London South Bank University

Meeting of the Board of Governors

4pm* on Tuesday, 8 July 2014
in 1B27, Technopark, London Road, London SE1

* Pre Board presentation from 3.30pm on the Change Programme

Agenda

No.	Item	Paper No.	Presenter
1.	Welcome and apologies		Chair
2.	Declarations of Interest *Governors are required to declare any interest in any item of business at this meeting*		Chair
3.	**Chairman's Business**		
3.1	Minutes of meetings of 22 May 2014 (for publication)	BG.31(14)	Chair
4.	Matters arising		Chair
5.	**Vice Chancellor's Report and Key Performance Indicators** (to note)	BG.32(14)	VC
6.	**Chief Financial Officer's Report** (to note)	BG.33(14)	CFO
7.	**University Strategy**		
7.1	Corporate Strategy 2015-2020 (to approve)	BG.34(14)	VC
7.2	Change programme – highlight report (to discuss)	BG.35(14)	PD
7.3	Enterprise report (to discuss)	BG.36(14)	PVC(E)
7.4	Budget, 2014/15 (to approve)	BG.37(14)	CFO
7.5	Annual Accountability return (to approve)	BG.38(14)	CFO
8.	**University Performance**		
8.1	Management Accounts to 31 May 2014 summary (to note)	BG.39(14)	CFO
8.2	Clearing Strategy (to discuss)	BG.40(14)	PVC(E)
8.3	Annual health and safety report, 2012/13 (to note)	BG.41(14)	COO

9.   **Committee Business**

9.1   Reports from committees (to note)   BG.42(14)   Committee
                                                                       chairs

9.2   University Engineering Academy/University Technical   BG.43(14)   Dean,
        College (to approve)   ESBE

9.3   Educational Character Committee annual report (to   BG.44(14)   Chair of
        note)   Educational
                                                                         Committee

10.   **Governance**

10.1   Risk strategy and appetite (to approve)   BG.45(14)   CFO

10.2   Risk register (to note)   BG.46(14)   CFO

11.   New articles (to note only)   BG.47(14)   Sec

12.   Any Other Business

13.   Date of next Board meeting: 4pm on Thursday 9 October 2014.

Following today's meeting, Governors are cordially invited to a drinks reception with the senior management group in the Clarence Centre courtyard.

Members: David Longbottom (Chair), Dame Sarah Mullally (Vice Chair), Prof David Phoenix (Vice Chancellor), Ilham Abdishakur, Steve Balmont, Douglas Denham St Pinnock, Ken Dytor, Louisa Nyandey, Mee Ling Ng, Prof Hilary McCallion, Anne Montgomery, Andrew Owen, Diana Parker, Prof Shushma Patel, James Smith and Prof Jon Warwick.

Apologies: Prof Neil Gorman

With: Pro Vice Chancellor (Academic), Pro Vice Chancellor (External), Chief Financial Officer, University Secretary, Chief Operating Officer (for item 6.4), Programme Director - Building for the Future (for items 5.1 & 5.2) and Governance Manager.

Observer: Sharon Page, Governance Effectiveness Reviewer

London South Bank University

	PAPER NO: BG.31(14)
Board/Committee:	Board of Governors
Date:	8 July 2014
Paper title:	Minutes of the meeting of 22 May 2014
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors
Board sponsor:	David Longbottom, Chairman of the Board
Recommendation:	That the Board approves the minutes of its last meeting and the redactions for publication
Aspect of the Corporate Plan to which this will help deliver?	
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	Published on the university's website

Executive Summary

The Board is requested to approve the minutes of the meeting of 22 May 2014 and the proposed redactions for publication.

London South Bank University

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Minutes of a Meeting of the Board of Governors
held at 4pm on Thursday, 22 May 2014
in room 1B27, Technopark, London Road, London SE1

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Present

David Longbottom	Chairman
Prof David Phoenix	Vice Chancellor and Chief Executive
Barbara Ahland	SU President
Steve Balmont	
Douglas Denham St Pinnock	
Ken Dytor	(*from minute 14*)
Prof Neil Gorman	
Prof Hilary McCallion	
Anne Montgomery	
Mee Ling Ng	
Louisa Nyandey	(*from minute 8*)
Andrew Owen	
Diana Parker	
Prof Shushma Patel	
Prof Jon Warwick	

Apologies

Dame Sarah Mullally	Vice Chair
James Smith	

In attendance

Prof Phil Cardew	Pro Vice Chancellor (Academic)
Richard Flatman	Chief Financial Officer
Beverley Jullien	Pro Vice Chancellor (External)
Amir Rashid	Programme Director – Building for the Future (*for minutes 14-20*)
James Stevenson	University Secretary and Clerk to the Board of Governors
Michael Broadway	Governance Manager

Welcome and Apologies

1.   The Chairman welcomed Professor Gorman to his first meeting as an Independent Governor.

2.   Apologies for the meeting had been received from Sarah Mullally and James Smith.

3.   The Chairman reported that the Appointments Committee had been delighted to appoint Jeremy Cope as an Independent Governor with effect from 1 September 2014. Mr Cope's CV would be circulated to members of the Board not on the Appointments Committee for information.

Declaration of Interests

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

Minutes of the previous meeting

5.   The Board approved the minutes of the Board meeting of 20 March 2014 and the proposed redactions for publication (paper **BG.16(14)**).

6.   The Board approved the minutes of the general meeting of 20 March 2014 which was held to approve the revised articles of association.

7.   It was noted that the Privy Council would be considering the amended articles with a view to approving them in June 2014.

Matters Arising

8.   The Board noted that a report on the University Engineering Academy and the University Technical College which the University was sponsoring would come to the Board meeting of 8 July 2014.

Louisa Nyandey joined the meeting

9.   The Board noted that key performance indicators with "in year" indicators were being developed and would mirror the outcomes of the new strategy for 2015-2020.

10.   The revised Student Charter was being developed and would be launched in the new academic year, 2014/15.

Deputy Vice Chancellor Appointment

11.   The Board discussed the proposed appointment of Professor Patrick Bailey as Deputy Vice Chancellor (paper **BG.17(14)**). The selection panel consisted of the Chairman of the Board, Vice Chancellor, Chair of the Human Resources Committee, Chair of the Educational Character Committee and an external member, Professor Neil Gorman. It was noted that each candidate had been

interviewed by a student panel and a staff panel whose views were reviewed by the selection panel before final decision.

12.   The Board ratified the appointment of Professor Patrick Bailey as Deputy Vice Chancellor who would start at the University on 1 September 2014.

Strategy day report

13.   The Board noted the report and outcomes from the board strategy day of 1 May 2014 (paper **BG.18(14)**). Minor revisions to the report were suggested and the Board requested the revised report to be circulated to Board members for information.

Change Programme – governance and reporting structure

Ken Dytor and Amir Rashid entered the meeting

14.   The Board discussed the governance and reporting structure for the change programme to establish seven Schools and new professional service groups. This followed project management best practice (paper **BG.19(14)**). The change programme comprised 15 individual projects.

15.   The Board requested details of these projects at its next meeting

16.   It was reported that the draft internal audit plan for 2014/15 included 15 days to review the structure of the change programme and its deliverables. The draft plan would be considered in detail by the Audit Committee at its meeting of 12 June 2014.

IBM projects update

17.   The Board discussed an update on the IBM projects (paper **BG.20(14)**). The Board expressed concern that £0.5m of the contingency had been spent at an early stage in the project.

18.   The Board emphasised the importance of ensuring a cultural change within the University for the "excellent student experience" project to be successful.

19.   The Board discussed the format of the reports received on the change programme and IBM project and requested that more detail is provided for individual strands within these projects to enable the Board to support and monitor delivery more closely. In particular the Board requested key

deliverables and a highlight report for each strand with further detail provided by exception for strands not delivering to target.

20. In the first instance, a status report would be made to the Audit Committee on 10 June 2014.

Amir Rashid left the meeting

Project 16-20 report

21. The Board discussed a report on the 16-20 project (paper **BG.21(14)**). The Board requested future reports to address specific commitments for income generation, rather than the future potential.

22. In relation to international student recruitment, it was reported that UK Visas and Immigration were randomly inspecting universities' records of international students for compliance with Tier 4 status. The Board requested the executive to brief the forthcoming Audit Committee and review whether additional internal auditor checks were needed and whether the risk was at the level to be recorded on the corporate risk register.

Vice Chancellor's Report

23. The Board discussed the Vice Chancellor's report (paper **BG.22(14)**), which updated the Board on the appointment process for the Pro Vice Chancellor (Research and External Engagement), student success stories, the recent enterprise event, the Complete University Guide league table 2015 and the recent THE student experience survey.

24. The corporate key performance indicators were noted. The Board discussed in detail the Complete University Guide league table 2015 in which LSBU ranked 120 out of 123. It was reported that greater focus was being given to the data in returns which related to league tables. The National Student Survey results and employability were particularly important.

Management accounts to 30 April 2014

25. The Board noted the management accounts to 30 April 2014, which were forecasting a £1.5m surplus against a budget target of £2.5m (paper **BG.23(14)**). The position had improved from the March 2014 management accounts (which had been considered in detail by the Policy and Resources Committee). It was noted that it was unlikely that the £2.5m budget target would be reached at year end due to a £1m adverse variance from the

HEFCE grant letter and unbudgeted expenditure, principally on the IBM project.

Student recruitment

26.   The Board noted an update on student recruitment for 2014/15 (paper **BG.24(14)**). Each area was tracking ahead of, or in line with, 2013/14. The strategy for Clearing in August 2014 would be considered at the Board meeting of 8 July 2014.

Committee reports

27.   The Board noted the reports from committee meetings (paper **BG.25(15)**).

28.   The Board approved the addition of Ian Mehrtens, Chief Operating Officer, as an authorised signatory to the bank mandates, as recommended by the Policy and Resources Committee.

Student Centre post occupancy review

29.   The Board noted the Student Centre post occupancy review (paper **BG.26(14)**), which had been discussed in detail by the Property Committee. It was noted that the Student Centre had made a positive contribution to the campus and the student experience.

HEFCE risk assessment

30.   The Board noted the HEFCE risk assessment which graded the University "not at higher risk", the better of two ratings (paper **BG.27(14)**). The Board noted the sector benchmarking of key financial data.

Students' Union election results

31.   The Board noted the Students' Union election results for sabbatical and other officers of the Union (paper **BG.28(14)**). The Board noted that Ilham Abdishakur had been elected Students' Union President and appointed her as a student governor from 1 July 2014.

32.   The Board noted the returning officer's report that the elections had been conducted in a fair and democratic manner.

Corporate Risk Register

33.   The Board noted the corporate risk register (paper **BG.29(14)**).

Declarations of Interest

34.   The Board authorised the declared situational interest of Douglas Denham St Pinnock (paper **BG.30(14)**). The Board noted that Richard Flatman, Chief Financial Officer, had resigned as a governor of the University of South Wales (USW) following a perceived conflict of interest due to USW opening a London campus.

Any other business

35.   The Board noted that this was Barbara Ahland's last meeting as a governor as she stood down as Students' Union President on 30 June 2014. The Board warmly thanked Barbara for her excellent contribution to the Board as a student governor.

Date of next meeting

36.   The next Board meeting will be at 4pm on Tuesday 8 July 2014. A drinks reception with members of senior management would take place after the Board meeting.

The Chairman closed the meeting.

Confirmed as a true record:

……………………………………….. (Chairman)

Committee	Date	Minute	Action	Person Res	Status		
Board	22/05/2014	3	Circulate Mr Cope's CV to the Board	Secretary		☑	Completed
Board	22/05/2014	8	Report on University Engineering Academy South Bank and University Technical College Brixton to the Board of 8 July 2014	Exec Dean - ESBE	On Board agenda	☑	Completed
Board	22/05/2014	13	Circulate amended strategy day report to Board	Secretary		☑	Completed
Board	22/05/2014	15	Update on change programme projects at Board meeting of 8 July 2014	Programme Director	On agenda	☑	Completed
Board	22/05/2014	20	Report on change programme to Audit Committee of 12 June 2014	Programme Director	Discussed at meeting	☑	Completed
Board	22/05/2014	26	Clearing strategy to Board meeting of 8 July 2014	PVC - E	On agenda	☑	Completed

London South Bank University

		PAPER NO: BG.32(14)
Board/Committee:	Board of Governors	
Date:	8th July 2014	
Paper title:	Vice Chancellor's Report	
Author:	Jennifer Hackett Executive Assistant to the Vice Chancellor	
Executive sponsor:	Prof David Phoenix, Vice Chancellor	
Recommendation by the Executive:	The Board is requested to note the report which provides a progress update on University business.	
Aspect of Corporate Plan to which this will help deliver?	Successful delivery of all aspects of the plan.	
Further approval required?	n/a	
Communications – who should be made aware of the decision?	n/a	

Vice Chancellor's Report: July 2014

HEFCE Agreement

1. For publicly funded universities the funding provided by HEFCE has significantly reduced. At LSBU for example in 2014/15 it will account for 14% of income. Given the lack of funding levers and a perceived regulation gap, BIS suggested draft regulation which would have given the Secretary of State direct control over public institutions. It was subsequently agreed with UUK that a voluntary agreement would be issued based on the memorandum of Assurance and Accountability (previously the Financial Memorandum). The agreement documents actions that will be taken if an institution is considered to be failing. I have signed the agreement as Accountable Officer and it is attached for information (see Appendix A).

LSBU restructuring and communications

2. The School and Professional Function structure is now agreed and as previously reported. Executive Leads continue to work with their areas of responsibility to further define the remit and role of the professional functions. This will enable the

business partner arrangements to be put in place for the coming year. Regular meetings are being held with Heads of Academic Departments to enable any concerns to be raised and to ensure activities previously undertaken by the Executive Deans and Pro Deans have been captured and either re-allocated or ceased.

3. The consultation on the corporate strategy has involved face to face sessions led by the Executive, a drop in project room and use of an e-module. Feedback has been positive and the strategy is on today's agenda for approval. The strategy will then be formally launched in Autumn.

4. Work is now underway on the corporate delivery plan that will identify key measures and deliverables required to achieve the strategy. This will come to the Board in Autumn for approval. This latter document will form the basis of Board reports moving forward and link the operational delivery plans through to the Executive and Board. An overview of the Governance arrangements will also be brought to the Board in Autumn.

5. Whilst a number of new staff have not yet started, meetings of the Operations Board have begun. This brings together key academic and non-academic stakeholders to enable oversight of operational delivery. HR are currently developing a staff development plans for the executive, and members of this wider group.

6. A communications plan has been developed to ensure that staff are fully engaged with the Change Programme and are kept up to date with progress against the corporate strategy. To achieve this we are developing a cascade system whereby following monthly meetings of the Operations Board key messages will be filtered down to staff through a number of channels. In addition we are currently running weekly VC drop in sessions, an Ask the VC inbox (email), monthly lunches with the VC and a series of Executive Roadshows.

Staff appointments

7. We now have four Deans confirmed, unfortunately we have been unable to recruit to the Dean for Business and the Dean for Law and Social Sciences but will be interviewing further candidates late July. An induction programme is being developed to support Deans new to role and will include workshops focused on working collaboratively and creating a vision for each School.

8. We have long listed for the PVC Research and External Engagement role and interviews are scheduled for 30th July. The panel will be Chaired by the Chair of the Board and include a number of Board members as previously reported. At this point it is reasonable to expect that we will have a strong shortlist.

9. As part of the Developing Our Structures programme we have created a small team to work on LSBU's business intelligence. Hannah Le Vay has now joined LSBU as interim Head of Business Intelligence and she is supported by two business analysts.

The key priorities for this interim role are:

- to analyse the data inputs for the goals and measures of the corporate strategy 2020;
- to start immediate work on external data returns and the impact on league tables.

10. We have had two senior staff members resign, the Dean for Health and Social Care is moving to a new post as CEO of the Royal College of Paediatrics and Child Health and David Swayne who was supporting the work with IBM is moving to Goldsmiths. We are managing the associated risks through swift recruitment to find replacements. The ICT project lead is being covered by Francois Contreiras and we have interviewed internal staff for the role of interim Dean of Health and Social Care.

11. Mandy Eddolls has started work as the executive Director of HR. In the early stages of her work she is looking at issues related to organisational development and staff data. I will ask her to provide a report to HR Committee on the key priorities in Autumn.

Confucius Institute

12. Through the International Office and Confucius Institute, LSBU hosted 24 Presidents and Vice Presidents of Chinese Universities, at the start of their study tour of the UK organised by the Chinese Ministry of Education, which included visits to Oxford University and Imperial, with the theme of "university leadership and support to the local economy". I gave a welcome speech, and a closing address at the Chinese Embassy, and the International Office developed contacts to follow through for future partnerships.

13. Negotiations are progressing well for the development of Caxton House as a Model Confucius Institute. We hosted a delegation of architects from the Hanban on 9th June, which went well. Bev Jullien and I met with Director General Mme Xu Lin in Dublin to reinforce ongoing commitment to the partnership. The aim is to complete the building by early 2015 and deliver a launch event with senior politicians from the UK and China in the either spring or Autumn, given the elections the latter is most likely.

STEM teaching capital funding allocation

14. On 30 September 2013, the Minister for Universities and Science announced a £200 million fund from Government, to be matched by institutions and other sources, for investment in science and engineering teaching facilities. To be eligible you must have over 1000 Full time equivalent STEM students and LSBU is one of approximately 70 Universities that will therefore be eligible to bid. Staff are in the process of scoping potential bids of c £0.5-£1M and we will need to provide match funding. The deadline for bidding is September.

Ofsted

15. Between the 16th and 19th June 2014 the LSBU Education department were visited by Ofsted and inspectors made many positive statements about the provision and identified areas of exceptional practice. We therefore expect a positive outcome although at this stage we are still seeking confirmation from the National College for Teaching and Leadership as to whether we can expect any places for either 2014/15 or 2015/16. We will then need to consider as an Executive what approach we wish to take

Recruitment

16. Recruitment for undergraduate full time programmes that have student number control are nearing their final stages. Applications are up by 7% and firm acceptances are up by 10% year on year and in line with target – in real terms today, firm acceptances have risen by 163 students on last year. A detailed strategy has been developed for Clearing and an overview associated with the risks of ensuring we hold recruitment levels at 120 points for A-Level and 160 points for BTec is discussed.

17. A full update was given to the P&R Committee on 24 June 2014 and is included for information at Reports from Committees in the board pack.

English Language Test inquiry

18. The Home Office announced on 24th June that more than 50,000 English language tests taken by overseas students to extend their British visas have been declared invalid or questionable as a result of an official investigation into cheating on a huge scale.

19. The Internationalisation team have assured the Executive that our students take a range of tests and only 13 currently enrolled students have been identified as having taken the Test of English for International Communication ("TOEIC") in the UK, the Educational Testing Service ("ETS") test which has been open to question. On 9th May 2014 the Home Office notified us of their intention to visit and asked for the records of 11 students to be available for their visit on 13th May 2014. The team were able to provide satisfactory documentation and there have been no subsequent queries.

20. We have identified one ETS student at risk of deportation due to issues with ETS but who is progressing well. I have asked the International Office to ensure we have clear evidence of satisfactory language skills and if required to support retesting via the International English Language Testing System ("IELTS") for this and all other ETS students. The International Office, in collaboration with the Faculties, will continue to monitor the students identified, to highlight any issues with their language ability.

University Successes

21. The Clarence Centre for Enterprise and Innovation has been shortlisted in the Architects' Journal's Retrofit Awards. The awards celebrate the nation's best refurbishment projects, recognising the skill and expertise architects demonstrate in the life of our built environment. After a record number of entries and fierce competition, the Clarence Centre made it into the final stage of the Higher Education over £5m category. The winners will be announced at an award ceremony on 17 September at The Brewery, London.

22. LSBU won the HR Excellence in Research Award from the European Commission on 12 June. In order to achieve the award, LSBU set out its HR strategy for researchers development in an action plan and the award demonstrates the university's commitment to improving the working conditions and career development for research staff.

Staff awards

23. Anne Harris, Reader and Course Director in the Faculty of Health and Social Care has been named one of the UK's National Teaching Fellows. The National Teaching Fellowship is the most prestigious award for excellence in higher education teaching and support for learning,

24. Professor Judith Ellis and Dr Alison Leary have been inducted into the inaugural Nursing Times 'Leaders List'—a hall of fame for those at the forefront of the nursing profession. Judith and Alison have been given a coveted place among the top 50 nursing leaders, each of whom have been chosen for their strength across five key areas: leadership, influence across healthcare, impact on practice and care, acting as a good role model and legacy of their achievements.

Student Success

25. Rim Saada was awarded first prize for her technical excellence combining with an outstanding oral presentation skills in the field of Fluid Separation Processes. Rim, who is currently doing her PhD in Chemical Engineering (third year) received the award at the annual research event entitled "What's New in Fluid Separations" organised by the Institution of Chemical Engineers (IChemE) Fluid Separations Special Interest Group (FSSIG) at AstraZeneca, Macclesfield on Friday 20 June 2014.

26. Jack Daniels and Alex Pullen reached the final of the Mayor's Low Carbon Entrepreneur 2014 competition by developing a concept to install a magazine holding infrastructure on London tubes as a more formal way of sharing daily free newspapers. The idea was chosen from more than 200 entries to be one of only ten finalists for the prestigious competition. The pair were then called upon to pitch their business ideas to a prestigious panel of judges including Dragon's Den's Deborah Meaden and Innocent Drinks founder Richard Reed in the hope of winning the £20,000 prize to help take their idea to market. While the pair missed out on the grand prize, they were congratulated on progressing to the final by the Mayor of

London Boris Johnson, who said: "These ideas could go on to become the electric cars or solar panels of the future and it is students like these that will go on to help foster jobs and growth in the capital's green economy for years to come."

Key Performance Indicators report

27. Since the March P&R Committee meeting, the report has been updated to reflect the latest KPI information in the 13/14 reporting cycle.

28. The 'Finance' section has been updated with forecast figures from the April 14 management accounts.

    The Academic Services spend per student score from the Complete University Guide has improved to £971.

29. The 'Brand Profile' section has been updated with the results of the 2015 Complete University Guide & Guardian league tables. LSBU rose one place in the Guardian, to 112, although the number of included institutions fell slightly, and dropped one place to 120 in the Complete University Guide. Accountancy & Finance and Sports Science saw strong results in the subject league tables.

30. See KPIs at Appendix B, attached.

Agreement on Institutional Designation

Foreword

It is important that higher education providers can demonstrate accountability for access to the publicly subsidised student support system, alongside accountability for any ongoing direct public funding. This provides reassurances to students and the public more widely. In doing this, regulatory practice must, however, continue to support the dual principles of academic freedom and institutional autonomy.

To ensure that the rebalancing of funding from grants to tuition fees does not diminish the effectiveness of the current regulatory regime, and to ensure that no further requirements are placed on institutions, this agreement sets out to use existing powers and regulations to:

- Make a more explicit link between institutional accountability requirements and automatic designation for student support for 'authority funded institutions'[1]; and
- Set out a process for addressing non-compliance with accountability measures.

This is a voluntary agreement that sits alongside the financial memorandum[2] between HEFCE and institutions, which sets the terms and conditions for payment of HEFCE grants to higher education institutions (HEIs) and further education colleges (FECs). This agreement is aligned with the requirements in the financial memorandum, thus adds no additional burden on institutions.

This agreement comes into effect from 1 August 2014 for three years. We expect HEIs and FECs with automatic designation of their courses to adhere to the terms of this agreement. Where HEFCE judges there is a breach of the terms of this agreement by an HEI it will apply its institutional support strategy, along the lines currently used under the financial memorandum. In the case of an FEC, HEFCE will work with the Skills Funding Agency (SFA) to ensure any issues are resolved.

This puts in place steps before de-designation becomes the only option. The processes are escalatory, designed to reach an agreed resolution, where possible. However, it is important that all institutions are party to this agreement, as students and Government rightly need assurance that HEIs and FECs are meeting regulatory conditions.

This agreement reinforces the commitment to accountability by HEIs and FECs. It negates the need to introduce new conditions, through secondary legislation, applying to all 'authority funded' institutions receiving automatic designation for student support.
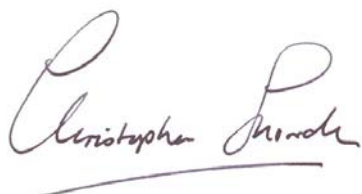
The student interest has been given more prominence in recent government reforms. In addition to its responsibilities for good governance and financial stewardship, the

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[1] www.legislation.gov.uk/uksi/2013/1728/memorandum/contents (see section 7.4).

[2] *NB:* The financial memorandum will be called the 'Memorandum of Assurance and Accountability' from 1 August 2014. Any reference to the financial memorandum in this document is meant to refer to the Memorandum of Assurance and Accountability as of 1 August 2014.

leadership of institutions works closely with students. Higher education is a partnership between students and the university or college that is delivering their courses or programmes of study. Universities and colleges have responsibilities with regard to their students and take pride in the high quality of education they provide and the wider experience enjoyed by their students. They are committed to the continuous improvement of learning and teaching and the co-curricular experience they provide, and the vast majority of students have a good relationship with the institution where they study.

This agreement is sponsored by Universities UK, GuildHE and the Association of Colleges.

Professor Sir Christopher Snowden
President, Universities UK

Professor Joy Carter
Chair, GuildHE

Carole Stott
Chair, Association of Colleges

30 April 2014

I confirm that HEFCE will carry out its role as set out under this agreement.

Professor Madeleine Atkins

Chief Executive, Higher Education Funding Council for England

16 May 2014

Introduction

This agreement is between HEFCE and all HEIs or FECs in receipt of recurrent grant funding from HEFCE that therefore have automatic designation of their courses. The agreement only applies to English HEIs and FECs in receipt of HEFCE funding. Higher education providers not in receipt of HEFCE funding that wish their students to have access to the student support system are subject to the terms and conditions for specific course designation set by the Department for Business, Innovation and Skills.

This agreement has been developed around a set of principles, namely:

- Maintaining stakeholder confidence;
- Institutional autonomy;
- The collective student interest;
- The public interest and accountability for public funds;
- Proportionate accountability;
- Transparency and openness; and
- Minimising burden and removing duplication

HEIs and FECs are agreeing to:

- Abide by the terms of this agreement;
- Provide the information to the Student Loans Company;
- Engage with HEFCE to resolve any issues of non-compliance; and
- Accept the consequences should a resolution to issues of non-compliance not be achieved, after exhausting HEFCE's institutional support strategy.

Terms of the Agreement

HEIs and FECs that have automatic designation of their courses have entered into this agreement with HEFCE. The heads of terms of the agreement are set out below.

Governance and sustainability

- Remain financially sustainable
- Have adequate risk management and internal control
- Have in place appropriate governance arrangements[3]
- Appoint an accountable officer
- Comply with HEFCE's or SFA's accounts directions and Audit Codes of Practice

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[3] For HEIs this would mean adhering to the CUC's Governance Code of Practice and General Principles (revised version due in Spring 2014), or explaining in their annual report and accounts why not; and for FECs complying with the English Colleges Foundation Governance Code.

Quality

- Subscribe to the Quality Assurance Agency for Higher Education (QAA) and comply with HEFCE's requirements for QAA to assess quality and standards[4]
- Comply with HEFCE's policy to address unsatisfactory quality

Provision of information

- Provide data to HEFCE and the Student Loans Company (SLC)
- Subscribe to and provide data to the Higher Education Statistics Agency (HESA); and display Key Information Set data on their websites and meet any wider requirements and expectations in the provision of data
- Provide information in respect of HEFCE's role as principal regulator for exempt charities, where appropriate

Student interest

- Provide mechanisms to enable student complaints to be addressed. This includes subscribing to the Office of the Independent Adjudicator, for HEIs or FECs that are qualifying institutions[5], as set out in the 2004 Higher Education Act[6]

Accountability

- Comply with student number controls (for as long as they are in force)
- Ensure regularity in the use of public funds
- Provide assurance on data quality
- Meet requirements on financial sustainability, as set by the relevant funding bodies[7]
- Engage with the institutional support strategy
- Report material adverse events
- Meet HEFCE and Office for Fair Access (OFFA) requirements, as mutually agreed with HEFCE and OFFA, on access and widening participation

The Government's 2013 Autumn Statement, which announced changes to student number controls, made it clear that student number controls would be reintroduced if expansion in student numbers adversely impacted on quality. How this is to be

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[4] This includes affording students meaningful opportunities to participate in the assurance and enhancement of the learning experience and making relevant information available publicly to support informed student decision-making, as currently required under QAA guidelines.

[5] Known as awarding bodies.

[6] www.legislation.gov.uk/ukpga/2004/8/section/11

[7] These include the annual accountability returns and HEFCE Assurance Reviews, and complying with arrangements to secure approval for financial commitments (as defined in the Memorandum of Assurance and Accountability from August 2014). They also include the reciprocal agreements whereby letters of assurance over the financial sustainability of HEIs providing further education and FECs providing higher education are exchanged between the Chief Executive of HEFCE and the Chief Executive of Skills Funding Agency.

implemented is still to be determined, but will be included within HEFCE's monitoring processes.

Requirements of the Student Loans Company

In addition HEIs and FECs agree to meet their obligations to the SLC to provide the information necessary to administer student support in line with the Education (Student Support) Regulations 2011 (as amended). The information requirements relate to the following areas:

- Data related to the course of study that is designated for support;
- Verification that the fee charged to the student, and the course quoted by the student in their application, accurately reflect the student's position;
- Information related to student registration and attendance;
- Confirmation of changes of any circumstance that affect the student's entitlement; and
- Timely reporting of when a student withdraws from their course.

The SLC will incorporate these requirements and define the detailed controls in Service Agreements which they are planning to develop with the sector in spring 2014.

Duration of the Agreement

This agreement will operate for the three years from 1 August 2014 to 31 July 2017.   We expect that legislation to provide a longer term regulatory framework will be introduced to take effect from August 2017.

HEFCE's role under the Agreement

This agreement is separate from but sits alongside the financial memorandum between HEFCE and institutions (parts 1 and 2), which sets the terms and conditions for payment of HEFCE grants to higher education institutions and further education colleges.

HEFCE will engage with the HEIs and FECs covered by this agreement to ensure the terms of the agreement are met, or action is taken where not.

HEFCE's role under this agreement is to:

- Monitor HEIs' and FECs' compliance with the terms of the agreement; and
- Engage with HEIs and FECs where there are indications of possible non-compliance, and reach a resolution so that the terms of this agreement continue to be met, as set out below. This will include working with the SFA where relevant.

Where HEFCE considers there to be serious and/or persistent non-compliance with the terms of this agreement and no resolution can be reached under the institutional support strategy, the consequential actions that HEFCE will take are set out later in this agreement.

HEFCE monitoring role: identifying, assessing and addressing non-compliance with the terms of this agreement

Where there is an indication that an HEI or FEC may no longer comply with the terms of this agreement, this will be investigated by HEFCE. It is expected that dialogue between the HEI or FEC and HEFCE will resolve any issues that might have arisen, and that action will be taken by the HEI or FEC so that it continues to comply with the terms of this agreement. In the case of FECs, HEFCE will also engage with the Skills Funding Agency under the terms of their reciprocal assurance arrangements.

This very largely follows the processes that HEFCE already operates in its relations with HEIs and FECs under the Financial Memorandum.

These include:

- The regular dialogue between HEIs and HEFCE at a number of levels. This is set out in the memorandum of assurance and accountability – Annex B: Institutional Engagement, support and safeguarding actions – from August 2014. This describes three levels: Normal contact; Focused dialogue; and Support strategy.
- The accountability information and data provided to HEFCE, SLC and to HESA.
- Any information provided by the SFA under the reciprocal assurance arrangements in respect of FECs; or any issues raised by the SLC.
- Any adverse quality reports from the QAA.
- Investigation of any whistle-blowing allegations.

Where one or more of these indicate that there may be non-compliance with this agreement, HEFCE will firstly discuss these issues with senior management, specifically the accountable officer. HEFCE will seek a common understanding of the issues, clarify what actions have already been taken or are planned, and if necessary then agree an appropriate support strategy. The stages that HEFCE will go through and possible actions are set out below, though sometimes HEFCE will agree a different approach with an HEI.

The HEFCE associate director responsible for dealings with the HEI or related body will lead our support activity, but a relevant senior manager – the HEFCE regional consultant (or relationship manager in the case of a related body) or assurance consultant – will manage the day-to-day engagement. In exceptional cases, our chief executive will become involved. The process will be overseen by our audit committee and individual cases reported to the HEFCE Board. The role of the HEFCE audit committee is to advise on process, whereas the role of the HEFCE Board is, where required, to form a judgement.

When an institution receives a published QAA review judgement of 'does not meet UK expectations' or 'requires improvement to meet UK expectations' in one or more areas, the first stage in addressing the identified issues is led by the QAA.

When the issues remain unresolved HEFCE will take the lead in a second stage: improvements will be expected and, in exceptional circumstances, sanctions applied[8].

If an institution or related body does not address its problems to our satisfaction, it might be in the interest of current and prospective students and the public for us to disclose our risk assessment. In the case of unsatisfactory quality the QAA may make its concerns

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[8] See HEFCE 2013/30 for details of HEFCE's policy to address unsatisfactory quality in institutions from 2013-14.

public as set out in above. We expect this to be a rare occurrence, because in our experience institutions generally do take appropriate action.

Stages and possible actions that HEFCE may take

Overall

- HEFCE may require institutions to make changes if HEFCE feels that risks to the interests of students and the public are not being addressed. HEFCE will only do so after due consideration and consultation with the institution, and only on the basis of appropriate advice. Thus it will always be HEFCE's intention to make only reasonable demands of institutions. The actions that HEFCE might take are escalatory and HEFCE will not escalate its actions until it has exhausted prior stages in the engagement and support strategy. However, there may be circumstances where it is necessary to take action more urgently.
- HEFCE's action will be proportionate to the risk and the nature of the concerns caused by the institution.
- If institutions do not comply with this agreement, and after HEFCE has exhausted the elements of the support arrangements, the consequential actions that HEFCE can take are set out later in this agreement.
- In addition to the actions below HEFCE will consider any other action that it believes is necessary to support institutions and protect the interests of the public, the taxpayer and the collective interest of students.

At governor and senior manager level HEFCE:

- Will engage with senior management, including the accountable officer.
- Will assess the institution's compliance with this agreement including the assessment of teaching quality and standards and the requirement to have effective management and quality assurance arrangements over data supplied to HESA, SLC, HEFCE and other funding bodies.
- Will inform the governing body of the areas of non-compliance and seek commitments to improvement. HEFCE will notify other public funders, as appropriate, and exceptionally it will make such an assessment public at any time where it considers it to be in the collective interest of students or the public to do so.
- Will engage directly with the chair of the governing body and/or chair of the audit committee.
- Will engage with the whole governing body and, if necessary, take steps to ensure improvements are made to governance arrangements**.**
- May require observer status at governing body or relevant committee meetings to enable it to assess whether its specific concerns are properly understood and are being addressed. This could be for individual meetings or over a period of time. A HEFCE observer will always be a senior HEFCE officer.

Regarding information and audit HEFCE may:

- Require or commission additional information, reports and data relating to the issues.
- Require that information and reports be audited.

- Request changes to internal or external audit arrangements.
- Undertake or commission audit investigations.

Regarding planning and strategy HEFCE may:

- Require or commission a recovery or action plan.
- Discuss possible changes to strategic plans and market positioning.
- Explore collaborative opportunities with other institutions.

As conditions of this agreement are met HEFCE will:

- Inform the institution (and others who may have been notified) about changes in our assessment of compliance.

Consequences where an HEI or FEC no longer complies with this agreement

The previous section has set out the exhaustive process that HEFCE will undertake to secure resolution where non-compliance with the terms of this agreement has been identified. It is expected that the stages set out, and the escalatory nature of those stages within the support strategy, will secure a satisfactory outcome for the HEI or FEC and for HEFCE. Only in exceptional circumstances is this likely not to be the case.

Where no resolution can be reached under the institutional support strategy, HEFCE will first explore options to remove automatic designation from providers through withdrawal of all grant funding. However, where this is not possible, HEFCE will provide advice to the Secretary of State that the institution is no longer in compliance with the terms of this agreement. Should such advice be provided by HEFCE to the Secretary of State, this would need to be agreed by the HEFCE Board on the advice of HEFCE's Chief Executive.

The Secretary of State will then consider HEFCE's advice and if appropriate remove automatic designation by introducing new regulations which will attach specific conditions to automatic designation for student support. This will provide the Secretary of State with the explicit power to remove automatic designation for institutions not complying with the conditions.

This will be the last resort. To be clear, no student at an institution that has lost automatic designation will then be able to access student loans for tuition and maintenance once automatic designation has been withdrawn. Institutions that lose designation will have a duty to protect the interests of their students and wherever possible must make arrangements to enable students to complete their course of study.

In such circumstances it is probable that an HEI or FEC would be unable to meet the conditions of specific course designation. As such, the loss of automatic designation would mean that students at that HEI or FEC would lose all access to student support. The HEI

or FEC would therefore have to comply with the terms of the agreement if it wished its students to regain access to student support.

Any action by HEFCE to address non-compliance with this agreement would be separate from any action it might take where the circumstances were also a breach of the financial memorandum.

LSBU Corporate Key Performance Indicators (2011/12 - 2013/14)

Report Production Date: 4th June 2014

Financial Sustainability

KPI	2011/12 Actual	2012/13 Actual	2013/14 Target	2013/14 Actual (April MAs)	YoY up down
Student Numbers & Contracts					
1 Recruitment against HEFCE contract	Within tolerance	Within tolerance	Within tolerance band	within tolerance	➡
Income					
2 NHS contract income (£)	On target	On target	£25.9m	£24.9	⬇
3 International student income	£9.6m	£8.8m	£9.4m	£8.5	⬇
4 Research (non-HEFCE) income (£)	£2.4m	£2.2m	£2.4m	£2.3	⬆
5 Enterprise income (£)	£10.0m	£8.4m	£9.0m	£7.5	⬇
6 Total Income (£)	£138.3m	£138.00	£137.6m	£135.6	⬇
Surplus					
7 Total Surplus (% of income)	4.7%	4.50%	1.8%	0.7%	⬇
Other Financial Indicators					
8 Cash Balance (£)	£69.1m	£59.9 m	£48.2	tbc	
9 Gearing Ratio	0.31	£0.27	0.26	tbc	
10 Days liquidity	203	£176.00	139	tbc	
11 Staff Costs as a % of Income	new indicator	new indicator	55%	55.9%	

The Student Experience

KPI	2011/12 (Actual)	2012/13 (Actual)	2013/14 (Target)	Current Performance (RAG)	YoY
Student Satisfaction					
12 Overall Student Satisfaction - UG (NSS) *	80%	82%	86%		
13 Overall Student Satisfaction - PG	78%	76%	80%		
Student Retention & Progression					
14 FTUG Year 1 Progression (%)	63%	65%	65%		
15 Graduating in intended period (FTUG 3/4yrs) (%)	52%	51%	65%		
Value Added					
16 Employment of graduates (DLHE return)* (Employed, or studying, or both)	78.1%	77.4%	85%		
17 No. of first degree students obtaining 1st or Upper 2nd class degrees *	56.0%	58%	62%		
Resource Measures					
18 Spend per student (£) * (Academic Services)	£940 (Complete UG 2013)	£900 (CUG 2014)	£1,000	£971 (CUG 2015)	⬆
19 Spend per student (£) * (Services & Facilities)	£1,062 (Times GUG 2012/13)	£1,110 (SundayTimes/Times GUG)	£1,150		
20 Staff:student ratio *	22.4:1 (2011 HESA)	23.7:1%	21:1		

Institution Reputation and Esteem

KPI	2011/12 (Actual)	2012/13 (Actual)	2013/14 (Target)	Current Performance (RAG)	YoY
League Table Ranking					
21 The Times / Sunday Times	111 (of 116) (2012/13 Table)	118 (of 120) (2014 Table)	< 110		
22 The Guardian	104 (of 120) (2013 Table)	113 (of 119) (2014 Guide - June 13)	< 110	112 (of 116) (2015 Guide - June 14)	⬇
23 The Complete University Guide	109 (of 116) (2013 Table)	119 (of 124) (2014 Table - April 13)	< 110	120 (of 123) (2015 Table - May 14)	⬇
Subject League Tables (The Guardian)					
24 No. of subjects in top 75% nationally	5 (of 17)	3 (of 21)	5 (of 21)	3 (of 25)	⬇
25 No. of subjects in top 50% of post-1992	3 (of 17)	2 (of 21)	7 (of 21)	2 (of 25)	➡
26 No. of subjects in top 25% of post-1992, London	3 (of 17)	4 (of 21)	4 (of 21)	2 (of 25)	⬇
Student Perceptions					
27 % of Firm acceptances against enrolment target from FTUG students prior to clearing	new indicator	new indicator	75%		
28 Early : late applications (% of FTUG enrolments arising from early/late applications)	74:26	79:21:00	80:20		
29 Financial support from donors (cash received, £)	£1.5m	£1.35m	1.4m		
30 Alumni Engagement: Number of placement, volunteer & mentor opportunities for students	new indicator	new indicator	500		
Staff Perceptions					
31 Staff Turnover rate	new indicator	new indicator	tbc		

KPI Notes: Measure Overview	Data date & Source	Notes
1-11 Financial performance	Nov to Sep: LSBU Management Accounts	Forecast data updated after each month end period
		Final figure provided after audit & year end in Sep.
Student Satisfaction		
12 Overall Student Satisfaction - UG (NSS)	Oct/Nov 14: Ipsos Mori National Student Survey	
13 Overall Student Satisfaction - PG	Oct/Nov 14: LSBU PG Taught Survey	
14 FTUG Year 1 Progression (%)	Oct/Nov 14: LSBU Cognos PAT Reports	
15 % Graduating in intended period (FTUG 3/4yrs)	Oct/Nov 14: LSBU Registry Analysis	
Value Added		
16 Employment of graduates (% Employed, Studying, or both)	July 14: Hefce DLHE survey	
17 No. of first degree students obtaining 1st or Upper 2nd class degrees *	Oct/Nov 14: LSBU Registry Analysis	
tbc No. of first degree students obtaining 1st or 2nd class degrees	Oct/Nov 14: LSBU Registry Analysis	
Resource Measures		
18 Spend per student (£) * (Academic Services)	April/May 14: 'Complete University Guide'	
19 Spend per student (£) * (Services & Facilities)	June/July 14: Times 'Good University Guide'	
20 Staff:student ratio *	June/July 14: HESA data publication	
League Table Ranking		
21 The Sunday Times / Times	September 14: The Sunday Times Newspaper	
22 The Guardian	June 14: The Guardian Newspaper	
23 The Complete University Guide (formerly The Independent)	April 14: Complete University Guide website	
Subject League Tables (The Guardian)		
24 No. of subjects in top 75% nationally	June 14: The Guardian Newspaper	
25 No. of subjects in top 50% of post-1992	June 14: The Guardian Newspaper	
26 No. of subjects in top 50% of post-1992, London	June 14: The Guardian Newspaper	
Student Perceptions		
27 % of Firm acceptances against enrolment target from FTUG students prior to clearing	Oct/Nov 14, Marketing Analysis	_____
28 Early : late applications (% of FTUG enrolments arising from early/late applications)	Oct/Nov 14, Registry Analysis	
29 Financial support from donors (cash received, £)	Oct/Nov 14, Development Office	
30 Alumni Engagement: Number of placement, volunteer & mentor opportunities for students	August 14, Development Office	
Staff Perceptions		
31 Staff Turnover	HR Database Analysis	

London South Bank University

	PAPER NO: BG.33(14)
Board/Committee:	Board of Governors
Date:	8 July 2014
Paper title:	Chief Financial Officer's report
Author:	Richard Flatman, Chief Financial Officer
Executive sponsor:	Richard Flatman, Chief Financial Officer
Recommendation by the Executive:	The Board is requested to note the report and after consideration of this and more detailed papers to follow approve the: • Budget for 2014/15 • 5YR forecasts before submission to HEFCE • Headline financial KPIs proposed as set out herein for inclusion in the new corporate strategy.
Aspect of the Corporate Plan to which this will help deliver?	Financial performance and sustainability.
Matter previously considered by:	N/A
Further approval required?	N/A
Communications – who should be made aware of the decision?	Key elements to be communicated more widely to staff and budget holders 5YY forecasts to be submitted to HEFCE.

