications).
- 2.4. LSBU is **-2%** (-347 applications) on the same period last year. If you exclude HSC this rises to **-5%** (-479 applications).
- 2.5. Amongst our competitor group application rates have also been slow, with the group as a whole currently down **-3%** on last year. Not all the comparator group have NHS contracts.
- 2.6. Application rates by School are as follows:

Applications	2014 Apps	2015 Apps	% - (2014/2015)	2016 Apps	% - (2015/2016)
ASC	1730	1963	13.47%	1632	-16.86%
ACI	1617	1848	14.29%	1750	-5.30%
BEA	878	878	0.00	864	-1.59%
BUS	1605	1819	13.33%	2004	10.17%
ENG	1463	1564	6.90%	1518	-2.94%
HSC	11041	10086	-8.65%	10219	1.32%
LSS	1896	2154	13.61%	1979	-8.12%
University Total	20230	20312	0.41%	19966	-1.70%
Total exc HSC	9189	10226	11.29%	9747	-4.68%

2.7. Areas of concern:

ASC: Psychology (-21%) and Human Sciences (-15%)

LSS: Urban Environment & Leisure Studies (-15%) and Education (-13%)

ACI: Film and Media (-12%) and in Arts & Performance (-13%)

ENG: Chemical Engineering (-20%) and Electrical Engineering (-32%)

2.8. A fully integrated marketing and recruitment campaign has been planned and is currently underway. All activity will be monitored in terms of effectiveness and performance against target, with suitable adjustments being made at each stage of the cycle to maximise impact and return. This includes, Student Ambassadors acting as social media champions for their School.

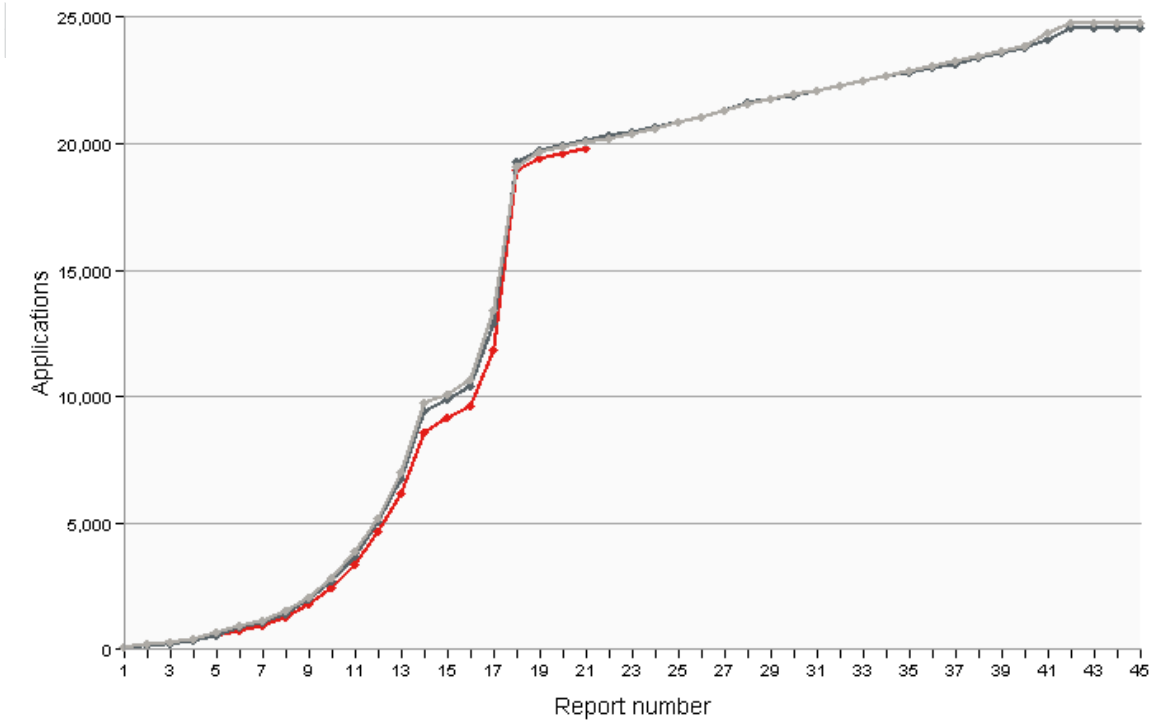
2.9. The recruitment team are also monitoring those areas that are struggling and will support them with additional activity such as pay per click advertising, bought email broadcasts (based on subject) and student contact centre activity. Whilst we will continue to recruit students throughout the cycle, clearly our efforts must focus on conversion now.

2.10. The Executive has recently approved a package of “added value” offers to all students who are in receipt of an offer of a place. These include, guaranteed accommodation to students outside M25 and free membership to first year students in the gym along with 7x £10k Vice Chancellor Scholarships awarded on merit and to students who can demonstrate commitment to the University. The cost of this package is covered by an increase of 10 students on the enrolled target to 2760.

- 2.11. The total percentage of applications with outstanding decisions:
- | | |
|-------------------|------------|
| LSBU (ex SHSC): | 17% |
| Competitor group: | 34% |
| UCAS total: | 37% |
- 2.12. If you include HSC we are fractionally behind our competitors (who don't all have Nursing), but are still ahead of the national figure on 35%.
- 2.13. The cycle for international students lags behind that through UCAS for Home/EU students. The international numbers will be reported at the next meeting when meaningful data is available.
- 2.14. The admission office are working through all outstanding decisions as quickly as possible to ensure we are making early offers wherever are able.
- 2.15. We will begin regular monthly reporting on applications, offers and acceptances from next month once the early applications have all received their offer and the acceptances start to come in via UCAS. Each Dean receives a detailed report by course of applications over the last three years showing trend data and particular areas of focus for the next period.
- 2.16. This will coincide with the release of a new daily Cognos report that will enable tracking of this data at university, school, division, mode and course level.

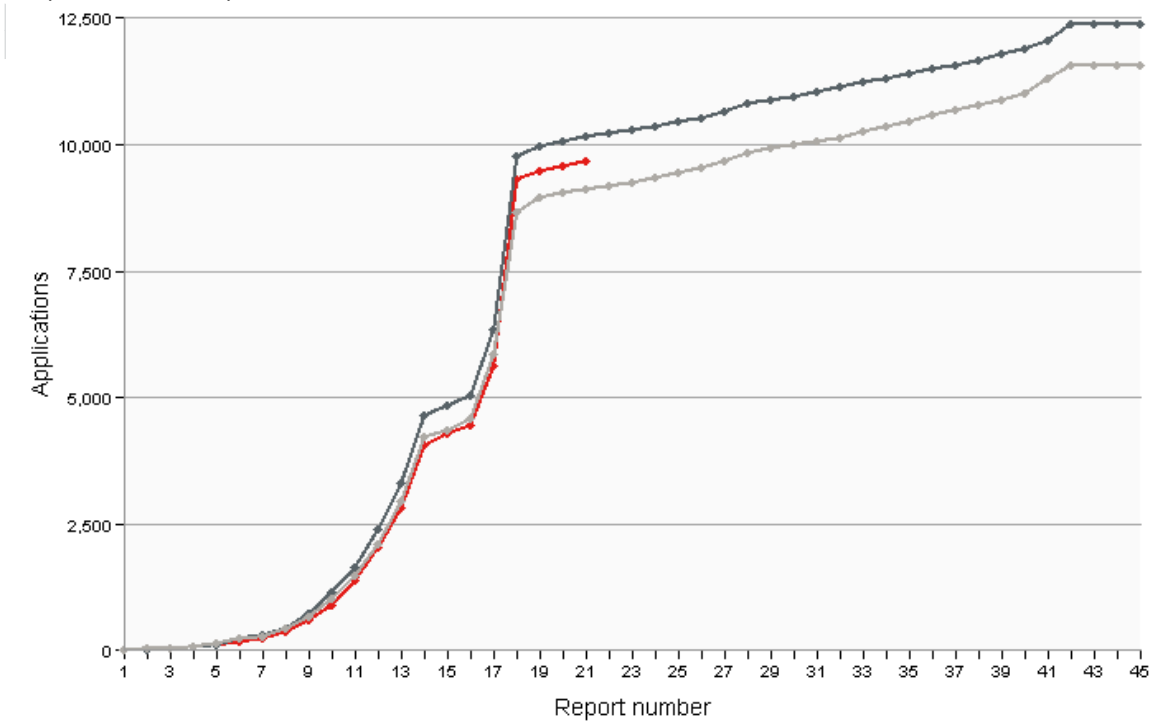
Application Chart Below including HSC (from UCAS Application Tracker)

Grey = 2014; Dark Grey = 2015; Red = 2016



Application Chart Below excluding HSC (from UCAS Application Tracker)

Grey = 2014; Dark Grey = 2015; Red = 2016



Ian Mehrrens
Chief Operating Officer

	CONFIDENTIAL
	PAPER NO: FPR.04(16)
Paper title:	Key Performance Indicators - Enablers
Board/Committee	Financial Planning & Resources Committee
Date of meeting:	1 March 2016
Author:	John Baker – Corporate & Business Planning Manager
Executive/Operations sponsor:	Richard Flatman – Chief Financial Officer
Purpose:	To present the latest performance figures for the KPIs for strategic enablers for the 15/16 cycle, as at 16 February 2016 (other KPI performance figures for the other goals are provided for information).
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	The indicators help to track institutional progress across all sections of the Corporate Strategy.
Recommendation:	The Committee is requested to note this report.

Previously considered	Executive	On: February 2016
Further approval?	Board Progress Report	On: May 2016

Executive Summary:

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

Financial forecast figures have been provided (for KPI's 20 and 21) to reflect the most recent management accounts (January). These have been RAG rated according to the criteria agreed by the Board in November 2015.

Where no new results have been received since the last presentation in November 2015, the column remains grey, and the 14/15 column indicates the most recent institutional performance against this metric.

Further details and commentary on the enabler KPI's are provided in the Strategic HR report (Goal 7 People & Organisation) and Chief Operating Officer's report (Goal 8 Resources & Infrastructure).

The Committee is requested to note the report.

Out come s	#	Corporate Strategy Goals	Report Date	17th February 2016	Past Performance			benchmark	Target	15/16 Ratings		Ambition	15/16 Rating Criteria					
			20/20 Success Measures	#	Key Performance Indicators	2012/13	2013/14	2014/15	Competitor Group 12/13 average	2015/16	Forecast RAG rating	Actual Result Rating	2020/21	Exec. Lead	Green	Amber	Red	
Student Success	1	Employ- ability	95% students in employment / further study (EPI)	1	DHLE entry to employment or further study (EPI)	77.4%	85.5%	90.2%	88.5%	93%			95%	PVC (SE)	93 % +	90 - 92 %	<90 %	
			Top 10 UK universities for student start ups	2	Number of Student start ups	6	1	30	47.86	50			150	PVC (R&E)	50 +	43 - 49	< 42	
	2	Student Experience	Top quartile of all universities in NSS	3	NSS scores – overall satisfaction	82%	80%	82%	81.7%	84%			89%	DVC	84 % +	81 - 83 %	< 81 %	
				4	International Student barometer (% recommending LSBU)	73.00%	72.40%		not available	75%		77.0%	81%		75% +	71 - 74%	< 71 %	
				5	PGT experience (% satisfaction)	75%	77%	74%	not available	77%			82%		77 % +	74- 76 %	< 74 %	
				6	Student Staff Ratio	24.2:1	17.2:1	16.4:1	21.2	17:5			18:1		<=17.5	17.5 - 18.5	> 18.5	
Real World Impact	3	Teaching and Learning	Top 50% of universities for graduate employment / starting salaries.	7	Graduate level employment	59%	54%	75%	n/a (local indicator)	77%			80%	PVC (SE)	77 % +	72 - 76 %	<72 %	
	4	Research and Enterprise	Top 50% UK for Research & Enterprise Income	8	Research Income (non Hefce)	£2.2m	£1.8	£2.0m	£6.1	£2.2	£2.0m		£6.0 m	PVC (R&E)	£2.2 m +	£2.05 - 2.15 m	<£2.05 m	
Access to Opportunity	5	Access	Top London Modern for LPN recruitment	10	% recruitment from low participation neighbourhoods	7.3%	7.4%	7.7%	6.4%	8.0%		8.4%	9.0%		PVC (R&E)	8.0% +	7 - 7.9 %	<7 %
				11	FT UG recruitment pre-clearing applicant %	68.0%	76.0%	79.2%	not available	80.0%	78.4%		90%	80 % +		76 - 79 %	< 75 %	
				12	First Degree Completion (at or above benchmark)	-6.7%	-9.5%	-7 %	-3.13%	-4%			+3%	>=-4 %	-5 to -7 %	<-8 %		
				13	Year 1 progression	70.1%	69.1%	69.5%	not available	75%	71.9%		85%	75 % +	72 - 74%	<72%		
				14	Good Honours		61.0%	61.2%	62.2%	60 - 65%			60 - 65%	DVC	60 % +	58 - 59 %	<58 %	
	15	PG completion	67.1%	54.8%	61.5%	not available	70%			85%	70% +	66 - 69 %	< 66%					
	6	International	4 QS Stars	16	QS Star Rating	n/a	2 (prov.)	3 stars	not available	3	3		4	VC	3	2	1	
				17	Overseas student income	£8.8m	£8.5m	£10.6m	£29.5m	£10.9	£9.4m		20m	PVC (R&E)	£10.9 m +	£10.3 - 10.8 m	<£10.3 m	
	Strategic Enablers	7	People and Organisation	Rated as a good employer	18	Appraisal completion %	28%	37%		not available	95%			95%	EDHR	95 % +	90 - 94 %	< 90 %
					19	Average Engagement Score as as %	58%	-		70%	55%			75%	EDHR	55%	51 - 54 %	< 51 %
8		Resources and Infrastructure	Grow our income by 25% to £170m annually, deliver an operating surplus of 5% and an EBITDA margin of 15%	20	Surplus as % of income	4.0%	2.3%	0.9%	9.6%	0.7%	1.0%		5.0%	CFO	0.7 % +	0.4 - 0.6 %	< 0.4%	
				21	Income (£m)	£137.9m	£134.8m	£140.8m	£188.2m	£142.8m	£138.6		£170.0m		£142.8 m +	£137 - 142 m	< £137 m	
				22	EBITDA margin (EBITDA expressed as % of income)	12.6%	11.4%	9.2%	9.20%	11.5%			15.0%		11.5% +	11.1 - 11.4%	<11.1%	
			23	Student satisfaction ratings with facilities & environment	80.0%	83.0%	87.7%	82.7%	88.5%			90%	COO	88 % +	85 - 87 %	< 85%		
24	Teaching room utilisation rate	23%	22%	21%	not available	25%			48%	25% +	22 - 24%	<22%						
League Tables	Overall	Top London Modern university (excl UAL)	25	TIMES - League table ranking	118/121	122/123	120 / 127	92.3	115			80	VC	115 or higher	116 - 119	120 or lower		
			26	GUARDIAN – League table ranking	113/119	112/116	111 / 119	87.1	100			86		100 or higher	101 - 106	107 or lower		
			27	COMPLETE UNIVERSITY GUIDE – League table ranking	119/124	120/123	119 / 126	85	115			93		115 or higher	116 - 119	120 or lower		

	CONFIDENTIAL
	PAPER NO: FPR.05(16)
Paper title:	Director of HR Report
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	1 March 2016
Author:	Mandy Eddolls, Director of HR
Executive/Operations sponsor:	Mandy Eddolls, Director of HR
Purpose:	[<i>Why is the paper coming to the meeting?</i>] Decision / Discussion / Information
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Goal 8 People and Organisation
Recommendation:	The committee are asked to note the report.

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

Executive Summary

1. HR

- 1.1. The principal focus of the professional advice service delivered by HR Business Partners has been to support the significant number of restructures including the management structure of Schools, Associate Professor restructure and four major change programmes in professional services.
- 1.2. There has been an increased focus on, and training in, performance management through greater support to managers on appraisals and objectives setting and individual case management of poor performance.

- 1.3. HR operations have cleaned up HR data to provide accurate, stable and secure information to support the new identity and access management system and feed into a new HR IT System.
- 1.4. The new IT system has been procured and we are currently mapping processes so that the system can be configured. Implementation will be on a phased basis with the 'core HR' module (principally the data storage component and interface with payroll) due to go live in October.

The new system, once fully operational will provide a more stable platform for HR data and provide much better reporting capability. E-Recruitment will professionalise our brand in the market and reduce lead times for recruitment and the Learning Management System will help us keep track of training and plan for skills gaps.

The new system does not have a facility to manage HPL recruitment and contracts – a source of much frustration to our customers – and we need to plan how to get this process redesigned.

- 1.5. We currently have four grievance cases and two disciplinary cases.
- 1.6. We have two cases at employment tribunal. The first is a complaint of discrimination leading to dismissal as a result of redundancy and the second is a claim for unfair dismissal following complaints from students. Both are in the mandatory review stage with ACAS.
- 1.7. A major focus going forward will be on HR policy revisions, especially for disciplinary, grievance and capability. All three have to be negotiated with the Trades Unions and will be difficult to change.

2. Organisation Development

- 2.1. A comprehensive Leadership Development programme is now being delivered to senior managers. Work initially started with the Executive and Operations Board and is now being rolled out to middle managers. Broadly, the programme covers: -

- Core Skills Module: e.g.
 - FOI/DPA
 - Equality and Diversity
 - Health and Safety
 - Recruitment
 - Managing Finance

- People Management: e.g.
 - Employment law
 - Constructive conversation
 - Workforce planning

 - Self-Management: e.g.
 - Leadership attributes
 - Career development and planning

 - Self-Management and Enterprise: e.g.
 - Building strategic capability (through leadership forum)
 - LSBU resource management
 - Higher Education Policy Content
- 2.2. A programme of mandatory training has been developed to equip all staff to understand and implement their accountabilities in Health and Safety, the Bribery Act, equality and diversity, fraud and corruption. Uptake has been significantly higher in professional services staff compared with academic staff. A renewed emphasis on the importance of this is being led by the Deans. Overall, 43% of employees have so far completed.
- 2.3. The history of completion of appraisals has been poor and this year the OD team have worked well with academic managers to ensure the quantity and quality of appraisal is improved. Currently 91% have been completed. Staff refusing to engage in the process will be dealt with under the disciplinary procedure.
- 2.4. The implementation of the Academic Framework has been a huge success, with academic staff widely welcoming the clarity of what is expected from them and how they can progress their careers. Now that the professional services groups have restructured, work is underway to develop the same style of frameworks for professional staff.
- 2.5. Leadership climate surveys have been undertaken in the last six months to help shape our approach to leadership development and the full engagement survey commences on 29th February. The last survey was run in 2013 and showed an engagement score of 56% against a sector average of 72%. The staff's view of the leadership was the single biggest component in the poor score.

3. Equality and Diversity

- 3.1. We are delighted that we have been named in Stonewall's Top100 employers, and this represents the culmination of significant work across all departments and schools.
- 3.2. It is no coincidence that our greatest step forward is in LGBT, which has a well-developed staff network supporting and championing issues. We have started to work with staff on Athena Swan engagement to promote women in STEM subjects and will be launching a Gender Staff Network. The Disability Network launches in April this year.
- 3.3. We received several allegations over the last year that LSBU is institutionally racist. Some claims were very specific and individual and others were a broader cultural challenge.
- 3.4. An independent report found no evidence of institutional racism but did find clear race relations issues, particularly the perception amongst BME staff of poorer treatment than their white colleagues.

Further work is being undertaken to find out why BME staff are proportionally more likely to raise a grievance or face a disciplinary and are less successful in recruitment and promotion. A race action plan is being developed with the staff network and the Equality and Diversity Steering committee, with a view to achieving the Race Equality Charter Mark next year. This will be a major focus for the team over the next four months.

- 3.5. Investigations into individual complaints have revealed that our approach to disabled staff has not been compliant with the law in all cases, particularly with regards to Occupational Health advice and approach to Reasonable Adjustments. Urgent work is being undertaken over the next month to rectify this and a new OH provider has been appointed.

