

Meeting of the Board of Directors of South Bank University Enterprises Ltd

3.00pm on Tuesday, 26 March 2013
held in 1B27, Technopark, London South Bank University

<i>Item</i>	Agenda	<i>Paper No.</i>	<i>Presenter</i>
1.	Welcome and Apologies <ul style="list-style-type: none"> • To welcome Julian Beer 		Chair
2.	Declarations of Interest <i>Directors are required to declare any interest in any item of business at this meeting</i>		Chair
2.1	Disclosure of Interests declaration	UE.01(13)	Chair
3.	Minutes of the meeting of 9 November 2012 (to approve)		Chair
4.	Matters Arising		Chair
4.1	Group policies (to ratify)	UE.02(13)	Chair
Business Matters			
5.	CEO's business update (to note)	Verbal report	CEO
6.	SBUEL Projects (to note)	UE.03(13)	CEO
7.	Enterprise Centre (to note)	UE.04(13)	CEO
8.	Management Accounts (to note)	UE.05(13)	Accountant
9.	Pension scheme (to approve)	UE.06(13)	EDF
Governance			
10.	Recruitment of Non-Executive Directors (to approve)	UE.07(13)	CEO
11.	Internal Audit report on University Enterprise (to review)	UE.08(13)*	CEO
12.	Risk Register (to review)	UE.09(13)	CEO
13.	Any Other Business		Chair
14.	Date of Next Meeting – Tuesday 26 March 2013 at 3.00pm		Chair

* Paper to follow

Members: James Smith (Chair), Julian Beer, Richard Flatman, Tim Gebbels (CEO) and Beverley Jullien.

In attendance: Solicitor and Accountant.

Conference call details: Please dial 0800 917 1956 and enter 57485113# when requested.

Minutes of a Meeting of the Board of Directors
of South Bank University Enterprises Ltd
held at 2.30pm on Friday 9 November 2012
in Room 1B16, Technopark, London Road, London SE1

Present

James Smith Chairman

Richard Flatman

Tim Gebbels CEO

Beverley Jullien

In attendance

James Stevenson Company Secretary

Rebecca Warren Accountant for South Bank University Enterprises Ltd.

Stephen Wells Director of Estates and Facilities (*for minutes 17-20*)

Michael Broadway Governance Officer

Welcome and apologies

1. No apologies had been received.

Annual Declarations of Interest

2. The Board noted the declared interests of the directors in the register of directors' interests. (paper **UE.39(12)**).
3. The Board authorised the declared interests in the register, with the following specific discussions.
4. The Board discussed the directors' relationships with London South Bank University (the parent company) and noted that as all directors were conflicted, the parent company would be asked to authorise these conflicts.
5. The position of three directors as directors of the London Knowledge Innovation Centre was authorised by the unconflicted director under Article 14.3.

James Smith left the meeting. Richard Flatman took the Chair.

6. The Board noted that James Smith had declared an interest as Chairman of the Carbon Trust and that it was possible that the Carbon Trust may be in competition with SBUEL in the future. The Board considered that the frequency of actual

conflicts arising was low. The Board agreed that this was an acceptable and manageable risk. The Board authorised the situation on the basis that James Smith would immediately declare to the Board if he became aware of an actual or potentially competitive bid for work by the Carbon Trust. The Board requested the CEO to notify the Board if he becomes aware of any potential conflict.

James Smith returned to the meeting.

7. The Board explained to James Smith the conditions attached to the authorisation of his interest as Chairman of the Carbon Trust.

James Smith took the Chair.

Interests in matters on the agenda

8. All directors declared an interest in the item on the statutory accounts and the decision regarding the level of payments to gift aid to the University. It was agreed that the Board would recommend the level of gift aid based on the future business needs of the company and that the parent company would be asked to ratify the decision.

Minutes of the last meeting

9. The Board approved the minutes of the meeting of 14 September 2012.

Matters Arising

10. The Board noted that Solion had accepted the company's repayment schedule and that the company was on track to recover the outstanding loan.

CEO's Business Update

11. The Board noted an update from the CEO, covering the ACCA course; the relaunch of the Knowledge Transfer Partnerships programme; the commercial enterprise pipeline; and engagement with student enterprise. The Board queried the desirability of starting a project in Bahrain, which should be approved as appropriate within the University. The Chairman thanked the CEO for his report.

Management Accounts

12. The Board noted the company's management accounts to 31 October 2012 (paper **UE.40(12)**), showing a profit of £145,000. University enterprise management accounts were being developed with the LSBU finance team.

Recruitment of Non-Executive Directors

13. The Board discussed the proposed candidates for the non-executive director vacancies on the Board (**UE.41(12)**). The Board approved the proposed skills matrix, subject to clarifying the scope of "B2B" for SBUEL.
14. After due consideration of the skills matrix and the skills required on the Board, it was agreed that Julian Beer should be approached to discuss the role with the Chairman and CEO.
15. For the remaining vacancy, the Board requested the long list to be revised with the inclusion of Val Lowman, Marjorie Scardino and Ruby McGregor-Smith for consideration.
16. The Board noted the proposal to establish an advisory Enterprise Panel within the University.

Lettings Business

Stephen Wells entered the meeting

17. The Board discussed an update on the lettings business (paper **UE.42(12)**). It was noted that commercial lettings were a significant part of the company's income and managed through Estates and Facilities.
18. The Board approved the recommendation for LSBU to grant an overriding lease to SBUEL for all tenanted accommodation.
19. The Board ratified the agreement dated 1 November 2012 between SBUEL and Business Extra to vary the Shareholder's agreement dated 10 November 2005 relating to London Knowledge Innovation Centre (LKIC). SBUEL would then take over the leases with LKIC's existing tenants. The transfer of one employee from LKIC to SBUEL under TUPE was noted. The CEO was requested to update the Board on the proposed management arrangements of these tenants.

20. The Board approved the proposed approach for contracting out the management of commercial lettings, including those in Technopark and the new Enterprise Centre. Detailed plans will be brought back to the Board for further approval.

Stephen Wells left the meeting

Group Policies

21. The Board noted the list of University policies (paper **UE.43(12)**) and requested that the policies relating to SBUEL are circulated to the Board for approval. The Board also requested that the University policies on anti-fraud; bribery; speak up; and risk management are circulated to the Board for approval.
22. The Board approved the amended Travel Policy.

Intellectual Property and Spin Out Company matters

23. The Board noted an update on intellectual property and spin out company matters (paper **UE.44(12)**).
24. It was reported that a review of how intellectual property was managed in the University was being undertaken and that the Board would be updated of progress.
25. The Board discussed the class action which had been brought against FitFlop in the United States. Although SBUEL or the University are not parties to the claim it was noted that research had been undertaken by SBUEL under contract to FitFlop Ltd. The University's external lawyers had been instructed to advise on the depositions requested by the parties to the litigation.
26. It was noted that the limited liability clauses in SBUEL's contracts with FitFlop would be reviewed.

Key Issues Memorandum

27. The Board noted the key issues memorandum (paper **UE.45(12)**), issued by Grant Thornton, the University's external auditors and which reports significant issues arising from the audit of the University's and SBUEL's accounts. It was noted that the key issues memorandum had been discussed in detail at the University's audit committee. There were no material issues to report relating to SBUEL.

Letter of Representation

28. The Board approved the letter of representation (paper **UE.46(12)**) and authorised the Chairman to sign on its behalf at the same time as the accounts were signed.

Statutory Accounts to 31 July 2012

29. The Board noted the statutory accounts to 31 July 2012 (paper **UE.47(12)**). After due consideration the Board recommended the Gift Aid payment as set out in the accounts to the University. The Board noted that this is subject to ratification by University (as the parent company) as each director is conflicted (see minute 8 above).

30. The Board approved the accounts subject to the ratification by the parent company and authorised any director to sign on its behalf at the University Board meeting of 22 November 2012.

Secretary's note: The gift aid payment was ratified by the University on 22 November 2012 and the accounts signed on the same day.

Risk Register

31. The Board noted the update risk register (paper **UE.48(12)**). It was noted that the risk register would be reviewed following the class action against FitFlop.

Enterprise Week

32. The Board noted that the week commencing 12 November 2012 was Enterprise Week at the University and requested to receive details.

Date of next meeting

33. The date of the next meeting was noted as Tuesday 26 March 2013 at 3.00pm.

There being no further business, the Chairman closed the meeting.

Approved as a true record:

.....
Chairman

	PAPER NO: UE.01(13)	
Board:	Board of Directors	
Date:	26 th March 2013	
Paper title:	Disclosure of Interest Declaration	
Author:	James Stevenson, Company Secretary	
Recommendation:	That the Board authorises the declared interest.	
Matter previously considered by:	N/A	N/A
Further approval required?	None	N/A
Communications – who should be made aware of the decision?	N/A	

Executive summary

1. Under the Companies Act 2006, directors have a duty to avoid a "situation" in which they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of SBUEL, unless this has previously been authorised by the Board.
2. Julian Beer, the newly appointed non-executive director, has declared a number of interests which are detailed in Appendix 1.
3. Tim Gebbels has declared an interest as a director and sole member of Tim Gebbels Ltd, a dormant company.
4. The Board are requested to authorise the declared interests.

Appendix 1

Julian Beer					
Organisation with which connected	Sector	Relationship with organisation	As of date	Notes	Date authorised by Board
Plymouth University	HE	Pro Vice Chancellor			
Tamar Science Park Ltd	Business park	Director	22/06/2006		
University of Plymouth Enterprise Ltd	University trading company	Director	14/02/2007		
The Centre of Leadership and Organisational Excellence Ltd		Director	07/03/2007	Non-trading company	
Plymouth Marine Sciences Partnership		Director	14/07/2009	Non-trading company	
IC03 Ltd	Software consultancy	Director	06/07/2012		
225 Degrees Ltd	Architectural & Engineering	Director	18/10/2012		
South West European Partnership		Director	18/10/2012		

	PAPER NO: UE.02(13)	
Board:	Board of Directors	
Date:	26 th March 2013	
Paper title:	Group Policies	
Author:	James Stevenson, Company Secretary	
Recommendation:	That the Board ratifies the group policies	
Matter previously considered by:	Board of Directors	9 th November 2012 & via email
Further approval required?	None	N/A
Communications – who should be made aware of the decision?	N/A	

Executive summary

1. At its meeting of 9th November 2011 the Board noted a list of University policies and asked for the policies to be circulated to Board members for approval. The following policies were circulated to Board members and approved:
 - a. University Health and Safety Policy
 - b. Fire Procedures Guidance Note
 - c. Business Continuity Management Framework
 - d. Driving at Work Policy
 - e. Anti-Fraud Policy
 - f. Anti-Bribery Policy
 - g. Speak Up Policy
 - h. Risk Strategy

2. The Board is requested to ratify the approval of these policies as company policies.

	PAPER NO: UE.03(13)	
Board:	South Bank University Enterprises Ltd	
Date:	26 th March 2013	
Paper title:	Reports on individual SBUEL projects	
Author:	Rebecca Warren, Accountant	
Recommendation:	For the Board to note the report	
Matter previously considered by:	N/A	N/A
Further approval required?	None	N/A
Communications – who should be made aware of the decision?	N/A	

The Board is requested to note the reports on the five largest projects in SBUEL.

Explanatory notes

The actual transactions on the reports run over the entire lifetime of the report to the end of February 2013. At the time of writing (18th March) none of the reports had any transactions in March 2013.

Income is shown in the reports as negative, and expenditure as positive. The income shown against each year in the table is the released income - the unreleased deferred income balance appears in the box below the table. None of the projects have any income invoices outstanding, but an invoice is about to be raised for project 7321 - this has been incorporated into the forecast.

The forecast has been prepared on the assumption that all deferred income will be released during the year. There is no forecast for project 7626 because the plans for the remainder of the year are currently under negotiation.

The only project for which it is certain that there will be activity in 2013-14 is project 7625, which has a contract for income covering the first quarter of 2013-14. (This quarter has not been incorporated into the forecast, which runs only until July 2013).

In addition to the reports on the individual projects, a list is included of the current deferred income balance on all projects.

BUSINESS

2690 7321 R+D INITIATIVE-PHASE II	-	22,667
-----------------------------------	---	--------

ESBE

3530 7426 BRITISH NUCLEAR GROUP	-	40,251
3530 7491 MIXED	-	35,672
3630 7493 TUBE LINES	-	45,690
3630 7495 PARSONS BRINKERHOFF LTD	-	2,183
3530 7593 FITFLOP LTD	-	7,744
3630 7618 Cereb hire	-	600
3700 7619 SALSA - Audit	-	2,601
3630 7622 TESCO	-	42,802
3330 7624 Various - Fingerprint	-	3,174
3530 7625 SO 769 Adas	-	46,618
3530 7626 High Tech Health	-	96,673
3630 7631 BOND RETAIL LTD	-	6,851
3630 7639 SUSTRAN - CCT CYCLING CITIES	-	7,781
3530 7646 MMV SENSE PROJECT	-	362
3630 7655 Name Drop SARL	-	8,009
3530 7658 Stuff of Life - Graduated Compression trials	-	1,633
3530 7662 BIOPOLYMER NETWORK LTD	-	570
3630 7664 GREENER COOLING TEST2	-	27,770
3330 7665 Bicycle Bell Development - Prototypr and design	-	1,806
3700 7666 Food Inspectors - Betty Tv	-	365
3530 7668 ADEJOKE ABUDU -- MUFFIN INGREDIENTS TESTING	-	1,559
3630 7670 ROYAL ACADEMY OF MUSIC - AUDIOMETRY TESTING	-	3,508
3700 7671 Bakery Trials - MILLBO Spa	-	1,455
3700 7672 KX NUTRIONAL DECLARATIONS	-	170
3630 7673 AUDIOMETRY TESTING	-	728
TOTAL ESBE		-386,574.65

HEALTH

4210 7570 CWDC - REFRESHER COURSE	-	8,768
4110 7653 Various- Clinical Skills Lab	-	156
4410 7674 INTERNATIONAL CENTRE FOR CAPACITY DEVELOPMEI-	-	1,667

OTHER

7480 7649 London metropolitan university- Emerald consolidated accou-	-	10,003
5510 7660 Lubelskie Development Strategy - World Bank	-	6,287
6450 7987 TESTING OF ATHLETES	-	397

TOTAL

-	436,519
---	----------------

The five projects in boxes are the subjects of individual reports.

