Meeting of the Board of Governors

4.00 pm on Thursday, 21 May 2020
via MS Teams

*3.30pm: Pre-Board presentation on the impact of coronavirus

Agenda

No.	*Item*	*Pages*	*Presenter*
1.	Welcome and apologies		JC
2.	Declarations of Interest *Governors are required to declare any interest in any item of business at this meeting*		JC
3.	Minutes of previous meeting	3 - 8	JC
4.	Matters arising	9 - 10	JC
	Chair's business		
5.	KPI working group update	Verbal Report	MC
	Items to discuss		
6.	Coronavirus - business recovery	11 - 20	DP
7.	VC's report	21 - 34	DP
8.	CFO's report	35 - 60	RF
	Items for approval		
9.	Project LEAP business case	61 - 70	RF
10.	Delegations of authority	71 - 72	JS
	Items to note *The following papers will only be discussed at the meeting if there is a matter that any governor wishes to raise with the Secretary the day before the meeting*		
11.	Corporate risk	73 - 78	RF
12.	Students Union election results	79 - 90	DP
13.	Reports and decisions of committees • FPR terms of reference • MPIC terms of reference	91 - 104	JS
14.	Declarations of interest (new staff governor)	105 - 106	JS

No.	*Item*	*Pages*	*Presenter*

Date of next meeting
4.00 pm on Thursday, 16 July 2020

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

In attendance: Pat Bailey, Richard Flatman, Kerry Johnson, Deborah Johnston (for item 9 only), Nicole Louis (for item 9 only) and James Stevenson

Observers: Hattie Tollerson (LSBSU President, 2020/21), Maxwell Smith (LSBSU Chair of Student Council, 2020/21)

Minutes of the meeting of the Board of Governors
held at 4.00 pm on Thursday, 12 March 2020
Technopark, SE1 6LN

Present
Jerry Cope (Chair)
Duncan Brown
John Cole
Michael Cutbill (*except minute 6*)
Nelly Kibirige
Mark Lemmon
Jeremy Parr
David Phoenix
Rashda Rana
Tony Roberts
Deepa Shah
Nazene Smout
Vinay Tanna

Apologies
Peter Fidler
Hilary McCallion
Mee Ling Ng

In attendance
Pat Bailey
Michael Broadway
Richard Flatman
James Stevenson

1. **Welcome and apologies**

The Chair welcomed members to the meeting.

The above apologies were noted.

The Chair noted that the Board had received an informative presentation on progression.

2. **Declarations of Interest**

The Board noted that Michael Cutbill had an interest in the item on Vice Chair. Mr Cutbill would be asked to leave the meeting for the item.

The Board noted that members of the executive present and the staff governor had an interest in the pensions update included in the CFO report.

3. **Minutes of previous meeting**

The Board approved the minutes of the meeting of 21 November 2019, subject to minor amendments, and their publication.

4. **Matters arising**

The Board noted the matters arising from the previous meeting. An update on academic assurance reporting will be given at the next Board meeting.

5. **New staff governor**

The Board approved the appointment of Professor Nicola Martin as a staff governor for a term of three years with effect from 1 April 2020.

6. **Vice Chair and Pro Chancellor**

Michael Cutbill left the meeting

The Board considered the Chair's recommendation to appoint Michael Cutbill as Vice Chair. After due consideration, the Board approved the appointment of Michael Cutbill as Vice Chair and Pro Chancellor with immediate effect.

The Board approved the role description of the Vice Chair.

Michael Cutbill rejoined the meeting

7. **Senior Independent Director**

Following recent CUC guidance, the Board approved the creation of the role of Senior Independent Director (SID) governor and the draft role description.

The Board considered the Chair's recommendation to appoint Hilary McCallion as the SID. After due consideration, the Board approved the appointment of Hilary McCallion as the SID with immediate effect.

8. **Reports and decisions of committees**

The Board noted the report on decisions of committees, including the sub-committee's approval of the intra-group facility agreement for £13.8m between LSBU and SBC to fund the cashflow for the turnaround of Lambeth College.

The Board approved the updated terms of reference for the Group Pensions sub-committee.

9. **Corporate risk**

The Board noted the update on corporate risk. The Board would review risk in detail following the approval of a revised Group Risk Policy by the Group Audit and Risk Committee.

10. **Prevent policy**

The Board noted the updated Prevent policy as required under the Counter Terrorism and Security Act 2015.

11. **Declarations of interest**

The Board authorised the updated interests of Jerry Cope and Deepa Shah, to be published on the website.

12. **Sector governance best practice**

The Board noted LSBU's response to the governance issues raised in an OfS report of another HE institution.

13. **Health and Safety annual report 2018/19**

Nicole Louis and Ed Spacey joined the meeting

The Board discussed the annual health and safety assurance report in detail.

The Board noted the increase in demand for mental health support from students and that the executive is developing an action plan to address the underlying causes.

The Board took assurance from the report.

The Board discussed an update on the Coronavirus situation. An action plan had been developed to minimise the impact of the pandemic on the core activities of the Group. The Board noted plans to finish face-to-face teaching before Easter in case of closure after Easter. Alternative assessment measures were being developed for semester 2 exams.

'Gold Command' would meet regularly as necessary to manage any situation. The Board would receive regular updates.

The Board noted that the April 2020 strategy day will be postponed to the summer 2020.

Nicole Louis and Ed Spacey left the meeting

14. **VC's report**

The Board discussed the Vice Chancellor's report.

The Board noted that the DfE was expected to provide feedback on the SBC estates strategy on 18 March 2020. The Board noted that the delay had led to challenges with funding and to the timeline.

The Board noted that UCU is seeking to ballot for strike action in relation to potential changes to the USS pension fund and to pay and working conditions.

The Board noted an update on the Augar review and potential for student number control of certain courses.

The Board noted the positive recruitment numbers which was largely a result of improved league table position, increased effectiveness at processing applications and messaging to potential students.

The Board noted the change to use the Graduate Outcomes survey instead of the Destination of Leavers of Higher Education survey to measure employability and the likely negative impact on league table position. The Executive will monitor the impact.

The Board noted the mock REF exercise was positive. A briefing for governors on REF, TEF and KEF would be offered.

15. **CFO's report**

The Board discussed the Group Chief Financial Officer's report, which included an update on the latest income projections for 2019/20, budget planning for 2020/21, OfS matters, audit matters, pensions, South Bank Colleges, group cashflow and project LEAP.

The Board noted that the current forecast for 2019/20 is deliver to at least to budget of £1.5m.

The Board noted that the board pensions working group had met to consider options for the future provision of the Local Government Pension Scheme (LGPS). The proposal that would be put to the unions as part of consultation is to offer a newly set up defined contribution scheme instead of the LGPS to new non-academic starters from 1 August 2020. The objective is to better manage risk and reduce future scheme deficits rather than reducing current cost, thereby reducing the risk of pension provision becoming unaffordable in the future. The Board noted the likely employment relations issues. The Board supported the proposal in principle and authorised the executive to begin consultation with staff and the trade unions.

Following a governor's question about intra-group lending to SBC, a general point of governance was discussed in relation the background information provided to the Board to underpin recommendations of sub-committees. The Board requested a review of how recommendations from sub-committees are presented to the Board.

16. **Croydon HE business case**

The Board discussed the proposal to establish an HE presence in Croydon. The proposal had been discussed in detail by the Major Projects and Investment Committee (MPIC) at its meeting of 27 February 2020. The committee strongly supported the proposal.

The Board noted the outline business case for HE provision in Croydon and the rationale for an LSBU presence in the area. Educational delivery would commence in September 2021, with Health as the primary provider and Business as the secondary provider alongside additional enterprise and CPD activity.

The financial case presented a number of scenarios based on varying student number intakes. It was noted that in all scenarios the proposal moved from deficit to surplus in 2023/24. In cashflow terms, assuming receipt of a potential grant from Croydon Council of £3.3m, the maximum cash requirement until break-even was £4.1m. The payback period of the discounted cashflows (at 6%) was just over 5 years. A key point in negotiations with the landlord was the desire for a break clause in the 15 year lease term.

Having noted MPIC's review and its support for the proposal, the Board approved in principle and authorised a sub-committee of Rashda Rana, Jeremy Parr, David Phoenix and Richard Flatman to approve the final business case and authorise execution of the necessary legal documentation.

17. **LSBU Cairo business case**

The Board noted the update on the development of LSBU Cairo, which had been reviewed by MPIC at its meeting of 27 February 2020.

Date of next meeting
4.00 pm, on Thursday, 21 May 2020

Confirmed as a true record

.... (Chair)

BOARD OF GOVERNORS - THURSDAY, 12 MAY 2020
ACTION SHEET

Agenda No	Agenda/Decision Item	Action	Date Due	Officer	Action Status
4.	Matters arising	Update on academic assurance to be given at May Board meeting.	21 May 2020	Provost	Complete – update paper to follow as a supplement.
9.	Corporate risk	Board to review risk in detail following approval of revised Group risk policy by Group Audit and Risk Committee.	16 July 2020	CFO	Group risk approach in on the agenda for the June 2020 GARC meeting and July 2020 Board meeting.
13.	Health and safety annual report 2018/19	Board to receive regular updates on coronavirus situation.	N/A	Vice-Chancellor	Ongoing – regular updates being sent to Board by email. Full coronavirus update on agenda.
13.	Health and safety annual report 2018/19	Board strategy day to be rescheduled.	Summer 2020	Governance Team	Scheduling of shorter strategy session is in progress.

Agenda No	Agenda/Decision Item	Action	Date Due	Officer	Action Status
14.	VC's report	Briefing for governors on REF, TEF, KEF to be offered.	Summer 2020	Governance Team	REF and KEF sessions scheduled for June and July 2020. TEF session still to be scheduled for September 2020.
15.	CFO's report	Review of how recommendations from sub-committees are presented to the Board to be carried out.	21 May 2020	Chair of MPIC, CFO	Reviewed by Chair of MPIC and discussed with CFO.

	CONFIDENTIAL
Paper title:	Covid 19 Update
Board/Committee:	Board of Governors
Date of meeting:	21 May 2020
Author(s):	Ed Spacey, Acting Director of Group Compliance.
Sponsor(s):	Professor David Phoenix, Vice Chancellor and Chief Executive.
Purpose:	To update the Board following the publication of new Government guidance.
Recommendation:	The Board is requested to note the Group response to this pandemic and support the executive's arrangements for business recovery planning.

Executive summary

The report outlines the latest position following publication of "Our plan to rebuild. The UK Government's Covid 19 recovery strategy".

The Board is requested to note the Group response to this pandemic and support the executive's arrangements for business recovery planning.

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Report on handling of Corona Virus (COVID19) Crisis

1.0 Purpose

1.1 To provide the Board with a strategic overview of the LSBU Group response and incident management of the Covid 19 Crisis, including lessons learned and current risk.

1.2 To give an update on recovery planning and reinstatement.

2.0 External Background

2.1 The World Health Organisation declared the Corona Crisis a "Public Health Emergency of International Concern" on 30 January. At the same time, the UK's Chief Medical Officer raised the country's risk level from low to moderate, and the first cases appeared in the UK.

2.2 Wider transmission within the UK was first documented on 28 February and by 1 March there were cases in England Wales Scotland and Northern Ireland. On 11 March the WHO declared Coronavirus a pandemic, and the UK risk level was raised to high. On 20 March the UK Government ordered all schools, restaurants, pubs and clubs to close, and a full lockdown started on 23 March.

3.0 Group Response

3.1 Novel Covid 19 was a new virus, and therefore as with all organisations, there was not a pre-prepared Corona Plan in January 2020. However, the Group did have an established generic incident response plan, and had undertaken scenario training of its senior "Gold Command" Group around an infectious disease major outbreak (Meningitis) in 2019. Gold refers to the most senior leadership group for managing serious incidents.

3.2 In January, early work took place to prepare any required media holding statements. We were fortunate they were not needed, unlike York University, which had to deal with the press when one of their students became one of the first two people infected in the UK on 1 February.

3.3 As the crisis developed, the range of government guidance significantly expanded and in some cases was continually evolving and changing. This led to a hub area being created on the LSBU staff intranet and student pages, signposting people to relevant government information. Similar approaches were cascaded across the Group.

3.4 The need for further communications to staff and students continued to increase throughout this period. A particular difficulty was that urgent Government announcements often came after 5pm, and there was an expectation from staff of immediate LSBU Group action.

3.5 At this stage there were still a significant number of international trips planned by LSBU. Enhanced arrangements were put in place to monitor existing and future booking requests, minimising risk.

3.6 Covid 19 preparedness continued to be discussed at Executive Level and University Management Committee, and the organisation created a covid response plan. The LSBU Group maintained strong contacts with sector professional associations, to ensure its approach was appropriate.

3.7 On 26 February the first Gold Command Briefing took place to further refine its response plan.

3.8 An awareness raising poster campaign took place across all of the Group, including reinforcing Public Health England messaging promoting effective handwashing, and making anti-bacterial handwash available across all sites.

3.9 During this period there were a high number of specific enquiries from managers and staff reporting suspected cases, questions around self-isolation, deep cleaning, continuation of running lectures etc. Calls for urgent advice continued both inside and outside of business hours for a sustained number of weeks. This was provided by the Head of Compliance and the Health Safety and Resilience Team.

3.10 Similarly, Student Services were having to handle student concerns on a significant scale. Halls of Residence staff had to respond to cases where students were required to self-isolate.

3.11 At 5pm on 16th March, the Prime Minister identified London as the UK Epicentre, and announced all those who could work from home should do so nationally.

3.12 Gold Command met at 9am on 17 March. Decisions were made to enable all PSG staff who could work from home to do so from 18 March. Halls had to remain open for international students and be staffed. Student Support Services continued onsite, along with key estates staff to maintain the buildings. The Library (both Southwark and Havering branches) was kept open, primarily to support students who did not have other access to technology.

3.13 A specific ‘Academic Delivery Group’ (ADG) was quickly set up, chaired initially by Pat Bailey or Warren Turner (now by Deborah Johnston), to put in place specific processes to ensure robust but fair assessments for end-of-year progression and/or award. The ADG comprises the 7 education leads from each School, the Head of ‘Teaching and Quality Enhancement’, chaired by the PVC (Education). Specific arrangements concerning HSC students were agreed nationally, and implemented by the Dean of HSC and his colleagues.

3.14 Schools switched to operate online delivery of teaching, with remote teaching, assessments and exams. ADG sponsored a ‘No Detriment’ policy, agreed by the Academic Standards Committee, in the form of emergency regulations that seek to ensure our academic standards while also ensuring that students are not harmed by COVID19's impact on their education.

3.15 ADG is now focusing on the delivery for next semester, with the establishment of core education principles that will form the basis for future delivery. At the same time, ADG is working closely with key PSG leads to map out operational challenges for S1 and support academics as they prepare over the summer for a remote teaching delivery.

3.16 MS Teams was the chosen platform for staff video conferencing. ICT provided ongoing support for remote working, and there was online information on the use of MS Teams. This platform has to date worked well.

3.17 Gold Command conducted daily online meetings, along with a weekly online meeting of a wider group, and regular weekly communication updates to all staff and students. This structure remained in place until the frequency was reduced at the end of April, as we moved into the recovery phase.

3.18 The Multi Academy Trust (MAT) and Lambeth College followed the Government direction on 20 March to close to all but the children of essential workers. Numbers of students of essential workers were very low and over the next few weeks further reduced until the need to open was removed. As national external exams were cancelled, the MAT and Lambeth College had to subsequently prepare to meet new requirements of supplying student performance evidence to examination awarding bodies.

3.19 The LSBU and Havering Libraries, which had remained open for students, closed following the Government lockdown announcement on 23 March, as did all remaining onsite student support services. The Library at Lambeth College was also closed. Education delivery continued online, and support arrangements were made for those without access to ICT provision.

3.20 Halls of Residence have remained open for international students and those who do not have alternative accommodation, with between 500-700 students staying in Halls during the pandemic lockdown.

3.21 The LSBU Group offered various support to the NHS as previously reported to the Board.

3.22 A Student Hardship Fund was quickly established to support students, with details of the total sum allocated and turnaround times reported in the weekly Board updates.

3.23 Wellbeing support measures and online information was significantly strengthened for both staff and students.

3.24 Financial Forecasting analysis took place to consider the likely impact of Covid 19 at an early stage, plus ensuring adequate cashflow availability. Testing had previously taken place to ensure that all salary payments and ongoing processing of all external payments could operate remotely.

3.25 Work commenced on determining how Clearing would be likely to operate later in the year, including any changes to the existing switchboard infrastructure.

3.26 Managers Guidance was produced to ensure consistency of staff approach and equip managers to deal with a whole new series of staff questions around new ways of operating.

3.27 Pulse wellbeing surveys were conducted both for staff and students.

3.28 As Government announcements were made, the Group had to consider a range of evolving HR issues. These included whether certain staff should be furloughed, arrangements around carers leave, interpretation of national guidance on annual leave carry over, recruitment, ‘right to work’ checks, visa concerns etc. Our final position is that we did not have to place any staff on furlough.

4.0 In Memoria

4.1 As of 4 May, one LSBU staff member and one Lambeth College Student have unfortunately died as a result of Covid 19. Our sympathies are with the families.

5.0 Emerging Lessons Learned

5.1 Lessons learned are continually monitored and reported to the Executive, as an ongoing “hot debrief”. A final debrief will also be held post recovery.

5.2 There were many positive aspects to the way in which the Group was able to very successfully respond, in the most extraordinary of national circumstances.

5.3 As with all incidents, there are always some themes for consideration:

- Gold Command being set up earlier at the outset may have been beneficial;
- Communications – more prominent messaging emphasising the need to regularly check government guidance links provided, which were changing frequently. Managing staff expectations on the ability to issue immediate responses following changing government announcements;
- LSBU Estates teams implementing poster campaigns /anti-bacterial handwash availability earlier;
- Unions - To have prepared them a forward holding plan in advance, as unions sometimes felt they were not consulted and the pace of change /incident could not facilitate extensive discussion;
- More active previous engagement by each area on their Business Continuity Plans;
- More pre-planning to manage hostile staff views from a small minority of those who had to deliver essential onsite services from 18 – 23 March.

6.0 Current Risks

6.1 There are a number of ongoing risks which the Executive are continuing to closely monitor.

The following summary is an indication of key themes:

- Clearing arrangements (remote or onsite), impacting on future revenue;
- OFS guidance changes to allow student refunds for lack of f2f teaching, or quality of online provision isn't sufficient and leads to refund claims;
- Creating an appropriate blended model of academic delivery and assessment for when restrictions ease;
- Adaptive course changes and delivery methods fail to meet regulatory standards;
- Potential staff and student safety anxieties about returning to campus;
- Protecting student and staff wellbeing and mental health now and in the future;
- Lack of sector notice/lead in time to fully prepare as national restrictions ease;
- Health and Safety - operation of effective social distancing on return to campus;
- Managing the current differential impact on particular student groups in terms of income, digital access and uncertainty for new and returning students, with particular focus on attainment gap issues;
- MAT and LC – dealing with the new regulatory requirement for submitting evidence of student performance used to award external exams, and managing associated student complaints;
- Implementing new methods of working and supporting ICT provision.

7.0 Recovery Planning

7.1 In order to ensure a structured approach to reinstatement and prepare for potential easing of restrictions, an overarching recovery plan has been developed. This is a progressive and evolving document, designed to provide an overview of required workstreams.

7.2 Weekly executive meetings have been extended, to include allocated time for strategically managing the recovery; these are now being replaced by fortnightly 30-minute pre-Executive Meeting briefings to ensure that key issues are addressed. For the University, the University Management Committee will be meeting fortnightly (instead of monthly), so that key decisions can be made in a timely manner, and/or cascaded to Executive, as necessary.

7.3 Additional project management and support resources are currently being allocated.

7.4 Our plans anticipate and incorporate that social distancing will remain.

7.5 A summary list of the main Group issues includes:

- Financial Monitoring and Planning;
- Supply chain issues and considerations;
- Academic delivery. Ranging from degree classification awards, the delivery of future blended learning models, course changes, increased academic support for students, and the impact of social distancing on specialist course delivery;
- Quality and Standards – including frameworks for assessment and quality controls and associated management of any risk;
- How clearing will operate, remote open days, applicant management conversion and offer making, online enrolment, timetabling/required onsite room allocations, delivery of frontline student services support, international students issues/UKVI, and graduation ceremonies;
- ICT – appropriate platforms and hardware to continue an effective blended remote approach, equipment for new starters, laptop availability schemes, GDPR and Information Security Management;
- HR – Staff Wellbeing/MH and equipping people to cope with evolving new ways of working, shielding arrangements for staff with health conditions, carers arrangements, planning operating models of Schools and PSGs, rotas, flexibility of working hours, safety issues around social distancing, PPE and working practices.
- Estates – Preparing buildings and Halls, enhanced cleaning regimes, social distancing impact effects, floor markings, one way systems, managing and restricting capacity in key areas, use of libraries, canteen facilities, contractor management arrangements, and keeping estates re-development projects running;
- Effective communications – staff, students, unions, pupils and parents;
- International Campus Development – continuing to progress and manage the development of the Egypt campus.

7.6 The table below provides a further overview of the types of issues we are preparing for in our planning.

Research	**Action**
Impact re staff– those on fixed term contracts drawing to a close and those trying to build careers, future talent to respond to bids etc.	Data analysis on research staff position.