4. Industrial Relations

- 4.1. Relations with UNISON and GMB remain collaborative and productive and their help and input into restructuring, particularly around schools administration, was IR best practice.
- 4.2. Relations with the academic Union, UCU are very strained. We have pushed through some major changes with the Academic Framework, the Associate Professor restructure and the introduction of Graduate Teaching

Assistants, along with some course closures. These changes have been implemented after wide and lengthy consultation but UCU are not used to us forging ahead with changes even if they are not in full agreement and this new approach has resulted in an escalation of their anti-University communication, sometimes at a very personal level.

- 4.3. We don't know – nor do we have the right to know – how many staff are in UCU but our best estimate is c300 staff. However, anecdotally, we understand that the harder line faction has less widespread support than that number would suggest.
- 4.4. However, it is prudent to plan for industrial action, which in the past, has been supported apathetically by the broader membership. The real business risk is if action is planned for exam time and Deans are preparing business resilience plans for such an event.

5. Internal Communications

- 5.1. Internal communications has undergone a radical transformation with more direct two way engagement with staff alongside a modernisation of emails and newsletters.
- 5.2. The staff intranet is widely ignored as un-navigable, old-fashioned and populated with out of date data.
- 5.3. A new IT platform has been selected for a new Intranet and an up-to-date design is being drafted now with a planned launch date of November 2016.

6. Health and Safety

- 6.1. HEFCE has commended our safeguarding policy and overall approach to the “Prevent” Counter Terrorism agenda and invited us to become members of their pilot assessment process.
- 6.2. Our recent Mayor of London Healthy Workplace Commitment Award forms the start of our approach to develop a staff wellbeing strategy. The intention is to seek further levels of accreditation, within the scheme, over the next 12 months.
- 6.3. A university wide stress survey will be introduced in spring 2016, and then conducted annually. The pilot scheme has been successful and won the support of the Trade Unions.

- 6.4. A recent London Fire Brigade safety audit of Borough Road (18/1/16) has been successful and there were no deficits of substance. However we recognise that fire safety will be a continuous challenge for LSBU and we take all necessary measures to ensure compliance and safety for all students, staff and visitors.

- 6.5. Significant work has been undertaken with contractors over the last four months, and all contractors have now received face to face training on Health and Safety and a Contractors Safety Handbook.

	CONFIDENTIAL
	PAPER NO: FPR.06(16)
Paper title:	Chief Operating Officer's Report
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	1 March 2016
Author:	Ian Mehrtens, COO
Executive/Operations sponsor:	Ian Mehrtens, COO
Purpose:	An update on activities and an indication of which goals in the corporate strategy these activities help to deliver against.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Goal 2: Student Experience Goal 3: Teaching & Learning Goal 4: Research & Enterprise Goal 5: Access Goal 6: Internationalisation Goal 7: Resources and Infrastructure Goal 8: People & Organisation
Recommendation:	The Committee is requested to note the contents.

Matter previously considered by:	N/A	
Further approval required?	N/A	On:

Executive Summary

The Committee is asked to note the contents of the paper and in particular:

1. Academic Related Resources

1.1. Technical support services *(Goal 2, Goal 3 and Goal 8)*

- 1.1.1. Phase 1 of the centralisation project is in place and a new Technical Support Services manager recruited.
- 1.1.2. The service is fully operational and although there have been challenges around the change of line management, the benefits of centralising the service are beginning to become apparent.
- 1.1.3. The next phase is to review the individual job descriptions, the grades and the internal structure to create a career path for technical services staff. It is expected that through this review, a new apprentice grade can be introduced.
- 1.1.4. This work will most likely take the rest of this academic year as there will need to be detailed and extensive consultations with staff and the trades unions.

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

- 1.2.1. The restructure of the ICT service has completed and all new posts have been filled largely from internal redeployment of staff supplemented where this was not possible by external appointments.
- 1.2.2. The new structure has given clarity to the roles and responsibilities and the ICT services team will be focussing on delivering an excellent customer service.
- 1.2.3. The new Head of ICT Services is engaging with the Schools and other PSG's to identify priorities and to agree service levels that can be monitored and reported on to the Operations Board.

1.3. Library & Learning Resources *(Goal 2, Goal 3 and Goal 4)*

- 1.3.1. The acting Head of LLR has recently been appointed to the full time post following a full recruitment process.

- 1.3.2. The library and learning resources service have been working closely with the Students on a review of their procedures to ensure that they support the teaching and learning process and provide clear support for the student experience.
- 1.3.3. The service continues to receive high quality service results in surveys and is working closely with the Estates and Academic Environment Team on the development of the brief for the new facility on the St George's quarter site.

1.4. Academy of Sport *(Goal 2, Goal 4, Goal 7 and Goal 8)*

- 1.4.1. Following a review at Executive level of the leadership of the professional service groups, the PVC Education and Student Experience took over responsibility for the Student Support & employment Team, which at that time included the Academy of Sport.
- 1.4.2. During that transfer of leadership, it was agreed that The Academy of Sport more closely aligned to the Academic Related Resources group, it being a service to the students, staff and community.
- 1.4.3. As a result, then the Academy now forms part of the ARR activities and continues to show improved growth and breadth of activities.
- 1.4.4. Income has grown again this year by 1.5% and the Academy is increasing the range of classes on offer. The Academy has recently been awarded SFA funding status, which means that they can now compete for grants.
- 1.4.5. Fitness visits have increased 2.2%, class attendance have increased 8.1% and sports hall usage has increased by 50%

2. Estates and Academic Environment

2.1. Estates *(Goal 2, Goal 3, Goal 4 and Goal 8)*

- 2.1.1. The major project for the creation of Elephant Studios@LSBU was completed in January and officially opened in March my Lord Michael Grade.

- 2.1.2. This £4m project has provided the latest technologically supported media centre spaces for the School of Arts and Creative Industries and will support the growth ambitions of the School going forward.
- 2.1.3. The Directorate completed an intensive programme of summer works on time and on budget across the university including the creation of school hubs for the central administrative support services, new social learning spaces and the creation of spaces for the Centre for Research Informed Teaching and Skills for Learning.
- 2.1.4. The team continue to work to reduce our energy consumption and deliver against the Board approved Carbon management Plan and the 2020 target. There has been a programme of energy efficient lamp replacement across the campus that has assisted in positioning the university ahead of the curve against our 202 targets.

2.2. Central Timetabling Project *(Goal 2 and Goal 3)*

- 2.2.1. This semester has seen the production of the very first set of central timetables. This process was not without its challenges and the final week was intensive but all events were scheduled by the start of the semester.
- 2.2.2. The team are now working on the production of a timetable for next semester so that all new students can receive a timetable before they arrive at LSBU.

3. Marketing and Recruitment

3.1. Leadership
(Goal 5, Goal 8)

- 3.1.1. Leadership for M&R transferred to the COO in November from the PVC Research and External Engagement following an Executive mini-reshuffle of responsibilities.
- 3.1.2. Enrolment in September 2015 was below the 2750 target for fee-paying Home/EU students.
- 3.1.3. There was concern at the Executive that the campaign was confused and led to LSBU recruiting at below market share in most

areas of the business.

3.1.4. Ait was agreed that the COO would recruit a consultant to work with the Directorate with two specific outcomes:

3.1.4.1. to identify the LSBU unique selling proposition that would inform the campaign for 17/18; and

3.1.4.2. to identify activities that could be immediately actioned to increase late applications through UCAS Plus, and to increase conversions from offer to enrolment.

3.1.5. The consultant is actively engaged in stakeholder meetings, including Board members, to inform the outcomes.

3.1.6. The Executive will review the report in April.

3.2. Marketing

3.2.1. It has been well documented that the University intranet, The Gateway, is no longer fit for purpose. It was developed in the late 1990's and requires code to be written to introduce any changes.

3.2.2. Current technology is abased on a content management system that ensures easy transfer of information into the intranet.

3.2.3. As a result, The Gateway has become redundant and ceases to be a source of up to date information.

3.2.4. A new project is underway, funded from one of the central investment pots to create a new intranet that will act as a source of information but also enable better engagement of staff across the university seeking to improve the user experience.

3.2.5. The technology is being developed in-house to ensure on-going capability in development. The design of the pages is being done through a contract with an SME tenant of LSBU enterprise.

3.2.6. It is anticipated that there will be a soft launch in June/July 2016 with a formal launch in September 2016.

3.2.7. In addition to this work, there is to be a review of the brand guidelines to ensure that the brand is in line with the mission and

vision and reflect the USP's identified through the consultants work.

3.3. Recruitment and Outreach

- 3.3.1. Home/EU recruitment for Semester 2 was on target enrolling 299 fee paying students with a further 21 currently completing their enrolment.
- 3.3.2. The recruitment through UCAS for 2016/17 has closed with LSBU currently -2% (348 applicants) at this point last year. Our competitor group is -3%. Excluding NHS commissions, this figure represents -5% (488 applicants).
- 3.3.3. A programme of conversion activities is underway to increase the conversion and counteract the reduction in quantum of applications.
- 3.3.4. This includes a well-planned offering to new students of value added experiences both generic across the University and specific to individual Schools. These include 7x £10k Vice Chancellor scholarships awarded across years two and three to students who can demonstrate amongst other things academic merit and commitment to LSBU. School specific offers include core text books, printing allowance and equipment up to the value of £500.
- 3.3.5. Funding for this will be central (university generic offers) and Schools. As a result, the enrolment target has increased from 2750 to 2760.

4. **Equality, Diversity and Inclusion (EDI)** *(Goal 2, Goal 3, Goal 6 and Goal 7)*

- 4.1. The Diversity Steering Group has now developed a Diversity Strategy that has been approved and adopted by the Operations Board.
- 4.2. The strategy was discussed by the diversity networks and benefitted from a half day workshop.
- 4.3. The strategy, All People Matter, reflects the values of the University and from this an action plan is being developed.
- 4.4. The University submitted its application for the Stonewall Workplace Equality Index in September 2015. The five year plan was to position

LSBU in the top 100 employers in the country and after the third year we rose from 176/415 in 2015 to 92/415 in 2016, thus having achieved our place in the top 100 employers from LGBT friendly places to work.

4.5. We have joined a group of only 6 universities in the list and are 2nd in London and only 10 places behind University of Greenwich, our target for next year.

4.6. This represents a tremendous coordinated effort and behalf of a lot of people.

5. Customer Service *(Goal 2, Goal 3, Goal 7 and Goal 8)*

5.1. LSBU has just received the result of its second full survey by the Institute of Customer Service (ICS).

5.2. These results have placed four of our services in the excellent service positions with the Academy of Sport at 84.5%, which is just below world class (85%) and a small handful of companies in this place.

5.3. The others are Student Life Centre, Student Accommodation and Library and Learning Resources. This means that these four services are eligible for full accreditation and Service Mark award and LSBU will be the first University to do this on this scale. The accreditation visit will take place in March.

5.4. This demonstrates a tremendous effort both in training and developing action plans over the last twelve months across a number of departments, most of whom have made massive improvements in that time.

5.5. The scope is to be increased next year bringing Finance and Marketing into the professional services under scrutiny and a generic assessment of the academic service.

5.6. The ambition is to get accreditation at university level.

	CONFIDENTIAL
	PAPER NO: FPR.07(16)
Paper title:	Treasury Management Policy
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	1 March 2016
Author:	Natalie Ferer, Financial Controller
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To approve a new Treasury Management Policy which formalises the University banking arrangements and management of funds. Introduction of this policy will give the University more flexibility in how it invests its funds, whilst managing the associated risks around investments and cash management.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Strategic Enabler – Income Growth
Recommendation:	That the committee approve the attached Treasury Management Policy.

Matter previously considered by:	Executive	On : 10 Feb 2016
Further approval required?	N/A	On: N/A

Executive Summary

1 Background

- 1.1 Treasury Management activities include the management of the university's banking arrangements, investment of surplus funds and forecasting of cashflow and interest income. The University's arrangements for Treasury Management are contained in the Financial Regulations and are currently restrictive and ambiguous in places. Because of this, funds have been held only with 'UK Clearing Banks' and this restricts our ability to maximise interest income from surplus funds.

2 Proposed Policy

2.1 The proposed Treasury Management Policy is comprehensive and reflects the range of options available to the University. The policy was drafted in consultation with Treasury Consultants, Finalysis, who have worked with a number of other Universities and includes the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice.

2.2 The document sets out

- a) A treasury management policy statement, stating the policies and objectives of our treasury management activities
- b) Suitable treasury management practices, setting out the manner in which the University will seek to achieve those policies and objectives, and prescribing how we will manage and control those activities.

Implementation of the policy will allow the University to maximise the returns from its Treasury Management Activities whilst continuing to effectively manage the associated risk.

2.3. The policy sets out how the University will manage risk when placing funds on deposit, setting out how a range of risks will be managed. Under the new policy, the University will be able to invest surplus funds in any term deposit or certificate of deposit for a period of up to 12 months subject to a range of limits. Rather than define with which institutions the University can place deposits, the policy allows deposits to be placed based on the credit agency rating of that institution, for example

UK Clearing banks	£25m deposited for periods up to 1 month
Other bank deposits	£10m in A/A2 rated institutions
	£5m in BBB/Baa1 rated institutions

2.4 The Policy also documents the detailed procedures to be followed when managing the University's banking and deposit arrangement including roles and responsibilities, reporting requirements, controls and procedures.

2.5 The University will adopt an ethical investment policy based on the premise that its choice of where to make investments should reflect the ethical values it espouses in public life. The University will not knowingly invest in companies whose activities include practices which directly pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the mission and values of the University.

2.6 This Treasury Management Policy does not apply to investments made in respect of any charitable investments, endowment or pension funds (if any). Such investments will be made in accordance with the directions of the Trustees of the respective funds and their investment advisers.

3.0 Recommendation

That the committee approve the attached Treasury Management Policy.

London South Bank University

Treasury Management

Statement of Policies and Procedures

Originating Department:	Finance and Management Information
Enquiries to:	Natalie Ferer – Financial Controller
Version Date:	February 2016
Target Audience:	FMI staff, Executive, Board of Governors
Brief Summary of Purpose:	This document sets out the University's Treasury Management Policy Statement stating the objectives of its Treasury Management Activities and sets out the manner in which the University will seek to achieve those policies and objectives, including detailed operating procedures

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Introduction

The University shall mean ‘London South Bank University’ and its subsidiary companies including South Bank University Enterprises Ltd.

The University adopts the key recommendations of CIPFA’s Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 4 of that Code.

Accordingly, the University will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies and objectives of its treasury management activities
- Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the University. Such amendments will not result in the organisation materially deviating from the Code’s key recommendations.

The University delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Finance, Policy and Resources Committee, and for the execution and administration of treasury management decisions to the Chief Financial Officer, who will act in accordance with the organisation’s policy statement and TMPs.

The University (through the Chief Financial Officer’s Report) will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its TMPs. The Chief Financial Officer’s Report will inform the Board of Governors, as necessary, of the University’s treasury management activities.

Treasury Management Policy Statement

The University defines its treasury management activities as:

“The management of the organisation’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

The University regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured.

Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

The University acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.”

The University regards its investment priorities to be security and liquidity in its overall treasury management policy. It will balance risk and return within these priorities to achieve optimum income on its investments.

The University will adopt an ethical investment policy based on the premise that the University's choice of where to make investments should reflect the ethical values it espouses in public life. The University will not knowingly invest in companies whose activities include practices which directly pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the mission and values of the University.

This Treasury Management Policy does not apply to investments made in respect of any charitable investments, endowment or pension funds (if any). Such investments will be made in accordance with the directions of the Trustees of the respective funds and their investment advisers.

Draft TMP 8th February 2016

TREASURY MANAGEMENT PRACTICES

TMP1 Risk Management

The Chief Financial Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6: Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the Appendix 1 to this document.

Type	Risk	Objective	Practice
Liquidity Risk Management	Liquidity risk is defined by the CIPFA Code of Practice as the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs and that the institution's business objectives will thereby be compromised.	The University will ensure that adequate cash resources are available to fund daily activities from the University's cash balances or from designated borrowing facilities. This treasury management policy will be operated to ensure compliance with the minimum liquidity levels as stipulated from time to time in the University's Annual report and accounts	The University will maintain a cash flow forecast updated on a rolling basis to ensure that future cash requirements are identified and investments and borrowings are managed accordingly. It will invest surplus funds in a mix of investments to include readily available funds and term deposits whilst ensuring the maximum of returns. It will effectively monitor and forecast cash flows and report at monthly treasury meetings on any variances which arise.
Interest Rate Risk Management	Interest rate risk is defined by the CIPFA Code of Practice as the risk that fluctuations in the levels of interest rates have an adverse effect on the institution's finances, against which the institution has failed to protect itself adequately, or a favourable effect which is missed	The University will manage its exposure to fluctuations in interest rates with a view to minimising interest costs payable. It will optimise its interest receivable revenues while maintaining the security of the invested funds through the prudent use of its approved financing and investment instruments, methods and techniques	This objective will be achieved by employing a mix of deposit/payment periods with different institutions and/or investment instruments to create stability and certainty of costs and revenues whilst retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in interest rates

Exchange Rate Risk Management	Exchange rate risk is defined by the CIPFA Code of Practice as the risk that fluctuations in foreign exchange rates have an adverse effect on the institution's finances, against which the institution has failed to protect itself adequately, or a favourable effect which is missed	The University will minimise foreign exchange risks by retaining funds in currencies only to the extent that payments are due to be made in those currencies in the short to medium term. Long term currency payables resulting from EU grants should be maintained in their original currency and within any EU funding constraints	Foreign currency balances will be closely monitored to optimise interest revenue and minimise exposure to foreign exchange movements. All surplus non Sterling currency receipts will be exchanged into Sterling as soon as possible at the best rate available. However, the Chief Financial Officer has authorisation to defer currency exchange transactions by up to 6 months at a time to allow advantage to be taken of favourable and identifiable forward foreign exchange rates
Inflation Risk Management	Inflation risk is defined by the CIPFA Code of Practice as the risk that prevailing levels of inflation have an adverse effect on the institution's finances, against which the institution has failed to protect itself adequately, or a favourable effect which is missed	The University will manage its exposure to the changing levels of inflation or deflation, insofar as they can be identified as impacting directly on its treasury management activities	As this is a longer term and uncontrollable risk, interest rate investments and all borrowing policies will be reviewed annually and adjusted to take into account long term changes in inflation risk
Credit and Counterparty Risk Management	Credit and Counterparty risk is defined by the CIPFA Code of Practice as the risk of failure of a third party to meet its contractual obligations to the institution under an investment, borrowing, capital, project or partnership financing, particularly as a result of the third party's diminished creditworthiness, and the resulting detrimental effect on the institution's capital or revenue Finance	Security and liquidity are prime objectives of the University's treasury management activities. It will ensure that investments are placed within the risk constraints and financial limits defined within TMP4 and the appendix of this policy. The financial limits defined are determined in conjunction with Standard & Poor's, Fitch and Moody's credit ratings assigned to individual counterparties	The University will ensure that its minimum counterparty criteria are set with security in mind. To ensure that funds are placed only with institutions deemed to be low risk Standard & Poor's, Fitch, and Moody's ratings are to be reviewed regularly. All counterparty ratings will be checked at least monthly and prior to any investment decision being made. The counterparty criteria will be reviewed on a continuing basis. Revised strategies can be

			submitted to the Finance, Policy and Resources Committee for approval at any time
Refinancing Risk Management	Refinancing risk is defined by the CIPFA Code of Practice as the risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the institution for those refinancings, both capital and revenue, and/or that the terms are inconsistent with prevailing market conditions at the time	The University will strive to obtain any refinancing on terms which are competitive and as favourable to the University as can reasonably be achieved in the light of market conditions prevailing at that time	The covenant obligations of all monies raised will be closely monitored to ensure compliance and avoid finance facilities being called early. The University will ensure that it actively manages the negotiation, structuring and documentation of its borrowing, private financing and partnership arrangements. It will avoid over reliance on any one source of funding. Any refinancing strategy will be established at least 9 months before a debt maturity with a view to having a committed refinancing in place at least 3 months before maturity
Legal and Regulatory Risk Management	Legal and regulatory risk is defined by the CIPFA Code of Practice as the risk that the institution itself, or a third party with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the institution suffers loss accordingly	The University will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will also ensure compliance with any financial covenants placed upon it within its financing facilities and HEFC financial memorandum constraints (if any	The University will check and manage financial covenants through the regular updating of financial forecasts and the review of non-financial covenants in monthly treasury meetings
Fraud, Error and Corruption, and Contingency Management	This risk is defined by the CIPFA Code of Practice as the risk that an institution fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its	The University will ensure that it has identified possible and probable areas of fraud error, corruption and contingency management	The University will employ suitable systems and internal procedures to minimise these risks and maintain effective contingency management arrangements. Internal controls and systems are detailed in the treasury

	treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends		operating procedures appended to this document
Market Risk Management	Market risk is defined as the risk that, through adverse market fluctuations in the valuation of the principal sums invested by an institution, its stated Treasury Management Policy is compromised, against which it has failed to protect itself adequately	The University will seek to ensure that the value of the principle sums it invests will not be compromised by adverse market fluctuations	Market risk management will be effected through all investments being made within the parameters contained within this approved treasury management policy

TMP 2 Best Value And Performance Measurement

Objective

The University is committed to the pursuit of best value in its treasury management activities and to the use of performance methodologies to measure that aim within the framework set out in its Treasury Management Policy.