PROJECT 7321: Ehrenberg Research and Development Initiative

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Grand Total
	Year ended 31 July:	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Grand Total	
1040	Research Grants & Contracts	- 709.17	-53,455.59	-225,135.09	-84,990.56	-354,513.76	-147,992.91	-136,725.00	-132,974.99	-147,750.02	-150,083.33	-155,208.33	-150,083.33	-116,875.01	-35,250.00	-1,891,747.09	
2000	Academic - Permanent staff											109,733.75	112,353.63	116,047.61	31,818.46	369,953.45	
2020	Academic - Temporary staff		30,197.81	133,595.63	33,768.11	115,715.19	143,112.35	114,547.42	113,501.88	117,567.99	118,478.76	6,699.32	8,696.52	10,367.98		946,248.96	
2200	Support - Permanent staff		11,409.21	48,803.88	24,913.45	28,814.74	27,634.92	30,171.20	31,419.41	17,778.95	13,227.22	13,837.83	14,112.34	6,796.12		268,919.27	
4009	Staff related			2,177.32	1,921.81	2,301.05	5,559.18	1,656.28	578.31	1,923.74	1,982.97	4,037.28	4,208.39	3,905.93		30,252.26	
4010	Marketing and PR		116.96	305.73	239.84	821.58	555.85	859.22	401.86	1,180.46	205.92	365.00	624.27	123.69		5,800.38	
4013	Student Related			186.92	247.93	235.84	65.71									736.40	
4015	Equipment			3,785.42	4,710.00	3,242.50	1,924.14	2,621.21	84.97	- 430.50	1,578.19	172.40	863.41	539.26		19,091.00	
4045	Financial			30.00		- 73.44	491.27	930.72	1,006.17	424.67				7.00		2,816.39	
4050	Communications					1.68										1.68	
4055	Legal & Professional							6,535.90	2,100.00							8,635.90	
4056	Subscriptions and Membership Fees			7,192.00	6,976.00	7,500.00	1,542.00	5,062.50	5,349.17	7,905.83	8,856.60	1,200.00	10,395.00	9,590.00		71,569.10	
4058	Photocopying and Stationery			869.38	143.47	729.59	731.97	332.71	90.34	895.34						3,792.80	
4060	Other		750.00	1,226.81	41.69		880.84	274.01	80.00	117.22		143.75	109.05	24.96		3,648.33	
9998	Internal Overheads	709.17	10,981.91	26,962.00	12,028.26	15,615.67	17,249.00	17,556.90	14,577.35	13,075.72	12,676.69	10,842.13	13,002.17	12,168.18	1,698.71	179,143.86	
	TOTAL EXPENDITURE	709.17	53,455.89	225,135.09	84,990.56	174,904.40	199,747.23	180,548.07	169,189.46	160,439.42	157,006.35	147,031.46	164,364.78	159,563.73	33,524.17	1,910,609.78	
	Profit for year (shown negative) or loss (positive)	-	0.30	-	-	-179,609.36	51,754.32	43,823.07	36,214.47	12,689.40	6,923.02	- 8,176.87	14,281.45	42,688.72	- 1,725.83	18,862.69	

2012-13 full year forecast	Lifetime forecast to 31 July 2013
- 68,096.66	- 1,924,593.75
53,818.46	391,953.45
	946,248.96
	268,919.27
	30,252.26
	5,800.38
	736.40
	19,091.00
14.00	2,823.39
	1.68
	8,635.90
	71,569.10
	3,792.80
	3,648.33
2,848.71	180,293.86
56,681.17	1,933,766.78
- 11,415.49	9,173.03

To period 7 inclusive

Income shown in the table is released income.

Current balance of deferred income:

- 22,666.66

Staff working for project:

DAG BENNETT

50% FTE

LU HENFREY

PROJECT 7625: Fitflop

		2010	2011	2012	
	Year ended 31 July:	2011	2012	2013	Grand Total
1040	Research Grants & Contracts	- 19,774.97	- 47,870.72	- 32,359.09	- 100,004.78
2000	Academic - Permanent staff		20,307.45	12,649.18	32,956.63
4009	Staff related	636.72	1,471.65		2,108.37
4013	Student Related		277.00		277.00
4015	Equipment			571.66	571.66
4060	Other		296.94		296.94
9998	Internal Overheads	19,138.25	25,517.68	19,138.25	63,794.18
	TOTAL EXPENDITURE	19,774.97	47,870.72	32,359.09	100,004.78
	Profit for year (shown negative) or loss (positive)	-	-	-	-

2012-13 full year forecast	Lifetime forecast to 31 July 2013
- 91,976.93	- 159,622.62
21,941.36	42,248.81
-	2,108.37
-	277.00
571.66	571.66
-	296.94
25,517.67	70,173.60
48,030.69	115,676.38
- 43,946.25	- 43,946.25

To period 7 inclusive

Income shown in the table is released income.

Current balance of deferred income:

-	46,617.84
---	-----------

Staff charged to project:

Darren James

50% FTE

Project 7626: High-Tech Health

		2010	2011	2012	
	Year ended 31 July:	2011	2012	2013	Grand Total
1040	Research Grants & Contracts	- 31,674.38	- 84,804.44	- 27,382.80	- 143,861.62
2000	Academic - Permanent staff		26,286.47	6,368.62	32,655.09
2020	Academic - Temporary staff		1,048.88		1,048.88
4009	Staff related		300.34		300.34
4013	Student Related			52.00	52.00
9998	Internal Overheads	31,674.38	57,168.75	20,962.18	109,805.31
	TOTAL EXPENDITURE	31,674.38	84,804.44	27,382.80	143,861.62
Profit for year (shown negative) or loss (positive)		-	-	-	-

To period 7 inclusive

Income shown in the table is released income.

Current balance of deferred income:

- 96,672.75

PROJECT 7426: SELLAFIELD LTD

		2005	2006	2007	2008	2009	2010	2011	2012				
	Year ended 31 July:	2006	2007	2008	2009	2010	2011	2012	2013	Grand Total	2012-13 full year forecast	Lifetime forecast to 31 July 2013	
1040	Research Grants & Contracts	- 114,168.08	-199,213.66	-301,205.21	-236,600.00	-191,699.00	-278,412.00	-232,770.77	- 99,906.64	-1,653,975.36	- 140,158.02	- 1,694,226.74	
2000	Academic - Permanent staff					178,897.11	197,655.54	177,223.28	86,186.44	639,962.37	126,382.82	680,158.75	
2020	Academic - Temporary staff	70,655.21	153,372.71	170,150.93	188,397.82	0.00				582,576.67	-	582,576.67	
4009	Staff related		399.00			1,716.20	416.00	2,424.14	236.75	5,192.09	236.75	5,192.09	
4010	Marketing and PR			1,585.00						1,585.00	-	1,585.00	
4013	Student Related	1,455.86	1,881.98		195.76	23.95	138.00	- 313.06		3,382.49	-	3,382.49	
4015	Equipment	16,028.38	8,403.46	2,555.69	4,136.71	3,634.01	11,408.73	3,283.21	2,048.65	51,498.84	2,048.65	51,498.84	
4020	Computing								- 270.00	- 270.00	- 270.00	- 270.00	
4045	Financial			19.50		22.00				41.50	-	41.50	
4050	Communications					47.58				47.58	-	47.58	
4055	Legal & Professional		2,100.00			188.02				2,288.02	-	2,288.02	
4058	Photocopying and Stationery						383.57			383.57	-	383.57	
4060	Other	422.74	145.60	5,898.00	16.86					6,483.20	-	6,483.20	
9998	Internal Overheads	25,605.89	32,910.91	130,139.99	94,640.00	76,679.60	68,410.16	50,153.20	11,704.80	490,244.55	11,704.80	490,244.55	
	TOTAL EXPENDITURE	114,168.08	199,213.66	310,349.11	287,387.15	261,208.47	278,412.00	232,770.77	99,906.64	1,783,415.88	140,103.02	1,823,612.26	
	Profit for year (shown negative) or loss (positive)	-	-	9,143.90	50,787.15	69,509.47	-	-	-	129,440.52	- 55.00	129,385.52	

To period 7 inclusive

Income shown in the table is released income.

Current balance of deferred income:

- 40,251.38

Staff working for project:

Tony Averill 40% FTE

Paul Holborn Full-time

James Ingram Full-time

	PAPER NO: UE.04(13)	
Board:	Board of Directors	
Date:	26 th March 2013	
Paper title:	Enterprise Centre	
Author:	Tim Gebbels, CEO	
Recommendation:	That the Board note the progress on the opening of the Enterprise Centre for September 2013	
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?		

Executive Summary

The Board is requested to note the update on progress of the Enterprise Centre.

1. Introduction

The renovation of the listed Georgian terraces and former public house at St Georges Circus is well underway. Work commenced on site on 23rd July 2012 and practical completion is formally scheduled for 29th July 2013 with occupation planned from September, to correspond with the start of the new academic year.

The intended use of the new building, once renovation is complete, is as an Enterprise Centre for the University, housing the University Enterprise team, our student and graduate entrepreneurs and a number of business tenants using the Centre as an incubator to support the early stage growth of their businesses.

The Full Business Case for the Enterprise Centre, approved by the University's Board of Governors, set out the detailed capital costs of the build and subsequent fit-out for occupation. However, there is no business model or operating plan yet established or approved for how the Centre will operate once it is opened.

This paper sets out the process for developing a business plan for the new centre and a marketing plan for securing the new tenants needed to populate it.

2. Development of the Plans

As reported to the Board at its November meeting, from 1st February, SBUEL has taken over the operation of the second floor of the Technopark, which is operated as a business incubator, from the London Knowledge and Innovation Centre. It is intended that the Technopark and the Enterprise Centre will be operated as an integrated offer to businesses, allowing us to develop offers to tenants that can support them through several stages of business growth.

To undertake the development of the plan, we have recruited a consultant, Rex Pengilly, initially until the end of May, to develop the following key deliverables:

- Business Model – to set out the details of the different service offers, pricing plans, contract terms and conditions that will be offered into the market. By end April
- Integrated Business Plan – setting out business objectives, delivery options, financial forecasts and resource needs. The Business Plan

needs to contain sufficient detail to allow the University to approve the operating model of the Enterprise Centre. By end April.

- Management Plan – a detailed operational plan for delivery of the business plan, identifying the distribution of responsibility for all aspects of delivery, including which elements of service provision are to be outsourced from within or even outside the University. By end April
- Procurement Plan – for any element of service provision to be outsourced outside the University, a procurement plan will be required. By end April
- Marketing Plan – a detailed plan for recruiting tenants to occupy the building from its opening. By end May.

In addition, the consultant has been asked to assess whether it would be attractive to extend the University's provision by taking over the operation of another proposed incubator locally. The purpose would be to extend the breadth of offer the University can make to growing businesses, particularly by lengthening the time that we can accommodate tenants before they outgrow our spaces.

Once all the plans are in place, and until permanent provision has been put in place to deliver them on an on-going basis, the consultant will be retained on an interim basis to ensure a successful launch.

3. Progress to date

Progress against the project milestones set out above is good. First drafts of the Business Plan and the Business Model will be produced for internal consultation by Friday 22nd March and progress is on track to produce a final integrated model (incorporating the business model, business plan and management plan) by 30th April.

Key remaining matters to resolve:

- Development of the marketing plan – kick-off meeting 25th March
- Specification of the ICT provision – Follow up meeting with external suppliers scheduled for immediately after Easter.
- Agree post completion works to make minor changes to room layout (Business Centre) – discussions with E&F ongoing.

Attached at Appendix 1 is a progress report in which the consultant sets out his preliminary conclusions. Appendix 2 is a project “snapshot” as at 15th March.

4. Wider Engagement

Establishing the Enterprise Centre as a successful landlord for business start up tenants is necessary but it is not sufficient, however, if we are to achieve our ultimate aims. The Full Business Case for the projects asserted that the Enterprise Centre represented:

“A statement of our commitment to enterprise, and a conduit to link the University and local business community”

Beyond our role as landlord, we are exploring other ways to add value and to build a community that includes tenants, other local businesses, students (especially but not exclusively student entrepreneurs) and academics.

For example, we are seeking ways to establish a large and “different” events programme open to both tenants and the local business community. We will develop our own events and will share our established student enterprise activities more widely. But we also need to source events more widely and stimulate new ideas and suggestions to develop an innovative programme beyond the standard seminar. To do this, we are proposing to develop a crowd-sourcing approach to creating an expanded events programme, offering free room rental for external events of value to tenants or the business community.

In addition, we are actively engaging local organisations, including both Southwark and Lambeth Councils and Capital Enterprise, to explore how best to engage the community and encourage its use of the Enterprise Centre. This community needs to be supported with face to face space and activities, but also online, and potentially also linked to other entrepreneurial communities.

We are also exploring the development of a Business Advice Centre based on the model established by the Law Advice Centre (and perhaps incorporating it). This might range from the academic/student volunteer model linked to an accredited professional development module as per the law centre, through external mentoring to, at the other extreme, advice delivered by local professionals *pro bono* or as a vehicle for seeking new clients.

5. Recommendations

That the Board:

- Notes the progress being made towards opening the Enterprise Centre

Draft Report

Title: Enterprise Centre

Period: February 18th – March 15th

Prepared for Tim Gebbels

Location LBSU- SBUEL

Prepared by RP Date 14/03/2013

Purpose: The purpose of this report is to set out in summary terms where we are with our operational and occupancy plans for the Enterprise Centre.

Construction Project Status: .The current situation with the construction project is that Practical Completion is still expected on or before the 29th July. The Post Practical Completion Works (including any Post Practical Client Changes) are still expected to start on the 29th July and be completed by the 1st September. This is as set out in the G&T Interservice Programme, dated 30/01/2012. Source: Meeting between Roger Tuke and Rex Pengilly 20th February.

How SBUEL will operate the Enterprise Centre: SBUEL will incorporate the new Enterprise Centre into a single portfolio in order to create a coherent “ecosystem” throughout the two resources Technopark and the Enterprise Centre.

SBUEL will lease the new development from the University through LSBU E&F. SBUEL are currently awaiting draft lease proposals from LSBU E&F. SBUEL will then develop a suite of lease arrangements and single desk agreements to cover the space options that will be offered to the tenants. Currently SBUEL is awaiting confirmation from LSBU E&F that Granby Martin has been appointed to assist with the development of this element.

It is intended that SBUEL will provide a range of ‘layered’ offers to maximise the fit and flexibility of both locations (Technopark and the Enterprise Centre). The range of space options that will be offered currently include, but ultimately not limited to:

- 3 year, Unfurnished Self Contained Units with basic ICT provision & Quarterly Notice
- 3 year, Unfurnished Open Plan Space with basic ICT provision & Quarterly Notice
- 3 year, Furnished Self Contained Incubator Units with basic ICT provision& Quarterly Notice
- 3 year, Furnished Open Plan Space with basic ICT provision& Quarterly Notice
- 1 year, Unfurnished Self Contained Units with basic ICT provision & Monthly Notice
- 1 year, Unfurnished Open Plan Space with basic ICT provision & Monthly Notice
- 1 year, Furnished Self Contained Incubator Units with basic ICT provision& Monthly Notice
- 1 year, Furnished Open Plan Space with basic ICT provision& Monthly Notice
- Rolling Monthly Agreements for Single-Desk Users
- ‘Virtual’ Tenancy Agreements

Within these lease arrangements and rental agreements provision will be made for regular (probably annual) rent reviews and customised provision of the ICT provision. Other additional valued added services are currently being considered and these include advice on Statutory Compliance, Health & Safety, Insurance Handling and provision of a Banking Money Management and ATM facility within one of the public areas (Probably 2nd Floor landing).