Executive summary

The Board is requested to note the report and after consideration of this and more detailed papers to follow approve the:

• Budget for 2014/15

- 5YR forecasts before submission to HEFCE
- Headline financial KPIs proposed as set out herein for inclusion in the new corporate strategy.

Report from the Chief Financial Officer: June 2014

1. Current financial position

The management accounts to 31 May 2014 are included in the Board papers for noting.

The accounts show a full year forecast surplus of £1.5m. This represents an improvement on the forecast surplus of £0.9m reported to the last Board meeting and is consistent with the earlier message that the likely result for the year would be in the range £1.5m - £2m.

The year on year reduction in reported surplus and the current in-year financial challenges relate to reduced income which at £134.4m is down £4m on previous year and £3.2m down on budget. £1m of this is accounted for by reduced HEFCE grant following receipt of the funding letter. The remaining income shortfall relates to academic fees as summarised on p3 of the management accounts. There are adverse variances across most income lines as follows:

	12/13 actual (£m)	13/14 budget (£m)	May 13/14 FYF (£m)	Budget Variance (£m)
Health contract	27.5	25.9	25.1	-0.8
Home/EU UG fees	37.0	45.3	44.3	-1.0
Home/EU PG fees	7.2	8.8	7.7	-1.1
Overseas UG	5.4	5.6	5.2	-0.4
Overseas PG	3.4	3.8	3.4	-0.4

The Executive has responded to these adverse income variances through careful cost management.

The budget shortfall of £1m is more than accounted for by additional cost which was originally outside the budget. This unbudgeted cost amounts to approximately £1.3m in relation to:

- IBM associated revenue cost

- recruitment and new senior staff cost associated with the organisation restructure.

We may be able to improve on the latest forecast as we have some contingency remaining as follows:

- Operating expenditure £0.5m

- Re-structure provision - £0.5m of the initial £1.5m provision remaining although we are working on the assumption that this will be required in full

- FRS17 - £0.9m. This sounds generous but may be required depending on the outcome of the FRS17 pensions report which is not received until July/August.

However, we should also note the risk of potential additional refunds to students. Students who withdraw or interrupt are entitled to a refund and we make provision in the forecasts for those refunds. We have now utilised that provision in full and any further refunds will have an adverse impact on the year end result. There are only 2 months remaining in the financial year and we quantify that risk at £0.5m. A more detailed analysis of withdrawals (in total and by faculty) is provided in the management accounts.

Taking all these factors into account, an operating surplus of £1.5m for the year will be considered a good result given the current level of unbudgeted investment being made.

2. **Budget 2014/15**

The University budget is presented for approval.

This budget shows marginal income growth of 1.4% to £136.4m and a surplus of £1m (0.7%).

The budgetary process this year has been challenging for two reasons. Firstly, the organisation restructure has added complexity in terms of process. Secondly the scale of the financial challenge has been considerable. The starting position (as shown in last year's forecasts) was a deficit of £0.5m. In addition we have also been required to account for:

- £2.8M of revenue investment spend with IBM to drive future student progression

- increased year on year depreciation of £2m linked to the IBM investment and full year's depreciation for both the Student Centre and the Clarence Centre.

- an investment pot of £1.75M of which £0.75M will be used to fund the Programme Office to deliver the current change programme

- a number of new senior posts including new Deans of School and the Deputy Vice Chancellor

- the nationally negotiated pay rise of 2% which has added £1.5M to our staffing costs (compared with previously forecast 1% cost of £750k)

- the loss of £1.5m contribution from the Education department following poor Ofsted review and the zero allocation of PGCE places for 2014. *(A follow up Ofsted review has recently delivered a "good" rating and we understand that there may be some additional places in January 2015. This could potentially provide some upside in terms of budget).*

These matters have now been accounted for and built into the budget. With the assumed marginal increase in income, and following a robust review of cost in all areas, we have delivered a balanced budget – albeit with a reduced surplus of £1m. This is in line with the forecasts presented to Board at the recent Board strategy day.

An area of concern continues to be the staff cost percentage which at 55.6% is higher than the sector average of 52%-53%. However, this largely reflects the fact that we are continuing to invest in future success and income growth and this is expected to unwind as we start to deliver the new income assumed in the targets underpinning the 5 year forecasts. We will however continue to monitor very carefully and a more detailed analysis of staff mix is being undertaken by the Executive Director of HR.

3. Five Year forecasts

The 5 YR forecasts are presented together with a financial commentary for approval by the Board.

As reported last year, HEFCE have now introduced a mid-year element of the annual accountability return whereby 5 year forecasts will be submitted each year in July.

The attached forecasts cover the period 2011/12 to 2016/17 as follows:

- 2011/12 and 2012/13 show the position in the audited statutory financial statements for those years

- 2013/14 agrees to the latest forecast as set out in the May management accounts

- 2014/15 agrees to the budget reported in (2) above

- 2015/16 and 2016/17 are exactly in line with the forecasts presented to Board at the May Board strategy day.

The key points to note are that;

- the surplus will remain flat for the next 3 years at £1m, reflecting the revenue investment being made to drive future income (table 1 of the HEFCE returns document)

- as a consequence of our reduced surplus and our strategy to increase capital expenditure (£107m over 5 years) our cash balances reduce year on year (table 3) to the minimum agreed level of £20m at 31 July 2017 (table 2).

- Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) is becoming increasingly important in the sector and will in future be used by HEFCE and banks in terms of monitoring our performance. It is widely used when assessing performance / operational profitability and is also a good measure of our ability to generate cash hence it is linked closely to financial sustainability (see new table this year immediately before table 1). Also see section 5 below regarding changes to the HEFCE financial memorandum.

The key targets in the 5 YR forecasts remain as follows:

- assumed growth in FTUG student numbers to 2,750 in 2014/15 and steady state thereafter

- improvements in progression such that the graduation rate rises from 49% currently to 56% by 2018/19 consistent with the IBM business case (although the IBM case assumed we would hit that benchmark by 2017)

- a move to fees of £9,000 from 2014/15 with no assumed fee inflation thereafter

- additional income of (minimum) £16m pa by 2018/19 with a surplus thereon of 20% (£3.2m)

- capital expenditure of £107m over the 5 year planning cycle (although this may need to be reviewed depending on actual financial performance over the period)

- no reductions in HSC funding post 14/15 budget.

4. Corporate strategy

The corporate strategy will be presented to Board for approval in July. This now includes an explicit link to the 5 Year financial forecasts in the section on strategic enablers and in particular goal 8 on resources and infrastructure as follows:

"We will grow our income by 25% to £170m pa and deliver an operating surplus of 5% and an EBITDA margin (demonstrating our core profitability) of 15%"

The key targets proposed are as follows:

By 2020 we will have delivered:
• 25% growth in income from £136m to £170m
• An operating surplus of 5% (£8.5m pa on income of £170m)
• EBITDA margin (EBITDA/income) of 15% (equivalent to EBITDA of £25.5m pa on income of £170m

The Board is asked to consider and approve these targets.

To put these into context, the forecasts presented to the Board strategy day are reproduced below. Each column shows expected surplus in £m.
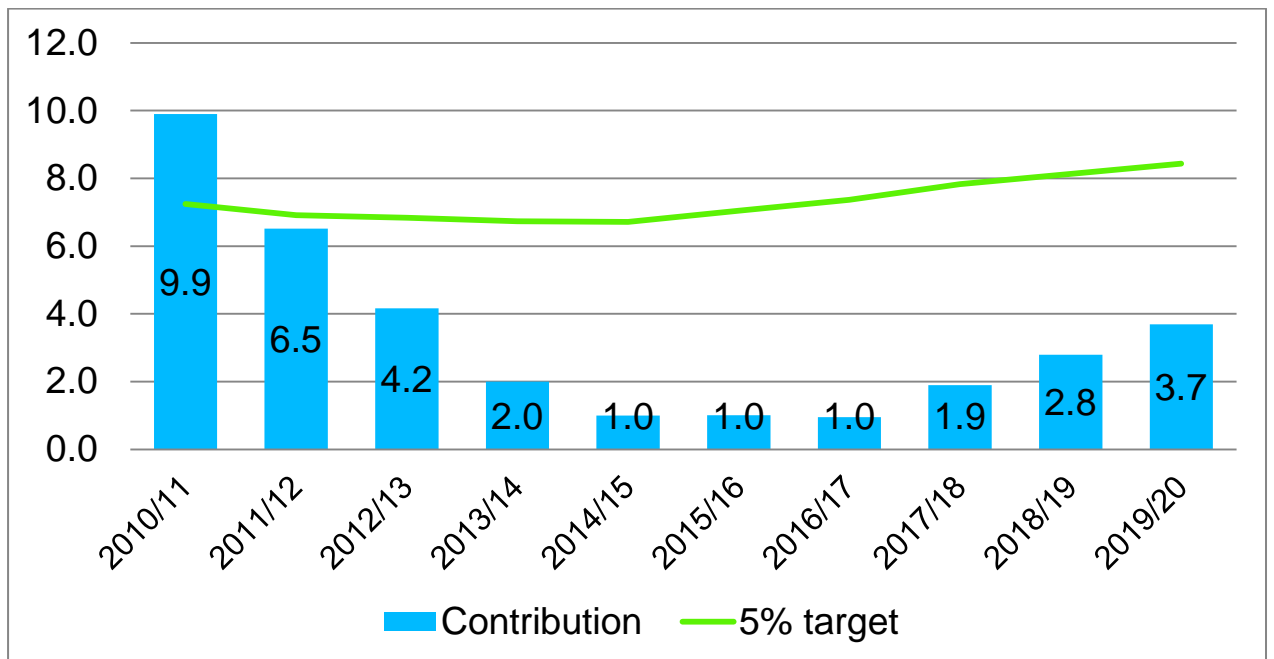

Figure 1

The income of £170m by 2020 is in line with the forecasts.

The challenge of meeting the 5% surplus (£8.5m) is more demanding. Figure 1 above shows a surplus of £3.7m in 2020 which falls £5m short of target. To close the gap on the longer term target there are 3 principal areas of focus:

- Improving our progression target above 56% graduation. Each 1% adds £0.5m to the surplus pa. Delivering graduation of 66% rather than 56% (assumed) would close the £5m gap. This is not inconsistent with the more aspirational progression KPI target proposed

- The 1620 challenge becoming 2020 - £20m new income by 2020 at a margin of 20%

- Growing FTUG YR1 intake >2,750.

Furthermore, the Board will recall that we have stripped out of our model any assumptions about potential increases in fees before 2020.

Taking all of these factors into account, the aspirational targets set out above for use in the corporate strategy would seem appropriate. The Board is asked to consider and approve.

5. Changes to the financial memorandum with HEFCE

The financial memorandum between HEFCE and LSBU sets out the terms and conditions for payment of HEFCE grants. It will be replaced on 1 August 2014 by a new memorandum of Assurance and Accountability (MAA).

The main changes relate to future arrangements in terms of financial commitments. Previously, commitments ignored off balance sheet items and HEFCE focused on a measure called ASC – annualised service cover. The interest cost to service borrowings was expressed as a percentage of income and approval from HEFCE was required if ASC exceeded 4%. LSBU currently has an ASC of 2.3%. Changes are required to reflect the fact that under Financial Reporting Standard (FRS) 102 and the new SORP, many previously off balance sheet items will come on balance sheet (although there will be little impact here for LSBU). Furthermore, the old measure was income related and was not therefore actually linked to cashflow or ability to repay. In future under the new MAA:

- there will be one threshold, with higher education institutions required to notify HEFCE of any intention to exceed that threshold, and to secure their agreement to a higher threshold

- the threshold will be a multiple of earnings before interest, taxation, depreciation and amortisation (EBITDA), and will include all financial commitments with no distinction based on timescales for repayment

- Financial commitments will be those on the balance sheet, recognising that these will increase from 2015-16 with the adoption of FRS 102. All such financial commitments will be included, whatever their length or repayment terms

- HEFCE will assess whether the proposed level of financial commitment increases the risk to the public or the collective student interest; if so, the institution will be required to take action to reduce that risk

- The information requested through the annual accountability returns will include details of all financial commitments, whether accounted for on or off the balance sheet.

The 6 year average EBITDA for LSBU is £15.8m (11.5% of income) giving a threshold for financial commitments of £79m. This compares with current borrowings at 31/7/14 (forecast) of £29m giving us considerable headroom in terms of the HEFCE calculation. The new method does however underline the importance of real focus on driving up EBITDA both in terms of cash generation and borrowing capacity. The longer term target for EBITDA is 15% of £170m income which would increase the HEFCE threshold to £127m (170x0.15x5).

The other important point to note is that our current loan agreements (primarily with Barclays) include covenants linked to the old HEFCE methodology and will require re-negotiation. We have already started discussions and Barclays are looking to do this on the basis of mutual consent without seeking to amend any other commercial terms of the loan. These arrangements have to be in place 31 July 2015 and we will report to the Policy and Resources Committee and the Board in Spring 2015 once there is greater clarity on the likely shape of the balance sheet post FRS102/ new SORP.

There are however 2 important differences between the HEFCE calculation and the approach likely to be taken by Barclays as follows;

- The HEFCE 6 year average EBITDA is taken from the 5 YR forecast submission which includes future forecast data. Barclays would base any calculation on historic, audited data and would be looking not just at the rate of EBITDA but for stability

- Barclays may seek to apply a different multiple to cap borrowing. Their opening suggestion was 3.5 which again would have no impact on current borrowings. However, when challenged on this they did give a clear indication that they would accept a higher figure.

6. Pensions

We have now received a formal response to our letter to the LPFA challenging them on the new employer categorisation process. The response takes us no further forward and the debate continues at sector level. The CFO attended the first meeting of the LPFA HE forum at which HEFCE were also well represented. London institutions affected continue to work closely with advice from PwC and Shoosmiths LLP.

Whilst of longer term importance this matter is not urgent as we have recently reached negotiated settlement on contribution rates for the next 3 years.

London South Bank University

	PAPER NO: BG.34(14)
Board/Committee:	Board of Governors
Date:	8 July 2014
Paper title:	Corporate Strategy 2015-2020
Author:	Tom Kelly
Executive sponsor:	David Phoenix
Recommendation by the Executive:	That the Board approve the Corporate Strategy
Aspect of the Corporate Plan to which this will help deliver?	n/a

Matter previously considered by:	Executive	On: 24/06/14
Further approval required?		On:
Communications – who should be made aware of the decision?	All staff from July, with formal launch in September 2014	

Executive Summary

The Board is requested to review and approve the final draft of the LSBU Corporate Strategy 2015-2020. This builds on the initial draft strategy, issued Spring 2014, maintaining much of the content but with a clearer format. Initial consultation among staff has been followed with a wider engagement process including facilitated workshops.

The document provides an accessible, ambitious direction of travel for the organisation, key to internal staff, prospective staff and students, and partners. The final design of the document is in development, for launch in Autumn 2014.

The format has been amended to clearly describe our strategic outcomes and goals, highlight major improvements planned, set appropriate and ambitious success measures, and provide examples of the work we're already doing.

London South Bank University

Alongside completion of the Strategy, the Executive are leading an action planning process to develop the Corporate Delivery Plan. This sister document will identify the key actions, measures and milestones to enable us to deliver our strategic outcomes. The draft Delivery Plan will be reported to the next Board, and refreshed on an annual basis.

The Board is requested to approve the Strategy, enabling completion of the Corporate Delivery Plan. The Board are asked to note that, as part of developing exact measures and milestones for the Delivery Plan, the 'top line' success measures within the Strategy are subject to minor changes – to ensure the measures and targets are ambitious but achievable.

Similarly the three institutes listed on page 6 may vary in scope as thinking is finalised.

Corporate Strategy: 2015 – 2020

Draft, last edited 30/06/14

Contents

Our mission: to be recognised as an enterprising civic university that addresses real world challenges

London South Bank University has been transforming lives, communities and businesses for over 120 years. At its creation, the Prince of Wales and Archbishop of Canterbury were instrumental in a fundraising campaign which included 55000 letters of appeal and led to collection boxes being placed on London's bridges. The aims were to improve the social mobility of the people of south east London by improving their employment opportunities and to support the community by providing access to applied knowledge that would advance their businesses. Other than an increasingly global reach that mission remains almost unchanged today –LSBU provides a highly applied academic environment which supports students into professional careers by providing the knowledge and skills attractive to employers. At the same time, it supports employers and the professions by providing the education, consultancy and high quality applied research they need to grow their businesses.

This strategy sets out our vision for 2015-2020, highlighting just some of the exciting and innovative work we're planning and doing. It's backed by a five-year Corporate Delivery Plan, annually-refreshed to clarify objectives for the coming year.

Foreword: building on our past to shape our future

The higher education sector and the market within which we operate has changed and continues to develop rapidly and so we must continue to innovate in order to keep pace. The recent decision to remove student number controls means we will inevitably see recruitment becoming an even more heated environment and this will be fuelled by new entrants such as private providers and overseas institutions, plus UK universities setting up London campuses. If anyone doubts the scale of change consider the fact that in 2010 only £30 million of public funding went to private providers and by 2015 this will be approaching £1billion.

Students do not want to simply sit in a lecture theatre and they will, quite rightly, continue to demand more for their money and they will expect that their investment in education will enhance their future career prospects. It is clear that the institutions who strive to successfully meet and manage these expectations are the ones who will prosper. Providing a personalised student experience leading to strong graduate outcomes will become increasingly important and given our focus on professional education, is an area in which we must excel.

As the number and diversity of providers grows it will be important to ensure a degree of differentiation from competitors. Universities that succeed in this new environment will be ones that build on their strengths to ensure they develop a strong external reputation for the quality of what they deliver and indeed with the increase in the number of providers new quality measures will no doubt be linked to funding success. For example there is the current discussion around linking student loans and fee levels to graduate employment or retention rates and league table performance will of course continue to be of keen interest to students, employers, commissioners and funding agencies in the UK and overseas.

In this strategy I therefore propose to build on the strengths of our university to enhance our reputation for supporting student success, delivering real world impact through our academic activity and by building on our history of providing opportunities through partnership.

Developing into a university that is recognised for addressing society's challenges by engaging with partners on both a local and global scale is not in itself a significant move away from who we are now. We have a reputation for courses relevant to the professions, for applied research and for business engagement and our teaching is becoming more and more dynamic as we produce enterprising graduates ready for a global market. Our academic expertise has real world impact and is drawn upon by commercial and government organisations, so it makes sense to build our future ambitions upon the relevance and strengths of our current identity. Examples of recent activity include:

- 960 employers send 4000 of their staff to be educated by LSBU each year
- Over 150 British SMEs and major companies have formed commercial research partnerships with LSBU
- The Clarence Centre for Enterprise and Innovation is now home to 48 student-led businesses and social enterprises: companies in our business incubation suite generate an annual turnover of over £37m

We owe it to ourselves and to our students to refocus and redouble our ambition. What I want from our future may be viewed as radical but not if you look at our past. Trading on our specialisms and moulding graduates focused on success is what we have done historically and is what we continue to do today. Therefore the new vision set out in this document for LSBU is not a drastic change from where we have come from and where we find ourselves now: it's evolutionary, not revolutionary.

Professor David Phoenix

Strategy at a glance: key outcomes 2015-2020

Ensuring students develop skills and aspiration to enter employment or further study and so become sought after by employers, or have the skills and confidence to start their own businesses, or develop a portfolio career

Strengthening our national position and our profile as a leading university for professionally focused education underpinned by a highly applied, research

Ensuring that students are seen as participants in their learning and that the student voice is encouraged and listened to

Delivering outstanding economic, social and cultural benefits from our intellectual capital, by connecting our teaching and research with the real world through commercial activities and via social enterprise

Employability

Teaching & learning

Student experience

Student Success

Real World Impact

Research & enterprise

Ensuring we work with local partners to provide opportunities for students with the potential to succeed and through active engagement retain them

Access

Access to Opportunity

Strategic Enablers

People & organisation

Creating an environment which attracts and fosters the very best staff, and within which all staff, whatever their role, feel valued and proud of their university and take appropriate responsibility for its development

Internationalisation

Resources & infrastructure

Developing the multicultural community of students and staff, working through international alliances and partnerships to further build our capacity and capabilities in education, research and enterprise

Strategically investing in the creation of first class facilities and ensuring that they are underpinned by services which are responsive to academic needs and outcome focused
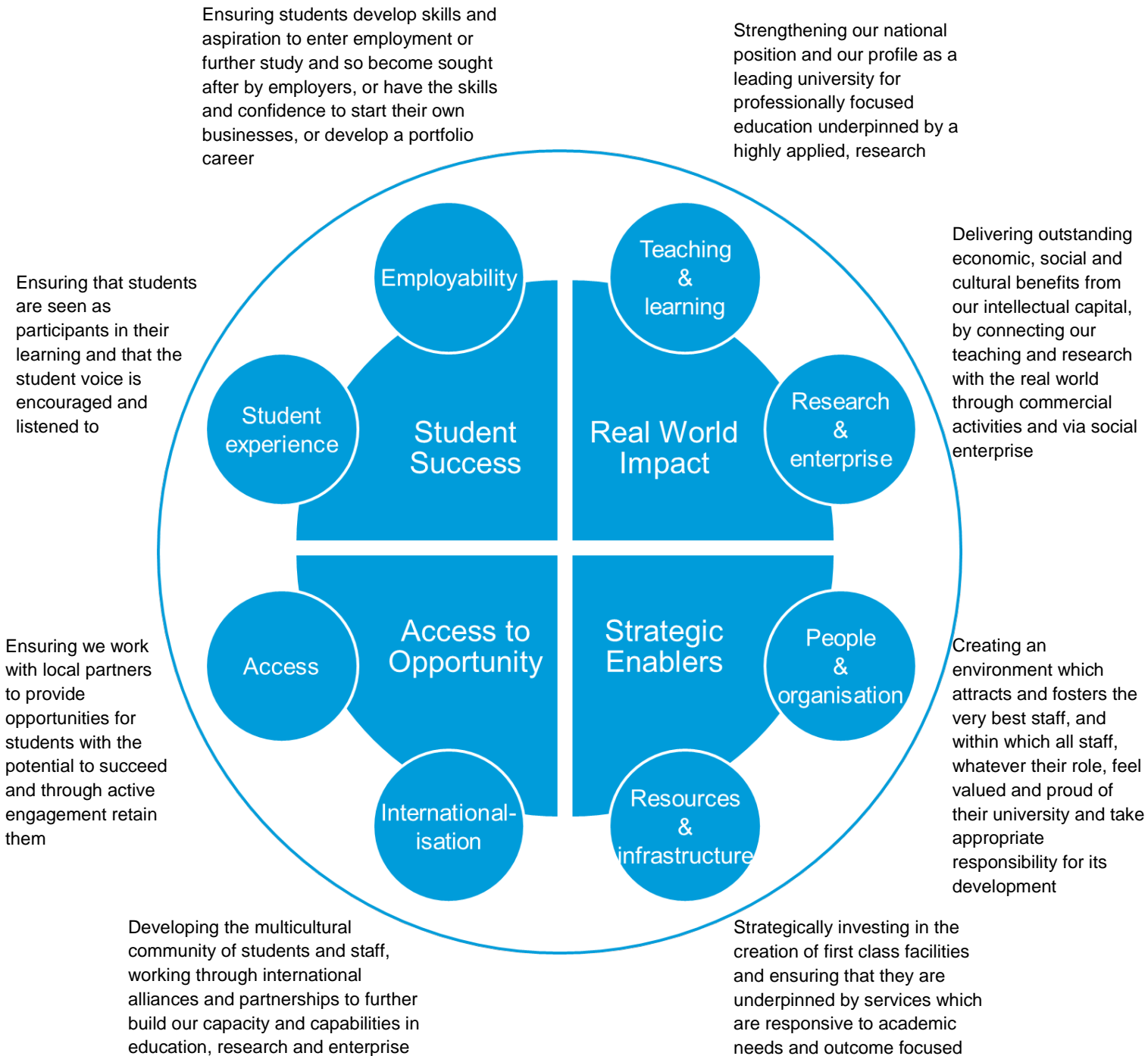
Figure 1: our strategic outcomes and goals, 2015-2020

We want our success to be recognised, so by 2020 we aim to rank in the top ten modern universities of the UK.

Outcome 1 - Student success

Ensuring we are externally recognised for providing a personalised, high calibre education which equips graduates for employment and prepares them to make a positive contribution to society.

Students are investing not only money but a significant period of their lives to obtain an education at London South Bank. They are investing in a relationship with LSBU in the expectation that this relationship will enhance the rest of their lives by aiding their personal development and improving their future earnings. In paying fees for their study, either at undergraduate or postgraduate level, students are looking for a personalised, applied experience based around engagement with staff, peers and employers. In this context we have to recognise that each student will have a different set of aspirations and the approach we take has to allow them a degree of flexibility in identifying their own priorities and goals. We also need to recognise differences in cohort requirements – for example the experience that postgraduates will be seeking will not be the same as those of the undergraduate population.

As student expectation increases, there are also a growing number of employers expressing concern that universities are focusing on developing knowledge at the expense of the attributes and capabilities that translate academic achievement into career success. To therefore meet the needs of employers and health commissioners, whilst also providing a more personalised experience that meets student expectation, we need to ensure we are providing a learning pathway that focuses not just on knowledge but on practice. Through this approach we should expect students not only to develop an understanding of the discipline based knowledge but we should ensure that they develop true expertise as evidenced by their ability to apply their knowledge in real world situations. In addition as part of the LSBU offer we need to ensure that every student has the option to access a range of activities designed to further support their own professional development so enhancing their confidence and aspiration.

Our major change plans 2015-2020

- We'll refine the LSBU learning pathway – the knowledge, opportunities, expertise and development that ensure our graduates have the right attributes for success – and embed this blended approach in everything we do

Figure 2: the LSBU learning pathway

Goal 1: Employability

Ensuring students develop skills and aspiration to enter employment or further study and so become sought after by employers, or have the skills and confidence to start their own businesses, or develop a portfolio career

Goal 2: Student experience

Ensuring that students are seen as participants in their learning and that the student voice is encouraged and listened to

Where we'll be by 2020

- Students will rate us in the top quartile of all universities – based on their experience of LSBU
- 95% of our students will be in employment or further study within six months of graduating
- We'll be one of the ten best universities in the country for supporting and fostering student start ups

Student named in UK's top 30 social media activists

24-year-old LSBU student Lewis Hancox has been named in the Guardian's 'Top 30 under 30' social media activists. His documentary 'My Genderation' has been a key voice in the movement to educate and publicise issues around gender variance.

Student uses sport to improve livelihood for disadvantaged youngsters

LSBU student Stephen Addison has founded the organisation Box Up Crime, an initiative which uses the sport of boxing to deter disadvantaged young people from potentially criminal activity. The organisation has worked with over 12 schools across London and within its first seven months received five awards.

Enterprise associate named in top 100 most innovative businesses

LSBU Enterprise Associate, Arina Sprynz has been named among the 100 most innovative and resourceful small business in the UK for her loudspeaker systems, created using a patented combination of organic resin and ground glass.

Outcome 2 - Real world impact

Ensuring we provide dynamic evidence based education which is underpinned by highly applied research and enterprise activity.

One of our distinctive features is the highly applied nature of what we do. We need to ensure that within this context our teaching, research and enterprise interact and that through this interaction we are able to create a distinctive academic environment that motivates staff and students to succeed. To support student engagement we will develop courses that increasingly use blended learning with more knowledge being conveyed through digital media and a significant proportion of taught activity provided through practical sessions, workshops and seminars with a small group skill based focus. This approach will help support understanding and deeper learning whilst also providing students to gain greater individual support. Our external engagement will ensure courses are relevant to employers and by ensuring they are research informed we will develop the critical awareness in our students that employers want.

Our major change plans 2015-2020

- We will establish an internationally leading centre for research-informed teaching
- We'll create three internationally recognised, multi-disciplinary institutes focused around social enterprise and entrepreneurs, health and wellbeing, and engineering and sustainability

Teaching and learning
highly applied, professionally accredited and demonstrably linked to research and enterprise

Enterprise and external engagement
using our intellectual capital to deliver outstanding economic, social and cultural benefits

Research and innovation
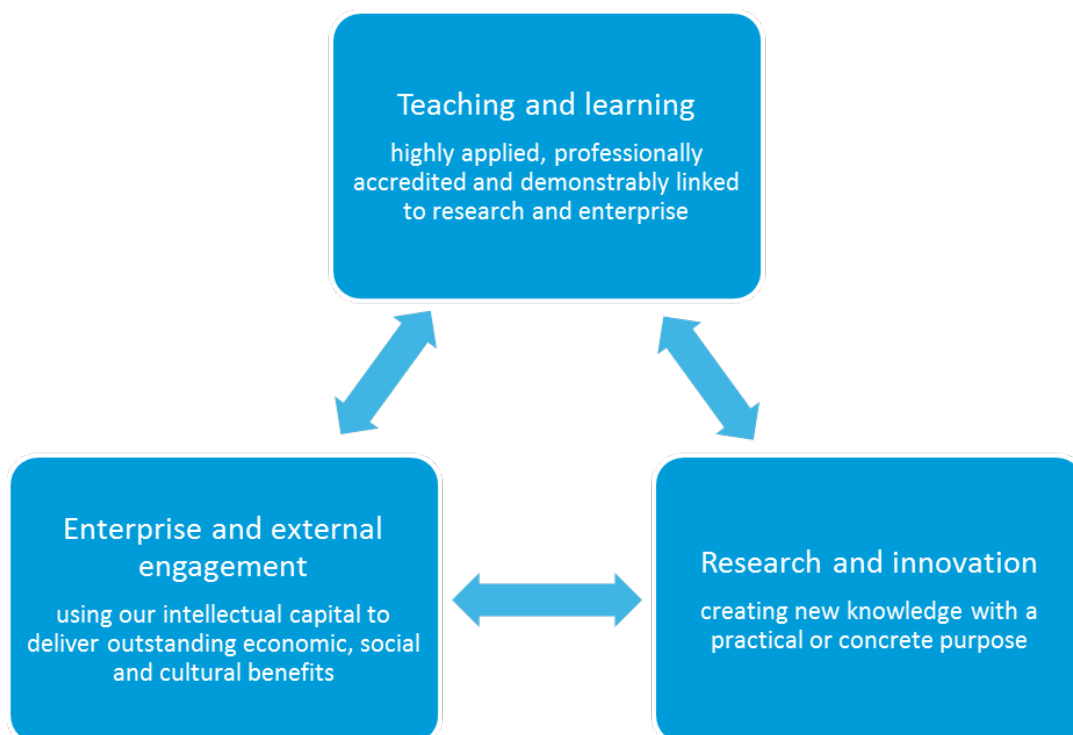creating new knowledge with a practical or concrete purpose

Figure 3: our real world impact – driven by integrated teaching and learning, research and innovation, enterprise and external engagement

Goal 3: Teaching & Learning

Our teaching will remain highly applied, professionally accredited and demonstrably linked to research and enterprise, delivering the attributes that will make our graduates highly sought after

Goal 4: Research & Enterprise

Delivering outstanding economic, social and cultural benefits from our intellectual capital, by connecting our teaching and research with the real world through commercial activities and via social enterprise

Where we'll be by 2020

- We will be in the top 50% of universities for both graduate employment and starting salaries
- We'll be in the top 50% of universities for income and activity recorded in the government's Higher Education, Business and Community Interaction Survey

State of the art 'Robot Detectives' able to climb buildings

LSBU's engineering team has been leading the way in terms of practical robot applications with a project called 'Robot Detectives' – the robotics team has been developing machines with attributes which allow them to access hard-to-reach places to carry out repairs and even rescue missions, such as under water or on the outside of tall buildings.

Age Simulation Suit helps LSBU lead the way in UK health care training

LSBU's Health is using a cutting-edge age simulation suit to provide healthcare students with a better understanding of the issues facing the elderly and infirm. The suit which uses weights, restrictive clothing, special glasses, and even electronically controlled gloves, will be incorporated into teaching programmes to ensure that LSBU continues to lead the way in healthcare training.

Law clinic inspires international universities to follow blue print

Academics from the University of Zagreb and Bilgi University, Istanbul, have visited LSBU's Legal Advice Clinic. Representatives from the two institutions came to London South Bank to get a better understanding of how the university's pioneering legal advice drop-in centre works, with a view to setting up similar projects of their own.

Partnerships that develop global brands and products

LSBU's Sports and Exercise Science Research Centre has an outstanding reputation within industry. Applying our expertise in foot and ankle biomechanics led to the patented heart of the world famous FitFlop, a product which has now sold over 22m pairs globally. FitFlop Ltd has kept it's close relationships with LSBU, funding our progressive research and development, includinga joint-funded PhD research programme

Outcome 3 - Access to Opportunity

Building opportunity through partnership: ensuring we are actively widening participation, engaging with our communities and a partner of choice

Universities need to have in place clear partnership strategies to not only protect their reputation, but also so that activity enhancing collaboration can be actively sought out and developed. Universities seeking to develop their reputation and the opportunities available to staff and students need clear criteria to evaluate the partnerships they form to ensure that they strengthen reputation and enhance standing. Such relationships need to be clearly defined at the outset and have constructive value adding impact for all parties. If these criteria are met then partnerships can provide a vehicle through which we can gain opportunities for our students, for example by providing volunteering and internship opportunities or study tours to our students. They also provide opportunities for staff in terms of research, enterprise, joint teaching activity and professional development.

In addition to benefits for our staff and students, we remain committed to extending and deepening our partnerships with the community which we serve and the schools and colleges in our region. We will create an environment for our staff and students to further develop civic engagement and professional partnerships, and continue to develop pathways into higher education for students in schools and colleges. The University has an established reputation for widening participation and remains committed to providing opportunity to all those with potential to succeed. Through work with partners and through our own outreach activity we will seek to attract students from all backgrounds and we will judge our success in terms of the proportion of students that successfully complete.

Our major change plans 2015-2020

- We will sponsor and support three Academies/ University Technical Colleges to help develop aspiration and enable early engagement with pupils
- We'll create three centres for research and enterprise in collaboration with key international partners

Figure 4: some of our partnerships around the world

Goal 5: Access

Ensuring we work with local partners to provide opportunities for students with the potential to succeed and through active engagement retain them

Goal 6: Internationalisation

Developing the multicultural community of students and staff, working through international alliances and partnerships to further build our capacity and capabilities in education, research and enterprise

Where we'll be by 2020

- We'll be above our benchmark targets for recruiting students from low-participation neighbourhoods, and for the number of these students achieving success in their chosen course of study
- We'll rank as a centre of international excellence, measuring up in international recruitment alongside the UK's best universities of the QS World University Rankings

The Confucius Institute for Traditional Chinese Medicine

Of 400 Confucius Institutes around the world promoting Chinese language and culture, LSBU's is one of the first to focus on Traditional Chinese Medicine , showcased through its Acupuncture course and teaching clinic .The Institute works with 46 primary and secondary schools teaching Chinese language and culture, trains over 200 staff and students each year in Mandarin and reaches tens of thousands of community members each year through Wellbeing Week and a Chinese New Year Roadshow. Through its network it creates opportunities for LSBU students to study and undertake internships in China, and has been awarded an excellence award for 5 consecutive years.

Science without Borders

LSBU has been selected as a partner for the prestigious UK-Brazil "Science without Borders" programme, which will be funding Brazilian students to study science based and informatics programmes in the UK. In the first year of participation, LSBU has been awarded 50 students – and the number of quality applications has significantly exceeded places available.

Creating futures for 11-19 year olds in our area

We're proud to sponsor the University Engineering Academy South Bank – offering our expertise in science, technology, engineering and maths through a state of the art learning environment to young people in Southwark and neighbouring boroughs. The first students arrive in September 2014, with 150 Year 7 places, and a 25-place Special Educational Needs unit

Strategic Enablers

In seeking to deliver our strategy we need to consider the barriers and challenges that could hinder the success of delivery. These factors relate to people, infrastructure, resources and our internal processes. If we do not have a workforce that is the correct 'shape', containing people with the correct skills and exhibiting appropriate behaviours we will fail to progress. The management and governance arrangements we develop need to be aligned with the strategy and provide a robust framework but within which there is space for staff, in all roles, to be creative and empowered to deliver. We need to ensure that we are able to attract, develop and foster the best staff and provide an environment that motivates them and enables them to deliver.

Similarly we need to ensure that the infrastructure is aligned with the strategy and that we invest resources in these activities that will take the strategy forward. The strategic enablers described below aim to deliver on our goals.

Our values

Excellence – at LSBU we are known for working to a high standard and providing a quality service to all

Professionalism – at LSBU everyone takes personal accountability and responsibility, leads by example and inspires others

Integrity – at LSBU we communicate with transparency and respect, creating a working and learning environment based on trust

Inclusivity – at LSBU we celebrate being a diverse and vibrant community, where there are no barriers to inclusion and where we view the differences between people as a source of strength

Creativity – at LSBU we are innovative, generating ideas and opportunities that are useful in solving problems and enhancing the reputation of the University

Schools

Corporate Strategy and Delivery Plan

Professional services

Our operating principles

One organisation – strategy driven from the centre, schools focussed on teaching, learning and enterprise, with quality support from professional services

Customer focussed – adopting professional service models that clearly meet the needs of our customers

Accountable – clearly identified responsibility for performance and processes with authority delegated to the lowest level practicable

Efficient – streamlining and eliminating duplication across processes and functions

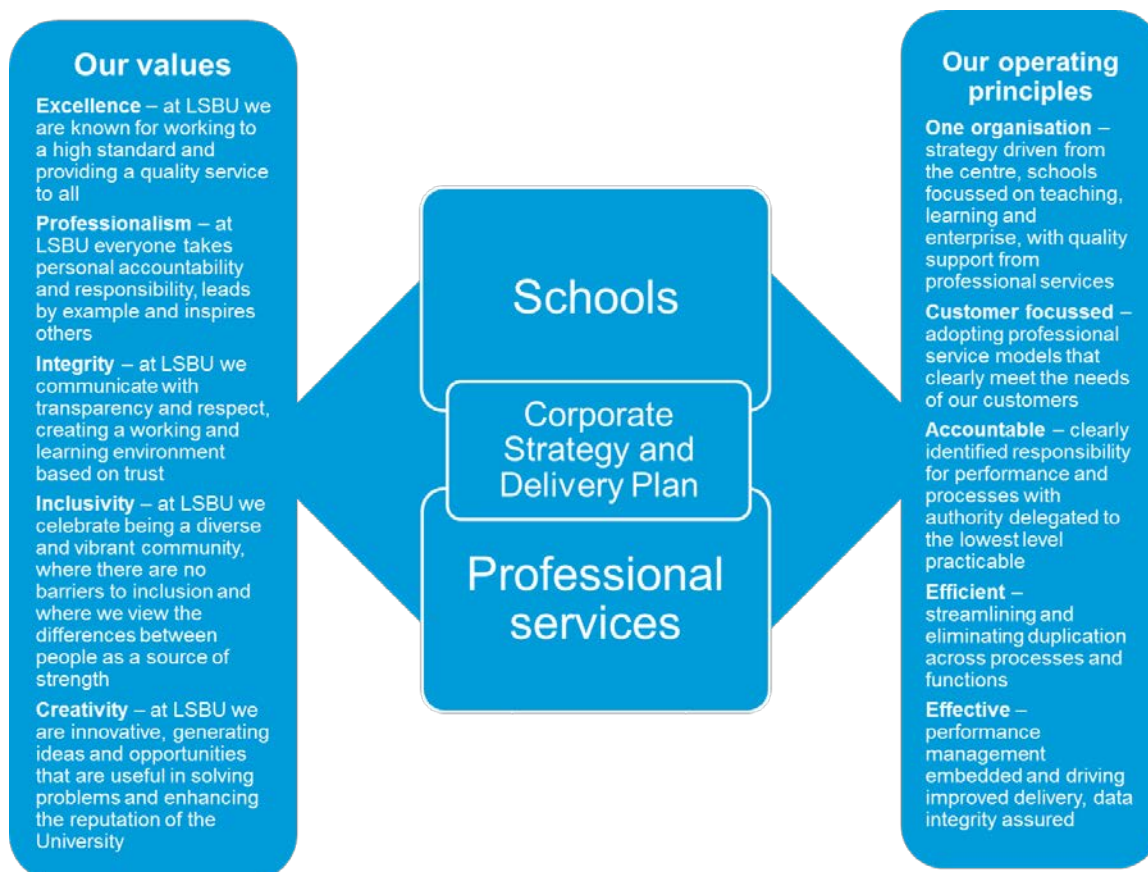**Effective** – performance management embedded and driving improved delivery, data integrity assured

Figure 5: our organisation – based on historic values

Goal 7: People & Organisation

Creating an environment which attracts and fosters the very best staff, and within which all staff feel their achievements are equally and fairly valued and rewarded, feel proud of their university and take appropriate responsibility for its development

Goal 8: Resources & Infrastructure

Strategically investing in the creation of first class facilities and ensuring that they are underpinned by services which are responsive to academic needs and outcome focused

Where we'll be by 2020

- We'll be ranked as a good employer compared to other organisations
- We will grow our income by 25% to £170m annually, and deliver an operating surplus of 5% and an EBITDA margin (our operating profitability) of 15%
- Student satisfaction ratings with our facilities and environment will be in the top quartile of UK universities

Library and Learning Resources

Our LLR services continually evolve to keep pace with digital developments and meet the needs of students, researchers and enterprise activities. The full week/full year service has expert staff, extensive print collection and even more extensive electronic resources accessible on and offsite, and an equipment loan service including laptops, ipads and projectors. – with group training and support to find, use and reference resources, and IT skills training from basics to advanced specialist software.