Policy

The Treasury Management Function will be subject to on-going analysis of the value it adds in support of the organisation's stated business or service objectives. It will undertake regular examination of alternative methods of service delivery, and of the scope for other potential improvements. The performance of the Treasury Management Function will be measured using the criteria set out in Appendix 2.

Practice

Each finance service provider contract should be reviewed to assess current market terms at least every 3 years. The ability to obtain more competitive pricing should be investigated and where achievable, subject to a formal tender procedure. The reasons for not formally tending for any service upon review should be recorded.

TMP 3 Decision Making And Analysis

The University will maintain a full record of its treasury management decisions, and of the processes and practices applied in reaching those decisions. This is for the purpose of evidencing that this treasury management policy has been complied with and ensuring all reasonable steps were taken relevant to those decisions. This record will be analysed at least annually to learn from past experience. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the treasury operating procedures and Appendix 3.

TMP 4 Approved Instruments, Methods And Techniques

The University will undertake its treasury management activities by employing only those instruments, methods and techniques detailed below, and within the limits and parameters defined in TMP1 Risk Management.

TMP 5 Organisation, Responsibilities And Dealing Arrangements

The University considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policy and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

The Financial Controller will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The present arrangements are detailed in Appendix 4.

The Chief Financial Officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in Appendix 4.

The delegations to the Chief Financial Officer in respect of treasury management are set out in Appendix 4. The Chief Financial Officer will fulfil all such responsibilities in accordance with the organisation's policy statement and TMP's.

TMP 6 Reporting Requirements And Management Information Arrangements

The University will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, the Board of Governors via the Chief Financial Officers' Report will receive:

- An annual report on the strategy and plan to be pursued in the coming year

- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMP's.

The present arrangements and the form of these reports are detailed in Appendix 5.

TMP 7 Budgeting, Accounting And Audit Arrangements

The University will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. An annual budget is set for the Treasury Management function. Actual interest received is compared to budgeted interest on a monthly basis with large variances investigated and reported upon in the report to the Finance, Policy and Resources Committee.

TMP 8 Cash And Cash Flow Management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of The University will be under the control of the Chief Financial Officer, and will be aggregated for cash flow and investment management purposes. It is the responsibility of the Chief Financial Officer to ensure that cash flow forecasts are prepared before the commencement of each financial year and updated throughout the year. These forecasts will assist in determining the investment decisions with regard to surplus monies and are adequate for the purposes of monitoring compliance with TMP1.1 liquidity risk management.

TMP 9 Money Laundering

The University is alert to the possibility of becoming involved in an attempt to involve it in a money laundering transaction. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in these procedures are properly trained.

The current single cash transaction limit for the University to receive is the sterling equivalent of €15,000, translated at the most recent rate published by the Financial Times. This is to comply with the Money Laundering Regulations 2003.

The present arrangements are detailed in the University's Financial Regulations and in the Finance Office section of the staff intranet.

TMP 10 Staff Training And Qualifications

The University recognises the importance of ensuring that all staff involved in the Treasury Management Function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. Training requirements will be identified and planned within annual staff appraisal process. The Chief Financial Officer will be responsible for implementing the necessary arrangements.

TMP 11 Use Of External Service Providers

The University recognises the potential value of employing external providers of treasury management services in order to acquire access to specialist skills. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will ensure that the terms of their appointment and the methods by which

their value will be assessed are properly agreed and documented, and subjected to regular review. Finally, it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will be applied.

TMP 12 Corporate Governance

The University is committed to the pursuit of proper corporate governance throughout its businesses and services and to establishing the principles and practices by which this can be achieved.

Accordingly, the Treasury Management Function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The University has adopted and has implemented the key recommendations of the CIPFA Code of Practice which, together with the other arrangements detailed in this document, are considered vital to the achievement of proper corporate governance in treasury management. The Chief Financial Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Draft TMP 8th February 2015

TREASURY MANAGEMENT PRACTICES

SUPPORTING SCHEDULES

Appendix 1 Risk Management

Deposit Limits

The board has authorised the Chief Financial Officer to invest surplus funds in any term deposit or certificate of deposit for a period up to 12 months subject to the following limits:

UK Clearing Bank arrangements

To facilitate the substantial level of cash receipts during the year, the University will establish a maximum counterparty deposit credit limit of up to £25 million for periods of up to 1 month duration with its clearing bank, The Royal Bank of Scotland. This will enable the sizeable cash funds to be received and redeployed quickly without breaching any TMP deposit limits.

As The Royal Bank of Scotland currently only meets the rating criteria outlined in Band 2 below, in view of this required limit, deposits are to be limited to 1 month's duration.

Other bank deposits

The University is permitted to place deposits with banks and building societies operating in the UK which are authorised and regulated by the Financial Conduct Authority and Prudential Regulatory Authority for the purpose of taking deposits in accordance with the following credit rating criteria:-

Credit Rating agency	S&P	Moody's	Fitch	Bank Limit (£ Millions)
Band 1 (Minimum Ratings)	A	A2	A	£10.0
Band 2 (Minimum Ratings)	BBB+	Baa1	BBB+	£5.0

For the avoidance of doubt, the rating criteria refers to the long term senior unsecured or counterparty credit ratings for the deposit taking entity. The minimum rating requirement must be met by at least two of the three main credit rating agencies.

For the avoidance of doubt, these limits apply to the principle amount which may be placed on deposit and are not limited by accrued interest.

Where deposits are placed with a BBB+/Baa1/BBB+ rated counterparty and two ratings drop below BBB+/Baa1/BBB+, the funds should be repaid at maturity. No new deposits should be placed or renewed with entities rated below BBB+.

Current ratings must be checked before the renewal or placement of any new investment. Ratings on existing bank counterparties should be checked for any change and formally recorded monthly.

Approved rating agencies are; Standard & Poor's, Fitch Ratings and Moody's (each a NRSRO- a Nationally Recognised Statistical Rating Organisation, as defined by the US securities regulations).

As markets can move quickly, the Chief Financial Officer may, at his/her sole discretion, authorise or prohibit investments with any particular counterparty which meets the required rating criteria or reduce a market exposure which is felt appropriate.

Foreign exchange Limits

Foreign currency dealings should be entered into only for the transaction of normal university business, and under no circumstances is it permissible for foreign currency transactions to be used on a speculative basis. Transactions to buy or sell currencies, other than small amounts for staff travel, should be authorised by the Chief Financial Officer.

Investing funds with institutions in a banking group

Within each banking group there can be several institutions or brands which form part of a group. The above investment limits are to be applied to total group exposures to each entire banking group. The appropriate rating criteria must also be met by any individual banking group company which is a counterparty. Deposits should not be placed with subsidiaries which are not rated unless a guarantee structure is in place from a suitably rated entity. Parent company ratings should not be assumed to apply to subsidiaries.

Other Investments

As defined below the Chief Financial Officer can authorise the investment up to £10 million in UK Government bonds for a period of no more than 12 months.

The Chief Financial Officer can authorise the investment of up to £10 million in AAA rated Qualifying Money Market Funds (Instant access cash market investments).

The operational mandates given to any external cash and money market fund managers should be approved by the Finance, Policy and Resources Committee in advance and reviewed annually. The Finance, Policy and Resources Committee can review and authorise other types of investments on a case by case basis. Such authorisation must be obtained in advance. In the absence of any such approval, all other investments are to be excluded from day to day treasury management activities due to their more volatile nature.

Capital Finance requirements

Capital finance requirements will be determined by the estates strategy together with cash flow forecasts. The Chief Financial Officer will be responsible for recommending a facility requirement, which in her/his opinion, the University will be able to service and will meet, as far as possible, the financial requirements of the approved estates strategy.

The interest rate risk exposures will be considered and interest rate fixing or hedging action taken, if appropriate, when each tranche of finance is raised. This is to be reviewed at least annually in conjunction with the inflation risk management considerations.

Clearing Bank Arrangements

The Royal Bank of Scotland PLC has been appointed as the University's clearing banker.

The University's bank accounts which are detailed in the attached Treasury Management Operating Procedures.

Currently the University's does not have any bank overdraft facilities.

The University will manage its day to day cash balances and make payments electronically.

All payments made from the University bank accounts are subject to authorisation by the signatories as dictated within the bank mandate.

The attached Treasury Management Operating Procedures detail the current authorised signatories and information on online banking usage.

Approved Investment Instruments

The University's cash balances and endowment funds can be invested in

Cash or "cash equivalents"

Bank and building society current accounts, notice accounts and fixed term deposits, including those evidenced by certificates of deposit.

These are to be invested directly by the University with banks/building societies.

Government Bonds, Money Market Cash funds and Segregated Cash Funds.

Cash can be invested in Government Bonds directly or via approved money brokers or an approved segregated cash manager. The operating mandates of Money Market Funds and appointed Segregated Cash Managers are to be approved in advance on a case by case basis.

Where investments are made in liquid investment instruments, the final maturity may be beyond 12 months if in the opinion of the University's financial advisers, market liquidity is sufficient to ensure early redemption/repayment.

For the avoidance of doubt the following definitions apply

Government Bonds includes all short and long term debt instruments which may be issued from time to time by the UK Government. This includes all short term treasury bills and medium and long term fixed rate, floating rate and index linked securities.

Any approved **Segregated Cash Manager** must be UK domiciled and fully authorised by and required to comply with the regulations laid down by UK Financial Services Authority (and/ or its successors).

Qualifying Money Market Funds are mutual funds that invest in short-term money market instruments. Any approved money market fund must comply with; any UCITS Directive imposed by EU and national regulators; be rated AAA as determined by at least one NRSRO (Nationally Recognised Statistical Rating Organisation); the IMMFA (Institutional Money Market Funds Association) Code of Practice.

Appendix 2 Best Value Benchmarks And Performance Measurement

The benchmark for interest earned on self-managed funds will be **LIBID** for the appropriate period at commencement of the deposit.

The net return (after payment of management fees) on funds placed through segregated cash managers will be benchmarked against **7 day LIBID**.

The net return on funds placed with approved money market fund managers will be benchmarked against **7 day LIBID**.

Monthly reports for the Chief Financial Officer will show funds held, interest earned and comparison to benchmarks.

Appendix 3 Decision Making And Analysis

In respect of investment decisions:

The **Financial Controller** will determine the optimum period for investment in the light of cash flow availability and prevailing market conditions.

The **Financial Controller** will ensure that all investments comply with the policy on credit worthiness and cash limits.

In respect of borrowing decisions:

The Chief Financial Officer will be responsible for identifying appropriate methods of raising capital finance with the assistance, as he/she sees fit, of external specialists.

A report detailing an appropriate method will be submitted to the Finance, Policy and Resources Committee for their approval.

Appendix 4 Organisation, Clarity & Segregation Of Responsibilities

The Board of Governors, via the Finance, Policy and Resources Committee, will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its TMPs.

Additionally the Board delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Finance, Policy and Resources Committee, and for the execution and administration of treasury management decisions to the Chief Financial Officer, who will act in accordance with the organisations policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

The responsibilities for each post engaged in treasury management are as follows:

Finance, Policy and Resources Committee

- Receive and review reports on treasury management policies, practices and activities
- Approval of amendments to the University's treasury management policy statement

- Determine from time to time the institutions in which the University may invest and the limit on the level of investment with each individual institution
- Approve all proposed borrowings
- Review external audit reports and act upon recommendations
- Approve the selection of external fund managers and the terms of their appointment
- Review reports on the treasury management activity not less than annually

Chief Financial Officer

- Reviewing treasury management policy at least annually for approval
- Submitting regular treasury management reports to the Finance, Policy and Resources Committee
- Submitting budgets and budget variations to the Finance, Policy and Resources Committee
- Receiving and reviewing management information reports
- Reviewing the performance of the treasury management function and promoting best value reviews

Financial Controller

- Execution of daily treasury management activity
- Adherence to treasury management policy and limits
- Maintaining relationships with third parties and external service providers
- Submitting management information reports to the Director of Planning, Information & reporting
- Reporting to the CFO on treasury management activity

Documentation

The **Financial Controller** will keep a record of the detail of each investment transaction. Such information will include:

- The name of the relevant institution
- The dates of the investment
- The amount of the investment
- The interest rate and the amount of interest expected to be received
- The credit ratings of the institution

Transmission of Funds

Each investment will be executed by an authorised member of the Finance team, following authorisation in line with the university's bank mandate.

Appendix 5 Reporting And Management Information Arrangements

The policy statement shall be reviewed at least annually by the Chief Financial Officer and the staff to which he/she has delegated Treasury Management responsibilities. The result of this review will be included in the Annual Report to the Finance, Policy and Resources Committee on the Treasury Management activities.

The Chief Financial Officer will report to the Finance, Policy and Resources Committee not less than **three** times per annum on the Treasury Management operations and on the exercise of Treasury Management powers delegated to him/her.

Details of management information processes are contained within the Treasury Operating procedures appended to this document.

Appendix 6 Treasury Management Operating Procedures

Framework of Operations

The underlying principle of this low risk approach to treasury policy is to be managed by a series of measures which include the following:-

1. **Monthly** treasury meetings and reporting;
2. Agreed list of counterparty parameters with whom investments are placed;
3. Requiring minimum credit ratings for counterparties, monitoring the credit ratings during the investment period and applying investment caps to limit exposure;
4. Monthly/Quarterly reporting in management accounts;
5. Cash flow forecasting and management via detailed in-year financial forecasts;
6. Long term financial forecasts;
7. Internal audit review;
8. Investing restricted to specified personnel.
9. Payment authorisations segregated from investing personnel

Borrowings

The University currently has available the following bank facilities:-

Bank	Amount £'m	Interest	Maturity
Barclays	37	Various	2032
AIB	10	6.67%	2027

Compliance Requirements

i) HEFCE Memorandum of Assurance and Accountability

The University must get written permission from HEFCE to increase its earnings before interest tax depreciation and amortisation EBITDA (Earnings before interest, taxes, depreciation and amortisation) -based threshold, before it agrees to any new financial commitments where its total financial commitments would increase to above five times its average EBITDA-based surplus. Details of how the EBITDA –based financial commitment threshold is calculated is contained in the Memorandum of Assurance and Accountability with HEFCE.

ii) Loan Facilities

Under the terms of each agreement, the bank facility(ies) is/are subject to financial covenants and undertakings as borrowers which the University must comply with.

A full Covenant Register is held and maintained within the Finance and Management Information department.

Authorised Personnel

The individuals authorised to make and place any investments on behalf of the University and the level of signing authority are detailed on each individual bank mandate.

Investment Processing

Investment funds can be placed via the following options:-

- Directly with approved clearing banks*
- Direct investment with other counterparties which meet the approved criteria*
- approved segregated fund manager *
- approved brokers *
- approved cash fund managers *
- Cash sweeping account

* requires funds to be transmitted same day via bank payment system

In determining the placement of these investments consideration should be given to any short term cash requirements which are identified from the cash flow forecast.

Funds are generally placed as follows subject to the limits in place:-

- **Cash sweeping account / Current Account** – The account balance should be retained at between **£50k & £100k** each day to allow flexibility in the timing of cheques and payments to clear our account. At the end of each business day any surplus held on our current sterling bank account is automatically transferred to the cash sweeping account to maximise interest earning capacity.
- **Segregated cash managers/cash funds** – Used to invest sums in excess of **£100k** where funds are unlikely to be required within the working week but which the University does not wish to tie into a term deposit.
- **Direct investments** – Consideration should be given to the rates being offered by the banks where there is capacity within the limits defined in this policy. A minimum of 2 quotes should be obtained and compared to the rates the segregate cash manager/authorised broker can achieve. Any offers outside the current market rate should be flagged with the Chief Financial Officer before any investment is made.

Internal Controls

All treasury procedures are subject to strong system controls. These include:-

- Only authorised personnel can place or redeem investments via the brokers or individual counterparties.
- All investments must be made within the terms of this TMP
- All investment decisions are signed in line with the mandate held with each institution.

- All payments are made and authorised by persons outside of the investment decision making process. This provides a second check on all payments by at least one unconnected authorised person.
- Monthly reconciliation of bank, investments and interest.
- Monthly reporting which includes:-
 - List of current investments, limits and credit ratings
 - Review of currency balances held
 - Status update on current asset investments
 - Review of interest rate trends (yield curve)
 - Variance analysis – cash flow forecast
 - Monthly review of borrowings and any actions required

Bank Accounts

Bank / Title	Type of Account	Agresso Account
NatWest [LSBU's Main Trading Account]	Business Current Account	7160
	CCMP	7168
	Euro Currency Account	7163
NatWest [Charitable Funds]	Business Current Account	7161
	CCMP	7170
HSBC	Business Current Account	7100
	Euro Currency Account	7111
	Euro Liquidity Fund Class A	7115
Lloyds TSB	Corporate Special Account	7166
	3 month fixed term deposit	7166
Bank of Scotland	<i>Corporate Deposit Account</i>	7165
	<i>3 month fixed term deposit</i>	7165
	Corporate Instant Access	7164
Prime Rate Capital Management	Sterling Liquidity Fund 3	7105
	Sterling Cash Plus GBP	
Barclays	Business Account	7116
	FiBCA	7167
Scottish Widows Bank Plc	Deposit Account	7104
		7114
NatWest [Access Fund Account]	Business Current Account	7162
	CCMP	7169
NatWest [SBU Enterprises Ltd]	Business Current Account CCMP	

Authorised Bank Mandate Signatories

Financial Regulations allow the following postholders to be signatories on University bank mandates:

Vice Chancellor
 Deputy Vice Chancellor
 Chief Financial Officer
 Pro Vice Chancellors
 University Secretary
 Chief Operating Officer
 Executive Director of HR
 Financial Controller
 Director of Planning and Reporting

Authorisation levels

Signatory limits apply for all types of payments including cheques and electronic payments:

- a) Payments of less than £10,000 - one signature and may be signed in holograph by cheque writing machine;
- (b) For payments of £10,000 and above - but less than £20,000 - one signature but may not be signed in holograph by cheque writing machine;
- c) For payments of £20,000 and over- two signatures only one of which can be a member of the Finance Department.

Online Banking Users

The University currently uses an online banking payment system, Bankline and software for sending payments by bacs. Authorised signatories are in line with those for the bank mandate detailed above and cardholders will only send payments where prior authorisation is in place. Currently the following postholders hold cards allowing them to send payments through Bankline:

Bankline:
 Chief Financial Officer
 Financial Controller
 Director of Planning and Funding

Bacs transmission:
 Financial Controller
 Income Manager
 Financial Accountant
 Treasury Manager
 Director of Planning, Information and Reporting
 Finance System Manager

Access:

Some members of the financial control team have access rights to enable them allocate income received, but cannot send payments.

	CONFIDENTIAL
	PAPER NO: FPR.08(16)
Paper title:	Gifts and Hospitality Policy
Board/Committee	Finance, Planning & Resources Committee
Date of meeting:	1 March 2016
Author:	James Stevenson, University Secretary
Executive sponsor:	James Stevenson, University Secretary
Purpose:	Decision
Recommendation:	The committee is requested to approve the revised Gifts and Hospitality Policy

Matter previously considered by:	Executive	On: 17 February 2016
Further approval required?	N/A	

Executive summary

The Gifts and Hospitality Policy, last approved in 2011, has been reviewed and updated. The policy sets out when it is appropriate for LSBU employees to offer or accept gifts or hospitality, what is a reasonable level and when prior approval is required.