At a recent meeting between LSBU E&F and SBUEL (06/03/2013 IM/TG/RP) the provisional space rental space at the Enterprise Centre for SBUEL would be set at the same rate as Technopark (£25.00persqft/pa). It was also discussed that this new space would be charged out by SBUEL at the

same rate as Technopark , £41.00psqft/pa. The provisional rent for a single user desk was agreed to be £275.00pm (incl. of ICT) for yr1, shifting to £300.00 (£275.00+ £25.00 for ICT services) in yrs2 & 3. This arrangement also serves to preserve the concept of the single SBUEL “ecosystem” rather than allowing a two tier system to emerge.

Proposed Tenant Profile for Technopark and the Enterprise Centre: SBUEL have reviewed the existing Technopark tenant profile and as a basis for moving forward have prepared a likely, preferred tenant profile for new tenants for either facility. This process considered a wide range of criteria but in the end settled on just two. This was to endeavour to achieve a balance, maximising quality of “fit” while minimising unnecessary constraints.

The first criterion is lifecycle stage. It was decided against pure start-up – unless created through the University itself, for example, through the Student Enterprise programmes. Instead, for the Enterprise Centre, we are looking at businesses in the second stage of growth: moving out of the spare bedroom and into their first office and growing up to 5-7 employees. At 7 to 10 employees, the tenant businesses would be encouraged to grow-on, moving them to Technopark and then when they reach a size of 30-50 employees, consideration will need to be given as to how they can be accommodated by providing further grow-on space elsewhere on or off the campus or lose them from the University and possibly the Borough. This may well provide the University to address and challenge certain of the Planning Permission constraints.

The second criterion looked at was sectoral fit. A first attempt has been made to identify the sectors where the greatest synergy with the University might arise. These include, but may not be limited to:

- Engineering Design and Development
- Built Environment and Environmental (Engineering Acoustics, Refrigeration, Building Services & Env Engineering)
- Architecture
- Law
- Business Professional Services
- Digital Platforms, Computer Games and Games Culture
- Web Services (Internet, Software & Services)
- Healthcare
- Medical Products
- Sports
- Food and Nutrition

How is it going to work? At this stage no final decision has been arrived at. Currently 4 scenarios are being considered and worked-up as part of the draft Business Model and draft Business Plan. The draft Business Model and draft Business Plan are due to be issued for review and comment on the 22nd March with the Final Integrated versions of both being agreed and issued by the end of April.

Within the scenarios being prepared the following options included:

- The SBUEL team will move from the 2nd floor within Technopark to occupy the Duke of Clarence open plan areas on the 2nd and 3rd floors
- This will free up c1500sqft within Technopark which can be refitted and offered as flexible, small, medium and large incubator suites. This space will be vacant from September and plans to back fill it with new tenants will be included within the Marketing Plan. A calculation to allow for the ‘Carry Cost of Vacant Space’ will be included within the Final versions of the Business model and Business Plan
- The Student Enterprise space could be moved to the 1st Floor of the London Road wing (open plan space). This serves two issues. It keeps the Student Enterprise operation close to

Intellectual Property and also meets the desire to have a busy and vibrant community within the Enterprise Centre from the outset.

- This will free up c20000sqft within Technopark which can also be refitted and offered as additional, flexible, small and medium incubator suites. This space will similarly be vacant from September and plans to back fill it with new tenants will be included within the Marketing Plan. A calculation to allow for the 'Carry Cost of Vacant Space' will be included within the Final versions of the Business model and Business Plan
- It is possible that three of the larger and expanding existing tenant companies will want to take space in the Enterprise Centre. Two of these could take up the 2nd Floor of the London Road wing (open plan space). This again serves two issues. It offers these organisations larger, possibly more suitable space on campus and/or within the Borough. In looking to expand there is always the risk that these organisations will select to move away and the University lose their Business/involvement. It also provides an inspirational bridge putting successful entrepreneurs in the same environment as new aspiring ones. The third tenant company could consider moving to take up one of the largest unit on the 1st Floor of the Borough Road wing.
- The impact of these moves on Technopark and SBUEL overall is being studied and should the moves be agreed and happen then again the areas occupied by these organisations within Technopark will similarly be vacant from September with the attendant issues already listed.
- The concept of the 1st floor interactive area (97sqm) has been reviewed and currently this is being viewed as being operated as a Business Lounge available free to Enterprise Centre and Technopark tenants and on subscription to others including businesses external to the University. Similar charging arrangements for University usage for the Café, Gallery and Garden areas are being developed as mechanisms for the recovery of Vice Chancellor Waivers. .

How will the larger portfolio, Technopark and the Enterprise Centre be managed: It is proposed:

- LBSU will provide the Hard and Soft FM services and on-going Maintenance to both units.
- Adrian Tindall SBUEL will take over the Tenant Management and the Intelligent Client FM roles for the SBUEL portfolio. It is assumed that this increased responsibility and expanded role will result in a promotion and that Adrian will require an Assistant FM Co-ordinator to be appointed to help him.
- Through LBSU E&F, Granby Martin (who already have worked for LKIC and the University) will be appointed by LBSU E&F to assist with the formal development of the new lease arrangements and the rolling-monthly agreements.
- LBSU ICT will provide through Data Integrators(who already work for the University) the ICT services and on-going Maintenance of the same to both units
- Associated legal services will be provided through the University's appointed legal advisors.

This will simplify the procurement process relating to the services and support that may be required from external sources and should avoid additional external procedures. There will still be the need to develop Operational Performance Service Level Agreements to protect the best interests of the SBUEL and the University.

Addendum:

Present breakdown of the existing Technopark tenants:

- Charity 20.5%
- Consumer Goods 4%
- Healthcare 8%
- Industrial Goods
- 8%, Services 14%

- Support Services 2.5%
- Technology 27%
- Travel & Leisure 7.5%
- Unallocated 9.5%.

Technopark Incubator Space Data

- Total space available (19,050sqft)
- Annual rental paid to SBUEL (£599,901.00)
- Individual tenants (39),
- Unoccupied (6 vacant units)
- Combined economic output of the existing Technopark tenants = £29,347,791.00
- Number of jobs created (32) in the past 12 months.

Report	02	Draft Project Snapshot			Date	15/03/2013
Client	SBUEL		Project Team		Rex Pengilly	
Project	Occupancy Strategy and Planning The New Enterprise Centre		Client Team	SBUEL Tecnopark and Enterprise Centre Tenant Management LSBU E&F and other Professional Advisors		
		Report Period	Purpose			
		w/ c 04/03 – w/e15/03	To update and confirm progress			
Circulation	Tim Gebbels & Coleen Cloherty (Build Recruitment)				Writer	Rex
Project situation	Status	The draft Project Plan was delivered and issued to programme The project to deliver the draft Business Model and Plan (scheduled for 22/03) is on target. Work has commenced on looking at the Operational Plan and Marketing Plan structure and outline in order to coordinate the content of these documents with the draft Business Model and Plan				

Progress this period

The Plan identified a series of questions to be addressed and recommended a key set of issues to be addressed. This has been done. The draft business Model is being structured to look at 4 possible scenarios and the cost/revenue impact of each.

Key Decisions this period

Decision		Parties/Status
RP	Be ready to issue Final Business Plan and Model for presentation at the May University Executive Board Meeting. Draft Model & Plan due 22/03	TG/RP19/05 & 22/03 On-going
RP	Identify SBUEL role, objectives and project authorities. Met with Bev Julien Pro-Vice Chancellor (External) 08/03	Done
RP	Define preferred, acceptable tenant profile and likely sources	Done
RP	Set and agree likely split and allocation of rental spaces (Retail and lettable). Propose mechanism for 'Waivers'	Done
RP/TG	Set space rental figures (Desk, discrete c30sqm, open plan c30sqm and retail units etc.)	Done
RP	Commence work on suitable draft lease agreements for EC	Waiting on E&F
RP	IM to confirm appointment of Granby Martin (See Risks)	Waiting on E&F
RP	Arrange meeting date to discuss/confirm likely tenant profiles	Done
TG/RP	Resolve naming & branding	On-going.(Room classification done TG)
TG/RP	Assess timeframe risks (ICT & Space etc.). Draft questions arising from the draft Project Plan issued (09/03) & reviewed (13/03). Meeting with David Campbell to discuss Hampton Road, awaiting response from DT (15/03)	On-going (TG/IM/RT/YM/SG/AT/RP)
RP	Requested Space Planning support from LSBU E&F. Also discuss other avenues with SG – Done.	Response rec'd Meeting set
RP	Requested Hard and Soft FM cost proposals from LSBU E&F	No response rec'd from E&F
TG	Met with ICT & Data Integrators to resolve ICT issues pertaining to the Enterprise Centre. Follow up meeting tbc	TG/RP
RP	Draft Enterprise Centre Report for SBUEL Board Meeting (26/03) as requested by TG	RP to do by 14/03

Decisions and Actions for next period

Owners hip	Decision - Action	Action & due date
RP	Issue draft Business Model and draft Business Plan	RP 22/03
RP	Chase E&F for o/s Hard & Soft FM and Maintenance Service Provision and cost proposals	RP 22/03 (KB)
RP	Meeting set with LSBU E&F to discuss Space Planning proposals (MD/LB/RP)	Meeting set 25/03
RP	Obtain latest version of the Full Business Case as Reference Document (Ref: Richard Thompson)	RP 22/03
RP	Chase E&F for action regarding the appointment of Granby Martin regarding new lease and rental agreements	RP 22/03
RP/TG	Discuss and review draft Business Model (4 Scenarios) to develop Final Integrated Model (Target date 30/04)	Target date w/c 15/04
RP/TG	Discuss and review draft Business Plan to develop Final Integrated Plan (Target date 30/04)	Target date w/c 15/04
RP/TG	Set date for meeting to discuss outline strategy, structure and content of the Marketing Plan	AW/TG/KW/YM/SG/AT/RP

Future Risks & Opportunities

Ownership		Further Action
RP/TG	Delay in agreeing and delivering ICT Provision for the Enterprise Centre	TG meeting ICT/Data Integrators 11/03
RP/TG/IM	Delay in confirming the cost proposals for providing hard and soft FM and maintenance costs	Kevin Bond to action
RP/TG/IM	Delay in confirming appointment of Granby Martin to assist with new draft lease agreements	IM to action
RP/TG/AT	Delay in auctioning SBUEL Relocation to the Enterprise Centre	Propose AT be given this responsibility

Costs – Financials - Programme

The programme to develop the various plans and models is on target and within budget. No additional costs have been incurred

Conclusions

The draft Business Model and draft Business Plan are expected to be complete by 22/03. However the delay in receiving information from LSBU E&F may mean certain costs and layouts will remain unconfirmed within the provisional drafts..

	PAPER NO: UE.05(13)	
Board:	Board of Directors	
Date:	26 th March 2013	
Paper title:	Management Accounts to 28 th February 2013	
Author:	Tim Gebbels, Chief Executive	
Recommendation:	That the Board adopt the proposed management accounts for University wide Enterprise activity	
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	N/A	

Executive Summary

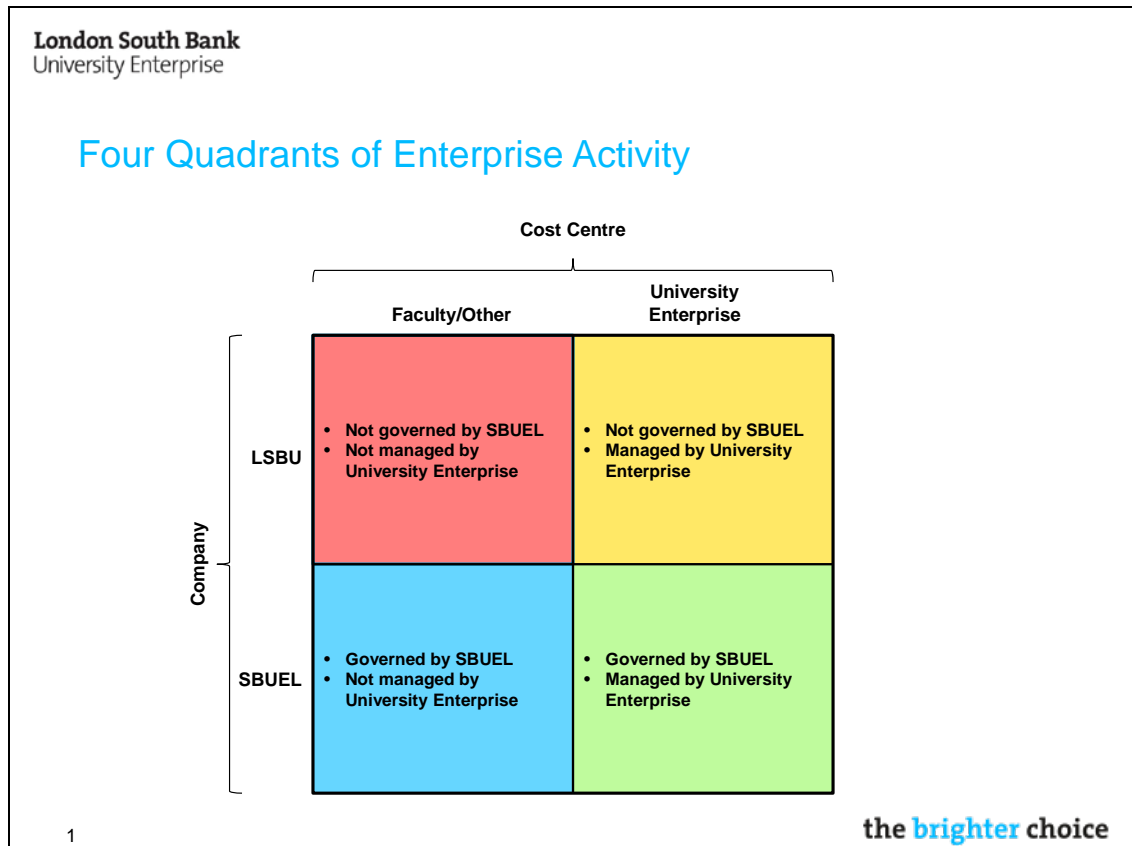
Management accounts to 28th February 2013 are attached. The format of the accounts has been amended and the Board are requested to approve their adoption.

1. Introduction

In September 2012, SBUEL was transformed from a passive vehicle for processing commercial transactions into an active company and employer seeking to lead the development of Enterprise activity across the University. Since that change, and in part as a result of legacy issues dating predating the transformation, management accounts for University Enterprise are no longer fit for purpose. This paper proposes a revised set of management accounts to remedy the situation and to improve the financial transparency of Enterprise activity across the University.

