

Meeting of the Group Audit and Risk Committee

3.30 - 6.30 pm on Thursday, 11 November 2021
in 1B16 - Technopark, SE1 6LN

Agenda

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18.	Data assurance report	171 - 172	DJ
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21.	Anti-fraud, bribery and corruption report	To Follow	RF
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24.	Data protection report	205 - 206	JS
25.	Committee business plan	207 - 210	KJ
26.	Matters to report to the Board following the meeting		KJ

**Date of next meeting
4.00 pm on Thursday, 10 February 2022**

- Members:** Duncan Brown (Chair), John Cole, Mark Lemmon and Rob Orr
- In attendance:** David Phoenix, Natalie Ferer, Richard Flatman, Kerry Johnson, Nicole Louis and James Stevenson
- External auditors:** Jessie Spencer and Fleur Nieboer (KPMG)
- Internal auditors:** Nicola Walker and Gemma Wright (BDO)
- Observer:** Michael Cutbill

Supplement 1: subsidiary internal audit reports

- SBC income
- SBC student experience
- SBC finance system recovery
- SBC staff absence management

Supplement 2: LSBU full internal audit reports

- OfS regulatory framework
- Key Performance Indicators

**Minutes of the meeting of the Group Audit and Risk Committee
held at 3.30 pm on Tuesday, 5 October 2021
1B16 - Technopark, SE1 6LN**

Present

Duncan Brown (Chair)
John Cole
Mark Lemmon
Rob Orr

Apologies

David Phoenix
Jessie Spencer (KPMG)
Fleur Nieboer (KPMG)
Ruth Ireland (BDO)

In attendance

Natalie Ferer
Richard Flatman
Kerry Johnson
Nicole Louis
James Stevenson
Gemma Wright (BDO)

1. Welcome and apologies

The Chair welcomed members to the meeting. The above apologies were noted.

2. Declarations of interest

No interests were declared on any item on the agenda.

3. Minutes of the previous meeting

The committee approved the minutes of the meeting of 15 June 2021 and their publication as redacted.

4. Matters arising

The committee noted the update on its effectiveness review action plan. All other matters arising were noted as being complete or in progress.

5. External audit progress update

The committee noted the external audit progress report and technical update from KPMG.

6. External audit: review of non-audit services

The committee noted the review of KPMG non-audit services for the year ending 31 July 2021, totaling £59,550. The majority of this spend related to KPMG's work on tax compliance and assurance.

7. Internal audit progress report and plan

The committee noted the internal audit progress report.

The committee noted that an extraordinary meeting of GARC would be scheduled for late October 2021 to consider the IT disaster recovery internal audit report and lessons learned from the cyber incident.

8. Internal audit follow-up report

The committee reviewed the internal audit follow-up report, noting that the number of outstanding recommendations for 2019/20 stood at 25 for LSBU and 12 for SBC.

The committee noted that the Group Executive was reviewing outstanding recommendations on a regular basis and would continue to request that colleagues address these.

The committee noted that some outstanding actions (particularly those related to IT) required longer term solutions beyond a single financial year. The committee agreed that it may be prudent for some of these recommendations to be removed from the follow-up list into an appropriate roadmap, but that any residual risk should remain on local risk registers.

The committee requested to continue to receive this report.

9. Internal audit report: health and safety

The committee noted the internal audit report on health and safety reporting, which provided a moderate level of assurance for both the control design and operational effectiveness of the controls in place. It was noted that two medium risk and two low risk recommendations had been made and accepted by management.

10. Internal audit report: finance systems review

The committee noted the internal audit report on the LSBU finance system review (following the December 2020 cyber incident), which provided a moderate level of assurance for both the control design and operational effectiveness of the controls in place. It was noted that three medium risk recommendations had been made and accepted by management.

The committee welcomed this report.

11. Draft internal audit annual report 2020/21

The committee discussed the 2020/21 draft internal audit annual report. Throughout 2020/21, 20 assurance audits were completed and 54 recommendations were raised across the Group. The committee noted that the draft report referred to the most recent internal audit report on IT disaster recovery. In addition, two outstanding reports were shortly due for completion.

The committee noted that the draft annual report included an opinion of “generally satisfactory with improvements required in some areas”, which was consistent with previous years.

The committee noted that a final version of the internal audit annual report would be reviewed at the next meeting.

12. Risk strategy and appetite

The committee discussed the proposed 2021/22 Group risk policy and updated risk appetite framework.

The committee noted that, following the recommendations of the GARC effectiveness review, risk had been discussed in detail at the Group strategy day on 21 September 2021.

The committee recommended the revised risk policy to the Board for approval. The risk appetite domains and levels would be discussed further by the Group Executive, and brought to the 21 October Board meeting for approval. The committee noted that the risk policy and risk appetite framework would also be reviewed by the subsidiary audit committees.

13. Corporate risk report

The committee noted the corporate risk register, comprised of zero critical risks, ten high risks, eighteen medium risks and one low risk.

The committee noted that, following discussion at the Group strategy day in September, the format of the risk register was under review. The new format, which would include more information on controls and mitigations, would be brought to the November meeting of the committee and then to the Board.

14. Fixed asset impairment

The committee discussed the results of the annual exercise to ascertain whether there was any impairment in the value of the Group’s fixed assets.

The committee noted that, during the year ending 31 July 2021, no impairment had taken place that required recognition in the accounts. The committee noted that, in particular, the Executive had considered Project LEAP, the Chapel site, Vauxhall Skills Centre, the London Road project and the Clarence Centre.

15. Pensions assumptions and results

The committee discussed in detail the set of pensions assumptions tailored for the LSBU Group, which included increases to RPI, CPI, salary and pensions, and a discount rate of 1.6%. The committee noted the impact on the 2021/22 budget as a result of the increases.

The committee noted that the assumptions were consistent with the framework put into place for 2020/21.

The committee approved the pensions assumptions subject to receiving assurance that they were consistent with KPMG's benchmarking exercise. The committee requested that the KPMG document be circulated as soon as it was available.

16. Going concern assessment

The committee discussed the draft going concern statement for inclusion in the annual accounts.

The committee noted that the purpose of the accompanying paper was to provide assurance regarding institutional sustainability. The committee requested assurance that, as part of its annual business cycle, the Finance, Planning and Resources Committee had reviewed the necessary information of the university's position as a going concern. This would be provided to the next meeting of the committee.

The committee noted that a final version of the going concern statement would be submitted to the November meetings of GARC and the Board for approval.

17. Draft annual report and accounts 2020/21

The committee noted key sections of the draft annual report and accounts 2020/21, including the draft corporate governance statement. Members were requested to provide comments to the Group Financial Controller by email as soon as possible.

The committee noted that a near final version of the accounts would be brought to the next meeting on 11 November 2021.

18. Anti-fraud policy review

The committee discussed the revised anti-fraud policy, which had been modified to take into account the Group structure and to clarify reporting lines.

The committee approved the revised policy, subject to minor amendments about consistency of definitions.

19. **Anti-bribery policy review**

The committee approved the revised anti-bribery policy, which had been modified to cover the whole of the LSBU Group.

20. **Annual debt write-off**

The committee discussed the write-off of tuition fee debt relating to self-paying students of £743,000, which was consistent with previous years.

The committee noted that debts were written off when more than six years old and there was no reasonable expectation of recovery. It was noted that the figure was fully provided for in the accounts.

Following discussion and as required by the financial regulations, the committee approved the annual LSBU debt write-off of £743,000.

21. **Fire doors update**

The committee noted the update on the fire door refurbishment work, which included a timeline of work and reporting to date. A further update would be provided to the next meeting.

22. **Anti-fraud, bribery and corruption report**

The committee noted the potential breach of financial regulations regarding the purchase of IT equipment, which was being investigated in line with the Group's fraud response procedure. An update would be provided to the committee once the investigation is concluded.

23. **Speak up report**

The committee noted that no new speak up cases had been raised since the previous meeting.

24. **Reportable events update**

The committee noted that no reportable events had been notified to the OfS since the previous meeting. The potential breach of financial controls (see minute 22) had been considered by the Executive and was deemed to be non-reportable on the basis that it is an internal control matter. The committee noted that this would be reviewed upon the outcome of the investigation.

25. **Data protection report**

The committee noted the data protection report, which included details of six incidents involving breaches of personal data since the previous meeting. None of the breaches were reportable to the ICO.

The committee noted that all colleagues had been requested to complete compulsory training now that all systems had been recovered following the cyber outage. This included modules on information security and data protection.

26. Covid outbreak response plan update

The committee noted the update on the LSBU covid outbreak response plan, which would be supplied to the DfE as required.

27. GARC terms of reference and membership

The committee noted the Group Audit and Risk Committee terms of reference and membership.

28. Committee business plan

The committee noted the annual business plan for 2021/22.

29. Matters to report to the Board following the meeting

The committee noted that risk strategy and appetite, corporate risk report, draft internal audit annual report, pensions assumptions and draft going concern statement would be reported to the next Board meeting.

**Date of next meeting
3.30 pm, on Thursday, 11 November 2021**

Confirmed as a true record

..... (Chair)

GROUP AUDIT AND RISK COMMITTEE - TUESDAY, 5 OCTOBER 2021 ACTION SHEET

Agenda No	Agenda/Decision Item	Action	Date Due	Officer	Action Status
4.	Matters arising	UKVI update to be brought back to the committee when follow-up work is completed.	11 November 2021	Nicole Louis	Complete
7.	Internal audit progress report	Extraordinary meeting of GARC to be scheduled for discussion of IT disaster recovery and lessons learned from the cyber incident	October 2021	Governance	Complete – extraordinary meeting took place on 28 October 2021
11.	Draft internal audit annual report 2020/21	Final BDO annual report to be brought to the November meeting.	11 November 2021	Richard Flatman	Complete
12.	Risk strategy and appetite	Risk appetite domains and levels to be brought to 21 October Board meeting for approval.	21 October 2021	Richard Flatman	Complete
13.	Corporate risk report	New format of corporate risk register, to include more information on controls and mitigations, to be brought to November meeting.	11 November 2021	Richard Flatman	Complete
15.	Pensions assumptions and results	KPMG benchmarking exercise to be circulated to the committee once available.	November 2021	Richard Flatman	In progress
16.	Going concern assessment	Assurance from FPR that it had reviewed the necessary information on the university's position as a going concern to be provided to the next meeting.	11 November 2021	James Stevenson	Complete
17.	Draft annual report and accounts 2020/21	Near final version of the accounts to be brought to the next meeting.	11 November 2021	Richard Flatman	Complete
18.	Fire doors update	Further update on fire doors to be brought to the next meeting.	11 November 2021	Paul Ivey	Complete

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	CONFIDENTIAL
Paper title:	UKVI Student Sponsor Update
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author(s):	Anjali Frank, Immigration Compliance Manager
Sponsor(s):	Nicole Louis – Chief Customer Officer
Purpose:	For information
Recommendation:	The committee is requested to note the progress of outstanding actions related to UKVI compliance update on actions

Executive summary

This paper contains a progress report of actions arising from LSBU's internal review its of sponsored student records.

LSBU Commissioned Audit of Sponsored Student Records

Between September and December 2020, LSBU conducted an internal review of all student files for Tier 4 sponsored students. The review looked at student records dating back to 2013/2014 and the findings identified that a significant number of files had incomplete records in relation to UKVI compliance obligations. The report of findings was delivered around w/c 7th December 2020 and very shortly afterwards, the cyber incident occurred resulting in a lack of access to the entire student record system for several months. Access to the student record system was reinstated around April 2021 however access was intermittent for a number of weeks.

In addition to the incomplete records identified through the initial audit, student records for sponsored students who enrolled between Sept 2020 and January 2021 were also impacted due to the lack of access to recording and reporting systems in QL, INVU, Launchpad. This created an additional high volume of student records that required correcting.

The UKVI compliance team were unable to start the records remediation until September 9th due to other high priority work, particularly supporting the high volume of pre-CAS applications for new student enrolments for September 2021 entry.

Internal Review: As of today, the correction of historic records is partially complete with the most important element being 48 individual student records which still need to be reconciled due to incomplete immigration documents recorded. This work is on-going and the aim is to complete within the next 4 weeks.

Sept 20 / January 2021 Entry Backlog: Following September 20 and January 21 enrolment, as of today, 69 Student records are still to be updated and these require outstanding information to be provided by students who have been given a final deadline of 1st November to respond. Within this group, we have students who enrolled remotely due to Covid 19 and have yet to transition to on campus (in UK) teaching. Each case has individual circumstances that require engagement with individual students and the respective school. Whilst the number of outstanding cases reduced daily, we have set a deadline for completion and any students who do not respond by 1st November, may have their visas withdrawn.

UKVI allows sponsored students to study remotely until April 2022 however LSBU's position is different because we are unable to offer entirely remote teaching for niche groups.

	CONFIDENTIAL
Paper title:	Letter of Representation
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author(s):	KPMG
Sponsor(s):	Richard Flatman, Group CFO
Purpose:	For Approval
Recommendation:	The Committee is requested to approve the Letter of Representation, relating to the audit of the accounts for the University Group, to be signed by the Chair of the Board at the November Board meeting.

Executive Summary

The Letter of Representation requires the Board to give specific assurances to the auditors, KPMG, over matters regarding the financial statements and the year end audit. It should be signed by the Chair of the Board at the time of signing the accounts. The attached draft letter contains the following items specific to LSBU, with all other items being standard representations.

1. The University's subsidiary (South Bank Colleges) has received a pre-action claim for re-imbusement of costs by a developer in respect of the Vauxhall development project undertaken by South Bank Colleges' predecessor, Lambeth College Corporation. The Governing Body believes that any claim is unlikely to succeed and cannot be financially quantified at the date of signing. To the best of its knowledge and belief it is satisfied that no provision is necessary in respect of this claim.

2. possible representation relating to the University's exercise to identify capital accruals.

Recommendation:

The Committee is requested to recommend that the attached letter of representation be signed by the Chair of the Board.

Attachments:

LSBU letter of representation

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(Letterhead of the Entity we audit)

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

XX November 2021

Dear Fleur

This representation letter is provided in connection with your audit of the Group and University financial statements of London South Bank University (“the University”), for the year ended 31 July 2021, for the purpose of expressing an opinion:

as to whether these financial statements give a true and fair view of the state of the Group and University’s affairs as at 31 July 2021 and of the Group’s and University’s income and expenditure, gains and losses, changes in reserves and Group cash flows for the year then ended;

- i. whether these financial statements have been properly prepared in accordance with UK Accounting Standards (including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (“FRS 102”)); and
- ii. [whether the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

These financial statements comprise the Group and University Balance Sheets, the Group and University’s Statement of Comprehensive Income, the Group and University’s Statements of Changes in Reserves, the Group Cash Flow Statement and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Governing Body confirms that the University meets the definition of a qualifying entity and meets the criteria for applying the disclosure exemptions with FRS 102.

The Governing Body confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Governing Body confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

Financial statements

1. The Governing Body has fulfilled its responsibilities, as set out in the terms of the audit engagement dated 30 March 2017, for the preparation of financial statements that:
 - i. give a true and fair view of the state of the Group’s and of the University’s affairs as at 31 July 2021, and of the Group’s and of the University’s income and expenditure, gains and losses and changes in reserves, and of the Group’s cash flows, for the year then ended;
 - ii. have been properly prepared in accordance with UK Generally Accepted Accounting Practice (including FRS 102);
 - iii. meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students; and

- iv. have been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements have been prepared on a going concern basis.

2. The methods, the data and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
3. All events subsequent to the date of the financial statements and for which section 32 of FRS 102 requires adjustment or disclosure have been adjusted or disclosed.
4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.

Information provided

5. The Governing Body has provided you with:
 - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from the Governing Body for the purpose of the audit; and
 - unrestricted access to persons within the Group and the University from whom you determined it necessary to obtain audit evidence.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. The Governing Body confirms the following:
 - i) The Governing Body has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

- ii) The Governing Body has disclosed to you all information in relation to:
 - a) Fraud or suspected fraud that it is aware of and that affects the Group and the University and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements; and
 - b) allegations of fraud, or suspected fraud, affecting the Group and the University's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Governing Body acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Governing Body acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

8. The Governing Body has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. The Governing Body has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with section 21 of FRS 102 all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
10. The Governing Body has disclosed to you the identity of the Group and the University's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with section 33 of FRS 102.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in FRS 102.

11. The Governing Body confirms that:
 - a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the University's and the Group's ability to continue as a going concern as required to provide a true and fair view and to comply with FRS 102.
 - b) No material events or conditions exist that may cast significant doubt on the ability of the University and the Group to continue as a going concern.
12. On the basis of the process established by the Governing Body and having made appropriate enquiries, the Governing Body is satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and in accordance with the requirements of section 28 of FRS 102.

The Governing Body further confirms that:

- a) all significant retirement benefits, including any arrangements that are:
 - statutory, contractual or implicit in the employer's actions;
 - arise in the UK and the Republic of Ireland or overseas;
 - funded or unfunded; and
 - approved or unapproved,have been identified and properly accounted for; and
 - b) all plan amendments, curtailments and settlements have been identified and properly accounted for.
13. to the best of our knowledge and belief the University has complied with the requirements of the Charities Act 2011. In particular, the University has disclosed all payments made in relation to trustees expenses and all "connected institutions

and bodies” have been disclosed appropriately. Furthermore, all serious incidents, as defined under the Act, have been captured and recorded appropriately.

14. The Governing Body are not aware of any issues relating to the University’s other Office For Students or Research England funding streams (e.g. Higher Education Innovation Fund grants) which may lead to a clawback in funding over and above that recognised in the financial statements.
15. To the best of our knowledge and belief the University has complied with the terms and conditions of any capital grant funding received during the year and in respect of other capital grant funding received in prior years. In all instances, the University is satisfied that the agreed outputs against which each project will be assessed will be delivered.
16. To the best of our knowledge and belief the University has complied with the terms and conditions of any revenue grant funding (for example research funding) received in recent years and where agreed outputs are to be delivered as part of the grant agreement, the University has or anticipates delivering these.
17. In all material respects, funds from whatever source administered by the Group and the University for specific purposes have been applied to those purposes during the year ended 31 July 2021.
18. The University’s subsidiary (South Bank Colleges) has received a pre-action claim for re-imburement of costs by a developer in respect of the Vauxhall development project undertaken by South Bank Colleges’ predecessor, Lambeth College Corporation. The Governing Body believes that any claim is unlikely to succeed and cannot be financially quantified at the date of signing. To the best of its knowledge and belief it is satisfied that no provision is necessary in respect of this claim.

19. TBC – possible representation relating to the University’s exercise to identify capital accruals.

This letter was tabled and agreed at the meeting of the Governing Body of Directors on *[date]*.

Yours faithfully,

[Chairman]

[Secretary]

Optional cc: Audit and Risk Committee

Appendix to the Governing Body Representation Letter of London South Bank University: Definitions

Criteria for applying the disclosure exemptions within FRS 102 for the University's financial statements

- The University discloses in the notes to its financial statements:
 - a) A brief narrative summary of the disclosure exemptions adopted; and
 - b) The name of the parent of the group in whose consolidated financial statements its financial statements are consolidated, and from where those financial statements may be obtained

Financial Statements

A complete set of financial statements (before taking advantage of any of the FRS 102 exemptions) comprises:

- Group and University Balance Sheets as at the end of the period;
- a Group and University's Statement of Comprehensive Incomes for the period;
- a Group and University's Statements of changes in reserves for the period;
- a Group and University's Cash Flow Statement for the period
- notes, comprising a summary of significant accounting policies and other explanatory information.

FRS 102 permits an entity either to present (i) separately a Profit and Loss account and a Statement of Other Comprehensive Income or (ii) a combined Profit and Loss Account and Other Comprehensive Income.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

FRS 102 states that:

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or combination of both, could be the determining factor.

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Qualifying Entity

A member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation by means of full consolidation.

Related Party and Related Party Transaction

Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in FRS 102 as the "reporting entity").

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions apply:
 - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled, or jointly controlled by a person identified in (a).

- vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related party transaction:

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

DRAFT

Appendix to the Governing Body Representation Letter of London South Bank University: Unadjusted Misstatements

	SOCI £m	SOFP £m	
Parent			
Dr I&E CR Cash	0.2	(0.2)	Unsupported items on Bank Reconciliations
DR Fixed Assets CR Capital Accruals		TBC	Unrecorded capital accruals
Dr Pension Costs CR LGPS Pension Liability	0.8	(0.8)	Understatement of defined benefit obligation
Total University	1.0	(1.0)	
Group			
Dr Pension Costs CR LGPS Pension Liability	0.2	(0.2)	Understatement of defined benefit obligation
Total Group	1.2	(1.2)	

	CONFIDENTIAL
Paper title:	External Audit Performance
Board/Committee	Group Audit and Risk Committee
Date of meeting:	11 th November 2021
Author:	Natalie Ferer
Sponsor:	Richard Flatman – CFO
Purpose:	For information
Recommendation:	The Committee is requested to note the performance of KPMG during their audit for the year ending 31 July 2021

Key Performance Indicators (KPIs)

KPMG have performed the external audit for the University this paper rates their performance against the KPIs which have been previously been agreed.

Recommendation

The committee is asked to note the report.

Key Performance Indicators

Indicator	Target	Performance		Narrative
		2020	2021	
1. Quality Assurance			2021	
Members of the core audit team (Engagement Partner and Engagement Manager) hold a CCAB qualification	100%	100%	100%	
Members of the wider audit team either hold or are working towards a CCAB qualification..	95%	100%	100%	
Members of the wider audit team that have completed CPD training on a quarterly basis.	100%	100%	100%	
Appropriate staff are made available for the purpose of discussions and meetings with University staff relevant to the work carried out, including over key risk areas of: •Pensions; •Tax; and •Account balances audited using Data and Analytics.	Yes/No	yes	Not used in 20/21	
2. Audit Approach			2021	
Proper consultation/liaison with the University's managers should take place in the preparation and follow up of all audit reports. —Proportion of audit reports agreed in advance with management prior to issue. —Audit plan issued annually by 31 May.	100%	100%	TBC but expected to be 100%	

—Audit opinion and Use of Resources conclusion issued by statutory deadline.				
Audit-day targets for individual audit assignments will not be exceeded without the express approval of the Group CFO	100%	100%		KPMG have indicated that additional days may be required and awaiting confirmation overrun.
Audit plan includes all risks required by Auditing standards, and additional risks are agreed by the Group Audit and Risk Committee.	Yes/No	Yes	Yes	Audit Plans include management override risk, and for revenue streams KPMG have included risk of fraudulent revenue recognition or explained rationale for rebutting in line with the auditing standards.
Number of independence breaches in year	0	0	0	
3. Recommendations				
The extent to which the audit report recommendations are accepted by the University as relevant and realistic to put into practice.	100%	100%	100%	Based on draft audit report
The extent to which recommendations are successfully implemented by the University.	100%	50%	TBC	2019/20 recommendations based on draft audit report: Bank recs - not implemented Journal authorisation – TBC Impairment of fixed assets – TBC Pension assumptions – partially
The extent to which audit staff follow-up the implementation of the above recommendations.	100%	100%	100%	
Client satisfaction surveys ‘good’ or better –Issued annually	100%	100%	100%	
Number of benchmarking reports issued each year	1	2	0	Non issued during the year.

Agenda Item 8

	INTERNAL
Paper title:	Internal Audit Progress
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author(s):	BDO
Sponsor(s):	Richard Flatman, Group CFO
Purpose:	For Information
Recommendation:	The Committee is requested to note the report.

Executive summary

BDO report progress with completion of the 2020/21 internal audit plan and the current status of 2021/22 work.

Recommendation

The Committee is requested to note the report.

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PROGRESS REPORT

LONDON SOUTH BANK UNIVERSITY GROUP

November 2021

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INTERNAL AUDIT PROGRESS SUMMARY

2020-21 Audit Programme

The status of our work is as follows:

Final reports	Draft reports	Fieldwork	Planning
<ul style="list-style-type: none"> ▶ Group KPIs ▶ LSBU OfS Conditions of Registration ▶ SBC Income ▶ SBC finance system ▶ SBC Student experience 	<ul style="list-style-type: none"> ▶ IT disaster recovery ▶ SBA Student Experience 		

As agreed by the ARC at its additional meeting on 28 October, the final report for IT disaster recovery will be presented at the February 2022 meeting.

The SBA student experience report is due to be presented to the SBA ARC on 2 December and will then be presented to the Group ARC.


















2021-22 Audit programme

Final reports	Draft reports	Fieldwork	Planning
		<ul style="list-style-type: none"> ▶ Student wellbeing 	<ul style="list-style-type: none"> ▶ LSBU Student experience ▶ LSBU Enterprise activity ▶ SBC Financial controls ▶ SBA Safeguarding ▶ LSBU and SBC Health and safety ▶ Group Cyber follow up












SBC has requested the audit of curriculum planning is deferred until 2022/23 due to a major review of the curriculum models and business planning processes. The SBC ARC has been asked to approve this change to the Plan.
















INTERNAL AUDIT PLAN 2020-21 DETAILED SCHEDULE

Audit area	Entity	Days	Planned Start	TOR sent	Current Status	Planned Audit & Risk Committee	Actual Audit & Risk Committee	Recommendations made			Assurance level	
											Design	Effectiveness
Governance, compliance and risk management												
Business continuity/ Covid-19 risk assessment and response	Group	15	21/09/20	16/09/20	Final report	Nov 20	Feb 21	0	2	0		
Regulatory audit (Prevent)	SBC	6	04/01/21	18/12/20	Final report	Jun 21	Jun 21	0	0	2		
Health and Safety Reporting	LSBU	40 8	01/06/21	24/05/21	Final report	Oct 21	Oct 21	0	2	2		
Finance and management information												
Financial information, cash flow and loan covenants	LSBU	14	08/12/20	12/11/20	Final report	Feb 21	Feb 21	0	2	3		
Budget setting and control	SBA	7	04/01/21	15/12/20	Final report	Jun 21	Jun 21	0	4	1		
Financial systems and controls	SBC	7	19/04/21	06/04/21	Final report	Jun 21	Nov 21	0	5	0		
Finance follow up	LSBU	5	07/12/20 07/04/21	01/12/20	Final report	Jun 21	In Rec FU report	0	0	0	N/A	N/A
KPIs	Group	45 10	23/03/21 03/08/21	23/06/21	Final report	Feb 21 Nov 21	Nov 21	0	5	0		N/A
Facilities contract management	SBA	7	08/04/21	06/04/2021	Final report	Jun 21 Nov 21	Nov 21	0	4	0		
Finance system review	LSBU	12	24/05/21	18/05/21	Final report	Oct 21	Oct 21	0	3	0		
Finance system review	SBC	7	05/07/21	23/06/21	Final report	Nov 21	Nov 21	0	1	0		

INTERNAL AUDIT PLAN 2020-21 DETAILED SCHEDULE

Audit area	Entity	Days	Planned Start	TOR sent	Current Status	Planned Audit & Risk Committee	Actual Audit & Risk Committee	Recommendations made			Assurance level	
											Design	Effectiveness
Core activities												
Apprenticeships	SBC	7	19/10/20	19/10/20	Final report	Feb 21	Feb 21	1	1	3		
Student experience	LSBU SBA	18	01/02/21 03/05/21	23/04/21	Final report	Jun 21 Nov 21	Feb 22	0	1	0		
	SBC			23/04/21	Final report	Jun 21 Nov 21	Nov 21	0	1	0		
Student wellbeing	LSBU	8	15/03/21	N/A	Deferred	Sep 21	N/A					
OfS Conditions of Registration	LSBU	12	29/10/20 02/08/21	26/10/20	Final report	Feb 21 Nov 21	Nov	0	1	0		
Student admissions and enrolment	SBC	7	08/02/21 05/07/21	N/A	Deferred	Jun 21 Oct 21	N/A					
Estates infrastructure and services												
London Road refurbishment	LSBU	8	07/06/21	N/A	Deferred	Sep 21	N/A					
Universities UK/ Guild HE Code compliance	LSBU	10	14/12/20	02/11/20	Final report	Feb 21	Feb 21	0	2	0	N/A	N/A

INTERNAL AUDIT PLAN 2020-21 DETAILED SCHEDULE

Audit area	Entity	Days	Planned Start	TOR sent	Current Status	Planned Audit & Risk Committee	Actual Audit & Risk Committee	Recommendations made			Assurance level	
											Design	Effectiveness
Information technology												
IT disaster recovery	LSBU	20	01/06/21	27/05/21	Draft report	Oct 21 Nov 21 Feb 22		3*	1	0		
	SBC							1	2	0		
	SBA							0	1	1		
Human Resources												
HR policies and procedures	SBA	5	17/08/20	10/08/20	Final report	Feb 21	Feb 21	0	1	1		
Staff absence management	SBC	8	22/02/21 25/03/21	18/12/20	Final report	Jun 21	Oct 21	0	2	2		
Management and recommendation follow up												
Recommendation follow up	Group	10			Ongoing							
Management		20	Ongoing									

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* Includes Group-wide recommendations





INTERNAL AUDIT PLAN 2021-22 DETAILED SCHEDULE

Audit area	Original Days	Planned Start	TOR sent	Current Status	Planned Audit & Risk Committee	Actual Audit & Risk Committee	Recommendations made			Assurance level	
										Design	Effectiveness
Group audits											
Cyber follow up	15	8 Dec 21		Planning	Feb 22						
Health and safety (LSBU and SBC)	20	TBC		Planning	TBC						
Recommendation follow up	10	Ongoing	N/A	Ongoing	All						
LSBU audits											
Financial systems and controls	15	10 Feb 22			Jun 22						
Student experience	10	22 Nov 21		Planning	Feb 22						
Student wellbeing	10	11 Oct 21	05/10/21	Fieldwork	Feb 22						
London Road refurbishment	8	14 Mar 22			Jun 22						
Data quality	10	4 Jan 22			Jun 22						
Enterprise activity	12	29 Nov 21		Planning	Feb 22						
Marketing - student recruitment	12	31 Jan 22			Jun 22						




INTERNAL AUDIT PLAN 2021-22 DETAILED SCHEDULE

Audit area	Original Days	Planned Start	TOR sent	Current Status	Planned Audit & Risk Committee	Actual Audit & Risk Committee	Recommendations made			Assurance level	
										Design	Effectiveness
SBC audits											
Financial controls	7	14 Dec 21		Planning	Jun 22						
Admissions and enrolment	7	6 Jun 22			Oct 22						
Curriculum planning	8	TBC		Deferral requested	Feb 22						
Quality assurance processes	7	4 Apr 22			Jun 22						
Safeguarding	7	TBC			Feb 22						
SBA audits											
Financial controls - Income	8	14 Mar 22			Jun 22						
Financial controls - Payroll	7	27 Jan 22			Jun 22						
Safeguarding	7	15 Nov 21		Planning	Feb 22						
Quality assurance processes	8	13 Dec 21			Feb 22						
Management and recommendation follow up											
Management		Ongoing									

APPENDIX I - OPINION AND RECOMMENDATION SIGNIFICANCE DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF INTERNAL CONTROLS	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

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Recommendation Significance	
High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

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	INTERNAL
Paper title:	Internal Audit – Follow Up
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author(s):	BDO
Sponsor(s):	Richard Flatman, Group CFO
Purpose:	For Information
Recommendation:	The Committee is requested to note the report.

Executive summary

The attached report shows progress with implementing actions from previous audits. A detailed report of outstanding actions was presented at the October meeting and the and a detailed update will be circulated to the Committee once management and BDO have reviewed and updated the list of actions.

Recommendation

The Committee is requested to note the report.

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INTERNAL AUDIT FOLLOW UP REPORT

LONDON SOUTH BANK UNIVERSITY

November 2021

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Restrictions of use

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

INTERNAL AUDIT RECOMMENDATION FOLLOW UP

Executive Summary

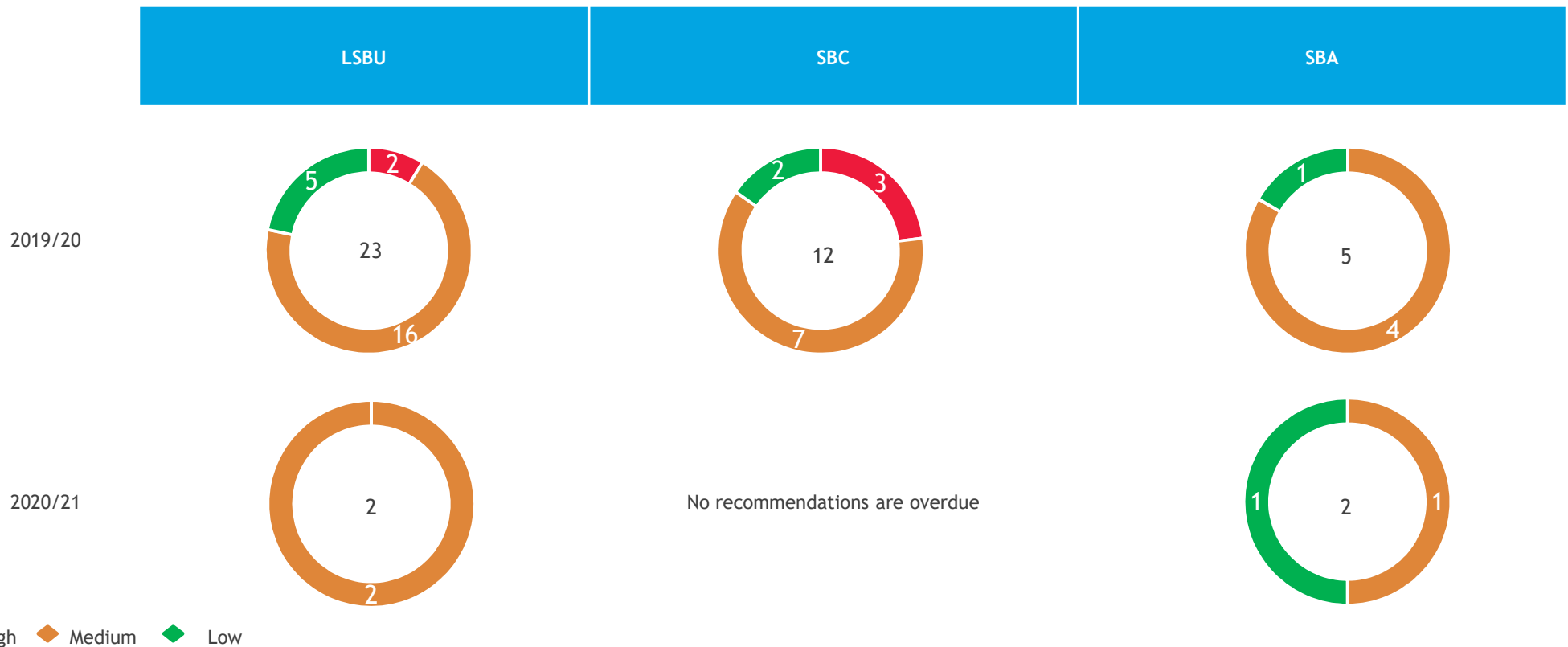
The Audit and Risk Committee is required to assess whether internal audit recommendations previously made to address control weaknesses have been effectively implemented. This report provides an update on the current position. Our assessment of recommendations that are overdue is based on the original agreed date for implementation.

Full details of the status of these recommendations are set out from page 4. We've included details of those recommendations we wish to bring to the Audit and Risk Committee's attention; for example where implementation dates have changed or where no response has been received.

