

Meeting of the Finance, Planning and Resources Committee

4.00 pm on Tuesday, 3 November 2020
via MS Teams

Agenda

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2.	Declarations of Interest		MC
3.	Minutes from the last meeting	3 - 8	MC
4.	Matters arising <ul style="list-style-type: none"> • NSS update • Graduate Outcomes update 	9 - 10	MC
Core items			
5.	LSBU management accounts to 30 September	11 - 20	RF
6.	Student recruitment and retention update	21 - 30	NL
Regular review items			
7.	Annual Report and Accounts 2019/20	31 - 96	RF
8.	Strategic POD report	97 - 104	MMJ
9.	Target operating model	To Follow	MMJ
Items to note			
10.	Treasury management report	105 - 110	RF
11.	Group-wide and LSBU KPIs	111 - 114	RF
12.	Fundraising compliance update	115 - 120	NL

Date of next meeting
4.00 pm on Tuesday, 2 March 2021

Members: Michael Cutbill (Chair), Jerry Cope, Peter Fidler, Mee Ling Ng, Nicki Martin, David Phoenix, Deepa Shah and Maxwell Smith

In attendance: Richard Flatman, Kerry Johnson, Nicole Louis, Marcelle Moncrieffe-Johnson, Ralph Sanders and James Stevenson

Observers: Duncan Brown and Rashda Rana

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**Minutes of the meeting of the Finance, Planning and Resources Committee
held at 4.00 pm on Tuesday, 22 September 2020
via MS Teams**

Present

Michael Cutbill (Chair)
Jerry Cope
Peter Fidler
Mee Ling Ng
Nicki Martin
David Phoenix
Deepa Shah
Maxwell Smith

In attendance

Pat Bailey
Richard Flatman
Paul Ivey
Kerry Johnson
Deborah Johnston (for items 8 and 9 only)
Nicole Louis
Fiona Morey (for item 10 only)
James Stevenson

Observer:

Rashda Rana

1. **Welcome and Apologies**

The Chair welcomed members to the meeting. No apologies were received.

2. **Declarations of Interest**

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

3. **Minutes from the last meeting**

The committee approved the minutes of the previous meeting, held on 30 June 2020, and their publication as redacted.

4. **Matters Arising**

The committee noted that work on the KPI framework was progressing according to schedule.

The committee noted that an update on the target operating model would be provided at the next meeting of 3 November 2020.

All other actions were noted as completed.

5. **LSBU management accounts to 31 July 2020**

The committee discussed the management accounts to 31 July 2020.

The committee noted that income for 2019/20 stood at £157.1m, an increase of £8.0m on the 2018/19 reported outturn and £5m more than budget. It was noted that the University was trending towards a surplus of £1.5m for 2019/20.

The committee noted that recurrent staff costs at year end were £88.2m (£1.4m less than budget), in line with previous forecasts. The committee noted that staff costs would continue to be a challenge for 2020/21. Further detail on LSBU workforce planning and target operating model would be provided at the next meeting on 3 November 2020. The committee noted the importance of balancing staff costs with ensuring there was enough capacity, especially in academic and IT support areas.

The committee noted that Opex for 2019/20 was £6.8m more than the June 2020 forecast, and that this included some coronavirus-related expenditure and the impairment of over £3m of previously capitalised costs associated with St George's Quarter.

The committee discussed the 2020/21 budget, noting that the University was still broadly in line with 'budget scenario 2b'. The committee noted the uncertainty surrounding projected pension costs for 2020/21. It was noted that the assumptions used by the actuaries would be reviewed in detail by the Group Audit and Risk Committee on 6 October 2020.

6. **Revolving credit facility/cashflow update**

The committee noted that the RCF sub-committee had met on 3 September 2020 and had authorised completion of the new facility with Barclays for a four year term (subject to extension options) for a £30m commitment. Following authorisation, the facility was completed on 9 September 2020. Financial covenants were on the same basis as the existing agreement with Barclays, with the exception that operational leverage would change from 5x to 4x from 2022/23 onwards. The committee noted that these covenant requirements had been tested and would continue to be met based on current forecasts.

The committee noted that the Executive was pursuing other opportunities including the potential borrowing of up to £15m from Lambeth Council to support future cashflow needs.

7. **Student recruitment update**

The committee discussed the update on LSBU recruitment and retention. As at 14 September 2020 the University had recruited 7,050 Firm Accepts, reflecting 99% of the revised post-coronavirus target of 7,110. The committee noted that the remaining recruitment gap largely sat with part-time provision.

The expected outcome for semester one was over-recruitment in full-time courses and under-recruitment in part-time. The committee noted that part-time provision was highly dependent on employer sponsorship.

The committee noted that there were still approximately three weeks remaining for Clearing applications to be made. Offer-making and conversion of offers was significantly higher than 2019/20. Operational issues with enrolment were noted, though adjustments were being made to ensure that students were able to participate before being fully enrolled.

The committee noted that the international team had secured deposits from 533 firm accept applicants for semester one entry. The revised 2020/21 budget required 400 fully-enrolled overseas students, and the University was largely on track to hit that target depending on conversion rates.

The committee noted that re-enrolment was underway, with 6,756 students re-enrolled as at 14 September 2020. The final progression and retention figures for 2019/20 would be known following the September re-sit boards and would be reported at the 3 November 2020 committee meeting.

8. **NSS analysis**

The committee discussed in detail the key findings from the analysis of the 2020 National Student Survey (NSS) results. The overall score for LSBU was 75.9%, which represented a 2.5% drop compared with 2019 and a variance of -1.8% to the sector average. The committee noted that the results were not uniform between LSBU courses and schools.

The committee noted an update from the PVC (Education) on remedial actions. The committee noted that a task and finish group had been set up, and that having a complete and smoothly-functioning Students' Union team would be important for the next NSS.

The committee requested that the action plan be extended as necessary to address issues in Health, and that reduction of course structure complexity should also be considered as a path to better NSS outcomes.

9. **Graduate outcomes**

The committee noted the update on the July 2020 graduate outcomes (GO) survey, which has replaced the DLHE survey. LSBU's result for the cohort who graduated in 2017/18 was 69%, placing LSBU in the bottom 50% of HEIs but ahead of most other London Modern institutions.

The committee noted that the target under the 2025 Strategy was to achieve a top quartile position for employment outcomes. Action planning to achieve this target was being developed, with a focus on placements and embedding employability skills and activities within the curriculum.

The committee noted that the GO survey was new and so there was still work to be done to understand how best to approach it. The committee judged that individual providers would have very limited scope to lobby for changes to the structure of the survey.

10. SBA annual performance and value review

The committee noted the update from the Pro Vice Chancellor (Compulsory and Further Education) on the performance and value of the South Bank Academy Trust to the LSBU Group.

The committee noted that the attainment rates for both the University Academy of Engineering and the South Bank UTC had improved significantly between 2018/19 and 2019/20.

The committee noted the summary of the SBA Trust finances, noting the combined turnover of £8.6m and the £1.8m in reserves.

The committee noted that the introduction of the in-house Higher National Certificate (HNC) programme had been a positive innovation.

The committee welcomed the positive update.

11. Treasury management report

The committee noted the treasury management report, showing total bank balances at 31 August of £51.3m and outstanding loans of £33.8m.

12. Key performance indicators

The committee noted the update on the 2019/20 strategic enabler KPIs and 2025 KPI framework. Development of the new KPI framework was still in progress but had progressed to include 2024/25 end-of-strategy targets and 2020/21 targets for key indicators for LSBU.

{Secretary's note: a paper detailing the proposed KPI targets was considered by the Board at its meeting of 15 October 2020.}

13. Annual fundraising report

The committee noted the 2019/20 annual report on fundraising and charitable funds.

The committee noted the updates on the university's fundraising and philanthropy programme, charitable endowments and other charitable funds, and progress made on the gifts fundraising programme. As at 31 July 2020 the university held £862,387 in endowments, plus £194,909 in other restricted and unrestricted charitable accounts, of which the university itself was trustee.

14. **Gift Acceptance Policy**

The committee approved the new LSBU policy for the acceptance of gifts and donations. The policy set out the processes that LSBU follows to protect itself with regards to accepting philanthropic gifts and donations, and applies across all parts of LSBU and any associated charities.

15. **Group insurance programme annual report**

The committee noted the renewal of joint LSBU and SBC insurance cover for 2020/21. The insurance broker had been appointed on 1 August 2020 through the London Universities Purchasing Consortium (LUPC) framework, at the total cost of £515,074.

The committee noted the range of cover provided by the relevant policies.

16. **REI update**

The committee noted the update on research and enterprise activities for the 2019/20 academic year.

The committee noted the details of successful research grant applications, with Engineering securing 32% of projects and Health & Social Care securing 42%. The overall success rate was 25%.

The committee noted that the overall success rate for enterprise projects was 66%, with performance across the schools more even than research performance.

The committee noted that the bid submission rate for 2019/20 exceeded that for 2018/19, despite the effects of the coronavirus pandemic.

Date of next meeting
4.00 pm, on Tuesday, 3 November 2020

Confirmed as a true record

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FINANCE, PLANNING AND RESOURCES COMMITTEE – TUESDAY 22 SEPTEMBER 2020

ACTION SHEET

Agenda No	Agenda/Decision Item	Action	Date Due	Officer	Action Status
4.	Matters arising	Update on target operating model to be provided to next meeting.	3 November 2020	Chief People Officer	On agenda
5.	Management accounts	Pension assumptions to be reviewed by GARC.	6 October 2020	Chief Financial Officer	Complete. Pensions assumptions discussed by GARC at its meeting of 6 October 2020. Final assumptions to be discussed at meeting of 5 November 2020 following further conversations with actuaries.
7.	Student recruitment and retention	Final progression and retention figures for 2019/20 to be reported at the next meeting.	3 November 2020	Chief Customer Officer	On agenda
8.	NSS analysis	Committee to kept up to date on the progress of the NSS action plan	Ongoing	Provost / PVC (Education)	Update to be provided at meeting
9.	Graduate outcomes	Committee to be kept up to date on the progress of the GO action plan	Ongoing	Chief Customer Officer	Update to be provided at meeting

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	INTERNAL
Paper title:	Sep-20 Management Accounts
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	3rd November 2020
Author(s):	Ralph Sanders, Director of Financial Planning & Reporting
Sponsor(s):	Richard Flatman
Purpose:	For approval
Recommendation:	To note the Sep-20 LSBU and Lambeth College Management Accounts
Executive Summary:	<p>This is the first set of Management Accounts for both London South Bank University and Lambeth College. The 2 entities have been kept separate as their funding models are distinct but they can be combined if FPR would prefer a summary position.</p> <p>London South Bank University - Summary position</p> <p>The full year forecast is marked as trending to a surplus of £2m however this may be challenging to deliver to. In terms of positives: as at the 30th September 2020 the University has fully enrolled 12,968 students which is an increase of 2% against the comparable position in 19/20. This increase is driven by a large increase in continuing students as compared to last year. New Student income is on target and there could be an additional £4m raised from continuing students. Staff costs are currently £640K better than budget although the University is currently looking to deliver £3.8m of staff savings against the scenario 2b staff budget. YTD opex are also significantly underspent and currently stand at £4.3m as compared to £6.2m at the same period last year. Our Interest Budget is also looking overstated since we may not need the RCF until April and this could save £2m since we had budgeted £1m for the novated loan which will be charged to Lambeth College and £1.4m assuming that we would have to provide against the entire £45m drawdown whereas the charge could be in the region of £0.4m.</p> <p>In terms of negatives, Research Income and Enterprise income are both behind budget due to delays in project starts. There is also significant concern about the occupancy levels in Halls. Typically we achieve 97% occupancy, although this year this is trending to 75%. This reluctance to move into Halls is an issue that is developing at a number of London Universities. The reduction in footfall around campus is also having an impact on Food sales. Finally, as well as the £3.8m of staff savings required to deliver to the scenario2b staffing budget the University may well have to increase its pension provisions by in excess of £2m as per the LPFA Actuaries report, as adjusted to reflect our revised pension assumptions.</p> <p>In terms of outcome, the Scenario2b budget for 20/21 had a £2m surplus based on a roll over budget for 19/20 costs and reduced income due to Covid. The budget contains a £3.8m requirement for staff savings, which is currently charged to the Restructuring line, this is offset by £2.5m in Exceptional items/Contingency. If we net off the staff costs savings against our current buffer, we are currently trending to a surplus position of £0.7m but this does not include potential changes to our income forecast or the requirement for additional pension costs.</p> <p>Given the developing position we have not yet adjusted our Full Year Forecast to take account of the potential positive and negative movements but taking all these factors into account, we remain of the opinion that we should not move away from the scenario 2b budget although the actual position may be closer to break even rather than the targeted £2m surplus.</p> <p>South Bank Colleges - Summary position</p> <p>In terms of positives, the ESFA have confirmed this week £21.4m of grant funding for the college and have made £198K of income available to support the college in its Covid 19 activities. This means that 91% of the college income is secure.</p> <p>In terms of negatives, the College is required to deliver staff savings this year to deliver to budget. Although the College is running behind budget there are a number of high needs individuals who will need specialist support and an increase of £300K against budget has been requested. The College is also expected to contribute an additional £1.5m as a result of the LPFA actuaries report. We are revising the assumptions underpinning this report at both the College and University level. If implemented, however it could lead to the College reporting an operating deficit of £4.4m as compared to the £2.7m budgeted. The deficit would be funded through the release of deferred income from the ESFA but this would leave only £4.4m remaining to cover future deficits.</p>

SEP-20 EXECUTIVE SUMMARY

This Executive Summary reports on the draft financial position of London South Bank University as at 30th September 2020.

1) RAG Status

Income Growth FYF v 19/20 outturn	-2.4%
Opex Growth excluding asset changes	-4.6%

Staff Cost % excluding restructuring	57.8%
Staff Cost Growth excluding restructuring	0.5%

FYF Surplus (Contribution %)	1.3%
EBITDA	11.9%

2) Summary

Contribution Budgeted at £2m The Scenario2b budget for 20/21 had a £2m surplus based on a roll over budget for 19/20 costs and reduced income due to Covid. The budget contain a £3.8m requirement for staff savings which is offset by £2.5m in Exceptional items. If we net off the staff costs savings against our current buffer, we are currently trending to a surplus position of £0.7m but this does not include potential changes to our income forecast or the requirement for additional pension costs.

YTD total income £49.1mm - FYF £153.3m The university has currently billed £49.1m of income including £43.8m of Tuition Fees, this compares to £73.9m billed at the comparable position in 19/20 including £67.8m in Tuition Fees. The gap in Tuition Fee income is driven by a delay in billing as a large number of the Fees and Bursaries team are still engaged in enrolment. The total number of students fully enrolled as at 30 September totals 12,968 FTE as compared to 12,756 FTE at the same period last year and so we expect billings to increase to a comparable level next month when the billing position catches up with the enrolment and re-enrolment position. We have currently billed £1.6m of Research and Enterprise income as compared to £1.8m in 19/20 and so there is a gap emerging due to a delay in beginning a number of projects. There is also a growing shortfall in Other Student related income; we have currently billed £1.1m as compared to £1.5m at the comparable position in 19/20. Early indications would suggest that Students are reluctant to move into Halls of Residences during this time and this would appear to be an issue across a number of London Universities. We typically have occupancy rates of over 97%, this year we are trending to 75% which could leave us with a gap to budget in excess of £2m. There is a further shortfall in terms of Food sales due to reduced footfall in the campus and could lead to a further gap to budget of £0.7M.

Gap emerging in Student Related Income

Enrolled student FTE up 2% vs 19/20 We have currently fully enrolled 12,968 Students as compared to the comparable position of 12,756 FTE in 19/20. This is driven by a large increase in re-enrolled students. Given that New Students who do not have funding typically have pass rates of less than 50% we are encouraging all students to demonstrate evidence of funding before we make them fully enrolled. This has led to a delay in confirming those students who have not yet applied for SFE Funding. The levels of Tuition Fees billed do not represent the numbers of students and we would expect the levels of Tuition Fee to be broadly comparable with 19/20 once enrolment has finished, this could deliver an upside of £4m against the scenario 2b budget.

Staff costs are £640K better than budget YTD Staff costs are currently £640K better than the budgeted position which should help to deliver the staff savings required in the scenario 2b budget. However there is an ongoing discussion with our actuaries about the level of pension charge required in 20/21 which could add in excess of £2m to our staff costs.

Exceptional items remaining £2.5m The university budgeted £3m in exceptional items to provide a buffer in this year against the potential staff cost gap. The university has currently allocated £450K and there remains a balance of £2.55m.

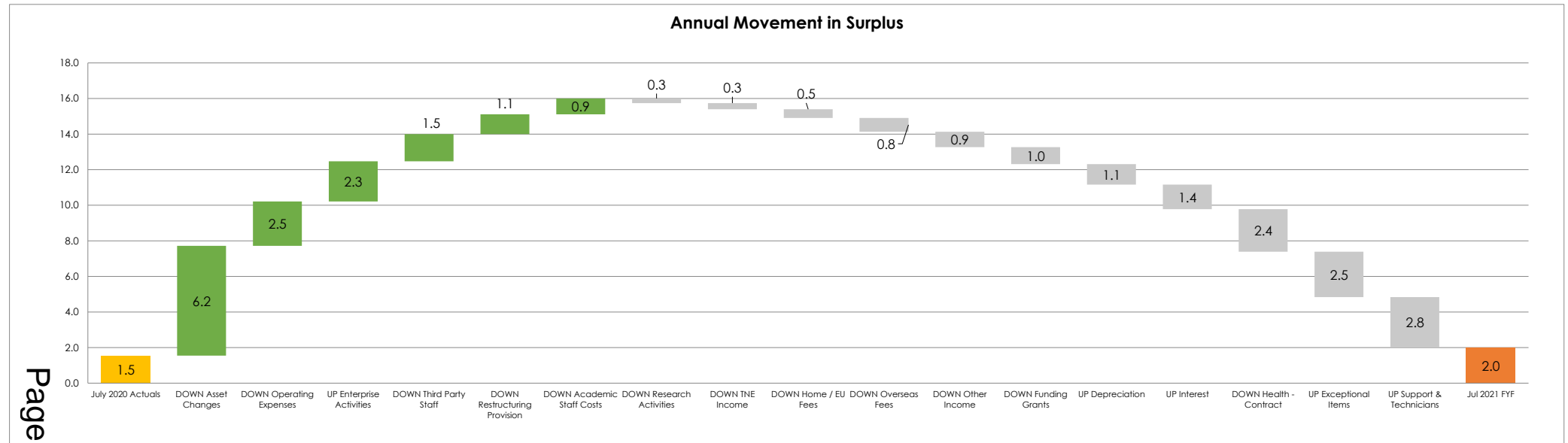
Cash position = £44.7m The cash position as at 30 September is £44.7m, this is a reduction of £1.5m as compared to August and compares to £51.2m at the comparable position in 19/20. The University has a further £30m available due to Revolving Credit Facility in place to fund the developments in the LSBU Estate and we expect to drawdown £15m in April.

3) Table 1: Full Year Forecast vs. Budget

Financial Summary in £'m	CURRENT YEAR BUDGET vs PRIOR YEAR ACTUALS				FULL YEAR FORECAST OUTTURN POSITION					YEAR ON YEAR (Y-T-D COMPARISON)			
	19/20 Actuals	20/21 Budget	Change to 19/20	Change %	Aug 20/21 Forecast Outturn	Monthly move	Sep 19/20 Forecast Outturn	Variance to 20/21 Budget	Budget variance %	19/20 Actuals	20/21 Actuals	Change to 19/20	Change %
Funding Grants	14.4	13.5	-1.0	-7%	13.5	0.0	13.5	0.0		2.5	2.5	-0.0	-0%
Health - Contract	2.9	0.6	-2.4	-81%	0.6	0.0	0.6	0.0		1.1	0.2	-0.9	-78%
Home / EU UG Fees	86.2	85.7	-0.5	-1%	85.7	0.0	85.7	0.0		56.3	37.3	-19.0	-34%
Home / EU PG Fees	12.6	12.6	-0.0	-0%	12.6	0.0	12.6	0.0		6.8	1.9	-4.9	-72%
Overseas Tuition Fees	15.1	14.3	-0.8	-5%	14.3	0.0	14.3	0.0		3.6	4.4	0.8	22%
TNE Income	1.9	1.6	-0.3	-18%	1.6	0.0	1.6	0.0		0.0	0.1	0.1	149%
Research Activities	6.3	6.1	-0.3	-4%	6.1	0.0	6.1	0.0		1.1	1.0	-0.2	-16%
Enterprise Activities	7.0	9.3	2.3	32%	9.3	0.0	9.3	0.0		0.7	0.6	-0.0	-3%
Student Related Income	8.6	9.6	1.0	12%	9.6	0.0	9.6	0.0		1.6	1.1	-0.5	-31%
Other Operating Income	1.7	0.0	-1.7	-100%	0.0	0.0	0.0	0.0		0.1	0.0	-0.1	-55%
Endowments & Interest	0.3	0.1	-0.2	-63%	0.1	0.0	0.1	0.0		0.1	0.0	-0.1	-110%
Income	157.1	153.3	-3.8	-2%	153.3	0.0	153.3	0.0		73.9	49.1	-24.8	-34%
Academic Staff Costs	43.0	42.1	-0.9	-2%	42.1	0.0	42.1	0.0		6.4	6.9	0.5	8%
Support & Technicians	41.6	44.5	2.8	7%	44.5	0.0	44.5	0.0		6.6	6.9	0.2	3%
Third Party Staff	3.6	2.1	-1.5	-43%	2.1	0.0	2.1	0.0		0.1	0.4	0.3	323%
Restructuring (inc staff savings required)	1.2	-2.3	-1.1	96%	-2.3	0.0	-2.3	0.0		0.0	0.0	0.0	
Depreciation	9.4	10.5	1.1	12%	10.5	0.0	10.5	0.0		0.0	0.0	0.0	
Operating Expenses	54.7	46.1	-8.7	-16%	46.1	0.0	46.1	0.0	0%	6.2	4.4	-1.8	-29%
Interest Payable	4.4	5.8	1.4	31%	5.8	0.0	5.8	0.0		1.1	0.9	-0.2	-20%
Exceptional Items	0.0	2.5	2.5		2.5	0.0	2.5	0.0		0.0	0.0	0.0	
Expenditure	155.5	151.3	-4.3	-3%	151.3	0.0	151.3	0.0	0%	20.5	19.5	-1.0	-5%
Surplus for the year	1.5	2.0	-0.5	29%	2.0	0.0	2.0	0.0	-0%	53.5	29.7	-23.8	-44%
Surplus as % of income	1.0%	1.3%	32%		1.3%		1.3%			72.3%	60.4%	-16%	
Staff costs as % of income	55.4%	56.3%	2%		56.3%		56.3%			17.8%	28.9%	62%	

4) Forecast Summary

The key movements as compared to the 19/20 final outturn are additional investments in both Support staff and Technicians, an increase in Exceptional items to create a buffer to protect the 20/21 surplus, an increase in interest to reflect the potential costs of the Revolving Credit Facility and an increase in depreciation as we begin to capitalise some of the most recent improvements to the estate. We are currently budgeting for decreases in income including Tuition Fees and Research income. The University had one off charges of £6.2m which relates to assets that were charged to the P&L at the end of the year and by reducing Operating Expenses by an average of 2%. The University is closely managing temporary staff in both professional functions and across the Academic community. This could lead to a reduction of £1.5m in Agency staff and lead to a small reduction in Academic staff although there is a large vacancy factor in this budget line. This will be reviewed once we have a clearer understanding of student recruitment and determine an appropriate Staff Student ratio.