2. The Four Quadrants of Enterprise Activity

The University undertakes a considerable breadth of Enterprise activity but only some of this falls within the remit of SBUEL. A different but overlapping subset of the total portfolio of enterprise activity falls within the remit of University Enterprise and a considerable volume of work lies outside the remit of either. The “four quadrants” of enterprise activity are illustrated in the following figure:



At present, there is no single and simple view of all four quadrants of Enterprise activity. It is only possible to get partial views of the whole through

a range of different financial reports. For example, while the segmental report provides a summary of the “enterprise segment” (corresponding to all four of the quadrants described above), it does so at a very high level and cannot be disaggregated to relate in any straightforward way to other sets of management accounts in common use in the University.

At previous meetings, the SBUEL Board has considered two distinct and overlapping sets of accounts. The SBUEL management accounts represent the bottom two quadrants in Figure 1. The University Enterprise management accounts represent the two right hand quadrants but, at the request of the Board, these were supplemented with figures related to the KTP programme which, until recently, were in the top left quadrant.

Providing such a wide range of different, overlapping views of Enterprise activity makes it challenging for either the Executive or the Board of SBUEL to establish a clear and coherent view of everything that is going on. Moreover, it makes it difficult to agree with stakeholders across the University on a common set of numbers which accurately characterise the whole of the University’s Enterprise portfolio and harder still to recognise the contributions made to the outcome by each of the stakeholders.

Establishing a single, agreed set of management accounts for enterprise across the University should provide a useful first step to reaching a common understanding of what value is being created and where. Moreover, it can provide a solid basis for future work to evolve the current arrangement of targets and incentives across the University in an attempt to create better alignment and eliminate contradictory targets and perverse incentives.

3. New Management Accounts

The new management accounts are presented in Appendix 1. They are distributed across 23 separate worksheets in a single Excel spreadsheet. A key, describing each worksheet, is provided on the front sheet and provides a simple map of each set of figures back to the four quadrants of Enterprise Activity. Each quadrant is broken down into project income and expenditure and support costs. In addition, legacy KTP projects are listed separately. New KTP projects will be administered through University Enterprise cost centres but those already running are run through faculties and it makes no sense to change them.

Within these accounts lies everything across the University that has been designated an Enterprise activity (i.e. it falls into the Enterprise “Segment”, where segments are mutually exclusive). The report allows disaggregation of elements of income and expenditure to the level of each individual project.

The presentation in the spreadsheets is a little awkward, reflecting the complexity of the University's structures. But it does pull together, for the first time, an integrated view of all the disparate Enterprise activity going on.

4. Further Refinements

The new report represents a considerable step forward in allowing the Executive to understand all enterprise activity. To bring its full benefits, however, the report needs to be adopted across the university as the standard view. To make this more likely, there are a number of further refinements that are desirable:

- Review of what is designated Enterprise – there are a number of activities currently recorded as Enterprise where this designation may no longer be appropriate. For example, MSC Addiction Psychology, Masters Degree in Town and Country Planning and others are currently classified as Enterprise but may better sit in another segment. Similarly, there may be activities in other segments that are better placed in Enterprise (e.g. the Sports Centre).
- Better mapping of the Enterprise budget into the management accounts – the budget for University Enterprise, taken from the 5 year forecast, has not been perfectly mapped into the existing management accounts and nor is it fully captured in these. Now that this format has been defined, the budgeting can be tightly aligned with this format in the next planning cycle.
- Cosmetic improvements – The detailed sheets underpinning the top level summary sheet are complex, in part due to the structure of the data in Aggresso, the University's accounting system. It may be possible to clean up the presentation of some of these sheets to make them easier to read or, alternatively, to provide some intermediate level summaries.

These improvements will be made incrementally as experience in using the new accounts grows.

A brief commentary on the current financial position will be provided as part of Item 5 on this agenda (CEO's business update).

5. Recommendation

The Board are asked to agree to adopt the proposed management accounts for University wide Enterprise activity.

Enterprise Report index

*Column on All Enterprise	Tab name	Sheet name	Areas
	<i>All Enterprise</i>	<i>All Enterprise</i>	
1A	<i>UE Projects SU</i>	LSBU: University Enterprise - Projects	University Enterprise
1B	<i>UE Support SU</i>	LSBU: University Enterprise - Support	University Enterprise
2A	<i>KTP old</i>	LSBU: Faculty - KTP old	Faculty / Other
3A	<i>Faculty Projects SU</i>	LSBU: Faculty - Projects	Faculty / Other
3B	<i>Faculty Support SU</i>	LSBU: Faculty - Support	Faculty / Other
4A	<i>UE Support SBUEL</i>	SBUEL: University Enterprise - Support	University Enterprise
4B	<i>UE Projects SBUEL</i>	SBUEL: University Enterprise - Projects	University Enterprise
5A	<i>Faculty Projects SBUEL</i>	SBUEL: Faculty - Projects	Faculty / Other
5B	<i>Faculty Support SBUEL</i>	SBUEL: Faculty - Support	Faculty / Other
6	<i>Consolidated Management</i>	Management summary	LSBU / SBUEL

"University Enterprise" is Tim's University Enterprise cost centres only, i.e 748(0), 750(0), 751(0), 753(0)

"Faculty / Other" is all the other cost centres, which get reported in the Faculties, Estates, Events, Finance etc.

ENTERPRISE MATRIX

		LSBU	SBUEL
<i>ENTR only</i>	KTP old		
	Projects	1A	4A
	Support	1B	4B
<i>All bar ENTR</i>	KTP old	2A	
	Projects	3A	5A
	Support	3B	5B

LONDON SOUTH BANK UNIVERSITY Management Summary Report from August 2012 To The End Of February 2013 All Enterprise - Annual Forecast									
	1	2	3	4	5	TOTAL ENTERPRISE	1+4	2+3+5	
	LSBU	LSBU	LSBU	SBUEL	SBUEL				
	University Enterprise	Faculty - KTP	Faculty - Other	University Enterprise	Faculty - Other	Total Enterprise	Total University Enterprise	Total Faculty	
	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)
A Enterprise Project Income	-180,000.00	-641,500.28	-4,323,699.97	-150,750.00	-1,109,101.82	-6,405,052.07	-330,750.00	-6,074,302.07	
B Enterprise Support Income	-503,064.50		-42,016.08	-507,267.96	-28,300.04	-1,080,648.58	-1,010,332.46	-70,316.12	
Total Income	-683,064.50	-641,500.28	-4,365,716.05	-658,017.96	-1,137,401.86	-7,485,700.65	-1,341,082.46	-6,144,618.19	
A Enterprise Project Costs	180,000.11	462,496.20	1,834,219.92	148,417.00	654,270.95	3,279,404.18	328,417.11	2,950,987.07	
B Enterprise Support Costs	680,458.45		42,016.08	629,993.20	31,139.64	1,383,607.37	1,310,451.65	73,155.72	
Total Costs	860,458.56	462,496.20	1,876,236.00	778,410.20	685,410.59	4,663,011.55	1,638,868.76	3,024,142.79	
A Grand Total Enterprise Project	0.11	-179,004.08	-2,489,480.05	-2,333.00	-454,830.87	-3,125,647.89	-2,332.89	-3,123,315.00	
B Grand Total Enterprise Support	177,393.95	0.00	0.00	122,725.24	2,839.60	302,958.79	300,119.19	2,839.60	
Grand Total	177,394.06	-179,004.08	-2,489,480.05	120,392.24	-451,991.27	-2,822,689.10	297,786.30	-3,120,475.40	

LONDON SOUTH BANK UNIVERSITY Management Summary Report from August 2012 To The End Of February 2013 All Enterprise - YTD Actuals									
	1	2	3	4	5	TOTAL ENTERPRISE	1+4	2+3+5	
	LSBU	LSBU	LSBU	SBUEL	SBUEL				
	University Enterprise	Faculty - KTP	Faculty - Other	University Enterprise	Faculty - Other	Total Enterprise	Total University Enterprise	Total Faculty	
	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)	(£)
A Enterprise Project Income	-62,644.31	-442,969.84	-3,272,537.67	-7,623.36	-696,343.65	-4,482,118.83	-70,267.67	-4,411,851.16	
B Enterprise Support Income	-256,828.34		-24,625.05	-313,010.81	-65.00	-594,529.20	-569,839.15	-24,690.05	
Total Income	-319,472.65	-442,969.84	-3,297,162.72	-320,634.17	-696,408.65	-5,076,648.03	-640,106.82	-4,436,541.21	
A Enterprise Project Costs	90,472.79	275,134.01	992,584.53	15,289.06	337,753.61	1,711,234.00	105,761.85	1,605,472.15	
B Enterprise Support Costs	357,502.75		24,822.63	227,606.01	3,229.97	613,161.36	585,108.76	28,052.60	
Total Costs	447,975.54	275,134.01	1,017,407.16	242,895.07	340,983.58	2,324,395.36	690,870.61	1,633,524.75	
A Grand Total Enterprise Project	27,828.48	-167,835.83	-2,279,953.14	7,665.70	-358,590.04	-2,770,884.83	35,494.18	-2,806,379.01	
B Grand Total Enterprise Support	100,674.41	0.00	197.58	-85,404.80	3,164.97	18,632.16	15,269.61	3,362.55	
Grand Total	128,502.89	-167,835.83	-2,279,755.56	-77,739.10	-355,425.07	-2,752,252.67	50,763.79	-2,803,016.46	

	Annual Forecast	Annual Budget	Variance	YTD Budget	YTD Actuals	Variance
	(£)	(£)	(£)	(£)	(£)	(£)
Other Fees	-180,000.00	-551,357.04	371,357.04	-321,624.94	-56,188.80	(265,436.14)
Research Grants & Contracts	0.00	-499,581.96	499,581.96	-291,422.81	-6,455.51	(284,967.30)
Total Income	-180,000.00	-1,050,939.00	870,939.00	-613,047.75	-62,644.31	(550,403.44)
Academic - Permanent staff	59,873.00	600,680.96	(540,807.96)	300,663.06	0.00	300,663.06
Third party staff	43,654.58	43,655.00	(0.42)	43,655.00	18,507.50	25,147.50
Total Staff Costs	103,527.58	644,335.96	(540,808.38)	344,318.06	18,507.50	325,810.56
Staff Related	765.00	0.00	765.00	0.00	1,394.39	(1,394.39)
Marketing and PR	67,775.85	67,775.93	(0.08)	67,775.93	62,639.00	5,136.93
Student Related	6,648.00	6,648.00	0.00	6,648.00	6,648.00	0.00
Photocopying and Stationery	575.85	576.07	(0.22)	576.07	576.07	0.00
Other	428.68	428.68	0.00	428.68	428.68	0.00
Internal recharges	279.15	279.15	0.00	279.15	279.15	0.00
Total Other Operating Expenses	76,472.53	75,707.83	764.70	75,707.83	71,965.29	3,742.54
Grand Total	0.11	-330,895.21	330,895.32	-193,021.86	27,828.48	-220,850.34

	Annual Forecast	Annual Budget	Variance	YTD Budget	YTD Actuals	Variance
	(£)	(£)	(£)	(£)	(£)	(£)
Funding Grants	-503,064.50	-520,248.04	17,183.54	-303,478.04	-256,828.34	(46,649.70)
Total Income	-503,064.50	-520,248.04	17,183.54	-303,478.04	-256,828.34	(46,649.70)
Support - Permanent staff	305,861.87	305,862.71	(0.84)	160,268.32	201,542.86	(41,274.54)
Third party staff	-587.16	-587.08	(0.08)	-587.08	-587.08	0.00
Total Staff Costs	305,274.71	305,275.63	(0.92)	159,681.24	200,955.78	(41,274.54)
Staff Related	12,000.12	12,000.12	0.00	7,000.07	4,704.44	2,295.63
Marketing and PR	0.00	0.00	0.00	0.00	7,200.11	(7,200.11)
Bursaries and Scholarships	2,333.00	0.00	2,333.00	0.00	38,033.32	(38,033.32)
Student Related	108,486.04	85,986.06	22,499.98	33,902.71	1,783.96	32,118.75
Equipment	265.58	265.58	0.00	265.58	4,542.78	(4,277.20)
Computing	39.00	0.00	39.00	0.00	3,615.43	(3,615.43)
Maintenance & Other Estate	0.00	0.00	0.00	0.00	516.54	(516.54)
Cleaning & Security	0.00	0.00	0.00	0.00	117.29	(117.29)
Communications	0.00	0.00	0.00	0.00	2,197.37	(2,197.37)
Legal & Professional	37,969.96	97,969.96	(60,000.00)	59,178.31	11,326.74	47,851.57
Subscriptions and Membership Fees	0.00	0.00	0.00	0.00	6,920.00	(6,920.00)
Photocopying and Stationery	0.00	0.00	0.00	0.00	2,411.43	(2,411.43)

Enmansum

	Annual Forecast	Annual Budget	Variance	YTD Budget	YTD Actuals	Variance
	(£)	(£)	(£)	(£)	(£)	(£)
Other	94,824.96	94,824.96	0.00	55,658.31	1,099.24	54,559.07
Internal recharges	677.00	0.00	677.00	0.00	2,901.94	(2,901.94)
Total Other Operating Expenses	256,595.66	291,046.68	(34,451.02)	156,004.98	87,370.59	68,634.39
Internal Allocations	118,588.08	118,588.08	0.00	69,176.38	69,176.38	0.00
Total Internal Allocations	118,588.08	118,588.08	0.00	69,176.38	69,176.38	0.00
Grand Total	177,393.95	194,662.35	-17,268.40	81,384.56	100,674.41	-19,289.85

	Annual Forecast	Annual Budget	Variance	YTD Budget	YTD Actuals	Variance
	(£)	(£)	(£)	(£)	(£)	(£)
Research Grants & Contracts	-641,500.28	-767,707.85	126,207.57	-462,862.19	-443,404.11	(19,458.08)
Other Operating Income	0.00	0.00	0.00	0.00	434.27	(434.27)
Total Income	-641,500.28	-767,707.85	126,207.57	-462,862.19	-442,969.84	(19,892.35)
Academic - Permanent staff	342,755.61	365,756.19	(23,000.58)	239,873.42	203,328.22	36,545.20
Academic - Temporary staff	0.00	0.00	0.00	0.00	7,996.50	(7,996.50)
Total Staff Costs	342,755.61	365,756.19	(23,000.58)	239,873.42	211,324.72	28,548.70
Staff Related	42,285.83	64,519.21	(22,233.38)	36,913.59	13,087.52	23,826.07
Marketing and PR	0.00	0.00	0.00	0.00	106.13	(106.13)
Bursaries and Scholarships	0.00	0.00	0.00	0.00	4,800.00	(4,800.00)
Student Related	2,616.00	16,183.32	(13,567.32)	10,948.05	1,755.84	9,192.21
Equipment	6,025.41	8,569.25	(2,543.84)	2,976.03	5,382.95	(2,406.92)
Computing	1,500.00	10,343.88	(8,843.88)	4,067.33	2,593.70	1,473.63
Communications	0.00	0.00	0.00	0.00	113.00	(113.00)
Legal & Professional	24,902.35	48,963.35	(24,061.00)	25,900.84	12,703.33	13,197.51
Subscriptions and Membership Fees	0.00	0.00	0.00	0.00	537.60	(537.60)
Other	10,272.00	0.00	10,272.00	0.00	3,913.02	(3,913.02)
Internal recharges	0.00	504.00	(504.00)	294.00	67.20	226.80
Total Other Operating Expenses	87,601.59	149,083.01	(61,481.42)	81,099.84	45,060.29	36,039.55

