

Meeting of the Finance, Planning and Resources Committee

4.00 - 6.00 pm on Tuesday, 2 July 2019
in 1B16 - Technopark, SE1 6LN

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
1.	Welcome and Apologies		HM
2.	Declarations of Interest		HM
3.	Minutes from the last meeting	3 - 6	HM
4.	Matters arising	7 - 8	HM
Finance			
5.	Student recruitment and retention update	9 - 20	NL
6.	Management accounts to May 2019	21 - 28	RS
7.	Draft budget 2019/20	29 - 32	RS
8.	Research and enterprise activity update	To Follow	PI
Resources and Infrastructure / People and Organisation			
9.	Chief Operating Officer's report <ul style="list-style-type: none"> • Strategic HR report 	To Follow	SW
Items to note			
10.	KPI - strategic enablers	33 - 36	RS
11.	SU financial update	37 - 40	SW
12.	Insurance renewal	41 - 44	RS

Date of next meeting
4.00 pm on Tuesday, 24 September 2019

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

Apologies: Richard Flatman

In attendance: Pat Bailey, Paul Ivey, Nicole Louis, Ralph Sanders, James Stevenson, Shân Wareing and Askari Jafri

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**Minutes of the meeting of the Finance, Planning and Resources Committee
held at 4.00 pm on Tuesday, 7 May 2019
1B16 - Technopark, SE1 6LN**

Present

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

Apologies

Hilary McCallion

In attendance

Pat Bailey
Richard Flatman
Paul Ivey
Nicole Louis
James Stevenson
Shân Wareing
Askari Jafri

1. Welcome and apologies

The above apologies were noted. The committee appointed Michael Cutbill as chair of the meeting.

2. Declarations of Interest

No governors declared any interests in any item on the agenda.

3. Minutes from the last meeting

The committee approved the minutes of the previous meeting with the proposed redactions, with minor changes.

4. Matters arising

The committee noted an update on the National Student Survey (NSS) progress including an update on the action plan. The committee noted an enhanced toolkit has been provided to all module and course leaders and work is being carried out on an enhanced student enquiry system, due for next year. The committee also noted the current completion rate for NSS is at 75% with final results forthcoming in July 2019.

5. **Management accounts to 31 March 2019**

The committee noted the management accounts up to 31 March 2019, indicating a year-end surplus of £1.5m, which would be on budget. It was further noted that £3.9m is held in the forecast for exceptional items and that the underlying operating surplus is likely to be in the region of £4m plus before any exceptional items.

In relation to the inconsistencies between the REI and management account figures, raised at the meeting of February 2019, The CFO confirmed that in future financial reporting will be through FMI and the pipeline by REI.

6. **Student recruitment and retention update**

The committee noted the strong recruitment numbers for semester 1 2019/20, with application growth faster than the sector and LSBU's London competitors (5% vs. 0.3% and 0.9% respectively). The committee noted student withdrawals are being monitored on a monthly basis.

The committee noted enrolment and re-enrolment will begin earlier for 2019/20 and the prospect of auto-enrolment is being explored for 2020/21.

The committee queried the availability of mental health support for students. The CMO reported on response times to see a counsellor on campus and continuing improvements planned for the service.

Nicole Louis left the meeting

7. **Draft facility agreements - LSBU to SBC**

The committee noted the key terms of two proposed facility agreements between LSBU and South Bank Colleges (SBC):

- (i) to facilitate cash flow during the 3 year turnaround of the college; and
- (ii) to find capex flows of the Vauxhall NESC development.

The committee noted the forthcoming estates development for SBC, with investment in a new skills centre on the Vauxhall site. The committee queried LSBU's maximum exposure in the second facility. The Executive will review the cash flow forecasts and approval procedure for the second facility and will report back to the committee.

{Secretary's note: the proposed second facility will be brought back once the cashflow sequence is clear}

8. **Strategic HR report**

The committee noted recruitment for a director of People & Organisation is in the second recruitment cycle. An interim senior director has been appointed to progress key strategic HR and organisational development projects.

The committee noted the SBC Board had agreed a pay increase of 4% for its staff.

The committee noted LSBU's Athena Swan submission has been submitted on 18 April 2019.

The COO updated the committee on priorities of workforce planning, currently including Project LEAP, talent management assessment and succession planning. Governors discussed the approach in detail, emphasising the importance of LSBU values.

9. **Chief Operating Officer's report**

The COO reported on recent changes to the ICT senior leadership team. The Acting Director would review the overall structure and priorities for ICT to prepare the service for project LEAP and for the next phase of the corporate strategy.

The committee noted the prioritisation of effective cyber security. The COO agreed to provide further information for the next meeting in July 2019.

The committee noted its support for the COO as current projects were not risk-free, however are considered to be important and the correct way to proceed.

The committee noted an overview from the Chief Business Officer on the current SE1 estates projects and SBC's skills centre development in Vauxhall including the planned disposal of the Clapham site. The committee noted the cost pressure of £2.8m within the 5% contingency for the SE1 plan. Value engineering of projects would continue.

The committee noted that the estates communications plan to staff and students would be kept under review by the Executive.

10. **KPI targets 2019/20**

The committee noted the KPI targets for 2019/20. New KPIs are in development as part of the 2020/25 corporate strategy.

11. **Corporate roadmaps 2019/20**

The committee noted the corporate roadmaps 2019/20 for teaching & learning, student experience, employability, research & enterprise, access, internationalisation, people & organisation, and resources & infrastructure.

Progress will be reported to the committee and Board through the KPI reports and corporate strategy report.

**Date of next meeting
4.00 pm, on Tuesday, 2 July 2019**

Confirmed as a true record

..... (Chair)

**FINANCE, PLANNING AND RESOURCES COMMITTEE - TUESDAY, 7 MAY 2019
ACTION SHEET**

Agenda No	Agenda/Decision Item	Action	Officer	Action Status
7.	Draft facility agreements - LSBU to SBC	Executive to review cash flow forecasts and approval procedure for the second facility between LSBU and SBC and will report back to the committee	Richard Flatman	The proposed second facility will be brought back once the cashflow sequence is clear
9.	Chief Operating Officer's report	The COO to provide further information on effective cyber security for the next meeting.	Shân Wareing	In COO report

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Date of original paper: 12/04/2019	CONFIDENTIAL
Paper title:	University Recruitment S1 2019/20
Board/Committee(s)	Finance, Planning and Resources Committee
Date of meeting:	2 July 2019
Authors:	Mehmet Tarhan Karen McLearnon Jamie Jones
Sponsor:	Nicole Louis, Chief Customer Officer
Purpose:	Information
Recommendation:	The Committee is requested to take note

Executive Summary

Recruitment

Application growth at LSBU continues to outpace London Competitors reflecting 3.8% YoY growth. Offer making has also continued strongly with an additional 1.5k offers made (+13%) versus last year. Clearing remains as important as ever for LSBU: for most Schools, we will need to achieve around 40% of the target student intake for September 2019. This percentage was closer to 50% for almost every school last year and is a further indication of our success in Main Cycle as despite our significantly increased targets, the proportion of students required from Clearing is decreasing.

Withdrawals and Interruptions

We continue to see positive overall trends compared to the prior year in the total number of withdrawn and interrupted students and associated lost income - YTD 7% v 9% in 2017/18. Every school exc. ACI (which remained flat) has been effective in reducing the number of interrupted students, generating a variance of 309 fewer interruptions overall. Engineering and BEA saw the largest improvements of -75 and -90 respectively, contrasting with more modest improvement within HSC of -12.

Whilst the positive trend in lower interruptions continues, April and May have resulted in an increase in the number of withdrawals, an additional 51 YTD. Only the School of Business has been successful in reducing both the number of withdrawn and interrupted students however BEA has maintained withdrawals at 2017/18 levels

which is also positive. The full year lost income forecast increased slightly from £4.42m to £4.48m. Further analysis is underway looking specifically at withdrawals across schools.

Student Services

Demand for student services has continued in line with previous reports in that there is a continuing reduction in general student enquiries handled through the Student Life Help Desk and a continuing YoY increase for specialist MHW support appointment, combined with a continuing increase in the number of Safety Concern Response cases.

The Student Services team are currently focussing on a major project to improve the handling of Student Enquiries facilitated a central enquiry management system and the Wellbeing team have proposed an up-weight in resources to specifically focus on MHW which is currently being considered as part of Align.

S1 – 2019/20: UGFT UCAS Application Trend

Application growth at LSBU continues to outpace London Competitors and the sector (3.8% versus 0.8% and 0.16% respectively).

- With three weeks left until Clearing opens, Main Cycle applications are slowing down - but we've still received 700 additional applications versus last year to date. Growth at LSBU is underpinned by strong Home application performance (up 3.45% versus last year), which becomes more positive in the context of a sector-wide 1% fall in the same category (leading to 22.6k fewer Home applications nationally).
- In comparison to last year, UCAS applications from OS and EU markets increased by a combined total of 140 applications at LSBU (or 7.3% and 5.4% respectively), while London Competitors have only seen 4.6% and 1.4% growth in the same categorie

Applications across the UK

Total Apps	2018	2019	% +/-	+/-
LSBU	18.2 K	18.9 K	▲ 3.80%	▲ 0.7 K
Competitors	128.0 K	129.0 K	▲ 0.80%	▲ 1.0 K
Sector	2.68 M	2.68 M	▲ 0.16%	▲ 4.3 K

Applications across the UK by domicile

Apps	Domicile	2018	2019	% +/-	+/-
LSBU	Home	15.9 K	16.5 K	▲ 3.45%	▲ 550
	OS	1.0 K	1.0 K	▲ 7.32%	▲ 71
	EU	1.3 K	1.3 K	▲ 5.40%	▲ 69
Comp. Set	Home	99.2 K	99.3 K	▲ 0.06%	▲ 61
	OS	17.4 K	18.2 K	▲ 4.67%	▲ 812
	EU	11.4 K	11.5 K	▲ 1.38%	▲ 157
Sector	Home	2.15 M	2.13 M	▼ -1.05%	▼ -22.6 K
	OS	315.5 K	339.9 K	▲ 7.76%	▲ 24.5 K
	EU	212.3 K	214.7 K	▲ 1.13%	▲ 2.4 K

S1 – 2019/20: LSBU Progress to Target

LSBU has presently achieved 57.9% of its overall target, with 4,080 Firm Accepts secured against a goal of 7,055. We're presently +23.7% up on last year overall (rising to +36.5% excluding HSC); this is driven by a strong UGFT campaign which has delivered close to 3,000 Firm Accepts alone as of mid-June.

