

Meeting of the Finance, Planning and Resources Committee

4.00pm on Tuesday, 2 March 2021
via MS Teams

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
1.	Welcome and apologies		MC
2.	Declarations of interest		MC
3.	Minutes of the previous meeting	2 - 6	MC
4.	Matters arising <ul style="list-style-type: none"> • NSS/Graduate outcomes update 	7 - 10	MC PB
5.	Student experience update	Verbal report	MS
Core items			
6.	Finance update	Verbal report	RF
7.	Student recruitment and retention update	11 - 16	NL
8.	Key performance indicators	17 - 26	RF
Regular review items			
9.	Students' Union update <ul style="list-style-type: none"> • Code of Practice • 2019/20 accounts • Incorporation 	27 - 69	AE / NL
10.	SBUEL performance and value report	70 - 74	PI
Items to note			
11.	Treasury management report	75 - 79	RF
12.	Cyber incident update	80 - 89	NL

Date of next meeting
4:00, Tuesday 27 April 2021

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

In attendance: Pat Bailey (item 4 only), Amy Eden (item 9 only), Richard Flatman, Paul Ivey, Kerry Johnson, Nicole Louis, Ralph Sanders, James Stevenson and Hattie Tollerson (item 9 only)

Observer: Maureen Dalziel (independent governor designate)

**Minutes of the meeting of the Finance, Planning and Resources Committee
held at 4.00 pm on Tuesday, 3 November 2020
via MS Teams**

Present

Michael Cutbill (Chair)
Jerry Cope
Peter Fidler
Nicki Martin (until minute 5)
David Phoenix
Deepa Shah
Maxwell Smith

Apologies

Mee Ling Ng

In attendance

Richard Flatman
Kerry Johnson
Nicole Louis
Marcelle Moncrieffe-Johnson
Ralph Sanders
James Stevenson

Observer

Duncan Brown

1. Welcome and Apologies

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

2. Declarations of Interest

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

3. Minutes from the last meeting

The committee approved the minutes of the previous meeting, held on 22 September 2020, and their publication as redacted.

4. Matters arising

NSS update

The committee noted that a review of the NSS was underway by the OfS, and that guidance for the 2021 NSS had recently been published. The guidance advised that Ipsos MORI would now take on more responsibility for promoting the survey and targeting students who are yet to respond.

Graduate outcomes update

The committee noted that a project team had been set up to further support students and consequently improve the University's performance in the annual graduate outcomes benchmarking survey. The first project meeting had been held, and an update would be provided to the Executive during November 2020.

Coronavirus update

The Vice Chancellor provided a verbal update on coronavirus planning following the government's announcement that a further 'lockdown' would take place from 5 November 2020. The committee noted that the government expected face-to-face teaching to continue, and that the University continued to deliver core activities on-campus. Students were free to decide which mode of learning they preferred. The committee noted that professional services staff would be encouraged to work from home until the end of the 2020/21 academic year.

The committee noted that NSS and graduate outcomes would remain standing items under matters arising, with updates to be given as appropriate.

All other actions were noted as complete.

5. LSBU management accounts to 30 September

The committee discussed the management accounts to 30 September 2020, noting that this was the first set of accounts to cover both LSBU and Lambeth College. The full year forecast was trending to a surplus of £2m though 2020/21 was likely to continue to be challenging due to the current coronavirus pandemic.

The committee noted that income from student recruitment was on target and ahead of 2019/20, though there were risks around semester two enrolment and retention rates. Budget 'scenario 2b' had factored in a higher attrition rate than usual due to the pandemic.

The committee noted that staff costs were currently under-budget but it was not yet clear whether this would continue throughout the year. The CFO advised that there would be greater clarity following the mid-year budget review.

The committee noted that its remit was to maintain appropriate oversight of subsidiary finances, but subsidiary boards of directors retained statutory responsibility for the success of those entities.

6. Student recruitment and retention update

The committee discussed the update on LSBU recruitment and retention.

The committee noted the significant improvement in progression from year one to year two and from year two to year three, both of which stood at

approximately 6% higher than the previous year. The University had not initiated withdrawals for non-attendance since March 2020, which had contributed to the improvement. The committee noted that the improvement in progression and re-enrolment would have a material income benefit.

The committee noted that there had been issues with the enrolment process, which took place remotely for the first time. Work was underway to make the required process changes ahead of semester two enrolment.

The committee noted that it was too early to make predictions about 2021/22 enrolment.

The committee noted that the waiting period for a face-to-face student mental health and wellbeing appointment had reduced to an average of three days, and that demand was being met. Between 80 and 100 students had so far taken advantage of the laptop purchase scheme.

7. Annual Report and Accounts 2019/20

The committee discussed the draft annual report and accounts for year ending 31 July 2020. The committee noted that the Executive had challenged the actuary's pension assumptions. The revised actuarial report would have a significant impact on the pensions deficit and disclosures, but should not make a material impact on the reported surplus of £1.4m.

The committee noted that the surplus of £1.4m was in line with budget.

The CFO agreed to review the risk schedule following the review of the risk register at the October Board meeting.

The committee noted that the KPMG audit of the accounts would be considered by the Group Audit and Risk Committee at its meeting of 5 November 2020.

The committee noted that revisions to the accounts, reflecting changes to the pension assumptions and any other required amendments, would be circulated to members ahead of the meeting of the Board of Governors on 19 November 2020.

8. Strategic People and Organisational Development report

The committee discussed the update on activities and developments from the People and Organisational Development teams.

The committee noted that the people and culture inclusion strategy was almost complete, and that work was underway with the strategy implementation group to examine priority areas.

The committee noted the updated on case work, which reported 27 live cases. This was a reduction of ten cases since May 2020.

The committee noted that the 2020 staff conference, held virtually due to the pandemic, had received very positive feedback from attendees. The annual staff engagement survey was launched in July 2020, and resulted in an engagement score of 73%, an increase of 7% from the 2019 survey.

The Chief People Officer confirmed that the 2020/21 academic promotions round was being carried out with a focus on EDI principles. Workshops had been held for female and BME academic staff and work was underway to improve outcomes for academic staff from minority groups.

9. **Target operating model**

The committee discussed the update on the LSBU Group target operating model (TOM).

The committee noted that the work on the Executive (tier one) and their direct reports (tier two) was almost complete, with additional work required in the schools (excluding Health) to understand the shape of the University's academic portfolio. Work would be required across the schools in the next phase to understand more about capabilities and accountabilities, and how they align. Work was also still required in tier two for 'Place and Impact'.

The committee thanked the Executive for bringing forward a significant plan to develop the organisation's design, aiming to strengthen delivery and clarify accountability. It noted that a flexible approach to implementation would be needed, not least because post-coronavirus requirements for the sector are unpredictable. The committee also noted that an operational rather than Board-level document had been presented. There were several sections where the new design was still to be worked out, and care would be needed to reach an outcome supported by all. The Executive explained that it planned for implementation of the full model to be gradual rather than immediate.

The committee noted that the TOM would be delivered in parallel to Align and Project LEAP, and there would also be a strong focus on cultural and behavioural change.

The committee noted that a further update would be brought to its meeting of 27 April 2021.

10. **Treasury management report**

The committee noted the treasury management report, showing total bank balances at 30 September 2020 of **£50.2m** and outstanding loans of **£33.6m**.

11. **Group-wide and LSBU KPIs**

The committee noted the update on 2019/20 strategic enabler KPI performance. A final report on the 2015-2020 strategy KPIs would be made at the meeting of 2 March 2021, when all metrics would be available.

12. **Fundraising compliance update**

The committee noted the report detailing how the University complied with charity fundraising regulations and guidance. All fundraising at LSBU required compliance with the Charity Commission's CC20 regulations, GDPR and the Code of Fundraising Practice as set by the Fundraising Regulator.

The committee noted that in future years this report would be included with the annual report on fundraising.

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

Confirmed as a true record

_____ (Chair)

FINANCE, PLANNING AND RESOURCES COMMITTEE – TUESDAY 3 NOVEMBER 2020

ACTION SHEET

Agenda No	Agenda/Decision Item	Action	Date Due	Officer	Action Status
4.	Matters arising	NSS and Graduate Outcomes to remain as standing matters under matters arising, with updates to be given as appropriate	Ongoing	Pat Bailey	Ongoing
7.	Annual report and accounts 2019/20	Revised accounts to be circulated to the Committee ahead of the Board of Governors meeting on 19 November 2020.	19 November 2020	Richard Flatman	Complete
9.	Target operating model	Further update on the TOM to be brought to the meeting of 27 April 2021.	27 April 2021	Marcelle Moncrieffe-Johnson	In progress
11.	Group-wide and LSBU KPIs	Final report on 2015-2020 strategy KPIs to be brought to the meeting of 2 March 2021.	2 March 2021	Richard Flatman	Delayed due to IT outage; to be brought to April meeting.

	INTERNAL
Paper title:	Matters arising: NSS and Graduate Outcomes update
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	2 March 2021
Author(s):	Pat Bailey, Provost
Sponsor(s):	Pat Bailey, Provost
Purpose:	For Information
Recommendation:	The committee is requested to note the update on the ongoing student experience projects.

Executive Summary

In November 2020 Executive requested monthly oversight of the four main Student Experience projects; NSS, Access and Participation Plan, Graduate Outcomes and Portfolio Review. FPR has requested that updates on the NSS and Graduate Outcomes remain as standing items under matters arising.

The attached update was presented to the Executive on 3 February 2021.

Recommendation

The committee is requested to note the update.

Milestone	Due Date	Status	Commentary
Launch NSS campaign	8/01/21	Yellow	T&F to revisit the launch date (currently set for 25 th) on 15 th Jan, in line with progress on the ICT restoration plan.
Review of School Improvement Action Plans	18/12/20	Green	Review of progress on action plans took place on 18 th December. A number of actions were identified, notably in BUS, and support in key areas has been offered to the DESE.
Comms plan in place to increase student engagement and satisfaction.	8/1/21	Green	A comms plan has been developed and includes weekly themed content, the concept of 'we've got your back' and support available to students. Steps have been taken to ensure acknowledgment of the ICT incident.
Scope delivering a mock NSS for non-final year students Student Experience Survey 2021	15/1/21	Green	T&F Group to consider the timing of the Student Experience Survey 2021 and how it might fit around a repeat of the mid-semester review for sem 2 modules.

Progress this month (December):

- Improvement action plans have been reviewed and support offered to those schools that requested support, notably funding for high impact, low cost School based activity.
- MAC have worked with LSBSU to align comms and engagement activity.
- LSBSU Student survey took place; 500 students were surveyed and provided useful information on the success of our online T&L.