Exceptional Student Experience project

The ESE project will involve the implementation of a number of technological solutions, alongside enhanced development of the virtual learning environment supported by innovations in teaching and learning. This will enable us to fully develop and exploit a blended approach to delivery and support. We are in the early stages of this journey, which will see the development of this technology, in collaboration with IBM.

The Student Life Centre

This one-stop-shop for students offers advice on all aspects and stages of the student journey; online, over the phone and in person. Services are arranged for the convenience of students, with long access hours and week-end opening and partners are brought in to deliver some specialist services. The success and popularity of the service is due to its insistence on putting the student first, striving for single visit closure, high-end customer service practice and a vibrant team spirit. .

London South Bank University

Board/Committee:	Board of Governors	
Date:	8 July 2014	
Paper title:	LSBU Change Programme: Programme highlight report	
Author:	Amir Rashid, Programme Director	
Executive sponsor:	Prof David Phoenix, Vice Chancellor	
Recommendation by the Executive:	That the Board note the programme highlight report, appraise risks and issues and make any recommendations as appropriate.	
Aspect of the Corporate Plan to which this will help deliver?	Delivery of all objectives of the Corporate Strategy 2015-2020	
Matter previously considered by:	Executive	On: 17 June 2014
Further approval required?	None	On:
Communications – who should be made aware of the decision?		

Executive Summary

This paper presents the programme highlight report. This includes escalated programme and project level risks and issues as they currently stand. The programme will be critical to delivering the strategic objectives of the Corporate Strategy 2015-2020. The change programme projects are at various stages of development ranging from concept stage through to delivery.

A number of projects are at the design stage which involves developing a detailed view of existing business processes. This is so that processes can be eliminated, streamlined and automated to better support the student journey and to create a much more efficient professional support service.

In relation to the IBM project, the Atos Gateway Review summary of key findings is also attached.

London South Bank
University

Board of Governors
Change Programme

8 July 2014

Correct as of 26 June 2014, verbal update to highlight any changes at Board

Project development, appraisal and approval

London South Bank University

Programme level – Progress against milestones
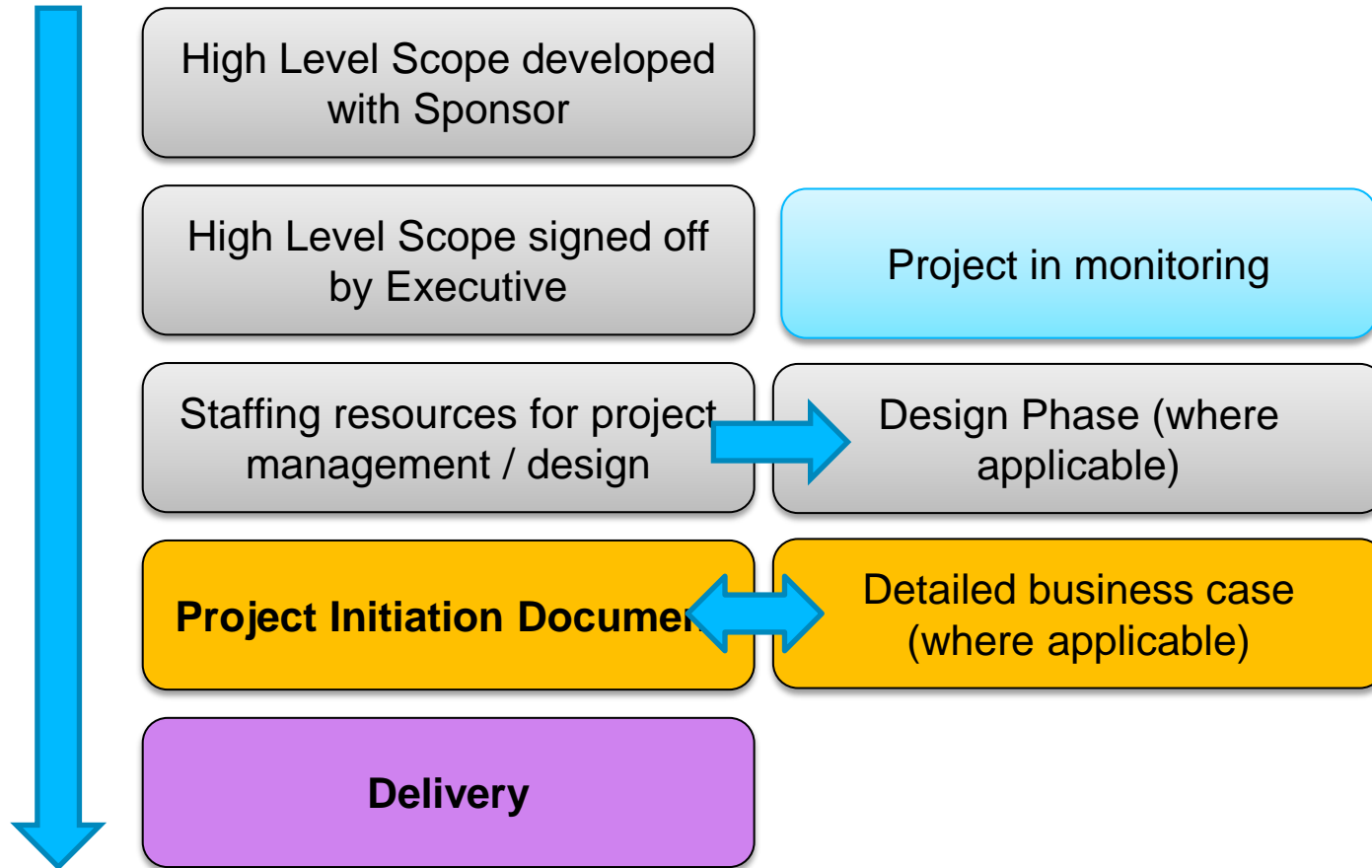
Project		Exec Lead	Project Lead	RAG status	Overall status	Commentary
Portfolio review		MM	TBD	A	PID in development	Owing to timescales resources need to be identified urgently.
Learning pathway		PC	TBD		HLS needs sign off	
Developing scholarship		TBD	TBD		HLS needs development	
Student journey		PC	Paul Grosart	G	In design phase	On-track
Partnerships, collaboration and reputation		PVC	TBD		HLS needs development	
Professional service models		MM	Paul Grosart	G	In design phase	On-track
Informed decision making	League table	JS	Hannah Le Vay	G	In delivery	On-track but PID needed
	Governance review		TBD	G	PID in development	On-track
	CPM of data	RF	Hannah Le Vay	G	In delivery	On-track but PID needed
Information Management		IM	Rob McGeechan	G	In design phase	On-track
Communications		BJ	Lynn Grimes	A	In delivery	Communication plan needs appraisal and sign off by Executive
ICT and infra-structure	Property	IM	Carol Rose		HLS needs development	
	ICT strategy / architecture		Rob McGeechan	G	In design phase	
	Edison	PC / IM	David Swayne	A	In delivery	Business change aspect needs to be accelerated
HR & people		ME	TBD		HLS needs development	

Appendix

London South Bank University

Programme risks
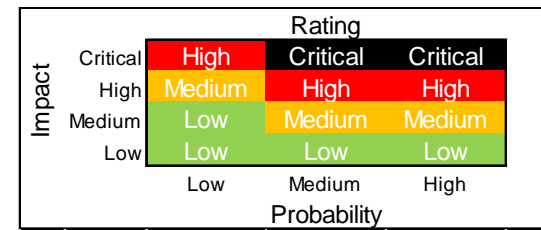
Key risks	P	I		Trend (from last period)	Mitigations	Sponsor
Delivery of business as usual disrupted by scale of change activity	M	C	C	Same	• Engagement and communications on change • Clear performance and reporting framework in place – identifies mission critical services and delivery path	VC
Not enough resource to deliver the scale of change required	L	C	H	Same	• Clearly defined governance and controls in place to monitor deliverability/ resource requirements • Dedicated programme team in place • Additional resources will be bought in as required (in addition to BAU)	RF
Organisation cannot respond quickly enough to external market changes	L	C	H	Same	• Speed of mobilisation via dedicated staff where necessary • Transition to schools will build agility across organisation	DP
Organisation-wide, dependence on key staff	M	H	H	Same	• Stakeholder engagement plan for the programme to identify and support key individuals • Specialist resource may need to be recruited for specific roles	AR
New senior managers may not take ownership of change and effectively lead and drive across the organisation	L	C	H	Same	• Early engagement with Heads of Department and new Deans • Scoping phases for some projects may need to be iterative	DP
Failure to manage interdependencies across the programme may result in projects being delayed	M	H	H	Same	• Interdependency and critical path management via regular project reporting and programme delivery Group	AR

Programme issues

London South Bank University

Key issues	I		Action	Sponsor / Lead
Internal communications need to manage significant scale of messages at all levels	C	Same	• Corporate communications to manage, attending Programme Board monthly • Change management approach to be shared across projects • Interdependencies managed through Programme Delivery Group, comms messages agreed monthly	BJ / LG
Employee engagement needs to be built to ensure successful change	C	Same	• Staff/student change networks via OSDT – to meet in September • Stakeholder engagement plan to combat change fatigue	ME / VN
Organisation-wide golden thread needs to be strengthened to ensure collective ownership of change.	H	Same	• Ensure clear direction and vision (Corporate strategy to be agreed July 2014, delivery plan in development via permeable process, communications engaged to support launch to organisation) • VC internal communications framework (in place) • Staff/student change networks via OSDT	Exec / AR

Project risks – escalated

Project	Key risks	P	I			Mitigations	Sponsor / Lead
Edison	Cost escalation	M	C	C	Same	• Monthly Reviews with PO • Contingency in place	PC / AR
Edison	Delivery of business benefits	H	C	C	Same	• Business change element will be accelerated	PC / SH
Baselining work	Scope creep	M	C	C	Same	• Clear shared understanding of exact scope – *PIDs for relevant projects in development, will clearly specify scope*	AR / PG
League table	Presentation of data in HESA returns may not be optimised	H	H	H	Same	• Review in progress – *detailed action in development*	JS / HL
League table	Inappropriate optimisation may lead to internal and external reputational issues	L	C	H	Same	• Robust approval process in place	JS / HL

Project issues – escalated

	Rating		
Critical	High	Critical	Critical
High	Medium	High	High
Medium	Low	Medium	Medium
Low	Low	Low	Low
	Low	Medium	High
		Probability	

Impact (vertical axis label)

Project	Key issues	I		Mitigations	Sponsor / Lead
Edison	Loss of key personnel	H	Better	• New lead and staffing structure in place – needs time to bed in • Issue of resilience needs resolution	PC / AR
League table	HR Data does not match across core systems – unclear whether student data is fragmented	C	Same	• Review in progress with plans to address data quality – data gathering in progress for validation	JS / HL
Portfolio review	Resourcing needs to be in place owing to tight timescales	H	New	• Support sought across academic and support staff	MM / TBD

London South Bank University

ATOS Gateway Review: Key Findings and Responses/Updates	
Dimension	**Recommendation**
Programme Configuration:	Accelerate the business change aspect and ensure this is part of the wider corporate change programme rather than part of the technology work stream. Furthermore there needs to be a fully formed and communicated vision. Put the emphasis on the people process and ways of working
Response: This has been implemented. The project strands on Portal Development and Business Analytics have been brought together and the scope of the semester 1 and semester 2 pilots agreed. Top-level messages have been included in the VC's weekly briefings to staff and two road-shows set up on 16/17 July to launch to staff. These will be captured and made available as a presentation/podcast.	
Reiterate the Vision	The programme should rearticulate the original intended vision and reiterate how the vision underpins the corporate change programme. This should reflect on the processes within other projects which will be impacted upon by the programme.
Response: Incorporated in the action, above.	
Programme Re-Brand	Need to differentiate between the technical delivery and the organisational change aspects of the programme – re-brand to lose the 'IBM' tag – this is an LSBU programme.
Response: The Project is now branded as the Edison Project (reflecting enhanced Digital Integration with Students and focusing on Edison as a communicator).	
Programme Governance:	The programme needs to streamline the governance structure in terms of decision making and the leadership and communicate definitively this position. This should be implemented now.
Response: Captured in actions, above.	
Stakeholder Engagement:	The programme should identify ways of engaging all LSBU stakeholders – Academics, non-academics, students through a series of "roadshows/ show and tell".
Response: Captured in actions, above.	
Programme Workstreams:	The business change aspect should consider: • Student Segmentation models, • Descriptions of personae/scenarios, • Descriptions of Interventions, • A matrix of personae mapped to Interventions, • Initial swim lane process maps explaining how they work, • Further mapping to wider change programme.
Response: This is being actioned within the pilot phase for semester 1.	

London South Bank University

	PAPER NO: BG.36(14)
Board/Committee:	Board of Governors
Date:	8 July 2014
Paper title:	Enterprise Update
Author:	Bev Jullien / Enterprise Management Team
Executive sponsor:	Bev Jullien
Recommendation by the Executive:	To note progress and prospects for 2014/15
Aspect of the Corporate Plan to which this will help deliver?	

Matter previously considered by:	n/a	On:
Further approval required?	No	On:
Communications – who should be made aware of the decision?	Operational Board	

Executive Summary

A presentation will be given at the Board meeting which:

- Evidences new business being generated to grow the revenue and surplus through Enterprise in the short-medium term, to deliver at or ahead of budget for 2014/15 and move towards the 1620 target
- Evidences progress of the Clarence Centre to deliver against its business case
- Demonstrates progress in engagement with the SME community
- Demonstrates opportunities being created for students, both through business engagement and student enterprise

The Board is also asked to note:

- Recruitment is in progress for an Interim Director of University Enterprise and Acting CEO of SBUEL, following the resignation of Tim Gebbels. As well as

leading the team, they are being recruited to lead on developing 2 major revenue generating projects: a proposition for CPD, and driving forward applied commercial research.

- The process of integrating the Research and Enterprise teams has started. The Central Research Team will move to the Clarence Centre for the new academic year; a single approach has been agreed for working with the Schools, for lead generation and reporting; a joint events programme is underway with academics.

- A structured report will be in place for the new academic year, which links to the Management Accounts and reflects the HEBCIS (Higher education-business and community interaction survey) return. HEBCIS is an annual survey looking at the exchange of knowledge between universities and the wider world, and informs the strategic direction of 'knowledge exchange' activity that funding bodies and HEIs in the UK undertake. It will include projects in progress and pipeline, and the target is for this to be comprehensive, including all School driven as well as centrally supported or led activity.

- As with the League Tables, LSBU needs to improve the comprehensiveness of its reporting for HEBCIS as well as key outputs. A project team is in place to address this, linked to the Business Information team. This is a priority in order to deliver the strongest possible submission at the end of 2014, to inform the next round of HEIF (Higher Education Innovation Funding) funding.

London South Bank University

	PAPER NO: BG.37(14)
Board/Committee:	Board of Governors
Date:	8 July 2014
Paper title:	Budget, 2014/15
Author:	Ralph Sanders, Head of Financial Planning & reporting
Executive sponsor:	Richard Flatman, Chief Financial Officer
Recommendation by the Executive:	The Board of Governors is requested to approve the budget for 2014/15.
Aspect of the Corporate Plan to which this will help deliver?	Financial performance and sustainability.
Matter previously considered by:	Policy & Resources Committee	On: 24 June 2014
Further approval required?		
Communications – who should be made aware of the decision?	All budget holders once approved.

Executive summary

Following robust scrutiny at a series of budget review meetings, the Executive recommends the attached budget with a financial surplus of £1m for 2014/15. This is in line with the updated 5 Year forecast discussed at the most recent Board strategy day.

In terms of key risks, the 2014/15 budget assumes £3.5M in HSC CPPD income and a recruitment target of 2,750 SNC/ABB+ undergraduates. To mitigate for the financial impact of these risks, the budget contains an explicit contingency of £0.5M as well as an investment pot of £1.75M that could be flexed if required.

The budget also contains a provision of £1.5M for Restructuring costs and Exceptional items.

The Board of Governors is requested to consider and recommend approval of the attached budget.

Budget aims & overall financial framework

The overall aims of the budget process were:

- To prepare a revenue budget for the University as a whole that is affordable and that supports the organisation's deliverables.

- In terms of targets for 2014/15, this meant delivering:
  - ➢ A surplus of £1.0m (not the £0.5m deficit forecast at this time last year)
  - ➢ 2,750 FT UG for our SNC/ABB+ target
  - ➢ Home/EU Postgraduate Income in excess of £6.6M (a reduction compared with current year forecast of £7.7m but after adjusting for the a zero allocation of PGCE places for September 2014 in the Education department which has resulted in a £1.5m income loss
  - ➢ International Income in excess of £9.0M (2013/14 £8.5m)
  - ➢ Staff costs of not more than 55% of income.

The Budget presented for approval meets all of the above although the staff cost % is at the upper limit. The target for a revenue spend investment fund of £1M has also been met or exceeded in the budget presented for approval.

Current Summary Position:

In total the proposed budget delivers a surplus of £1.0M against a target of £1.0M. This is a significant improvement on the £0.5M deficit for 2014/15 as included in last year's 5 year forecast.

It should also be noted that the budget surplus of £1m is after accounting for:

- £2.8M of revenue investment spend with IBM to drive future student progression

- Increased year on year depreciation of £2m linked to the IBM investment and full year's depreciation for both the Student Centre and the Clarence Centre.

- an investment pot of £1.75M of which £0.75M will be used to fund the Programme Office to deliver the current change programme

- a number of new senior posts including new Deans of School and the Deputy Vice Chancellor

- the nationally negotiated pay rise of 2% which has added £1.5M to our staffing costs (compared with previously forecast 1% £750k)

- the loss of the PGCE programme within the Department of Education (£1.5m contribution in 2013/14).

The proposed budget has been subject to a rigorous and robust budget review process with all budget lines subject to close scrutiny. The intention is to continue to

focus on efficiency in year once we have a clear understanding of the benefits of the new School and Professional Service Group (PSG) structures.

Given the current level of risk, the Budget also contains the following contingencies

- Opex contingency of £0.5M
- Investment Pot of £1.75M (of which £0.75M will be used to fund the Programme Office)
- Restructuring provision of £1.5M.

LONDON SOUTH BANK UNIVERSITY / ENTERPRISES

2014/15 Proposed Budget

SMT Area:

Cost Centre:

Description	FULL YEAR			
	2013/14 Forecast	2014/15 Budget	Year on Year Change	
	(£)	(£)	(£)	%
Funding Grants	-25,942,062	-18,781,770	(7,160,292)	(38%)
Health Contract	-25,082,665	-24,646,622	(436,043)	(2%)
Home & EU Fees - UG	-44,302,080	-54,745,354	10,443,275	19%
Home & EU Fees - PG	-7,714,091	-6,664,295	(1,049,796)	(16%)
Other Fees	-4,692,230	-5,379,800	687,570	13%
Overseas Fees - UG	-5,134,384	-5,845,636	711,252	12%
Overseas Fees - PG	-3,361,465	-3,175,576	(185,889)	(6%)
Research Grants & Contracts	-2,322,261	-1,693,049	(629,212)	(37%)
Other Income - student related	-10,288,943	-10,295,069	6,126	%
Other Operating Income	-5,085,947	-4,846,908	(239,039)	(5%)
Endowment Income & Interest Receivable	-424,351	-300,000	(124,351)	(41%)
Total Income	-134,350,479	-136,374,080	2,023,601	1%
Academic - Permanent staff	36,581,763	37,099,697	(517,934)	(1%)
Academic - Temporary staff	3,538,375	2,981,391	556,985	19%
Technicians staff	2,808,987	2,803,141	5,846	%
Support - Permanent staff	27,173,331	30,616,726	(3,443,395)	(11%)
Support - Temporary staff	747,852	476,235	271,617	57%
Third party staff	3,380,631	1,906,344	1,474,287	77%
Total Staff Costs	74,230,951	75,883,535	(1,652,584)	(2%)
Total Depreciation	8,567,897	10,490,241	(1,922,344)	(18%)
Staff Related	2,217,169	2,007,452	209,718	10%
Marketing and PR	2,318,290	2,102,563	215,727	10%
Student Recruitment	714,375	640,250	74,125	12%
Bursaries and Scholarships	2,347,640	2,437,726	(90,086)	(4%)
Student Related	5,836,177	5,734,588	101,588	2%
Equipment	705,197	701,682	3,515	1%
Computing	3,413,030	4,179,135	(766,105)	(18%)
Utilities	3,508,340	3,590,779	(82,438)	(2%)
Maintenance & Other Estate	7,315,229	6,781,803	533,427	8%
Cleaning & Security	4,478,097	4,876,399	(398,302)	(8%)
Financial	347,061	123,316	223,745	181%
Communications	633,593	665,405	(31,813)	(5%)
Legal & Professional	2,853,675	2,415,104	438,572	18%
Subscriptions and Membership Fees	724,990	898,989	(173,999)	(19%)
Photocopying and Stationery	1,196,953	1,179,759	17,194	1%
Other	4,696,542	3,509,204	1,187,339	34%
Internal recharges	83,443	-16,497	99,940	606%
Total Other Operating Expenses	43,389,801	41,827,656	1,562,146	4%
Total Interest Payable	4,746,879	4,672,647	74,231	2%
Total Exceptional Items	1,918,704	2,500,000	(581,296)	(23%)
Total Internal Allocations	23,000	-		%
Contribution	-1,473,246	-1,000,001	473,245	47%

Staff costs as % of income	55.3%	55.6%
Contribution %	1.1%	0.7%

London South Bank University

	PAPER NO: BG.38(14)
Board/Committee:	Board of Governors
Date:	8 July 2014
Paper title:	HEFCE Annual Accountability Return
Author:	Ralph Sanders, Head of Financial Planning & Reporting
Executive sponsor:	Richard Flatman, CFO
Recommendation	The Executive recommends the Board of Governors review the return and recommend submission to HEFCE
Aspect of Corporate Plan this will help deliver?	Financial sustainability.

Matter previously considered by:	P&R Committee	On: 24 June 2014
Further approval required?		

Communications – who should be made aware of the decision?	HEFCE

Executive summary

1. Until 2012 all documents forming part of the annual accountability return (AAR) were submitted to HEFCE as part of the December submission. In December 2012, given the uncertainty over student numbers, HEFCE required a reduced financial forecast submission focusing only on a revised forecast for 2012/13. Future forecasts were not required at that stage. HEFCE have now introduced a mid-year element of the return whereby 5 Year forecasts will be submitted each year in July (after approval by the Board).

2. The mid-year element of the annual accountability return to HEFCE for 2014 requires actual audited results for 2011/12 and 2012/13, an update to the forecast provided in December 2013 for 2013/14 and forward forecasts for the next 3 financial years.

3. The 2013/14 update is in line with the May 2014 management accounts and shows a surplus of £1.5m (a decline in performance compared to the November 2013 submission to HEFCE which showed a forecast surplus at that time of £2.5m for the full year – consistent with the agreed budget for the current year). The other elements of the return are based on the 5 Year forecasts discussed by the Board at the May strategy day. The detailed analysis for 2014/15 is taken from the budget submission which delivers a surplus of £1.0m consistent with those forecasts. 2015/16 and 2016/17 are identical to the forecasts discussed n May.

4. The key targets remain as follows:
   - assumed growth in FTUG student numbers to 2,750 in 2013/14 and steady state thereafter
   - improvements in progression such that the graduation rate rises from 49% currently to 56% by 2018/19 consistent with the IBM business case (although the IBM case assumed we would hit that benchmark by 2017)
   - a move to fees of £9,000 from 2014/15 with no assumed fee inflation thereafter
   - additional income of (minimum) £16m pa by 2018/19 with a surplus thereon of 20% (£3.2m)
   - capital expenditure of £107m over the 5 year planning cycle (although this may need to be reviewed depending on actual financial performance over the period)
   - no reductions in HSC funding post 14/15 budget.

5. The Board of Governors is requested to review the attached financial forecast submission and recommend approval before submission to HEFCE.

Attached
FFSTAT13_JULY14 – Financial Submission

And supporting documents
1 - Hefce Annual Accountability Return Commentary
2 - Going Concern Review
3 - Board Strategy Powerpoint
4 - LSBU Corporate risk register – attached at item 10.2 (paper **BG.45(14)**)
5 - LSBU Risk Strategy – attached at item 10.1 (paper **BG.44(14)**)

2013 Financial Tables - July 2014 submission

Please ensure that the financial information completed for 2011-12 and 2012-13 in this workbook is consistent with your institution's audited financial statements and the data returned to the HESA Finance Statistics Return (FSR)

HEFCE assurance consultant: Jacqui Brasted

Telephone number: 0117 931 7389

E-mail address: j.brasted@hefce.ac.uk

Financial indicators (automated table)
Institution: London South Bank University
UKPRN: 10004078

	Actual 2011-12	Actual 2012-13	Forecast 2013-14	Forecast 2014-15	Forecast 2015-16	Forecast 2016-17
Historical cost surplus/(deficit) as a % of total income	5.3	4.6	1.7	1.3	1.3	1.2
Discretionary reserves excluding pension asset/(liability) as a % of total income	77.1	83.2	89.5	91.9	92.6	92.0
External borrowing as a % of total income	24.1	22.5	22.0	20.8	19.2	17.4
Net cash flow as a % of total income	14.5	9.2	9.3	10.4	10.7	10.8
Net liquidity days	209	177	141	111	82	56
Staff costs as a % of total income	52.6	53.4	55.3	55.6	55.4	55.5

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) - (partially automated table)
Please complete cells with blue text. All other values will automatically be completed as you complete the financial tables.
Institution: London South Bank University
UKPRN: 10004078

	Actual 2011-12 £000	Actual 2012-13 £000	Forecast 2013-14 £000	Forecast 2014-15 £000	Forecast 2015-16 £000	Forecast 2016-17 £000	6 year average £000
Surplus/(deficit) for the year retained within general reserves	6,515	5,501	1,495	1,000	1,012	950	2,746
Interest Payable	4,019	3,433	4,747	4,672	4,637	4,575	4,347
Tax charges / (credits)	0	0	0	0	0	0	0
Depreciation	10,989	7,870	8,568	10,490	11,168	11,919	10,167
Release of deferred capital grants	-1,686	-1,893	-1,871	-1,533	-1,213	-1,059	-1,543
Amortisation (for institution to complete)	0	0	0	0	0	0	0
Exceptional items as defined in FRS 3	0	556	0	0	0	0	93
FRS17 staff charges / (credit) (for institution to complete)	0	0	0	0	0	0	0
EBITDA	19,837	15,467	12,939	14,629	15,604	16,385	15,810

Financial commitments threshold (5 x average EBITDA) — 79,051

Balance of outstanding financial commitments and agreed financial commitments (includes long-term and short-term) not yet drawn down as at 31st July 2014 — 26,991

Table 1: Income and expenditure account
Institution: London South Bank University
UKPRN: 10004078

	Actual 2011-12 £000	Actual 2012-13 £000	Forecast 2013-14 £000	Forecast 2014-15 £000	Forecast 2015-16 £000	Forecast 2016-17 £000
Income						
1. Funding body grants	45,450	34,750	25,941	18,781	13,268	12,370
2. Tuition fees and education contracts	73,959	83,283	88,215	96,468	106,591	111,836
3. Research grants and contracts	4,068	3,255	2,069	2,405	2,478	2,552
4. Other income	14,094	16,001	17,699	18,225	18,059	20,056
5. Endowment and investment income	697	566	424	495	495	495
6. Total income	138,268	137,855	134,348	136,374	140,891	147,309
7. Less: share of income from joint venture(s)	0	0	0	0	0	0
8. Net income	138,268	137,855	134,348	136,374	140,891	147,309
Expenditure						
9. Staff costs	72,725	73,619	74,230	75,883	78,007	81,787
10. Other operating expenses	44,020	46,876	45,308	44,329	46,067	48,078
11. Depreciation	10,989	7,870	8,568	10,490	11,168	11,919
12. Interest and other finance costs	4,019	3,433	4,747	4,672	4,637	4,575
13. Total expenditure	131,753	131,798	132,853	135,374	139,879	146,359
14. Surplus/(Deficit)	6,515	6,057	1,495	1,000	1,012	950
15. Share of surplus/(deficit) in joint venture(s) and associates	0	0	0	0	0	0
16. Taxation	0	0	0	0	0	0
17. Minority interest	0	0	0	0	0	0
18. Exceptional items	0	-556	0	0	0	0
19. Surplus/(deficit) for the year transferred to accumulated income in endowment funds	0	0	0	0	0	0
20. Surplus/(deficit) for the year retained within general reserves	6,515	5,501	1,495	1,000	1,012	950

Note of group historical cost surpluses and deficits for the year ended 31 July

21. Surplus/(deficit) on continuing operations before taxation	6,515	5,501	1,495	1,000	1,012	950
22. Difference between a historical cost depreciation and the actual charge for the year calculated on the re-valued amount	802	794	794	794	794	794
23. Realisation of property revaluation gains of previous years	0	0	0	0	0	0
24. Historical cost surplus/(deficit) for the year before taxation	7,317	6,295	2,289	1,794	1,806	1,744
25. Historical cost surplus/(deficit) for the year after taxation	7,317	6,295	2,289	1,794	1,806	1,744

2013 Financial Tables - July 2014 submission

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HEFCE assurance consultant: Jacqui Brasted

Telephone number: 0117 931 7389

E-mail address: j.brasted@hefce.ac.uk

Note: Income in this table should INCLUDE income attributable to a share in joint venture(s)

Table 1a: Analysis of income
Institution: London South Bank University

UKPRN: 10004078	Actual 2011-12 £000	Actual 2012-13 £000	Forecast 2013-14 £000	Forecast 2014-15 £000	Forecast 2015-16 £000	Forecast 2016-17 £000
1. Funding body grants						
1a. HEFCE: teaching grant	37,368	28,274	18,762	13,643	9,032	8,288
1b. HEFCE: research grant	2,044	1,975	1,970	1,956	1,956	1,956
1c. HEFCE: other grants	2,236	1,778	2,650	1,649	1,067	1,067
1d. TDA / NCTL funding	2,018	770	688			0
1e. SFA grants	98	60	0			
1f. Release of deferred capital grants	1,686	1,893	1,871	1,533	1,213	1,059
1g. Total funding body grants	45,450	34,750	25,941	18,781	13,268	12,370
2. Tuition fees and education contracts						
2a. Full-time UG home and EU	23,983	33,490	39,839	47,874	53,173	54,505
2b. Full-time postgraduate home and EU	2,495	4,630	4,722	6,013	7,013	8,013
2c. Part-time fees - home and EU	6,207	7,114	7,455	7,822	9,784	10,789
2d. Home and EU domicile fees paid by the Department of Health	30,406	29,029	27,703	25,476	25,560	25,681
2e. Non-EU domicile students	9,983	8,829	8,496	9,283	11,061	12,848
2f. Other fees and support grants	885	191	0	0	0	0
2g. Total tuition fees and education contracts	73,959	83,283	88,215	96,468	106,591	111,836
3. Research grants and contracts						
3a. BIS Research Councils	1,185	1,123	716	829	853	879
3b. UK-based charities	231	279	177	206	212	218
3c. Other research grants and contracts	2,652	1,853	1,176	1,370	1,413	1,455
3d. Total research grants and contracts	4,068	3,255	2,069	2,405	2,478	2,552
4. Other income						
4a. Other services rendered	0	0	0	0	0	0
4b. Residences and catering operations (including conferences)	8,378	9,125	9,639	10,428	10,740	11,062
4c. Income from health and hospital authorities (excluding teaching contracts for student provision)	0	0	0	0	0	0
4d. Other operating income	5,716	6,876	8,060	7,797	7,319	8,994
4e. Total other income	14,094	16,001	17,699	18,225	18,059	20,056
5. Endowment and investment income	697	566	424	495	495	495
6. Total income	138,268	137,855	134,348	136,374	140,891	147,309

Table 1b: Analysis of staff costs
Institution: London South Bank University

UKPRN: 10004078	Actual 2011-12 £000	Actual 2012-13 £000	Forecast 2013-14 £000	Forecast 2014-15 £000	Forecast 2015-16 £000	Forecast 2016-17 £000
1. Salaries and wages	59,228	59,355	59,848	61,174	62,894	65,950
2. Social security costs	5,306	5,207	5,250	5,369	5,517	5,781
3. Pension costs	8,191	9,057	9,132	9,340	9,596	10,056
4. Exceptional FRS17 related costs	0	0	0	0	0	0
5. Other staff related costs	0	0	0	0	0	0
6. Total staff costs	72,725	73,619	74,230	75,883	78,007	81,787
7. Staff numbers (FTEs academic and other)	1,386	1,311	1,308	1,304	1,308	1,338

2013 Financial Tables - July 2014 submission

Please ensure that the financial information completed for 2011-12 and 2012-13 in this workbook is consistent with your institution's audited financial statements and the data returned to the HESA Finance Statistics Return (FSR)

HEFCE assurance consultant: Jacqui Brasted

Telephone number: 0117 931 7389

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Table 2: Balance sheet
Institution: London South Bank University
UKPRN: 10004078

	Actual 31/7/12 £000	Actual 31/7/13 £000	Forecast 31/7/14 £000	Forecast 31/7/15 £000	Forecast 31/7/16 £000	Forecast 31/7/17 £000
1. Fixed assets						
a Intangible assets	0	0	0	0	0	0
b Tangible assets	163,626	174,292	187,724	199,234	210,066	220,147
c Investments	38	38	38	38	38	38
d Investments in joint ventures: share of gross assets	0	0	0	0	0	0
e Investments in joint ventures: share of gross liabilities	0	0	0	0	0	0
Total	163,664	174,330	187,762	199,272	210,104	220,185
2. Endowment assets	641	729	729	729	729	729
3. Current assets						
a Stock	46	18	18	18	18	18
b Debtors	9,101	7,823	7,823	7,823	7,823	7,823
c Investments	0	0	0	0	0	0
d Cash at bank and in hand	69,146	59,956	47,978	37,942	28,901	20,686
Total	78,293	67,797	55,819	45,783	36,742	28,527
4. Creditors: amounts falling due within one year						
a Creditors	38,492	36,667	36,667	36,667	36,667	36,667
b Current portion of long-term liabilities	2,254	1,470	1,293	1,308	1,325	1,347
c Bank overdrafts	0	0	0	0	0	0
Total	40,746	38,137	37,960	37,975	37,992	38,014
5. Net current assets/(liabilities)	37,547	29,660	17,859	7,808	-1,250	-9,487
6. Total assets less current liabilities	201,852	204,719	206,350	207,809	209,583	211,427
7. Creditors: Amounts falling due after more than one year						
a External borrowing	31,062	29,592	28,299	26,991	25,666	24,319
b Other	0	0	0	0	0	0
Total	31,062	29,592	28,299	26,991	25,666	24,319
8. Provisions for liabilities and charges	1,179	0	0	0	0	0
9. Net assets excluding pension asset/(liability)	169,611	175,127	178,051	180,818	183,917	187,108
10. Pension asset/(liability)	-74,664	-62,211	-58,911	-55,611	-52,311	-49,011
11. Net assets including pension asset/(liability)	94,947	112,916	119,140	125,207	131,606	138,097
12. Deferred capital grants	31,695	29,839	27,968	26,435	25,222	24,163
13. Endowments						
a Expendable	304	341	341	341	341	341
b Permanent	337	388	388	388	388	388
Total endowments	641	729	729	729	729	729
14. Reserves						
a Income and expenditure account	106,289	114,367	119,956	125,050	130,156	135,200
b Pension reserve	-74,664	-62,211	-58,911	-55,611	-52,311	-49,011
c Revaluation reserve	30,986	30,192	29,398	28,604	27,810	27,016
d Minority interest	0	0	0	0	0	0
Total reserves	62,611	82,348	90,443	98,043	105,655	113,205
15. Total funds	94,947	112,916	119,140	125,207	131,606	138,097

2013 Financial Tables - July 2014 submission

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HEFCE assurance consultant: Jacqui Brasted

Telephone number: 0117 931 7389

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Table 3: Cash flow statement

Institution: London South Bank University
UKPRN: 10004078

	Actual 2011-12 £000	Actual 2012-13 £000	Forecast 2013-14 £000	Forecast 2014-15 £000	Forecast 2015-16 £000	Forecast 2016-17 £000
1. Net cash inflow/(outflow) from operating activities (Table 4 head 15)	20,083	12,730	12,515	14,134	15,109	15,890
2. Returns on investments and servicing of finance						
a Income from endowments	25	25	20	20	20	20
b Income from short-term investments	0	0	0	0	0	0
c Other interest received	672	541	404	475	475	475
d Interest paid	-1,757	-1,472	-1,447	-1,372	-1,337	-1,275
e Other items	0	0	0	0	0	0
f Net cash inflow/(outflow) from returns on investments and servicing of finance	-1,060	-906	-1,023	-877	-842	-780
3. Taxation	0	0	0	0	0	0
4. Capital expenditure and financial investment						
a Payments to acquire tangible assets	-11,063	-18,552	-22,000	-22,000	-22,000	-22,000
b Payments to acquire endowment asset investments	0	0	0	0	0	0
c Total payments to acquire fixed/endowment assets	-11,063	-18,552	-22,000	-22,000	-22,000	-22,000
d Receipts from sale of tangible assets	0	0	0	0	0	0
e Receipts from sale of endowment assets	0	0	0	0	0	0
f Deferred capital grants received	0	0	0	0	0	0
g Endowments received	0	0	0	0	0	0
h Other items	0	-547	0	0	0	0
i Net cash inflow/(outflow) from capital expenditure and financial investment	-11,063	-19,099	-22,000	-22,000	-22,000	-22,000
5. Management of liquid resources	0	-61	0	0	0	0
6. Financing						
a. Capital element of finance lease repayments	-833	-340	-192	-55	0	0
b. Mortgages and loans acquired	0	0	0	0	0	0
c. Mortgage and loan capital repayments	-2,545	-1,914	-1,278	-1,238	-1,308	-1,325
d. Other items	1,959	240	0	0	0	0
e. Net cash inflow/(outflow) from financing	-1,419	-2,014	-1,470	-1,293	-1,308	-1,325
7. Increase/decrease in cash in the year	6,541	-9,350	-11,978	-10,036	-9,041	-8,215

Table 4: Reconciliation of surplus/(deficit) for the year to net cash flow
Institution: London South Bank University
UKPRN: 10004078

	Actual 2011-12 £000	Actual 2012-13 £000	Forecast 2013-14 £000	Forecast 2014-15 £000	Forecast 2015-16 £000	Forecast 2016-17 £000
1. Surplus/(deficit) after depreciation of assets at valuation and before tax (from Table 1 head 14 + head 15 + head 18)	6,515	5,501	1,495	1,000	1,012	950
2. Depreciation (from Table 1 head 11)	10,989	7,870	8,568	10,490	11,168	11,919
3. Deferred capital grants released to income	-1,686	-1,893	-1,871	-1,533	-1,213	-1,059
4. (Increase)/decrease stocks	2	21	0	0	0	0
5. (Increase)/decrease in debtors	1,136	1,248	0	0	0	0
6. Increase/(decrease) in creditors	-546	-2,092	0	0	0	0
7. Increase/(decrease) in provisions	325	-1,356	0	0	0	0
8. Interest payable (from Table 1 head 12)	4,019	3,433	4,747	4,672	4,637	4,575
9. Investment income	-697	-566	-424	-495	-495	-495
10. Profit on sale of endowment assets	0	0	0	0	0	0
11. Loss on disposal of fixed assets	26	8	0	0	0	0
12. Impairment of fixed assets	0	0	0	0	0	0
13. Deconsolidation of the Students Union	0	556	0	0	0	0
14. Details	0	0	0	0	0	0
15. Net cash inflow/(outflow) from operating activities	20,083	12,730	12,515	14,134	15,109	15,890

2013 Financial Tables - July 2014 submission

Please ensure that the financial information completed for 2011-12 and 2012-13 in this workbook is consistent with your institution's audited financial statements and the data returned to the HESA Finance Statistics Return (FSR)

HEFCE assurance consultant: Jacqui Brasted

Telephone number: 0117 931 7389

E-mail address: j.brasted@hefce.ac.uk

Table 5: Supporting data
Institution: London South Bank University
UKPRN: 10004078

	Actual 2011-12 £000	Actual 2012-13 £000	Forecast 2013-14 £000	Forecast 2014-15 £000	Forecast 2015-16 £000	Forecast 2016-17 £000
1. Identification of items included in other operating expenses (Table 1 head 10)						
1a. Operating leases and other long-term operating expense commitments	1,247	389	389	389	389	389
1b. Annual contract cost of PFI deals	0	0	0	0	0	0
1c. Maintenance expenditure	7,037	7,601	7,315	7,388	7,462	7,537

HE student number forecasts 2013

Table 6: HE student number forecasts (FTEs)   **Please complete student numbers in FTEs**

Institution: London South Bank University
UKPRN: 10004078

		Actual 2012-13			Forecast 2013-14			Forecast 2014-15			Forecast 2015-16			Forecast 2016-17		
		Home & EU		Island & o'seas	Home & EU		Island & o'seas	Home & EU		Island & o'seas	Home & EU		Island & o'seas	Home & EU		Island & o'seas
		Old-regime and other	New-regime		Old-regime and other	New-regime		Old-regime and other	New-regime		Old-regime and other	New-regime		Old-regime and other	New-regime	
Total full-time and sandwich year-out	UG (incl FD)	5,800	2,496	600	2,282	4,152	600	445	5,410	600	80	5,885	600	0	5,858	600
	PGT	500	636	350	3	344	350	0	636	350	0	636	350	0	636	350
	PGR	0		35	0		35	0		35	0		35	0		35
	Total	6,300	3,132	985	2,285	4,496	985	445	6,046	985	80	6,521	985	0	6,494	985
Total part-time	UG (incl FD)	1,000	473	120	471	451	135	300	523	135	100	727	135	100	816	135
	PGT	100	525	110	479	489	128	0	600	128	0	600	128	0	600	128
	PGR	0		2	0		2	0		2	0		2	0		2
	Total	1,100	998	232	950	940	265	300	1,123	265	100	1,327	265	100	1,416	265

Note: The numbers returned in this table should be consistent with population of students returned to the Higher Education Statistics Agency (HESA). A description of the HESA student population is available at http://www.hesa.ac.uk/index.php/component/option,com_studrec/task,show_file/Itemid,233/mnl,10051/href,coverage.html/ .
The information in this table will be used to provide context to the other financial tables and will not be used for funding purposes. For further guidance on completing this table please see Annex B of the AAR publication HEFCE 2013/23.