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5) Contribution Analysis

Contribution is on budget

At present all areas of the organisation are forecasting to Budget. However there are a number of emerging issues which have not yet been included in our Full Year forecast. At the University there is a concern over the level of Halls income and Income from Food sales in the forecast. There are also concerns about the level of pension provision in the accounts and the charge may have to increase between £2m and £4m

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	
	19/20 Actual	Sep 20/21 FYF	19/20 Actual	Sep 20/21 FYF	19/20 Actual	Sep 20/21 FYF	19/20 Actual	Sep 20/21 FYF	19/20 Actual	Sep 20/21 FYF	19/20 Actual	Sep 20/21 FYF	19/20 Actual	Sep 20/21 FYF	19/20 Actual	Sep 20/21 FYF
Income	£11.2	£12.0	£11.6	£11.0	£20.5	£19.0	£24.6	£23.3	£19.0	£18.9	£36.9	£35.4	£16.3	£16.1	£139.9	£135.8
Expenditure before space charge	£5.3	£5.6	£5.5	£4.9	£6.6	£6.9	£8.5	£8.3	£9.7	£10.0	£16.8	£16.9	£6.3	£6.6	£58.7	£59.2
Contribution	£5.9	£6.4	£6.0	£6.1	£13.9	£12.1	£16.1	£15.0	£9.3	£9.0	£20.0	£18.5	£9.9	£9.5	£81.2	£76.6
Contribution %age	52.6%	53.5%	52.2%	55.4%	67.9%	63.7%	65.5%	64.3%	49.1%	47.4%	54.4%	52.2%	61.0%	58.8%	58.1%	56.4%

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	
	19/20 Actuals	Sep 20/21 FYF	19/20 Actuals	Sep 20/21 FYF	19/20 Actuals	Sep 20/21 FYF	19/20 Actuals	Sep 20/21 FYF	19/20 Actuals	Sep 20/21 FYF	19/20 Actuals	Sep 20/21 FYF	19/20 Actuals	Sep 20/21 FYF	19/20 Actuals	Sep 20/21 FYF
Teaching Income	£10.3	£10.6	£10.9	£10.3	£19.6	£18.1	£23.9	£23.0	£15.0	£14.5	£33.7	£32.4	£15.6	£15.6	£129.2	£124.5
Teaching Staff	£3.9	£3.9	£3.3	£3.1	£5.2	£4.7	£5.1	£5.0	£5.0	£4.9	£12.9	£13.0	£5.3	£5.4	£40.7	£40.0
Teaching Expenditure (excl space charge)	£0.7	£0.4	£1.6	£0.8	£0.8	£1.0	£3.1	£2.9	£0.9	£0.8	£2.0	£1.7	£0.8	£0.8	£9.9	£8.4
Teaching Contribution	£5.7	£6.2	£6.0	£6.4	£13.6	£12.4	£15.7	£15.1	£9.1	£8.8	£18.9	£17.7	£9.6	£9.4	£78.6	£76.0
Staff cost as %age of income	37.7%	36.9%	29.8%	30.1%	25.8%	26.0%	20.9%	21.8%	32.4%	33.7%	38.1%	40.1%	33.4%	34.6%	31.0%	32.1%
Contribution %	55.4%	58.9%	54.1%	62.2%	67.9%	68.7%	64.4%	65.7%	58.5%	60.8%	55.9%	54.5%	60.6%	60.1%	60.0%	61.1%
Return on Academic Investment	146.9%	159.6%	181.8%	206.7%	262.6%	264.6%	308.2%	301.6%	180.5%	180.6%	146.8%	135.9%	181.3%	173.5%	193.3%	190.1%
Full Year Student FTE	1,007	1,003	1,189	1,112	1,879	2,041	2,096	2,411	1,380	1,411	3,961	3,656	1,546	1,706	13,058	13,340
Expenditure per FTE	£4,543	£4,335	£4,119	£3,513	£3,203	£2,772	£3,900	£3,261	£4,322	£4,027	£3,754	£4,032	£3,922	£3,656	£3,872	£3,631
Contribution per Stud FTE	£5,700	£6,200	£5,100	£5,800	£7,200	£6,100	£7,500	£6,300	£6,600	£6,200	£4,800	£4,800	£6,200	£5,500	£6,000	£5,700

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

Enrolment FTE up

2% year-on-year

The total number of enrolled students stands at 12,968. This is 2% higher than at the comparable position in 19/20 and compares to a budget target of 13,774 for Semester 1

The key driver for the increase in student numbers is due to the numbers of continuing students. This is significantly greater than the 19/20 position. Enrolment will continue during the month of October and we expect to get closer to last years outturn

[----- New -----]				
School	SEP-19	SEP-20	Change	% Change
ASC	549	491	-58	-10.6%
ACI	401	338	-63	-15.7%
BEA	917	511	-406	-44.3%
BUS	1,168	583	-585	-50.1%
ENG	692	385	-307	-44.4%
HSC	1,543	1,394	-149	-9.7%
LSS	914	638	-276	-30.2%
YTD Total	6,184	4,340	-1,844	-29.8%

[----- Continuing -----]				
School	SEP-19	SEP-20	Change	% Change
ASC	519	605	86	16.6%
ACI	650	660	10	1.5%
BEA	1,131	1,396	265	23.4%
BUS	899	1,703	804	89.4%
ENG	718	945	227	31.6%
HSC	1,847	2,268	421	22.8%
LSS	808	1,051	243	30.1%
YTD Total	6,572	8,628	2,056	31.3%

[----- TOTAL -----]				
School	SEP-19	SEP-20	Change	% Change
ASC	1,068	1,096	28	2.6%
ACI	1,051	998	-53	-5.0%
BEA	2,048	1,907	-141	-6.9%
BUS	2,067	2,286	219	10.6%
ENG	1,410	1,330	-80	-5.7%
HSC	3,390	3,662	272	8.0%
LSS	1,722	1,689	-33	-1.9%
YTD Total	12,756	12,968	212	1.7%

7) Student Withdrawal Analysis

Summary

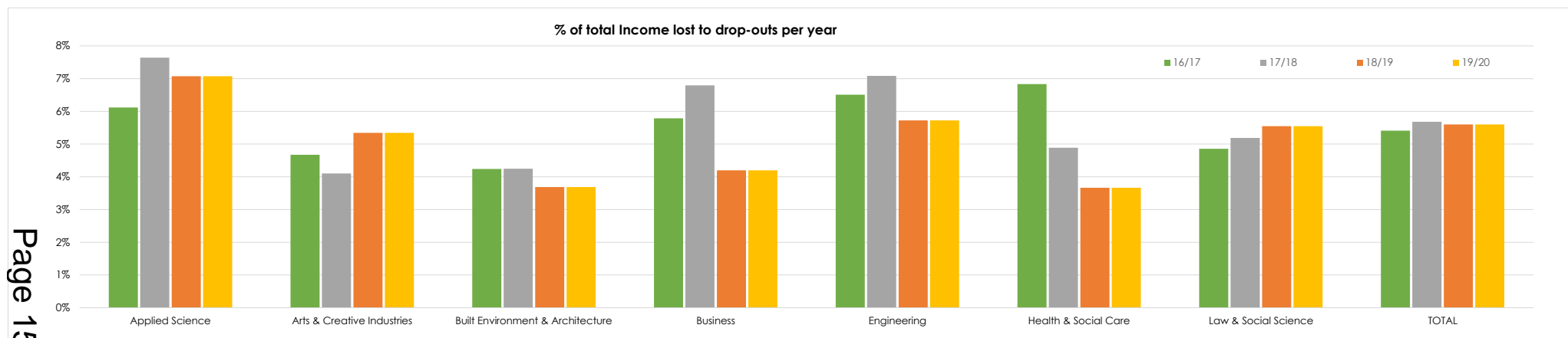
The University typically withdraws or Interrupts over 1,000 students in year. Analysis would suggest that Students who rely on SFE Funding for Tuition Fees and Students grants but who ultimately are not eligible, have only a 50% chance of successfully passing Year 1. Our focus on ensuring Funding is in place for all but the 'riskiest' categories of students should drive down the number of students who have to withdraw for financial reason and the amount of lost income.

The University is still enrolling students towards the Census date and withdrawals and interruptions are currently minimal.

Lost Fee Income ¹ in £000K	17/18 Actuals	18/19 Actuals	19/20 Actuals
Applied Science	653	603	547
Arts and Creative Industries	391	538	330
Built Environment & Architecture	603	569	544
Business	998	700	853
Engineering	815	661	582
Health & Social Care	498	731	980
Law & Social Sciences	656	737	567
Total	4,614	4,538	4,403

Student Head count	17/18 Actuals	18/19 Actuals	19/20 Actuals
Applied Science	124	119	110
Arts and Creative Industries	68	96	79
Built Environment & Architecture	174	144	138
Business	224	171	223
Engineering	166	142	122
Health & Social Care	211	241	353
Law & Social Sciences	148	167	115
Total	1,115	1,080	1,140

Student Type	19/20
UG New	537
UG Cont.	322
PG New	197
PG Cont.	84
Total	1,140



"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

Total income ahead of budget Total YTD income is ahead of the YTD budget, however this is due to the fact that we typically Budget for tuition fees when enrolment is completed in October. YTD Tuition Fee income is £24m behind the comparable YTD position in 19/20 and is due to a delay in billings. The total number of enrolled students is ahead of the comparable position in 19/20 but this will catch up when the Fees and Bursaries team have completed enrolment. The Full Year forecast for Halls of Residence Income and Food Sales is looking overstated. Occupancy rates are currently trending to 75% as compared to a typical 97% occupancy rate which could lead to a budget shortfall of £2m. Footfall is down on the campus and this could lead to a further budget shortfall of £0.7m.

Home & EU tuition fees = 40% of vs budget Home / EU Tuition Fees comprise the bulk of the YTD shortfall but will increase next month as billings catch up with enrolment. Most Schools have delivered in excess of 40% of the Full Year Income Forecast, there is a delay in HSC billing which is considered a timing difference.

Overseas tuition fees = 30% of budget Overseas Tuition Fees are currently £4.4m as compared to £3.6m in 19/20. This is driven by a large number of returning UG students. Total Overseas Tuition Income is looking at risk due to Semester 1 recruitment but we may have an opportunity to catch up in Semester 2.

16% of Research income FYF achieved The University has currently delivered £951K Research income against a budget target of £6.0m representing 16% of the full year forecast. This is slightly down as compared to the budgeted YTD position of £1.2m and is due to delays in research projects. The comparable position in 19/20 was £1.128m. Research projects typically have low contribution rates and so reduced income should not have a material impact on the Full Year forecast surplus position.

7% of Enterprise income forecast achieved YTD The University has currently delivered £866k income against a budget target of £9.3m representing 7% of the full year forecast. This compares favourably to the £669K delivered at this time in 19/20 but we will need to scale up activity to deliver against budget.

9) Staff Cost Analysis

4.3% underspend on recurring staff costs YTD

Staff costs are one of the key risks to our performance in 20/21. The Scenario 2 budget assumed a rollover position for 20/21 in terms of posts but with staff saving required of £3.8m in the November budget review to balance the forecast reduction in income. The University is currently underspending staff costs by £640K. The key driver for the underspend is in Marketing and Communications and reflects the investments that we make in this time in both Clearing and Enrolment. Some of these costs are currently in the Fees team and a transfer will be required. The overall shortfall will be reduced as Clearing and Enrolment staff employed through the LSBU agency are appropriately charged. The roll over budget for the Executive does not reflect some of the changes in structure within that team and will be reviewed as part of the November in year Budget review.

10) Operating Expense Analysis

OPEX 34% better than budget

In the scenario 2b budget all areas with Operating expenses had their budget reduced by an average of 2%. YTD operating expenses currently stand at £4.3m as compared to £6.2m at the comparable period in 19/20. The key reductions are in staff related expenditure which may be impacted by the degree of remote working and in student related expenditure particularly with regard to welcome week and student consumables. This may be a timing difference and operating expenses are being reviewed in October to determine the level of commitments in order to inform the revised budget.

11) Interest Payable

Budget is overstated

In the scenario 2b budget we have assumed £5.8m of Interest expenses. This was calculated as £1m existing loans, £2.4m FRS102 Interest and £2.4m interest on new loans/overdraft. The current forecast is that the Revolving Credit Facility may not be needed until April and certainly not in its entirety and so we may be able to reduce this forecast by £2m

12) Exceptional Items

Exceptional items forecast at £2.5m

The University created £5m of 'headroom' in the scenario 2b budget with a proposed £2m surplus and £3m of Exceptional items. We have currently invested £451k in new staff posts and so have £2.5m left. This is currently being used to offset some of the staff savings that will be required to deliver a balanced outturn in 20/21.

13) Cash Position

Cash position = £44.7m

The cash position as at 30 September is £44.7m, this is a reduction of £1.5m as compared to August and compares to £51.2m at the comparable position in 19/20. The University has a further £30m available due to Revolving Credit Facility in place to fund the developments in the LSBU Estate and we expect to drawdown £1.5m in April.

LONDON SOUTH BANK UNIVERSITY / ENTERPRISES

Management Summary Report from August 2020 To The End Of September 2020

SMT Area: All

Cost Centre: %



Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	Code	Client	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD (£)	
					2020 Forecast	2020 Budget	Variance - Forecast to Budget		2020 Actuals	2020 Budget	Variance - Actuals to Budget			Note
					(£)	(£)	(£)	%	(£)	(£)	(£)	%		Note
-157,095,403	-73,921,476	Total Income			-153,264,959	-153,264,959		%	-49,139,968	-6,206,413	42,933,555	692%		-104,124,991
87,056,752	13,182,170	Total Staff Costs			86,360,729	86,360,728	(1)	(%)	14,345,636	14,850,864	505,227	3%		72,015,093
9,354,506		Total Depreciation			10,500,000	10,500,000		%	1,750,000	1,750,000		%		8,750,000
54,718,784	6,168,761	Total Other Operating Expenses			46,054,834	46,054,833	(1)	(%)	4,363,583	6,615,941	2,252,358	34%		41,691,251
4,416,903	1,114,245	Total Interest Payable			5,799,998	5,799,998		%	889,241	738,930	(150,311)	(20%)		4,910,757
		Total Exceptional Items			2,549,400	2,549,400		%						2,549,400
-1,548,458	-53,456,300	Contribution			-1,999,998	-2,000,000	(2)	(%)	-27,791,507	17,749,322	45,540,829	257%		25,791,509
55.4%		Staff costs as % of income			56.3%	56.3%			29.2%	239.3%				
1.0%		Contribution %			1.3%	1.3%			56.6%	(286.0)%				

SEP-20 EXECUTIVE SUMMARY

This Executive Summary reports on the draft financial position of Lambeth College as at 30th September 2020.

1) RAG Status

Income Growth FYF v 19/20 outturn	2.5%
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Staff Cost % excluding restructuring	59.7%
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FYF Surplus (Contribution %)	0.0%
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2) Summary

Opex Growth	10.2%
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Staff Cost Growth	-0.3%
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EBITDA	6.2%
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Budgeted Contribution at 0% This is the second year that the deficit at Lambeth College will be funded through the release of deferred income received from the ESFA as part of the transaction to acquire Lambeth College. The original budget assumed £2.7m of income release to deliver a neutral position. (this is the £1.7m operating deficit plus £1m of Novated loan costs)

£1.4m increase in Pension Costs The Budget for Lambeth College was agreed in July before the LPFA undertake pension expense calculations report was received from Barnett Waddingham. The report identified a requirement for £2.369m including £440k of Pensions interest. The college had budgeted £985K in line with the previous years budget. The Full Year Forecast has been adjusted to take account of the additional £1.929m whilst the interest charge has been reduced by £518k.

£300k increase in staffing costs The Executive have also agreed to support the College with an £300k increase in staffing costs. The net result of the 2 adjustments is an increase in the release of deferred income from the Transaction Unit of £1.7m. This would take the total amount released to £9.3m. This leaves £4.4m remaining to cover the operating losses of future years

91% of income is secure The ESFA have confirmed funding of £21.4m including funding grants, £310k of income is Deferred and has already been received, and £540k Donations income are already secure. This leaves an overall budget target of £2.8m. Excluding Funding Grants the College has generated £264K in 20/21 which compares favourably to the £196K generated last year. The College is also forecasting a further £198k of grant income to offset Covid 19 expenses. Nursery Income however is expected to be £50k lower than forecast and so, excluding the release of TU grant, the overall income forecast has increased by £148k this month

Recruitment is challenging In terms of recruitment at the College, there is a challenge with regard to the Adult Education target however the College has received confirmation that clawback will take effect only if achievement < 90%, so the challenge in recruitment will have to be offset by student success. 16-18 enrolment appears to have progressed quite well for the period and is ahead of the previous years position.

Staff costs are £165K better than budget YTD Staff costs are currently £165K better than the budgeted position however this is consider a timing difference and there will be a challenge to deliver to budget. Funds are also required to support High Need students. Now that that many learners have been on boarded, their needs are currently being identified and support is being costed. The Vice Chancellor has already indicated that he is willing to support £300K of additional staff costs as compared to the original budget

Opex are 27% higher than 19/20 YTD Opex are 32% ahead of budget, a significant proportion of this is Hardware purchases rolled over from the previous year. Some of this will be funded by ESFA Bursary's and distributed to students as part of their student success package. The remainder will be supported by the additional GLA grant to assist with COVID costs.

Cash position = £4.2m The cash position as at 30 September is £4.2m, this is an increase of £0.6m as compared to August. The intention is to keep this balance in excess of £1.5m to provide the college with sufficient working capital

3) Table 1: Full Year Forecast vs. Budget

Financial Summary in £'m	CURRENT YEAR BUDGET vs PRIOR YEAR ACTUALS				FULL YEAR FORECAST OUTTURN POSITION					YEAR ON YEAR (Y-T-D COMPARISON)			
	19/20 Actuals	20/21 Budget	Change to 19/20	Change %	Aug 20/21 Forecast Outturn	Monthly move	Sep 19/20 Forecast Outturn	Variance to 20/21 Budget	Budget variance %	19/20 Actuals	20/21 Actuals	Change to 19/20	Change %
Funding Grants	20.5	19.9	-0.6	-3%	19.9	0.2	20.1	0.2	1%	5.1	3.6	-1.5	-29%
Transaction Unit Grant	4.9	2.7	-2.2	-45%	2.7	1.7	4.4	1.7	62%				
Enterprise Activities	1.8	3.5	1.7	91%	3.5	-0.0	3.5	-0.0	-0%	0.1	0.1	-0.0	-5%
Enterprise Activities	0.2	0.1	-0.1	-49%	0.1	0.0	0.1	0.0		0.0	0.0	-0.0	-77%
Student Related Income	0.0	0.7	0.6	1882%	0.7	0.0	0.7	0.0		0.0	0.0	-0.0	-84%
Other Operating Income	1.5	1.0	-0.5	-34%	1.0	-0.1	0.9	-0.1	-5%	0.0	0.1	0.1	342%
Endowments & Interest	0.0	0.0	-0.0	-100%	0.0	0.0	0.0	0.0		0.0	0.0	-0.0	-100%
Income	29.0	27.9	-1.1	-4%	27.9	1.8	29.7	1.8	7%	5.3	3.9	-1.4	-26%
Academic Staff Costs	9.5	8.9	-0.6	-6%	8.9	0.3	9.2	0.3	3%	1.5	1.5	-0.0	-2%
Support & Technicians	5.2	5.6	0.4	8%	5.6	0.0	5.6	0.0		0.9	0.9	-0.0	-4%
Third Party Staff	3.7	2.9	-0.7	-20%	2.9	0.0	3.0	0.0	1%	0.5	0.5	-0.0	-4%
Restructuring / Pension Costs	1.7	0.3	-1.4	-82%	0.3	1.9	2.2	1.9	624%	0.0	0.2	0.2	329%
Depreciation	1.3	1.4	0.1	10%	1.4	0.0	1.4	0.0		0.0	0.2	0.2	
Operating Expenses	7.1	7.8	0.6	9%	7.8	0.1	7.9	0.1	1%	0.8	1.5	0.7	91%
Interest Payable	0.5	1.0	0.5	96%	1.0	-0.5	0.4	-0.5	-55%	0.5	0.2	-0.3	-67%
Exceptional Items	0.0	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0	
Expenditure	29.0	27.9	-1.1	-4%	27.9	1.8	29.7	1.8	7%	4.3	5.0	0.7	17%
Surplus for the year	0.0	0.0	-0.0	-100%	0.0	0.0	0.0	0.0		1.0	1.1	-2.1	-208%
Surplus as % of income	0.0%	-100%					0.0%			19.0%	-28.0%		-247%
Staff costs as % of income	69.2%	63.6%		-8%	63.6%		67.3%			56.3%	78.4%		39%

Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD (£)		
			2020 Forecast (£)	2020 Budget (£)	Variance - Forecast to Budget (£) %		Note	2020 Actuals (£)	2020 Budget (£)	Variance - Actuals to Budget (£) %		Note	
(28,963,101)	(5,262,999)	Total Income	(29,687,472)	(27,858,000)	1,829,472	7%		(3,881,808)	(4,189,046)	(307,237)	(7%)		(25,805,664)
20,038,908	2,961,259	Total Staff Costs	19,971,916	17,707,917	(2,263,999)	(13%)		3,045,111	3,000,757	(44,355)	(1%)		16,926,805
1,272,961		Total Depreciation	1,400,000	1,400,000		%		233,333	233,333		%		1,166,667
7,147,759	798,845	Total Other Operating Expenses	7,875,556	7,765,083	(110,473)	(1%)		1,524,257	1,151,449	(372,808)	(32%)		6,351,299
503,286	502,578	Total Interest Payable	440,000	985,000	545,000	55%		164,167	164,167	()	(%)		275,833
(187)	(1,000,317)	Contribution	()					1,551,726	360,660	(1,191,067)	(330%)		(1,551,726)

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Agenda Item 6

	CONFIDENTIAL
Paper title:	Recruitment, Enrolment and Student Services Update
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	03 November 2020
Author(s):	Mehmet Tarhan – LSBU Planning and Insight Manager Jamie Jones – Director of Student Services Karen McLernon – Head of Performance Analysis
Sponsor(s):	Nicole Louis – Chief Customer Officer
Purpose:	For Information
Recommendation:	The committee is requested to note the update on student recruitment, enrolment and student services.

Executive Summary

Recruitment & Enrolment

As at Friday 23rd October, the University had fully enrolled 5,440 students, and modelling on this position had indicated secure income of approx. £41.9m against a revised income target of £48.1m (87.1% secured). This projection was based on calculations of average fee income by student type. Since the enrolment data included within this report was compiled, a more recent update shows that as of 26/10, the number of fully enrolled students had increased to 5,574 and using more accurate financial projections based on invoices generated, the income projection from fully enrolled students only has increased to £46.8m. Given that we are continuing to progress partially enrolled students to fully enrolled status, with potentially between 250 and 300 more moving to fully enrolled, it is now likely that the S1 income target from new students will be secured.

Given the dynamic nature of the enrolment status which changes on a daily basis, the charts within this report continue to present the position as at 23/10.