Overdue recommendations




As at 15 October 2021 the following recommendations are overdue by significance:

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INTERNAL AUDIT RECOMMENDATION FOLLOW UP SUMMARY 2019/20

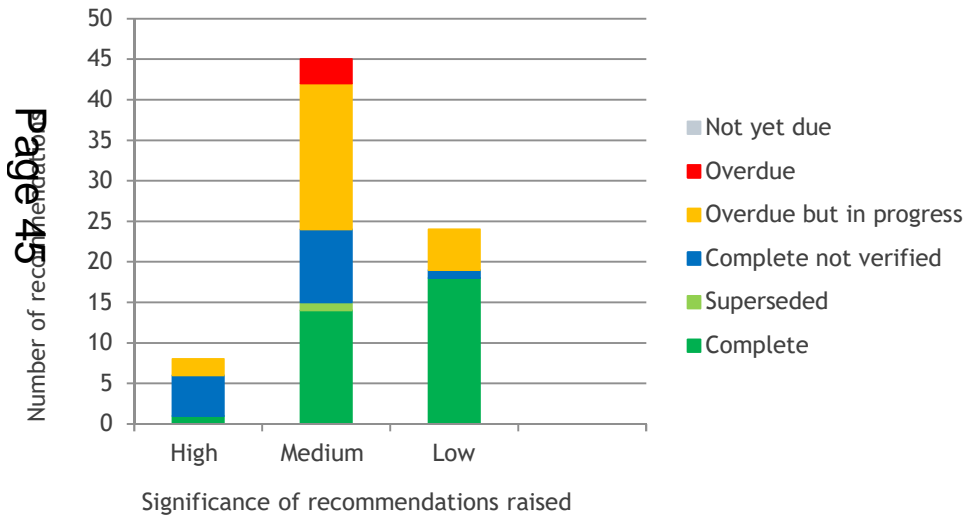
LSBU

Audit Title	Significance (definition at appendix 1)				Total raised	Complete	Complete not verified	Superseded/ Risk accepted	Overdue but in progress	Overdue	Not yet due
				No rating							
Financial Controls (AP and payroll)	2	4	3	0	9	6	0	0	3	0	0
UKVI Tiers 2 and 5	0	7	0	0	7	4	2	0	1	0	0
Student Data 1 - continuous auditing	0	3	4	0	7	4	1	0	1	1	0
REF	0	4	4	0	8	3	0	0	4	1	0
Financial Controls - Accounts Receivable	1	8	2	0	11	7	0	0	4	0	0
Data Quality - HESA Student Return	0	1	2	0	3	2	1	0	0	0	0
Information Security	4	8	0	0	12	1	5	1	5	0	0
Apprenticeships	0	2	1	0	3	1	1	0	1	0	0
Estates	0	1	3	0	4	4	0	0	0	0	0
Family transition	0	0	1	0	1	1	0	0	0	0	0
Student data 2	0	1	2	0	3	1	1	0	1	0	0
UKVI Tier 4	1	6	2	0	9	2	6	0	1	0	0
Total	8	45	24	0	77	36	17	1	21	2	0

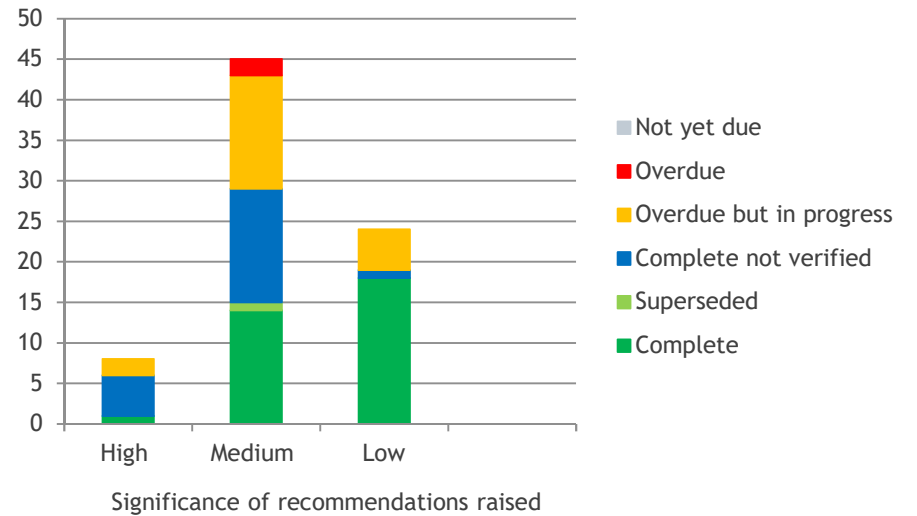
INTERNAL AUDIT RECOMMENDATION FOLLOW UP SUMMARY 2019/20

LSBU

Status as at September 2021:




Status as at October 2021:



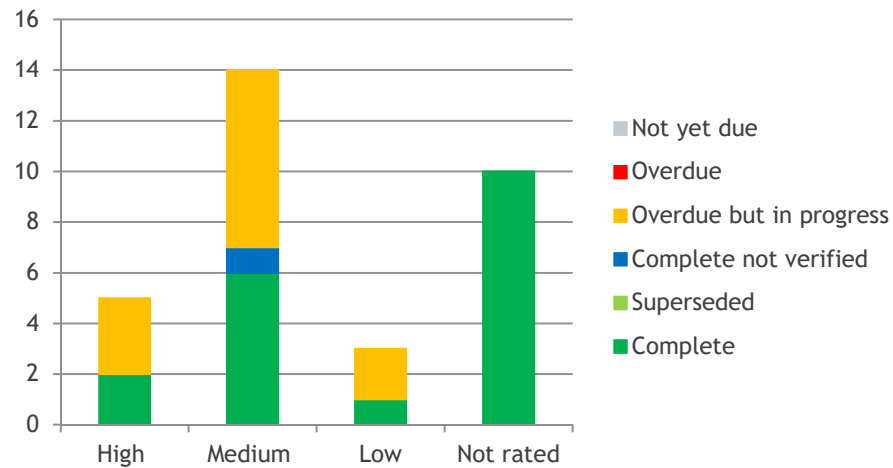
INTERNAL AUDIT RECOMMENDATION FOLLOW UP SUMMARY 2019/20

SBC

Audit Title	Significance (definition at appendix 1)				Total raised	Complete	Complete not verified	Superseded	Overdue but in progress	Overdue	Not yet due
				No rating							
Financial Controls	2	2	1	0	5	2	0	0	3	0	0
Information Security	2	7	1	0	10	0	1	0	9	0	0
Health and safety	1	5	1	0	7	7	0	0	0	0	0
ESFA Subcontractor Controls Assurance	N/A	N/A	N/A	10	10	9	0	1	0	0	0
Total	5	14	3	10	32	18	1	1	12	0	0

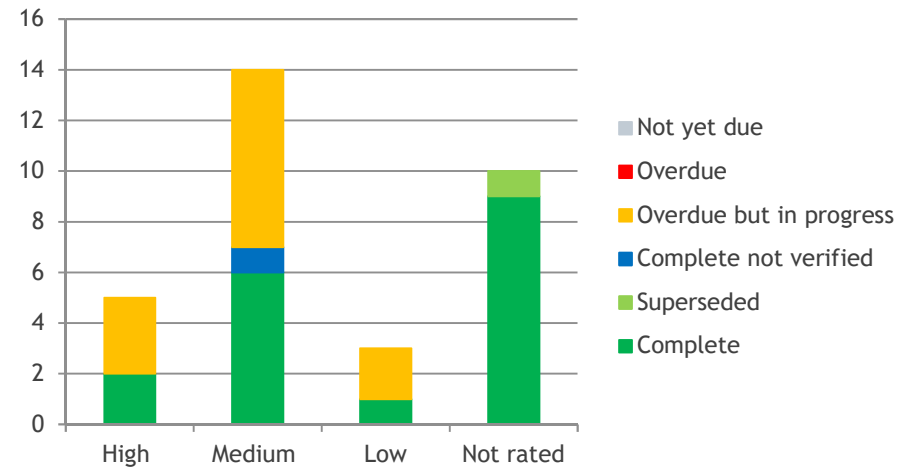
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Status as at September 2021:



Significance of recommendations raised




Status as at October 2021:



Significance of recommendations raised

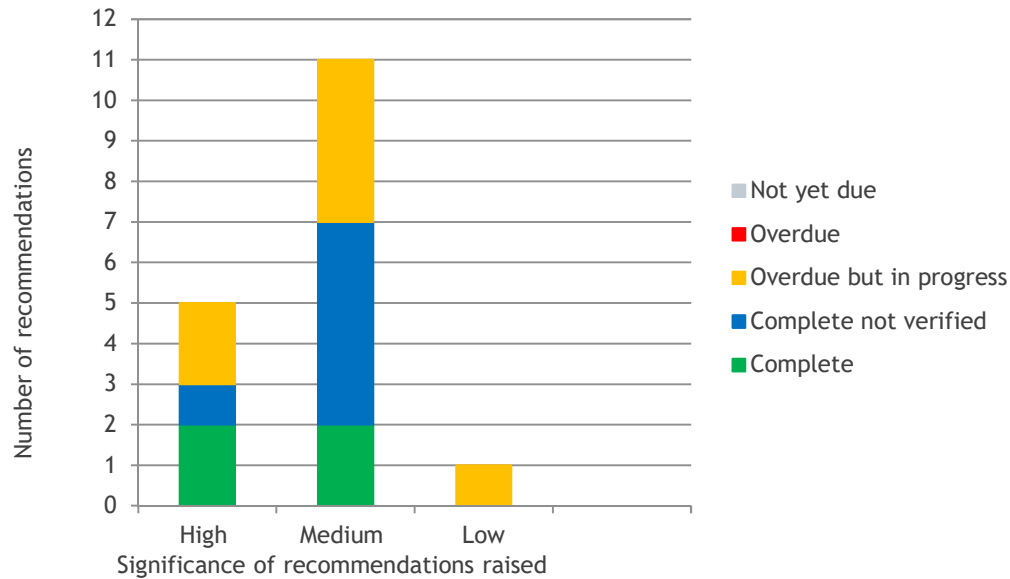
INTERNAL AUDIT RECOMMENDATION FOLLOW UP SUMMARY 2019/20

SBA

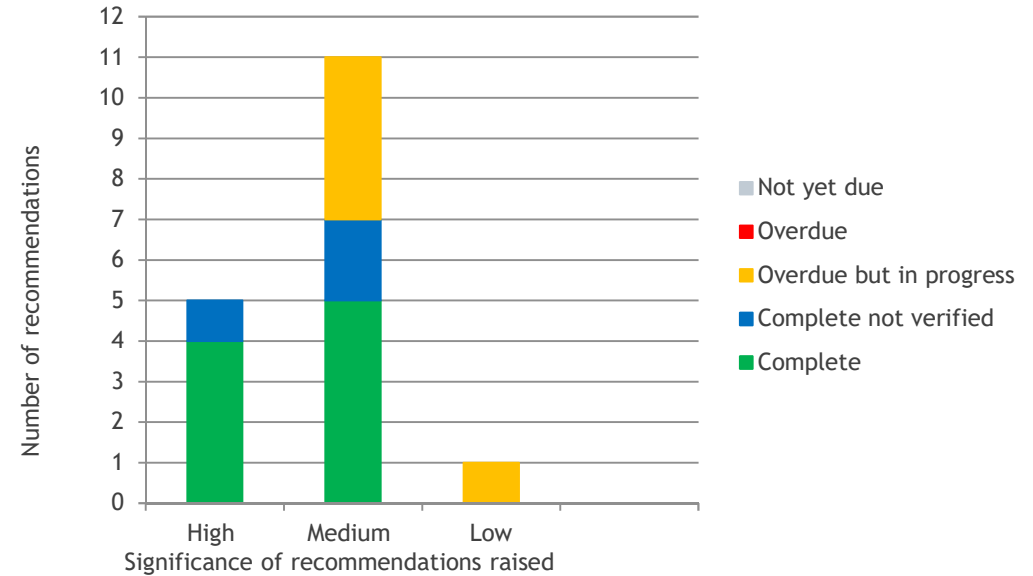
Audit Title	Significance (definition at appendix 1)				Total raised	Complete	Complete not verified	Superseded/ risk accepted	Overdue but in progress	Overdue	Not yet due
				No rating							
Financial Controls	4	4	0	0	8	7	0	1	0	0	0
Information Security	1	7	1	0	9	0	3	1	5	0	0
Total	5	11	1	0	17	7	3	2	5	0	0

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Status as at September 2021:



Status as at October 2021:



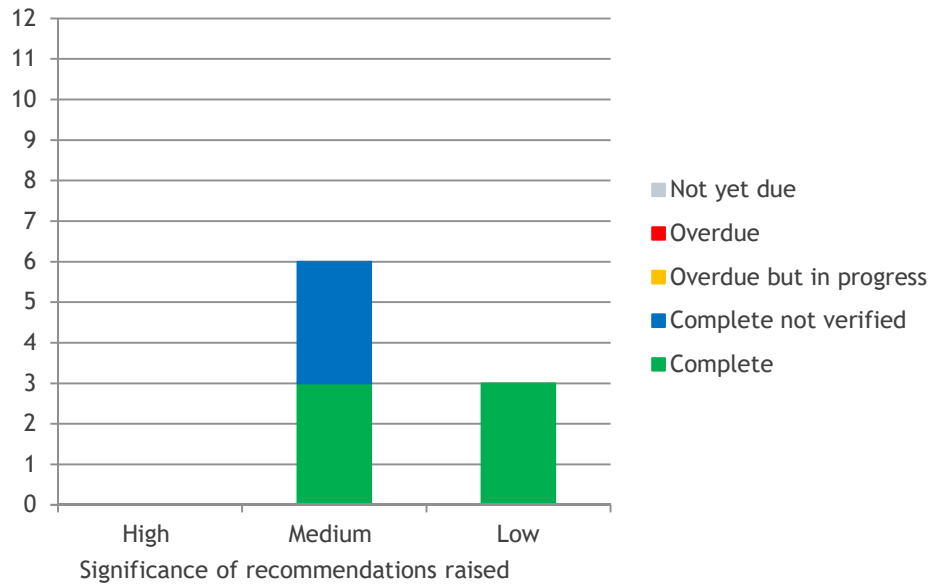
INTERNAL AUDIT RECOMMENDATION FOLLOW UP SUMMARY 2020/21

LSBU

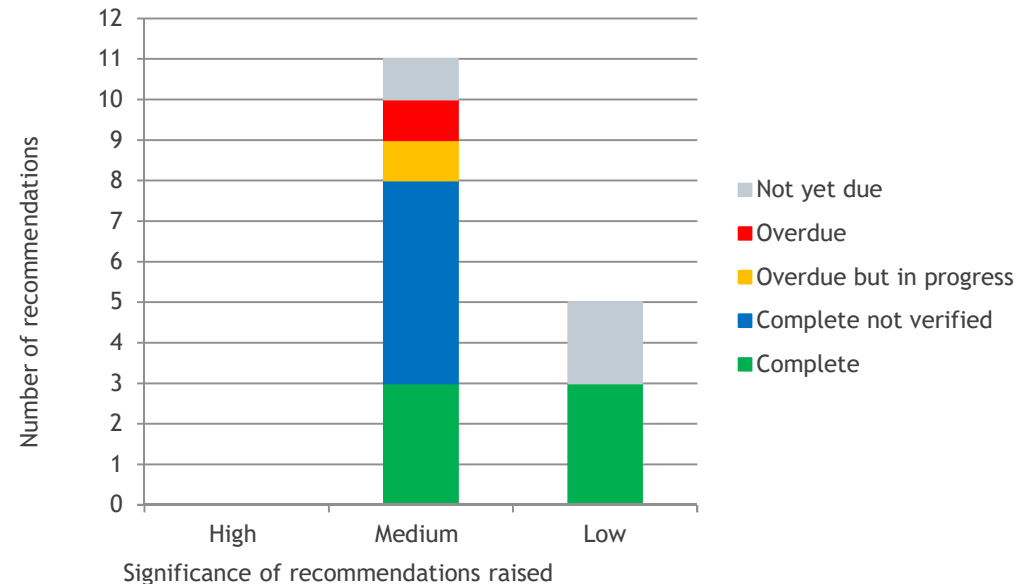
Audit Title	Significance (definition at appendix 1)				Total raised	Complete	Complete not verified	Superseded	Overdue but in progress	Overdue/ no response	Not yet due
	▲	■	●	No rating							
Covid-19 Response	0	2	0	0	2	0	0	2	0	0	0
Financial Management Information, Cash Flow and Loan Covenants	0	2	3	0	5	3	2	0	0	0	0
UUK Code Compliance	0	2	0	0	2	1	1	0	0	0	0
Finance System Review	0	3	0	0	3	0	2	0	1	0	0
Health and Safety reporting	0	2	2	0	4	0	0	0	0	1	3
Total	0	11	5	0	16	4	5	2	1	1	3

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Status as at September 2021:



Status as at October 2021:



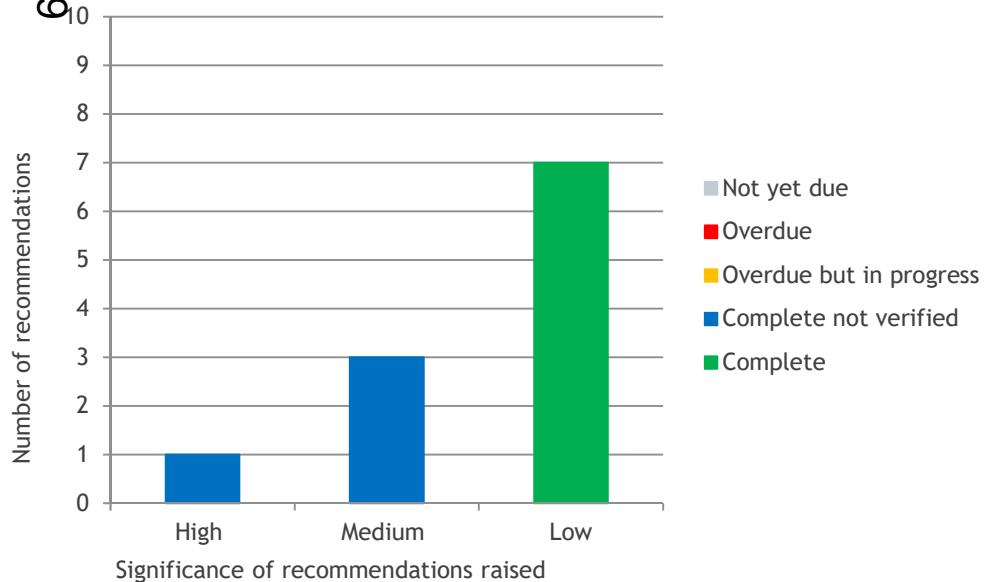
INTERNAL AUDIT RECOMMENDATION FOLLOW UP SUMMARY 2020/21

SBC

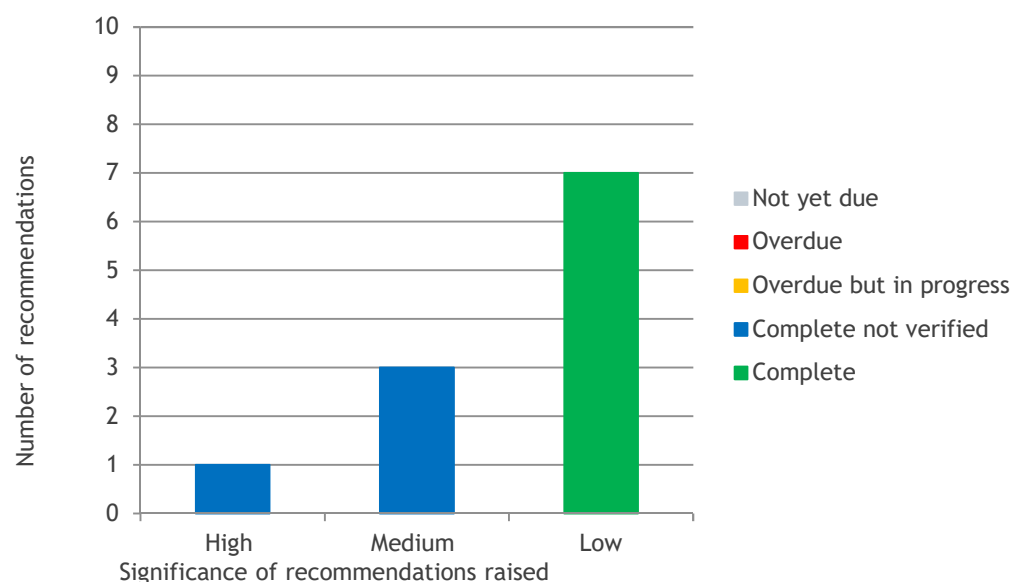
Audit Title	Significance (definition at appendix 1)				Total raised	Complete	Complete not verified	Superseded	Overdue but in progress	Overdue/ no response	Not yet due
	▲	■	●	No rating							
Apprenticeships	1	1	3	0	5	3	2	0	0	0	0
Prevent	0	0	2	0	2	2	0	0	0	0	0
Staff absence management	0	2	2	0	4	2	2	0	0	0	0
	1	3	7	0	11	7	4	0	0	0	0

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Status as at September 2021:






Status as at October 2021:

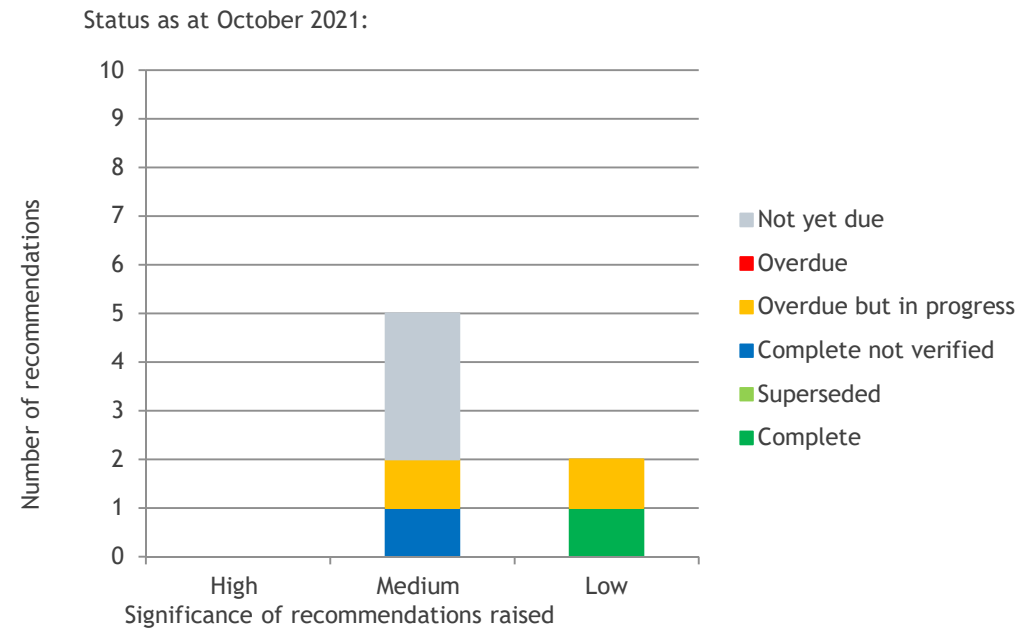
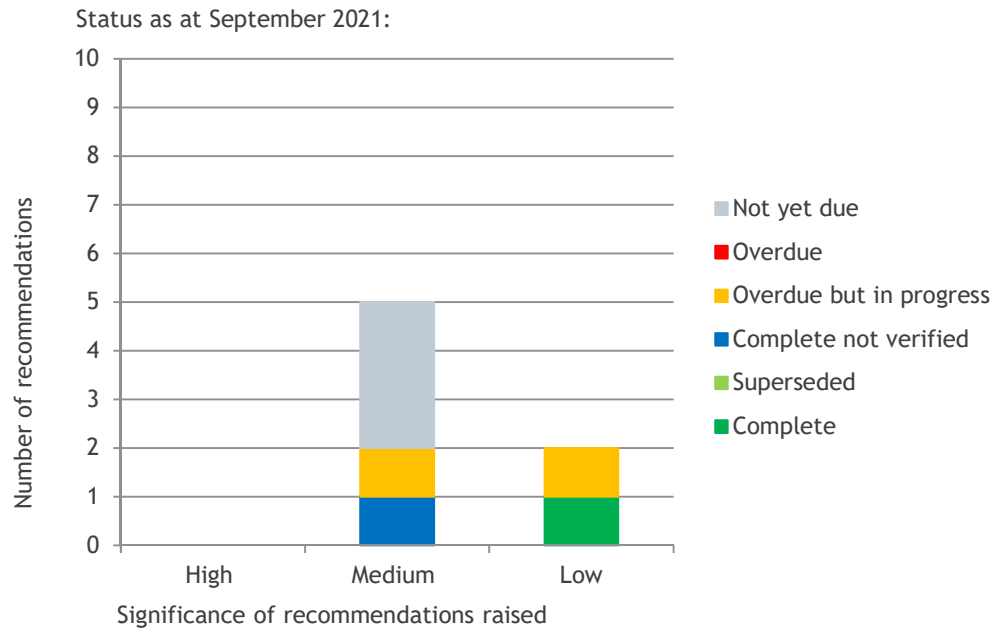


INTERNAL AUDIT RECOMMENDATION FOLLOW UP SUMMARY 2020/21




SBA

Audit Title	Significance (definition at appendix 1)				Total raised	Complete	Complete not verified	Superseded	Overdue but in progress	Overdue/ no response	Not yet due
				No rating							
HR Policies and procedures	0	1	1	0	2	0	0	0	2	0	0
Budget setting and controls	0	4	1	0	5	1	1	0	0	0	3
	0	5	2	0	7	0	0	0	2	0	3

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APPENDIX I - DEFINITIONS

Recommendation Significance		
High		A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium		A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low		Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

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	INTERNAL
Paper title:	Internal Audit – OfS Regulatory Framework
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author(s):	BDO
Sponsor(s):	James Stevenson, Group Secretary Deborah Johnston, Pro Vice Chancellor (Academic Framework)
Purpose:	For Review
Recommendation:	The Committee is requested to note the report.

Executive summary

BDO have undertaken a review to provide assurance over the University’s oversight of compliance with the OfS regulatory framework. Overall there is a moderate level of assurance over the design of controls and substantial level of assurance over operational effectiveness. One medium risk recommendation has been made.

Recommendation

The Committee is requested to note the report.

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	INTERNAL
Paper title:	Internal Audit – Annual Report
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author(s):	BDO
Sponsor(s):	Richard Flatman, Group CFO
Purpose:	For Review
Recommendation:	The Committee is requested to note the report.

Executive summary

BDO have issued their annual opinion for review which includes an opinion of 'generally satisfactory with improvements required in some areas', which is consistent with the opinion issued in the previous year. More details are shown in the Executive Summary on pages 4 and 5 of the report. All audits for the year have now been completed and final reports have been issued or are awaiting final sign off at BDO and Management.

Recommendation

The Committee is requested to note the report.

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A woman with long dark hair, wearing a bright red coat, stands on a balcony with an ornate black metal railing. She is looking upwards and to the right, with her arms slightly outstretched. The background shows a city street with buildings and a clear sky. A red vertical bar is on the left side of the image.

LONDON SOUTH BANK UNIVERSITY GROUP

INTERNAL AUDIT ANNUAL REPORT

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October 2021

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EXECUTIVE SUMMARY

Role of Internal Audit

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The OfS Code of Practice describes the prime responsibility of the internal audit service as providing the governing body, the designated officer and the other managers of the HEI with assurance on the adequacy and effectiveness of risk management, control and governance arrangements.

Responsibility for these arrangements remains fully with Management, who should recognise that internal audit can only provide a reasonable level of assurance and cannot provide any guarantee against material errors, loss or fraud. Internal audit also plays a valuable role in helping management improve risk management control and governance, so reducing the effects of any significant risks faced by the organisation.

The Group Board is ultimately responsible for the system of internal control and the management of risk, including reviewing the effectiveness of internal control. Management is responsible for implementing board policies on risk and control, achieved by designing, operating and monitoring a suitable system of internal control and risk management. All employees have some responsibility for internal control, in that they are all accountable for achieving objectives and should also understand the risk implications of the activities they perform.

Planned Coverage

Our internal audit work for the 12-month period from 1 August 2020 to 31 July 2021 was carried out in accordance with the internal audit plan approved by the Group Audit and Risk Committee and in line with the recognised professional auditing standards from the Chartered Institute of Internal Auditors.

The internal audit programme is risk based and our work is designed to cover all key risks over the life cycle of the internal audit plan. London South Bank University Group (the Group) agreed to an input of 206 days of internal audit coverage in the year, of which 206 days were delivered. The approved internal audit annual plan for 2020/21 comprised the following assignments:

<u>Group audits</u>	<u>LSBU audits</u>	<u>SBC audits</u>	<u>SBA audits</u>
▶ Covid-19 response	▶ Financial controls	▶ Prevent	▶ Budget setting and control
▶ IT DR	▶ Governance	▶ Financial controls	▶ Facilities contract management
▶ Management information and KPIs	▶ Student wellbeing	▶ Apprenticeships	▶ HR policies and procedures
▶ Student experience (LSBU and SBC)	▶ TEF	▶ Student admissions and enrolment	
▶ Recommendation Follow Up	▶ London Road refurbishment	▶ Staff absence management	
	▶ UUK Code compliance		

Changes to the Plan

Due to the IT outage, the audit of student wellbeing was deferred and the LSBU part of the student experience audit was deferred to 2021/22 and replaced with student experience at SBA. Additional reviews of the finance system (post-cyber incident) were added to the plan for LSBU and SBC.

The post-project review of the London Road refurbishment for LSBU was deferred to 2021/22 as the project had been delayed due to Covid-19. The audits of governance and TEF for LSBU were replaced with audits of health and safety reporting and OfS conditions of registration as the initial audits were no longer deemed a priority by management.

The admissions and enrolment review at SBC was deferred to 2021/22 as a new system was being implemented. The audit of management information and KPIs was split with the management information section being added to LSBU's financial controls audit.

All changes were approved by the Group Audit and Risk Committee.

EXECUTIVE SUMMARY

Opinion

Our opinion is as follows:

→ Satisfactory

→ Generally satisfactory with improvements required in some areas

→ Significant improvements required

→ Unsatisfactory

The controls in the areas we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements and value for money. However, there are some areas where weaknesses and/or non-compliance were identified and, therefore, may put the achievement of objectives at risk. We particularly draw your attention to IT disaster recovery for LSBU where no assurance on the design of controls has been provided. SBC received limited assurance on the design of the controls over IT disaster recovery (DR) and all entities received limited assurance over the operational effectiveness of controls in this area. Where weaknesses have been identified, improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements and value for money arrangements.

Overview

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the Group's risk management, control and governance processes and its arrangement for economy, efficiency and effectiveness.

One internal audit report provided no assurance over the design of controls in place over IT DR at LSBU. Limited assurance was provided over the design of controls over IT DR at SBC and over the operational effectiveness of controls over IT DR for LSBU, SBC and SBA. Limited assurance opinions were provided for both the design and operational effectiveness of the controls in place for SBC financial controls (income) and SBA facilities contract management.

Management needs to take action in areas where limited or no assurance has been provided to address the weaknesses identified.

Basis Of Opinion

As the provider of internal audit services to LSBU Group, we are required to provide the Audit and Risk Committee and the Group Board with an opinion on the adequacy and effectiveness of the Group's risk management, control and governance processes. In giving our opinion it should be noted that the assurance can never be absolute. The most that Internal Audit can provide to the Group Board is reasonable assurance that there are no major weaknesses in the Group's risk management, control and governance processes. In assessing the level of assurance to be given, we have taken into account:

- ▶ All audits undertaken during the year reported upon
- ▶ Any follow-up action taken in respect of audits from previous periods
- ▶ Management action in implementing recommendations
- ▶ Any significant recommendations not accepted by management and the consequent risks (if any)
- ▶ The effects of any significant changes in the Group's objectives or systems
- ▶ What proportion of the Group's audit need has been covered to date.

This opinion is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

Commentary

The number of limited assurance opinions issued across the Group has reduced from 2019/20, with three design and five operational effectiveness opinions compared to eight design and six operational effectiveness opinions in the previous year. However, there has also been one no assurance opinion issued to LSBU.

Significant improvements in the Group's governance and plans in relation to IT disaster recovery are required. The University is still recovering from the impacts of the outage, where its network and many of its systems were unusable for several months. Whilst, action has been taken to recover and rebuild systems (where required), this work has not been guided by a formal IT recovery plan and a formal plan does not exist. Whilst the College and Trust have draft IT DR plans, improvements are required to them.

EXECUTIVE SUMMARY

Commentary - continued

The review of income at SBC identified a significant number of control gaps, with roles and responsibilities over income related activities not being clearly assigned and understood and activities not being supported by guidance notes. There is also no reconciliation of income received to ESFA and GLA schedules, action to record debt chasing not documented and no aged debt reporting takes place. There was also significant gaps in documentation requested not being provided.

The review of facilities contract management at SBA also identified significant gaps in the way facilities related contracts were being managed. Invoices for additional services were not supported by a breakdown of service provided, there is no defined framework for managing contracts, no formalised monitoring of contractor performance and there is no oversight of contract management from the Trust or coordination of contract management between the two schools.

In total, 5 high risk findings were raised across the Group, a reduction from 18 received in the prior year. The control weaknesses identified in these audits were specific to those areas and do not weaken the overall control environment. Management has also agreed action plans for each of the audits and progress to implement these is underway.

All other areas received either substantial or moderate assurance opinions

Value for money

Consideration is given during an audit as to whether the underlying systems encourage value for money (VFM). One audit was completed in the period which considered aspects of VFM, facilities contract management at SBA and improvements around ensuring the schools are receiving the value from the services received from their contractors were identified.

The audit of London Road post-project review, included within the agreed Internal Audit Plan was also due to consider value for money, but this audit was deferred until 2021/22 as the project is not yet complete.

Management action on recommendations

Management has made steady progress in implementing recommendations from previous internal audit reports. All of the 15 recommendations brought forward from 2017/18 and 2018/19, have been implemented. Some progress is being made to address recommendations from 2019/20, although implementation of a number of recommendations was impacted by the IT outage and, as a result, the implementation dates for a number of recommendations were pushed back several times. However, several other recommendations not impacted by the IT outage have also been pushed back several times.

Data quality

Four audits of data quality were carried out; health and safety reporting and financial information, cash flow and loan covenants for LSBU, staff absence management for SBC and budget setting and control for SBA. No high significance findings were raised and controls were found to be designed and operating satisfactorily with some minor improvements required.

High risk findings

Below is a summary of the high risk findings raised during the year. These should be considered by management when evaluating the Group's risk management and internal control arrangements.

IT DR

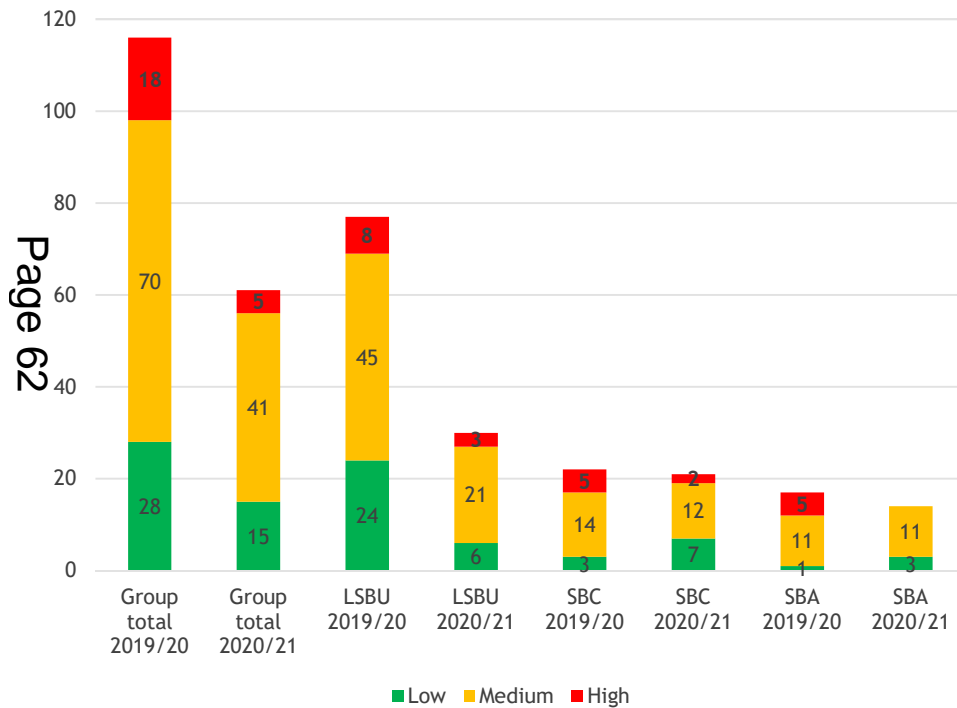
- ▶ We were unable to identify the existence of an appropriate governance structure to oversee IT DR activities at Group level and across the entities
- ▶ LSBU has no documented IT DR risk assessment nor business impact analysis
- ▶ The University does not have a formal IT DR plan that defines the operational roles and responsibilities to be taken in the event of an incident
- ▶ There are a number of improvements required to IT DR function at SBC

Apprenticeships

- ▶ Actions required to implement the objectives set out in the College's Apprenticeship Strategy have not been defined and progress towards achieving the objectives is not being monitored.

SUMMARY OF FINDINGS

Recommendations By Significance - 2019/20 and 2020/21



Year 2020/21	Group total	LSBU	SBC	SBA
Assurance audits completed	20*	8*	7	5
Recommendations raised	61	26	21	14
Average per audit	3.05	3.25	2.6	2.6

Year 2019/20	Group total	LSBU	SBC	SBA
Assurance audits completed	17	12	3	2
Recommendations raised	116	76	22	17
Average per audit	6.82	6.3	7.33	8.5

Comparison to prior year

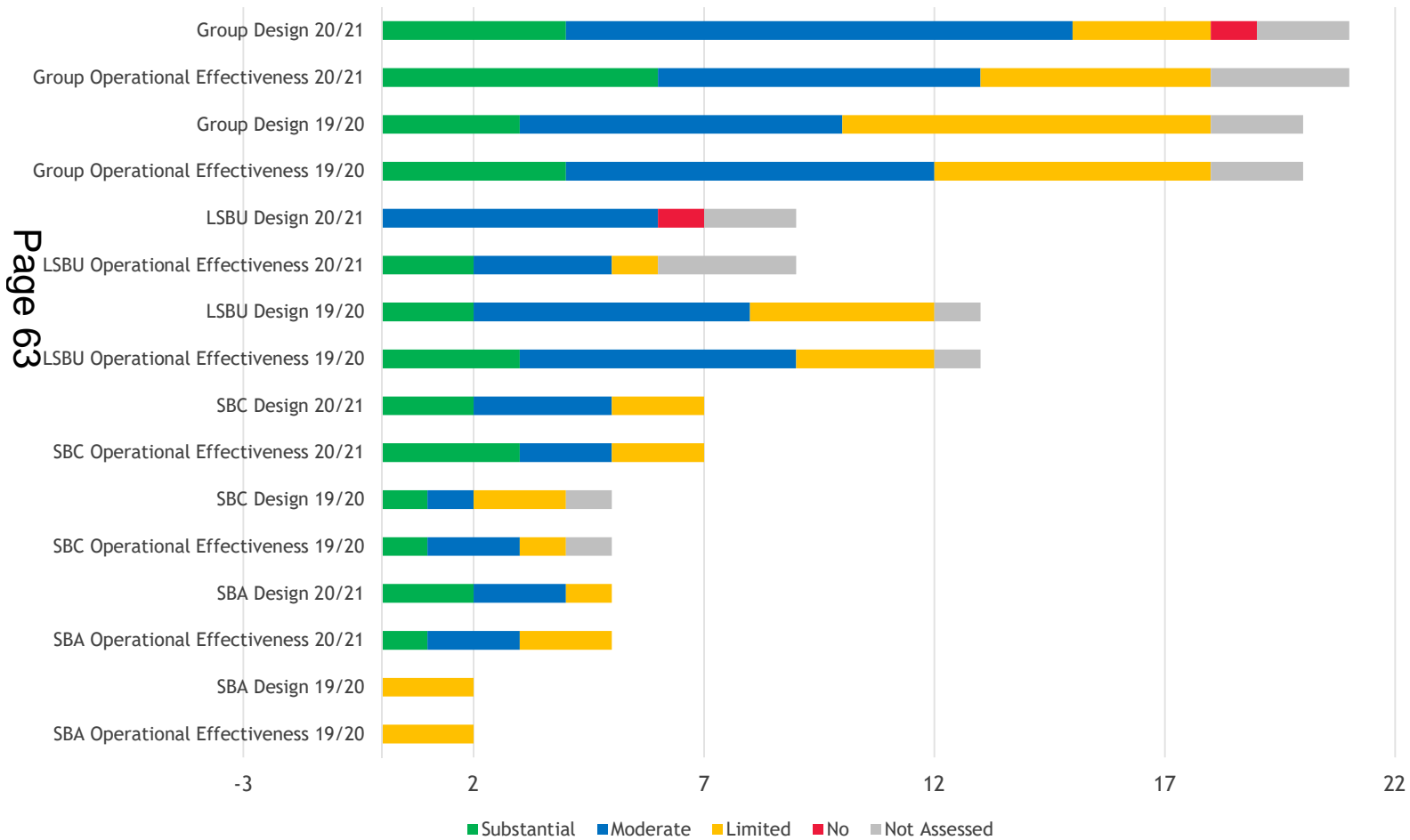
The total number of recommendations raised across the Group has reduced from 116 to 61, with the average number of recommendations per audit also reducing from 6.82 in 2019/20 compared to 3.05 in 2020/21.

* The finance follow up report has not been included in the total on this page.

** The IT DR recommendations have been split by entity

SUMMARY OF FINDINGS

Assurance Opinions Given



Comparison to the prior year

- ▶ The total proportion of positive design (substantial and moderate) opinions provided across the Group rose from 50% in 2019/20 to 71% in 20/21.
- ▶ The proportion of positive operational effectiveness opinions rose slightly from 60% in 19/20 to 62% in 20/21.