Question A: *Explain how the institution is ensuring its:*

- *sustainability (including the institution's strategy for this)*

- *quality of teaching and research*

- *management of its key risks, including cash flow management*

- *Proposed borrowings or material leases*

- *investment in estates and infrastructure*

  (set out any conclusions relating to sustainability and any going concern reviews)

Financial sustainability

The University's financial strategy is focused on future sustainability and is designed to maintain financial resilience and flexibility at all times. We have a number of processes and resulting documents to support this strategy. In terms of supporting processes, each autumn, the University prepares a 'going concern review' to accompany the financial statements. This review is first presented to the Audit Committee before being presented to the Board of Governors. A copy is attached. The going concern review supports the statement in the year end accounts and confirms that it is appropriate for the LSBU financial statements to be prepared on a "going concern" basis.

The key elements of the going concern review are an update to the university's long term KPIs, a review of key elements of the university's financial strategy and an update to the University's key recruitment and retention targets. The review also contains an update on the University's cashflow forecast, a review of the organisation's teaching and learning strategy and an update on our infrastructure investment.

As part of the annual planning process, the University and the Executive also prepare a rolling 5 year forecast each year. This forecast is developed during an Executive Strategy Day and then presented to the Board of Governors during a Board Strategy day each spring. These rolling 5 year forecasts are updated each year following Semester 1 recruitment and include income and cost projections as well as surplus and liquidity forecasts. This analysis ensures that the University stays within acceptable gearing levels and includes a 5 year

investment profile to ensure the University has the funds for an appropriate capital investment programme.

The going concern review from October 2013 and the 5 year forecast presentation given to the Board of Governors in May 2014 are both attached. The going concern review will be updated in October 2014 to reflect the changes agreed at this year's Board Strategy Day and to take account of any changes in operating performance. These changes include recruitment targets capped at 2,750 Home / EU FT Undergraduates with a focus on improving progression from 69% Year 1 to Year 2 to 78% and a focus on improving the graduation rate at the university from 49% to 56%. Undergraduate Fees are now assumed to be capped at £9,000 over the 5 years and a 60% reduction in the University's student opportunity grant from has been factored in from 2015/16. Staff costs, including agency costs are within our maximum agreed percentage of income (55%) and the University will maintain cash balances at agreed levels (minimum £20m).

The key targets that drive the 5 year forecast have been accompanied by a renewed focus on part time UG recruitment which has been a historic strength of this university and an emphasis on international recruitment where the University has underperformed compared to its peers.

The 5 year forecasts demonstrate that the University can deliver a minimum level of £1m surplus over the next 3 years after accounting for a significant level of increased spend following key investments in our digital and physical infrastructure designed to improve progression. The resultant outcome that the increased spend will deliver will be increased surpluses (reaching 5% by 2020) linked to increased levels of graduation and international recruitment.

The 2014/15 budget shows a surplus of £1m. Given the latest recruitment figures we are on track to deliver that. It is also important to note that our budget deliberately provides flexibility on cost. The surplus of £1m for 2014/15 is after taking account of:

- An operating expenditure contingency of £0.5m
- A re-structuring provision of £1.5m
- A revenue investment pool of £1m.

Our track record is that we manage our financial position very carefully and always deliver ahead of forecast. We continue to monitor the position very carefully and will review our budget and our going concern review following semester 1 recruitment in October 2014. This will in any event lead directly into the business planning/ budget setting process which

happens early in every calendar year and which will run in parallel with a detailed review of the 5 year forecasts for submission to HEFCE as part of the mid-year return in July 2015.

Quality of teaching and research

LSBU is committed to delivering an excellent student experience, delivered through high-quality teaching, supported through relevant applied research.

Our focus on the quality of teaching is underpinned by regular monitoring and review, informed by appropriate and recent data, and focused both on the standards of academic awards and the quality of systems to support learning. All modules and courses are subject to evaluation by students, and all Course Directors receive a standard data set which includes information on student progression and achievement, module evaluation, feedback from the National Student Survey and the Survey of Destinations of Leavers in Higher Education. These data inform annual reporting and action planning, as well as providing a context for Heads of Academic Departments in their annual appraisals of academic staff.

Annual monitoring, in its turn, informs periodic review, usually focused at subject level (and including appropriate levels of external engagement - both academic and professional) which allows for a wider discussion of both teaching and research within the context of the whole operation of the subject or department. As with annual monitoring, this is focused upon the development of an action plan in response to the review, and includes input from both students and graduates. The University has piloted the inclusion of students as members of review panels and is seeking to embed this more widely in our processes. Both annual monitoring and periodic review include the work of the University with collaborative partner organisations (both within the UK and internationally). Reports from periodic review activity are received by Quality and Standards Committee, and their outcomes reported to Academic Board.

All faculties also engage in quarterly meetings with the Vice Chancellor, Pro Vice Chancellors and Chief Financial Officer. These meetings offer an opportunity to reflect upon performance (again, within the context of a standard data set which includes module evaluation, NSS, DLHE and progression statistics, at a higher level than that used for annual monitoring) and include discussion of the research environment.

The University's Research Committee, and Research Degrees Committee, also receives regular reports at faculty level, which reflect upon the development of research strategy, progress against delivery of that strategy and the key risks relating to delivery. Research Degrees Committee directly reflects upon the experience of research students and includes

representatives from the research student body. Both are direct sub-committees of Academic Board, which receives their minutes, as well as discussing items, which derive from these committees and are of wide University interest.

The University has established an Academic Staff Development Unit, which is dedicated to the delivery of the Postgraduate Certificate in Higher Education, both to new staff who have limited experience of teaching in higher education (and for whom participation is made a condition of employment) and for existing staff who wish to develop their professional practice in teaching. The Academic Staff Development Unit has developed a Professional Development Framework across the University, which is benchmarked to the Higher Education Academy's Professional Standards Framework and is recognised by the HEA to facilitate accreditation of experienced staff to Associate Fellow, Fellow and Senior Fellow of the Academy.

Management of key risks, including cash flow management

The Corporate Risk Register (attached – June 2014) is a dynamic document, which details the risks identified at a Corporate level, and the controls and actions associated with these at a particular point in time. The Corporate Risk Register is presented to each meeting of the University Operations Group, and to each of the meeting of the Board of Governors and their Audit Committee, with a risk matrix cover sheet that plots all risks against axes of potential impact and inherent likelihood, which enables monitoring of the current approach to risk appetite. Risks are identified and managed in line with the Risk Strategy, which was updated and agreed by the Executive and Board in June 2014. (also attached). The risk with a residual risk priority of "critical" focuses on revenue generation and maps closely to financial targets within the institution's five year forecast.

The University prepares a rolling Cashflow forecast as part of the annual process of updating the 5 year forecast. The University has committed to a minimum cash balance of £20M to minimise cashflow risks. The University reports cash balances on a Monthly basis to the Executive and on a quarterly basis to the Policy and Resources Committee.

Proposed borrowings or material leases

The 5 year forecast assume capital expenditure in excess of £100m over the period to 2018. Cashflow is tightly controlled and this investment will only be possible if the forecast surplus and EBITDA each year is delivered. The University is not looking to increase its current level

of borrowings and these are expected to reduce from 22% of income in 2013/14 to 17% of income by 2016/17.

There are no anticipated changes to material leases.

Investment in estates & infrastructure

LSBU continues to develop its 10 year vision of strategic investment in the estate to create sustainable, first class facilities which will enhance both the learning and social experiences of students and support the delivery of the academic mission.

Approximately £100m will be invested in redeveloping the estate over the next ten years (funded from cash reserves and operating cash flows generated over that period). This will facilitate the alignment and co-ordination of interventions and investments and achieve an improved cost/benefit ratio.

This investment includes both the provision of new buildings using sustainable construction principles and the development of innovative solutions to improve the energy efficiency of existing buildings in order to meet the University's carbon reduction commitment by 2020.

It is proposed to dispose of old buildings of corresponding dimensions to those of the new builds in order that there is no significant increase in the size of the overall footprint of the campus.

The energy and environmental management systems at the University have achieved re-accreditation to ISO 50001 and ISO14001 standards. Sustainability is a major consideration in all procurement processes and we ensure that, where appropriate, environmental criteria are used in both the award of contracts and the purchase of equipment and supplies.

In September 2013, the renovation of seventeen unused Grade II listed Georgian buildings to create the Clarence Centre for Enterprise and Innovation was completed at a cost of £13m. A further £5.6m has been invested in the estate including the provision of a new street facing library entrance, the creation of a dedicated entrance to our sports centre (jointly funded with Sport England and from Section 106 money), the refurbishment of specialist laboratory space and public realm improvements costing £830K.

Question B: Explain the assumptions about student recruitment and fee income over the period of the forecasts, including how the institution is mitigating any risk and what scenario planning or sensitivity analysis has been undertaken.

Scenario planning and actions

Reference is made to the 2014 financial tables, which are attached.

The latest forecasts show that we will deliver a surplus of approximately £1.5m in 2013/14 and are forecast to deliver surpluses of £1m for the next 3 years.

The 2014/15 planning and budgeting cycle is complete and we have set a budget which will deliver a surplus of £1m for 2014/15. Future surpluses are considered essential to invest for a sustainable future and to deliver the Estates strategy. LSBU has already delivered a significant amount of efficiencies (approx. £10m) over the past 3 to 4 years and further savings have been factored into the budget for 2014/15.

Despite the efficiencies delivered, more needs to be done to meet the continued reduction in HEFCE and NHS funding. Although further efficiency improvements are targeted, the focus is increasingly on new income generation.

Home/EU student number targets have been set at 2,750. This is recognised as the key risk underpinning the financial forecasts and scenario analysis has been undertaken assuming lower student numbers and flexing capital expenditure. Our scenario analysis has however shown that the university will be able to manage a small reduction in student numbers without moving into significant deficit. However, any significant reduction in student numbers (>5%) would require a fundamental review of the costs associated with teaching activity.

The key drivers therefore behind a sustainable financial model for LSBU are:

- increasing new FT UG intake students from the 2,700 recruited in 13 / 14 to 2,750

- increasing our Average Fee to £9,000 before Fee waivers and Bursary payments from 2014/15 onwards. The fee is then assumed flat.

- increasing Yr 1 to Yr 2 progression from 69% in 2014/15 to 78% by 2018/19

- delivering against agreed targets for income growth

- further efficiency savings wherever possible.

We operate in a period of considerable uncertainty, particularly regarding student numbers. Future potential changes to student demand may impact our fee strategy. However, the scenario analysis undertaken indicates that LSBU is well placed to manage this uncertainty. Our targets for income growth remain ambitious and this remains our primary focus for the next few years as we manage our way through these uncertain times.

Question C: Explain significant movements (±10 per cent in any one year) on the income and expenditure account and material changes on the balance sheet (including the detail on any material exceptional items). In particular please provide an explanation for material increases in staff costs or numbers.

Significant movements and material changes

As compared to 13/14 Funding body grants decrease by more than 25% per year from 2014/15 onwards which reflects the changes to student funding. A 27% cut has been assumed in the HEFCE core teaching grant, which would reduce LSBU's level of teaching grant funding by £5m approximately compared to 2013/14.

Tuition fees and education contracts: These are forecast to increase by over 9% in 2014/15 due to the implementation of the higher tuition fees for new regime UG students. Full Time UG Tuition in fees in particular are forecast to rise by 20% reflecting the move from Fee waivers to Bursaries. Full Time PG income is expected to rise by almost 20% following a significant increase in applications in this area.

TDA Funding falls by 100% in 2014/15 compared to 2013/14 which reflects both decreased education activity and the change in funding.

Research grants are forecast to increase by 16% to £2.4m in 13/14 due to an increase in the number of research contracts.

Depreciation increases by more than 10% in 2014/15 reflecting our increased investment in estates. Cash at bank reduces by 20% again due to our Capital Investment plans but is at least £20M during the lifetime of this forecast. This investment in our estate is also reflected in the increase in payments to acquire tangible assets.

There are no material increases in either staffing numbers or staffing costs.

The key change in the July submission as compared to the December forecast is the reduction in the HEFCE teaching grant, this reduction is primarily due to a change in scaling factor and has reduced the University's income by £2M. There is also a reduction in forecast income from Overseas students, PG students and research income. These income reductions have been offset by reduced expenditure on both Staff and Opex so contain the impact on the University's surplus for the year.

Question D: Explain the key assumptions made in developing the financial forecasts

Please see attached '*Board Strategy May 14 Final*' powerpoint presentation. Our key assumptions/targets include.

- For FT UG we focus on recruiting 2,750 but thereafter on improving progression each year not growth

- UG fees capped at £9K with no fee inflation

- 56% graduation by 18/19 (up from 49%)

- New income minimum £16m by 2018/19 at surplus 20% (including enterprise/international and PG)

- Grow PG FTEs from 2,900 (21%) to 4,300 (26%) by 2020

- Grow international FTEs from 1,150 (8%) to 2,069 (13%) by 2020

- Health contract income maintained at 14/15 levels

Supplementary Questions:

Financial Commitments: *Explain the future financial commitments the University is planning to undertake (on and off the balance sheet).*

The University is not expected to take on any new financial commitments outside of the previously noted infrastructure plans.

The University is not looking to increase its current level of borrowings.

Liquidity: *Do you expect the current pattern of cash payments to create a need for short-term liquidity support (such as overdraft or revolving credit) from your banks?*

We have been able to fund these timing differences from our own cash reserves and expect this to continue for at least the next 3-5 years. The university is in the process of forecasting its cashflow past this date and will assess the need for short term liquidity support as part of this process

Pensions:

What assumptions have you made in determining forecast pension costs?

The university works closely with the LPFA, USS and TPS to ensure that we understand the long term cost implications of those schemes. For the 5 year forecast we have based our assumptions and calculations on the most recent LPFA valuation. We have not tried to forecast the next update to the LPFA valuation and have not included any other pension scheme deficits on our balance sheet. We will review this carefully in accordance with the new SORP early 2015.

What scenario planning or modelling have you carried out in respect of longer-term rises in pension cost?

We are focused on managing our staff costs to a maximum % of income (currently 55%) although our longer term objective is that this should reduce linked to our planned increases in income. Pension costs represent a considerable proportion of the total. We are working closely with external advisers to model and manage the future cost (specifically in relation to LPFA at this stage).

What cost-reduction plans do you have to enable you to manage increased pensions costs in the longer term?

The university has been monitoring its pension costs carefully and has put in place a number of measures including:

a. Working closely with LPFA regarding proposed changes to employer categorisation and contribution rates

b. Working closely with the LPFA to agree cash contribution levels for the next 3 years which, whilst increased, are substantially lower than the original LPFA demand

c. Engaging in the LPFA HE forum

d. Carefully considering assumptions to be used for FRS17 pension disclosures

e. Maintaining and updating policies for discretionary pension benefits

f. Setting up a defined contribution pension scheme for staff employed by our subsidiary.

London South Bank University

Board/Committee:	Audit Committee
Date:	31 October 2013
Paper title:	Going concern review
Author:	Richard Flatman – Executive Director of Finance
Executive sponsor:	Richard Flatman – Executive Director of Finance
Recommendation by the Executive:	The Executive recommends that Audit committee note and recommend approval by the Board of the going concern statement in the statutory accounts.
Aspect of the Corporate Plan to which this will help deliver?	Financial sustainability.

Matter previously considered by:	N/A	
Further approval required?	Policy and Resources Board of Governors	12 November 2013 21 November 2013
Communications – who should be made aware of the decision?	Grant Thornton	

Executive summary

The financial statements set out the responsibilities of the Board of Governors. One of those responsibilities is to ensure that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the University will continue in operation. In ensuring the applicability of the going concern basis, the Board must be satisfied that the University has adequate resources to continue in operation for the foreseeable future.

Draft – subject to review and approval by Board

This paper is presented to the Board and its committees to summarise the assurance sources regarding the future sustainability of LSBU which underpin the going concern statement in the annual financial accounts.

The Going Concern statement in the annual accounts reads as follows:

"Governors are satisfied that it is appropriate to prepare the financial statements on a going concern basis. 2012/13 has been another year of continued strong financial performance. A reduced budget surplus for 2013/14 of £2.5m has been approved, but this is after accounting for a revenue investment pool of £2m which therefore allows for some flexibility in terms of actual spend. The next few years however will remain challenging in financial terms and the levels of surplus are expected to remain lower than the recent past whilst we are in the process of investing for growth, delivering new income streams and improving progression. This is entirely consistent with the University's financial model and approved 5 year forecasts. Whilst financial performance is expected to remain challenging, the University will continue to deliver annual surpluses and generate positive cash inflows from operating activities. This, together with the strong cash position (the University has £60m in the bank at 31 July 2013) supports the Universities ambitious investment plans."

The key elements that give us assurance regarding institutional sustainability, and which support the going concern statement, are set out below.

1. KPI reporting
   - We review the institution's performance continually using a number of KPIs in areas relevant to the sustainability of the institution. In these areas, we have set long term targets against which the Board of Governors and its committees and our Executive team monitor performance. We are satisfied that our strategies will help us move towards achieving these targets. The latest KPI report is attached as Appendix 1.

   - We are satisfied that our process of the selection of KPIs, and of data collection and analysis in setting targets and making assessments is appropriate and rigorous and can be reconciled with other information including the statutory financial accounts.

2. Risk management
   - We have an effective risk management process linked to the achievement of institutional objectives and designed to identify, evaluate and effectively manage risk. Where there are serious issues or risks, this process helps ensure that appropriate controls are in place and/or remedial actions taken as appropriate.

3. Financial sustainability

   Financial strategy and forecasts

   - The University's financial strategy is expressed through its rolling five year financial forecasts. Those forecasts are kept under constant review and have been thoroughly revised in 2013 to reflect latest assumptions.

- The key elements of the financial strategy are to:

  ➢ aim for a surplus of 5% of income. This will not be achievable each year over the next 5 years although it remains our agreed target. However, the approved average annual surplus over the next 5 years will generate sufficient cash reserves both to increase investment and manage the financial position in the short term until the surplus returns to 5%.

  ➢ ensure that all aspects of the University's operation are as lean and efficient as possible without compromising quality or student success

  ➢ ensure flexibility, to allow management to respond as necessary to changes as they arise. The revenue budget each year includes an investment pool which can be flexed as required in response to changing circumstances

  ➢ deliver growth in income, with a particular focus on enterprise, income from international students and non SNC post graduate and part-time provision

  ➢ manage staff costs, including agency costs, to an agreed maximum percentage of income

  ➢ invest at an appropriate level to provide for future sustainability in buildings and infrastructure

  ➢ maintain cash balances at agreed levels (minimum £20m).

- As stated above, the revised forecasts reflect the continued challenging financial environment over the next few years. However, the forecasts provide:

  ➢ Financial surpluses over the forecast period

  ➢ A clear path to toward delivery of 5% surplus target by the end of the forecast period, and

  ➢ sufficient operating cash to enable the University to meet its stated investment need without additional bank borrowing.

- Within our monitoring framework we have set targets for a small number of leading KPIs linked closely to delivery of the financial forecasts and which are monitored closely by the Board. The key targets are:

  ➢ minimum YR1 Home/EU FTUG of 2,750 from 2013/14 (with fees moving to £9k from 2014/15)

  ➢ improving YR1/YR2 progression to 65% by 2015/16

  ➢ Additional income of £16m pa (at surplus of 20%) by 2017/18

  ➢ Investment of £107m over the life of the forecasts to 2017/18

  ➢ Maintaining income in the Health and Social Care (HSC) at forecast levels.

2013/14 budget

- The detailed budget planning process for 2013/14 is complete and a budget surplus of £2.5m (1.8%) has been approved by Board. This is in line with the agreed 5 year forecasts. To mitigate for the financial impact of the principal risk around recruitment, the budget contains an explicit contingency of £0.5M as well as an investment pool of £2.0m which can be flexed if required. The budget also contains a provision of £1.5M for restructuring costs and exceptional items.

Student recruitment

- An update on recruitment was recently provided both to Policy and Resources Committee and to Board. It was reported that the university is on track to recruit close to target of 2,750 full time home/EU undergraduate students (2700+ including AAB/ABB) and that part time undergraduate recruitment is also on target and double last year. Postgraduate (both full and part time) and international recruitment are ahead of last year. Furthermore, indications are that progression is ahead of budget assumption and that this will have a positive impact in terms of continuing students. Overall it is expected that income will be in line with agreed budget.

Cashfow

- Capital expenditure plans have been analysed in detail and a detailed cashflow model has been prepared as an integral part of the 5 year financial forecasts which reflect those agreed spending plans. The approved forecasts provide for sufficient annual net cash inflows to enable the University to meet its increased investment plans and retain sufficient internal cash reserves without additional bank borrowing.

4. Sustainability of quality teaching and research

- LSBU is committed to delivering an excellent student experience, delivered through high-quality teaching, supported through relevant applied research.

- Our focus on the quality of teaching is underpinned by regular monitoring and review, informed by appropriate and recent data, and focused both on the standards of academic awards and the quality of systems to support learning. All modules and courses are subject to evaluation by students, and all Course Directors receive a standard data set which includes information on student progression and achievement, module evaluation, feedback from the National Student Survey and the Survey of Destinations of Leavers in Higher Education. These data inform annual reporting and action planning, as well as providing a context for Heads of Academic Departments in their annual appraisals of academic staff.

- Annual monitoring, in its turn, informs periodic review, usually focused at subject level (and including appropriate levels of external engagement - both academic and professional) which allows for a wider discussion of both teaching and research within the context of the whole operation of the subject or department. As with annual monitoring, this is focused upon the development of an action plan in response to the

review, and includes input from both students and graduates. The University has piloted the inclusion of students as members of review panels and is seeking to embed this more widely in our processes. Both annual monitoring and periodic review include the work of the University with collaborative partner organisations (both within the UK and internationally). Reports from periodic review activity are received by Quality and Standards Committee, and their outcomes reported to Academic Board.

- All faculties also engage in quarterly meetings with the Vice Chancellor, Pro Vice Chancellors and Director of Finance. These meetings offer an opportunity to reflect upon performance (again, within the context of a standard data set which includes module evaluation, NSS, DLHE and progression statistics, at a higher level than that used for annual monitoring) and include discussion of the research environment.

- The University's Research Committee, and Research Degrees Committee, also receive regular reports at faculty level, which reflect upon the development of research strategy, progress against delivery of that strategy and the key risks relating to delivery. Research Degrees Committee directly reflects upon the experience of research students and includes representatives from the research student body. Both are direct sub-committees of Academic Board, which receives their minutes, as well as discussing items which derive from these committees and are of wide University interest.

- In the past year, the University has established an Academic Staff Development Unit, which is dedicated to the delivery of the Postgraduate Certificate in Higher Education, both to new staff who have limited experience of teaching in higher education (and for whom participation is made a condition of employment) and for existing staff who wish to develop their professional practice in teaching. The Academic Staff Development Unit is in the process of developing a Professional Development Framework across the University, which is benchmarked to the Higher Education Academy's Professional Standards Framework. The University is working in collaboration with the HEA to seek accreditation of this Framework.

5. Sustainability in estates & infrastructure investment

- The University is continuing with the implementation of its 25 year estates strategy vision to transform the estate to support the delivery of academic services and enhance the student learning experience. Projects undertaken are prioritised based on business needs, criticality of service and cost reduction.

- Following the recent completion of the two 'anchor' projects, plans are in process for the redevelopment of the remaining site with a proposal to invest up to £90m over the next ten years funded from cash reserves and operating cash flows generated over that period. As before, we are not placing reliance on new loan funding or overreliance on HEFCE capital funding. This investment in the estate will allow us to align and coordinate the interventions and investments, thus saving resources and achieving an improved cost-benefit ratio.

Attachments

1. Latest KPI report

London South Bank University

LSBU Corporate Key Performance Indicators (2010/11 - 2012/13)

Report date: 9/10/2013

Financial Sustainability

	KPI	2010/11 Actual	2011/12 Actual	2012/13 (Target)	2012/13 Current Performance (RAG)	YoY up down
	Student Numbers & Contracts					
1	Recruitment against HEFCE contract	Within tolerance	Within tolerance	Within tolerance band	Within tolerance *(prediction)*	➡
2	Recruitment against NHS contract	Within 5%	On target	+/-5%	On target	➡
	Income					
3	Total Income (£)	£144.0m	£138.3m *(year end result)*	£136.4m	£137.9 *(year end result)*	⬇
4	International student income	£10.2m	£9.6m *(year end result)*	£9.2m	£8.8m *(year end forecast)*	⬇
5	Research (non-HEFCE) income (£)	£3.4m	£2.4m *(year end result)*	£2.0m	£2.2m *(year end forecast)*	⬇
6	Enterprise income (£)	£8.5m	£10.0m *(year end result)*	£8.3m	£8.4m *(year end forecast)*	⬇
	Surplus					
7	Total Surplus (% of income)	7.0%	4.7% *(year end result)*	1.8%	4.0% *(year end forecast)*	⬇
	Other Financial Indicators					
8	Cash Balance (£)	£62.6m	£69.1m *(Year end result)*	£59.1m	£60.0 m *(year end forecast)*	⬇
9	Gearing Ratio	0.34	0.35 *(Comparative y-end result)*	0.37	0.27 *(year end forecast)*	⬆
10	Days liquidity	179	193.4 *(Comparative y-end result)*	137	176 *(year end forecast)*	⬇

The Student Experience

	KPI	2010/11 (Actual)	2011/12 (Actual)	2012/13 (Target)	Current Performance (RAG)	YoY
	Student Satisfaction					
11	Overall Student Satisfaction - UG (NSS) *	77%	80% *(2011/12)*	90%	82%	⬆
12	Overall Student Satisfaction - PG	75%	78% *(2011/12)*	90%	*76%*	⬇
	Student Retention & Progression					
13	FTUG Year 1 Progression (%)	60%	63% *(2011/12)*	70%	*due Nov*	
14	Graduating in intended period (FTUG 3/4yrs) (%)	53%	52% *(2011/12)*	65%	*due Nov*	
	Value Added					
15	Employment of graduates (DLHE return)* (Employed, or studying, or both)	82.4%	78.1% *(2010/11 cohort)*	90%	*77.4%*	⬇
16	No. of first degree students obtaining 1st or Upper 2nd class degrees *	52%	56% *(2011/12)*	60%	*due Nov*	
17	No. of first degree students obtaining 1st or 2nd class degrees	89%	90% *(2011/12)*	80%	*due Nov*	
	Resource Measures					
18	Spend per student (£) * (Academic Services)	£841	£940 *(Complete UG 2013)*	£1,000	£900 *(CUG 2014)*	⬇
19	Spend per student (£) * (Services & Facilities)	£1,021	£1,062 *(Times GUG 2012/13)*	£1,000	£1,110 *(SundayTimes/Times GUG)*	⬆
20	Staff:student ratio *	23.3:1	22.4:1 *(2011 HESA)*	21:1	*23.7:1*	⬇

Brand Profile

	KPI	2010/11 (Actual)	2011/12 (Actual)	2012/13 (Target)	Current Performance (RAG)	YoY
	League Table Ranking					
21	The Sunday Times	120 (of 121)	118 (of 122) *(2012 Table)*	Out of bottom 5	114 (of 122) *(2013 Table)*	⬆
22	The Guardian	100 (of 119)	104 (of 120) *(2013 Table)*	Out of bottom 5	113 (of 119) *(2014 Guide - June 13)*	⬇
23	The Complete University Guide	116 (of 116)	109 (of 116) *(2013 Table)*	Out of bottom 5	119 (of 124) *(2014 Table - April 13)*	⬇
24	The Sunday Times / Times	113 (of 116)	111 (of 116) *(2012/13 Table)*	Out of bottom 5	118 (of 120) *(2014 Table)*	⬇
	Subject League Tables (The Guardian)					
25	No. of subjects in top 75% nationally	5 (of 18)	5 (of 17) *(2012/13 Tables)*	5 (of 15)	3 (of 21)	⬇
26	No. of subjects in top 50% of post-1992	4 (of 18)	3 (of 17) *(2012/13 Tables)*	5 (of 15)	2 (of 21)	⬇
27	No. of subjects in top 50% of post-1992, London	6 (of 18)	3 (of 17) *(2012/13 Tables)*	5 (of 15)	4 (of 21)	⬆
	Student Perceptions					
28	Early : late applications (% of FTUG enrolments arising from early/late applications)	75:25	74:26 (2011/12)	80:20	*due Nov*	
29	Financial support from donors (cash received, £)	£2.5m	£1.5m (2011/12)	£1.6m	£1.35m *(2012/13 forecast)*	⬇
	Staff Perceptions					
30	Staff Satisfaction Survey participation		62%	70%	52%	⬇

* Key league table measure

Draft subject to review and approval by Board

Current financial performance

2014/15 budget target

	£m
Income	134.2
Staff cost (55.4%)	74.4
Operating expenditure	44.2
Depreciation	9.9
Interest	4.7
Surplus	1.0

2014 / 15 Income Sources

Legend:
- Funding Council Grants
- Home / EU Full Time UG Tuition Fees
- Home / EU Part time UG Tuition Fees
- Home / EU PG Tuition Fees
- International Tuition Fees
- Health Contract
- Research Grants
- Other & Enterprise

Pie chart values: 14%, 36%, 5%, 5%, 7%, 19%, 2%, 12%

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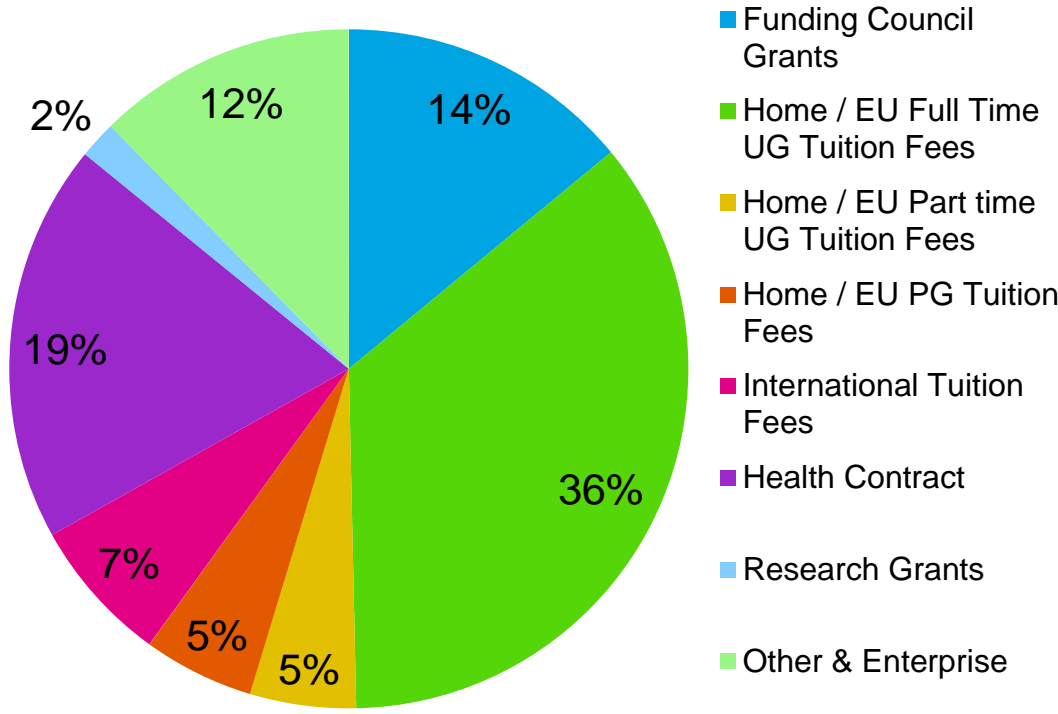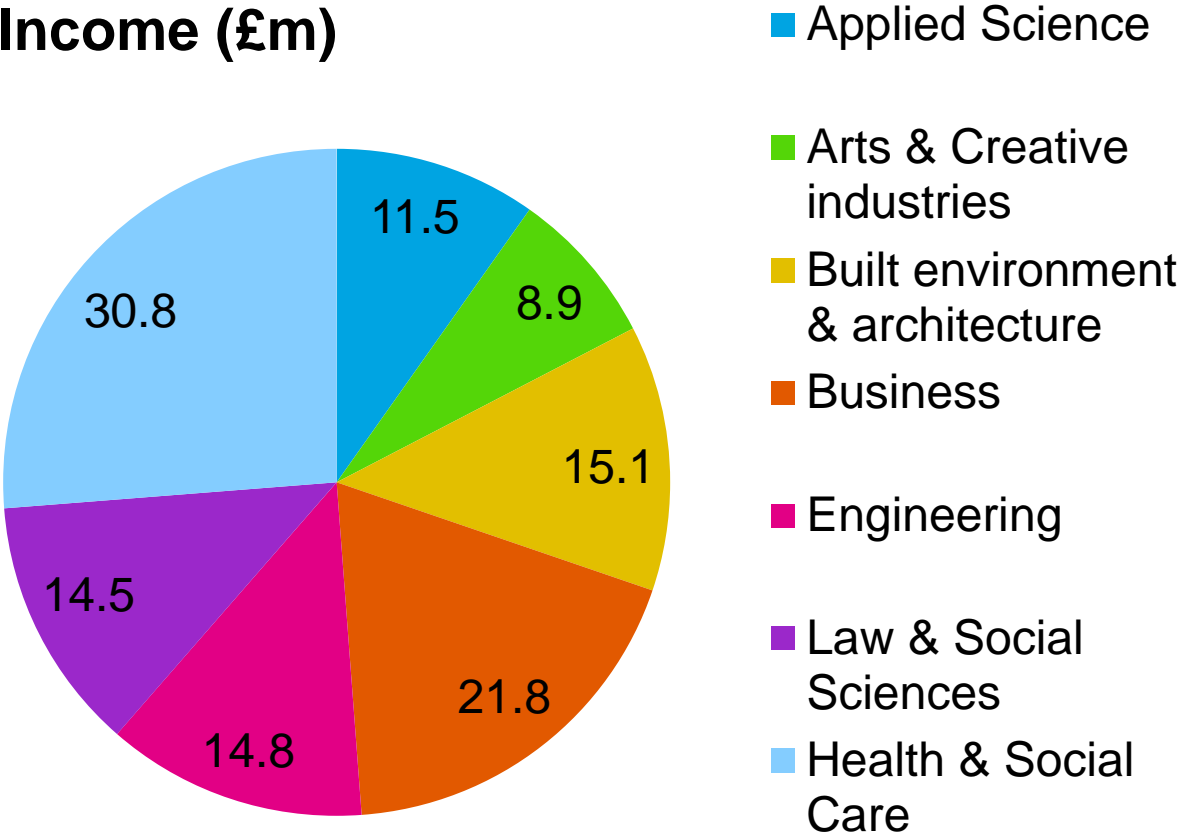
Current student numbers

2014 / 15 FTEs	Undergraduate	Postgraduate	Total	Total %
Home – FT	6,302	646	**6,949**	49%
Home - PT	861	919	**1,781**	13%
European	262	201	**463**	3%
International	603	564	**1,168**	8%
Health	3,087	596	**3,683**	27%
Total	**11,116**	**2,927**	**14,043**	
Total %	79%	21%		

New Students comprise 41% of the total, including FT Undergraduate target of 2,750

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Undergraduate Benchmarks

Institution	UK	Euro	Overseas	UK	Euro	Overseas
LSBU	**14,225**	**370**	**510**	**94%**	**2%**	**3%**
UEL	13,305	630	1,090	89%	4%	7%
Greenwich	16,210	785	1,630	87%	4%	9%
Kingston	16,565	1,190	1,405	86%	6%	7%
London Met	12,250	1,495	550	86%	10%	4%
Middlesex	13,340	1,615	1,800	80%	10%	11%
West London	8,335	630	1,215	82%	6%	12%
Westminster	12,295	1,540	1,930	78%	10%	12%
Comparator Average	**13,186**	**1,126**	**1,374**	**84%**	**7%**	**9%**

FT & PT HESA 12/13 students by HE Institution

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Key financial metric benchmarks

				2012/13	
				LSBU	Sector mean
Surplus as % of income				4.6	5.0
Net liquidity (days)				177.0	123.0
External borrowing (% of income)				22.5	25.8
Discretionary reserves (% of income)				83.2	61.7
Net cash flow (% of income)				9.2	8.3
Staff costs (% of income)				53.4	52.4

London South Bank
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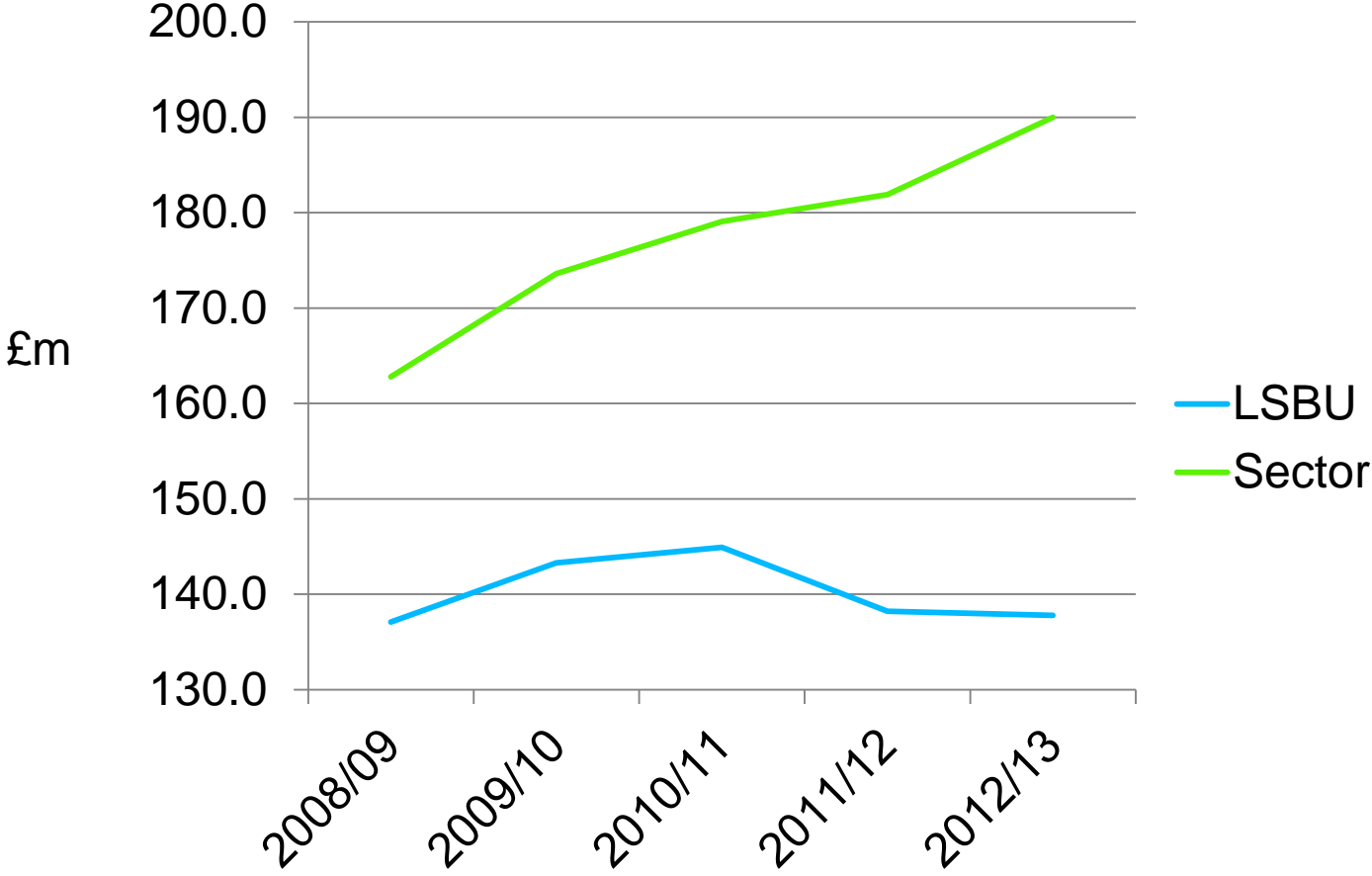
Key changes

- For FT UG we focus on 2,750 but thereafter on improving progression each year not growth

- New income minimum £16m by 2018/19 (not 17/18) at surplus 20%

- Health contract income maintained at 14/15 levels

- 60% reduction in HEFCE student opportunity grant from 15/16

- IBM costs factored in

- UG fees capped at £9k – *no fee inflation post 15/16*

- Partially offset by more aggressive progression stats linked to IBM project

Planned 2020 student numbers

FTEs	Undergraduate	Postgraduate	**Total**	Total %
Home - FT	6,489	1,191	**7,680**	47%
Home - PT	1,202	1,261	**2,463**	15%
European	339	276	**615**	4%
International	1,069	1,000	**2,069**	13%
Health	3,087	596	**3,683**	22%
Total	**12,186**	**4,324**	**16,510**	
Total %	74%	26%		

New Students still comprise 41% of the total, including FT Undergraduate target of 2,750

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UG Progression & Graduation

	2014/15	2015/16	2016/17	2017/18	2018/19 on
Progression Year 1 – Yr 2	69%	71%	73%	76%	78%
Progression Yr 2 – Yr 3	72%	72%	72%	72%	72%
Graduation	49%	51%	53%	54%	56%
Improvement to 14/15		4%	8%	10%	14%

Key Actions:
•Reduce Withdrawals in Year 1 by 1%pa (12% to 6%)
•Reduce Fail Year 1 and withdraw by 1%pa (13% to 7%)
•Reduce Fail Year 1 and repeat by 1%pa (16% to (10%)
Impact
Every 1% improvement in Graduation = £1.4m surplus improvement over the lifetime of the student or approx £0.5m annualised. 66% graduation by 2020 would deliver 5% surplus.
YR1-YR2 85% + YR2-YR3 80% = 68%

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UG Progression & Graduation

	2013/14 original	2013/14 improved	IBM business case	**Latest forecasts**	Corporate strategy aspirational
Progression Year 1 – Yr 2	61%	65%	69%	**78%**	85%
Progression Yr 2 – Yr 3	80%	80%	82%	**72%**	80%
Graduation	49%	52%	56%*	**56%**	68%