Social distancing impacting on Laboratory use and other practical delivery.	Establish new operating procedures subject to all risk assessments.
Financial Sustainability	
Fall in student numbers (international and domestic) impacting on revenue, pressure to reduce fees if online teaching continues, extra costs of developing blended learning, reduced halls of residence bed capacity/income, increased operating costs of BAU.	Detailed forecasting and financial analysis to enable pre planning.
International	
Travel restrictions still in place, Students having to start courses online with uncertainty around wide range of UK visa issues, UK safety perceptions, exam delays abroad impacting on UK offer process.	Planning by International Office and seeking clarity around UKVI arrangements.
Admissions	
Dealing with new admissions processes where students have not sat A Levels, and understanding their appeals process which could delay entry.	Workstream identified to adapt systems and monitor latest developments.
Increased student deferral.	Forecast likelihood scenarios.
Impact effect of extra UCAS information to students on choices of University.	Monitor the emerging trend and use for forecasting.
How Clearing will operate.	Workstream planning.
Regulations and Standards	
Impact of any OFS new condition of Registration.	Monitor and plan for compliance .
Breach of CMA regulations due to course changes.	Academic Delivery Board overview of changes.
Increased student complaints to OIA re course standards.	Communications to share planning and manage student expectation.
Professional and Statutory Regulation Bodies requirements & implications on courses / delivery.	Academic Delivery Board overview.
Student Support	
Increased MH support.	Increased promotion of support mechanisms available.

Support for students who need to be "shielded" due to health concerns or Disability.	Prepare support information.
Supporting students with symptoms.	Follow PHE guidance.
Supporting students adapting to the new normal / tech needs etc.	Prepare support information. Group "training" pre return.
Hardship issues.	Hardship funds.
Workforce	
Dealing with MH support.	Increased promotion of support mechanisms / MH training.
Staff engagement in a culture of new ways of working.	Pulse surveys and developing engagement campaigns. "Training" pre return.
Union pressures re changes to practices/roles and future pay issues.	Regular briefings and sharing forward planning.
Recruitment and disciplinary handling.	Increased use of technology solutions.

8.0 Recommendation

1. **The Board notes the Group response to this pandemic and supports the executive's arrangements for business recovery planning.**

	CONFIDENTIAL
Paper title:	Vice Chancellor's Report
Board/Committee	Board of Governors
Date of meeting:	21st May 2020
Author:	David Phoenix, Vice Chancellor
Executive sponsor:	David Phoenix, Vice Chancellor
Purpose:	To update the Board on University matters
Recommendation:	To note the report.

Executive Summary

Since the last Board report in March our biggest challenge has been keeping operations going whilst managing the impact of Covid -19, which is covered in a separate agenda item. Despite these challenges, we have had a number of successes such as exceeding our 19/20 International recruitment target by £4.2M and Lambeth College being ranked 43rd out of 172 colleges in England, an increase of 66 places.

Recruitment for 20/21 will be one of our biggest challenges (see CFO report) and the team have been working hard to move activity online. So far we are currently tracking at 34.2% against a recruitment target of 7,820 Firm Accepts overall. Covid impact on UCAS timelines make it difficult to compare to previous year. In addition, there is concern regarding the impact of Covid on the apprenticeship and international markets and we continue to work with overseas partners, employers and current apprentices to manage this risk. Our apprenticeship learner success rate remains weaker than desired and remains an area of focus.

Vice Chancellor's Report May 2020

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

1.0 Corporate Strategy Outcome 1: Student Success

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

1.0 Performance Publication Update

The Covid-19 pandemic is continuing to impact regulatory requirements and national datasets. The Graduate Outcome (GO) data publication, will not be published by HESA until the second half of June (we were expecting it in May) and there are delays to the publication of both the CUG and Guardian league tables. Timelines on these items appear to be quite fluid with the Guardian indicating publication in September rather than May. This may mean we no longer benefit from the strong NSS results from last year but are impacted by weaker GO data. Where possible, information will be shared relating to new timelines as soon as it is available.

2.0 Corporate Strategy Outcome 2: Real World Impact

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

2.1 Income Diversity

The end of the recruitment cycle for international in 19/20 has had an excellent outcome. The target of £11.6 million has been exceeded by £4.2 million at £15.8m. This is a 46% increase on the previous year and is a record increase for LSBU. The increased numbers are a result of a 4-prong strategy: improved processes (mostly through contracted management services e.g. QSES), increased agent recruitment, improved CEG OnCampus numbers and increased Study Abroad from partners.

The 2019/20 income target for research is £7.5m: £2.7million of research income has been secured to the end of period 8, with a further £2million contracted. At this stage, there is a projected negative variance to budget of £373k for this financial year. The main negative variance to budget sits with The Welding Institute (TWI): research income from TWI has not been in line with our expectations. All live research projects are being reviewed in light of Covid19 and we expect there to be delays to delivery to some projects as a result of the moratorium on face-to-face research and the inability to access specialist facilities on campus. We are in regular communication with funders to mitigate any risk to project delivery. Interdisciplinary research bids related to Covid-19 from across Schools are being supported which may result in additional research income in the later part of 19/20 or at the start of 20/21.

Enterprise income continues to be a challenge with over £2million income still needing to be secured. In light of the Covid-19 closures, the forecast income for rentals for April to July (£400k) and the forecast summer schools residences lettings (£500k) look unlikely to be secured due to Covid-19 closures. Enterprise funders are also refocusing funding to address issues associated with Covid-19, for example, the GLA were due to publish new European Social Fund (ESF) calls in late March but this has now been delayed and it is expected that these will have a focus on addressing the employment and skills challenges that will result from Covid-19.

Work is underway to prepare LSBU's first Knowledge Exchange Framework (KEF) submission which is due in October 2020. An analysis of our performance against our KEF cluster group using the KEF metrics (HEBCI measures for the last 3 years) has been undertaken and this shows that we perform in line or slightly above our cluster on a number of measures. A cross-LSBU working group has been established to draft the KEF narratives. The final drafts will be reviewed by the Executive in early September and FPR on 22nd September. The KEF metric results and narratives are due to be published for the sector in December 2020 (revised from Summer 2020).

2.2 Global Delivery

The lockdown in Egypt has inevitably postponed the launch of LSBU Cairo until 2021. The time will be used to ensure the building will be fully prepared while at the same time looking to maximise the offer at launch. This means that a soft launch will happen towards the end of this year to ensure full participation in the next recruitment cycle. Our Egyptian partners have formed the British Education Company to support LSBU Cairo until the presidential decree is received. At that point the partners will be able to establish the vehicle which will hold the licence to operate. It is likely that the current chairman will step down with oversight moving to one of his daughters. This transition is a current point of focus for ourselves and the Egyptian government.

A significant partnership is being pursued in Tashkent which could rival the British University in Egypt in scale and for the first time North America in the form British Columbia, is being explored as a potential site to help rebalance the portfolio. While China is still an integral part of the strategic TNE plan, there is no doubt that risk and the difficulty of operation has increased for new entrants, making it prudent to continue to be cautious about the Chinese market. There are a number of opportunities in the Gulf and mainland Europe which are being processed and the need for a good online partner overseas has risen higher in the list of priorities.

2.3 REF 2020 Update

COVID-19 has prompted Research England (RE) to delay the submission deadlines for the Research Excellence Framework (REF), which was due to be completed by 27 November of this year. RE invited universities to comment and LSBU submitted, on 5 May 2020, a response to their consultation held on the REF timeline.

Work is continuing apace on the mock-REF, which is an exercise that will confirm the current standing of LSBU's REF submission. The outcomes of the mock-REF will be presented to the University Research Committee on 20 May 2020 and will be shared with the Board in due course. Despite the extension to the REF deadline, it is our intention to uphold, in the main, the original REF 2021 timetable. This approach will ensure not only that we are comfortably prepared for submission, but should also enable us to spend more time on refining and optimising our documentation prior to submission.

On 6 March 2020, LSBU formally requested a reduction to the number of research outputs that we need to submit to the REF Units of Assessment (UoAs) 4 (Psychology, Psychiatry and Neuroscience) and 12 (Engineering). These requests were made on the grounds that these two UoAs had been disproportionately affected by staff circumstances cases, as determined by the applications received and processed by the Staff Circumstances Group. This refers specifically to cases where members of staff had been subjected to sickness, maternity/paternity leave and other material circumstances that substantially inhibited their capacity to produce research outputs. We are now awaiting the outcome of these applications.

The REF assesses three core components: research outputs, research impact case studies and research environment. Additional capacity has been brought in to support the case study development, with the expectation that the university will submit a total of 21 Impact case studies. Thus far, we have a pool of twenty seven candidate Impact case studies, of which twenty one have been externally reviewed. Twenty case studies have been rated as being at least 3* in quality and four have 4* potential. Of the six case studies not yet reviewed, four are now out for review and the final two will soon be ready for review.

3.0 Corporate Strategy Outcome 3: Access to Opportunity

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

3.1 LSBU UGFT Semester One – September 2020/21 Intake update

May is a key point in time for the sector as on-time offer-holders would normally submit their Firm, Insurance and Decliner choices back to UCAS by 2nd May. However, as part of their ongoing response to Covid-19, UCAS has rescheduled the early-May reply deadline to mid-June. The cycle is now out of sync in terms of year-on-year reporting. Hence, the decline in UGFT Firm Accepts we are seeing at the moment (of 340 fewer Firm Accepts versus last year) is misleading since the key comparative deadline – where most applicants submit their replies – has been postponed. UCAS data reveals how the delay has affected applicant choice-making, with LSBU receiving only 7k replies from offer-holders to date (compared to 11k last year). Our competitor group received just 44k replies back compared to 74k last year, while only 1.1m replies were submitted at the national level versus 1.6m by 4 May 2019.

With the delayed deadline, the university now holds an additional 4k Active Offer-holders over the previous year (up from 2.8k to 6.8k). Students continue to be engaged through online activities, such as Virtual Offer-Holder days, and more recently through Unibuddy, a peer-to-peer chat platform connecting them to our student ambassadors. We are piloting an initial soft-launch targeting these undecided Active Offer-holders, and will be rolling out the platform more widely from the week beginning May 11 to general audiences. Preparations for hosting LSBU's first Virtual Open Day are also underway.

With respect to the overall Overseas Firm Accepts (conditional and unconditional) we have 930 offers accepted. International is continuing to work to ensure we generate more applications. There is an expected downturn for Semester 1 but we are seeking to open more courses in January 2021 to help compensate.

3.1.1 LSBU Overall Semester One – September 2020/21 Intake update

The university is currently tracking at 34.2% against its recruitment target of 7,820 Firm Accepts overall, having achieved 2,670 to date overall across all course types. The bulk of the volume currently sits within UGFT provision, as it remains early in the recruitment cycle for other modes of study such as part-time and postgraduate provision. Our recruitment target of 7,820 represents an increase in target of around 600 FAs compared to last year. The full impact of the coronavirus outbreak remains to be seen, but we continue to monitor the sector updates, especially where this may concern a possible OfS cap on recruitment.

	RADAR - 04 May - S1 20/21	Progress to Target and Year on Year Comparisons						Undecided Offer-holders		
	Course Type	Year to date FAs	Target FAs	Progress to Target	LYTD FAs	% +/- Change	+/- Change	Active Offers	LYTD	% +/- Change
Overall School	UGFT	1,847	4,825	38.3%	2,185	▼-15.5%	-338	6,778	2,821	▲140.3%
	UGPT	100	501	20.0%	81	▲23.5%	19	58	53	▲ 9.4%
	Apprenticeships	60	692	8.7%	33	▲81.8%	27	11	10	▲10.0%
	PGFT	570	1,314	43.4%	656	▼-13.1%	-86	1,320	746	▲76.9%
	PGPT	87	456	19.1%	108	▼-19.4%	-21	56	59	▼ -5.1%
	Study Abroad	7	33	21.2%	17	▼-58.8%	-10	3	9	▼-66.7%
LSBU	University Overall	2,671	7,821	34.2%	3,080	▼-13.3%	-409	8,226	3,698	▲122.4%
	Home	2,144	6,560	32.7%	2,364	▼-9.3%	-220	5,384	2,056	▲161.9%
	EU	314	399	78.6%	260	▲20.8%	54	1,406	543	▲158.9%
	OS	213	861	24.7%	456	▼-53.3%	-243	1,436	1,099	▲30.7%

3.2 Apprenticeships

LSBU currently has 1519 apprentices continuing on programme. With a 19-20 achievement rate currently at 40%. The team are working hard to increase this to the target 65% however this is a challenge in the current environment with many Health apprentices unable to complete due to external assessors barred from the work place. The ESFA have announced they will not publish qualification success rate for 19-20, nonetheless we want as many apprentices to succeed and maximise revenue. We are currently working on alternative arrangements as more flexibilities on End Point Assessment are announced.

Enrolment is continuing with 10 Post Production Technician Operators apprentices starting programme in April 2020 and 47 Nursing Associate apprentices due to start in June. The first cohort of 50 Rail Engineering apprentices will enrol in July 2020.

Recruitment is on target with overall 20-21 applications and offers 34% up on this time last year. This is healthy but we do not expect the large increase in recruitment seen year on year since 2016. We are awaiting validation of 6 standards in the Built Environment and Architecture which will support our goal of meeting target in the BEA School.

Withdrawals have been minimal with only one apprentice confirming redundancy so far however we expect a minimum of 78 of Breaks in Learning (Interruptions) to be reported on the R09 May funding return in the Health School.

The apprenticeship team have conducted a survey of all apprentices to update us on how CoV-19 is impacting their employment as an apprentice. The team has received 534 responses to date (34% response rate). 46.8% of respondents said their apprenticeship had been negatively impacted. 15.1% had received reduction in hours and/or take home pay. 31% of respondents are currently furloughed (173 apprentices.) The Furlough is a high risk, should these convert into redundancy and consequently, a withdrawal from studies over the next few months. The team is preparing to meet this challenge, potentially supporting large volumes of apprentices to find alternative, relevant employment and therefore continue study.

Internal data errors in the funding return are now impacting less than 5% of total apprenticeship funding, and we are on track to resolve by the 31st July deadline.

4.0 Group Issues and Environment

4.1 South Bank Academies Trust

Both schools have benefited from maturing systems, processes and personnel to improve the quality of education, with both schools maintaining a positive outlook on improving outcomes this summer. At the UTC a strengthened middle leadership structure has accelerated improvements in curriculum delivery. At UAE a powerful professional development programme supported by a research culture has yielded improvements in sequencing and assessment for example.

The current Covid situation has resulted in almost all learning being delivered remotely. We are fortunate to be very well placed to pivot quickly to a new delivery model. At UAE the cloud-based Google Classroom ecosystem was fully embedded and widely used before closedown, as was Microsoft Teams and Office 365 at the UTC. The central team is fully cloud-based and able to work effectively off-site. Staff have adapted impressively to prepare and deliver good quality learning either through livestreamed lessons, narrated presentations, video and audio content or through other means. Work is now ongoing at both schools to evaluate levels of engagement linked to a revised rewards system and additional technical support to staff to prepare high quality content.

Added to the core curriculum has been a programme of support for students and families more widely. For example leaders and the central team have quickly instituted food and supermarket e-vouchers for disadvantaged families in advance of the struggling national scheme. Pastoral support, virtual assemblies, online fitness classes and much more is now hosted on re-vamped school websites, with rapid initiatives in place to crowdfund additional resources and virtual work experience. Disadvantaged students at both schools have been supported to access devices and data packages to support their remote learning: we are acutely aware of learning gaps potentially widening according to national research, and have put a number of measures in place to mitigate this.

Leaders have held Quality Committee meetings to explore, question and validate strategic education decisions. Most recently there has been consideration given to the replacement for the summer 2020 examination series to ensure accurate and robust approaches are employed to arrive at centre-assessed grades as well as to support potentially demotivated and directionless Year 11 and 13 students towards their next steps. Although the final Ofqual methodology has not been published, we are optimistic that students will see improved outcomes this summer and our 6th form numbers will grow. Outcomes however will not be published nationally – there will be no league tables and Ofsted will not inspect against 2020 outcomes. This is disappointing as we need to show progress to convert the UTC RI grade to Ofsted Good.

Staff and student recruitment processes continue albeit in a different form. To date staff recruitment has been strong, especially into the expanded management positions at the UTC. Student numbers are behind target hence budget planning for 2020-21 is progressing, with cost savings for the 2019-20 year identified. We continue to work positively to further integrate into the Group, for example through staff Pulse surveys, input into 2020-25 strategy, links with Deans and development of an engineering PGCE.

4.2 South Bank Colleges

Lambeth College had an Ofsted monitoring review on the 10/11/12th March. This visit was conducted under the new Ofsted Education Inspection Framework and provided us with a good insight into the focus and approach under this new model. Of the four areas reviewed, two were assessed as making significant progress and two reasonable progress which is a strong outcome.

The National Achievement Rates for the sector were published at the end of March enabling us to benchmark the college's 2018/19 performance against the sector. The college has made significant progress across all classroom-based delivery categories. The performance of 16-18 year olds has seen the college improve its ranking by 66 places, progressing from 166th to 100th out of 172 college. For Adult provision the college has improved its ranking by from 107th to 75th placed college. Overall performance has improved by 78 places and the college is now 43rd out of 172 colleges in England. As reported previously the college achievement rates exceeded the CFADs target for classroom-based learning.

Apprenticeship achievement rates benchmark poorly. With the college ranking 166th out of 172 colleges in England. The college took the strategic decision to close off historical data from up to 3 years ago. Many apprenticeships run for over two years which means that actions taken since the college joined the Group take time to evidence positive impact.

The college submitted a bid for a GLA Innovation Grant in January and were informed in March that our bids had been successful. The GLA has awarded the college £500k; £200k to provide NHS health care support staff with a leadership and development programme which will help them to progress into pre-registration programmes and apprenticeships. The programme will enable NHS employees to improve and achieve their functional skills English, maths and leadership skills and support their continued up-skilling, enabling NHS staff at entry level positions to develop personally and professionally, boost their career prospects and reduce skills shortages. £300k for a programme to support young adults at risk of serious youth violence, the programme builds on the college's expertise working with young people at risk of being excluded from education and is focused on young adults aged 19-24 years old.

4.3 Public Affairs

Inevitably, planned events and engagement have been disrupted. However, we have continued to engage with key sector organisations including Baker Dearing Trust, Pearson, City and Guilds, AELP, Institute of Coding and others, both to compare thoughts on the current crisis and to explore a range of partnership opportunities.

We have been in regular contact with the DfE regarding Vauxhall Technical College, but also more broadly including contributing to the Higher Education Stakeholder Group on Professional and Technical Education. I also held a one to one discussion with Iain Mansfield, the Special Advisor to the Secretary of State for Education. His principal interest was in LSBU Group, especially the FE/HE relationship, which it seems, is a particular area of interest in the context of the impact of Covid-19 on the HE sector and the forthcoming FE white paper this autumn, which in turn follows on from the Augar review.

Locally, we continue to engage with Croydon Council and other local stakeholders, including local education providers and employers, around development of the Croydon Campus. We have also maintained close contact with the GLA, both Southwark and Lambeth Council, and local MPs ensuring they have a clear picture of the work we are doing during the current crisis and, where we can, moving forward with longer term initiatives.

5.0 Strategic Enablers

5.1 Coronavirus Update

In order to support our staff and students during Coronavirus we have undertaken two surveys. A monthly pulse survey consisting of 10 questions launched in April for staff. The question set focussed on organisational support, leadership, wellbeing, and staff circumstances during the current COVID-19 situation.

The first set of results were generally positive achieving a return rate of 23% and engagement score of 70% across the LSBU Group. Line manager and team engagement results were high with scores over 80%.

The survey data showed that many staff are having to adapt quickly to a new ways of working whilst balancing home commitments.

The data also exposed the large variance in terms of access to appropriate space to work, access to the necessary equipment needed to be effective, and a significant difference in experience between staff that identify as having a disability or impairment compared to staff that don't.

For students, we delivered a satisfaction survey relating to the alternative academic delivery arrangements and different measures of support introduced. 646 responses were received from across the student body, a 3% response rate.

Sampling broadly followed the composition of LSBU by age, ethnicity, residence type, School and study level. All sample groups achieved were sufficiently sized for robust analysis. The survey assessed agreement with positive statements linked to:

- Support for students living in Halls
- Access to online course tuition/materials
- Communication
- Study support
- Access to Student Services support
- Understanding of access to financial support
- Access to relevant 'kit' / equipment for home study

There was variability on satisfaction with academic materials and effectiveness of communication across schools. We will be addressing the issues raised via a number of mechanisms, including the University Management Committee and Academic Delivery Group that has been set up to coordinate delivery of academic provision. I will report back to the Board on progress to date.

5.2 Campus Development Southwark

The refurbishment of the London Road Building is underway and good progress has been made. The contractor is now on site and internal strip out and demolition is well advanced. The value engineering exercise continues to achieve the refurbishment within the £56.4m budget allocated. Due to the current national COVID-19 situation, the programme has been reviewed and handover is now likely to be in June 2021. The Perry Library will, therefore, move over the summer months after the exams have taken place.

Planning for the separate project to re-build/refurbish the Chapel is now underway. The Design Team has been appointed and plans and information for submission to LB Southwark Planners are currently being finalized although at that stage the program will be paused while we assess group capital requirements/capacity post Covid.

Communication with the London Borough of Southwark continues with regards the re-development of the Perry Library/Keyworth Hostel site to create a NHS hub, general LSBU space and 1000 student bed spaces. Avison Young Consultants have been appointed to undertake a valuation of both the Perry Library and the adjoining

LBS hostel and to prepare a costed options appraisal together with planning advice which will be completed by the end of May 2020.