Key activities planned over next month (January):

- Agree whether to deliver a mock NSS for non-final year students.
- T&F to take a view of the NSS launch date to take in to account the IT incident.
- Deans to record a 'motivational' welcome back to S2 message.
- Some Schools are looking to develop exciting programmes of activity in spring/summer to take into account missing opportunities brought on by CoV.
- Undue influence guidance is reviewed and circulated.
- Update from Schools on progress with the Improvement action plans (29th Jan)

Comms required next month: none

Decisions required from committees or other groups: none

Work stream name & area of business

Improving Graduate Outcomes Project

Work stream lead

Rosie Holden and Sarah Moore-Williams

Report date

13th January 2021

Overall

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Milestone	Due Date	Status	Commentary
Target course analysis and course/project action kick off meetings complete	04/12/20		<i>Target course analysis complete, each with course level action plan – all kick off meetings complete and joint working underway between course team, Employability, and Alumni</i>
Cohesive graduate offer packaged and communicated (opt out)	April-21		<i>Employability, Enterprise, Alumni, course network – cohesive offer spanning all graduate/alum benefits – branded and clearly communicated, opt out, not opt in</i>
Placement/work experience model and proposal	May-21		<i>Benchmarked placement/work experience ambition for LSBU, proposed structure/resource to support</i>
Framework and recommendation for employability in the curriculum	Jun-21		
Graduate Career and Employability Strategy	Jul-21		
PGCert Project Management open for graduates to enrol	Aug-21		<i>PGCert Project Management viable for 2021, able to be validated, set up, and delivered online for September 2021, open to LSBU grads looking to develop skills and improve access to graduate level employment</i>

Progress this month (December):

- Tactical interventions operational (targeted course action teams/plans and localised graduate comms schedule via alumni, plus HSC positive engagement action plan)
- Rolling internship scheme ongoing – 30 confirmed LSBU funded interns and 28 department funded interns to December – wrap around support
- Targeted support from LSBU Employment to students and grads – 108 students/grads securing temp/perm employment via Agency to December
- PGCert Project Management – feasibility complete and on track for delivering September 2021
- 1:1 calling and support for grads ongoing: employer events, access to Abintegro, alumni comms and direct contact with grads. Target cohort group intensives planned. Low grad uptake for 1:1 support - explore
- Finalise process for official interim transcripts via Student Admin
- Employability in curriculum review started

Key activities planned over next month (January):

- Identify course leader for PGCert Project management (rolled over due to systems outage)
- Data analysis to determine impact of taught masters academic year timing (rolled over due to systems outage)
- 1:1 calling and support for grads ongoing (all grads)
- Commencement of cohort group intensives
- Commencement of comprehensive strategy matrix
- Explore (to deliver) intern 'templates' and talent bank offered to employers via Agency, Enterprise, and Student Enterprise that meet GO definitions

Comms required next month: none

Decisions required from committees or other groups: none

	CONFIDENTIAL
Paper title:	LSBU Group Recruitment & Retention Update
Board/Committee(s)	Finance, Planning and Resources Committee
Date of meeting(s):	2 March 2021
Authors:	Mehmet Tarhan – Head of Recruitment Planning and Operations Jamie Jones - Director of Student Operations
Sponsor:	Nicole Louis – Chief Customer Officer
Purpose:	For information
Recommendation:	The committee is requested to note the update on student recruitment and retention.

Executive Summary

For Semester 2, the university has enrolled 660 students with an associated gross income forecast of £5.7m against a scenario 2b target of 610 full enrolments and a gross income target of £4.6m. These outcomes were achieved through strong overseas performance (440 enrolled versus 245 required).

For Semester 1 2021, the sector has seen over 2.7m UCAS applications submitted to date, up 7.8% versus 2.5m last year. Competitors are up 6.2% while LSBU is up 5.5% from 18.5k to 19.5k. LSBU maintains a 17.2% share of applications within its competitor group, which is comparable with last year to date. There has been an anticipated sharp fall in EU applications across all levels of the sector, down -41% nationally, -47% amongst competitors, and -49% at LSBU which is in line with our planning assumptions. The continuing IT outage is slowing down processing time for the conversion of applications which may ultimately have an impact on main cycle outcomes and we are looking at ways to mitigate this.

Student withdrawals and interruptions are down by 2 percentage points compared to prior year with zero university instigated withdrawals. This is in keeping with the latter part of the previous academic year, though due to the IT outage we may see a very small number (c. <10) withdrawal/interruptions back-dated to this period once systems are available.

Financial support for student hardship and access to technical equipment continues to be allocated based on need and to-date, the university has supported over 500

students with funds to buy technical related equipment to access remote learning. This is in addition to welfare related funding where YTD the university has allocated half of its 200k fund with the remaining likely to be allocated over the current semester. Top-up funding has been provided by the OfS to support student welfare including rent, and this allocation is being carefully managed by Student Operations.

Recruitment Update February 2021

Semester 2 Enrolment – 12 FEB 2021

The university has achieved 107% of target with 658 students enrolled against a scenario 2b goal of 610. As the operation winds down and we follow up with outstanding partially enrolled students, we expect this to grow to at least 675. Our forecasts currently indicate in the region of £5.7m of gross income, versus a scenario 2b gross income target of around £4.6m. The income targets were achieved through strong overseas performance, where we have seen 440 enrol so far versus a target of 245. While EU achieved its headcount full enrolment target, it fell short on income as the mix of EU students were predominantly on low income bearing study abroad courses. Home has an income gap of around -£470k; working groups agreed to implement an early January application deadline (as opposed to late January in previous years). In addition, a number of Apprenticeship courses have switched their point of entry to later in the year. Discussions with employers suggest a pipeline of 110 enrolments across these Apprenticeship courses (in Rail Engineering, Nursing and Post-Production, to start across April-June).

Fig 1 – Enrolments and Target, and Gross Income Forecast and Target (all Scenario 2b)

Intake	Full Enrolments vs Target			Income vs Target		
Jan 20/21 Entrants	Current Enrolments	Target Enrolments	Current vs Target %	Forecasted Gross Income	Target Gross Income	Forecast vs Target %
EU	54	60	90.0%	£258,250	£335,165	77.1%
Home	166	308	53.9%	£991,950	£1,473,668	67.3%
Overseas	438	245	178.8%	£4,488,350	£2,799,995	160.3%
Total	658	613	107.3%	£5,738,550	£4,608,828	124.5%

September 1 2021 Recruitment

The sector has seen over 2.7m UCAS applications submitted to date, up 7.8% versus 2.5m last year. Competitors are up 6.2% while LSBU is up 5.5% from 18.5k to 19.5k. LSBU maintains a 17.2% share of applications within its competitor group, which is comparable with last year to date.

There has been an anticipated sharp fall in EU applications across all levels of the sector, down -41% nationally, -47% amongst competitors, and -49% at LSBU. OS has seen a 15% growth in applications nationally, but demand has fallen -11% at LSBU and amongst competitors. These figures only relate to direct UCAS applicants, while OS students tend to also apply Direct.

At LSBU, all Schools except Business and Engineering are up in applications or in line with last year. We have restored connectivity to UCAS application processing, but the new ways of working are not as efficient as using bespoke admissions systems such as QLx. To that end, our admissions pipeline is moving more slowly than usual (we have made 6k offers to date across UCAS programmes versus an expected range of 9-10k). Additional resources will start from week commencing 15 Feb to support processing, and subject areas that have the earliest conversion activities/events will be prioritised.

The university has received 600 applications for its Croydon campus (540 Health / 60 Business). On the current pipeline, we would be unlikely to achieve the initial target for Croydon (currently 300+ enrolments) based on Croydon applications alone, but we will

increase numbers at the new campus by redirecting Southwark applicants on oversubscribed Health programmes.

In terms of non-UCAS applications, the indication is that around 3,000 direct applications have been made to date (1,500 pre the IT outage and 1,400 using our interim web form). While this is promising, the IT outage is causing considerably more disruption to PG processing.

With the extensive period of disruption, a fall in Main Cycle conversion is likely and the dependency for Clearing recruitment will increase.

Fig 2 – Sector Performance (UCAS Applications only, excludes OS students that apply Direct to universities)

UCAS	Total	Last Year	Change
Apps	Apps	To Date	vs LYTD
Sector	2,751,808	2,552,800	▲ 7.8%
Competitors	113,626	107,042	▲ 6.2%
LSBU	19,513	18,504	▲ 5.5%
LSBU current share of Competitor market			-0.1%points
	17.2%	17.3%	

Fig 3 – LSBU S1 Recruitment (UCAS Applications only)

UCAS only	Total	Last Year	Change	Total	Last Year	Change
S1 - 2021/22	Apps	To Date	vs LYTD	Offers Made	To Date	vs LYTD
ACI	1533	1388	▲ 10.4%	282	614	▼ -54.1%
APS	1951	1961	▼ -0.5%	1277	1555	▼ -17.9%
BEA	1033	942	▲ 9.7%	272	459	▼ -40.7%
BUS	2412	2914	▼ -17.2%	1376	2404	▼ -42.8%
ENG	1290	1590	▼ -18.9%	586	1431	▼ -59.0%
HSC	8523	6907	▲ 23.4%	1128	1361	▼ -17.1%
LSS	2771	2802	▼ -1.1%	1247	2326	▼ -46.4%
Overall UCAS	19513	18504	▲ 5.5%	6168	10150	▼ -39.2%

Retention Update February 2021

(Due to the IT outage, we are only able to report on limited metrics for this period)

Withdrawals and Interruptions

University initiated withdrawals for the period 1st December to 31st January are zero. This is in keeping with the previous academic year, though due to the IT outage we may see a very small number (c. <10) withdrawal/interruptions back-dated to this period once systems are available. In terms of student initiated withdrawals/interruptions, we have continued to process in the normal way, but off system, including informing Student Finance England of any amendments to student's status. With the caveat that we have a gap from 1-9 Dec, plus any withdrawals or interruptions that were backdated in that period, the indicative numbers to end of January looks as follows:

	Withdrawals		Interruptions		Total W&I	
	FPE	%	FPE	%	FPE	%
Nov-20 YTD	136	0.9%	229	1.5%	365	2.3%
10-31 Dec	19	0.1%	14	0.1%	33	0.2%
January	49	0.3%	51	0.3%	100	0.6%
Jan-21 YTD	204	1.3%	294	1.9%	498	3.2%
Jan-20 YTD		2.5%		2.8%		5.3%

N.B – we have a gap from 1st-9th Dec in the above data, which will be input once systems return

The YTD difference between 2021 and 2020 remains very positive (3.2% compared to 5.3% in 2020)

Additional Student Hardship Funding

The YTD draw down on the LSBU Retention (Hardship) fund is £105K. This is considerably higher than this point last year (exact figures unavailable due to system outage) but last year we did see a surge of payments in March/April/May due to the beginning of Covid and lockdown. We have forecast that spend over the year will be similar to prior year and we will utilise the £200K within the fund by the end of July, as planned. A full YTD comparison will be in our next report.

We have also fully utilised the additional £200K allocated to support student remote learning (access to tech equipment). Based on a total spend of £213K, we have provided 584 (average per student payment of £364) students with money to assist with buying IT kit or repairing/replacing existing kit to enable them to access remote learning.

In January 2021, via the OfS, we were awarded an additional £225k in Hardship funds to disseminate directly to students before the end of March. We utilized the same approach that we had taken in March 2020 and launched a fund that was open to all students, to cover any needs that they may have that have specifically arisen because of the pandemic. This would cover costs arisen due to loss of earnings, furlough, additional home learning responsibility, illness and isolation, as well as any technological learning needs. We also targeted a portion of our budget at Care Leavers, inviting them to access funds for Remote Learning Needs. This is anticipated to take up approximately £25k of the budget, leaving £200k open to all.