The main change to the policy is for it to be less prescriptive and to set out principles for employees to consider when deciding what is reasonable to accept or to offer. These are set out in the questions which employees are encouraged to ask themselves when deciding what to do (section 1.7):

- Would you be embarrassed if anyone found out about your accepting the gift or hospitality?
- Could your receiving the gift or hospitality be deemed as having the potential to influence your decisions or behaviour in any way?

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- Would you be prepared to pay for the hospitality you are receiving from your own pocket?

The committee is requested to approve the amended policy.

A clean version of the policy and a marked up version showing amendments are included.

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Gifts and hospitality policy

REVISED 19-2-16

Sponsor	Executive
Enquiries to:	Head of Procurement, University Solicitor
Approving body:	Finance, Planning & Resources Committee
Revisions approved:	February 2016
Next due for approval:	July 2018
Document Type:	POLICY
Mandatory target audience:	All university employees
Also of relevance to:	Employees to whom the Travel, Subsistence & Expenses Policy applies
Brief summary of purpose:	To set out when it is appropriate for LSBU employees to offer or accept gifts or hospitality, what is a reasonable level and when prior approval is required.

1. Introduction to the gifts and hospitality policy

- 1.1 Under the LSBU value of integrity, we all have an interest in making sure that LSBU is recognised as an ethical, trustworthy and principled organisation. Employees (which includes all LSBU workers) will achieve this by observing the highest levels of ethics and probity in conducting university business.
- 1.2 The Bribery Act 2010, in force since 1st July 2011, does not prevent bona fide, reasonable and proportionate business hospitality or promotional gifts. However, when hospitality or gifts go beyond what is proportionate or reasonable then they become bribes. A criminal offence may be committed by employees offering or accepting the gift or hospitality.
- 1.3 This policy provides guidance on what gifts or hospitality it is appropriate for employees to offer or accept when dealing with suppliers and stakeholders of the university.
- 1.4 This policy is not intended to restrict the ordinary course of business of the university. Employees may continue to accept **reasonable** business hospitality, travel and associated accommodation. Examples include: participation in an academic conference, validation and review activities and external examining and moderation.

1.5 Employees involved in **any stage** of a tender or quote process must not accept any gifts or hospitality from candidate firms (or their connected parties) during a competitive procurement exercise or once the tender planning process has commenced.

1.7 Employees should use their common sense in deciding what is reasonable to accept or offer.

In deciding what to do, each employee should ask themselves the following questions:

- Would you be embarrassed if anyone found out about your accepting the gift or hospitality?
- Could your receiving the gift or hospitality be deemed as having the potential to influence your decisions or behaviour in any way?
- Would you be prepared to pay for the hospitality you are receiving from your own pocket?

The timing of an offer and the context in which it is made are relevant factors.

For example, a gift offered to a lecturer during examination or assessment period is viewed differently from one made after results are published. Employees should seek prior authorisation by their line manager where there is even the slightest concern about whether to offer or accept a gift or hospitality.

2. Gifts

2.1 *Accepting gifts*

2.1.1 Employees must not accept any cash or cash equivalent (such as gift certificates or vouchers).

2.1.1 Where possible gifts (for you or your immediate family) exceeding a value of £100 should not be accepted. The refusal/return should be entered on the online register (see below).

2.1.3 If it is considered that refusal would offend, the gift should be passed to the University Secretary's office, which will donate the gift to charity. You should enter this action on the online register.

2.2 *Offering gifts*

2.2.1 Employees may offer gifts to their external contacts, normally this should be from the range of LSBU-branded merchandise. Where not deemed appropriate the value of the gift should be maintained below £100 and listed on the online register.

3. Hospitality

3.1 LSBU employees accepting hospitality from external parties

3.1.1 Employees may accept **modest** hospitality as a courtesy of a business relationship. They should not allow a position to be reached where their acceptance may be deemed to have influenced their decision-making.

3.2 LSBU staff offering hospitality

3.2.1 LSBU recognises that it may be necessary for LSBU employees to occasionally provide appropriate hospitality to business contacts from external organisations as part of developing good business relations.

3.2.2 When entertaining external guests at LSBU, employees should normally use LSBU's internal catering.

3.2.3 Employees should refer to the LSBU Travel, Subsistence and Expenses procedures (section 18) which sets out limits for non-staff entertaining

4. Online gifts and hospitality register

LSBU employees must complete the online gifts and hospitality register where referred to in this policy. The register may be accessed via the anti-bribery page on the staff gateway. Entries in the register will be reviewed and authorised by line managers. Approving managers are reminded of their delegated responsibility for ensuring adherence to the policy. By approving, managers confirm that the policy has been adhered to and that the level of gifts or hospitality accepted or provided is reasonable and necessary for LSBU's business.

5. Sources of advice

5.1 In the first instance, employees should discuss any queries with their line manager.

5.2 Further advice or guidance then may be sought from:

- Head of Procurement (extension 6368); or
- University Solicitor (extension 6016);

who may refer the matter to the University Secretary, whose decision will be final.

Approved by the Executive on • February 2016

Approved by Finance, Planning & Resources Committee on • March 2016 for the Board of Governors

London South Bank University Gifts and hospitality policy

REVISED 19-2-16

Originating department/s Sponsor:	University Secretary's office and Corporate Procurement Executive
Enquiries to:	Head of Procurement, University Solicitor or University Secretary
Approving body:	Executive, Policy & Resources, Board of Governors Finance, Planning & Resources Committee
First Revisions approved:	November 2014 <u>February 2016</u>
Next due for approval:	September 2013 <u>July 2018</u>
Document Type:	POLICY
Mandatory target audience:	All university staff <u>employees</u>
Also of relevance to:	Members of staff <u>Employees</u> to whom the Travel, Subsistence & Expenses Policy applies
Brief summary of purpose:	To set out when it is appropriate for LSBU <u>employees</u> members of staff to offer or accept gifts or hospitality, what is a reasonable level and when prior approval is required.

1. Introduction to the gifts and hospitality policy

- 1.1 ~~As a public body in receipt of public funding, Under the LSBU value of integrity, we all have an interest in making sure that LSBU is recognised as an ethical, trustworthy and principled organisation. London South Bank University must~~ Employees (which includes all LSBU workers) will achieve this by observing the highest levels of ethics and probity in conducting university business. ~~demonstrate the highest standards and values with respect to our dealings with suppliers, agents and other external parties. It is a recognised aspect of LSBU's business dealings that, on occasion, LSBU staff may offer or accept reasonable gifts or hospitality in order to cement good business relations or promote LSBU.~~
- 1.2 The Bribery Act 2010, ~~in came into force since~~ on 1st July 2011, ~~The Bribery Act~~ does not prevent bona fide, reasonable and proportionate business hospitality or promotional gifts. However, when hospitality or gifts go beyond what is proportionate or reasonable then they become bribes. A criminal offence may be committed by employees offering or accepting the gift or hospitality.

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1.3 This policy ~~sets~~ provides guidance on ~~out~~ what gifts or hospitality it is appropriate for ~~staff~~ employees to offer or accept when dealing with suppliers and stakeholders of the university. ~~In deciding what is appropriate, London South Bank University's values should be kept in mind, which are: quality, professionalism, inclusiveness, transparency and mutual respect.~~

1.4 This policy is not intended to restrict the ordinary course of business of the university. ~~Staff~~ Employees may continue to accept reasonable business hospitality, travel and associated accommodation. Examples include: participation in an academic conference, validation and review activities and external examining and moderation.

1.5 Employees involved in any stage of a tender or quote process must not accept any gifts or hospitality from candidate firms (or their connected parties) during a competitive procurement exercise or once the tender planning process has commenced.

~~1.5 However, when hospitality or gifts go beyond what is proportionate or reasonable then it is possible that they may be used as bribes and under the Bribery Act 2010, a criminal offence may be committed by the member of staff offering or accepting the gift or hospitality.~~

1.6 ~~Where the gift or hospitality offered ceases to be reasonable then there is a stronger case that the gift or hospitality is intended as a bribe in order to influence the LSBU member of staff's decision-making favourably towards the person making the offer. Examples include (but are not restricted to): hospitality from a current or potential supplier during a tender process; gift vouchers offered to a lecturer prior to an academic assessment; or where the gift or hospitality is out of all proportion to the nature of the business dealing (e.g. staying in a luxury hotel suite, first class travel, fine wine or dining).~~

1.7 ~~Staff are encouraged to~~ Employees should use their common sense in deciding what is reasonable to accept or offer ~~appropriate~~.

In deciding what to do, each employee should ask themselves the following questions:

- Would you be embarrassed if anyone found out about your accepting the gift or hospitality?
- Could your receiving the gift or hospitality be deemed as having the potential to influence your decisions or behaviour in any way?
- Would you be prepared to pay for the hospitality you are receiving from your own pocket?

~~The timing of an offer and the context in which it is made are also relevant factors.~~

For example, a gift offered to a lecturer during examination or assessment period is viewed differently from one made after results are published. Staff Employees should seek advice or seek prior authorisation by their line manager where there is even the slightest concern about whether to offer or accept a gift or hospitality. A general principle is for staff to demonstrate transparency in the actions they take.

~~2.~~ **Tighter rules for procurement matters**

- ~~2.1 It is an overriding principle that LSBU staff involved in any stage of a tender or quote process must not accept any gifts or hospitality from candidate firms (or their connected parties) during a competitive procurement exercise or once the tender planning process has commenced.~~

~~23.~~ **Gifts**

~~3.1~~ *Accepting gifts*

~~3.1.1 Employees must not accept any cash or cash equivalent (such as gift certificates or vouchers).~~

~~3.1.1 Where possible g~~Gifts (for you or your immediate family) exceeding a value of ~~£1050~~ should not be accepted, ~~politely refused and returned to the giver~~. The refusal/return should be entered on the online register (see below).

~~3.1.2 Modest gifts of less than £50 in value may be occasionally accepted. The recipient must enter the gift on the online register, except where the gift is trivial, for example, diaries or pens.~~

~~3.1.3 If it is considered that refusal would offend, the gift should be immediately passed to the University Secretary's office, which will organise a raffle of donated gifts. The proceeds will go to the university's charitable fund donate the gift to charity. You should be entered this action onto the online register.~~

~~3.1.4 Refer to appendix 1 for guidance on the acceptance of gifts.~~

~~3.2~~ *Offering gifts*

~~3.2.1 LSBU staff Employees~~ may offer gifts to their external contacts, ~~normally- this should be~~ from the range of LSBU-branded merchandise. ~~Where not deemed appropriate the value of the gift should be maintained below £100 and listed on the online register. or a modest, appropriate gift up to a value of £20.~~

~~3.2.2 Gifts offered or received by the university in its official corporate capacity (for example, by overseas visitors on official business to LSBU) should be modest and up to a value of £100.~~

4. Hospitality

~~4.1~~ *LSBU ~~staff~~ employees accepting hospitality from external parties*

~~4.1.1 LSBU staff Employees~~ may accept modest hospitality as a courtesy of a business relationship. They should not allow a position to be reached where their acceptance may be deemed to have influenced their decision-making.

4.1.2 ~~Appendix 1 sets out guidance as to when it may be appropriate for LSBU staff to accept hospitality and what approvals are required.~~

~~4.2 Offering Hospitality at LSBU's expense to external parties~~

4.2.1 LSBU recognises that it may be necessary for LSBU ~~staff~~ employees to occasionally provide appropriate hospitality to business contacts from external organisations ~~(for example, a modest business lunch)~~ as part of ~~cementing~~ developing good business relations.

4.2.2 When entertaining external guests at LSBU, staff-employees should normally consider using LSBU's internal catering ~~before going outside~~.

4.2.3 Staff-Employees should refer to the LSBU Travel, Subsistence and Expenses ~~policy-procedures~~ (section Fi) ~~which sets out limits for non-staff entertaining~~

~~4.2.4 Appendix 2 sets out guidance as to when it may be appropriate for LSBU staff to offer hospitality and what approvals are required.~~

~~5. Approval by holders of a delegated letter of authority~~

~~LSBU staff must gain prior approval where referred to in the appendices. Approving managers are reminded of their delegated responsibility for ensuring adherence to the policy. By approving, managers confirm that the policy has been adhered to and that the level of gifts or hospitality accepted or provided is reasonable and necessary for LSBU's business.~~

6. Online gifts and hospitality register

LSBU staff-employees must complete the online gifts and hospitality register where referred to in this policy. The register may be accessed via the anti-bribery page on the staff gateway. Entries in the register will be reviewed and authorised by line managers. Approving managers are reminded of their delegated responsibility for ensuring adherence to the policy. By approving, managers confirm that the policy has been adhered to and that the level of gifts or hospitality accepted or provided is reasonable and necessary for LSBU's business.

7. Sources of advice

7.1 In the first instance, ~~staff are encouraged to~~ employees should discuss any queries with their line manager.

7.2 Further advice or guidance then may be sought from:

- Head of Procurement (extension 6368); or
- University Solicitor (extension 6016);

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who may refer the matter to the University Secretary, whose decision will be final.

Approved by the Executive on ~~8th November 2011~~ • February 2016

Approved by ~~the Policy & Resources~~ Finance, Planning & Resources Committee on
• March 2016 ~~10th November 2011~~ for

~~Approved by the Board of Governors on 24th November 2011~~

Appendix 1—guidance for the acceptance of gifts and hospitality offered to LSBU staff

Gift or hospitality offered to LSBU staff:	Appropriate to accept?	Prior approval required?	Further action necessary?
Modest conventional business hospitality (e.g. a working lunch).	Yes	No	None
More formal lunch or dinner by prior invitation.	Yes, subject to approval.	By the holder of a letter of delegated authority.	Yes, record in online gifts and hospitality register.
Hospitality offered to a team.	Yes, subject to approval.	By the holder of a letter of delegated authority.	Yes, record in online gifts and hospitality register.
Cultural or sporting events as a guest.	Not normally appropriate, but sometimes may be acceptable with prior written approval by a member of the Executive.	Yes, prior written approval only from a member of the Executive.	Yes, record in online gifts and hospitality register.
Gifts of trivial value (and under £50) e.g. company calendars, diaries, inexpensive pens or stationery.	Yes	No	None
Modest gifts of value under £50	Yes, occasionally (but not a series of gifts, which could exceed £50)	No	Yes, record in online gifts and hospitality register.
Expensive gifts (value exceeding £50, including gifts of lottery tickets, cash, gift vouchers or gift cheques).	No	N/A	Yes, should be refused or returned. Record in online gifts and hospitality register.
Any gift or hospitality from a supplier or potential supplier during a tender exercise or tender planning.	Never	N/A	Yes, should be refused or returned. Record in online gifts and hospitality register.

Appendix 2 – guidance for the provision of gifts and hospitality at LSBU’s expense to external parties

Event requiring hospitality from LSBU	Appropriate to provide gift or hospitality at LSBU’s expense?	Reasonable is considered to be:	Prior approval and action
Entertaining visitors to LSBU – lunchtime.	Where it is necessary to entertain visitors to LSBU at lunchtime.	Modest conventional business hospitality. N.B. if entertaining outside LSBU in a restaurant, refer to limits in the LSBU Expenses policy.	No prior approval required. LSBU internal catering should be considered first.
Entertaining visitors to LSBU – evening.	Where it is necessary to entertain visitors to LSBU in the evening.	Modest conventional business hospitality. N.B. if entertaining in a restaurant, refer to limits and procedure in the LSBU Expenses policy.	Yes, by the holder of a letter of delegated authority. Record in online gifts and hospitality register.
Providing gifts to external parties e.g. to visitors, academic or commercial partners.	Yes, occasionally	only if from the official range of LSBU-branded merchandise (e.g. pen, mug, Routemaster toy bus) or up to £20.	No prior approval required.
Providing official corporate gifts, e.g. on visits to international partners.	Yes, occasionally	Gift should be modest and not exceed £100.	Yes, by a member of the executive. Record in online gifts and hospitality register.
Entertaining or giving a gift to a supplier or potential supplier during a tender exercise or tender planning.	Never	N/A	N/A

	CONFIDENTIAL
	PAPER NO: FPR.09(16)
Paper title:	Travel, Subsistence and Expenses Policy
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	1 March 2016
Author:	Penny Green, Head of Procurement Services Natalie Ferer, Financial Controller
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	Decision
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	This policy will help support all aspects of the Corporate Plan, in particular Access to Opportunity and Strategic Enabler objectives.
Recommendation:	The meeting is requested to approve the proposed Policy changes.

Matter previously considered by:	Executive	On: 17 February 2016
Further approval required?	No	N/A

Executive Summary

Key changes to the policy include:

- Policy has been simplified and condensed. Procedure and guidance is now provided in a separate supporting document
- Application of University values introduced, reducing the need for the explicit detailed instruction at policy level.
- Introduction of a mandated centralised travel booking service
- Revision to when Business Class can be booked
- Requirement for traveller to complete an outcome report post trip
- Risk assessment formally incorporated into Travel Authorisation Form process
- Travel Authorisation Form required for all travel plans outside the UK, or within the UK and involving flights

The meeting is requested to approve the proposed Policy changes.

TRAVEL, SUBSISTENCE AND EXPENSES POLICY

Originating Department:	<i>Procurement Services / FMI</i>
Enquiries to:	<i>Penny Green – Head of Procurement Services Natalie Ferer – Financial Controller</i>
Approving Committee/Body:	<i>Executive, Finance, Planning and Resources Committee</i>
Version No:	1
Last Approved:	23 rd Sept 2014
Next due for approval:	<i>One Year</i>
Document Type:	POLICY
Mandatory Target Audience:	<i>All staff</i>
Also of Relevance to:	<i>Externals claimants</i>
Brief Summary of Purpose:	The University's travel, subsistence and expenses policy is in place to ensure value for money is achieved, whilst ensuring the safety of University employees at all times.