Enmansum

	Annual Forecast	Annual Budget	Variance	YTD Budget	YTD Actuals	Variance
	(£)	(£)	(£)	(£)	(£)	(£)
Internal Allocations	32,139.00	32,139.00	0.00	18,749.00	18,749.00	0.00
Total Internal Allocations	32,139.00	32,139.00	0.00	18,749.00	18,749.00	0.00
Grand Total	-179,004.08	-220,729.65	41,725.57	-123,139.93	-167,835.83	44,695.90

3A) LSBU: Faculty - Projects

	Annual Forecast	Annual Budget	Variance	YTD Budget	YTD Actuals	Variance
	(£)	(£)	(£)	(£)	(£)	(£)
Funding Grants	-6,638.61	0.00	(6,638.61)	0.00	-6,638.61	6,638.61
Home & EU Fees - PG	0.00	0.00	0.00	0.00	7,386.98	(7,386.98)
Other Fees	-3,847,550.89	-3,459,694.89	(387,856.00)	-3,010,296.12	-2,905,469.63	(104,826.49)
Overseas Fees - UG	-237,910.44	-218,056.00	(19,854.44)	-207,154.00	-228,491.00	21,337.00
Overseas Fees - PG	0.01	-43,999.99	44,000.00	-41,799.46	3,599.00	(45,398.46)
Other Operating Income	-231,600.04	-146,600.04	(85,000.00)	-85,516.69	-142,924.41	57,407.72
Total Income	-4,323,699.97	-3,868,350.92	(455,349.05)	-3,344,766.27	-3,272,537.67	(72,228.60)
Academic - Permanent staff	412,534.08	392,049.26	20,484.82	233,573.45	263,681.67	(30,108.22)
Academic - Temporary staff	244,168.23	239,989.43	4,178.80	144,556.08	140,514.56	4,041.52
Technicians staff	0.00	0.00	0.00	0.00	613.64	(613.64)
Support - Permanent staff	66,864.78	69,012.47	(2,147.69)	40,313.27	45,007.54	(4,694.27)
Support - Temporary staff	0.00	0.00	0.00	0.00	507.48	(507.48)
Third party staff	17,000.00	0.00	17,000.00	0.00	12,574.50	(12,574.50)
Total Staff Costs	740,567.09	701,051.16	39,515.93	418,442.80	462,899.39	(44,456.59)
Depreciation	1,720.00	1,720.00	0.00	1,204.00	686.20	517.80
Total Depreciation	1,720.00	1,720.00	0.00	1,204.00	686.20	517.80
Staff Related	105,916.35	73,666.35	32,250.00	50,988.40	76,468.31	(25,479.91)

Enmansum

3A) LSBU: Faculty - Projects

Enmansum

	Annual Forecast	Annual Budget	Variance	YTD Budget	YTD Actuals	Variance
	(£)	(£)	(£)	(£)	(£)	(£)
Marketing and PR	7,472.46	7,472.46	0.00	2,958.46	2,747.73	210.73
Student Recruitment	0.00	15,000.00	(15,000.00)	7,500.00	0.00	7,500.00
Bursaries and Scholarships	0.00	0.00	0.00	0.00	5,730.00	(5,730.00)
Student Related	793,850.00	771,850.00	22,000.00	326,283.13	349,884.69	(23,601.56)
Equipment	10,788.86	10,788.86	0.00	7,298.69	176.77	7,121.92
Computing	21,322.18	21,322.18	0.00	6,668.08	15,299.23	(8,631.15)
Communications	0.00	0.00	0.00	0.00	175.42	(175.42)
Legal & Professional	47,239.42	42,617.42	4,622.00	19,916.92	16,439.75	3,477.17
Subscriptions and Membership Fees	15,000.00	15,000.00	0.00	0.00	83.39	(83.39)
Photocopying and Stationery	1,999.92	1,999.92	0.00	1,166.62	4,466.30	(3,299.68)
Other	20,910.96	20,910.96	0.00	11,265.31	10,032.40	1,232.91
Internal recharges	7,600.68	5,850.68	1,750.00	4,948.00	12,592.95	(7,644.95)
Total Other Operating Expenses	1,032,100.83	986,478.83	45,622.00	438,993.61	494,096.94	(55,103.33)
Internal Allocations	59,832.00	59,832.00	0.00	34,902.00	34,902.00	0.00
Total Internal Allocations	59,832.00	59,832.00	0.00	34,902.00	34,902.00	0.00
Grand Total	-2,489,480.05	-2,119,268.93	-370,211.12	-2,451,223.86	-2,279,953.14	-171,270.72

	Annual Forecast	Annual Budget	Variance	YTD Budget	YTD Actuals	Variance
	(£)	(£)	(£)	(£)	(£)	(£)
Funding Grants	-42,016.08	0.00	(42,016.08)	0.00	-24,625.05	24,625.05
Total Income	-42,016.08	0.00	(42,016.08)	0.00	-24,625.05	24,625.05
Support - Permanent staff	42,016.08	355.79	41,660.29	355.79	24,625.05	(24,269.26)
Total Staff Costs	42,016.08	355.79	41,660.29	355.79	24,625.05	(24,269.26)
Communications	0.00	0.00	0.00	0.00	181.97	(181.97)
Photocopying and Stationery	0.00	0.00	0.00	0.00	15.61	(15.61)
Total Other Operating Expenses	0.00	0.00	0.00	0.00	197.58	(197.58)
Grand Total	0.00	355.79	-355.79	355.79	197.58	158.21

	Annual Forecast	Annual Budget	Variance	YTD Budget	YTD Actuals	Variance
	(£)	(£)	(£)	(£)	(£)	(£)
Other Operating Income	-150,750.00	-200,000.04	49,250.04	-116,666.69	-2,800.00	(113,866.69)
Endowment Income & Interest Receivable	0.00	0.00	0.00	0.00	-4,823.36	4,823.36
Total Income	-150,750.00	-200,000.04	49,250.04	-116,666.69	-7,623.36	(109,043.33)
Support - Permanent staff	16,417.00	16,416.78	0.22	2,736.13	2,736.13	0.00
Third party staff	42,000.00	42,000.00	0.00	0.00	0.00	0.00
Total Staff Costs	58,417.00	58,416.78	0.22	2,736.13	2,736.13	0.00
Financial	0.00	0.00	0.00	0.00	6.59	(6.59)
Legal & Professional	0.00	0.00	0.00	0.00	12,546.34	(12,546.34)
Other	90,000.00	0.00	90,000.00	0.00	0.00	0.00
Total Other Operating Expenses	90,000.00	0.00	90,000.00	0.00	12,552.93	(12,552.93)
Grand Total	-2,333.00	-141,583.26	139,250.26	-113,930.56	7,665.70	-121,596.26

	Annual Forecast	Annual Budget	Variance	YTD Budget	YTD Actuals	Variance
	(£)	(£)	(£)	(£)	(£)	(£)
Funding Grants	-507,267.96	-507,267.96	0.00	-295,906.31	-313,010.81	17,104.50
Total Income	-507,267.96	-507,267.96	0.00	-295,906.31	-313,010.81	17,104.50
Academic - Temporary staff	0.00	45,000.00	(45,000.00)	26,250.00	0.00	26,250.00
Support - Permanent staff	421,993.00	703,188.00	(281,195.00)	410,193.00	210,717.91	199,475.09
Total Staff Costs	421,993.00	748,188.00	(326,195.00)	436,443.00	210,717.91	225,725.09
Staff related	22,000.08	22,000.08	0.00	12,833.38	0.00	12,833.38
Marketing and PR	23,000.04	23,000.04	0.00	13,416.69	1,710.00	11,706.69
Legal & Professional	89,000.04	29,000.04	60,000.00	16,916.69	14,993.17	1,923.52
Photocopying and Stationery	0.00	0.00	0.00	0.00	101.82	(101.82)
Other	74,000.04	74,000.04	0.00	43,166.69	83.11	43,083.58
Total Other Operating Expenses	208,000.20	148,000.20	60,000.00	86,333.45	16,888.10	69,445.35
Grand Total	122,725.24	388,920.24	-266,195.00	226,870.14	-85,404.80	312,274.94

	Annual Forecast	Annual Budget	Variance	YTD Budget	YTD Actuals	Variance
	(£)	(£)	(£)	(£)	(£)	(£)
Research Grants & Contracts	-393,904.65	-598,999.95	205,095.30	-325,559.03	-224,507.77	(101,051.26)
Other income - student related	-20,000.04	-20,000.04	0.00	-11,666.69	0.00	(11,666.69)
Other Operating Income	-695,197.13	-812,058.11	116,860.98	-476,352.35	-471,169.17	(5,183.18)
Endowment Income & Interest Receivable	0.00	-16,600.00	16,600.00	-8,600.00	-666.71	(7,933.29)
Total Income	-1,109,101.82	-1,447,658.10	338,556.28	-822,178.07	-696,343.65	(125,834.42)
Academic - Permanent staff	325,749.87	417,791.19	(92,041.32)	243,568.95	169,481.93	74,087.02
Academic - Temporary staff	0.00	0.00	0.00	0.00	1,880.29	(1,880.29)
Support - Permanent staff	1,582.40	1,582.40	0.00	921.05	0.00	921.05
Total Staff Costs	327,332.27	419,373.59	(92,041.32)	244,490.00	171,362.22	73,127.78
Staff related	9,331.72	10,238.48	(906.76)	3,920.49	2,585.05	1,335.44
Marketing and PR	0.00	0.00	0.00	0.00	578.96	(578.96)
Student Related	500.00	0.00	500.00	0.00	908.40	(908.40)
Equipment	1,000.00	12,946.64	(11,946.64)	8,758.43	4,326.50	4,431.93
Computing	0.00	0.00	0.00	0.00	-183.14	183.14
Utilities	0.00	0.00	0.00	0.00	2,214.22	(2,214.22)
Financial	0.00	0.00	0.00	0.00	14.00	(14.00)
Legal & Professional	11,536.96	33,481.73	(21,944.77)	24,657.43	4,807.50	19,849.93
Subscriptions and Membership Fees	0.00	0.00	0.00	0.00	245.00	(245.00)

	Annual Forecast	Annual Budget	Variance	YTD Budget	YTD Actuals	Variance
	(£)	(£)	(£)	(£)	(£)	(£)
Other	3,342.00	3,342.00	0.00	1,672.00	393.48	1,278.52
Total Other Operating Expenses	25,710.68	60,008.85	(34,298.17)	39,008.35	15,889.97	23,118.38
Internal Allocations	301,228.00	301,636.00	(408.00)	175,956.00	150,501.42	25,454.58
Total Internal Allocations	301,228.00	301,636.00	(408.00)	175,956.00	150,501.42	25,454.58
Grand Total	-454,830.87	-666,639.66	211,808.79	-362,723.72	-358,590.04	-4,133.68

	Annual Forecast	Annual Budget	Variance	YTD Budget	YTD Actuals	Variance
	(£)	(£)	(£)	(£)	(£)	(£)
Other Operating Income	-20,000.04	20,000.04	(40,000.08)	11,666.69	-65.00	11,731.69
Endowment Income & Interest Receivable	-8,300.00	8,300.00	(16,600.00)	4,300.00	0.00	4,300.00
Total Income	-28,300.04	28,300.04	(56,600.08)	15,966.69	-65.00	16,031.69
Support - Permanent staff	25,139.64	25,139.64	0.00	14,664.79	14,877.78	(212.99)
Total Staff Costs	25,139.64	25,139.64	0.00	14,664.79	14,877.78	(212.99)
Financial	0.00	0.00	0.00	0.00	-11,647.81	11,647.81
Legal & Professional	6,000.00	6,000.00	0.00	3,500.00	0.00	3,500.00
Total Other Operating Expenses	6,000.00	6,000.00	0.00	3,500.00	-11,647.81	15,147.81
Grand Total	2,839.60	59,439.68	-56,600.08	34,131.48	3,164.97	30,966.51

Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD (£)		
			2012 Forecast (£)	2012 Budget (£)	Variance - Forecast to Budget (£) %		Note	2012 Actuals (£)	2012 Budget (£)	Variance - Actuals to Budget (£) %		Note	
(965,839)	(533,852)	Funding Grants	(1,010,332)	(1,027,516)	(17,184)	(2%)		(569,839)	(599,384)	(29,545)	(5%)		(440,493)
		Other Fees	(180,000)	(551,357)	(371,357)	(67%)		(56,189)	(321,625)	(265,436)	(83%)		(123,811)
(23,164)	(15,706)	Research Grants & Contracts		(499,582)	(499,582)	(100%)		(6,456)	(291,423)	(284,967)	(98%)		6,456
(2,000)	(2,000)	Other Operating Income	(150,750)	(200,000)	(49,250)	(25%)		(2,800)	(116,667)	(113,867)	(98%)		(147,950)
		Endowment Income & Interest Receivable						(4,823)		4,823			4,823
(991,003)	(551,558)	Total Income	(1,341,082)	(2,278,455)	(937,373)	(41%)		(640,107)	(1,329,099)	(688,992)	(52%)		(700,976)
6,098	6,098	Academic - Permanent staff	59,873	600,681	540,808	90%			300,663	300,663	100%		59,873
2,970	2,970	Academic - Temporary staff		45,000	45,000	100%			26,250	26,250	100%		2,970
640,296	350,345	Support - Permanent staff	744,272	1,025,467	281,196	27%		414,997	573,197	158,201	28%		329,275
220	220	Support - Temporary staff											
13,077	6,695	Third party staff	85,067	85,068	1	%		17,920	43,068	25,148	58%		67,147
662,662	366,329	Total Staff Costs	889,212	1,756,216	867,004	49%		432,917	943,178	510,261	54%		456,295
38,359	17,426	Staff Related	34,765	34,000	(765)	(2%)		6,099	19,833	13,735	69%		28,666
95,261	6,936	Marketing and PR	90,776	90,776		%		71,549	81,193	9,644	12%		19,227
112,413	68,617	Bursaries and Scholarships	2,333		(2,333)			38,033		(38,033)			(35,700)
-625	-625	LABORATORY CONSUMABLES	972	972				1,334	972	-362	-		(362)
		LEARNING MATERIALS - BOOKS	6,648	6,648				6,648	6,648				
40	20	LEARNING MATERIALS - JOURNALS											
400		LEARNING MATERIALS - MEDIA						450		-450			(450)
2,400		OTHER STUDENT COSTS	107,514	85,014	-22,500	-			32,931	32,931	1		107,514
2,215	(605)	Student Related	115,134	92,634	(22,500)	(24%)		8,432	40,551	32,119	79%		106,702
32,001	24,372	Equipment	266	266		%		4,543	266	(4,277)	#####		(4,277)
41,767	7,904	Computing	39		(39)			3,615		(3,615)			(3,576)
88	88	Utilities											
2,400	2,101	Maintenance & Other Estate						517		(517)			(517)
		Cleaning & Security						117		(117)			(117)
46	22	Financial						7		(7)			(7)
8,111	4,199	Communications						2,197		(2,197)			(2,197)
89,870	57,232	Legal & Professional	126,970	126,970		%		38,872	76,095	37,223	49%		88,098
2,830	1,390	Subscriptions and Membership Fees						6,920		(6,920)			(6,920)
13,532	9,672	Photocopying and Stationery	576	576		%		3,089	576	(2,513)	(436%)		(2,513)
2,290	1,977	Other	259,254	169,254	(90,000)	(53%)		1,611	99,254	97,643	98%		257,643
6,461	4,067	Internal recharges	956	279	(677)	(243%)		3,181	279	(2,902)	#####		(2,225)
447,646	205,396	Total Other Operating Expenses	631,068	514,755	(116,314)	(23%)		188,783	318,046	129,264	41%		442,286
93,636	54,621	Internal Allocations	118,588	118,588		%		69,176	69,176		%		49,412
93,636	54,621	Total Internal Allocations	118,588	118,588		%		69,176	69,176		%		49,412
212,941	74,789	Contribution	297,786	111,104	(186,682)	(168%)		50,770	1,302	(49,467)	#####		247,017
		Staff costs as % of income	66.3%	77.1%				67.6%	71.0%				
		Contribution %	(22.2%)	(4.9%)				(7.9%)	(0.1%)				
		Total Income	(1,341,082)	(2,278,455)	(937,373)			(640,107)	(1,329,099)	(688,992)			
		Total Staff Costs	889,212	1,756,216	867,004			432,917	943,178	510,261			
		Total Other Operating Expenses	631,068	514,755	(116,314)			188,777	318,046	129,269			
		Total Internal Allocations	118,588	118,588				69,176	69,176				