Since the fund was launched a month ago, we have received 521 applications (as of 10th Feb). We have so far assessed over 400 applications and have made 238 payments to students. We have spent £70,500 of the allocated money, meaning that students are receiving an average award of nearly £300. Note: the gap between applied and awarded is due to lack of evidence provided, we currently have 100 applications awaiting evidence from the student(s).

Applications Received (live figure)	521
Applications Assessed	401
Payments Made	238
Total of Awards so far	£70,500
Average Award	£296

The top 3 reasons that students have given for their application, during this period are:

<i>Category of Need</i>	<i>Times referenced</i>	<i>Number awarded</i>	<i>Total Spend</i>	<i>Average Spend</i>
Laptop/Computer/IT	27	15	£4350	£290
Childcare	51	28	£8300	£296
Rent	163	79	£24800	£314

This week we have been allocated an additional £513k from the OfS to spend directly on student hardship. This money has been allocated with the proviso that students renting accommodation away from home have the maximum opportunity to benefit. To this end a small working group is convening this week, comprising of staff from the Schools, the SU, Accommodation and Student Life, to discuss how best this money can be targeted and disseminated, so that it best meets the needs of our students whilst following the guidelines given by the OfS. Again this funding must be used by the end of March 2021, though I note that NASMA (National Association of Student Money Advisers) have written to the OfS to request that this period is extended.

End.

	CONFIDENTIAL
Paper title:	Update on the 2025 KPI Framework
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	02 March 2021
Author(s):	Karen McLernon (Head of Performance Analysis), Richard Duke (Director of Strategy and Planning) and Pat Bailey (Provost).
Sponsor(s):	Richard Flatman, Group CFO
Purpose:	For Information
Recommendation:	The committee is requested to note the update on Group KPIs.

Executive Summary

This paper provides a high-level summary as to how KPIs within the new Group Strategy have been developed through the strategy development process. In addition to this, the paper will detail how progress against achieving these KPIs will be made and how the Group is progressing in terms of accountability and reporting against them.

Strategy Development Process

[The Group 2020-25 Corporate Strategy](#) was approved by the LSBU Board in July 2020. This was the culmination of around 12 months of work from across the Group, with staff from all levels contributing through multiple workshops and leadership sessions. The strategy provides a tangible framework for both what the Group will do to deliver against its plans, but also how success will be measured. The approach to measurement is highlighted in the section in this paper relating to KPI targets and reporting.

Level 1 Target Operating Model (TOM) Summary and Accountability

An essential component of delivering against corporate priorities and KPIs is the governance and accountability that underpin them. As part of this, work on TOM has clarified Executive structure and provided a framework for accountability. The Level 1 TOM structure is detailed in Figure 1, whilst Figure 2 details which areas of the structure are accountable for each KPI (as detailed in the 2025 Strategy). For example all 'verticals' (areas of academic delivery) are accountable for academic outcomes e.g. learning experience (measured through the NSS at the University), whilst all areas are accountable for adherence to their budget or staff engagement targets.

In addition to KPI accountability, also identified, is which areas of the Group are accountable for each deliverable in the strategy. This is identified in Figure 3.

Figure 1. Level 1 TOM Structure

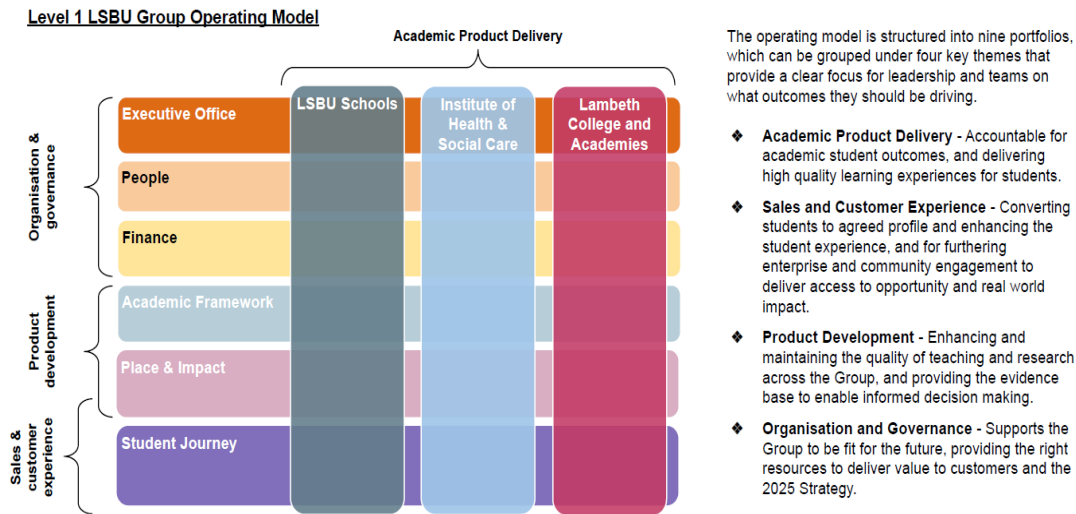


Figure 2. – Outcome (KPI) Accountability

Access to Opportunity	Student Success	Real World Impact	Technology and Estates	People, Culture and Inclusion	Resources, Market and Shape
Embed employer relationships	Employment and further study	Research and enterprise income	Estate utilisation	Inspire our staff effectively	Group income of £250m
Recruit hard to reach groups	Learning experience	Employer reputation score*	Student satisfaction with infrastructure	Effective in managing change	Generate 5% surplus
Embrace internationalisation	Progression	Research informed teaching	Employer satisfaction with facilities	Inclusive workforce	Brand and reputation
Increase in intra-Group progression	Close awarding gaps	GPA and rankings	Staff satisfaction with IT	Employee experience	Philanthropic income
	Deliver excellent services to students	Research pipeline	Reduce carbon footprint		

Level 1 Structure	All Areas	All Verticals	Executive Office	People	Finance	Place and Impact	Academic Framework	Student Journey

Figure 3. – Deliverable Accountability

Access to Opportunity	Student Success	Real World Impact	Technology and Estates	People, Culture and Inclusion	Resources, Market and Shape	
Employer relationships	Professional and technical curriculum	Research centres	Environmental sustainability and literacy	People	Brand and reputation	
Global	LSBU social capital programme	Industry partnerships	Technology enabled flexibility	Leadership and management	Student recruitment	
Educational pathways	Technology enabled teaching	Research informed teaching	Cloud focused	Organisational shape and size	Group operating model	
Local partnerships	Industry links embedded in education	Research infrastructure	Software as a service	Dynamic culture	Fundraising and philanthropy	
Public engagement	Academic development programme	Enterprise subsidiaries	Industry standard facilities	Inclusivity	Planning and budgeting	
Development of the Group	Student support and customer service	Centre for pedagogy and adult learning research centre	High quality estate		Capital investment plan	
	Wellbeing	Employer-led skills centres				
	Advice and guidance					
Level 1 Structure	Executive Office	People	Finance	Place and Impact	Academic Framework	Student Journey

□

KPI Targets and KPI Reporting

A significant amount of work has been undertaken in terms of development of definitions, accountability and reporting mechanisms.

- The vast majority of Outcome KPIs have now been defined for all Group entities - LSBU, SBC and SBA.
- Development of the reporting framework is progressing well, including design of report outputs, reporting hierarchies and RAG rating methodology.
- Development of the reporting infrastructure and automation in the MIKE BI tool has been delayed as a result of the IT incident.

The KPI framework and targets will be presented to FPR and Board in April / May as part of Group and Institutional roadmaps.

Figure 4 details the LSBU KPIs and targets as approved in Autumn 2020.

Update on the 2025 KPI Framework

Introduction

The 2025 KPI framework was introduced at the June FPR meeting. The suite of Strategic Goals and Outcomes KPIs is designed as a holistic framework that aligns to the four strategic pillars and applies consistently across all entities of the Group.

Updates on the KPI definition work and on LSBU end-of-strategy targets were provided to the October/November 2020 FPR and Board meetings.

This paper summarises progress since these last updates.

Development Activities since November 2020

KPI Definition

Significant progress made in defining the SBC and SBA KPIs: metrics have been agreed for 23 of the 27 Strategic Outcomes. Baseline data for the metrics is currently being collated, to be followed by end-of strategy target definition and annual target phasing out to 2025. The KPI suite and targets will be reported to FPR in April 2021.

KPIs are yet to be defined for only a small number of Outcomes, across all Group entities:

- Multi-touch relationships with employers (Access to Opportunity pillar),
- Alignment to the EntreComp framework (Real World Impact pillar),
- Employer feedback on facilities being of industry standard (Fit for the Future - Technology & Estates pillar),
- Brand recognition survey (Fit for the Future - Resources, Market & Shape pillar).

Strategy delivery planning needs to advance further in order to be able to identify appropriate metrics for these Outcomes.

Some further development work is required to define the methodology for measuring the following Strategic Goals:

- Positively impact 1 million lives (Access to Opportunity pillar),
- Increase in students' social capital (Student Success pillar),
- Digital platforms or industry standard facilities (Fit for the Future - Technology & Estates pillar).

Reporting Framework

The Strategy, Planning & Performance Team has made good progress in developing the reporting framework and completed the following elements:

- Definition of the reporting hierarchy – see schematic in Appendix 1. The hierarchy is aligned to the organisational structure and covers the areas of responsibility of each members of the Executive, with a further reporting level for the LSBU Academic Schools and the two SBA Schools. Targets will be set and performance tracked at each level of the hierarchy. FPR and Board reporting will be at Level 0 (Group) and Level 1 (Group entities – LSBU, SBC and SBA),
- Report output design,
- Definition of RAG (red – amber – green) rating methodology and aggregation of RAGs at Level 1 and Level 0 of the reporting hierarchy. Because metrics are aligned to education sector, particularly in the Access to Opportunity and Student Success pillars, the KPIs for the same Strategy Outcome can differ between the Group entities. This in turn means that there may not be an aggregate figure at overall Group level that can be compared to a set target. In these instances, reporting at Group level is through an aggregate RAG - see Appendix 2 for a simplified schematic of the aggregation methodology.

It is intended to store KPI targets and performance data at all hierarchy levels in the MIKE BI tool and have the capability for automated report production. Work on this reporting infrastructure has been delayed as a result of the IT incident.

Next steps

It is planned to present Group and Institutional roadmaps to FPR and Board in April/May 2021 for approval. Alongside strategy delivery plans and risks, the roadmaps will include the KPI framework and targets.