SUMMARY OF AUDIT RESULTS












Within the year, we produced 19 audit reports, one which was a follow up of previous recommendations.

For the purpose of this annual report, we set out below our summary of the audits completed, the significance of recommendations raised, our overall report conclusions on the design and effectiveness of the risk management and internal control arrangements over each and details of the key issues raised within the report.
















The definitions of recommendation significance and report conclusions are set out in the tables in Appendix I.

GROUP	Reports issued			Recommendations and significance			Overall report opinion	
	Control design	Operational effectiveness						
GROUP								
Covid-19 response	0	2	0					
IT DR					LSBU			
	4	4	1	SBC				
				SBA				
KPIs	0	5	0				Not assessed	












SUMMARY OF AUDIT RESULTS

	Reports issued	Recommendations and significance			Overall report opinion	
				Control design	Operational effectiveness	
Page 65 SBU						
Health and safety reporting	0	2	2			
Financial information, cash flow and loan covenants	0	2	3			
Finance follow up	0	0	0	Not Assessed	Not Assessed	
Finance system review	0	3	0			
OfS Conditions of registration	0	1	0			
Universities UK/ Guild HE Code compliance	0	2	0	Not Assessed	Not Assessed	

SUMMARY OF AUDIT RESULTS

	Reports issued	Recommendations and significance			Overall report opinion	
					Control design	Operational effectiveness
Apprenticeships	1	1	3			
Prevent	0	0	2			
Financial controls (income)	0	5	0			
Finance systems review	0	1	0			
Student experience	0	1	0			
Staff absence management	0	2	2			

SUMMARY OF AUDIT RESULTS

	Reports issued			Recommendations and significance			Overall report opinion	
					Control design	Operational effectiveness		
Budget setting and control	0	4	1					
Facilities contract management	0	4	0					
Student experience	0	1	0					
HR policies and procedures	0	1	1					

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BA

GOVERNANCE

Relationship with External Audit

The external auditors receive copies of our strategic and annual plan. All final reports are available to the external auditors through the Audit and Risk Committee papers.

Conflicts of Interest

We have not undertaken any work or activity during 2020-21 that would lead us to declare any conflict of interests.

QUALITY ASSURANCE

As a firm we are committed to continual improvement. In order to achieve this we apply the latest internal quality standards, which are designed to ensure that the work we perform meets the requirements of the regulatory environment within which each of our clients operates. The provision of Internal Audit Services rests with a team of dedicated internal audit professionals who form part of a National Risk Advisory Services (RAS) team.

Qualifications, training and development

It is our policy that staff engaged in the provision of a specialist service be qualified in the relevant professional discipline. In Internal Audit, staff are qualified or are studying for the exams of the Chartered Institute of Internal Auditors - UK, or studying for their qualifications through an accountancy body.

All staff are encouraged to retain commitment to their professional body after their qualification and the firm is committed to continuing professional education and provide staff access to quality training programmes.

Methodology

We adopt the following processes in order to ensure that the internal audit work we perform meets our required quality standards:

Documented standards

- The fundamentals of our auditing standards are set out within our audit manual and related documentation. Our audit methodology complies with current best practice, Government Internal Audit Standards and with client specific codes of Audit Practice.

Planning

- Each assignment is planned based upon a thorough understanding of the business area being audited and the risks that are associated with that area. All assignments are supported by briefing documents agreed in advance with the client.
- The work conducted in order to meet the requirements of each assignment brief is subject to a full client debrief and to peer review within the audit team before a final draft report is issued. All finalised reports are approved and signed off at Partner level.

Cold reviews

- We also adopt a cold review process where samples of the work performed by the internal audit team are reviewed to ensure that they meet our own internal standards. These reviews are conducted by professionals who are not part of the team which conducted the detailed work.

National quality reviews

- The work of cold review is subject to our National Quality Review processes. These reviews are aimed at ensuring that there is a consistency of standards adopted within the firm, that the internal cold review processes that we adopt are being applied consistently and that they cover fully all of the areas which could expose our clients and the firm to unwanted risk.

Continuous improvement

The results of the various review processes that are outlined above are used to inform the development needs of staff through our appraisal process and by the development of relevant training courses for the staff involved in internal audit work. The appraisal process adds to the structured training that each member of our Risk Assurance Team (RAS) receives on a firm wide basis. At the moment each of our team members is required to attend two national RAS training days annually with additional training being provided in response to changes in the environment in which we operate.

External quality assessment





The global standards of the Institute of Internal Auditors (IIA) requires every internal audit function that aims to comply with its standards to be reviewed, externally, every five years.




At BDO we recognise the importance of independent quality assurance and so submit our RAS team to an External Quality Assurance (EQA) review every five years, most recently in April 2021. We engaged the Chartered Institute of Internal Auditors (CIIA) to carry out the EQA and, in summary, their conclusion was that BDO generally conforms to the International Professional Practices Framework (IPPF). This is the highest of the three gradings awarded by the CIIA.

RAS is committed to continuous improvement and has agreed a Quality Assurance Improvement Programme with the CIIA to respond to the recommendations and suggestions raised through the EQA exercise.





A copy of the EQA report is available to our clients in order they may obtain comfort regarding our working practices.

APPENDIX I - AUDIT REPORT DEFINITIONS

Level of Assurance	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design opinion	Findings from review	Effectiveness opinion
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX II - ANNUAL REPORT OPINION DEFINITIONS

OPINION	DEFINITION
	<p>Satisfactory</p> <p>The controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements and value for money.</p>
	<p>Generally satisfactory with improvements required in some areas</p> <p>The controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements and value for money. However, there are some areas where weaknesses and/or non-compliance were identified and therefore may put the achievement of objectives at risk. These areas relate to [...]. Where weaknesses have been identified, improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements and value for money arrangements.</p>
	<p>Significant improvements required</p> <p>Significant weaknesses were identified in [both the design and/or operational effectiveness] of the controls in [all/the majority] of the areas which we examined and weaken the risk management, governance and control [and/or] value for money arrangements. These areas relate to [...]. Significant improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements and value for money arrangements.</p>
	<p>Unsatisfactory</p> <p>The framework of governance, risk management and control [and/or] value for money arrangements is poor. Immediate action is required to improve the [design and/or operational effectiveness] of the governance, risk management and control [and/or] value for money arrangements.</p>

FOR MORE INFORMATION:

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	INTERNAL
Paper title:	Annual Report and Accounts for year ending 31st July 2021
Board/Committee:	Group Audit and Risk Committee
Date:	11 November 2021
Author(s):	Natalie Ferer, Group Financial Controller
Sponsor(s):	Richard Flatman, Group Chief Financial Officer
Purpose:	For Review
Recommendation:	It is requested that the committee review and recommend that the Board approve the Annual Report and Accounts.

Executive Summary

The draft Report & Accounts for the year ending 31st July 2021 is presented here for review. Group Audit and Risk Committee previously reviewed the front end sections of the accounts at the October meeting and changes to this section is shown as track changes.

Outstanding matters:

- Conclusion of audit work
- Final revisions to the front end of the accounts
- Agreement of treatment of accrued fixed asset additions and reflecting this in the balance sheet and accompanying notes
- Updating of disclosure notes to the accounts
- Final review by management
- Final review by KPMG

KPMG Audit and Management Letter

The audit of the accounts by KPMG is almost complete and a draft Audit Report is being presented as a separate paper.

Recommendation

The Committee is asked to review the attached draft Report and Accounts and, subject to final review, recommend that the University Board approve the accounts.

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Sections for LSBU Report and Financial Statements for the year ending 31st

31 July 2021

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For FPR and GARC review

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Strategic Report

Status and Advisors

This Strategic Report is that of the University and its consolidated subsidiaries, South Bank Colleges, South Bank University Enterprises Limited and SW4 Catering Ltd (The LSBU Group).

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

The governing body of the University is responsible for the effective stewardship of the University and has control of the revenue and the property of the University. The University's corporate governance arrangements are described from page 25 and the members of the Board of Governors during the year ended 31 July 2021 are listed from page 3. The Governors are also directors under the Companies Act 2006.

The University is an exempt charity within the meaning of the Charities Act 2011 applying in England and Wales and its principal regulator is the Office for Students (OfS). All Governors are also charitable trustees. The University complies with conditions of grant set out in funding agreements with the relevant grantor.

Solicitors

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Narrow Quay House, Narrow
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15 Canada Square London E14
5GL

Internal Auditor

BDO LLP
Arcadia House Maritime Walk –
Ocean Village Southampton SO14
3TL

Bankers

Barclays
Level 12 One Churchill Place
London E14 5HP

Structure, Governance and Management

The following were Governors throughout the year ended 31 July 2021 except as noted:

Mr ~~Jerry~~Jeremy Cope – Chair

Mr Duncan Brown

Mr John Cole

Mr Michael Cutbill – Vice Chair

Dr Maureen Dalziel (from 01/03/2021) Professor Peter Fidler CBE – Senior Independent Director

Ms Ruchika Kumar (from 01/07/2021)

Mr Mark Lemmon

Professor Hilary McCallion CBE ~~Resigned~~(until 11/03/2021)

Professor Nicola Martin

Dr Mee Ling Ng (until 11/03/2021)

Mr Jeremy Parr

Professor David Phoenix OBE (~~_-~~ Vice Chancellor and Chief Executive)

Ms Rashda Rana

Mr Tony Roberts

Ms Deepa Shah ~~Resigned 31/10/2021~~

Mr Max Smith

Mr Vinaykant Tanna

~~Mr James Stevenson~~

~~Dr Mee Ling Ng Resigned 11/03/2021~~

~~Maureen Dalziel appointed 01/03/2021~~

Mr Max Smith

Ms Harriet Tollerson ~~resigned~~ (until 30/06/2021)

~~Ms Ruchika Kumar appointed 01/07/2021~~

~~Ms Nicola Martin~~

Changes to the Board of Governors since 31 July 2021

Mr Tony Roberts ~~resigned 15~~ (until 21/10/2021)

Ms Deepa Shah (until 31/10/2021)

Members of Group Executive:

Professor David Phoenix, Vice Chancellor and Chief Executive

Professor Pat Bailey, Provost (until 30/06/21)

Mr James Stevenson, Group Secretary

Mr Richard Flatman, Group Chief Financial Officer

Professor Paul Ivey, Deputy Vice Chancellor and Chief Business Officer

Professor Deborah Johnston, Pro Vice Chancellor (Academic Framework)

Ms Nicole Louis, Chief Customer Officer

Mrs Marcelle Moncrieffe-Johnson, Chief People Officer

-

Ms Fiona Morey, Pro Vice Chancellor (Compulsory and Further Education and Principal of South Bank Colleges)

Professor Paul Ivey, Deputy Vice Chancellor and Chief Business Officer

~~Pat Bailey, Provost resigned 30/6/21~~

Professor Tara Dean, Provost (from ~~1/9~~01/09/21)

~~Deborah Johnston, Pro Vice Chancellor Education~~

Mr James Stevenson, Group Secretary

Professor Warren Turner, Pro Vice Chancellor (Institute of Health and Social SciencesCare)

Mrs Marcelle Moncrieffe-Johnson, Chief People Officer

Changes to the Group Executive since 31/07/2021

Professor Tara Dean, Provost (from 01/09/21)

Objectives and Activities

London South Bank University transforms lives, communities, businesses and society through applied education and insight. We were established almost 130 years ago with a mission to improve social mobility for the people of south London by improving their employment opportunities and providing access to the applied knowledge that would advance their businesses. Other than an increasingly global reach, that mission remains almost unchanged today.

At the heart of LSBU Group is high quality applied professional and technical education. This is underpinned by first class academic insight – applied research and knowledge exchange, which provide valued knowledge to employers and currency to the teaching and student experience we offer.

The content and delivery of our education is based on a detailed understanding of employer expectations. Around half of the University's courses are accredited by professional bodies with the other half informed by employers including through a range of employer advisory panels. Employer sponsorship is also integral with around two-thirds of students studying on courses sponsored by over 1500 employer partners. These relationships and the University's experience in delivering part-time courses have formed the basis of LSBU's now extensive higher and degree apprenticeship provision, with the widest offer in the UK and over 2000 apprentices on programme.

Our civic mission means that our work is place-based, whether that place is our home in south London, or around our international partnerships. Our courses, research and other activities are informed by our detailed understanding of local needs. Our international links – such as our partnership with the British University in Egypt - provide global context.

Taken together, the emphasis on place and on professional and technical education is reflected in the University's student demographics and the excellence of the outcomes it achieves for its learners, staff, employer-partners and community. The University is ranked among the top 200 universities in the world in the Times Higher Impact Rankings 2021 (based on the UN Sustainable Development Goals) including 17th overall for 'Gender Equality' (SDG 5) and 25th for 'Reduced Inequalities' (SDG 10). More than half the University's student body (55 per cent) identify as BAME and 38 per cent are the first in their family to attend university (2019/20) but, despite the diversity of our student body, the University was named 'University of the Year for Graduate Employment' by The Times and The Sunday Times Good University Guide in both 2018 and 2019.

LSBU Group

LSBU operates as part of a group structure – the LSBU Group - which was born out of our ongoing commitment to our civic mission. It enables us to create strategies and pathways by which people of all characteristics and talents can be supported through the education system to achieve their full potential, and so contribute their skills, energies and commitment to wider society throughout their lives. LSBU Group comprises: London South Bank University; South Bank Academies (a Multi Academy Trust running South Bank Engineering UTC ~~and The~~ [\(renamed for 2021/22 as South Bank UTC\)](#) ~~and the~~ [University Academy of Engineering, South Bank](#)); ~~(renamed for 2021/22 as South Bank University Enterprises Academy);~~ and South Bank Colleges (comprising Lambeth College and South Bank Technical College [under development]). These organisations work to a shared mission, set of values and educational framework to achieve shared outcomes. [South Bank University Enterprises Ltd is also part of the LSBU Group](#)

LSBU sponsors South Bank Academies which, whilst not consolidated in these accounts, has a close working relationship with LSBU Group and was established in 2013 in accordance with ~~its~~ [LSBU's](#) mission.

Lambeth College joined LSBU Group on 1st February 2019 when its assets were transferred to South Bank Colleges, a wholly owned subsidiary of LSBU. The acquisition arose out of a strategic decision to create an educational group which could more broadly serve the local community and which reflects the University's long-standing commitment to transforming lives, businesses, communities and society.

Lambeth College is a medium sized ~~General~~ Further Education College ~~with nearly 400 staff and over 8000 students. It is~~ based across two sites, ~~its~~ [with a](#) main centre at Clapham Common and an ESOL facility at Brixton Hill. It offers a wide choice of industry-recognised, highly-regarded courses ranging from Entry Level and Level

1 courses that are accessible to all, regardless of past experience and education, through to Level 4 advanced qualifications. These cover key areas of local employment including Health and Social Care, Construction and Engineering, Science, Business and Accounting, Creative Arts and Media.

Utilising *Skills for Londoners Capital Funding* from the Greater London Authority, LSBU Group has begun construction of South Bank Technical College on land owned by [Lambeth College SBC](#) in Nine Elms, Vauxhall. It will be the UK's first purpose-built comprehensive technical college for a generation, with the first building being open to students in autumn 2022.

Mission

The mission of LSBU is to be recognised as an enterprising civic university that addresses real world challenges. In 2020, the University launched its new Corporate Strategy 2020-2025, which has four key outcomes:

- **Student success:** Ensuring we are externally recognised for providing a personalised and high calibre education which equips graduates for employment and prepares them to make a positive contribution to society.
- **Real world impact:** Ensuring we provide dynamic evidence-based education which is underpinned by highly applied research and enterprise activity.
- **Access to opportunity:** Building opportunity through partnership: ensuring we are actively widening participation, engaging with our communities and are a partner of choice.
- **Fit for future:** Ensuring we operate as one customer-centred organisation, which is accountable, efficient and effective.

2020/21 has seen a number of important strategic developments and some positive outcomes for LSBU Group. Highlighted below are key updates and examples of our work underpinning our core corporate objectives:

Student Success

We aim to ensure that our teaching remains highly applied, professionally accredited and demonstrably linked to research and enterprise, delivering the attributes that will make our graduates highly sought after. Students are seen as participants in their learning and their voices are encouraged and listened to. We provide students with an individualised learning experience to develop the skills and aspirations that enable them to enter employment, further study or start their own business.

- LSBU was rated 25th among apprenticeship training providers on Rate My Apprenticeship 2020-21. LSBU apprentices also won or were shortlisted for: Apprentice of the Year at the 2020 London Borough Apprenticeship Awards; the CIBSE Building Services Apprentice Awards 2020; the construction category of the BAME Apprenticeship Awards; and Employee of the Year at the Worshipful Company of Chartered Architects Apprenticeship Awards.
- LSBU was ranked joint 17th among UK universities for graduate starting salaries at 1 year after graduation (Longitudinal Educational Outcomes Data 2018-19 [Published 2021])
- The School of Business won awards for Employability Excellence and Teaching Excellence at the first-ever CIMA Excellence Awards 2021
- LSBU Nursing and Midwifery students are among the top 10% of earners among graduates in their profession (Longitudinal Educational Outcomes Data 2018-19 [Published 2021]) and the University is the top provider of nursing qualifiers in London with over a fifth of the capital's new nurses graduating from the university in 2019/2020
- Film Practice students in the School of Arts and Creative Industries won the Best Short Film and Best Editing Awards at the Royal Television Society (RTS) London Student Television Awards 2021.
- LSBU's Employability and Placements Service won a prestigious College and University Business Officers (CUBO) award for Business Partnership of the Year.
- A team of LSBU Mechanical Engineering students beat more than 500 teams to win the Mayor of London's Entrepreneur Competition with their design for a space-efficient electric vehicle charging station.

- Lambeth College was shortlisted for the ‘Best Teaching and Learning Initiative’ and ‘Best Support for Learners’ Awards at the TES FE 2021 Awards
- South Bank UTC undertook a ‘Year 14’ pilot, the first of its kind to be attempted in the UK

Academic Recognition

This year, the excellent work of our academic staff has once again been recognised in research successes and other accolades.

- The National Institute for Health Research awarded a £1.7m grant to Lynne Dawkins, Professor of Nicotine and Tobacco Studies from the Centre for Addictive Behaviours Research, for a world-first trial to test the efficacy of supplying free e-cigarette starter kits at centres for people experiencing homelessness.
- Dr Rita de Oliveira was asked by the British Association of Sport and Exercise Sciences to join a panel of experts presenting evidence to the Department of Culture, Media and Sports Select Committee on major cultural and sporting events.
- PhD student Eric Ballesterro was awarded the Young Person’s Award for Innovation in Acoustical Engineering 2021.
- Emeritus Professor Bridget Shield received an MBE in the Queen’s Birthday Honours for her ‘services to Acoustic Science and to inclusion in Science and Engineering’.
- An LSBU team, led by Catarina Marques, won the Institute of Refrigeration’s Kenneth Lightfoot Medal for best technical paper for their project paper *GreenSCIES – Green Smart Community Integrated Energy Systems – Integration with Data Centres*.
- Professor Yunting Ge won a £60,000 grant from Innovate UK and a separate £979,290 grant from the Engineering and Physical Sciences Research Council for projects related to hydrogen power.
- Professor Karin Moser was appointed European Commission Senior Expert Adviser to the European Asylum Support Office Strategic Network.
- The Institute of Acoustics created a new award to recognise excellence in teaching, learning or other education activities, in the name of former LSBU Acoustics Academic, Dr Bob Peters.

Real World Impact

We aim to deliver outstanding economic, social and cultural benefits from our intellectual capital, by connecting our teaching and research to the real world through commercial activities and social enterprise.

- The Institute for Health and Social Care at LSBU, with the Royal College of General Practitioners and Modality Partnership have launched the first ‘new to Partnership’ GP leadership programme to provide primary care leaders with the knowledge and skills they need [to](#) lead at executive level.
- Professor Simon Philbin has undertaken a research project designed to create a range of models, processes and analytical tools to measure the SDG impact of infrastructure projects. The research findings are being actively applied on the £4.9billion Thames Tideway Tunnel and by the Environment Agency in its new £5.2billion portfolio of projects.
- The Clarence Centre for Enterprise and Innovation is the University’s hub for enterprise and innovation providing workspaces for more than 60 businesses that engage in curriculum development, guest lecturing, student engagement and research projects. It was ranked in the top 15 worldwide of university-run business incubators in the UBI Global World Rankings 2017/18. Over the last year our tenant community produced £60m combined income; has created 40 jobs; raised £7m in finance; and hosted 8 LSBU interns.
- 73% of LSBU research is rated 3* and 4* for Impact in the most recent Research Excellence Framework (REF 2014). LSBU has commercial research partnerships with over 150 British SMEs and major companies.
- In 2016 LSBU was named Entrepreneurial University of the Year at the Times Higher Education Awards.

Applied research with local and international impact:

Our internationally renowned researchers this year contributed to the understanding of a number of economic and social issues.

- Dr Charles Graham of the LSBU Business School undertook a survey looking into the number of Independent and Black, Asian and Minority Ethnic (BAME) businesses on Lewisham's high streets – commissioned by Lewisham Council. After speaking to 94% of [independentthese](#) businesses through student researchers, Dr Graham made a series of recommendations including a programme of support and advice from the Council, individual high street marketing strategies, and a view to encourage innovation and entrepreneurship to tackle shop vacancies.
- Professor Alison Leary, Chair of Healthcare and Workforce Modelling, led a team seeking to examine the feasibility of extracting data from Prevention of Future Death coroners reports to evaluate if learning was possible from them. The team found that systemic analysis of PFD reports at a macro level could provide significant recommendations to healthcare providers, and others, in amending systems, processes and staffing to prevent future deaths.
- Nicola Thomas, Professor of Kidney Care, launched a project to train barbers in eight barbershops in Croydon to measure and give advice about blood pressure to their customers in a UK-first project. Around 30% of men in the UK currently have high blood pressure, around half of these are not diagnosed or receiving treatment. High blood pressure is the third biggest cause of disease in the UK, leading to kidney disease, vascular dementia and mobility problems, costing the NHS £2 billion every year. The London barbershop project will target Black and Asian men who are more likely to have high blood pressure and less likely to be diagnosed than the general population.

LSBU's Clarence Centre for Research and Enterprise

LSBU is home to over 60 small businesses, start-ups and entrepreneurs, based across Technopark and the Clarence Centre for Enterprise and Innovation. In 2017/18 the Clarence [Centre](#) was ranked 2nd in the UK, 4th in Europe and 15th globally for innovative business development in the UBI's Global 2018 world rankings. Over the last year our tenant community produced £60m combined income; has created 40 jobs; raised £7m in finance; and hosted [eight](#) LSBU interns.

Southwark Health Skills Centre

This year, LSBU Group opened the Southwark Health Skills Centre, in partnership with Guy's and St Thomas's NHS Trust. The Centre, created in partnership with Guy's and St Thomas' NHS Foundation Trust and Health Education England, provides the people of Southwark and surrounding boroughs with access to career pathways in health and social care, whatever their age or educational starting point. Its aim is both to educate and train new recruits and to upskill existing staff. It offers a range of opportunities for all, from schoolchildren through to existing health and social care employees, including health sector outreach; careers inspiration; recruitment and education advice; and health sector specific employability programmes. The Centre will also play a central role in supporting the Trust's strategy to develop local talent and build a workforce pipeline that reflects the diversity of the population that it serves.

Passmore Centre

In November 2018 the University opened the Passmore Centre for Professional and Technical Education. The Centre, made possible by a £5m grant from Southwark Council, is a hub for professional and technical education and provides access for local people and businesses to high quality apprenticeships and other forms of employer-supported study. The opening of the Centre was linked to further investment of £7m, including £3m from HEFCE, in LSBU's laboratory facilities to enhance its professional and technical offer. Since its opening, the University now has over 1500 higher and degree apprentices enrolled on over 40 apprenticeship standards, making us one of the leading providers in the country.

Access to Opportunity

LSBU works with partners to provide opportunities for students with the potential to succeed. LSBU is ranked in the top 200 universities in the world for Social Impact, 17th for gender equality and 25th for reducing inequality (Times Higher Education Impact Rankings 2021).

Year 14 Pilot

This year, South Bank UTC undertook a pilot to test the efficacy of providing a Year 14. Around a dozen students at the UTC were unable to take their places on engineering apprenticeships at the start of this academic year, due to the employers putting in place hiring freezes in response to the impact of coronavirus.

The UTC worked with the University to enhance their existing Level 3 BTEC in Engineering to meet the HNC requirement at Level 4; with the University providing scholarships to cover the fees for all students that wish to

enter themselves for the qualifying exam. Pupils that achieved a merit in the requisite elements of the HNC were then given the option to transfer directly into the second year of the University's mechanical engineering degree. This has provided these pupils with the opportunity to achieve a Level 4 qualification in a home setting at no cost to them while simultaneously opening a pathway up to degree level study.

Supporting adults to achieve basic skills

Lambeth College receives funding from the Adult Education Budget each year largely in order to provide these learners with a second chance – teaching Entry Level 1 functional skills through to GCSEs in Maths and English. The courses are provided as flexibly as possible – including part-time, short-courses and teaching at evening and weekends – to ensure as many local residents as possible are able to benefit. In 2020/21 the College supported 1,359 adults to achieve a Maths and/or English qualification. For many of them, this will have been one of their first experiences of achievement – attributable in part to the consistent and focused support the College provides.

In addition to this, the College teaches ESOL (English for Speakers of Other Languages) courses at its Brixton Centre – providing an opportunity for those who have recently moved to the UK (including refugees) to achieve a sufficient level of English, as well as knowledge about life in the UK and British values, to enable them to integrate into society. Upon completing the course, many learners go on to follow careers in areas such as health and social care, utilising skills and qualifications they acquired in their home countries. 1993 adults completed ESOL courses at the Brixton Centre.

ERDF (European Structural Funds) Start-up and SME programmes

LSBU is the leading HE provider of ERDF funded business and innovation support programmes in London. Although the UK has now left the European Union, LSBU is continuing to deliver seven programmes, covering a range of sectors from health tech to food tech, with previously committed funds. Through these programmes over the next three years we aim to support over 1500 SMEs, create 140 jobs, bring over 250 new products/services to firms/markets and create over 170 long term collaborations with innovative SMEs. The University is actively exploring utilising new domestic funds going forward such as the Help to Grow Fund and the UK Shared Prosperity Fund.

Local Stakeholders

LSBU plays a key role in the community, working closely with borough councils, schools, businesses and other organisations to provide local residents and employers with the education, skills and knowledge they need. LSBU also supports its local communities across many other areas including health and wellbeing, legal advice, business growth and secondary education.

Over the last academic year, the pandemic provided an impetus for the University to strengthen its partnerships with its local Councils (the London Borough of Southwark and Lambeth) by signing of new Memorandums of Understanding (MOUs) with them. The new MOU with Lambeth Council, signed in October 2020, looks to work in partnership to deal with the effects of the coronavirus crisis, particularly for young people, and to stimulate recovery across the borough. It is hoped that it will help to provide greater opportunities for local residents to learn new skills through the LSBU Group; that LSBU research and insight can be used to help Lambeth businesses grow; and that together we can support the Council's target to be carbon neutral by 2030. With Southwark, the new MOU, signed June 2021, commits LSBU to increase the number of training and development opportunities for residents, as well as making Southwark a leading London borough for health and life sciences.

The University also signed a new MOU with Orbital South Colleges, to support students in making choices which suit their interests and abilities, support their development and maximise career progression opportunities. The new co-operative relationship has five objectives including, 'fast track articulation to LSBU' for suitable East Surrey College and John Ruskin College students and joint activities to promote apprenticeships.

International

LSBU's collaboration with the British University in Egypt (BUE) offers an exemplar for transnational education partnerships in practice. As the largest collaboration in the MENA region, the University validates 24 undergraduate and postgraduate courses for over 4,500 students. LSBU also has joint supervisions for PhD

students, engages in shared research activities, and has developed a range of Study Abroad and Summer School opportunities enabling student mobility in both directions.

LSBU's world-leading Confucius Institute delivers Chinese language teaching to over 60 schools, conducting education, research and business engagement with Chinese universities and institutions and acting as a hub of cultural and academic activities. It is the largest Confucius Institute in the world, and one of the largest Chinese language testing centres in Europe. Over 25,000 people have attended cultural events performances, workshops and art exhibitions organised by the CI since 2017/18.

Fit for Future

The University is making targeted investments into our staff and both virtual and physical infrastructure and processes, helping to ensure we operate as one customer-centred organisation, which is accountable, efficient and effective.

- LSBU became the first university to be independently accredited as meeting national Quality Standards for Services Supporting Male Victims / Survivors of Sexual Violence.
- LSBU launched an ambitious new policy to increase support for staff who experience the menopause. The policy aims to enable employees to continue being effective in their jobs and to raise wider awareness and understanding among all staff about the menopause.
- LSBU joined a small number of UK higher education organisations, businesses and charities in publishing its ethnicity pay gap data for the first time. Analysis showed that the University's ethnicity pay gap has shrunk by 3.4% since 2017 and, at 12.2%, is in line with the sector average (among published institutions) of 12%.
- In April 2020 the University was awarded an Athena SWAN Bronze Charter by professional membership body AdvanceHE, for achieving a strong foundation in addressing gender bias and developing an inclusive culture that values all staff within the University.
- We've seen our gender pay gap steadily reduce from 13.25% in 2009 to 4.4% in ~~2020~~2020 – significantly out-performing the higher education sector as a whole.

London Road Building Refurbishment

The University is refurbishing its London Road Building on the Southwark Campus, to transform the use and experience of the building to make it suitable for 21st Century higher education. The new structural elements of the building are provided through lightweight steel interventions which are suspended from roof level avoiding the need for additional concrete columns or foundations. This strategy creates larger and lighter learning areas that are more appropriate in meeting modern educational needs. It also allows for column free areas of the building, enhancing the long-term flexibility and adaptability of the building. The redevelopment adds approximately 1000sqm of floor area to the building however, due to the enhanced fabric of the building, no additional carbon emissions are anticipated compared with the existing building.

Upon completion for Semester 2 of the 2021/22 Academic Year (January ~~2020~~2022), the renovated London Road building will become a new Learning Hub including a Library and Learning Resources space, space for group work, quiet space, open access computer rooms, bookable study rooms with AV, small group work rooms and a reconfigured Academy of Sport and catering facilities. The building will also provide a new cycle park with changing, locker and shower facilities.

South Bank Technical College

In May 2021, the University began work building the UK's first purpose-built comprehensive technical college for a generation. London South Bank Technical College, opening to students in 2022/23, will train the next generation of engineers and scientists from its site in Nine Elms.

The building has been joint-funded by a £21 million grant from the Mayor of London's Skills for Londoners Capital Fund, through the London Economic Action Partnership (LEAP). The first phase will deliver a 9-storey building for students to study technology, construction, engineering, and science in hi-tech classrooms and workshops. This first building will open in 2022/23 and other blocks will open in the following years enabling specialisms in health science and business.

LSBU Croydon

In September 2021, the University ~~will open~~ opened a new campus in the London Borough of Croydon. Given the significant nursing shortage in South London and South East England, LSBU Croydon will largely focus on healthcare, utilising the University's expertise in training nurses through our links with over 60 NHS Trusts. The building will feature brand new, specialist facilities including simulated nursing wards and Chiropractic suites. In addition to degrees in adult nursing and mental health nursing, the campus will offer the only Chiropractic Master's Degree available in Greater London. By 2030 we hope to have around 8,000 students studying at LSBU Croydon, with the campus playing a major role in our vision to transform lives, communities, businesses and society through applied education and insight.

External Environment

The higher education sector has seen significant policy upheaval over the last decade that shows no signs of abating. The delivery and regulation of higher education in England has been transformed by the tripling of the fee cap and removal of student number controls and the subsequent Higher Education Act 2018 which created the Office for Students and enabled new market entrants.

In 2019, the Government released the *Post-18 review of education and funding: independent panel report* (The Augar Review) which made a number of wide-ranging recommendations regarding the funding of tertiary education. The Government released an interim response to the review in January 2021 which did not rule out either a cut in the tuition fee cap (recommended in the Augar Review to be reduced to £7,500) or in the introduction of a minimum level of achievement (for example three D grades equivalent at A-Level or a Grade 4 in GCSE maths and English) for access to student finance. Both proposals could have very significant impacts on higher education income and the University is awaiting the full response, expected in autumn 2021 as part of the Government Comprehensive Spending Review. In the interim the Government has continued to make changes to university finances with amendments to the funding rates of the Teaching Grant for certain subjects within the B1 funding band and the removal of the London weighting. Simultaneously, the Office for Students is developing proposals on quality and standards, which may see the introduction of minimum baselines in continuation and outcomes across all higher education institutions (regardless of student demographics), which will pose challenges for many universities.

However, alongside these challenges there are opportunities for the LSBU Group. In January 2021 the Government also released the *Skills for Jobs White Paper* which contained a number of proposals including the creation of a Life Long Learning Entitlement to support provision of Level 4 and 5 qualifications and micro-credentials as well as opening up the student finance system to FE Colleges. This would enable the University to utilise its group structure to introduce greater flexibility within its provision and develop new learning pathways, including in partnership with other FE colleges within London. The Government is continuing its rollout of Higher Technical Qualifications (HTQs), in response to which the University is actively developing qualifications to put forward for kitemark status. The Institute for Apprenticeships and Technical Education has also announced proposals to strengthen elements of provision within degree apprenticeships, which LSBU continues to invest in.

In order to take advantage of these opportunities the Group will need to remain adaptable while continuing to differentiate ourselves through providing a high quality and truly applied academic environment linked to employers and ensuring that we are seen as an enterprising civic university that addresses real world challenges – a university that truly transforms lives, communities and business.

Going concern statement

The ~~board~~ Board of Governors is required to produce a statement in the annual accounts that the University Group continues to be a going concern. ~~The draft statement in the 2020/21 accounts is below:-~~

Cash flow forecasts have been prepared for a period of 4 years from the ~~date year end which indicate that, taking into account the severe but plausible downsides, including the impact of approval of these financial statements.~~ ~~The~~ the Covid-19 pandemic, the Group ~~always plans to~~ and Parent University will have sufficient ~~funds~~ liquid

assets to meet its liabilities as they fall due and monitors and reports cashflow balances and covenant compliance on a regular basis.

In reaching this conclusion the Board of Governors has considered the following factors:

- Cash balances, bank deposits and investments at 31/7/21 were £29.7m and are forecast to decrease to £21.4m by 31/7/22 as the Group continues to deliver its current capital programme. Two revolving credit facilities totalling £45m have been established to provide sufficient cashflow to meet the Group’s ongoing capital investment programme and working capital requirements. Drawdown against this facility began April 2021 and was repaid in June 2021 and further drawdowns are forecast in 2021/22. Current borrowing facilities are considered adequate to meet current operational plans.
- A small budget surplus has been approved for 2021/22, and cashflow from operations of £21.6m is forecast, reflecting the need for continued financial control whilst maintaining appropriate levels of investment to drive the necessary corporate strategic outcomes. At this early stage of the year, whilst accepting that there may be variations on individual budget lines, we are not moving away from agreed budget outcomes. ~~although Covid-19 continues to present challenges and risks to delivery.~~ Recruitment and re-enrolment are both looking positive although we will continue to monitor the position carefully over the next few months.
- As is always the case, a comprehensive mid-year budget review is planned during the first semester of 2021/22. This will look closely at recruitment, re-enrolment and associated income forecasts.

We will continue to monitor the position carefully over the next few months.

- The principal risks to successful financial delivery in ~~2020/21~~2021/22 relate to ~~the sustainability of current pension schemes,~~ meeting student recruitment targets, ~~growth from Research and Enterprise,~~ affordability of capital investment ~~plans, the financial impact of Covid-19~~needs, ~~regulatory changes to post-18 education fees and funding~~ and the financial turnaround of South Bank Colleges. ~~In relation to Covid-related risks, we remain committed to providing a blended learning environment and a rich student experience.~~

After taking all of these matters into consideration, the Board of Governors is confident that the Group and parent University will be in compliance with its debt covenants even in severe but plausible downside scenarios and will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements (the going concern assessment period) and therefore have prepared the financial statements on a going concern basis.

Principal risks and uncertainties

At a corporate level, risks are identified and managed through the University Group’s risk management processes as described in the statement on internal control.