Negotiations with the Landlord of Electric House continue in respect of the establishment of a new campus in Croydon. It is planned to provide Business School and Health and Social Care courses at the facility as well as working with Croydon Council to create an Enterprise Zone. The finalisation of plans is imminent and the Landlord will be submitting a formal planning application for the refurbishment on 6th May 2020.

5.3 Tabard Street Health Education and Skills Centre

Tabard street was leased to provide additional capacity for teaching if required. If space was not required additional areas of growth around CPD and FE were identified at the time as potential alternative uses. We are currently working to establish a new Health Education and Skills Centre at Tabard Street. The concept is a center linked to an employment sector that delivers across multiple educational levels. This will function as an interim facility ahead of the proposed Health and Social Care education and training centre at Vauxhall Technical College and will inform that development and the possible creation of similar centres for other sectors. We propose to open the Centre in September 2020 subject to our ability to offer face to face teaching at that time. For employers, this approach has the benefits of the "one-stop-shop". For learners it has the benefit of simple access to career pathways. For LSBU Group it is a clear differentiator and highlights the benefits of the group approach. For funders it has the benefit of offering substantive solutions to known skills shortages; indeed our four local boroughs have commissioned a feasibility study (involving LSBU) of a skills centre for the hospitality industry.

The facility is close to Guy's and St Thomas' NHS Trust which is a key HSC Client and already a sponsor of the South Bank UTC, and there have been initial discussions about a formal link with the Trust. LSBU's group structure means that it is perhaps uniquely placed to offer this kind of approach with different educational levels and facilities being delivered by different parts of LSBU Group; i.e. Lambeth College for English and maths and lower level skills; HSC for undergraduate, postgraduate and CPD, LSBU Outreach, and the Institute for Professional and Technical Education. By offering career pathways at all levels, linked to identified roles at key local employers, we believe that the Centre could become the defacto outreach, recruitment and skills hub for the health and social care sector in south London.

The Centre is proposed to house:

- Simulation suites to support clinical training at all levels
- Executive Education facilities for HSC

- HealthTec Centre, a fully immersive interactive centre to provide primary and secondary schools, colleges and adults with the opportunity to learn experientially about jobs in the NHS and to support careers advice and guidance, health and well-being programmes and first aid training
- A recruitment centre offering Information and advice about jobs at GSTT and related education and training options focusing on employing and retaining local people, featuring pre-employment skills / interview training for those looking for employment at GSTT
- A pre-apprenticeship access programme designed to support GSTT staff keen to access advanced and higher apprenticeships and offering dedicated English, maths, ESOL and digital skills that to prospective and current employees to enable career progression
- Additional CPD training space for GSTT

5.4 SBC Campus Development

Conditional approval has now been received from the DfE and the project continues. Demolition of the buildings on the Vauxhall site has currently been suspended due to a lack of workers caused by the COVID-19 situation. Sir Robert McAlpine Construction (SRM) has submitted full costings for the main construction work and following a review exercise, a report will be submitted for consideration recommending the way forward. Early indications are that the cost is outside the budget available and even with extensive value engineering is unlikely to be affordable. If this is the case, an alternative procurement route will need to be considered using the Stage 4 information provided by Sir Robert McAlpine Construction. By the utilisation of a Single Stage Tender through a recognised Framework, the earliest date by which construction could commence is likely to be October 2020 with an occupational completion date of June 2022. This is subject to the availability of workforce etc.

Meetings have recently been held with both the GLA and Lambeth Council who were supportive of the SBC Development proposals and affordability challenges including the proposal to change the use of Block C at Vauxhall from a halls of residence to offices or private dwellings. It is proposed to employ a commercial real estate adviser to work up a development/disposal strategy giving options as to the most financially advantageous way the refurbishment of Block S at Clapham and the provision of Blocks A, B, C and D at Vauxhall can be delivered and to ultimately prepare a tender to go out to market. This includes options for joint partnership working and both the retention and disposal of land on both campuses.

5.5 New JNCHES 2019-20 – Final Offer Update

There were two union disputes involving UCU and UCEA; one relating to the USS pension, and the other regarding the 2019/2020 pay round (which has already been implemented). On 10th March 2020, LSBU received notification for ballot that would be open from 17th March 2020 relating to the pay disputes only. Shortly after this announcement, the government introduced the restrictions relating to COVID-19 and UCU advised that, given the circumstances, the ballot would be placed on hold.

UCEA had advised that they were planning to proceed with the negotiation of the next pay round (2020/2021) which was due to commence from 31 March 2020. UCEA were still planning to proceed with this even though the previous pay round was still in dispute. UCEA has now issued a joint statement with the trade unions, stating that they have agreed to a temporary delay in the 2020/2021 pay round due to the COVID-19 situation. UCEA have stated that both parties understand that this is a unique situation which shall not set a precedent for future negotiating rounds. The decision on when to re-commence the negotiating round will be based on a recommendation from the UCEA membership group. UCEA will be distributing a new pay survey for 2020/21, given that the financial position of many HEIs will have shifted significantly since the January survey. UCEA will be factoring in the need on both sides to refresh the mandate for negotiations. One consideration will be for UCEA to put forward a pay freeze for 2020/21.

5.6 Good News Stories

LSBU Clinical Skills Technicians Support the NHS

Staff from Technical Services have been working at the Guys and St Thomas NHS trust helping to deliver ‘Up-Skill’ training to nurses and doctors to enable them to work in intensive care environments. They have also been involved with the setup of the clinical skills and simulation training facility at the Nightingale hospital in the Excel centre, and managing a larger technical team of 12.

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Agenda Item 8

	CONFIDENTIAL
Paper title:	Report from the Chief Financial Officer
Board/Committee	Board of Governors
Date of meeting:	21 May 2020
Author:	Richard Flatman, Group Chief Financial Officer
Executive sponsor:	Richard Flatman, Group Chief Financial Officer
Purpose:	For approval
Recommendation:	The Board is requested to: • note the current year financial performance • approve the LSBU budget for 2020/21 (section 3.2.1) • note progress on the updated cashflow forecast. The management Accounts, the 2020/21 LSBU budget and the updated cashflow forecasts have been reviewed by Finance, Planning and Resources Committee and the budget is recommended to Board for approval. The SBC budget for 2020/21, which is referred to herein to give Board visibility of the consolidated position, has been reviewed by the SBC Board and the direction of travel agreed. The final budget will be presented to the SBC Board for approval at its July meeting. An update on commercial negotiations regarding the proposed new RCF will be provided at the meeting.

Attachments:

Appendix 1: Management accounts summary to 31 March 2020

Appendix 2: 2020/21 LSBU budget scenarios

Appendix 3: KPMG financial benchmarking analysis (for information only, enclosed as supplement)

Report from the Chief Financial Officer: May 2020

1 Covid-19

1.1 Current year impact

All parts of the Group including the University, Lambeth College and South Bank Academies, have been physically closed since mid March.

All members of the Finance department are working remotely without a significant loss of financial control.

There are however a number of financial impacts to consider. Income from funding bodies is unchanged for the University. Lambeth College grant funding has been protected for 2019/20 provided that some engagement with learning can be shown for students and that the College was on target to deliver its allocation at the mid year point (and it was).

The University has reduced its full year income forecast by almost £5m in March 2020, with all reductions being directly related to Covid-19. The reduced income of £154.8m is still marginally higher than budget and reflects strong recruitment in year. Further information is provided in section 2 of this report on the precise make-up of the income reductions.

For Lambeth College, the areas where income is affected are tuition fees for short courses, where online or remote delivery is not appropriate, and commercial income. The latter is room hire for the College; and as the College is closed, it can no longer let the space. The impact of the commercial income is c£150k and we estimate that the impact of tuition fee refunds will be c£250k.

The University has not seen an increase in withdrawals and interruptions and no provision has been made for any additional tuition fee refunds. We will however, monitor closely the need for any additional bad debt provision at year end.

Notwithstanding the downward income adjustments in year as a result of Covid-19, both LSBU and SBC are on target to deliver against budget at operating surplus/(deficit) level.

Detailed scenario modelling has been undertaken regarding income for 2020/21 and budgets set for both LSBU and SBC. These are discussed in more detail in section 3 of this report. Any significant, immediate change to staffing levels in response to Covid-19 is not proposed although we are working hard to ensure that the current staff cost run rate does not increase before year end.

The University has identified a small number of staff that it may be in a position to furlough but has decided not to do so. The reputational risk of furloughing staff is reducing and the OfS has recently confirmed that HE providers can access the Coronavirus Job Retention Scheme (CJRS) to safeguard staff jobs. This includes access to support for those staff with short term or hourly paid contracts. However, given the relatively small number of staff involved, and because the University is still on target to deliver against budget, we feel that it would be inappropriate to use the scheme and difficult to justify. Lambeth College is not able to furlough staff through the CJRS as over 95% of its income is publicly funded and has been protected by the Government. There are two possible areas that it could furlough in, the Nursery (but this is largely supported by ESFA learner support funds) and commercial activity (though we have no dedicated staff in this area). As a result we have furloughed no staff.

Cost control options at this stage are therefore limited to operating expenses. We may however see an increase in costs as we prepare for an end to the current lockdown.

We have also been coming under pressure from suppliers of our major FM (facilities management) contracts to support and top up salaries of their own furloughed workers. This is in spite of the fact that many are unable in the current environment to provide us with any service at all, as our premises are closed. The increasing pressure is in response to Public Procurement Note 02/20, issued by the Cabinet Office in March 2020, which required contracting authorities to act to support critical suppliers at risk on a continuity and retention basis; and so that they are better able to cope with current challenges and to resume normal service delivery and fulfil their contractual obligations when the outbreak is over. We have agreed that we should not top up salaries of furloughed staff but that we might consider making payments to ensure continuity of provision when the University re-opens. To date we have only agreed payment for the Elior catering contract.

We have also reviewed carefully the published guidance regarding government support schemes which we are eligible to apply for. These include the Coronavirus Business Interruption Loan Scheme (CBILS), Coronavirus Large Business Interruption Loan Scheme (CLBILS) and COVID Corporate Financing Facility (CCFF). The OfS estimate that these schemes could be worth at least £700m to the sector, depending on eligibility and take up. All are loan schemes and relatively short term, particularly CCFF. As our discussions with the banks regarding a revolving credit facility (RCF) are well advanced, and as our borrowing needs are more longer term in nature, we are not pursuing the financial support schemes at this stage.

1.2 2020/21 impact

In order to try and stabilize admissions, the Government has announced that temporary student number controls will be put in place for domestic and EU students for academic year 2020/21, to ensure a fair, structured distribution of students across providers. These measures mean that providers will be able to recruit students up to a temporary set level, *based on provider forecasts*, which allows additional growth of up to 5% in the next academic year. The Education Secretary will also have the discretion to allocate an additional 10,000 places on top of the controls, of which 5,000 will be allocated to students studying nursing or allied health courses, to ensure growing numbers that will support our vital public services. This measure will only apply to full-time, undergraduate, UK/EU domiciled students, with certain specified exemptions. These controls will not apply to international (non-EU) students. The exact level of the student number controls and exemptions will be set out in the coming days and we will review carefully when the detailed guidance is issued. However, we think the risk is low for a couple of reasons:

- our forecasts as submitted to the OfS for 2020/21 had already factored in the growth in the current year, thereby establishing an increased baseline, and
- in setting the budget for next year, we have already assumed a reduction of 5% in new student numbers compared with 2019/20.

We should therefore, be able to meet budget within the cap and will have headroom for growth if circumstances permit.

The Government has said that, in the event that a provider does not abide by its student number controls, it will address the consequences for the stability and the sustainability of the HE sector by reducing the sums available to the provider through the student finance system in the subsequent academic year.

As part of the package, providers will need to act in the best interests of students in making offers, including refraining from large-scale use of unconditional offers and other practices which might induce a student to make a decision against their own interests. Related to this, the Office for Students (OfS), the regulator in England, will consult on a new temporary condition of registration. The OfS proposed condition would prohibit registered providers from engaging in any form of conduct which, in the opinion of the OfS, could reasonably have a material negative effect on the stability and/or integrity of the English HE sector. Such conduct could include a provider making multiple conditional unconditional offers or offers not linked to prior educational attainment. If a provider breaches the condition, the OfS will be able to apply their usual sanctions, including monetary penalties, suspension of registration or de-registration. In addition, a new sector agreement and statement of fair admissions practices will be published by Universities UK (UUK). The agreement – which applies in England and Wales – includes adhering to a new principle that higher education providers will not put undue pressure on students, and new rules to restrict destabilising behaviours, such as use of unconditional offers at volume.

The Government is also expected to pull forward tuition fee payments, expected to be worth £2.6bn across the sector, for providers so that they receive more cash in the first term of academic year 20/21. This will have no impact on students but will allow providers to better manage financial risks over the autumn. This will be available to all providers across the UK. In reprofiling these payments, the government is clear in their expectation that providers should use the cashflow benefits appropriately, taking significant steps to improve efficiencies and manage their finances in order to avoid cashflow problems further down the track. Reprofiling in this way is a one-off intervention for the autumn term only, to help providers take all necessary steps now to prepare for the future. We are confident that our plans already include a key focus on efficiencies and this pull forward of tuition fee payments will help us, albeit in the immediate short term.

2 Financial performance

2.1 LSBU

The University Management Accounts to 31 March 2020 are included as Appendix 1.

The full year forecast as at 31 March 2020 is trending towards a surplus of £1.5m. This would deliver the University on budget but is a reduction of £1.5m when compared to the position as at the end of February.

The forecast for income this month has been reduced by £4.7m to £154.8m reflecting our current expectations of the impact that Covid 19 may have on the University's financial position, including; a reduction in student tuition fees (£2m), vacation lettings (£0.5m), commercial property rental (£0.4m), term time lettings (£1m) and HSC CPPD delivery (£0.5m). This position would deliver income growth of £5.7m as compared to 2018/19.

Tuition fees and Health Contract income billed at the end of March 20 stands at £117m compared to £102m for the same period last year, an increase of £14.2m (13.9%); and we were £1.1m ahead of the forecast position for the full year. We have now enrolled 644 more new students (FTE) than at the comparable period in 18/19, an increase of 11%. Continuing students are up 4% on last year and overall we have 811 FTE more students than at the same time last year.

Recurring Staff costs continue to be underspent against budget (1.5% for Mar-20), and are forecast to represent 56.7% of income by the end of the year. This is up from 54.9% last month due to the reduction in income forecast.

The University is currently holding cash and cash equivalents of £53.8m and is holding £2.9m with respect to the Lambeth College transaction. Without these transactions, the University would be holding £50.9m, an improvement on the equivalent position of £45.1m in Mar-19.

The above position will deliver EBITDA at 10.0% which is lower than the 11.1% of 18/19, assuming the balance in Exceptional Items is spent.

The University is closely monitoring the current situation with regard to student engagement and the key risk to the above position is our ability to reasonably charge fees to International students.

2.2 Lambeth College/SBC

The March management accounts include a full year forecast based on activity to date to the end of March and a forecast for the final four months taking into account the impact of Covid-19 wherever possible. This forecast is at an operating level and does not include the release of grant to match the operating loss reported; this will be adjusted in the statutory accounts so the result will have no impact on the reported result for the group.

The budget deficit for the year is £2,740k, £45k better than the CFADS model. The main component parts of variance are analysed below:

Income will hit budget for funding council grants, adult (both ESFA and GLA funded elements), 16-18 and for apprenticeship income.

Tuition fees includes short courses and commercial income. This has been impacted by the lockdown and overall we expect a £400k adverse variance of income to budget as a result of no further commercial income and no more short courses (the College is trying to mitigate the demand for refunds for courses that can be delivered online).

Staff costs are forecast to exceed budget by £700k; the impact of pay award and other items has been captured in this forecast and is explained by the one off redundancy and agency costs. The college is looking to limit costs to year end as much as possible.

Operating expenses will be better than forecast by £700k largely due to a pause on spend on the estate and classroom and workshop materials. Subcontractors will be paid on delivery and some are showing an underperformance to date that may not be able to be recovered by year end which will reduce the College costs. Catering costs is an area where the college is in discussion with its supplier and the forecast does not include any additional costs beyond that which should be paid according to contract.

Depreciation will continue to be £450k under budget at the year end as no significant changes to fixed assets have been made this year.

3 Planning and budgeting

3.1. Planning

The 2025 Group strategy is in development, and reaching a level of maturity. It will be recommended for approval by Group Board in July. The strategy is being engaged with across the organization at present, and will be unveiled more widely at the staff conference in June. There will also be opportunities for input at Group, SBC and SBA Board Strategy Days between now and then.

As part of the writing of the Group strategy, pillar level KPI development is being supported by the KPI Working Group, chaired by Michael Cutbill (Group Board Vice Chair and Chair of the Finance, Planning and Resources Committee). Progress is being made against the deliverable of having two measures for each of the strategic pillars, with a scheduled meeting on 1st July for final review of measures and baselines.

Given that the sign-off of the strategy will not occur until July, planning assumptions will be rolled over into 2020/21, until a more fundamental review in the Autumn of 2020. The Strategy development has been undertaken with accountability for deliverables and outcomes in mind. This will be developed further in the summer, with a more detailed approach in the Autumn of 2020.

3.2 Budget for 2020/21

3.2.1 LSBU

Until recently, the University had been preparing a budget for 2020/21 with £167M of income, which would have supported an additional £2.7M in staffing cost as compared to the 2019/20 rolled forward position and the University had begun to explore the recruitment of additional academics.

This income target now looks ambitious given the implications of Covid-19, as do the staff recruitment aspirations.

Over a number of weeks, we have modelled a range of scenarios to show how reductions in recruitment, retention, and other areas of income generation might impact our income budget; and the consequences this could have on the affordability of our staffing cohort (see Appendix 2).

The recommendation of the Executive (as presented to and supported by FPR), is that the University adopts workable 2(b) scenario as the agreed budget position at this stage, recognising that we will be entering the year with staff cost challenge even assuming budget income levels are met. After accounting for assumed pay inflation and increments, there is a £6m risk around staff cost with £5m of potential headroom compared to break even position (assuming income hits budget of £153M).

However, we are not at this stage suggesting that there should be an immediate retrenchment of the LSBU workforce. Given the desire to maintain capacity and capability within the organisation, we propose to roll forward the current staffing cohort within the professional functions and invest in academic staff as appropriate, but only where there is headroom in the current year’s forecast (so as not to put the roll forward position at risk).

Over the summer period we will undertake 2 key linked activities:

- An assessment of organisational shape, showing where we need to invest and where we need to make savings (and what that means in terms of staff)
- A refreshed assessment of potential efficiency savings through the Align programme (some of which will be staff cost related).

We will then have a comprehensive budget review in November when there is more clarity about recruitment and income forecasts. Assuming that we are not in our best case scenario, there will be a number of levers available including:

- accelerated implementation of Align savings
- reduced £3M investment pot and/or the targeted £2M surplus
- potential non-implementation of the payrise as a way to save jobs (subject to consultation). Non-implementation of increments has been ruled out at this stage as they are contractual.

We will also, at that stage in Autumn, have a better understanding of what applications for the 21/22 academic year are looking like. If we are required to make adjustments to the staff cost base, we would want to make sure that further reductions are not required within the next 12 months.

3*.2.2 SBC*

The budget setting process at SBC is advanced and models a budget deficit of just under £2m, nearly £500k better than the original CFADS model for 2020/21. The budget is based on delivering confirmed funding council grant income and making savings in staff costs of minimum £500k to achieve budget deficit. The budget was reviewed by the SBC Board on 6 May and the direction of travel agreed. The final budget will be presented to SBC Board in July for approval.

4 Cashflow forecasts /RCF

4.1 Cashflow modelling

Financial modelling in September 2019 identified a requirement for additional funds should the LSBU Group's capital investment plans be approved.

Modelling at the time suggested that the Group would have a maximum cash deficit of £31M in the year ending July 2022. Having tested our covenants, the Group was in a position to borrow up to £45M, which would deliver a minimum cash buffer of £14M for working capital purposes. With the approval of the Board we went to the Market for a revolving Credit Facility (RCF).

Since the previous forecast, there have been some delays and changes to the expected levels and timing of Capital Expenditure for the LSBU group, particularly in relation to timing and approval of SBC expenditure on the Nine Elms Skills Centre (NESC). We have also reviewed capex priorities given the current level of financial uncertainty and have downgraded the Chapel as a priority in the short to medium term. We have reduced the planned expenditure on the Chapel from £12m to £2m; to cover essential maintenance/stabilisation costs only. We have included Croydon costs in the updated forecast, as this is considered a priority in the current environment. Additional annualised expenditure, which increased significantly at the back end of the original forecast, has been scaled back to normal levels.

We have not yet built into our updated forecast any assumptions about lengthening the LEAP programme in order to flatten the expenditure profile; in order to provide more headroom on cashflow given the current financial uncertainty. This is a key issue, particularly in 2021/22 when the original profiled LEAP expenditure was £13.5m. Considerable work has been done to examine options for flattening the curve and, on based on discussions at the most recent MPIC, this will be recommended to Board for approval.

The latest cashflow forecast shows a maximum cash deficit of £14M in the year ending 31 July 2022. The reduction of £17M in cashflow requirements compared to the original £31M is driven primarily by these changes to the capex expenditure profile. Changes to the I&E forecast have been made but these largely affect only 20/21 and we assume that we recover thereafter to the previous forecast position.

The latest forecast indicates a reduced additional borrowing requirement of £30m.

We received three initial offers of a Revolving Credit Facility, including 2 at the level of £45M (AIB and Lloyds) and a reduced facility of £30M from Barclays (the reduced level presumably reflecting the current level of indebtedness we already have with them).