Figure 4. – 2025 KPI Targets and Outcomes as referenced in 2025 Strategy

2025 Group Strategy Outcomes - LSBU Page

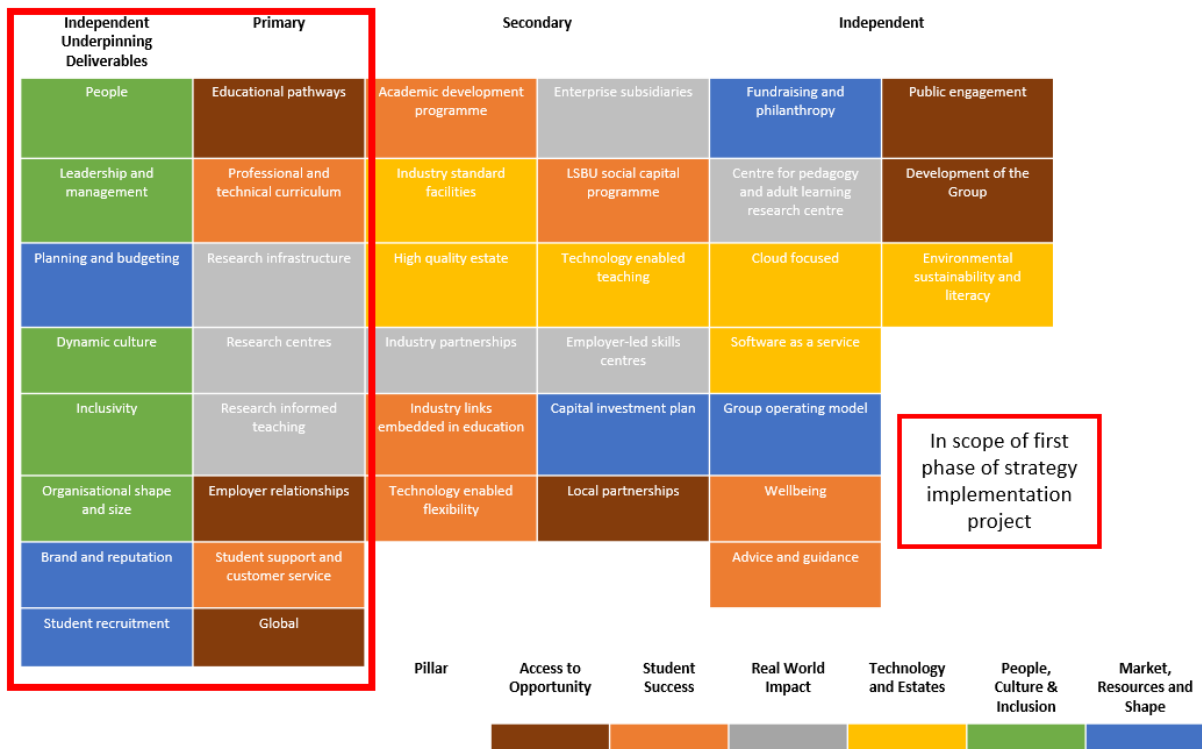
LSBU Outcomes

Pillar	Outcomes		Actuals		Targets					Latest Sector Average	Sector Upper quartile	
	KPI #	LSBU measure	Subset	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24			2024/25
Access to Opportunity	1	Multi-touch relationships with employers										
	2a	Access: Proportion of FT UG entrants from disadvantaged groups	Care Leavers	1.80%		1-3	1-3	1-3	1-3	1-3		
			IMD Quintiles 1&2	58.20%		55-60	55-60	55-60	55-60	55-60		
			Military Families	NA	NA							
	2b	Retention: Y1-2 Progression rate of FT UG students from disadvantaged groups	Care Leavers	TBC	TBC							
			IMD Quintiles 1&2	71.30%	TBC	73	75	78	80	82		
3	Student and Staff Global Education Profiler (GEP) scores											
4	Progression to LSBU through progression pathways (including International)											
Student Success	5	GD Graduate level employment or PG study (EPI cohort)		33	27	100	500	1000	1500	2700		
	6a	NSS - Teaching related question areas (% agree, all respondents)		87.7	89.1	72	74	78	78	80	75	78
	6b	PTEG - Teaching measure		80.4	77.8	80	81	82	84	88	79.7	86.3
	6c	PRES - Overall satisfaction (student survey)		75	72	75	78	80	82	85	82	85
	7a	Y1-2 Progression (FT UG students) target 85% by 2025		71		81		83		85	81	85
	7b	PGT completion target 85% by 2025		73.5	78.1*	79	80	82	84	85		
	7c	Apprenticeship overall achievement rates		66.7	TBC	70	74	78	82	85		
	8a	BME awarding gap (FT students)		0	55.1*	60	65	70	80	83	68.6	
	9	NSS - Organisation and Management question area (all respondents)		15.3	TBC	13	11	9	7	5	13.3	9.3
Real World Impact	10	E50m of Research & Enterprise Income (excluding OR)		72.3	69.7	73	75	77	79	82	73.8	82.4
	11	Employer reputation in QS Survey (points out of 100)		14.6	11.1	15	20	25	35	50		
	12a	R & E Informed teaching: % of Research & Teaching academics		2	1.8	2	3	5	7	10		
	12b	Alignment to EntreComp framework		26.3	22.3*	25	28	30	35	40		
	13a	QS & THE World University Rankings Top 500	QS	701-750	751-800	751-800	701-750	651-700	601-650	<501		
			THE	+1001	+1001	+1001	801-1000	601-800	<601	<501		
	13b	REF impact measure of 3.0 in 2021 and 3.2 in 2027									3	
13c	University GPA of 2.8 in 2021 and 3.0 in 2027									2.8		
14	PGR Completions		30	TBC	35	40	45	50	60			
Fit for the Future - Technology & Estates	15	Room utilisation rate		20	TBC	NA	30	35	40	50		
	16	NSS - Learning Resources question area (% agree, all respondents)		84	82.3	83	84	86	87	88	85.8	87.9
	17	Staff Survey question on IT services (question 9, new in 2020)			48							
Fit for the Future - People, Culture & Inclusion	18	Employer feedback (via employer boards)										
	19	Carbon usage (tons of CO ₂ emissions / 1002b) Reduction compared to 2019/20 figure		5352	TBC	-5%	-10%	-15%	-20%	-25%		
	20	Staff Surveys questions on leadership		39	50							
	21	Staff Survey question on managing change		42	57							
	22a	Ethnicity Grade 10+ (% difference)		15	TBC	13	11	9	7	5		
22b	Gender Grade 10+ (% difference)		4	TBC	3	2	1	0	0			
23	Staff Survey average score		57	61								
Fit for the Future - People, Culture & Inclusion		Income split by UG domestic, PG domestic, International (inc. TNE) and Apprenticeship.	Total Income	148.5	157.1	153.3				200		
	25	Surplus %		1.6	1*	0	1	2	3	5		
	26a	Top 50% in all domestic rankings (percentile, not rank recorded)	Guardian	56	77	70	64	58	54	50		
			Times	70	94	87	80	70	60	50		
			CUG	67	88	64	62	58	54	50		
26b	Brand recognition survey Methodology and metrics under review											
27	Alumni Income		TBC	TBC	1.5	3	5	10	15			

Strategy Implementation Project

As soon as the strategy was approved in July work began to prioritise the elements of the strategy that precipitate the most change. From this, of the 36 deliverables in the strategy, 15 were prioritised. This selection was undertaken, through a series of workshops with senior staff and approved by the Group Executive. The prioritised deliverables are detailed within the red box in Figure 5.

Figure 5. – Prioritised Deliverables



Executive members with accountability for each deliverable assembled teams from across the Group with both professional and academic roles. These teams identified deliverable success, milestones, dependencies and potential resource requirements. The 2025 success definition is detailed in Figure 6.

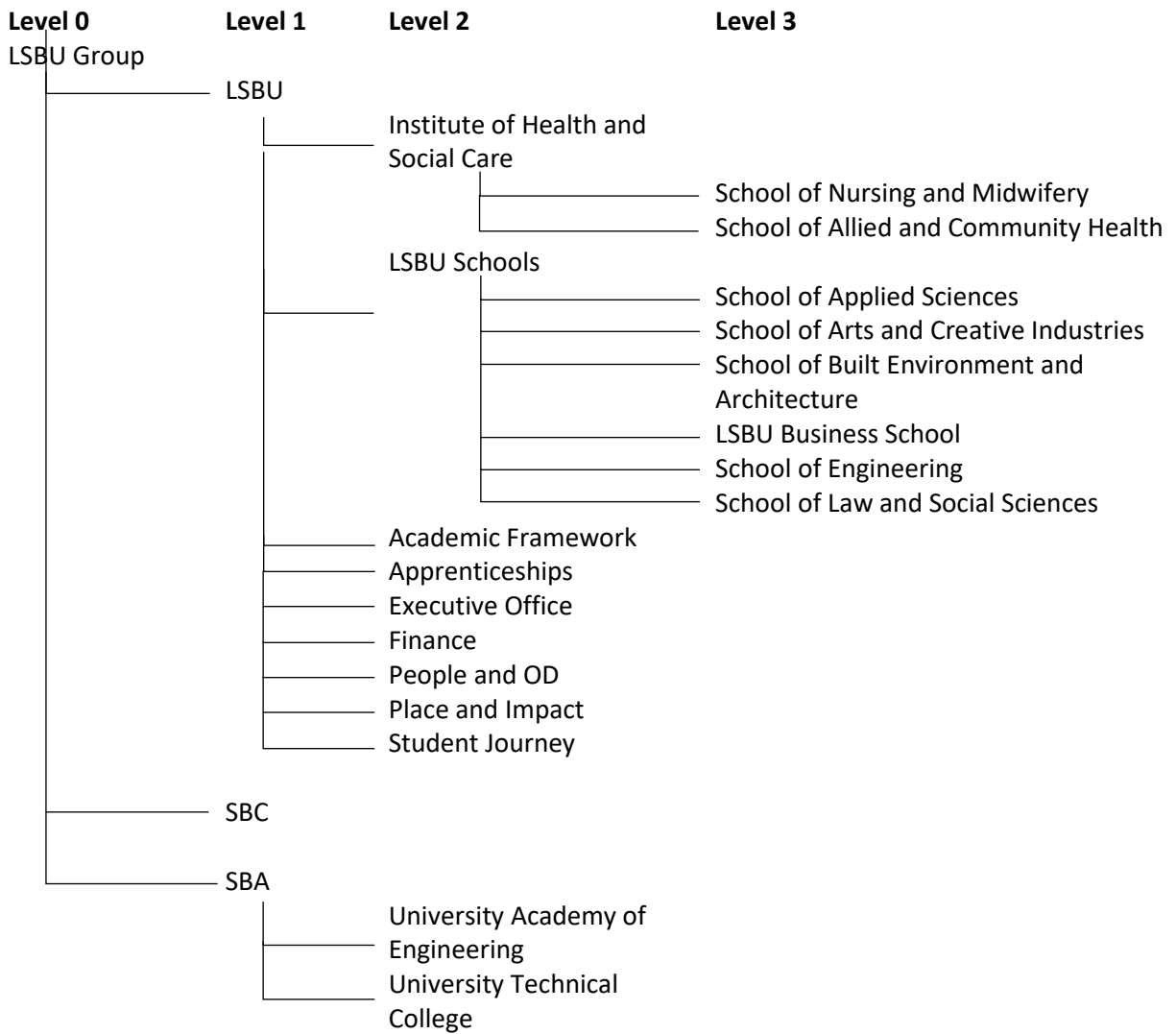
Progress against these deliverables were shared during a Group Strategy day on 6th February 2021.