* by 2017
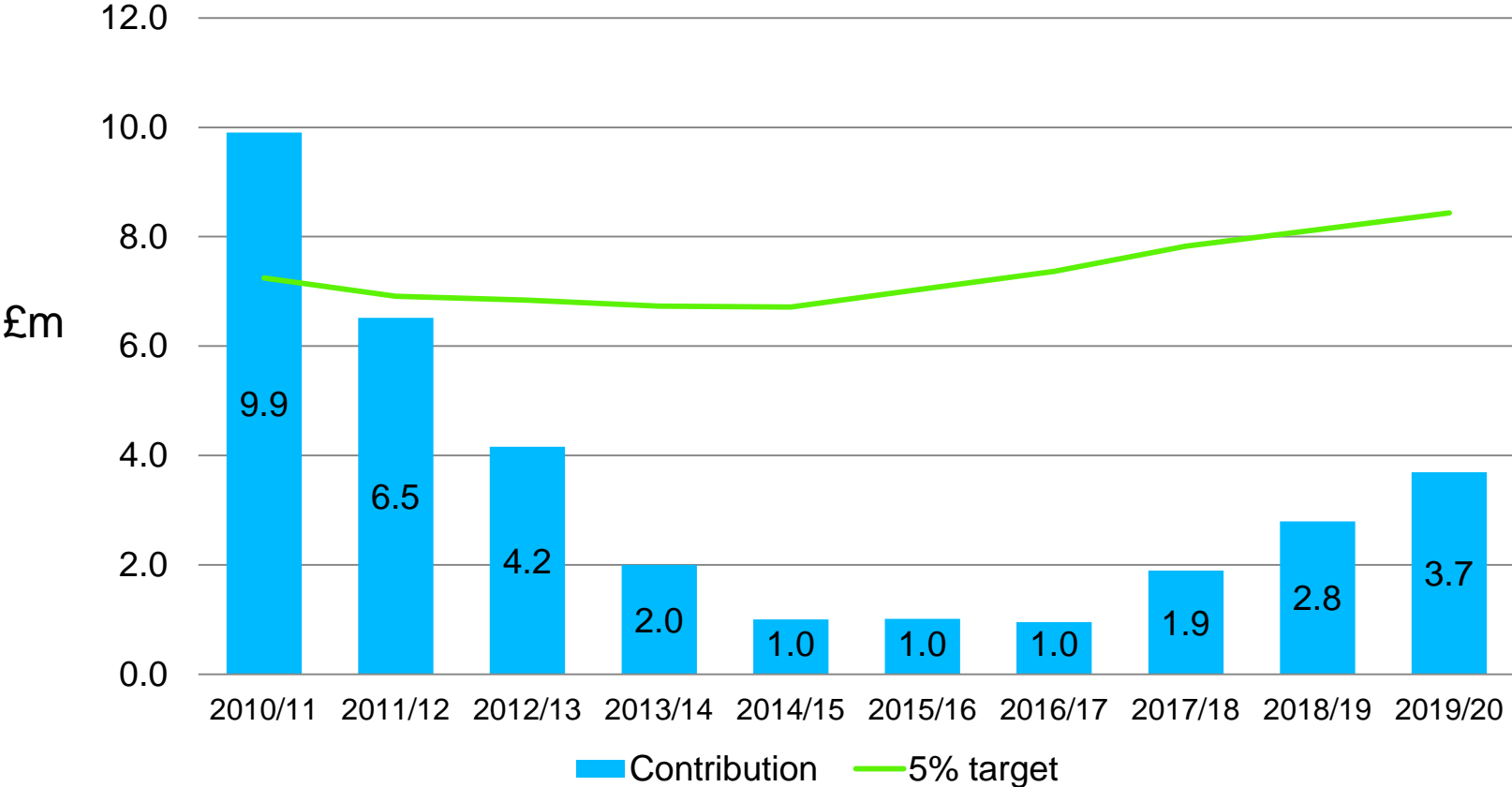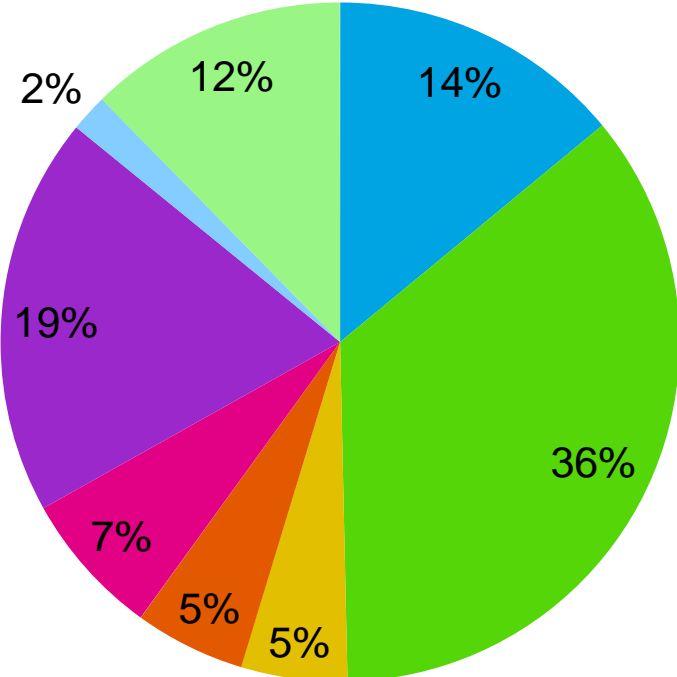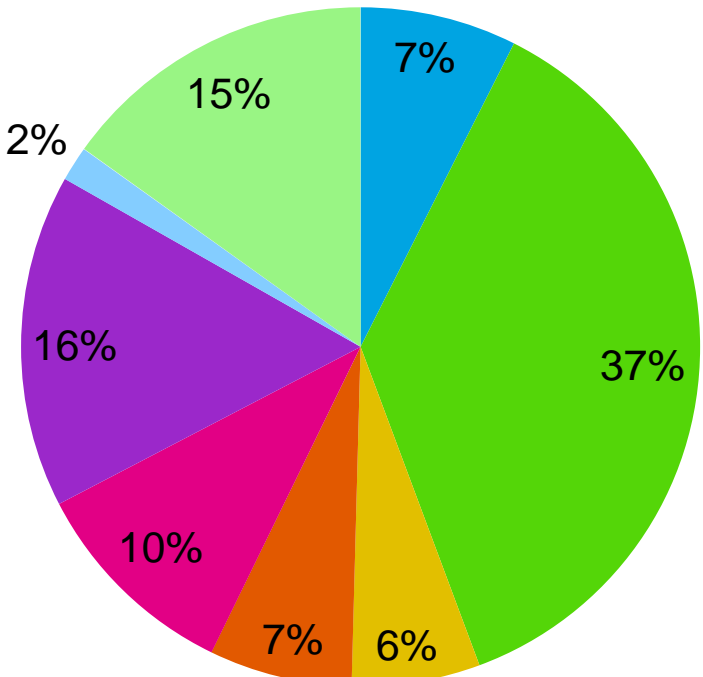
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Summary

- Next few years financially challenging

- We are currently investing heavily but can only continue to do so if deliver returns

- Will remain cost focused but income growth is the key to future success

- Must meet more challenging progression targets

- Focus on student mix / profile

- Resources aligned to student success / experience

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London South Bank University

LSBU Corporate Risk Register

Attached at item 10.2 (paper **BG.45(14)**)

London South Bank University

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LSBU Risk Strategy

Attached at item 10.1 (paper **BG.44(14)**)

London South Bank University

		PAPER NO: BG.39(14)
Board/Committee:	Board of Governors	
Date:	8 July 2014	
Paper title:	Management Accounts to 31 May 2014	
Author:	Ralph Sanders, Head of Financial Planning & Reporting Manager	
Executive sponsor:	Richard Flatman, Chief Financial Officer	
Recommendation by the Executive:	The Executive recommends that the Board of Governors note the report.	
Aspect of Corporate Plan this will help deliver?	Financial Sustainability	
Matter previously considered by:	P&R Committee	On: 24 June 2014
Further approval required?	n/a	On:
Communications – who should be made aware of the decision?	n/a	

Executive summary

The Full Year Forecast as of May 2014 is trending towards a contribution of £1.5M, against a budget target of £2.5M.

The key drivers for the decline in profitability against budget are a decline in our projected HEFCE grant due to an adverse scaling factor and a reduction in our forecast Fee income as a result of Student Withdrawals. This has been offset by stronger than expected Refectory and Residence income and cost control both in terms of Staffing and Opex.

Although LSBU is currently £1.0M behind budget, the Full Year Forecast does includes the cost of the IBM investment in 2013/14, the cost of recruiting the DVC and the Deans to the new School structure and the initial investment in the Programme Office all of which were unbudgeted investments.

For 2014/15 our focus continues to be on Income generation particularly with regard to Research and Enterprise, Cost control and ensuring that the investments in IBM and the

Programme Office begin to payback through improved student progression and satisfaction.

Attachment: *May Board Of Governors Summary*

May 2014 Summary

1) **This Executive Summary reports on the Financial position of London South Bank University as at May 2014 and summarises the changes since the April Forecast**

2) **RAG Status**

YTD Income	-2.1%	YTD Staff	-0.7%	YTD Opex	1.3%	FYF Income	-2.4%	FYF Staff %	55.3%	FYF Opex	2.0%

FYF Contribution -40.9%

3) **Summary**

The Full year forecast as of May 2014 is trending towards a contribution of £1.5M. This is comparable with the previous month and would leave the University £1M behind budget. In terms of the RAG status, our YTD income is behind the comparable position in 2012/13. This is primarily due to the year on year decline in HEFCE grant income which has not been matched by increased Tuition Fee income. Staff costs are slightly behind the comparable position in 2012/13 and we are on target to deliver the planned reduction in Academic staffing costs although Support staff expenditure has slightly increased. Operating expenses are slightly ahead of the comparable YTD position and this is driven by structural changes including Refectory staff now being classed as Opex, and early charges to the restructuring provision. These investments have offset the reduction in Bursary expenses as we move to Fee waivers. Analysis is shown below. Our income for the year is currently forecast to be 2.4% below budget (2.9% lower than 12/13) which is having a direct impact on our contribution forecast. AHS, BUS & ESBE are forecast to deliver on budget although HSC and Enterprise have fallen short

4) **Table 1: Full Year Forecast vs. Budget**

Financial Summary in £'m	12 / 13 Actual	13/14 Budget	Change %	Apr 13 / 14 FYF	Monthly Move	May 13 / 14 FYF	variance to Budget	variance to Budget %		12 / 13 YTD	13 / 14 YTD	Variance to 12/13	Variance %
Funding Council Grant	34.7	26.9	-22.6%	25.9	0.0	25.9	-0.9	-3.5%		28.7	22.0	-6.7	-23.3%
Academic Fees & Support Grants	84.8	93.3	10.1%	90.4	-0.1	90.3	-3.0	-3.3%		81.1	85.3	4.2	5.2%
Research Grants & Contracts	3.3	2.3	-30.3%	2.3	0.0	2.3	0.1	2.4%		2.6	2.0	-0.6	-24.1%
Other Operating	15.0	14.7	-2.4%	15.4	-0.1	15.4	0.7	4.8%		12.3	13.0	0.7	5.8%
Endowments & Interest	0.6	0.5	-12.6%	0.4	0.0	0.4	-0.1	-14.3%		0.4	0.2	-0.2	-49.1%
Income	**138.4**	**137.6**	**-0.5%**	**134.5**	**-0.1**	**134.4**	**-3.3**	**-2.4%**		**125.1**	**122.5**	**-2.6**	**-2.1%**

in £'m													
Staff Costs	77.1	77.2	0.2%	74.3	-0.0	74.2	-3.0	-3.9%		62.0	61.6	-0.4	-0.7%
Depreciation	7.9	8.7	10.2%	8.5	0.1	8.6	-0.1	-1.2%		6.5	7.0	0.5	7.0%
Operating Expenses	43.9	42.6	-3.1%	43.3	0.1	43.4	0.8	2.0%		29.7	30.1	0.4	1.3%
Interest Payable	3.4	4.8	39.2%	4.7	0.0	4.7	-0.0	-0.7%		3.0	3.2	0.2	5.2%
Exceptional Items	0.0	1.9	0.0%	2.1	-0.1	1.9	0.0	1.2%		-0.0	0.0	0.0	
Expenditure	**132.3**	**135.2**	**2.1%**	**132.9**	**-0.0**	**132.9**	**-2.3**	**-1.7%**		**101.3**	**101.9**	**0.6**	**0.5%**

Surplus for the year	**6.1**	**2.5**	**-58.8%**	**1.5**	**-0.1**	**1.5**	**-1.0**	**-40.9%**

Surplus as % of income	**4.4%**	**1.8%**		**1.1%**		**1.1%**				80.4%	83.0%	YTD Staff Cost %
Surplus per student FTE	£426.6	£176.6		£109.4		£104.3				67.7%	69.4%	YTD OPEX Cost %
Staff cost as % of income	**55.7%**	**56.1%**		**55.2%**		**55.3%**				76.6%	76.7%	Total YTD cost %

5) **Forecast Summary**

There has been no change in forecast this month however there have been significant declines in YTD tuition fee income due to the processing of fee refunds particularly with regard to UG students. 103 refunds were processed this month at a total cost of £0.6M and the University now has a drop out rate comparable with 11/12. A level of refund was expected which is why the YTD position has been higher than the full year fees forecast however any further refunds will have a direct impact on our profitability for the year. To qualify for a full fee, UG students must confirm attendance each semester. There are currently 100 students without confirmed attendance in Semester 2 and 3, leaving the University with a total combined financial risk of £0.5M

6) **Income Summary**

There was no significant change in our income forecast for this month, as mentioned above we did have a contingency in our UG fee forecast for an expected level of refunds based on prior performance, but following the refunds in May we no longer have that contingency. In terms of other income, there was a significant decline in forecast Refectory income but this has been offset by reduced catering costs and there was a large increase in Sports income however this reflected additional lottery funded activity so there is no impact on our contribution.

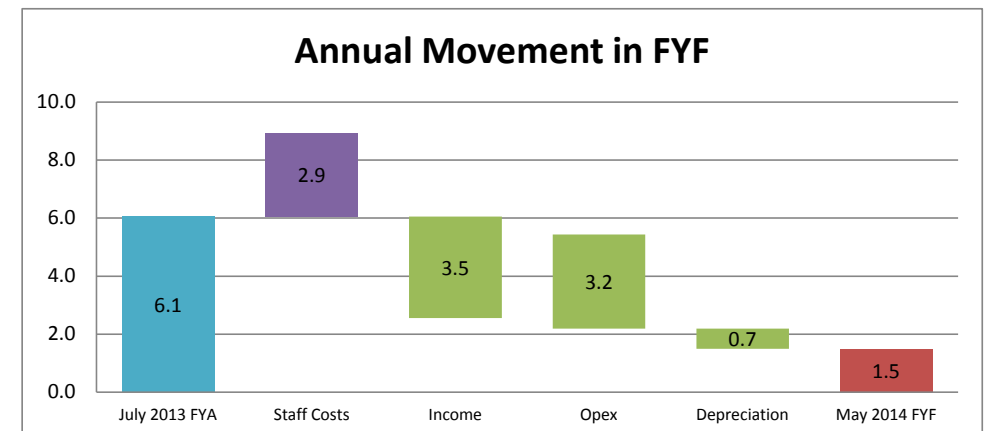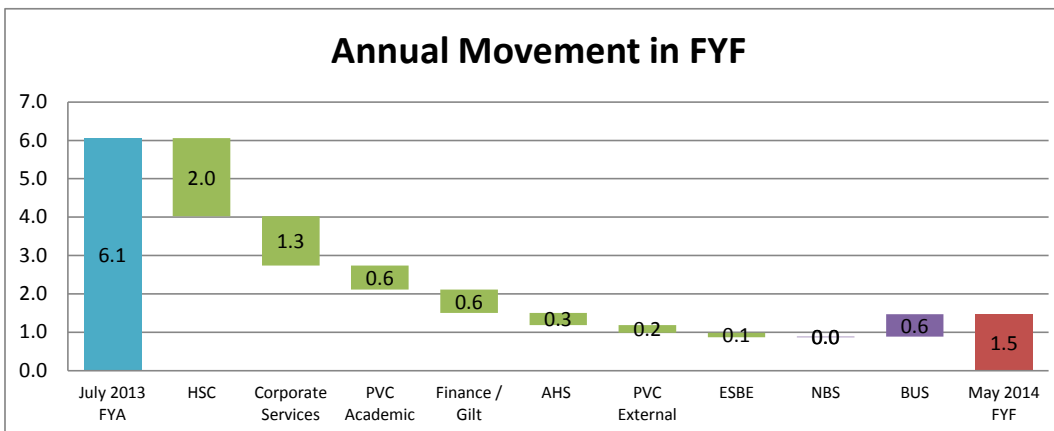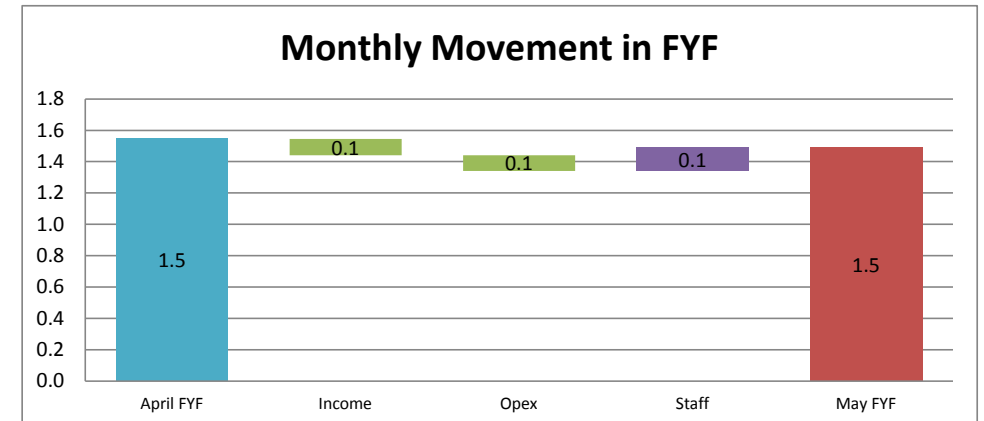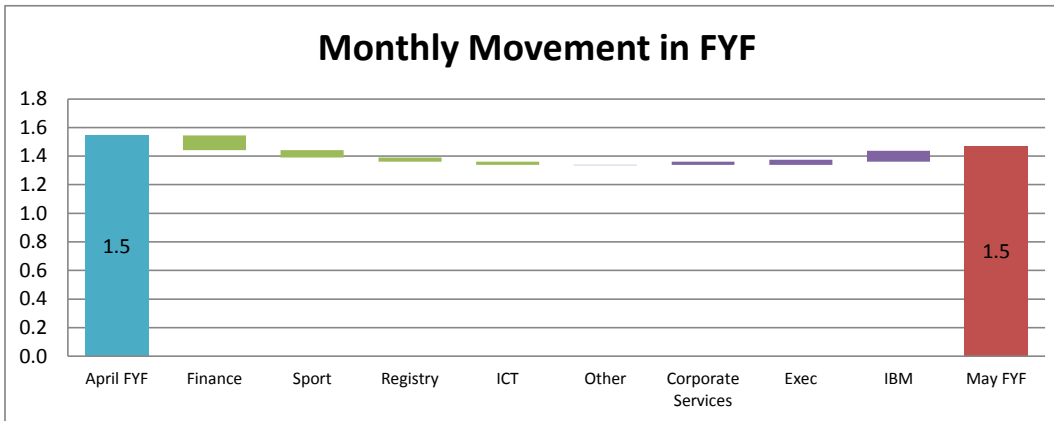**May 2014 Summary**

7) Expenditure Summary

In terms of expenditure, the key drivers for the monthly change in our cost forecast are changes that have been matched with increased or reduced income in Catering & Sports and a small reforecast of costs within the Library and ESBE. There has been a reforecast of the staff required to complete the payroll project in Finance although this has been partially funded through the investment pot

8) Risks and Contingencies

The Full Year Forecast still contains a number of risks particularly with regard to student recruitment and therefore student income. The HEFCE income shortfall based on the HESES13 submission has now been recognised. We continue to monitor the drop out rate but any upside would now be recognised in 14/15. Our YTD Fees income is no longer ahead of forecast due to this months refunds and there is a concern about a further £0.5M that may be refunded. In terms of specific contingencies, we have a £0.5M Opex contingency which is not required for the IBM project, a remaining restructuring provision of £0.5 M and a remaining FRS 17 Contingency of £0.9M. In terms of the investment pot, following the establishment of the Exec Programme Office, we have now made awards of the full £2.0M.

9) Contribution Analysis

The Full Year Forecast Contribution is currently forecast to be £1.5M. This is a reduction of £4.6M as compared to the 2012/13 outturn. The reduction in profitability is primarily driven by the decrease in Income linked to the HEFCE grant and the reduction in NHS Contract income. The increase in Opex is due to the increase in centrally held contingency of £3M, which is reported as Opex, there is also an increase in depreciation of £0.7M. Staff costs are expected to reduce year on year. The income reductions within the faculty of Health & Social Care and the extra investment in Corporate Services including the increase in depreciation are the key negative drivers as compared to 2012/13. BUS is now contributing an additional £0.6M year on year and is the only Faculty to improve performance year on year. Additional costs within Finance represent the contingencies that continue to be held in this area.

May 2014 Summary

Contribution Per Student and per Faculty Staff

	AHS		BUS		ESBE		HSC		Total Faculty			Change
	12 / 13 Actual	May 13 / 14 FYF	12 / 13 Actual	May 13 / 14 FYF	12 / 13 Actual	May 13 / 14 FYF	12 / 13 Actual	May 13 / 14 FYF	12 / 13 Actual	May 13 / 14 FYF		
Income (£m)	28.2	27.1	21.5	21.0	35.3	34.9	35.6	32.9	120.5	116.0		-4.5
Expenditure (£m)	15.8	15.0	13.5	12.4	22.7	22.5	21.6	21.0	73.6	70.9		-2.7
Contribution (£m)	12.4	12.1	8.0	8.6	12.5	12.4	14.0	11.9	46.9	45.1		-1.9
Contribution %	44%	45%	37%	41%	36%	36%	39%	36%				0.0
Student FTE	3,764	3,371	3,169	2,831	3,664	3,682	3,599	4,236	14,196	14,119		
Contribution per FTE	£3,299	£3,591	£2,537	£3,049	£3,417	£3,372	£3,880	£2,816	£3,307	£3,193		
Staff FTE	181	175	156	153	233	235	282	267	851	829		
Contribution per Staff FTE	£68,656	£69,306	£51,663	£56,542	£53,647	£52,825	£49,582	£44,686	£55,128	£54,360		

Total faculty income from continuing operations is now anticipated to drop by £4.5M as compared to 2012 / 13, the release by AHS of £0.6M from the balance sheet and £0.3M CEG income relating to previous years means that the net reduction is £5.4M. Faculty expenses are forecast to fall by £2.7M compared to 12/13, £1.4M of this fall is due to decreased Bursary payments as the University transitions from the old fee regime to the new regime and the replacement of Bursaries with Fee Waivers. The net result is that faculty expenses have decreased by £1.3M. In terms of profitability AHS remains the most profitable department when measured in terms of return on income and contribution per student and it has improved these figures year on year. BUS has performed a significant turnaround with a year on year contribution improvement of £0.6M.

Student FTEs have been taken from the a HESES recreation as of May 31 which shows a net growth of 220 FTE following second semester enrolment and continuing students completing. The biggest fall in student FTEs year on year are from AHS and BUS, whereas HSC would appear to have grown. The growth in HSC numbers would appear to be inflated due to modular enrolment. Student FTEs have declined during the year as students drop out and the chart on Page 14 shows the current withdrawal rate. We have currently withdrawn 999 students representing 857 FTE from all courses for intake 13/14. This stands at £2.8M of "lost income" being the difference between the full fee and the final charge. This is 5.7% of the student population which is a deterioration based on previous performance. In terms of Year 1 Full Time Undergraduate students, we have lost 392 students including both OS and Home/EU. This represents 10.6% of this cohort

Withdrawal Analysis

Academic year	Total Students	Total Withdrawals	% of Total Students	Comparable at 31/03	
10/11	23,062	1,600	6.9%	1,429	6.2%
11/12	21,127	1,189	5.6%	1,023	4.8%
12/13	19,262	1,020	5.3%	936	4.9%
13/14	19,088	999	5.2%	999	5.2%

New Year 1 Full Time Undergraduate Withdrawal Analysis

New FT Year 1 UG Students		Withdrawals	% of New UG FT
AHS	1,068	104	9.7%
BUS	747	108	14.5%
ESBE	946	108	11.4%
HSC	937	68	7.3%
LSBU	3,702	392	10.6%

10) Income Analysis

Academic Fees

	12 / 13 Actual	13/14 Budget	Increase %	Apr 13 / 14 FYF	Monthly Move	May 13 / 14 FYF	variance to Budget	variance to Budget %		12 / 13 YTD	13 / 14 YTD	Variance to 12/13	Variance %
Health Contract	27.5	25.9	-6.0%	25.1	0.0	25.1	-0.8	-3.1%		22.7	20.4	-2.2	-9.9%
Home & EU Fees - UG	37.0	45.3	22.2%	44.5	-0.1	44.3	-1.0	-2.1%		38.2	44.3	6.0	15.8%
Home & EU Fees - PG	7.2	8.8	20.8%	7.7	0.0	7.7	-1.0	-11.9%		7.2	7.8	0.5	7.0%
Overseas Fees - UG	5.4	5.6	4.2%	5.2	-0.0	5.1	-0.5	-8.7%		5.4	5.1	-0.3	-4.7%
Overseas Fees - PG	3.4	3.8	9.7%	3.4	-0.0	3.4	-0.4	-10.8%		3.4	3.4	-0.1	-1.9%
Other Fees	4.2	4.0	-3.2%	4.7	0.0	4.7	0.7	16.5%		4.1	4.3	0.2	4.8%
Total	**84.8**	**93.3**	**10.1%**	**90.4**	**-0.1**	**90.3**	**-3.0**	**-3.3%**		**81.1**	**85.3**	**4.2**	**5.2%**

The 2013/14 Budget continues the transition from HEFCE funding to student led funding so we would expect there to be large growth in Home & EU Fees - UG. The budget target is 22% higher than 2012/13 so the YTD figures of 15.8% suggests that we are not going to deliver to budget. The YTD UG & PG figure is the same as the forecast and additional withdrawals or refunds would now directly affect our profitability

May 2014 Summary

Health Contract Income is budgeted to decline by 6% year on year but has now been reforecast to decline by 9%, this is inline with the YTD position although this is being closely monitored. Home & EU Fees - PG are budgeted to be 20% higher than the 2012/13 Outturn but they YTD figures are no longer on trend to deliver this. Overseas income was budgeted to increase but is now expected to decline year on year.

Faculty Detail

In terms of Academic Fees, AHS, BUS, ESBE and HSC have all now reforecasted their 13/14 income following second semester enrolments. AHS is no longer expected to deliver its income forecasts although there has been a slight improvement in OS income. BUS has increased its Home / EU PG income but OS income continues to fall, ESBE should deliver to budget in terms of income but this is due to Other fees rather than PG or UG income. HSC is struggling to hit each of its income targets. The full cost allocation, shown in Page 25 suggests that central costs are £3,007 per FTE for Home & EU students and £3,933 per Overseas FTE. AHS and ESBE are currently forecast to cover their full cost allocation.

Academic Fees (£m)

AHS	12 / 13 Actual	13/14 Budget	Increase %		12 / 13 YTD	13 / 14 YTD	Variance to 12/13	Variance %		May 13 / 14 FYF	variance to Budget	variance to Budget %
Home & EU Fees - UG	12.9	15.4	19.5%		13.3	15.2	1.9	14.3%		15.2	-0.2	-1.3%
Home & EU Fees - PG	2.7	3.7	35.5%		2.7	2.6	-0.1	-3.1%		2.7	-1.1	-28.4%
Overseas Fees - UG	0.8	0.9	17.0%		0.8	1.0	0.2	23.3%		1.0	0.1	5.6%
Overseas Fees - PG	0.5	0.7	38.6%		0.5	0.6	0.1	23.3%		0.6	-0.1	-11.7%
Other Fees	0.9	0.1	-88.2%		0.9	0.3	-0.5	-62.2%		0.3	0.2	184.8%
Total	**17.8**	**20.8**	**16.8%**		**18.1**	**19.7**	**1.6**	**8.8%**		**19.7**	**-1.1**	**-5.2%**

The Year on Year performance of AHS is in line with the revised forecast. Whilst UG income is strong PG and OS PG are no longer forecast to deliver to budget

BUS	12 / 13 Actual	13/14 Budget	Increase %		12 / 13 YTD	13 / 14 YTD	Variance to 12/13	Variance %		Mar 13 / 14 FYF	variance to Budget	variance to Budget %
Home & EU Fees - UG	10.0	11.9	18.6%		10.4	11.4	1.0	9.7%		11.4	-0.5	-3.8%
Home & EU Fees - PG	1.6	1.8	10.9%		1.6	1.8	0.2	12.5%		1.8	-0.0	-0.6%
Overseas Fees - UG	2.0	1.7	-12.1%		2.0	1.7	-0.3	-15.1%		1.7	-0.1	-3.1%
Overseas Fees - PG	1.6	1.9	16.9%		1.6	1.5	-0.1	-6.1%		1.5	-0.4	-20.5%
Other Fees	0.5	0.5	9.0%		0.4	0.9	0.5	103.2%		0.9	0.4	74.0%
Total	**15.7**	**17.8**	**13.4%**		**16.1**	**17.4**	**1.3**	**7.9%**		**17.3**	**-0.5**	**-3.0%**

BUS is no longer expected to deliver to target UG recruitment and is struggling with regard to OS and PG income. The increase in Other fees is due to additional CEG income

ESBE	12 / 13 Actual	13/14 Budget	Increase %		12 / 13 YTD	13 / 14 YTD	Variance to 12/13	Variance %		Mar 13 / 14 FYF	variance to Budget	variance to Budget %
Home & EU Fees - UG	12.3	15.9	29.5%		12.7	15.3	2.6	20.9%		15.3	-0.6	-3.9%
Home & EU Fees - PG	2.1	2.1	2.0%		2.1	2.2	0.1	3.3%		2.2	0.0	0.7%
Overseas Fees - UG	2.3	2.3	2.0%		2.3	2.3	-0.0	-0.9%		2.3	-0.1	-2.5%
Overseas Fees - PG	1.2	1.1	-9.1%		1.2	1.1	-0.1	-9.6%		1.1	0.0	0.2%
Other Fees	0.4	0.2	-44.0%		0.3	0.5	0.1	41.3%		0.7	0.5	215.8%
Total	**18.2**	**21.7**	**18.9%**		**18.6**	**21.3**	**2.7**	**14.6%**		**21.5**	**-0.2**	**-0.9%**

ESBE is performing well in terms of UG and PG recruitment but will decline in terms of OS student income although international partnerships are holding up.

May 2014 Summary

HSC	12 / 13 Actual	13/14 Budget	Increase %		12 / 13 YTD	13 / 14 YTD	Variance to 12/13	Variance %		Mar 13 / 14 FYF	variance to Budget	variance to Budget %
Health Contract	27.5	25.8	-6.3%		22.7	20.4	-2.2	-9.9%		25.1	-0.7	-2.7%
Home & EU Fees - UG	1.4	1.9	34.8%		1.4	1.6	0.2	15.8%		1.6	-0.2	-11.5%
Home & EU Fees - PG	0.8	1.2	52.8%		0.8	1.1	0.3	34.6%		1.1	-0.1	-11.5%
Overseas Fees - UG	0.3	0.2	-17.9%		0.3	0.2	-0.1	-31.3%		0.2	-0.0	-16.3%
Overseas Fees - PG	0.1	0.1	-26.0%		0.1	0.2	0.0	24.8%		0.2	0.1	71.0%
Other Fees	2.3	2.8	25.0%		2.3	2.4	0.0	0.9%		2.6	-0.2	-8.1%
Total	**32.4**	**32.0**	**-1.1%**		**27.6**	**25.8**	**-1.8**	**-6.4%**		**30.8**	**-1.3**	**-3.9%**

HSC remains extremely dependent on Health Contract income and has reflected the £2.4M decline in its income forecast. Non Health Contract income is also now expected to be behind budget

Additional Income Analysis (£m)

	12 / 13 Actual	13/14 Budget	Increase %	Apr 13 / 14 FYF	Monthly Move	May 13 / 14 FYF	variance to Budget	variance to Budget %	12 / 13 YTD	13 / 14 YTD	Variance to 12/13	Variance %
Research Grants & Contracts	3.3	2.3	-30.3%	2.3	0.0	2.3	0.1	2.4%	2.6	2.0	-0.6	-24.1%
Other Operating Income	6.0	4.5	-25.4%	4.8	0.3	5.1	0.6	13.3%	4.2	4.4	0.2	5.4%
Endowment Income & Interest Receivab	0.6	0.5	-12.6%	0.4	0.0	0.4	-0.1	-14.3%	0.4	0.2	-0.2	-49.1%
Total	**9.8**	**7.3**	**-26.3%**	**7.5**	**0.3**	**7.8**	**0.6**	**8.0%**	**7.2**	**6.6**	**-0.6**	**-8.4%**

The YTD decline in Endowment Income and Interest receivable has now been reflected in the Full year forecast. There has been no change to anticipated Research income although other operating income continues to reflect growth in Refectory sales

11 Staff Cost Analysis (£m)

	12 / 13 Actual	13/14 Budget	Increase %	Apr 13 / 14 FYF	Monthly Move	May 13 / 14 FYF	variance to Budget	variance to Budget %	12 / 13 YTD	13 / 14 YTD	Variance to 12/13	Variance %
Academic - Permanent staff	39.5	39.2	-0.8%	36.7	-0.1	36.6	-2.6	-6.7%	31.5	31.2	-0.3	-1.1%
Academic - Temporary staff	3.8	3.4	-10.3%	3.5	0.0	3.5	0.2	4.6%	2.8	2.8	-0.0	-0.7%
Technicians staff	2.8	2.8	1.2%	2.8	-0.0	2.8	0.0	0.8%	2.3	2.3	0.0	1.4%
Support - Permanent staff	27.1	28.8	6.3%	27.4	-0.3	27.2	-1.6	-5.5%	22.4	22.0	-0.4	-1.7%
Support - Temporary staff	0.5	0.5	-12.3%	0.7	0.0	0.7	0.3	59.4%	0.4	0.7	0.3	79.3%
Third party staff	3.5	2.6	-24.8%	3.1	0.3	3.4	0.8	28.5%	2.7	2.7	-0.0	-0.2%
Restructuring Provision		1.5		1.5		1.5						
Total	**77.1**	**78.7**	**2.1%**	**75.8**	**-0.0**	**75.7**	**-3.0**	**-3.8%**	**62.0**	**61.6**	**-0.4**	**-0.7%**

In terms of staffing, the University has reduced its staff base year on year by 27 FTE. The bulk of this reduction is within Catering as these staff no longer appear in the University's headcount. There have been staffing reductions within the faculties of AHS, BUS and HSC and investment in additional academics within ESBE which have delivered year on year Academic staff savings of £1.1M within the Faculties as the University position itself for new areas of student demand. The reduction in Academic staff costs YTD is expected given the staff reductions within the faculties. The YTD increase in support staff costs and third party staff costs is primarily driven by the IBM investment and Investments in Marketing, Finance and the Library. The variance in Third party staff is primarily driven by ICT which is in the process of transition whilst awaiting potential changes to its infrastructure

May 2014 Summary

Staff Cost Analysis (£m)

	12 / 13 Actual	13/14 Budget	Increase %		Apr 13 / 14 FYF	Monthly Move		May 13 / 14 FYF	variance to Budget	variance to Budget %		12 / 13 YTD	13 / 14 YTD	Variance to 12/13	Variance %
Total Faculty	49.3	50.2	1.8%		48.1	-0.1		48.0	-2.2	-4.4%		40.8	39.5	-1.3	-3.2%
Total Corporate Services	8.8	8.9	1.2%		8.3	0.0		8.3	-0.6	-7.2%		7.3	6.8	-0.5	-6.5%
Total PVC External	4.8	5.5	13.1%		5.3	-0.1		5.2	-0.3	-5.5%		3.9	4.1	0.1	3.1%
Total PVC Academic	7.3	8.1	10.5%		8.0	-0.0		8.0	-0.1	-1.4%		6.1	6.3	0.3	4.5%
Total Finance & GILT	6.9	6.1	-11.6%		6.1	0.2		6.3	0.3	4.5%		4.0	4.9	0.9	23.7%
Total	**77.1**	**78.7**	**2.1%**		**75.8**	**-0.0**		**75.7**	**-3.0**	**-3.8%**		**62.0**	**61.6**	**-0.4**	**-0.7%**

The year on year increase in PVC External is driven by investments in Enterprise staff, the increase in PVC Academic is driven by investments in Library and Student Services. The YTD figures are slightly behind in both these areas. The year on Year increase in Finance / Exec is due to restructuring costs of £1.1M which are held in FUNI and the investment in the Exec Programme Office. Corporate Services is declining year on year following the movement of Refectory staff to Opex following the deal with our new Catering provider. Given the risk within our income forecast we are closely monitoring staff cost growth.

12 Opex Analysis (m)

	12 / 13 Actual	13/14 Budget	Increase %		Apr 13 / 14 FYF	Monthly Move		Mar 13 / 14 FYF	variance to Budget	variance to Budget %		12 / 13 YTD	13 / 14 YTD	Variance to 12/13	Variance %
Depreciation	7.9	8.7	10.2%		8.5	0.1		8.6	-0.1	-1.2%		6.5	7.0	0.5	7.0%
Total Other Operating Expenses	43.9	42.6	-3.1%		43.3	0.1		43.4	0.8	2.0%		29.7	30.1	0.4	1.3%
Interest Payable	3.4	4.8	39.2%		4.7	0.0		4.7	-0.0	-0.7%		3.0	3.2	0.2	5.2%
Exceptional Items	0.0	1.9	100.0%		2.1	-0.2		1.9	0.0	0.0%		0.0	0.0	0.0	0.0%
Total	**55.2**	**57.9**	**4.9%**		**58.6**	**0.0**		**58.6**	**0.7**	**1.2%**		**39.3**	**40.3**	**1.0**	**2.5%**

The University is slightly overspent YTD on expenses but these are driven by planned depreciation costs. The additional expenditure within the Library, Marketing & the International Office which were considered timing differences have worked themselves out and these departments are still forecast to deliver on budget they are being closely monitored. The Increase in exceptional items relates to contingencies particularly with regard to FRS 17 and restructuring that continue to be held in this area.

|	12 / 13 Actual	13/14 Budget	Increase %		Apr 13 / 14 FYF	Monthly Move		May 13 / 14 FYF	variance to Budget	variance to Budget %		12 / 13 YTD	13 / 14 YTD	Variance to 12/13	Variance %
Total Faculty Spend	12.0	10.2	-15.0%		10.1	0.1		10.2	-0.0	-0.1%		7.7	6.9	-0.8	-10.4%
Total Corporate Services	28.0	30.9	10.1%		30.8	-0.4		30.5	-0.4	-1.3%		22.1	22.4	0.3	1.3%
Total PVC External	4.8	5.0	4.8%		5.2	0.4		5.6	0.6	11.2%		3.9	4.0	0.1	3.9%
Total PVC Academic	4.5	4.3	-4.9%		4.5	0.1		4.6	0.3	7.2%		3.0	3.2	0.2	6.1%
Total Finance & GILT	5.8	7.5	28.4%		8.0	-0.2		7.8	0.3	3.9%		2.5	3.7	1.2	46.6%
Total	**55.2**	**57.9**	**4.9%**		**58.6**	**0.0**		**58.7**	**0.7**	**1.3%**		**39.3**	**40.3**	**1.0**	**2.5%**

The YTD increase in Finance and GILT is due to SLC Bursary payments which are held in FUNI until they are charged to the appropriate faculty. The increase in PVC Academic is due to investments in the library as mentioned above. YTD Increases in Corporate Services are due to the structure of the new catering contract and the unwinding of a cost saving which has been replaced by additional income in order to deliver Corporate Services on Budget.

13 Capital Expenditure Analysis

In terms of Capital Expenditure, as per the University invested £1.1M in April taking our total for the year to date to £9.2M. The University is forecast to spend an additional £7.3M in 2013/14 on projects that have been approved as at 31 May 2014 taking us to a spend of £16.5M for the year. The IBM project is the largest risk in terms of capital expenditure. Its project is composed of both revenue and capital parts. The total project is not expected to exceed budget however there is currently a review of whether the classification of Revenue or Capital is appropriate. This review is the reason for the overspend rather than actual activity. There are currently bids in process totalling a further £3.7M although some of these are being reviewed for affordability.

14 Enterprise & Research Income
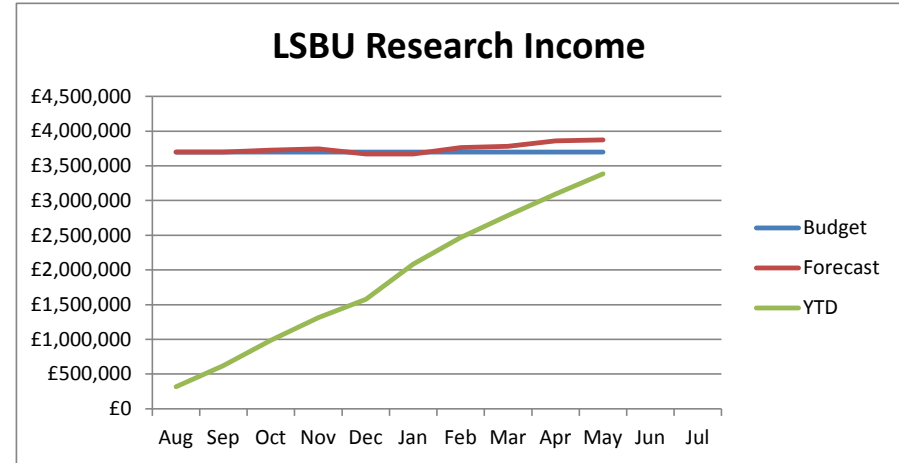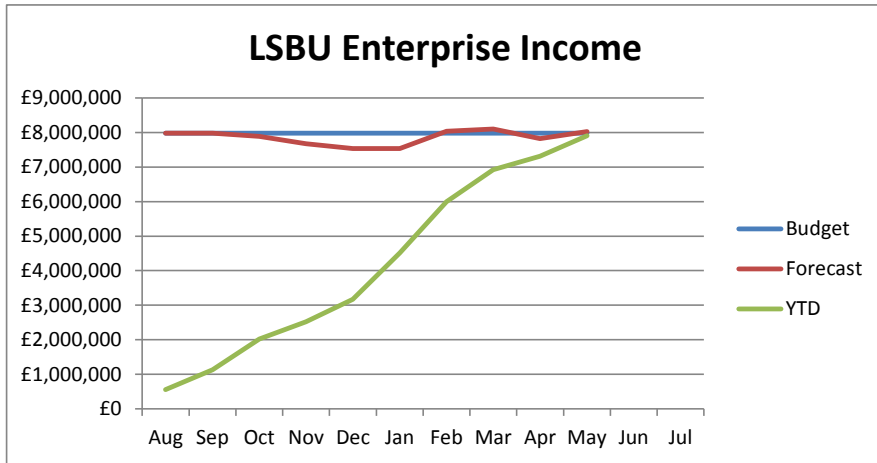
Although the Enterprise cost centre is behind budget, overall Enterprise income is now expected to deliver slightly ahead of Budget. This is due to strong activity within AHS, BUS and ESBE which has offset the decline in HSC CPPD activity. In terms of research we are also expected to deliver slightly ahead of budget. This is due to activity within AHS and BUS.