The structure and terms of the initial offers from the Banks were pre-Covid and subject to:

- review to reflect Covid perceptions of increased risk in the sector, and
- commercial negotiation.

We have subsequently, at the request of the banks, provided them with a full information pack (in strict commercial confidence) with the updated scenarios for next year, the revised cashflow forecasts and some information on applications for September. In response:

- AIB came straight back to us, said they were very impressed with the work we had done, and that their original offer was unchanged. Admittedly, with an initial margin offer of £1.70% this was the least competitive, but it was good that it was unchanged
- Barclays have come back with a revision to their original offer – a significant increase on the original margin offer for the 4 year £30m facility from 0.85% to 1.60%, effectively doubling the margin, but now broadly in line with AIB
- We are still waiting to hear back from Lloyds and a verbal update will be provided at Board.

Whilst disappointing that the margins are increasing post Covid, this increase in pricing was anticipated. More importantly, there is still an appetite to lend to LSBU at previously offered levels. Furthermore, the RCF route is still a better avenue to follow than the government CLBILS facility which would have added a further 0.75% to the revised margins. The rates also compare favourably with the government bounce back loans announced a few days ago, which are admittedly for small companies but which are charging 2.5% interest on government backed loans of up to only £50k.

We have included £1.2m pa in the budget to cover interest on the RCF, which is equivalent to an all in cost of close to 3%, so all 3 RCF options are affordable in budgetary terms (subject to any significant increase in pricing for Lloyds). We have sufficient headroom in the budget to cover the higher facility of £45m if we need it.

A clear recommendation will be made to the Board with an appropriate balance post negotiation between price, risk, headroom and security.

Our latest cashflow currently assumes that the University continues to provide bridge funding to SBC for the NESC match funding. This is higher than original estimate and currently assumed to be c£27m. We now understand that Lambeth Council may have money, which they can use to fund strategic capital programs if repaid in full. We have indicated a requirement of between £25m and £28m and they are looking into an interest free loan to match the NESC requirements. We are moving forward with this in parallel to the RCF negotiations and holding off making a decision on the RCF whilst there is an opportunity, however slim, of an interest free loan from the Council.

5 2018/19 financial analysis

HESA has recently released 2018/19 finance data for 194 providers in the sector. Our team has analysed the data in detail and provided a summary, with comparisons against London Moderns and our Aspirational Group.

It should be noted that LSBU's 2018/19 financial results in the HESA data release are on a consolidated Group basis and include the results of Lambeth College post acquisition as well as a revaluation gain of £16.2 million reported within total income. The analysis in the report shows both the reported basis and the adjusted underlying performance excluding the gain to recognize the fact that this was not a normal year.

Key points to note are as follows:

- Income: On a reported basis, LSBU ranks 6th out of 194 providers for % income growth. On an underlying basis this reduces slightly to 11th
- Fee income mix: International fees accounted for 10% and EU fees for 3.5% of Tuition fee income in 18/19, significantly below the sector average. Whilst this makes LSBU less exposed to the expected downturn in international recruitment, we are likely to be subject to increased competition for domestic students
- Surplus: On a reported basis, LSBU produced the 2nd largest surplus of all providers in 2018/19. On an underlying basis, adjusted for other providers' pension charges and LSBU's revaluation gain, LSBU is at 81st position (81/194)
- Key metrics: LSBU performed strongly in cash generation (ranked 21st), staff costs as a % of total income (ranked 37th on a reported basis) and external borrowing as a % of total income (ranked 46th on a reported basis).

There are also some interesting comparisons regarding size and shape:

London Modern Group:

For comparability and trend analysis, expenditure, surplus and key ratios have been adjusted to exclude pension provisions. Adjusted surplus / deficit ranged from +£29m to -£11m (LSBU +19.3m or £3.1m excluding revaluation gain).

- Compared to sector average, London Moderns have limited income diversification and derive the majority of income from tuition fees
- Competitors with annual income above £190m also have the highest proportion of International student income at 20% or more of tuition fees: UAL 46%, Westminster 29%, Greenwich, Middlesex and Kingston 20-24%
- London Moderns' composition of expenditure is broadly aligned to the sector average. Five institutions reduced Total expenditure in 18/19 compared to 17/18 (adjusted for pension provisions)
- All institutions except LSBU and Roehampton reduced the level of external borrowing in 18/19. LSBU's group borrowing increased on acquisition of Lambeth College

- The best performing London Modern competitor is Westminster with the largest growth in surplus driven by significant expenditure reduction coupled with average income growth. However, as noted above, Westminster has a relatively high proportion of International student fee income
- The worst performing competitor is London Met with consecutive years of income declining at a higher rate than expenditure, and consequently a growing deficit (adjusted deficit of -£11m on income of £87m).

Aspirational Group:

Four of the six institutions were impacted by USS pension provisions in 18/19, with both Aston and Keele reporting charges above £30m. For comparability and trend analysis, expenditure, surplus and key ratios have been adjusted to exclude pension provisions. Adjusted average surplus of +£1m is significantly below sector.

- Aspirational group institutions also derive the majority of income from tuition fees but have a higher proportion of Research income and other income compared to London Moderns.
- International student income as a proportion of tuition fees varies significantly between these institutions, from Aston with 19% to Liverpool Hope with below 2%.
- The only competitor to reduce Total expenditure in 18/19 was Oxford Brookes driven by lower depreciation. Aston's high cost growth (after adjusting for pension provisions) was not matched by income growth.
- Oxford Brookes significantly increased external borrowing in 18/19 to above 100% of Total income. All other institutions except LSBU reduced their level of external borrowing.

Further information can be provided on request.

We have also recently received the latest version of KPMG's Financial Statements Benchmarking Report, which shows the financial performance of around 80 institutions that KPMG work with and highlights were LSBU sits across a number of measures including financial surplus, tuition fees, research income growth, staff costs, cash position, borrowings and pension deficits. This report is enclosed as a supplement for information only.

6 **Regulatory matters**

We understand that the OfS is pausing all existing consultations and routine information requests until further notice to help reduce the burden on providers as they deal with the Coronavirus pandemic. They are also not publishing any new consultations, unless they relate to the pandemic.

6.1 LSBU Funding letter

On 6 May, the University received an update from the OFS communicating changes in funding for 2020/21 and a relaxation of the regulatory environment for HE institutions.

The OFS had already communicated to the University on 25 March that recurrent grant funding in England for HE would be reduced by £48M across the sector and this was reflected in the budget options recently presented to the Finance, Planning & Resources Committee. The OFS have confirmed in this latest update that there will be no reduction in the disabled students premium and that they will protect in cash terms the rates of grant for pre-Registration courses in nursing, midwifery, and allied Health Subjects that do not attract price group A funding. The latter is positive news for LSBU and in particular the School of Health & Social Care.

We will be notified of the actual level of our grant funding from the OFS on 12 May, and this will then be published by the OFS a day later. A verbal update will be provided to Board at the meeting.

The OFS had also already announced that there would be a review following on from the Augar Review of funding for the HE sector. The update confirms that any proposed changes to funding would be introduced in the Academic Year 2022/23 but does suggest that there is a significant chance of a delay to the implementation date.

The OFS is also seeking to 'minimise the regulatory burden on providers' and is delaying the submission of a number of specific grant monitoring reports including for example capital grants. The University had already been notified that the deadline for submitting student data returns including HESA and HESES would be relaxed although the exact dates still have to be communicated. The OFS have however committed to keeping changes to existing data returns to a minimum and introducing no new data audits.

The OFS have also updated the terms and conditions of funding for 2020/21 but have avoided 'substantive changes to the wording' apart from the changes to regulatory returns.

6.2 Capital grants

The University had already received confirmation from the OFS as to the level of Capital Grant for Teaching & Learning for 2020/21. The grant of £1.1m is an increase of 50% from the 2019/20 position.

6.3 SLC confirmation

The University receives funding on a per student basis for Home & EU students based on confirming their attendance to the Student Loans Company. When the Tuition fee was raised to £9,000 for FT UG and subsequently to £9,250, the profiling of the fee changed to 25% in Semester 1, 25% in Semester 2 and 50% in Semester 3. This year's date to confirm a student's attendance for the final tranche of funding was April 30. The return was made on time and should release up to £36m of funding.

The University had already received guidance in terms of measuring attendance for students who are studying remotely and for HSC students volunteering for the NHS.

We have not seen a spike in withdrawals and interruptions during this period.

6.4 ESFA returns

The commitment date for the next quarterly finance forecast return for Lambeth College has been delayed by 1 month and is now due at the end of May. This will be reviewed by the SBC leadership team before submission.

7 Audit matters

A meeting to plan the 2019/20 year end audit was held with KPMG at the start of April. A draft audit plan will be presented to the Group Audit and Risk Committee in June. It is expected that much of the year end audit work will be able to be done remotely if necessary and the LSBU and SBC finance teams are in the process of planning for the year end process.

The Board of South Bank Academies had previously agreed to go out to tender for external audit services as the current provider, Moore Kingston Smith had served as auditors since incorporation. One firm, Buzzacott submitted a bid and the panel recommended that they be appointed. This has been approved by the SBA audit committee and the chair of the SBA board.

BDO continue to deliver the 2019/20 group internal audit plan with a number of reviews currently being planned or delivered remotely. Only two reviews are expected to be postponed as a result of staff working remotely and it is expected that the majority of the plan will be delivered before the end of the financial year, enabling BDO to provide their annual opinion.

Since January, one report, on REF, has been issued and two reports are in draft, on financial controls and data quality. Fieldwork is underway for reviews of Apprenticeships, UKVI and follow up work and six reviews are in the planning stage.

8 Pension schemes

Planning is underway to introduce a defined contribution pension scheme (instead of the current LPFA arrangement) to new professional service staff joining LSBU and SBC (subject to review and agreement by SBC Board) and we are currently working towards an implementation date of 1 October 2020, with consultation starting in June. The scheme will also be available to existing staff as an alternative to the LPFA and policies for joining arrangements are being drafted for consideration by the Executive and the Group Pensions Working Group. We are working with Aviva who are our preferred provider and they have shared with us examples of materials that can be used for communicating details of the new scheme with new and existing staff.

LPFA

We now pay our deficit contribution in an annual lump sum to take advantage of discounts applied. The LSBU deficit contribution for 2020/21 of £1.3m was due by 5 May 2020 and has been paid in full.

9 Project LEAP

Work on Project LEAP is progressing according to plan and the full business case is presented to Board for approval under separate cover.

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Appendix 1

Management accounts to 31 March 2020

MARCH 2020 EXECUTIVE SUMMARY

This Executive Summary reports on the draft financial position of London South Bank University as at 31st March 2020.

1) RAG Status

Income Growth *FYF v 18/19 outturn*	**3.8%**	**Staff Cost %** *excluding restructuring*	**56.7%**	**FYF Surplus** (Contribution %)	**1.0%**
Opex Growth	**0.3%**	**Staff Cost Growth** *excluding restructuring*	**4.5%**	**EBITDA**	**10.0%**

2) Summary

The full year forecast as at 31st March 2020 is trending towards a surplus of £1.5m. This is a reduction of £1.5m compared to the Feb-20 position and £1.5m less than the outturn for 18/19.

The forecast for income this month has been reduced by £4.7m reflecting our current expectations of the impact that Covid 19 may have on the University's financial position for student fees (£2m), vacation lettings (£0.5m), commercial property rental (£0.4m), term time lettings (£1m) and HSC CPPD delivery (£0.5m).

The forecast for Exceptional Items has decreased by £3.5m to £2.7m as a result of changes to income and costs forecasts this month. £0.4m of this balance is already allocated to the Research Investment pot and £1.6m has been allocated from the Revenue Investment pot to projects and business cases leaving a balance of £0.7m.

Tuition fees and Health Contract income billed at the end of Mar-20 stands at £117m compared to £102m for the same period last year, an increase of £14.2m (13.9%); we are £1.1m ahead of the forecast position for the full year.

We have now enrolled 644 more new students (FTE) than at the comparable period in 18/19, an increase of 11%. Continuing students are up 4% on last year and overall we have 811 FTE more students than at the same time last year.

Recurring Staff costs continue to be underspent against budget (1.5% for Mar-20), and are forecast to represent 56.7% of income by the end of the year. This is up from 54.9% last month due to the reduction in income forecast.

The University is currently holding cash and cash equivalents of £53.8m and is holding £2.9m with respect to the Lambeth College transaction. Without these transactions the University would be holding £50.9m, an improvement on the equivalent position of £45.1m in Mar-19.

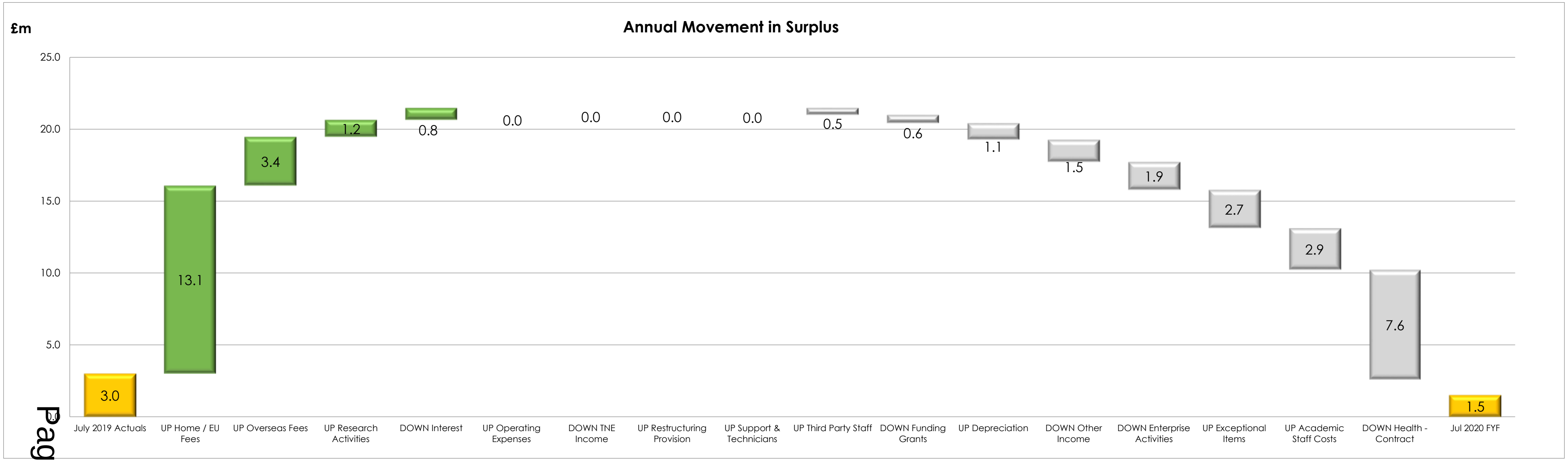
The above position will deliver EBITDA at 10.0% which is lower than the 11.1% of 18/19, assuming the balance in Exceptional Items is spent.

3) Table 1: Full Year Forecast vs. Budget

	CURRENT YEAR BUDGET vs PRIOR YEAR ACTUALS				FULL YEAR FORECAST OUTTURN POSITION					YEAR ON YEAR (Y-T-D COMPARISON)			
Financial Summary in £'m	**18/19 Actuals**	**19/20 Budget**	**Change to 18/19**	**Change %**	**Feb 19/20 Forecast Outturn**	**Monthly move**	**Mar 19/20 Forecast Outturn**	**Variance to 19/20 Budget**	**Budget variance %**	**18/19 Actuals**	**19/20 Actuals**	**Change to 18/19**	**Change %**
Funding Grants	14.4	12.0	-2.4	-17%	13.8	0.0	13.8	1.8	15%	9.2	9.3	0.1	1%
Health - Contract	10.6	2.2	-8.4	-79%	2.9	0.0	2.9	0.8	36%	7.4	2.5	-4.9	-66%
Home / EU UG Fees	73.5	82.5	8.9	12%	85.5	-1.4	84.1	1.6	2%	74.3	86.6	12.3	17%
Home / EU PG Fees	10.2	12.5	2.3	22%	12.8	-0.1	12.7	0.2	2%	10.4	12.5	2.1	20%
Overseas Tuition Fees	10.3	11.6	1.3	12%	14.6	-0.8	13.7	2.1	18%	10.3	15.0	4.7	46%
TNE Income	1.8	2.0	0.2	10%	1.6	0.0	1.6	-0.4	-21%	1.8	1.7	-0.1	-3%
Research Activities	6.0	7.5	1.5	25%	7.2	-0.0	7.2	-0.3	-4%	4.0	4.2	0.2	5%
Enterprise Activities	10.5	10.7	0.2	2%	9.9	-1.4	8.6	-2.1	-20%	6.2	5.3	-0.9	-15%
Student Related Income	10.2	10.9	0.7	7%	10.8	-1.0	9.8	-1.1	-10%	7.4	7.1	-0.3	-4%
Other Operating Income	1.2	0.1	-1.1	-91%	0.1	0.0	0.1	0.0	18%	0.3	0.2	-0.1	-32%
Endowments & Interest	0.3	0.1	-0.2	-63%	0.2	0.0	0.2	0.1	103%	0.2	0.2	0.1	45%
Income	**149.1**	**152.1**	**3.0**	**2%**	**159.6**	**-4.7**	**154.8**	**2.7**	**2%**	**131.5**	**144.7**	**13.2**	**10%**
Academic Staff Costs	39.9	45.8	5.8	15%	42.8	0.0	42.8	-2.9	-6%	26.6	28.0	1.4	5.3%
Support & Technicians	41.4	42.0	0.6	1%	41.9	0.1	41.8	-0.2	-1%	25.7	27.5	1.8	6.8%
Third Party Staff	2.7	1.7	-1.0	-35%	2.9	0.3	3.2	1.4	83%	1.6	2.4	0.9	56%
Restructuring	1.2	1.5	0.3	26%	1.5	0.0	1.5	0.0	0%	0.6	0.3	-0.3	-54%
Depreciation	9.4	10.5	1.1	12%	10.5	0.0	10.5	0.0	0%	5.9	5.7	-0.2	-4%
Operating Expenses	47.2	44.5	-2.7	-6%	47.2	0.2	47.4	2.9	6%	28.1	29.8	1.7	6%
Interest Payable	4.4	3.5	-0.8	-19%	3.5	0.0	3.5	0.0	0%	2.8	3.0	0.3	9%
Exceptional Items	0.0	1.1	1.1	0%	6.2	-3.5	2.7	1.6	149%	0.0	0.0	0.0	0%
Expenditure	**146.2**	**150.6**	**4.4**	**3%**	**156.6**	**-3.2**	**153.3**	**2.7**	**2%**	**91.2**	**96.7**	**5.4**	**6%**
Surplus for the year	**3.0**	**1.5**	**-1.5**	**-49%**	**3.0**	**-1.5**	**1.5**	**0.0**	**0%**	**40.2**	**48.0**	**7.8**	**19%**
Surplus as % of income	**2.0%**	**1.0%**		**-50%**	**1.9%**		**1.0%**			**30.6%**	**33.2%**		
Staff costs as % of income	**57.1%**	**59.8%**		**5%**	**55.9%**		**57.7%**			**41.4%**	**40.2%**		

4) Forecast Summary

Compared to 18/19 we are forecasting an increase in total income of £5.7m (3.8%), a decrease of £4.8m vs Feb-20. Total recurring staff costs are forecast to increase by £3.8m (4.5%) year-on-year (up £0.2m vs last month), and the costs associated with staff restructuring are expected to increase by £0.3m. Depreciation is forecast to increase by £1.1m. Operating expenses are forecast to be in line with 18/19, this does not include the £2.7m increase in exceptional items to fund in-year investments (down from £6.2m last month). We are also forecasting a £0.8m (19%) decrease in interest payable. This results in an annual surplus at £1.5m.



The key movement in the year-on-year position remains the £13.1m increase in Home/EU Tuition fee income, down £1.5m vs Feb-20 as we have provided £1m against the potential impact of Covid-19. The increase year-on-year is the result of strong recruitment for both Semesters 1 and 2, but is also because the NHS contract which funded student fees for Pre-Registration courses has ended and new Health & Social Care students are funded through Tuition fee income, hence the £7.6m decrease in Health Contract. The forecast for Overseas Tuition Fee income has also been decreased by £1m to provide against the potential impact of Covid-19 on student fees, and currently stands at £3.2k (33%) ahead of the position for 18/19.

Research income is forecast to grow by £1.2m (20%) year-on-year due to a general increase in research activity in the Schools and additional funding grants. Enterprise activities are forecast to decrease by £1.9m (18%) compared to 18/19. This is a reduction of £1.3m vs Feb-20 forecast position due to the anticipated impact of Covid-19 on vacation lettings, commercial property rental and HSC CPPD delivery.

Recurring staff costs are forecast to increase by £3.8m (4.5%) year-on-year. The University finished 18/19 with a recurring staff cost of £80.8m including £3.2m of extraordinary pension costs.

Operating expenses are forecast to be in line with 18/19 levels of expenditure, however this does not include the £3.2m of Exceptional items of which £2m has already been allocated to Research pot or Investment pot funded activities. Exceptional items stood at £6.3m for Feb-20 month end. The reduction is due to changes to the income forecast this month reflecting some of the more certain financial impacts expected from the Covid-19 pandemic.