The Corporate Risk Register is the subject of careful and frequent review, and is aligned to the Corporate Strategy. The principal risks which the institution faces in the short and medium term, considering external factors in the main, and the associated mitigation strategies are as follows:

Risk Category	Risk	Controls and Mitigation
Financial	Sustainability of current pension schemes	<ul style="list-style-type: none"> • Regular review and consideration of potential options for future provision, including the modelling/ scenario analysis of future costs and projected movements in assets & liabilities • Group defined contribution scheme for professional services staff. • Strict controls over early access to pensions

	Meeting student recruitment targets	<ul style="list-style-type: none"> • Ongoing marketing, recruitment and conversion activities focussed on domestic students, including plan for clearing • Pipeline continually monitored
	Income growth from Research and Enterprise unrealised	<ul style="list-style-type: none"> • Regular reporting to Enterprise Advisory Board • Focus on STEM, Health and Inclusive Growth as dominant sectors of interest
	Affordability of capital investment plans	<ul style="list-style-type: none"> • Capex reporting embedded into management accounts provided to Finance, Planning and Resources Committee • Estates project methodology controls & governance • Financial Regulations require Board approval for spend greater than £2m • Exploring alternative funding options
	Financial impact of Covid-19	<ul style="list-style-type: none"> • Regular review of financial impact of Covid-19 • Cost control measures
	Financial turnaround of South Bank Colleges	<ul style="list-style-type: none"> • Development of operating and funding model for LSBLSBU Technical College • Banking covenants tied to LSBU performance
	Cash funds are not available to fund expenditure	<ul style="list-style-type: none"> • Rolling 12 month cashflow forecasts • Active debtor management
Academic Activity	OfS Thresholds not met in relation to Condition of Registration on Quality / Student Outcomes	<ul style="list-style-type: none"> • Monitoring of performance against OfS thresholds in relation to Condition of Registration on Quality / Student Outcomes • Interventions to improve student progression and employability are priorities in short and medium term
Reputation	Impact of assurance activity & new initiatives fails to address issues around student experience	<ul style="list-style-type: none"> • NSS action plan to drive improvement of the student experience • Student Tracker implemented in conjunction with the Students' Union, to monitor issues raised by students and actions taken in response
	Alignment of estate with sector requirements across the Group	<ul style="list-style-type: none"> • Group wide estates strategy, aligned with professional and technical curriculum needs • Creation of Employer Advisory Board, to ensure facilities in line with sector/industry standards
	Capability to respond to change in policy or competitive landscape including funding changes	<ul style="list-style-type: none"> • Development of the 2025 strategy, with input sought from multiple stakeholders • Regular performance assessment in sector context
	League table rank deterioration / reputational impact	<ul style="list-style-type: none"> • Prioritisation of students outcomes in our corporate strategy, including progression and employability • Review process of external returns, contributing to league table performance

Energy and Carbon Report

LSBU is dedicated to protecting our planet and society. We promise to become a university of the future – one that is conscious, one that is responsible and one that is sustainable. As part of our 2025 Corporate Strategy we aim to:

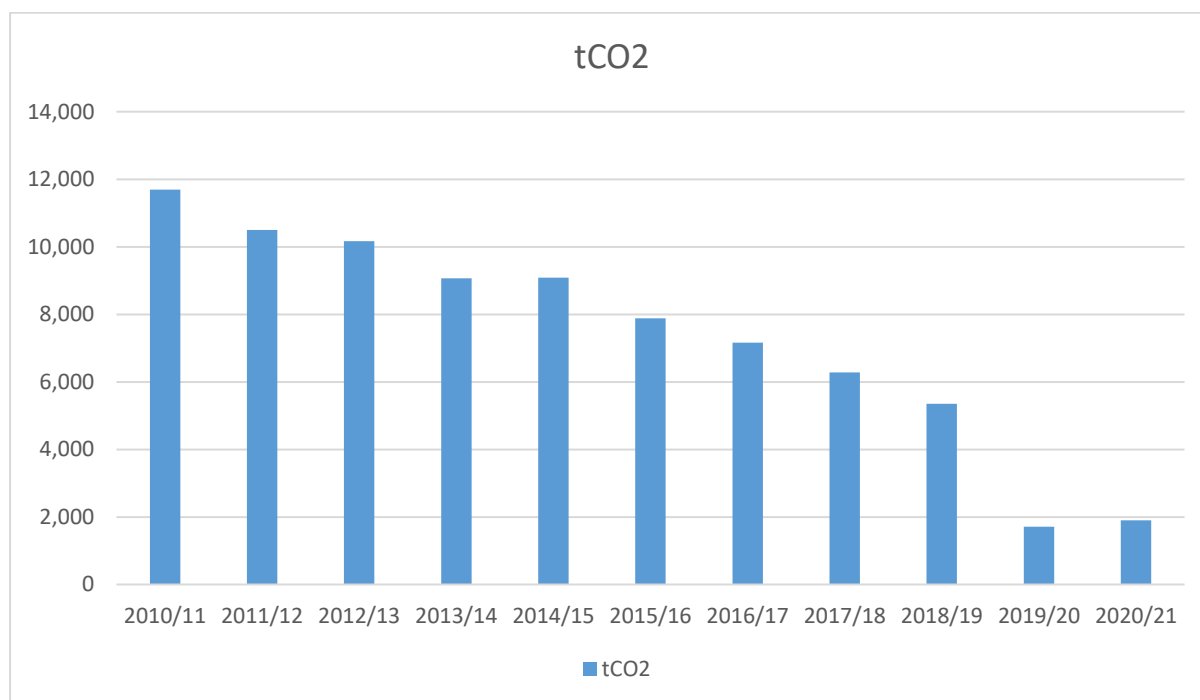
- Use our estate effectively and efficiently with a utilisation rate of 50%

- Reduce our carbon ~~foot-print~~ **footprint** by 25% between 2020 and 2025, with the goal of achieving zero carbon emissions by 2050.

We will do this through environmental sustainability and literacy, with this being embedded through the reduction of carbon emissions, and landfill use, and by increased recycling.

The data below relates to periods from 1 August – 31 July

Electricity Consumption		18/19	19/20	20/21	<u>Unit(s)</u>
		12,438,493	10,044,742	9,744,719	KW/hr
Gas Consumption		18/19	19/20	20/21	
		10,039,318	9,025,689	10,234,403	KW/hr
Carbon Emissions (with REGO since 2019)	2010 Baseline	18/19	19/20	20/21	<u>Unit(s)</u>
	11,694	5,352	1,711	1,904	tCO ²
Intensities	2010 Baseline	18/19	19/20	20/21	
	0.079	0.036	0.011	0.013	tCO ² /m ²



During, 2020/21, LSBU added the Non Half Hourly Electricity supply contracts to the Renewable Electricity contract (REGO) with its current energy supplier, allowing the University to report zero carbon emissions for electricity consumption across the campus. LSBU now uses 100% REGO. Total calculated carbon emissions (scope 1 & 2) relate to the energy consumptions and the appropriate carbon factors being applied. Reference to baseline relates to that agreed with HEFCE and is based upon 2010 data and calculated carbon emissions. The agreed HEFCE target at that time was for LSBU to reduce its scope 1 & 2 emissions by 34% by 2020. This was revised in 2017 to 50% reduction. ~~Current~~ The current position is a reduction of 84% since 2010 baseline.

COVID has had an impact on energy consumption and ultimately carbon reduction has remained fairly static. LSBU remains committed to remove any reliance on fossil fuels going forward ~~decarbonisation~~, Decarbonisation technologies and their benefits are being investigated.

The University has a commitment to construct any new build to Building Research Establishment Environmental Assessment Method (BREEAM) rating Excellent and any major refurbishment to BREEAM rating Good. Our ZONES learning environment transformation programme aims for BREEAM rating 'Very GoodGood'. It will include improved insulation, utilising natural light and space for bicycle storage. Our contractors are committed to purchasing products from responsible sources with limited environmental impact, to reducing construction related impacts such as noise, dust and odours, procuring 100% FSC/PEFC sustainable materials, reducing dependency on natural resources such as energy and water, reducing construction waste and preserving and enhancing the local biodiversity.

London South Bank University (charity) Public Benefit statement

LSBU is an exempt charity within the meaning of the Charities Act 2011. Its principal regulator is the Office for Students (OfS).

The accounts of South Bank Colleges (SBC), an exempt charity within the meaning of the Charities Act 2011, form part of these accounts. Further details on how SBC meets its public benefit obligations are set out in SBC's own accounts.

Charity Commission Guidance on Public Benefit

The members of the Board of Governors are the charitable trustees of LSBU. In undertaking its duties, the Board of Governors has regard to the Charity Commission's guidance on public benefit.

Charitable Objects

The charitable objects (under s.3 Charities Act 2011) of LSBU, as set out in its Articles of Association, are to:

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

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

LSBU advances education for the public benefit by:

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

LSBU promotes research and the dissemination of knowledge by:

- undertaking academic research and publishing the results;
- publishing articles in peer-reviewed journals;
- maintaining an online and physical academic library with access for students, staff and guests;

LSBU provides support and services for students through:

- wellbeing services, including support for students with disabilities and mental health issues. This includes a counselling service;
- student advice and guidance services via a one-stop-shop and student helpdesks

- employability services, supporting students who are working while studying, helping students source work experience and graduate opportunities;
- money advice, including debt management;
- specific support services for particular groups of students, including care leavers, carers and pregnant students;
- mentoring and coaching;
- providing student accommodation;
- funding some individual students' education through bursaries and fee waivers; and
- providing funds to London South Bank University Students' Union (LSBUSU).

Beneficiaries

In carrying out its objects, LSBU benefits its students and future students through teaching and learning activities either directly or through the support of its subsidiaries (SBA and SBC). LSBU also benefits the wider public, through research and knowledge transfer.

The trustees affirm that the opportunity to benefit is not unreasonably restricted. The benefits of learning at LSBU are open to anyone whom it believes has the potential to succeed. Throughout its history, LSBU has enabled wider access to education. Its 2020-2025 Strategy, sets clear targets to focus on three key areas, all directly related to providing public benefit: student success; real world impact; access to opportunity. The fourth key area; fit for the future, recognises the need for LSBU to adapt to the digital world, its new organisational structure and changing stakeholder expectations.

Like other universities, LSBU must charge tuition fees. However, tuition fee and maintenance loans are available to home undergraduates who have applied for funding via Student Finance England. In addition, the University offers financial assistance in the form of scholarships, bursaries and charitable funds to students in need.

The University has one "linked" exempt charity: the LSBU consolidated charitable fund for the welfare of students. This fund was worth £951,096.09 on 31 July 2021 (31 July 2020: £862,387). The funds are managed with the aim of securing capital growth and an annual income. In 20/21 the income received was £27,395.65396 (2019/20: £16,192). The income is allocated for distribution by the University's Hardship Panel to students in financial difficulty.

The University's curriculum is firmly rooted in professional courses supported by accreditation from professional, statutory and regulatory bodies that enhance employability and career success. In 2020, 74.6% of graduates were in graduate employment and/or further study 15 months after leaving (Graduate Outcomes survey results 2018/19).

The University also contributes to the wider public benefit through the publication of research. The University performed well in the Research Excellence Framework 2014, with the majority of its research graded as "Internationally Excellent" and "Recognised Internationally". LSBU is committed to Open Access, sharing scholarly works with industry, the professions and wider public through LSBU Research Open and providing an Open Access Fund to pay Open Access publication costs.

LSBU is London's largest university contributor to community-based enterprise, evidenced by involvement in some £15m of ERDF and ESF projects. The commitment to local enterprise education and SME development is recognised internationally, from working with refugee groups across South London to operating commercially in Borough Market.

LSBU: Access and Participation Plan statement 2020-21

As part of LSBU's registration with the Office for Students, an Access and Participation Plan for the 2020-2025 academic years was approved by the OfS and made publicly available by LSBU on our website:

<https://www.lsbu.ac.uk/about-us/policies-regulations-procedures> (file held [here](#)).

In the plan, we assessed our performance across access, student success, and progression, set out our ambition and strategy, and outlined our intended activity and measures supported by an investment summary which demonstrated our commitment to our overarching mission of social mobility.

As set out later in the financial accounts, we spent a total of £1,923,833.11 across the 2020-21 academic year across three categories: access investment, financial support provided to students, and research and evaluation. This figure both meets and exceeds the commitment we set out in our investment summary: we had projected a total spend of £1,753,500.

During 2020, LSBU joined the world in responding to the Covid-19 pandemic which extended across the 20-21 academic year. We were keenly aware of the disproportionate direct and indirect impact coronavirus was having on many of the student groups already identified as facing disadvantage. We rapidly responded with an increased package of targeted emotional, safety, practical, study, and financial support, considering the needs of students most vulnerable to the effects of the pandemic. For example, the direct financial support funded by LSBU and distributed to students within the 2020-21 academic year was £551,360, an increase of 112% more than our intended investment.

The total investment has supported the delivery of our plan this year across both general and targeted access, success and progression activity, including active research to eliminate the race awarding gap through our What Works programme, widening participation and outreach, specialist support services, enhanced transition and study skills, financial student support, period poverty, and care experienced and estranged student support.

As stated by the Office for Students, the investment summary and forecast below in access, financial support and research and evaluation does not represent ~~not~~ the total amount spent by LSBU in these areas. The OfS does not require providers to report on investment in success and progression and therefore investment in these areas is not represented. The figures below are not comparable to previous access and participation plans or access agreements as data published in previous years does not reflect latest provider projections on student numbers. The spend on support for disabled students (directly funded costs, for example an educational psychologist's assessment, specialist mentor, or sign language interpreter) have been included in the investment summary for completeness but this spend was not requested to be forecast by the OfS.

LSBU: Access and Participation Plan investment summary 2020-21

Access and participation plan investment summary (£)	Actual spend: Academic year 2020-21
Access investment (access)	£1,275,033.71 034
Financial support provided to students	£551,360
Research and evaluation	£97,439.40
Total investment	£1,923,833.11
Support for disabled students	£295,532.12

(Investment plan from 2020-25 Access and Participation Plan for 2020-21)

<i>Access and participation plan investment summary (£)</i>	<i>Investment plan: Academic year 2020-21</i>
<i>Access investment</i>	<i>£1,400,000</i>
<i>Financial support</i>	<i>£260,000</i>
<i>Research and evaluation</i>	<i>£93,500</i>
<i>Total planned investment</i>	<i>£1,753,500</i>

Placeholder: Financial Review

Balance sheet and liquidity

The Group's net assets increased by 14% during the year, moving from £83.7m to £95.1m, an increase of £11.4m

The positive change in the Net Asset position was driven by capital investment across the LSBU Group which resulted in a £35.5m increase in Fixed Assets, an increase of 12%. This increase includes New Fixed assets totalling £50.9m, less movements off the balance sheet of £4.1m and after a charge for depreciation of £11.2m

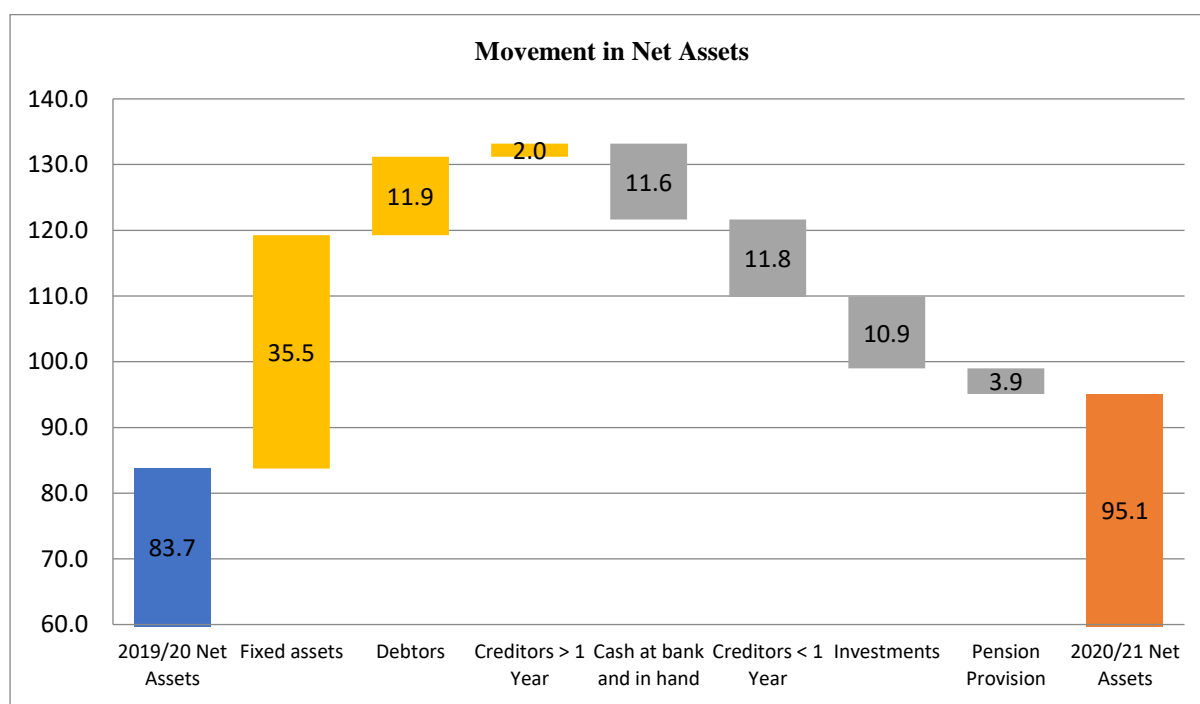
With regard to other changes in Net Assets, there was a 51% increase in debtors to the group moving from £23.4m to £35.3m an increase of £11.9m. £11.8m is due to an increase in trade debtors which is primarily Tuition Fees and Hall of Residence charges. The remainder of the change is due to a £0.5m increase in prepayments and accruals and a £0.4m decrease in 'Other debtors' relating to other income sources and commercial tenants.

With regard to other positive changes in Net Assets, the amount owed to creditors falling due after more than one year reduced by £2.0m from £69.1m to £67.1. This reduction is due to a decrease in outstanding bank loans.

In terms of negative movements in net assets; cash and cash equivalents decreased by £11.6m and our investments decreased by £10.8m to fund the developments in the estate that has led to the increase in Fixed Assets. Our cash and cash equivalents now total £28.8m.

There was a 28% increase in creditors falling due within one year moving from £42.6m to £43.3m an increase of £0.7m. £0.7m of this increase was due to an increase in other creditors whilst £11m was due to an increase in accruals and deferred income primarily relating to capital investments in the University's Leap programme, the London Road Hub and the London South bank Technical College that are due to be paid in 2021/22.

Of the other negative changes to Net assets, the key movement was due to the change in the valuation of the deficit in the London Pension Fund Authority (LPFA) Scheme. The deficit has increased by £3.9m and now stands at £187.5m



The Group always plans to have sufficient liquid assets to meet its liabilities as they fall due. Cash balances and bank deposits decreased from £52.2m at 31 July 2020 to £29.8m at 31 July 2021 whilst Bank and other loans decreased from £34.5m to £32.5m reflecting the loan repayments made during the year.

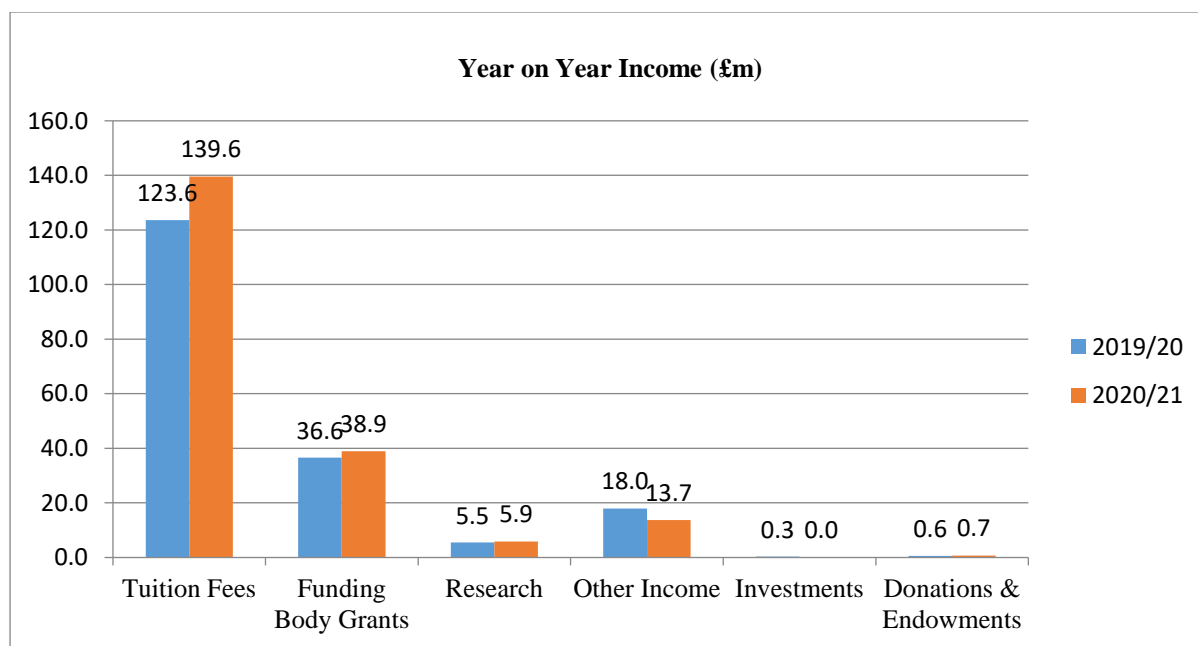
The levels of borrowing facilities are reviewed on a regular basis and are considered adequate to meet current operational plans. The University has also agreed Revolving Credit Facilities totalling £45m, which will provide a degree of flexibility with regard to liquid assets as we continue to invest in the LSBU Group Estate.

Result for the Year

Financial Summary in £m			Variance from 2019/20 £m	
	2020/21	2019/20		
-			-	
Income	198.9	184.5	14.4	7.8%
Expenditure	195.9	183.1	12.8	7.0%
Surplus for the year	3.0	1.4	1.6	114.3%
Surplus %	1.5%	0.8%	-	

The operating surplus of £3.0m for LSBU and SBUEL is slightly ahead of the agreed LSBU Group budget surplus of £2.0m and delivers to the forecast surplus of £2.8m submitted to the Office for Students (OfS) in February 2021 as part of their monitoring processes and to the ESFA as part of the ongoing monitoring of the Lambeth College transaction.

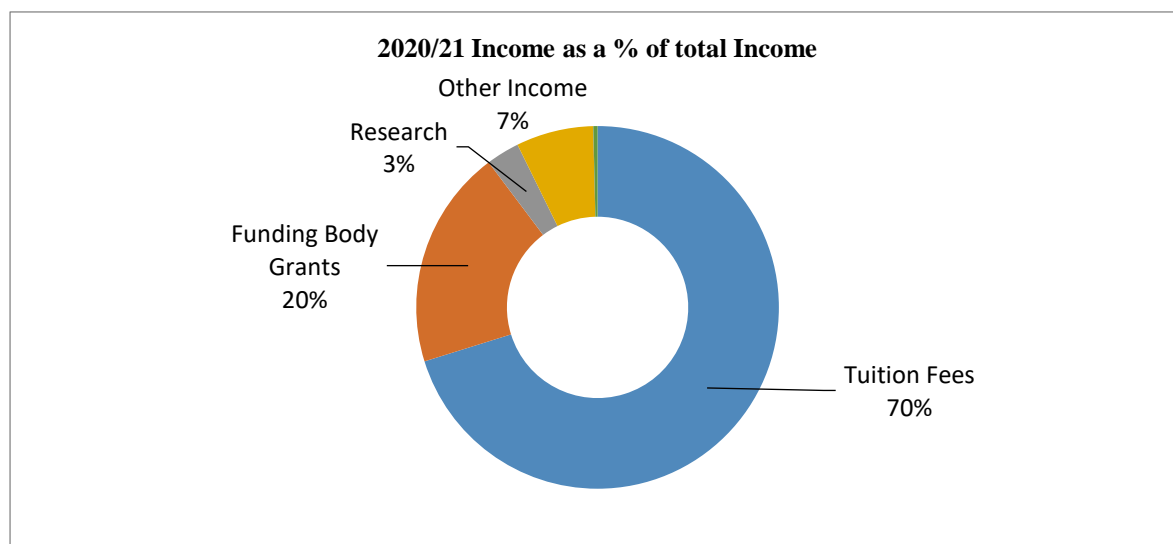
This a strong increase on the £1.4m increase achieved in 2019/20. The financial improvement is due to strong recruitment and re-enrolment. Given the context of Covid 19, the continuing investment being made by the LSBU Group across its estate and given the recruitment challenges across the sector in 2020/21, particularly with regard to changes in the full time undergraduate demographic and the continuing decline of the part time student market, this is a considered a good result.



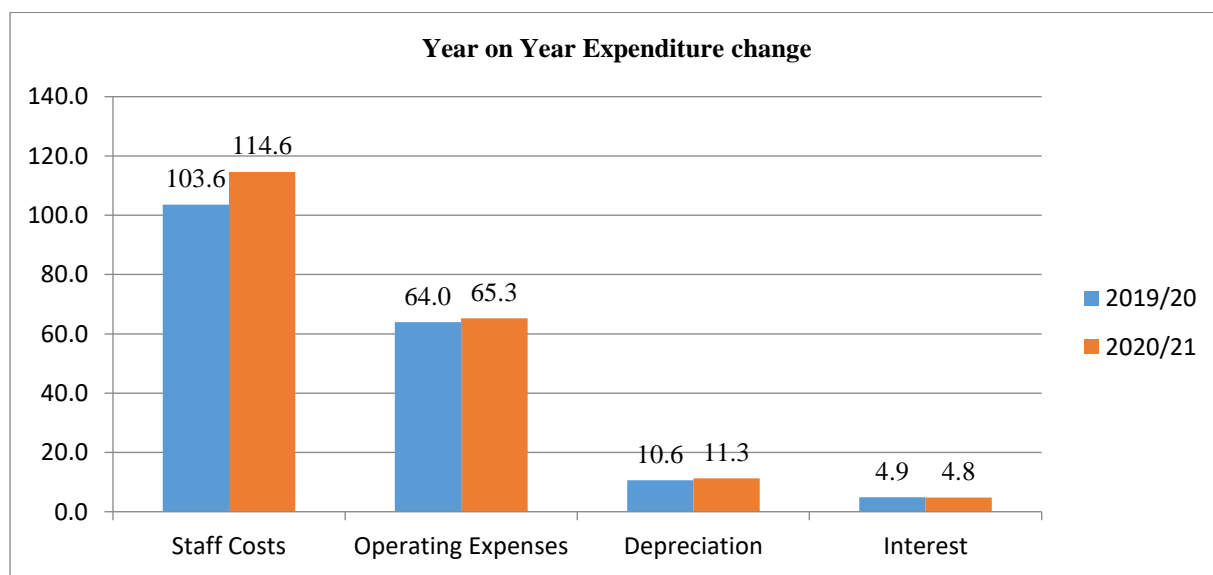
Total income for the group increased by 7.1% (£14.3m) to £198.8m (2019/20: £184.5m). The increase in Funding Grants is linked to temporary additional financial support of the FE Sector during Covid. The increase in Tuition Fees was driven by additional student numbers at the University. The decline in other income was primarily Covid related and is due to a reduction in University Hall's Income and Commercial Tenant income.

Academic fees (including NHS contract income) and Funding Council Grants remain the main sources of income for LSBU Group representing 2020/21 70% and 20% respectively (2019/20 67% and 20%). There was an increase in temporary Funding Grants across the FE sector to manage some of the additional costs of Covid

19. Tuition fees have increased year on year due to strong recruitment and re-enrolment at the University and due to a growth in International student numbers. The other positive factor affecting income was another annual increase in research income following a number of successful research bids. Although other Income at the University declined, our Enterprise portfolio performed well, it was our student related income that experienced the year on year decline. This is expected to be a temporary dip as the University opens its campus and its halls in 21/22.



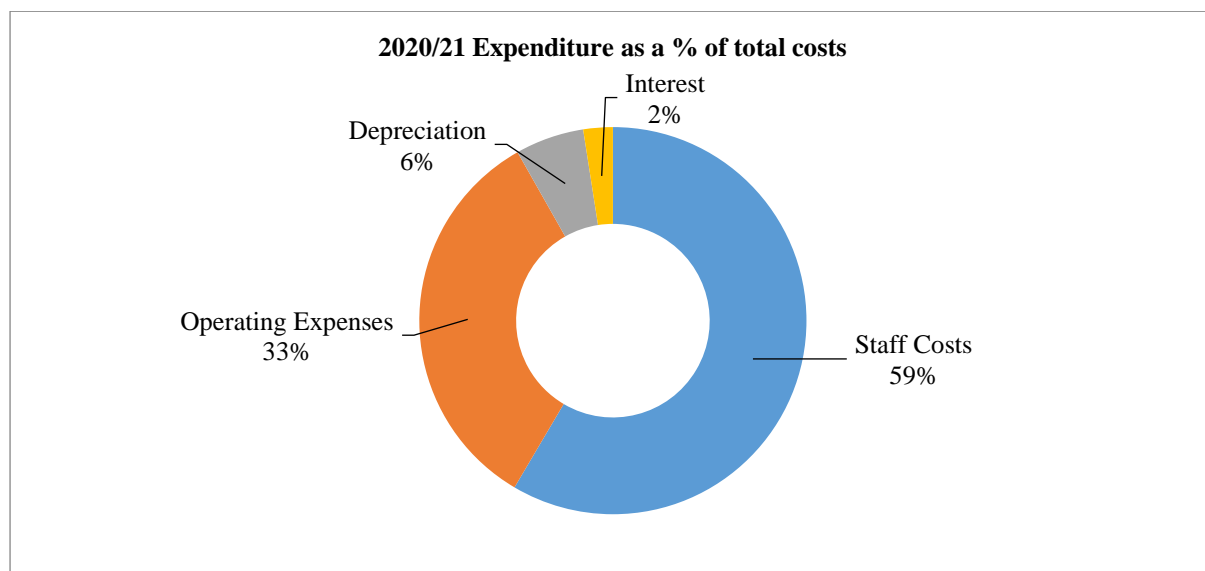
Total expenditure for the group increased by 6.5% (£12.8m) to £195.9m (2018/19: £183.1m).



The key driver of the increase in expenditure was staff costs. Staff costs increased by 9.6% from £103.6m in 2019/20 to £114.6m in 2020/21 representing 57.6% of income (2019/20: 56.1%). Although there was the normal level of increase linked to pay uplift and increments, the LSBU group also invested in additional professional and academic staff to support our student number growth. There was also an increase in Group pension costs.

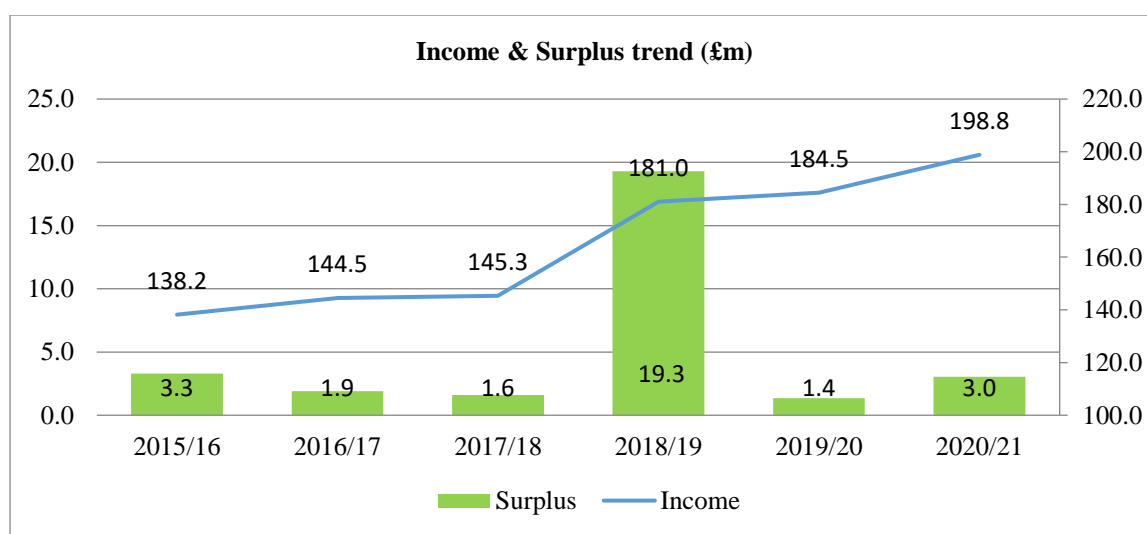
Staffing costs at SBC remain slightly higher as a percentage of income than the University and staff costs remain an area of continued focus for the Group in 2021/22.

Other operating expenses increased by just 2% from £64.0m in 2019/20 to £65.3m. The University Group is extremely focused on delivering value for money for students and constantly reviews expenditure to drive down costs. There were increases in security and cleaning costs due to the ongoing implementation of the London Living Wage and additional cover required due to Covid 19, an increase in both business rates and utility bills and an increase in the cost of Scholarships as the University invests in Research activities. The University also expended some of the business change costs associated with the Leap Programme.



There were no significant changes to the LSBU Groups fixed assets. There were no asset disposals and the increase in the value of the Group’s fixed assets is due to the continued investment within the LSBU Physical and Digital Estate particularly in the London Road Hub, the London South Bank Technical College and the Leap programme.

Financial Trend Analysis



LSBU Group Income has increased by 44% since 2015/16. There have been large decreases in funding grants but this has been offset by larger tuition fees, although the funding per student has declined, as Tuition Fees

have not been increased with inflation. The University Group has also seen growth in Post Graduate and International tuition fees over this time and a growth in Transnational Education Income. The key driver for income growth in 18/19 was the absorption of SBC into the LSBU Group.

In terms of surplus, LSBU Group always aims to make a small surplus and has consistently done so. The future forecasts submitted to our regulator, the OFS, reflect our aspiration to generate a positive financial position in each of the next 5 years. The extraordinary surplus of 18/19 reflects the strong underlying performance at LSBU which contributed £3.1m but was also due to the revaluation of Assets within SBC which contributed £16.2m.

Subsidiaries

South Bank University Enterprises Limited (SBUEL) provides consultancy and other services to a range of commercial organisations. SBUEL has entered into Gift Aid arrangements in order that its taxable profits can be donated to the University. SBUEL donated **£xm** in gift aid to the University (2020: £0.2m).

South Bank Colleges acquired the assets of Lambeth College on 1 February 2019. The College delivers a wide range of courses and apprenticeships that open doors to career opportunities and further study.

SW4 Catering is a wholly owned subsidiary of South Bank Colleges.

Disclosure of information to auditors

At the date of making this report each of the Governors, as set out from page 3, confirm the following:

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

Auditor

The Board of Governors has confirmed that KPMG UK LLP shall continue as auditor of the University for the financial year, 2021/22.

Directors Report

This Strategic Report also serves as the University's Directors' Report for the purposes of the Companies Act 2006.

Approval

Approved by the Board of Governors and signed on behalf of the Board by:

Mr Jeremy Cope (Chair)

Professor David Phoenix (Vice Chancellor and Chief Executive)

Placeholder:

Statement of Board of Governors Responsibilities in respect of the Strategic Report and the Financial Statements

Placeholder:

The Board of Governors is responsible for preparing the Strategic Report and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period. In preparing each of the group and parent University financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Board of Governors are also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;
- there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- economical, efficient and effective management of the university's resources and expenditure is secured.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board of Governors by:

Mr Jeremy Cope
Chair of the Board of Governors

25 November 2021

Corporate Governance Statement

Placeholder: The following statement is given to assist readers of the accounts in understanding the governance and legal structure of the University. The accounts of South Bank Colleges (SBC) and South Bank University Enterprises Ltd form part of these accounts (South Bank Academies is also within the LSBU Group but is not consolidated). Further details on the corporate governance arrangements of these companies are included in their own accounts.

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

- The Directors' duties as set out in sections 170 – 177 of the Companies Act 2006
- The CUC Higher Education Code of Governance
 - Higher Education Senior Staff Remuneration Code
 - Higher Education Audit Committees Code of Practice
- The Office for Students (OfS) Terms and conditions of funding for higher education institutions and the Audit Code of Practice (March 2018)
- The OfS Public Interest Governance Principles
- The Charity Commission's Guidance on Public Benefit and its duties as charity trustees of compliance, prudence and care
- The University's Articles of Association and standing orders
- The seven principles of standards in public life
- Other legislative requirements of corporate and Higher Education bodies

Governance and Legal Structure

London South Bank University is a company limited by guarantee and an exempt charity within the meaning of the Charities Act 2011. Its objects and powers are set out in its Articles of Association. The Articles provide the governance framework of the University and set out the key responsibilities of the Board of Governors and its powers to delegate to committees, the Vice Chancellor and the Academic Board.

Compliance with the Public Interest Governance Principles

The University demonstrated its compliance with the OfS's Public Interest Governance principles when registering with the OfS and they continue to be upheld by LSBU through the current governance structures reported in this section and the university's relevant published policies.

Compliance with the CUC Higher Education Code of Governance

The Board has materially complied with all aspects of the revised Higher Education Code of Governance (CUC, September 2020) during the year under review, as demonstrated below. References to paragraphs of the code are shown in brackets below.

Decision making

London South Bank University is led by a Board of Governors, which is collectively responsible for the strategic direction of the University, approval of major projects and partnerships and ensuring that the potential of every student is maximised (1.1).

The Board has agreed a Schedule of Matters Reserved which establishes the responsibilities of the Board and its committees. The Board, and where appropriate, its committees make decisions by consensus at meetings or electronically. The schedule is reviewed on an annual basis. The schedule has been updated to reflect the new group structure of LSBU.

During the year, the Board met six times (five times in 2019/20). In addition, the Board held three strategy days (two in 2019/20) allowing further time to discuss and debate longer-term strategic challenges for the University. All governors are expected to attend meetings and to contribute effectively. Attendance at meetings is recorded and monitored by the Chair. In the year under review, there was a 93% (2019/20: 92%) attendance rate at Board meetings.

Due to the national coronavirus pandemic, the majority of Board and committee meetings took place online via video-conferencing software between March 2020 and July 2021. Attendance at these virtual meetings remained high and governors continued to engage well with discussion. Following relaxation of most national coronavirus restrictions the July 2021 Board meeting was successfully held in person, and all future Board and committee meetings are expected to take place face-to-face.

During May 2021 one additional meeting of the Group Audit and Risk Committee was held in order to examine the response to the December 2020 cyber incident.

The Board has due regard to Charity Commission guidance on public benefit when making decisions (see separate statement of public benefit on page 1 (1.2). The Board receives an annual reminder on Charity Commission guidance (most recently, 21 October 2021). It receives assurance that the institution meets the requirements of the *Terms and conditions of funding for higher education institutions* with OfS through the Group Audit and Risk Committee (2.6).

Compliance

All governors and members of the Executive are required to declare their interests on appointment, on an annual basis and are required to declare any interests which relate to decisions at meetings. During the year under review, all declared interests were authorised by the Board. No conditions were attached to any of these interests (3.2). The governing body affirms that it makes decisions without any undue pressure from external interest groups, which is assured through the declaration of interests' process (3.3).

The Board receives annual reports on the institution's compliance with key legislation, for example health and safety; equality, diversity and inclusion; and otherwise by exception reporting (1.2). In addition, independent governors have the right to external, independent advice at the University's expense where necessary in order to fulfil their duties. Material adverse change and reportable events are reported to the OfS when discovered and annually as part of the Accountability and Assurance statement (6.3). One reportable event was reported (the cyber incident of December 2020), and no material adverse changes were reported to the OfS during the year.

The Board receives annual reports from the Students' Union in relation to its democratic processes and finances (3.6).

Sustainability

The Board is responsible for the financial sustainability of the institution and approves the annual budget, which is aligned to the five year corporate strategy (2.2). The Board oversees the performance and financial sustainability of the institution by regularly reviewing Key Performance Indicators, management accounts and five year forecasts (2.3). Overall financial control is delegated to the Chief Financial Officer, who is a member of the Executive and has regular access to the Vice Chancellor, as and when required (2.6).

Academic governance

The Board has oversight of academic governance across the institution, receiving an annual assurance report from the Academic Board, covering its Quality, Research and Student Experience Committees.

The Board has regard to the principle of academic freedom (2.7).

External activities

The Board reviews all proposals for all significant, external activities and independent legal advice is sought, if necessary. Due diligence is conducted when entering into major projects that have significant risk associated with them (2.6).

Equality and Diversity

The Board receives an annual report on equality, diversity and inclusion (EDI), and compliance with the public sector equality duty under the Equality Act 2010 (4.1, 4.3). Following its sEDI workshop with an external facilitator in summer 2020, the Board has continued to prioritise EDI development at a strategy session, resulting in the approval of the new Group EDI Strategy at its meeting of 21 October 2021.