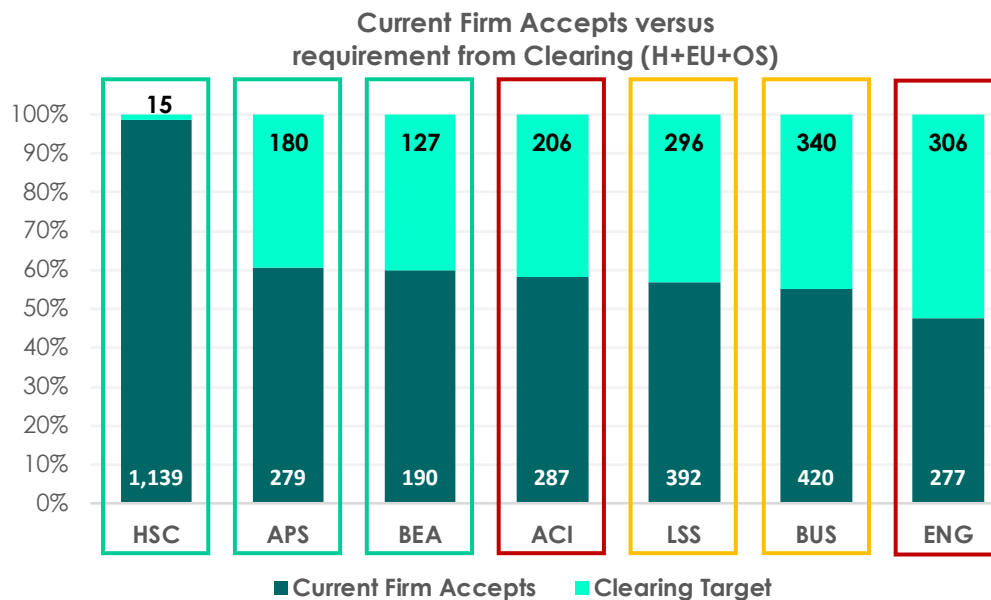
- To support Postgraduate recruitment conversion, we're launching a direct mail campaign to deliver School-specific brochures with key USPs to offer-holders in the coming weeks.
- We're also planning to run outbound call campaigns for the first time during Clearing to assist and expedite conversion.

LSBU Mode Home / EU / OS	Change Since Last Year			Progress to Target	
	Year to Date Firm Accepts	LYTD Firm Accepts	% +/- change	Recruitment Target	Progress to Target
UGFT	2,969	2,276	▲ 30.4%	4,434	67.0%
UGPT	125	154	▼ -18.8%	381	32.8%
Apprenticeships	88	24	▲ 266.7%	572	15.4%
PGFT	680	654	▲ 4.0%	1,054	64.5%
PGPT	165	134	▲ 23.1%	456	36.2%
Study Abroad	56	59	▼ -5.1%	158	35.6%
LSBU Overall	4,083	3,301	▲ 23.7%	7,055	57.9%
Home	3,275	2,594	▲ 26.3%	5,740	57.1%
EU	588	446	▲ 31.8%	601	97.8%
OS	220	261	▼ -15.7%	714	30.8%
LSBU excl. HSC	2,661	1,950	▲ 36.5%	5,452	48.8%
Home	1,997	1,421	▲ 40.5%	4,226	47.3%
EU	447	318	▲ 40.6%	523	85.6%
OS	217	211	▲ 2.8%	703	30.9%

S1 – 2019/20: UGFT LSBU – Initial Clearing Outlook

Clearing remains as important as ever for LSBU: for most Schools, it will need to deliver around 40% of their student intake for September 2019.

- This figure stood closer to 50% for almost every School last year. It is a sign of progress: that despite our increasing targets, the proportion of students we need from Clearing is decreasing – and further confirmation of our improving Main Cycle conversion performance.
- In order to maximise recruitment and put Schools into their best possible pre-Clearing position, we'll be coordinating academic call-outs to engage and convert active offer holders.
- We're also proposing to bring forward the launch of our Clearing/Confirmation tariff to the 5th July, which will enable us to capture more students in the early part of Clearing, and also accept current offer-holders who narrowly miss offers.
- Marketing also conducted an exercise in May to identify courses at risk of under delivering versus target; we will refresh this picture following the June offer-reply deadline and modify our Clearing paid marketing plan accordingly.

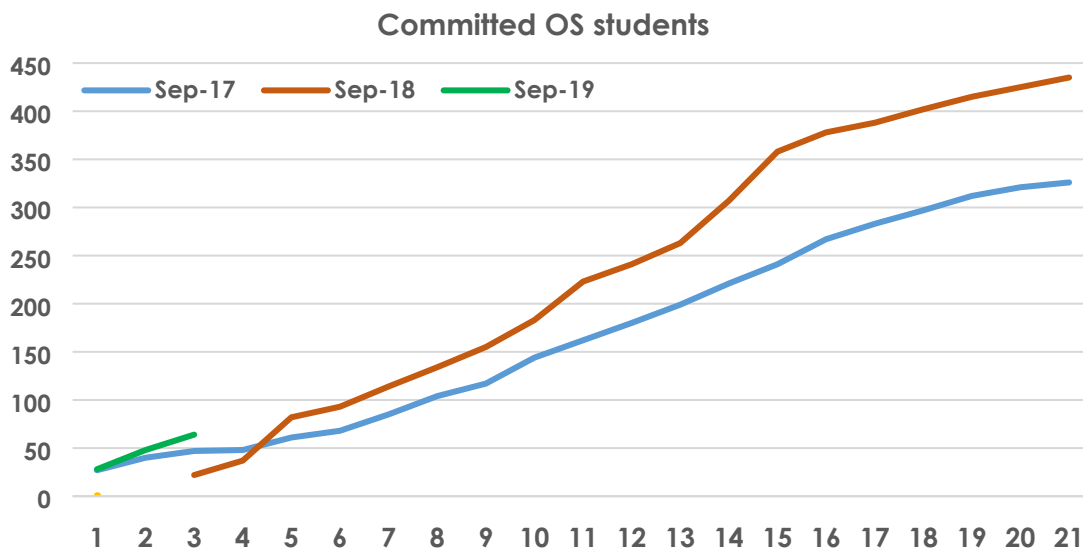


Based on current trends and considering Clearing 2018 performance, the most challenging targets to achieve sit within ACI and ENG. Clearing applications at LSBU declined by 4.7% between 2017 and 2018, but by making process changes we achieved a positive recruitment outcome. A similar result will be required this year because Clearing remains an unknown and unpredictable component of recruitment: we cannot rely simply on application volume to achieve target.

S1 – 2019/20: International

The Overseas pipeline can be considered as stronger than prior year, as despite the fact that the number of overall applications is down overall, the number of applications received from agents is up considerably. Consequently, conversion rates can be expected to improve.

Measure	TDLY	TDLY %	TD	TD %
Total Applications	4613		4513	
Live Applications	2422	53%	2135	47%
Agent Applications	1402	30%	1913	42%
Live Agent Applications	964	40%	1201	56%
Committed Students	22		71	



Additionally, the number of committed students (i.e. those who have paid deposit, or provided us with financial guarantee letters, etc.) are in a stronger place than they have been in the past 2 September intakes.

Student Withdrawals and Interruptions Report - @ 21st June 2019

May 2019 update

1. Executive Summary

Positive trends compared to the prior year continue in the total number of withdrawn and interrupted students and in the associated lost income.

Key figures as at May YTD are:

- 7% of students have withdrawn or interrupted their studies, compared to 9% at the same point in 2017/18.
- While the positive trend in lower interruptions continues, there is an increase in the number of withdrawals in May YTD compared to 2017/18 May YTD.
- Year to date income loss is now £4.413m, down a marginal by £7k on last year's income loss. It is the second successive month that we have reported a better overall position in terms of financial loss compared to the previous year.
- The full year lost income forecast increased slightly from £4.42m to £4.48m.

2. Student Losses 2018/19 YTD

Table 1: Withdrawn and Interrupted students as a proportion of Total students

Level of study	Year of programme	2017/18			2018/19	
		Total WD/INT	May WD/INT	Progression rate	Proportion non-progressors WD/INT	May WD/INT
First degree	1	13%	13%	70%	42%	10%
	2	7%	7%	81%	27%	7%
	3	5%	5%	-	-	4%
Other undergraduate	1	10%	10%	66%	41%	6%
	2	6%	6%	20%	7%	6%
	3	11%	11%	-	-	0%
Postgraduate (research)	1	11%	11%	80%	46%	9%
	2	11%	10%	85%	10%	10%
	3	8%	8%	-	-	8%
Postgraduate (taught)	1	9%	9%	56%	20%	8%
	2	6%	6%	17%	4%	4%
	3	19%	19%	-	-	11%
Total		9%	9%	65%	25%	7%

- The overall reduction in the proportion of withdrawn and interrupted students compared to the previous year has continued in May and now stands at 7% (prior year 9%).
- This positive trend is also seen for year 1 first degree students (10% withdrawn / interrupted vs 13% at the same point in 2017/18) who are the most significant group in terms of performance metrics and future income flows.
- The improvement in PG performance is thought to result from better flexibility around PG loan repayments, a higher level of employer sponsored PG / PT income and, anecdotally according to some schools, a stronger PG cohort in 2018/19.
- Note that last year, withdrawals and interruptions only accounted for 42% of the reasons for non-progression. Therefore, this improvement will not necessarily result in improved progression levels, though current signs are positive.

Chart 1a: YTD Withdrawals vs previous year, absolute numbers

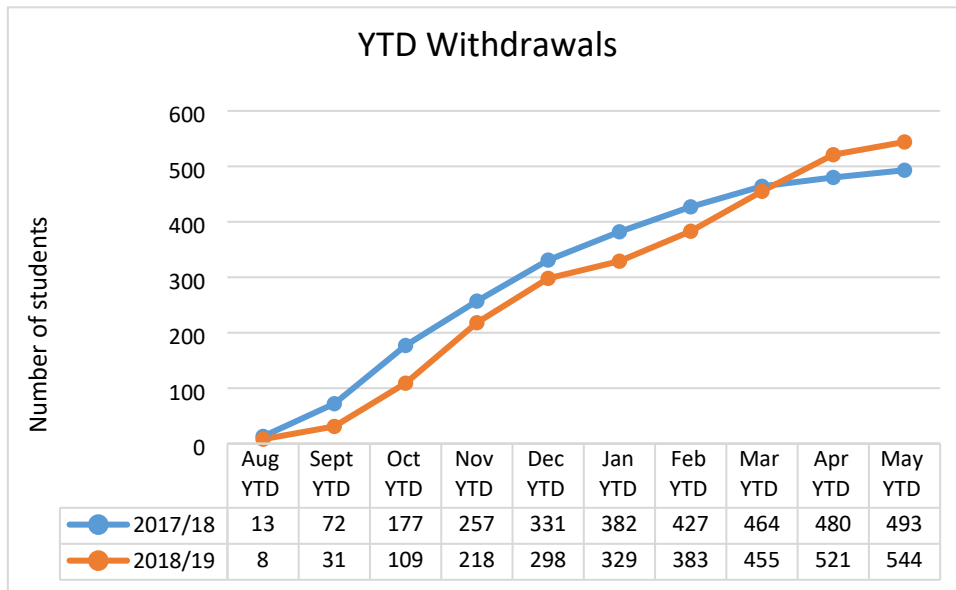
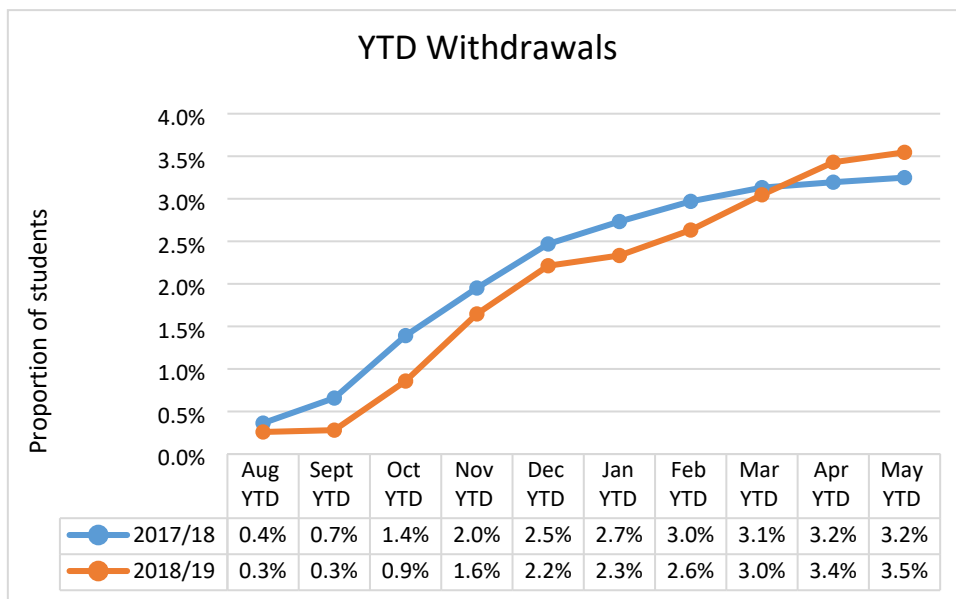


Chart 1b: YTD Withdrawals vs previous year as a proportion of Total students



- Withdrawals as at May YTD exceed those in the prior year both in terms of absolute numbers and as a proportion of total students. This reverses the favourable variance to the prior year we had experienced up to March and was driven by a high number of withdrawals in April and May months in ENG.
- Compared to the same point in the prior year, withdrawals decreased in BUS and remained static in BEA, but increased in all other schools, most notably in APS (+28).
- Of the 23 students who withdrew in the month of May, 11 were year 1 first degree. The school with the highest number of withdrawals in May is ENG (12, of which 6 year 1).
- Looking at the demographics of students that withdrew in May YTD, the following groups constitute the highest proportion of those that withdrew: 56% are male, 60% are BME, 38% are 18-20 years old, and 69% have other qualifications on entry (anything other than A-Level, Access or BTEC).