5) Contribution Analysis

The Mar-20 contribution forecast has reduced by £837k compared to the prior month. This does not include a high level provision of £2m that has been made against student fee income based on our current expectations of the impact of Covid-19; the provision is currently held in FUNI as we do not yet know where the impact will materialise. Other in-month adjustments include a £540k reduction to HSC's CPPD income forecast due to unavailability of NHS staff, LSS and ACI reduced their income forecasts, by £244k and £72k respectively (not related to the impact of the crisis).

The total income forecast for the Schools portfolio is £138.3m, this is reduced to £136.3m if we take into account the high level provision of £2m in FUNI. After taking into account this provision we are forecasting an increase of £8.3m (6.5%) compared to 18/19 and £3.8m more than budget.

Total costs are forecast to increase by £7.2m (13.8%) compared to the prior year. 66% of this increase is attributable to staff costs and 24% to Overseas agency fees supporting growth in student recruitment.

The full year forecast for the Schools staff costs is unchanged at £1.1m less than budget reflecting savings made year to date and taking into account current recruitment plans; this is £5.9m more than the outturn in 18/19. YTD the Schools portfolio is underspent by £1.2m. Most significantly HSC is forecast to underspend by £1m and YTD spend is £0.9m below budget. BEA is forecast to underspend by £205k and YTD is £554k underspent compared to budget.

After adjusting for the £2m provision against student fees, net contribution from the Schools would be forecast to increase by £1.1m (1.5%) to £77.1m

Contribution per School across Teaching, Research and Enterprise activities

£'millions	Applied Sciences		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Health & Social Care		Law & Social Sciences		Total All Schools	
	18/19 Actual	Mar 19/20 FYF	18/19 Actual	Mar 19/20 FYF	18/19 Actual	Mar 19/20 FYF	18/19 Actual	Mar 19/20 FYF	18/19 Actual	Mar 19/20 FYF	18/19 Actual	Mar 19/20 FYF	18/19 Actual	Mar 19/20 FYF	18/19 Actual	Mar 19/20 FYF
Income	£10.8	£11.2	£11.3	£11.1	£18.9	£19.9	£18.0	£24.1	£17.9	£19.0	£36.7	£37.0	£14.4	£16.0	**£128.0**	**£138.3**
Expenditure before space charge	£4.7	£5.2	£4.2	£4.7	£5.9	£7.3	£6.2	£8.5	£9.1	£9.4	£16.3	£17.4	£5.6	£6.7	**£52.1**	**£59.3**
Contribution	**£6.1**	**£5.9**	**£7.1**	**£6.5**	**£12.9**	**£12.5**	**£11.8**	**£15.7**	**£8.8**	**£9.7**	**£20.4**	**£19.5**	**£8.8**	**£9.3**	**£75.9**	**£79.1**
Contribution %age	56%	53%	63%	58%	69%	63%	66%	65%	49%	51%	56%	53%	61%	58%	**59%**	**57%**

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

£'millions	Applied Sciences		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Health & Social Care		Law & Social Sciences		Total All Schools	
	18/19 Actual	Mar 19/20 FYF	18/19 Actual	Mar 19/20 FYF	18/19 Actual	Mar 19/20 FYF	18/19 Actual	Mar 19/20 FYF	18/19 Actual	Mar 19/20 FYF	18/19 Actual	Mar 19/20 FYF	18/19 Actual	Mar 19/20 FYF	18/19 Actual	Mar 19/20 FYF
Teaching Income	£9.9	£10.2	£10.8	£10.6	£17.8	£18.9	£17.2	£23.3	£13.9	£14.8	£32.0	£34.1	£13.9	£15.4	**£115.5**	**£127.2**
Teaching Staff	£3.6	£3.8	£3.1	£3.3	£4.8	£5.5	£4.3	£5.1	£4.7	£4.7	£12.6	£13.4	£4.7	£5.5	**£37.8**	**£41.3**
Teaching Expenditure excl. space charge	£0.4	£0.5	£0.7	£0.6	£0.7	£1.0	£1.6	£3.2	£1.1	£0.9	£1.6	£1.8	£0.7	£0.9	**£6.8**	**£9.0**
Teaching Contribution	**£6.0**	**£5.8**	**£7.0**	**£6.8**	**£12.3**	**£12.8**	**£11.2**	**£15.6**	**£8.1**	**£9.6**	**£17.8**	**£18.8**	**£8.5**	**£9.2**	**£70.9**	**£77.0**
Staff cost as %age of income	36%	38%	29%	31%	27%	29%	25%	22%	34%	32%	39%	39%	34%	36%	**33%**	**32%**
Contribution %	60%	57%	65%	63%	69%	68%	65%	67%	59%	65%	56%	55%	61%	60%	**61%**	**60%**
Return on Academic Investment	167%	152%	225%	208%	253%	234%	258%	308%	174%	202%	142%	140%	180%	168%	**187%**	**186%**
Full Year Student FTE	1,007	1,007	1,189	1,119	1,879	2,052	2,096	2,410	1,380	1,415	3,961	3,699	1,546	1,705	**13,058**	***13,407***
Expenditure per FTE	£3,926	£4,361	£3,198	£3,476	£2,937	£3,135	£2,840	£3,430	£4,167	£3,991	£3,581	£4,130	£3,519	£3,725	**£3,416**	**£3,749**
Contribution per Stud FTE	£5,900	£5,800	£5,900	£6,000	£6,500	£6,300	£5,300	£6,500	£5,900	£6,800	£4,500	£5,100	£5,500	£5,400	**£5,400**	**£5,700**

Before any adjustments to reflect the impact of Covid-19, the School of Business is forecast to increase teaching contribution of £4.4m (39.3%) compared to the 18/19 outturn, as a result of strong student recruitment in both semesters 1 and 2. Staff costs are only forecast to increase by 17% putting pressure on their staff student ratio. The Schools of Engineering (£1.4m), Health and Social Care (£1m) and Law and Social Sciences (£0.7m) are also forecasting significant increases in teaching contribution. This position will change as the impact of Covid-19 materialises and we are able to update the forecast on a school-by-school basis.

The School of Business and Engineering have seen their staff costs expressed as a percentage of income fall year-on-year, HSC remains at 18/19 levels whilst all other Schools are forecasting an increase.

The Schools Teaching budget was set using Staff / Student ratios and with a standard investment in Operating Expenses per student. Schools predominately offering courses categorised as "high-cost subjects" by the OfS receive more funding per student to compensate for the cost of providing specialised laboratory space and technical support. It is consistent with expectations that those Schools delivering a portfolio of courses biased towards "high-cost subjects" would have a higher contribution to cover the costs incurred by Estates and Technicians required to support delivery.

6) Student Number Analysis

At the end of Mar-20 we had 13,406 enrolled FTE and are 7% ahead of the year on year position. This is 65 FTE more than last month. There are no students waiting to complete the enrolment process (4 at the same time last year).

The biggest increase is in new students which is up by 11%; most significantly the School of Business has seen growth of 46% in new student numbers and is up by 23% overall compared to 18/19. Law and Social Sciences is showing a total increase of 14% compared to the same period last year and the School of Built Environment and Architecture is up by 10%.

[------------------------------------- New -------------------------------------]				
School	**Mar-19**	**Mar-20**	**Change**	**% Change**
ASC	437	495	58	13%
ACI	496	467	-29	-6%
BEA	825	905	80	10%
BUS	924	1,350	426	46%
ENG	565	662	97	17%
HSC	1,776	1,640	-136	-8%
LSS	729	879	149	20%
YTD Total	**5,753**	**6,397**	**644**	**11%**

[----------------------------- Continuing -----------------------------]				
School	**Mar-19**	**Mar-20**	**Change**	**% Change**
ASC	529	512	-17	-3%
ACI	641	652	11	2%
BEA	1,038	1,147	109	10%
BUS	1,034	1,060	26	3%
ENG	769	753	-16	-2%
HSC	1,993	2,059	66	3%
LSS	768	826	58	8%
YTD Total	**6,771**	**7,009**	**237**	**4%**

[-------------------------------- TOTAL --------------------------------]				
School	**Mar-19**	**Mar-20**	**Change**	**% Change**
ASC	965	1,007	41	4%
ACI	1,137	1,119	-18	-2%
BEA	1,864	2,052	188	10%
BUS	1,958	2,410	452	23%
ENG	1,334	1,415	81	6%
HSC	3,769	3,699	-70	-2%
LSS	1,497	1,705	208	14%
YTD Total	**12,525**	**13,406**	**881**	**7%**

7) Student Withdrawal Analysis

Month on Month

Lost income has increased from £3,301k in Feb to £3,704k at Mar-20 month end – an increase of £403k or 12.2%. Headcount of total drops has also increased from 650 to 754 – an increase of 104 students (16%). In month Interruptions have increased from 236 to 289 (53 students) whilst withdrawals have increased by 51 students from 414 to 465.

The March total drops figure of 754 includes 68 students who either attend "off-site" provision such as CEG, BUE or other non-campus activity, so the true figure is 686. These types of courses do not attract fee income in QLx and are included for completeness in the numbers.

Year on Year

Lost income is down from £3,751k in Mar-19, to £3,703k in Mar-20 (1.3%) and the headcount of drops remains the same at 754 for both years. In terms of the comparable position, we are marginally ahead of the 18/19 position and ended the year with a total lost income of £4,490k. The forecast for this year (unchanged from last month) is £4,958k, £468k more than total lost income in 18/19.

UG income lost to drops is down year on year from £3,159k to £3,051k (3.4%) whilst headcount shows a small increase from 590 to 596.

PG lost income has increased by 10.3% from £592k to £653k, due to year on year PGT fee inflation. Headcount of drops is down marginally from 164 to 158, broadly in line with last year.

Overall interruptions are slightly down from 292 to 289 (1.03%) whilst withdrawals are 0.65% up on the same point last year; 462 to 465.

Summary

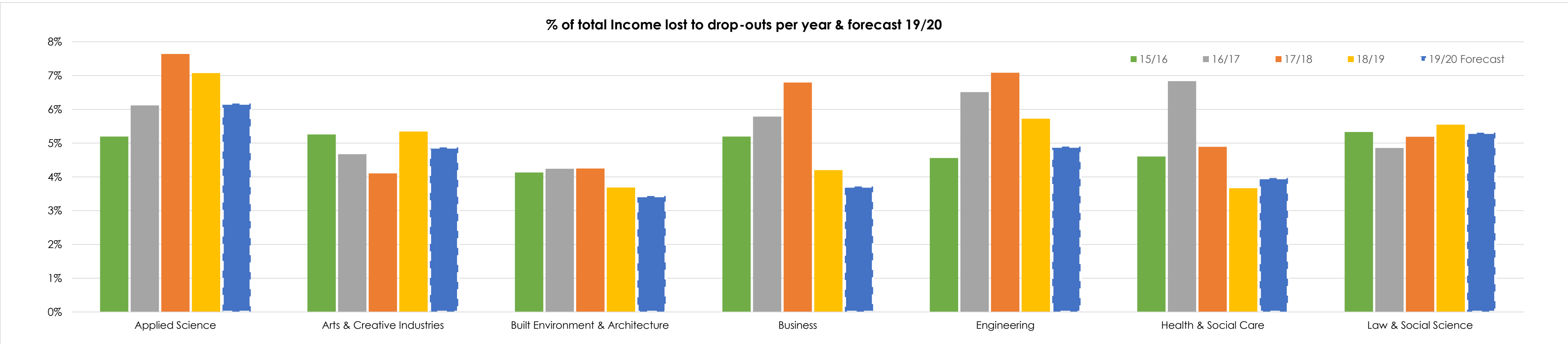
The position at the end of Mar-20 looked positive as we had performed slightly better than 18/19. However, these numbers should be tempered by the uncertainty within the sector as a result of the Covid-19 crisis. The forecast will not be updated until early May, when we get an understanding of how many students have been lost over a full month of the pandemic.

Equally, by May we should have some sense of clarity around what "engagement" looks like for recently joined second start semester students, NHS final year students that have been pulled to the critical front-line, as well as any bottle-necks or delays we have in the process. An element of back-dating will be inevitable.

NOTE: the forecast remains unchanged from Feb-20 and will be updated in May-20

Lost Fee Income' in £000K	16/17 Actuals	17/18 Actuals	18/19 Actuals	Feb-20 Forecast 19/20	% change 18/19 vs 19/20	Forecast % income lost by Jul 20	Last 4 year school average	Lost income as at Mar-20
Applied Science	552	653	603	570	-5.4%	6.2%	6.5%	500
Arts and Creative Industries	429	391	538	490	-8.9%	4.9%	4.8%	294
Built Environment & Architectu	616	601	558	570	2.2%	3.4%	4.1%	489
Business	904	998	696	850	22.2%	3.7%	5.5%	805
Engineering	834	815	659	628	-4.7%	4.9%	6.0%	524
Health & Social Care	232	482	715	1,050	46.9%	4.0%	5.0%	558
Law & Social Sciences	647	652	722	800	10.8%	5.3%	5.2%	534
Total	**4,214**	**4,592**	**4,490**	**4,958**	**10.4%**	**4.4%**	**5.2%**	**3,704**

Academic year	YTD withdrawals (incl. Interrupted)
16/17	877
17/18	757
18/19	754
19/20	754



"Lost income" is the difference between income generated at Enrolment and the amount retained at the end of the Year. The University receives funding for UG students in 3 tranches; 25% for Semester 1, 25% for Semester 2 and 50% for semester 3; if a student does not progress into the following semester then a refund is generated.

8) Income Analysis

YTD income is £13.2m (10%) ahead of the 18/19 position and forecast to be £5.8m (3.9%) more than the outturn for last year. The total income forecast currently stands at £154.8m; £2.7m (1.8%) more than budget.

The income forecast for Mar-20 has been reduced to reflect our current expectations of the impact of Covid 19 as compared to the February forecast income position:

- £459k potential reduction in HSC CPPD fees as NHS staff are unavailable.
- £500k potential reduction in vacation lettings as Summer Schools are unlikely to go ahead.
- £400k potential reduction in commercial property rentals as tenants are unable to use rented space and may terminate contacts.
- £1,000k potential reduction in term time lettings as students move back home for the lockdown period until the University campus re-opens.
- £2,000k potential loss in student fee income.

YTD Home and EU UG student fee income is £12.3m (16.5%) ahead of the equivalent period last year; the forecast is £10.6m (14.4%) ahead of the comparable prior year position and includes a £1m high level provision against the impact of Covid-19. A further £1m has been provided against Overseas tuition fees.

YTD Research income is £173kk (4%) behind the budgeted position for Mar-20 and £185k (5%) behind the same period in 18/19. The University is expecting to deliver £1.2m (19.6%) more than the outturn for 18/19 and has YTD delivered 59% of the total forecast for the year. It is likely that the Covid-19 outbreak will impact on research, delaying activities. This has not yet been reflected in the forecast.

Enterprise income as at the end of Mar-20 was £743k (12%) less than the same period in 18/19 and £117k (2.1%) behind budget. The income forecast has been decreased by £1.4m compared to last month due to a reduction in anticipated income from vacation lettings, property rentals and CPPD income noted previously.

9) Staff Cost Analysis

In terms of recurring staff cost the University has spent £887k (1.5%) less than budget for the first 8 months of the year. The majority of YTD staff savings (£1.2m) are in the Schools portfolio; the Schools of Health and Social Care, and Built Environment and Architecture are particularly behind in terms of spend, £907k and £554k respectively. The Schools are set to embark on a recruitment campaign to increase staff numbers to support the growth in student population.

Collectively the PSGs are £190k over budget. This includes unbudgeted costs of £347k relating to staff working on the LEAP project and at Lambeth (which will be recharged at the end of the year). These are partially offset by an underspend in TWI (£331k) due to a reduction in income generating activities. There is also a £231k timing difference in FUNI.

Recurring staff costs for Mar-20 are £4.1m (7.5%) more than for the comparable period in 18/19. The spend on Academic staff cost is £1.4m (5.3%) higher compared to the same period in 18/19. Support staff costs have also risen year-on-year and are £1.8m (6.8%) more than the equivalent period last year.

The forecast for staff costs has increased by £107k month-on-month. People and Organisations are forecasting an overspend of £63k, and LEAP/Lambeth by a further £52k (reclassified from OPEX). Student Support Service are forecasting a reduction in their staff cost forecast of £64k as they deliver ALIGN demand and method changes.

The reduction in forecast income has increased the staff costs expressed as a percentage of income to 56%; it was 54.9% last month.

10) Operating Expense Analysis

Operating Expenses are £31k (0.1%) underspent against budget for the YTD. We have incurred £1.7m (6.1%) more costs than for the comparable period in 18/19. This difference is because YTD we have recognised £2.6m overseas agency fees but we had only recognised £836k during the equivalent period in 18/19.

We are forecasting an overspend of £2.9m against budget for the year. This includes £2m unbudgeted costs to cover the set-up and rental costs for the PortaKabins and Tabard Street, and an additional £1.4m for overseas recruitment agency fees. The full year forecast for 19/20 is now almost exactly the same as the total outturn for 18/19, but excludes any spend on OPEX from Exceptional Items - i.e. the Investment Pot.

11) Interest Payable

Interest payable is £599k over budget. The overspend relates to management charges that will be recharged to Lambeth College at the end of the financial year. The forecast for the year remains as per the budget.

12) Exceptional Items

The forecast for Exceptional Items has been decrease by £3.5m to £2.7m as a result of changes to income and costs forecasts this month. £0.4m is allocated to the Research Investment pot and £1.6m has been allocated from the Investment pot to projects and business cases leaving a balance of £0.7m.

13) Budget Analysis

The University operates on a Portfolio basis so members of the Executive are expected to manage their portfolio as a whole and if one area requires additional funds this can be generated by reducing investment in another area of the Executive's responsibility. Where it is anticipated that an Executive's consolidated portfolio will not to deliver its budgeted contribution, an application for funding from the Investment post should be made via a business cases to the University's Executive.

LONDON SOUTH BANK UNIVERSITY / ENTERPRISES

Management Summary Report from August 2019 To The End Of March 2020

SMT Area: All

Cost Centre: %

London South Bank University

Full Year Outturn Last Year	YTD Actuals Last Year	Description	FULL YEAR				YEAR TO DATE				Note	Full year Forecast less Actual YTD
			2019 Forecast	2019 Budget	Variance - Forecast to Budget		2019 Actuals	2019 Budget	Variance - Actuals to Budget			
(£)	(£)		(£)	(£)	(£)	%	(£)	(£)	(£)	%		(£)
-149,049,467	-131,477,310	**Total Income**	-154,835,231	-152,100,000	2,735,231	2%	-144,688,657	-132,877,532	11,811,126	9%		-10,146,573
85,203,850	54,481,173	**Total Staff Costs**	89,270,292	90,995,142	1,724,850	2%	58,215,594	59,005,740	790,146	1%		31,054,698
9,352,180	5,913,373	**Total Depreciation**	10,500,000	10,500,000		%	5,669,601	5,590,114	(79,487)	(1%)		4,830,399
47,234,281	28,086,072	**Total Other Operating Expenses**	47,368,104	44,501,373	(2,866,731)	(6%)	29,787,761	29,756,657	(31,104)	(%)		17,580,343
4,360,146	2,756,605	**Total Interest Payable**	3,532,906	3,532,906		%	3,012,722	2,414,095	(598,627)	(25%)		520,184
		Total Exceptional Items	2,663,929	1,070,579	(1,593,350)	(149%)						2,663,929
		Total Internal Allocations					3,027		(3,027)			-3,027
-2,899,009	-40,240,088	**Contribution**	-1,500,000	-1,500,000		%	-47,999,953	-36,110,926	11,889,028	33%		46,499,953
57.2%		Staff costs as % of income	57.7%	59.8%			40.2%	44.4%				
1.9%		Contribution %	1.0%	1.0%			33.2%	27.2%				