The Board regularly reviews its composition and considers equality and diversity in its appointments. The Nomination Committee has agreed that in the event of underrepresentation of any group, targeted recruitment would be used to address this (4.4, 5.3). During winter 2020/21 a recruitment firm that specialises in equality and diversity was used to recruit one new governor and one new co-opted committee member. During September 2021 the Board Apprentice Scheme was utilised to recruit apprentice governors from diverse backgrounds. .

Structures and processes

The Board when fully complemented consists of 18 governors: 13 independent governors, the Vice Chancellor, two student governors and two members of the Academic Board. Governors serving for the period are listed on page 5. The Board determines the number and composition of the Board of Governors within parameters set by the University's Articles of Association. Staff and student governors were not excluded from any items at Board meetings during the year (1.4).

Under the Articles, the Board has the power to remove any governor from office if they breach their terms of office (5.9). On appointment, governors also agree to act in accordance with the seven principles of public life and the university values. (1.3, 3.1). All members of the Board have access to the services of the Clerk. The appointment or removal of the Clerk is a matter for the Board as a whole under the Articles (5.1).

Following the publication of the OfS Public Interest Governance Principles in 2018, all governors have confirmed that they meet the 'fit and proper' definitions as set out by the OfS.

Committees

The Board delegates authority to a number of committees. All committees are formally constituted with appropriate terms of reference, which are reviewed annually. Terms of reference and membership of each committee are available on the governance pages of the University's website. Each committee has a majority of independent governors. The chairs of each committee are independent governors and are set out below under Key Individuals.

The following principal committees met throughout the year:

- Appointments Committee
- Group Audit and Risk Committee
- Finance, Planning and Resources Committee
- Major Projects and Investment Committee
- Nomination Committee
- Remuneration Committee
- Honorary Awards Joint Committee

The Nomination committee is responsible for recruiting new independent governors (5.10). Recommendations are made to the Appointments Committee, which makes the final decision on appointment. A written description of the role and capabilities required of governors has been agreed by the Nomination Committee. Candidates are judged against the capabilities required and the balance of skills, experience currently on the Board. The

balance of skills, experience and diversity of independent governors is kept continually under review by the Nomination Committee.

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

The CUC published its HE Audit Committees Code of Practice in May 2020. The Group Audit and Risk Committee has reviewed this Code and is satisfied that all requirements are met.

As previously agreed by the Board, the Group Audit and Risk Committee has a Group-wide remit. Membership of the Group Audit and Risk Committee is between three and four independent governors, and a co-opted external member. Following OfS requirements, the committee produces an annual report for the Board, which gives an annual opinion on risk management control and governance; economy, efficiency and effectiveness; and management and quality assurance of data submitted to external bodies. The committee reviews the effectiveness of the systems of control in place across the institution. The committee receives an annual report on the quality of data submitted to external bodies. The committee receives assurance annually from the external auditor that public funds have been spent appropriately.

Under the new Audit Code, the Group Audit and Risk Committee conducted a substantive effectiveness review during Summer 2021, led by the Senior Independent Governor (SIG). The results of the review were positive, and respondents agreed that the committee was properly constituted with appropriate membership, and is effective in addressing its duties and reporting requirements.

The Finance, Planning and Resources Committee provides for the Board in-depth review of the University's in-year financial performance, financial position including cashflow, the performance against the corporate strategy, treasury management and the proposed annual budget. The committee also reviews student recruitment and retention figures, the implications of the Group strategy for human and physical resources, and receives oversight of the value added by Group entities. Membership of the Finance, Planning and Resources Committee is up to five independent governors including the Chair of the Board, plus the Vice Chancellor, one student governor and one staff governor. The committee terms of reference were updated in 2020 to clarify that it will receive high-level reports on the overall performance and value to the LSBU Group of its subsidiaries.

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 also reviews investment decisions above its level of authority and recommends approval to the Board. In addition, the Major Projects and Investment Committee reviews 'master plans' for estate and infrastructure and monitors the delivery of major projects. Membership consists of up to five independent governors including the Chair of the Board, the Vice Chancellor, one student governor and one staff governor. During the year, a key focus of the Major Projects and Investment Committee was to scrutinise investment in Project LEAP.

There is a Remuneration Committee which decides the remuneration of senior executives, including the Vice Chancellor (2.10). Membership of the committee is four independent governors, including the Chair of the Board. No individual is present for discussions that directly affect them. The Vice Chancellor is not a member of the committee. The committee considers comparison information and use of public funding when deciding remuneration.

Further details on the work of the committee are included in the annual remuneration report from page.

The Honorary Joint Awards Committee is a joint committee with the Academic Board. It has delegated authority from the Board of Governors to select recipients for the conferment of an honorary degree or an honorary fellowship based on procedures and criteria as approved by the Academic Board. Its membership comprises independent governors, and staff and student governors who are also members of the Academic Board.

Governance effectiveness review

During 2018/19, the Board completed a full effectiveness review which was reported to the July 2019 Board meeting (the previous review was conducted in 2015 in line with 7.12 of the CUC Code). Following this review no major changes to the Board’s structure were proposed. The review was undertaken internally but was quality assured by PwC (7.11), who concluded that they “did not identify any issues with the way in which the process was run by the governance team. We are comfortable that the process was free of bias and was conducted appropriately”.

The main recommendations arising out of the review were:

1. to review both assurance and reporting from the Academic Board to the Board to enable greater visibility of the work done by the Academic Board;
2. that agendas for Board meetings and Strategy Days provide greater focus on strategic discussions and a reduction of operational papers; and
3. continued focus on finalising ‘Group’ governance arrangements and structure and for the Board of Governors to be assured of its responsibilities and potential liabilities in relation to it.

As reported to the Board in July 2020, the action plan is now complete.

The next full effectiveness review is expected to be carried out in calendar year 2023.

LSBU Group

With the creation of the LSBU Group in 2018/19, group governance structures continue to be developed. Both South Bank Academies and South Bank Colleges have their own Boards of Trustees who are responsible for the success of their companies. The LSBU Board continues to oversee LSBU but also has oversight of the value that both SBA and SBC bring to the LSBU Group. The Chairs of the Group Boards and the Group CEO meet formally twice yearly to discuss matters affecting the three educational institutions. One of the annual strategy days is reserved to cover Group strategy.

Key Individuals

<u>Position</u>	<u>Name</u>
<u>Chair of the Board of Governors</u>	<u>Jeremy Cope</u>
<u>Vice Chair of the Board of Governors</u>	<u>Michael Cutbill</u>
<u>Senior Independent Governor</u>	<u>Peter Fidler (from 25 March 2021)</u> <u>Hilary McCallion (until 24 March 2021)</u>
<u>Group CEO (Vice Chancellor and Chief Executive)</u>	<u>David Phoenix</u>
<u>Chair of Group Audit and Risk Committee</u>	<u>Duncan Brown</u>
<u>Chair of Finance, Planning and Resources Committee</u>	<u>Michael Cutbill</u>
<u>Chair of Major Projects and Investment Committee</u>	<u>Rashda Rana</u>
<u>Chair of Nominations Committee</u>	<u>Jeremy Cope</u>
<u>Chair of Appointments Committee</u>	<u>Jeremy Cope</u>
<u>Chair of Remuneration Committee</u>	<u>Jeremy Parr</u>
<u>Group Secretary and Clerk to the Board of Governors</u>	<u>James Stevenson</u>

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

Statement of Primary Responsibilities of the Board of Governors

~~Placeholder:-~~ (Based on the CUC Guide for Members of Higher Education Governing Bodies in the UK)

1. To set and agree the mission, strategic vision and values of the university with the Executive.
2. To review the overall performance and alignment to LSBU's mission and charitable objectives of each of South Bank Colleges, South Bank Academies and South Bank University Enterprises Ltd.
3. To agree long-term academic and business plans and key performance indicators and ensure that these meet the interests of stakeholders, especially staff, students and alumni.
4. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the university against the strategy, plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
5. To delegate authority to the Vice Chancellor for the academic, corporate, financial, estate and human resource management of the university, and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice Chancellor.
6. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment, value for money arrangements and procedures for handling internal grievances and managing conflicts of interest.
7. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
8. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
9. To safeguard the good name and values of the university.
10. To appoint the Vice Chancellor as Chief Executive and to put in place suitable arrangements for monitoring their performance.
11. To appoint a Secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the university, there is an appropriate separation in the lines of accountability.
12. To be the employing authority for all staff in the university and to be accountable for ensuring that an appropriate human resources strategy is established.
13. To be the principal financial and business authority of the university, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall accountability for the university's assets, property and estate.
14. To be the university's legal authority and, as such, to ensure systems are in place for meeting all the university's legal obligations, including those arising from contracts and other legal commitments made in the university's name. This includes accountability for health, safety and security and for equality, diversity and inclusion.
15. To receive assurance that adequate provision has been made for the general welfare of students.

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16. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the university.
 17. To ensure that the university's constitution is always followed, and that appropriate advice is available to enable this to happen.
 18. To promote a culture which supports inclusivity and diversity across the university.
 19. To maintain and protect the principles of academic freedom and freedom of speech legislation.
 20. To ensure that all students and staff have opportunities to engage with the governance and management of the university.

Statement of Internal Control

Placeholder: As the governing body of London South Bank University, we have responsibility for ensuring that there is a process for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives of the University, whilst safeguarding the public and other funds and assets for which we are responsible.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process linked to the achievement of institutional objectives and designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2021 and up to the date of approval of the financial statements, and accords with OfS conditions.

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

- We meet a minimum of seven times a year (including 2 strategy days) to consider the plans and strategic direction of the institution;
- The approach to internal control is risk based, including a regular evaluation of the likelihood and impact of risks becoming a reality;
- The Group Audit and Risk Committee provides regular oversight of the risk management process and comments on its effectiveness;
- We receive periodic reports from the chair of the Group Audit and Risk Committee concerning internal control and we require regular reports from managers on internal control activities and the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects;
- The Group Audit and Risk Committee receives regular quarterly reports from management;
- Internal audit is outsourced to an external provider. The Group Audit and Risk Committee receives regular reports from the internal auditor, which include their independent opinion on the adequacy and

effectiveness of the institution's system of internal control, governance and risk management processes, together with recommendations for improvement:

- The internal audit programme has been aligned with the University's corporate risk register;
- An organisation-wide register of key corporate risks is maintained, together with individual operational risk registers for each school and professional service group. Review procedures cover risk to achievement of strategic objectives, operational business matters, and regulatory compliance as well as financial risk;
- A network of risk champions exists to support risk management activity in all schools and professional service groups;
- Formal risk management and internal control procedures have been embedded within ongoing operations.

Our review of the effectiveness of the system of internal control is informed by internal audit, which operates to standards defined in the OfS Regulatory Framework and as per the Internal Audit Charter, also adheres to the definition of internal auditing, code of ethics and the standards for professional practice that are published by the Institute of Internal Auditors. The internal auditors submit regular reports, which include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, governance and risk management processes, with recommendations for improvement.

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

Annual Remuneration Report

Introduction

This remuneration report sets out the University's approach to determining senior pay and outlines performance and reward during the year.

The Board has adopted the CUC Remuneration Code and approved a senior remuneration policy. A key principle of the latter is to ensure base salaries for established executives, performing well, are competitive in the London market-place and beyond i.e. no worse than the London median for comparable institutions, topped up as appropriate by largely unconsolidated, but meaningful, awards for achieving stretching and clearly defined key objectives.

The Remuneration Committee is responsible for determining the remuneration of the Vice Chancellor and Senior Executives covered by the Senior Remuneration Policy. Senior Executives are the senior leaders of LSBU who report directly to the Vice Chancellor. The Senior Executives for the year are listed on page 2

Full details of the senior pay policies referred to in this report are available on the LSBU website.

Terms of Reference

The Remuneration Committee's Terms of Reference are available online.

Committee Membership 2020/2021

The members of the committee for the year 2020/21 were Jeremy Parr (Committee Chair), Jerry Cope (Chair of the Board), Michael Cutbill (Vice Chair of the Board), Mee Ling Ng (until March 2021) and Deepa Shah (from March 2021 to October 2021). All members of the committee are independent governors. No members of the executive are members of the committee. The Vice Chancellor is invited to committee meetings where appropriate, such as to make recommendations on pay awards and bonuses of senior executives. No member of the executive was present for any discussion on their own remuneration.

Committee meetings 2020/21

The committee met three times in the 2020/21 academic year.

- 3 November 2020
- 30 March 2021 (by email)
- 22 June 2021

The committee also met on 2 November 2021 to consider Senior Executive performance and remuneration for 2020/21.

Approach to remuneration of all staff in 2020/21 and for 1 August 2021 onward

LSBU group is a large complex organisation requiring both general and specialised leadership to fulfil its strategic objective of being seen as the leading Modern University in London. This requires the provision of high-quality teaching and support to its students, at home and overseas, enabling them to face the real world confidently and successfully. The teaching environment will be underpinned by input from employers and will have a strong focus on enterprise and applied research.

To achieve this objective, LSBU needs to attract, retain and motivate a strong calibre of leaders with competitive remuneration packages, within both a London and international labour market. However, the approach to senior remuneration must be framed within a context that all LSBU employees are, and feel, remunerated fairly for their roles and responsibilities and enthusiasm for the success of the University and group.

At LSBU, we create an environment which attracts and fosters the very best staff, and in which all staff, whatever their role, feel valued and proud of the University and take appropriate responsibility for its development. Embracing and integrating equality and diversity and inclusion is fundamental to our success and growth as an institution of higher education.

Senior Remuneration

In setting senior remuneration, LSBU has adopted the CUC Higher Education Senior Staff Remuneration Code (2018).

LSBU's Senior Remuneration Policy (agreed by the Board in October 2018) sets out the following principles for senior remuneration:

- Remuneration will be applied to ensure that it is discrimination free, and based on job scale and complexity;
- Overall remuneration levels, including benefits, will be comparable, taking account of geography and affordability, to a set of equivalent institutions, decided by the Remuneration Committee but independently validated and, if appropriate, refreshed at least once every three years;
- Starting packages will reflect the experience and capability and particular circumstances of candidates, and the size and challenge of the particular role facing them;

- New starters will initially therefore often receive higher than average annual increases as their performance moves towards and as appropriate above the median expected for the role;
- Overall nonetheless the average % annual pay increases for senior executives as a whole will normally be no higher than for all employees, including the value of increments, where paid;
- Account will also be taken of the ratio of the VC's base salary and total remuneration to the median earnings of the Institution as a whole, both absolute and the change from the previous years.
- Individual annual pay increases will be influenced by performance, but in general good or exceptional performance will be rewarded mainly by annual unconsolidated bonus rather than basic pay;
- This individual performance annual bonus scheme, currently set at a maximum of 10% of basic pay, will be based on pre-agreed clear measurable output-based objectives; no individual bonus will normally be paid unless the University meets an overall financial target set by the Board as a whole;
- At the Remuneration Committee's discretion, a team bonus awarded against specific team objectives in addition to the individual bonus will operate, currently set at a maximum of 8% with the potential to rise to 10% on the approval of the Remuneration Committee
- At the Board's discretion, the overall package may also include a longer-term incentive scheme, the perceived value of which should be included in assessing comparability with equivalent institutions;
- The Board will publish the value of the packages of some or all of its senior executives, in the way defined and required by the Office for Students (OfS);
- These principles will be resubmitted to the full Board for endorsement, as a minimum once every three years and will be published in LSBU's Report & Accounts

Benchmarking

The committee has agreed that based on the distinctive challenges and structure of the LSBU group the following relevant benchmarks and indicators would normally be taken into consideration when setting and reviewing the Vice Chancellor's salary:

- Institutions of similar size and type based on UCEA data (this data will be interpreted to take account of LSBU's London location by adding 5%);
- London modern universities; and
- Other universities with a group structure or similar complexity of structure or regulatory framework.

Senior executive pay is independently benchmarked every three years. Korn Ferry carried out this review in [September 2021]. Following this review, the remuneration committee agreed that overall benefits for its Senior Executive team remain broadly comparable for their roles, but that some adjustments might need to be made, depending on performance, in future years.

The Hay Group Guide Chart Profile Method of job evaluation was used to set the benchmark for all Executive level jobs and salaries.

Institutional performance, 2020/21

The Board monitors the performance of the University through the agreed key performance indicators. As set out in the *Strategic Report*, the University performed well in terms of both financial and many strategic outcomes, notwithstanding that some strategic objectives were inevitably slowed by the impact of the Covid pandemic and the disruptive IT outage taken together.

Institutional performance including areas measured by the key performance indicators plus individual objectives are reviewed as part of individual Senior Executives' appraisals and are overseen by the Remuneration Committee.

Vice Chancellor performance, 2020/21

This assessment of Vice Chancellor performance is for academic year 2020/2021. The bonus awarded based on performance for academic year 2020/21 will be paid in financial year 2021/22 and appear in next year's accounts.

The Vice Chancellor's performance was reviewed by the Chair of the Board as part of the appraisal process, looking at key results both against key KPIs for the University, which the Vice Chancellor oversees, and against the specific personal objectives (marked *) set for the Vice Chancellor by the Remuneration Committee:

- *The financial stability of the organisation has continued and the diversity of income streams has been increased;
- High standards of safety has been achieved across all parts of the LSBU Group;
- Recruitment in 2021, has held up or increased, thanks to the growing reputation of the University,
- Progression rates at the University improved further (CHECK)
- *Institutional reputation across the Group has improved but disappointingly specific UK League table rankings for the University have decreased primarily following a change in the measurement in the Sector of student outcomes, but also impacted by a relative drop in National Student Survey scores;
- The KEF return was submitted and placed LSBU in the top quartile based on normalised data and the REF submission was completed and showed almost double the staff submitted previously. These measures have driven improvements in the Times World Rankings (now joint 83rd in UK 801-1000 globally);
- ;
- Good progress in terms of student outcomes continues to be made at Lambeth College, a key element of the family of educational institutions' strategy, financial performance continues to be a challenge but plans to complete the recovery are progressing; ;
- Costs have been controlled carefully, but with investment in key strategic areas;
- *Staff engagement was again strong ,at a time of significant change and disruption;
- **Notwithstanding affordability challenges progress has been made on a number of key major projects and plans, including the opening of an exciting new campus at Croydon;
- ;
- The new Group strategy building on the growing family of educational institutions vision is underpinning key strategic initiatives and
- There has been strong and confident leadership during the pandemic ensuring that students across the Group were well supported to achieve their learning objectives; and

High profile contributions have been made on the national stage in terms of the development of the Sector in terms of social mobility and on technical universities.

In conclusion, the Group, with a prudent financial strategy, is well placed to thrive and improve student outcomes in a potentially tough environment going forward. The Board continues to recognise the importance of maintaining a strong and determined leadership team across all areas of activity.

During the year under review, the Vice Chancellor was awarded a bonus of £xxk for individual performance (a bonus of £17.9k was awarded for performance in 2019/20) and a bonus of £xxk for team performance.

Performance related pay, 2020/21 and 2021/22

Under the Senior Remuneration Policy, for 2020/21, the Vice Chancellor and Senior Executives were eligible for a bonus of up to 10% of salary and for a team bonus of up to 8% of salary as set out in the remuneration principles above. The award of both individual and team bonuses is reviewed and approved by the Remuneration Committee.

During the year, the University met its [overall financial target] and [eight] members of the executive were eligible to receive an individual bonus and [seven] members a team bonus. Following the appraisal process and a report on performance against individual measurable objectives, the Committee approved [eight] individual (including the Vice Chancellor) bonuses and a team bonus (of xx%) together totalling £xxk (for 2019/20 performance, eight individual bonuses and a team bonus were awarded totalling £100k).

There is a separate performance related pay scheme for Senior Managers (grades A – B. Bonus of up to 3% of salary) and Senior Leaders (grade C. Bonus of up to 10% of salary). Staff eligible for performance related pay receive annual inflation uplifts to their base pay. Bonuses for performance during 2020/21 will be determined in November 2021.

Total Remuneration: Vice Chancellor

The table below sets out payments to the Vice Chancellor during 2020/21 with a comparison to 2019/20. The bonus figure relates to performance in the previous year.

<u>Emoluments of the Vice Chancellor</u>	<u>2020–21</u>	<u>2019–20</u>
	<u>£'000</u>	<u>£'000</u>
<u>Salary</u>	<u>249</u>	<u>248</u>
<u>Performance related pay</u>	<u>33</u>	<u>30</u>
<u>Taxable benefits</u>	<u>1</u>	<u>1</u>
<u>Subtotal</u>	<u>283</u>	<u>279</u>
<u>Pension scheme contributions or payments in lieu of pension contributions</u>	<u>35</u>	<u>35</u>
<u>Total</u>	<u>318</u>	<u>314</u>

For the current year, the Vice Chancellor has been awarded a pay increase of x%, in line with the average annual pay rise for all employees.

Pay Multiple

The Vice Chancellor's basic salary is 6 times the median pay of staff across the organisation, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The Vice Chancellor's total remuneration salary is 6.9 times the median total remuneration of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The pay multiple has remained in line with that of previous years.

<u>Year</u>	<u>Ratio basic salary</u>	<u>Ratio total remuneration</u>
<u>2020/21</u>	<u>6.06</u>	<u>6.89</u>
<u>2019/20</u>	<u>6.23</u>	<u>6.94</u>
<u>2018/19</u>	<u>6.15</u>	<u>6.78</u>
<u>2017/18</u>	<u>6.18</u>	<u>6.86</u>
<u>2016/17</u>	<u>6.33</u>	<u>7.01</u>
<u>2015/16</u>	<u>6.10</u>	<u>6.97</u>

The ratios do not include agency workers.

The LSBU ratios compare to the average sector ratio of 6.4 for basic pay and 6.97 for total remuneration (based on HESA Head of Provider data for 2019/20).

In the period 01 August 2020 – 31 July 2021 30% of the workforce received an increment, this equates to a 3% pay increase.

External appointments, expenses and severance

LSBU's policy on the retention of income generated from external bodies is that Executive members are expected to declare any external income. The expectation is that external income can either be retained or shared with the institution. Agreement shall be sought from the Vice Chancellor (and in the case of the Vice Chancellor by the Chair of the Board and reported to the Chair of the Remuneration Committee). Where Executive members are appointed on a fractional basis it may well be external activity can be accommodated outside of contract but it should still be declared to avoid conflict. The Remuneration Committee reviews these declarations.

In 2020/21, the Vice Chancellor donated royalties to the University's hardship fund. The Vice Chancellor did not undertake any external remunerated activity.

LSBU's Expense policy is available online. It applies to all staff including Senior Executives.

In 2020/21, the Vice Chancellor's expenses totalled £869. These are payments on a purchasing card for travel, accommodation, meals, entertaining and other authorised costs. No travel was booked through the University's central travel buying team for the Vice Chancellor and no expenses were claimed through the payroll.

The Remuneration Committee has approved a policy on severance arrangements.

Placeholder: Independent Auditors report to the Board of Governors of London South Bank University

Principal Accounting Policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standard FRS 102. They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report which forms part of the Directors'

Report. The Directors' Report also describes the financial position of the Group, its cash flows, liquidity position and borrowing facilities.

The financial statements are have been prepared on the a going concern basis which the Board considers of Governors consider to be appropriate for the following reasons:

The Board of Governors have prepared cash-flow forecasts have been prepared for a period of 4 years from the date of approval of these financial statements. After reviewing these forecasts, the Board of Governors are of the opinion which indicate that, taking into account of the severe but plausible downsides, including the anticipated impact of the Covid-19, including a 5% reduction in Home & EU Recruitment and a 40% reduction in Overseas recruitment, an increase in in year withdrawals of 50% (from £4.5m to £7m), and a reduction in student related income of 10%, the Group and parent pandemic, the Group and Parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The Group always plans to have sufficient liquid assets to meet its liabilities as they fall due and monitors and reports cashflow balances and covenant compliance on a regular basis. Cash balances, bank deposits and investments at 31/7/20 were £52.1m and external borrowings £34.4m with £1.9m due less than one year from the balance sheet date.

In reaching this conclusion the Board of Governors has considered the following factors:

- Cash balances, bank deposits and investments at 31/7/21 were £29.7m and are forecast to decrease to £21.4m by 31/7/22 as the Group continues to deliver its current capital programme. Two revolving credit facilities totalling £45m have been established to provide sufficient cashflow to meet the Group's ongoing capital investment programme and working capital requirements. Drawdown against this facility began April 2021 and was repaid in June 2021 and further drawdowns are forecast in 2021/22. Current borrowing facilities are considered adequate to meet current operational plans.
- A small budget surplus has been approved for 2021/22, and cashflow from operations of £21.6m is forecast, reflecting the need for continued financial control whilst maintaining appropriate levels of investment to drive the necessary corporate strategic outcomes. At this early stage of the year, whilst accepting that there may be variations on individual budget lines, we are not moving away from agreed budget outcomes. Recruitment and re-enrolment are both looking positive although we will continue to monitor the position carefully over the next few months.
- As is always the case, a comprehensive mid-year budget review is planned during the first semester of 2021/22. This will look closely at recruitment, re-enrolment and associated income forecasts and

We will continue to monitor the position carefully over the next few months.

- The principal risks to successful financial delivery in 2021/22 relate to meeting student recruitment targets, affordability of capital investment needs, regulatory changes to post-18 education fees and funding and the financial turnaround of South Bank Colleges.

After taking all of these matters into consideration, the Board of Governors is confident that the Group and parent University to be in compliance with its debt covenants even in severe but plausible downside scenarios and will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements (the going concern assessment period) and therefore have prepared the financial statements on a going concern basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the University's accounting policies.

Consolidation of accounts

The financial statements incorporate the financial statements of London South Bank University and its subsidiary undertakings; South Bank University Enterprises Limited (SBUEL), South Bank Colleges and SW4 Catering Limited, a subsidiary of South Bank Colleges.

The University sponsors South Bank Academies, ~~which operates UAE South Bank and Southbank UTC~~. The funds of South Bank Academies are restricted to its own purpose and will not be available to the creditors of the University, for example in the event of the University's insolvency. If South Bank Academies were to become insolvent, the University would not receive its assets or reserves. Therefore, the accounts of South Bank Academies are not consolidated into the University accounts.

Consolidation of subsidiaries is based on the equity method. Intragroup loans or balances are recognised at fair value.

Income recognition

Income from the sale of goods and services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

Revenue Government grants, including funding council block and research grants from government sources are recognised within the Statement of Comprehensive Income and Expenditure over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a Government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Other grants and donations from non-government sources, including research grants from non-government sources, are recognised within the Statement of Comprehensive Income and Expenditure when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions is deferred on the Balance Sheet and released to the Statement of Comprehensive Income and Expenditure in line with such conditions being met.

Government capital grants are recognised in income over the expected useful economic life of the asset. Other capital grants are recognised in income when the University is entitled to funds subject to any performance related conditions being met.

Donations and endowments with donor imposed restrictions are recognised within the Statement of Comprehensive Income and Expenditure when the University is entitled to the income. Income is retained within the restrictive reserve until such a time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer. Any realised gains or losses from dealing in the related assets are retained within the restricted reserve in the Balance Sheet and reported in the Statement of Comprehensive Income and Expenditure.

Donations with no restrictions are recorded within the Statement of Comprehensive Income and Expenditure when the University is entitled to the income.

Investment income is credited to the Statement of Comprehensive Income and Expenditure on a receivable basis.

Intangible assets

Software costing less than £10,000 per individual item or group of items is written off to the Statement of Comprehensive Income and Expenditure in the year of acquisition. All other software is capitalised as an intangible asset and amortised at 25% per annum.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that have been revalued to fair value on the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Properties are not carried under the valuation method and therefore regular revaluations of assets are not undertaken by the University.

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

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

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

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

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

As LSBU is not a research intensive University, all equipment purchased with research grants is assumed to have a life equal to the length of the research project and will be depreciated accordingly. Assets purchased using research funds, including computers and software, costing less than £10,000 per individual item or group of related items are written off in the year of acquisition in line with the University's normal accounting policy regarding depreciation of fixed assets. All other items are capitalised and depreciated over the remaining life of the research project.

Freehold land is not depreciated as it is considered to have an indefinite useful life. No depreciation is charged on assets in the course of construction.

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

Investments

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

Endowment Asset Investments are included in the Balance Sheet at fair value.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Pension costs

The University contributes to the Teachers' Pensions Scheme (England and Wales), the London Pension Fund Authority Pension Fund (LPFAPF) and the Universities Superannuation Scheme (USS). These schemes are

administered by Teachers' Pensions (on behalf of the Department for Education), the London Pension Fund Authority and USS Ltd respectively and are all of the defined benefit type.

Where the University is unable to identify its share of the underlying assets and liabilities in a scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme, so that the cost is equal to the total of contributions payable in the year. The TPS and USS are multi-employer schemes for which is not possible to identify the University's share of assets and are therefore reported as if they were defined contribution schemes, so that the cost is equal to the total of contributions payable in the year. Contractual obligations relating to these schemes including any agreements to pay additional contributions to fund a deficit are calculated at net present value and are included in provisions.

For other defined benefit schemes, including the LPFAPF, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected)- and investment risk (that return on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The University has a defined contribution pension scheme for employees of subsidiary companies -SBUEL, and SW4 Catering Ltd. From April 2021, the LPFA pension scheme is closed to new professional services staff across the group and those staff are entitled to join the defined contribution scheme. The University pays contributions into a separate legal entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of unused entitlement.

Taxation status

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

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

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

South Bank Colleges is considered to pass the test set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, South Bank Colleges is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax 2010 or Section 256 of the Taxation of Chargeable Gains Acts 1992, to the extent that such income or gains are applied exclusively to charitable purposes. It is partially exempt in respect of Value Added Tax, so it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

Agency arrangements

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

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term. Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of the fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The Finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Maintenance

Maintenance expenditure is charged to the Statement of Comprehensive Income and Expenditure in the period in which it is incurred.

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

Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund as the University must hold the fund in perpetuity. Other restricted reserves include balances through which the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Where fixed assets were revalued prior to the implementation of FRS 102, the gain or loss on revaluation was credited or debited to the revaluation reserve. Where depreciation on the revalued amount exceeds the corresponding depreciation based on historical cost, the excess is transferred annually from the capital reserve to the income and expenditure reserve.

The pension reserve represents the pension liability in respect of the defined benefit pension schemes (see note 26).

Cash flows and liquid resources

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

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

Financial instruments

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and it is intended either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Judgements and estimates

Material Judgements and estimates

Accounting policies are supplemented by estimation techniques where judgement is required to establish the monetary amounts of assets, liabilities, gains and losses included in the financial statements and the estimates and associated assumptions are believed to be reasonable and prudent. In all cases these judgements and estimates are either based on past experience or are prepared by qualified advisors. In preparing these financial statements management have made the following judgements and estimates:

The present value of the London Pension Fund Authority Pension Fund (LPFAPF) and defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate, salary, pension and price increase and any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability.

Land was revalued at 31 July 2014 resulting in a one off adjustment to increase the deemed cost of land by £41,946,000. The valuation was prepared by qualified valuers in accordance with the Red Book. The fair value depends on the classification of assets and a number of material assumptions including the condition of properties, ground and services, estimated market value and estimated rental income at the date of valuation. A determination is undertaken to identify whether there are indicators of impairment of the Group's tangible assets, ~~including goodwill.~~ Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

As of 1 February 2019 South Bank Colleges acquired the assets and liabilities of Lambeth College. In line with FRS102 land and buildings were revalued to fair value using indices as used by professional valuers. These assets will be held at deemed costs and depreciated over their useful economic life in line with the accounting policy for fixed assets.

Non Material Judgements and Estimates

The Provision for bad debt is calculated based on the University's past experience of collecting student and other debt. It is estimated that, at the date of signing the financial statements and after making deductions where a repayment arrangement has been agreed with the debtor, 90% of remaining debt will not be recoverable. A determination has been made- as to whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year-end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability. Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets arise where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise uncertain future events not wholly within the control of the University. These are disclosed by way of a note, where there is a probable, rather than a present asset arising from a past event.

Excel Doc: Consolidated and University Statement of Comprehensive Income and Expenditure

Excel Doc: Consolidated and University Statement of Changes in Reserves

Excel Doc: Consolidated and University Balance Sheets

Excel Doc: Consolidated Statement of Cashflows

Excel Doc: Notes to the Accounts

**Consolidated and University Statement of Comprehensive
Income and Expenditure
Year ended 31 July 2021**

	Note	CONSOLIDATED		UNIVERSITY	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Income					
Tuition fees and education contracts	1	139,562	123,642	136,234	120,796
Funding body grants	2	38,891	36,581	17,184	16,781
Research grants and contracts	3	5,915	5,464	4,152	4,362
Other income	4	13,670	17,951	8,273	11,422
Investment income	5	60	308	60	300
Transfer of net assets from Lambeth College		-	-	-	-
Total income before other grants and donations		198,098	183,946	165,903	153,661
Donations and Endowments	6	746	552	24	11
Total income		198,844	184,498	165,927	153,672
Expenditure					
Staff costs	8	114,578	103,621	94,123	81,213
Other operating expenses	10	65,257	63,980	54,844	57,462
Depreciation	13-14	11,251	10,627	9,977	9,354
Interest and other finance costs	12	4,817	4,920	4,337	4,417
Total expenditure		195,903	183,148	163,281	152,446
Surplus before other gains and losses		2,941	1,350	2,646	1,226
Gains on investments	21	89	7	89	7
Surplus for the year		3,030	1,357	2,735	1,233
Actuarial gain/(loss) in respect of pension schemes	28	8,337	(44,078)	5,588	(38,002)
Total comprehensive income/(expenditure) for the year		11,367	(42,721)	8,323	(36,769)
Represented by:					
Endowment comprehensive income for the year		89	7	89	7
Restricted comprehensive income for the year		-	-	-	-
Unrestricted comprehensive income/(loss) for the year		11,278	(42,728)	8,234	(36,776)
		11,367	(42,721)	8,323	(36,769)

All activities consist of continuing operations.

Consolidated and University Statement of Changes in Reserves
Year ended 31 July 2021

Consolidated	Income and Expenditure Reserve		Revaluation Reserve	Total Reserves
	<i>Endowment</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000
Balance at 1 August 2019	855	99,632	25,951	126,438
Surplus from the income and expenditure statement	-	1,350	-	1,350
Other comprehensive income /(expenditure)	7	(44,078)	-	(44,071)
Transfers between revaluation and income and expenditure reserve	-	694	(694)	-
Total comprehensive income/(expenditure) for the year	7	(42,034)	(694)	(42,721)
Balance at 1 August 2020	862	57,598	25,257	83,717
Surplus from the income and expenditure statement	-	2,941	-	2,941
Other comprehensive income/(expenditure)	89	8,337	-	8,426
Transfers between revaluation and income and expenditure reserve	-	681	(681)	-
Total comprehensive income/(expenditure) for the year	89	11,959	(681)	11,367
Balance at 31 July 2021	951	69,557	24,576	95,084
University				
Balance at 1 August 2019	855	83,219	25,951	110,025
Surplus from the income and expenditure statement	-	1,226	-	1,226
Other comprehensive income/(expenditure)	7	(38,002)	-	(37,995)
Transfers between revaluation and income and expenditure reserve	-	694	(694)	-
Total comprehensive income/(expenditure) for the year	7	(36,082)	(694)	(36,769)
Gift aid received	-	116	-	116
Balance at 1 August 2020	862	47,253	25,257	73,372
Surplus from the income and expenditure statement	-	2,646	-	2,646
Other comprehensive income/(expenditure)	89	5,588	-	5,677
Transfers between revaluation and income and expenditure reserve	-	681	(681)	-
Total comprehensive income/(expenditure) for the year	89	8,915	(681)	8,323
Gift aid received	-	189	-	189
Re-capitalisation of SBUEL	-	(500)	-	(500)
Balance at 31 July 2021	951	55,857	24,576	81,384

Consolidated and University Balance sheets
As at 31 July 2021

	Note	Consolidated		University	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	13	8	137	8	137
Tangible fixed assets	14	341,506	303,202	263,709	231,124
Investments	15	38	38	38	38
		<u>341,552</u>	<u>303,377</u>	<u>263,755</u>	<u>231,299</u>
Current assets					
Stock		6	6	6	6
Debtors	16	35,356	23,408	49,395	34,351
Investments	23	950	11,811	950	11,811
Cash and cash equivalents	23	28,813	40,373	25,164	37,856
		<u>65,125</u>	<u>75,598</u>	<u>75,515</u>	<u>84,024</u>
Creditors: amounts falling due within one year	17	<u>(55,995)</u>	<u>(42,564)</u>	<u>(47,782)</u>	<u>(34,202)</u>
Net current assets		<u>9,130</u>	<u>33,034</u>	<u>27,733</u>	<u>49,822</u>
Total assets less current liabilities		<u>350,682</u>	<u>336,411</u>	<u>291,488</u>	<u>281,121</u>
Creditors: amounts falling due after more than one year	18	(68,099)	(69,108)	(50,153)	(52,952)
Provisions					
Pension provisions	20	(187,499)	(183,586)	(159,951)	(154,797)
Total net assets		<u>95,084</u>	<u>83,717</u>	<u>81,384</u>	<u>73,372</u>
Restricted reserves - endowment reserves	21	951	862	951	862
Unrestricted Reserves					
Income and expenditure reserve		69,557	57,598	55,857	47,253
Revaluation reserve		24,576	25,257	24,576	25,257
Total Reserves		<u>95,084</u>	<u>83,717</u>	<u>81,384</u>	<u>73,372</u>

The financial statements were approved by the Board of Governors on 25 November 2021 and were signed and authorised on their behalf by:

Mr Jeremy Cope (Chair)

Professor David Phoenix (Vice Chancellor and Chief Executive)

Consolidated Statement of Cash Flows
Year ended 31 July 2021

	Note	2021 £'000	2020 £'000
Cash flow from operating activities			
Surplus for the year		3,030	1,357
Adjustment for non cash items			
Amortisation/depreciation	13-14	11,251	10,627
Investment income	5	(60)	(308)
Interest payable	12	4,817	4,920
Decrease in stock		-	-
Decrease/(increase) in debtors	16	(11,948)	(4,409)
Increase / (Decrease) in creditors	17-18	12,422	(2,077)
Pension costs less contributions payable		11,263	4,773
Loss on disposal of tangible fixed assets	14	403	954
Adjustment for investment or financing activities			
Investment income	5	23	11
Interest receivable	5	37	297
Net cash inflow from operating activities		31,238	16,145
Cashflows from investing activities			
Payment to acquire tangible and intangible fixed assets	14	(49,837)	(19,017)
Cash (added to)/removed from fixed term deposits	23	10,861	-
		(38,976)	(19,017)
Cashflows from financing activities			
Capital element of bank loan repayments	19	(1,969)	(1,910)
Interest element of bank loan repayments	12	(1,853)	(1,933)
		(3,822)	(3,843)
(Decrease)/increase in cash and cash equivalents during the year		(11,560)	(6,715)
Cash at bank and on deposit at the start of the year	23	40,373	47,088
Cash at bank and on deposit at the end of the year		28,813	40,373

Analysis of Changes in Net Debt

	at 1 August 2020 £'000	Cashflows £'000	Other non- cash changes £'000	at 31 July 2021 £'000
Cash and cash equivalents				
Investments	11,811	(10,861)	-	950
Cash at bank and on deposit	40,373	(11,560)	-	28,813
	52,184	(22,421)	-	29,763
Borrowings				
Debt due within one year	(1,944)	1,969	(2,050)	(2,025)
Debt due after one year	(32,507)	-	2,050	(30,457)
	(34,451)	1,969	-	(32,482)
	17,733	(20,452)	-	(2,719)

Notes to the accounts
Year ended 31 July 2021

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
1. Tuition fees and education contracts				
Full-time home and EU students	100,443	86,594	97,115	83,748
Full-time international students	18,908	14,670	18,908	14,670
Part-time students	16,085	15,630	16,085	15,630
Other courses	2,238	1,992	2,238	1,992
Strategic Health Authority education contracts	1,888	4,756	1,888	4,756
	139,562	123,642	136,234	120,796
	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
2. Funding body grants				
Recurrent grant	35,286	34,367	16,182	15,757
Non recurrent grants				
Specific grants	2,603	1,190	-	-
Pension Liabilities	191	136	191	136
Other grants	811	888	811	888
	38,891	36,581	17,184	16,781
	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
3. Research grants and contracts				
Research councils	760	832	760	832
UK based charities	361	411	361	411
European Commission	1,336	1,330	1,336	1,330
Other grants and contracts	3,410	2,719	1,647	1,617
Knowledge Transfer Partnerships	48	172	48	172
	5,915	5,464	4,152	4,362
	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
4. Other income				
Residence and catering income	6,324	8,061	6,319	8,027
Other income	7,346	9,890	1,954	3,395
	13,670	17,951	8,273	11,422
	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
5. Investment income				
Interest on short term investments	23	11	23	11
Endowment income and interest receivable	37	297	37	289
	60	308	60	300
	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
6. Donations and endowments				
Unrestricted donations	746	552	24	11

Donations include the estimated market value of SBC's rent free occupations of its Lambeth College premises in Brixton.