- Note there have been changes to the number of withdrawals in April compared to the April YTD report due to backdating from Registry.

Chart 2a: YTD Interruptions vs previous year, absolute numbers (inc. ESLEPs)

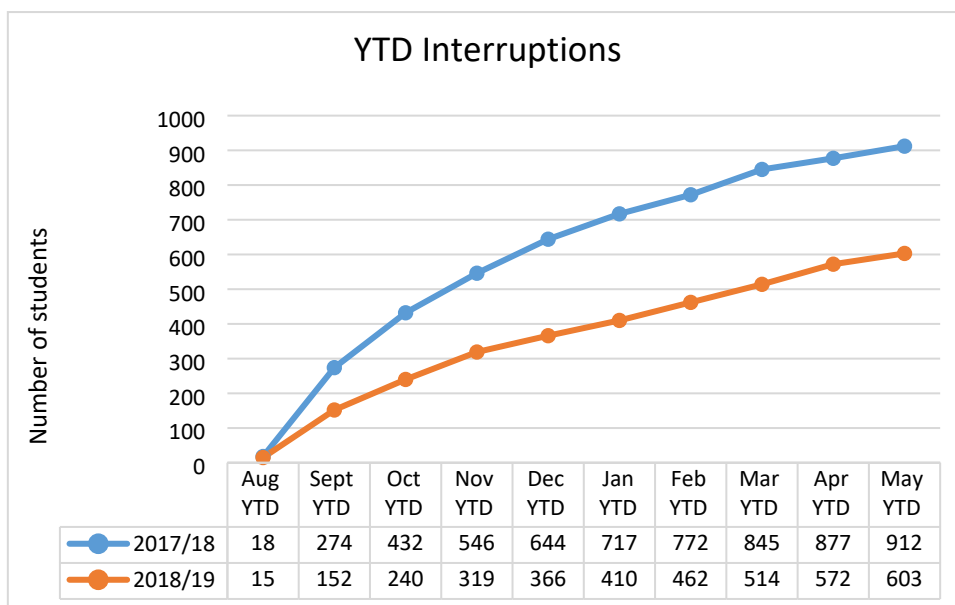
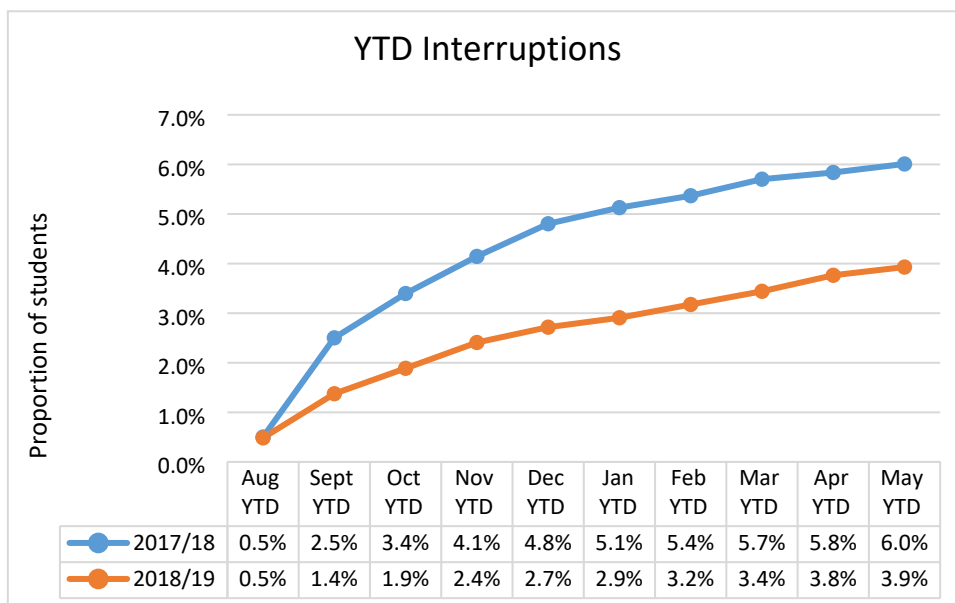


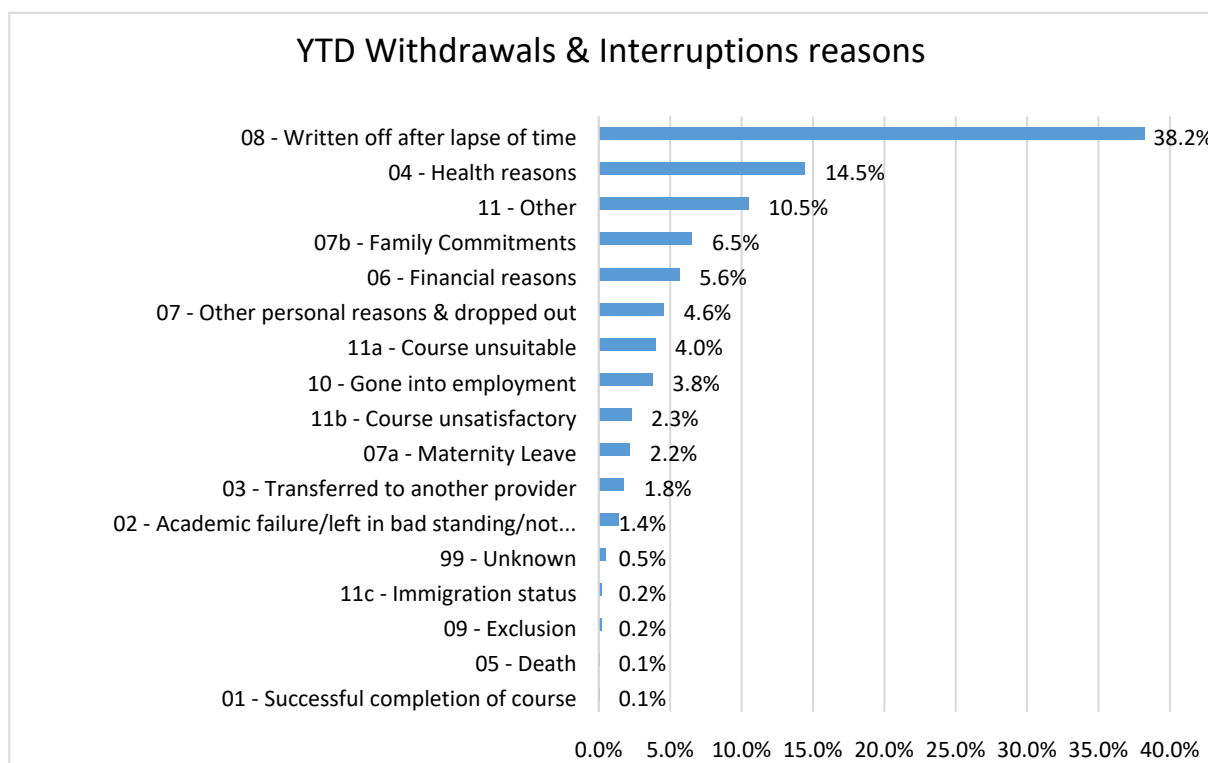
Chart 2b: YTD Interruptions vs previous year as a proportion of Total students (inc. ESLEPs)



- Interruptions trends: the positive variance to 2017/18 continued in May and now stands at 309 fewer interruptions, of which 198 are in relation to students who are taking a year out and have not re-enrolled for the current academic year (ESLEPs).
- The number of students that interrupted fell across all schools in 2018/19 YTD compared to the previous year, apart from ACI where the number of interruptions remained static.
- Looking at the demographics of students that interrupted in May YTD, the following groups constitute the highest proportion of those that interrupted: 55% are female, 55% are BME, 45% are 30 years and over, and 90% have other qualifications on entry (anything other than A-Level, Access or BTEC).

- Note there have been changes to the number of interruptions in April compared to the April YTD report due to backdating from Registry.

Chart 3: YTD Withdrawals and Interruption reasons



- The primary reason for withdrawals and interruptions continues to be write-off after lapse of time (38.2%), followed by Health reasons (14.5%).
- There is an increase of 10.5 percentage points in 18/19 YTD in the proportion of students that withdrew or interrupted due to health reasons compared to last academic year.
- Note the above figures only include the 18/19 academic year enrolled students and do not include students that enrolled on 17/18 calendar year courses (courses that straddle both academic years).

3. Lost Income 2018/19 YTD

- The full year forecast increased slightly from £4.42m to £4.48m due to a slight surge in the number of students withdrawing / interrupting in May.
- A breakdown by school is shown in Chart 4 below. Five schools are reporting a lower % loss of overall income due to withdrawals and interruptions than 2017/18.
- Year to date income loss is now £4.413m, down on May 2018 by £7k. It is the second successive month that we have reported a better overall position in terms of financial loss compared to the previous year

Student Services Report - @ 21st June 2019

There has been a 14% year on drop in enquiry rates to the Student Life Help Desk

1st August 2017 to 30th April 2018	1st August 2018 to 30th April 2019
------------------------------------	------------------------------------

Administration	1224	915
Fees	2489	1912
Employability	2514	1158
Estates	149	111
Advice	4223	3904
International	455	395
Library	153	208
Other	1288	772
Skills	33	29
Registry	67	62
SU	137	129
Student Life	6501	6010
Wellbeing	6707	6554
Totals:	25940	22159

There has been a 23% increase in the number of MHW appointments offered

	1st Aug 2017 to 30th April 2018	1st Aug 2018 to 30th April 2019	% change
August	54	100	85%
September	80	109	36%
October	190	229	20.50%
November	202	235	16.50%
December	136	173	27%
January	141	178	26%
February	163	195	19.50%
March	155	196	26.50%
April	150	157	4.50%
Total	1271	1572	23.50%

There has been a 50% increase in the number of Safety Concern Response Cases

	1st August 2017 to 30th April 2018	1st August 2018 to 30th April 2019	% change
Total cases	92	137	50%

There has been an 8.5% increase in the number of Students Declaring a Disability to LSBU

	1st August 2017 to 30th April 2018	1st August 2018 to 30th April 2019	% change
Total no of students	2347	2546	8.50%

	CONFIDENTIAL
Paper title:	May Management Accounts
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	02 July 2019
Author(s):	Ralph Sanders, Director of Financial Planning, Reporting & Registry
Sponsor(s):	Richard Flatman
Purpose:	For Approval
Recommendation:	To note the May Management Accounts

Executive Summary

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

- The University had a strong Semester 1 recruitment round, delivered against Semester 2 recruitment targets and continues to enrol Health CPPD and Apprenticeship students. We have now enrolled 698 more New FTE students than at the comparable period in 17/18, an increase of 13%.
- We have now billed £103.7M of Tuition Fees and Health Contract income as compared to £97.1M at the same period last year, an increase of £6.6M. Last month we reviewed our Research and Enterprise pipeline activity and excluded those projects that are now unlikely to be delivered by year end. We are still expecting to finish the year with almost £2.0M more income than budget and this has been reflected in the £1.5M improvement in our forecast surplus.
- The University is currently holding cash and cash equivalents of £65.5M. This is £3.5M more than the comparable position last year. It includes the £13.75m we received to fund the turnaround of South Bank Colleges but we have subsequently transferred £4.6M to South Bank Colleges by way of short term loan to support its cash requirements, mostly to meet costs associated with the NESC development.