REF MANSUM

Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD (£)
			2012 Forecast (£)	2012 Budget (£)	Variance - Forecast to Budget (£) %		Note	2012 Actuals (£)	2012 Budget (£)	Variance - Actuals to Budget (£) %	
		Contribution	297,786	111,104	(186,682)		50,764	1,302	(49,462)		

This summary comes from the following sheets:

Tab name

UE Projects SU
 UE Support SU
 UE Projects SBUEL
 UE Support SBUEL

Sheet name

1A) LSBU: University Enterprise - Projects
 1B) LSBU: University Enterprise - Support
 4A) SBUEL: University Enterprise - Projects
 4B) SBUEL: University Enterprise - Support

	PAPER NO: UE.06(13)	
Board:	Board of Directors	
Date:	26 th March 2013	
Paper title:	Company Pension Scheme	
Author:	Natalie Ferer, Financial Controller	
Recommendation:	It is recommended that a scheme be set up through the Higher Education Defined Contribution pension Arrangement and this scheme be used as a company pension scheme for employees of SBUEL.	
Matter previously considered by:	LSBU HR committee	On: 28 February 2013
Further approval required?	None	On:
Communications – who should be made aware of the decision?	Employees of SBUEL	

Executive summary

The company is required to put in place a suitable pension arrangement for staff in SBUEL and establishment of a Defined Contribution scheme to meet this need had been delayed pending consideration of auto enrolment for the University as a whole.

The University's HR committee has considered the Higher Education Defined Contribution arrangement provided by Friend's Life has recommended that SBUEL adopt this scheme.

Options for a Defined Contribution Pension scheme

It is recommended that SBUEL use the Universities Defined Contribution Pension Scheme provided by Friends Life and procured for the sector by the Employers Pension Forum (EPF). Previously LSBU was having problems sourcing a DC solution for the

small number of employees in question. We had only managed to identify 1 potential provider, Standard Life who was able to offer SBUEL a pension scheme. The issue of setting up a suitable DC scheme is clearly a sector issue and other institutions have been having similar problems. A sector response has now been developed which we believe suits our needs.

The scheme is contract based with a competitive pricing structure which would not have been available to individual HEIs procuring a scheme individually.

Mercer are working on behalf of the EPF and offer 3 different levels of management and pricing with the lowest cost option costing 0.45% annual management charge. Fees are taken from individual employees' funds and there is no additional charge to the employer. The pricing of the scheme is competitive when compared to the terms offered to the University by Standard Life.

The level of employer and employee contribution can be set on an individual institution basis. The University Board has already approved a 2 tier contribution structure as set out below and it is proposed that SBUEL move forward on this basis:

Band	Employee Contribution	University Contribution
1	3%	6%
2	6%	9%

Further details of the Friends Life DC scheme are set out in Appendix 1 and advice from LCP is detailed in Appendix 2.

Recommendation

It is recommended that a scheme be set up through the Higher Education Defined Contribution pension Arrangement and this scheme be used as a company pension scheme for employees of SBUEL.

A description of the new scheme

The scheme offers an efficient delivery vehicle that can be tailored by each individual HEI to provide the kind of DC arrangement that it wishes to adopt for its staff. Mercer has worked with UCEA and UUK to ensure that the scheme offers state of the art functionality, is capable of taking on a range of employers with different target populations and importantly is competitively priced.

In addition, the scheme is fully flexible so that each HEI can decide to whom the scheme will be made available, what the employer and employee contribution rates will be and how these contributions will be invested. The scheme can be used solely to meet the minimum auto enrolment requirements or it could go beyond the requirements of the new legislation to be tailored to the specific needs of that HEI and their workforce. We believe that in both cases this facility will prove to be cost effective and compliant both now and in the future.

The key features of the new arrangement, which will be called the Higher Education Defined Contribution Scheme, include:

- The scheme is a contract based defined contribution arrangement that is open to all HEIs with immediate effect.
- The scheme will be operated by Friends Life which is authorised and regulated by the Financial Services Authority.
- Ongoing oversight and scheme governance is provided by Mercer which is also authorised by the Financial Services Authority.
- The scheme offers a low charging structure that reflects the economies of scale of a sector wide scheme.
- The base annual management charge (AMC) is 0.45% which covers administration, investment (a simple passively managed default option), communication materials, full online member access and governance oversight.
- HEIs will also be able to offer a more sophisticated default investment option, which scheme members can opt for, as part of the new arrangement. This option will be managed by Mercer and will evolve over time with changing investment markets and ideas. The total AMC for this option is 0.60%.
- In addition to the above functionality, communications material can be adapted to meet the needs of individual institutions and, if required, this can include attendance at employee meetings. This service will incur a higher AMC of 0.65%.
- The scheme is able to accept transfers in from other occupational DC schemes and if the employee leaves the HEI they will have the ability to transfer out their funds to a future employer's pension scheme.

Advantages of the new scheme

The main advantages of the new arrangement are as follows:

- We believe that this charging structure is competitive and is comparable to the overall fees charged by the low-cost DC providers.
- Competitive terms are available to all HEIs. All HEIs which choose to participate will benefit from the economies of scale obtained through opening the scheme to the whole sector and there is no element of cross subsidy between employers.
- It will be provided by a leading pension provider, who is willing to adapt the communication materials to reflect the specific circumstances of individual institutions and offer a wide range of investment options.
- Should the potential membership at any HEI be significant Mercer may be able to negotiate lower charges than the AMCs noted above.
- An HEI can design the employee and employer contributions to the scheme to meet its own purposes and offer entry to any part of its workforce.
- The scheme will allow HEIs to be fully compliant with impending auto enrolment legislation, in particular for those sections of the workforce who cannot be enrolled into existing DB schemes.
- HEIs will be able to brand the arrangement as their own if they so wish.
- The scheme has the flexibility to evolve its structure in future and to benefit from scalability.
- Ongoing service delivery and governance oversight by Mercer will ensure that terms remain competitive and that any issues are resolved swiftly.

The provider selection process

Mercer has undertaken a whole of market review to identify market-leading DC providers. The search focused on the providers' commitment to market, breadth of products, technology, educational tools, IT security and data protection, people, services and importantly competitive fees and market leading service levels.

When Mercer applied the requirements established by UUK, UCEA and GuildHE, Friends Life emerged as the clear choice.

A full report on the selection process, which was conducted in accordance with best procurement practice, is available on request. We believe that the process is sufficiently robust to satisfy each HEI's procurement requirements, however individual institutions may want to consider whether they wish to go through their own procurement exercise and whether participation in the new arrangement meets any requirement that may fall to their institution to fulfil the requirements of EU procurement regulations.

Why Mercer as your chosen consulting partner?

Mercer Limited is the largest provider in the UK of retirement and actuarial consulting to corporate pensions clients, and offers a comprehensive service.

Mercer already has ongoing appointments to provide pensions and related advice to dozens of universities across the country including many of the largest pension schemes in the sector. Mercer has been working with UCEA and UUK on a number of projects over the last 12 months.

As a consequence of Mercer's DC expertise, HEDCS offers effective investment governance with a strong emphasis on the outcome for members, including a low volatility pre-packaged default fund, a further core range of member friendly funds and an extended range of Mercer 'highly rated' fund for members who want access to the widest choice.

Against the backdrop of auto-enrolment, Mercer has agreed with Friends Life preferential pricing, strong risk management procedures, and best in industry service levels, backed by penalties for non-performance.

Mercer will also ensure that the scheme offers members purchasing an annuity an 'open market option' so they can get the best and highest income available when it comes to their retirement.

Contact details

If your institution is interested in finding out more about the scheme and how it could meet your specific requirements, then please contact Kevin Painter on 0113 394 7684 or kevin.painter@mercer.com. Alternatively, contact Michael Harrison on 0113 394 7665 or michael.harrison@mercer.com to schedule an appointment with Mercer to discuss the scheme and the sign-up process in appropriate detail.

Advice from LCP on HEDCS pension arrangement

The market is very limited for a scheme of SBUEL's size. Auto enrolment has changed the provider market considerably with capacity as a key issue.

We have only been able to secure terms from 1 provider (Standard Life) at a base charge of 0.6%. This position changes if you were to use the new dc arrangement as an auto enrolment vehicle for the University where a number of providers expressed an interest in offering terms. However I understand that existing non-members and new hires would be auto enrolled into your existing DB arrangements.

Mercer have been able to negotiate a bulk price with Friends Life on behalf of the Employers Pension Forum for Higher Education that would not necessarily be available to individual HEI's.

Our view of Friends Life as a pensions provider is positive.

The charging structure offered from Mercer is competitive when compared with other low cost providers such as Now Pensions and Nest (these are providers that have been specifically established for auto enrolment). As you are aware there are 3 cost options 0.45%, 0.6% or 0.65%. The 0.45% option is the one that is comparable to the 0.6% charge from Standard Life.

There was no mention of how Mercers were being remunerated for setting the arrangement up and what services they provided on a an on-going basis in any of the documentation. Having spoken to Mercer they have now disclosed that the charge quoted above includes a 0.05% pa commission e.g the member pays 0.45% annual management charge of which 0.40% pa goes to Friends Life and 0.05%pa goes to Mercer. The 0.05% pa covers the cost of setting up the arrangement with Mercer and very level governance.

It does **not** include individual scheme governance which you will need to set up separately (we can help this). We will also need to provide you with investment advice on a suitable default funder unless you take the Mercer default fund at 0.60% (we have not looked at this in any detail so are unable to comment further on this at this time).

Whilst it is disappointing that Mercer did not disclose their remuneration, the terms that they have been able to secure including their commission because of the bulk purchasing power are still better than SBUEL could obtain independently. We therefore believe on a comparative basis the Mercer offering via Friends Life is suitable for SBUEL. We suggest that you proceed on the 0.45% base option (this will be the charge for the lowest priced fund available, other funds may be at a higher charge) and we will provide investment advice on a suitable default fund.

**Chris Clough
LCP
15 March 2013**

	PAPER NO: UE.07(13)	
Board:	Board of Directors	
Date:	26 th March 2013	
Paper title:	Non-executive director recruitment	
Author:	Tim Gebbels, Chief Executive	
Recommendation:	Agree the nominated candidate Sahar Hashemi, for non-executive directorship and the next steps to be followed to recruit her to the Board.	
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?		

Executive Summary

The Board considered candidates for non-executives directors at its meeting in November 2012 and Julian Beer has subsequently been appointed. The Board requested a revised shortlist of candidates for the other non-executive position. Sahar Hashemi is recommended for selection as a non-executive director

Recruitment of non-executive directors

1. Introduction

In September 2012, the Board of Directors agreed a simple skills matrix for non-executive directors of the company and, at the same time, agreed to appoint Julian Beer as the first external non-exec. The Board indicated that it wishes to appoint further non-executive directors and asked the executive to widen the range of candidates for consideration at its next meeting.

2. Selection Criteria

At its last meeting on 6th November 2012, the Board agreed a simple matrix of the selection criteria to be used as the basis for non-executive director selection. The Board further agreed to appoint its first non-executive director from a long list of candidates proposed. In making this first appointment, the Board emphasised the need to match the first two criteria in the matrix, given the early stage of development of SBUEL as an active Enterprise company and the comparative immaturity of the organisation in establishing a University Enterprise business. However, the importance of these two criteria diminishes as the number of non-executives grows, and for this second round of appointments they do not, perhaps warrant such strong emphasis. Instead, a more balanced approach may be more suitable.

The full set of criteria agreed are listed in Appendix 1.

3. Long List Candidates

The following list of candidates has been nominated from within the University Enterprise team, the University Executive and the Development office for consideration as non-executive director of SBUEL:

- Carrie Green - Entrepreneur
- Sahar Hashemi - Entrepreneur
- Val Lowman – Chief Executive, BeOnsite
- Ruby McGregor-Smith – Chief Executive, MITIE
- Marjorie Scardino – Former CEO, Pearson

A short biography of each nominee is attached in Appendix 2.

An attempt has been made in Appendix 1 to map each of these candidates to the appointment criteria agreed. On the basis of this mapping, it is recommended that Sahar Hashemi is invited to join the SBUEL Board.

4. Next Steps in Recruitment

If the Board accepts the recommended nomination, the next steps will be as follows:

- Chief Executive informally contacts candidate to determine their willingness to take on the directorship, if offered.
- Chairman (and Chief Executive) offer to meet nominee to discuss the role with them in advance of formal offer being made.
- Chairman issues formal offers to willing candidate.
- New Director formally appointed at the Board meeting in June.
- Director join the Board at its meeting in June (following appointment).

5. Recommendation

The Board are asked to:

- Agree the nominated candidate Sahar Hashemi, for non-executive directorship and the next steps to be followed to recruit them to the Board.