TRAVEL, SUBSISTENCE AND EXPENSES POLICY

Effective Immediately

Introduction	<p>Travel by employees is often an essential element in delivering the University's corporate objectives. It accounts for a significant proportion of the University's running costs, and through this policy, the University aims to achieve value for money through safe, convenient, cost-effective and sustainable travel.</p> <p>Work based activities commonly requiring travel include recruitment visits, attendance at conferences, business meetings, research and teaching overseas.</p>
Scope	<p>This policy applies to:</p> <ul style="list-style-type: none"> • the University and any subsidiary companies • all forms of travel, including flights, rail, vehicle hire, taxis, accommodation and travel related services. • all employees and visitors to the University incurring travel and associated expenditure on behalf of the University. • all sources of funding and payment methods, including partly funded projects <p>This policy should be read in conjunction with the University's Travel Procedure and Expense Guidance documents.</p>
Aims and Objectives	<p>This policy aims to achieve value for money (doing the right thing, at the right price, the right way) through safe, convenient, cost-effective and sustainable travel. The following principles underly the policy approach:</p> <ul style="list-style-type: none"> • all staff conduct themselves in accordance with the University's EPIIC values, working towards the best outcome for the University at all times • travel processes aim to create a trouble-free experience, enabling travellers to focus on delivering business priorities • staff safety is of paramount importance at all times • travel occurs only when necessary
Compliance	<p>Adherence to this policy is mandatory. Non-compliance constitutes a breach of Financial Regulations and may also result in the employee not being covered by the University's insurance policy. This would render them subject to disciplinary action and ineligible to claim expenses.</p>

Process

<p>Step 1: Needs Assessment</p>	<p>Travel will only be booked when it has been established that:</p> <ul style="list-style-type: none"> • the travel is necessary • it supports delivery of the University’s corporate objectives • it is proportionate • there are no practical alternatives to achieve the same outcome, such as video confering or reducing the number of travellers
<p>Step 2: Safety, Risk and Insurance</p>	<p>High standards of health and safety during foreign travel are paramount. They must override all other considerations, including academic and should be the result of thorough planning, care and common sense. Travel abroad may expose staff to a number of health and safety hazards arising specifically from the travel itself and/or the conditions of the country being visited. These may not be necessarily work related.</p> <p>The University has a statutory duty of care to protect, so far as is reasonably practicable, the health, safety and welfare of its staff and students whilst undertaking foreign travel. Managers, under the requirements of Regulation 3 of The Management of Health & Safety at Work Regulations 1999 must ensure that all trips and associated work activities are covered by a suitable and sufficient risk assessment and that appropriate control measures have been adopted.</p> <p>Adequate and effective management arrangements will be put in place by the University to protect the health and safety of its employees. All individual employees embarking on trips should take heed of the advice training, instruction and guidance given to them and act upon it. It remains the responsibility of each individual to give adequate consideration to their own health and safety and the likely conditions and situations they are likely to encounter, and to notify the University if additional arrangements need to be put in place. This includes insurance cover.</p> <p>Risk Assessments are integrated into the travel authorisation process and must be completed and kept up to date. High risk trips will require additional authorisation. Travellers and Line Managers must act proactively in response to any risk alerts relating to the trip at any stage.</p>

<p>Step 3: Authorisation</p>	<p>All travel plans outside the UK, or within the UK and involving flights must be approved in advance through the completion of a Travel Authorisation form. A full disclosure of the purpose of travel must be made when the travel is approved. This must include personal travel, recovery time and any non-University business related activity. Additional approvals may be required depending on the trip's level of risk.</p> <p>Only costs necessary to perform University business are to be approved.</p> <p>Non-flight travel in the UK must be approved by the Line Manager and Budget Holder in advance if applicable. Travellers should make full use of available public transport and opportunities for walking or cycling if appropriate.</p>
<p>Step 4: Booking</p>	<p>The University's Travel Buying team are to be used for all:</p> <ul style="list-style-type: none"> • travel booking relating to flights, rail, accommodation • travel-related services (including visas and additional passports) <p>Bookings are to be made in accordance with the following:</p> <ul style="list-style-type: none"> • no personal gain or loss to the individual • a total cost approach • travel must be in economy class, except for flights exceeding 6 hours, where Premium economy class may be booked. Business class may be booked for flights over six hours where Premium Economy is not available or where no rest period is possible and critical client facing work needs to be undertaken on arrival (advance approval is required through the Travel Authorisation Form.) First class travel is not permitted. Free upgrades may be taken if offered at checkin. • Employees must ensure that they meet all passport, visa and vaccination requirements for the areas they will be travelling to, and allow sufficient time for any additional services to be obtained if using the Travel Buying team services. <p>Travellers may make bookings direct with the agreed providers for the following forms of travel:</p> <ul style="list-style-type: none"> • vehicle hire • taxis • travel within London on Transport for London (TFL) operated services <p>Guidance on how and where to make these bookings are detailed in the University's Travel and Expense Procedure and Guidance documents.</p>

<p>Step 5: Subsistence and Expenses</p>	<p>Travellers are expected to exercise reasonable judgement regarding expenses incurred under this policy and to neither personally gain or lose financially from its implementation.</p> <p>Staff can claim expenses in line with the this policy, the University's Travel and Expense Procedure and Guidance documents and the University's Gifts and Hospitality Policy. This includes the cost of meals, entertainment, public transport within London, mileage for use of a private vehicle or bicycle and taxi's taken while abroad. Certain items are excluded and cannot be claimed through expenses including travel between home and work, the congestion charge and any of the services that must be booked through the Travel Buying team.</p>
<p>Step 6: Outcome Review</p>	<p>To enable effective management of the University's travel arrangements, review and feedback is required. On completion of their trip, travellers must complete the Travel Review section of their original Travel Authorisation Form.</p> <p>This records whether or not planned business objectives were met and captures feedback experiences from the trip that can be incorporated into future travel policies and procedures as part of a continuous improvement approach.</p> <p>Quarterly reports of all travel expenditure showing name, purpose, travel class, cost and outcome will be presented to Executive for review.</p>
<p>Amendments</p>	<p>The University reserves the right to make changes to these policies from time to time, and amendments will be circulated to staff in accordance with current employment law legislation. Updates may be by individual letter, memorandum, update to the document, or by means of notice/bulletin boards.</p>
<p>Definitions</p>	<p>See University's Travel and Expense Procedure and Guidance documents</p>
<p>Supporting Documentation</p>	<p>University's Travel and Expense Procedure and Guidance documents Travel Authorisation Form Gifts and Hospitality Policy University values</p>

	CONFIDENTIAL
	PAPER NO: FPR.10(16)
Paper title:	Financial Regulations policy review
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	1 March 2016
Author:	Natalie Ferer, Financial Controller
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	The Financial regulations are updated periodically to ensure they remain relevant and reflect the structure and organisation of the University.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Strategic Enabler - clearly identified responsibility for performance and processes with delegated authority to staff wherever possible. Efficient: streamlined and efficient processes.
Recommendation:	That the committee consider and approve these amendments to the Financial Regulations.

Matter previously considered by:	Executive	On : 10 Feb 2016
Further approval required?	None	On: N/A

Executive Summary

The University's Financial Regulations are updated at least annually. This is to ensure that the Financial Regulations remain relevant and reflect the structure and organisation of the University.

The changes in this version are:

- Placing responsibility for fee setting with the Executive and not the Board
- Updating terminology and borrowing requirements contained in HEFCE's Memorandum of Assurance and Accountability
- Removal of detail contained in other policies and procedures and amalgamation of sections where similar regulations exist
- Update reference to committee structure and terms of reference

- Update section on research income
- Add reference to Enterprise Approval Process
- Changes to approval limits for commercial sales
- Removal of much of Treasury Management section and referral to the new Treasury Management Policy
- Changes to order and content of procurement regulations
- Other minor amendments as listed in appendix F.

The regulations, with track changes, are attached with a list of amendments listed in appendix F.

London South Bank University

FINANCIAL REGULATIONS

Originating Department:	Finance and Management Information
Enquiries to:	Natalie Ferer – Financial Controller
Version Date:	February 2016
Target Audience:	All staff of the University and its subsidiary companies , especially those with financial responsibilities
Brief Summary of Purpose:	<p>This document sets out the University's financial regulations. It translates into practical guidance the University's broad policies relating to financial control. It applies to the University and any subsidiary companies, including South Bank University Enterprises Limited.</p> <p>The purpose of the financial regulations is to provide control over the University's resources and provide management with assurances that the resources are being properly applied to ensure delivery of the University's corporate plan and its financial objectives including:</p> <ul style="list-style-type: none"> • Future financial viability • Ensuring value for money • The provision of effective financial control over the use of public funds • Compliance with all relevant legislation • Safeguarding the assets of the institution.

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1. Terminology

The following will apply in the Financial Regulations:

The University shall mean 'London South Bank University' and its subsidiary companies including South Bank University Enterprises Ltd.

Budget holder shall mean an individual who has been given delegated authority and responsibility for managing a budget within a department.

Department shall mean one of the several Departments in the University and will include, for example, any Unit, school or Professional Service Group which has Departmental status for financial management purposes

Finance shall mean the Finance and Management Information

PSG shall mean Professional Services Groups

2. Introduction

2.1 Purpose and Scope of the Regulations

This document sets out the University's financial regulations. It translates into practical guidance the University's broad policies relating to financial control. It applies to the University and any subsidiary companies, including South Bank University Enterprises Limited.

The purpose of the financial regulations is to provide control over the University's resources and provide management with assurances that the resources are being properly applied to ensure delivery of the University's corporate plan and its financial objectives including:

- **Future**-financial viability
- **Ensuring**-value for money
- The provision of effective financial control over the use of public funds
- Compliance with all relevant legislation
- Safeguarding the assets of the institution.

2.2 Compliance with the financial regulations

Compliance with the financial regulations is compulsory for all staff, including those employed by University subsidiary companies. Specific regulations relating to South Bank University Enterprises Limited that override University regulations are detailed in Appendix C.

Staff are individually responsible for ensuring that they understand the University's Financial Regulations and how they apply to the conduct of their role and all other staff in their departments. Staff are expected to observe the LSBU **principals values** of Excellence, Professionalism and Integrity when undertaking their financial responsibilities.

A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the University's disciplinary policy.

2.3 Approval and amendment of the financial regulations

Proposals to amend the regulations shall be considered by the Finance, Planning and Resources Committee. The Vice Chancellor shall have the authority to make minor changes to the regulations **following guidance from the Chief Financial Officer-**

The Finance Department is responsible for continuous review of the Financial Regulations and will advise the Executive of any changes that are necessary.

This version of the regulations was approved by The Finance, Planning and Resources Committee on 1st March 2016.

3. Corporate Governance

3.1 Board of Governors

The Board as a whole is collectively responsible for promoting the success of the University by leading and supervising its affairs. The Board has adopted a Statement of Primary Responsibilities and these include being the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.

3.2 The Vice Chancellor

The Vice Chancellor is responsible for the executive management of the University and for implementing the decisions of the Board of Governors. The Vice Chancellor is the Designated Accountable Officer as identified by HEFCE and documented within the Financial Memorandum.

3.3 Committee Structure

The Board of Governors delegates specific powers and processes to the various committees detailed below.

Finance, Planning and Resources Committee

The Finance, Planning and Resources Committee advises the Board of Governors on the solvency and the use and safeguarding of its resources and assets. It reviews LSBU's in-year financial performance, performance against the corporate strategy, the proposed annual budget, the implications of the strategy for human and physical resources, treasury management, and compliance with the University Gift Acceptance policy.

Audit Committee

The Audit Committee oversees LSBU's audit activities including auditing the financial statements, appointing the internal and external auditors and advising the Board of Governors on the effectiveness of the internal control system..

Major Projects and Investment Committee

The Major Projects and Investment Committee is authorised by the Board to approve investment decisions within authorisation levels as set out in the Financial Regulations. The committee reviews investment decisions above its level of authority and recommends approval to the Board.

Remuneration Committee

The Remuneration Committee determines the annual remuneration of senior post holders.

3.4 Code of conduct

The University is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner, having regard to the

principles established by the Committee on Standards in Public Life (formerly known as the Nolan Committee), which members of staff at all levels are expected to observe. These principles are set out at Appendix B.

All members of staff who have a beneficial financial or other interest in any contract between the University and a third party must disclose that interest to their Head of Department/Dean or Head of Professional Services area, the Chief Financial Officer and the Director of Human Resources/Executive Director of Organisational Development and HR.

As a result of the Bribery Act 2010, it is illegal for any employee to accept or offer a personal inducement or bribe. It is also a corporate offence to fail to prevent bribery.

Members of staff should not accept any gifts, rewards or hospitality from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the University would be likely to provide in return.

The University itself must not provide levels of hospitality or entertainment for students, external visitors, alumni, external stakeholders or actual/potential business partners that could be deemed to be an attempt to influence decision making.

When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice should be sought from the relevant head of department/Dean or Head of Professional Service area or the Chief Financial Officer.

3.5 Whistleblowing arrangements

The University has a separate Speak Up Policy under the Public Interest Disclosure Act 1998.

4. Risk Management

4.1 At a corporate level, the principal risks are identified and managed through the University's risk management processes. The Corporate Risk Register is the subject of careful and frequent review, and is aligned to the Corporate Strategy.

4.2 The Statement of Internal Control sets out the responsibilities of the governing body for ensuring that there is a process for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives of the University, whilst safeguarding public and other funds .

5. Financial Management and Control

5.1 Financial Planning

The Finance Department is responsible for preparing annually an income and expenditure budget, a capital budget and a five-year financial forecast for approval by the Board of Governors on the recommendation of the Policy and Resources-Finance, Planning and Resources Committee.

5.2 Budget preparation

LSBU's annual budget preparation is led by the Chief Financial Officer.

~~Detailed planning and budgeting guidance is published on the Staff Gateway each year. This includes a budget timetable and information on budget assumptions.~~

The completed budget is presented to the Executive for approval before being submitted to the ~~Policy and Resources~~ Finance, Planning and Resources Committee for recommendation to the Board of Governors, who confer final approval.

~~Once the budget is approved, members of the Executive will be issued with a formal letter of delegation which will include details of the budget for which they have responsibility.~~

5.3 Budgetary control

The Finance Department will prepare monthly management accounts for discussion at ~~Executive meetings~~ Operations Board and hold monthly meetings with Schools and Professional Service Groups to discuss performance against the agreed budget.

The control of income and expenditure within the agreed budget is the responsibility of the designated budget holder. This responsibility is formalised in the letter of delegated authority issued by the Vice Chancellor to each budget holders at the start of the academic year. Budget holders will be given access to and training in the use of the University's web-based finance system to enable them to monitor income and expenditure on a daily basis. The Finance Department will also provide monthly management information to budget holders in the form of budget monitoring reports.

The budget holder must report significant departures from agreed budgetary targets immediately to the Chief Financial Officer

In cases of emergency, The Finance Member of the Emergency Management Team (EMT) can authorize emergency expenditure. In these circumstances the Finance Member will be responsible for ensuring records of expenditure are kept to report during and after the incident takes place.

5.4 Forecasting

Budget holders, in collaboration with their Finance Business Support Managers, will be responsible for in year - budget re-forecast. The output of this process will be the latest expected position on income, expenditure and surplus compared to original budget. Budget holders are expected to incorporate all relevant information they have into these forecasts. Ownership of the forecast will remain the responsibility of the local budget holder.

5.5 Year end balances

Budget holders will not be permitted to carry forward any unspent amounts at year end.

5.6 Financial year

The University's financial year runs from 1 August until 31 July.

5.7 Basis of accounting

The consolidated financial statements are prepared on a historical cost basis and in accordance with the Companies Act, the Higher Education SORP (Statement of Recommended Practice) and other applicable accounting standards.

5.8 Capitalisation and depreciation

New land and buildings will be recorded in the balance sheet at actual build or acquisition costs, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal installments over their estimated remaining useful life. Land will not be depreciated.

Expenditure incurred on repair, refurbishment or extension of existing buildings will not be capitalised unless it can be demonstrated that the resultant value of the building, on the basis of depreciated replacement value, is greater than the current book value.

Expenditure on equipment, software and motor vehicles will be recorded in the balance sheet where the acquisition cost per item or group of items making up one asset is £10,000 or more. Depreciation will be charged on a straight line basis commencing in the month of acquisition at rates of:

Equipment, fixtures and fittings and motor vehicles – 5 years
 Computer hardware and software – 4 years
 Refurbishment expenditure – 15 years
 Freehold buildings – 50 years
 Leasehold buildings – lower of 50 years and life of the lease.

5.9 Accounting records

In accordance with the Companies Act 2006, the Chief Financial Officer is responsible for the completeness and accuracy of accounting records.

5.10 Document Retention

The Finance Department is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities.

The University is required by law to retain prime documents for 6 years. These include:

- Official purchase orders
- Paid invoices
- Accounts raised
- Bank statements
- Copies of receipts
- Paid cheques
- Payroll records, including part-time lecturers' contracts.

Members of staff should ensure that retention arrangements comply with any specific requirements of funding organisations such as regional development agencies and the EU and with the University's record retentions schedule.

6 Taxation

The Chief Financial Officer is responsible for advising Deans and Heads of Professional Service Groups on taxation matters, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies to the University. The Chief Financial Officer is responsible for maintaining the University's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date.

The University is an exempt charity and as such is exempt from corporation tax in respect of income or capital gains to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of VAT, except in the case of medical equipment and advertising.

To preserve corporation tax exemption, all commercial activities must be channeled through the University's trading subsidiary South Bank University Enterprises Limited (SBUEL). SBUEL is subject to corporation tax and VAT in the same way as any commercial organisation.

The Chief Financial Officer/Financial Controller should be notified of any activities that are thought to be commercial in nature before they are undertaken.

7 Audit requirements

7.1 The university shall appoint both external and internal auditors. In accordance with the HEFCE Audit Code of Practice the same firm shall not under any circumstances be appointed as both external and internal auditors.

Both the external and internal auditors shall have authority to:

Access University premises at reasonable times
 Access all records, documents and correspondence relating to any financial and other transactions of the institution
 Require and receive from any member of staff such explanations as are necessary concerning any matter under examination promptly.

7.2 External audit

The appointment of external auditors will take place at least every ~~five~~seven years following a competitive tendering process. Appointment of the external auditors is the responsibility of the Board of Governors following recommendation of the Audit Committee.

During their period of office, the external auditors will be re-appointed annually by the Board on the recommendation of the Audit Committee.

The primary role of external audit is to report on the University's consolidated financial statements. This will involve carrying out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the consolidated financial statements.

The Financial Controller is responsible for drawing up a timetable for year-end accounts purposes and will advise staff and the external auditors accordingly.

Separate auditors may, at the discretion of the Audit Committee, be appointed to carry out audits of grant claims as and when required by the relevant funding bodies.

7.3 Internal audit

The appointment of internal auditors will take place every ~~five~~seven years following a competitive tendering process. Appointment of the internal auditors is the responsibility of the Board of Governors following recommendation by the Audit Committee.

The primary role of internal audit is to deliver a risk based internal audit service which provides the Board of Governors with assurances on:

- The adequacy and effectiveness of the system of internal control and governance
- Risk management
- Data quality, and
- Value for money

The University's financial memorandum with HEFCE requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in Accountability and Audit: HEFCE Code of Practice.

7.4 Fraud and corruption

The Anti-Fraud Policy outlines the University's position on fraud and sets out responsibilities for its prevention and detection. The policy is intended to ensure that all cases of suspected fraud are promptly reported, investigated and dealt with as necessary, thereby safeguarding

the finances and resources of the University and its subsidiaries. This policy applies to all staff and students.

When an incident of fraud is identified, appropriate action should be taken in accordance with the fraud response plan (Appendix A).

7.5 Financial statements approval

The consolidated financial statements and those of SBUEL are prepared by the finance department in line with the agreed external audit timetable.

The financial statements must be reviewed and approved by both the ~~Policy & Resources~~ Finance, Planning and Resources Committee and the Audit Committee.

~~The financial statements of the University will be signed by the Chair of the Board of Governors, the Vice Chancellor and the external audit partner. The Accounts of SBUEL will be signed by a member of the SBUEL Board.~~

8 Income

8.1 General

The Chief Financial Officer is responsible for ensuring that appropriate procedures are in place to enable the University to receive all income to which it is entitled.

The Finance Department ~~is~~ responsible for:

- the prompt collection, security and banking of all income received.
- invoices being raised for customers where credit facilities are offered
- ~~the online payments system being maintained.~~
- Checking grants notified by HEFCE and other funding bodies are received and recorded appropriately in the University's accounts.
- claims for funds, including research grants and contracts, ~~are being~~ made by the due date.
- Maintaining a fees matrix within the Student Records System (SRS) which accurately calculates the tuition fee for each student.

8.2 Tuition Fee Income

Setting of fees

The ~~University Executive Board of Governors on recommendation of the Policy & Resources Committee~~ is responsible for the setting of tuition fees within the overall framework of the University budget and five year plan.

8.3 HEFCE Recurrent Grant funding

An agreement between HEFCE and the University sets out the minimum number of funded places which the University will provide in each academic program and mode, and the funding per student place. ~~HEFCE makes payments in monthly installments. The profile over the financial year takes account of the timetable for the payment of tuition fees by the Student Loan Company.~~

8.4 ~~HEFCE~~ Specific Grant funding

The Chief Financial Officer shall ensure that all specific or capital grants are applied in accordance with their terms, and that income from such grants is only recognised to the extent that it has been spent. The Finance Department will provide a unique source of funds code to ensure that expenditure can be accurately monitored.

5.5 — HEFCE Capital Grant funding

~~These funds are allocated to the University for technical equipment and improvements to buildings. HEFCE recommends that each institution has a proper scheme for the planned replacement of equipment, and that it monitors expenditure on equipment and replacement plans.~~

~~The Vice Chancellor shall approve the allocation of funding to Schools and Professional Service Groups.~~

The Chief Financial Officer shall:

- ensure that ~~equipment purchased expenditure~~ is within the terms of the grant
- ~~monitor allocations to avoid overspending;~~
- ensure that funds are claimed from HEFCE on a timely basis.

8.5 HEFCE Inherited liabilities reimbursement

HEFCE reimburses in full expenditure on capital and staff-related liabilities inherited by the University from the former ILEA where these liabilities were previously met from the former Advanced Further Education pool for capital-related payments. The liabilities eligible for reimbursement are:

- Debt charges on land and buildings;
- Pension increase payments in respect of pre 1989 retirements
- The Finance Department must ensure that:
 - claims for reimbursement are submitted promptly at the end of each financial year;
 - a record is kept, updated annually, with details of the amount and date when claimed, and the amount and date when paid.

8.6 Receipt of cash, cheques, ~~and credit/debit card, or electronic transfer~~ payments

~~The cash office of the Finance Department deals with all monies received in payment of tuition fees and Schools or any other department must not collect payment for fees directly from students or their sponsors. instruct all students that payments are to be made direct to the cash office and all students wishing to make a payment must be directed to the cash office.~~

~~Any other department collecting monies from students or any other customer must follow procedures authorized by the Financial Controller or Chief Financial Officer~~

The current single cash transaction limit for the University is the sterling equivalent of €15,000, translated at the most recent rate published by the Financial Times. This is to comply with the Money Laundering Regulations 2003. The cash office must not accept cash over this limit.