Applications for S2 January entry continue to track ahead of last year, and at present over 2,100 applications have been received compared to 1,200 last year. Overseas applications are the main area of growth and postgraduate courses in Business are the main area of interest. Applications will continue to rise, especially with the launch of nine new BEA Apprenticeship courses for January (which employers will be able to claim a Government bonus of up to £2k per Apprentice on).

Lambeth College has enrolled and retained 4,694 students versus a target of 4,687 for the period from September to December. Whole year targets stand at 6,789 students.

Student Retention

Compared to 2018/19, LSBU has seen a significant improvement in progression from Year 1 to Year 2 (+6.2pp) and from Year 2 to Year 3 (+6.1pp). This improvement was driven by a reduction in academic failure and student withdrawals, as LSBU has paused LSBU-initiated withdrawals for non-attendance since March 2020. Performance improved across all Schools. 2019/20 re-enrolment rates to date are marginally higher for Year 1 students, albeit for a significantly larger student population (+417 Student FPE, or +14%) while Year 2 re-enrolment has increased by 4.2pp compared to the prior year. The improvement will have a material income benefit.

Student Services & Support

Demand for the Student Hardship Fund, is in-keeping with initial projections and to date, over 200 applications have been received resulting in 110 awards. A further 80 applications have been made for the new laptop purchase scheme and these are currently being processed. The continued promotion of Silvercloud, our online mental health and wellbeing support module, has seen student log-in's rise, which will, in turn reduce the pressure on our appointments service. The average wait for a face to face MHWB appointment is just 3 days, significantly down from last year.

Recruitment & Enrolment (@ Friday 23rd October)

Summary S1 2020/21 & S2 2020/21 LSBU Group Recruitment/Enrolment Update

- The University has fully enrolled 5,440 students to date, and modelling indicates income of approx. £41.9m versus a revised income target of £48.1m (87.1% secured).
- Over 1,100 others remain partially enrolled across the university, nearly three-times higher than levels seen to last year to date (300). The University is working on ways to expedite the enrolment of these partially enrolled students, including enrolling them without confirmed SLC funding. Colleagues are working to categorise these new-starters into different risk groups (based on information the student has supplied about their record of funding), and progressing their enrolment.
- Applications for S2 January entry continue to track ahead of last year, and at present over 2,100 applications have been received compared to 1,200 last year. Overseas applications are the main area of growth and postgraduate courses in Business are the main area of interest. Applications will continue to rise, especially with the launch of nine new BEA Apprenticeship courses for January (which employers will be able to claim a Government bonus of up to £2k per Apprentice on).
- Lambeth College has enrolled and retained 4,694 students versus a target of 4,687 for the period from September to December. Whole year targets stand at 6,789 students.

September S1 20/21 Enrolment – as at 23rd October 2020

The University has now fully enrolled 5,440 students onto programmes starting September, with a pipeline of 1,100 others partially enrolled that continue to move through the process. The number of partial enrolments is nearly three times higher than last year to date (300). The majority of the remaining pipeline have not been able to enrol yet owing to ID requirements or fee checks. Many students have not received confirmation from the Student Loans Company that they are eligible for a tuition fee loans, and there is a risk attached to enrolling them without this verification. The current turnaround time for new SLC applications is around 60 days on average and the University is assessing the risk of enrolling certain groups of students without SLC verification, based on the information they have supplied about the funding they have previously received at higher education level.

The income forecast from the 5,440 full enrolments secured to date stands at £41.9m, which is 87.1% of the revised income target for S1. Based on the incomplete enrolment pipeline, there is potential to generate between £7.6m-£9.1m of additional income, if 80-to-95% of partially enrolled students can complete the process. The area with the greatest uncertainty and risk to income is overseas, which has presently secured 45% of its income target. While the engagement from the face-to-face UK based overseas learners is positive, the engagement in enrolment of remote learners (who will be based in their respective domiciles for S1), is weaker and to date less than 20 remote learners have fully enrolled out of 142 eligible. The potential income from overseas is therefore likely to be lower than the +£3m forecasted presently. When non-engagers are removed from the process, we will have more clarity on overseas income.

(Fig 1: LSBU S1 Sep 20/21 Enrolment, 23 October 20/21; NB this is not billed income – it is a projection based on average fees)

S120/21 Income Position	Full Enrolments / Secure		Incomplete Enrolments / Insecure				Revised S1 Target	
Course Type	Full Enrolments	Income from Full Enrolment	Incomplete Enrolments	Potential Income if 80% complete	Income from Incomplete Enrolments if 90% complete	Income from Incomplete Enrolments if 95% complete	Revised Target	% of Target Secured
Undergraduate Full Time	3,765	£32.1m	739	£5.5m	£6.2m	£6.5m	£33.9m	94.6%
Non- HSCHome/EU	2,569	£21.5m	430	£2.9m	£3.2m	£3.4m	£23.1m	93.0%
Only- HSCHome/EU	1,071	£9.2m	87	£0.6m	£0.7m	£0.7m	£8.6m	107.0%
Only- OS	125	£1.4m	222	£2.0m	£2.3m	£2.4m	£2.2m	63.9%
Postgraduate Full Time	827	£6.5m	241	£1.7m	£1.9m	£2.0m	£8.7m	74.5%
Non- HSCHome/EU	454	£3.4m	94	£0.6m	£0.6m	£0.7m	£3.8m	89.0%
Only- HSCHome/EU	313	£2.5m	29	£0.2m	£0.2m	£0.2m	£2.8m	88.9%
Only- OS	60	£0.6m	118	£1.0m	£1.1m	£1.2m	£2.1m	29.4%
Other Areas (Overall)	846	£3.3m	138	£0.4m	£0.5m	£0.5m	£5.5m	60.1%
Postgraduate Part Time	247	£0.9m	65	£0.2m	£0.2m	£0.2m	£1.6m	59.7%
Apprenticeships	467	£1.8m	20	£0.1m	£0.1m	£0.1m	£2.5m	74.3%
Undergraduate Part- Time	129	£0.5m	51	£0.2m	£0.2m	£0.2m	£1.3m	41.9%
Study Abroad	3	£0.0m	2	£0.0m	£0.0m	£0.0m	£0.2m	5.7%
Overall	5,438	£41.9m	1,118	£7.6m	£8.6m	£9.1m	£48.1m	87.1%
Home/EU	5,250	£39.9m	776	£4.6m	£5.2m	£5.5m	£43.6m	91.4%
OS	188	£2.0m	342	£3.0m	£3.4m	£3.5m	£4.5m	45.4%

January S2 20/21 Recruitment – as at 16th October 2020

Over 2,100 applicants have applied for January starts, a 77% increase year-on-year. Overseas applicants are the main source of growth and postgraduate courses in Business are the main area of interest, alongside Engineering and Built Environment degrees. Data shows that less than 100 applicants had originally applied

for September 2020 starts. The interest in S2 is therefore organic and outside of the current S1 population, however as S1 enrolment draws to a close we will be deferring students who could not start in September and moving them over to January. Despite the positive interest in S2, the enrolment outturn will ultimately be dependent on the conversion and issuance of CAS's to overseas students, who will comprise the majority of the intake. Despite the sharp increase in applications Firm Accepts to date remain broadly similar year-on-year (250 vs 230), but the overseas pipeline is known convert late. Nine Apprenticeship courses (in BEA subjects) have launched for January starts, and we should now start to receive applications for this segment. It is the first time these courses are running in January, but the interest from employers is expected to be high as businesses can make use of Government bonuses that will enable them to claim up to £2k per Apprentice.

(Fig 2: LSBU S2 Jan 20/21 Year on Year Apps/Offers, 16 October 20/21)

RADAR - 16th Oct		Year on Year Apps/ Offers, S2 Jan 2021 Intake					
S 2	Course Type	Total Apps	LYTD	LYTD	Total FAs	LYTD	LYTD
	Subject Area						
by course type	UGFT	363	357	↑ 1.7%	34	70	↓ -51.5%
	UGPT	1	4	↓ -75.0%	0	0	-
	Apprenticeships	0	0	-	0	0	-
	PGFT	1709	793	↑ 115.5%	212	147	↑ 44.5%
	PGPT	43	25	↑ 72.0%	6	3	↑ 100.0%
	Study Abroad	23	30	↓ -23.3%	1	13	↓ -92.1%
by subject area	BUS	1501	951	↑ 57.8%	187	194	↓ -3.4%
	HSC	13	10	↑ 30.0%	1	0	-
	ACI	27	27	→ 0.0%	7	9	↓ -19.5%
	ENG	264	90	↑ 193.3%	24	18	↑ 33.3%
	BEA	243	90	↑ 170.0%	31	9	↑ 252.3%
	APS	27	6	↑ 350.0%	2	0	-
	LSS	64	35	↑ 82.9%	1	3	↓ -70.6%
overall	University Overall	2139	1209	↑ 76.9%	253	233	↑ 8.8%
	Home	193	132	↑ 46.2%	42	26	↑ 61.5%
	EU	59	39	↑ 51.3%	10	20	↓ -50.0%
	OS	1887	1038	↑ 81.8%	201	187	↑ 7.8%

LSBU Group Lambeth College only

Overall, the College has enrolled and retained 4,694 students versus a target of 4,687 for the period September to December. The whole year target stands at 6,789 students but it remains to be seen what further COVID-19 lockdown restrictions may have on the current position.

It is not expected that the 16-18 target of 1,275 will be met through in-year enrolment, but it is realistic that the funding allocation of 1,194 will be achieved, and that 16-18 student numbers will be very similar to the previous year. Against Adult learner targets for September to December, the College has enrolled and retained 3,473 versus 3,412 – however the full year target stands at 5,439 and there remains a significant level of recruitment to complete.

(Fig 3: Enrolment Performance at Lambeth College – New & Continuing Students, 16 October 20/21)

September to December	Overall College			16- 18 only			Adult		
Lambeth College	Target	Actual	+/-	Target	Actual	+/-	Target	Actual	+/-
Business and Enterprise	742	462	-280	138	162	24	604	300	-304
Creative and Digital	346	351	5	265	249	-16	81	102	21
English and Maths	891	925	34	45	46	1	846	879	33
ESOL and Supported Learning	1295	1440	145	320	246	-74	975	1194	219
Personal Dev & Employment	243	90	-153	44	19	-25	199	71	-128
Health and Wellbeing	545	650	105	176	221	45	369	429	60
Built Environment	625	776	151	287	278	-9	338	498	160
Overall College	4687	4694	7	1275	1221	-54	3412	3473	61

Student Retention Update (@ Friday 23rd October)

This report covers 2019/20 Progression and Re-enrolment of full-time, first degree students. Week commencing 26th October is the final week for re-enrolment; therefore the figures below are draft but very close to what we anticipate the final outcome to be.

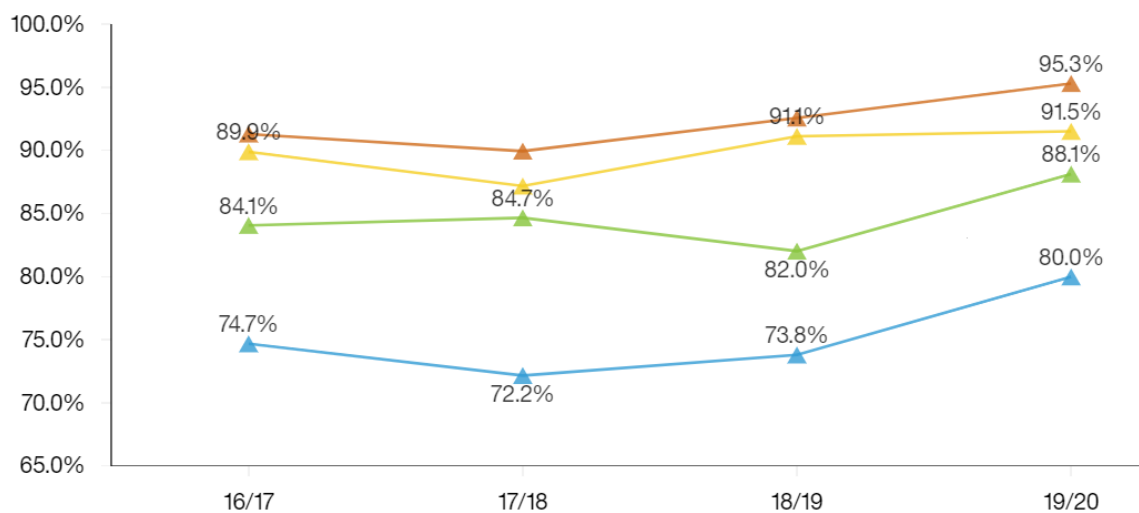
Overall Performance

Compared to 2018/19, LSBU has seen a significant improvement in progression from Year 1 to Year 2 (+6.2pp) and from Year 2 to Year 3 (+6.1pp). This improvement was driven by a reduction in academic failure and student withdrawals, as LSBU has paused LSBU-initiated withdrawals for non-attendance since March 2020. Performance improved across all Schools.

2019/20 re-enrolment rates to date are marginally higher for Year 1 students, albeit for a significantly larger student population (+417 Student FPE, or +14%) while Year 2 re-enrolment has increased by 4.2pp compared to the prior year. The improvement will have a material income benefit.

Figure 1: Progression and Re-enrolment four-year trend

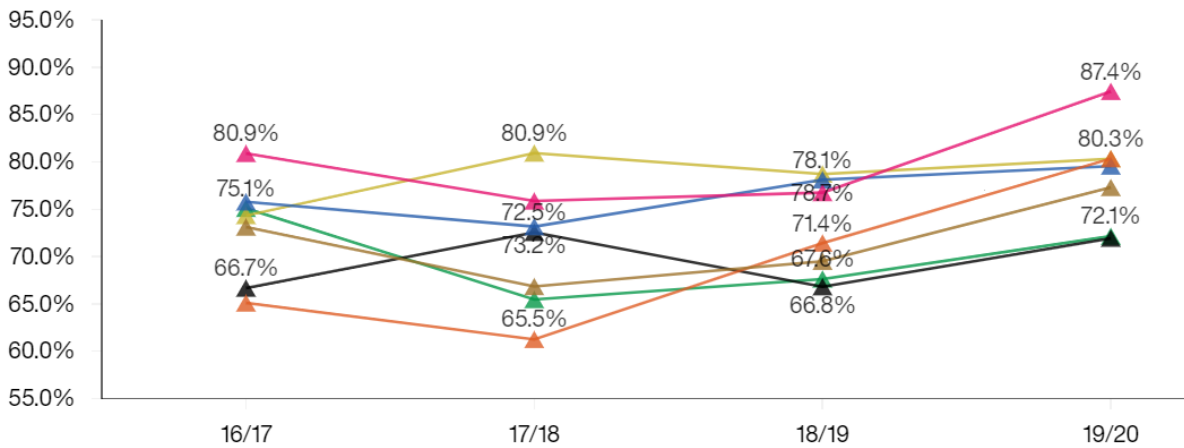
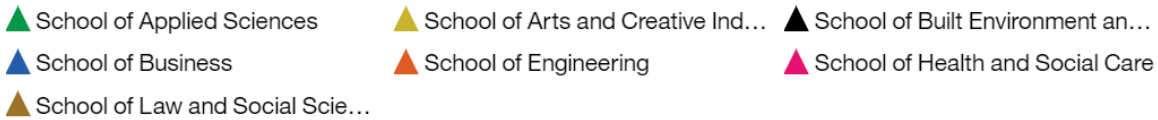
▲ Year1 Progression (%) (Average) ▲ Year2 Progression (%) (Average) ▲ YR 1 Re-enrolment (%) (Average)
▲ YR 2 Re-enrolment (%) (Average)



Progression Analysis

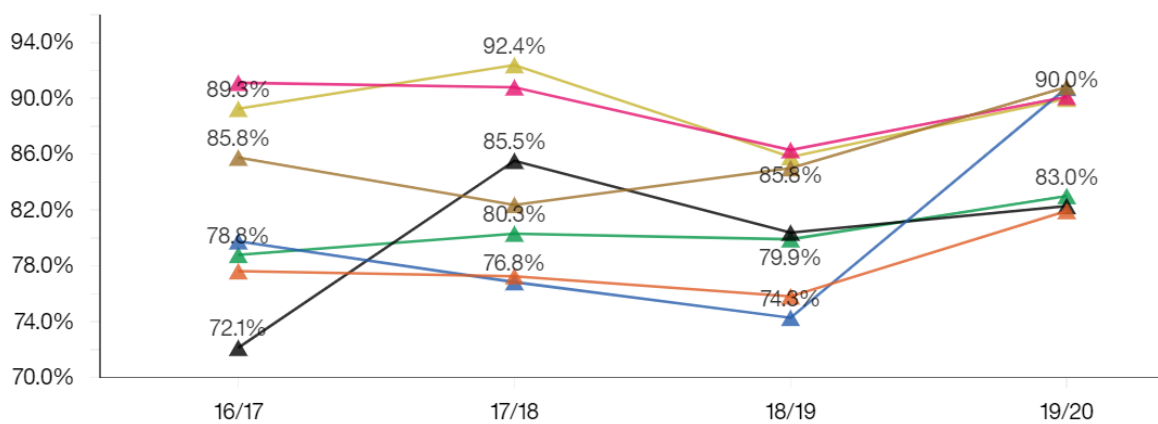
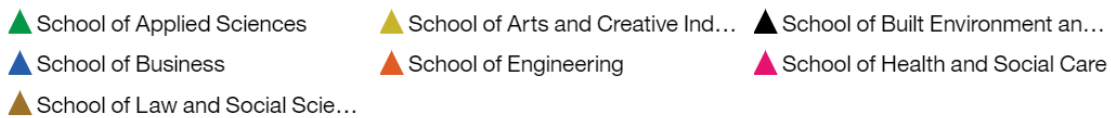
Progression by School: Year 1 to Year 2 progression has increased in all Schools, as shown in the chart below (figure 2). The largest improvement was in the School of Health and Social Care, with a 10.6pp increase to 87.4%, although it should be noted that a high proportion of HSC students have progressed with incomplete modules as clinical placements could not be completed during the pandemic.

Figure 2: Year 1 to Year 2 Progression by School



Year 2 to Year 3 progression has also improved in all Schools, as shown in figure 3. The most significant increase in progression was in the Business School, from 74.3% to 90.8% (+16.5pp).

Figure 3: Year 2 to Year 3 Progression by School



Reasons for non-progression: assessment failure is the main reason for non-progression in both the Year 1-2 and 2-3 metrics. The majority of failed students continue at LSBU and repeat the year. Numbers of withdrawals and interruptions have decreased compared to 18/19 in both Year 1-2 and Year 2-3, primarily due to the above mentioned pause on LSBU-initiated withdrawals.

Non-progressing student demographics (Year 1-2 progression): students from IMD quintile 1 areas (the 20% socio-economically most disadvantaged postcodes), BME students, those aged 21-24 and entrants with BTEC qualifications continue to have the lowest progression rates. However, progression has improved for all of these groups by between 7pp and 9pp in 2019/20. LSBU's 2020-25 Access and Participation Plan targets improved progression of BME and IMD quintile 1 students.

Re-enrolment

The slight year-on-year increase in the institutional Year 1 re-enrolment rate is driven by a significant improvement in the School of Health and Social Care (+5.7pp) and smaller improvements in three other schools. APS, BEA and LSS saw decreases in Year 1 re-enrolment rates.

Year 2 re-enrolment improved in all Schools except Engineering. The most material increase was in the Business School at +7.8pp.

Student Administration and Support

- The use of the Hardship fund, is in-keeping with projections made by the Director of Student Operations
- The Academy of Sport have already surpassed their initial target of engaging with 300 students in Halls (345)
- The continued promotion of Silvercloud, our online mental health and wellbeing support module, has seen student log-in's rise, which will, in turn reduce the pressure on our appointments service.
- 95% of personalised timetables were issued to students by mid-September. Although no formal KPI was set for this area, this is a pleasing result.
- The number of extenuating circumstances (EC) reviews continue to grow, despite us moving to a "no evidence required" model in S2 of 2019/20. We will continue to monitor this trend, as we are maintaining the "no evidence model for 2020/21 (S1)

Student Administration	Aug	Sep
Course teams		
Student interactions	6,184	6,729
Extenuating Circumstance Reviews	53	61
Appealing withdrawals	7	5

Student Life Centre (Customer Service)	Aug	Sep
Student Life Centre Helpdesk		
LiveChat average satisfaction rating (out of 4)	4	3.44
Student Retention Fund (Financial Hardship)		
Students Applied	72	136
Students Awarded	41	69
Total Amount Awarded (will increase retrospectively as applications approved)	£12,100	£15,050
Student Advice		
Withdrawal & Interruption Appointments Attended	50	71

Academy of Sport	Aug	Sep
Sports Participation		
Social Sport participants (annual target = 2000)	0	217
Student fitness and wellbeing		
Move 4 Change participants (adapted to be CovidSafe – no Sept participants)	0	0
% of Move 4 Change participants still in study (cumulative)	0	0
LSBU Moves users (annual target = 1750)	N/A	15

Students engaged in halls/recreational activities (annual target 300)	N/A	345
Sports Ambassador Scheme		
Number of Sports Ambassadors	60	60

Wellbeing	Aug	Sep
Mental Health and Wellbeing		
Average working day wait for MHWB initial appointment (excluding duty on the day appointments)	3	3
Being Well Living Well users: online modular emotional support (annual target 750 students)	4	4
Silvercloud signups (online CBT 24/7)	19	50
Silvercloud logins (online CBT 24/7)	50	114
Fitness to Study		
Level 2 Case Conference referral	0	2
Level 4 Return to Study referral	0	1
Sexual Violence and Hate Crime Liaison Service		
Sexual Violence referral	0	0
Hate Crime referral	0	1
Safety Concern Response Meeting		
New cases	3	23
Resolved	22	11

Disability and Dyslexia Support		
Number of students disclosing a disability (for 20/21 academic year)	-	1824
% of students disclosing a disability with support in place	76%	65%
Average working day wait for DDS appointment	1	1
Covid support appointments (access support for those clinically vulnerable)	0	106

Timetabling	Aug	Sep
Changes to Semester 1 timetable	-	905
Student download of timetable link	-	1685
Number of cancellations (target to be set)	-	6
Number of re-scheduled events	-	0
Deadlines met by TT contacts (target = 100%)	90%	N/A
% students receiving personalised TT by mid-September (target to be set)	-	95%

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	CONFIDENTIAL
Paper title:	Annual Report and Accounts for year ending 31st July 2020
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	03 November 2020
Author(s):	Natalie Ferer, Group Financial Controller
Sponsor(s):	Richard Flatman, Group Chief Financial Officer
Purpose:	For Review
Recommendation:	It is recommended that the Committee reviews the attached report and accounts.

Executive Summary

The draft report & accounts are presented here for review.

There are a few sections of the accounts that are still in draft, as listed below, and the both the team and KPMG are still reviewing the document. As discussed with the Group Audit and Risk Committee, we have asked the LPFA's actuaries to produce a FRS102 valuation report using more appropriate assumptions for discount rate and salary growth, tailored to the LSBU group rather than the standard assumptions currently used in these draft accounts. Revisions to the accounts, reflecting these changes and any others that come out of the review by KPMG and the University team, will be circulated to members before the meeting of the University Board.