Notes to the accounts
Year ended 31 July 2021

7. **Grant and Fee income**

The source of grant and fee income, included in notes 1 to 3 is as follows:

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Grant income from the OfS	167,390	146,127	145,684	126,328
Grant income from other bodies	7,992	6,679	6,229	5,577
Fee income for research awards (exclusive of Vat)	217	215	217	215
Fee income from non-qualifying courses (exclusive of Vat)	560	3,164	560	317
Fee income for taught awards (exclusive of Vat)	8,209	9,502	4,880	9,502
	184,368	165,687	157,570	141,939

8. **Staff**

Average numbers by major category:

	Consolidated	
	2021	2020
	No.	No.
Academic staff	872	915
Student support staff	151	125
Other support staff	720	681
	1,743	1,721

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Costs				
Wages and salaries	86,935	77,625	69,903	58,485
Social security costs	8,175	7,796	6,799	6,417
Employers' pension contributions	19,468	18,200	17,421	16,311
	114,578	103,621	94,123	81,213

Staff costs for the year include costs arising from redundancies of £1.8m (2020 £0.4m) of which £0.5m was paid during the year and £1.3m was accrued

Access and Participation

	University	
	2020	2020
	£'000	£'000
Access Investment	1,182	44
Financial Support	-	-
Disability Support (excluding expenditure included in the two categories above)	-	-
Research and Evaluation	5	-
	1,187	44

Notes to the accounts

Year ended 31 July 2021

9. Remuneration of Board of Governors and higher paid employees

A. Governors

The University's governors do not receive remuneration from the University in their capacity as governors. The salaries and pension contributions below therefore relate entirely to staff governors and to sums received by them in their capacity as employees of the University

	2021	2020
	£'000	£'000
Salaries	437	467
Pension contributions or payments in lieu of pension contributions	71	77
	508	544

Governors are paid expenses for attending meetings and other matters directly related to their duties as trustees. In 2021 one governor was paid total expenses of £295 (2020: four governors were paid total expenses of £1,974) for travel and subsistence.

B. Determining pay of senior staff

Pay of senior executives, including the Vice Chancellor, is determined by a Remuneration Committee composed of Independent governors, and chaired by an experienced Independent governor. The Vice Chancellor is not a member of the Remuneration Committee.

The Committee, in making its determination, considers remuneration levels in a number of comparable institutions, but also more widely in the Sector; it seeks to ensure, based on good performance, that remuneration in LSBU is competitive and comparable to those comparator Institutions. The Committee also considers as a key input the level of pay increase that has been made to staff generally. The Committee further considers a report on the performance of senior executives against individual measurable objectives and may award individual bonuses of up to 10% and a group bonus of up to 8%.

Further information is provided in the Annual Remuneration Report on page 29 onwards

C. Emoluments of the Vice Chancellor

	2021	2020
	£'000	£'000
Salary	238	238
Accommodation allowance	10	10
Performance related pay	33	30
Taxable benefits	1	1
Pension scheme contributions or payments in lieu of pension contributions	35	35
	317	314

The Vice Chancellor is the highest paid Governor.

The Vice Chancellor's basic salary is 6.07 (2020: 6.23) times the median pay of staff across the organisation, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

Notes to the accounts

Year ended 31 July 2021

The Vice Chancellor's total remuneration is 6.89 (2020: 6.94) times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The calculation of these ratios comply with the draft 2019/20 OfS guidance.

D. Remuneration of other higher paid staff

Certain employees, including the Vice Chancellor, received basic salary (excluding bonus, benefits and pension contributions) in excess of £100,000 during the year. Five of these employees accrued benefits under defined benefit pension schemes during the year (2020:7). These employees are grouped as follows:

	Consolidated and University	
	2021	2020
	No.	No.
£105,000 to £109,999	-	2
£115,000 to £119,999	2	1
£120,000 to £124,999	1	-
£125,000 to £129,999	-	1
£140,000 to £144,999	1	1
£145,000 to £149,999	2	1
£150,000 to £154,999	1	1
£160,000 to £164,999	-	1
£235,000 to £239,999	1	1
	8	9

E. Key management personnel

Key Management personnel include members of the Group Executive, being those persons having authority and responsibility for planning, directing and controlling the activities of the University. This includes compensation (including salary and benefits in kind but excludes employers pension contributions). Members of the University Executive are listed on page 3 of these Financial Statements.

	2021	2020
	£'000	£'000
Key management personnel	1,409	1,066

Notes to the accounts
Year ended 31 July 2021

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
10a. Other operating expenses				
Academic	17,445	15,407	12,616	14,672
Academic support	9,275	7,368	9,275	7,368
Other support	10,632	5,719	10,629	5,717
Premises	14,996	14,723	13,249	14,723
Residence and catering	2,731	3,975	2,731	3,975
Other expenses	10,178	16,788	6,344	11,007
	65,257	63,980	54,844	57,462

Other operating expenses are stated after charging:

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Auditors' remuneration				
<i>External audit</i> KPMG LLP	130	100	84	76
<i>Other services</i> KPMG LLP	64	79	51	46
Rentals under operating leases: Plant and machinery	172	279	143	225

Auditors' remuneration is disclosed net of VAT

10b. Access and Participation

	University	
	2021	2020
	£'000	£'000
Access Investment (i)	1,275	3,671
Financial Support	551	446
Disability Support	296	251
Research and Evaluation	97	28
	2,219	4,396

(i) £1,182k (2020: £44k) of these costs are already included in the overall staff costs figures included in the financial statements, see note 8.

11. Taxation

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

The amount of the asset not recognised is £17.6k (2020: £17.6k). The asset would be recovered if suitable taxable profits were to arise in the future against which the asset could be offset.

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
12. Interest and other finance costs				
Loans interest	1,853	1,933	1,853	1,933
Net charge on pension scheme	2,964	2,987	2,484	2,484
	4,817	4,920	4,337	4,417

Notes to the accounts
Year ended 31 July 2021

13. Intangible assets

	Consolidated and University		
	Software	Assets in course of construction	Total
Software	£'000	£'000	£'000
Cost or valuation			
At August 2020	4,140	123	4,263
Additions	-	-	-
Transfer	-	(117)	(117)
At 31 July 2021	<u>4,140</u>	<u>6</u>	<u>4,146</u>
Amortisation charge			
At August 2020	(4,126)	-	(4,126)
Charge for the year	(12)		(12)
At 31 July 2021	<u>(4,138)</u>	<u>-</u>	<u>(4,138)</u>
Net book value			
At 31 July 2021	<u>2</u>	<u>6</u>	<u>8</u>
At 31 July 2020	<u>14</u>	<u>123</u>	<u>137</u>

Notes to the accounts
Year ended 31 July 2021

14. Tangible fixed assets (Consolidated)

	Freehold land	Freehold buildings	Long leasehold land and buildings	Short leasehold land and buildings	Fixtures, fittings and equipment	Assets in course of construction	Fixed assets total
Cost or valuation					£'000	£'000	£'000
At August 2020	88,965	213,178	49,668	44	68,035	29,106	448,996
Additions	-	-	-	-	1,498	48,339	49,837
Disposal	-	-	-	-	-	(403)	(403)
Transfer	-	-	-	-	641	(524)	117
At 31 July 2021	88,965	213,178	49,668	44	70,174	76,518	498,547
Depreciation							
At August 2020	-	(69,931)	(33,133)	(37)	(42,693)	-	(145,794)
Charge for the year	-	(5,593)	(1,243)	-	(4,403)	-	(11,239)
Disposals	-	-	-	-	-	-	-
At 31 July 2021	-	(75,524)	(34,376)	(37)	(47,096)	-	(157,033)
Net book value							
At 31 July 2021	88,965	137,654	15,292	7	23,078	76,518	341,514
At 31 July 2020	88,965	143,247	16,535	7	25,342	29,106	303,202

Tangible fixed assets (University)

	Freehold land	Freehold buildings	Long leasehold land and buildings	Short leasehold land and buildings	Fixtures, fittings and equipment	Assets in course of construction	Fixed assets total
Cost or valuation					£'000	£'000	£'000
At August 2020	64,368	172,050	47,210	44	66,836	24,136	374,644
Additions	-	-	-	-	1,498	41,338	42,836
Disposals	-	-	-	-	-	(403)	(403)
Transfer	-	-	-	-	641	(524)	117
At 31 July 2021	64,368	172,050	47,210	44	68,975	64,547	417,194
Depreciation							
At August 2020	-	(68,409)	(33,058)	(37)	(42,016)	-	(143,520)
Charge for the year	-	(4,762)	(1,194)	-	(4,009)	-	(9,965)
Disposals	-	-	-	-	-	-	-
At 31 July 2021	-	(73,171)	(34,252)	(37)	(46,025)	-	(153,485)
Net book value							
At 31 July 2021	64,368	98,879	12,958	7	22,950	64,547	263,709
At 31 July 2020	64,368	103,641	14,152	7	24,820	24,136	231,124

Notes to the accounts
Year ended 31 July 2021

15. Investments

	Consolidated		University	
	2021	2020	2021	2019
	£'000	£'000	£'000	£'000
CVCP Properties plc	38	38	38	38

The University holds 0.8% of the £1 ordinary shares of CVCP Properties plc. The principal activity of the company is leasing of buildings, with the majority of tenants being Higher Education organisations.

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

South Bank University Enterprises Limited

The University holds 100% of the £1 ordinary shares of South Bank University Enterprises Limited (SBUEL). Five of these shares have been held since 5 February 1988 with a further five issued on 19 July 2012 and five on 28 April 2021.

South Bank Colleges

The University is the sole member of South Bank Colleges, a private company limited by guarantee and incorporated on 1st August 2018 and its results are fully consolidated in these accounts. South Bank Colleges took over the operations of Lambeth College from 1st February 2019 and has two subsidiaries, SW4 Catering Ltd and South Bank Skills Ltd (a dormant company incorporated on 23rd March 2021).

Other investments

All other investments represent less than 20% of the issued share capital in each case and are therefore not individually disclosed.

16. Debtors: amounts falling due within one year

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	30,953	19,122	29,349	18,192
Amounts owed by group undertakings	-	-	16,925	13,392
Other debtors	403	799	354	749
Prepayments and accrued income	4,000	3,487	2,767	2,018
	35,356	23,408	49,395	34,351

17. Creditors: amounts falling due within one year

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank and other loans	2,025	1,944	2,025	1,944
Trade creditors	1,611	1,648	1,163	714
Other creditors	3,392	2,714	2,884	2,563
Social security and other taxation payable	2,380	2,282	1,699	1,625
Accruals and deferred income	46,588	33,976	40,011	27,356
	55,996	42,564	47,782	34,202

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Year ended 31 July 2021

18. Creditors: amounts falling due after more than one year

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank and other loans	30,457	32,507	30,457	32,507
Deferred income	37,642	36,601	19,696	20,445
	68,099	69,108	50,153	52,952

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

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Government	10,152	10,872	9,711	10,626
Non-government	2,887	2,908	2,752	2,940
Capital grants	35,011	30,164	20,507	21,318
	48,050	43,944	32,970	34,884

19. Borrowings

	Consolidated and University	
	2021	2020
	£'000	£'000
Bank loans are repayable as follows:		
Due in less than one year (note 17)	2,025	1,944
Due between one and two years	2,076	1,979
Due between two and five years	6,631	6,143
Due after five years	21,750	24,385
Total due after one year (note 18)	30,457	32,507
Total	32,482	34,451

Details of bank loans

Lender	Term	Interest rate	Security	2021 £'000	2020 £'000
Barclays bank	25 years to 2032	5.67% fixed	McLaren House	3,265	3,576
Barclays bank	To April 2029	5.25% fixed		5,000	5,000
Barclays bank	23.25 years to 2032	5.44% fixed		6,086	6,512
Barclays bank	23 years to 2032	0.225% over Libor		3,192	3,489
Barclays bank	16 years to 2035	5.16-5.2% fixed plus 1.65% margin		12,381	12,939
Allied Irish Bank	26.5 years to 2027	6.67% fixed	Dante Road Halls	2,358	2,735
Salix	Variable	Interest free	Unsecured	200	200
				32,482	34,451

Notes to the accounts
Year ended 31 July 2021

20 Provisions for liabilities: Consolidated

	Obligation to fund deficit on USS pension £'000	LPFA defined benefit obligation £'000	Enhanced pension £'000	Total £'000
Balance at 1 August 2020	708	181,048	1,830	183,586
Utilised during the year	-	(7,263)	-	(7,263)
Charged to comprehensive income and expenditure	321	10,956	(101)	11,176
Balance at 31 July 2021	1,029	184,741	1,729	187,499

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are in note 28B.

The enhanced pension provision relates to the cost of staff who retired from Lambeth College Corporation with enhanced pension provisions between 1995/96 and 2006/7. The value of the provision is calculated in accordance with guidelines issued by the Association for Colleges.

University

	Obligation to fund deficit on USS pension £'000	LPFA defined benefit obligation £'000	Total £'000
Balance at 1 August 2020	708	154,089	154,797
Utilised during the year	-	(6,560)	(6,560)
Charged to comprehensive income and expenditure	321	11,393	11,714
Balance at 31 July 2021	1,029	158,922	159,951

21 Endowment reserves

	Restricted Permanent £'000	Restricted Expendable £'000	Consolidated and University	
			2021 Total £'000	2020 Total £'000
Balance at 1 August	724	138	862	855
Increase in market value of investments	75	14	89	7
Balance at 31 July	799	152	951	862

22 Unrestricted reserves

	Consolidated		University	
	2021 £'000	2020 £'000	2021 £'000	2019 £'000
Revaluation reserve				
Balance at 1 August	25,257	25,951	25,257	25,951
Transfer to income and expenditure reserves being excess depreciation on revalued assets	(681)	(694)	(681)	(694)
Balance at 31 July	24,576	25,257	24,576	25,257

Notes to the accounts
Year ended 31 July 2021

23 Cash and cash equivalents - analysis of changes in net debt

	at 1 August 2020	Cashflows	Other non- cash changes	at 31 July 2021
Consolidated	£'000	£'000	£'000	£'000
Investments	11,811	(10,861)	-	950
Cash at bank and on deposit	40,373	(11,560)	-	28,813
	52,184	(22,421)	-	29,763
Borrowings				
Debt due within one year	(1,944)	1,969	(2,050)	(2,025)
Debt due after one year	(32,507)	-	2,050	(30,457)
	(34,451)	1,969	-	(32,482)
	17,733	(20,452)	-	(2,719)

Investments comprise funds held in fixed term deposits for periods exceeding three months at 31 July 2021. Cash at bank and on deposit comprise funds held in bank and on deposit not exceeding 3 months.

24 Capital commitments

Provision has not been made for the following capital commitments as at 31 July 2021

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Commitments contracted at 31 July	56,950	56,002	28,092	35,142

25 Contingent liabilities

Funds amounting to £4.4m received from the Education and Skills Funding Agency (ESFA) are subject to conditions linked to future estates development for SBC to deliver a viable, sustainable, high quality, relevant and diverse offer from Level 1 to Level 6 learners and employers across the local area with a college presence in Brixton and Clapham and/or Vauxhall without a requirement for government funding to support operating losses.

The University's subsidiary, South Bank Colleges, has received a pre-action claim for reimbursement of costs by a developer in respect of the Vauxhall development project undertaken by South Bank College's predecessor Lambeth College Corporation. The governing body believes that any claim is unlikely to succeed and cannot be financially quantified at the date of signing, and to the best of its knowledge and belief it is satisfied that no provision is necessary in respect of this claim.

Notes to the accounts
Year ended 31 July 2021

26 Lease obligations

At 31 July 2021 the University and the Group were committed to making the following future minimum lease payments in respect of operating leases on land and buildings:

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Expiring within one year	-	16	-	-
Expiring within two and five years	-	-	-	-
Expiring in over five years	438	449	438	449
	438	465	438	449

27 Amounts disbursed as agents

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Teacher training bursaries				
Balance at 1 August	(5)	-	(5)	-
Funding council grant	6	19	6	19
Disbursed to students	-	(24)	-	(24)
Balance at 31 July	1	(5)	1	(5)

	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Apprenticeship employer incentive payments				
Balance at 1 August	-	-	-	-
Funds received	-	32	-	32
Disbursed to employers	-	(32)	-	(32)
Balance at 31 July	-	-	-	-

Notes to the accounts

Year ended 31 July 2021

28 Pension arrangements

Different categories of staff were eligible to join one of five different schemes:

- Teachers' Pension Scheme (TPS)
- Universities Superannuation Scheme Limited (USS)
- London Pension Fund Authority (LPFA) Pension Fund
- London South Bank University Defined Contribution Scheme, administered by Aviva.
- National Employment Savings Trust (NEST)
- NOW Pensions

A. The Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales including teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers or lecturers and from 1 January 2007 automatic too for teachers or lecturers in part-time employment following appointment or change of contract. Teachers and lecturers are able to opt

Retirement and other pension benefits are provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Teachers' contributions are credited to the Exchequer under arrangements governed by the above act. The Teachers' Pension Regulations require that an annual account, the Teachers' Budgeting and Valuation Account, be kept of receipts and expenditure, including the cost of pension increases.

From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

- The last valuation of the TPS was as of 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost CAP) Directions 2014. The valuation report was published by the Department on 5 March 2019. The Key results of the valuation are:
- Uncorrected employer contribution rate effective over the implementation period: 19.5% of pensionable pay. This is an increase of 3.1% on the current contribution rate. This increase is primarily due to the reduction in the discount rate (known as the SCAPE rate) to 2.4% pa above CPI with effect from 1 April 2019.
- Corrected employer contribution rate payable over the implementation period: 22.8% of pensionable pay. This is an increase of 6.4% on the current contribution rate. This rate is calculated in the same way as the uncorrected employer contribution rate except that the accrual rate of the 2015 Scheme is assumed to be improved from 1 April 2019 to the extent necessary such that the employer contribution correction cost equals the target cost of the scheme.

At 31 July 2021 the University Group had 1203 active members participating in the scheme. During the year contributions were paid by the Group and charged to the Income and Expenditure account at a current rate of 23.6% (2020: 16.48% in August 2019 then 23.6% from September 2019) of salaries and the Group's contribution to the TPS for the year was £x (2020: £7,104,562). Employees paid tiered contribution rates which ranged from 7.4% - 11.7%, depending on earnings.

Under the definitions set out in FRS 102 'Retirement Benefits', the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has accounted for its contributions as if it were a defined contribution scheme.

B. The Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a

Since the institution cannot identify its share of Retirement Income Builder section of the scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as of 31 March 2020 is underway but not yet

The 2018 Valuation was the fifth valuation of the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the Valuation date, the value of the assets in the scheme were £63.7 billion and the value of the scheme's technical provisions was £67.3 billion, indicating a shortfall of £3.6 billion and a

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

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

Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI - 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%
Pension increases	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

Pre-retirement:	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
Post-retirement:	97.6% of SAPS SINMA 'light' for males and 102.7% of RFV00 for females.
Future improvements	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	Males		Females	
	Years		Years	
	2018	2017	2018	2017
	Valuation	Valuation	Valuation	Valuation
Current pensioners (currently 65 years)	24.4	24.6	25.9	2.1
Future pensioners (currently 45 years)	26.3	26.6	27.7	27.9

A new deficit recovery plan was put in place at the start of the 2018 valuation, which requires payment of 2% of salaries

	2020	2019
Discount Rate	1.50%	2.10%
Pensionable Salary Growth	3.00%	3.90%

At 31 July 2021 the Group had x active members participating in the scheme. The total credited to the Statement of Comprehensive Income and Expenditure is £320,638 (2020: £934,964). The employer contribution rate was 21.1% from October 2019 and will rise to 23.7% from 1st October 2021. (2020: 19.5% from 1st April 2019 and 21.1% from 1 October 2019).

In September 2020, the Trustee of the USS Pension Scheme (USS) launched a consultation with Universities UK on key aspects of the scheme's 2020 valuation. The scope of this exercise covers a wide range of potential outcomes - reflecting issues still to be resolved on employer support as well as uncertainties for the higher education sector and financial markets in general - but, based on the proposals put forward, the Trustees have indicated that the fund's deficit at 31 March 2020 could range from between £9.8bn and £17.9bn.

This would represent a significant deterioration from the £3.6bn deficit established under the 2018 valuation (and against

C. The London Pension Fund

The London Pension Fund Authority (LPFA) provides members with benefits related to pay and service at rates which are defined under the Local Government Pensions Scheme Regulations 2013. To finance these benefits, assets are accumulated in the Fund and held separately from the assets of the University.

A full triennial valuation was carried out by the scheme's actuary Barnett Waddingham as at 31 March 2019 with the valuation results taking into account changes to the scheme from 1 April 2020. Employer contribution rates effective from 1 April 2019 were 12.7% and from 1 April 2020 were 15.4% for London South Bank University and 13.5%, raising to 16.3% from 1st April 2020 for South Bank Colleges. In addition a plus a past service adjustment expressed as a lump sum to clear the deficit over a recovery deficit period was paid in April 2021 this payment amounted to £1.3m.

Pension cost under FRS 102

For accounting purposes, the scheme's assets are measured at market value and liabilities are valued using the projected unit method and discounted using the annualised yield on the Merrill Lynch AA rate over 15-year corporate bond index. The valuation uses market-based assumptions and asset valuations, and represents a current valuation. It does not impact on the contribution rates set by the trustees of the scheme. The principal assumptions used by the actuary were:

	Consolidated and University	
	31-Jul-21 % per annum	31-Jul-20 % per annum
Salary increase	3.00%	3.00%
Pension and price increases	2.80%	2.25%
Discount rate	1.60%	1.50%

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

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

- Members will exchange half of their commutable pension for cash at retirement
- Members will retire at one retirement age for all tranches of benefit, which will be the pension
- No members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits

In calculating the scheme assets and liabilities, the fund's actuaries had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes but it is possible that actual outcomes will differ from those included in the accounts. Any differences between expected and actual outcomes are reported through experience gains and losses.

Following a pension assumption review process we believe that the default assumptions used by the scheme actuaries are appropriate for the LSBU group.

For UK DB pension schemes it is common to set long term RPI inflation based on long term gilt market-implied expectations (known as “break even RPI”), often less an inflation risk premium to allow for supply/demand factors, and for long term CPI inflation to be set with reference to RPI inflation less a “wedge” reflecting established differences in index construction, as there is no deep-market in CPI-linked instruments. On 4 September 2019, the UK Chancellor and the UK Statistics Authority jointly published correspondence confirming that: a public consultation to amend the flawed RPI index would start in January 2020 (subsequently postponed to March 2020 and ended on 21 August 2020), there would be no change to RPI until 2025 at the earliest, and The UK Statistics Authority could change RPI from 2030 without government consent, and their intention is to align RPI to CPIH (CPIH is CPI with allowance for housing costs; the two are assumed to be similar over the long term). Following these announcements the derivation of the CPI assumption has changed at 31 July 2020. Based on the sensitivity information provided by the actuary, we expect the impact of this change in approach to be a c. £13m-£14m increase in the DBO as the CPI assumption is now 0.2% higher than it would have been under the previous methodology.

Life expectancy

The scheme actuaries have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, as at 31 March 2019, except for the CMI projection model. The post retirement mortality tables have been based on Club Vita analysis. These base tables are then projected using the CMI_2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.5% p.a. and a 2020 weighting of 25%.

Although the post retirement mortality tables adopted are consistent with the previous accounting date, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation’s model, CMI_2020, which was released in March 2021. This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI. The new CMI_2020 Model introduces a “2020 weight parameter” for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results. The view of the scheme actuaries is that placing too much weight on the 2020 mortality experience would not be appropriate given the abnormality of the 2020 data, however, the overall outlook for best-estimate future mortality improvements looks less positive as a result of the pandemic. Therefore they have updated to use the CMI_2020 Model with a 2020 weight parameter of 25%. At the last accounting date, the CMI_2018 Model was adopted. The effect on the Employer’s liabilities of updating to the most recent model is reflected in the Change in demographic assumptions figure, and the effect on the assumed life expectancies is demonstrated in the table below

Life expectancy from age 65

	LSBU	SBC	LSBU	SBC	LSBU	SBC
	31-Jul-21		31-Jul-21		31-Jul-20	
	after CMI_2020 update		before CMI_2020 update			
Retiring today:						
Males	21.7	21.6	22	21.9	21.9	21.8
Females	24.1	24.1	24.3	24.3	24.2	24.2
Retiring in 20 years:						
Males	22.9	22.8	23.3	23.3	23.2	23.2
Females	25.7	25.4	25.9	25.5	25.8	25.4

Fund assets

The return on the fund, on a bid value to bid value basis, for the year to 31 July 2021 was 15.46. The Allocation at 31 July 2021 is as follows:

	Consolidated		University	
	Fair value as at 31-Jul-21 £'000	Fair value as at 31-Jul-20 £'000	Fair value as at 31-Jul-21 £'000	Fair value as at 31-Jul-20 £'000
Equities	134,384	110,264	106,147	86,715
Target return portfolio	51,724	48,629	40,856	38,244
Cash	14,200	13,869	9,790	10,907
Infrastructure	20,777	14,132	16,579	11,114
Property	18,384	18,923	15,780	14,882
Total fair value of assets	239,469	205,817	189,152	161,862

Net pension liability

The following amounts at 31 July 2021 related to the Group are measured in accordance with the requirements of FRS 102:

Consolidated	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Fair value of Employer Assets	239,469	221,179	205,757	143,869	133,771
Present value of funded obligations	-414,274	-376,181	-324,227	-232,750	-234,955
Net underfunding in funded plans	-174,805	-155,002	-118,470	-88,881	-101,184
Present value of unfunded obligations	-9,936	-10,684	-10,885	-10,884	-11,565
Net Pension Liability	-184,741	-165,686	-129,355	-99,765	-112,749
University	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Fair value of Employer Assets	189,152	161,862	161,649	143,869	133,771
Present value of funded obligations	-338,572	-305,728	-260,964	-232,750	-234,955
Net underfunding in funded plans	-149,420	-143,866	-99,315	-88,881	-101,184
Present value of unfunded obligations	-9,502	-10,223	-10,420	-10,884	-11,565
Net Pension Liability	-158,922	-154,089	-109,735	-99,765	-112,749

The movement for the year in the net pension liability is shown in note 20.

Analysis of the amount included in staff costs for the year	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Service cost	16,448	10,884	14,508	9,490
Enhancements to former employees	-	-	-	-
Total operating charge	<u>16,448</u>	<u>10,884</u>	<u>14,508</u>	<u>9,490</u>

Analysis of the amount included in interest payable for the year	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Interest on the defined liability (asset)	2,662	2,648	2,263	2,245
Administration expenses	267	267	210	210
Total interest charge	<u>2,929</u>	<u>2,915</u>	<u>2,473</u>	<u>2,455</u>

Analysis of the amount recognised in Other Comprehensive Income	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Return on fund assets in excess of interest	28,859	16,549	22,747	-444
Other actuarial losses on assets	-	-	-	-4,077
Change in financial assumptions	-32,773	-36,403	-27,208	-25,886
Change in demographic assumptions		4,664	16,593	3,817
Experience gains and losses on defined benefit obligation	<u>7,671</u>	<u>114</u>	<u>6,232</u>	<u>-6,977</u>
Remeasurement of the net assets/ (defined liability)	<u>8,421</u>	<u>-3,147</u>	<u>5,588</u>	<u>-38,002</u>

Analysis of movement in the present value of scheme liabilities	Consolidated		University	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
At 1 August	354,468	243,634	315,951	271,384
Movement in the year:				
Acquisition by SBC of Lambeth College	-	59,081	-	-
Current service cost	16,448	10,884	14,508	9,490
Interest cost	5,764	6,981	4,708	5,656
Changes in financial assumptions	32,773	31,490	27,208	25,886
Change in demographic assumptions	-4,664	1,007	-3,817	618
Experience loss / (gain) in defined benefit obligation	-7,671	6,643	-6,232	6,977
Past service costs, including curtailments	-	-	-	-
Estimated benefits paid net of transfers in	-6,950	-6,576	-5,651	-5,161
Contributions by scheme participants	2,404	2,083	2,127	1,829
Unfunded pension payments	-759	-759	-728	-728
At 31 July	<u>391,813</u>	<u>354,468</u>	<u>348,074</u>	<u>315,951</u>

Analysis of movement in the fair value of scheme assets	Consolidated		University	
	2020	2019	2021	2020
	£'000	£'000	£'000	£'000
At 1 August	205,817	205,757	161,862	161,649
Interest on assets	3,102	4,333	2,445	3,411
Return on assets less interest	28,859	-565	22,747	-444
Other actuarial losses	-	-4,527	-	-4,077
Administration expenses	-267	-267	-210	-210
Contributions paid	9,667	8,421	8,687	7,422
Estimated benefits paid plus unfunded net of transfers in	-7,709	-7,335	-6,379	-5,889
At 31 July	<u>239,469</u>	<u>205,817</u>	<u>189,152</u>	<u>161,862</u>

The projected pension expense for the year to 31 July 2022 is £22,113k (consolidated) £19,422k (University).

Sensitivity analysis

The sensitivity analysis below shows the impact of changes in financial assumptions

Adjustment to:	Group			University		
	£000s	£000s	£000s	£000s	£000s	£000s
Discount rate	0.10%	0.00%	-0.10%	0.10%	0.00%	-0.10%
Present value of total obligation	415,324	422,210	433,109	340,763	348,074	355,548
Projected service cost	18,235	18,924	19,636	16,095	16,706	17,338
Long term salary increase	0.10%	0.00%	-0.10%	0.10%	0.00%	-0.10%
Present value of total obligation	424,782	424,210	423,641	348,566	348,074	347,585
Projected service cost	18,934	18,924	18,913	16,715	16,706	16,697
Pension increases and deferred revaluation	0.10%	0.00%	-0.10%	0.10%	0.00%	-0.10%
Present value of total obligation	432,511	424,210	416,076	354,960	348,074	341,329
Projected service cost	19,626	18,924	18,244	17,329	16,706	16,103
Life expectancy assumptions	+1 Year	None	- 1 Year	+1 Year	None	- 1 Year
Present value of total obligation	444,317	424,210	405,053	364,598	348,074	332,335
Projected service cost	19,790	18,924	18,091	17,471	16,706	15,971

D. London South Bank University Defined Contribution Scheme

The University provides a defined contribution pension scheme through Aviva for employees of London South Bank University Enterprises Limited (SBUEL). At 31 July 2021 the University Group had 83 members participating in the scheme (2020:47). The University Groups contribution to the Aviva scheme for the year ending 31 July 2021 was £173,196 (2020: £137,861) and employer's contribution rates ranged from 6%-9%. Pension contributions payable at 31 July 2021 were £x (2020: £16,401).

E. National Employment Savings Trust (NEST)

The University Group provided a defined contribution scheme through NEST for employees of SW4, a subsidiary of South Bank Colleges. At 31 July 2021 there were no staff in the scheme (2020:13), with members being transferred to the London South Bank University Defined Contribution scheme from 1st April 2021. Employer contribution to the NEST scheme for the year ending 31 July 2021 was £4,636 (2020:£7,448) and employer contributions were 3%. Pension contributions payable at 31 July 2021 were £nil (2020:£1,211).

F. NOW Pensions

The University provides a defined contribution scheme through NOW for employees of SBUEL staff engaged through LSBU Employment. At 31 July 2021 there were 229 staff in the scheme (2020:88). Employer contribution to the NOW scheme for the year ending 31 July 2021 was £129,013 (2020: £9,868) and employer contributions were 3%. Pension contributions payable at 31 July 2021 were £891 (2020:£2,090).

Notes to the accounts

Year ended 31 July 2021

29. Related party transactions

The accounts of SBUEL, a wholly owned subsidiary, are consolidated into these financial statements. During the year the university paid for expenses and equipment for SBUEL and used SBUEL employment agency staff totalling £(496)k (2020: £(312)k), and collected rental income of £46k (2020: £40k). At the year-end the University owed SBUEL £356k (2020: (£186)k).

The University is the sole Member of South Bank Colleges (SBC), a Private Limited Company by guarantee, which was incorporated on 1st August 2018. SBC and its wholly owned subsidiary, SW4 Catering Limited, are consolidated into these financial statements. On 1st February 2019 SBC received £13.7m from the Education and Skills Funding Agency (ESFA) which was transferred to the University on 2nd February 2019 to hold on its behalf and to transfer back to SBC as it is needed to fund operational and capital expenditure requirements. During the year the University transferred £2m (2020: £2.86m) to SBC. Services totalling £2,056k (2020: £1,082k) were recharged to SBC during the year and the balance between SBC and the University at the year-end was £17,281k (2020: £13,206k).

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

The University maintains a register of Interests of Governors, the details of which are listed below:

Organisation	Governor	Position	Income £'000	Expenditure £'000	Debtor £'000	Creditor £'000
British University in Egypt	David Phoenix	Trustee	1,739	-	1,483	-
Central & NW London NHS Foundation Trust	Rasha Rana	Non-executive director	11	-	5	-
Greater London Authority	Paul Ivey					
Kings College London	Hilary McCallion	Visiting professor Chair of Health Education Group	-	49	-	-
London Higher	Warren Turner		-	4	-	-
LSBU Student Union	Ruchika Kumar Maxwell Smith	Union council Chair President	-	900	-	-
Pricewaterhouse Coopers LLP	Duncan Brown	Retired partner	-	601	-	-
SW London & St Georges Mental Health NHS Trust	Richard Flatman	Chair of Audit Committee Non-executive director	10	-	4	-
	Richard Flatman	Chair of Audit & Risk Committee				
	Nicole Louis	Trustee				
	Hilary McCallion	Chair of Remuneration Committee				
South Bank Academies	David Pheonix Hitesh Tailor	Trustee Chair	25	-	-	-
		Non-executive director				
Transport for London	Mee Ling Ng		(36)	-	-	-
UCEA	Jeremy Cope	Vice-chair	-	12	-	-

	CONFIDENTIAL
Paper title:	Public Benefit Statement
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author(s):	Patrick Christie, Senior Policy and Stakeholder Manager
Sponsor(s):	James Stevenson, University Secretary
Purpose:	For Information
Recommendation:	The committee is requested to note the Public Benefit Statement, for inclusion in the annual report and accounts.

Executive Summary

The Public Benefit Statement forms a mandatory part of the annual report of charities. The statement must include:

- A statement that the charity has had regard to the Commission’s guidance on public benefit – the Board was reminded of this guidance at its meeting of 15 October 2020;
- A report on how the HEI has delivered its charitable purposes for the public benefit.

The statement sets out the University’s charitable objects from its Articles of Association. It demonstrates how the University advances education for the public benefit. The University’s main beneficiaries are its students. In carrying out its objects the University also benefits the wider public through research and knowledge transfer.

The full statement is included as part of agenda item 12 (Annual Report and Accounts 2019/20).

Recommendation

The committee is requested to note the Public Benefit Statement for inclusion in the annual report and accounts.

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	CONFIDENTIAL
Paper title:	2020/21 Corporate Governance Statement
Board/Committee	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author:	Kerry Johnson, Governance Officer
Sponsor:	James Stevenson, Group Secretary
Purpose:	For information
Recommendation:	The committee is requested to note the 2020/21 corporate governance statement for inclusion in the annual report and accounts.

Executive Summary

The Corporate Governance Statement is intended to assist readers of the financial statements in obtaining an understanding of the governance and legal structure of the University. It sets out the governance and legal structure of the University and how the Board complies with the Higher Education Code of Governance (CUC, 2014) and the OfS's public interest governance principles.

There have been no material changes to the statement since previously considered by the committee at its meeting of 5 October 2021.

The full statement is included as part of agenda item 12 (Annual Report and Accounts 2020/21).

Recommendation

The committee is requested to note the 2020/21 corporate governance statement for inclusion in the annual report and accounts.

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	CONFIDENTIAL
Paper title:	Group Audit and Risk Committee Annual Report (draft)
Board/Committee	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author:	Kerry Johnson, Governance Officer
Sponsor:	James Stevenson, Group Secretary
Purpose:	For approval
Recommendation:	The committee is requested to review and approve its draft annual report to the Board.

Executive Summary

Introduction

The Group Audit and Risk Committee is required under the Financial Memorandum with the OfS to produce an annual report of the committee to the Board of Governors and the Accountable Officer (the Vice Chancellor).

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

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

Draft opinions

Draft opinions (to be approved by the committee) for these areas have been included at the end of the report and are set out below.

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

2. The Committee's opinion on the arrangements for the economy, efficiency and effectiveness of the University is that they are adequate and effective.
3. The Committee's opinion on the management and quality assurance of data submitted to HESA, the Student Loans Company, the OfS, Research England and other bodies is that the University has adequate assurance.