The above position will deliver EBITDA at 12.7% which compares favourably to the 10.7% achieved in 17/18. Our recurring staff cost expressed as a % of income is

currently forecast to be 56.1% which is slightly above the long term target of 55% target set by the Board of Governors.

May Executive Summary

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

2) RAG Status

Income Growth	1.3%	Staff Cost Growth	-0.8%	Staff Cost %	56.1%	Opex Growth	-2.9%	FYF Surplus	2.0%	EBITDA	12.7%
			<i>excluding restructuring</i>		<i>excluding restructuring</i>						

3) Summary

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

The University had a strong Semester 1 recruitment round, delivered against Semester 2 recruitment targets and continues to enrol Health CPPD and Apprenticeship students. We have now enrolled 698 more New FTE students than at the comparable period in 17/18, an increase of 13%. The number of continuing students is down compared to last year and down against budget. Overall we have 310 FTE more students than last year and are now forecasting a year end population of 13,059 FTE, a year on increase of 3%. We have now billed £103.7M of Tuition Fees and Health Contract income as compared to £97.1M at the same period last year, an increase of £6.6M. Some of this cash increase is due to the difference in timings between SFE and the NHS. We had been indicating that we were expecting Semester 1 to finish between £1M and £2M better than budget due to strong UG and PG recruitment but we were holding our tuition fee forecast steady due to the risk in terms of Semester 2 recruitment. Since then we have increased our Full Year Tuition Fee forecast by £3.0M to reflect the more favourable position. Last month we reviewed our Research and Enterprise pipeline activity and excluded those projects that are now unlikely to be delivered by year end. The impact was to reduce our TNE income forecast by £0.2M, our Research income forecast by £0.2M and our Enterprise income by a net £0.4M. We are still expecting to finish the year with almost £2.0M more income than budget and this has been reflected in the £1.5M increase in our forecast surplus.

The University is currently holding cash and cash equivalents of £65.5M. This is £3.5M more than the comparable position last year. It excludes the £13.75m we received to fund the turnaround of South Bank Colleges but we have subsequently transferred £4.6M to South Bank Colleges by way of short term loan to support its cash requirements, mostly to meet costs associated with the NESC development.

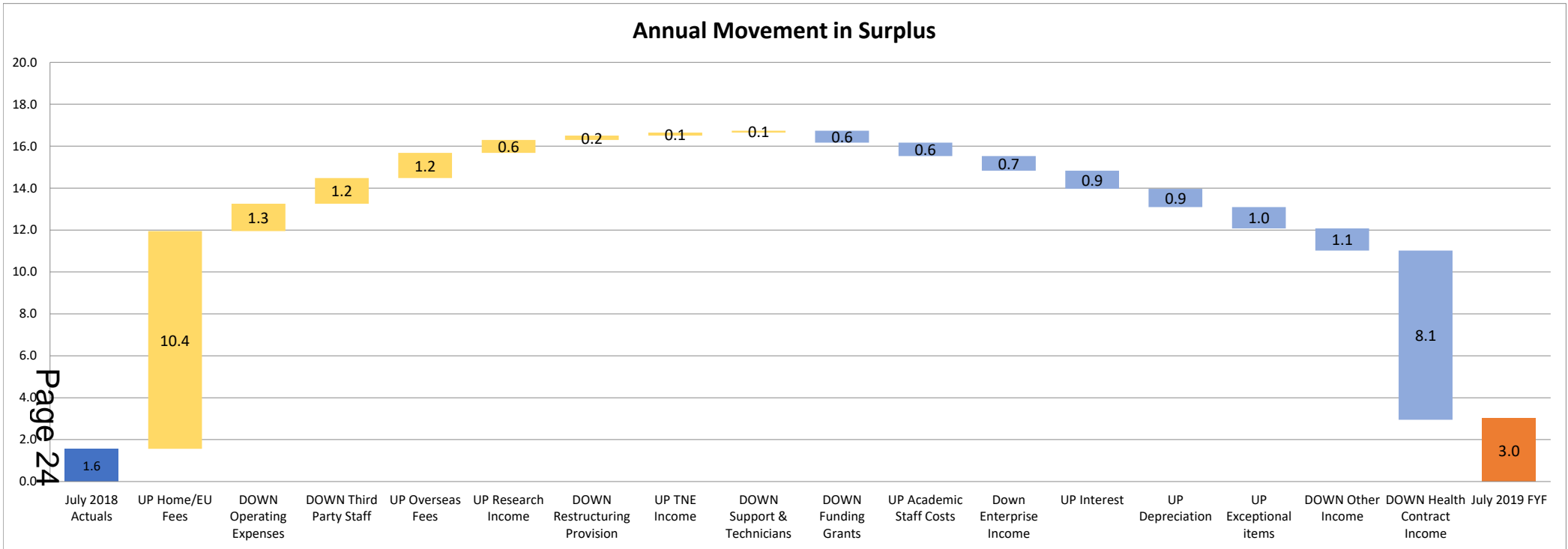
The above position will deliver EBITDA at 12.7% which compares favourably to the 10.7% achieved in 17/18. Our recurring staff cost expressed as a % of income is currently forecast to be 56.1% which is slightly above the long term target of 55% target set by the Board of Governors. Income is 1.3% higher than last year.

4) Table 1: Full Year Forecast vs. Budget

Financial Summary in £'m	Budget				YTD Position				Full Year Outturn Position				
	17/18 Actuals	18/19 Budget	Change to 17/18	Change %	17/18 Actuals	18/19 Actuals	Change to 17/18	Change %	Apt 18/19 Outturn	Monthly Move	May 18/19 Outturn	variance to Budget	Budget variance%
Operating Grants	13.9	13.2	-0.8	-5%	11.1	11.2	0.0	0%	13.4	0.0	13.4	0.2	1%
Health - Contract	18.9	9.7	-9.2	-49%	15.7	9.2	-6.6	-42%	10.9	0.0	10.9	1.1	11%
Home / EU UG Fees	64.4	70.1	5.7	9%	64.1	73.8	9.7	15%	73.3	0.1	73.3	3.2	5%
Home / EU PG Fees	8.5	10.3	1.8	21%	8.4	10.3	1.9	23%	10.0	0.0	10.0	-0.3	-3%
Overseas Tuition Fees	9.0	10.0	0.9	11%	9.0	10.4	1.4	16%	10.1	0.1	10.2	0.2	2%
TNE Income	1.8	2.7	0.9	48%	1.7	1.9	0.2	0%	1.8	0.1	2.0	-0.7	-27%
Research Activities	5.3	6.1	0.8	15%	4.2	4.8	0.6	14%	6.0	-0.0	5.9	-0.2	-3%
Enterprise Activities	10.9	12.0	1.1	10%	7.7	7.4	-0.3	-3%	10.2	-0.0	10.2	-1.8	-15%
Student Related Income	10.4	11.0	0.5	5%	8.7	8.8	0.1	1%	11.2	0.0	11.2	0.2	2%
Other Operating Income	1.9	0.1	-1.8	-94%	0.3	0.5	0.1	43%	0.2	0.0	0.2	0.1	50%
Endowments & Interest	0.2	0.1	-0.1	-39%	0.1	0.3	0.1	139%	0.1	0.0	0.1	0.0	0%
Income	145.3	145.2	-0.1	0%	131.0	138.4	7.4	6%	147.1	0.1	147.3	2.1	1%
in £'m													
Academic Staff Costs	40.8	42.3	1.5	4%	33.8	33.2	-0.6	-2%	41.4	-0.0	41.4	-0.9	-2%
Support & Technicians	39.4	40.3	0.9	2%	32.6	32.1	-0.5	-2%	39.2	0.1	39.3	-1.0	-2%
Third Party Staff	3.1	1.8	-1.3	-43%	2.0	1.9	-0.1	-5%	1.9	-0.0	1.9	0.1	7%
Restructuring	1.9	1.7	-0.2	-11%	0.7	0.8	0.1	20%	1.7	0.0	1.7	0.0	1%
Depreciation	9.6	10.5	0.9	9%	8.1	7.4	-0.7	-9%	10.5	0.0	10.5	0.0	0%
Operating Expenses	44.5	41.9	-2.6	-6%	33.7	33.7	-0.1	0%	43.2	0.0	43.2	1.3	3%
Interest Payable	4.3	5.2	0.9	22%	3.7	3.5	-0.1	-4%	5.2	0.0	5.2	-0.1	-1%
Exceptional Items	0.0	0.0	0.0	0%	0.0	0.0	0.0	0%	1.0	0.0	1.0	1.0	100%
Expenditure	143.7	143.7	0.0	0%	114.5	112.5	-1.9	-2%	144.1	0.1	144.3	0.6	0%
Surplus for the year	1.6	1.5	-0.1	-7%	16.6	25.9	9.3	56%	3.0	-0.0	3.0	1.5	100%
Surplus as % of income	1.1%	1.0%			12.6%	18.7%			2.0%		2.0%		

5) Forecast Summary

As compared to 17/18 we are now forecasting an income increase of £2.0M (1.3%), a £0.7M (0.9%) decrease in recurring staff costs, a £0.2M decrease in the costs associated with staff restructuring, an increase of £0.9M in depreciation, a £1.3M (3.0%) reduction in operating expenses, a £0.9M increase in interest payable, and an increase of £1.0M in exceptional items to fund in-year investments. This has led to an increase of £1.4M in our annual surplus.



The key movement in the year on year position is the £10.4M increase in Home/EU Tuition fee income. This is driven by strong recruitment and we have 13% more New students than at the comparable position in 17/18. Health Contract income is down by £8.1M as NHS Student's fees are now funded through Tuition fee income rather than through the Health Contract. We are now forecasting a increase of £2.3M in our total income outturn for Home/EU students. The university has taken the decision to refloat the Investment Pot to allow for tactical investments and we now have £1.0M in Exceptional items to fund this. Operating expenses were budgeted to fall by £2.5M year on year however a number of areas have been given additional OPEX investments and we are now forecasting a reduction of £1.3M. This is a 3.0% year on year reduction. The University finished 17/18 with a recurring staff cost of £83.3M and is currently forecast to end 18/19 £0.7M lower. We are currently £2.4M underspent YTD as compared to budget and have recognised just £1.7M and so there is an expectation that our Full Year Forecast of £82.6M is overstated. The increase in Interest payable of £0.9M was to fund a Revolving Credit Facility. This may be no longer required.