London South Bank University

Board/Committee:	Board of Governors	
Date:	8 July 2014	
Paper title:	Clearing Strategy 2014	
Author:	Bev Jullien, Pro Vice Chancellor (External) and Dave Phoenix, Vice Chancellor	
Executive sponsor:	Bev Jullien, Pro Vice Chancellor (External)	
Recommendation by the Executive:	To note the strategy for Clearing	
Matter previously considered by:	Operations Board	On: 10 June 2014
Further approval required?	No	On:
Communications – who should be made aware of the decision?	All staff involved in clearing process	

Executive Summary

Year to date, firm acceptances are up 10% relative to last year for full-time undergraduate student number control places, and recruitment for part-time, post-graduate and international students is trending positively. However, clearing remains critical for LSBU recruitment, the Executive recognises that last year a significant number of firm accept students were lost in early clearing, and the risk to LSBU is heightened this year due to the high level of organisational change.

To manage this, a detailed action plan has been developed, including:

Ongoing marketing / conversion measures:

- "Headstart" days offered to all who have firmly accepted, from July.
- Enhanced communication and orientation programme for all EU students.
- Enhanced pre-clearing advertising and media coverage, as well as during clearing.
- Personal calls to all applicants who have been accepted from current students on related programmes, to reconfirm and mitigate the risk of switching from 18th August.

- For all accepted during Clearing (with a particular focus on BTEC students): transition days to prepare them for the move into Higher Education.

Effective management of the Clearing Process

- A detailed plan has been developed, including named responsibilities and accountabilities for each part of the process, and has been shared with all concerned.
- The day before results day, the VC, PVC Academic, Registrar and director of marketing will meet to review numbers and confirm approach.
- The process includes twice daily reporting and reviewing of progress.
- The Vice Chancellor and Pro Vice Chancellor (Academic) will be actively engaged throughout the process, and taking strategic decisions as required, around entry criteria, closure of programmes or movement of numbers from one area to another.

Clearing offers

As outlined in the attached paper minimum entry standards have been set for acceptance onto programmes (120 UCAS points for A levels or 160 for BTEC).

Putting in place this floor will put us at risk of under recruiting by c150 students. A novel approach is being adopted for selected programmes in Law and Social Sciences to offer a Certificate of Higher Education programme to those who do not meet standard entry criteria.

Clearing Strategy 2014

As we approach clearing we need to consider our strategy with respect to entry tariffs. We currently have one of the lowest grade point entry tariffs in the country and there is some evidence that lower tariffs correlate with higher withdrawals although further work is required to analyse this more thoroughly.

The higher we raise the entry tariff the greater the risk to income through non-recruitment. Analysis indicates that setting entry at 120 points for A level and 160 for BTec would take us out of the bottom five based on current data but if numbers are not replaced we would risk c £800,000 income based on this years' figures.

The proposed clearing strategy will:

- Seek to recruit to target with this higher entry level floor.
- Mitigate against any income loss by launching a new CertHE which enables completion of a degree in three years but is a separate entry qualification for audit purposes.

Background

We have very few students with high tariff scores (e.g. above ABB equivalent) with only c 60 currently reported. This should be much higher and the lack of high grade entrants coupled with some low offers, means our grade point average is low compared to competitors (Table 1).

Table 1: Average tariff points on entry according to Complete University Guide 2015 (the bottom 10 institutions for average tariff point on entry are shown):

University	Average tariff point on entry
Canterbury Christ Church	270
East London	269
Staffordshire	268
Bolton	266
West London	250
Anglia Ruskin	248
Buckinghamshire New	247
London Metropolitan	232
London South Bank	231
Bedfordshire	225

Analysis of our degree entrants show that we have 100-200 students entering with less than 120 points (cEEE grade A level, Table 2) when our standard offer is published as 240 points or higher. There is some evidence from initial analysis that there is weaker retention of students below c180 points but further work would be required to review this.

Table 2: Overall summary (institution wide)

Tariff grouping	% Loss of students from eligible population12/13 (Student number)*	% Loss of students from eligible population11/12 (Student number)*
Below 120	10 (109)	7 (174)
Below 140	14 (220)	13 (247)
Below 160	17 (284)	17 (302)
Below 180	23 (456)	28 (425)

*For reference: 2011/12 eligible population = 1828, 2012/13 eligible population = 1632.

Any restriction in recruitment needs to be balanced against potential loss of income. It is not feasible to raise entry tariffs to 180 points given this puts c25% of the cohort at risk and we would be unlikely to recruit to target at this level. If we increase entry levels to above 120 points for A level and 160 points for BTec this should improve our average entry tariff by 15-20 points (Graph1) taking us out of the bottom 5 (table 1).

In terms of staff moral it is important to make a commitment to setting a floor for degree entrants. If we restrict entry to degrees courses to above 120 points for A level and 160 points for BTec entrants this would risk c 150 students based on previous years' recruitment patterns. Given our retention rate of c60% in terms of income this would relate to c90 students if we were unable to recover the numbers or c£800,000.

To mitigate the risk regarding income we will launch a new CertHE entry route that will enable us to provide targeted support for students with lower qualifications in Arts and Humanities. We will use current Year 0 routes for Business, Science and Engineering.

The future strategy will include targeted marketing to increase high tariff entrants, plus work on the course portfolio to ensure attractiveness and student engagement once they arrive

Graph1: Tariff points and tariff averages for students in the eligible population (12/13).

5

London South Bank University
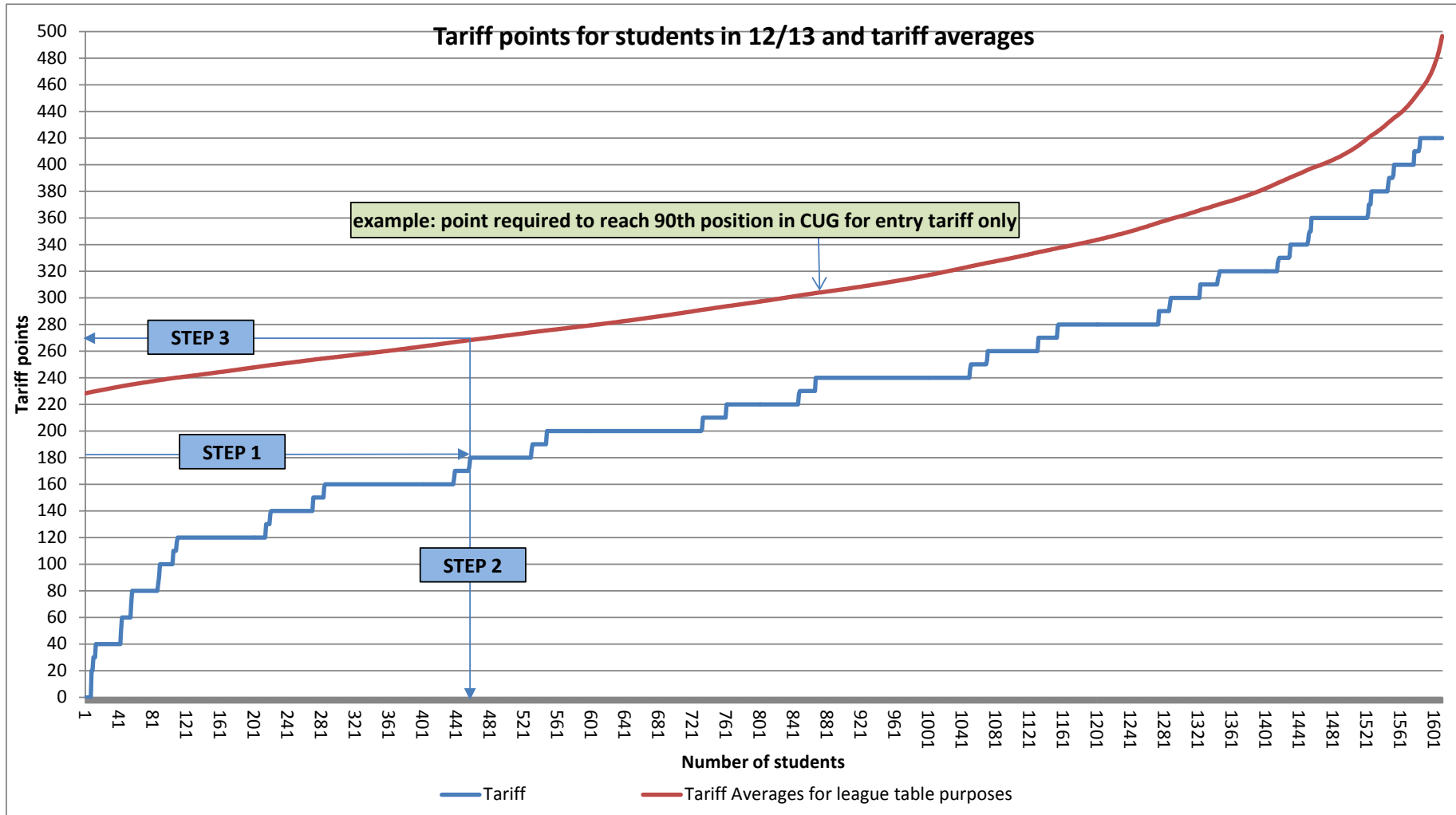
		PAPER NO: BG.41(14)
Board/Committee:	Board of Governors.	
Date:	8 July 2014.	
Paper title:	Annual Health and Safety Report 2012/13.	
Author:	Dr. Markos Koumaditis, Head of Corporate Business Services and Ed Spacey, Safety, Compliance and Business Continuity Manager	
Executive sponsor:	Ian Mehrtens, Chief Operating Officer.	
Recommendation:	That the Board notes the content of the Report.	
Aspect of the Corporate Plan to which this will help deliver?	N/A.	
Matter previously considered by:	N/A.	
Further approval required?	N/A.	
Communications – who should be made aware of the decision?	N/A.	

Executive Summary

This Health and Safety Report covers the period from 1 August 2012 – 31 July 2013, reflecting the work carried out by the former Health and Safety Services, as well as the work by Departments and Faculties. It also highlights future development plans to further enhance health and safety.

London South Bank University

Annual Health and Safety Report 2012/13

1.0 Executive Summary

Faculties and Departments have demonstrated a satisfactory level of health & safety practice by adopting a proactive approach to accident prevention, communicating, sharing and recording information during this reporting period.

Section 7.0 – 7.6 outlines and describes accident and incident data, which highlights that during 2012 the University had fewer accidents and incidents than the Universities Safety and Health Association (USHA) statistical benchmark average.

Effective health & safety performance requires a consistent and robust operational framework delivered with an effective strategy. The new Safety, Compliance and Business Continuity Team, fully established in May 2014 is now in place to deliver this function.

Detailed proposals to further enhance health and safety were presented to the Health and Safety Joint Committee on 20 June 2014. Papers included strategies for improving health and safety training, improving accident/ incident reporting and lessons learned, transforming electronic systems to allow fingertip retrieval of data by management, improving the take up of Display Screen Equipment assessments, improving processes around first aid provision, reviewing procedures and establishing a structured compliance audit approach.

2.0   Introduction

This annual report covers the period from 1 August 2012 to 31 July 2013, reflecting the work carried out by the former Health & Safety Services on behalf of the University, as well as the work collectively by Departments and Faculties. The Report outlines new changes that are affecting the Health & Safety provision and service delivery. It also highlights future development plans.

3.0   Health & Safety Work Plan 2012-13

This section describes the progress made by the former Health & Safety Services.

3.1   Objective 1: Commissioning of a Stress Management System

A stress management protocol was submitted to the Health and Safety Joint Committee in November 2013. This was established with the view to introducing proactive as well as reactive arrangements, ensuring the University has taken steps to adequately address stress at work. This was further adopted at the Health and Safety Joint Committee of 7 March 2014, and a system is in place which will be further reviewed in March 2015.

3.2   Objective 2: Establishing an effective provision of Health & Safety Training

The Health & Safety Training Programme was initially reviewed during this reporting period. Further analysis has more recently been undertaken by the new Safety Compliance and Business Continuity Team, and a detailed report made to the Health and Safety Joint Committee on 20 June 2014, with a programme for transformation. This highlighted the need to improve attendance rates.

The recommendations of the report of 20 June included the need to improve the content of online course modules making them more specific to the needs of LSBU, an improved forward commissioning and procurement plan for training, and an improved evaluation process.

3.3   Objective 3: Effective implementation of an Occupational Health service

RPS Occupational Health has been introduced as the University's provider. An occupational nurse is on site 2 days per week (Tuesdays & Wednesdays). The service includes undertaking staff assessments, administering of inoculations, organising wellbeing days, as well as providing health surveillance as part of the statutory requirement. This provision is managed by HR, and as a consequence the service is currently helping to enhance the recruitment process, due to the improvement in medical assessments and fast track medical referrals.

London South Bank University

3.4   Objective 4: Establishing an effective Fire Safety Management System

Fire safety awareness training is being provided to residence halls staff. The fire warden and fire co-ordinator training are delivered in house by the Safety Compliance and Business Continuity Team. The five (5 minutes) emergency evacuation procedure has been communicated to all and is implemented across the University. Areas for future development include reviewing, updating and improving Fire Risk Assessments across the University Campus, and reviewing the current training courses (content/duration) for fire wardens and co-ordinators.

3.5   Objective 5: Effective implementation of a University Health & Safety Management System

This objective was set to be achieved during the academic year 2013-14 as part of the review of the existing arrangements. Its implementation is still in its embryonic development stage. It will be now be progressed by the new Safety, Compliance and Business Continuity Team.

The system essentially revolves around:

- The provision of adequate policies;
- The organising or the roles and responsibilities within the arrangements;
- The planning and implementations of these policies;
- Measuring performances. This could either be through active monitoring; (performance based) or through reactive monitoring, in accidents and ill health statistics;
- Auditing and reviewing the findings to evaluate the effectiveness and ensure continual improvement within the system.

3.6   Objective 6: Effective implementation of the Online Display Screen Equipment Assessment

During the last quarter of 2013, Display Screen Equipment risk assessment moved from being paper based to online electronic completion. Future required enhancements include a need to improve the take up and completion rates of DSE assessments, improved monitoring systems, more detailed methods of reporting completion by faculty/school, improving the ease of use of the system and linking successful completion of DSE forms as a pre-requisite for issuing "Specsavers" Vouchers.

4.0   Updates in Health & Safety Legislation

There were some major updates to Health and Safety Legislation that came into force on 1 October 2013 and have an impact on the Health and Safety Management of the University:

- Under RIDDOR 2013, the reporting of injuries at work has been simplified. The previous 'major injuries' list has been replaced with a shorter 'specified injuries' list. Fewer types of dangerous occurrences will have to be reported and 47 types of industrial diseases are replaced with 8 categories of work-related illness;

- The reporting requirements for fatal accidents, accidents involving members of the public, and accidents that incapacitate a worker for more than 7 days are unchanged. These changes have been implemented in line with the reporting of accidents and incidents at the University;

- The Health and Safety (First Aid) Regulations 1981 have been amended, removing the requirement for HSE to approve first aid training and qualifications. The University has been receiving their First Aid Training from an approved training provider and continues to do so with no changes required.

5.0   Report on Faculties and Central Services

5.1   Health and Safety structure and arrangements

During 2012-13, Health & Safety Services were managed within the former Estates & Facilities Directorate. Staff resignations within the Health & Safety Team allowed for an opportunity to review the service delivery with considerations given to a more effective structure.

The review recognised and identified that whilst safety in particular is managed within a department, it will be perceived as a departmental issue, thus, resulting in a failure to ensure a corporate impact across all Faculties and Departments. Effective safety management is vital to ensure both a safe environment to all stakeholders and a risk reduction to the day to day business.

In this context, it was decided to bring the safety and business continuity services together, to be part of the central corporate services. This structural change provides an opportunity to review the way in which the safety services are managed and to consider a risk based approach to ensure compliance and business continuity.

The emphasis on safety will be to act as an enabling resource to all schools and central services within the University, making sure that each department achieves or

exceeds the desired level of safety standards. The newly established Safety, Compliance and Business Continuity Team will act as an internal auditor when monitoring compliance and, equally provide a focus point to the University business continuity. Reporting to the Head of Corporate Business Services, this team will lead the University in safety, compliance and business continuity. Occupational Health Management will be managed by HR.

5.2   Role based training

All staff appointed to carry out Health and Safety roles have received adequate training to enable them to carry out their duties effectively. Due to staff mobility, each department is working towards achieving a maximum rate of training undertaken. Future enhancements will include improving the way training data is recorded.

5.3   Risk Assessments

Risk assessments are carried out by various departments and faculties, depending on the existing risk and adequate control measures provision. During this period, a review of the current template and guidance, in which departments are presenting their risk assessments, was carried out and completed. Departmental risk assessments were of variable quality and, therefore, a key recommendation was that consistency and transparency is needed when addressing health and safety risk. The risk assessment template was improved.

The new Safety Compliance and Business Continuity Team will further review the current situation, as part of its compliance auditing.

5.4   Health & Safety Inspections

All faculties and departments carry out suitable Health & Safety site inspections as part of their local arrangements. It has been identified that the frequency of these inspections can vary from monthly to quarterly, to twice per year, or none. For instance, it has been noted that the Faculty of Health & Social Care had not undertaken any formal Health & Safety inspection during 2012-13.

This will be reviewed by the new Safety, Compliance and Business Continuity Team and guidance will be provided to ensure a consistent approach.

5.5   Accident & Incident reporting and recording

"OSHENS" is the accident and incidents online system that allows staff to report an accident or incident. It was introduced in 2005 but so far has been underutilised and underdeveloped. The way the system is used does not currently facilitate the efficient production or analysis of data.

Further work will now be done to improve the way the system is used, and provide more detailed guidance and training to staff across the University. (It should be noted that initiatives designed to improve accident reporting, may in the future lead to an increased number of reports, as general awareness is raised. This however should be seen as part of a positive culture of health and safety).

5.6   Personal Emergency Evacuation Plans (PEEP)

The system is well implemented in all faculties and departments. 29 Personal Emergency Evacuation Plans were approved for 2012-13. The current process means that all faculties and departments are required to complete a PEEP form, for everyone with special needs requirements within their remit. These forms are currently written by the Disabilities and Dyslexia Service and approved by the Fire Officer.

Issues with the present system include the need for the standard form to be reviewed, shortened and made easier to complete, and the process improved. The Safety Compliance and Business Continuity Team will be reviewing this area, for the start of the next academic year.

5.7   Visit by the enforcement agencies

The enforcement notice issued to the University on 13 June 2012 regarding the cooling towers has now been resolved. The cooling towers have been professionally drained and do not currently present any risk to Health & Safety.

6.0   Policy Review

The following policies were reviewed and updated:

- Control of Substances Hazardous to Health Policy and arrangements   Nov 2013
- Stress Protocol and Policy at work   (considered by HSJC in March 2014)
- Health & Safety Policy and arrangements (considered by HSJC in June 2014)
- No Smoking Policy   (considered by HSJC in March 2014)
- Drug and Alcohol Abuse   (considered by HSJC in March 2014)

London South Bank University

7.0   Accident and Incident Statistics

The reporting of accidents is encouraged by the University. It provides the Executive and staff holding health & safety duties with useful data, highlighting trends that can be used to inform and direct improvements in working practices and conditions for staff.

7.1   Figure 1 below highlights that there were no RIDDOR cases recorded during 2012-13. The increase in the number of work related injuries/illness can be partly accounted for the lack of adequate control measures provided when carrying out risk assessments. This can also be linked to the lack of health & safety inspections carried out on a regular basis, and thus a failure to address the risks which could lead to an accident in the workplace. The use of an adequate table matrix when carrying out a risk assessment is of a prime importance. The matrix assists departments and health & safety managers with prioritising remedial work, which is required to be completed in a specific time frame.

7.2   The small increase in the number of non-work related injury/ illness, which refer to the injuries sustained by students and visitors, could be a result of increasing vigilance in leisure places e.g. the academy of sport. The category also includes guests attending events, in which case the risk assessments have to provide suitable and sufficient control measures to prevent an accident.

Fig 1: Summary illustration per type of accidents & incidents in the University 2011-2013
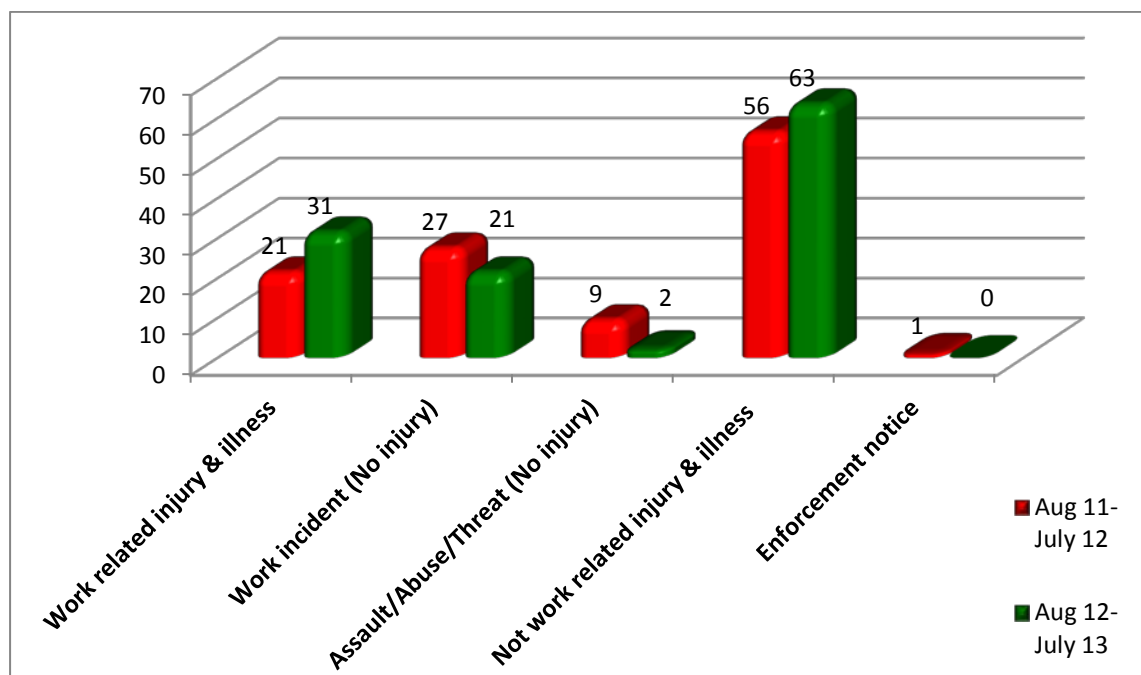
7.3 The increase of accidents and incidents in the workplace also clearly indicate a lack of regular accident investigations, which are vital in identifying the root causes and taking reasonable steps to prevent reoccurrence.

Nevertheless, if we set this data within a comparative context provided by the Universities Safety and Health Association (USHA) which produces statistical analysis of the sector's H&S performance (108 Universities), it becomes clear that LSBU performs well.

7.4 The tables (1-3) below outline London South Bank University and USHA Accident statistics involving injury for the period from 01st January 2013 to 31st December 2013. Unfortunately, USHA record data during a calendar year, and not an academic one, and thus we cannot compare them with our data from the OSHENS system. However, the USHA data show that the LSBU staff RIDDOR reported rate for 2012 was 0 per 1000 compared to the USHA rate of 1.59 per 1000. LSBU figures for staff RIDDOR reported rate for 2013 is 0.98 per 1000, when the USHA members provide an early indication of 1.18 per 1000 at risk. Whilst this is still low for LSBU, the increase from zero the previous year is likely to be through increased awareness of the importance of reporting this type of issue. Examples of the LSBU incidents include a security officer being assaulted by a member of the public whilst on mobile patrol near Dante Hall of Residence at night and suffering a fracture (7/11/13). Another included a member of staff suffering a fall which impacted on a previous knee injury (28/10/13). The current OSHEN's system unfortunately does not list sufficient information regarding the non-employee hospital treatment incidents, and therefore this is another aspect requiring improved electronic recording.

Table 1: Accidents involving injuries – LSBU data 2013

Accident involving injury	Staff	Students	Others	Totals
Fatalities	0	0	0	0
Specified major injuries	0	0	0	0
Non-employees: hospital treatment for reportable inj.	0	4	0	4
Other injuries involving more than 3 or 7 days, lost time	2	0	0	2
Total RIDDOR reportable injuries	2	4	0	6
Other accidents involving injury	22	2	7	31
Total accidents involving injury	24	6	7	37
Number of staff and students at risk	2050	19796	0	21846
RIDDOR Reportable injuries /1000 at risk x1000	0.98	0.20	n/a	n/a
Total Injuries per 1000 at risk x 1000	11.71	0.30	n/a	n/a

London South Bank University

Table 2: Accidents involving injuries – LSBU data 2012

Accident involving injury	Staff	Students	Others	Totals
Fatalities	0	0	0	0
Specified major injuries	0	0	0	0
Non-employees: hospital treatment for reportable inj.	0	0	0	0
Other injuries involving more than 3or 7 days, lost time	0	0	0	0
Total RIDDOR reportable injuries	0	0	0	0
Other accidents involving injury	32	28	8	68
Total accidents involving injury	32	28	8	68
Number of staff and students at risk	2000	22000	0	24000
RIDDOR Reportable injuries /1000 at risk x1000	0	0	n/a	n/a
Total Injuries per 1000 at risk x 1000	16.00	1.27	n/a	n/a

Table 3: Accidents involving injuries – USHA data 2012

Accident involving injury	Staff	Students	Others	Totals
Fatalities	0	0	0	0
Specified major injuries	103	21	8	132
Non-employees: hospital treatment for reportable inj.	0	243	80	323
Other injuries involving more than 3or 7 days, lost time	416	0	0	416
Total RIDDOR reportable injuries	519	264	88	871
Other accidents involving injury	8656	4321	1431	14408
Total accidents involving injury	9175	4585	1519	15279
Number of staff and students at risk	327305	1833738	0	2161043
RIDDOR Reportable injuries /1000 at risk x1000	1.59	0.14	n/a	n/a
Total Injuries per 1000 at risk x 1000	28.03	2.50	n/a	n/a

London South Bank University

7.5   Figures 2 and 3 clearly demonstrate that LSBU outperforms the USHA average rate for both staff and students in 2012. Detailed data for 2013 have not been released yet.

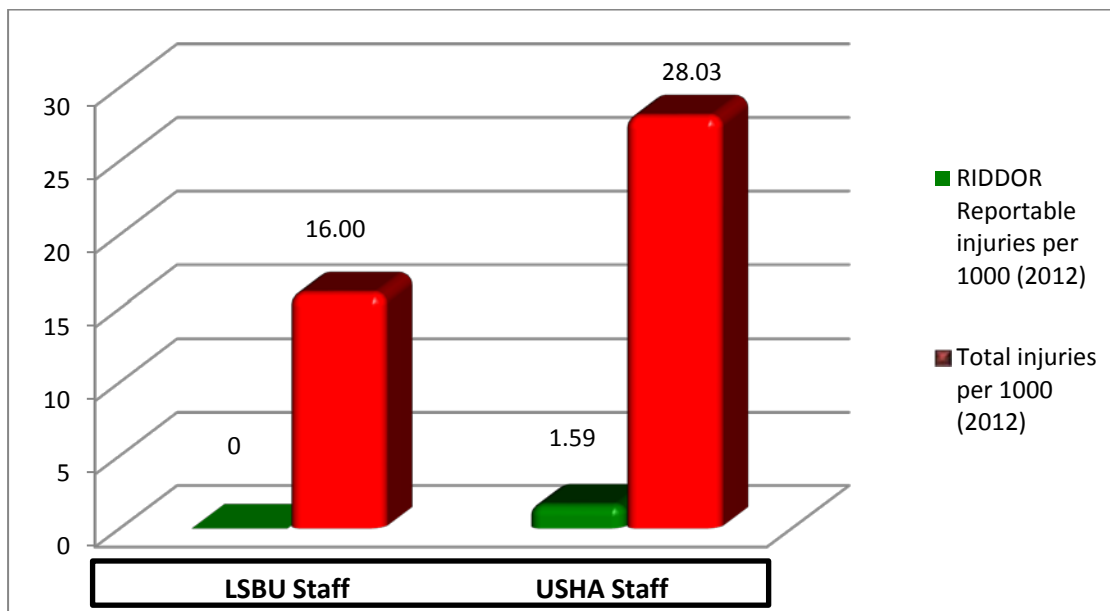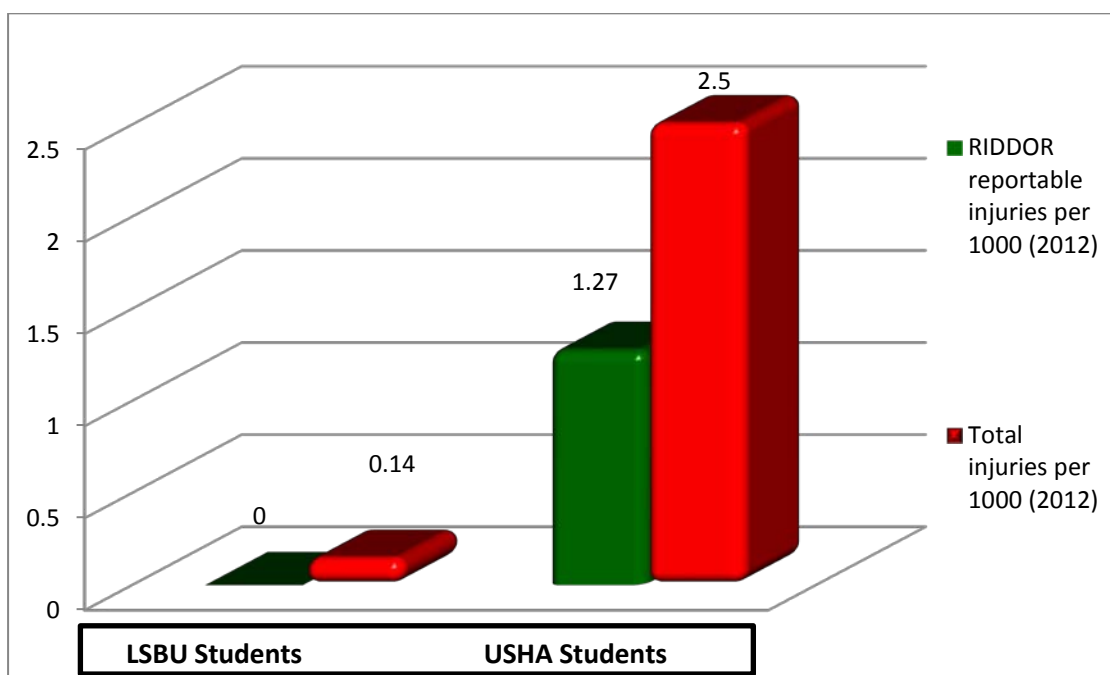*Fig 2: Accident rate for LSBU staff in comparison with USHA members' rate in 2012*

Fig 3: Accident rate for LSBU students in comparison with USHA members' rate in 2012

7.6   Finally, Figure 4 (below) shows that the total year on year injuries of LSBU staff at risk reduced from 16 per 1000 to 11.71 per 1000 in 2013, with USHA's staff rate for 2012 set at 28.03 per 1000. Moreover, the total year on year injuries on LSBU students at risk has decreased from 1.27 per 1000 to 0.30 per 1000 in 2013 with USHA's rate set at 2.50 per 1000. Also, while RIDDOR Reportable injuries for LSBU students have increased from nil to 0.20 per 1000 in 2013, with USHA's rate set at 0.14 per 1000 for 2012, the respective rate for 2013 (0.14 per 1000) is still lower than the overall USHA rate, which was given an early indication to be equal to 1.18 per 1000.

Fig 4: Accident rate for LSBU staff & students in comparison with USHA members' rate in 2012 & 2013
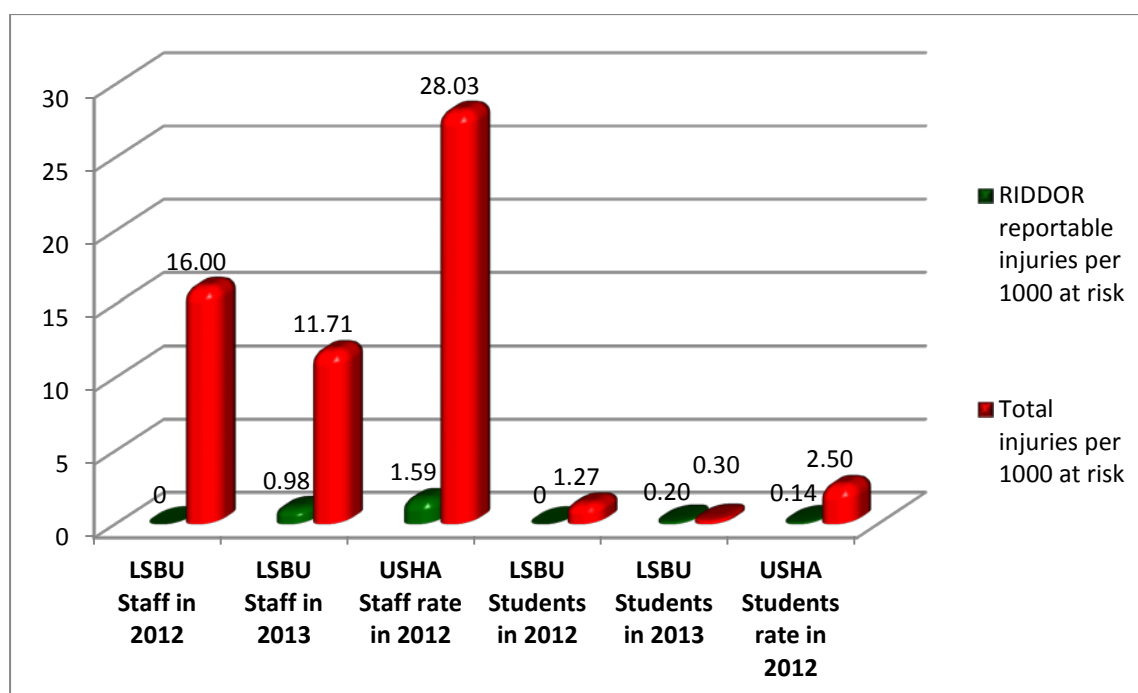
8.0   Occupational Health Service and Employee Assistance Programme (EAP)

The re-tendered occupational Health service commenced in February 2013 and is delivered by the RPS group. The statistics below relate to Occupational Health activities between August and October 2013. During this period a total of 26 appointments were booked. All but 3 were booked with the occupational health nurse. Two appointments were booked with the Medical Practitioner and one was a review appointment by the Senior Occupational Health Nurse. Once all assessments have been completed, the respective reports were submitted to HR. Thirteen case review meetings have been held with management and one workplace assessment

has been carried out. Within this period, the greatest numbers of referrals were for mental and behavioural issues.

8.1   The EAP report for 2013-14 / Q1 has indicated an increase from 15 users to 24, or a 47% increase (quarter on quarter). This was generated by an increased emphasis on marketing and promoting the new service. However 24 users represented a 1.33% usage while the predicted annual usage is 5.33%, slightly below the set benchmark of 5.73%.

8.2   The predicted annual usage in counselling is 2.44% which is higher than the set benchmark of 1.35%.

- The predominant user is female, white, between 41 and 45 years of age and working in Borough Road, Tower Block, Joseph Lancaster, Faraday Wing and Technopark;
- The top services accessed were counselling, helpline, legal;
- The top counselling issues were emotional, relationship and family issues, work and career;
- The top work/career issue was control over work;
- The top legal issue was employment.

8.3   Other useful information included:

- The most common guides downloaded were personal feelings and bullying & harassment;
- All users learned of the programme through the wallet card or their line manager;
- 8% of the cases were received outside usual office hours;
- 8% of the cases were received over the week end;
- 11% of the workers said they were already working with Occupational Health.

8.4   Both Occupational Health Services and the Employee Assistance programme are providing monthly wellbeing topics, either via links on the intranet or through workshops.

London South Bank University

	PAPER NO: BG.42(14)
Board/Committee:	Board of Governors
Date:	8 July 2014
Paper title:	Reports from committee meetings
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors
Board sponsors:	Relevant committee chairs
Recommendation:	That the Board note the reports
Aspect of the Corporate Plan to which this will help deliver?	N/A

Matter previously considered by:	As indicated	On:
Further approval required?	No	On:

Communications – who should be made aware of the decision?	Redacted minutes of committee meetings are published on the University's website

Summary

A summary of Committee decisions is provided for information. Minutes and papers are available on the governors' sharepoint.

The Board is requested to note the reports.

Summary of Committee decisions

Educational Character Committee – 4 June 2014

The committee discussed:
- A report on postgraduate courses
- HESA performance indicators
- The annual report on appeals and academic misconduct
- The annual report of the committee to the Board – paper **BG.45(14)**

Audit Committee – 12 June 2014

The committee received an update on the change programme.

The committee approved:
- External audit plan for 2013/14
- Internal audit plan for 2014/15. The bulk of the plan was for continuous auditing which would be extended to include student data as well as financial data. Other areas of review include the change programme, data security, risk management and value for money.
- Internal audit re-tender process. PricewaterhouseCoopers' contract as internal auditors expires on 31 July 2015 and it is necessary to retender the contract The committee approved the recommendation that the procurement for the new contract should be a mini competition between eight companies through the Advanced Procurement for Universities and Colleges (APUC) framework. The committee will receive a recommendation on the preferred supplier at their meeting in February 2015 for approval.
- Revised risk strategy and appetite – paper **BG.47(14)**
- A revised anti-fraud policy which reiterated the University's zero tolerance approach to fraud.
- The TRAC(T) return

The committee considered internal audit reports on:
- Phishing – the report showed that there had been deterioration in the level of awareness of staff to phishing attacks which were being addressed by the University through training. The response of ICT to the phishing attack had been good.
- Business Continuity management which had been given a medium risk rating
- Payroll implementation

- Student records – undertaken by Deloitte. The report was generally positive and an action plan had been developed to follow up on the recommendations. Considerable progress had been made on the management of student data in recent years. Student data quality would now be monitored regularly through the continuous auditing programme.
- Continuous auditing - all aspects of the control environment were performing well and rated green.

The committee noted the outcome of the Home Office Higher Education Assurance Team (HEAT) audit. The International Office team was able to provide the evidence needed by the Home Office and are not expecting there to be further action following this.

The committee requested review of the speak up process.

Policy and Resources Committee – 24 June 2014

The committee recommended to the Board:
- Budget for 2014/15 – paper **BG.37(14)**
- HEFCE annual accountability return – paper **BG.38(14)**
- Relationship between LSBU and the University Engineering Academy South Bank and between LSBU and the University Technical College Brixton – paper **BG.43(14)**

The committee discussed:
- Management accounts to 31 May 2014 – summary paper **BG.39(14)**
- Student recruitment – attached in Appendix A for noting only
- Key performance indicators
- Insurance renewals for 2014/15
- Fees for 2015/16.

Student Recruitment Update (UK and EU) 2014/15

8 July 2014

As reported to P&R Committee on 8 July 2014

Executive Summary

Whilst it is still relatively early in the cycle, and the Clearing period remains critical, all indicators are trending towards delivery in line with the Budget for 2014/15.

- **Undergraduate Full-time SNC**. Applications continue to be ahead of the past two years and almost double that of the national trend. Our growth relative to our competitor group (from which London Metropolitan has been excluded to avoid distortion) is strong. Within this, EU applications continue to grow strongly, albeit from a small base. Firm acceptances are up 13.84%.

- **UG Health and Social Care**. Applications for Health have been strong with an 11% increase year on year. The backlog reported previously has been resolved, but there is still more work to recruit the required numbers for September. The risk areas focus on Children's and Mental Health Nursing following low passing rates in both the numeracy and literacy tests – new activities are being introduced here to help reduce this effect and include retesting students after a preparation workshop. Health programmes will be going into Clearing.

- **Part-time Undergraduate .** Programmes are showing positive signs. Both applications and acceptances are up. Most of these are within ESBE, but there are also growing signs in other programmes, such as the Saturday Business degree option. A driver for growth has been working more effectively with our business sponsors this year to encourage early applications and conversions.

- **Post-graduate full and part time**. The Education Department had a positive **inspection** by OFSTED, and there is the possibility that 50 places will be offered for January, 2015. This would be an upside on current forecasts. Net of PGCE, full time student numbers are very slightly down on 2013/14 (15 firm acceptances) but part-time numbers are up (by 53, year to date), overall, with sustained ongoing activity continuing through the cycle, it is reasonable to expect that net of PGCE numbers will be in line with, or ahead of last year and at least in line with the budget.

- **International**. Firm acceptances year to date are +49% compared to 2013/14 at the same time. This includes 69 students as part of the Brazilian Science

without Borders Programme. There is a risk that recruitment will be impacted by the recent publicity concerning English language testing discouraging students from choosing the UK as a destination. However, the budget for 2014/15 assumes 6% growth (£0.5m) in total revenue from international students, and Finance forecast a growth of £0.2m from continuing students, so it is reasonable to assume that revenue delivered will be at or ahead of budget.

London South Bank University

APPLICATION SUMMARY – UNDERGRADUATE FULL-TIME STUDENTS

Application Comparison

LSBU continues to track ahead of both national and competitor trend. Growth continues to be particularly strong in applications from the EU. When the substantial number of applications for Health is taken out, those for SNC remain above national and competitor trend, at 7.18% (which is almost 3% higher than the previously reported rate).

Growth in applications since 2013/14 is strongest in arts & media, education, social science, engineering & design and urban engineering; declines in current cycle compared to 2013/14 in UELS, accounting & finance, informatics, built environment and children's nursing. Law is marginally down only.