The work from this process will support the development of the Group Roadmap, that will be presented to FPR and Board in April/May 2021. This will then be translated into local roadmaps to ensure alignment across the Group to deliver the strategy.



Figure 6. – Prioritised Deliverables Success Definitions

Pillar	Deliverable	2025 Success Definition
Access to Opportunity	Educational Pathways	Identifiable pathways established that provide learners with clear routes to their career goals, irrespective of level. 100-fold increase in intra-Group progression delivered.
	Employer Relationships	Embed employer relationships in the Group supporting 10,000 apprentices and enabling all students to have a work based opportunity
People, Culture and Inclusion	Dynamic Culture	A dynamic culture across the Group where our people thrive, underpinned by our EPIIC Values. Threaded through with a culture of learning and the agility to change and develop
	Inclusivity	Sector leading in equality, diversity and inclusion practices and outcomes. The Group actively values diversity, creating environments where everyone can thrive. We aim to eliminate bias and enable all our staff to achieve their full potential. We are going to be creative and ambitious to lead EDI differently to achieve successful outcomes.
	Leadership and management	Leaders and managers with the right skills and behaviours enabled to carry out their roles and deliver the strategy in an inclusive, innovative and future proof way
	Organisational shape and size	Organisational design delivering greater value for money and supporting transition to outcomes and values led organisation. Review and design the size and shape of the organisation through a new Target Operating Model. Create capacity, capability and prioritisation of resources through planned workforce transformation.
	People	A first class employee experience and journey which will attract, enable and retain high performing people.
Real World Impact	Global	Reinforcing Access to Opportunity, Student Success and Place and Impact, 3 Major Delivery Centres operational on the ground. Priority 1 is MENA and Europe, 2 Central Asia/North America, 3 India/South America. Largest cohort of students worldwide will be online or hybrid with LSBU Global centres, including some attendance at one of LSBU Group London, Branch Campuses, Validated Centres and Learning Support Centres. Student Experience of LSBU Group will include opportunity to engage globally at some level.
	Research Infrastructure	A demonstrably value-led research infrastructure focused on both supporting and driving world-leading academic outcomes and outputs in research, delivering excellent customer service and strategic insights to support achievement of step changes in research income and the quality and international standing of our research. Goals: 1. Significantly increase research and enterprise activity across the Group generating £50m of research and enterprise income per annum. 2. Be externally recognised for the quality and impact of our research and enterprise activity, including the University being in the top 500 QS and THE rankings (REF impact measure and University GPA of 3.0 and 2.8 in 2021 and 3.2 and 3.0 in 2027) 3. Maintain an effective research pipeline, doubling PhD completions by 2025.
Resources, Market and Shape	Planning and budgeting	The Group prioritises, plans and resources, using high quality information and insight to inform decision making, supported by high quality governance frameworks, to ensure the achievement of the outcomes in the 2025 Strategy
	Brand and Reputation	LSBU Group is recognised internally and externally as a driving force for high quality, applied, technical, professional and vocational education that is transforming lives, businesses and society across south London and beyond
	Student recruitment	Achievement of the projected Student Recruitment income outlined in the Corporate Strategy within the context of specifically meeting our Access to Opportunity aims as well as increased international and postgraduate enrolments.
Student Success	Student customer service	To provide exceptional administrative and student focussed services, in both a proactive and reactive manner, to ensure that we meet the complex and diverse needs of our students. Such services will be a key enabler in aiding student retention, progression and satisfaction
	Student support	The Group removes barriers to student success through the delivery of personalised support pathways where targeted services and interventions are designed around our students and their lives and needs. The Group is known for expert and innovative student support provision which mitigates links between disadvantage and educational and career outcomes.

Appendix 1: Group Reporting Hierarchy



Appendix 2: RAG Rating Methodology

Step 1	Indicators	Individual indicators within an Outcome are rated against target, a reporting levels 1, 2 and 3.
		
Step 2	Outcomes at Entity level	There are between 1-14 indicators per Outcome in each Level 1 entity (LSBU, SBC and SBA). Indicator RAGs are aggregated to determine the Outcome RAG for the Level 1 entity.
		
Step 3	Outcomes at Group level	The Entity Outcome RAGs are aggregated into a Group (Level 0) Outcome RAG.

	CONFIDENTIAL
Paper title:	LSBSU Code of Practice Return 2019/20
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	02 March 2021
Author(s):	Ben Whittaker, Turnaround Director, Koreo Amy Eden, LSBSU Chief Executive
Sponsor(s):	Nicole Louis, Chief Customer Officer
Purpose:	For Information
Recommendation:	The committee is asked to note the information provided by the LSBU Students' Union in relation to the Code of Practice Return

Executive summary

The Student Union has prepared its annual Code of Practice Return for 2019/20 in line with its obligations to the university. This return provides assurance that the union has complied with its obligations in multiple areas relating to constitution, finance and general operations. The return also provides a breakdown of financial expenditure over the period, along with narrative comment to provide context around the deployment of funds which are awarded by the university through the annual block grant. The return can be read in conjunction with the annual audited accounts for 2019/20 which have been approved by external auditors and provided to the university.

This return reflects a period of time which was exceptional for the union, where for most part, it was operating in 'turnaround' mode, focussing on addressing multiple identified issues relating to governance, compliance, financial management and culture. With the exit of a significant number of staff earlier in the year, including all senior managers, activities were led by interim senior managers (Koreo) and overseen by a smaller and more agile 'Turnarond' Board' to which the university contributed two staff members. Details of the turnaround priorities are referenced within the return as well as a financial breakdown which shows fairly significant variances in actual versus planned student facing activities and expenditure over the year. These variances are a direct consequence of i) the union being in 'turnaround' and ii) the impact of Covid 19.

Whilst it is recognised that the reduction in planned activities resulted in a reduced offer for students, it is understood that the priority for the SU had to be on addressing the fundamental and systemic issues within the union and creating a stable foundation on which the union and its activities could effectively be re-launched.

I am confident that the combined efforts of the turnaround and of the interim management in place last year have resulted in a stabilised organisation with clear priorities and action plans, which will enable it to better meet its forward looking obligations to both students and the university.

1 Background

- 1.1 The students' union is required to submit a response to the institution each year related to its compliance with the Code of Practice that exists between the union and the university. This was instigated as part of the reforms to the organisation and its relationship with the university back in 2012.
- 1.2 The Code of Practice establishes a clear responsibility on part of the union to comply with its requirements and recognises the university's legal duties under the Education Act 1994 to ensure that the students' union continues to operate in a fair and democratic manner and is accountable for its finances.

2 Summary

- 2.1 This return covers the period 2019/20. During this period, and following significant concerns raised by board members and stakeholders, the Union's Trustee Board commissioned a diagnostic of the organisation's performance which confirmed the Union was underperforming in a significant number of high risk areas – most notably governance and compliance; financial management; strategic direction; and people & culture. As a result of this, the senior leadership team and a large proportion of SU staff exited the organisation, and work began to turnaround the Union with the support of the University and an external interim management team.
- 2.2 A Turnaround board, on which the university sat as an observer, was established to support the interim team and to direct and prioritise work. This resulted in the development of a new 5 year-strategy a staffing restructure, and the stabilisation of the Union's finances and financial management. We would like to take this opportunity to thank Nicole Louis and Ralph Sanders for attending these meetings and providing advice and guidance during this time to the officers, trustees and transition team. The commitment of the university to the successful future development of the students' union has been invaluable.
- 2.3 In line with the Code of Practice, the union has also maintained discussions with the university throughout the year including on internal matters related to the organisation's leadership and development and has enacted its full duties to inform the university through regular contact between Executive members and the SU President and the interim team.
- 2.4 In addition to the complexity of delivering outcomes for an organisation in a turnaround period, in March 2019 the Union's service delivery was impacted along with every other institution globally by the COVID-19 Pandemic. The threat of the spread and the associated restrictions saw much of the Union's activity cease overnight, and the ability to respond to this and adapt work was hampered further by the lack of staffing capacity within the Union following the implementation of the turnaround process.
- 2.5 Without a doubt the extraordinary circumstances presented in 2019-2020 significantly impacted the delivery of planned work as focus and resources were redirected into stabilising the Union to ensure it's future success. This ultimately meant that during 2019/20 students were not given the full experience from the SU which either they or the University should have expected. Whilst there were exceptional circumstances to consider, this fact should serve as a prominent reminder that good management and oversight of the Union through robust structures and frameworks and partnership with the University is paramount going forwards to ensure that students do not bare this impact again.
- 2.6 Acknowledging the students' union's duty to comply with the Code of Practice, the union's Trustees, we are formally submitting this return as evidence of the union's work for which it is in receipt of an annual funding grant. However, it was evident during the diagnostic and subsequent turnaround process that many of the systems and processes which should have been in place to accurately monitor and record this information were not in place and the information included in this return is therefore the best possible information that can be shared with the institution for the required period. An updated Financial Memorandum of Understanding has been drafted with the

institution as part of the union's future obligations. This Code of Practice is also presented alongside audited accounts for the 19/20 financial year and an analysis of its financials is included.

3 Constitution

- 3.1 The students' union continues to operate as an unincorporated association independent of the structure of the institution and has its own written Constitution which has been approved by both the University Board of Governors, students and trustee board. The union has operated in line with this constitution for the academic year as posted as part of this return.
- 3.2 We are not aware of the date that the union's constitution was last reviewed as the union does not have a formal record of this, however the students' union informed the institution of its wish to incorporate (become a charitable company) within the next academic year and as part of this is redrafting its governing documents to bring in line with updated government guidance and best practice and will be submitted to members, the university and the Charity Commission for final approval as 'Articles of Association'.
- 3.3 Incorporation is a step most students' unions in the country have taken to protect themselves, and the institution, from unnecessary risk - particularly related to the union's historic SUSS pension liability. Further papers have been submitted to the institution to consider these changes and the union continues to plan to incorporate over the summer of 2021.
- 3.4 The students' union continues to acknowledge its responsibilities to inform the university of serious financial concerns and enacted this provision in the summer of 2019 when the turnaround programme was initiated and the university was approached to be part of project. The departure of senior management resulted in a lack of financial information and ability to accurately report, keeping the University fully informed under the requirements of this code. Over the year, with the support of an interim finance director financial operations and reporting were restored.

4 Opt-Out

- 4.1 Any enrolled student of the University has a statutory right to opt out of Union membership, and this information is posted on the University intranet, the students' union website and is sign-posted in the Enrolment Declaration Form.
- 4.2 Many students exercise this right on enrolment, many by accident as it has been noted that the union and university have reviewed wording and placement as part of the 20/21 enrolment process to ensure that this information is clear and accessible for students.
- 4.3 Data is only shared with the union by the institution if a student has not opted out of students' union membership - and this is managed by the union and university's data sharing agreement and procedures.