6) Contribution Analysis

In 18/19 the University is continuing its strategy of investing in the Schools, Income is forecast to be £3.8M higher than in 17/18 whilst costs are forecast to increase by £1.8M. This means the net contribution from the Schools will increase by £2.1M or 3.3% year on year. The largest declines in terms of contribution are expected to be the School of Applied Sciences and the School of Engineering, whilst the key areas of growth are forecast to be the School of Business which is growing its contribution by £1.1M, the School of Health & Social Care which is growing its contribution by £0.8M, Arts & Creative Industries which is growing its contribution by £0.5M and the School of Law & Social Sciences which is growing its contribution by £0.4M

Contribution per School across Teaching, Research and Enterprise activities

	Applied Sciences		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Health & Social Care		Law & Social Sciences		Total All Schools	
	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF
Income (M)	£10.8	£10.8	£11.2	£11.4	£18.3	£18.7	£16.3	£17.7	£16.7	£17.5	£35.6	£36.4	£14.2	£14.5	£123.1	£126.9
Expenditure (M)	£5.4	£5.8	£5.4	£5.1	£7.2	£7.7	£6.8	£7.0	£9.6	£10.7	£19.3	£19.3	£6.8	£6.7	£60.4	£62.2
Contribution (M)	£5.4	£5.0	£5.9	£6.4	£11.1	£10.9	£9.6	£10.7	£7.0	£6.8	£16.3	£17.1	£7.4	£7.8	£62.7	£64.7
Contribution %	50%	46%	52%	56%	61%	59%	59%	61%	42%	39%	46%	47%	52%	54%	51%	51%

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

Contribution per School across Teaching activity only (excluding TNE)

Total Income	Applied Sciences		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Health & Social Care		Law & Social Sciences		Total All Schools	
	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF	17/18 Actual	July 18/19 FYF
Teaching Income (M)	£10.0	£9.8	£10.6	£11.1	£17.4	£18.0	£15.9	£17.5	£14.5	£14.4	£31.2	£32.1	£13.8	£14.1	£113.5	£117.0
Teaching Staff (M)	£3.2	£3.3	£2.9	£3.0	£4.7	£5.1	£4.2	£4.3	£4.6	£4.6	£12.9	£12.7	£4.6	£4.7	£37.3	£37.8
Teaching Expenditure (M)	£1.3	£1.5	£1.8	£1.7	£1.8	£2.1	£2.0	£2.5	£2.6	£2.9	£4.5	£4.5	£1.8	£1.8	£15.9	£16.9
Expenditure per FTE	£4,397	£4,843	£4,236	£3,928	£3,719	£3,834	£3,071	£3,219	£5,072	£5,462	£4,529	£4,338	£4,237	£4,190	£4,174	£4,188
Teaching Contribution (M)	£5.4	£4.9	£5.9	£6.5	£10.8	£10.8	£9.7	£10.7	£7.3	£6.8	£13.8	£15.0	£7.3	£7.6	£60.3	£62.3
Contribution %	54%	50%	55%	58%	61%	60%	61%	61%	51%	48%	44%	47%	53%	54%	53%	53%
Full Year Student FTE	1,039	1,008	1,124	1,182	1,763	1,884	2,020	2,098	1,409	1,381	3,844	3,957	1,528	1,549	12,727	13,059
Contribution per Stud FTE	£5,200	£4,900	£5,200	£5,500	£6,200	£5,700	£4,800	£5,100	£5,200	£4,900	£3,600	£3,800	£4,800	£4,900	£4,700	£4,800
Return on Academic Invest	168%	148%	201%	217%	229%	210%	231%	251%	160%	148%	107%	118%	158%	161%	162%	165%

As a result of the income reforecast including the £0.4M reduction in TNE income, the School of Built Environment & Architecture is now expected to deliver £1.8M better than budget, Health & Social Care is £1.5M ahead of budget, Law & Social Sciences is 0.8M ahead, Arts & Creative Industries are £0.7M better than budget and the School of Business is now forecast to be £0.3M better than budget. 2 Schools have declined in profitability and the School of Engineering is now forecast to be £1.0M worse than budget whilst the School of Applied Sciences is now forecast to be £0.5M worse than budget. Overall the School portfolio is now trending £3.6M better than budget. In terms of contribution per student, 4 schools are close to the average return of £4,800 per FTE, the School of the Built Environment & Architecture has the highest contribution per student at £5,700 whilst Health & Social Care delivers £3,800 per student.

7) Student Number Analysis

In terms of Student numbers, at the comparable position in 17/18 had 12,727 FTE and finished the year with a student body of 12,727. We currently have 13,037 enrolled FTE and so are 2% ahead of the year on year position. The biggest increase is New students which are now 13% up and there have been significant increases across most schools. There are still a number of students enrolling particularly on Apprenticeship courses and we are forecasting a final student body for the year of 13,059 FTE

New					Continuing					Total				
School	May-18	May-19	Change	% Change	School	May-18	May-19	Change	% Change	School	May-18	May-19	Change	% Change
ASC	434	468	34	8%	ASC	605	540	-65	-11%	ASC	1,039	1,008	-31	-3%
ACI	514	527	13	3%	ACI	610	655	45	7%	ACI	1,124	1,182	58	5%
BEA	730	850	120	16%	BEA	1,033	1,034	1	0%	BEA	1,763	1,884	121	7%
BUS	937	1,051	114	12%	BUS	1,083	1,047	-36	-3%	BUS	2,020	2,098	78	4%
ENG	525	600	75	14%	ENG	884	781	-103	-12%	ENG	1,409	1,381	-28	-2%
HSC	1,659	1,908	249	15%	HSC	2,185	2,027	-158	-7%	HSC	3,844	3,935	91	2%
LSS	675	768	93	14%	LSS	853	781	-72	-8%	LSS	1,528	1,549	21	1%
YTD Total	5,474	6,172	698	13%	YTD Total	7,253	6,865	-388	-5%	YTD Total	12,727	13,037	310	2%
Y / E Total	5,474				Y / E Total	7,253				Y / E Total	12,727	13,059	332	3%

8) Student Withdrawal Analysis

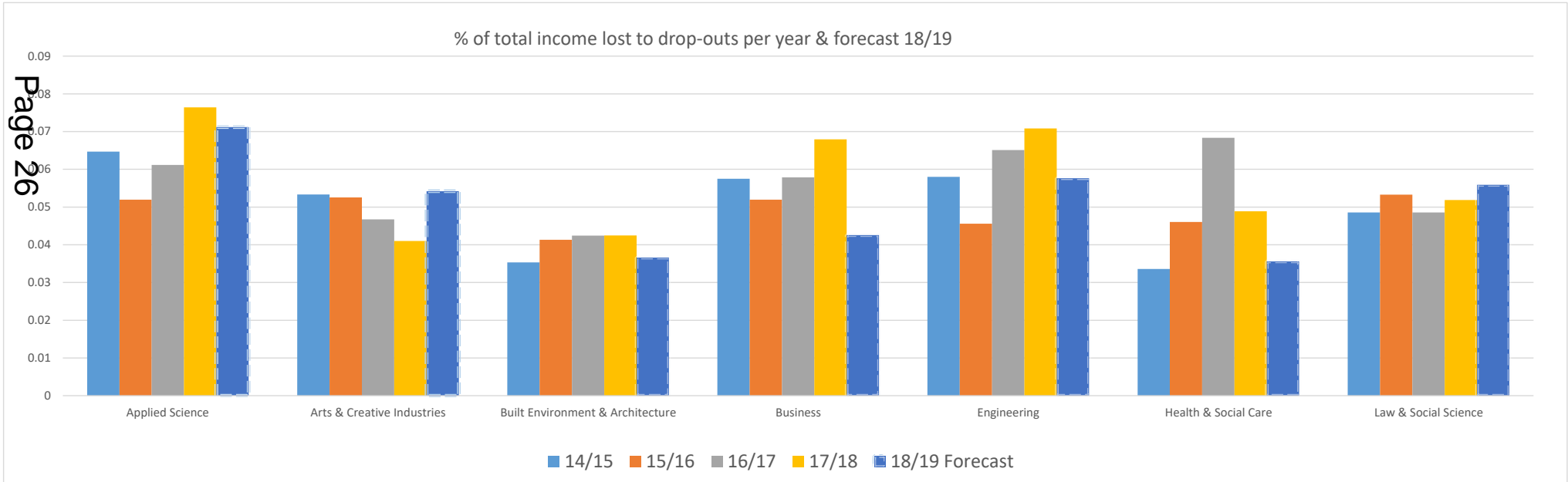
At 31 July 2018, the total amount refunded to students who withdrew or interrupted in year totalled £4,591k. This is the difference between Income generated at Enrolment and the amount retained at the end of the Year. The University receives funding for UG students in 3 tranches; 25% for Semester 1, 25% for Semester 2 and 50% for semester 3. If a student does not progress into the following semester then a refund is generated. Our Overall forecast of lost income had broadly remained the same since September at £4,881k by 31st July. Since then however we have reduced that refund forecast by £0.4M. This reduction is driven by the Schools of Business, Health & Social Care and Engineering.

On a school by school basis, we have 4 schools reporting an absolute reduction in lost income and six schools reporting a lower % loss of overall income to withdrawals and interruptions than 2017/18. Year to date income loss is now £4.4m, broadly equivalent to the May 2018 position. The Overall head count of student drop-outs are down year on year; we have lost 955 students at 30th April, compared to 2018's 982 – down by 2.8%. The head counts also demonstrate improvement in retaining both UG and PG students, with year-on-year UG's drops at their lowest since 2015/16 and PG the lowest in the last four years; UG student drop-outs in 2018/19 are 2.2% under four year average, whilst PG's are 12.6% down in 2018/19 against the same average. This good news is maintained in the numbers for entrant type, with the lowest number of continuing students leaving in 2018/19 over the last four years and new students in the last three, and in comparison to May 2018, continuing student retention is up by 8.1% from 2017/18 and new students up by 4.6%. The year on year % change in the School of Health & Social Care is due to the change in tuition fee regulations, its drop outs remain the lowest % of all 7 schools on a student % basis

Academic year	YTD withdrawals
15/16	875
16/17	1,055
17/18	982
18/19	955

'Lost Fee Income' in £000K	17/18 A	18/19 F	% change	% T Inc.	17/18 A	18/19 F	% change	% T Inc.	
Applied Science	£653	£607	-7.1%	6.6%	Engineering	£815	£664	-18.5%	7.1%
Arts and Creative Industries	£391	£545	39.5%	4.8%	Health & Social Care	£482	£674	39.9%	3.8%
Built Environment & Architecture	£601	£555	-7.7%	4.2%	Law & Social Sciences	£652	£729	11.8%	5.2%
Business	£997	£706	-29.2%	5.8%	Total	£4,591	£4,480	-2.4%	5.2%

% T Inc. = % of Tuition Fee Income



9) Income Analysis

YTD Income is significantly ahead of the 17/18 position particularly in terms of UG income which is 15% ahead and Postgraduate income which is 23% ahead. Some of this increase is due to £9.2M of students who were funded through the Health Contract and who now pay their own Tuition fees. The University is now £6.6M ahead of the comparable position for Home/EU students as compared to last year. In terms of Overseas Tuition fees, these are £1.4M and 16% better than the comparable position in 17/18. We are slightly ahead of budget in terms of YTD Research income and are 16% ahead of the comparable position in 17/18. Enterprise income is 3% behind of the comparable position in 17/18 and is behind budget. We have reduced our Enterprise forecast by £1.1M last month and are now forecasting full year income of £10.2M as compared to the £12M target. We also reduced our TNE income by £0.4M last month as some of the more speculative partnerships have not been delivered and are now forecast to end the year £0.7M less than budget.