Outstanding matters:

- Revise pension disclosures once revised report from actuaries is received.
- Finalise Energy and Carbon Report
- Finalise annual remuneration report
- Addition of commentary on results for the year
- Formatting and page numbering

KPMG Audit and Management Letter

The audit of the accounts by KPMG is almost complete and draft audit findings will be presented to the Group Audit and Risk Committee at its meeting of 5 November 2020.

Recommendation

The Committee is asked to review the attached draft Report and Accounts.



Report and Financial Statements

31 July 2020

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Strategic Report

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

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

The governing body of the University is responsible for the effective stewardship of the University and has control of the revenue and the property of the University. The University's corporate governance arrangements are described on pages x-x and the members of the Board of Governors during the year ended 31 July 2020 are listed on pages x and x. The Governors are also directors under the Companies Act 2006.

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

Solicitors

Shakespeare Martineau LLP
1 Colmore Square
Birmingham B4 6AA

Veale Wasbrough Vizards LLP
Narrow Quay House, Narrow Quay,
Bristol BS1 4QA

Eversheds
70 Great Bridgewater Street
Manchester
M1 5ES

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Internal Auditor

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

Bankers

until 31/10/19:
NatWest
City of London Office
1 Princes Street
London EC2R 8PA

From 1/11/19:
Barclays
Level 12
One Churchill Place
London E14 5HP

Structure, Governance and Management

The following were Governors throughout the year ended 31 July 2020 except as noted:

Board of Governors

Name	Dates
Mr Jeremy Cope (Chair)	
Professor David Phoenix OBE (Vice Chancellor and Chief Executive)	
Mr Duncan Brown	
Mr John Cole	
Mr Michael Cutbill	
Mr Douglas Denham St Pinnock (Vice Chair)	Resigned 22 February 2020
Professor Peter Fidler CBE	
Professor Hilary McCallion CBE	
Ms Nelly Kibirige	Resigned 30 June 2020
Mr Mark Lemmon	
Dr Mee Ling Ng OBE	
Ms Nicola Martin	Appointed 1 April 2020
Mr Jeremy Parr	
Ms Rashda Rana	
Mr Tony Roberts	
Ms Harriett Tollerson	Appointed 1 July 2020
Ms Deepa Shah	
Mr Max Smith	Appointed 1 July 2020
Mr Nazene Smout	Resigned 30 June 2020
Mr Vinay Tanna	

Principal Officers:

Name	Position
Professor David Phoenix	Vice Chancellor and Chief Executive
Professor Patrick Bailey	Provost
Richard Flatman	Group Chief Financial Officer
Professor Paul Ivey	Deputy Vice Chancellor and Chief Business Officer
Deborah Johnson	Pro Vice Chancellor – Education (appointed 20 April 2020)

Nicole Louis	Chief Customer Officer
Marcelle Moncrieffe-Johnson	Chief People Officer
Fiona Morey	Executive Principal Lambeth College / Pro Vice Chancellor Compulsory and Further Education
James Stevenson	Group Secretary
Warren Turner	PVC Health and Social Care (appointed 1 st April 2020)
Professor Shân Wareing	Chief Operating Officer and Deputy Vice Chancellor (Education) (resigned 31 October 2019)

A separate Corporate Governance Statement is shown on pages 19-26.

Objectives and Activities

London South Bank University transforms lives, communities, businesses and society through applied education and insight. We were established over 125 years ago with a mission to improve social mobility for the people of south London by improving their employment opportunities and providing access to the applied knowledge that would advance their businesses. Other than an increasingly global reach, that mission remains almost unchanged today.

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

The content and delivery of our education is based on a detailed understanding of employer expectations and built around the personal and career needs and ambitions of our educational partners – whether we call them pupils, learners, students or clients.

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

Over the last five or so years, there have been many successes. We are recognised as a leader in professional and technical education, including in higher and degree apprenticeships. We are the leading provider in London of SME business support funded by European Union structural funds, and our business incubation programme has been recognised as second amongst all UK universities. Our global reach is increasing, with inclusion in both major international rankings, and our transnational student numbers have grown from around 100 to over 5000. We have been named Entrepreneurial University of the Year 2016, and University of the Year for Graduate Employment – twice (2017 and 2018).

LSBU Group

LSBU operates a group structure, which is born out of a recommitment to our original civic mission. It enables us to create strategies and pathways by which people of all characteristics and talents can be supported through the education system to achieve their full potential, and so contribute their skills, energies and commitment to wider society throughout their lives. LSBU Group comprises London South Bank University, South Bank Academies (a Multi Academy Trust running South Bank Engineering UTC and The University Academy of Engineering, South Bank), South Bank University Enterprises Ltd and South Bank Colleges, running Lambeth College. These organisations work to a shared mission, set of values and educational framework to achieve shared outcomes.

LSBU sponsors South Bank Academies which, whilst not consolidated in these accounts, has a close working relationship with LSBU Group and was established in accordance with its mission.

On 31 January 2019 the assets of Lambeth College transferred to South Bank Colleges, a wholly owned subsidiary of LSBU. South Bank Colleges is a medium sized General Further Education College with nearly 400 staff and over 8000 students. It offers a wide choice of industry-recognised, highly-regarded courses ranging from Entry Level and Level 1 courses that are accessible to all, regardless of past experience and education, through to Level 4 advanced qualifications.

These cover key areas of local employment including Health and Social Care, Construction and Engineering, Science, Business and Accounting, Creative Arts and Media.

The acquisition arose out of a strategic decision to create an educational group which could more broadly serve the local community and which reflects the University's long-standing commitment to transforming lives, businesses, communities and society. We continue to explore opportunities for development of the Group, including through additional further education colleges and schools, and are actively developing a new Technical College based in Vauxhall.

Mission

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

The strategy has four key outcomes:

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

2019-20 has seen a number of important strategic developments and some positive outcomes for LSBU Group. Highlighted below are key updates and examples of our work underpinning our core corporate objectives:

Student Success

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

- LSBU has been named University of the Year for Graduate Employment for an unprecedented two years in succession (The Times and Sunday Times Good University Guide 2018 & 2019).
- LSBU's graduate prospects score is the third highest in London and fourth highest in the UK (Complete University Guide 2021).
- LSBU is in the Top 12 UK universities for graduate starting salaries at one year after graduation [Longitudinal Education Outcomes Data 2017-18] (Published 2020)
- LSBU was named in the QS list of top 150 universities under 50 years old (QS Top Universities 2019)
- LSBU is ranked 68th in the Guardian League Table of UK universities (The Guardian University League Tables 2020)
- LSBU has again featured in the Times Higher Education (THE) World University Rankings.
- LSBU was ranked 26th among UK apprenticeship training providers on Rate My Apprenticeship 2019-20.

Academic Recognition

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

- Professor Basu Saha was honoured with a highly prestigious Hind Rattan Award 2020, by the NRI Welfare Society of India at the 39th International Congress of NRIs. The "Hind Rattan" is one of the highest Indian diasporic awards granted to non-resident persons of Indian origin (NRIs) by the NRI Welfare Society of India.
- Gill Foster, Head of Performance Arts, won the 'Drama Inspiration Award' at the Music & Drama Education Awards 2020. The judges described Gill as "a force of nature" due to her passion and dedication to the Arts.
- Professor Shushma Patel, Director of Education and Student Experience, in the School of Engineering, was made a National Teaching Fellow by AdvanceHE in recognition of her work to improve student outcomes.

- Professor Graeme Maidment was awarded £400k funding from InnovateUK to support the development of the second Green Smart Community Integrated Energy Systems (Green SCIES 2)
- Dr Seven Harput was awarded a grant by the Royal Society to develop new ultrasound transducer technologies and selected to showcase his work in the Engineering Sciences Session of STEM for BRITAIN 2020 at the Houses of Parliament.
- Professor Simon Philbin, was appointed to serve as the 2019/20 President of the American Society for Engineering Management (ASEM).
- Professor Eddie Chaplin was awarded £100k by the Burdett Trust for Nursing for his research into Nursing Discharge Assessment for people with learning disabilities.

Real World Impact

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

- LSBU was given a 5* rating in the QS World Rankings 2021
- LSBU has agreed the launch of a new joint research and innovation centre with the world-renowned Building Services Research and Innovation Association (BSRIA). The BSRIA-LSBU Innovation Centre (BLIC) will support building services in the construction sector by promoting collaborative research between LSBU's School of Architecture and the Built Environment (BEA) and BSRIA.
- The University's Clarence Centre for Enterprise and Innovation has been ranked in the top 15 worldwide of university-run business incubators. (UBI Global World Rankings 2017/18).
- The Clarence Centre for Enterprise and Innovation is the University's hub for enterprise and innovation providing workspaces for more than 60 businesses that engage with in curriculum development, guest lecturing, student engagement and research projects. Over the last year our tenant community produced £100m combined income, created and safeguarded 50 jobs and raised £6.5m in finance.
- 73% of LSBU research is rated 3* and 4* for Impact (REF 2014). LSBU has commercial research partnerships with over 150 British SMEs and major companies including Sellafield, London Underground and FitFlop.
- In 2016 LSBU was named Entrepreneurial University of the Year at the Times Higher Education Awards.
- The University continues to host three research centres at TWI: the Polymeric Materials Engineering, Research and Innovation Centre (PolyMERIC); the Advanced Resin and Coating Technologies Innovation Centre (ARCTIC) and the London South Bank Innovation Centre (LSBIC).

Applied research with local and international impact:

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

- Dr Charles Graham has produced footfall assessments to advise the relocation decisions of 73 independent traders affected by the Elephant and Castle Shopping Centre redevelopment. In addition, The Landmark Group, who operate 30 million square feet of retail space and employ 55 thousand people in 22 countries, have adopted this same model to support a number of store location decisions across the world.
- In response to the Covid-19 crisis, Professor Nicki Martin has developed guidance on supporting autistic pupils and students to learn at home while under "lockdown". The guidance is being implemented by three local authorities and a Multi Academy Trust as well as being utilised as a thinking task for MA students at: Birmingham, Strathclyde, Sheffield, Sheffield Hallam and London South Bank Universities.
- Dr Perry Xiao has pioneered the use of Opto-thermal transient emission radiometry technology which he has successfully translated into two commercial products, AquaFlux and Epsilon, now marketed by LSBU spin-out company, Biox Systems Ltd. The number of Biox customers has increased from about 70 organizations in 2013 to more than 200 organizations in 2019, generating total sales of about £2.4m in the same period. AquaFlux and Epsilon are now being used in 21 hospitals in the UK, Europe, China, South Korea, Australia and USA.

Passmore Centre

In November 2018 the University opened the Passmore Centre for Professional and Technical Education. The Centre, made possible by a £5m grant from Southwark Council, is a hub for professional and technical education and provides access for local people and businesses to high quality apprenticeships and other forms of employer-supported study. The opening of the Centre was linked to further investment of £7m, including £3m from HEFCE, in LSBU's laboratory

facilities to enhance its professional and technical offer. Since its opening, the University now has over 1500 higher and degree apprentices enrolled on over 40 apprenticeship standards, making us one of the leading providers in the country.

LSBU's Clarence Centre for Research and Enterprise

LSBU is home to over 70 small businesses, start-ups and entrepreneurs, based across three sites: Technopark, Blackwells and the Clarence Centre for Enterprise and Innovation. In 2017/18 the Clarence was ranked 2nd in the UK, 4th in Europe and 15th globally for innovative business development in the UBI's Global 2018 world rankings. Over the last year our tenant community produced £100m combined income, created and safeguarded 50 jobs and raised £6.5m in finance.

Mayor's Construction Academy Hub

In 2019 LSBU was awarded the London Mayor's Construction Academy Quality Mark. The University was then selected as the only higher education institution in the capital to lead and host a skills training and employment hub under the programme. LSBU's new construction skills hub is one of seven within London and is the product of a collaboration between LSBU and Southwark, Lambeth and Lewisham Councils. Since its opening, the MCA-LSBU hub has engaged with 764 employers and provided more than 2529 independent advice and guidance sessions.

Access to Opportunity

LSBU works with partners to provide opportunities for students with the potential to succeed. LSBU is ranked in the top 200 universities in the world for Social Impact and 23rd in the world for reducing inequality (Times Higher Education Impact Rankings 2020)

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

LSBU is the leading HE provider of ERDF funded business and innovation support programmes in London. LSBU is currently delivering 7 programmes covering a range of sectors from health tech to food tech. Through these programmes over the next 3 years we aim to support over 1500 SMEs, create 140 jobs, bring over 250 new products/services to firms/markets and create over 170 long term collaborations with innovative SMEs.

Local Stakeholders

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

In 2019 LSBU signed an agreement with London Borough of Lewisham for the first time, signifying continued collaboration over the coming years. In 2020 the University renewed its Memorandums of Understanding with the London Boroughs of Lambeth and Southwark, reflecting the long-term collaborative relationship enjoyed with these institutions. This approach to civic engagement is being further embedded within the institution with one of the four strands in the University's 2020-2025 Strategy being dedicated to Civic Impact.

International

LSBU's collaboration with the British University in Egypt (BUE) offers an exemplar for transnational education partnerships in practice. As the largest collaboration in the MENA region, the University validates 24 undergraduate and postgraduate courses for over 4,500 students. LSBU also has joint supervisions for PhD students, engages in shared research activities, and has developed a range of Study Abroad and Summer School opportunities enabling student mobility in both directions.

LSBU's world-leading Confucius Institute delivers Chinese language teaching to over 60 schools, conducting education, research and business engagement with Chinese universities and institutions and acting as a hub of cultural and academic activities. It is the largest Confucius Institute in the world, and one of the largest Chinese language testing centres in Europe. In 2019/20, 13,251 students directly benefitted from Mandarin language and Chinese culture lessons. Between 2017/18 and 2019/20, the CI has also provided 161 Chinese Cultural performances; 52 workshops, attended by over 25,000 people; and four art exhibitions attended by over 300 people.

Fit for Future

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

- In April 2020 the University was awarded an Athena SWAN Bronze Charter, by professional membership body Advance HE, for achieving a strong foundation in addressing gender bias and developing an inclusive culture that values all staff within the University.

- The University was accredited as a Mayor of London’s Good Work Standard Employer, the first UK University to receive this accreditation.
- We’ve seen our gender pay gap steadily reduce from 13.25% in 2009 to 5.2% in 2018/19 – significantly outperforming the higher education sector as a whole.

LEAP

As a key enabler for LSBU’s 2020-25 Strategic Plan, LEAP impacts all of the University’s operational strategies to a greater or lesser degree. It is into its second year of a 5 year transformation programme. A revised business case for the programme was signed off by the Board of Governors in May 2020. At its heart is the desire to create a distinctive student experience underpinned by transformation in technology, processes and ways of working as an organisation. The University has agreed to lead on the deployment of an enterprise Customer Relationship Management System, and to supplement this with an upgrade to the University’s Student Record System. Work to date has been about discovery and design, and it is anticipated technical build will begin in late summer 2020.

We expect LEAP to improve student recruitment, retention and achievement, and to positively affect National Student Survey results, notably in the areas of course organisation and management and academic support, enabling LSBU’s journey towards TEF Gold and further league table position improvements.

LEAP is collaborative and designed by LSBU staff and students to ensure that what we deliver is right for LSBU.

Campus Development

The University is undertaking an ambitious redevelopment plan to positively transform the campus for everyone who uses it. Upon completion in summer 2021, the renovated London Road building will become a new Learning Hub including a Library and Learning Resources space, space for group work, quiet space, open access computer rooms, bookable study rooms with AV, small group work rooms and a reconfigured Academy of Sport and catering facilities. The building will also provide a new cycle park with changing, locker and shower facilities.

Vauxhall Technical College

As part of the University’s ambitions to create new pathways into higher technical qualifications for local residents, we have developed plans to create a new Technical College in Vauxhall. Financial support for the project has been secured from the GLA’s Skills for Londoners Capital Fund.

External Environment

Over the last 5 years, the period of our 2015-20 corporate strategy, the educational and political environment has changed rapidly and much of the effect is still to be felt fully. The Higher Education Act 2018 made substantial changes, including opening the door to a wider range of education providers. The longstanding higher education funding council (HEFCE) was replaced by a new regulator (the Office for Students), whilst research funding has been transferred to a separate body (UKRI), threatening links between teaching, research and enterprise. Now, following the Review of Post-18 Education (known as the “Augar Review”) further and higher education funding and structures may well be reviewed again.

As we prepare to embark on our 2020-25 corporate strategy, these changes are potentially dwarfed by the impact of Brexit and the COVID-19 pandemic. These and their economic, social and political ramifications are likely to destabilise the higher education sector very significantly. At this time however, there is also greater recognition of the value and vulnerabilities of those sectors of society and employment to which LSBU Group contributes very substantially, particularly around health and social care. There has also been a growing acknowledgment of the importance of professional and technical education, as evidenced by developments such as the Apprenticeship Levy, T-Levels, the review of Levels 4 and 5 education and recognition of the need to invest in further education. This provides a great opportunity to promote our work and our strengths, which are increasingly recognised. However, the pandemic also requires that we improve our online provision both for education services and for student support activities. Leap has already met some of the requirements for better online support for our non-academic interactions.

Through this next period of change there will be many challenges; but there will doubtless also be opportunities. We will need to evolve to ensure that what we do is aligned with the rapidly changing environment, whilst continuing to differentiate ourselves through providing a high quality and truly applied academic environment linked to employers. We will continue to strive to be globally recognised whilst continuing to be locally embedded – to be and to be seen to be an enterprising civic university that addresses real world challenges – a university that truly transforms lives, communities and business.

As LSBU’s current 5 year strategy comes to an end, we have prepared a new strategy for 2020-2025. This builds on the strong foundations of the previous strategy, whilst evolving to make the most of the opportunities our new group offers to set even more ambitious objectives and create even greater benefits for all our stakeholders.

This strategy comprises the same three shared educational outcomes as our 2015-2020 strategy: Access to Opportunity, Student Success, and Real World Impact. These are supported by a new outcome, Fit for the Future, which highlights the need for us to adapt to the digital world, our new organisational structure and changing stakeholder expectations.

LSBU: Access and Participation Plan statement 2019-20

As part of LSBU’s registration with the Office for Students in September 2018, an Access and Participation Plan for the 2019-20 academic year was approved by the OfS and made publicly available by LSBU on our website: <https://www.lsbu.ac.uk/about-us/policies-regulations-procedures> (file held [here](#)).

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

As set out later in the financial accounts, we spent a total of £4,396,183 across the 2019-20 academic year across four categories: access investment, financial support provided to students, support for disabled students, and research and evaluation. This figure both meets and exceeds the commitment we set out in our investment summary: we had projected a total spend of £3,581,200. Our actual investment in access activity exceeds our Access and Participation Plan commitment by over £0.8 million.

During 2020, LSBU joined the world in responding to the Covid-19 pandemic. We were keenly aware of the disproportionate direct and indirect impact coronavirus was having on many of the student groups already identified as facing disadvantage. We rapidly responded with an increased package of targeted emotional, safety, practical, study, and financial support, considering the needs of students most vulnerable to the effects of the pandemic. For example, the direct financial support distributed to students within the 2019-20 academic year was £446,320, an increase of 123% more than our intended investment.

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

LSBU: Access and Participation Plan investment summary 2019-20

Access and participation plan investment summary (£)	Actual spend: Academic year 2019-20
Access investment (access, success, progression)	£3,671,237
Financial support provided to students	£446,320
Support for disabled students	£250,990
Research and evaluation	£27,636
Total investment	£4,396,183

(Investment plan from 2019-20 Access and Participation Plan)

<i>Access and participation plan investment summary (£)</i>	<i>Investment plan: Academic year 2019-20</i>
<i>Access investment</i>	<i>£1,288,000</i>
<i>Success investment</i>	<i>£1,431,900</i>
<i>Progression investment</i>	<i>£661,300</i>

<i>Investment in financial support</i>	<i>£200,000</i>
<i>Total planned investment</i>	<i>£3,581,200</i>

London South Bank University (charity) Public Benefit statement

LSBU is an exempt charity within the meaning of the Charities Act 2011. Its principal regulator is the Office for Students (OfS). On 18 September 2018 LSBU was entered into the register of English higher education providers.

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

Charity Commission Guidance on Public Benefit

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

Charitable Objects

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

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

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

LSBU advances education for the public benefit by:

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

LSBU promotes research and the dissemination of knowledge by:

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

LSBU provides support and services for students through:

- wellbeing services, including support for students with disabilities and mental health issues. This includes a counselling service;
- student advice and guidance services via a one-stop-shop and student helpdesks
- employability services, supporting students who are working while studying, helping students source work experience and graduate opportunities;
- money advice, including debt management;
- specific support services for particular groups of students, including care leavers, carers and pregnant students;
- mentoring and coaching;
- providing student accommodation;
- funding some individual students' education through bursaries and fee waivers; and
- providing funds to London South Bank University Students' Union (LSBUSU).

Beneficiaries

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

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

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

The University has one “linked” exempt charity: the LSBU consolidated charitable fund for the welfare of students. This fund was worth £862,387 on 31 July 2020 (31 July 2019: £854,880). The funds are managed with the aim of securing capital growth and an annual income. In 2019/20 the income received was £16,192 (2018/19: £30,910). The income is allocated for distribution by the University’s Hardship Panel to students in financial difficulty.

The University’s curriculum is firmly rooted in professional courses supported by accreditation from professional, statutory and regulatory bodies that enhance employability and career success. In 2017 (the last available year of DLHE data), 87.5% of graduates were in graduate employment and/or further study 6 months after leaving (DLHE survey results 2017 – 18).

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

LSBU is London’s largest university contributor to community-based enterprise, evidenced by involvement in some £15m of ERDF and ESF projects. In addition, the University is in the top two of all London universities for the number of Knowledge Transfer Partnerships run with local businesses and enterprises. The commitment to local enterprise education and SME development is recognised internationally, from working with refugee groups across south London to operating commercially in Borough Market.

Principal risks and uncertainties

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

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

Risk	Mitigations
OfS Thresholds not met in relation to Condition of Registration B3	<ul style="list-style-type: none"> • Monitoring of performance against OfS thresholds in relation to condition B3
Sustainability of current pension schemes	<ul style="list-style-type: none"> • Regular review and consideration of potential options for future provision, including the modelling/ scenario analysis of future costs and projected movements in assets & liabilities • Group defined contribution scheme established • Strict controls over early access to pensions
Impact of Govt. Education Review on HE funding	<ul style="list-style-type: none"> • Strategic direction in relation to professional and technical curriculum • Development of Group and increasing apprenticeship provision

Revenue reduction if course portfolio, and related marketing activity, does not achieve Home UG recruitment targets	<ul style="list-style-type: none"> • Weekly review of numbers by Marketing, Admissions & Communications leadership team • Monthly review of Admissions & Enrolments report • Monthly review of financial forecasts and prudent assumptions included in forecasts of assumed efficiency savings
Anticipated international & EU student revenue unrealised	<ul style="list-style-type: none"> • Monthly review of Admissions & Enrolments report • Monthly review of financial forecasts and prudent assumptions included in forecasts of assumed efficiency savings
Affordability of Capital Expenditure investment plans	<ul style="list-style-type: none"> • Capex reporting embedded into management accounts provided to Finance, Planning and Resources Committee • Estates project methodology controls & governance • Financial Regulations require Board approval for spend greater than £2m
Progression rates don't increase	<ul style="list-style-type: none"> • Data analysis to academic staff including progression • Study support provided by Library & Learning Resource Centre • Transform student experience through LEAP
Unable to deliver recovery plan from Covid-19	<ul style="list-style-type: none"> • Regular monitoring of covid-19 recovery plan and progress against it • Cost control measures
Impact of assurance activity & new initiatives fails to address issues around student experience	<ul style="list-style-type: none"> • LEAP programme, review of student experience from prospect to Alumni • NSS project, evaluating approach to the improvement of the student experience
Alignment of estate with sector requirements across the Group	<ul style="list-style-type: none"> • Group wide estates strategy, aligned with professional and technical curriculum needs • Creation of Employer Advisory Board, to ensure facilities in line with sector/industry standards
Capability to respond to change in policy or competitive landscape	<ul style="list-style-type: none"> • Development of the 2025 strategy, with input sought from multiple stakeholders • Regular performance assessment in sector context
Financial Impact of Covid-19 (student refunds/accommodation)	<ul style="list-style-type: none"> • Regular review of financial impact of covid-19 • Cost control measures, if required
League table rank deterioration / reputational impact	<ul style="list-style-type: none"> • Review process of external returns, contributing to league table performance • Projects relating to core league table measures of national student survey and graduate outcomes

Financial Review

Ralph to provide

Subsidiaries

South Bank University Enterprises Limited (SBUEL) provides consultancy and other services to a range of commercial organisations. SBUEL has entered into Gift Aid arrangements in order that its taxable profits can be donated to the University. SBUEL donated £xm in gift aid to the University (2019: £0.1m).