5 Union Elections

- 5.1 The student's union held a cross-campus student election as part of the constitutional regulations for elections to major offices by secret ballot as detailed in its constitution in March 2020.
- 5.2 Student elections for 2020-2021 were undertaken in line with Regulation D of the union's constitution during the 2019/20 academic year based on the following timetable and the Returning Officer was the National Union of Students after being appointed by the union's Trustee Board.

	Start	End
Nominations Period	6th January	24th February

Campaigning Period	3rd March	11th March
Question Time	3rd March	3rd March
Voting Period	3rd March	11th March
Results	11th March	11th March

- The elections took place and were signed-off as free and fair by the Returning Officer and a set of officers and volunteers successfully elected for the 2020/21 year.
- The union maintained over 90% of last year's levels of voting engagement with a total number of 27500 votes cast by 2848 voters - with candidates also up on last year.
- Candidates were elected for 19 roles, including the full-time officer team for 2020-21:
 - President - 5 candidates - Hattie Tollerson
 - Vice President of Education - Rabbi (Md Fazle Rabbi)
 - Vice President of Welfare and Equalities - Jannatul Ferdous
 - Vice President of Activities and Employability - Joel Langston

6 Conduct of Union Elections

- 6.1 The students' union provided up to date and information and response regarding the elections to Nicole Louis on behalf of the University executive. The Union's elections were monitored by the appointed Returning Officer (NUS) and signed off the election as free and fair and monitored and ruled on conduct and any complaints during the time of the election.
- 6.2 The Returning Officer's report confirming that the elections of the Union's Sabbatical Officers and Student Trustees were fairly and properly conducted has been received by the union and shared with the union's Trustee Board. A copy of this is available for the institution.

7 Terms of Office

- 7.1 There remains a constitutional provision for no person to hold office for more than two years in total as part of the union's full-time elected leadership team. In 2019-20 we can confirm that no Union Sabbatical Officer held office for more than two years in total.

Role	Individual	Date Appointed	Previous Positions held	Total years in Office
President	Nelly Kibirige	01/07/18 & 01/07/19	President	1 years 12 months
Vice President, Education	Sajjad Hossain	01/07/18 & 01/07/19	VP Education	1 years 12 months
Vice President, Welfare and Equalities	Isata Black Kamara	01/7/19 - <i>Resigned</i>		2 Months
Vice President, Activities & Employability	Hattie Tollerson	01/7/19		12 months

8 Union Finances

- 8.1 The Union's management of its budgeting and expenditure is monitored by the University executive through the students' union Trustee Board. During 2019/2020 powers were devolved to the Turnaround Board which was established to oversee the redevelopment of the union including its financial reporting.
- 8.2 The student's union completed regular updates on its finances to the institution. Where it was not possible to offer monthly reports on income and expenditure against the allocated budget to the institution, the union offered as much comprehensive information as was possible and a six monthly financial report was provided to the institution through Nicole Louis. This analysis was provided in an appendix to a provision 2019/20 Code of Practice return sent to the institution half way through the academic year. Annual Accounts for the 2018/19 and 2019/20 years were also provided although both are still required to be ratified by the union through an Annual General Meeting.

9 Financial reports

- 9.1 The University allocated the Union funding by way of a subvention grant to cover core organisational costs and activity relating to student experience and representation. In addition the University allocated further funding for a specific project supporting activity at Lambeth College. However, the Union's records prior to the departure of the senior management team do not show this funding split, instead citing a subvention grant which combines both. Therefore, without this breakdown or any existing records relating to any associated activity, the interim team were, for some time into the financial year, working without knowledge of a commitment to run activity for Lambeth College and it is assumed that the funding for this project was absorbed into the main budget and used to pay for core activity.
- 9.2 The Coronavirus (COVID-19 virus) pandemic and the impact of taking the organisation through a turnaround programme presented significant changes to the Union's planned financial activity in 2019/2020. As a result of government restrictions in place to help combat the spread of the virus, the Union were unable to deliver; Varsity; Sports competitions from March; Flagship and weekly events from March; and Union Awards. This resulted in a reduction in the cost to deliver, as well as the forecast income generated by these activities. NUS conferences were also moved online causing a further reduction in spend.
- 9.3 Reduced staffing capacity meant that work had to be re-prioritised and activity relating to campaigns was stopped. In addition the decision was made to shut the Union's shop as it was not cost-effective to run. The net result of these changes to planned delivery was £49,000 saving from budget. The departure of staff also resulted in a significant underspend on staff costs of £271,000 compared to budget.
- 9.4 In order to stabilise the Union the Turnaround board approved a number of necessary measures which included the appointment of an interim team as well expert analysis and advice on the Union's most high-risk areas. This included:
- Interim Senior Management
 - Interim Financial Management
 - Administrative and Board support
 - Restructure and Redundancy costs including HR support
 - External recruitment search for permanent leadership team
 - Governance review
 - Organisational Diagnostic work
- 9.5 The total cost of this work was £243,000 and is offset by the underspend on staff costs as indicated above. Though this work was clearly an exceptional cost and not included in the Union's plans at the start of the year, the need to invest in this way to stabilise the Union was essential in

order for it to make a meaningful contribution to the University's ambition and to the lives of LSBU students.

- 9.6 The work undertaken through the turnaround programme has ensured that appropriate monitoring and reporting systems are in place, as well as the experienced personal needed to run an effective and compliant organisation. In addition, it has provided the foundations for an effective partnership between the University and the Union which will enable both institutions to work cohesively to achieve shared goals.
- 9.7 At the end of financial year 2019/20 the Union designated funds for the continuation of work into the new financial year. This included provision for delayed invoices; incorporation and work related to the impact of COVID on staff/space, leaving the Union with a balanced budget.
- 9.8 A detailed breakdown of the Unions Income v Expenditure and activity can be found in appendix 1.
- 9.9 The previously reported issues around recording and reporting of financial information were a major risk for the organisation during 2019/2020. Much of the work undertaken throughout that period was to overhaul the finance function, and ensure financial stability. The success of this work was evidenced through the union's annual accounts which are audited by Knox Cropper LLP and provided to the institution in accordance with this Code. The auditors have recently completed a clean sign-off of the union's 2019/20 accounts which have been provided to the institution.

"Opinion

We have audited the financial statements of London South Bank University Students' Union For the year ended 31 July 2020 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable in law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion the financial statements:

- *give a true and fair view of the state of the charity's affairs as at 31 July 2020 and of its income and expenditure, for the year then ended;*
- *have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and*
- *have been prepared in accordance with the requirements of the Charities Act 2011.*

This report is made solely to the charity's trustees, as a body, in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed."

- 9.10 The audited accounts for 2019/20 were approved by its trustees on 30/10/2020 and the full annual accounts include a list and details of donations and affiliations made by the Union to external organisations during the year.

10 Allocation of Union Resources to groups or clubs

- 10.1 We recognise the Code requires the University Executive to monitor fair application by the Union of constitutional procedures for allocation of Union resources to groups or clubs. However the union's previous methodology does not enable us to provide a full report to the university regarding these grants and provisions by the way they are calculated. We are currently seeking to redevelop this to be able to ensure accurate reporting. We estimate that the resource allocated

for student clubs and groups was approx. £27,000 and additional information relating to activity costs is included in appendix 1.

11 Notice of Decision to Affiliate

11.1 The student's union did not affiliate with any new external organisations between December 2019 and June 2020 - and to the best of our knowledge we are not aware of the union affiliating to any other new organisation in July-November 2019 although no records exist from this time.

12 Report on Affiliations

12.1 The union's affiliations are detailed in its annual accounts.

12.2 The Union is currently affiliated to the National Union of Students (NUS), for which the total subscription costs amounted to £36,000 (2018: £35,789) for the year, and no donations were made during the year to any external institutions out of the union's own resources.

13 Review of Affiliations

13.1 Union members receive a yearly report into affiliations at the annual general meeting. However for 2019/20 the union has not been able to complete an AGM due to the ongoing COVID19 pandemic where its regulations do not clearly give it the power to organise such a meeting electronically.

14 Complaints Procedure

14.1 We recognise that the University executive has a responsibility to monitor both:

(1) summary reports on all complaints pursued by means of the constitutional complaints procedure, including those from students who allege unfair disadvantage after opting out of membership

(2) each individual case report by the statutory independent investigator of complaints appointed by the Board.

14.2 The union did not hold a central record of details of complaints received or handled prior to December 2019. The union is aware of one student complaint received during 2019/20 which was taken to the union's Trustee Board for management and several minor complaints raised through the elections process are documented in a full report that was provided to the institution in the Election Returning Officers report.

14.3 We are not aware of any other student complaints received during this time. Several internal complaints were also managed by the students' union Trustee Board.

15 Declaration

15.1 London South Bank Students' Union Trustee Board believe that the students' union has continued to operate within the remit of and in compliance with its Code of Practice with the institution - and has identified key areas of practice that have been tightened or rebuilt through its internal transition to ensure full compliance in future years.

Hattie Tollerson
Chair of Trustees

16 Appendices

Appendix 1 Detailed analysis of the Union's income, expenditure and activity delivered.

Appendix 1

Financial Analysis

Summary

During the financial year 2019-20, the Union received Subvention Grant of 945,000 along with £61,000 for work associated with Lambeth College from the University. Additional income raised or received by the Union was £87,101.

As has been stated, the Union has seen an unprecedented challenge to its operating circumstances both in terms of the departure of its senior team and entering turnaround, as well as the COVID-19 pandemic. Actual spend was £1014,000 which included Organisational Change and Transformation costs (£243,000) and SUSS pension provision (£58,000).