Appendix 1: Mapping of Board Nominees Against Selection Criteria

Name	1) Knowledgeable in key aspects of SBUEL business	a) B2B marketing, business development and service provision	b) Strategic and key account management	c) Professional CPD	d) Commercial technical (engineering) consulting and research	2) Understanding of the role of University Enterprise, particularly through engagement with a leading "enterprise" University (Hertford, Plymouth, Derby, Anglia Ruskin, etc)	3) Enterprise engaged – Experience of or engagement in some kind of enterprise activity, e.g. business start-ups, angel investing, venture capitalists	4) Exemplars of Enterprise – Successful entrepreneurs or creators of successful business start-ups, new social enterprises, etc	5) Understanding of and affinity with young people, especially students and young entrepreneurs	6) London based – personally or professionally located in or connected to London
Carrie Green	No	No	No	No	No	No	Yes	Yes	Yes	Yes
Sahar Hashemi	Some	No	Yes	No	No	No	Yes	Yes	Yes	Yes
Val Lowman	One	Some	Some	No	No	No	Yes	No	Yes	Yes
Ruby McGregor-Smith	No	Some	No	No	Yes	No	No	No	No	Yes
Marjorie Scardino	Some	Some	Yes	Yes	No	No	No	No	No	Yes

Val Lowman

Current position: Chief Executive, BeOnsite

Val has over 20 years' experience of the construction industry.

For the past ten years she has created partnerships with the public sector to enable local people with barriers to employment access sustainable construction jobs through employer led training.

Val created the Job Shop at Bluewater in partnership with Job Centreplus in 1996 which resulted in nearly 4000 local people (including serving prisoners from Kent prisons) get jobs and training in construction. This pioneering model has now been transferred many times and still thrives at Bluewater as The Bluewater Learning Shop.

Val has recently created Be Onsite, a Bovis Lend Lease (BLL) founded not-for-profit that will consolidate and sustain BLL's collaborative approach to ensure industry gets the skills it needs, individuals gain sustainable careers, meeting the aspirations of Government and the communities in which we work.

Val is a Fellow of the Royal Society of Arts, represents construction on the Department of Employment and Pension's London Employer Coalition, and chairs the London Regional National Skills Academy Partnership. She is a member of the Corporate Alliance and the Cross Industry Construction Apprenticeships Task Force.

Marjorie Scardino

She is the first woman to head a FTSE 100 company.

Marjorie Scardino, an American-born British citizen, has been Pearson (owner of the Financial Times and Penguin) chief executive since 1997. During her tenure, sales have tripled to nearly £6bn and profits grown more than three times to a record high of £942m in 2011, as the company focused on learning products and moved towards digital. She was recognised as one of the UK's highest profile female corporate leaders.

She stepped down as Chief Executive on 1st January 2013 and will be replaced by the head of its international education division, John Fallon.

She received cash and share awards worth £9.6m in 2011, making her Britain's highest-paid female director of a FTSE 100 company.

Prior to working at Pearson, Scardino was Managing Director of the North American division of The Economist, and in 1992 became the CEO of The Economist Group.

She is a Member of a number of charitable and advisory boards, including The Carter Centre and the Victoria & Albert Museum

Ruby McGregor-Smith

Ruby McGregor-Smith CBE is the Chief Executive of MITIE Group PLC, the strategic outsourcing and energy services company. She joined MITIE in 2002 and was appointed as CEO in 2007. She is one of a small number of women holding the position of Chief Executive in the FTSE 100 and FTSE 250 and is the first Asian woman to be appointed in such a role within that group of companies.

Since joining, she has seen MITIE grow its revenue from £0.5bn to £2.0bn, continuing its unbroken track record of profit and revenue growth.

1991-2000	Worked at Serco Group Plc in a range of operational & financial roles
2000-2001	Worked at SGI Babcock International Group PLC
2002, December	Joined MITIE as the Group Financial Director
2005, September	Promoted to Chief Operating Officer of MITIE
2007, March	Appointed as Chief Executive Officer of MITIE

She is an Independent Non-Executive Director of Michael Page International PLC (a leading British-based recruitment business), appointed to the Board in May 2007.

She trained as a chartered accountant.

Carrie Green

Carrie Green started her first online business (easymobileunlock.co.uk) at the age of 20, whilst studying Law at the University of Birmingham. Within a few years she had a global business and her website was achieving over 100,000 hits a month. She is now three years into her second business, Simply Telecoms.

She has also created the Female Entrepreneur Association, for like minded women with the aim of providing support and combating the isolation that can be felt when running your own business. Within a short space of time the FEA took off, with The Daily Telegraph, Manchester Evening News and several radio stations featuring the project. There are now over 13,000 women involved in FEA.

In June 2012 Carrie will be launching a digital magazine for female entrepreneurs, which is expected to reach over 100,000 people.

Sahar Hashemi

Sahar Hashemi founded Coffee Republic, the UK's first US style coffee bar chain with her brother and built it into one of the UK's most recognised high street brands with 110 bars and a turnover of £30m.

She left the day-to-day management of Coffee Republic in 2001 and published a bestselling book the 2nd-highest selling book on entrepreneurship after Richard Branson.

In 2005 she founded Skinny Candy, a brand of sugar free sweets. Skinny Candy was sold to confectionery conglomerate Glisten PLC in 2007.

She has published two books – her first became the second highest selling book on entrepreneurship after Richard Branson. Her second focuses on 8 habits that foster a more entrepreneurial mindset for employees.

In 2011 Sahar was nominated by *Director* magazine as one of its Top 10 Original Thinkers, alongside Sir Tim Berners-Lee and Sir Jonathan Ive. She was also named one of 100 most influential women in Britain by Daily Mail and 35 top women in British business by Management Today. In 2011 she was invited to join the Entrepreneurs Forum set up by UK Business Secretary Vince Cable to give informal personal advice to the government on enterprise policies.

She currently sits on the Consumer Council of EON UK Plc.

In June 2012 Sahar was awarded an OBE for services to the UK economy and to charity.

London South Bank University
University Enterprise
Draft Report

Internal Audit Report

March 2013



Contents

1. Executive summary	2
2. Detailed current year findings	3
Appendix 1. Basis of our classifications	9
Appendix 2. Terms of Reference	11
Appendix 3. Limitations and responsibilities	14


Distribution List

For action	Tim Gebbels
For information	Richard Flatman, Audit Committee

This report has been prepared solely for London South Bank University in accordance with the terms and conditions set out in our contract. We do not accept or assume any liability or duty of care for any other purpose or to any other party. This report should not be disclosed to any third party, quoted or referred to without our prior written consent.

Our internal audit work has been performed in accordance HEFCEs Financial Memorandum, As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

1. Executive summary

Report classification	Direction of Travel	Total number of findings					
		Critical	High	Medium	Low	Advisory	
 Medium Risk <i>See Appendix 1 for basis of scoring</i>	N/A; No comparable previous review performed						
		Control design	0	0	3	1	1
		Operating effectiveness	0	0	1	0	0
		Total	0	0	4	1	1

Scope of the review

See Appendix 2 for details

The objective of this review was to assess the operations, responsibilities and governance of University Enterprise. The review also included an assessment of budgeting, management reporting and accounting policies at Commercial Enterprise level.

Background and approach

South Bank University Enterprise Limited (SBUEL) is a subsidiary of London South Bank University (LSBU). The activities of University Enterprise are not wholly represented by the company SBUEL as some activities fall outside of the reporting through this organisation. The activities of SBUEL are currently represented by Commercial Enterprise, Student Enterprise and Spin Outs and IP. The focus of this review will be Commercial Enterprise. Commercial Enterprise can be defined as consultancy, commercial research, education programmes run for commercial profit, events and conferences (including hire of facilities). The University has been developing the structure and relating processes for managing these activities over the last 18 months.

Summary of Findings

The Commercial Enterprise vision is in line with expectation for a forward-looking higher education institution and supports the University's objectives to maximise its revenue-generating capacity from Commercial Activity. However, a lack of 'buy-in' across the University could hinder the achievement of these objectives: we noted that some individuals do not understand the rationale behind Enterprise and some Faculties do not see the benefit of the structure to them.

We also identified that:

- There are no formal procedures outlining the process for approval of entering into contracts
- There is no central register summarising all Enterprise contracts and their contract owners. This does not support effective monitoring and reporting;
- Project income and expenditure may be incorrectly allocated due to a lack of guidance on whether projects should be run through SBUEL or LSBU ; and
- The format of management reports at the time of audit did not supporting effective monitoring as they had to be manually reconciled to the financial system to review performance against budget.

These control design weaknesses may mean management reports are incomplete or inaccurate, damaging the reliability of management information. This could mean management do not have full oversight of Enterprise projects and lead to inappropriate decision making.

Our work also noted that the accounting treatment of Enterprise income in the financial statements may not be compliant with the applicable accounting standards.

2. Detailed current year findings

Finding: Allocation of faculty driven projects

There is a lack of clarity surrounding what constitutes activities are defined as 'Enterprise activities' and 'University activities'. For example, commercial lettings are run by both Enterprise and Estates. Similarly, commercial projects may be run by Enterprise or Faculties.

There is currently no formal policy outlining whether projects should be run through SBUEL or LSBU. We recognise that in practice this rarely presents an issue, as most types of project have historical precedent and so treatment is not ambiguous. However, it will become more difficult to rely on 'precedent' as more complicated projects are adopted.

Risks

Lack of clarity could mean that projects are run by staff with inadequate experience.

Allocations should be based on technical considerations related to tax and the University's charitable status. Lack of policy may mean that these are not considered.

There may be inconsistencies in approaches between services provided at an Enterprise level and similar services provided by University. Standardising these processes may lead to efficiencies.

Action plan

Finding rating



Medium risk

Proposed action

The Enterprise team will develop a straightforward checklist to enable non-financial experts to allocate projects correctly, in the context of taxation and other compliance considerations.

Responsible person / title

Tim Gebbels

Target date:

31/07/2013

Finding: Alignment of Objectives – Faculties and Enterprise

There is a lack of goal congruence between the Enterprise vision and the reality of managing commercial activity at a Faculty level. Our interviews with Faculties identified that some individuals are sceptical about the new approach to Enterprise being taken by the University Enterprise team, do not see its relevance to their own work and are unclear that engagement with Enterprise will lead to any ‘value’. There is a perception that the engagement imposes an additional administrative burden on them. Overall, this leads to a lack of buy-in to the goals of the Enterprise teams in some Faculty areas and can mean opportunities to maximise income for Enterprise are not seized.

Risk

Failure to attain Faculty buy-in and align objectives could hinder the achievement of planned objectives.

Action plan

Finding rating

Proposed action

Responsible person / title



Medium risk

We have performed multiple exercises with Faculties to explain the purpose of University Enterprise. However, there remains an issue regarding ‘buy- in’ within some Faculties to the work we are trying to do. This is largely centred on the lack of strategic goals and incentives which are aligned across University Enterprise and Faculty. There are a number of perceived ‘perverse’ incentives (often around financial control and targets) which continue to act as barriers to more aligned working.

We will share findings from this report with the University Executive team to establish a formal route to securing better alignment of objectives and incentives with Faculties. In parallel, we will continue to perform formal exercises to engage with key stakeholders at Faculty level to build buy-in from individuals into the nature of the Enterprise offering, the resources available and the potential for ‘value-add’ in their own work.

Tim Gebbels

Target date:

31/07/2013

Finding: Oversight of commercial activity

There is no central register summarising commercial projects across the University. It is possible to extract a listing from Agresso (the University's general ledger system) however there are doubts over whether source coding is accurate which undermines the reliability of data.

In addition, there is limited transparency of project management and control processes, limiting the ability of SBUEL effectively to oversee these projects.

Risks

Without a complete, accurate and reliable listing of projects and transparency of project management and control, SBUEL cannot exercise sufficient oversight of commercial activity. This could lead to weakened controls, deteriorating standards of commercial management at lower levels and failure to apply the most appropriate and efficient business strategies.

Incorrect coding of project income may mean it is allocated incorrectly; this may threaten the University's charitable status or lead to inappropriate tax treatments.

Incorrect coding of project income could affect funding received from HEFCE.

Action plan

Finding rating

Proposed action

Responsible person / title



Medium risk

This issue originally stemmed from the lack of a complete set of management accounts. Since the audit, we have worked with management accountants to develop a complete set which we are currently analysing.

There is no need for a central register as all projects should now be identified through the management reporting process.

Our review of the management accounts has identified some potential miss-classifications of Enterprise income and expenditure. Further work is needed to confirm whether these items have been classified incorrectly. We will do a review of spend to get assurance this is accurate. Once this work has been completed, we will share outputs with the University Executive to decide whether reclassification of these items is necessary.

In addition, we are seeking to establish better controlled project management processes but, in part due to the lack of alignment identified in the previous issue, faculties are not always supportive of this initiative.

Tim Gebbels

Target date:

31/07/2013

Finding: Lack of approval limits for contracting

There are no procedures outlining the approval limits for entering contracts for the supply of products or services (i.e. sales) at an Enterprise level. The University's Financial Regulations do not include any delegation limits in respect of sales.

Risks

Individuals could commit the University to a project which is unsuitable or undeliverable.

If the University and/or Enterprise are committed to a project and/or contract which it cannot deliver, there is a risk that they could become subject to claims for compensation or reputation damage.

Action plan

Finding rating

Proposed action

Responsible person / title



Medium risk

Procedures will be developed to formalise approval limits. This will be developed to be consistent with University Financial Regulations and will include due diligence checks on contracting parties, consultation with legal and analysis of budgets.

Tim Gebbels

Target date:

It is noted that the Financial Regulations are not specific on the controls that must be applied beyond those imposed by the FEC form (i.e. they specify no value constraints).

31/07/2013

Values for each level should be set based on a review and discussion of the capacity of the University to deliver commercial contracts and will be agreed by the SBUEL Board of Directors.

Finding: Format of Management Accounts

Management accounts are produced to monitor performance.

At the time of audit, the format used did not facilitate monitoring of projects against budget or offer a clear indicator of performance because the accounts had to be manually reconciled to the finance system allow comparison against budget.

Risks

Management accounts which are not transparent could lead to poor decision making and misinformation, leading to an inaccurate picture of commercial performance and poor management decisions.

Action plan

Finding rating


Low risk

Proposed action

Since the audit we have developed a new set of management accounts. These are more complex but provide a complete picture of activity which has enabled more effective monitoring. These reports will continue to need refinement and we will amend these on an ongoing basis to ensure they are fit for purpose.

Responsible person / title

Tim Gebbels

Target date:

31/07/2013

Finding: Accounting Policies

Income is recognised in the year only to the extent that it will fully offset expenditure; the remaining balance is deferred at year end, leading to large deferred income balances. The accumulated deferred income balance in relation to each project is released as a lump sum at the end of the project life. The value of deferred income currently held on the balance sheet is material to the financial position of the company.

Our expectation is that income is only recognised once the conditions of entitlement have been met. For contracts this is often based on delivery of key milestones and in proportion to the work carried out at the accounting date.