South Bank Colleges acquired the assets of Lambeth College on 31 January 2019. The College delivers a wide range of courses and apprenticeships that open doors to career opportunities and further study.

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

Going Concern

Governors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Cash flow forecasts have been prepared for a period of 4 years from the date of approval of these financial statements. The Group always plans to have sufficient liquid assets to meet its liabilities as they fall due and monitors and reports cashflow balances and covenant compliance on a regular basis. Cash balances and bank deposits at 31/7/20 were £52.1m and are forecast to decrease to £28.5m by 31/7/21 as the Group continues to deliver its current capital programme. A £30m revolving credit facility has been established to provide sufficient cashflow to meet the Group’s ongoing capital investment programme and working capital requirements. Drawdown against this facility is forecast to begin in 2021/22. Current borrowing facilities are considered adequate to meet current operational plans.

A £2m budget surplus has been approved for 2020/21, and cashflow from operations of £14.7m is forecast, reflecting the need for continued financial control whilst maintaining appropriate levels of investment to drive the necessary corporate strategic outcomes. At this early stage of the year, whilst accepting that there may be variations on individual budget lines, we are not moving away from agreed budget outcomes although Covid continues to present challenges and risks to delivery. Recruitment and re-enrolment are both looking positive although we will continue to monitor the position carefully over the next few months. Semester 2 recruitment is also looking strong.

As is always the case, a comprehensive mid-year budget review is planned during the first semester of 2020/21. This will look closely at recruitment, re-enrolment and associated income forecasts. The Group is also undertaking an assessment of organisational shape, showing where investment and efficiency savings are required.

We will continue to monitor the position carefully over the next few months. The principal risks to successful financial delivery in 2020/21 remain Covid related including recruitment, withdrawals, and halls fee income levels. We remain committed to providing a blended learning environment and a rich student experience notwithstanding the Covid challenges.

After reviewing these forecasts, the Board of Governors is of the opinion that it will be able to manage and respond effectively to the severe but plausible downside related to the impact of COVID-19. Consequently, the Board of Governors is confident that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements (the going concern assessment period) and therefore have prepared the financial statements on a going concern basis.

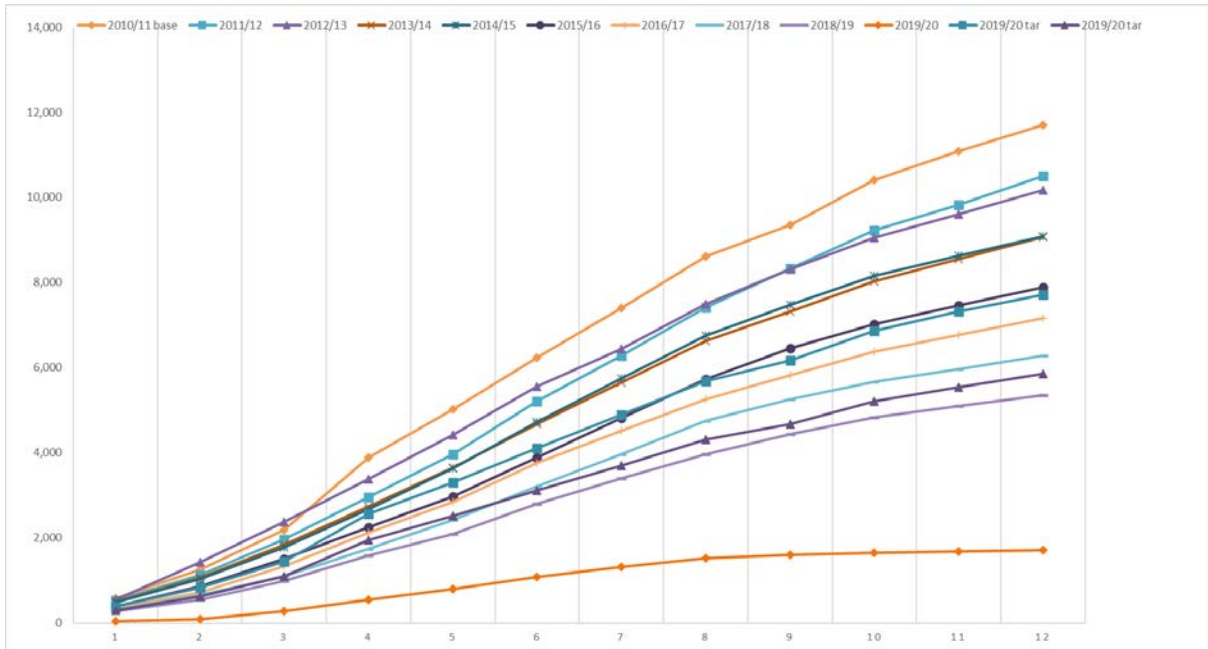
Energy and Carbon Report

LSBU is dedicated to protecting our planet and society. We promise to become a university of the future – one that is conscious, one that is responsible and one that is sustainable. LSBU is committed to embedding sustainability cost effectively into all its activities, including management of carbon emissions.

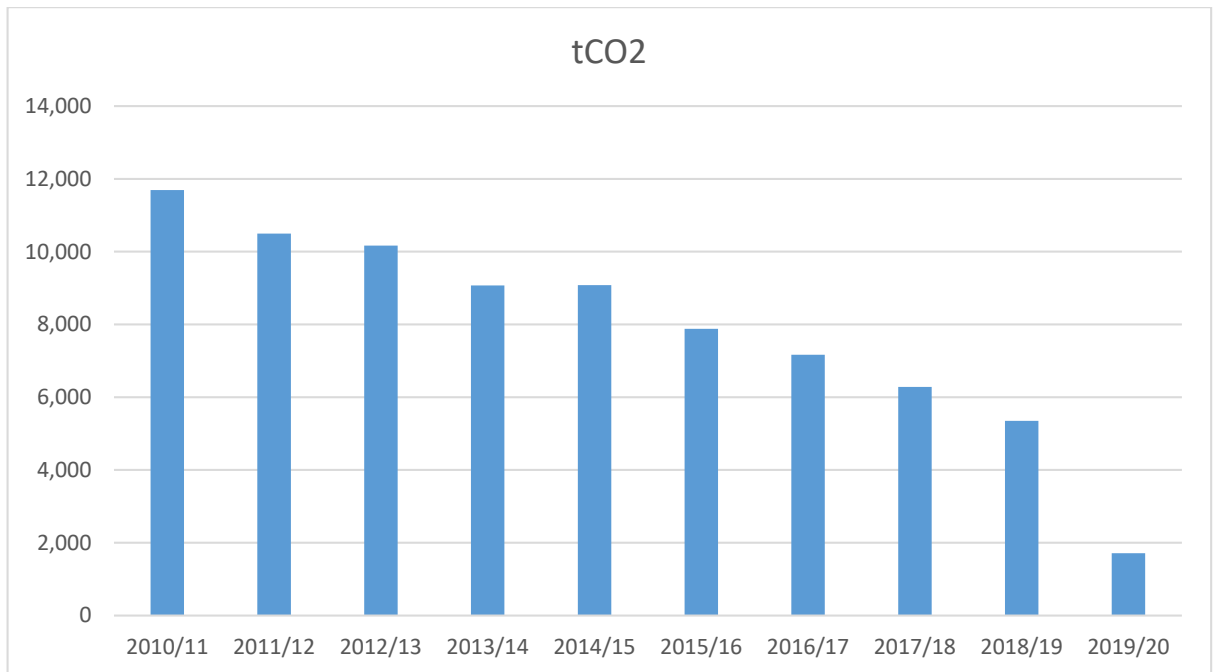
The data below relates to periods from 1st August – 31st July

	2010 Baseline	2019/20	2018/19
Electricity Consumption		12,438,493 KWhr	10,044,742 KWhr
Gas Consumption		9,025,689 KWhr	10,039,318 KWhr
Carbon Emissions (without REGO)		5,352 tCO ²	4,227 tCO ²

Carbon Emissions (with REGO)	11,694 tCO ²	1,711 tCO ²	5,352 tCO ²
Intensities	0.079 tCO ² /m ²	0.011 tCO ² /m ²	0.036 tCO ² /m ²



CRC 18/19 final (based on April reporting timeframe) **5,752 tCO²**



During, 2019/20, LSBU entered into a Renewable Electricity contract (REGO) which allows The University to report zero carbon emissions for electricity consumption. Total calculated carbon emissions (scope 1 & 2) relating to above energy showing REGO are also shown.

Reference to baseline relates to that agreed with HEFCE and is based upon 2010 data and calculated carbon emissions. The agreed HEFCE target at that time was for LSBU to reduce its scope 1 & 2 emissions by 34% by 2020. This was revised in 2017 to 50% reduction. Current position with REGO is a reduction of 85%.

Purchased goods and services – We have worked with our suppliers of plastic packaging to reduce the mass of plastic required and this has resulted in the reported reduction in emissions.

Business travel – Tighter departmental budgets and improvements in remote meeting technology have led to a reduction in business travel expenditure. The carbon emissions total for 2019-20 was considerably less than the previous financial year but then this would mainly be as a consequence of less travel being booked for that period; 6,721,788 km (2018/19) vs 2,582,513 km (2019/20).

Employee commuting – Car parking is no longer provided to staff and there has been an increase in cycling and walking to work.

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

Disclosure of information to auditors

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

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

Auditor

The Board of Governors will be asked to reappoint KPMG UK LLP as auditor of the University by written resolution.

Directors' report

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

Approval

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

Mr Jeremy Cope (Chair)

Professor David Phoenix (Vice Chancellor and Chief Executive)

Date

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

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

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

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

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

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

The Board of Governors are also responsible for ensuring that:

funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;

funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them;

there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and

economical, efficient and effective management of the university's resources and expenditure is secured.

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

Signed on behalf of the Board of Governors by:

Mr Jeremy Cope
Chair of the Board of Governors
19 November 2020

Corporate governance Statement

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

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

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

Governance and Legal Structure

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

Compliance with the Public Interest Governance Principles

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

Compliance with the CUC Higher Education Code of Governance

The Board has materially complied with all aspects of the Higher Education Code of Governance (CUC, December 2014) during the year under review, as demonstrated below. References to paragraphs of the code are shown in brackets below.

[A revised Code of Governance was published by the CUC on 16 September 2020. The University will review the revised code in detail, but is confident that it remains compliant.]

Decision making

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

The Board has agreed a Schedule of Matters Reserved which establishes the responsibilities of the Board and its committees. The Board, and, where appropriate, its committees make decisions by consensus at meetings or electronically (2.4). The schedule is reviewed on an annual basis. The schedule has been updated to reflect the new group structure of LSBU.

During the year, the Board met five times (five times in 2018/19). In addition, the Board held two strategy days (two in 2018/19) allowing further time to discuss and debate longer-term strategic challenges for the University. All governors are expected to attend meetings and to contribute effectively. Attendance at meetings is recorded and monitored by the Chair. In the year under review, there was a 92% (2018/19: 82%) attendance rate at Board meetings.

Due to the national coronavirus pandemic, Board and committee meetings have been taking place online via MS Teams since March 2020. Attendance at these virtual meetings has remained high and governors have continued to engage well with discussion.

During August and September 2020 two additional meetings of the Group Audit and Risk Committee were held in order to examine the measures taken to enable the LSBU campus to safely re-open and the processes relating to quality assurance and academic delivery for semester one 2020/21.

The Board has due regard to Charity Commission guidance on public benefit when making decisions (see separate statement of public benefit on page [•] (1.2). The Board receives an annual reminder on Charity Commission guidance (most recently, 15 October 2020). It receives assurance that the institution meets the requirements of the *Terms and conditions of funding for higher education institutions* with OfS through the Audit Committee (1.3).

Compliance

All governors and members of the Executive are required to declare their interests on appointment, on an annual basis and are required to declare any interests which relate to decisions at meetings. During the year under review, all declared interests were authorised by the Board. No conditions were attached to any of these interests (2.2). The governing body affirms that it makes decisions without any undue pressure from external interest groups, which is assured through the declaration of interests' process (2.3).

The Board receives annual reports on the institution's compliance with key legislation, for example health and safety; equality, diversity and inclusion; and otherwise by exception reporting (3.6). In addition, independent governors have the right to external, independent advice at the University's expense where necessary in order to fulfil their duties. Material adverse change and reportable events are reported to the OfS when discovered and annually as part of the Accountability and Assurance statement (3.6). Four reportable events were reported (including the South Bank Colleges estates strategy and the Croydon Campus project), and no material adverse changes were reported to the OfS during the year.

The Board receives annual reports from the Students' Union in relation to its democratic processes and finances (2.5).

Sustainability

The Board is responsible for the financial sustainability of the institution and approves the annual budget, which is aligned to the five year corporate strategy (3.2). The Board oversees the performance and financial sustainability of the institution by regularly reviewing Key Performance Indicators, management accounts and five year forecasts (3.3). Overall financial control is delegated to the Group Chief Financial Officer, who is a member of the Executive and has regular access to the Vice Chancellor, as and when required (3.9).

Academic governance

The Board has oversight of academic governance across the institution, receiving an annual assurance report from the Academic Board.

The Board has regard to the principle of academic freedom (4.1, 4.2, 4.3).

External activities

The Board reviews all proposals for all significant, external activities and independent legal advice is sought, if necessary. Due diligence is conducted when entering into major projects that have significant risk associated with them (5.1).

Equality and Diversity

The Board receives an annual report on equality, diversity and inclusion, and compliance with the public sector equality duty under the Equality Act 2010 (6.3). In addition, the Board held an EDI workshop with an external facilitator during the year.

The Board regularly reviews its composition and considers equality and diversity in its appointments. The Nomination Committee has agreed that in the event of underrepresentation of any group, targeted recruitment would be used to address this (6.3, 6.4, 6.5). During 2018/19, a recruitment firm that specialises in equality and diversity was used to recruit five new governors, which has helped improve the diversity of the Board. A similar exercise will be undertaken during Winter 2020/21 to recruit a minimum of two new governors, and the recruitment firm used in 2018/19 has been re-appointed.

Structures and processes

The Board when fully complemented consists of 18 governors: 13 independent governors (7.1), the Vice Chancellor, two student governors and two academic staff members nominated by the Academic Board. Governors serving for the period are listed on page (5). The Board determines the number and composition of the Board of Governors within parameters set by the University's Articles of Association. Staff and student governors were not excluded from any items at Board meetings during the year (1.4).

Under the Articles, the Board has the power to remove any governor from office if they breach their terms of office (7.2). On appointment, governors also agree to act in accordance with the seven principles of public life and the university values. (1.2, 2.1). All members of the Board have access to the services of the Clerk. The appointment or removal of the Clerk is a matter for the Board as a whole under the Articles (7.9).

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

Committees

The Board delegates authority to a number of committees. All committees are formally constituted with appropriate terms of reference, which are reviewed annually (3.6). Terms of reference and membership of each committee are available on the governance pages of the University's website. Each committee has a majority of independent governors. The chairs of each committee are independent governors and are set out below under Key Individuals.

The following principal committees met throughout the year:

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

The Nomination committee is responsible for recruiting new independent governors (7.3). Recommendations are made to the Appointments Committee, which makes the final decision on appointment. A written description of the role and capabilities required of governors has been agreed by the Nomination Committee. Candidates are judged against the capabilities required and the balance of skills and experience currently on the Board. The balance of skills, experience and diversity of independent governors is kept continually under review by the Nomination Committee.

Membership of the Group Audit and Risk Committee is between three and four independent governors (3.12), and a co-opted external member. Following OfS requirements, the committee produces an annual report for the Board, which gives an annual opinion on risk management, control and governance; economy, efficiency and effectiveness; and management and quality assurance of data submitted to external bodies, (3.4, 3.5). The committee reviews the effectiveness of the systems of control in place across the institution. The committee receives an annual report on the quality of data submitted to external bodies (3.8, 3.10). The committee receives assurance annually from the external auditor that public funds have been spent appropriately.

The Finance, Planning and Resources Committee provides for the Board in-depth review of the University's in-year financial performance, financial position including cashflow, the performance against the corporate strategy, treasury management and the proposed annual budget. The committee also reviews student recruitment and retention figures, the implications of the Group strategy for human and physical resources, and receives oversight of the value added by Group entities. Membership of the Finance, Planning and Resources Committee is up to five independent governors including the Chair of the Board, plus the Vice Chancellor, one student governor and one staff governor.

The Major Projects and Investment Committee is authorised by the Board to approve investment decisions within authorisation levels as set out in the Financial Regulations. The committee also reviews investment decisions above its level of authority and recommends approval to the Board. In addition, the Major Projects and Investment Committee reviews 'master plans' for estate and infrastructure and monitors the delivery of major projects. Membership consists of up to five independent governors including the Chair of the Board, the Vice Chancellor, one student governor and one staff governor.

There is a Remuneration Committee which decides the remuneration of senior executives, including the Vice Chancellor (3.13). Membership of the committee is four independent governors, including the Chair of the Board (3.14). No individual is present for discussions that directly affect them. The Vice Chancellor is not a member of the committee. The committee considers comparison information and use of public funding when deciding remuneration (3.15, 3.16.). Further details on the work of the committee are included in the annual remuneration report below (at pages [x to x](#)).

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

Governance effectiveness review

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

The main recommendations arising out of the review are:

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

An action plan was developed following the review, and the Board continues to monitor progress against the plan. Work has been undertaken to address the main recommendations:

1. The new Pro Vice Chancellor (Education) is now in post. The Governance Team is working closely with the PVC (Education) and the Provost to improve processes for assurance and reporting from the Academic Board, particularly with regard to OfS conditions B1-B6.
2. The structure of Board and committee agendas has been reviewed to provide greater focus on strategic discussions. Workshops on writing effective papers have been provided for Executive members and senior managers to enable them to provide papers with a greater focus on strategic matters.
3. The committee terms of reference have been revised to address the new Group structure. The Standing Orders and Statement of Primary Responsibilities were updated during 2020 to clarify Group governance arrangements.

LSBU Group

With the creation of the LSBU Group in 2018/19, group governance structures are being developed. Both South Bank Academies and South Bank Colleges have their own Boards of Trustees who are responsible for the success of their companies. The LSBU Board continues to oversee LSBU but also has oversight of the value that both SBA and SBC bring to the LSBU Group.

Key Individuals

Position	Name
Chair of the Board of Governors	Jeremy Cope
Vice Chair of the Board of Governors	Michael Cutbill (from 1 March 2020) Douglas Denham St Pinnock (until 22 February 2020)
Head of Institution (Vice Chancellor and Chief Executive)	David Phoenix
Chair of Group Audit and Risk Committee	Duncan Brown
Chair of Finance, Planning and Resources Committee	Michael Cutbill
Chair of Major Projects and Investment Committee	Rashda Rana (from 27 February 2020) Douglas Denham St Pinnock (until 22 February 2020)
Chair of Nominations Committee	Jeremy Cope
Chair of Appointments Committee	Jeremy Cope
Chair of Remuneration Committee	Jeremy Parr
University Secretary and Clerk to the Board of Governors	James Stevenson

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

Statement of Primary Responsibilities of the Board of Governors

(based on the CUC Guide for Members of Higher Education Governing Bodies in the UK)

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

18. To promote a culture which supports inclusivity and diversity across the university.
19. To maintain and protect the principles of academic freedom and freedom of speech legislation.
20. To ensure that all students and staff have opportunities to engage with the governance and management of the university.

Annual Remuneration Report

Introduction

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

The Remuneration Committee is responsible for determining the remuneration of the Vice Chancellor and Senior Executives covered by the Senior Remuneration Policy as approved by the Board. Senior Executives are the senior leaders of LSBU who report directly to the Vice Chancellor. The Senior Executives for the year are listed on page 2-3.

The Board has adopted the CUC Remuneration Code and approved a senior remuneration policy.

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

Terms of Reference

The Remuneration Committee's Terms of Reference are available [online](#).

Committee Membership 2019/20

The members of the committee for the year 2019/20 were Jeremy Parr (Committee Chair), Jerry Cope (Chair of the Board), Michael Cutbill and Mee Ling Ng. All members of the committee are independent governors. No members of the executive are members of the committee. The Vice Chancellor is invited to committee meetings where appropriate, such as to make recommendations on pay awards and bonuses of senior executives. No member of the executive was present for any discussion on their own remuneration.

Committee meetings 2019/20

The committee met twice in the 2019/20 academic year.

- 21 November 2019
- 30 June 2020

The committee also met on 3 November 2020 to consider Senior Executive performance and remuneration for 2019/20.

Approach to remuneration of all staff in 2019/20 and for 1 August 2020 onward

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

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

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

Senior Remuneration

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

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

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

Benchmarking

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

- Institutions of similar size and type based on UCEA data (this data will be interpreted to take account of LSBU's London location by adding 5%);

- London modern universities; and
- Other universities with a group structure or similar complexity of structure or regulatory framework [being reviewed ahead of RemCo of 3 November 2020].

However, in the light of the general approach to freezing pay across the sector, and followed by LSBU, a full benchmarking exercise was not relevant in setting pay from 1 August 2020.

Other senior executive pay will also normally be independently benchmarked every three years. The last review of relevant benchmarking was undertaken by Korn Ferry in November 2018.

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

Institutional performance, 2019/20

The Board monitors the performance of the University through the agreed key performance indicators. As set out in the *Strategic Report*, the University performed well in terms of both financial and many strategic outcomes.

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

Vice Chancellor performance, 2019/20

This assessment of Vice Chancellor performance is for academic year 2019/2020. The bonus awarded based on performance for academic year 2019/20 will be paid in financial year 2020/21 and appear in next year's accounts.