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Appendix 2

2020/21 LSBU budget scenarios

	19/20 Feb-20 Forecast £'000	20/21 Best case £'000	20/21 workable case 2a £'000	20/21 workable case 2b £'000	20/21 Worst case £'000	Change vs 20/21 Best case	2b change vs 2a
Income							
Funding Grants	**13,834**	**13,158**	**13,158**	**13,158**	**13,158**	Grant based on last year's student numbers	
Health - Contract	**2,947**	**741**	**556**	**556**	**370**	50% reduction in CPPD contract in Worst Case; 25% workable	
Fees - Home & EU UG	**80,392**	**83,987**	**79,609**	**79,609**	**74,197**		
Fees - Home & EU UG - New	37,823	35,657	33,696	33,696	30,700	Worst case assumes 13.9% reduction; workable 5.5% reduction	
Fees - Home & EU UG - Continuing	42,569	48,330	45,913	45,913	43,497	workable assumes 5% reduction, worst 10%	
Fees - Home & EU PG	**12,145**	**13,631**	**13,173**	**13,173**	**12,598**		
Fees - Home & EU PG - New	8,016	9,348	8,997	8,997	8,529	Worst case assumes 5% reduction; workable 4%	
Fees - Home & EU PG - Continuing	4,129	4,283	4,176	4,176	4,069	Worst case assumes 5% reduction; workable, 2.5%	
Fees - Overseas UG	**9,086**	**11,383**	**10,159**	**10,159**	**9,101**	Best case assumes all students deferred to Jan starts and that all issues around Jan starts are resolved.	
Fees - Overseas UG - New	4,837	4,894	3,671	3,671	2,937	Worst case assumes 40% reduction; workable 25%	
Fees - Overseas UG - Continuing	4,249	6,489	6,489	6,489	6,164	workable assumes 100% , worst 5% reduction	
Fees - Overseas PG	**5,500**	**5,332**	**4,130**	**4,130**	**3,383**	Best case assumes all students deferred to Jan starts and that all issues around Jan starts are resolved.	
Fees - Overseas PG - New	5,045	4,807	3,605	3,605	2,884	Worst case assumes 40% reduction; workable 25%	
Fees - Overseas PG - Continuing	455	525	525	525	499	workable assumes 100% , worst 5% reduction	
Apprenticeships	**5,739**	**7,412**	**7,041**	**5,559**	**4,077**	2a workable case assumes Sept starts can be pushed back until Jan-21 resulting in 95% of income retention. 2b assumes no additional new starts and so income is flat compared to 2019 Worst case 45% reduction.	mid point of worse case and 2a so 25% reduction and maintaining 2019/20 levels
Overseas Partnerships	**1,588**	**1,800**	**1,800**	**1,800**	**1,620**	10% reduction assumed in worst case scenario	
Research - Funding Grants	**2,219**	**2,219**	**2,219**	**2,219**	**2,219**	Grant allocation based on previous REF	
Research - Grants	**4,441**	**4,070**	**3,663**	**3,459**	**3,256**	workable assumes 90% reduction, worst 80%	mid point of worse case and 2a (85% reduction)
Research - Collaborations	**291**	**73**	**73**	**73**	**73**	No change anticipated	
Research - Studentships	**215**	**139**	**139**	**139**	**139**	No change anticipated	
Enterprise - Funding Grants	**624**	**567**	**567**	**567**	**567**	No change anticipated	
Enterprise - Research Related Activities	**600**	**747**	**672**	**635**	**598**	workable assumes 90% reduction, worst 80%	mid point of worse case and 2a (85% reduction)
Enterprise - University Fees	**2,419**	**3,746**	**2,809**	**2,341**	**1,873**	50% reduction in CPPD income for Worst Case; 25% workable	mid point of worse case and 2a (37.5% reduction)
Enterprise - Other	**6,287**	**6,576**	**5,950**	**5,550**	**5,151**	Worst case assumes 20% reduction; workable 10%.	mid point of worse case and 2a (15% reduction)
Other - Student Related Income	**10,834**	**11,141**	**10,027**	**10,027**	**7,173**	Worst case assumes 20% reduction; workable 10%.	
Other - Operating Income	**127**					As per Best Case scenario	
Endowment Income & Interest Receivable	**224**	**110**	**110**	**110**	**110**	As per Best Case scenario	
TOTAL INCOME	**159,512**	**166,831**	**155,855**	**153,264**	**139,662**		
Earned Research	4,947	4,282	3,875	3,671	3,468	2a workable = 90% of best case	2b workable = 86% of best case
Research grants	**2,219**	**2,219**	**2,219**	**2,219**	**2,219**		
Total Research Income	**7,166**	**6,501**	**6,094**	**5,891**	**5,687**		
Earned Enterprise	9,306	11,069	9,432	8,527	7,621	2a workable workable = 85% of best case	2ba workable workable = 77% of best case
Enterprise grants	624	567	567	567	567		
Total Enterprise Income	**9,930**	**11,636**	**9,999**	**9,094**	**8,188**		
Expenditure							
Staff costs	87,663	93,425	87,279	84,410	78,211	Staff costs 56% of income	Staff costs 55.1% of income
Fundamental restructuring costs	1,500	1,500	1,500	1,500	1,500		
Other operating expenses	46,910	48,605	47,276	46,054	46,151		
Investment pot	6,407	4,000	1,500	3,000	1,000		
Depreciation	10,500	10,500	10,500	10,500	10,500		
Interest and other finance costs	3,533	5,800	5,800	5,800	5,800		
TOTAL EXPENDITURE	**156,512**	**163,830**	**153,855**	**151,265**	**143,162**		
Surplus/(deficit)	**3,000**	**3,000**	**2,000**	**2,000**	**(3,500)**		
Staff costs as %age of income	55.0%	56.0%	56.0%	55.1%	56.0%		
Contribution %age	1.9%	1.8%	1.3%	1.3%	-2.5%		
OPEX as %age of Income	29%	29%	30%	30%	33%		
Roll forward staff cost position @ 3.5%		90,731	90,731	90,731	90,731		
Staff cost Investment / (Disinvestment)		**2,694**	**(3,452)**	**(6,321)**	**(12,520)**		

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Agenda Item 9

	CONFIDENTIAL
Paper title:	LEAP Business Case
Board/Committee:	Board of Governors
Date of meeting:	21 May 2020
Author(s):	Richard Flatman, LEAP Sponsor, Group Chief Financial Officer
Sponsor(s):	Richard Flatman, LEAP Sponsor, Group Chief Financial Officer
Purpose:	To approve the full LEAP business case and future expenditure of (up to) £25.6m.
Recommendation:	MPIC recommends the full LEAP business case to Board for approval. Based on its review of affordability, and taking into account the latest, updated cashflow forecasts, MPIC also recommends (noting that this potentially adds £2.4m to total programme costs), that the Board approves lengthening the LEAP programme, in order to flatten the expenditure curve at this time of considerable financial uncertainty and cashflow pressure. MPICs recommendation is subject to: * Board review of the financial scenarios as recommended by FPR, and * Satisfactory completion of negotiations with banks and/or Lambeth Council (preferably both) to close the existing funding gap. Both of these matters are covered in detail in the CFO report to the Board. An appendix will follow with relevant extracts of MPIC minutes from 2 April 2020 and 7 May 2020.

Executive Summary

LSBU is confronted with a series of challenges being faced by institutions across the Higher Education sector, as well as issues that are unique to its own organisation.

Across the Higher Education sector there is a need to;

- Evolve to meet changing student expectations
- Compete with other institutions exploiting digital, in a competitive marketplace where being left behind is not an option
- Deliver financial sustainability where fee and funding models are changing.

Within LSBU there is a need to;

- Deliver a consistent, higher-quality student experience
- Enable the upward trajectory of KPIs that have not improved in line with ambitions, supporting retention of TEF Silver Status and progression in domestic and international league tables
- Reduce the attainment gap for under-represented student groups
- Mitigate risks associated with the current technology estate
- Change ways of working that hinder delivery of the LSBU strategy
- Modernise the portfolio and education strategy.

The LEAP Programme is one of a series of initiatives that will drive LSBU's response to the challenges it faces and delivery of the LSBU Group Vision.

LEAP will transform both the student experience and associated LSBU operations, enabled by a new, scalable technology solution and Operating Model changes, driving an increase in students recruited and retained to produce an uplift in revenue and allowing LSBU to compete and survive in a competitive marketplace. In doing so, the LEAP Vision will contribute to delivery of LSBU's 2020-25 Corporate Strategy.

LEAP has the potential to deliver a consistently improved experience to students of all backgrounds, driving an uplift in student satisfaction, upward progression in league table rankings and retention and consolidation of TEF Silver Status.

The transformation programme has the potential to drive increases in student intake and retention thereby increasing contribution over the 10 year planning cycle.

The net benefit is positive in all scenarios modelled, including the most pessimistic of the scenarios modelled; low contribution with FT Home/EU growth stripped out on a total cost of ownership basis and having taken account of both sunk costs to date and future increased costs of £25.6m as a result of the flatter cost profile.

Due Diligence

In terms of due diligence, the Business case has been prepared by specialists at PWC who have assessed both the likely costs and the benefits delivered using their experience of delivering transformation programmes at a number of Universities both in the UK and abroad. The Executive, MPIC and FPR have reviewed detailed analysis with regard to future cashflows and have ensured that any approval is subject to satisfactory progress on financing negotiations to close the current funding gap.

Risks & mitigation.

Key risks and mitigations have been analysed in detail and are considered manageable.

We believe that the financial risk for the current year is manageable although not inconsiderable. The more significant financial challenge is in understanding likely recruitment and income flows for the next few years. This is one of the principal reasons for programme extension, in order to flatten the expenditure curve and reduce the risk in the early stages.

The wider risks in terms of Institutional behaviour, organisational capacity and deployment are explored in detail in the business case and will require capacity and capability to deliver the workforce transformation that will be required to fully land the LEAP programme.

To mitigate some of the risks of delivery, the programme is led by an experienced Programme Manager, with an industry standard governance process.

End of Executive Summary

1. Short summary of the main elements of the project;

1.1. Strategic Context:

LEAP will enable all our students to achieve their full academic potential by creating a student experience that is socially inclusive and which focuses on their needs.

The strategic arguments for LEAP are set out clearly in the Business case (a full copy of which is available on request). LEAP will:

- Drive our response to the challenges we now face
- Enable us to deliver our required strategic outputs; not just through technology change but through a fundamental change in student experience, a new Target operating model, real cultural change and alignment of capabilities within the University
- Help us deliver a consistently improved student experience
- Help us improve student retention
- Support longer-term financial sustainability through increased income and financial efficiency.

1.2. Cost

The implementation cost of the LEAP programme was £32.1m, in line with the indicative budget originally presented to MPIC and Board. This includes sunk costs of £8.9m and future costs of £23.2m (subject to commercial negotiation).

The bulk of the future cost was originally planned to be spent in the next 2 years. Following discussion at the most recent MPIC meeting on 7 May, the recommendation is now to extend the programme in order to flatten the expenditure curve at a time of considerable financial uncertainty. Whilst every effort will be made to control costs to original budget, there is the potential for costs to rise by a further £2.4m (to £34.5m) over the life of the extended programme, including additional programme management costs. Eliminating elements of the programme to control costs is not considered an option.

The business case also includes additional opex costs of £9m over the 10 year planning profile, to show total cost of ownership including ongoing revenue costs.

1.3. Benefit assumptions

The financial and non- financial benefits are set out in the business case. The assumptions have been tested in detail and prior to the recent COVID-19 outbreak were considered to be reasonable, and if anything on the prudent side.

The key financial assumptions underpinning the financial case are:

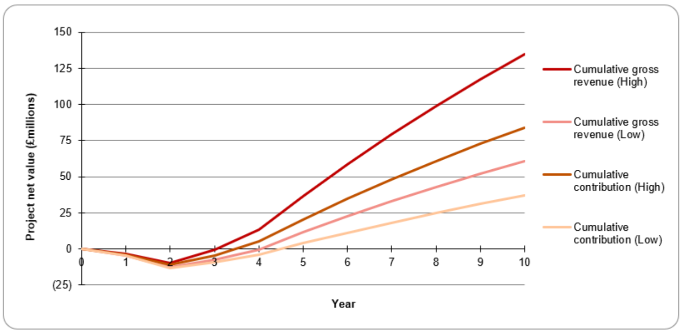
- Increased undergraduate intake
- Increased postgraduate intake
- Increased undergraduate progression
- Improved financial efficiency through better alignment of costs to strategy.

2. Cash flow projections from investment to repayment / cash positive position;

2.1. Original business case

As set out in the original business case (and before taking account of the potential additional costs of £2.4m arising through programme extension), the net discounted cashflows taking account of all costs and the financial benefits referred to in the business case are set out below. These have been modelled on high and low scenarios at both income and contribution levels.

Summarised cash flows



Payback period	Cumulative position	Incl. costs to date
3 years 1 months	£134.7 million	£125.8 million
4 years 0 months	£60.6 million	£51.7 million
3 years 6 months	£84.2 million	£75.3 million
4 years 6 months	£36.9 million	£28.0 million

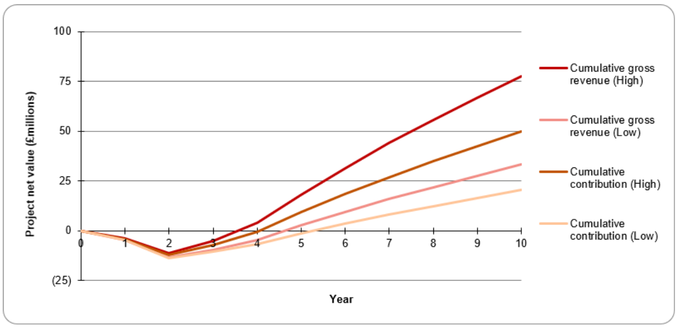
The financial case is strong and the payback period in all scenarios is less than 5 years with considerable financial upside thereafter. If we consider the increase in contribution, which will be required to partly fund the programme, the payback period is between 3 years and 6 months and 4 years and 6 months.

2.2. Reduced FT Home/EU growth assumptions

Following the outbreak of Covid-19, there is now considerable caution around our ability to grow UG numbers. A temporary student recruitment cap has recently been introduced for full time Home & EU student recruitment. These measures mean that providers will be able to recruit students up to a temporary set level based on provider forecasts. As we had already built 2019/20 increased numbers and further growth into our future forecasts, establishing a higher baseline, we do have capacity within our cap for additional growth of 5+% in the next academic year. However, there is likely to be significant pressure on recruitment this year, and into the future. So notwithstanding the cap, we have remodelled the LEAP benefits to assume no increase in UG recruitment.

Stripping out any UG growth from the assumptions (over the entirety of the 10 year planning profile) affects the discounted cashflow profile as set out below:

Summarised cash flows



Payback period				Cumulative position	Incl. costs to date
3	*years*	7	*months*	£77.5 million	£68.6 million
4	*years*	8	*months*	£33.2 million	£24.3 million
4	*years*	0	*months*	£49.8 million	£41.0 million
5	*years*	4	*months*	£20.5 million	£11.6 million

This does not fundamentally change the decision whether or not to proceed. The most visible change is to the discounted upside post payback, but the upside remains considerable. The payback period changes only marginally. If we consider the increase in contribution that will partly fund the programme, the payback period is now extended to between 4 years and 5 years and 4 months (originally 3 years 6months and 4 years 6 months respectively). This low impact on payback is partly because of the discount factor but primarily because it takes a number of years for the assumed steady state UG income growth to build up anyway – by which time the payback has already been reached.

2.3. Flattening the expenditure curve

The decision to extend the programme in order to flatten the expenditure curve also has an impact on cash flow projections. The table below sets out a comparison between the original business case projections and the updated position for the flattened expenditure profile. Four scenarios are presented as follows:

- *Original based on BC v3* – original projections based on the full business case
- *Base flattened profile* – as presented to MPIC on 7 May. This shows original projections adjusted to account for amended cashflow profile at time of presentation to MPIC (spend reduced to £10.6m in 21/22 but increased thereafter)
- *Revised flattened schedule* – as base flattened but updated to include further flattening through deferred payment profile (subject to negotiation). Spend in 21/22 reduced to £8.9m
- *Revised flattened schedule with UG growth intake removed* – as above taking account of latest expenditure profile but also taking account of reduced FT Home/EU growth assumptions.

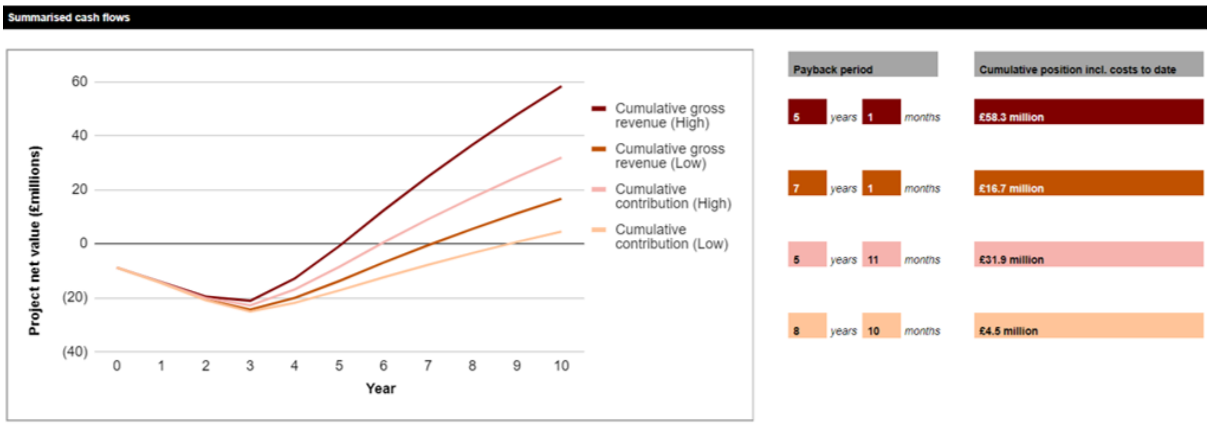
The cost profile, net benefits and payback in each scenario can be summarised as follows:

Description	Cost profile by year (rounded)					10 yr benefit in £m (incl. costs to date)				Payback period				Commentary
	20/21	***21/22***	*22/23*	*23/24*	*TOTAL*	*Gross Revenue (high)*	*Gross Revenue (low)*	*Contrib-ution (high)*	*Contrib-ution (low)*	*Gross Revenue (high)*	*Gross Revenue (low)*	*Contrib-ution (high)*	*Contrib-ution (low)*	
Original based on BC v3.0	(6.6)	**(13.5)**	(1.5)	(1.5)	23.2	125.8	51.7	75.3	28.0	3y 1m	4y 0m	3y 6m	4y 6m	Higher 10yr benefit due to speed of implementation Cost in 2021-22 judged as too high
Base "flattened" profile	(6.4)	**(10.6)**	(6.8)	(1.8)	25.6	114.8	43.7	65.7	20.7	3y 7m	4y 8m	4y 2m	5y 6m	Implementation costs rise to £25.6m 21/22 costs flatter Benefit release delayed, so 10yr benefit falls
Revised "flattened" schedule based Exec & TA Lead amendments	(6.4)	**(8.9)**	(8.6)	(1.8)	25.6	115.1	43.8	66.0	20.8	3y 7m	4y 8m	4y 2m	5y 5m	Cash flow flattened further by deferral of payments relating to U4SM and Salesforce build
Revised "flattened" schedule with UG intake growth removed	(6.4)	**(8.9)**	(8.6)	(1.8)	25.6	58.3	16.7	31.9	4.5	4y 4m	5y 9m	5y 0m	6y 9m	Delivers net discounted benefit in all scenarios Loss of a key benefit driver adds up to 1.5 years to the Low range payback scenarios

The 10 year net benefits are on a total cost of ownership basis and also include the sunk costs to date of £8.9m. The most pessimistic scenario presented (UG growth stripped out, the flatter expenditure profile, additional costs of £2.4m, taking future costs to £25.6m and total programme costs to £34.5m) still delivers a positive net benefit, albeit reduced to £4.5m. Furthermore, this scenario is very pessimistic and assumes no growth in FT Home/EU student intake over the entire 10 year planning period. Whilst a student number cap has now been re-introduced, this is a temporary measure and so there should be scope to increase UG recruitment, if not now, at some point when stability returns to the sector.

As the decision being made now is whether or not to proceed further at this stage, the payback period shown in the table above is based on future net benefits and excludes the sunk cost.

The net benefits are shown in the diagram below. For complete transparency, we have also shown in the table below, the payback period for each scenario after taking account of the sunk costs of £8.9m.



3. Affordability

Our cashflow forecasts have recently been updated to take account of:

- Assumed downward income assumptions in 21/22
- Revised, downward capital expenditure plans to reflect changed priorities at a time of uncertainty and cashflow pressure.

The forecasts have made no adjustment with respect to LEAP and still assume future cash outlay of £23.2m to meet the original expenditure profile; with the majority of the future cost being expended in 20/21 and 21/22. The cashflow forecast demonstrates that the project is affordable based on the higher, original, cashflow profile in the next couple of years, subject to financing being arranged.

Financing options currently being pursued are as follows:

- As reported previously to Board, we are in discussion with various banks regarding a revolving credit facility of (up to) £45m. The latest cashflow forecast shows a minimum requirement of £30m.
- We are also exploring with Lambeth Council the use of the Community Infrastructure Levy (CIL) to part fund the NESC, for which the bridge funding cost for LSBU has recently risen from assumed £22.5m to nearer £27m. This higher amount has been built into our latest forecast. Any CIL funding received would potentially reduce the level of RCF borrowing required as we have made no assumptions about CIL in our cashflow forecast.

Progress on both issues is covered in more detail in the CFO's report to Board but both are still ongoing. A verbal update will be provided at the meeting.

However, our ability to meet in full the costs of LEAP over the next few years will depend not just on our ability to put in place the new, short term, financing arrangements but on a range of other factors including more certainty on future recruitment and financial performance. This is why LEAP is so important as it will drive future financial performance in terms of both additional income flows and financial efficiency.

There are likely to be other immediate, short term demands for capital expenditure in response to Covid-19. The recommendation of MPIC is to extend the LEAP programme, which has the benefit of providing a little more cashflow headroom over the next couple of years to enable us to respond to those demands.

From an affordability perspective, and in recommending approval, MPIC also took some assurance from the fact that the LEAP programme includes discrete amounts at different points in time over the programme lifetime. For Salesforce the work is split into releases and each is expected to be subject to a separate Statement of Work, similar to the arrangement we have now, where we only pay for the next one as we get there. We can change the order of releases to suit business need (subject to constraints where we need to work with U4SM). However, the Board should note that there are a couple of areas to be aware of as we enter into negotiations. With regard to licences, we will probably need to commit for 5 years to get the best deal. Whilst not changing the cashflow, this will be a commitment going forward. For U4SM, the contracting approach will cover the full implementation to reduce the risks to LSBU. Again, while this should not affect cashflow, it will be another commitment and will, to some extent limit flexibility going forward.

4. Risks and mitigation;

Key risks and mitigation are set out in section 1.3 of the business case.

These include an assessment of risk and mitigation in key areas as follows:

- Decision making
- 3rd party recruitment taking longer than anticipated
- Organisational capacity
- Institutional IT knowledge management
- Alignment with Educational strategy
- Deployment into business as usual
- Uptake in revised ways of working.