10) Staff Cost Analysis

In terms of staffing we have reduced our Full Year Forecast by a further £0.1M this month. Excluding restructuring, the University has spent £2.4M less than budget in the first 10 months of the year. The full year forecast assumes a total staff saving against budget of just £1.6M and so is probably overstated. The majority of the YTD staff savings are in the Schools and Business in particular is behind in terms of spend. There are additional YTD staff costs in the Executive area but these relate to the Lambeth College transaction and Integration costs and will be charged to Lambeth College by year end.

11) Operating Expense Analysis

In terms of Operating Expenses these have been reduced by 15% in the 18/19 budget as compared to the 17/18 budget to fund Staff growth and our Investment Pots. Total YTD expenses are currently within budget however there are some areas that are no longer forecasting to budget including ICT, Estates, Research, Enterprise & Innovation and the International Office. These overspends are being funded by staff savings although ICT and Estates are no longer expected to deliver in totality to budget by year end. The University has also invested almost £400K in terms of transition costs for Lambeth College. The current intention is to recharge these costs to Lambeth once the transaction is closed and this will also reduce our YTD costs.

12) Budget Analysis

The University operates on a Portfolio basis so members of the Executive are expected to manage their portfolio as a whole and if one area requires additional funds this can be generated by reducing investment in another area of the Executive's responsibility. At present all members of the Executive are forecasting to deliver on budget apart from the DVC (Education) due to the overspend in ICT and the CBO due to the financial position of Estates, International and Enterprise.

13) Investments

In terms of flexible in-year investment the Executive have set aside £2.5M in 18/19 to fund £1M of Research pump priming activities, £1M of normal in-year investments and £0.5M of extra ordinary staff development activity. The Executive approved in June areas for £1M of Research Investment and have so far approved £1.5M of in year investments of which £1M has been drawn down.

In terms of the Capital Expenditure investment funds, the University has set aside £0.6M to fund ICT based Innovation activities, £0.3M to fund Teaching and Learning Equipment and £0.6M to fund Estates Minor works. There are some large capital projects that will require monitoring during the year including the investment in the Leap transformation project, the relocation of the Business School to the LRC building and the redevelopment of London Road including Chapel stabilisation works. The London Road redevelopment is currently forecast to overspend by £1.6M and the scope of this programme is being reviewed in order to deliver Phase 1 of the building program on budget

LONDON SOUTH BANK UNIVERSITY / ENTERPRISES

Management Summary Report from August 2018 To The End Of May 2019

Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD (£)
			2018 Forecast	2018 Budget	Variance - Forecast to Budget	Note	2018 Actuals	2018 Budget	Variance - Actuals to Budget	Note	
			(£)	(£)	(£) %		(£)	(£)	(£) %		
(13,936,135)	(11,145,370)	Funding Grants	(13,372,384)	(13,176,874)	195,510	1%	(11,181,787)	(11,360,035)	(178,248)	(2%)	(2,190,597)
(18,931,753)	(15,735,333)	Health - Contract	(10,858,010)	(9,741,020)	1,116,990	11%	(9,180,054)	(8,749,308)	430,746	5%	(1,677,955)
(64,378,797)	(64,138,598)	Fees - Home & EU UG	(73,261,038)	(70,076,532)	3,184,506	5%	(73,838,878)	(70,076,532)	3,762,346	5%	577,840
(8,469,149)	(8,354,943)	Fees - Home & EU PG	(9,974,818)	(10,262,244)	(287,427)	(3%)	(10,280,554)	(10,262,244)	18,310	%	305,736
(5,772,069)	(5,722,136)	Fees - Overseas UG	(6,276,760)	(6,536,255)	(259,495)	(4%)	(6,344,587)	(6,536,255)	(191,668)	(3%)	67,827
(3,241,939)	(3,239,280)	Fees - Overseas PG	(3,933,278)	(3,425,714)	507,564	15%	(4,043,982)	(3,425,714)	618,268	18%	110,704
(1,808,004)	(1,703,937)	Overseas Partnerships	(1,950,263)	(2,675,000)	(724,737)	(27%)	(1,855,891)	(366,895)	1,488,996	406%	(94,371)
(1,838,146)	(1,531,790)	Research - Funding Grants	(1,833,764)	(1,833,764)		%	(1,618,123)	(1,528,150)	89,973	6%	(215,641)
(2,925,747)	(2,306,836)	Research - Grants	(3,164,018)	(3,556,564)	(392,546)	(11%)	(2,720,665)	(2,537,962)	182,703	7%	(443,353)
(295,578)	(192,439)	Research - Collaborations	(668,518)	(552,949)	115,569	21%	(277,813)	(490,466)	(212,653)	(43%)	(390,705)
(253,681)	(179,839)	Research - Studentships	(270,229)	(188,767)	81,462	43%	(196,786)	(192,225)	4,561	2%	(73,443)
(664,800)	(583,122)	Enterprise - Funding Grants	(567,033)	(567,033)		%	(472,530)	(472,530)		%	(94,503)
(358,146)	(241,268)	Enterprise - Research Related Activities	(776,252)	(772,485)	3,767	%	(518,549)	(604,510)	(85,961)	(14%)	(257,703)
(3,713,880)	(2,881,503)	Enterprise - University Fees	(2,449,707)	(3,266,793)	(817,086)	(25%)	(2,373,333)	(2,323,894)	49,439	2%	(76,374)
(6,175,259)	(3,957,932)	Enterprise - Other	(6,422,929)	(7,369,939)	(947,010)	(13%)	(4,040,467)	(4,861,444)	(820,977)	(17%)	(2,382,462)
(10,420,906)	(8,682,032)	Other - Student Related Income	(11,195,478)	(10,970,242)	225,236	2%	(8,781,154)	(9,209,744)	(428,590)	(5%)	(2,414,324)
(1,938,387)	(315,494)	Other - Operating Income	(176,435)	(117,825)	58,611	50%	(451,301)	(56,255)	395,046	702%	274,866
(178,950)	(104,995)	Endowment Income & Interest Receivable	(110,000)	(110,000)		%	(250,535)	250,535			140,535
(145,301,325)	(131,016,845)	Total Income	(147,260,912)	(145,200,000)	2,060,913	1%	(138,426,989)	(133,054,164)	5,372,825	4%	(8,833,923)
37,649,862	31,321,705	Academic - Permanent staff	37,850,486	39,347,633	1,497,148	4%	30,508,790	32,409,691	1,900,900	6%	7,341,696
3,133,094	2,474,944	Academic - Temporary staff	3,461,072	2,929,488	(531,584)	(18%)	2,663,114	2,375,342	(287,772)	(12%)	797,957
2,399,278	1,990,905	Technicians staff	2,448,541	2,568,281	119,740	5%	1,986,329	2,139,447	153,118	7%	462,212
		Researchers staff	112,800		(112,800)		65,485		(65,485)		47,315
36,416,199	30,070,072	Support - Permanent staff	36,275,311	37,251,387	976,076	3%	29,580,116	30,873,810	1,293,695	4%	6,695,195
602,371	492,595	Support - Temporary staff	604,649	461,126	(143,522)	(31%)	496,503	380,407	(116,095)	(31%)	108,146
3,133,736	1,977,873	Third party staff	1,908,405	1,788,044	(120,362)	(7%)	1,881,070	1,425,637	(455,433)	(32%)	27,335
1,905,578	651,601	Structural staff	1,701,478	1,681,363	(20,115)	(1%)	783,161	374,672	(408,490)	(109%)	918,317
85,240,117	68,979,695	Total Staff Costs	84,362,741	86,027,322	1,664,581	2%	67,964,568	69,979,006	2,014,438	3%	16,398,173
9,625,747	8,051,880	Total Depreciation	10,500,000	10,500,000		%	7,358,815	7,334,988	(23,827)	(%)	3,141,185
2,392,013	1,547,165	Staff Related	2,408,877	2,329,335	(79,542)	(3%)	1,669,804	1,851,210	181,406	10%	739,073
2,584,519	2,285,054	Marketing and PR	2,418,465	2,455,454	36,989	2%	1,977,368	2,001,020	23,653	1%	441,097
781,084	668,619	Student Recruitment	981,294	687,867	(293,427)	(43%)	1,012,483	687,867	(324,616)	(47%)	(31,189)
2,549,969	2,146,583	Bursaries and Scholarships	2,260,102	2,293,602	33,500	1%	1,717,326	1,802,343	85,017	5%	542,776
5,508,396	4,286,064	Student Related	5,211,786	5,257,179	45,393	1%	4,243,257	4,406,891	163,634	4%	968,529
962,210	714,639	Equipment	1,257,011	1,550,672	293,662	19%	1,016,937	1,305,711	288,774	22%	240,074
5,082,462	3,730,153	Computing	4,865,354	4,461,457	(403,897)	(9%)	3,711,981	3,528,902	(183,079)	(5%)	1,153,372
3,579,410	2,960,185	Utilities	3,571,974	3,809,184	237,210	6%	3,158,244	3,113,842	(44,401)	(1%)	413,730
5,339,902	4,024,205	Maintenance & Other Estate	4,285,261	3,293,908	(991,353)	(30%)	3,887,843	2,965,840	(922,002)	(31%)	397,418
5,800,434	4,776,843	Cleaning & Security	6,008,740	6,003,171	(5,569)	(%)	4,948,824	5,011,405	62,581	1%	1,059,916
993,741	80,800	Financial	428,132	475,732	47,600	10%	(14,533)	19,441	33,974	175%	442,665
461,413	357,676	Communications	548,565	522,515	(26,050)	(5%)	437,366	434,484	(2,882)	(1%)	111,199
3,780,226	2,948,437	Legal & Professional	3,515,385	3,382,887	(132,498)	(4%)	3,126,395	2,781,213	(345,181)	(12%)	388,990
1,206,465	832,868	Subscriptions and Membership Fees	1,399,094	1,353,661	(45,433)	(3%)	1,119,671	1,025,027	(94,644)	(9%)	279,423
1,107,510	867,947	Photocopying and Stationery	1,006,519	969,417	(37,102)	(4%)	501,799	764,063	262,263	34%	504,719
2,393,912	1,519,012	Other	3,039,455	3,060,481	21,025	1%	1,178,052	2,627,890	1,449,837	55%	1,861,403
208	(135)	Internal Recharges	12,383	23,951	11,568	48%	93	6,366	6,274	99%	12,290
44,523,872	33,746,116	Total Other Operating Expenses	43,218,396	41,930,472	(1,287,924)	(3%)	33,692,909	34,333,515	640,606	2%	9,525,487
4,297,781	3,675,126	Total Interest Payable	5,165,000	5,240,000	75,000	1%	3,532,942	3,631,460	98,518	3%	1,632,058
		Total Exceptional Items	1,014,776	2,206	(1,012,570)	#####					1,014,776
(1,613,808)	(16,564,029)	Contribution	(3,000,000)	(1,500,000)	1,500,000	100%	(25,877,754)	(17,770,889)	8,106,866	46%	22,877,755
58.7%		Staff costs as % of income	57.3%	59.2%			49.1%	52.6%			
1.1%		Contribution %	2.0%	1.0%			18.7%	13.4%			

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	INTERNAL
Paper title:	2019/20 LSBU budget
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	02 July 2019
Author(s):	Ralph Sanders - Director of Financial Planning, Reporting & Registry
Sponsor(s):	Richard Flatman – CFO
Purpose:	To recommend approval of the university budget to the Board
Recommendation:	<p>The shape of the 2019/20 LSBU budget was discussed at the Board of Governor’s strategy day on April 10</p> <p>Three options were presented, with income targets of £148M, £152M and £155M. The recommendation from that day was to build a budget with an income target of £152M and a surplus target of £1.5M</p> <p>The Align process has highlighted a number of budget adjustments within the Professional Functions that could have a positive impact on the University’s surplus. Once these have been agreed by the Executive, the budget will be adjusted and the savings identified will be used to boost the £1M in year investment pot and/or increase the level of budgeted surplus. It could also provide the added headroom to service a new revolving credit facility (RCF) to meet short to medium term cashflow needs related to LEAP and estate developments.</p> <p>The Executive are asked to review the proposed budget and the proposal to adjust it for the Align savings and then recommend its approval to FPR Committee.</p>

2019/20 Budget Setting Process

We are in the process of reviewing and updating our 5 year financial forecasts for submission to OfS. Guidance on the submission deadline will be issued by the end of June but the deadline is expected to be 30 November 2019. We will therefore take the opportunity to update the forecasts in parallel with the work on development of the 12 underlying strategy documents.