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

- *The financial stability of the organisation has been ensured and the diversity of income streams has been increased;
- Strong and robust plans have been made and implemented to maintain student learning whilst maintaining high standards of safety across all parts of the LSBU Group;
- Recruitment in 2020, has held up or increased, thanks to the growing reputation of the University, except in the areas of overseas and part-time students, sectors badly affected in LSBU and elsewhere by the pandemic (in these latter areas steps are being taken to increase activity in year);
- Progression rates at the University were significantly above target;
- *Institutional reputation across the Group has improved but disappointingly specific League table rankings for the University have decreased primarily following a change in the measurement in the Sector of student outcomes, but also impacted by a relative drop in National Student Survey scores ;
- Good progress both financially and in terms of student outcomes continues to be made at Lambeth College, a key element of the family of educational institutions' strategy, has been completed;
- Costs have been controlled carefully, but with investment in key strategic areas;
- *The staff engagement score again improved, this year by a considerable 7%, at a time of significant change and disruption;
- *Progress has been made on a number of major improvement projects;

- An exciting new Group strategy building on the growing family of educational institutions vision has been approved by the Board; and
- There has been strong and confident leadership both internally and externally, including representing LSBU to key stakeholders.

So in summary LSBU has generally made good progress this year, both in terms of handling the considerable short-term pressures but also in moving forward strategically, all at a particularly complex and challenging time. The Group is well placed to thrive in a potentially tough environment going forward, The Board continues to recognise the importance of maintaining a strong and determined leadership team across all areas of activity.

During the year under review, the Vice Chancellor was awarded a bonus of £xx [to be determined at the remuneration committee meeting of 3 November 2020] for individual performance (a bonus of £20k was awarded for performance in 2018/19) and a bonus of £xx [to be determined at the remuneration committee meeting of 3 November 2020] for team performance.

Performance related pay, 2019/20 and 2020/21

Under the Senior Remuneration Policy, for 2019/20, the Vice Chancellor and Senior Executives were eligible for a bonus of up to 10% of salary and for a team bonus of up to 8% of salary as set out in the remuneration principles above. The award of both individual and team bonuses is reviewed and approved by the Remuneration Committee.

During the year, the University [met its overall financial target – tbc] and [xx – tbc] members of the executive were eligible to receive an individual bonus and a team bonus. Following the appraisal process and a report on performance against individual measurable objectives, the Committee approved [xx – tbc] individual (including the Vice Chancellor) bonuses and a team bonus (of xx%) together totalling £xxxk (for 2018/19 performance, eight individual bonuses and a team bonus were awarded totalling £136k).

There is a separate performance related pay scheme for Senior Managers (grades A – B. Bonus of up to 3% of salary) and Senior Leaders (grade C. Bonus of up to 10% of salary). Staff eligible for performance related pay receive annual inflation uplifts to their base pay. Bonuses for performance during 2019/20 will be determined in November 2020 (xx bonuses were awarded totalling £xxxk in 2019/20 for performance during 2018/19 – HR to provide).

Total Remuneration: Vice Chancellor

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

Emoluments of the Vice Chancellor	2019–20	2018–19
	£'000	£'000
Salary	238	234
Performance related pay	30	19
Taxable benefits	1	10
Accommodation allowance	10	0
Subtotal	279	263

Pension scheme contributions or payments in lieu of pension contributions	35	34
Total	314	297

In August 2019, the Vice Chancellor paid back a loan of £350k in full to the University (full details of the loan are included in note 8(c)). From August 2019, the Remuneration Committee agreed a central London accommodation allowance of £10,000.

For the current year, the Vice Chancellor has been awarded a pay increase of [xx% - tbc at remuneration committee meeting of 3 November 2020], in line with the average annual pay rise for all employees.

Pay Multiple

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

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

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

Year	Ratio – basic salary	Ratio – total remuneration
2019/20	6.23	6.94
2018/19	6.15	6.78
2017/18	6.18	6.86
2016/17	6.33	7.01
2015/16	6.10	6.97

The ratios do not include agency workers.

The LSBU ratios compare to the average sector ratio of 7.8 for basic pay and 8.2 for total remuneration (based on OfS data for 2017/18).

External appointments, expenses and severance

LSBU's policy on the retention of income generated from external bodies is that Executive members are expected to declare any external income. The expectation is that external income will not be retained but on occasion permission to retain income may be given by the Vice Chancellor (and in the case of the Vice Chancellor by the Chair of the Board). Where Executive members are appointed on a fractional basis it may well be external activity can be accommodated outside of contract but it should still be declared to avoid conflict. The Remuneration Committee reviews these declarations.

In 2019/20, the Vice Chancellor donated royalties to the University's hardship fund. The Vice Chancellor did not undertake any external remunerated activity.

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

In 2019/20, the Vice Chancellor's expenses totalled [£xxk –]. These are payments on a purchasing card for travel, accommodation, meals, entertaining and other authorised costs. In addition, work-related travel costs of £298 were booked through the University's central travel buying team for the Vice Chancellor.

The Remuneration Committee has approved a policy on severance arrangements.

INDEPENDENT AUDITOR'S REPORT TO BOARD OF GOVERNORS OF London South Bank University

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of London South Bank University ("the University") for the year ended 31 July 2020 which comprise the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheets, the Consolidated Statement of Cash Flows and related notes, including the principal accounting policies in note one.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2020, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*;
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Board of Governors has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board of Governors' conclusions, we considered the inherent risks to the Group's business model, and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of

reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

Other information

The Board of Governors is responsible for the other information, which comprises the Strategic Review and the Report of the Governors and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic Review Corporate Governance Statement, which together constitute the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent University, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent University's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Board of Governors responsibilities

As explained more fully in their statement set out on page [X], the Board of Governors (who are the Directors of the University company for the purposes of company law) is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 8b has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 1 to the financial statements has been materially misstated.

We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Board of Governors, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and paragraph 18(1) of the Articles of Association. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.

Fleur Nieboer (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

Canary Wharf

London

E14 5GL

[Date]

Principal Accounting Policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standard FRS 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared under the historical cost convention, modified by the inclusion of certain properties at valuation and the revaluation of endowment assets.

The financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in operation. The Group's activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report also describes the financial position of the Group, its cashflows, liquidity position and borrowing facilities. The Board is satisfied that the University has adequate resources to continue in operation for the foreseeable future, as described in more detail on page 15 of these financial statements. For this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

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

Consolidation of accounts

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

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

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

Income recognition

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

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

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

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

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

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

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

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

Intangible assets

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

Fixed assets

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

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

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

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

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

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

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

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

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

Investments

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

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

Stocks

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

Pension costs

The University contributes to the Teachers' Pensions Scheme (England and Wales), the London Pension Fund Authority Pension Fund (LPFAPF) and the Universities Superannuation Scheme (USS). These schemes are administered by Teachers' Pensions (on behalf of the Department for Education), the London Pension Fund Authority and USS Ltd respectively and are all of the defined benefit type.

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

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

The University has a defined contribution pension scheme for employees of its subsidiary, SBUEL. The University pays contributions into a separate legal entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Employment benefits

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

Taxation status

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

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

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

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

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

Agency arrangements

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

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

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

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

Maintenance

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

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

Reserves

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

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

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

Cash flows and liquid resources

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

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

Financial instruments

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

Judgements and estimates

Material Judgements and estimates

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

The present value of the London Pension Fund Authority Pension Fund (LPFAPF) and defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate, salary, pension and price increase and any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability.

Land has been revalued at 31/7/14 resulting in a one off adjustment to increase the deemed cost of land by £41,946,000. The valuation was prepared by qualified valuers in accordance with the Red Book. The fair value depends on the classification of assets and a number of material assumptions including the condition of properties, ground and services, estimated market value and estimated rental income at the date of valuation.

A determination whether there are indicators of impairment of the Group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

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

Non Material Judgements and Estimates

The Provision for bad debt is calculated based on the University's past experience of collecting student and other debt. It is estimated that, at the date of signing the financial statements and after making deductions where a repayment arrangement has been agreed with the debtor, 90% of remaining debt will not be recoverable.

A determination as to whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Foreign currency translation

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

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; the amount of the obligation cannot be measured with sufficient reliability.

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

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**Consolidated and University Statement of Comprehensive
Income and Expenditure
Year ended 31 July 2020**

	Note	CONSOLIDATED		UNIVERSITY	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Income					
Tuition fees and education contracts	1	123,642	111,344	120,796	109,571
Funding body grants	2	36,445	30,699	16,645	16,338
Research grants and contracts	3	5,464	4,429	4,362	4,073
Other income	4	17,983	17,413	11,422	14,590
Investment income	5	308	303	300	299
Transfer of net assets from Lambeth College		-	16,210	-	-
Total income before other grants and donations		183,842	180,398	153,525	144,871
Donations and Endowments	6	552	646	11	376
Total income		184,394	181,044	153,536	145,247
Expenditure					
Staff costs	7	103,485	90,385	81,077	80,534
Other operating expenses	8	63,931	56,455	57,462	48,099
Depreciation	12	10,627	10,353	9,354	9,352
Interest and other finance costs	10	4,920	4,586	4,417	4,360
Total expenditure		182,963	161,779	152,310	142,345
Surplus before other gains and losses		1,431	19,265	1,226	2,902
Gains on investments	25	7	31	7	31
Surplus for the year		1,438	19,296	1,233	2,933
Actuarial (loss)/gain in respect of pension schemes	23	(54,382)	(3,147)	(46,723)	(3,142)
Total comprehensive income/(expenditure) for the year		(52,944)	16,149	(45,490)	(209)
Represented by:					
Endowment comprehensive income for the year		7	31	7	31
Restricted comprehensive income for the year		-	-	-	-
Unrestricted comprehensive income/(loss) for the year		(52,951)	16,118	(45,497)	(240)
		(52,944)	16,149	(45,490)	(209)

All activities consist of continuing operations. South Bank Colleges, whose full year accounts are consolidated here, acquired Lambeth College on the 31 January 2019 and results for the six months from the 1 February 2019 are included in the prior year comparatives in the Consolidated Statement of Comprehensive Income and Expenditure.

Consolidated and University Statement of Changes in Reserves
Year ended 31 July 2020

Consolidated	Income and Expenditure Reserve		Revaluation Reserve	Total Reserves
	<i>Endowment</i> £'000	<i>Unrestricted</i> £'000	£'000	£'000
Balance at 1 August 2018	824	82,743	26,722	110,289
Surplus from the income and expenditure statement	-	19,265	-	19,265
Other comprehensive income /(expenditure)	31	(3,147)	-	(3,116)
Transfers between revaluation and income and expenditure reserve	-	771	(771)	-
Total comprehensive income/(expenditure) for the year	31	16,889	(771)	16,149
Balance at 1 August 2019	855	99,632	25,951	126,438
Surplus from the income and expenditure statement	-	1,431	-	1,431
Other comprehensive income/(expenditure)	7	(54,382)	-	(54,375)
Transfers between revaluation and income and expenditure reserve	-	694	(694)	-
Total comprehensive income/(expenditure) for the year	7	(52,257)	(694)	(52,944)
Balance at 31 July 2020	862	47,375	25,257	73,494
University				
Balance at 1 August 2018	824	82,171	26,722	109,717
Surplus from the income and expenditure statement	-	2,902	-	2,902
Other comprehensive income/(expenditure)	31	(3,142)	-	(3,111)
Transfers between revaluation and income and expenditure reserve	-	771	(771)	-
Gift aid received	-	517	-	517
Total comprehensive income/(expenditure) for the year	31	1,048	(771)	308
Balance at 1 August 2019	855	83,219	25,951	110,025
Surplus from the income and expenditure statement	-	1,226	-	1,226
Other comprehensive income/(expenditure)	7	(46,723)	-	(46,716)
Transfers between revaluation and income and expenditure reserve	-	694	(694)	-
Gift aid received	-	116	-	116
Total comprehensive income for the year	7	(44,687)	(694)	(45,374)
Balance at 31 July 2020	862	38,532	25,257	64,651

London South Bank University

Consolidated and University Balance sheets As at 31 July 2020

	Notes	Consolidated		University	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Non-current assets					
Intangible assets	12	21	165	21	165
Tangible fixed assets	13	303,318	295,738	231,240	224,452
Investments	14	38	38	38	38
		<u>303,377</u>	<u>295,941</u>	<u>231,299</u>	<u>224,655</u>
Current assets					
Stock		6	6	6	6
Debtors	15	23,459	18,999	34,351	26,253
Investments	22	11,811	11,713	11,811	11,713
Cash and cash equivalents	22	40,373	47,088	37,856	45,602
		<u>75,649</u>	<u>77,806</u>	<u>84,024</u>	<u>83,574</u>
Creditors: amounts falling due within one year	16	<u>(42,172)</u>	<u>(34,063)</u>	<u>(34,202)</u>	<u>(30,296)</u>
Net current assets		<u>33,477</u>	<u>43,743</u>	<u>49,822</u>	<u>53,278</u>
Total assets less current liabilities		<u>336,854</u>	<u>339,684</u>	<u>281,121</u>	<u>277,933</u>
Creditors: amounts falling due after more than one year	17	(69,108)	(79,686)	(52,952)	(56,032)
Provisions					
Pension provisions	18	(194,252)	(133,560)	(163,518)	(111,876)
Total net assets		<u>73,494</u>	<u>126,438</u>	<u>64,651</u>	<u>110,025</u>
Restricted reserves - endowment reserves	25	862	855	862	855
Unrestricted Reserves					
Income and expenditure reserve		47,375	99,632	38,532	83,219
Revaluation reserve		<u>25,257</u>	<u>25,951</u>	<u>25,257</u>	<u>25,951</u>
Total Reserves		<u>73,494</u>	<u>126,438</u>	<u>64,651</u>	<u>110,025</u>

The financial statements were approved by the Board of Governors on 19 November 2020 and were signed and authorised on their behalf by:

Mr Jeremy Cope (Chair)

Professor David Phoenix (Vice Chancellor and Chief Executive)

Consolidated Statement of Cash Flows
Year ended 31 July 2020

	Note	2020 £'000	2019 £'000
Cash flow from operating activities			
Surplus for the year		1,438	19,296
Adjustment for non cash items			
Amortisation/depreciation		10,627	10,353
Investment income		(308)	(303)
Interest payable		4,920	4,586
Decrease/(increase) in stock		-	4
Decrease/(increase) in debtors		(4,460)	1,387
Increase / (Decrease) in creditors		(2,469)	3,072
Pension costs less contributions payable		5,135	7,298
Loss on disposal of tangible fixed assets		954	-
Gain on transfer of assets and liabilities acquired from Lambeth College		-	(16,120)
Adjustment for investment or financing activities			
Investment income		11	23
Interest receivable		297	280
Net cash inflow from operating activities		<u>16,145</u>	<u>29,876</u>
Cashflows from investing activities			
Payment to acquire tangible and intangible fixed assets		(19,017)	(17,496)
Cash (added to)/removed from fixed term deposits		-	(140)
Acquisition of Lambeth College		-	197
		<u>(19,017)</u>	<u>(17,439)</u>
Cashflows from financing activities			
Capital element of bank loan repayments		(1,910)	(1,624)
Interest element of bank loan repayments		(1,933)	(1,566)
		<u>(3,843)</u>	<u>(3,190)</u>
(Decrease)/increase in cash and cash equivalents during the year		<u>(6,715)</u>	<u>9,247</u>
Cash at bank and on deposit at the start of the year		47,088	37,841
Cash at bank and on deposit at the end of the year		40,373	47,088

Notes to the accounts
Year ended 31 July 2020

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
1. Tuition fees and education contracts				
Full-time home and EU students	86,594	72,287	83,748	70,514
Full-time international students	14,670	9,900	14,670	9,900
Part-time students	15,630	14,034	15,630	14,034
Other courses	1,992	1,920	1,992	1,920
Strategic Health Authority education contracts	4,756	13,203	4,756	13,203
	123,642	111,344	120,796	109,571
2. Funding body grants				
Recurrent grant	34,367	26,699	15,757	15,245
Non recurrent grants				
Specific grants	1,190	2,907	-	-
Pension Liabilities	-	141	-	141
Other grants	888	952	888	952
	36,445	30,699	16,645	16,338
3. Research grants and contracts				
Research councils	832	2,358	832	2,018
UK based charities	411	398	411	398
European Commission	1,330	1,089	1,330	1,073
Other grants and contracts	2,719	334	1,617	334
Knowledge Transfer Partnerships	172	250	172	250
	5,464	4,429	4,362	4,073
4. Other income				
Residence and catering income	8,061	11,024	8,027	11,000
Other income	9,922	6,389	3,395	3,590
	17,983	17,413	11,422	14,590
5. Investment income				
Interest on short term investments	11	23	11	23
Endowment income and interest receivable	297	280	289	276
	308	303	300	299
6. Donations and endowments				
Unrestricted donations	552	646	11	376

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

Notes to the accounts
Year ended 31 July 2020

Grant and Fee income

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

	Consolidated		University	
	2020		2020	
	£'000		£'000	
Grant income from the OfS	145,991	109,164	126,192	94,803
Grant income from other bodies	6,679	5,009	5,577	4,654
Fee income for research awards (exclusive of Vat)	215	366	215	366
Fee income from non-qualifying courses (exclusive of Vat)	3,164	2,345	317	571
Fee income for taught awards (exclusive of Vat)	9,502	29,588	9,502	29,588
	165,551	146,472	141,803	129,982

Notes to the accounts
Year ended 31 July 2020

	Consolidated	
	2020	2019
	£'000	£'000
7. Staff		
Average numbers by major category:		
Academic staff	916	877
Student support staff	125	142
Other support staff	662	648
	1,703	1,667

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Costs				
Wages and salaries	77,625	66,221	58,485	58,356
Social security costs	7,796	6,968	6,417	6,229
Employers' pension contributions	18,064	17,196	16,175	15,949
	103,485	90,385	81,077	80,534

Staff costs for the year include costs arising from redundancies of £0.4m (2019 £1m) of which £0.3m was paid during the year and £0.1m was accrued

Access and Participation

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

8. Remuneration of Board of Governors and higher paid employees

A. Governors

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

	2020	2019
	£'000	£'000
Salaries	440	404
Pension contributions or payments in lieu of pension contributions	71	59
	511	463

Governors are paid expenses for attending meetings and other matters directly related to their duties as trustees. In 2020 four governors were paid total expenses of £1,974 (2019: five governors were paid total expenses of £1,217) for travel and subsistence.

B. Determining pay of senior staff

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

Notes to the accounts

Year ended 31 July 2020

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

Further information is provided in the Annual Remuneration Report on pages XX to XX

C. Emoluments of the Vice Chancellor	2020	2019
	£'000	£'000
Salary	238	234
Accommodation allowance	10	-
Bonus	30	19
Taxable benefits	1	10
Pension scheme contributions or payments in lieu of pension contributions	35	34
	314	297

The Vice Chancellor is the highest paid Governor.

Included in taxable benefits is the value of the benefit to the Vice Chancellor of an interest free loan that was repaid in full on 7th August 2019. The Vice Chancellor's taxable benefit includes £83 of interest benefit for the loan and £1,194 for medical care cover.

The Vice Chancellor's basic salary is 6.23 (2019: 6.15) times the median pay of staff across the organisation, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The Vice Chancellor's total remuneration is 6.94 (2019: 6.78) times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

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

D. Remuneration of other higher paid staff

Certain employees, including the Vice Chancellor, received basic salary (excluding bonus, benefits and pension contributions) in excess of £100,000 during the year. Seven of these employees accrued benefits under defined benefit pension schemes during the year (2019:6). These employees are grouped as follows:

	Consolidated and University	
	2020	2019
	No.	No.
£100,000 to £104,999	-	1
£105,000 to £109,999	2	-
£110,000 to £114,999	1	-
£115,000 to £119,999	1	-
£120,000 to £124,999	-	-
£125,000 to £129,999	1	1
£135,000 to £139,999	-	2
£140,000 to £144,999	1	1
£145,000 to £149,999	1	1
£155,000 to £159,999	-	1

Notes to the accounts
Year ended 31 July 2020

£160,000 to £164,999	1	-
£230,000 to £234,999	-	1
£235,000 to £239,999	1	-
	<u>9</u>	<u>8</u>

E. Key management personnel

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

	2020	2019
	£'000	£'000
Key management personnel	1,066	1,213

Notes to the accounts
Year ended 31 July 2020

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
8a Other operating expenses				
Academic	15,406	12,033	14,671	11,691
Academic support	7,368	12,175	7,368	9,088
Other support	5,717	5,530	5,717	5,530
Premises	14,723	13,529	14,723	12,584
Residence and catering	3,975	4,032	3,975	4,032
Other expense	16,739	9,156	11,007	5,174
	63,928	56,455	57,461	48,099

Other operating expenses are stated after charging:

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Auditors' remuneration				
<i>External audit</i> KPMG LLP	146	100	91	100
<i>Other services</i> KPMG LLP	43	79	31	-
Rentals under operating leases: Plant and machinery	279	208	225	156

8b Access and Participation

	University
	2020
	£'000
Access Investment (i)	3,671
Financial Support	446
Disability Support	251
Research and Evaluation	28
	4,396

(i) £44k of these costs are already included in the overall staff costs figures included in the financial statements, see note 7

9. Taxation

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

The amount of the asset not recognised is XX (2019: £6.7k). The asset would be recovered if suitable taxable profits were to arise in the future against which the asset could be offset.

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
10. Interest and other finance costs				
Loans interest	1,933	1,566	1,933	1,569
Net charge on pension scheme	2,987	3,020	2,484	2,791
	4,920	4,586	4,417	4,360

11. Intangible assets

Consolidated and University

Notes to the accounts
Year ended 31 July 2020

Software	Software	Assets in course of construction	Total
Cost or valuation	£'000	£'000	£'000
At August 2019	4,140	123	4,263
Additions			-
Transfer			-
At 31 July 2020	<u>4,140</u>	<u>123</u>	<u>4,263</u>
Amortisation charge			
At August 2019	(4,098)	-	(4,098)
Charge for the year	(28)		(28)
At 31 July 2020	<u>(4,126)</u>	<u>-</u>	<u>(4,126)</u>
Net book value			
At 31 July 2020	<u>14</u>	<u>123</u>	<u>137</u>
At 31 July 2019	<u>42</u>	<u>123</u>	<u>165</u>

Notes to the accounts
Year ended 31 July 2020

12. Tangible fixed assets (Consolidated)

	Freehold land	Freehold buildings	Long leasehold land and buildings	Short leasehold land and buildings	Fixtures, fittings and equipment	Assets in course of constructio n	Fixed assets total
Cost or valuation					£'000	£'000	£'000
At August 2019	88,965	212,981	49,668	44	54,092	26,270	432,020
Additions	-	-	-	-	100	18,917	19,017
Disposal	-	(270)	-	-	(1,771)	-	(2,041)
Transfer	-	467	-	-	15,614	(16,081)	-
At 31 July 2020	88,965	213,178	49,668	44	68,035	29,106	448,996
Depreciation							
At August 2019	-	(64,467)	(31,876)	(37)	(39,902)	-	(136,282)
Charge for the year	-	(5,633)	(1,257)	-	(3,709)	-	(10,599)
Disposals	-	169	-	-	918	-	1,087
At 31 July 2020	-	(69,931)	(33,133)	(37)	(42,693)	-	(145,794)
Net book value							
At 31 July 2020	88,965	143,247	16,535	7	25,342	29,106	303,202
At 31 July 2019	88,965	148,514	17,792	7	14,190	26,270	295,738

Tangible fixed assets (University)

	Freehold land	Freehold buildings	Long leasehold land and buildings	Short leasehold land and buildings	Fixtures, fittings and equipment	Assets in course of constructio n	Fixed assets total
Cost or valuation					£'000	£'000	£'000
At August 2019	64,368	171,853	47,210	44	52,934	23,324	359,733
Additions	-	-	-	-	59	16,893	16,952
Disposals	-	(270)	-	-	(1,771)	-	(2,041)
Transfer	-	467	-	-	15,614	(16,081)	-
At 31 July 2020	64,368	172,050	47,210	44	66,836	24,136	374,644
Depreciation							
At August 2019	-	(63,776)	(31,851)	(37)	(39,617)	-	(135,281)
Charge for the year	-	(4,802)	(1,207)	-	(3,317)	-	(9,326)
Disposals	-	169	-	-	918	-	1,087
At 31 July 2020	-	(68,409)	(33,058)	(37)	(42,016)	-	(143,520)
Net book value							
At 31 July 2020	64,368	103,641	14,152	7	24,820	24,136	231,124
At 31 July 2019	64,368	108,077	15,359	7	13,317	23,324	224,452

Notes to the accounts
Year ended 31 July 2020

13. Investments

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

The University holds 9% of the £1 ordinary shares of CVCP Properties plc. The principal activity of the company is leasing of buildings, with the majority of tenants being Higher Education organisations.