Detailed analysis of income/expenditure is below:

	Actual	Budget	Variance
Income			
Subvention Grant	945,000	945,000	0
Lambeth College project	61,000	61,000	0
Enterprise / Other	87,000	125,000	(38,000)
Benefit in kind (space)	225,000	225,000	0
	1,318,000	1,356,000	(38,000)
Expenditure			
Representation	76,000	94,000	18,000
Opportunities	83,000	113,000	30,000
Communications	24,000	29,000	5,000
Central	70,000	104,000	34,000
Staff Costs	460,000	731,000	271,000
Office space (neutral)	225,000	225,000	0
SUSS Pension liability provision	58,000	58,000	0
Lambeth College	0	0	0
	996,000	1,354,000	358,000
Organisational Change and Transformation Expenditure			
Interim staff (SMT, Finance, Admin)	172,000	0	(172,000)
HR support & Severance	45,000	0	(45,000)
Recruitment Costs	21,000	0	(21,000)

Governance	5,000	0	(5,000)
	243,000	0	(243,000)
Total Expenditure	1,239,000	1,354,000	115,000
Net position	79,000	2,000	77,000
Designated Funds			
<i>Provision for ongoing costs into 2020/2021</i>			
Delayed invoices	30,000		
Incorporation Costs	30,000		
Impact of COVID on staffing/space	18,000		

Analysis of Activity

Student Representation		
<p>Costs have remained relatively in line with 2028/19 but there has been a reduction in campaign spending. £3k was spent for the union's annual elections and £36k for the union's membership of NUS.</p> <ul style="list-style-type: none"> • The advice service supported over 712 students through individual casework including across: <ul style="list-style-type: none"> – Academic Appeal 145 – Academic Complaint 52 – Academic Extenuating Circumstances 269 – Academic Fitness to Practice 39 – Academic Fitness to Study 4 – Academic General 20 – Academic Interruption and Withdrawal 1 – Academic Maternity 1 – Academic Misconduct 49 – Academic Placement 14 – Academic Registry Appeal 4 – Complaint (non-academic) 29 – Complaint (Placement) 3 – Disability Support 1 – Disciplinary (non-academic) 39 – Finance - Student Finance 3 – Finance - Tuition Fees 24 – Immigration - Student Visa 3 – OIA 10 – Other 2 		

- Some 2,800 students engaged in the annual elections which was extremely high given the organisation's current operational capacity and is the first time all roles are filled (apart from the nursing students officer), nominations also increased significantly.
- Officers and staff have attended and delivered on all university open days throughout the year
- Attended and delivered speeches for graduating students at graduation in October.
- Trained and regularly communicated with over 600 course reps on a monthly basis, ensuring student voice is represented in all corners of the university including the development of the Student Voice Report
- President's campaign on fixing timetabling saw the first ever Outlook/Google calendar integration for timetables at LSBU
- Created jobs for students in the students' union
- A wellbeing campaign saw wellbeing pods installed in the SLC as a place for students to relax and unwind in between lessons.
- Saw the first ever election of a Black Students Officer in nearly four years
- Further campaigns have been developed

Student Opportunities Activities

Grants were held in trust for sports teams and societies in line with previous years with additional expenditure being spent across welcome and freshers, student events, casual staff and the union's awards programme.

- The union hosted its biggest freshers fair alongside hundreds of student volunteers
- Club and society memberships are higher than last year
- Seen at least 20 new societies created throughout the year.
- Successful LGBT history month campaign and helped raise funds for youth LGBT charity
- Relationship with academy of sport far improved,
- Delivered a female participation campaign "Yes she can"
- Re-kitted all of our sports clubs with Akuma kit, so as to represent the university to the best of our ability
- Initiated a sports specific code of conduct, complaints and disciplinary procedure
- Occupational therapy society ran their sector leading conference in January
- Law society ran a conference, as well as planning a trip to Brussels.
- Cheerleading competed, and were planning to compete again in the summer with help from the union.
- Islamic society fundraiser over £2000 during their fundraising week in October.
- £800 raised for men's mental health charity Movember, through individuals as well as union-run events.
- Muay Thai club competed for the first time in Birmingham and were hoping to compete twice more at least, for medals, by the end of the year.
- Netball created a second team, and hope to have more next year.
- Men's football club created a second team, with one competing at weekends for accessibility. Wanting to create more for next year.
- ACS society is thriving, held an event on Valentine's Day, and invited multiple other universities to attend. And have run many events series throughout the year.
- Cultural societies have been hosting nights in the bar, "Bollywood" nights throughout the year.
- Our weekly events programme is getting more and more popular; pub quiz and union after dark overreaching capacity.
- Sports tour was planned for the first time in 5 years and a second tour for June was being looked at pre-COVID19

Union awards were planned to be delivered as a huge celebration of student achievement throughout the academic year - this has now shifted to a virtual event.

Student Communications

Shop purchases and stock were paused but continued development of the union's website continued. £1,500 was spent on supporting the NSS campaign and further resource was allocated to the union's elections.

Core and Extraordinary Costs

Central costs related to core costs such as insurance, historic SUSS pension contribution and liability, irrecoverable VAT, audit fees, depreciation, staff welfare, training and development, bad debt provision, recruitment, licenses and subscriptions, professional fees and casual staff

In addition, the Union incurred costs related to the organisation's turnaround costs including the initial review that was conducted into the Union by Jan Sower, HR support and advice delivered by Alan Westover and the costs associated with the turnaround team and interim head of finance. Provision is also included for increased restructure and recruitment costs going forwards as well as a budget for use in relation to the organisation's planned incorporation

The Union also receive a benefit in kind from the University for office space which is cost-neutral

COVID19

A number of planned activities within the budget were paused or cancelled due to the COVID-19 pandemic during which time the Union worked to ensure its essential services were not disrupted, with representation work continuing and advice provision being transitioned to virtual distance delivery. Namely the Union has also:

- Ensured provision of online advice and support services.
- Continued to run student forums online and launched regular short surveys to ask what students feel they would need more help and support with.
- Designed new student communications to go out to all students, with contact, advice and information both from the institution, government and union activities.
- Crafted a series of events to engage and still deliver to students. Five days of event programming ran until June each week.
- Ensured officers are working with the institution to best represent student views and what the need and demand from the LSBU student body was during this crisis,
- Developed training for incoming sports and society leaders online and prepared students for the sabbatical and volunteer roles that they have taken up for 2020/2021 through a clear and articulated induction and development plan.
- Continued to work on its organisational turnaround and to develop a full new organisational strategy ready for 2020-2021.

As part of this, we recognise that the union's financial affairs throughout 2019-2020 have not been structured or planned as they should be and we have flagged a number of historic organisational failures related to strategic planning and financial management.

Across the year the union recognises that budgets are often consistently under or overspending and that the 2019/20 budget was not set with clear performance metrics or within the context of a wider organisational strategy. The union's existing strategy prior to internal turnaround was identified as unsatisfactory at providing a base for a rigorous operational plan and framework.

The transition team therefore made a priority of the new strategy - ensuring reporting metrics for staffing and activity costs as part of an operational plan. So too, the organisation is committed to working with the university to develop an enhanced process of financial reporting. The trustees have

seen this as a major priority to ensure greater oversight, confidence and assurance on financial matters and budget setting going forwards. This includes the updating and sharing of records from the institution which may enable us to fully update our archive and reporting arrangements and ensure this is up to date.

In the interests of full transparency, we also understand that the union was funded above its subvention grant to undertake activities with Lambeth College students' union. This funding decision was not recorded within the organisation's budget and as such funds were not ring-fenced or restricted for this activity and it remains our understanding that no work within this project happened beyond some exploratory discussions.

In regards to COVID-19, all physical student facing activities were suspended in line with the institution and government advice. The union has been holding budget lines for virtual delivery, including a contingency held as a provision to compensate any student that may put in claims for refund of clubs and societies membership fees. At the end of the academic year we were not expecting these refunds to come to fruition due to the virtual delivery of services during the ongoing pandemic.

During 2019-20 the union also closed its only commercial outlet; the shop, and was reviewing whether this was a necessary venture.

	INTERNAL
Paper title:	LSBSU Financial Statements for 2019/20
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	02 March 2021
Author(s):	Amy Eden, LSBSU Chief Executive Ralph Sanders, Director of Financial Planning, Reporting & Registry
Sponsor(s):	Nicole Louis, Chief Customer Officer
Purpose:	For information
Recommendation:	The Committee is asked to note the LSBSU financial statements for 2019/20
Executive summary:	<p>London South Bank University Students' Union (LSBUSU) is an unincorporated charity (limited by guarantee) and is primarily funded by way of a subvention grant from the University.</p> <p>The Unions long term aims remain;</p> <ul style="list-style-type: none"> • To promote for the public benefit the interests and welfare of students at the University during their course of study and to represent, support and advise LSBUSU's members; • To provide appropriate social, cultural and recreational activities and forums for discussion and debate • for the personal development of the Union's members; and • To be the recognised representative channel between students and the University and also in relation to external bodies. <p>The Unions audited financial statements are attached.</p> <p>In terms of overall performance, The Union's gross income from all sources in year totalled £1,318,248 (2019: £1,330,510) a decrease of 1% as compared to the previous year. The decrease was primarily due to a reduction in income derived from Student activities.</p> <p>In terms of expenditure, this totalled £1,239,583 (2019: £1,259,409) a reduction of 1.5% and so the Union was able to deliver a surplus of £78,665 which compares favourably with the position delivered in 2018/19 (2019: £71,101).</p> <p>In terms of operating cashflow, the Union began the year with cash and cash equivalents of assets of £541,477 and increased this by £62,982 to finish the year with cash assets of £604,459. There were some small</p>

changes in working capital but nothing to suggest that the financial controls within the Union were not being appropriately applied.

Although the Union has been signed off as a going concern by its Trustees and its auditors, the FPR committee should note that the Union's balance sheet is in a negative situation due to the deficit on the Students' Union Superannuation Scheme. The pension deficit currently totals £1,350,092 and increased by a net £184,640 in 2019/20 and so the overall balance sheet has negative assets of £696,473, which represents a deterioration as compared to the 2018/19 position of £568,029.

The SUSS Pension Scheme operates as a pooled arrangement, with contributions paid at a centrally agreed rate. Although no share of the underlying assets and liabilities can be directly attributed to LSBUSU, the Union has entered into an arrangement to clear the scheme deficit by August 2035, which should strengthen the balance sheet and reverse the net asset position.

CHARITY NUMBER: 1158441

London South Bank University Students' Union

Annual Report and Accounts for the Year Ended 31 July 2020

London South Bank University Students' Union
Annual Report and Accounts for the year ended 31 July 2020
Table of Contents

Trustees Report	2
Statement of Trustees' Responsibilities.....	9
Independent Auditors' Report	10
Statement of Financial Activities (incorporating income and expenditure account)	12
Balance Sheet	13
Cash Flow Statement	14
Notes to the Financial Statements	15

**London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2020**

The Trustees present their annual report for the year ended 31 July 2020 under the Charities Act 2011, together with the audited financial statements for the year.

Reference and administrative information

London South Bank University Students' Union (LSBUSU) is an unincorporated charity (limited by guarantee). The charity registration number is 1158441.

It was originally established under the Education Act 1994 when students' unions connected with exempt higher/further education institutions were removed by section 11(9), Charities Act 2006, from the list of exempt charities in Schedule 2 to the Charities Act 1993.

Principal Address

London South Bank University Students' Union
Student Centre
103 Borough Road
London SE1 0AA

Charity Trustees

**Holding office for 2019/20
(from 1 July 2019 to 30 June 2020)**

President & University Governor	Nelly Kibirige
VP Education	Sajjad Hossain
VP Activities & Employability	Hattie Tollerson
VP Welfare & Equalities	Isata (Ash) Kamara*
External Trustee	Dean Casswell*
External Trustee	Kate Wicklow
External Trustee	Nicola Allen
Alumni Trustee	Simon Little*
Student Trustee	Karaen Maniar
Student Trustee	Mishaim Naseem
Student Trustee	Sayedullah Shahid
Student Trustee	Jannatul Ferdous

**Holding office for 2020/21
(from 1 July 2020 to 30 June 2021)**

President & University Governor	Hattie Tollerson
VP Education	Md Fazle Rabbi
VP Activities & Employability	Joel Langston
VP Welfare & Equalities	Jannatul Ferdous
External Trustee	Kate Wicklow
External Trustee	Nicola Allen
Student Trustee	Mishaim Naseem
Student Trustee	Sayedullah Shahid

**Resigned during this term of office*

London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2020

Auditors

Knox Cropper
153-155 London Road
Hemel Hempstead
HP3 9SQ

Bankers

HSBC plc
28 Borough High St
Southwark
London
SE1 1YB

Solicitors

Farrer and Co
66 Lincoln's Inn Fields
London
WC2A 3LH

Key Management Personnel

Key management personnel include the Chief Executive and paid sabbatical officers.