The HEFCE/OFS 5 year forecast submitted in 18/19 had an income target of £155M for 2019/20 with Overseas Recruitment, TNE income and Enterprise being expected key areas of growth.

In April 2019 the Board of Governors were briefed that these areas were unlikely to generate their expected levels of activity and so their corresponding income targets would be reduced. The University has however had an extremely strong Home & EU UG and PG recruitment round in 18/19 and continues to experience growth in these applications and the recommendation was made to the Board that we should construct a budget with these income streams providing the required income growth within the Schools.

The budgets for Professional Functions have been set to maintain the current levels of service as outlined as part of the ALIGN process. Service levels will be reviewed over the next few months in parallel with the strategic development process. The budget will subsequently be adjusted with additional PSG investment or disinvestments when the Executive agree the final ALIGN outcomes. In workbook method and demand changes have been agreed and the net efficiency saving is £2.8m. Many of these will however take time to implement and the impact on the 19/20 budget is expected to be in the region of £0.7m. Together with quick wins on cross functional and global method changes the total efficiency savings in 19/20 are expected to be in the region of £1.5m to £2m. The intention is to adjust budget once agreed and hold in reserve to increase the reported margin in year and/or boost investment pot funds.

Subject to implementation of changes from the Align project, the above will generate Income of £152M, total expenditure of £150.5M and a surplus of £1.5M. This level of surplus is broadly comparable to the level of surplus budgeted in 18/19.

Methodology for calculating Income

In a repeat of the process that was used to determine 18/19 Income and recruitment targets, representatives from Marketing, the International Office and Finance Business partners met Deans and Executives of the 7 schools to agree recruitment and income targets based on each School's areas for strategic growth as evidenced by the marketplace. These targets are now being used by our recruitment teams to drive marketing activity. We are have agreed a new Home / EU UG FT enrolment target of 2,811 which is an increase of 200 FTE as compared to 18/19.

In order to estimate income from continuing students, we have used the models that we have created in our TM1 planning suite and have modelled differing levels of retention and progression. The budget has been built on Improvements to Yr1 to Yr2 progression rates of 3% to 77% vs 2017/18 (74%).

To ensure a collaborative approach for setting the Research and Enterprise income budgets, the Schools and BSMs met with Research and Enterprise leads. Activity from the current portfolio of contracted projects was reviewed and anticipated income from projects in the pipeline was discussed and agreed and stretch targets allocated.

All areas of "other income" not specifically referred to in the above methodology, were determined through discussions between BSMs and budget holders in the Schools and PSGs.

Recommended Income Budget (£M)

<u>Description</u>	<u>19/20 Scenario 2</u>	<u>Key Risks</u>
HEFCE Grant	£12.0	Assumes £1M in 2019/20 to fund third year of new 1st year students in HSC from Health Contract
Health	£2.2	Remaining Part Time Continuing HSC students
Home / EU UG	£82.5	Total new UG FT enrolment target of 2,811. Improvements to Yr1 to Yr2 progression rates of 3% to 77% vs 2017/18 (74%). Still lower than 16/17 (78%)
Home / EU PG	£12.5	26% Income increase to 2018/19

Overseas	£11.6	+£1.6m compared with 2018/19 and represents 175 new UG FT students. This would represent growth of 28% in new student numbers.
TNE	£2.0	£1.8m is considered 'steady state' at BUE. The extra £0.2m could potentially come from Beijing Film Academy
Research/QR	£7.0	Represents income growth of 15% vs 2018/19 forecast of £6.1m driven by TWI and will require successful bids.
Enterprise	£11.0	Represents income growth of 7% vs 2018/19 forecast of £10.2m and will require a series of successful bids.
Other Student	£10.8	£11.1m in 18/19. Reduction represents catering income linked to London Road closure but offset by cost reduction
Other Income	£0.4	
Total Income	£152.0	

Expenditure

In order to ensure equity across our student body, this year we are continuing the process of using standardised staff / student ratios to identify Academic costs within the Schools and using a standard Expense per student to identify appropriate levels of Operating Expenses. For new Research and Enterprise activities we are assuming that direct costs will equate to 80% of income.

In parallel with the Schools analysis, we have been consulting with the Directors of Professional Services to understand their resource requirements for next year and have created a budget that effectively 'rolls over' the current position and maintains current levels of service. This 'roll over' budget will then be adjusted to take account of recommendations for both investment and disinvestment that the Executive have agreed following the results of the ALIGN process. This will ensure that next year's budget will explicitly link corporate priorities with required resource levels and enable us to better direct the performance of the organization.

By using the methodology described above we can deliver a budget that matches the expectations of the Board as discussed on April 10th

Recommended Final Budget

Description	18/19 April forecast	19/20 Recommended Budget	Change to 18/19 £	Change to 18/19 %
Total Income	£148.2	£152.0	£3.8	3%
Staff Costs	£83.3	£88.1	£4.8	6% before TPS & 3.4% after TPS

Restructuring Fund	£1.7	£1.5	-£0.2	-12%
Depreciation	£10.5	£11.5	£1.0	10%
Other Opex	£42.5	£44.1	£1.6	4%
Interest Payable	£5.2	£4.3	£0.0	0%
Investment Pot	£3.5	£1.0	-£2.5M	-71%%
Total Costs	£146.7	£150.5	£3.8	3%
Total Surplus	£1.5	£1.5	£0.0	0%

The recommended budget will deliver EBITDA at 11.5%, free cashflow of £15M and a recurring staff cost as a % of income of 58%

	CONFIDENTIAL
Paper title:	KPI strategic enablers
Board/Committee:	Finance, Planning and Resources
Date of meeting:	02 July 2019
Author(s):	Richard Duke (Director of Strategy & Planning)
Sponsor(s):	Richard Flatman (CFO)
Purpose:	For Information
Recommendation:	To note.

Executive Summary

The report presents the latest performance figures for the KPIs for strategic enablers (the full KPI report is provided for information) and 2019/20 targets as presented to the June 2019 FPR meeting and approved.

Key changes since last report:

- Release of Guardian league table (68th out of 121), an improvement in rank of ten places;
- Increase in surplus as a % of income (1% in April to 2% in June) and EBITDA (11.6% in April to 12.7% in June);
- Decrease in overall income forecast, including decreases against research and enterprise income;

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KPI Report – June 2019

Corporate Strategy Goals	20/20 Success Measures	#	Key Performance Indicators	End of Corporate Strategy Ambition	Past Performance				2018/19				2019/20	
					14/15	15/16	16/17	17/18	Green	Amber	Red	Target	Actuals * denotes as of 1st June 2019 and therefore represents a forecast	Agreed 2019/20 Target (Exec 30/1/19 except finance targets which were agreed Executive of 3/4/19)
Teaching and Learning	Top 50% of universities for graduate employment / starting salaries.	1	Graduate level employment &/or Further study (EPI population)	80%	68.0%	76.0%	81.8%	87.7%				82%	No score available in 2018/19	Not Applicable
Student Experience	Top quartile of all universities in NSS	2	NSS scores – overall satisfaction (First Degree respondents)	89%	82%	82.0%	82.2%	78.8%	83% +	80 - 82 %	< 80 %	86%		84%
		3	International Student barometer (% recommending LSBU)	81%		77%	77%	80%	80% +	77 - 79%	< 77 %	78%		81%
		4	PGT experience (% satisfaction)	82%	74%	74%	71%	71%	74% +	70 - 73 %	< 70 %	77%		76%
		5	Student Staff Ratio	18:1	19.7:1	20.5:1	19.8:1	16:1	16.5 - 17.5	16 - 16.5 < 16 > 18	17:1			
Employability	95% students in employment / further study (EPI)	6	DLHE Positive Outcomes; employment or further study (EPI)	95%	90.2%	90.8%	94.6%	95.3%				94%	No score available in 2018/19	Not Applicable
	Top 10 UK universities for student start ups	7	Number of Student start ups (Active Firms in HE-BCI 4aiv)	150	30	50	45	48	110 +	100 - 109	< 100	110		65
Research & Enterprise	Top 50% UK for Research & Enterprise Income	8	Research Income (non Hefce)	£6.0 m	£2.0	£1.9	£2.8	£3.5	£4.3 m +	£4.0 - 4.3 m	< £4 m	£3.5m	£4.1m	£5.2m
		9	Enterprise Income	£19.0 m	£8.1	£7.8	£9.2	£10.9	£12 m +	£11 - 11.9 m	<£11 m	£13.0	£10.2m*	£11.0m
Access	Top London Modern for LPN recruitment	10	% recruits from low participation neighbourhoods (Young FT FD)	9.0%	7.7%	8.4%	9.2%	8.9%	8.0% +	7.7 - 7.9 %	<7.7 %	8.6%	7.6%	8-10%
		11	FTUG % (w/o HSC contract) recruited before Clearing	90%	75.0%	76.4%	77.2%	78.0%	78% +	74 - 77 %	< 74 %	77%	74.7%*	+77%
	Exceed expectations on completion	12	First Degree Completion projection (at or above benchmark)	+3%	-7%	-5.8%	-5.5%	-1.8%	>=-1%	-2 to -3 %	<-3 %	-1%	-4.0%	0%
		13	Year 1 progression (can change due to Jan 2019 2nd Semester Enrolment)	85%	73.1%	77.3%	74.7%	73.0%	76% +	72 - 75%	<72%	82%		80%
		14	Good Honours	63 - 67%	61.2%	66.4%	69.1%	70.0%	66-71%	72-73% >73% <64%	63-67%			
15	PGT completion	85%	61.5%	58.7%	69%	61.0%	75% +	71-74%	< 71%				72%	
International	4 QS Stars	16	QS Star Rating	4	3 stars	3 stars	4 stars	4 stars	4	3	2	4	4	4
		17	Overseas student income (millions)	£20m	£11.2	£9.8	£11.2	£10.8	£12.6 m +	£12.2 - 12.5 m	<£12.2 m	£15.0	£12.1m*	£11.6m
People and Organisation	Rated as a good employer	18	Appraisal completion % (Amongst all eligible staff)	100%	90%	91%	95.6%	85.3%	100%	95 - 99 %	< 95 %			100%
		19	Average Engagement Score as a %	75%		58%	62%	61%	69%	65 - 68 %	< 64 %	69%		70%
Resources & Infrastructure	Grow our income by 25% to £170m annually, deliver an operating surplus of 5% and an EBITDA margin of 15%	20	Surplus as % of income	5.0%	0.9%	2.4%	1.3%	1.1%	1% +	0.7 - 0.9 %	< 0.7%	1.4%	2%*	1.0%
		21	Income (£m)	£170.0m	£140.8m	£138.2	£144.5	£146.3	£145.2 m +	£142 - 145 m	<£142 m	£156.1m	£147.3m	£152.0m
		22	EBITDA margin (EBITDA expressed as % of income)	15.0%	9.2%	11.8%	12.0%	10.7%	12.8% +	11.7 - 12.7%	<11.7%	13.5%	12.7%*	11.4%*
	Student satisfaction with facilities & environment in top UK quartile	23	Student satisfaction ratings with facilities & environment (FD)	90%	87.7%	90.0%	87.2%	83.9%	87% +	84 - 86 %	< 84%	90.0%		90.0%
24		ICS Service Index %	80%	68%	76%	66%					76%	No score available in 2018/19	80%	
Overall	Top London Modern university (excl UAL)	25	Times - League table ranking	85	120 / 127	120 / 128	106 / 128	107/132	99 or higher	100 - 104	105 or lower	96		90
		26	Guardian – League table ranking	70	111 / 119	107 / 119	92 / 121	78 / 121	75 or higher	76 - 78	79 or lower	79	68/121	70
		27	Complete University Guide – League table ranking	87	119 / 126	115 / 127	108 / 129	93 / 131	90 or higher	91 - 94	95 or lower	98	87/131	87