~~The Finance Department must be notified immediately of all cash received. Failure to do so could result in disciplinary proceedings.~~

~~All monies received must be recorded promptly and posted to the relevant student account in the University's Student Record System (SRS).~~

The University's contractor, ~~Loomis~~, must carry out all banking and the amount banked reconciled to the accounting system. ~~The amount banked must be confirmed.~~

All cash awaiting banking should be stored in a locked safe, and staff should ensure that insurance limits for the level of cash holding are not breached.

5.8 — Receipt of BACS payments

~~All BACS and electronic R~~ receipts must be recorded and posted to the student record, accommodation and finance system on the day, or closest working day, to receipt.

8.7 Collection of tuition fee debt

Any student who has not paid an account for tuition fees or any other item owing to the University shall not receive their certificate for any degree, diploma or other qualification until all outstanding debts have been cleared. The name of such students shall not be included on pass lists. In addition such students shall be prevented from re-enrolling at the University and from using any of the facilities.

8.8 Collection of other debt

The Finance Department should ensure that:

Debtor invoices are raised promptly on official invoices;
Invoices are prepared accurately and are credited to the appropriate income account;
Any credits granted are valid and properly authorised;
VAT is charged at the correct rate where appropriate and accounted for;
Outstanding debts are monitored and chased in a systematic manner.

~~All d~~ debts (~~tuition fee and sales ledger~~) over 6 years old will be written off on an annual basis unless there is a reasonable expectation that the money can still be recovered. If the total value of the annual write off is less than £50k it can be approved by the Chief Financial Officer. Audit Committee approval is required where the total value of the annual write off exceeds £50k.

In exceptional circumstances debts may be required to be written off during the year (e.g. in the event of company liquidation). This will require the approval of only the Chief Financial Officer. The maximum limit for write off on any individual debt is £10k. Above this limit, approval of Audit Committee is required.

5.11 — Access fund income

Eligibility

~~These funds are used to provide financial help to students in the following three areas whose access to higher or further education might be inhibited by financial hardship:~~

~~Postgraduate home students studying at levels above first degree;
Undergraduate home students;
Further education home students aged 19 or over.~~

Administration

~~Student Services, under the direction of an Access Funds Panel shall administer these funds. The membership of this panel should be drawn from Student Services, the Student Union and the Finance Department. A nominee of the Head of Student Services should chair the panel. The nominee is responsible for:~~

~~Advising on the criteria for the allocation of funds, this will be approved by the Vice Chancellor~~

~~Authorising payments to students on the basis of evidence of need.~~

Reporting

~~The Director of Student Services shall be responsible to the Vice Chancellor for:
Preparing regular reports for the Vice Chancellor on the payment of funds;
Providing annual monitoring information to HEFCE in the form required showing the number of students in receipt of payments~~

8.9 Halls of residence income

The Executive shall determine the level of term time fees for student halls of residence, taking account of the implications for Student welfare and The financial position of the University and the surplus or deficit on halls of residence operations.

The Executive will determine the level of fees for vacation lettings at halls of residence. In doing so they must take account of the need to maximise the income to the University from these activities.

~~The Director of Estates Finance~~ shall be responsible for invoicing students and other users and ensuring payment, ~~with the assistance of the Finance Department~~. Every effort shall be made to recover amounts owed, including the use of debt collection agencies and the withholding of academic qualifications.

All students in halls of residence shall be required to sign a formal accommodation agreement. ~~The agreed period of tenancy covers the full academic year.~~

8.10 Catering income

The parts of the University authorised to provide food and drink for sale to staff students and visitors are:

- The Department of Estates or it's contracted catering provider;
- The National Bakery School.

No other school, Professional Service Group or individual member of staff shall provide food and beverages for sale on the University's premises.

The Heads of Estates and of The National Bakery School shall determine the prices charged in the refectories and other catering outlets, taking account of:

- ~~the~~ the welfare of students and staff;
- the financial position of the University and the surplus or deficit on catering operations.

~~Arrangements for dealing with catering cash receipts are set out in Section 10.10.~~

9. Research grants

9.1 General

Research can be defined as original investigation, undertaken to gain new knowledge and understanding, which may be directed towards a specific aim or objective. It can use existing knowledge in experimental development to produce new or substantially improved materials,

devices, products and processes including design and construction. It excludes routine testing and analysis of materials, components and processes.

The term 'Research Grant' is restricted to research projects funded by the UK and EU Research Councils, Charities and HEFCE. All other externally funded research projects are classified as '~~Commercial Research Contracts~~ Contract Research'. These are managed by University Enterprise and dealt with ~~in the section~~ section 7 of these regulations covering other income generating activities.

Where approaches are to be made to outside bodies for support for research projects or where contracts are to be undertaken, it is the responsibility of the Dean to ensure that the financial implications have been appraised by the Central Research Support Office. This will include obtaining a set of grant terms and conditions from each organisation providing funding to enable appropriate monitoring of compliance.

The Central Research Support Office is responsible for examining every application for research funding. The Central Research Support Office should ensure that the full cost of research contracts is established.

The Finance Department shall maintain all financial records relating to research grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.

Where services or supplies need to be bought as part of a research agreement or grant, they must be procured in line with these regulations and procurement support must be requested if this is required in the research grant terms and conditions.

Each grant or contract will have a named supervisor and will be assigned to a specific school.

9.2 Full Economic Costs

All UK universities are now obliged to identify the Full Economic Cost (FEC) of research activities and recover the best price possible for the work taking into account the funder's own regulations.

~~Therefore all projects must be costed using LSBU Full Economic Costing & Pricing Form available on the Central Research Support Office website.~~

Where possible, full economic costs should be recovered from the funder.

Authorisation of Research Grant applications

The table below sets out the delegation of authority with respect to authorisation of Research Grants. Contracts for Research Grants should normally be signed by the PVC (Research and External Engagement) and always in line with these Financial Regulations.

<u>Total contract value (including VAT)</u>	<u>LSBU</u>
<u>Over £2m</u>	<u>VC and CFO</u>
<u>Over £1m and up to £2m</u>	<u>PVC (Research and External Engagement)</u>
<u>below £1m</u>	<u>Director of Enterprise</u>

10 Other income-generating activity

10.1 Types of activity

Income generating activities, including those that are coordinated via University Enterprise, ~~These~~ include:

~~Collaborative research
Contract research
Consultancy
Facilities and equipment related services
CPD & Continuing Education
Regeneration and development programmes
Intellectual Property
Knowledge Transfer Partnerships;
Commercial research contracts;
Consultancy;
Commercial exploitation of intellectual property;
Sales of materials;
Hire of facilities;
Full cost courses and events~~

10.2 Responsibilities

Role and responsibilities are detailed in the Enterprise Approval Process.

10.3 Approval of activities

Approval shall be sought for all Commercial Sales in line with the published Enterprise approval process.

~~Proposals must be discussed at an early stage with University Enterprise. University Enterprise will involve the Chief Financial Officer if such a proposal has a significant impact on resources.~~

~~University Enterprise shall negotiate with the client the service to be provided and the price to be charged, on the advice of the school concerned. The price charged shall take account of staffing costs and risks involved, the University overhead and planned school surplus required.~~

~~Approval shall be sought for each project on the appropriate Full Economic Costing (FEC) form available on the University Enterprise website. All FEC forms should be signed by the proposer and the appropriate Dean.~~

10.4 Scheme of Delegation for Commercial Sales

The table below sets out the delegation of authority with respect to authorisation of Commercial Sales.

~~The table below sets out the delegation of authority with respect to authorising enterprise projects to be contracted with third parties for delivery of goods or services. Authorisation can be at project level or individual programme level. The table below reflects scenarios where commercial sales are managed by either SBUEL or by the University.~~

<u>Total contract value (including VAT)</u>	<u>SBUEL</u>	<u>LSBU</u>
<u>Over £2m</u>	<u>SBUEL Board</u>	<u>VC and CFO</u>
<u>Over £1m and</u>	<u>PVC Research and</u>	<u>PVC (Research and</u>

<u>up to £2m</u>	<u>External Engagement</u>	<u>External Engagement)</u>
<u>below £1m</u>	<u>Director of Enterprise</u>	<u>Director of Enterprise</u>

Contracts for Commercial sales should normally be signed by either the PVC (Research and External Engagement) or University Secretary and always in line with section 14 of these Financial Regulations.

~~In all cases, projects must be subject to internal University agreement in addition to this project authorisation before any contract is issued. At a minimum, this should consist of an agreed FEC form signed the Dean of the school (or schools) responsible for delivery of the project, per the Financial Regulations. Only once both internal agreement (e.g. through the FEC) and project authorisation under this scheme of delegation have been received can a contract be signed by the appropriate person per Section 13.3 of the Financial Regulations.~~

10.5 South Bank University Enterprises Ltd

All activities commercial in nature and carried out with the intention of making a profit should be handled through the University's trading company SBUEL. VAT must be charged on all standard rated activities carried out by SBUEL.

11. Staff expenditure

11.1 Staffing budget

The Board of Governors approves the annual staffing budget which forms part of the overall budget.

Staffing shall be at a level that ensures that staff expenditure remains within budget for the financial year.

No permanent or temporary appointments in excess of the annual staffing budget shall be made without approval of the Chief Financial Officer.

The ~~Executive Director of Human Resources~~ Executive Director of Organisational Development and HR must maintain staffing statistics and report to the University at regular intervals staff in post and vacancies.

11.2 Appointments to posts

The Vice Chancellor is responsible for the appointment of staff. The Board of Governors is responsible for the appointment of senior post holders.

Permanent and Temporary appointments should be made within the University's recruitment and selection procedures or through the University's approved supplier of agency staff. The Human Resources Department shall seek confirmation from the hiring department that sufficient funds are available within the departmental budget in the current financial year to pay for the post before beginning the recruitment process. Holders of letters of delegated authority are responsible for ensuring that staffing levels remain within budget.

The ~~Executive Director of Human Resources~~ Executive Director of Organisational Development and HR must notify promptly the Payroll Department of all appointments and terminations of employment, and any changes during employment, in sufficient time to enable the appropriate changes to be made to the payroll department.

The permanent promotion of staff shall operate through normal recruitment procedure for vacant posts

~~8.3~~ ~~Temporary Appointments~~

~~Holders of letters of delegated authority may authorise temporary appointments, including the use of agency staff to vacant posts or to meet business need where expenditure is within staffing budgets for the year, including grant funded staffing budgets.~~

~~Temporary appointments shall be made within the University's recruitment and selection procedures or through the University's approved supplier of agency staff.~~

11.3 Conditions of employment

The Board is responsible for setting the framework for the employment of university staff (which it may delegate to the ~~Finance Planning and Resources~~ ~~HR~~ Committee or the Executive).

11.4 Payroll

The Chief Financial Officer shall ensure that appropriate arrangements are in place to ~~make proper payments. These shall include:~~

~~the information shall be~~ transcribed HR information into the form required to process accurate payments.;

- (b) the Financial Controller shall make validation checks of the proposed payment schedule before authority is given for payment to either the payments bureau or for manual payments.
- (c) pay slips shall be released to staff;
- (d) a check shall be made of the payroll transactions which shall be copied to the Human Resources Department to be checked against personnel records.

11.5 Deductions

The Chief Financial Officer shall arrange for deductions of income tax, national insurance, pension contributions and other deductions, and ensure that proper records are kept.

11.6 Sickness, Maternity and Other Benefits

The ~~Executive Director of Human Resources~~ ~~Executive Director of Organisational Development and HR~~ shall verify the entitlements and notify the Financial Controller of payments to be made.

11.7 Pay Awards

The Board of Governors shall determine the annual pay level of senior post holders.

The Board of Governors shall decide annually whether the University should opt in or out of national pay negotiations. The Executive shall then make a recommendation to the Board based on budgetary consideration from year to year.

The Vice Chancellor shall after consultation with the ~~Human Resources~~ Finance Planning and Resources Committee approve the offer made to the trades unions. When agreement on the size of the pay award and the date of implementation has been reached, the Vice Chancellor shall approve the pay award having regard to the financial implications for the University.

The ~~Director of Human Resources~~ Executive Director of Organisational Development and HR shall notify the Chief Financial Officer of:

- the nature of the pay award and the groups of staff to whom it applies;
- any other arrangements for other groups of staff;
- Increases in pay due as a result of pay awards.

11.8 Bonus payments

The Vice Chancellor shall determine:

the principles each year underlying the performance bonus payments to eligible staff and;

~~(b)~~ — the amount of the annual performance bonus to be paid to each of these staff.

12 Expenditure

12.1 Scope

These regulations apply to all expenditure, including spending of grant monies and leasing arrangements, but exclude ~~salaried payroll expenditure processed through the payroll which is covered in the section on pay expenditure.~~

12.2 Purpose

The purpose of these regulations is to:

Ensure that the University's expenditure represents Value For ~~Money~~ Money including 'economy' ('doing things at best price'), 'effectiveness' ('doing the right things) and 'efficiency' ('doing things the right way);

- Comply with European and UK legislation and statutory requirements;
- Manage and minimise risks, including commercial protection in all contractual arrangements and mitigation against fraud and corruption.

12.3 Order of Events

When reviewing and committing expenditure, the following order of events must be followed:

- Procurement engagement
- Review the need and value for money
- Advance authorisations and budget control
- Supplier selection
- Contract award
- Contract management and Procure to Pay

12.4 Procurement engagement

Procurement Services are to be contacted from the outset to agree the level of professional Procurement input required and the procurement sourcing strategy. Professional Procurement input will be determined following consideration of the potential impact on strategic objectives, value for money opportunities, and legislative risk.

Discrete requirements with a total contract value over the contract term of less than £50,000 may be able to follow Procurement guidance, rather than require direct engagement with Procurement Services. Refer to the Supplier Selection section for further details.

Any potential conflict of interest which a member of staff making or influencing a procurement may have with a supplier, must be notified to Procurement as soon as the conflict is known. All staff involved in a Procurement process are required to complete a Declaration of Interest form, at the start of their involvement.

12.5 Review the need and value for money

Value for money is not about cuts. It is about making sure that the University's resources are used in the right way to generate outcomes that align with the University's corporate objectives, and that any expenditure or time spent on an activity is appropriate to the outcome.

Value for money is defined by HEFCE as effectiveness, economy, and efficiency. LSBU's working definition is:

- Effectiveness – Doing the right thing (the extent to which corporate objectives are met)
- Economy – At the right price (appropriately minimising the cost of an activity)
- Efficiency – The right way (performing tasks well)

Value for money is the combination of all three aspects. Disproportionate emphasis on one of the three aspects, could impact on overall value for money.

The University requires all budget holders to ensure that all commitments to supplies, services and works represent value for money. Budget holders must assess the need, and review how value for money can be optimised by working with Procurement and other relevant stakeholders across the University from the outset.

12.3 Investment Appraisal Process

The Investment Appraisal process applies to all activities with a significant impact on current business activities or activities with significant resource requirements, including:

Capital expenditure bids
Operating expenditure outside existing budgets

Where the value of the bid is no more than £250k, a short business case can be submitted. The Finance department will maintain guidance on the investment approval process. Authorisation for all expenditure must be sought in accordance with approval limits set out in section 9.6 below.

12.4 Use of existing and Mandatory Contract Arrangements

The University has a number of contracts that must be used for specified services, supplies or works. A list of mandatory contracts can be found on the Procurement website.

Where approved contracts are available, these must be used for all purchases. These contracts cover a wide range of goods and services and have been selected through a competitive process. These contracts should be used by either directly calling off from the existing contract, or where a framework agreement is in place with multiple suppliers, through requesting quotes from the specified list of suppliers in that category. Call-off methods are detailed for each mandatory contract and are listed on the Procurement website.

The University has a number of expenditure categories where specific Professional Service Groups lead and manage any orders that need to be made. The relevant Professional Service Group must be used to advise and process expenditure in these areas. Mandatory usage of departments by category is listed on the Procurement website.

12.4 Competition requirements for new contracts

Obtaining Value for Money

Value for money is the over-riding principle on procurement, ordering and tendering. The University requires all budget holders to obtain supplies, services and works at the most economically advantageous cost, consistent with quality, delivery requirements, whole life cost and always in accordance with sound business practice.

It is in contravention of the Financial Regulations to procure from suppliers for reasons other than value for money, as defined above. Procurement decisions need to be justified and 'audit trail' records must therefore be completed.

12.6 Advance authorisations and budget control

Investment Appraisal Process and Business Cases

Budget holders must ensure that planned expenditure is within their allocated budget referred to in the Financial Management and Control sections of these regulations. In certain circumstances, authorisations must be obtained before engaging with the supply market.

The University's Investment Appraisal Process must be followed, and a business case needs to be submitted for approval if:

- the requirement relates to a new change initiative
- the requirement incorporates aspects of capital expenditure
- the expenditure will exceed the existing allocated department or school budget
- the contract relates to revenue expenditure that is in budget and exceeds £2million over the contract term

The Investment Appraisal process also applies to all activities with a significant impact on current business activities or activities with significant resource requirements.

Where the value of the bid is no more than £250k, a short business case can be submitted. The Finance department will maintain guidance on the investment approval process. Authorisation for all expenditure must be sought in accordance with approval limits set out in the Authorised Expenditure Limits section below. Procurement Services must be consulted to support the completion of Procurement related content of any proposed Business Case involving expenditure.

Total Contract Value / Expenditure

The total contract value will determine the authorization routes and levels of competition to follow.

The total contract value refers to the value of the contract over its full contract term, including any potential extensions. It does not refer to the annual contract value. If items are bought on a rolling contract basis, the estimated per annum value should be multiplied by 4 to determine the estimated total contract value.

Where the total expenditure or contract value cannot be determined, usage and values should be estimated to determine the total value. Where more than one area of the University is likely to use the contract, University-wide demand should be used to calculate the total contract value.

Where there is a need for a single requirement that can be divided into a number of stages, or a number of similar or identical requirements, the total value must be used when assessing the application of these regulations. Contracts must not be disaggregated and split into separate contracts with smaller values to avoid having to comply with the authorization and competition routes detailed in these regulations.

Where a Purchase Order constitutes the formal contract, in place of a formally signed contract, then the requirements within these regulations for contracts apply to the Purchase Order value.

Authorised Expenditure Levels

Authorisation for all expenditure must be sought in accordance with the value threshold requirements detailed in Table 2 below. Thresholds relate to the value over the total contract term including any potential extensions – not to per annum values.

Total Contract Value (Including VAT)	Capital		Revenue	
	Planned	Unplanned	Within Budget	Outside Budget
Over £5 million	Board of Governors			
Over £2m and up to £5m	Major projects and Investment Committee	Board of Governors	Major Project and Investment Committee	Board of Governors
Over £1 million and up to £2 million	Executive	Board of Governors	Delegated Levels of Authority	Board of Governors
Over £500,000 and up to £1 million	Executive	Major Projects and Investment Committee	Delegated Levels of Authority	Major Projects and Investment Committee
up to £500,000	VC and CFO	VC and CFO	Delegated Levels of Authority	VC and CFO
Unplanned capital projects should be very rare. The Major Projects and Investment Committee will review masterplans and the majority of capital expenditure will be planned. Expenditure proposals should be submitted to the lowest level of authorisation first, being escalated up through the approval hierarchy on the table above following each approval stage.				

** Requirement still remains to deliver against agreed budget*
Capital and Revenue budgets are as defined in the department and school budgeting process.

Approval Documents and Delegation

Board of Governor, Major Projects and Investment Committee or Executive approval is to be sought through submission of a Strategic Outline Business Case at initial project stages prior to tendering. Where Board of Governor approval is needed, papers should be submitted in advance to Executive and the Policy and Resources Committee.
When approving, the Board of Governors, Major Projects and Investments Committee, and Executive shall specify any future delegations that may apply during the remaining stages of the competitive procurement process, to enable timely contract awards within the approved Business Case parameters..