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

South Bank University Enterprises Limited

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

South Bank Colleges

The University is the sole member of South Bank Colleges, a private company limited by guarantee and incorporated on 1st August 2018 and its results are fully consolidated in these accounts. South Bank Colleges took over the operations of Lambeth College from 1st February 2019 and has one subsidiary, SW4 Catering Ltd.

Other investments

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

14. Debtors: amounts falling due within one year

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade debtors	19,173	15,787	18,192	14,167
Amounts owed by group undertakings	-	-	13,392	8,952
Other debtors	799	996	749	977
Prepayments and accrued income	3,487	2,216	2,018	2,157
	23,459	18,999	34,351	26,253

15. Creditors: amounts falling due within one year

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank and other loans	1,944	1,909	1,944	1,909
Trade creditors	1,648	810	714	809
Other creditors	2,714	1,913	2,563	1,620
Social security and other taxation payable	2,282	1,984	1,625	1,487
Accruals and deferred income	33,584	27,447	27,356	24,471
	42,172	34,063	34,202	30,296

Notes to the accounts
Year ended 31 July 2020

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

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bank and other loans	32,507	34,452	32,507	34,452
Other creditors	-	2,576	-	-
Deferred income	36,601	42,658	20,445	21,580
	69,108	79,686	52,952	56,032

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

	Consolidated		University	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Government	10,872	12,026	10,626	11,863
Non-government	2,908	2,167	2,940	2,016
Capital grants	30,164	30,738	21,318	22,206
	43,944	44,931	34,884	36,085

17. Borrowings

Bank loans are repayable as follows:

	Consolidated and University	
	2020 £'000	2019 £'000
Due in less than one year (note 15)	1,944	1,909
Due between one and two years	1,979	1,945
Due between two and five years	6,143	6,035
Due after five years	24,385	26,472
Total due after one year (note 16)	32,507	34,452
Total	34,451	36,361

Details of bank basic loans

Lender	Term	Interest rate	Security	2020 £'000	2019 £'000
Barclays bank	25 years to 2032	5.67% fixed	McLaren House	3,576	3,886
Barclays bank	To April 2029	5.25% fixed		5,000	5,000
Barclays bank	23.25 years to 2032	5.44% fixed		6,512	6,909
Barclays bank	23 years to 2032	0.225% over Libor		3,489	3,786
Barclays bank	16 years to 2035	5.16-5.2% fixed plus 1.65% margin		12,939	13,467
Allied Irish Bank	26.5 years to 2027	6.67% fixed	Dante Road Halls	2,735	3,113
Salix	Variable	Interest free	Unsecured	200	200
				34,451	36,361

Notes to the accounts
Year ended 31 July 2020

18 Provisions for liabilities: Consolidated

	Obligation to fund deficit on USS pension	LPFA defined benefit obligation	Enhanced pension	Total
	£'000	£'000	£'000	£'000
Balance at 1 August 2019	2,140	129,355	2,065	133,560
Utilised during the year	-	(6,338)		(6,338)
Charged to comprehensive income and expenditure	(1,432)	68,697	(235)	67,030
Balance at 31 July 2020	708	191,714	1,830	194,252

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are in note 26B.

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

University	Obligation to fund deficit on USS pension	LPFA defined benefit obligation	Total
	£'000	£'000	£'000
Balance at 1 August 2019	2,142	109,734	111,876
Utilised during the year	-	(5,593)	(5,593)
Charged to comprehensive income and expenditure	(1,434)	58,669	57,235
Balance at 31 July 2020	708	162,810	163,518

19 Endowment reserves

	Consolidated and University			
	Restricted Permanent	Restricted Expendable	2020 Total	2019 Total
	£'000	£'000	£'000	£'000
Balance at 1 August	718	137	855	824
Increase in market value of investments	6	1	7	31
Balance at 31 July	724	138	862	855

20 Unrestricted reserves

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Revaluation reserve				
Balance at 1 August	25,951	26,722	25,951	26,722
Transfer to income and expenditure reserves being excess depreciation on revalued assets	(694)	(771)	(694)	(771)
Balance at 31 July	25,257	25,951	25,257	25,951

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

	at 1 August 2019	Cashflows	Other non-cash changes	at 31 July 2020
	£'000	£'000	£'000	£'000
Consolidated				
Investments	11,713	98	-	11,811

Notes to the accounts

Year ended 31 July 2020

Cash at bank and on deposit	47,088	(6,715)	-	40,373
	58,801	(6,617)	-	52,184
Borrowings				
Debt due within one year	(1,909)	1,910	(1,945)	(1,944)
Debt due after one year	(34,452)	-	1,945	(32,507)
	(36,361)	1,910	-	(34,451)
	22,440	(4,707)	-	17,733

Investments comprise funds held in fixed term deposits for periods exceeding three months at 31 July 2019. Cash at bank and on deposit comprise funds held in bank and on deposit not exceeding 3 months.

22 Capital commitments

Provision has not been made for the following capital commitments as at 31 July 2020

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Commitments contracted at 31 July	56,002	15,442	35,142	6,187

23 Contingent liabilities

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

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

24 Lease obligations

At 31 July 2020 the University and the Group were committed to making the following future minimum lease payments in respect of operating leases on land and buildings:

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Expiring within one year	16	77	-	-
Expiring within two and five years	-	41	-	-
Expiring in over five years	449	459	449	459
	465	577	449	459

Notes to the accounts
Year ended 31 July 2020

25 Amounts disbursed as agents

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Teacher training bursaries				
Balance at 1 August	-	(10)	-	(10)
Funding council grant	19	26		26
Disbursed to students	(24)	(16)		(16)
Balance at 31 July	(5)	-	-	-

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Apprenticeship employer incentive payments				
Balance at 1 August	-	-	-	-
Funds received	32	19		19
Disbursed to employers	(32)	(19)		(19)
Balance at 31 July	-	-	-	-

	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Learner support funds				
Balance at 1 August	-	-	-	-
Acquired at 1 February 2019	-	305	-	-
24+ bursary	953	231	-	-
Disbursed to students	(902)	(516)	-	-
Administration costs	(51)	(20)	-	-
Balance at 31 July	-	-	-	-

Notes to the accounts

Year ended 31 July 2020

26 Pension arrangements

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

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

A. The Teachers' Pension Scheme

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

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

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

- The last valuation of the TPS was as of 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost CAP) Directions 2014. The valuation report was published by the Department on 9 June 2014. The Key results of the valuation are:
 - Uncorrected employer contribution rate effective over the implementation period: 19.5% of pensionable pay. This is an increase of 3.1% on the current contribution rate. This increase is primarily due to the reduction in the discount rate (known as the SCAPE rate) to 2.4% pa above CPI with effect from 1 April 2019.
 - Corrected employer contribution rate payable over the implementation period: 22.8% of pensionable pay. This is an increase of 6.4% on the current contribution rate. This rate is calculated in the same way as the uncorrected employer contribution rate except that the accrual rate of the 2015 Scheme is assumed to be improved from 1 April 2019 to the extent necessary such that the employer contribution correction cost equals the target cost of the scheme.

At 31 July 2020 the University Group had 1197 active members participating in the scheme. During the year contributions were paid by the Group and charged to the Income and Expenditure account at a current rate of 16.48% in August 2019 and then 23.6% from September 2020 (2019: 16.48%) of salaries and the Group's contribution to the TPS for the year was £7,104,562 (2019: £4,635,824). Employees paid tiered contribution rates which ranged from 7.4% - 11.7%, depending on earnings.

Notes to the accounts

Year ended 31 July 2020

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

B. The Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contributing rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by section 28 of FRS102 'Employee Benefits', the University accounts for the scheme as if it were a wholly defined contribution scheme. Since the University has entered into an agreement that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that relate to the deficit and movement in this provision is

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

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

The 2018 Valuation was the fifth valuation of the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the Valuation date, the value of the assets in the scheme were £63.7 billion and the value of the scheme's technical provisions was £67.3 billion, indicating a shortfall of £3.6 billion and a funding ration of 95%.

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

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

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

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

Pre-retirement:	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
Post-retirement:	97.6% of SAPS S1NMA 'light' for males and 102.7% of RFV00 for females.
Future improvements	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa

The current life expectancies on retirement at age 65 are:

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Year ended 31 July 2020

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

A new deficit recovery plan was put in place at the start of the 2018 valuation, which requires payment of 2% of salaries over the period from October 2019 to September 2021 at which point the rate will increase to 6%. The 2020 deficit liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount Rate	1.35%	2.10%
Pensionable Salary Growth	3.25%	3.90%

At 31 July 2020 the Group had 40 active members participating in the scheme. The total credit charged to the Statement of Comprehensive Income and Expenditure is £(923,964) (2019: £1,643,839). The employer contribution rate was 19.5%, rising to 19.5% from 1st April 2019, 22.5% from 1 October 2019 then 24.2% from 1 April 2020 (2019: 18% then 19.5% from 1 April 2019).

C. The London Pension Fund

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

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

Pension cost under FRS 102

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

	Consolidated and University	
	31 July 2020	31 July 2019
	% per annum	% per annum
Salary increase	3.25%	3.90%
Pension and price increases	2.25%	2.40%
Discount rate	1.35%	2.10%

Employees retiring on or after 6 April 2006 are permitted to take an increase in their lump sum payment on retirement

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

- Members will exchange half of their commutable pension for cash at retirement

Notes to the accounts

Year ended 31 July 2020

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

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

The Employer has updated their salary increase assumption to CPI plus 1.0%, compared to CPI plus 1.5% in the previous year, to be in line with the latest funding valuation. Based on the sensitivity information provided by the actuary, we expect the impact of this change in approach to be a £2,440k decrease in the DBO as the assumption is now 0.5% lower than it would have been under the previous methodology. If considered material, the impact should be

The derivation of the CPI assumption has changed at 31 July 2020. Based on the sensitivity information provided by the actuary, we expect the impact of this change in approach to be a c. £13-14m increase in the DBO as the CPI assumption is now 0.2% higher than it would have been under the previous methodology. If considered material, the impact should be disclosed in the Company's financial statements

Life expectancy

Post-retirement mortality is based on Club Vita analysis. These base tables are then projected using the CMI 2018 model, allowing for a long term rate of improvement of 1.5% per annum, smoothing parameter of 7.0 and no addition to improvement rate. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	Males		Females	
	Years		Years	
	LSBU	SBC	LSBU	SBC
Current pensioners	21.3	21.2	22.7	22.6
Future pensioners	24.0	23.7	25.5	25.2

Fund assets

The return on the fund, on a bid value to bid value basis, for the year to 31 July 2020 is estimated at 4%. The actual return on fund assets over the year may be different. The estimated asset allocation at 31 July 2020 is as follows:

	Consolidated		University	
	Fair value	Fair value	Fair value	Fair value
	as at	as at	as at	as at
	31 July 2020	31 July 2019	31 July 2020	31 July 2019
	£'000	£'000	£'000	£'000
Equities	115,079	112,111	90,498	88,078
Target return portfolio	47,673	52,256	37,490	41,054
Cash	12,869	10,854	10,120	8,527
Infrastructure	14,482	11,792	11,389	9,264
Property	19,424	18,744	15,275	14,726
Total fair value of assets	209,527	205,757	164,772	161,649

Net pension liability

Notes to the accounts

Year ended 31 July 2020

The following amounts at 31 July 2020 related to the Group are measured in accordance with the requirements of FRS 102:

Consolidated	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Fair value of Employer Assets	209,527	205,757	143,869	133,771	112,066
Present value of funded obligations	(390,082)	(324,227)	(232,750)	(234,955)	(221,698)
Net underfunding in funded plans	(180,555)	(118,470)	(88,881)	(101,184)	(109,632)
Present value of unfunded obligations	(10,800)	(10,885)	(10,884)	(11,565)	(11,868)
Net Pension Liability	(191,355)	(129,355)	(99,765)	(112,749)	(121,500)
University	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Fair value of Employer Assets	164,772	161,649	143,869	133,771	112,066
Present value of funded obligations	(317,250)	(260,964)	(232,750)	(234,955)	(221,698)
Net underfunding in funded plans	(152,478)	(99,315)	(88,881)	(101,184)	(109,632)
Present value of unfunded obligations	(10,332)	(10,420)	(10,884)	(11,565)	(11,868)
Net Pension Liability	(162,810)	(109,735)	(99,765)	(112,749)	(121,500)

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

Analysis of the amount included in staff costs for the year	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Service cost	10,884	11,194	9,490	9,904
Enhancements to former employees		-		-
Total operating charge	10,884	11,194	9,490	9,904

Analysis of the amount included in interest payable for the year	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Interest on the defined liability (asset) □	2,648	3,055	2,245	2,578
Administration expenses	267	239	210	187
Total interest charge	2,915	3,294	2,455	2,765

Analysis of the amount recognised in Other Comprehensive Income	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Return on fund assets in excess of interest	3,224	16,549	2,539	12,968
Other actuarial gains on assets	(4,606)	-	(4,150)	-
Change in financial assumptions	(45,507)	(36,403)	(37,517)	(29,620)
Change in demographic assumptions	(1,007)	16,593	(618)	13,510

Notes to the accounts
Year ended 31 July 2020

Experience gains and losses on defined benefit obligation	(6,643)	114	(6,977)	-
Remeasurement of the net assets/ (defined liability)	<u>(54,539)</u>	<u>(3,147)</u>	<u>(46,723)</u>	<u>(3,142)</u>

Analysis of movement in the present value of scheme liabilities	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At 1 August	335,404	243,634	271,384	243,634
Movement in the year:				
Acquisition by SBC of Lambeth College		59,081		-
Current service cost	10,884	9,112	9,490	7,822
Interest cost	6,981	7,941	5,656	6,406
Changes in financial assumptions	45,507	36,402	37,517	29,620
Change in demographic assumptions	1,007	(16,593)	618	(13,510)
Experience loss / (gain) in defined benefit obligation	6,643	(114)	6,977	-
Past service costs, including curtailments	-	2,327		2,082
Estimated benefits paid net of transfers in	(6,576)	(7,590)	(5,161)	(5,649)
Contributions by scheme participants	2,083	1,963	1,829	1,707
Unfunded pension payments	(759)	(759)	(728)	(728)
At 31 July	<u>401,174</u>	<u>335,404</u>	<u>327,582</u>	<u>271,384</u>

Analysis of movement in the fair value of scheme assets	Consolidated		University	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
At 1 August	205,757	184,168	161,649	143,869
Acquisition by SBC of Lambeth College	-	-		-
Interest on assets	4,333	4,886	3,411	3,828
Return on assets less interest	3,224	16,550	2,539	12,967
Other actuarial gains	(4,606)	-	(4,150)	-
Administration expenses	(267)	(239)	(210)	(187)
Contributions paid	8,421	8,741	7,422	7,549
Estimated benefits paid plus unfunded net of transfers in	(7,335)	(8,349)	(5,889)	(6,377)
At 31 July	<u>209,527</u>	<u>205,757</u>	<u>164,772</u>	<u>161,649</u>

The projected pension expense for the year to 31 July 2021 is £18,090k (consolidated) £15,321k (University).

D. London South Bank University Defined Contribution Scheme

The University provides a defined contribution pension scheme through Aviva for employees of London South Bank University Enterprises Limited (SBUEL). At 31 July 2020 the University had 47 members participating in the scheme. The University's contribution to the Aviva scheme for the year ending 31 July 2020 was £137,861 (2019: £104,754) and employer's contribution rates ranged from 6%-9%. Pension contributions payable at 31 July 2020 were £16,401 (2019: £10,060).

E. National Employment Savings Trust (NEST)

Notes to the accounts

Year ended 31 July 2020

The University provides a defined contribution scheme through NEST for employees of SW4, a subsidiary of South Bank Colleges. At 31 July 2020 there were 13 staff in the scheme. Employer contribution to the NEST scheme for the year ending 31 July 2020 was £7,448 and employer contributions were 3%. Pension contributions payable at 31 July 2020 were £1,211 (2019:£1,502).

F. NOW Pensions

The University provides a defined contribution scheme through NOW for employees of SBUEL staff engaged through LSBU Employment At 31 July 2020 there were 88 staff in the scheme. Employer contribution to the NOW scheme for the year ending 31 July 2020 was £9,868 and employer contributions were 3%. Pension contributions payable at 31 July 2020 were £2,090 (2019:£x).

Notes to the accounts

Year ended 31 July 2020

X. Related party transactions

The accounts of SBUEL, a wholly owned subsidiary, are consolidated into these financial statements. During the year the university paid for staffing, expenses and equipment for SBUEL totalling £(312)k (2019: £240k), and collected rental income of £40k (2019: £59k). At the year-end SBUEL owed the University £351k (2019: 538k).

The University is the sole Member of South Bank Colleges (SBC), a Private Limited Company by guarantee, which was incorporated on 1st August 2018. SBC and its wholly owned subsidiary, SW4 Catering Limited, are consolidated into these financial statements. On 1st February 2019 SBC received £13.7m from the Education and Skills Funding Agency (ESFA) which was transferred to the University on 2nd February 2019 to hold on its behalf and to transfer back to SBC as it is needed to fund operational and capital expenditure requirements. During the year the University transferred £2.86m (6 months to 31 July 2019 £7.45m) to SBC. Services totalling £1,082k (2019 £965k) were recharged to SBC during the year and the balance between SBC and the University at the year-end was £13,206k (2019: £8,414k)

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

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

Organisation	Governor	Position	Income £'000	Expenditure £'000	Debtor £'000	Creditor £'000
British University in Egypt	David Phoenix	Trustee	1,687	-	664	-
Kings College London	Hilary McCallion	Visiting professor	259	19	1	-
LSBU Student Union	Maxwell Smith	Union council Chair				
	Harriet Tollerson	President	-	1,006	-	-
National Association of Disability Practitioners Ltd	Nicola Martin	Co-opted Board member	-	1	-	-
Pricewaterhouse Coopers LLP	Duncan Brown	Retired partner	-	6,474	-	-
South Bank Academies	Hilary McCallion	Trustee	16	-	-	-
Transport for London	Mee Ling Ng	Non-executive director	36	-	36	-
UCEA	Jeremy Cope	Vice-chair	-	13	-	-

Post balance sheet events

Notes to the accounts
Year ended 31 July 2020

Agenda Item 8

	CONFIDENTIAL
Paper title:	Strategic People and Organisational Development Report
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	3 November 2020
Author:	Alex Bush, Group Director of People
Sponsor:	Marcelle Moncrieffe-Johnson, Group Chief People Officer
Purpose:	For discussion
Recommendation:	The committee is asked to note the report.

Executive summary

The strategic POD report includes updates on:

- Employee relations
- Organisational development
- Reward strategy and pensions
- Health and safety
- Workforce transformation

Recommendation

The committee is requested to note the report.

Key Developments across People and Organisational Development

1.0 People Culture & Inclusion Strategy

1.1 This is in development and being utilised in the Strategy Implementation Executive project deliverables.

2.0 Employee Relations

2.1 2020/2021 Pay Negotiations is still under negotiation and there is no news to report yet.

2.2 The 2020/21 Academic promotions round has just been announced (and will be further publicised over the next couple of weeks). Workshop were hosted in August and September and mentors (staff who were promoted in the last round and have volunteered) will be arranged for staff considering applying this year. Applications to be sent to Deans by 13th November. Deans to submit applications to Lisa Wilkinson by 20th November.

2.3 The senior remuneration and moderation panels were carried out from 9th – 15th October and Executive decisions are being made at present.

2.4 Casework

As at October 2020, there are 27 live casework cases, a reduction of 10 cases since May. The table below outlines the type of casework:

Type of Casework	Number of Cases
Disciplinary	6
Grievance	9
Sickness Management	8
Performance Improvement	2
Probation	2
	27

The breakdown by School / PSG is as follows:

School / PSG	Number of Cases
Academic Related Resources	1
School of Applied Sciences	2
School of Built Environment & Architecture	2
School of Business	3
School of Engineering	2
Estates & Academic Environment	1
School of Health & Social Care	3
School of Law & Social Sciences	2
Finance	2
Marketing, Admissions, & Communications	3
Research, Enterprise & Innovation	2
Student Services	3
Technical Services	1
	27

Of the six disciplinary cases, two are at appeal stage and the remaining four investigations are nearing completion. One of the nine grievances progressed to an Employment Tribunal, but the case is expected to be struck out very shortly as the claimant has declined to engage with the Tribunal process.

Two other Employment Tribunal cases have recently been concluded.

3.0 Organisational Development

3.1 Progress has included:

- Staff conference was redesigned and delivered virtually over a week. A total of 30 presentations, activities and workshops were delivered. Delegate feedback was overwhelmingly positive.
- The main annual staff engagement survey launched in July, and resulted in an engagement score of 73%. This was +7% on 2019, and for the first time above the sector benchmark.
- Engagement results have been presented at cascades, town halls and discussed at local SMT's with OD providing advice and guidance on engagement action plans. Local leaders have online access to their dashboard, offering further local analysis including demographic interpretation of results.
- OD co-ordinated and produced a *Return to Campus* guide for all staff, providing a single source of information for the safe return to campus.
- OD are facilitating focus groups across LSBU to gain insight from staff who are back on campus. The focus groups provide feedback on health & safety, communication, leadership and wellbeing.

- OD are designing an innovative and future focussed Engagement and Leadership strategy

4.0 Reward Strategy / Pensions

- 4.1 A new reward proposal will go to Executive within the next two weeks to implement some quick wins from the reward strategy.
- 4.2 On 15th June, LSBU started Pension consultation with LSBU and SBC Trade Union representatives to close the LGPS pension scheme for new PSG joiners. There were five meetings each with attendees from LSBU Executive, Finance and HR and two pension working groups.

The LSBU pension consultation was concluded and accepted at the last meeting on Thursday 10th September.

Following the above meetings, LSBU received a counter proposal on 23rd September from SBC TU's. LSBU Executive considered these options on Wednesday 14th October where a further LSBU counter offer was agreed to take back to SBC TU's. This was to be flexible on the implementation date and increase employer contributions at low and default levels by 1%.