Recommendation

The committee is requested to review and approve its draft annual report to the Board.

Annual Report of the Group Audit and Risk Committee to the Board of Governors and the Accountable Officer 2020/21

Executive summary

During the year to 31 July 2021, the Group Audit and Risk Committee met seven times. In addition to the four scheduled meetings, the Committee held two extraordinary meetings to discuss the ongoing response to the coronavirus pandemic (in August and September 2020) and one extraordinary meeting (in May 2021) to discuss the restoration of IT services following the cyber incident in December 2020.

Key matters completed by the Committee for the year 2020/21 include:

- review and clearance of the University's 2020/21 annual report and accounts, including consideration of going concern (paragraph 8);
- review of external audit findings and KPMG's letter of representation (paragraph 8);
- approval of the plan for BDO's internal audit review work for the following year (paragraph 12);
- at each meeting, detailed consideration of BDO's internal audit reports (paragraph 12);
- four scheduled meetings with BDO and four scheduled meetings with KPMG in the absence of all University staff;
- consideration of the annual internal audit report (paragraph 14);
- regular review of the corporate risk framework, including policy and risk appetite (paragraph 17);
- approval of a statement of internal control (paragraph 19).

Introduction

1. This report covers the financial and academic year from 1 August 2020 to 31 July 2021 and includes any significant issues up to the date of the signing of this report and consideration of the financial statements for the year.
2. No member of the Group Audit and Risk Committee has, or has had during the year, a direct role in the management of the University. All members of the Committee are asked to declare any interests in any item of business on the agenda at each meeting.
3. During 2020/21, the Group Audit and Risk Committee was chaired by Duncan Brown, an independent governor. Other members of the Committee during the year were: John Cole, Mark Lemmon and independent co-optee, Rob Orr. Following an effectiveness review in the year, the Committee considers it has individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively.
4. All members of the Committee are independent of management. James Stevenson, Group Secretary & Clerk to the Board, served as secretary to the Committee throughout the year.
5. The Committee held four regular business meetings during the financial year to 31 July 2021. The Vice Chancellor, Chief Financial Officer and, as required, other members of the Group Executive were present. The internal auditors and the external auditors were present at all four meetings. Two additional extraordinary meetings were held: one to discuss coronavirus recovery and the return to campus, and one to discuss the IT incident and associated action planning. For the financial & academic year 2021/22 the Committee will hold four regular business meetings (October, November, February, and June), and has held one extraordinary meeting in October 2021 to review lessons learned from the IT incident..
6. The Committee's terms of reference are reviewed annually in the autumn. The Committee has an agreed forward business plan which is used to plan its agendas during the year and is reviewed at each meeting.

External Audit

7. At its meeting of 15 June 2021, the Committee approved the external audit plan for the financial year 2020/21.

8. At its meeting of 11 November 2021 the Committee considered and recommended to the Board for approval the draft financial statements for the year ended 31 July 2021. The Committee considered in detail the audit opinion from KPMG UK LLP. The Committee considered and recommended to the Board for approval the letter of representation from the Board of Governors to KPMG UK LLP.
9. Performance indicators have been agreed against which the performance of the external auditors is measured. At its meeting of 11 November 2021, the Committee received a report on performance against indicators. **The external auditors met all of the agreed performance indicators.**
10. On 11 November 2021, the Committee met KPMG UK LLP in the absence of any University employees to discuss the year end audit and other matters.
11. Non-audit work provided by KPMG UK LLP for LSBU for the year ended 31 July 2021 was as follows:
 - £7,250 (loan covenant compliance)
 - £21,990 (international tax compliance)
 - £30,310 (other tax assurance work)

Internal Audit

12. The University's Internal Auditors for the year were BDO LLP. BDO worked to an internal audit plan of 206 days across the LSBU Group, approved by the Committee at its meeting of 18 June 2020. 206 days of work were delivered. The Committee has received progress reports from BDO against the plan at every meeting.
13. During the year 20 internal audits were undertaken (2020: 17). Due to the IT outage, the audit of student wellbeing was deferred, and the LSBU part of the student experience audit was deferred to 2021/22 and replaced with student experience at SBA. Additional reviews of the finance system (post-cyber incident) were added to the plan for LSBU and SBC.
14. The internal auditor's annual report for 2020/21 (dated October 2021) provided a positive assurance statement with an overall opinion of "generally satisfactory with improvements required in some areas". The internal audit annual report found:

"The controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements and value for money. However, there are

some areas where weaknesses and/or non-compliance were identified and therefore may put the achievement of objectives at risk... Where weaknesses have been identified, improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements and value for money arrangements.”

15. The internal audit annual opinion drew particular attention to the IT disaster recovery for LSBU, “where no assurance on the design of controls has been provided”.
16. In total, 5 high risk findings were raised across the Group. Four of these were raised in the IT disaster recovery internal audit (discussed in detail by the Committee at its extraordinary meeting of 28 October 2021), and one related to SBC apprenticeships. BDO concluded that “the control weaknesses identified in these audits were specific to those areas. Management has also agreed action plans for each of the audits and progress to implement these is underway”.
17. The Committee met BDO prior to each of its four regular meetings, in the absence of any of the University’s employees.

Risk management, control and governance

18. The Committee reviewed the corporate risk register at each meeting. In addition, the committee annually reviews risk strategy and risk appetite and makes recommendations to the Board of Governors. The University’s corporate risk framework is aligned to the Corporate Strategy. The 2020-25 Strategy was approved by the Board of Governors on 16 July 2020.
19. The Group risk policy and risk appetite framework were reviewed during summer 2021, following recommendations from the Group Audit and Risk Committee effectiveness review, and were approved by the Board of Governors on 21 October 2021.
20. At its meeting on 11 November 2021, the committee reviewed the effectiveness of internal controls and approved the full compliance statement for inclusion in the annual report and accounts.

Economy, Efficiency and Effectiveness

21. BDO considers value for money (VFM) as part of its work on LSBU’s systems of internal control and as part of each internal audit review. In its annual report, BDO

states that “one audit was completed in the period which considered aspects of VFM, facilities contract management at SBA, and improvements around ensuring the schools are receiving the value from the services received from their contractors were identified”. The annual report from BDO notes that the audit of London Road post-project review, which was due to consider value for money, was deferred until 2021/22 as the project is not yet complete.

Management and quality assurance of data submitted to Higher Education Statistics Agency, the Student Loans Company, the OfS, Research England and other bodies

22. Both financial and student data are monitored regularly through management controls and independently tested through the internal audit continuous audit programme. No significant findings have been reported. At its meeting of 11 November 2021 the Committee noted the data assurance return.

Public Interest Disclosure

23. Under the “Speak Up” policy the Group Secretary reported on Speak Up activity at every meeting of the Group Audit and Risk Committee. The Chair of the Committee acts as the independent point of contact for anyone wishing to raise a Speak Up matter outside line management, and reviews the conclusion of any subsequent investigation.
24. No matters were reported through the Speak Up policy during the year.
25. The Speak Up policy was reviewed during January 2021, and no changes were made. The Group Secretary confirms that the policy has been communicated to staff during the year.

Anti-Fraud

26. Under LSBU’s anti-fraud policy the Chief Financial Officer reported on any fraud matters at every business meeting. Zero irregularities were reported to the Committee during 2020/21.
27. One incident of a potential breach of financial regulations, involving the purchase of IT equipment, was reported to the meeting of 5 October 2021, and was under investigation in line with the Group’s fraud response procedure at the time of writing.

28. The Group Executive did not consider the cyber incident of December 2020 to be an incident of fraud.
29. The anti-fraud and anti-bribery policies were updated during 2020/21 to reflect their application across the LSBU Group.

Reportable events to the OfS

30. An update on any reportable events was noted by the Committee at each meeting. There was one reportable event during the year, which related to conferring degrees on a defined cohort of students due to a system outage during the recovery period after the cyber incident.

Group Audit and Risk Committee effectiveness review

31. The Group Audit and Risk Committee carried out an effectiveness review during spring 2021, the results of which were reported to its meeting of 15 June 2021. This review assessed the committee against the new Higher Education Audit Committees Code of Practice, as published by the CUC in May 2020.
32. The effectiveness review, which was led by the Senior Independent Governor, found that the committee was considered to be effective and high-quality, with the right balance of skills and experience. The Chair was particularly praised by respondents.
33. An action plan was produced to address the findings of the review, and is being monitored by the Committee at each meeting.

Opinion of the Group Audit and Risk Committee

Risk Management, Control and Governance

34. The Committee's opinion on the institution's risk management, control and governance is that these arrangements are adequate and effective.
35. This opinion is based on:
 - a review during the year of the risk policy, risk appetite and the input process into the Group risk register;

- the Internal Audit annual report for 2020/21 which gave the opinion that “the controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements and value for money”;
- the Executive’s detailed review of internal controls. This review was considered by the Audit Committee on 11 November 2021.

Economy, Efficiency and Effectiveness

36. The Committee’s opinion on the arrangements for the economy, efficiency and effectiveness of the University is that they are adequate and effective.
37. This opinion is based on the Internal Audit annual report, 2020/21 which gave the opinion that “we are satisfied that sufficient audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy of the Group’s risk management, control and governance processes, and its arrangement for economy, efficiency and effectiveness”.

Management and quality assurance of data submitted to Higher Education Statistics Agency, the Student Loans Company, the OfS, Research England and other bodies

38. The Committee’s opinion on the management and quality assurance of data submitted to Higher Education Statistics Agency, the Student Loans Company, the OfS, Research England and other bodies is that the University has adequate assurance.
39. Both financial and student data are monitored regularly through management controls and independently tested through the internal audit continuous audit programme. No significant findings have been reported. At its meeting of 11 November 2021 the Committee noted the data assurance return.

This annual report was approved by the Group Audit and Risk Committee on 11 November 2021.

Signed

Duncan Brown
 Chair of the Group Audit and Risk Committee
 November 2021

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CONFIDENTIAL	
Paper title:	Modern Slavery Statement 2021
Board/Committee	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author:	James Rockliffe, Director of Procurement Services
Sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	For Approval
Recommendation:	The committee is requested to recommend approval of the 2021 Modern Slavery Statement to the Board of Governors.

Executive Summary

- A draft Modern Slavery Statement for 2021 is enclosed.
- Updates to the 2020 statement have been made to reflect the impact on supply chains of (i) the UK's exit from the EU and (ii) the coronavirus pandemic.
- The statement must be approved by the Board of Governors to enable the University to state that it meets its statutory obligations in respect of modern slavery legislation when bidding for funding.
- Publication is advised within six months of year end; however, this is not a definitive deadline. The intention is to publish the revised statement on the University website on or before 31 January 2022.

Recommendation

The committee is requested to recommend approval of the 2021 Modern Slavery Statement to the Board of Governors.

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Modern Slavery Statement 2021

Introduction

London South Bank University (“LSBU” or “the University”) is committed to preventing acts of modern slavery and human trafficking from occurring within its business and supply chain and imposes the same high standards on its suppliers.

LSBU is one of London’s oldest universities. It has a rich history with strong educational roots dating back to 1892. The University as it is today was created in 1992.

This statement is made in accordance with section 54 (1) of the Modern Slavery Act 2015 and sets out the steps taken by LSBU during the financial year ending 31 July 2019 and constitutes LSBU’s slavery and human trafficking statement.

LSBU is committed to running the organisation ethically, sustainably and responsibly. We strive to maintain high ethical principles and to respect human rights. We are committed to procuring goods and services and employing people without causing harm to others.

Structure of our organisation

London South Bank University is a UK based University. It employs approximately 2,000 staff and teaches over 17,000 students. It operates primarily in the UK but has partnership arrangements with providers of education in the UK and overseas. LSBU has a total income of approximately £190 million. Information regarding the University’s business and structure is available at <https://www.lsbu.ac.uk/about-us/people/governance>.

Our Governance



The Sustainability Steering Group is responsible for the oversight, development and ongoing monitoring of the University environmental and sustainability strategy and overall direction. Work within this area is reported to the University's Executive Committee.

Our spend categories and those that present risks of human rights abuses

The principal categories which the University deems as carrying significant risks are security, catering, cleaning, IT, laboratory consumables, uniforms and workwear. The University deems the corresponding source countries to be as follows:

Category	Country
Security and Reception services	United Kingdom
Catering services	United Kingdom
Cleaning services	United Kingdom
Laboratory consumables	Malaysia, Indonesia, India, Pakistan
IT Equipment*	East Asia, China, Eastern Europe, Mexico
Uniforms/Workwear	UK, Indonesia, Malaysia, China, Bangladesh

*Due to the complexity of the IT supply chain the list of countries is not definitive and there are likely to be other countries where the equipment is manufactured.

Due diligence and compliance

The University is a member of the London Universities Procurement Consortium (LUPC), which is a non-profit professional buying organisation. LUPC is a member of Procurement England Limited (PEL). These bodies have together published a shared Sustainability Policy to which all PEL member consortia are committed.

LUPC has also published its own Slavery and Human Trafficking Statement setting out its position with regard to modern slavery and human trafficking.

The University also purchases via the APUC, NEUPC, SUPC, NWUPC consortia and via Crown Commercial Services which have also published their own Slavery and Human Trafficking Statements.

The University is an affiliate member of Electronics Watch. Electronics Watch is an independent monitoring organisation that assists public sector buyers to protect labour rights and improve working conditions for an estimated 18 million workers in their global electronic supply chains more effectively than any single public buyer sector could accomplish on its own.

The University procures IT equipment through the LUPC led national electronics framework agreement for Desktop and Notebook PCs, which includes model Electronics Watch contract clauses. The University affiliate membership allows the use of the same clauses, resources and information to work with suppliers to improve conditions for electronics workers globally.

Further actions and key goals for 2022

The University recognises that (i) the United Kingdom's exit from the European Union and (ii) its response to the Coronavirus pandemic continue to require new sources of supplies and equipment to be established. As a result, additional measures to develop confidence in new supply chain relationships have been developed and will continue to be required.

To supplement the actions taken this financial year to prevent slavery or human trafficking from occurring in its business or supply chains, the University will continue to review its approach to Anti-Slavery and consider further measures to combat modern slavery and trafficking.

The University reaffirms its commitment to improving its understanding of supply chains and to continue to develop processes and ways of working to identify categories where the risk of modern slavery or human trafficking may exist.

The University will continue to work with its partners (especially the LUPC) to gain experience of supply chain due diligence and mitigation of the risks to human rights in supply chains.

The University will ensure that senior managers responsible for higher risk spend categories and contracts receive Modern Slavery awareness training.

It will also continue to attend events and use available learning material produced especially for public procurement practitioners.

Approval

This statement was approved by LSBU's Board of Governors on [xx] November 2021 and will be reviewed annually.

[<<<signature here>>>]

Professor David Phoenix
Vice-Chancellor and Chief Executive

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	CONFIDENTIAL
Paper title:	Prevent Annual Report
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author(s):	Ed Spacey, Director of Group Assurance
Sponsor(s):	Fiona Morey, Executive Lead for Prevent
Purpose:	For approval
Recommendation:	The committee is requested to note the contents of the annual Prevent return, and recommend to the Board for approval ahead of submission to the OfS.

Executive summary

The annual Prevent return outlines the range of measures undertaken in order to demonstrate due regard to the Prevent Duty. During this period there has been one issue reported as a prevent concern, which was looked into internally and required no further prevent action.

The OfS submission date for the annual return is 1 December 2021.

A full new Prevent Training package is currently being developed to be launched by January 2022.

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Prevent Annual Report

1.0 Background and Purpose

- 1.1 To provide an annual report on the implementation of the “Prevent Duty”.
The “Prevent Duty” is the responsibility to stop people being drawn into terrorism.
- 1.2 The monitoring framework requires the University to submit an annual return to the Office for Students by 1 December 2021. The report covers the period of the last academic year and developments to date.

2.0 OFS Statement of Assurance

Recommendation

The Board of Governors approves the statement below and notes the text. A signed document is needed for the OfS return.

London South Bank University

- a) has had due regard to the need to prevent people being drawn into terrorism (the Prevent duty).
- b) has provided to the OfS all required information about its implementation of the Prevent duty.
- c) has reported to the OfS in a timely way all serious issues related to the Prevent duty, or now attaches any reports that should have been made, with an explanation of why they were not previously submitted.
- d) Has reviewed and where necessary, updated its Prevent risk assessment and action plan.

Name	
Signed	
Date	

3.0 Detail

- The Vice Chancellor is fully engaged with Prevent and the Pro Vice Chancellor Compulsory and Further Education (PVC) is Executive Lead.
- There have been no referrals to “Channel” during September 2020 to date.
- In 2020/21 there was 1 occasion where a prevent issue was raised internally, compared to 4 the previous year. This case involved a student who was making a “paintballing” sight using a 3D printer, and was referred by a staff member. After investigation, no further Prevent action was required.
- LSBU has a strong student welfare governance approach. It ranges from weekly student concern response meetings (328 student complex welfare cases monitored during the year, including covid related issues), to an Annual Board Report.
- The PVC chairs a Safeguarding Committee, which monitors Prevent. The Regional Prevent Co-ordinator has also attended this as a guest. Prevent issues are also reported to the Health and Safety Joint Committee three times per year.
- The Prevent Policy, Risk Assessment, Action Plan and External Speakers Policy has been reviewed with no significant changes. Training is monitored by the Safeguarding Committee, with a full new training package being developed and expected to launch January 2022.
- Covid has continued to prompt reconsideration of items within the risk assessment/implications of online learning. LSBU keeps up to date with issues within the Counter Terrorism Local Plan, via the Regional Prevent Co-ordinator.
- Student services delivers enhanced wellbeing support, including dealing with mental health and isolation issues. There are weekly communications, daily online support programmes, and pulse surveys. There is a full support package for those self isolating in Halls, including practical measures.
- The Director of Group Assurance is responsible both for Covid Recovery and strategic prevent issues.
- The Director of Group Assurance continues to be an active member of the London Regional Higher Education Prevent Network. He regularly attends Roundtable consultation meetings with the DFE on Counter Extremism, and its working groups on the approach to Prevent Training and case studies.

4.0 Data

Full details of the data numbers are provided as below. (Included only for the Executive Report not Board).

Welfare

Prevent Cases:

	Islamist radicalisation	Extreme right wing radicalisation	Mixed, unstable or unclear ideology	Other radicalisation	Total
Number of Prevent related cases escalated to the point at which the Prevent Lead has become involved	0	0	1	0	1
Number of Prevent related cases which led to informal external advice being sought from Prevent partners	0	0	1	0	1
Number of formal external Prevent referrals	0	0	0	0	0

For each Prevent related case please add information about how the case originated (e.g. concerns identified from behaviour online, or through accessing material online, through external speakers or as a result of a welfare issue) Max 300 words

This involved a student who was making a "paintballing" telescopic weapon sight using a University 3D printer. The issue was picked up by a Lab Technician member of staff who had received Prevent awareness training, and appropriately reported.

Events and Speakers approved	Number
i) Total number of events/speakers approved through the external speakers process	275
ii) Total number of events or speakers approved subject to any mitigations or conditions	0
iii) Number of events/speakers approved subject to any mitigations or conditions due to Prevent related risks	0

Events and Speakers rejected

	Health and Safety	Procedural matters	Reasons related to Prevent risk	Other matters	Total
Total number of events or speakers rejected	0	0	0	0	0

For each case please add information about the reasons for rejection where that rejection was for reasons related to Prevent risk. Maximum 300 words.

Not applicable

Training	Number
i) Number of staff identified as key to Prevent delivery	40
ii) Number of key staff receiving induction Prevent training	4
iii) Number of key staff receiving refresher Prevent training	33
iv) Number of staff receiving broader welfare/safeguarding awareness training/briefing	267

	CONFIDENTIAL
Paper title:	Data Assurance Report
Board/Committee:	Group Risk and Audit Committee
Date of meeting:	11 November 2021
Author(s):	Karen McLernon, Head of Performance Analysis
Sponsor(s):	Prof. Deborah Johnston, Pro Vice Chancellor (Education)
Purpose:	For Information.
Recommendation:	The committee is requested to review and note the data assurance report.

Executive Summary

Data Assurance – External Returns

As required by the External Returns Assurance Process, all external returns that have a material impact on the financial or reputational standing of the University reviewed by the Strategy, Planning & Performance (SPP) team. This particularly applies to the main returns to HESA and the OfS: Student, Staff, Finance and HESES returns.

The External Returns Assurance Process ensures that accurate and timely returns are made to relevant bodies which also reflect LSBU in the most positive light.

During 2020/21 all returns within the scope of the assurance process were submitted on time and without quality issues, with the exception of the Annual Finance Return to the OfS which was signed off four working days late due to late queries raised by the OfS.

Risk Register

Following the full review of the Group Risk Register recently completed by the Executive team, there is one risk in relation to data and information:

- Risk #19: IT Security fails and operations or data is compromised. Student or staff data is lost or compromised, or systems brought down through a failure of IT security processes or controls. The risk severity is rated high.

Data Governance Review

We are working with an external consultant, Equantiis, to undertake a Data Maturity Assessment of the University. This will use a formal methodology to determine the current data maturity of the university that highlights current issues and improvement opportunities. Based on consultations with staff it will provide a data strategy outlining the current state of data use, our data ambitions and detailed actions necessary to achieve these. This will be accompanied by a high-level plan including priorities, budgets, resources and timescales.

	INTERNAL
Paper title:	Corporate Risk Report
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author(s):	Karen McLernon, Head of Performance Analysis
Sponsor(s):	Richard Flatman, Group CFO
Purpose:	For Discussion
Recommendation:	For noting and discussion by the Committee

Executive summary

A full review of the Corporate Risk Register was completed by the Executive during October, resulting in a slight reduction in the total number of risks but an increase in the proportion of high severity risks:

	Risk severity rating				Total
	Critical	High	Medium	Low	
September 2021 risk register	0	10	18	1	29
Removed risks		2	8		10
Unchanged risks		2	1		3
Re-worded and/or re-rated risks		9	7		16
New risks		5	2		7
November 2021 risk register	0	16	10	0	26
Change in risk profile (November vs September register)	0	6	-8	-1	-3

The full Risk Register is presented in the attached risk report. Risks have been mapped to the risk domains of the updated Risk Appetite Framework that was approved by Board in October.

In response to GARC's request for more detailed reporting, additional detail on high severity risks in two risk domains (Financial and Infrastructure) is appended to the

Corporate Risk Register matrices in the risk report. A similar level of detail will be reported to future GARC meetings for other critical or high severity risks, on a rotational basis by risk domain.

The Corporate Risk Register will continue to be reviewed on a monthly basis by the Executive.

Corporate Risk Register as at 2 November 2021

Author: Karen McLernon, Head of Performance Analysis

Sponsor: Richard Flatman, Group CFO

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

Severity Rating / Risk Domain (Appetite)	Low	Medium	High	Critical
Strategic / Group overall (Moderate - Open)		(2) Full financial, academic, reputational and operational benefits fail to leverage potential of Group and fails to address changes resulting from government policy. (DP)	(1) Capability and organisational capacity to respond to change in policy or competitive landscape, including funding changes and admission thresholds (DP)	
Academic Activity (Open)		(7) Academic programmes not engaged with technological and pedagogic developments (DJ + FM) (8) Degree Apprenticeships not achieving either volume or quality and standards targets (DJ + FM) (10) External incident compromises operations of or access to a Group campus (JDS)	(5) OfS thresholds not met in relation to Condition of Registration B3 (DJ) (25) Funding, reputational and recruitment risk from Ofsted Requires Improvement ratings at LSBU, SBC and SBA (TD + FM) (26) Reduction in existing health and social care placement capacity (WT)	
Financial (Moderate)		(20) Third stream income growth unrealised (Research, Enterprise and LSBU Global) (PI) (23) Group cashflow management and banking covenant compliance (RF)	(9) High quality, cost effective curriculum that delivers good student outcomes and the financial turnaround of SBC (FM) (16) Revenue reduction if set recruitment targets are not achieved across the Group (NL) (21) Sustainability of current pension schemes (RF) (22) Affordability of infrastructure plans (RF)	
Regulatory / Compliance / Reputation (Moderate)			(6) League table rank deterioration (DJ) (11) Serious health & safety compliance failure in any Group entity. Any wider safety issue from students being radicalised or failure in the Prevent Duty (JDS) (19) IT Security fails and operations or data is compromised. Student or staff data is lost or compromised, or systems brought down through a failure of IT security processes or controls (NL + JDS) (24) Student Experience deteriorates year on year (TD)	
Operational delivery (Open)		(3) Adapting to the changed operational environment post Brexit and post Covid-19 (DP)	(17) Inability to deliver scale and quality of placement and work-based opportunities required to improve student outcomes, including GO measure (NL)	
People / Culture (Open)		(12) Low staff engagement and competitive employment market negatively impact performance and staff retention (MMJ) (13) Developing a sustainable model for future ways of working (both in terms of organisational culture and technology / estate) (MMJ + NL + PI) (14) Size and Shape. Risk that LSBU does not have the right capability/ resource in key areas (MMJ)	(15) Regional Union position impacting local relationships and current climate of industrial action (MMJ)	
Infrastructure (Open)			(4) Alignment of estate and technology with strategic requirements across the Group (DP) (18) IT service fails or becomes unavailable. University business services, applications or infrastructure fails due to poor design, lack of maintenance or system error or failure (NL)	

Risk Exposure Matrix – Impact and Residual Likelihood

IMPACT	<p>4 - Critical Corporate plan failure / removal of funding, degree award status, penalty / closure</p>				
	<p>3 - High significant effect on the ability for the University to meet its objectives and may result in the failure to achieve one or more corporate objectives</p>	<p>(8) Degree Apprenticeships not achieving either volume or quality and standards targets (DJ + FM)</p> <p>(12) Low staff engagement and competitive employment market negatively impact performance and staff retention (MMJ)</p>	<p>(1) Capability and organisational capacity to respond to change in policy or competitive landscape, including funding changes and admission thresholds (DP)</p> <p>(4) Alignment of estate and technology with strategic requirements across the Group (DP)</p> <p>(11) Serious health & safety compliance failure in any Group entity. Any wider safety issue from students being radicalised or failure in the Prevent Duty (JDS)</p> <p>(17) Inability to deliver scale and quality of placement and work-based opportunities required to improve student outcomes, including GO measure (NL)</p> <p>(24) Student Experience deteriorates year on year (TD)</p> <p>(26) Reduction in existing health and social care placement capacity (WT)</p>	<p>(5) OfS thresholds not met in relation to Condition of Registration B3 (DJ)</p> <p>(9) High quality, cost effective curriculum that delivers good student outcomes and the financial turnaround of SBC (FM)</p> <p>(15) Regional Union position impacting local relationships and current climate of industrial action (MMJ)</p> <p>(16) Revenue reduction if set recruitment targets are not achieved across the Group (NL)</p> <p>(18) IT service fails or becomes unavailable. University business services, applications or infrastructure fails due to poor design, lack of maintenance or system error or failure (NL)</p> <p>(19) IT Security fails and operations or data is compromised. Student or staff data is lost or compromised, or systems brought down through a failure of IT security processes or controls (NL + JDS)</p> <p>(21) Sustainability of current pension schemes (RF)</p> <p>(22) Affordability of infrastructure plans (RF)</p> <p>(25) Funding, reputational and recruitment risk from Ofsted Requires Improvement ratings at LSBU, SBC and SBA (TD + FM)</p>	<p>(6) League table rank deterioration (DJ)</p>
	<p>2 - Medium failure to meet operational objectives of the University</p>		<p>(3) Adapting to the changed operational environment post Brexit and post Covid-19 (DP)</p> <p>(7) Academic programmes not engaged with technological and pedagogic developments (DJ + FM)</p> <p>(10) External incident compromises operations of or access to a Group campus (JDS)</p> <p>(13) Developing a sustainable model for future ways of working (both in terms of organisational culture and technology / estate) (MMJ + NL + PI)</p> <p>(14) Size and Shape. Risk that LSBU does not have the right capability/ resource in key areas (MMJ)</p> <p>(23) Group cashflow management and banking covenant compliance (RF)</p>	<p>(2) Full financial, academic, reputational and operational benefits fail to leverage potential of Group and fails to address changes resulting from government policy. (DP)</p> <p>(20) Third stream income growth unrealised (Research, Enterprise and LSBU Global) (PI)</p>	
	<p>1 - Low little effect on operational objectives</p>				
		<p>1 - Low This risk is only likely in the long term</p>	<p>2 - Medium This risk may occur in the medium term</p>	<p>3 - High The risk is likely to occur short term</p>	<p>4 - Very High The risk is likely to occur in the immediate term</p>
RESIDUAL LIKELIHOOD					

Appendix: Detailed Risk Reporting – high severity risks in the Financial and Infrastructure Risk domains

Financial

Risk # Risk title

- 9 High quality, cost effective curriculum that delivers good student outcomes and the financial turnaround of SBC (FM)
- 16 Revenue reduction if set recruitment targets are not achieved across the Group (NL)
- 21 Sustainability of current pension schemes (RF)
- 22 Affordability of infrastructure plans (RF)

Infrastructure

Risk # Risk title

- 4 Alignment of estate and technology with strategic requirements across the Group (DP)
- 18 IT service fails or becomes unavailable. University business services, applications or infrastructure fails due to poor design, lack of maintenance or system error or failure (NL)

Risk number	Risk title
9	High quality, cost effective curriculum that delivers good student outcomes and the financial turnaround of SBC

Risk domain	2025 Strategy Pillar	Risk owner	Last updated
Financial	Resources, Market and Shape	Fiona Morey	Oct-21

Risk rating	Likelihood	Impact	Risk Severity	Trend
Current rating	High	High	High	

Risk description and trigger

SBC is currently cash generative; the financial loss is caused by non cash items - pensions, interest, depreciation, but LSBTC may require cash support. Consolidated financial statements will require LSBU profits in order to report a consolidated surplus.

Lambeth College is currently lossmaking and the forecast losses are higher than anticipated due to additional pension costs. 21/22 is the last year that we will have TU funding to cover the entire deficit and so in 22/23 any deficit at Lambeth will have an impact on the consolidated LSBU group position.

Risk rating rationale

Controls and Mitigations

SBC are currently developing the Operating Model for LSB Technical College to understand the level of financial exposure. Standalone Level 4 (and Level 5) courses may transfer to LSB TC and these are better funded than typical FE courses.

Banking covenants are tied to LSBU performance (excluding SBC and so a consolidated loss will not create a technical breach and require payback of existing loans.

Action plan				
<u>Action</u>	<u>Expected impact</u>	<u>Owner</u>	<u>Due date</u>	<u>Status</u>

Risk number	Risk title
16	Revenue reduction if set recruitment targets are not achieved across the Group

Risk domain	2025 Strategy Pillar	Risk owner	Last updated
Financial	Resources, Market and Shape	Nicole Louis	Oct-21

Risk rating	Likelihood	Impact	Risk Severity	Trend
Current rating	High	High	High	

Risk description and trigger

Several external measures could negatively impact recruitment income including a reduction in the maximum UG top up fee, selective caps based on quality outcomes, de-funding some BTECs, introducing T-Levels, introducing minimum entry requirements for L2 or 3 qualifications, as well as weaker demand driven by league table and Graduate Outcomes deteriorating performance.

Significantly reduced intake if multiple impacts occur, requiring a required restructuring of total operating overheads.

Risk rating rationale

Near-term risk is high/high because SBC hasn't fully met recruitment targets and LSBU is continuing with late enrolment. However, the risk to LSBU income this year is moderate given the current status of enrolment and above budget re-enrolment numbers.

Controls and Mitigations

Ongoing monitoring of regulatory environment and agile intervention development. Working group to improve PG marketing and recruitment plus curriculum review. Academic leadership to drive domestic (STEM) college partnership. Upstream interventions: include initiatives to improve academic measures (GO, NSS), portfolio development for PG, plus footprint expansion (Croydon). Downstream measures: increased emphasis on recruitment of PG, apprenticeships and international cohorts, development of strategic domestic partnership, presenting the whole group offer to maximise group recruitment and continued focus on existing applicant conversion including enhancements through digital technology.

Action plan				
<u>Action</u>	<u>Expected impact</u>	<u>Owner</u>	<u>Due date</u>	<u>Status</u>
Development of data informed recruitment strategy for LSBU identifying priority segments and markets for both domestic and international applicants	More effective applicant targeting	Suk Chonk & Mehmet Tarhan	Jan-22	

Risk number	Risk title
21	Sustainability of current pension schemes

Risk domain	2025 Strategy Pillar	Risk owner	Last updated
Financial	Resources, Market and Shape	Richard Flatman	Oct-21

Risk rating	Likelihood	Impact	Risk Severity	Trend
Current rating	High	High	High	

Risk description and trigger	Risk rating rationale	Controls and Mitigations
<p>The group is currently exposed to increased deficits and costs in relation to a number of defined benefit pension schemes including the LPFA, USS and TPS.</p> <p>Cash contribution increases linked to triennial actuarial valuations. I&E impact outside our control and driven by FRS102 reports received after budgets have been set.</p>	<p>The risk is with us and has the potential for significant financial impact both in terms of balance sheet deficit and unbudgeted increases year on year to I&E charge.</p>	<p>Defined contribution pension scheme established for new professional service staff. Regular review and consideration of other potential options for future provision, including the modelling/ scenario analysis of future costs and projected movements in assets & liabilities.</p> <p>Strict controls over early access to pensions. Much closer control and review of pension assumptions used to drive FRS102 outcomes.</p>

Action plan				
<u>Action</u>	<u>Expected impact</u>	<u>Owner</u>	<u>Due date</u>	<u>Status</u>

Risk number	Risk title
22	Affordability of infrastructure plans

Risk domain	2025 Strategy Pillar	Risk owner	Last updated
Financial	Resources, Market and Shape	Richard Flatman	Oct-21

Risk rating	Likelihood	Impact	Risk Severity	Trend
Current rating	High	High	High	

Risk description and trigger

From 2019/20 to 2022/23 The LSBU Group is investing £130m to transform the physical and digital infrastructure of the estate. This will require temporary financial support in the form of a £30M RCF from Barclays and will result in cash balances of -£10m (before RCF support) by the year end July 22. The university has ambitious plans for both the redevelopment of the Chapel site, further development in St Georges Quarter and the wider Vauxhall campus which are currently unfunded. Ongoing capital investment could total £20m annually. This investment will need to be managed to ensure it delivers the infrastructure required to support the delivery of the new corporate strategy

The LSBU group continues to actively manage cashflow and are currently forecasting that the £30m RCF from Barclays will be required in 21/22. We have an additional £15m of headroom in the form of an AIB RCF.

Risk rating rationale

22/23 is the year we have our lowest cash reserves

Controls and Mitigations

Capex reporting embedded into management accounts provided to Finance, Planning and Resources Committee, Estates project methodology controls & governance, Financial Regulations require Board approval for spend greater than £2m, Agreed new AIB rolling credit facility, Exploring alternative funding proposals including London Realty. New capital planning process for 22/23 spend to align investment with the requirements of the Corporate Strategy

Action plan				
<u>Action</u>	<u>Expected impact</u>	<u>Owner</u>	<u>Due date</u>	<u>Status</u>

Risk number	Risk title
4	Alignment of estate and technology with strategic requirements across the Group

Risk domain	2025 Strategy Pillar	Risk owner	Last updated
Infrastructure	Technology and Estates	Dave Phoenix	Oct-21

Risk rating	Likelihood	Impact	Risk Severity	Trend
Current rating	Medium	High	High	

Risk description and trigger	Risk rating rationale	Controls and Mitigations
<p>Challenge of delivering Value for Money from the LSBU Group Estate while ensuring it remains fit for purpose.</p> <p>The University is investing in the NESC and the London Road Hub which will significantly increase the current space available to the LSBU Group, as well as investing in specialist facilities such as Tabard Street and LSBU Croydon. Estate utilisation metrics have been challenging as we have typically been a 'Monday to Friday, 9 – 5' University.</p> <p>Covid has accelerated the move to a hybrid working model, therefore non specialist facilities may be underused and office space may go empty.</p>		<p>Work in place with the LSBU Hub user group, incorporation of SBC leadership into the VTC project board, and discussion at FPRC regarding future infrastructure need and design.</p>

Action plan				
<u>Action</u>	<u>Expected impact</u>	<u>Owner</u>	<u>Due date</u>	<u>Status</u>

Risk number	Risk title
18	IT service fails or becomes unavailable. University business services, applications or infrastructure fails due to poor design, lack of maintenance or system error or failure

Risk domain	2025 Strategy Pillar	Risk owner	Last updated
Infrastructure	Technology and Estates	Nicole Louis	Oct-21

Risk rating	Likelihood	Impact	Risk Severity	Trend
Current rating	High	High	High	

Risk description and trigger	Risk rating rationale	Controls and Mitigations
<p>Major incidents rates</p> <p>Changes undertaken without appropriate control</p> <p>Applications or Infrastructure refresh programmes not maintained</p> <p>Monthly server and end point patching maintained.</p>		<p>Service catalogue with identified availability and recovery targets developed.- gap</p> <p>High Availability and appropriate redundancy built into Tier 0 and 1 critical services - partial</p> <p>Development of Data Centre and service hosting strategy (On-campus vs. Cloud). - gap</p> <p>Service design, build, test and release frameworks developed.</p> <p>Appropriate rolling investment plan for applications and infrastructure - partial</p> <p>Infrastructure and applications are patched or upgraded regularly - patching in place, application upgrade partial</p> <p>Major Incidents Reports produced and provided to the GITSRB. Annual review of underlying trends to feed into business planning cycle in May.</p> <p>IT BCP refreshed every year in December. - gap</p> <p>IT DR created and refreshed every year in December - gap</p>

Action plan				
<u>Action</u>	<u>Expected impact</u>	<u>Owner</u>	<u>Due date</u>	<u>Status</u>

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	INTERNAL
Paper title:	Update on progress of the fire door remedial/replacement project across the Group
Board/Committee	Group Audit and Risk Committee
Date of Meeting	11 November 2021
Author(s)	Carol Rose Executive Director of EAE Ed Spacey Director of Group Assurance Richard Poulson Deputy Director EAE (Operations)
Sponsor:	Paul Ivey, Deputy Vice-Chancellor & Chief Business Officer
Purpose:	For Information
Recommendation:	That GARC notes progress to date of the fire door project across the Group.

Executive Summary

This report outlines progress to date on the delivery of the fire door remedial project across the Group.

Progress is being made, albeit not as quickly as was originally hoped. This is predominantly due to issues experienced by the contractor with the availability of both qualified workforce (down by 35% since August 2021) and materials. The programme is revised on a weekly basis to reflect this. Additional work over and above that included in the original Ark audit has been identified in the course of the pre-start inspections by the contractor and this has been factored into the programme.

Mitigation measures over and above the standard fire safety procedures have been instigated and will remain in place until the works have been completed.