University Enterprise should review their accounting policies to confirm treatment is consistent with these and consult with the External Auditors to confirm the appropriate approach.

Risks

The practice currently adopted obscures the true financial position of the company on a month by month basis. The adopted policy does not appear to be compliant with the applicable accounting standards (UK GAAP), which could lead to compliance issues and related liabilities.

Action plan

Finding rating

Proposed action

Responsible person / title



Advisory

We will review our accounting policies to ensure they are consistent with UK GAAP and that they meet current business needs. We will update accounting policies as appropriate, ahead of the financial year end.

Tim Gebbels

Target date:

31/07/2013

Appendix 1. Basis of our classifications





A. Individual finding ratings

Finding rating	Points	Assessment rationale
Critical	40 points per finding	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on operational performance resulting in inability to continue core activities for more than two days; or • Critical monetary or financial statement impact of £5m; or • Critical breach in laws and regulations that could result in material fines or consequences over £500k; or • Critical impact on the reputation or brand of the organisation which could threaten its future viability, e.g. high-profile political and media scrutiny i.e. front-page headlines in national press.
High	10 points per finding	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance resulting in significant disruption to core activities; or • Significant monetary or financial statement impact of £2m; or • Significant breach in laws and regulations resulting in significant fines and consequences over £250k; or • Significant impact on the reputation or brand of the organisation, resulting in unfavourable national media coverage.
Medium	3 points per finding	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance resulting in moderate disruption of core activities or significant disruption of discrete non-core activities; or • Moderate monetary or financial statement impact of £1m; or • Moderate breach in laws and regulations resulting in fines and consequences over £100k; or • Moderate impact on the reputation or brand of the organisation, resulting in limited unfavourable media coverage.
Low	1 point per finding	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on the organisation's operational performance resulting in moderate disruption of discrete non-core activities; or • Minor monetary or financial statement impact £500k; or • Minor breach in laws and regulations with limited consequences over £50k; or • Minor impact on the reputation of the organisation, resulting in limited unfavourable media coverage restricted to the local press.
Advisory	0 points per finding	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Each individual finding is given points, based on the rating of the finding (Critical, High, Medium, Low or Advisory). The points from each finding are added together to give the overall report classification of Critical risk, High risk, Medium risk or Low risk, as shown in the table on the next page.

B. Overall report classification

The overall report classification is determined by allocating points to each of the findings included in the report.

Report classification	Points
 Low risk	6 points or less
 Medium risk	7– 15 points
 High risk	16– 39 points
 Critical risk	40 points and over

Appendix 2. Terms of Reference

Background

The activities of University Enterprise are not wholly represented by the company SBUEL (a subsidiary of London South Bank University entitled South Bank University Enterprises Limited) as some activities fall outside of the reporting through this organisation. From discussions with Enterprise management, we also understand that some activity occurs outside of SBUEL and University Enterprise and within the University itself such as some commercial lettings. The activities of University Enterprise are currently represented by commercial enterprise, student enterprise and spin outs and IP. The focus of this review will be Commercial Enterprise. Commercial Enterprise is defined as consultancy, commercial research, education programmes run for commercial profit, knowledge transfer, events and conferences and lettings and hire of facilities.

Scope

The sub-processes and related control objectives included in this review are:

Sub-process	Control objectives
University Enterprise - Governance	<ul style="list-style-type: none"> • Appropriate oversight is exercised over the activities of University Enterprise/SBUEL. • The activities of University Enterprise are supported by Enterprise objectives which are aligned to the University's corporate objectives. • The governance structure has the appropriate reporting and responsibility lines to ensure good governance.
Operations and responsibilities of University Enterprise	<ul style="list-style-type: none"> • There is a clear line of sight with regard to the activities that are managed through University Enterprises, SBUEL and the University. • For all appropriate commercial activities to be managed through the appropriate University entity in order to create efficiencies and maximise opportunities associated with economies of scale. VAT and tax. • There are policies and procedures in place to ensure that contracts linked to commercial activities are actively managed with an appropriate control environment supporting them such as robust systems.
Commercial Enterprise – Budgeting setting, monitoring and management reporting <ul style="list-style-type: none"> • Projects managed at Enterprise level • Projects managed at Faculty level 	<ul style="list-style-type: none"> • Projects are entered into once a business case, budget and project plan have been prepared, reviewed and approved. • Projects are monitored on a timely basis with performance monitored against approved budgets and project plans and actions taken as a result. • The financial performance of Commercial Enterprise is subject to appropriate and timely scrutiny. • Processes and procedures are consistent across the organisation.
Commercial Enterprise – Accounting policies and financial reporting	<ul style="list-style-type: none"> • The accounting policies of Enterprise are compliant with UK GAAP. • Management accounts are transparent and have the appropriate information to support the decision making

	<p>of the organisation.</p> <ul style="list-style-type: none"> The basis of allocation across cost centres and companies is appropriate and the use of cost centre and company is consistent with the activities of the organisation.
--	--

Limitations of scope

This review will review the processes and procedures in place but will not test compliance against these as part of this review as this is expected to be covered in a later review.

This review will focus on Commercial Enterprise when reviewing the processes and procedures for budget setting, monitoring, management and financial reporting. It will not cover Student Enterprise or IP and Spin-Out.

Audit approach

Our audit approach is as follows:

- Review key governance documents to consider whether the governance structure for University Enterprise is sufficient to ensure appropriate oversight at both the group and subsidiary level.
- Hold meetings with management to understand the responsibilities of SBUEL and University Enterprises and how commercial activity is managed by the University, either through SBUEL, University Enterprise or the University itself.
- Hold meetings at a faculty level with a number of key individuals to obtain their understanding of the University's/University Enterprises' processes and procedures that in are in place for managing commercial activity, including budget setting, monitoring and reporting. These processes and procedures will be compared against the processes and procedures expected by the University and best practice.
- Obtain University Enterprise annual budgets and management accounts to consider whether it is timely and robust as a means to monitor financial performance. We will also consider whether all activities of the entity are considered as part of this monitoring control, whether it has been appropriately approved and aligned with the University's corporate objectives.
- Review the accounting policies of the University and University Enterprise associated with commercial activity and compare this against the appropriate accounting standards and best practice. We will also consider whether there are clear policies and procedures in place to ensure that income and costs are properly allocated to University Enterprise and SBUEL within the ledger.

Internal audit team

Name	Title	Role	Contact details
Justin Martin	Partner	Engagement Partner	justin.f.martin@uk.pwc.com
David Wildey	Senior Manager	Engagement Manager	David.w.wildey@uk.pwc.com
Joti Atir	Senior Associate	Team Leader	Joti.ahir@uk.pwc.com

Key contacts

Name	Title	Role	Contact details
Richard Flatman	Director of Finance	Audit Owner	richard.flatman@lsbu.ac.uk
Tim Gebbels	Director of Enterprise	Key Contact	gebbelst@lsbu.ac.uk
Bev Jullien	Pro Vice Chancellor (External)	Audit Contact	jullienb@lsbu.ac.uk
Warren Turner	Pro Dean, Faculty of Health	Audit Contact	turnerw@lsbu.ac.uk
Dilip Patel	Pro Dean, Faculty of Business	Audit Contact	dilip@lsbu.ac.uk
Graeme Maidment	Professor, Faculty of Engineering, Science and the Built Environment	Audit Contact	maidmegg@lsbu.ac.uk
Mike Molan	Dean, Faculty of Arts and Human Sciences	Audit Contact	molanm@lsbu.ac.uk
Keith Would	Management Accountant, Enterprise	Audit Contact	wouldk@lsbu.ac.uk
Rebecca Warren	Financial Accountant, SBUEL	Audit Contact	warrenra@lsbu.ac.uk
Justyna Kaleta	Management Accountant, Business and Engineering	Audit Contact	kaletaj@lsbu.ac.uk
Sarah Allwood	Management Accountant, Health	Audit Contact	allwoods@lsbu.ac.uk
Yvonne Mavin	Head of Business Development	Audit Contact	maviny@lsbu.ac.uk
Anne Knight	Head of Programme Management	Audit Contact	anne.knight@lsbu.ac.uk
Sheila Grace	Head of Student Enterprise and IP	Audit Contact	graces@lsbu.ac.uk

Appendix 3. Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of the University's Enterprise processes (as set out in our terms of reference), subject to the limitations outlined below.

Our internal audit work has been performed in accordance with HEFCE's Financial Memorandum. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls, and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls relating to the processes under consideration (as set out in our terms of reference) relates to the twelve month period prior to the date of audit (unless otherwise indicated in our terms of reference). Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.



This document has been prepared only for London South Bank University and solely for the purpose and on the terms agreed in our engagement letter. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

© 2013 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers LLP (a limited liability partnership in the United Kingdom), which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

	PAPER NO: UE.09(13)	
Board:	Board of Directors	
Date:	26 March 2013	
Paper title:	Risk Register	
Author:	Tim Gebbels, CEO	
Recommendation:	That the Board note the risk register	
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	N/A	

Executive summary

No changes have been made to the risk register since the last meeting.

The Board is requested to note the risk register.

Risk Register

Date	05/11/2012
Risk Status	Open
Risk Area	Support
Sub Risk Area	University Enterprise

University Enterprise

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
321	UE1 Lack of strategy for enterprise Risk Owner: Tim Gebbels Last Updated: 09/09/2012	<p>Cause: Perceived lack of Enterprise Strategy supporting Corporate Plan objective Perceived absence of senior management support for Enterprise Poor communications of enterprise strategy and its implications for all staff</p> <p>Effect: Poor understanding of importance of Enterprise and the role individuals have in delivering Corporate Objective Confused prioritisation of Enterprise activity versus Teaching and Research</p>	2 2 Medium		Medium	<p>Develop a clear Enterprise Strategy and communicate it to University staff</p> <p>Person Responsible: Tim Gebbels To be implemented by: 31/12/2012</p>
322	UE2 Lack of ambition and focus Risk Owner: Tim Gebbels Last Updated: 09/09/2012	<p>Cause: Historical precedent is for the Enterprise team to be reactive rather than pro-active and to provide largely administrative support for all Enterprise activity, although much of this is very low value. Insufficient focus on generating new, high value commercial opportunities. Lack of recognition of need for step change results in continuation of status quo.</p> <p>Effect: Significant new commercial opportunities are missed.</p>	3 2 High		High	<p>Effectively communicate the new level of ambition and the areas of focus necessary to deliver income targets both to the Enterprise Team and to academics involved in Enterprise</p> <p>Person Responsible: Tim Gebbels To be implemented by: 31/12/2012</p> <p>Create a framework of tools to support academics to continue to undertake Enterprise activity with minimal support from the Enterprise team, for projects of comparatively low value.</p> <p>Person Responsible: Tim Gebbels</p>

Growth in Enterprise income is smaller than desired.

To be implemented by: 31/03/2013

323	<p>UE3 Lack of priority for Enterprise from faculty and academic staff</p> <p>Risk Owner: Tim Gebbels</p> <p>Last Updated: 05/11/2012</p>	<p>Cause: Enterprise not recognised as a corporate priority versus Teaching or Research.</p> <p>Effect: Poor support for Enterprise activity from Faculty and department management and from individual academics. Inability of the University to deliver major new commercial projects if and when they can be found.</p>	3 2	High	High	<p>Ensure priorities are established that do not create perverse incentives between faculties and University Enterprise but instead encourage them to co-operate.</p> <p>Person Responsible: Tim Gebbels To be implemented by: 31/12/2012</p> <hr/> <p>Ensure that Enterprise becomes a central component of the criteria used to recruit and promote University staff, whether academics, support staff or senior managers</p> <p>Person Responsible: Tim Gebbels To be implemented by: 31/07/2013</p> <hr/> <p>Communicate the Enterprise strategy across the whole University to ensure the priority of Enterprise activity is recognised</p> <p>Person Responsible: Tim Gebbels To be implemented by: 31/12/2012</p>
324	<p>UE4 Poor project management or delivery</p> <p>Risk Owner: Tim Gebbels</p> <p>Last Updated: 09/09/2012</p>	<p>Cause: Inadequate project management controls for Enterprise activity. Inadequate understanding of customer requirements or deadlines. Poor resource and staff time planning.</p> <p>Effects: Reduced income (client unwilling to pay) or cost over-runs. Inability to grow Enterprise activity as planned.</p>	2 2	Medium	Medium	<p>University Enterprise to take ownership of the commercial client relationship (where appropriate) and to improve client communications throughout project lifecycle to ensure sound understanding of client need and appropriate quality control of final deliverables.</p> <p>Person Responsible: Tim Gebbels To be implemented by: 31/10/2012</p>

Damaged reputation of the University.

Devise and implement formal project management to effectively manage project phasing, milestones, deliverables, resource and budget scheduling, client reporting and billing.

Person Responsible: Tim Gebbels

To be implemented by: 31/12/2012

325 UE5 Insufficient team capacity or capability

Cause:
Step change in corporate ambition requires step change in performance of University Enterprise team performance.
Successive change processes or other de-motivators may result in staff turnover.
Change in team focus and priorities may result in new skills needs not met by existing staff.

2 2

Medium

Medium

Keep team under review to maintain staff numbers and skill profile to meet business need

Person Responsible: Tim Gebbels

To be implemented by: 31/07/2013

Undertake a review of the team structure and the purpose of each job (within the defined establishment envelope). Move to the new structure as soon as possible.

Person Responsible: Tim Gebbels

To be implemented by: 31/08/2012

Effect:
High staff turnover resulting in loss of existing skills.
Inability of team to meet growth targets.

360 UE6 Crisis causes disruption to University Enterprise business

Cause:
Unexpected crisis disrupts business critical element of University Enterprise activity

2 1

Low

Low

Under the University's Business Continuity Planning Framework, develop a business continuity plan for University Enterprise

Person Responsible: Tim Gebbels

To be implemented by: 31/07/2013

Effect:
Projects and other ongoing commercial activity fail to meet customer expectations
Key records and/or documents lost, disrupting client relationships, contract management or other essential processes.

Risk Owner: Tim Gebbels

Last Updated: 05/11/2012

Risk Owner: Tim Gebbels

Last Updated: 05/11/2012

361	UE7 Action of Spin-out or Spin-in company adversely affect University Enterprise	Cause: Uncontrolled and unmanaged activity of spin-out or spin-in company has an adverse impact on SBUEL or LSBU e.g. through legal or financial liabilities, reputational damage	2	1	Low	Develop a simple framework for assessing the risk associated with associated companies. Populate the framework for all such companies. Monitor risks on a regular basis (quarterly)
	Risk Owner: Tim Gebbels					Person Responsible: Tim Gebbels
	Last Updated: 05/11/2012	Effect: Losses in related businesses may need to be consolidated into SBUEL and LSBU accounts, impairing performance Damaged reputation in the market place may impact our ability to secure commercial business or even to recruit students				To be implemented by: 31/01/2013