5.0 Learning & Development

- 5.1 Progress has included:
- Key priority: support to complete appraisals
 - Appraisal moderation for senior leaders has been organised and taking place mid-October.
 - L&D Offer – focussing on appraisal training and support. New L&D programme will be rolled out after we analyse training needs from the appraisals
 - Return To Campus e-module rolled out in record time across the Group and regular weekly reports on the completion of the are provided to Deans/Directors
 - OD collaborated with CRIT and the Digital Skills Centre on the Hybrid Learning offer for Semester 1. Existing provision has been mapped and presented in the Hybrid Learning Hub on the intranet, with great engagement from the Schools. In addition to formal training by CRIT, OD organised Lunch & Learn sessions (delivered by the Schools) as well as Drop-In sessions (delivered by the Digital Skills Centre).
 - Revised Central Induction taking place online monthly
 - Lambeth College Appraisal Integration: on schedule to go-live end of November / beginning of December.
 - Apprenticeships: we are part of a consortium of 4 London universities running a Level 3 Management Programme.

- We are meeting weekly with LEAP to support their training plan, through L&D systems/processes
- ICT project of upgrading Learning Station, the staff Moodle platform, in its final stages - with view to introduce short refreshers for all compulsory training e-modules before the end of the calendar year.
- CMA Training e-module is ready for roll out
- Successful implementation of the Information Security e-module
- We are driving the establishment of the Academic Development Steering Committee, chaired by our PVC Education; it will have the delegated authority to act on behalf of Academic Board, and will be working towards specific deliverables with clear KPIs, focussing on developing a comprehensive academic development programme that focuses on developing academic skills.
- We are working with the Schools, Finance and the Education division in LSS to analyse the cost/benefit and long-term viability of delivering an internal Masters Degree apprenticeship based on the Academic Professional Standard (Level 7). It will be mapped to the PGCert, HEA Fellowship and with cross-School/PSG delivery.

6.0 Equality, Diversity and Inclusion

6.1 LSBU has had several leadership sessions with the executive board focusing on inclusive leadership with a focus on race equality. The actions following on from these sessions are being developed in a meaningful way

6.2 **Tactical work** includes:

- Inclusive recruitment group – focusing on gender and race currently – with expansion to disability and accessibility
- Developing a RAG rating for the Athena SWAN action plan
- EDI Annual report published
- Equality impact assessment digitization and support for return to campus EIA
- LGBTQ+ Workshops to Adults Nursing & Social Work
- Preparatory work and consultancy with Stonewall on submission for their 2021 workplace index
- Cultural Sensitivity Training being delivered (three sessions) and Mediation Training (Dignity at work)

6.3 **Strategic work** includes:

- Publication of ethnicity pay gap report in November with work on developing a disability pay gap report
- Inclusive research group
- EDI Action Planning Group continues to ensure delivery of key priorities
- Accelerating LSBU Inclusive Leadership – with plans to develop a working group/anti-racism group

- Executive sponsors developed for staff networks. New co-chair for the LGBTQ+ group and co-chair to be recruited for the gender network
- Support to the APP/Awarding gap project
- Support to Access & Independence Project
- Lambeth & UAE 2020/21 EDI plans
- Propose collaboration with UAL & KCL in Southwark on Anti-Racism work

7.0 Health & Safety / Employee Wellbeing

During this period the Health, Safety and Resilience Team has continued to focus on managing the response to Covid 19.

Key activities have included:

- LSBU Outbreak Response Plan produced, agreed with Local Director of Public Health and submitted to DFE on 11 September.
- Following work with Southwark Public Health Team, LSBU was identified as demonstrating good practice in its covid response and forward planning. This led to an invitation to the Acting Director of Group Assurance to discuss the LSBU approach with officials from the Cabinet Office on 16 September, and a positive meeting took place.
- Regular covid update reports have been produced for the Group Audit and Risk Committee.
- The team has conducted a number of campus inspections to check covid secure building compliance. These meetings have been accompanied by trade union representatives.
- Health Safety and Resilience has continued to lead the incident management response to any positive cases.
- The Wellbeing Advisor continues to develop a range of online support material to staff.

8.0 Workforce Transformation

A paper was presented to Executive in July proposing that the implementation of the Target Operating Model be managed by way of a 18 month – 24 month Transformation Programme with multiple interconnected workstreams, activities and timings to be aligned with the launch of the new Corporate Strategy. A Programme Board will be constituted in November as part of the governance arrangements.

In September and October, Level 2 transitions of PSG affected areas commenced. It was agreed that due to pressures on the Academic calendar,

clarifying Level 2 Academic areas would take place October onwards. The transition to a single Student Journey Directorate is advancing at pace.

A paper is being drafted outlining the nature of implementation partner required and temporary resources necessary to support the more detailed design work necessary at Level 3 and Level 4 of the Target Operating Model.

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	CONFIDENTIAL
Paper title:	Treasury Management Report
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	03 November 2020
Author(s):	Rebecca Warren, Head of Financial Accounting
Sponsor(s):	Richard Flatman, Group CFO
Purpose:	For Information
Recommendation:	The Committee is requested to note this report

1. Executive Summary

On 30 September 2020 the University Family held total bank balances in current accounts and deposit accounts of £50.2 million and had loans outstanding of £33.6 million.

2. Cash Balances and term deposits

2.1 Details of all the Group's bank and deposit balances at the end of September are shown below.

Bank / Title	Type of Account	Previous Month Balance	30 September 2020	
			Balance Currency	Balance Sterling
		£	€	£
Barclays [LSBU's Main trading account]	Business Account	-		-
	FiBCA	9,711,114		14,723,550
	Euro Currency Account	1,410,119	1,410,114	1,279,805
NatWest	Corporate Cash Manager Plus	7,154,870		657,919
	Euro Currency Account	72,477	79,857	72,477
	Business current account	113,783		113,783
NatWest [Charitable Funds]	Corporate Cash Manager Plus	1,868,685		1,874,241
Lloyds TSB	Corporate Special Account 95-day notice	2,103 10,945,732		2,103 10,948,252
Bank of Scotland	Corporate Deposit Account Corporate Instant Access	5,972,196 198,555		5,972,196 198,555
Federated Investors LLP UK	Sterling Liquidity Fund 3 Sterling Cash Plus GBP	1,882 5,403,581		1,883 5,404,149
Scottish Widows Bank Plc	Deposit Account	612 502		612 502
Barclays	Charity	385		385
Nationwide	95 Day Deposit Account	3,024,501		3,024,501

Total LSBU Funds at Bank

45,881,097

44,274,913

NatWest [SBU Enterprises Ltd]	Business Current Account	0		0
	CCMP	38,783		5,772
Barclays	SBUEL Main current account	20,375		77,359

Total Access & Enterprises Funds

59,158

83,131

Total SBC funds at bank

Barclays

3,573,033

4,183,297

Total SBA Funds at bank	Lloyds TSB	1,756,501	1,668,329
Total of all Funds at Bank		51,269,789	50,209,670

(balances as per the bank statements)

2.2 The table below shows the interest rates currently being earned for our accounts and fixed term deposits.

Bank	Account	Funds held at 30/09/20 £'000	Maturity date	Interest rate %
Natwest	CCMP and current accounts	777	No notice	
Natwest	Euro current account	72	No notice	
Natwest	Charitable funds	1,874	No notice	
Lloyds TSB	Fixed Term Deposit	10,950	95 days	0.20
Lloyds TSB	SBA	1,668	No notice	
Bank of Scotland	Corporate Deposit account	6,171	No notice	
Federated Investors	Liquidity fund	5,406	No notice	variable*
Barclays	FIBCA and other accounts	20,264	No notice	
Nationwide	Fixed Term Deposit	3,025	95 days	0.40

* Variable rate of return (has been between 0.57% - 0.91%; likely to be lower at present)

2.3 The actual interest income for the 2019/20 year was £285,000.

<i>2018/19 actual £'000</i>	<i>2019/20 actual £'000</i>	<i>2019/20 Budget £'000</i>
£267,000	£285,000	£220,000

2.4 A detailed list showing how much the University family holds at each bank and assessment of counterparty limits is shown below. In line with our Treasury Management Policy: the University is permitted to place deposits with banks and building societies operating in the UK which are authorised and regulated by the Financial Conduct Authority and Prudential Regulatory Authority in

accordance with the following credit rating criteria. The minimum rating criteria must be met by at least 2 of the main three credit rating agencies.

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

To maintain sufficient balances in our main current account with Barclays, the policy allows up to £25m to be held with this institution with deposits or term accounts being for no longer than 1 month.

The amount held with Lloyds TSB is at group level and includes rolled over interest and balances held by South Bank Academies and is therefore not a breach of the University Treasury Management Policy.

Bank	S&P	Moody's	Fitch	Band	Maximum deposit in line with TMP £'000	Funds held at 30/09/20 £'000
Natwest	A	A1	A+	1	£10,000	£2,724
HSBC	A+	Aa3	AA-	1	£10,000	-
Lloyds TSB	A+	Aa3	A+	1	£10,000	£12,619
Bank of Scotland	A+	Aa3	A+	1	£10,000	£6,171
Federated Investors	AAAm	N/A	AAA	1	£10,000	£5,406
Barclays	A	A1	A+	1	£25,000	£20,264
Nationwide	A	A1	A	1	£10,000	£3,025

2.5 Deposits maturing

Banks	Deposit (£M)	Rate (%)	Term (Days)	Maturity Date
Lloyds	10.9	0.20	95	95 day notice
Nationwide	3.0	0.40	95	95 day notice

3. Loans

3.1 Loan balances outstanding are £33.6m, including the loans novated from Lambeth College. As follows:

Lender	31/7/19 £'000	30/09/20 £'000	Term	Interest rate	Security
Allied Irish Bank (GB)	3,113	2,641	26.5 years to 2027	6.67% Fixed	Dante Road halls of residence
Barclays Bank 2	3,886	3,575	25 years to 2032	5.67% fixed	McLaren House
Barclays Bank 3	5,000	5,000	To April 2029	5.25 % fixed	
Barclays Bank 4	6,909	6,509	23.25 years to 2032	5.54% fixed	
Barclays Bank 5	3,786	3,415	23 years to 2032	0.225% over Libor	
Barclays Loan Lambeth	13,467	12,292	To 30 th Aug 2035	5.2% fixed + margin 1.65%	
Salix	200	200			None
Total Group loans	36,361	33,632			

As previously reported cashflow in relation to the Group's capital plans and the LEAP project will result in a forecast maximum cash deficit of £14m in the year ending 31st July 2022. The legal completion of a revolving credit facility with Barclays has now taken place with the facility being for £30m for 4 years, subject to extension options. The precise date of utilisation will be dependent on cashflow over the next 12-18 months.

Recommendations

The committee is requested to note this Treasury Management Report.

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	CONFIDENTIAL
Paper title:	2019/20 Strategic Enabler KPIs
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	03 November 2020
Author(s):	Richard Duke, Director of Strategy and Planning
Sponsor(s):	Richard Flatman, CFO
Purpose:	For Information
Recommendation:	The committee is requested to note the update.

Executive Summary

The report provides updates on the 2019/20 Strategic Enabler KPI performance of the university.

Metrics relating to finance and student related metrics are pending final audit approval of accounts and submission of the 2019/20 student HESA return.

Of the 27 KPIs:

- Six are unable to be reported upon against target (two GO measures did not have targets, due to transition from DLHE to GO, two data points are still not available, and two have not been measured in 2019/20;
- Nine are Red rated;
- Four are amber rated;
- Eight are green rated.

This will be reported upon, for the final time at the February 2021 FPR, where all 2015-20 Strategy KPIs will be available. These KPIs are separate from those that have been identified to evaluate against the 2025 Group Strategy.

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Appendix 1: 2019/20 Strategic Enabler KPIs

Corporate Strategy Goals	2020 Success Measures	#	Key Performance Indicators	End of Corporate Strategy Ambition	Past Performance					2019/20				
					14/15	15/16	16/17	17/18	18/19	Green	Amber	Red	Target	Actual / Forecast*
Teaching and Learning	Top 50% of universities for graduate employment / starting salaries.	1	Graduate level employment &/or Further study (EPI population)	80%	68.0%	76.0%	81.8%	87.7%	no data available in 2018/19				N/A first Graduate Outcomes data release Jun-20	68.4%
		2	NSS scores – overall satisfaction (First Degree respondents)	89%	82%	82.0%	82.2%	78.8%	81.8%	84% +	81 - 83 %	< 81 %	84%	80.3%
Student Experience	Top quartile of all universities in NSS	3	International Student barometer (% recommending LSBU)	81%		77%	77%	80%	78%	81% +	77 - 80%	< 77%	81%	no data available in 2019/20
		4	PGT experience (% satisfaction)	82%	74%	74%	71%	71%	71%	76% +	72 - 75%	< 72%	76%	66%
		5	Student Staff Ratio	18:1	19.7:1	20.5:1	19.8:1	16:1	16.5:1	16 - 18:1	15.5 - 15.9 18.1 - 18.5	< 15.5 > 18.5	16 - 18:1	17.2*
Employability	95% students in employment / further study (EPI)	6	DLHE Positive Outcomes; employment or further study (EPI)	95%	90.2%	90.8%	94.6%	95.3%	no data available in 2018/19				N/A first Graduate Outcomes data release Jun-20	92.1%
	Top 10 UK universities for student start ups	7	Number of Student start ups (Active Firms in HE-BCI 4aiv)	150	30	50	45	48	24	65 +	50 - 64	< 50	65	available in January
Research & Enterprise	Top 50% UK for Research & Enterprise Income	8	Research Income (non QR)	£6m	£2.0m	£1.9m	£2.8m	£3.5m	£4.1m	£5.3m +	£4.5 - 5.2m	< £4.5m	£5.3m	£4.1m
		9	Enterprise Income	£19m	£8.1m	£7.8m	£9.2m	£10.9m	£10.5m	£10.7m +	£10 - 10.6m	< £10m	£10.7m	£7m
Access	Top London Modern for LPN recruitment	10	% recruits from low participation neighbourhoods (Young FT FD)	9.0%	7.7%	8.4%	9.2%	8.9%	7.6%	8.0% +	7.7 - 7.9 %	< 7.7 %	8 - 10%	5.5%
		11	FTUG % (w/o HSC contract) recruited before Clearing	90%	75.0%	76.4%	77.2%	78.0%	75.3%	77% +	73 - 76%	< 73%	+77%	78.2%
	Exceed expectations on completion	12	First Degree Completion projection (at or above benchmark)	+3%	-7 %	-5.8%	-5.5%	-1.8%	-4.0%	> 0%	-3 to 0%	< -3%	0%	-3.0%
		13	Year 1 progression (can change due to Jan 2019 2nd Semester Enrolment)	85%	73.1%	77.3%	74.7%	72.4%	73.5%	80% +	75 - 79%	< 75%	80%	79.7%*
		14	Good Honours	63 - 67%	61.2%	66.4%	69.1%	70.0%	70.7%	65 - 70%	71 - 72% 63 - 64%	> 72% < 63%	65 - 70%	71.7%*
15	PGT completion	85%	61.5%	58.7%	69%	61%	66.7%	72% +	68 - 71%	< 68%	72%	66.8%*		
International	4 QS Stars	16	QS Star Rating	4	3 stars	3 stars	4 stars	4 stars	4	4	3	2	4	5
		17	Overseas student income (millions). Includes TNE	£20m	£11.2m	£9.8m	£11.2m	£10.8m	£12.1m	£13.6m +	£12.5 - £13.5m	< £12.5m	£13.6m	£17m
People and Organisation	Rated as a good employer	18	Appraisal completion % (Amongst all eligible staff)	100%	90%	91%	95.6%	85.3%	84.0%	100%	95 - 99 %	< 95%	100%	available in November
		19	Average Engagement Score as a %	75%		58%	62%	61%	66%	70% +	66 - 69%	< 66 %	70%	73%
Resources & Infrastructure	Grow our income by 25% to £170m annually, deliver an operating surplus of 5% and an EBITDA margin of 15%	20	Surplus as % of income	5.0%	0.9%	2.4%	1.3%	1.1%	2%	1.0% +	0.7-0.9%	< 0.7%	1.0.%	1.0%
		21	Income (£m)	£170m	£140.8m	£138.2	£144.5	£146.3	£149m	£152m +	£148 - 151 m	< £148m	£152m	£157.1m
		22	EBITDA margin (EBITDA expressed as % of income)	15.0%	9.2%	11.8%	12.0%	10.7%	11.2%	10.2% +	9.5 - 10.1%	< 9.5%	10.2%	13.1%
	Student satisfaction with facilities & environment in top UK quartile	23	Student satisfaction ratings with facilities & environment (FD)	90%	87.7%	90.0%	87.2%	83.9%	84.9%	90% +	84 - 89%	< 84%	90%	82.3%
24		ICS Service Index %	80%	68%	76%	66%		no data available in 2018/19				80%	no data available in 2019/20	
Overall	Top London Modern university (excl UAL)	25	Times - League table ranking	85	120 / 127	120 / 128	106 / 128	107/132	86/131	90 or higher	91 - 95	96 or lower	90	123 / 131
		26	Guardian – League table ranking	70	111 / 119	107 / 119	92 / 121	78 / 121	68/121	65 or higher	66 - 75	76 or lower	65	93 / 121
		27	Complete University Guide – League table ranking	87	119 / 126	115 / 127	108 / 129	93 / 131	87/131	85 or higher	86 - 95	96 or lower	85	89 / 130

*Student outcome metrics are based on draft 5 of the 19/20 HESA Student return

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Paper title:	Fundraising Compliance Update
Board/Committee	Finance, Planning and Resources Committee
Date of meeting:	3 November 2020
Author:	Michelle Moore, Interim Director of Development and Alumni
Executive/Operations sponsor:	Nicole Louis, Chief Customer Officer
Purpose:	For noting
Recommendation	The committee is requested to note the report detailing how LSBU complies with charity fundraising regulation and guidance.

Executive Summary

LSBU is an exempt charity, regulated by the Office for Students. Each governor is a charity trustee (as well as a company director) and has a set of duties under charity law.

London South Bank University has re-established a fundraising programme that seeks to achieve a sustainable and substantial flow of philanthropic income over the next 10 years.

All fundraising at LSBU requires compliance with three regulatory frameworks:

- a. the Charity Commission's, "CC20, Charities Fundraising: a guide to trustee duties" (referred to throughout the paper as CC20)
- b. General Data Protection Regulation (GDPR)
- c. The Code of Fundraising Practice set by the Fundraising Regulator.

Accountability is delegated to the Director of Alumni and Development, who reports to the Chief Customer Officer. Details on each framework are included within this document.

LSBU remains in a strong position for fundraising in accordance with best practice and low-risk to trustees.

From 2021 onwards, this Fundraising Compliance Report will be included in the Annual Report on Fundraising.

Recommendation

The committee is requested to note the report detailing how LSBU complies with charity fundraising regulation and guidance.

1. CC20 – Charities and Fundraising: a guide to trustee responsibilities

CC20 makes clear that the trustees are legally responsible for fundraising. CC20 develops a number of existing trustees' duties which include:

- acting in the best interests of your charity
- managing your charity's resources responsibly, which includes protecting and safeguarding its reputation
- acting with reasonable care and skill.

The guide recognises that trustees may delegate the operation of fundraising to experienced employees. Where trustees do delegate (as in LSBU) it is necessary for them to maintain appropriate oversight of the activities and receive assurance around systems, controls and compliance. However, as with all areas of LSBU's activity, the trustees remain legally responsible.

The section below sets out how LSBU complies with the six main principles of CC20:

1. **Plan effectively:** "your charity's values should be reflected in its planned fundraising activity, and there should be effective systems in place to monitor implementation of your plan"

LSBU status: The LSBU Fundraising and Philanthropy strategy was approved (with amendments) by the LSBU Executive in 2019. The No Barriers to Brilliance Campaign was launched in November 2019 and outlines that all donation income will be allocated to supporting strategic projects for the benefit of LSBU and Group students. Donations are allocated to student Prizes, Bursaries and Hardship.

The Fundraising Steering Group, consisting of senior leaders from LSBU, with donor and alumni representation, oversees our work.

Progress towards the plan is shared at monthly meetings between the Director of Development and Alumni and the Chief Customer Officer, at quarterly meetings with the Fundraising Steering Group, and through an Annual Report on Fundraising to the Board.

2. **Supervise your fundraisers:** you should have "effective systems in place to keep control of [delegated] fundraising".

LSBU status: The day to day management of fundraising at LSBU is delegated to the Director of Alumni and Development. All fundraisers in the team have industry-standard KPIs which are tracked and managed. The Director of Development and Alumni takes overall

accountability for these KPIs.

3. **Protect your charity's reputation, money and other assets:** you should have "effective systems in place to identify the reputational risks your charity may face and to plan for their management; plan for the charity resources you will use to fundraise; manage and be able to justify your fundraising costs; [and] protect the money raised in your charity's name.

LSBU status: LSBU's Gift Acceptance Policy has now been approved by FPR and outlines the measures we take to protect LSBU's reputation with regards to accepting donations.

The level of fundraising costs required to deliver the Fundraising Strategy will be considered by the executive as a part of budget planning each year.

On a regular basis funds are reconciled and forecast between the Director of Alumni and Development and the Finance Business Services Manager to ensure the appropriate and timely transfer of funds for restricted and unrestricted charitable income. Reports on new funds raised and allocations are presented to the Fundraising Steering Group quarterly, and to the Board annually.

Areas of risk will be regularly reviewed in accordance with existing processes.

4. **Follow fundraising laws and regulations:** you should "have effective systems in place so that your charity fully complies with any legal rules which apply to its fundraising".
5. **Follow the recognised standards for fundraising:** you must "have effective systems in place so that your charity complies with any standards which apply to its fundraising".

LSBU Status: We are now registered with the Fundraising Regulator which outlines all the legal responsibilities, and recognised standards for fundraising which we adhere to. More details are included in section 3 of this report.

6. **Be open and accountable:** you must "have effective systems in place so that your charity's fundraising is explained clearly and openly, fully complies with accounting and reporting obligations, and is appropriately open to challenge by complainants".

LSBU Status: Reporting on fundraising will be included in LSBU's Annual Review and, in line with accounting requirements, in the annual report and accounts.

2. General Data Protection Regulation (GDPR)

Fundraising activity at LSBU is recorded on the Raiser's Edge NXT database. The database is secure and all data is held in accordance with GDPR.

In 2018 LSBU chose to move to an opt-in only model for alumni and supporter marketing. As of October 2020 we have 8648 opted-in contactable alumni (4707 in Jan 2019) and 8811 if you include supporters/others. Our strategy for marketing consent capture is to offer a high quality alumni offer which focuses on being part of an engaging community alongside career focused services.

Quarterly meetings with the LSBU Data Protection Officer ensure our data protection and fundraising processes and activities are compliant.

3. Fundraising Regulator Code of Fundraising Practice

The Fundraising Regulator is the independent regulator of all fundraising carried out by or on behalf of charitable, philanthropic and benevolent organisations in England, Wales and Northern Ireland. All fundraising must be legal, open, honest and respectful.

LSBU is registered with the Fundraising Regulator and therefore commits to the Fundraising Code of Practice and the Fundraising Promise.

Mass fundraising, where smaller donations (e.g. £10 to £500) are sought from a large population is most heavily regulated. At the current time LSBU is not carrying out any mass fundraising. Our approach is to focus on major gift fundraising which is more bespoke.

The entire alumni and development team have received training and guidance on the full details of the Fundraising Code of Practice. We did not use any third parties or external companies to carry out any fundraising for LSBU.

We have a publically available complaints process which is online and to date we have received no complaints.

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