From a financial perspective, considerable work has been done not just on cashflow, but also on wider financial risk. For understandable reasons this took no account of the risks associated with Covid-19 which we are still trying to assess.

We believe that the financial risk for the current year is manageable although not inconsiderable, with a likely financial impact of £5m and worst case scenario of £10m. To put that into context, the February accounts showed income close to £160m (budget £152m) and a surplus of £3m with a further £6m in contingency (budget surplus £1.5m). As a result of strong recruitment this year, we have been able to absorb the assumed impact of £5m and still report a full year forecast position on budget at both income and surplus level.

The more significant challenge is in understanding likely recruitment and income flows for future years, especially next year. We have considered a number of alternative scenarios, which have been presented to FPR for consideration. The recommendation from FPR is that the University adopts workable 2(b) scenario as the agreed budget position at this stage, recognising that we will be entering the year with staff cost challenge, even assuming budget income levels are met. Budget income of £153.3m for 21/22 is marginally reduced compared with forecast outturn for current year (£154.8m) and the budget surplus is marginally higher (£2m and £1.5m respectively). After accounting for assumed pay inflation and increments, there remains a £6m risk around staff cost with £5m of potential headroom compared to break even position (assuming income hits budget of £153M). This is discussed in more detail in the CFO report to Board.

Any significant downward change to future forecast income flows would require a response in terms of cost base to manage the position and preserve cashflows and this would present a challenge in the short term. This is another reason why MPIC recommends that the LEAP programme is extended with a flatter expenditure curve.

5. Recommendation of MPIC

MPIC recommends the full LEAP business case to Board for approval.

Based on its review of affordability, and taking into account the latest, updated cashflow forecasts, MPIC also recommends (noting that this potentially adds £2.4m to total programme costs), that the Board approves lengthening the LEAP programme, in order to flatten the expenditure curve at this time of considerable financial uncertainty and cashflow pressure.

MPIC's recommendation is subject to:

- Board review of the financial scenarios as recommended by FPR, and
- Satisfactory completion of negotiations with banks and/or Lambeth Council (preferably both) to close the existing funding gap.

Both of these matters are covered in detail in the CFO report to the Board.

	INTERNAL
Paper title:	Delegations of authority
Board/Committee:	Board of Governors
Date of meeting:	21 May 2020
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	Jerry Cope, Chair of the Board
Purpose:	To delegate authority to a sub-committee to approve transactions outside the usual Board business cycle
Recommendation:	The Board is requested to establish and authorise sub-committees to: i) authorise completion of the revolving credit facility; and ii) consent to SBC to revise the 2019 grant agreement with the DfE regarding SBC's estate

1. Revolving Credit Facility

As set out in the CFO's report and discussed previously at Board and committee meetings, the Executive is negotiating a revolving credit facility in order to fund LSBU's capital investment plans. There is also the potential that the London Borough of Lambeth will provide an interest free loan to LSBU to fund strategic capital projects in the borough. Further detail is set out in the CFO's report in this pack. Approval of borrowing raised on the security of the University's assets is a matter reserved to the Board.

Due to the need to act swiftly in the current coronavirus crisis, the Board is requested to delegate authority to a sub-committee of the Chair of MPIC, the Chair of FPR and the VC, and advised by the CFO, to approve the terms and authorise completion of the revolving credit facility and the granting of any required security, and additional sources of financing from London Borough of Lambeth.

2. SBC revision of 2019 grant agreement

As part of the transfer of Lambeth College to SBC, the DfE granted SBC £18.3m under a grant agreement dated 31 January 2019. As part of the terms of that agreement, approval of SBC's estates strategy by the DfE is required. The estates strategy envisages sale of part of the current Clapham site and redevelopment of

SBC’s vacant Vauxhall site. Once the estates strategy is complete, SBC is required to pay back a sum up to £17.2m if there is any overage following the sale of part of the Clapham site and the redevelopment of the Vauxhall campus.

The Skills Minister has agreed by letter of April 2020 that the DfE intends to approve the estates strategy subject to a guarantee. High-level terms of the guarantee are that if SBC sells, refinances or releases value in other ways from the Vauxhall campus within ten years of completion of the estates strategy, it would be liable to pay back the £17.2m to government. Heads of terms are expected shortly.

It is expected that the contract will be between the DfE and SBC. However, under the Governance Agreement between SBC and LSBU, LSBU consent is required for transactions outside the normal course of SBC’s business.

Due to the need to act between board meetings and to mobilise the estates programme, the Board is requested to delegate authority to a sub-committee of the Chair of the Board, the Chair of MPIC, the CEO and CFO to consent on behalf of LSBU to SBC approving a revised grant agreement and any related arrangements with the DfE.

	CONFIDENTIAL
Paper title:	Corporate Risk Report
Board/Committee	Board of Governors
Date of meeting:	21 May 2020
Author(s):	Richard Duke, Director of Strategy & Planning
Sponsor(s):	Richard Flatman, Chief Financial Officer
Purpose:	For noting
Recommendation:	The Board is requested to note the corporate risk report.

Executive Summary

The corporate risk register currently has:

- Zero critical risks;
- Eleven high risks;
- Fourteen medium risks;
- One low risk

Since the last risk register, presented in March 2020:

- Risk 2, Revenue reduction if course portfolio, and related marketing activity, does not achieve Home UG recruitment targets has seen its likelihood increase (unchanged overall risk severity);
- Risk 457, Anticipated international & EU student revenue unrealised has transferred to Nicole Louis and the risk likelihood has increased from low to high, therefore increasing risk severity to high;
- Risk 628, Availability of NHS placements has transferred to Warren Turner;
- Risk 633, Unable to deliver recovery plan from Covid-19 has been added to the risk register (the Board is in receipt of a Covid-19 Recovery Plan Paper);
- Risks 362 (Low staff engagement impacts performance negatively), 584 External incident compromises campus operations or access) and 627 (Impact of new strategy upon organisational culture) have transferred owners from Nicole Louis to Marcelle Moncrieffe-Johnson;
- Risk 630 (HE Policy - B3 Registration Regulation and potential introduction of student number controls), has had its wording adjusted and transferred from Nicole Louis to Deborah Johnston;

- Risk 1, Capability to respond to change in policy or competitive landscape has had its likelihood increased to high.

These changes have been made as a result of the review of the Senior Leadership Team (SLT) of the Group Risk Register on 29th April 2020. The SLT reviews the Group Risk Register at each of its monthly meetings. The changes are detailed in Appendix A.

This format is under review, with plans for future Corporate Risk reports to integrate a Group Approach, which will incorporate the 2025 Group Strategy. A proposed Risk Policy will be re-presented to the Audit Committee in June 2020 and to the Board in July 2020.

LSBU Corporate Risk: Board Summary Report – Apr 2020

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

Severity Rating/Risk Type – Appetite	Low	Medium	High	Critical
Financial (open)	(517) EU Referendum Impact on regulation & market (DP)	(631) Full financial benefits including Income and expenditure levels fail to leverage potential of Group (RF) (402) Income growth from Research & Enterprise unrealised (PI) (630) HE Policy – B3 Registration Regulation and potential introduction of student number controls (DJ)	(3) Sustainability of current pension schemes (RF) (625) Impact of Govt. Education Review on HE funding (RF) (2) Revenue reduction if course portfolio, and related marketing activity, does not achieve Home UG recruitment targets (NL) (457) Anticipated international & EU student revenue unrealised (NL)	
Legal / Compliance (Cautious)		(305) Data security and data protection (519) Negative Curriculum Assessment (584) External incident compromises campus operations or access (MMJ)		
cademic Activity (See		(628) Availability of NHS placements (PB) (495) Higher Apprenticeship degrees (FM) (398) Academic programmes not engaged with technological and pedagogic developments (DJ) (494) Inconsistent delivery of Placement activity (NL) (518) Core student system inflexibility / failure (DJ) (627) Impact of new strategy upon organisational culture (MMJ)	(629) OfS Thresholds not met in relation to Condition of Registration B3 (DJ) (37) Affordability of Capital Expenditure investment plans (RF) (467) Progression rates don't increase (DJ) (633) Unable to deliver recovery plan from Covid-19 (DP)	
Reputation (Open)		(6) Management Information perceived as unreliable, doesn't triangulate or absent (RF) (362) Low staff engagement impacts performance negatively (MMJ)	(626) Impact of assurance activity & new initiatives fails to address issues around student experience (PB) (632) Alignment of estate with sector requirements across the Group (PI) (1) Capability to respond to change in policy or competitive landscape (DP)	

Date: Apr 2020 **Author:** Richard Duke - Director of Strategy & Plai **Executive Lead:** Richard Flatman - Chief Financial Officer

Impact			
4 Critical *Corporate plan failure / removal of funding, degree award status, penalty / closure*			
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*	(495) Higher Apprenticeship degrees (FM) (305) Data security and data protection (NL) (519) Negative Curriculum Assessment (DJ) (6) Management Information perceived as unreliable, doesn't triangulate or absent (RF) (362) Low staff engagement impacts performance negatively (MMJ)	(37) Affordability of Capital Expenditure investment plans (RF) (467) Progression rates don't increase (DJ) (633) Unable to deliver recovery plan from Covid-19 (DP) (626) Impact of assurance activity & new initiatives fails to address issues around student experience (PB) (632) Alignment of estate with sector requirements across the Group (PI) (1) Capability to respond to change in policy or competitive landscape (DP)	(629) OfS Thresholds not met in relation to Condition of Registration B3 (DJ) (3) Sustainability of current pension schemes (RF) (625) Impact of Govt. Education Review on HE funding (RF) (2) Revenue reduction if course portfolio, and related marketing activity, does not achieve Home UG recruitment targets (NL) (457) Anticipated international & EU student revenue unrealised (NL)
2 Medium failure to meet operational objectives of the University	(517) EU Referendum Impact on regulation & market (DP)	(398) Academic programmes not engaged with technological and pedagogic developments (DJ) (494) Inconsistent delivery of Placement activity (NL) (518) Core student system inflexibility / failure (DJ) (627) Impact of new strategy upon organisational culture (MMJ) (402) Income growth from Research & Enterprise unrealised (PI) (630) HE Policy - B3 Registration Regulation and potential introduction of student number controls (DJ) (584) External incident compromises campus operations or access (MMJ)	(628) Availability of NHS placements (WT) (631) Full financial benefits including Income and expenditure levels fail to leverage potential of Group (RF)
1 Low *little effect on operational objectives*			
	1 - Low	2 - Medium	3 - High
	This risk is only likely in the long term	*This risk may occur in the medium term.*	*The risk is likely to occur short term*
		Residual Likelihood	

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	CONFIDENTIAL
Paper title:	Students' Union Elections
Board/Committee:	Board of Governors
Date of meeting:	21 May 2020
Author(s):	Jonny Chambers, Interim Students' Union Director
Sponsor(s):	Nicole Louis, Chief Customer Officer
Purpose:	For Information
Recommendation:	The Board is requested to note the returning officer's report for the 2020 SU Elections

Executive Summary

The Students' Unions' elections were undertaken from January-March 2020 and results in the successful election of its student officers and volunteers for the next academic year.

A total of 2848 students voted in the elections, returned by the National Union of Students. The elections process was supported and promoted through internal staff at the students' union. The union's interim management team also had oversight, led by Jonny Chambers from external management consulants Koreo.

Under the Education Act 1994 the Board has a duty to take such steps as are reasonably practicable to ensure that appointments of the sabbatical offices should be by a fair and properly conducted election in a secret ballot in which all members are entitled to vote.

The Returning Officer's report is attached which confirms that the election was run in a fair and democratic manner.

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LSBSU

Student Elections 2020

Returning Officer Report

Returning Officer:	National Union of Students (NUS)
Deputy Returning Officer:	Joshua Smith - Student Voice Manager
Management Oversight:	Jonny Chambers, Interim Turnaround Director (Koreo)

Summary

- The elections have taken place and been signed-off as free and fair by the Returning Officer and a set of officers and volunteers successfully elected for the 2020/21 year.
- The union maintained over 90% of last year's levels of voting engagement with a total number of 27500 votes cast by 2848 voters - with candidates also up on last year.
- We have analysed LSBSU's performance in line with other students' unions - both within LSBSU's comparator group and some larger unions outside.
- Whilst a number of unions have had a major fall in turnout due to their elections being scheduled for a time where they have been severely affected by COVID19.
- LSBSU still performs well against unions whose elections took place fully before COVID19 particularly given the current staff resourcing and student engagement levels the union has.

Union	**Turnout**
Imperial	*6104*
Westminster	4807
Royal Holloway	*3628*
Hertfordshire	2919
LSBSU	**2848**
Reading	2484
Greenwich	2368
Kingston	2100
Goldsmiths	1569
Middlesex*	1546
London Metropolitan*	962
City University*	926*
UWLSU	Unpublished
UELSU	Unpublished

**elections severely affected by taking place during COVID19 lockdown*

- Candidates were elected for 19 roles, including the full-time officer team for 2020-21:
  - President - 5 candidates - Hattie Tollerson
  - Vice President of Education - 2 candidates
  - Vice President of Welfare and Equalities - Jannatul Ferdous
  - Vice President of Activities and Employability - Joel Langston
- A small number of complaints were managed through the process and signed off by the returning officer.
- There was also an issue around checking students' eligibility to run in elections under the clause of being in "good standing" with the institution. This was caused by the lack of information related to the sharing of data upon nomination which would allow information to be shared with the University disciplinary team. This is being reviewed and enacted as part of an election's improvement plan.

1. Overview

Despite the current turnaround programme being managed internally in the union, the Student Elections were successful in increasing candidate engagement by 20% and maintaining 90% of voter engagement from the previous year. In total 19.5% of current student members of the union voted in the election.

2. Key Dates

	Start	End
Nominations Period	6th January	24th February
Campaigning Period	3rd March	11th March
Question Time	3rd March	3rd March
Voting Period	3rd March	11th March
AGM & Results	11th March	11th March

3. 2020 Developments

Digital Campaigning:
Much of the 2020 promotion for candidates and voting was done online with more targeted posts and messages. Emails and posts in social media groups were the main source of candidates this year. In total six all-student emails promoted nominations and a further six promoted voting. These were combined with targeted reminder emails to students who hadn't voted.

New Training:
The candidate briefing was combined with the election training. More sessions were run than in previous years which allowed candidates to attend a session as soon as they'd signed up in the election so that they could start preparing their manifesto and campaign straight away.

Updated Website:
The election part of the website had a complete overhaul for the 2020 elections. All the content, resources and information prospective candidates, interested candidates or voters would need was consolidated in this one place. This allowed www.lsbsu.org/elections to be the one generic link staff members could guide everyone to for their election needs.

Print Requests:
Candidates were given print credits this year rather than a budget to print their own which would then be stamped as approved by the Union. This meant that they would submit their poster/leaflets to the Union who would print them, so they were ready to collect at the start of voting. Top up prints were also provided part way through the election so candidates could replace posters that had fallen down.

Voting Incentives:
Previous elections had offered every student who votes a free ‘Nando’s’ voucher. This arrangement had been lost for the 2020 election so was replaced with a raffle for £50 Amazon vouchers and a society funding raffle for any society that got a turnout of over 80% of its members voting in the election. For students who voted in person at the polling stations they were able to claim a free doughnut/cake which was used as a way to entice students to come to the voting stations.

Business Cards:
Previous elections had created ‘bundles’ of bonus resources around campus as a treasure hunt for candidates. This year all candidates were provided a few hundred business cards on which they could write who they were and what they were running for. They proved very popular and were used by many students coming to polling stations.

4. Complaints

On 11th March, voting closed and the results of the union’s annual elections were announced. The complaints that we received during the voting period were overseen by our student voice manager, Joshua Smith, and referred to NUS for guidance where appropriate.

Number of Official Complaints Submitted	8
Number of Official Complaints Upheld	0
Number of Official Warnings Issued	1
Number of Official Sanctions Issued	0
Number of Candidates Disqualified	0

5. Candidate Statistics

Role	Number of Candidates 2019	Number of Candidates 2020	Percentage Change
Full Time Student Officers			
President	2	5	150%
Vice President Education	1	2	100%
Vice President Welfare & Equalities	7	2	-71%
Vice President Activities & Employability	5	6	20%
Student Leaders			
Union Council Chair	2	3	50%
Course Rep Forum Chair	1	1	0%
Sports Forum Chair	1	4	300%
Societies Forum Chair	1	2	100%
RAG Forum Chair	1	1	0%
Media Forum Chair	1	1	0%
Part Time Student Officer			
BAME Students' Officer	0	1	100%
Disabled Students' Officer	3	3	0%
Ethical & Environmental Officer	2	3	50%
European Union Students' Officer	1	1	0%
International Students' Officer	1	2	100%
LGBT+ Students' Officer	1	2	100%
Mature Student Officer	0	1	100%
Nursing Students' Officer	0	0	0%
Part Time Students' Officer	0	1	100%
Women's Officer	1	1	0%
NUS Delegates			
NUS Delegate	10	7	-30%
Summary			
TOTAL	41	49	20%

Figure 1: Candidate Statistics Per Role

LSBSU

6. Voting Statistics

Role	Number of Votes 2019	Number of Votes 2020	Percentage Change
Sabbatical Officers			
President	**2967**	**2161**	**-27%**
Vice President Education	**2803**	**2121**	**-24%**
Vice President Welfare & Equalities	**2774**	**1972**	**-29%**
Vice President Activities & Employability	**2728**	**2220**	**-19%**
Student Leaders			
Union Council Chair	**2693**	**1526**	**-43%**
Course Rep Forum Chair	**2504**	**1432**	**-43%**
Sports Forum Chair	**2450**	**1548**	**-37%**
Societies Forum Chair	**2462**	**1439**	**-42%**
RAG Forum Chair	**2477**	**1425**	**-42%**
Media Forum Chair	**2511**	**1579**	**-37%**
Part Time Student Officers			
BAME Students' Officer	**0**	**825**	**82500%**
Disabled Students' Officer	**2599**	**1675**	**-36%**
Ethical & Environmental Officer	**2579**	**1663**	**-36%**
European Union Students' Officer	**256**	**158**	**-38%**
International Students' Officer	**194**	**260**	**34%**
LGBT+ Students' Officer	**2501**	**1523**	**-39%**
Mature Student Officer	**0**	**1527**	**152700%**
Nursing Students' Officer	**0**	**0**	**0%**
Part Time Students' Officer	**0**	**156**	**15600%**
Women's Officer	**1538**	**884**	**-43%**
NUS Delegates			
NUS Delegate	**2442**	**1406**	**-42%**
Summary			
TOTAL (Votes)	**40927**	**27500**	**-33%**
TOTAL (Voters)	**3159**	**2848**	**-10%**

Figure 2: Voting Statistics Per Role

7. Election Analysis

Turnout in the election fell as would be expected based on the Union's issues at the time and a downward trend that had started to occur after 2018 (see figure 3) in engagement. The main place engagement was lost in this election was on individual votes (see figure 2) as most voters on average voted for half the roles. This could partly be due to people not understanding what all of the roles did.

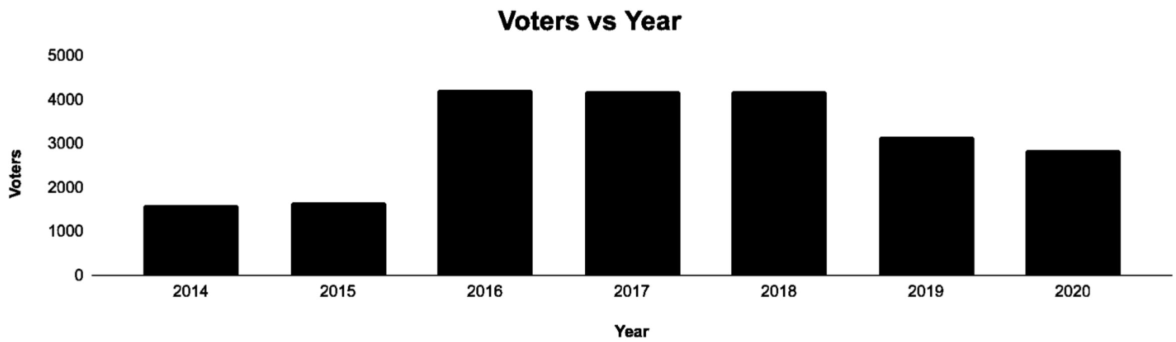

Figure 3: Voter Turnout Comparison (2014 - 2020)

Candidate numbers were up on the previous year by 20% (see figure 1) and more roles were contested in this election as well as positions filled. Only the Nursing Officer role was left vacant at the end of the election. Generally, the number of voters per school correlated with the number of candidates per school (see figure 4) apart from with the School of Health and Social Care which had a high voter turnout but low number of candidates. This is most likely due to the nature of their course not allowing time to be a student rep.