~~Executive approval is to be sought through submission of a Strategic Outline, or Options Appraisal Business Case prior to tendering.~~

Delegated Budget Authority

Holders of letters of delegated authority are responsible for the approval of expenditure within the budget set out in their letter of delegated authority subject to the limits stated in table 2. Holders of letters of delegated authority are responsible for agreeing with the Financial Controller a scheme of delegation within their departments. Where authority has been formally delegated to Heads of Department (HoD'S) and other staff, these staff will be responsible for the approval of expenditure within their departmental budget up to the limit set out in the appendix to their letter of delegated authority. Changes to agreed authorization levels must be recorded on the Authorised Signatory list, maintained by the Financial Controller.

These arrangements are also to be applied to employees of subsidiary companies who are given delegated authority in respect of budgets.

12.7 Supplier selection

Use of existing and Mandatory Contract Arrangements

The University has a number of contracts that must be used for specified services, supplies or works. A list of mandatory contracts can be found on the Procurement intranet.

Where approved contracts are available, these must be used for all purchases. These contracts cover a wide range of goods and services and have been selected through a competitive process. These contracts should be used by either directly calling off from the existing contract, or where a framework agreement is in place with multiple suppliers, through requesting quotes from the specified list of suppliers in that category. Call-off methods are detailed for each mandatory contract and are listed on the Procurement web pages.

The University has a number of expenditure categories where specific **Professional Service Groups** lead and manage any orders that need to be made. The relevant **Professional Service Group** must be used to advise and process expenditure in these areas. Mandatory usage of departments by category is listed on the Procurement web pages, together with any related policies that apply to that area of spend.

Competition and Audit Trail Requirements:

Total Contract Value (Including VAT)	Level of Competition Required	Supporting 'Audit Trail' Documents Required
Over £50,000	Competitive Tender *	Business Case Approval Form (where Board/Exec approval required) + Full Evaluation Matrix Or Single Quotation/Tender Form** + Authority to Award Report
Over £10,000 and up to £50,000	3 Competitive Proposals	Competitive Quotes Form Or Single Quotation/Tender Form**
Up to and including £10,000	Department's Discretion ***	None

**Procurements exceeding £50,000 over the total contract term must be discussed with Procurement Services at the beginning of the planning stage, to agree the procurement strategy and route and professional Procurement input required. Procurement will instruct on minimum tenderer numbers, EU compliance requirements and use of e-tendering.*

*** Where there are no sources of competition, quotations must still be obtained and a Single Quotation/Tender Form completed.*

**** Heads of Dept/school will have the discretion to decide whether or not to obtain quotations, however value for money must always be obtained. It is advised that at least one written quotation is obtained for items with a value of £10,000 or under.*

Threshold Application for Framework Agreements

For some categories, the University puts in place overarching framework agreements, which are 'umbrella agreements' with either one or several suppliers. Framework agreements set out the terms, mainly relating to scope of service/supply, price, quality and potential quantity, under which individual contracts (call-offs) can be made. The University becomes committed to expenditure when a call off is made, and a discreet contract is entered into.

Framework agreements are to be authorised according to the approval levels in Table 2, based on expenditure levels estimated over the term of the framework. Subsequent call offs are also subject to the approval requirements indicated in Table 2, with Executive approval replacing any Board of Governor approval requirement indicated.

External Funding with Specific Procurement Requirements

External Funding with Specific procurement requirements

Where the University is receiving external funding (for example from HEFCE) towards the purchase of goods or services there may be specific procurement requirements which must be followed (for example the limit for carrying out competitive tenders may be lower). These may differ from the procedures set out within the Financial Regulations. If these requirements are not adhered to the University may not receive the funding. In order to ensure that these procurement requirements are fully understood and adhered to, Procurement Services must be consulted before purchasing any goods or services for which the University is receiving external funding with specific procurement requirements.

Capital grants allocated by external organizations, such as HEFCE, must be spent solely for the purposes specified. The Finance Department shall maintain records of expenditure of HEFCE grants in the form required by the funding body.

Most Economically Advantageous Approach

The best value tender or quote shall be accepted (following appropriate evaluation of price and quality criteria). Approval by the Head of Procurement shall be required in all cases when award is not recommended to the most economically advantageous tender /quote.

E-Tendering

The University's e-tender system must be used to run competitive tenders, unless otherwise agreed with Procurement Services.

Terms and Conditions

Appropriate terms must be clearly established at the outset of all competitive procurements. Procurement Services must be consulted in all instances where the University's standard terms and conditions are not used, in advance of committing the University.

The Contracts (Rights of Third parties) Act 1999 came into force on 11 May 2000. It applies to all contracts made on or after this date in England, Wales and Northern Ireland. The Act gives third parties named in contracts, or expressed to benefit from them, the right to sue under

those contracts. The majority of contracts entered into by the University will exclude this right as far as possible. This exclusion is incorporated into the University's standard contract documentation. Where, in a particular case, the parties to a contract are considering conferring a benefit on one or more third parties, advice must be sought from the University Secretary/Procurement Services as to the implications of any such arrangement, before entering into negotiations with any of the other parties that may be involved in the proposed contractual arrangements.

12.8 Contract Documentation and Award

Contract Documentation

Every contract issued by the University shall use the appropriate standard contract documentation. Copies of all standard contract documentation are available from Procurement Services. The advice of Procurement Services should be sought if any amendments are required to the standard documentation.

Contract Award Authorisation

Current legislation requires the University to be transparent and publish details of certain contract awards. Procurement Services will ensure that these legal requirements are met. Procurement Services must be notified of all contracts requiring formal signature (requiring signature either by hand or electronic). Procurement Services will coordinate the necessary contract authorisations in accordance with these regulations. All contract documentation must be approved by the Head of Procurement Services prior to contract signature by the specified signatures in section 'Contracts' of these Regulations.

12.9 Contract Management and Procure to Pay

Contract Management

Holders of letters of delegated authority must ensure that all expenditure contracts within their budget area have a contract owner responsible for monitoring performance through regular meetings with the contractor. Reports of any discrepancy or failure must be completed. Procurement Services advice should be sought in order to assist in the management of poor contract performance and emerging risks

Procurement Services must be notified of all contract, variation, extensions and terminations in advance of any commitments being made on behalf do the University. Procurement Services will then coordinate the necessary authorisations and publications in line with these regulations, legislation and Procurement procedure.

University Procurement Cards

University Procurement Cards are to be used for low value, high volume transactions and separate guidelines applicable to these cards must be followed Requirements detailed within these regulations to use approved contracts and to follow competition requirements apply to Procurement Card orders. Purchasing cards cannot be used;

- for personal purchases
- by anyone other than the person to whom the card was issued
- to withdraw cash unless the cardholder is specifically authorized to do so.

The misuse or non-compliance of the Procurement Card procedures will result in the card being withdrawn and in certain cases may result in disciplinary action being taken. Detailed procedures for the use of purchasing card are contained in the Purchasing card guide.

New Suppliers

Where a supplier is new to the University, a New Supplier Form must be completed. Procurement Services and Finance may review the level of risk relating to suppliers at supplier set up stage and on an ongoing basis, and alternative procurement solutions may be required.

Purchase requisitions and Purchase Orders

Purchase requisitions, and subsequent official University orders must be placed to commit all expenditure, with the exception of supplies listed in appendix to this document. or when paid for via a University Procurement Card.

There must be adequate segregation of duties in place, as specified in the Procurement procedures and guidance, in particular requisitions must be raised and authorised by different individuals where staff make a commitment on behalf of the University. The University operates an electronic requisition system and the authorization hierarchy within the system must be maintained in such a way that requisitions have to be raised and authorized by different individuals. Authorization of requisitions must be within a budget holder's delegated budget authority

In addition to budget holder approval, each requisition may be subject to Procurement Services approval to ensure that requisitions, and related procurement exercises, comply with procurement and tendering policy. Procurement Services are to determine which Purchase Orders require their approval, following approval by budget holders and other supporting authorisations as required the 'Advance Authorisations and Budget' section..

Purchase Orders fulfil the role of acceptance of a supplier's offer and bind a contract on the University's terms and conditions. The University's standard terms and conditions are automatically applied to University orders. Where a contract already exists, contract terms must be specified by requisitioners on requisitions, to ensure that they take precedence.

12.10 Estate Specific Expenditure

In addition to the above regulations, there are specific requirements regarding expenditure on the University estate.

Estates Strategy

The Estates Department should only carry out work approved as part of the Estates Strategy, and that approved by Executive in order to maintain existing estate through planned and reactive maintenance and project works.

The Board of Governors shall approve an Estates Strategy and consider amendments to it where updating is required at regular intervals. The strategy shall take account of:

The quantity, quality, configuration and legal interests in the current estate;

(b) Planned student numbers and course provision and teaching methods;

(c) Consequential anticipated growth in staff numbers, both academic and non-academic;

The efficiency of management of existing accommodation and space utilisation;

The financial implications, with investment appraisals where appropriate, in consultation with the Chief Chief Financial Officer.

All recommendations to the Board of Governors for property acquisitions and disposals shall be supported by surveyor's report as laid down in the Charities Act 1993.

All proposed building projects shall be considered by the Executive and they should meet the overall objectives of the Estates strategy and approved financial limits.

EU Directives

Higher Education Institutions (HEI's) are required by law to comply with the EU Directives if they intend to let a contract (or series of contracts) above or equal to the thresholds for goods, services or works contracts prescribed by EU Directives.

Estates & Facilities is responsible for consulting with Procurement Services at the planning stage of any works or project to ensure that EU Directive and UK statutory procurement obligations will be met.

Progress and Completion Reports

The Director of Estates & Facilities shall make regular reports to the Vice Chancellor on the progress of building projects with an estimated cost of over £50,000, indicating:

- (a) Expenditure to date against budget;
- Remaining expenditure;
- Emerging problems;
- Changes to risk profile

Reports shall be made to meetings of the Property Committee on the progress of all projects approved by the Board of Governors.

The Director of Estates shall conduct a formal post completion review after all major capital projects to identify strengths and weaknesses and to feed these into the procedure for managing future projects.

Procedures for disposals of Exchequer Funded Assets

~~Where the University sells any land and buildings, including any interest in land and buildings, which was acquired or developed in whole or in part using Exchequer funds, the following conditions must be satisfied:~~

- ~~a) — The University must take independent professional advice on the terms and conditions of the sale.~~
- ~~b) — If, having considered that advice, the University is satisfied that the terms and conditions under which the sale is proposed are the best that can reasonably be obtained for the University at that time.~~
- ~~c) — The University must notify HEFCE in writing of the sale within 15 working days of the exchange of contracts for that sale.~~

Disposal of items purchased from specific external research grant or similar sponsored activity shall only be made within the rules and with the approval, if required, of the sponsoring body. Disposal of land and buildings must only take place with the authorisation of Council or Finance and Resources Committee, in accordance with the Financial Authority Limits. HEFCE consent may also be required if Exchequer funds were involved in the acquisition of the asset.

12.11 Supplier invoices

Receipt of invoices

All supplier invoices should be sent by the supplier to ~~the Accounts Payable team within~~ the Finance Department. On receipt, invoices should be registered on the finance system

Approval of invoices

Invoices that relate to goods or services for which a purchase requisition was raised are known as 'committed' invoices. Committed invoices will quote a purchase order number. Invoices that relate to goods and services for which no purchase requisition was raised are known as 'uncommitted' invoices. Uncommitted invoices will not contain a purchase order number.

Committed invoices should be receipted on the finance system by the person who raised the original requisition as evidence that the invoice has been checked, the goods or service has been received and the department wishes the supplier to be paid. Where an invoice exceeds the original purchase order, the invoice will be referred forward to the budget holder to approve payment of the invoice.

Uncommitted invoices should be approved only by the relevant budget holder in line with levels of delegated authority. If the invoice exceeds the budget holder's delegated authority. This is because the approval of an uncommitted invoice is giving authority for a budget to be spent. In the case of committed invoices, this authority has already been given by the raising and approval of a purchase requisition.

For both committed and uncommitted invoices, receipting or invoice approval confirms that:

Goods or services have been received or undertaken in accordance with specification and are satisfactory;

The prices or charges are in accordance with the contract or order;

The invoice is arithmetically accurate and VAT has been applied at the correct rate;

~~(d) — Where inventories or stores records are required proper entries have been made.~~

Payment of invoices

Once approved, Finance Staff should arrange payment within the University's Standard terms of business or any bespoke terms of business agreed with particular suppliers.

~~Note that if there is a delay in approving invoices, Finance Staff will be unable to meet these terms of business. Departments should therefore ensure that their suppliers send invoices directly to the Finance Department quoting the purchase order number.~~

12.12 Authorised signatory list and authorisation hierarchy

The Authorised signatory list is kept and maintained by the Financial Controller. It is the responsibility of the ~~S~~school or Professional Service Group to ensure that an up to date set of authorised signatory sheets are given to the Financial Controller. The University's electronic Procurement to Pay system is set up with hierarchies for the raising and approval of requisition and approval of non-committed invoices ~~and it is-~~ The Financial Controller ~~is-who~~ has responsibility ~~le~~ for ensuing electronic authorisations are in line with the authorised signatory list.

12.131 Fixed Asset Register

The Chief Financial Officer shall:

- (a) Ensure there is a central register of all items of capital expenditure with a purchase value of £10,000 or over including VAT within the finance system Agresso

Deans and Heads of Professional Service Groups shall:

- a) Ensure the safekeeping of all equipment held in the school or Professional Service Group;
- b) Ensure that the equipment is marked as the property of London South Bank University.
- c) Report all losses of equipment through theft or damage on the prescribed forms to the Director of Estates & Facilities with copies to the Vice Chancellor and Chief Financial Officer

12.142 Equipment Removal

Land and Buildings may only be disposed of with the authorization of the Board of Governors on the recommendation of the [Policy and Resources Finance, Planning and Resources Committee](#).

Equipment, vehicles, fixtures and fittings shall not be removed from the University without the written approval of the Dean or Head of Professional Service Group. In all such cases, the Chief Financial Officer shall be informed at least two working days in advance so that, appropriate insurance arrangements can be made.

Schools and Professional Service Groups shall notify the appropriate Professional Service Group of any item of standard equipment or other goods which are no longer required, who shall advise if the item can be redeployed elsewhere in the University. .

Where an item cannot be redeployed, Deans or Heads of Professional Service Groups shall make arrangements to dispose of obsolete items. The Dean or Head of Professional Service Group is responsible for disposing of the item in a way that maximizes the proceeds and value for money to the University. This includes obtaining valuations where appropriate and quotes for costs of disposal. In exceptional circumstances, the [Director of Finance Chief Financial Officer](#) may authorize the item to be donated or offered at reduced cost to students, other educational establishments, charities or local community groups.

The school or Professional Service Group shall advise the Chief Financial Officer of any proposed disposal of equipment or other goods so that, if appropriate, she or he may arrange for an invoice to be raised for payment to be obtained by the University and for accounting entries to be made in the University Accounts.

13 Cash management

13.1 Bank accounts

The Board of Governors shall approve:

- (a) the appointment and terms of engagement of the University's bankers;
- (b) the bank mandate which determines the terms on which cheques may be drawn on the University's bankers;

- (c) the bank account signatories and levels of authority;
- (d) overdraft and loan facilities.

All bank accounts for the University's transactions shall be held in the name of the University, and may be opened only on the authority of the Board of Governors. No bank account other than one authorised by the Board of Governors shall be operated for University's purposes. No member of staff shall open an account bearing the name of the University, or any abbreviation of it.

13.2 Signatories

The University's bank accounts shall be operated in accordance with the mandates given to the bankers under the authority of the Board of Governors. The Board of Governors has determined that the holders of the following posts shall be signatories to the University's bank accounts;

Vice Chancellor
 Deputy Vice Chancellor
 Chief Financial Officer
 Pro Vice Chancellors
 University Secretary and Clerk to the Board of Governors
 Chief Operating Officer
 -Executive Director of Organisational Development and HR ~~Human Resources~~
 Financial Controller
 Financial Planning Manager

13.3 Signatory limits

Signatory limits apply for both cheque limits and electronic payments such as Bacs

- For Payments of less than £10,000 - one signature and may be signed in holograph by cheque writing machine;
- For payments of £10,000 and above - but less than £20,000 - one signature but may not be signed in holograph by cheque writing machine;
- For payments of £20,000 and over- two signatures only one of which can be a member of the Finance Department.

13.4 Cheque Payments

Cheque payment controls shall be maintained by the Payments Manager. The cheque stationery shall be kept in a secure place at all times, and proper controls maintained on the use of cheque stationery.

13.5 Records and reconciliation

The Chief Financial Officer shall

- maintain a record of all bank accounts, signatories and levels of authority;
- ensure adequate procedures are in place to control the issue and use of cheque stationery and for the control of electronic payment authorization
- (maintain proper records of all bank payments;

- ensure that all bank accounts are reconciled at monthly or more frequent intervals, independently of the staff involved in making payments and banking cash.
- The following accounting controls shall apply:
- there shall be a monthly bank reconciliation for each bank account;
- The reconciliation shall be verified by the Financial Accountant;
- Unresolved discrepancies shall be reported to the Financial Controller and if still unresolved to the Chief Financial Officer
- Cashbook records shall be maintained as part of the integrated accounting system.

13.6 Borrowing

All raising of capital finance, ~~including finance lease arrangements~~, must be approved, in advance, by the ~~Policy and Resources Finance, Planning and Resources~~ Committee and the Board of Governors. The Board of Governors may, at its discretion, authorise an ad-hoc committee of its members to agree final documentation and execute documents within certain parameters set by the Board of Governors.

All borrowing raised on the security of any of the University's assets must be approved, in advance, by the ~~Policy and Resources Finance, Planning and Resources~~ Committee and the Board of Governors. The Board of Governors may, at its discretion, authorise an ad-hoc committee of its members to agree final documentation and execute documents within certain parameters set by the Board of Governors.

Unsecured, overdraft borrowing must be within limits set by the Chief Financial Officer. Authorisation by the Chief Financial Officer must be given for unsecured, overdraft borrowings within such limits.

~~Lease finance arrangements for items with a capital value greater than £250,000 must be approved, in advance, by the Policy and Resources Committee.~~

The University has no pre-determined restrictions on sources of funding with any consideration of suitability of potential lenders being carried out at the time of approval.

The University has no pre-determined requirements on the mix between fixed and variable rates of interest. The suitability of the mix will be reviewed at the time of approval and should bear in mind market expectations and future cash requirements; the costs of doing so should be related to the need to spread the risk through a balanced portfolio.

13.7 HEFCE borrowing limits

~~The University must get written permission from HEFCE to increase EBITDA (Earnings before interest, taxes, depreciation and amortisation) -based threshold, before it agrees to any new financial commitments that would increase the measure to above five times its average EBITDA. Details of how the EBITDA based financial commitment threshold is calculated is contained in the Memorandum of Assurance and Accountability with HEFCE.~~

~~The University shall obtain prior written HEFCE consent before it undertakes such a level of borrowing that the Annualised Servicing Cost (ASC) of all long-term borrowing exceeds a threshold of 4 per cent (or such higher level permitted by HEFCE) of total income as reported in the latest audited financial statements, or the estimated amount for the current year if that is lower. The ASC is the capital repayments and total interest costs spread evenly over the period of the borrowing. In assessing total long-term borrowing and total income, all inherited debt that is fully reimbursed by HEFCE, and all such reimbursements shall be ignored.~~

13.8 Short-term borrowing

~~The University shall obtain prior written consent from HEFCE before its negative net cash or cash equivalents, as determined on a cash book basis and as defined in FRS 1: Cash Flow Statements, exceeds the lower of 5 per cent of total income or £2M.~~

~~10.8 — Late repayment penalties~~

~~The Chief Financial Officer shall confirm in writing with the University's bankers that arrangements are in place to ensure the prompt repayment of loans to avoid any penalties that form part of the loan agreement.~~

13.8 Cash and cheque and electronic receipts

The current single cash transaction limit for the University is the sterling equivalent of €15,000, translated at the most recent rate published by the Financial Times. This is to comply with the Money Laundering Regulations 2003.

All cheques or cash received shall be paid to the cashier with the minimum of delay.

- The Chief Financial Officer shall agree with a Dean or Head of Professional Service Group the arrangements under which the ~~Ss~~ school or Professional Service Group may receive cash, cheques and other receipts. These arrangements shall ensure that:
 - The cash and cheques shall be paid to the cashier at the earliest possible opportunity in their entirety.
 - ~~(b) —~~ They shall not be used to cash any cheques or pay any item of expenditure:
 - no monies other than petty cash floats shall be held in Schools/Professional Service Groups except as authorised by the Chief Financial Officer

Schools and Professional Service Groups which are authorised to receive cash and cheques shall keep proper records in the form specified by the Chief Financial Officer.