	2012	2013	2014	% Change 2012/2014	% Change 2013/2014
LSBU Applications	21,211	21,790	23,587	11.20%	8.25%
UCAS Applications (Nationally)	2,597,677	2,661,664	2,776,409	6.88%	4.31%
Competitor Applications	158,614	157,806	163,550	3.11%	3.64%

Source: Report based on UCAS Tracker 9 June 2014

Domicile Breakdown

	2012	2013	2014	% Change 2012/2014	% Change 2013/2014
UK Applicants	19,623	19,887	21,365	8.88%	7.43%
EU Applicants	811	1,097	1,254	54.62%	14.31%

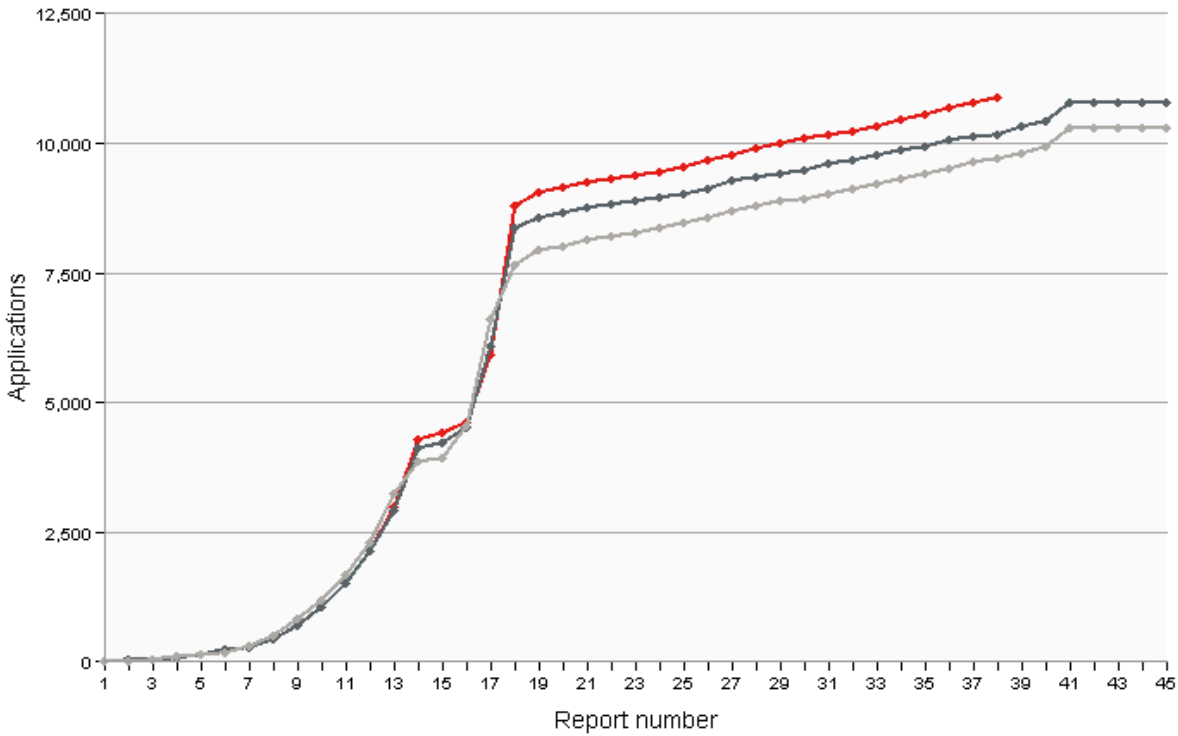*Source: Report based on UCAS Tracker 9 June 2014*

Table One – Comparison of total number of applications as at 9 June 2014

Department figures include foundation entry and top-up entry.

Faculties - Applications	LAST YEAR TO DATE (LYTD)				
	2012 Apps	2013 Apps	% - (2012/2013)	2014 Apps	% - (2013/2014)
Arts and Media	681	609	-10.57%	688	12.97%
Culture, Writing and Performance	1021	1129	10.58%	1214	7.53%
Education	103	98	-4.85%	260	165.31%
Law	687	844	22.85%	845	0.12%
Psychology	782	920	17.65%	965	4.89%
Social Science	697	662	-5.02%	755	14.05%
Urban, Environment and Leisure Studies	302	353	16.89%	343	-2.83%
Faculty AHS Total	**4273**	**4615**	**8.00%**	**5070**	**9.86%**
Accounting and Finance	623	733	17.66%	703	-4.09%
Business Studies	1320	1179	-10.68%	1295	9.84%
Informatics	595	593	-0.34%	553	-6.75%
Faculty BUS Total	**2538**	**2505**	**-1.30%**	**2551**	**1.84%**
Applied Science	983	1181	20.14%	1262	6.86%
The Built Environment	775	721	-6.97%	682	-5.41%
Engineering and Design	713	764	7.15%	903	18.19%
National Bakery School	70	73	4.29%	79	8.22%
Urban Engineering	360	311	-13.61%	353	13.50%
Faculty ESBE Total	**2901**	**3050**	**5.14%**	**3279**	**7.51%**
Adult Nursing and Midwifery	5270	5388	2.24%	5958	10.58%
Allied Health Professionals	1744	1958	12.27%	2043	4.34%
Children's Nursing	1388	1511	8.86%	1499	-0.79%
Mental Health and Learning Disabilities	1316	1298	-1.37%	1456	12.17%
Primary and Social Care	1775	1465	-17.46%	1568	7.03%
Faculty HSC Total	**11493**	**11620**	**1.11%**	**12524**	**7.78%**
University	**21205**	**21790**	**2.76%**	**23424**	**7.50%**
University (excluding HSC)	**9712**	**10170**	**4.72%**	**10900**	**7.18%**

Source: Report based on UCAS Tracker 9 June 2014

Chart One – Comparison of total number of applications as at 9 June 2014 (excluding HSC)

*Source: Report based on UCAS Tracker Charts 9 June 2014*

Key
■ 2014/15   ■ 2013/14   ■ 2012/13

Firm acceptances : Undergraduate fulltime students

SNC firm acceptances are up by 13.84% compared to last year and Non-SNC (which is mainly Health) is currently down by 14.34% (almost 10% better than the previous update). Health has not yet had the recovery following the mass testing of applicants between February–April, but we are seeing increases in acceptances. Re-testing of students continues. The chart below indicates undergraduate full time acceptances in firm only (excluding HSC).
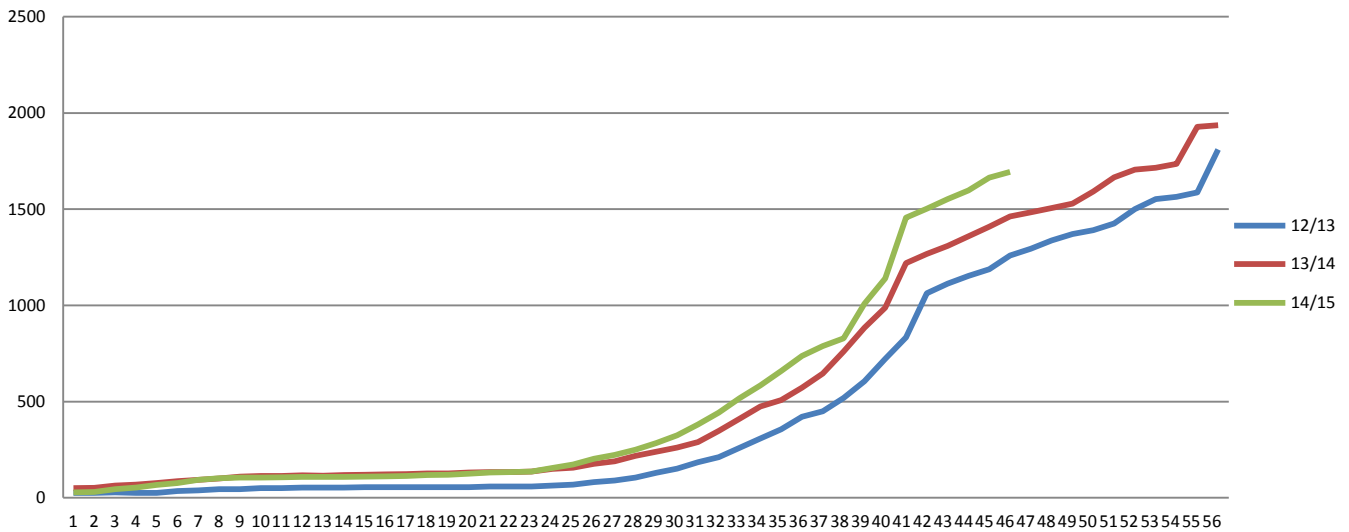
Source: Report based on YTD Admissions Report – COGNOS Charts as at 9 June 2014

Table Two – Comparison of acceptances and offers : Undergraduate Full-time students

Department figures include foundation entry and top-up entry.

London South Bank University	Firm Acceptances CYTD	Firm Acceptances LYTD	% change	Offers CYTD	Offers LYTD	% change
Arts And Media - Total	132	116	13.79%	31	68	-54.41%
Culture Writing And Performance - Total	218	176	23.86%	37	81	-54.32%
Education - Total	54	37	45.95%	26	13	100.00%
Law - Total	107	100	7.00%	23	34	-32.35%
Psychology - Total	144	146	-1.37%	30	31	-3.23%
Social Sciences - Total	112	78	43.59%	19	24	-20.83%
Urban, Environment And Leisure Studies - Total	66	54	22.22%	9	21	-57.14%
Accounting & Finance - Total	130	105	23.81%	42	55	-23.64%
Business Studies - Total	139	114	21.93%	67	55	21.82%
Informatics - Total	67	79	-15.19%	23	36	-36.11%
Management - Total	38	32	18.75%	16	14	14.29%
Applied Science - Total	179	163	9.82%	35	61	-42.62%
Built Environment - Total	67	65	3.08%	21	53	-60.38%
Engineering And Design - Total	121	100	21.00%	25	38	-34.21%
National Bakery School (ESBE) - Total	24	39	-38.46%	4	1	300.00%
Urban Engineering - Total	36	48	-25.00%	12	19	-36.84%
Allied Health Professions - Total	150	132	13.64%	4	11	-63.64%
Adult Nursing - Total	182	203	-10.34%	13	12	8.33%
Children's Nursing - Total	165	200	-17.50%	3	6	-50.00%
Mental Health Nursing - Total	64	103	-37.86%	6	7	-14.29%
Midwifery & Women's Health - Total	50	81	-38.27%	1	5	
Primary & Social Care - Total	70	43	62.79%	2	3	-33.33%
Totals	**2,315**	**2,214**	**4.56%**	**449**	**648**	**-30.71%**

All Programmes (excluding Health)	**1,634**	**1,452**	**12.53%**	**420**	**604**	**-30.46%**
Health Only (this includes a small number of SNC)	**681**	**762**	**-10.63%**	**29**	**44**	**-34.09%**

Source: Report based on YTD Admissions Report – COGNOS as at 9 June 2014

UNDERGRADUATE PART-TIME

Applications and acceptances are tracking positively for undergraduate part time students. Specifically, applications are up by 20.90% and firm acceptances are up by 32.52% year on year. Growth continues to be heavily weighted to the Built Environment programmes (specifically Construction), but we are seeing further growth in the UELS (mainly Housing) and Business Studies (Saturday Bachelor). Conversion activities began in May (outbound call follow up and invitation to individual one-to-one programme advice sessions) that focuses on progressing student interest from offer to acceptance – this will continue from now until the end of cycle.

Undergraduate Part time	Firm Acceptances CYTD	Firm Acceptances LYTD	% change	Offers CYTD	Offers LYTD	% change	Total Applications CYTD	Total Applications LYTD	% change
Arts And Media - Total									
Culture Writing And Performance - Total									
Education - Total									
Law - Total	5	5	0.00%	4	4	0.00%	25	24	4.17%
Psychology - Total	5	4	25.00%	2	1	100.00%	20	17	17.65%
Social Sciences - Total	1	0		1	0		13	22	-40.91%
Urban, Environment And Leisure Studies - Total	17	3	466.67%	7	5	40.00%	34	21	61.90%
Accounting & Finance - Total	6	8	-25.00%	7	6	16.67%	33	29	13.79%
Business Studies - Total	10	1	900.00%	6	3	100.00%	37	24	54.17%
Informatics - Total	4	2	100.00%	4	2	100.00%	12	14	-14.29%
Management - Total	1	2	-50.00%	1	1	0.00%	6	6	0.00%
Applied Science - Total	2	3	-33.33%	4	1	300.00%	14	8	75.00%
Built Environment - Total	45	28	60.71%	48	34	41.18%	176	111	58.56%
Engineering And Design - Total	22	27	-18.52%	18	9	100.00%	61	66	-7.58%
National Bakery School (ESBE) - Total									
Urban Engineering - Total	45	40	12.50%	30	33	-9.09%	136	127	7.09%
Allied Health Professions - Total									
Adult Nursing - Total									
Children's Nursing - Total									
Mental Health Nursing - Total									
Midwifery & Women's Health - Total									
Primary & Social Care - Total									
	163	**123**	**32.52%**	**132**	**99**	**33.33%**	**567**	**469**	**20.90%**

London South Bank University

POSTGRADUATE FULL-TIME

PGCE continues to skew the year to date comparison – if we remove the PGCE programmes we are marginally down on last year for acceptances (the equivalent to 28 acceptances), but we are marginally up on applications (by 0.72%). What we are seeing is a shift from full time study to part time – as an example, the Transport Engineering programmes are down on their full time applicants, but up by about the same volume in part time – we are monitoring this closely.

In late May, we launched the main postgraduate marketing campaign, so we are only just now seeing the start of its impact. The campaign is linked to a series of activities, including Open Days, dedicated PG Advice sessions (face to face, via social media channels and on the phone) application sessions and conversion activities, for both full and part-time programmes.

Postgraduate Full time	Firm Acceptances CYTD	Firm Acceptances LYTD	% change	Offers CYTD	Offers LYTD	% change	Total Applications CYTD	Total Applications LYTD	% change
Arts And Media - Total									
Culture Writing And Performance - Total	6	4	50.00%	3	3	0.00%	22	11	100.00%
Education - Total	0	95	-100.00%	0	4	-100.00%	122	899	-86.43%
Law - Total	21	27	-22.22%	33	30	10.00%	78	76	2.63%
Psychology - Total	14	17	-17.65%	14	15	-6.67%	48	57	-15.79%
Social Sciences - Total	14	15	-6.67%	8	4	100.00%	40	30	33.33%
Urban, Environment And Leisure Studies - Total	7	14	-50.00%	8	9	-11.11%	32	35	-8.57%
Accounting & Finance - Total	22	20	10.00%	9	9	0.00%	50	46	8.70%
Business Studies - Total	8	5	60.00%	9	6	50.00%	28	24	16.67%
Informatics - Total	3	3	0.00%	1	7	-85.71%	8	13	-38.46%
Management - Total	31	26	19.23%	44	24	83.33%	115	98	17.35%
Applied Science - Total	33	34	-2.94%	21	6	250.00%	72	57	26.32%
Built Environment - Total	52	65	-20.00%	27	30	-10.00%	149	189	-21.16%
Engineering And Design - Total	9	12	-25.00%	9	3		29	20	45.00%
National Bakery School (ESBE) - Total									
Urban Engineering - Total	8	14	-42.86%	8	5	60.00%	28	38	-26.32%
Allied Health Professions - Total									
Adult Nursing - Total									
Children's Nursing - Total									
Mental Health Nursing - Total									
Midwifery & Women's Health - Total									
Primary & Social Care - Total									
	228	**351**	**-35.04%**	**194**	**155**	**25.16%**	**821**	**1,593**	**-48.46%**

POSTGRADUATE PART-TIME

Applications and acceptances are tracking positively. Specifically, applications are up by 19.29% and firm acceptances are up by 47.46% year on year. Growth is broadly spread but it weighted towards the Built Environment, Management and Law.

Postgraduate Part time	Firm Acceptances CYTD	Firm Acceptances LYTD	% change	Offers CYTD	Offers LYTD	% change	Total Applications CYTD	Total Applications LYTD	% change
Arts And Media - Total									
Culture Writing And Performance - Total									
Education - Total	0	0		0	0		1	0	
Law - Total	17	11	54.55%	4	4		31	19	63.16%
Psychology - Total	24	23	4.35%	3	10	-70.00%	44	57	-22.81%
Social Sciences - Total	5	6	-16.67%	1	0		14	12	16.67%
Urban, Environment And Leisure Studies - Total	13	7	85.71%	3	7		26	21	23.81%
Accounting & Finance - Total	12	12	0.00%	1	3		16	21	-23.81%
Business Studies - Total	6	1	500.00%	0	1		10	8	25.00%
Informatics - Total	0	0		0	1		0	1	
Management - Total	24	13	84.62%	12	6	100.00%	56	44	27.27%
Applied Science - Total	5	1	400.00%	2	1		7	5	
Built Environment - Total	49	31	58.06%	17	6	183.33%	88	64	37.50%
Engineering And Design - Total	4	1	300.00%	1	2		6	6	0.00%
National Bakery School (ESBE) - Total									
Urban Engineering - Total	15	12	25.00%	8	4	100.00%	35	22	59.09%
Allied Health Professions - Total									
Adult Nursing - Total									
Children's Nursing - Total									
Mental Health Nursing - Total									
Midwifery & Women's Health - Total									
Primary & Social Care - Total									
	174	**118**	**47.46%**	**52**	**45**	**15.56%**	**334**	**280**	**19.29%**

London South Bank University

<u>**ACTIVITIES**</u>

Activities are ongoing to maximise the outcome for 2014/15, including:

- **PG Marketing Campaign:** the main postgraduate marketing campaign has launched and will support new applications to LSBU for September 2014. This is linked to a series of conversion activities from application, offer, acceptance and enrolment.
- **UG Conversion:** all undergraduate applicants have been contacted by current students at least once (and in most cases twice) with a focus on accepting their offer to study at LSBU. These activities continue but now include postgraduate and part time applications – linking these activities where possible to on campus activities for conversion, such as Head
Start Days.
    - o **Applicant Days - offered to all applicants and offer holders.** Last year 10% of offer holders attended. The goal this year is to more than double this, since conversion has been shown to be significantly better for those who attend. We still currently average a 22% attendance rate.
        - o **Head Start Days - offered to all who have firmly accepted**. The aim is also to double engagement through these.
        Last year, conversion to enrolment for attendees was approximately 90% compared to an overall average of
        approximately 65% - these will commence from July.
- **EU Drive:** a new communications programme has been developed for EU students to support their move to London and increase conversion. This programme is designed to reduce any anxiety in traveling to a new location to study (by providing additional and timely information) through the university CRM (this is in response to issues mainly around accommodation). This also links into an extended orientation programme for EU students – this programme was originally designed for EU partner institutions (and was a finalist in the National HEIST Awards in 2013), but will be made available to all EU students from 2014.
- **Clearing / Pre-Clearing**. Plans are in place for Clearing 2014, but we will be introducing some new initiatives based on learnings from last year.
    - o **Increase Media Coverage:** we are seeking to have a higher media present pre-clearing. In previous cycles the media engagement was primarily during the clearing period – our aims are to pre-empt this for 2014 in order to
    build pre-clearing interest and early applications (technically clearing commences from mid-July and we want to ensure applications can start from this period if eligible)
    - o **Reconfirmation**: we are planning to reconfirm students who have been accepted from 18 August – this involves our student ambassadors making personal calls to students on similar/related programmes to ensure commencement
- o **Transition**: we have planned three events during the clearing to support transition to university level study. These are being organised in conjunction with Student Services and represent a way to support early retention activities. BTEC students have been identified as a key target group here, but this programme is open to all clearing applicants

London South Bank University

	PAPER NO: BG.43(14)
Board/Committee:	Board of Governors
Date:	8 July 2014
Paper title:	University Engineering Academy/University Technical College
Author:	Rao Bhamidimarri, Executive Dean, Faculty of Engineering, Science and the Built Environment
Executive sponsor:	Rao Bhamidimarri, Executive Dean, Faculty of Engineering, Science and the Built Environment
Recommendation:	To approve the proposed structure of the two academies
Aspect of the Corporate Plan to which this will help deliver?	

Matter previously considered by:	Operations	On: 10 June 2014
	Policy and Resources Committee	24 June 2014
Further approval required?	No	N/A
Communications – who should be made aware of the decision?		

Executive Summary

LSBU currently sponsors one academy (University Engineering Academy South Bank) and is in the process of establishing a University Technical College (Brixton).

Both schools are progressing well. The key benefits for LSBU are creating aspiration for higher education in the local area and creating pathways for students into LSBU. The key risk is reputational and this will be managed by LSBU having majority influence over appointments to the Boards of these schools. It is proposed that the two schools are subsidiary companies of LSBU. LSBU does not wish, nor expects, to consolidate the balance sheets of either entity into its own accounts.

The Board is requested to approve the proposed relationship with LSBU.

London South Bank University

University Engineering Academy/University Technical College

Both the academy and the UTC will offer distinctive secondary provision with a focus on engineering education and a "learning by doing" ethos. The curriculum of both schools will be delivered through research and problem solving. There will be close links with LSBU to facilitate pathways into the University and support from the engineering industry to provide real world exposure.

University Engineering Academy progress

The purpose-designed buildings for the school were completed in June 2012 and leased to Sacred Hearts School for two years (until July 2014). The Funding Agreement with the Education Secretary has been signed. The Principal, Vice-Principal and key teaching staff have been appointed and student recruitment is currently underway. Refresh & rebrand, catering, facilities management and other services, equipment are being procured for September 2014 start.

University Technical College Brixton

The UTC Brixton is a vocationally focused institution for 14-19 year olds sponsored by LSBU. It will have specialise in engineering for health care and building sectors. Employer co-sponsors are GSTT, Kings, Skanska and Purico. This project was developed jointly with Southwark College 2012, but did not progress following Southwark College's merger with Lewisham. The project was revived following the acquisition of a site in Brixton by the Education Funding Agency and the project received approval from the Minister in February 2014.

Benefits and Risks

The key benefits of these projects to LSBU include raising aspirations for higher education amongst young people in our catchment area and creating pathways for them into LSBU.

These projects are fully funded by DfE although initially significant leadership and management time of LSBU staff is required. This will reduce to the role of governance once the institutions are open (UEASB opens in September 2014 and the UTC in September 2016).

As the schools are standalone companies, the respective boards are responsible for the oversight of the schools, managing the risk and complying with their legal obligations. The Executive is conscious of potential reputational risks to LSBU and will proactively manage by appointing a majority of members of both entities.

The LSBU Board will receive regular reports on the progress of the schools.

Proposed structure for academies and UTCs

The proposed structure for the academies and UTC sponsored by LSBU is that **UEASB and UTC Brixton are separate subsidiaries of LSBU.**
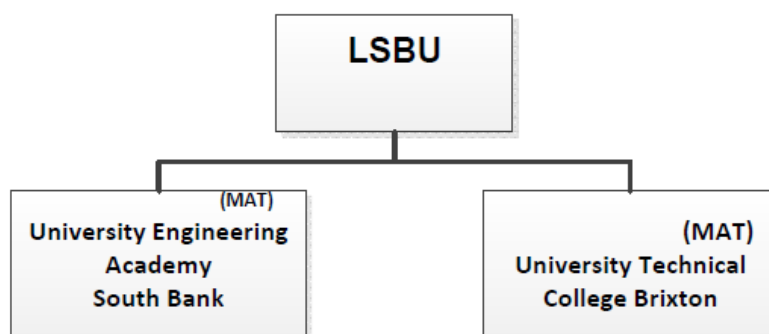
In this structure each academy or UTC is run by its own charitable company limited by guarantee. LSBU is itself an exempt charity and will be corporate member of each entity.

UEASB is converting to a multi academy trust (MAT) which will allow other LSBU sponsored academies to be run by the company, if required in the future. In addition, the UTC will be incorporating as a MAT to allow for possible new UTCs in the future.

UEASB has a minimum of three members, the majority of which are appointed by LSBU. LSBU should also have majority influence over appointments to the Board of Directors of UEASB.

The UTC company is to have three members, two of which will be appointed by LSBU. The expectation is that nominees of the Employer sponsors and LSBU together form a majority of the board of directors.

LSBU is reviewing the accounting treatment of each subsidiary with its external auditors. LSBU does not wish, nor expects, to consolidate the balance sheets of either entity into its own accounts.

Following best practice, memoranda of understanding will be agreed between LSBU and the two MATs. This could enable joint procurement or shared services between both MATs.

London South Bank University

Recommendation

The Board is requested to approve the proposed structure.

The governance effectiveness review will consider governors' views on participation on the boards of the schools and monitoring their activities.

University Secretary
2 July 2014

London South Bank University

	PAPER NO: BG.44(14)
Board/Committee:	Board of Governors
Date:	8 July 2013
Paper title:	Educational Character Committee annual report
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors
Board sponsor:	Douglas Denham St Pinnock, Chairman of the Educational Character Committee
Recommendation:	That the Board note the report
Aspect of the Corporate Plan to which this will help deliver?	Creating an environment in which excellence can thrive
Matter previously considered by:	Educational Character Committee	4 June 2014
Further approval required?	No	N/A
Communications – who should be made aware of the decision?		

Executive Summary

The Educational Character Committee receives reports on educational issues such as progression and retention and student satisfaction. It considers the sub-reports of the Academic Board annual report throughout the year and reports annually to the Board. This is its second annual report.

The Board is requested to note the report.

London South Bank University

Introduction

1. The Educational Character Committee was established in 2011 in order to influence deliberations of the Board on academic strategy and educational character and allow independent governors to gain further insight into the academic life of the University.

2. Its duties include discussing educational issues such as student retention, progression and success rates; and reviewing student satisfaction.

3. The committee met three times during the academic year 2013/14. It consists of four independent governors and a student governor.

4. Douglas Denham St Pinnock was appointed Chairman of the committee during the year. Andrew Owen stepped down from the committee and Mee Ling Ng joined the committee.

Committee business

5. During the year the committee received reports which will form part of the Academic Board annual report to the Board. The committee has therefore discussed the key issues (set out in paragraphs 6-8 below) in this year's Academic Board annual report (which will be reported at the same time as this report to the Board on 8 July 2014). Oversight of academic quality and standards remains with the Academic Board who report this to the Board of Governors in their annual report.

6. In December 2013 the committee discussed:
   - Academic Key Performance Indicators
   - National Student Survey (NSS) results
   - Destination of Leavers of Higher Education (DLHE) survey results
   - Validations report

7. The Committee welcomed the improvement in the NSS results as well as the work being done by the Student Services and Employability Services teams to improve the DLHE survey results.

8. In February 2014 the committee discussed:
   - Undergraduate faculty monitoring reports
   - Annual report on external examiners
   - Report on Undergraduate Student Progression
   - Report on complaints and the Office of the Independent Adjudicator (OIA)

9. The Committee noted the work being done on OIA cases and complaints.

10. The committee considered the role and purpose of the committee and its relationship with the Academic Board. The committee agreed that this matter should to be included in the Governance review commencing 2014.

11. In June 2014 the committee discussed:
    - HESA performance indicators
    - Postgraduate Student Progression
    - Postgraduate faculty monitoring reports
    - Report on appeals and academic misconduct

Faculty Visits

12. Before each meeting the committee visits a faculty in order to better understand the scope and nature of each faculty. During 2013/14 the committee visited the Faculty of Arts and Human Sciences (4 December 2013), Faculty of Business (12 February 2014) and the Students' Union (4 June 2014).

13. The committee has worked with the faculties to devise a briefing document for each faculty which includes the following information:
    - Key staff
    - Academic departments
    - Research centres
    - Course portfolio by department
    - KPIs including NSS results, DLHE results and level 4 progression
    - Faculty SWOT analysis
    - Faculty deliverables
    - Key risks

14. The faculty briefing documents are updated prior to the committee's visit to the faculty and form the basis of the presentation and discussion.

Approved by the Chair of the Educational Character Committee on 4 June 2014

London South Bank University

		PAPER NO: BG.45(14)
Board/Committee:	Board of Governors	
Date:	8 July 2014	
Paper title:	Risk Strategy & Appetite statement	
Author:	John Baker, Corporate & Business Planning Manager	
Executive sponsor:	Richard Flatman; Chief Financial Officer	
Recommendation by the Executive:	The Executive recommends that the Board approve the attached strategy and appetite statement.	
Corporate Plan aspect which this will impact?	• Creating an environment in which excellence can thrive.	
Matter previously considered by:	Audit Committee	12 June 2014
Further approval required?	n/a	n/a
Communications – decision information?	n/a	

Executive summary

The attached Risk Strategy and Appetite statement have been revised and are presented for approval.

The previous strategy has been updated to reflect the terminology relating to the new structures of the institution from 2014/15, and the current strategic planning process. The section regarding staff awareness of risk has been expanded to provide more information on internal process. The approach to managing project risk will also be applied outside of the Change Programme team to ensure that any significant infrastructure projects that satisfy the agreed corporate project criteria are managed and reported in line with this strategy. The risk appetite statement has been revised through consideration of the average risk score on the Corporate Risk Register over the past year.

The Executive recommends that the Board approve the attached Risk Strategy and Statement of Risk Appetite which has been reviewed in detail by the Audit Committee.

Attachment: Risk Strategy & Statement of Risk Appetite

London South Bank University

Risk Strategy

Originating Department:	Executive Office
Enquiries to:	John Baker – Corporate & Business Planning Manager
Approving Committee/Body:	Board of Governors
Current Version No:	3
Last Approved:	Version 3 approved June 2014
Next due for approval:	June 2015
Document Type (delete as appropriate):	STRATEGY
Mandatory Target Audience:	Risk Champions (University Executive), School Management, Professional Service Group Managers
Also of Relevance to:	All staff
Brief Summary of Purpose:	The Risk Strategy sets out the University's approach to risk management. It sets out the roles and responsibilities of the Board of Governors, the Executive, and other key parties. It also sets out risk management and reporting processes, and links with corporate and business planning.

Risk Strategy sections

A: Purpose of the Risk Strategy

1. The Risk Strategy explains the University's approach to risk management. It sets out the roles and responsibilities of the Board of Governors, the Executive and other key parties. It also sets out the risk management process at LSBU and the main reporting procedures.

2. The Risk Strategy is part of the University's **internal control** and **corporate governance arrangements**.

3. It is approved by the Executive, the Audit Committee, the Policy & Resources Committee and the Board of Governors.

B: Risk management & governance

4.   The University is committed to the highest standards of corporate governance. This risk strategy and the processes set out herein form an important part of LSBU's governance arrangements.

5.   The Board of Governors has a fundamental role to play in setting the risk appetite and strategy of the University, and in oversight of the management of risk. Its role is to:

- Approve the risk threshold of the University both as a whole and on any relevant individual issue
- Agree what types of risk are acceptable and which are not
- Approve policy in relation to risk management
- Approve major decisions affecting the University's risk profile or exposure
- Approve, on an annual basis, the corporate risk strategy
- Review annually the risk management arrangements
- Review at each meeting the corporate risk register

C: Risk Management – Overview & Objectives

6.   For the purpose of risk management, risk is defined as

"The threat or possibility that an action or event will adversely affect LSBU's ability to achieve its objectives".

7.   This could be any event or action which could:

- Cause financial disadvantage to the University, i.e. loss of income, additional costs, loss of assets, creation of liabilities
- Cause damage to the reputation of the University
- Prevent an opportunity from being taken
- Lead to a failure to capitalise on our strengths
- Prevent or hinder achievement of any of the objectives of the Corporate Strategy or associated business plans
- Impact negatively on student experience or achievement

8.   Risk management is the process of identifying, defining and analysing these risks, and deciding on an appropriate course of action to minimise the potential impact of these risks, or to establish controls to reduce the likelihood of their occurrence whilst still achieving the objectives of the Corporate Plan.

9.   To be effective, risk management needs to be embedded into the culture and processes of the University. Risk management affects everyone in the University and therefore all staff should be aware of this document and be familiar with the principles and procedures it contains.

        The Risk Strategy document and Appetite statement will be made available on the staff intranet, and the LSBU approach to risk management will be included in the induction resources provided to new managers and staff by the OSDT team, and included on the agenda of the biannual 'Welcome to the University' conference events organised for new starters.

Risk Management – Objectives

10.   The higher level risk management objectives of the University are to:
   - Integrate risk management into the culture of the University
   - Ensure that necessary risk management procedures are embedded into the University's management and governance processes
   - Manage risk in accordance with best practice
   - Support key business decisions through embedded risk appraisal processes
   - Effectively manage existing risks within agreed risk tolerances
   - Anticipate and respond to changing social, environmental, legislative and other requirements

D: Risk Management - Process

11.   The University has adopted a two tier system to risk management, with risks defined as Corporate or Operational.

12.   *Corporate risks*: could cause financial or reputational damage to the University as a whole, or prevent or hinder the achievement of corporate plan objectives.

13.   *Operational risks*: could prevent achievement of School and /or Professional Service Group objectives as set out in respective business plans.

14.   The risk management process as set out below applies to both corporate and operational risks.

15.   The key stages of the risk management process are as follows:

- **Identify the risks** which prevent or hinder the achievement of the corporate plan and/or operational business plan objectives. This should be done on a continual basis and reviewed at all key management meetings

- **Assess the potential impact and inherent likelihood** of each risk to give a total risk priority of low, medium, high or critical. See section on "Risk Priority: Rating methodology" for details of this system. The inherent priority should represent the potential impact and the likelihood of the risk occurring if there were no controls in place

- **Identify the existing controls** that are in place. Controls are ongoing processes or regular checks that serve to reduce the impact of the risk and/or the likelihood of occurrence

- **Assess the residual likelihood** of each risk to give a total risk priority of low, medium, high or critical. The residual priority should represent the impact and likelihood after all controls have been taken into account

- **Identify any required actions** that should be taken by management to reduce the potential impact or likelihood of the risk occurring

- **Implement any identified actions** to reduce residual impact/likelihood to an acceptable level

- **Record the actions** taken by management in the relevant risk registers

- **Regularly review risk registers**

E: Risk Management - Responsibilities

16. *Executive:*
    The Executive is responsible for ensuring that the risk management process operates effectively, that key risks are identified, that appropriate controls or other mitigating actions are in place and that matters are escalated and reported to Board as considered appropriate. Risk management will be a standing item at all monthly Executive meetings.

17. *Quarterly Corporate Risk Review:*
    In addition to the monthly Executive reviews a quarterly risk review is undertaken by a sub-group of the Executive ahead of the Audit Committee and the Board of Governors meetings.

18. *Risk Champions:*
    All members of the Executive are Risk Champions for their areas of the University and will have overall responsibility for the adequacy and effectiveness of the risk management processes in their areas of operation. These responsibilities are clearly set out in the letters of delegated authority. Risk Champions may delegate responsibility for risk management in particular areas to the heads of those areas via the letters of delegated authority. Risk Champions retain overall responsibility for:

    - Ensuring that risks are identified and reviewed alongside Corporate and Business Plans
    - Ensuring that risk management is carried out in accordance with this strategy
    - Reviewing and reporting any significant changes in risk exposure
    - Escalating operational risk matters to the Executive as appropriate

19. *Risk Owners:*
    Risk Owners are responsible for the management of specific corporate and/or operational risks. All Corporate risks must be owned by a member of the Executive, but operational risks may be owned by any member of staff as nominated by the appropriate Risk Champion. Risk Owners take responsibility for the management of the risk, including:

    - Identification of controls and management actions
    - Implementation of controls and management actions

- Continued awareness and monitoring of any changes in the likelihood or impact of each risk
- Review of any objectives or performance indicators associated with the risk

20. *All staff:*

    All members of staff have a responsibility to be risk aware, to ensure that this risk management strategy is observed in their daily work, and that any potential new areas of risk that they identify are reported to their line manager or Risk Champion in a timely manner.

F: Risk Management - Software

21. The University uses a web-based system called 4Risk (www.4risk.co.uk) to record and report risk management activity. All Risk Champions will be provided with training in the use of 4Risk and should use the software to manage the corporate risks they own and the operational risks in their areas.

22. If you require training in the use of 4-Rrisk, or if you have technical problems, please contact John Baker, Corporate & Business Planning Manager (x 6003).

G: Corporate Risk

23. Corporate risks are those which could cause financial or reputational damage to the University as a whole, or prevent or hinder the achievement of Corporate Plan objectives. Each corporate risk is owned by a member of the Executive.

24. The corporate risk register will determine the focus of the annual internal audit plan. It is maintained by the Executive and will:

- Provide details of the impact and likelihood of each of the risks identified;
- Indicate which member of the Executive is the Risk Owner, responsible for the management of the risk;
- Identify the key controls in place to manage each risk;
- Provide an assessment of the inherent and residual exposure of each risk; and,

- Identify the actions required to improve management of each risk.

25. Monthly assessment of corporate risk exposure should be made by the Executive and reported to each meeting of the Audit Committee and the Board of Governors.

26. Any corporate risk that is rated 'Low' or 'Medium' should be considered for downgrading to an appropriate Operational Risk Register. The Executive are responsible for downgrading corporate risks through the normal structure of the Executive team meetings.

27. The Risk Appetite statement provides an approach to assessment of the level of risk within which the Corporate Risk is managed for the institution, and is reviewed annually.

28. The University Strategy will be used to develop a Corporate Plan which will be revised on an annual basis, and the Corporate Risk Register will be updated in response to this.

29. The Change Programme team will be taking a lead on the Corporate Projects identified in this Corporate Planning process. We should expect there to be real linkage between the risks to delivery of these projects, which by their very nature address the key issues which the University is facing, and the Corporate risks for the institution. The delivery of these projects will be closely monitored by the Executive (monthly) and the Board of Governors (quarterly) and it is the responsibility of the Executive to ensure that the Corporate Risk Register is updated in a timely way to reflect any changes to project deliverables.

H: Operational Risk

30. Operational risks could prevent achievement of School and Professional Service Group objectives, as identified in Business Plans for those areas.

31. An operational risk register is maintained by each School and Professional Service Group. It is the responsibility of the relevant Executive member, in their role as Risk Champion for their own area of responsibility, to ensure that these operational risk registers are maintained.

32.   Management of individual operational risks may be delegated within each Faculty/Support Department as appropriate. Where responsibility for operational risk management is delegated, this should be to a named individual who will be known as a Risk Owner.

33.   The impact and likelihood of each operational risk is rated using the same methodology as that applied to corporate risks.

34.   All operational risks with a 'high' or 'critical' risk priority should be referred to the Executive for consideration and potential escalation to the corporate risk register.

35.   Risk Champions are responsible for escalating operational risks. Escalation is through the normal structure of Executive team meetings although matters of a more fundamental nature should be reported immediately.

36.   Regular review through business review meetings.

Risk Management and Business Planning & Review

37.   Business Planning at an Operational level (School and Professional Support Group) takes place on an annual basis, with plans reviewed through the annual Planning & Budgeting process between March and May each year.

38.   The Business Plan template requires managers to identify and prioritise their top 3 risks, and to identify mitigating actions. These top three risks should be included in the relevant operational risk register and, together with any other operational risks, should be reviewed and updated according to the usual process.

39.   Risk management is a standing item at every Business Review Meeting, and risks and mitigating actions should be reviewed alongside progress against the delivery of plans, KPIs and financial performance.

40.   Mitigating actions identified in operational risk registers should be cross-referenced to the deliverables identified in Business Plans and reviewed alongside delivery of those actions and projects.

I: Risk Priority - Rating methodology

41.   Risks are measured in terms of their impact and likelihood. A measurement
        should be made of both the inherent and residual risk.

Impact

- *Critical* – occurrence would have a critical effect on the ability of the
  University to meet its objectives; could result in the removal of degree
  awarding status, removal of funding, severe reprimand by HEFCE or
  Parliament or the closure of the University.
- *High* – occurrence would have a significant effect on the ability for the
  University to meet its objectives and may result in the failure to achieve
  one or more corporate objectives.
- *Medium* – occurrence may result in the failure to meet operational
  objectives and may reduce the effectiveness of the University but it would
  not result in the failure of the University's corporate objectives or put the
  University as a whole at risk.
- *Low* – occurrence would have little effect on operational or corporate
  objectives.

Likelihood

- *High* – likely within 1 year
- *Medium* –may occur medium to long term
- *Low* – unlikely to occur

Table 1: Total Risk Values based on assessment of impact and likelihood

Impact		Inherent Likelihood	
4 – Critical	High	Critical	Critical
3 - High	Medium	High	High
2 - Medium	Low	Medium	Medium
1 - Low	Low	Low	Low
	1 - Low	**2 - Medium**	**3 - High**

Inherent Likelihood

London South Bank University: Risk Appetite

Proposal: June 2014

Background

Risk Appetite has been defined as *'The amount of risk, on a broad level, an entity is willing to accept in pursuit of value. It reflects the entity's risk management philosophy, and in turn influences the entity's culture and operating style'*.

The concept of developing a risk appetite for a higher education institution, by HEFCE's own admission as published in its Risk Management in higher education paper in 2008, is under-developed and not always clearly or constantly defined. This paper states "...that there is no one correct way of defining risk appetite and this will be heavily influenced by an institution's circumstances." However the report makes it clear that the risk appetite statement should:

- Be aligned to the organisation's strategic framework
- Comprise part of the corporate governance processes
- Guide the attitude towards risk, and
- Be continuously monitored along with the individual risks of the corporate risk register

There are two main methods for defining an institution's risk appetite. A **scoring matrix** and the implementation of a **defining statement**. After research and consultation with the University's internal auditors (PwC), it is recommended that we to use the **scoring matrix** method, as this is widely seen as the method that allows for a transparent and logical framework within which to operate.

The scoring matrix method includes finding an overall score for each corporate risk - by multiplying the individual scores for 'Impact' and 'Residual likelihood' together for that risk, then finding the average risk value for all the risks present on the corporate risk register by dividing the total score for all risks by the total number of risks to calculate the average risk score, which is then compared to the score within the risk appetite statement.

Impact			
4 - Critical	High	Critical	Critical
3 - High	Medium	High	High
2 - Medium	Low	Medium	Medium
1 - Low	Low	Low	Low
	1 - Low	2 - Medium	3 - High

Inherent Likelihood

LSBU Risk Scoring matrix & definitions:

Risk Appetite Guidance

Impact

- *4: Critical* – occurrence would have a critical effect on the ability of the University to meet its objectives; could result in the removal of degree awarding status, removal of funding, severe reprimand by HEFCE or Parliament or the closure of the University.
- *3: High* – occurrence would have a significant effect on the ability for the University to meet its objectives and may result in the failure to achieve one or more corporate objectives.
- *2: Medium* – occurrence may result in the failure to meet operational objectives and may reduce the effectiveness of the University but it would not result in the failure of the University's corporate objectives or put the University as a whole at risk.
- *1: Low* – occurrence would have little effect on operational or corporate objectives.

Likelihood

- *3: High* – likely within 1 year
- *2: Medium* –may occur medium to long term
- *1: Low* – unlikely to occur

The scores from a selection of 9 corporate risk registers dating between May 2010 and November 2012 were initially calculated in this way and examined to find the level at which LSBU had been operating historically. From the data collected the highest average score recorded was 6.9, and the lowest was 4.5. This gave a range within which the corporate risk register had fluctuated during this period, and it was on that basis on consultation with PWC that the suggested risk appetite for the University be set at an average score of 7.

A review of Corporate Risk Register average score during 2013/14 Academic year confirmed this to be an appropriate level for the institution.

Corporate risk register	Average score
September 2013	5.6
January 2014	5.3
May 2014	6.1

Table 1: Risk register average scores

If however, the average risk matrix score is found to be above the risk appetite score of 7, careful consideration by the Executive will be given on what further steps could be taken. Risks will be subjected to rigorous monitoring and managed closely by the Executive and Board of Governors and decisions made accordingly.