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	CONFIDENTIAL
Board/Committee:	Finance, Planning and Resources
Date:	2 July 2019
Paper title:	Students' Union half yearly financial report
Author:	London South Bank University Students' Union
Sponsor:	Shan Waring
Author:	Steve Baker, CEO SU
Recommendation:	The committee is asked to note the Students' Union bi-annual financial report.

Executive summary

Under the Memorandum of Understanding between the University and the Students' Union, it states

The Union will provide a monthly report on its income and expenditure against the approved budget. A six monthly financial report and Annual Accounts will be provided to the University's Board of Governors. Copies of six monthly and Annual Accounts will be made available on-line and will include:

- (i) A list of external organisations to which the Union has made donations in the period to which the report relates; and*
- (ii) Details of those donations.*

The report shows that the Union is performing broadly within its budget overall and expects to remain within it this financial year. The committee is asked to note the Students' Union bi-annual financial report.

London South Bank University Students' Union

Half Yearly Finance Report

1. Introduction

1.1 This report provides a recap on the audited financial position as at 31 July 2018 and a summary of the Union's financial position to March 2019.

2. 2017/18 Year End

2.1 The Union's annual accounts (to 31 July 2018) were signed off by its auditors, Knox Cropper, on 13 November 2018 with an unqualified opinion.

2.2 As stated in these accounts the Union's unrestricted reserves position at this date was comprised of:

Component	Description	£k
General Funds	Minimum Reserves Target	241
Development Fund	Amount Available to Support Future Activity	221
Designated Funds	Amount relating to Refurb (Fixed Assets)	89
Pension Deficit	Liability relating to legacy scheme, repayable over 15 years	(1,205)
Total		(654)

2.3 The Union is considered to be a going concern as the pension deficit is repayable over a longer period than a year.

3. Current Year (2018/19) Update

3.1 The Union is working to a break-even budget this year.

3.2 A £68k surplus was reported as at the end of Month 8, which represented a £51k positive variance against the phased year-to-date budget of £17k. This is summarised below:

	Year-to-date Actual £k	Year-to-date Budget £k	Variance £k
Subvention	630	630	-
Other Income	103	135	(32)
Total Income	733	765	(32)
Central	189	194	5
Training & Conferences	17	24	7
Advice, Representation & Campaigns	218	241	23
Marketing & Comms	142	174	32
Activities	99	115	16
Total Expenditure	665	748	83
Surplus/(Deficit)	68	17	51

3.3 The £51k positive variance is mainly salary related, with under-spends within Advice, Representation & Campaigns (£18k) and Marketing & Comms (£18k) arising from recruitment gaps which have now been filled. These gaps were partly offset by additional salary related costs within Activities (£5k).

3.4 Other variances included:

- **Other Income:** Negative variances of £32k is mainly due to reduced sales of NUS Extra cards arising from external factors. There are smaller variances in relation to merchandise and marketing which we are monitoring.
- **Training & Conferences:** A year-to-date under-spend relating to conferences (£6k).
- **Advice, Representation & Campaigns:** A project related under-spend relating to Advice, Representation and Insight of £5k within Advice, Representation & Campaigns.
- **Marketing & Comms:** NUS Extra Card underspends of £11k (partly offsetting the reduction in sales referred to above).
- **Activities:** Sports Club under-spends of £16k which are partly timing related.

3.5 There have been some smaller areas of under-spend which have helped to absorb the impact of some additional costs including irrecoverable VAT (£6k impact arising from a change in methodology following a VAT review).

4. Donations

4.1 No donations were made to any external institutions out of LSBUSU's own resources during the 2018/19 audited year or in the current year-to-date.

5. Forecast

5.1 The Union expects the £51k year-to-date underspend to translate into an underspend of approximately £10-£15k at year-end. The Union is not planning to introduce significant further costs into its budget this year.

5.2 The final figures for 2018/19 will be confirmed at year-end via audit. The Union expects to be able to work within its budget due to the positive variances outlined above.

6. Reserves Position

6.1 A surplus would serve to consolidate the Union's general and development fund balance of £0.5m. As these balances are represented by net current assets (mainly cash at bank), the Union remains a going concern.

6.2 The size of the pension deficit would mean that the overall reserves position would remain in a negative position however. The pension deficit will continue to be addressed through budgeted deficit contributions over a 15 year period (currently £76k pa). Participating Unions have been notified by NUS of a potential risk that future contributions may increase from 2020/21 following any changes in the next triennial valuation of the scheme.

7. Looking Forward

7.1 The budget for 2019/20 is due to be finalised by Trustees before the end of the financial year.

8. Conclusion

8.1 The Union is performing within its budget overall and expects to remain within it this financial year. The main longer term challenge in terms of funding to note relates to the pension deficit.

Agenda Item 12

	CONFIDENTIAL
Board/Committee:	Finance, Planning and Resources
Date:	2 July 2019
Paper title:	Insurance Renewal 2019/20
Author:	Rob Ager - Interim Director of Procurement
Executive sponsor:	Richard Flatman – Chief Financial Officer
Recommendation:	<p>The Executive recommends that FP&R approves renewal of insurance cover for 2019/20 on the following terms:</p> <ul style="list-style-type: none"> • LSBU remains a member of the London Universities Purchasing Consortium (LUPC) group insurance scheme. • Appointment of insurer(s) by 1st August 2019 as recommended by the LUPC appointed broker, within the total target cost of £482,615 (including contingency of £25k). <p>The Executive also recommends that FP&R notes the insurance cost for 2018/19 of £443,775. This is within the agreed budget limit of £460,000</p>

LSBU insurance programme 2019/20

The committee is requested to note. LSBU's insurance programme, which includes the following specific covers. They are reviewed annually.

Cover	Insurer	Limit of Indemnity (£)	Forecast fee (£)
All Risks			
Property and Contents	Zurich Municipal	To follow	296,165
Professional Indemnity	RSA	To follow	16,845
Fidelity Guarantee	RSA	To follow	5,111
Directors and Officers	RSA	To follow	4,260
Personal Accident and Travel	RSA	To follow	27,761
Fine Arts	Hiscox	To follow	586
Medical Malpractice	Newline	To follow	3,584
Special Contingency (Kidnap)	Lloyds Syndicate	To follow	6,949

Total All Risks			361,261
Terrorism	UMAL	To follow	75,799
Total Fee including all Taxes			437,060
Brokerage Fee			6,715
Total Premium Costs			443,775

Background

The CFO and the University Secretary & Clerk to the Board are jointly responsible for ensuring 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 Board of Governors have approved the proposed terms; and shall negotiate all claims with the University's brokers.
- The contract for brokerage services (or for direct insurance services, if a broker is not used) shall be put out to tender every five years
- Minimum areas of cover are in place as specified in the regulations, and that Claims and Incident procedures are followed (including the review and notification of material risks relating to areas not covered by insurance).

Procurement Services manages the University's insurance budget, and handles queries on insurance cover and policies. Insurance claims are collated and submitted to the insurer via the Legal Team. An insurance update is reported to FPR in October each year, which includes an overview of insurance claims.

An annual renewal programme is undertaken with the University's broker to re-evaluate the extent and structure of the insurance programme to deliver a flexible arrangement and insure risk effectively.

The University utilises the LUPC Insurance agreement and is a committed member of the LUPC Insurance Group (IG). Joining the London Universities Purchasing Consortium (LUPC) scheme satisfies the University's requirement to periodically competitively tender its insurance arrangements, and increases leverage for improved premium rates and cover through group negotiation. The LUPC IG has 40+ members with an aggregated spend of c. £120 Million. Its strength is in its numbers and providing the Insurance Group retains and recruits additional members, then it is a very effective vehicle for approaching the market.

Appendix

London Road Building Refurbishment

A Construction Risks Insurance (CRI) policy will be taken out to cover the potential risks associated with the refurbishment works. The costs for this cover will be offset by savings realised from the reduction in the 2019/20 premium for this building. The final figures will not be known until July 2019.

Additional insurance cover

In a more uncertain market, the key to reducing unnecessarily high premiums with insurers is the transparency and accuracy of data provided at renewal. If the insurers have an unclear picture about the scope and risk of a required cover, then they will naturally build contingency into the insurance rate which impacts on the overall premium. LSBU continues to work with its broker to ensure that the amount of contingency built into our cover arrangements is minimised.

The University takes advice from the appointed broker and current insurers in procuring cover for changes and new risks.

Cyber Cover and Legal Expenses Insurance

Quotations for Cyber cover and Legal Expenses insurance for 2019/20 have been requested from our Brokers.

Works in Progress

Cover for Estates work in progress projects for 2018/19, other than major new build and refurbishment, is set at £5,000,000. Other major new build and refurbishment projects such as London Road will be treated separately prior to the commencement of construction.

Buildings, Contents and Business Interruption

During February 2019 a full Reinstatement Cost Assessment survey was carried out for building insurance purposes. The survey recommends that the total sum insured value for all LSBU owned buildings is £600,875,000. This compares to the total sum insured value of £639,966,000 for 2018/19. A reduction of £39,091,000 which should realise a reduction in the building insurance premium.

Financial Evaluation

2019/20

The total estimated premium, brokerage and other related costs for 2019/20 is £482,615 excluding rebates, as set out below:

Insurance Cover	2018/19 Actual	2019/20 Target
All Risks	£361,262	£372,100
Terrorism	£75,798	£78,000
Brokerage	£6,715	£6,715
Contingency		£25,800
Total	£443,775	£482,615

Insurance Act 2015

To ensure that the University fully complies with its Insurance Act obligations, and that we gain as good an understanding of our insurance needs as possible, a Working Group has been established with Procurement, Resilience and Legal representatives. Wider participation from Stakeholders may be sought to widen the Group's reach.