The Chief Financial Officer shall make arrangements for receiving cash and cheques. They shall ensure ~~ing thate that~~ every sum of cash received shall be immediately acknowledged by the issue of an official receipt with the exception of cheques, where receipts should only be issued for cheques from students;

The Chief Financial Officer shall determine the form and serial numbering of all official orders, receipts, books and tickets of value etc., and shall:

control their issue to Schools and Professional Service Groups and
Ensure that all receipts and issues are properly recorded.

~~10.10 — Catering Cash Receipts~~

~~All catering and residence cash takings received by the Department Estates and the National Bakery School shall be:~~

~~Recorded through school and Departmental tills and verified by appropriate till readings. In the case of University controlled vending machines, the readings shall be supported by sales control sheets;~~

~~Paid directly to the Finance Department or an officially nominated collection agent. All takings shall be controlled and received in the manner prescribed by the Chief Financial Officer.~~

13.9 Cash Collection procedures

The Chief Financial Officer shall arrange for independent checks to be carried out at annual intervals of the cash collection procedures at each of the catering sites where these are managed by the University. The arrangements shall ensure that:

- the checks are carried out by a designated member of the Finance Department;
- a diary is kept with details of checks and the results;
- A senior member of staff of the Finance Department reviews the checks and discusses any action to be taken with the budget holder of the department receiving the receipts.

~~10.12~~ ~~Cheque Payments~~

~~Cheque payment controls shall be maintained by the Purchase Ledger Supervisor.~~

~~(a) The control shall be performed before each cheque run.~~

~~(b) The cheque pre-list shall be authorised by the Chief Financial Officer or a nominated deputy.~~

~~(c) The cheque stationery shall be kept in a secure place at all times, and proper controls maintained on the use of cheque stationery.~~

~~(d) The number of cheques signed shall be checked against the meter reading on the cheque signing machine, and verified by a designated member of staff within the Finance Department. The cheque signing machine shall be kept locked when not in use and in a secure place at all times.~~

~~At the discretion of the Chief Financial Officer payments may be made in advance to members of staff and students of the University in case of need.~~

13.10 Non-University Monies

The Chief Financial Officer may make arrangements from time to time, with the agreement of the Vice Chancellor ~~or Pro Vice Chancellor (Academic) and Director of the Student Services,~~ to handle monies that do not belong to the University. Examples include ~~are extra-departmental funds, and prize or scholarship funds,~~ hardship funds distributed on behalf of another organization or monies belonging to an associated company.

In such cases, the Chief Financial Officer ~~shall~~ is responsible for setting up appropriate accounting arrangements.

~~set up proper accounting arrangements;~~

~~(b) Make appropriate charges.~~

14. Petty cash

14.1 Cash Floats

The Finance Department shall make advances for defraying petty cash expenses to ~~school Administrative Officers or an~~ authorised person in a school/Professional Service Group.

They shall:

- sign a receipt for cash advance from the Finance Department;
- ~~(b)~~ Be responsible for keeping the cash in a secure place;

- ~~(c)~~ Keep an account of payments in the form required by the Chief Financial Officer;
- Be required to account for payments made and cash remaining at regular intervals.

~~11.2 — Cash Payments~~

~~The rules on payments are:~~

~~Reimbursement of expenses by petty cash~~

~~they~~ are limited to occasional and minor items of expenditure up to a value of £50 per payee ~~on one occasion~~;

~~requests for payments~~ shall be supported by ~~vouchers (with accompanying receipts) certified as correct by the school Administrator Officer or authorised person in a Professional Service Group/school~~

personal cheques shall not be cashed;

All vouchers shall be sent to the Finance Department with a claim for reimbursement at least monthly intervals.

~~Because of the trading nature of catering and residences, reimbursement of petty cash may on occasions be required more often.~~

~~Petty cash accounts shall record:~~

~~advances and reimbursements from the Chief Financial Officer;~~

~~(b) Payments.~~

No cash received other than cash advances and cash reimbursements shall be paid into petty cash ~~these~~ accounts.

14.2 Year end certification of petty cash

All petty cash holders are required to certify the balance on their respective floats at the financial year end of 31 July. The cash office of the finance department may carry out spot checks to ensure the amounts certified are correct.

15 Treasury Management

15.1 Policy

The ~~Policy and Resources~~ Finance, Planning and Resources Committee shall be responsible for establishing ~~an investment policy~~ a Treasury Management Policy for the University and the The Chief Financial Officer shall be responsible for: Implementing the policy;

~~Detailed procedures covering the management and investment of University funds are contained in the Treasury Management Policy. Deciding how to allocate funds between short-term deposits and longer term investments, in the light of cash flow forecasts.~~

~~12.2 — Short-Term Deposits~~

~~The Chief Financial Officer shall be authorised to place cash on deposit for periods not exceeding six months. He/she shall:~~

~~seek to maximise the return from deposits to the University, consistent with the avoidance of risk to the principal;~~

- ~~(b) — Review the investment on a daily basis in the light of interest rate changes;~~
- ~~(c) — Maintain a record of such deposit;~~
- ~~(d) — Present a monthly report to the Vice-Chancellor on the state of deposits and the income earned/accrued;~~
- ~~(e) Prepare longer term cash flow forecasts to assist the management of the University's cash assets.~~

~~12.3 — Investment of Surplus and Trust Funds~~

~~The long-term investments of the University shall be determined by the Chief Financial Officer in accordance with the policies determined by the Policy and Resources Committee on the basis of professional advice. The following rules shall apply:~~

~~all investments shall be in the name of the University or its nominees;~~

~~Trust funds shall be invested in a manner authorised by the Policy and Resources Committee.~~

~~all investments shall be reviewed on a monthly basis;~~

~~The Chief Financial Officer shall maintain a register of all investments.~~

~~12.4 — Types of investment permitted~~

~~The investments may be made in:~~

~~UK stocks listed on the London Stock Exchange and debentures;~~

~~(b) — Government securities;~~

~~unit trusts;~~

~~(d) — Major UK Banks;~~

~~major UK Building Societies;~~

~~(f) — UK Local Authorities;~~

~~Other institutions rated as triple A.~~

15.2 Charitable funds investment strategy

The charitable funds investment strategy shall be approved by the ~~Policy and Resources Finance, Planning and Resources~~ Committee. The current strategy is that the target income should be expressed in monetary terms and should be set at £20,000. This target to be achieved to within a 10% margin.

The Fund Manager should be permitted to invest up to 7 – 8% of the portfolio in overseas equities. It is expected that this would be in multinational European or North American securities.

The capital growth target to exceed the Wood MacKenzie index by 1%.

16. Insurance

16.1 Cover

The University Secretary and Clerk to the Board of Governors and the Chief Financial Officer shall ensure that:

Appropriate insurance cover is provided for all aspects of the University's activities;

The University's insurance portfolio is reviewed annually in consultation with the University's brokers; after the ~~Policy and Resources~~ Finance, Planning and Resources Committee have approved the proposed terms; and shall negotiate all claims with the University's brokers.

16.2 Tendering for insurance contracts

The contract for brokerage services (or for direct insurance services, if a broker is not used) shall be put out to open tender every five years.

16.3 Cover required

The insurance cover shall include:

Buildings (all risks)
 Contents of buildings (all risks)
 Public liability
 Employer's liability
 Fidelity guarantee
 Professional indemnity
 Cheque signing indemnity
 Personal accident (assault)
 Travel / personal accident (UK and overseas)
 Engineering equipment
 Computers
 Deterioration of stock
 Motor fleet
 All risks of radioisotopes
 Governors' liability
~~Playgroup activity~~
 Directors and Officers Liability
 And any other that, in the opinion of the ~~Policy and Resources~~ Finance, Planning and Resources Committee, is appropriate.

Deans and Heads of Professional Service Groups shall review the school's or Professional Service Group's activities and advise the Secretary and Chief Financial Officer if in their opinion a material risk not covered by insurance is being incurred.

16.4 Claims and Incident Reports

Deans and heads of Professional Service Groups shall, as a matter of urgency, notify fires, accidents or other incidents which might give rise to an insurance claim to:

The Vice-Chancellor
 The University Secretary
 The Chief Financial Officer

The report should give as much information as possible to include in particular:

- a detailed description of the incident, its time and cause (if known);
- practical consequences - particularly details of any interim measures required to cope with affect of the incident;

- Financial consequences, if assessable in advance of insurance appraisal.

The University Secretary and Chief Financial Officer shall:

verify the insurance of any incidents which may give rise to a claim and;

~~(b)~~ ~~Submit~~ a full claim where appropriate.

In instances where members of staff may incur loss of or damage to personal possessions and where the University has no insurance cover or responsibility, claims may be considered in very exceptional circumstances provided that full details, in writing, to the University Secretary and Chief Financial Officer and support is given by the member of staff's Senior Line Manager.

17. Contracts

17.1 Signature under Seal

The Common Seal shall only be used on the authority of the Board of Governors. Every instrument to which the seal shall be affixed shall be signed by a Governor and shall be countersigned by either the University Secretary & Clerk to the Board, a second governor or by some other person appointed by the Board of Governors for that purpose - see below. A register shall be maintained and the use of the Common Seal reported to the Board of Governors.

Other persons who have been authorised by the Board of Governors to sign contracts under Seal are:

Vice Chancellor, Deputy Vice Chancellor, Pro Vice Chancellor Students and Education, Pro Vice Chancellor Research and Engagement and Chief Financial Officer

17.2 Signature of Employment Contracts

The signatories authorised by the Board of Governors to sign contracts of employment are as in ~~14.1~~ the section on contracts below plus the ~~Executive Director of Human Resources~~ Executive Director of Organisational Development and HR and Deputy Head of Human Resources.

17.3 Signature of Other Contracts

The following persons are authorised to sign other contracts on behalf of the University:

- Vice Chancellor
- Deputy Vice Chancellor
- Pro Vice Chancellor Students and Education and Pro Vice Chancellor Research and Engagement
- Chief Financial Officer
- University Secretary and Clerk to the Board of Governors
- Head of Procurement (£50,000 and under)

17.43 Disclosure of Beneficial Interest

A member of staff who has a beneficial financial or any other interest, whether direct or indirect, in any contract between the University and a third party shall disclose that interest to the Head of School/Professional Service Group and to the Chief Financial Officer. A record of the interest will be entered in the Register of Interests held by the Secretary.

17.54 Content of Contracts

Every contract issued by the University shall use the appropriate standard contract documentation. Copies of all standard contract documentation are available from the Procurement Services Manager. The advice of the Procurement Services Manager should be sought if any amendments are required to the standard documentation.

The Contracts (Rights of Third parties) Act 1999 came into force on 11 May 2000. It applies to all contracts made on or after this date in England, Wales and Northern Ireland. The Act gives third parties named in contracts, or expressed to benefit from them, the right to sue under those contracts. The majority of contracts entered into by the University will exclude this right as far as possible. This exclusion is incorporated into the University's standard contract documentation. Where, in a particular case, the parties to a contract are considering conferring a benefit on one or more third parties, advice must be sought from the University Secretary/Procurement Services Manager as to the implications of any such arrangement, before entering into negotiations with any of the other parties that may be involved in the proposed contractual arrangements.

All contract documentation must be approved by the Procurement Services Manager prior to signature.

17.65 Copies of Contracts

The University Secretary shall hold:

- (a) Copies of all contracts with a value of over £50,000;
- (b) All titles, deeds and lease agreements.

17.76 Contract Performance

Holders of letters of delegated authority must ensure that all expenditure contracts within their budget area have a contract owner responsible for monitoring performance through regular meetings with the contractor. Reports of any discrepancy or failure must be completed. Procurement Services advice should be sought in order to assist in the management of poor contract performance and emerging risks.

Appendix A - Fraud Response plan

When an incidence of fraud is identified, there is an immediate need to safeguard assets, recover losses and secure evidence for legal and disciplinary processes. In order to meet these objectives, the University has a fraud response plan. Staff and students are required to act in accordance with the fraud response plan.

If a member of staff discovers or suspects a fraud, theft, corruption or other financial irregularity, they must immediately inform their Dean or Head of Professional Service Group and the Chief Financial Officer. Failure to do so will result in disciplinary action. The Chief Financial Officer will instigate the following responses:

- Take action to mitigate the potential loss to the University
- Immediately inform the Vice Chancellor, the University Secretary, the Head of Internal Audit and The University's Employee and Officers insurers.
- Initiate an investigation. The scope of this investigation should be agreed with the Vice Chancellor and the University Secretary.
- Decide whether or not to treat this incident as a criminal investigation and involve the police and/or accredited fraud investigators
- Take steps to prevent a recurrence of such an irregularity or breach of internal controls.

If it is suspected that a fraud may be significant:

- The chair of the Audit Committee, the Chair of the Board of Governors and the University's HEFCE accounting officer should also be informed (The Accountability and Audit: HEFCE Code of Practice, which flows from the HEFCE Financial Memorandum, contains a mandatory requirement that any significant fraud must be reported to the HEFCE Accounting Officer)
- The Chair of Audit Committee will decide whether or not to convene an extraordinary meeting of Audit Committee to consider action already taken, or proposed to be taken.
- The CFO will liaise with the VC, Chair of Audit Committee and Head of Internal Auditors appropriate to determine the role of internal audit in the investigation.

A significant fraud is one where:

- The sums of money involved are significant
- The fraud involves senior officers of the University
- The particulars of the fraud or irregularity are novel, unusual or complex
- There is likely to be public interest because of the nature of the fraud or irregularity, or the people involved.

In the event of a suspected fraud involving the Finance and Management Information Department, the Vice Chancellor will initiate action. The Chief Financial Officer will not be involved in the subsequent investigations.

In the event of a suspected fraud involving the Vice Chancellor, the Chief Financial Officer will inform the Chair of the Board of Governors directly.

Investigation of a suspected fraud

The investigation must be conducted on a timely basis, observing the principles of natural justice and preserving confidentiality.

All staff must cooperate in an investigation or action to mitigate loss and must observe reasonable expectations of confidentiality.

The Vice Chancellor may take action during the investigation against any member of staff who is potentially implicated in the suspected fraud. This action may include:

- Temporary suspension from duty
- Denial of access to University buildings and computer networks

Result of investigation

In the event that an allegation is substantiated, the action taken by the Vice Chancellor as a consequence will be recorded in writing. Such action should be proportionate to the allegation but may include:

- Temporary suspension from duty
- Denial of access to University buildings and computer networks
- Summary dismissal or dismissal under notice
- Notification of the police
- Notification of other parties likely to be affected
- Restitution by the perpetrator
- Other disciplinary procedures

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Appendix B -The seven principles of public life from the report of the committee for standards in public life (The Nolan report)

Selflessness

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Appendix C – Specific procedures relating to SBUEL

University Regulations apply to the subsidiary company, SBUEL, with separate financial procedures covering the following areas:

Area	Section in these regulations
1. Expenditure	Paragraph 9.1 - 9.6
2. Delegated authorities	Letters of delegated authority
3. HR policies	Paragraphs 8.1-8.13

Changes to these financial procedures relating to SBUEL will be approved by the SBUEL board. A Statement of Governance was approved by the LSBU board on 19th July 2012.

The board of SBUEL will consider an annual budget for the Company, which will be approved by the LSBU board as part of the overall University budget approval process. Performance against budget will be reviewed by Policy and Resources-Finance, Planning and Resources Committee and the main board as part of the monthly management accounts

The Director of Enterprise is responsible for maintaining a risk register and the SBUEL board should consider this at its board meetings. Any Significant risks should be escalated to the LSBU Executive for future consideration and inclusion in the LSBU corporate risk register.

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Appendix D – Spend Categories not requiring a PO to be raised

The following categories of spend require appropriate contracts to be put in place in accordance with competition requirements, however they do not require a purchase requisition/order to be raised:

- Accreditation
- Bursary and Scholarship
- Childcare Vouchers
- Contract Catering (~~Elior only~~)
- Contract Printing (~~Cannon only~~)
- Legal Fees Associated with Compromise Agreements
- Leased Computer Hardware
- Courier Charges
- CRB checks (via HR)
- Credit card charges
- Franchise payments
- Student recruitment agency fees
- Funding distribution
- Mobile phone rental (via ICT)
- Pension costs paid to LPFA
- Postage (via EAF)
- Rates
- Registrations on behalf of Students
- Rent and service agreements
- Student placements
- Telephone call charges
- Utilities
- Taxation
- One off speakers

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Appendix E - Associated documents:

The following documents and procedures support these Financial Regulations and are available on the Staff Intranet or from the Finance Department:

Code of ethics relating to procurement

Tuition fee regulations

Travel and Expense policy

Gifts and Hospitality Policy

Anti-Fraud Policy

Speak Up Policy

Risk Policy

SBUEL Governance statement

Anti-Bribery Policy

Recovery of Payroll Overpayments

Letter of delegated authority 2015

University Corporate Records Retentions schedule

Purchasing card guide

VAT Guidance

Capitalisation guidance notes

Manual payment procedures

SBUEL Letter of delegated authority

SBUEL Expenditure procedures

SBUEL HR procedures

General ledger guidance note

Credit Control procedures

Enterprise approval process

VAT exemption form for medical research expenditure

VAT exemption form for Advertising expenditure

Appendix F - Changes to the Financial Regulations in this version

Paragraph	Page	Update
3.2	5	Replace term 'Designated Officer' with 'Accountable Officer'
Throughout		Replace reference to 'Policy and Resources Committee' to 'Finance Policy Planning and Resources Committee' where appropriate
5.2	7	Remove superfluous wording about detail held on Finance intranet Remove reference to letter of delegation mentioned later in document
5.3	7	Clarify that letter of delegation issued by the Vice Chancellor
	8	Replace 'head of department' with 'budget holder'
5.10	9	Add reference to University's Records Retention Schedule
7.5	11	Remove detail on who should sign financial statements already contained in the SORP
8.1	11	Amalgamate regulations around collection of different income streams into one section
8.2	12	Remove the responsibility for setting fees from the Finance, Policy and Resources Committee.
8.3	12	Remove superfluous wording on profiling of HEFCE income
8.4	12	Remove section on specific rules for HEFCE capital funding , section below refers to any HEFCE grant funding
8.6	13	Consolidate instructions around collection of income and removal of specific rules for receipt of bacs payments
	14	Removal of section on Access Fund income as this income stream no longer exists
8.9	15	Replace 'Residences' with 'Finance' as being responsible for invoicing and collecting Residences income
9.1	15	Replace the term 'Commercial Research Contracts' with 'Contract Research'.
9.1	16	Add requirement that procurement must be in line with regulations
9.2	16	Addition of table setting out authorisation limits for the approval of research income
10.1	17	Clarifies list of activities that are included in 'other income generating activities'

10.2	17	Add reference to the Enterprise Approval Process and take out some detail contained in that document
10.4	18	Changes to table setting out approval limits for commercial sales and adding requirement that contracts should normally be signed by the PVC External or University Secretary.
11.2	19	Amalgamation of regulations for the recruitment of permanent or agency staff into one section
12.6	26	Move list of spend categories not requiring a PO to an appendix
12.7	28	Remove section detailing specific rules for the disposal of exchequer funded assets, replacing with general rules on the disposal of assets funded by grant monies.
12.8	29	Remove superfluous wording delays in payment resulting from failure to follow procedures
12.9	30	Remove wording repeated in the Purchasing Card Guide.
12.3	18	Setting out ordering of procurement events
12.4	19	New section on Procurement Engagement
12.5	19	Revise section on value for money
13.7	34	Update section on HEFCE borrowing limits in line with Memorandum of Assurance and Accountability
13.8	34	Remove section containing specific HEFCE restrictions on short term borrowing
	34	Remove superfluous wording on prompt repayment of loans
13	35	Remove regulations specifically for catering receipts – included in earlier section
13	36	Remove regulations specifically for cheque payments – included in earlier section
13.11	36	Expand list of non -university monies (to include associated companies) and replace PVC with CFO as person responsible for setting up appropriate accounting arrangements.
14.1	37	Simplify section on petty cash, removing sections that are duplicated elsewhere
15	38	Removal of much of the Treasury Management section and replace with reference to the new Treasury Management Policy