The committees are asked to note that Exec will be regularly updated on progress of the project which will include details of the current position and early notification of any changes to the programme.

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2021.10.20 Update on Fire Door Audit remedial works project

1.0 Background

- 1.1 This report provides an update on progress of the delivery of the fire door remedial project across the Group and identifies any delays and changes to the programme submitted previously.
- 1.2.1 Gunfire Ltd. were appointed to undertake the work across the Group. Initial progress against the programme was good but unfortunately the national situation of lack of qualified workforce and severe shortage of materials has resulted in unavoidable slippage to the original dates. Currently the Gunfire workforce is almost 35% down on the Team that started the work in August. Despite this, Gunfire has, thankfully, confirmed they are able to carry on with the work despite the problems identified above but this is having an adverse effect on the programme. This does regrettably mean that dates quoted in good faith by EAE are subject to change at short notice.
- 1.2.2 As can be expected with any change in legislation, demand for remedial work across the sector is high which has not helped the situation and it has been reported there have been problems with companies either going into liquidation or pulling out of jobs post tender in other universities.
- 1.3 The programme has also been affected by the fact that additional work has been identified by both Gunfire and Pulse Consult, the contract administrator, over and above that identified in the Ark audits which is to be expected once intrusive works have begun. Time taken to report and undertake the work, including receiving authority to proceed, has added time to an already tight programme.
- 1.4 Remedial work to the fire doors is being checked and certificated by inspectors accredited under the Fire Door Inspection Scheme (FDIS). Results of inspections are being logged electronically on a maintenance tracking system which will be available for future use by the LSBU Group. It should be noted that under the current regulations, it is recommended that fire doors are formally inspected every six months. Due to the cost involved in undertaking these inspections on such a regular basis, EAE are currently looking into the possibility of arranging appropriate training for members of the maintenance team to enable this to be undertaken in house.

2.0 LSBU Residential Estate

2.1 McLaren House

All general repairs, which was the vast majority of the work, were completed by 8th October 2021, which was unfortunately three weeks after the target date of 17th September 2021. The work has been inspected by both the contractor and Pulse Consult. These inspections have identified a small number of snagging issues all of which will be completed by 22 October 2021. These items mostly include delays caused by non availability of materials. 14 doors are deemed beyond repair and fall short of the required standard. Gunfire is cautious to commit to the doors being manufactured and available for installation in 2021 but will keep us updated on progress and are trying to identify alternative suppliers. All work is being undertaken with the full co-operation of the Halls Teams and disruption to residents is being kept to a minimum.

2.2 Dante Road

The Ark audit identified Dante Road as being at the highest risk out of the three occupied halls of residence. Work was immediately put in hand following receipt of the report in February 2021 with

LSBU tried and trusted external contractors and work identified in the audit completed in September 2021 as per the programme (students in residence limited possible hours of work and accessibility to bedroom areas which extended the programme). It was not possible to engage an inspector to audit the work until the week beginning 4th October 2021. The inspector has identified a number of new issues that had not been picked up in the Ark audit and this work has now been instructed and is in hand with a projected completion date of 29th October 2021.

2.3 New Kent Road

Due to the poor state of the existing fire doors and the volume of work required, it has been recommended to both HSR and Student Services that the residences are not used until this work has been undertaken (in fact for other reasons, NKR has not been in use since 2019). In excess of 163 doors require major works with over 50% costing more to repair than to replace. A scheme is currently being costed to undertake all the remedial work required.

2.4 David Bomberg House

Of the three occupied residences, the Ark audit identified that the majority of the fire doors in DBH had certification marks on although an element of remedial work was required on most of these doors. Any work to certificated fire doors must be undertaken with the authorisation of the original supplier/installer and it was hoped that remedial work, rather than replacement, could have been undertaken saving both time and money. Unfortunately, the original supplier of the doors has since gone out of business, so this route was no longer open to us. The inspection undertaken by Gunfire has shown that approximately 60 fire doors need to be replaced with the same availability challenges as faced at McLaren House. In mitigation, remedial work has already been undertaken in common areas and escape routes and has been inspected and snagging work completed. The work at DBH has also suffered from shortage of labour and materials but the Gunfire Team are moving over from McLaren House to begin the remedial work with a projected completion date of 21st December 2021 which includes all snagging and post works inspections. Unfortunately, the replacement doors are not expected to be available until the new year and the replacement work is due to begin in January 2022 (subject to availability of the doors).

2.5 Residences Mitigation measures

2.5.1 Standard Practice-

- Fully functioning serviced and maintained fire alarm systems tested on a weekly basis
- Building fire evacuation policies in place and fire risk assessments undertaken
- Clear EAE Management Plan to ensure existing and additional procedures are adhered to in all cases when any maintenance/refurbishment work is undertaken and is clearly communicated to external contractors
- Policy of full and immediate evacuation of the buildings in the event of the activation of the fire alarm with the exception of refuge points which are located on safe evacuation routes and are for use by staff/residents with ambulatory issues. A Personal Emergency Evacuation Plan (PEEP) would also be in place for users of the refuge points.
- Fire evacuation drills and potential disciplinary action for any students who fail to cooperate

2.5.2 Additional mitigation measures

Until the work has been fully completed, a number of additional mitigation measures remain in place across the residential estate (with the exception of NKR) :

- Full alarm audibility check undertaken
- Additional security fire watch patrols throughout the buildings

- Appropriate communications have been issued to the residents by the Halls Managers
- Full audit trail of additional measures being undertaken
- Ensuring works to main escape routes, staircases, refuge areas, doors on plant rooms and electrical cupboards or risers are prioritised
- Enhanced security patrols to support fire safety and ensure main escape routes are kept free from obstructions or combustibles
- Halls management continuously re-inforcing to students the principles of prompt evacuation, and monitoring the outcome of regular fire drills or evacuations

3.0 Non residential LSBU Estate

3.1 A programme for the Southwark and Havering estates at a total cost of £1,154,648 has been approved by the Exec and an instruction is being issued to Gunfire with a view to the work commencing in November with a completion date of July 2022. This is disappointingly four months behind the original programme due to the issues identified elsewhere in this report. Priority is, however, being given to higher risk areas such as escape routes, electrical cupboards, plant areas or rooms where chemicals are stored, and these works will be undertaken prior to the general work across the campuses. A Project Plan and order of works is in place.

3.2 Campus mitigation measures

A range of measures are already in place as shown below.

3.2.1 Standard Practice

- Fully functioning serviced and maintained fire alarm systems tested on a weekly basis
- Building fire evacuation policies in place, with detailed fire action notices and zoning
- All Staff are Fire Evacuation Assistants
- New Fire Safety Training Video to be launched
- Programme of Fire Evacuation Drills
- Policy of full and immediate evacuation of the buildings in the event of a fire alarm with the exception of refuge points which are located on safe evacuation routes and are for use by staff/residents with ambulatory issues. A Personal Emergency Evacuation Plan (PEEP) would also be in place for users of the refuge points
- Clear EAE Management Plan to ensure existing and additional procedures are adhered to in all cases when any maintenance/refurbishment work is undertaken and is clearly communicated to external contractors.

3.2.2 Additional mitigation measures

- Additional security fire watch patrols throughout the buildings
- Plan in place to prioritise areas where Chemicals are stored.
- Ensure any outstanding issues listed in Fire Risk Assessments are completed with the exception of any remedial work to fire doors which has been included in this project
- Full alarm audibility check undertaken
- Full audit trail of additional measures being undertaken
- Comms will be issued to both staff and students highlighting and promoting the importance of fire safety and providing full details of the programme of works.

3.3 LSBU Croydon

Many of the doors on the campus are new and certification will be provided to LSBU at full handover. EAE commissioned an inspection of any existing doors which had not been replaced

and the remedial work identified is currently being undertaken by the Landlords contractor. As there are very few doors involved with no serious issues, it is not considered any mitigation measures are required as the new doors provide sufficient protection to the priority areas e.g. escape routes, electrical cupboards, plant areas etc. and work is due to be completed within the next few days. As the basement area has not yet been handed over for use by LSBU, the contractor has undertaken some essential fire stopping work between the basement and the ground floor as identified in the fire risk assessment undertaken on 4th October 2021.

4.0 LSBU Group

4.1 Lambeth College

An estimated cost for all remedial work identified in the Ark audit was presented to the College in August 2021 for the Clapham and Brixton campuses, UTC and UAE. Revised quotations for remedial work in the priority areas on the Clapham campus only have subsequently been provided and the project plan is currently being considered prior to financial authorisation. The work on both campuses has been provisionally programmed to start in November 2021. Remedial work at Brixton is minimal and will take an estimated two weeks to complete. The work at the Brixton campus has been authorised and an instruction to Gunfire is imminent. The priority work at Clapham only is likely to take four weeks. It should be noted that the costs have been based on information provided in the Ark audit only and once the contractor is on site and have undertaken their own inspection the level of work required may be subject to change.

Clapham Site (priority works)	£72,000
Brixton Site	£10,500
Fees	£10,500
Total	£93,000

Estimated costs for Lambeth College

The costs are based on the Ark audits. The contractor has provided a quotation for the Brixton site and the Clapham site is an estimate for works for priority the doors only. Costs are subject to confirmation following a contractor's survey.

The programme of works would see the Brixton site taking approximately one week and the Clapham site a month. The contractor is determining whether it will be possible to secure the labour to undertake a proportion of the works between 20 December and the 4 January. Work that cannot be undertaken during this period will need to be programmed around normal activities and could include out of hours working.

4.1.1 Mitigation measures

4.1.2 Standard Practice

- Fully functioning serviced and maintained fire alarm systems tested on a weekly basis
- Building fire evacuation policies in place
- Clear EAE Management Plan to ensure existing and additional procedures are adhered to in all cases when any maintenance/refurbishment work is undertaken and is clearly communicated to external contractors.

- Remedial work identified in 2020 fire risk assessment undertaken with the exception of fire doors which are being covered under this project
- Ensure actions within the DSEAR Assessment (risks from dangerous substances causing fire or explosion) are fully completed

4.1.3 Additional measures in place until the work has been completed

- Additional security fire watch patrols throughout the buildings
- Heightened staff awareness

4.2 UTC/UAE

4.2.1 An estimated cost for all remedial work on both sites has been provided. The Executive Principal has contacted the developers/contractors responsible for the delivery for both sites with a view to gaining a second opinion from them both and identifying liability for the works. There have been challenges to the content of the Ark audit which EAE and HSR are currently reviewing. It is highly unlikely that the developer/landlord of either site will accept responsibility for any fire door work as they were compliant with the regulations at the time the buildings were delivered. The budget has been approved by the SBA Board and in this respect, the work outlined in the Ark audit has provisionally been programmed for the beginning of November. A meeting is being arranged between the Executive Principal and Deputy Director of EAE to discuss this further to expediate the works and to ensure adequate mitigations measures are in place until the works have been completed.

Costs

UAE	£172,000
UTC	£66,000
Fees	£27,000
Total	£265,000

Estimated costs for the UAE and the UTC

The costs are based on the Ark audits. Costs are quotations that are subject to confirmation following a contractor's survey.

The programme of works would see the UTC site taking approximately two weeks and the UAE site four weeks. The contractor is determining whether it will be possible to secure the labour to undertake a proportion of the works between 20 December and the 4 January. Work that cannot be undertaken during this period will need to be programmed around normal activities and could include out of hours working.

5.0 Enhanced Fire Drill Schedules

- 5.1 Each non-residential LSBU Building will have three fire drills per year (one per term), which is treble the statutory minimum, to be held on different days of the week each time.
- 5.2 J Block will be tested as a priority due to increased risks from the chemical store.
- 5.3 All staff and students to co-operate with drills and Building Co-Ordinator's to fully support this process.

- 5.4 The Halls of Residence will have a minimum of three fire drills per year, with option to be increased at times of risk or operational need. The Halls of Residence are subject to real and mis-alarms. There have been eighteen mis-alarms since the beginning of September.
- 5.5 SBC and SBA to follow the same principle of three tests per year.

6.0 Conclusion

- 6.1 All fire doors works identified in the Ark audit have been scoped and detailed delivery programmes prepared with the appointed contractor Gunfire Ltd. Unfortunately, the national shortage of skilled workers and the unavailability of materials has resulted in ongoing challenges with delivering to programme and regular revisions to the dates have been required which are outside the control of LSBU staff. A number of mitigation measures have been implemented to supplement existing fire safety arrangements and will remain in place until the works have been completed. A regular update report will be presented to the Exec on a fortnightly basis outlining the current position and indicating any further amended completion dates.

Agenda Item 22

	INTERNAL
Paper title:	Speak up report
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	James Stevenson, Group Secretary
Purpose:	For Information
Recommendation:	The committee is requested to note the report on speak up matters raised since the last meeting

No new speak up matters have been raised since the previous committee meeting.

The speak up policy has been re-published to staff in the group and reminders of the policy will be send to staff every six months.

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	INTERNAL
Paper title:	OfS Conditions of Registration compliance report, 2020/21 and update on reportable events
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	James Stevenson, Group Secretary
Purpose:	For Information
Recommendation:	The committee is requested to note the OfS conditions of registration compliance report, 2020-21

Executive summary

Conditions of registration

As part of their registration with the OfS universities are required to meet the OfS's ongoing conditions of registration. The attached spreadsheet sets out how LSBU meets each condition and provides evidence of compliance during 2020/21.

Update on conditions of registration

During the coronavirus pandemic, the OfS relaxed its approach to reportable events in order to minimize the regulatory burden on universities.

Following sector consultation, the OfS will reimpose more normal reporting requirements from 1 January 2022. The definition of a reportable event has been revised slightly to include any event or matter that, in the reasonable judgement of the OfS, negatively affects or could negatively affect a provider's:

- a) eligibility for registration with the OfS;
- b) ability to comply with its conditions of registration;
- c) eligibility for degree awarding powers;
- d) eligibility for university title.

Key events that are always reportable include:

- the legal entity ceasing to exist

- changes to ownership or legal form
- mergers
- loss of a student sponsor licence
- the opening of a new campus
- closure of a campus, department or subject area
- a likely drop in liquidity to below 30 days
- a likely breach of financial covenants
- any matter that may result in the provider being unable to pay its creditors.

The full list of reportable events is set out by the OfS in its *Regulatory advice 16*.

No reportable events have been made to the OfS since the last committee meeting.

The committee is requested to note the compliance with conditions of registration report and the update on reportable events.

Compliance Grid											
Registration Condition		Internal compliance			Internal review	OfS monitoring of compliance		Responsibility		Executive accountability	Evidence of compliance
		Method of monitoring	Data required to monitor	Key dates / cycle / approval	Review	Measures OfS use	Returns OfS use				When relevant reported reviewed during 2020/21
<i>A: Access and participation for students from all backgrounds</i>											
Condition A1	An Approved (fee cap) provider intending to charge fees above the basic amount to qualifying persons on qualifying courses must: i. Have in force an access and participation plan approved by the OfS in accordance with the Higher Education and Research Act 2017 (HERA). ii. Take all reasonable steps to comply with the provisions of the plan.	LSBU APP published on OfS website. APP Steering Group as a subgroup of Student Experience Committee which monitors progress against targets and monitors compliance with plan.	Access (application offer rates), Continuation (retention and progression) Success (academic outcomes, Graduate Outcomes) by various segmented student groups. NSS, PGT experience, OIA cases.	Student Experience Committee annual schedule: Interim monitoring January, annual monitoring August (internal review) and October (to OfS)	Student Experience Committee annual schedule: Interim monitoring January, annual monitoring August (internal review) and October (to OfS)	Access (application offer rates), Continuation (retention and progression) Success (academic outcomes, Graduate outcomes) by various segmented student groups. NSS, PGT experience, OIA cases.	Access & Participation Plan, Student HESA return, TEF submissions and UCAS Data	AM (RH 20/21)	PVC (AF)	October 2020 Executive Committee. April 2021 Executive Committee. April 2021 FPRC. October 2020 Academic Board. November 2020 EDI Steering Group. October 2021 STEX (for 20/21 cycle - lag for reporting).	
Condition A2	An Approved provider or an Approved (fee cap) provider charging fees up to the basic amount to qualifying persons on qualifying courses must: i. Publish an access and participation statement. ii. Update and re-publish this statement on an annual basis.	Student Experience Committee and APP Steering Committee (subgroup of STEX)	Evidence of published/updated statement.	Annual monitoring statement - timings in line with OfS monitoring schedule (to be confirmed no earlier than November 2020)	Student Experience Committee and APP Steering Committee (subgroup of STEX)	Published plan and annual updates on external website	Published plan and annual updates on external website	AM (RH 20/21)	PVC(AF)	April 2021 Executive Committee and FPRC. October 2021 STEX (for 20/21 cycle - lag for reporting).	
<i>B: Quality, reliable standards and positive outcomes for all students</i>											
Condition B1	The provider must deliver well designed courses that provide a high quality academic experience for all students and enable a student's achievement to be reliably assessed.	This is monitored through validation, annual monitoring and periodic reviews; All courses follow the course management timeline ensuring that the proposed courses are appropriate and designed to meet professional / industry requirements; This course integrity, design and assessment are approved via scrutiny at a validation panel drawing on internal and external expertise. Our ongoing course monitoring process identifies concerns and implements plans to address concerns. All assessments are reviewed each academic year by external examiners to assure reliability and standards; Internal moderation process, external moderation review	Qualitative and quantitative data/information primarily from the metrics listed are used in the processes as detailed in the AQE manual published on the website	Cycle of approval is through School Academic Standards Committee, Quality and Standards Committee and reported through to Academic Board	Review of those processes is continual but the processes are updated during the summer period	QAA assessments, NSS measures, PGT experience, continuation data OIA complaints, GO, complaints from staff	TEF submissions, student surveys (postgraduate and NSS), student HESA return, DLHE/GO and OIA complaint data	TQE	PVC (AF)	Annual variations reports QSC 6/10/2021, PSRB evidence audit submitted to QSC 6/10/2021, NSS course and sector performance QSC 6/10/2021. School Review Process - Built Environment & Architecture Dec 2020 - report to QSC 26/5/2021, HESA Continuation Data and draft Graduate Outcomes data QSC 17/3/2021, Annual summary of external examiners' comments QSC 20/1/2021, Academic Regulations QSC 26/5/2021, Course Monitoring update QSC 6/10/2021, Student Performance evaluative data 2019/20 (B3 indicators) QSC 20/1/2021, Annual Student Issues Report (Complaints, Appeals, Academic Misconduct and OIA QSC 7/10/2020, Postgraduate research outcomes update QSC 17/3/2021	

Registration Condition		Method of monitoring	Data required to monitor	Key dates / cycle / approval	Review	Measures OfS use	Returns OfS use	Responsibility	Executive accountability	When relevant reported reviewed during 2020/21
Condition B2	The provider must support all students, from admission through to completion, with the support that they need to succeed in and benefit from higher education.	This is demonstrated through having our Academic regulations and associated procedures. LSBU Admission policy published on the website providing transparency to our admissions. To ensure effective delivery our validation process checks that course teams have course the physical, infrastructure and staffing requirements Students have access to a range of support services to help them develop their	Both qualitative and quantitative data /information including as drawn from the metrics listed are used for example when writing the annual monitoring reports and for the reviews that take place periodically allowing interventions to be made as required	Ongoing and as appropriate ultimately and recorded through various committees. The Academic Regulations are approved annually at the last Academic Board of the academic year	Reviewed through QSC usual business and by exception reported to Academic Board	QAA assessments, NSS measures, PGT experience, continuation data OIA complaints, GO, complaints from staff	TEF submissions, student surveys (postgraduate and NSS), student HESA return, GO and OIA complaint data	TQE	PVC (E)	Achieve Report - 6/10/21, Late Submission and Extenuating Circumstances Notification Procedure QSC 6/10/21, NSS course and sector performance QSC 6/10/2021, HESA Continuation Data and draft Graduate Outcomes data QSC 17/3/2021, Student Performance evaluative data 2019/20
Condition B3	The provider must deliver successful outcomes for all of its students, which are recognised and valued by employers, and/or enable further study. (i.e. students from all backgrounds are able to succeed).	Academic Board - via Student Experience Committee annual schedule, Award and Progression Board, Quality and Standards Committee. Annual PSRB accreditation audit.	Continuation (retention and progression) Success (academic outcomes, Graduate Outcomes) by various segmented student groups. Student Services KPIs and metrics, NSS, PGT experience, OIA cases.	Ongoing and as appropriate ultimately and recorded through various committees. The Academic Regulations are approved annually at the last Academic Board of the academic year	Reviewed through QSC usual business and by exception reported to Academic Board	Continuation (retention and progression) Success (academic outcomes, Graduate outcomes) by various segmented student groups. NSS, PGT experience, OIA cases.	TEF submissions, student surveys (postgraduate and NSS), student HESA return, GO and OIA complaint data	TQE	PVC (AF)	Student Performance evaluative data 2019/20 (B3 indicators) QSC 20/1/2021, Annual School PSRB audit and accreditation QSC 6/10/2021

Registration Condition		Method of monitoring	Data required to monitor	Key dates / cycle / approval	Review	Measures OfS use	Returns OfS use	Responsibility	Executive accountability	When relevant reported
Condition B4	The provider must ensure that qualifications awarded to students hold their value at the point of qualification and over time, in line with sector recognised standards.	This is monitored through validation, annual monitoring and periodic reviews. LSBU has published its degree outcome statements outlining it protects its awards. The university regularly monitors its profile of awards At course level awards and awarding gaps are monitored through the course monitoring process and reported into School Academic standards committee A robust external examining system is implemented with a chief external examiner reviewing University practices and module examiners reviewing and reporting at a module level. The validation process verifies that qualifications are aligned with the FHEQ process	Processes include external scrutiny, external panel members as part of the validations panels, the use of external examiners and by having an institutional examiner	This is ongoing over the academic year	Annual reports about validations, about external examining and from the Institutional Examiner go to QSC. We also complete an annual audit of PSRB accreditations and of the current MoCs that the university holds.	QAA assessment, NSS measures, PGT experience, continuation data OIA complaints, GO, staff complaints	TEF submissions, student surveys (postgraduate and NSS), student HESA return, GO and OIA complaint data	TQE	PVC (E)	When relevant reported reviewed during 2020/21 Annual validations reports QSC 6/10/2021, PSRB evidence audit submitted to QSC 6/10/2021, NSS course and sector performance QSC 6/10/2021. School Review Process - Built Environment & Architecture Dec 2020 - report to QSC 26/5/2021, HESA Continuation Data and draft Graduate Outcomes data QSC 17/3/2021, Annual summary of external examiners' comments QSC 20/1/2021, Academic Regulations QSC 26/5/2021, Course Monitoring update QSC 6/10/2021, Student Performance evaluative data 2019/20 (B3 indicators) QSC 20/1/2021, Annual Student Issues Report (Complaints, Appeals, Academic Misconduct and OIA QSC 7/10/2020, Postgraduate research outcomes update QSC 17/3/2021
Condition B5	The provider must deliver courses that meet the academic standards as they are described in the Framework for Higher Education Qualifications at Level 4 or higher.	The validation process checks that a course is mapped against the FHEQ and relevant subject benchmark statements. This process draws on internal and external expertise to provide input on standards. A robust external examining system is implemented with externals inputting into course design, assessment design and	The function of an exam board is to provide oversight and assurance academic standards are met	The dates for exam boards are set about a year in advance.	Any 'No' to standards is responded to by the relevant DESE copied to Chair of the QSC and Director of TQE. This is a very small proportion each year. An annual report about external examining goes to QSC.	QAA assessment, NSS measures, PGT experience, continuation data OIA complaints, GO	TEF submissions, student surveys (postgraduate and NSS), student HESA return, GO and OIA complaint data	TQE	PVC (E)	Annual summary of external examiners' comments QSC 20/1/2021, Annual validations reports QSC 6/10/2021
Condition B6	The provider must participate in the Teaching Excellence and Student Outcomes Framework.	We do/have and participated in the first subject pilot activity	The data is provided by OfS the processes above mean we shouldn't expect that data to be different from our expectations.	We are building TEF terminology and expectations into our QA processes and we have discussed running mini TEF exercises annually but this has a resource implication and cannot be the only driver for QA monitoring because of the other oversight requirements as detailed above	We actively participate in national events and consultations and keep LSBU staff informed through workshops we hold	NSS measures, PGT experience, continuation data OIA complaints, DLHE/GO	TEF submissions, student surveys (postgraduate and NSS), student HESA return, DLHE/GO and OIA complaint data	TQE	PVC (AF)	N/A - not required during the year

Registration Condition		Method of monitoring	Data required to monitor	Key dates / cycle / approval	Review	Measures OfS use	Returns OfS use	Responsibility	Executive accountability	When relevant reported reviewed during 2020/21
<i>C: Protecting the interests of all students</i>										
Condition C1	The provider must demonstrate that in developing and implementing its policies, procedures and terms and conditions, it has given due regard to relevant guidance about how to comply with consumer protection law.	LSBU have followed the CMA guidance for HEIs in relation to consumer laws and completed the self assessment. 2020/21 terms of enrolment were further revised in line with the guidance. Staff training implemented.	Self-assessment; reviewed T&Cs and policies; training statistics	June	June each year	OIA complaint data and social media	OIA complaint data and social media	NL/IB	CCO	The self-assessment for the 2020-21 academic year was presented at the CMA Board meeting of 17th June 2021
Condition C2	The provider must: i. Co-operate with the requirements of the student complaints scheme run by the Office of the Independent Adjudicator for Higher Education, including the subscription requirements. ii. Make students aware of their ability to use the scheme.	Re i) LSBU is a member of the OIA scheme. 2019 OIA annual letter to LSBU confirmed that the OIA are happy with LSBU's response time, engagement and compliance timelines. Re ii) LSBU's Completion of Procedures letters issued at the end of each process inform students of their right to go to the OIA	OIA 2020 annual letter confirming cooperation and compliance; COP template letters and email confirmations from colleagues re use.	April/May	April/May	OIA complaint data and social media mentions	OIA complaint data and social media	IB	Group Secretary and PVC (AF)	A student complaints report went to the Student Experience Committee on 21st July 2021 and 13th October 2021. Further reports are going to the Executive and the Quality and Standards Committee in November 2021.
Condition C3	The provider must: i. Have in force and publish a student protection plan which has been approved by the OfS as appropriate for its assessment of the regulatory risk presented by the provider and for the risk to continuation of study of all of its students. ii. Take all reasonable steps to implement the provisions of the plan if the events set out in the plan take place. iii. Inform the OfS of events, except for the closure of an individual course, that require the implementation of the provisions of the plan.	Events potentially triggering Student Protection Plan are monitored through Executive meetings and Quality and Standards Committee. Changes relevant to the SPP are reported to the SASCs.	Validation and course closure documents; annual monitoring documents; reports from SASCs.	As required in year, and also SASCs report to each QSC.	Annual review at first Autumn meeting of Quality and Standards Committee (standing item)	OIA complaint data and social media mentions	OIA complaint data and social media	DJ	PVC (AF)	Student Protection Plan updated QSC 26/5/2021
<i>D: Financial sustainability</i>										
Condition D	The provider must: i. Be financially viable. ii. Be financially sustainable. iii. Have the necessary financial resources to provide and fully deliver the higher education courses as it has advertised and as it has contracted to deliver them. iv. Have the necessary financial resources to continue to comply with all conditions of its registration.	OFS 5 year Forecast submitted in December of each year with supporting documentation including commentary and prior year's financial accounts	Agresso Financial data, student number forecasts as co-created by Marketing during the annual budget cycle	Approval by Exec and Board of Governors before submission	Reviewed as part of the spring Executive Strategy days	HESA Sustainability measure, Income, surplus %, EBITDA, applications/conversion	Accountability return, Finance HESA, TRAC, Annual Accounts and HESES	RS/NF	CFO	All documents as shown reviewed in advance by PPA before scrutiny by Executive and, relevant Board Committee and Board including at Board strategy days. Updated 5 year forecasts submitted in January 2021 in accordance with revised Covid reporting timeline and electronic approval provided by Board via email.
<i>E: Good governance</i>										

Registration Condition		Method of monitoring	Data required to monitor	Key dates / cycle / approval	Review	Measures OfS use	Returns OfS use	Responsibility	Executive accountability	When relevant reported reviewed during 2020/21
Condition E1	The provider's governing documents must uphold the public interest governance principles that are applicable to the provider.	To be reviewed annually as part of the Corporate Governance statement in the accounts	N/A	N/A	Refer to OfS governance principles and notify OfS if amending the articles	Submission timeliness	Accountability return and HESA/ESFA submissions	MB	Group Secretary	Corporate governance statement to GARC on 5/10/21. Included in accounts approved by Board on [25/11/21].
Condition E2	The provider must have in place adequate and effective management and governance arrangements to: i. Operate in accordance with its governing documents. ii. Deliver, in practice, the public interest governance principles that are applicable to it. iii. Provide and fully deliver the higher education courses advertised. iv. Continue to comply with all conditions of its registration.	i. annually as part of the drafting of the corporate governance statement; ii. annually as part of the drafting of the corporate governance statement; iii. Reviewed by the Academic Board; and iv. This assurance framework	i. N/A; ii. N/A; iii. ; iv. N/A	N/A; ii. N/A; iii. ; iv. N/A	N/A; ii. N/A; iii. ; iv. N/A	Submission timeliness	Accountability return and HESA/ESFA submissions	MB	Group Secretary	i) Corporate governance statement to GARC on 5/10/21. Included in accounts approved by Board on [25/11/21]; ii) see i); iii) covered for 2019/20 in Annual Education Report from Academic Board to Board on 19/11/20. Report for 2020/21 planned for March 2021 Board meeting; iv) the evidence presented in this grid to Exec on 3/11/21 and GARC on 11/11/21.
Condition E3	The governing body of a provider must: i. Accept responsibility for the interactions between the provider and the OfS and its designated bodies. ii. Ensure the provider's compliance with all of its conditions of registration and with the OfS's accounts direction iii. Nominate to the OfS a senior officer as the 'accountable officer' who has the responsibilities set out by the OfS for an accountable officer from time to time.	i. N/A - done as part of initial registration; ii. This assurance framework and the external auditors report; iii. N/A - done as part of initial registration	N/A	External audit report to Nov audit committee each year	Inform the OfS of a new VC	Submission timeliness	Accountability return and HESA/ESFA submissions	MB	Group Secretary	i) N/A; ii) the evidence presented in this grid to Exec on 3/11/21 and GARC on 11/11/21. The external auditor's report to be considered by GARC on 11/11/21 and the Board on 25/11/21; iii) N/A
Condition E4	The governing body of the provider must notify the OfS of any change of which it becomes aware which affects the accuracy of the information contained in the provider's entry in the Register.	Please see separate grid	Please see separate grid	Please see separate grid	Please see separate grid	Submission timeliness	Accountability return and HESA/ESFA submissions	MB	Group Secretary	Separate grid emailed to relevant departments. No changes required during the year.
Condition E5	The provider must comply with guidance published by the OfS to facilitate, in co-operation with electoral registration officers, the electoral registration of students.	Regular engagement with the Students' Union	Evidence of promotion of information to students via website and other communications	September/ October	Procedures around enrolment and data are reviewed in the summer months before September enrolments commence	Submission timeliness	Accountability return and HESA/ESFA submissions	IB	CCO	
<i>F: Information for students</i>										
Condition F1	The provider must provide to the OfS, and publish, in the manner and form specified by the OfS, the transparency information set out in section 9 of HERA.	The OfS provides the data in a specified format that must be published on the provider website	Attainment by Student characteristics	The OfS provides the data in a specified format that must be published on the provider website	Comms publish the data on LSBU.ac.uk	Attainment by Student characteristics	HESA Student return	MS	PVC(AF)	2021 Transparency data was provided by the OfS and is published on the LSBU website in the required format: https://www.lsbu.ac.uk/about-us/transparency-return

Registration Condition		Method of monitoring	Data required to monitor	Key dates / cycle / approval	Review	Measures OfS use	Returns OfS use	Responsibility	Executive accountability	When relevant reported reviewed during 2020/21
Condition F2	The provider must provide to the OfS, and publish, information about its arrangements for a student to transfer.	checked internally as part of the OfS registration review	website	Considered in School case meetings where cases of students who are potentially not progressing are reviewed	Academic regulations are reviewed annually in May at Quality and Standards Committee and Academic Board	Students transferring and using credits	Published transparency data, HESA student and ESFA, Application data, prospectus information	DJ	PVC (AF)	
Condition F3	For the purpose of assisting the OfS in performing any function, or exercising any power, conferred on the OfS under any legislation, the governing body of a provider must: i. Provide the OfS, or a person nominated by the OfS, with such information as the OfS specifies at the time and in the manner and form specified. ii. Permit the OfS to verify, or arrange for the independent verification by a person nominated by the OfS of such information as the OfS specifies at the time and in the manner specified and must notify the OfS of the outcome of any independent verification at the time and in the manner and form specified. iii. Take such steps as the OfS reasonably requests to co-operate with any monitoring or investigation by the OfS, in particular, but not limited to, providing explanations or making available documents to the OfS or a person nominated by it or making available members of staff to meet with the OfS or a person nominated by it.	Will respond as required	N/A	N/A	N/A	Students transferring and using credits	Published transparency data, HESA student and ESFA, Application data, prospectus information	MB	Group Secretary	N/A - not required during the year
Condition F4	For the purposes of the designated data body (DDB)'s duties under sections 64(1) and 65(1) of HERA, the provider must provide the DDB with such information as the DDB specifies at the time and in the manner and form specified by the DDB.	Will respond as required	N/A	N/A	N/A	Students transferring and using credits	Published transparency data, HESA student and ESFA, Application data, prospectus information	RD	PVC (E)	
<i>G: Accountability for fees and funding</i>										
Condition G1	A provider in the Approved (fee cap) category must charge qualifying persons on qualifying courses fees that do not exceed the relevant fee limit determined by the provider's quality rating and its access and participation plan.	Annual approval of Tuition Fee Regulations by the Exec, which include prices for all student cohorts	Fees matrix attached to QL	June		Consistency in returns, payment to HESA, QAA, OfS	SLC/UCAS/ESFA data alignment	RS	CFO	Tuition Fee Regulations including Fee levels for Home and Overseas students signed off annually by the Executive. OfS return indicating Fee levels for Home students approved by VC in October 2021.

Registration Condition		Method of monitoring	Data required to monitor	Key dates / cycle / approval	Review	Measures OfS use	Returns OfS use	Responsibility	Executive accountability	When relevant reported reviewed during 2020/21
Condition G2	The provider must comply with any terms and conditions attached to financial support received from the OfS and UK Research and Innovation (UKRI) under sections 41(1) and/or 94(2) of HERA. A breach of such terms and conditions will be a breach of this condition of registration.	41(1) Grants from the OfS require compliance reports, 94(2) Grants from UKRI are subject to end of project audit.	At the end of the grant period or via annual monitoring returns	At the end of the grant period	UKRI grants are subject to external audit. OfS grants require annual monitoring returns.	Consistency in returns, payment to HESA, QAA, OfS	SLC/UCAS/ESFA data alignment	RS	CFO	UKRI Grants subject to audit at end of the Research Project. An analysis of spend for OfS Research Grants are returned to the OfS each year through the RCIF and TCIF annual returns. TCIF Submitted October 2021
Condition G3	The provider must pay: i. Its annual registration fee and other OfS fees in accordance with regulations made by the Secretary of State. ii. The fees charged by the designated bodies	Emails relating to payment of fee are received by a range of staff to ensure there is no single point of failure. Contact details for 20-21 have been updated	N/A	Notice of Fee received May, payment of fee due 31st July 2020		Consistency in returns, payment to HESA, QAA, OfS	SLC/UCAS/ESFA data alignment	JH/ST	CFO	All payments made in accordance with regulations and confirmation received.

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CONFIDENTIAL	
Paper title:	Data Protection breaches report
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author(s):	Gerry Barry, Interim Group Data Protection and Information Compliance Officer (DPO)
Sponsor(s):	James Stevenson, Group Secretary
Purpose:	For Information
Recommendation:	The Committee is requested to note the following update on recent reportable and non-reportable data breaches.

Reporting Breaches of personal data

There has been one incident involving a breach of personal data since the last report for the October Audit Committee. This was not reportable to the ICO.

A staff member shared a research paper, originally written in 2009, with peers via a JISC group. The paper contained several appendices, one of which was names and salaries of 11 NHS staff members. This appendix was redacted in the published paper, but staff member shared a draft in error. Once they realised the mistake, they sent a further email to the group asking them to disregard and delete the original email/paper. Given that the information is over 10 years old and was shared in a private group for academics in the Health Care field, no special category data was included, and the efforts made to prevent the document being read this breach was not reportable to the regulator. Staff member has deleted the draft document and reviewed the content of other papers they are storing to prevent further errors in the future.

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Paper title:	Committee business plan, 2021/22
Board/Committee	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author:	Kerry Johnson, Governance Officer
Sponsor:	Duncan Brown, Chair of the Committee
Purpose:	To inform the committee of its annual business plan
Recommendation:	To note the committee's annual business plan

Group Audit and Risk Committee Business Plan

The Committee's business plan is based on the model work plan for audit committees developed by the CUC. It is intended to help the committee review the adequacy and effectiveness of risk management, control and governance (including ensuring the probity of the financial statements) and for the economy, efficiency and effectiveness of LSBU's activities delegated to it from the Board.

As agreed at the meeting of 5 November 2015, the committee's business plan is a standing item on agendas.

The plan lists regular items. Ad hoc items will be discussed as required.

The Audit Committee is requested to note its annual business plan.

	Oct	Nov	Feb	June
Anti-bribery policy review	x			x
Audit Committee Annual Report to Board* (* Draft to be circulated to committee for comment ahead of time)		x		
Audit Committee business plan	x	x	x	x
Membership and Terms of Reference - approve	x			
Speak up report	x	x	x	x
Speak up policy review			x	
Annual Report and Accounts		x		
Anti-fraud policy review	x			x
Anti-fraud, bribery and corruption report	x	x	x	x
Data assurance report			x	
Debt write off - annual				x
Draft public benefit statement	x			
Draft corporate governance statement	x			
External audit findings		x		
External audit letter of representation		x		
External audit management letter		x		
External audit performance against KPI's		x		
External audit plan				x

External auditors - non-audit services	x			
GDPR/data protection update	x	x	x	x
Internal audit annual report	x (draft)	x (final)		
Internal audit plan - approval				x
Internal audit progress reports	x	x	x	x
Internal audit reports (inc continuous audit)	x	x	x	x
Internal Controls - review	x			
Pensions assumptions	x			x
Corporate Risk	x	x	x	x
Risk strategy and appetite	x		x	
Going concern statement		x		
TRAC return to OfS - (by email in Jan)			x	
Modern slavery act statement		x		
UKVI compliance			x	
Prevent annual return		x		
OfS reportable events	x	x	x	x

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