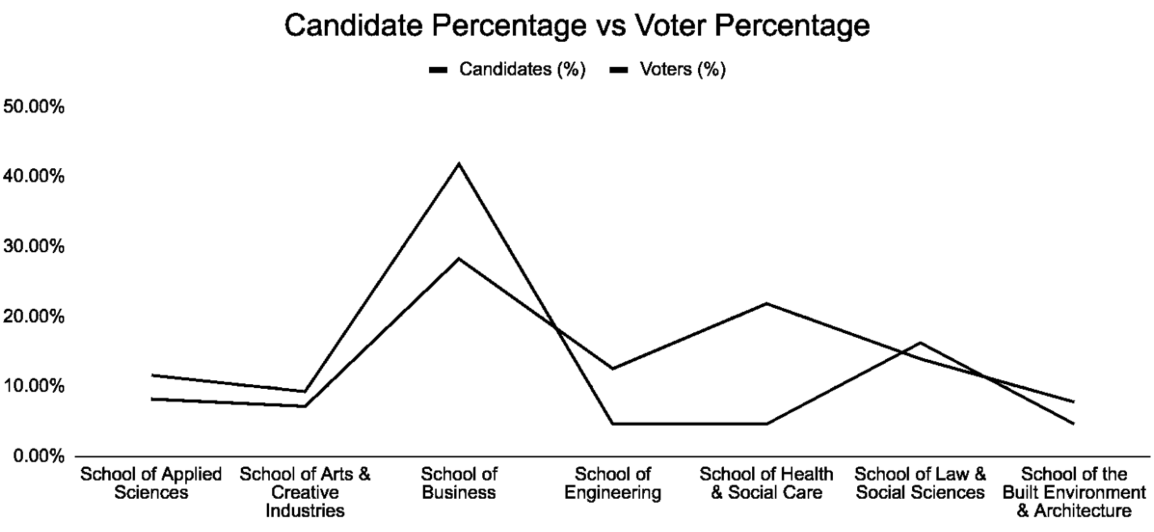

Figure 4: 2020 Student Elections - Candidate Percentage vs Voter Percentage Per School

The School of Business dominated the number of candidates and voters (see figure 4), contributed the largest share of the overall vote (see figure 5) and had the highest percentage of its student's turnout and vote (see figure 6).

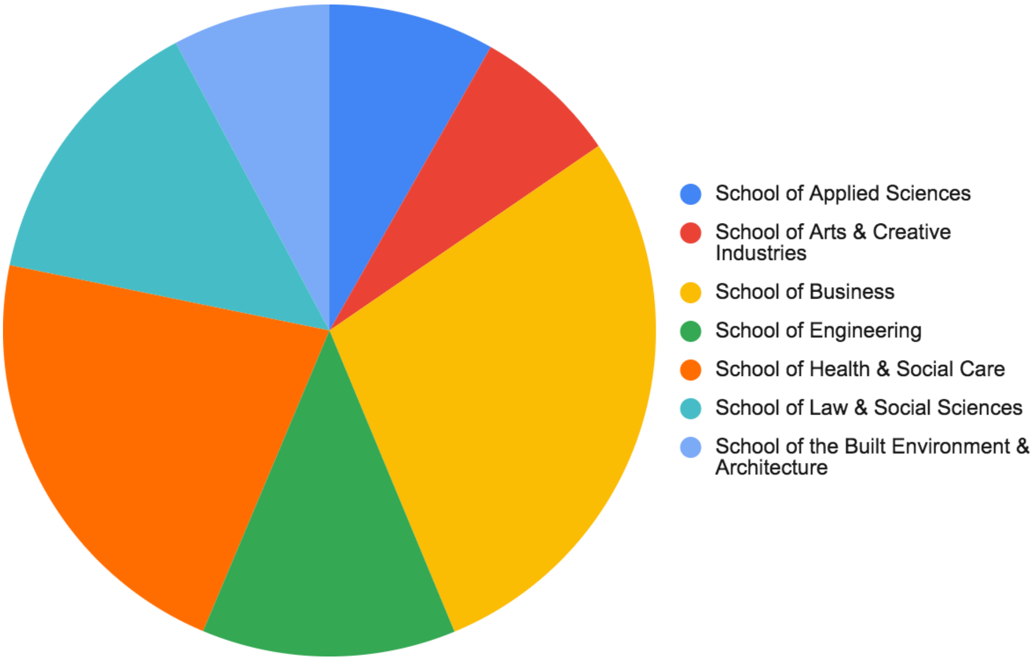

Figure 5: 2020 Student Elections - Votes Per School

The lowest performing School was the School of Built Environment & Architecture with only an 8.9% turnout of its students and was well beneath the 20% average turnout. The School of Health and Social Care was similarly low with a turnout of 14.7% but was still the second largest contributor of overall votes as the largest School in the university.

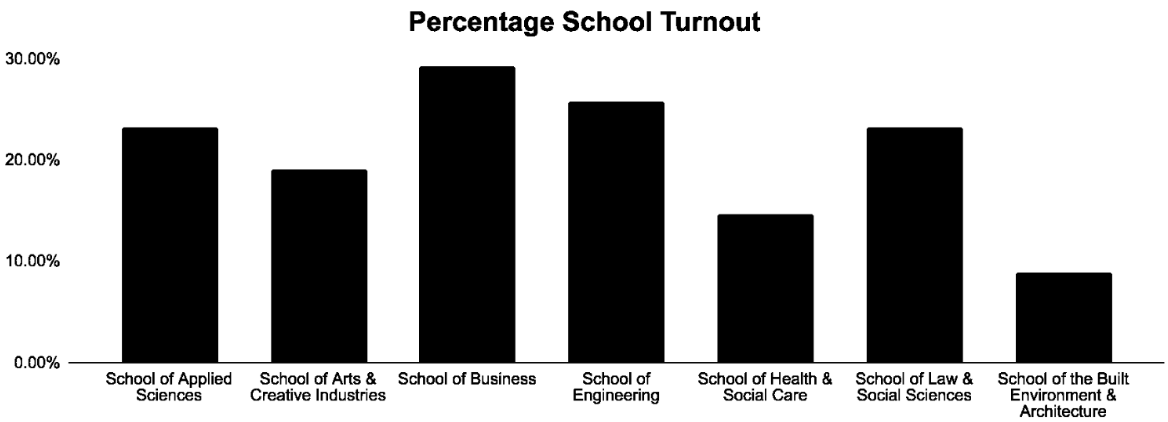

Figure 6: 2020 Student Elections - Percentage Turnout of Each School

Similarly, to School turnout in terms of candidates and voter turnout, there was a slight correlation in voter turnout per School and how many of their students were in societies. This could be because of a voting incentive used to encourage society members to vote, or because society members are generally more engaged in the Union.

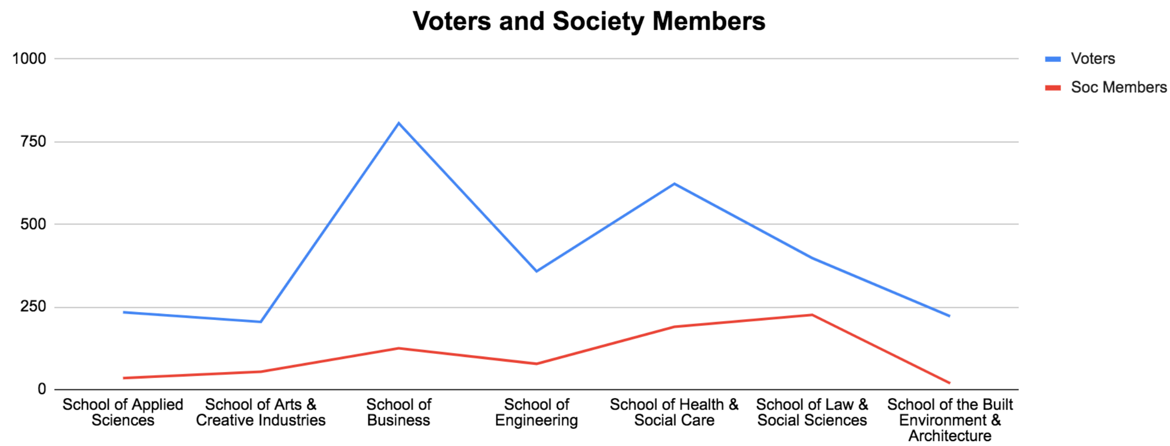

Figure 6: 2020 Student Elections - Voters Per School vs Society Members Per School

There was a correlation between percentage of candidates and their gender compared to the gender of voters in terms of turnout (see figure 7). This could be because there are more female students in the university or that more female students are engaged in the Union.

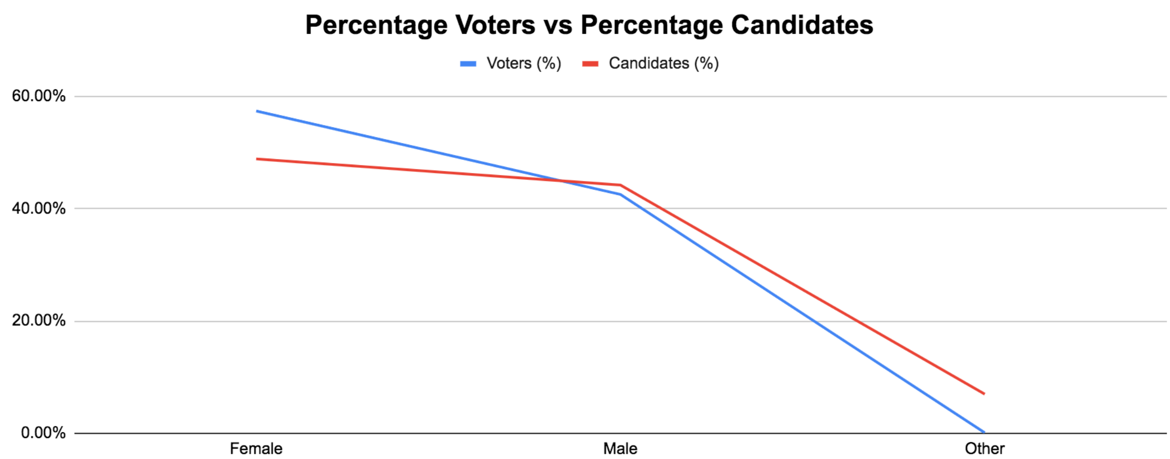

Figure 7: 2020 Student Elections - Percentage of Voters Per Gender

8. Returning Officer Recommendations

I have read through the report and also reviewed all our discussions from the election period.

I am happy to sign it off and have nothing further to add.

The only points I would advise would be to make it clearer around which areas posters are allowed to be displayed.

9. Confirmation of Fair Election

I hereby declare that this election was run in a fair and democratic manner which satisfies the stipulations as laid out in the 1994 Education Act.

10. Returning Officer Signature & Date

Signature: Khurrum (NUS Elections Team) **Date:** 02/04/2020

Ends.

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	CONFIDENTIAL
Paper title:	Report and decisions of committees
Board/Committee:	Board of Governors
Date of meeting:	21 May 2020
Author(s):	Kerry Johnson, Governance Officer
Sponsor(s):	Relevant committee chairs
Purpose:	To update the Board on committee decisions
Recommendation:	The Board is requested to note the report on decisions of committees and subsidiary boards.

Executive summary

A summary of committee and subsidiary board decisions is provided for information. Minutes and papers are available on modern.gov.

The Board is requested to approve:

- Revised terms of reference for Major Projects and Investment Committee;
- Revised terms of reference for Finance, Planning and Resources Committee.

Other relevant papers are included separately as agenda items.

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South Bank Academies Board – [26 March 2020]

The Board approved:

- Revised SBA staff pay policy and safeguarding policy of two years for staff adversely affected by the new policy.

The Board discussed:

- Education update
  - impact of the coronavirus crisis on the schools: teaching being delivered remotely and systems for remote pastoral support in place.
  - Preparations for cancellations of national GCSE, A-level and BTEC summer assessments noted.
  - Academy assesses as ‘good’ in all Ofsted categories following external review visit.

The Board noted:

- Update on the January 2020 management accounts; the forecast was to deliver to budget;
- CEO’s verbal report.

Finance, Planning and Resources – [28 April 2020]

The committee reviewed and recommended to the Board:

- Budget scenarios 2020/21 - The approval of scenario 2(b), assuming a £13.5m income reduction versus the original position, was recommended as the basis for a draft 2020/21 budget.

The committee approved:

- FPR terms of reference – the proposed revision of the FPR terms of reference was approved, subject to amendments to clarify the division of responsibilities between FPR and MPIC (see agenda item).

The committee discussed:

- Management accounts to 31 March 2020;
- Student recruitment and retention – the level of university applications was largely unaffected by the coronavirus outbreak and remained on course to achieve an increase of 8.3%-13.% compared with the same point in 2018/19. Lambeth College applications were up by 25% compared with the previous year. No significant increase in international non-completion rates was expected;
- Revised cashflow forecast – the revised cashflow forecast for the LSBU Group to 2022/23 was discussed, including three offers of a revolving credit facility.

The committee noted:

- REI update - £2.7m of research income secured to end of Period 6, further £2m contracted.
- KPIs 2018/19 and 2019/20 targets and performance;
- Students' Union accounts and code of practice return plus financial appendix;

South Bank Colleges Board – 6 May 2020

The Board discussed:

- The College's response to the Coronavirus situation and key risks;
- Update on Estates Programme - DfE position with respect to SBC capital plan and implications, options under consideration and recommendation to support the principal of a guarantee which would prevent dealings in the estates for at least the next ten years;
- The Executive Principal's report which focussed on the 'business as usual' aspects of the college in relation to quality, curriculum planning and development, 2020/21 funding and an update on the Ofsted monitoring visit in March 2020;
- The current financial performance of Lambeth College, ESFA finance forecast and 2020/21 initial budget.

The Board approved:

- The appointment of Cllr Jacqui Dyer to replace Cllr Jennifer Brathwaite as an Independent Trustee of SBC;
- The Trustees' new declared interests.

The Board noted:

- The Board Development Programme 2020;
- The report from Committees.

Major Projects and Investment Committee – 2 April 2020 and 7 May 2020

The committee reviewed and recommended to the Board:

- Project Leap – MPIC confirmed its continued support for the submission of the Leap business case to the Board on 21 May 2020 and for the Board to consider in the light of FPR's review of the financial scenarios. The committee recommended the lengthening and flattening of the project expenditure profile. The committee noted progress on work-package 3.5.

The committee discussed:

- Cashflow projections – noted the progress made in completing a revolving credit facility for up to £45m, and discussed in detail the assumptions and modelling that had informed the revised cashflow forecast;

- SBC estates – agreed to support continued discussions with the DfE, on the understanding that, if successful, the terms of the guarantee would prevent dealings in the estates for at least the next ten years;
- Southwark Campus redevelopment update.

The committee noted:

- Purfleet proposal – noted the decision of the executive to discontinue exploration of an LSBU presence at Purfleet;
- MPIC remit – review of MPIC’s remit was noted.

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	INTERNAL
Paper title:	Updates to committee remits
Board/Committee:	Board of Governors
Date of meeting:	21 May 2020
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	Chair of Major Projects and Investment Committee Chair of Finance, Planning and Resources Committee
Purpose:	For Approval
Recommendation:	The Board is requested to approve the revised committee terms of reference for: - Major Projects and Investment Committee - Finance, Planning and Resources Committee

Executive summary

Major Projects and Investment Committee

Currently MPIC's terms of reference refer to the review and recommendation to the Board the approval of capital finance, borrowing raised on the security of the University's assets, lease finance arrangements above £250k and borrowing above £0.5m.

In order to achieve consistency with the Financial Regulations, the Governance Team has reviewed with the Chair of MPIC and the Chair of FPR whether to move this role to FPR (which has holistic oversight of group finance), rather than MPIC (which considers transactions case-by-case). The changes were supported by the committee at its meeting on 7 May 2020.

The proposed change would be to remove the following from MPIC's terms of reference and insert them into FPR's (new wording has been added in red to recognise MPIC's overview of the estate and the impact of any security on the estate plan):

1.15 review and recommend to the Board approval of capital finance;

1.16 review and recommend to the Board approval of borrowing raised on the security of the University's assets. Any recommendation to give security will require prior consultation with the Chair of MPIC to consider any impact on the estate;

1.17 review and recommend to the Board approval of lease finance arrangements with a capital value greater than £250,000;

1.18 review and recommend to the Board approval of borrowings (by loan facility or overdraft) above £0.5 million;

MPIC will continue to receive information on borrowings and budget against proposed investments to enable members to make recommendations for approval of the project(s) under consideration.

Finance, Planning and Resources Committee

In addition to the above changes, the Governance Team and Chair of FPR have further reviewed FPR's remit.

The committee's role is split into finance, performance monitoring and resources. The Chair wishes to divide the committee's discussions into the categories of core areas and annual review areas. These changes have been integrated into a revised terms of reference, as considered and supported by the committee at its meeting of 28 April 2020.

The Board is requested to approve the revised terms of reference for both the Major Projects and Investment Committee, and the Finance, Planning and Resources Committee.

Finance, Planning and Resources Committee

Terms of Reference

The Finance, Planning and Resources Committee is a sub-committee of the LSBU Board of Governors. It provides for the Board in depth review of:

- LSBU's in-year financial performance;
- LSBU's financial position including cash flow;
- Performance against the corporate strategy;
- The proposed annual budget;
- Implications of the strategy for human and physical resources;
- Treasury management;
- Student recruitment and retention; and
- Oversight of value added by Group entities.

A commitment to equality, diversity and inclusion (EDI) will run through the oversight and monitoring activity in relation to both core and annual areas of review.

1. Remit

The remit of the committee is to:

1.1 Finance

1.1.1 Review the annual budget and five-year forecasts and recommend to the Board;
1.1.2 Approve investment and treasury management policies and note updates;
1.1.3 Review an annual assurance report on adherence to the Gift Acceptance Policy and any regulatory guidance on charity fundraising;
1.1.4 Review a six monthly report on the Students' Union income and expenditure;
1.1.5 Review assurance from the Executive that the insurance programme is adequate from year to year;
1.1.6 Approve investment policies for charitable funds and approve fundraising strategy and performance;
1.1.7 Recommend opening of bank accounts to the Board;
1.1.8 Review and recommend to the Board approval of capital finance;
1.1.9 Review and recommend to the Board approval of borrowing raised on the security of the University's assets. Any recommendation to give security

will require prior consultation with the Chair of MPIC to consider any impact on the estate;

1.1.10 Review and recommend to the Board approval of lease finance arrangements with a capital value greater than £250,000;

1.1.11 Review and recommend to the Board approval of borrowings (by loan facility or overdraft) above £0.5 million.

1.2 Performance

1.2.1 Monitor progress against Group-wide[1] and University-level KPIs as approved by the Board, and alert the Board of key potential variations against target;

1.2.2 Recommend Group-wide and LSBU KPI targets to the Board for the next financial year;

1.2.3 Review financial performance as set out in the management accounts and the Annual Report and Accounts

1.2.4 Review financial sustainability including balance sheet and cashflow, and recommending necessary debt financing to the Board

1.2.5 Review student recruitment, retention and progression rates

1.2.6 Review research and enterprise income and deliverables [until new Enterprise Advisory Board established]

1.3 Resources

1.3.1 Assess fitness for purpose of infrastructure (Estates and ICT) to deliver the Corporate Strategy through regular strategic reports

1.3.2 Review regular strategic reports on human resources, including staff engagement, EDI and organisational design

1.4 LSBU Group

1.4.1 Review annual high-level reports of the overall performance and value to LSBU of each of:

- South Bank Colleges
- South Bank Academies
- South Bank University Enterprises Ltd

[1] This refers to the highest level group-wide KPIs (not the totality of the KPIs in the group)

2. Membership

2.1 Membership shall consist of up to five independent governors including the Chair of the Board, plus the Vice Chancellor, one student governor and one staff governor.
2.2 A quorum shall consist of at least three independent governors.
2.3 The chair shall be an independent governor.
2.4 Members of the Group Audit and Risk Committee shall not be a member of the committee.

3. Reporting Procedures

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

Approved by the Board of Governors on 14 May 2015.

Revision approved by the Board of Governors on DATE 2020.

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Major Projects and Investment Committee

Terms of Reference

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

1. Remit

1.1 The remit of the committee is to:

1.1.1 review capital and revenue investment and significant tenders and, if above delegated authority, recommend approval to Board;

1.1.2 when within set authority levels, approve capital expenditure and budgeted revenue expenditure;

1.1.3 review 'master-plans' for estate and infrastructure; and

1.1.4 review and recommend proposals to acquire and/or dispose of land or buildings.

~~1.1.5 review and recommend to the Board approval of capital finance;~~

~~1.1.6 review and recommend to the Board approval of borrowing raised on the security of the University's assets;~~

~~1.1.7 review and recommend to the Board approval of lease finance arrangements with a capital value greater than £250,000;~~

~~1.1.8 review and recommend to the Board approval of borrowings (by loan facility or overdraft) above £0.5 million;~~

~~1.1.9~~1.1.5 monitor delivery of major projects; and

1.1.6 consider post investment reviews of major projects.

1.2 MPIC will receive information on borrowings and budget against proposed investments to enable members to make recommendations for approval of the project(s) under consideration.

2. Membership

2.1 Membership shall consist of up to five independent governors including the Chair of the Board, the Vice Chancellor, two student governors and one staff governor.

2.2 A quorum shall consist of at least 2 independent governors.

2.3 The chair shall be an independent governor.

2.4 Members of the committee shall not be members of the Audit Committee.

3. Reporting Procedures

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

Approved by the Board of Governors on ~~14 May 2015~~.

	CONFIDENTIAL
Paper title:	New governor declaration of interests
Board/Committee:	Board of Governors
Date of meeting:	21 May 2020
Author(s):	Kerry Johnson, Governance Officer
Sponsor(s):	James Stevenson, University Secretary
Purpose:	For approval
Recommendation:	The Board is requested to authorise the declared interests of Professor Nicola Martin.

Executive Summary

1. Under the Companies Act 2006, governors have a duty to avoid a situation in which they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of LSBU, unless this has previously been authorised by the Board.

2. The Board is requested to authorise the declared interest of Nicola Martin, new staff governor.

Nicola Martin's declared interests:

- From 2002, co-opted board member at the National Association of Disability Practitioners.

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