Monitoring and Updating risk appetite

The method of a scoring matrix allows for flexibility with regards to the 'Residual Risk Priority' of individual risk found on the corporate risk register which means that annual review of risk appetite is not necessarily required. It allows for individual risk to reflect the highest 'Residual Risk Priority' rating, when absolutely warranted, and approved by the

Risk Appetite Guidance

Board of Governors and the Executive, without jeopardising the integrity or validity of the risk appetite set by the University.

However HEFCE's Risk Management in higher education paper noted that institutional risk appetites were being reviewed and adjusted to address the fact that the sector is undergoing a period of change; influenced by a range of factors such as variable tuition fees, increased competition for students, diversification of institutional income and restructuring.

It is therefore proposed that the risk appetite, once set, be monitored and reviewed on an annual basis by the Board of Governors to ensure that it reflects the constant changes within the higher educational sector as well as the University's activities within that sector.

Recommendations:
That the risk appetite threshold be maintained at 7 for the 14/15 academic year.

That the risk appetite, once set, be monitored and reviewed on an annual basis by the Board of Governors

It is recommended that this risk appetite statement is included in the University's Risk Strategy at paragraph 27 in the section on Corporate Risk:

'London South Bank University recognises that it is impossible to deliver its services and achieve positive outcomes for its students and stakeholders without taking some degree of risk. Indeed, only by taking risk can the University realise the aims as set out in the University's Corporate Strategy . Risk associated with activity will be managed through an effective risk management system, to ensure that risk is taken in a controlled manner, thus the University has deemed an average corporate risk register matrix score greater than 7 as unacceptable and every effort will be attempted to reduce it below this score.'

Risk Appetite Guidance

London South Bank University

		PAPER NO: BG.46(14)
Board/Committee:	Board of Governors	
Date:	8 July 2014	
Paper title:	Corporate Risk Register	
Author:	John Baker, Corporate & Business Planning Manager	
Executive sponsor:	Richard Flatman, Executive Director of Finance	
Recommendation by the Executive:	The Executive recommends that the Board note the updated risk register.	
Aspect of the Corporate Plan to which this will help deliver?	The corporate risk framework is aligned to the new corporate plan and effective management of corporate risk underpins successful delivery of all aspects of the plan.	
Matter previously considered by:	Audit Committee	On: 12 June 2014
Further approval required?	n/a	
Communications – decision notice?	n/a	

Executive summary

Material changes since the Register was presented at the Board meeting of 22 May 2014 are outlined in the paper below.

The Board is requested to note the revised Corporate Risk Register.

Attachments: Corporate Risk Register

LSBU Corporate Risk Register cover sheet: Risk overview on matrix of impact & residual likelihood

Date: 12 June 2014   **Author:** John Baker – Corporate & Business Planning Manager   **Executive Lead:** Richard Flatman – Chief Financial Officer

3 - High	2 - Medium	1 - Low	Impact
	2: Loss of revenue if recruitment targets not met (BJ)	1: Failure to position the university to effectively respond to changes in government policy & the competitive landscape (DP)	**4 Critical** *fail to deliver corporate plan / removal of funding or degree awarding status, penalty / closure*
397: Effectiveness of delivery impaired as institution goes through restructuring process (DP)	6: Ineffective data systems provide Management Information that is not meaningful and reliable, either for internal decision or for external reporting (RF) 14: Potential loss of NHS contract income (JE) 305: Data not used / maintained securely (IM) 362: Poor staff engagement (DP) 3: Increasing pensions deficit (RF) 402: Income from 20:20 Programme unrealised (BJ)	37: Potential impact of estates strategy delivery on financial position (RF)	**3 High** *significant effect on the ability for the University to meet its objectives and may result in the failure to achieve one or more corporate objectives*
	398: Academic programmes do not remain engaged with technological and pedagogic developments which support students and promote progression and achievement (PC)		**2 Medium** *failure to meet operational objectives of the University*
			1 Low *little effect on operational objectives*
3 - High *The risk is likely to occur short term*	2 - Medium *This risk may occur in the medium to long term.*	1 - Low *This risk is highly unlikely to occur*	

Residual Likelihood

Changes since presentation at February Audit Committee meeting detailed below:

Updated items:

Risk reference	Risk area	Changes made
1	Response to changes in environment	Controls updated to reflect current terminology.
2	Recruitment & income targets including International	Causes updated to include reference to tariff policy during clearing. Effects updated to remove Hefce penalty relating to over recruitment. Controls: Internationalisation control removed due to ongoing action around plan development. League table action plan amended to include the HESA Board. 16-20 Control relocated to new risk #402 on 2020 income growth through Research & Enterprise. New actions created regarding the Business Intelligence Unit & creation of a clearing strategy.
3	Pensions deficit	Action to review pension funding statement completed. Residual likelihood reduced to 2 as potential impact is mid term.
6	Ineffective data	Action removed – Data Management project now replaced by the IBM programme. Master Data View action updated and awaiting progress update from David Swayne.
14	Loss of NHS income	No changes made.
37	Estates strategy £ impact	Control regarding recently completed projects removed and project management control restated to cover projects methodology & governance. Business case controls merged for clarity.
305	Data Security	Control re-phrased as an allocation of responsibility. Action on mobile device policy re-allocated to Rob McGeechan.
362	Staff Engagement	Engagement survey control removed as measures engagement but does not impact on it. Action around staff contribution to Corporate Strategy marked as complete. New action recorded relating to ideas gathering phase of Corporate Plan development.
397	Restructuring impact on service	New action - 15 Workstream areas to be monitored by the Executive through the Project Office, with regular updates to the Board.
398	Academic programmes do not remain engaged and promote progression and achievement	No amendment.
402	2020 income growth through Research & Enterprise	New risk Created to draw out non student recruitment related income growth areas from risk #2.

London South Bank University

Corporate Level - Risk Register

Date	06/06/2014
Risk Status	Open
Risk Area	Corporate

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
1	Failure to position the university to effectively respond to changes in government policy and the competitive landscape **Risk Owner: David Phoenix** **Last Updated: 30/05/2014**	**Cause & Effect:** Causes: - Changes to fees and funding models - Increased competition from Private Providers - Government policy changes and SNC cap removal - Failure to anticipate change - Failure to position (politically) - Failure to position (capacity/structure) - Failure to improve League Table position Effects: - Further loss of public funding - Loss of HEFCE contract numbers - Failure to recruit students - Business model becomes unsustainable	4 3 Critical	Financial controls (inc. forecasting/modelling, restructure) to enable achievement of operating surplus target Regular scrutiny of press packs by Board & Executive to monitor Institutional Esteem, and direct PR activity as appropriate. Maintain relationships with key politicians/influencers, boroughs and local FE Annual review of corporate strategy by Executive and Board of Governors Student Access & Success Strategy for 14/15 through OFFA Modelling work regularly updated to establish a fee position net of fee waivers less than £7500 for the 12/13 entry cohort, using allocation of fee waivers and bursaries as required.	4 1 High	Ensure appropriate leadership for the organisation through an open range of senior appointments and a more strategic approach to Business Intelligence. **Person Responsible: David Phoenix** **To be implemented by: 01/08/2014** Consider potential impact of significant reduction in Student Opportunity Funding. **Person Responsible: Richard Flatman** **To be implemented by: 30/06/2014** Conduct full consultation with staff to enable development of Medium Term Strategy from 2015 - 2020. **Person Responsible: David Phoenix** **To be implemented by: 30/06/2014** Realign academic offering to market through restructuring of Faculties into Schools and appointment of new Deans & Deputy Vice Chancellor. **Person Responsible: David Phoenix** **To be implemented by: 29/08/2014** Full review of organisational structures to ensure clarity of roles and alignment with key deliverables. **Person Responsible: David Phoenix**

4Risk

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
						To be implemented by: 01/08/2014
2	Loss of revenue if recruitment targets not met **Risk Owner: Beverley Jullien** **Last Updated: 06/06/2014**	**Cause & Effect:** Causes: - Changes to fees mechanisms for UGFT - Increased competition (removal of SNC cap in 15/16) - Failure to develop and communicate brand & lsbu graduate attributes - Lack of accurate real-time reporting mechanisms - LSBU late entrant to international student market and fails to catch-up - Poor league table position - Portfolio or modes of delivery do not reflect market need - Tighter tariff policy during clearing Effects: - Under recruitment - Loss of HEFCE contract numbers - Failure to meet income targets for non-HEFCE students	4 3 Critical	Report on student recruitment presented to every monthly Executive meeting and also reviewed by Board of Governors League Table action plan & related actions and monitoring by the HESA Board Modelling of student recruitment numbers, including worse case scenarios which aid the planning process. Differentiated campaigns started for postgraduate and part-time students	4 2 Critical	Business Intelligence Unit to produce analysis / reports for Executive to guide internal process and reporting changes with the aim of supporting League Table score improvement. **Person Responsible: James Stevenson** **To be implemented by: 29/08/2014** Develop with PVC External strategy for Clearing for 14/15 Entry - to be agreed at July Executive. **Person Responsible: Phil Cardew** **To be implemented by: 31/07/2014** Develop partnership strategy for working with local schools **Person Responsible: Beverley Jullien** **To be implemented by: 31/07/2014** Develop strategy for LSBU Graduate Attributes at all award levels to ensure continued course competitiveness, to be generated through the learning pathway. **Person Responsible: Phil Cardew** **To be implemented by: 30/11/2014** International strategy to be refocused into an Internationalisation Plan to deliver a step-change in recruitment at both UG and PG.

4Risk

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
						Person Responsible: Beverley Jullien **To be implemented by: 30/09/2014** Support and engage with University Engineering Academy & support development of University Technical College. **Person Responsible: Rao Bhamidimarri** **To be implemented by: 28/11/2014**

4Risk®

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
3	Staff pension scheme deficit increases **Risk Owner: Richard Flatman** **Last Updated: 05/06/2014**	**Cause & Effect:** Causes: - Increased life expectancies - Reductions to long term bond yields, which drive the discount rate - Poor stock market performance - Poor performance of the LPFA fund manager relative to the market - TPS/USS schemes may also become subject to FRS17 accounting Effects: - Increased I&E pension cost means other resources are restricted further if a surplus is to be maintained - Balance sheet is weakened and may move to a net liabilities position, though pension liability is disregarded by HEFCE - Significant cash injections into schemes may be required in the long term	3 3 **High**	Switch of inflator from RPI to CPI (expected to be lower in the long term) Regular monitoring of national/sector pension developments and attendance at relevant conferences and briefing seminars Regular valuation of pension scheme (actuarial and FRS 17). Regular Reporting to HR committee. DC pension scheme now established for SBUEL staff. Tight control of staff costs in all areas (and reported to committee and Board via agreed KPIs) New LPFA scheme, effective April 2014 Strict control on early access to pension at redundancy/restructure Active monitoring in year of trends in discount rate, life expectancy assumptions etc to ensure year-end adjustments are minimised	3 2 **High**	Ongoing participation in sector discussions regarding employer categorisation. **Person Responsible: Richard Flatman** **To be implemented by: 31/03/2015**

4Risk

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
6	Ineffective data systems provide Management Information that is not meaningful and reliable, either for internal decision or for external reporting **Risk Owner: Richard Flatman** **Last Updated: 05/06/2014**	**Cause & Effect:** Causes: - Data in systems is inaccurate - Data systems are insufficient to support effective delivery of linked management information - Resource constraints & insufficient staff capability delay system improvement - unclear data during clearing - Lack of data quality control and assurance mechanisms Effects: - Insufficient evidence to support effective decision-making at all levels - Inability to track trends or benchmark performance - Internal management information insufficient to verify external reporting - over-recruitment penalties - HESA/HESES returns not credible - League table position impaired by wrong data - UKBA licence revocation if conditions not satisfied = loss of £8m+ revenue/year, & reputation damage - Failure to satisfy requirements of Professional, Statutory and Regulatory bodies (NHS, course accreditation etc)	3 3 **High**	Regular Engagement with internal auditors & 3 year IA cycle to systematically check data in key systems (and related processes): - Finance (including student fees) - Student data (& data Quality) - HR systems - Space management systems - UKBA requirements & compliance Systematic data quality checks of staff returns by HR in conjunction with faculties. Engagement between International Office, Registry & Faculties to ensure UKVI requirement compliance, specifically regarding: - Visa applications and issue of Certificate of Acceptance to Study - English lanuage requirements - Reporting of absence or withdrawal Systematic data quality checks of student returns by Registry in conjunction with faculties. International Office runs annual cycle of training events with staff to ensure knowledge of & compliance with UKVI processes.	3 2 **High**	Internal Audit Review of UKVI Compliance **Person Responsible: Richard Flatman** **To be implemented by: 31/10/2014** Construct a 'master data view' for all student data as part of IBM project & report system exceptions, including: * Student Records * Student Engagement / Progression * Admissions (especially during clearing and enrolment) * Curriculum * Timetable & Estate teaching spaces * VLE and other learning systems usage * Finance Records **Person Responsible: David Swayne** **To be implemented by: 30/05/2014** Restructure to bring central control environment for finance and student data management and reporting **Person Responsible: Richard Flatman** **To be implemented by: 31/07/2015**

4Risk

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
14	Loss of NHS contract income **Risk Owner: Judith Ellis** **Last Updated: 14/04/2014**	**Cause & Effect:** Cause: NHS financial challenges/ structural change is resulting in a total review of educational comissioning by Health Education England (and 3 London HEE) with an expected overall 40% reduction in available funding. In addition late decision making over community programmes. Failure to recruit to target inspite of increased applications due to low numeracy and literacy pass rates. Failure to maintain student numbers on the contract resulting in clawback Effect: Reduction in income Reduced staff numbers Negative impact on reputation	3 3 **High**	Named Customer Manager roles with NHS Trusts, CCGs and HEE. Monitor quality of courses (CPM and NMC) annually in autumn (CPM) and winter (NMC) Support with numeracy and literacy test preparation Develop BSc Health and Social Care by Spetmebr 2015 for applicants not meeting course tariffs requirments and to support PGDip recruitment. Regular contact with HEE DEQs, None Medical Deans and commissioning contract managers.	3 2 **High**	Attend consultation events with CoD and HEE (review of NHS Pre-reg contract benchmark price / move to Outcome Based Commissioning could = drop in NHS income) **Person Responsible: Judith Ellis** **To be implemented by: 01/08/2014** Ensure a quality campus in each HEE/ LETB area. **Person Responsible: Warren Turner** **To be implemented by: 01/09/2014** Grow into new markets for medical and private sector CPPD provision **Person Responsible: Warren Turner** **To be implemented by: 31/08/2014** Develop opportunities for further International 'in-country' activity. **Person Responsible: Mary Lovegrove** **To be implemented by: 30/09/2014** Increase uptake in band 1-4 actvitiy Support Trusts in seeking external (non NHS) funding **Person Responsible: Sheelagh Mealing** **To be implemented by: 01/09/2014** Improve NSS participation & scores

4Risk

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
						Person Responsible: Sue Mullaney **To be implemented by: 31/07/2014**
37	Negative impact of estates strategy delivery on financial position **Risk Owner: Richard Flatman** **Last Updated: 02/06/2014**	**Cause & Effect:** Causes: - Poor project controls - Lack of capacity to manage/deliver projects - Reduction in agreed/assumed capital funding - Reduction in other government funding Effects: - Adverse financial impact - Reputational damage - Reduced surplus - Planned improvement to student experience not delivered - Inability to attract new students	3　3 **High**	Regular Reports are provided to both P&R and the Board on planned capital expenditure. Full Business Cases prepared; using guidance and process approved by Executive - including clarity on cost and funding, for each element of Estates Strategy, and approved by Board of Governors where cost = >£1M. ncluding all capital spend. Guidance developed as part of new process. Clear requirement (including authority levels) for all major (>£1m) capital expenditure to have Board approval Property Committee is a sub-committee of the Board of Governors and has a remit to review all property related capital decisions. Capex reporting routines established and embedded into regulary updated financial forecasts & management accounts and regular Board reports. LSBU Project methodology & Estates & Facilities Dept project controls, including Governance arrangements applied to all Capex projects.	3　1 **Medium**	Terraces Project completes Anchor Projects in current development plan. The potential acquisition of the Hugh Astor Court (Peabody Building) on Keyworth Street opens up the opportunity for the redevelopment of the North West quarter of the campus and the creation of a clear University 'front door'. Plans have been developed for a major redevelopment scheme that was shared with the Executive in July and with Governors in Autumn 2013. The plan will be developed and cross referenced with the Capex schedule of the Five year plan. **Person Responsible: Ian Mehrtens** **To be implemented by: 30/11/2013** Complete and report on the final negotiations for the Student Centre. Update: the 12 month defects liability period has past & we're working through the final defect list. No progress on Final Account completion until works are done to ensure completion. POE by the end of Feb. **Person Responsible: Ian Mehrtens** **To be implemented by: 30/04/2013**

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
305	Student & other data not used and maintained securely or appropriately **Risk Owner: Ian Mehrtens** **Last Updated: 04/06/2014**	**Cause & Effect:** Loss of student data security either en masse (e.g. address harvesting) or in specific cases (e.g. loss of sensitive personal files)	3 2 High	Responsibility for control over data protection risks at an institutional level allocated to Director of ICT.	3 2 High	Review course administration process around data entry and approval, to ensure appropriate levels of approval and monitoring of amendment. **Person Responsible: Andrew Fisher** **To be implemented by: 27/06/2014** 1. Define Mobile Device Policy - this is agreed and published 2. Prepare and deliver a training course on this topic - this is in progress in collaboration between ICT and OSDT 3. Ensure that all mobile devices have adequate protection - laptop encryption tool being selected, mobile device management tool purchased and being deployed **Person Responsible: Rob McGeechan** **To be implemented by: 29/11/2013**

4Risk

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
362	Poor staff engagement with University **Risk Owner: David Phoenix** **Last Updated: 04/06/2014**	**Cause & Effect:** Causes: •Bureaucracy involved in decision making at the University •No teamwork amongst departments at the University •Staff feeling that they do not receive relevant information directly linked to them and their jobs •Poor pay and reward packages •Poor diversity and inclusion practises Effects: •Decreased customer (student) satisfaction •Overall University performance decreases •Low staff satisfaction results •Increased staff turnover •Quality of service delivered decreases	3 3 **High**	Departmental Business Planning process Direct staff feedback is encouraged through the "asktheVC@" email address and through feedback forms on intranet and 'developing our structures' microsite. Scheduled Team meetings Regular Business review meetings	3 2 **High**	The Executive and SMG will develop and implement relevant action plans to address outcomes from the survey, having access to an interactive tool to aid the action planning process. Least positive survey areas will be addressed in the Organisational Development Strategy. **Person Responsible: Mrs Vongai Nyahunzvi** **To be implemented by: 27/06/2014** Ideas Gathering phase of Corporate Plan Development to be managed by OSDT, with project room, central workshop sessions, and HOD facilitation offer input processes. **Person Responsible: Mrs Vongai Nyahunzvi** **To be implemented by: 27/06/2014** Launch Behavioural Framework & embed within HR processes and documents at start of 14/15 Academic Year **Person Responsible: Mike Molan** **To be implemented by: 15/10/2014**

4Risk

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
397	Effectiveness of delivery impaired as Institution goes through restructuring process **Risk Owner: David Phoenix** **Last Updated: 02/06/2014**	**Cause & Effect:** Cause: The structural re-organisation of academic groupings from 4 faculties to 7 schools. The re-focusing of support departments into professional service clusters. - undertaken to underpin academic and business effectiveness. Effect: Staff morale could be impacted negatively by process of change, and by perceived threats to job security, which impairs enthusiasm and contribution in role. In turn this can cause high performing staff to seek employment elsewhere, which can cause skills shortages and loss to the institutional knowledge base. Service levels - to staff and students - could be impacted negatively by teams trying to deliver business as usual whilst also going through the change process. Data reliability might be impaired if the translation process encounters issues such as limitations with the flexibility of existing software solutions, unforeseen time or money resource implications or error in the relocation process.	3 3 **High**	The Executive team have taken a Project Management Approach to the Change, appointing as Executive Director of HR an expert on Organisational change, and freeing up staff from within the organisation to act as a change team for the Programme Director, whom reports directly to the Executive. The Executive have developed a Communications Strategy to ensure significant consultation with internal and external stakeholders. New Professional Service groupings will be created from existing business units to minimise impact on service delivery.	3 2 **High**	New action - 15 Workstream areas to be monitored by the Executive through the Project Office, with regular updates to the Board. **Person Responsible: Amir Rashid** **To be implemented by: 30/03/2015**

4Risk

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
398	Academic programmes do not remain engaged with technological and pedagogic developments which support students and promote progression and achievement **Risk Owner: Phil Cardew** **Last Updated: 29/01/2014**	**Cause & Effect:** Cause: LSBU does not effectively exploit the learning potential of new technologies. Curriculum do not adapt sufficiently to give students the knowledge and skills valued by employers Support mechanisms do not provide some students with the learning support they need to navigate and succeed in the learning environment. Effect: Retention does not meet the targets within the 5 year forecast. Employability of LSBU graduates does not improve. Market appeal of courses is impaired	2　　3 <mark>Medium</mark>	Delivery of the Teaching Enhanced Learning Strategy (TEL) through Academic Board and related committees.	2　　2 <mark>Medium</mark>	Implement 'Exceptional Student Experience' aspect of the IBM Investment programme to deliver a step change in the institutional use of personal in year data to drive communications to students concerning their academic performance. **Person Responsible: David Swayne** **To be implemented by: 31/07/2015** Oversee delivery of BUILT change Programme to switch to Moodle VLE (Virtual Learning Environment) for all students **Person Responsible: Phil Cardew** **To be implemented by: 01/08/2014**

4Risk

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
402	New income expectations from 20/20-2020 programme are not met **Risk Owner: David Phoenix** **Last Updated: 02/06/2014**	**Cause & Effect:** Cause: Academic staff Fail to engage with research and enterprise activities that have potential to deliver additional income. Enterprise department encounter resistance from academic staff to a more commercial approach or are not able to provide the support or development required. The outcome of the REF is not as positive as was hoped. Effect: Income growth expectations of the 5 year forecast are unrealised. Research funding opportunities are harder to come by. A market based approach to costing academic activity to slow to develop.	3 2 High	Reports on the 16-20 Challenge Programme (Financial & Narrative) will be provided to each Executive Meeting to aid constant scrutiny of this initiative and review of progress against 5 year income targets. Enterprise Business Plan & strategy submitted for approval annually to SBUEL Board (which has 2 Non-Executive Directors) for monitoring & quarterly updates provided at LSBU Board meetings.	3 1 Medium	2020 Pipeline: research, identify, prioritise & develop a range of major long term Research & Enterprise investment opportunities with potential to generate significant income and contribution over 5 years, progress to be reported to Executive monthly. **Person Responsible: Beverley Jullien** **To be implemented by: 31/07/2014**

4Risk

London South Bank University

		PAPER NO: BG.47(14)
Board/Committee:	Board of Governors	
Date:	8 July 2014	
Paper title:	New Articles of Association	
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors	
Board sponsor:	David Longbottom, Chairman of the Board	
Recommendation:	That the Board notes that the revised Articles of Association were approved by the Privy Council on 3 June 2014	
Matter previously considered by:	Board of Governors	20 March 2014
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	Published on the university's website	

Executive Summary

The Board is requested to note the new Articles of Association, which were approved by the Privy Council on 3 June 2014.

In July 2013, the Board of Governors approved draft revised Articles of Association. The Privy Council and the Charity Commission were then consulted on the draft Articles during autumn 2013. Minor amendments to the original draft were approved by the Board in March 2014.

Standing Orders which complement the Articles were approved by the Board in July 2013 and remain unchanged.

The Charity Commission approved the University's new objects and the inclusion of a clause enabling remuneration of governors as required under the Charities Act 2011. The Standing Order on remuneration was approved by the Board in March 2014.

THE COMPANIES ACT 2006

COMPANY LIMITED BY GUARANTEE

ARTICLES OF ASSOCIATION

of

LONDON SOUTH BANK UNIVERSITY

Effective from Privy Council approval on 3 June 2014
(Adopted by special resolution on 20 March 2014)

Companies Act 2006

Company Limited by Guarantee

ARTICLES OF ASSOCIATION OF

LONDON SOUTH BANK UNIVERSITY

1. **OBJECTS**

1.1   The Objects of the University are to:

1.1.1   conduct a university for the public benefit for the advancement of education, promotion of research and dissemination of knowledge;

1.1.2   provide full time and part time courses of education at all levels; and

1.1.3   provide facilities to promote these objects and provide associated support and welfare for students.

2. **CONDUCT OF THE UNIVERSITY**

2.1   The University shall be conducted in accordance with the provisions of the Education Acts and any relevant regulations, orders or directions made by the Secretary of State or by the Privy Council, and subject to those, in accordance with the provisions of these Articles and any Standing Orders made under these Articles.

3. **POWERS**

3.1   The University has the power to do anything which is calculated to further its Objects or which is conducive or incidental to doing so including but not limited to the following powers:

3.1.1   to award degrees and other awards and to withdraw such degrees or awards;

3.1.2   to make rules and regulations for the conduct of students;

3.1.3   to acquire, own, maintain, manage and dispose of land and other property;

3.1.4   to solicit, receive and administer fees, grants, subscriptions, donations, endowments, legacies, gifts and loans of any property whether land or personal property;

3.1.5   to act as trustee for and in relation to endowments, legacies and gifts;

3.1.6   to invest any monies in the hands of the University and available for investment;

3.1.7   to establish or acquire subsidiary companies;

3.1.8   so far as permitted by charity law, to give guarantees;

3.1.9   so far as permitted by charity law, to borrow and raise money and give security for loans; and for those purposes the University shall have the authority to enter into any financial instrument which is ancillary or incidental to the exercise of such powers;

3.1.10   to take such steps as may from time to time be deemed expedient for the purposes of procuring and receiving contributions to the funds of the University, and to raise money in such other manner as the University may determine;

3.1.11   to co-operate with other institutions and individuals and to award joint degrees or other awards;

3.1.12   to affiliate or incorporate into the University any other institution and to take over its property, rights, liabilities and staff;

3.1.13   to transfer the assets and liabilities of the University to another institution with objects, the same as or similar to the objects of the University; and

3.1.14   to enter into engagements and to accept obligations and liabilities in all respects without any restrictions whatsoever and in the same manner as an individual may manage his or her own affairs.

4.   **GOVERNORS**

4.1   Subject to the powers of the Members in general meeting and the provisions of these Articles, the Governors shall have control of the University and its assets and may exercise all the powers of the University; and without limiting the above, the Governors shall have the specific powers set out in the Standing Orders.

5.   **RESPONSIBILITIES OF THE BOARD OF GOVERNORS**

5.1   The Board of Governors shall be responsible:-

5.1.1   for the determination of the educational character and mission of the University and for oversight of its activities including the exercise of degree awarding powers;

5.1.2   for the effective and efficient use of resources, the solvency of the University and for safeguarding its assets;

5.1.3   for approving annual estimates of income and expenditure;

5.1.4   for the appointment, appraisal, suspension, dismissal and determination the pay and conditions of service of the Chief Executive, the Clerk and such other senior posts as the Board may determine;

5.1.5   for setting frameworks for the appointment, appraisal, suspension and dismissal of and for the pay and conditions of service of other Employees; and

5.1.6   for the appointment of a Chancellor who shall hold office for such term and have such duties and responsibilities as the Board of Governors from time to time shall determine.

6.   **CHIEF EXECUTIVE**

6.1   There shall be a Chief Executive of the University who shall be the chief executive and chief academic officer of the University.

6.2   Subject to the responsibilities of the Board of Governors, the Chief Executive shall be responsible for:

6.2.1   making proposals to the Board of Governors about the educational character and mission of the University; and for implementing the decisions of the Board of Governors;

6.2.2   for the organisation, direction and management of the University and leadership of the staff;

6.2.3   for the appointment, assignment, grading, appraisal, suspension and dismissal of staff other than Holders of Senior Posts within the framework set by the Board of Governors;

6.2.4   for the determination, after consultation with staff and within the framework set by the Board of Governors, of the pay and conditions of service of staff other than Holders of Senior Posts ;

6.2.5   for the determination, after consultation with the Academic Board, of the University's academic activities, and for the determination of its other activities;

6.2.6   for preparing annual estimates of income and expenditure for consideration by the Board of Governors, and for the management of budget and resources, within the estimates approved by the Board of Governors;

6.2.7   for the maintenance of Student discipline and, for the suspension or expulsion of Students on disciplinary grounds and for implementing decisions to expel students for academic reasons.

7.   DELEGATION

7.1   Subject to Article 7.2, the Board of Governors shall be entitled to delegate all or any of its functions, powers and duties to any person or body.

7.2   The Board of Governors shall not delegate the following:-

7.2.1   the determination of the educational character and mission of the University;

7.2.2   the approval of the annual estimates of income and expenditure;

7.2.3   ensuring the solvency of the University and the safeguarding of its assets;

7.2.4   the appointment and dismissal of the Chief Executive and the Clerk; and

7.2.5   the recommendation to the Members in General Meeting for the approval, revoking, amendment or variation of these Articles.

8.   COMPOSITION OF THE BOARD OF GOVERNORS

8.1   The Board of Governors when complete shall consist of at least eight and not more than eighteen members comprising as follows:-

8.1.1   the person who is for the time being the Chief Executive of the University;

8.1.2   persons who are neither Employees nor Students and who are considered by the Appointments Committee to have experience and capability relevant to the University's requirements ("Independent Governors");

8.1.3   Up to two persons appointed by the Board of Governors who are employees (other than the Chief Executive) ("Staff Governors"); and

8.1.4   Up to two persons appointed by the Board of Governors who are Students "Student Governors"

8.2   The Board of Governors shall determine and set out in Standing Orders the number of its membership, the number of its members to be appointed in each of the categories of membership set out in Article 8.1 above and the appointment of nominated individuals and in so doing shall ensure that a majority of the members of the Board of Governors when constituted are Independent Governors.

8.2.1   The Board of Governors shall establish an Appointments Committee to appoint Independent Governors and which shall be comprised of all the Independent Governors.

8.3 A determination made in accordance with Article 8.2 above may be varied by subsequent determination of the Board of Governors in accordance with that Article.

8.4 A technical defect in the appointment of a Governor of which the Governors are unaware at the time does not invalidate decisions taken at a meeting.

9. TERMS OF OFFICE OF GOVERNORS

9.1 The terms of office of the Governors shall be as follows: -

9.1.1 In the case of a person who is a Governor by virtue of their office or position, until she or he ceases to hold such office;

9.1.2 In the case of Governors appointed under Article 8.1.2 the period of four years;

9.1.3 In the case of a Governor, who is appointed under the provisions of Article8.1.3, the period of three years, or the period until she or he ceases to be a member of Staff , whichever is sooner.

9.2 A retiring Governor who is eligible under these Articles may be reappointed. Governors may not normally be appointed for more than two terms of office in total.

9.3 A Governor's term of office as such automatically terminates if he/she:

9.3.1 is disqualified under the Charities Act from acting as a Charity Trustee or under the Companies Act from acting as a company director;

9.3.2 is incapable, whether mentally or physically, of managing his/her own affairs;

9.3.3 is absent without permission from consecutive meetings of the Governors for a period of 12 months or more; or

9.3.4 is removed by the Members in accordance with the procedure set out in the Standing Orders.

9.4 Any Governor may at any time by written notice to the Clerk resign her or his office, which will become vacant from the date of receipt of the notice or date of resignation specified in the notice whichever shall be the later.

9.5 Every vacancy in the office of an appointed Governor shall as soon as possible after it occurs be notified by the Clerk to the Board.

10. PROCEEDINGS OF THE BOARD OF GOVERNORS

10.1 The Board of Governors must hold at least 3 meetings each year.

10.2 A quorum at a meeting of the Board of Governors is at least one third of the membership of the Board of Governors at the time with Independent Governors always being in the majority.

10.3 A meeting of the Governors may be held either in person or by suitable Electronic Means agreed by the Governors in which all participants may communicate with all the other participants.

10.4 The Board of Governors shall make and may amend Standing Orders:-

10.4.1 to set out the composition of the Board of Governors;

10.4.2 for the conduct of meetings of the Board and its committees (including the appointment of officers including a chair and vice-chair);

10.4.3 to prescribe the membership and powers of the Academic Board;

10.4.4 for the remuneration of Governors (such Standing Orders to made and amended with the approval of the Charity Commission); and

10.4.5 to govern the administration of the University.

10.5 A procedural defect of which the Governors are unaware at the time does not invalidate decisions taken at a meeting.

11. BENEFITS

11.1 The property and funds of the University must be used only for promoting the Objects, or which is conducive or incidental to doing so.

11.2 A Governor must not receive any payment of money or other Material Benefit (whether directly or indirectly) from the University except and subject to Article 12:

11.2.1 Governors or Connected Persons may be paid interest at a reasonable rate on money lent to the University;

11.2.2 Governors or Connected Persons may be paid a reasonable rent or hiring fee for property let or hired to the University;

11.2.3 Governors or Connected Persons may receive charitable benefits on the same terms as any other beneficiaries of the University;

11.2.4 The Chief Executive, Staff Governors or Connected Persons may be employed by the University and receive remuneration;

11.2.5 Governors or Connected Persons may enter into contracts with the University and receive reasonable payment for goods or services supplied, subject to Article 11.3;

11.2.6 Governors may receive remuneration in connection with their office subject to authorisation by the Board of Governors in accordance with the Standing Orders;

11.2.7 Governors may receive the reimbursement of reasonable out-of-pocket expenses (including hotel and travel costs) actually incurred in running the University;

11.2.8 Governors may receive the benefit of Indemnity Insurance; or

11.2.9 Governors may receive an indemnity in respect of any liabilities properly incurred in running the University (including the costs of a successful defence to criminal proceedings).

11.3 A Governor or Connected Person may enter into a contract with the University to supply goods or services in return for a payment or other Material Benefit if:

11.3.1 the goods or services are actually required by the University, and it is decided that it is in the best interests of the University to enter into such a contract;

11.3.2 the nature and level of the payment is no more than is reasonable in relation to the value of the goods or services and is set in accordance with the procedure in Article 12; and

11.3.3 no more than half of the Governors are party to such a contract in any Financial Year.

12. DECLARATION OF INTERESTS

12.1 Any Governor who has an interest, direct or indirect, in a proposed transaction or arrangement with the University must declare the nature and extent of his or her interest before discussion begins on the matter.

12.2 The Governors with no conflict may require that the relevant governor:

12.2.1 is not counted in the quorum for that part of the meeting;

12.2.2 has no vote on the matter; and

12.2.3 withdraws from the meeting for that item after providing any information requested by the Governors.

13. **SITUATIONAL CONFLICTS**

13.1 If a conflict of interests arises because of a duty of loyalty owed by a Governor to another organisation or person and the conflict is not authorised by virtue of another provision in the Articles, the Governors with no conflict may, subject to compliance with the provisions of Article 13, authorise such a conflict of interest on such terms as they may determine and provided the Governors with no conflict consider it is in the best interests of the University to do so in all the circumstances.

14. **ACADEMIC BOARD**

14.1 There shall be an Academic Board of the University which shall, subject to the general control and approval of the Board of Governors, be responsible for academic standards and the direction and regulation of academic matters.

14.2 The Academic Board shall consist of up to 40 members, comprising as follows:

14.2.1 The Holders of Senior Posts;

14.2.2 Senior academic staff and professors

14.2.3 Members of staff below the level of staff referred to in 14.2.2 above and drawn from the following categories:

(a) academic and research staff;

(b) non-teaching staff;

(c) technicians;

(d) Student Union President;

(e) Students

14.3 There shall be no more than 24 persons drawn from categories 14.2.1 and 14.2.2 in aggregate and no more than 16 persons drawn from categories 14.2.3. Members from categories 14.2.1 and 14.2.2 shall be in a majority.

14.4 The Chief Executive shall be the Chairman of the Academic Board.

14.5 The membership and powers of the Academic Board shall be further prescribed in the Standing Orders.

15. **STUDENT UNION**

15.1 The University shall comply with its obligations under the Education Acts in relation to any Student Union of the University.

16. **EMPLOYEES**

16.1 The Board of Governors may appoint Employees, and prescribe their authority, duties and terms and conditions of service. Provision shall be made in respect of discipline, dismissal, redundancy, and grievances.

17. **ACADEMIC FREEDOM**

17.1 In relation to Article 5.1.5 the Board of Governors shall have regard to the need to ensure that Academic Staff have freedom within the law to question and test received wisdom and to put forward new ideas and controversial or unpopular opinions, without placing themselves in jeopardy of losing their jobs or any privileges they may have at the University.

18. **RECORDS AND ACCOUNTS**

18.1 The Board of Governors shall keep true records of income and expenditure and records relating to the audit of accounts as required by law.

18.2 The University shall also keep records of:

18.2.1 all proceedings at meetings of the Governors;

18.2.2 all resolutions in writing;

18.2.3 all reports of committees; and

18.2.4 all professional advice obtained.

19. **MEMBERSHIP**

19.1 All Governors shall, for the duration of their terms of office as Governors only, be Members of the University.

19.2 The membership and all rights of a Member shall be personal and shall not be transferable.

19.3 The University shall maintain a register of Members.

20. **GENERAL MEETINGS**

20.1 Governors in their capacity as Members are entitled to attend general meetings.

20.2 General meetings are called on at least 14 and not more than 28 Clear Days' written notice indicating the business to be discussed and (if a special resolution is to be proposed) at least 28 Clear Days' written notice setting out the terms of the proposed special resolution.

20.3 There is a quorum at a general meeting if the number of Members present is at least one third of the members at the time with Independent Governors (in their capacity as Members) always being in the majority.

20.4 Every Member present has one vote on each issue.

20.5 A general meeting may be called by the Governors at any time and must be called within 21 days of a written request from Governors (being Members) representing at least 30% of the Membership.

20.6 A technical defect in the appointment of a Member of which the Members are unaware at the time does not invalidate a decision taken at a general meeting or in writing.

21. **LIMITED LIABILITY**

21.1   The liability of Members is limited.

22. **GUARANTEE**

22.1   Every Member promises, if the University is dissolved while he/she remains a Member or within one year after he/she ceases to be a member, to pay up to £1 towards:

22.1.1   payment of those debts and liabilities of the University incurred before he/she ceased to be a Member;

22.1.2   payment of the costs, charges and expenses of winding up; and

22.1.3   the adjustment of rights of contributors among themselves.

23. **AMENDMENT OF ARTICLES**

23.1   No addition, alteration or amendment shall be made to or in the provisions of these Articles, unless approved by the Privy Council.

24. **DISSOLUTION**

24.1   If the University is dissolved, the assets (if any) remaining after providing for all its liabilities must be applied in one or more of the following ways:

24.1.1   by transfer to one or more other bodies established for exclusively charitable purposes within, the same as or similar to the Objects;

24.1.2   directly for the Objects or for charitable purposes which are within or similar to the Objects;

24.1.3   in such other manner consistent with charitable status as the Privy Council approves in writing in advance.

25. **INTERPRETATION**

25.1   The Articles are to be interpreted without reference to the model articles under the Companies Act, which do not apply to the University.

25.2   In the Articles, unless the context indicates another meaning:

"Academic Board"	means the Academic Board of the University constituted in accordance with Article 14 as a body or a quorum of the members of the Academic Board at a meeting of the Academic Board
"Academic Staff"	means persons employed by the University as members of the teaching or research staff
"Articles"	means these Articles of Association of the University and "Article" refers to a particular Article.
"Board of Governors"	means the Board of Governors (constituted in accordance with Article 5) as a body or a quorum of the Governors at a meeting of the Board of Governors

"Charities Act"	means the Charities Act 2011 and any statutory modification or amendment thereof for the time being in force
"Charity Trustees"	has the meaning prescribed by the Charities Act
"Chief Executive"	means the executive head of the University (who may have the title of Vice-Chancellor or another title as decided by the Board of Governors)
"Clear Day"	does not include the day on which notice is given or the day of the meeting or other event
"Clerk"	means the clerk and Company Secretary to the Board of Governors from time to time
"Companies Act"	means the Companies Act 2006 and any statutory modification or amendment thereof for the time being in force
"Company Secretary"	shall have the meaning prescribed in the Companies Act
"Connected Person"	means, in relation to a Governor, a person with whom the Governor shares a common interest such that he/she may reasonably be regarded as a benefiting directly or indirectly from any material benefit received by that person, being either a member of the Governor's family or household or a person or body who is a business associate of the Governor, and (for the avoidance of doubt) does not include a company with which the Governor's only connection is an interest consisting of no more than 1% of the voting rights
"Education Acts"	means Education Acts 1944 to 2011 and any subsequent Education Acts.
"Employees"	means all employees of the University
"Financial Year"	means the University's financial year from 1 August to 31 July
"Governor"	means a director of the University and a Charity Trustee and "Governors" means the directors and Charity Trustees
Holders of Senior Posts	Means the Chief Executive, the Clerk and the holders of such other senior posts as the Board of Governors determines
"Indemnity Insurance"	means insurance against personal liability incurred by any Governor for an act or omission which is or is alleged to be a breach of trust of duty, unless the act or omission amounts to a criminal offence or the Governor concerned knew that, or was reckless whether, the act or omission was a breach of trust or breach of duty

"Independent Governor"	means a Governor appointed under Article 8.1.2 who shall not be:-
	(i) employed by the University; or
	(ii) a full-time Student.
"Material Benefit"	means a benefit, direct or indirect, which may not be financial but has a monetary value
"Members"	means those persons who are members of the University in accordance with Article 19.1
"Memorandum"	means the University's Memorandum of Association
"Month"	means calendar month
"Objects"	means the Objects of the University as defined in Article 1.1
"Secretary of State"	means the Secretary of State in charge of universities from time to time
"Staff Governor"	means a Governor appointed under Article 8.**Error! Reference source not found.**
"Standing Orders"	means any regulations, bye-laws or rules made in accordance with Article 10.4
"Student"	means a person who is for the time being registered with the University as pursuing a full-time course of not less than one month's duration, subject to any regulation governing the non-payment of tuition fees. For this purpose, sabbatical officers of the Student Union shall be deemed to be students. A person who is not for the time being enrolled as a student at the University shall be treated as such a student during any period when she or he has been granted leave of absence as a student from the University for the purposes of study or travel or for carrying out the duties of any office held by her or him in the Student Union
"Student Governor"	means a Governor appointed under Article 8.1.4
"University"	means the company known as London South Bank University
"written" or "in writing"	refers to a legible document on paper or a document or communication sent by electronic means which is capable of being printed out on paper
"Year"	means calendar year

25.3   Expressions not otherwise defined which are defined in the Companies Act have the same meaning.

25.4   References to an Act of Parliament are to that Act as amended or re-enacted from time to time and to any subordinate legislation made under it.