London South Bank University Students' Union employs a Chief Executive to work closely with the Trustees and ensure effective management of the Union. Steve Baker was appointed to fill this position from May 2013 until November 2019. Ben Whittaker was appointed to act as Interim Chief Executive from December 2019.

Structure, governance and management

The Union is constituted under the Education Act 1994 as a charity. The Union's charitable objects are:

- Promoting the interests and welfare of students at London South Bank University during their course of study;
- Representing, supporting and advising students as the channel between students and the University; and
- Providing social, cultural, sporting and recreational activities and forums for discussions and debate for the personal development of its students.

The University Board of Governors formally approved a revised Constitution and Memorandum of Understanding for the Students' Union at its meeting on the 19th July 2012 and at Student Council on 6th November 2012. The Union's Constitution incorporating internal regulations or Rules are approved by the governing body of the University.

LSBUSU is administered by its Trustee Board of 4 Sabbatical Officers, and up to 4 Students and 4 External, for the purposes of the Charities Acts. The four Sabbatical posts are President, Vice President Education, Activities and Employability and Welfare and Equalities. The Sabbatical posts are remunerated as authorised by the Education Act and an individual's term of office cannot exceed two years duration; an Officer can be re-elected for a maximum of two terms in the same or different positions.

The Union operates on democratic principles, with supervisory power vested in the Union's Council, which:

- Furthers the aims and objects of the Union;
- Receives minutes and reports from the Executive, Union Committees and Union Officers;
- Considers recommendations, motions and business as appropriate; and
- Elects students (apart from Sabbatical Officers) to serve on Union and University committees.

Council's membership comprises the Sabbatical Officers together with representatives of students' interests in the Union's Sports Clubs and Societies, School Representatives, Student Representative Officers and the Student Governors (which includes the Union's Sabbatical President)

Student Representatives commence their terms of office subject to completion of an appropriate course of training. This includes, for Sabbatical Officers, a handover with the outgoing Sabbatical Officer and training on the roles and responsibilities of Trustees (legal and administrative), with an ongoing training programme as and when needed for issues arising during their term of office.

London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2020

As charity Trustees, all Trustees receive a comprehensive training programme into their legal and administrative responsibilities at the start of their term of office, with ongoing guidance as and when required for issues arising during their term.

The Trustees meet throughout the year to receive reports from individual Officers, Union employees and subcommittees to review the Union's performance and administration. Recommendations for Union policy are made to the Trustee Board to consider and approve policy.

LSBUSU also employs a number of non-student full and part-time staff for the sake of continuity in the management of its many activities. Such staff are accountable to the Chief Executive for the performance of their duties.

The remuneration of key management personnel is set by the Board, with the policy objective of ensuring that they are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the Union's success. The appropriateness and relevance of the remuneration policy is reviewed annually including reference to comparisons with other unions to ensure that the Union remains sensitive to the broader issues of pay and employment conditions elsewhere. We aim to recruit, subject to experience, at the lower to medium point within a band, providing scope to be rewarded for excellence. Delivery of the Union's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

Following the completion of the 2018-19 accounting year in the autumn of 2019 the organisation's senior management team left the organisation. As a result, the 2019-20, and the union's 2018-19, accounts have been prepared by the union's interim leadership and an Interim Finance Director.

Relationship with the University

LSBUSU is established in the University's Memorandum and Articles of Association in that there shall be a Students' Union. The Union receives a Subvention/Block Grant from the University, and in-kind support related to utilities, some security staff and the majority of the costs associated with cleaning and premises maintenance. The non-monetary support is intrinsic to the relationship between the University and LSBUSU. As recommended by the Charities SORP an estimated value to LSBUSU for this free serviced accommodation has been included in the accounts at an estimated value (based on prior year space charge calculations). Although LSBUSU undertakes some income generating activities, it is dependent on the University's financial support.

The trustees consider it reasonable to anticipate that this or equivalent support from the University will continue for the foreseeable future, as the Education Act 1994 imposes a duty on the University to ensure the financial viability of its student representative body in one form or another. The trustees therefore consider the Union to be financially viable for the foreseeable future.

Principal Risks and Uncertainties

The Board with particular assistance from a risk management working party consisting of the chair of trustees and the Chief Executive, reviews the Union's current and planned future activities in the light of any major risks arising from time to time and the effectiveness of systems and procedures designed to manage them. The principal risks and uncertainties currently facing the Union are considered to be:

- the possible reduction in funding by the University where we work closely with the University, updating on our progress to set outcomes. We have ongoing conversation throughout the year concerning funding and we are fully included into the University's finance planning process enabling us to negotiate and plan for increases or decreases in our funding allocation.

London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2020

- The financial health of the University is itself dependent on its own income, which in turn is susceptible to factors beyond the control of the Union and we are regularly updated on the University's financial situation and, once again, ensure that this is included in any longer-term strategies.

- reputational damage in the unlikely event of a high-profile activity by a student where we undertake training and development of Student Volunteers who are supported by trained full time staff to ensure students are aware of the constraints in which they operate.

- reputational damage in the unlikely event of a high-profile activity by a trustee where trustees' introduction includes full information of the responsibilities within the role and we work closely with all trustees to ensure they are fully aware of Union activity. Regular updates with trustees ensure that trustees have the opportunity to work through the organisation to meet any objective they may have.

Overall, we work very closely with the University, students and Trustees to ensure that we have knowledge of their activity. We use our plans and strategies to manage risk including the Union's reserves strategy, strategic plans, maintaining effective internal controls, risk registers, incident-reporting and monitoring systems and insurance cover wherever appropriate.

Impact of COVID-19 virus

The Coronavirus (COVID-19 virus) pandemic caused an interruption to the delivery of face to face services and activities relating to sports and societies due to orders of the government to self-isolate on national health grounds. These orders impacted on the operations of the Students' Union considerably during this accounting year, as all public gathering of more than six people were banned, and staff worked remotely. In order to mitigate the impact of this disruption on the lives of Students, the Students Union has bolstered its advice services and enhanced communication via telephone, emails and video link. The Union is working closely with the University for a phased return of its operations back to campus whilst monitoring government and institutional advice as the pandemic continues.

Aims, Objectives and Activities

During this accounting year the union has been undertaking a rapid and deep organisational transformation programme where its vision for this period has been: "Creating a fit for purpose students' union at LSBU" and where the union has worked to:

- Develop and implement the framework of a new 2025 strategic ambition
- Restructure the organisation for efficiency and effectiveness including the hiring of new staff
- Recreate its reporting and risk frameworks in collaboration with the university
- Ensure its governance and democratic accountability is fit for purpose and represents the student membership it seeks to serve

The following remain the Union's long-term aims:

- (i) To promote for the public benefit the interests and welfare of students at the University during their course of study and to represent, support and advise LSBUSU's members;
- (ii) To provide appropriate social, cultural and recreational activities and forums for discussion and debate for the personal development of the Union's members; and
- (iii) To be the recognised representative channel between students and the University and also in relation to external bodies.

In furtherance of these aims the trustees have complied with their duty in s.17(5) of the Charities Act 2011 to have due regard to the Charity Commission's published general guidance concerning the operation of the public benefit requirement under that Act.

London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2020

In pursuit of these aims for the public benefit, LSBUSU:

- Ensures the diversity of its membership is recognised, valued and supported;
- Has established departments and services for use by its members and to support its work with the University and other organisations on behalf of students.

These include the union's Student Voice and Advocacy Department incorporating the Union's Student Advice Service and Student Opportunities and Participation Department. The Union's Sabbatical Officers and Council members are the students' representatives on all major University committees and the Board of Governors and are supported by members of the union's staff team that act as a secretariat.

The Union represents its members (London South Bank University's students) on relevant local, national and international issues by maintaining contact with student representatives. Such contact ensures that the Union can take into account students' requirements and cater effectively for their needs. Student representatives are present on the University's policy/strategy making Boards/Committees and are also members of Course Boards within the four University Faculties.

Achievements and Performance

During this period LSBUSU:

- Has developed a new strategy to drive student engagement and satisfaction to record levels by 2025
- Has developed its staffing structure to recruit a new staffing team to deliver outstanding services
- Has increased engagement in the union's democratic and representative structures including the election of and support to over 500 course representatives championing students' interests
- Supported students through a range of opportunities and activities including the record memberships in society and sports clubs and teams (over 700 students) and student-led events
- Continued to offer one-to-one advice for students with over 500 students' receiving support and guidance throughout the year
- Continued to raise money for charitable purposes from student led initiatives
- Continued to provide feedback, insight and evidence to the university and members through representatives and committees
- Supported students to engage in the union and undertake volunteering and employment opportunities

Future Plans

Within the next accounting year, the students' union will complete its internal transformation project and will continue working on its key strategic themes of Your Voice, Your Opportunities and Your University – where its operations are driven by a set of comprehensive and stretching Key Performance Indicators. These KPIs will help the union measure progress and impact – as it seeks to achieve 90% student engagement and 90% student satisfaction by 2025.

London South Bank University Students' Union
Trustees Report
For the year ended 31 July 2020

Financial Review

The Union's gross income from all sources this year totalled £1,318,248 (2019: £1,330,510). Total expenditure of £1,239,583 (2019: £1,259,409) on the wide-ranging student benefits we provide within a broadly balanced budget, as well as on the modest fundraising and other revenue-generating activities we undertake, left an operational surplus for the year of £78,665 (2019: £71,101).

Designated (unrestricted) funds relating to the ongoing costs associated with facilities improvements amounted to £126,741 (2019: £83,499). This fund relates to a transfer during the year from general funds intended to cover future incorporation costs of the Union, any financial impact COVID 19 would have on staffing and future depreciation costs associated with recent capitalised refurbishment costs. Restricted society fund balances were £13,442 (2019: £0).

The Union should hold reserves to cover unexpected eventualities and also ensure there are sufficient reserves to resource planned capital expenditure. General Fund reserves at the 31 July 2020 included £240,884 (2019: £240,884) which has been designated as a protected minimum amount (shown as "Accumulated Funds") and the remaining £272,552 (2019: £273,040) as a development fund to support future activity. Use of development fund reserves will be considered by Trustees on a planned basis for future agreed projects which help the Union to support a high standard of service for students.

The Union is currently affiliated to the National Union of Students (NUS), for which the total subscription costs amounted to £39,690 (2019: £36,000) for the year, and no donations were made during the year to any external institutions out of LSBUSU's own resources.

Funds

Income and expenditure relating to clubs and societies are classified as restricted funds. All other funds have been classified as general funds, which are unrestricted in nature.

Funds Held as Custodian Trustee

In addition to the grant-support funds it disburses to Clubs and Societies, LSBUSU acts as custodian for funds raised by the students' many Clubs and Societies themselves. Club and Society funds are treated as restricted funds, which are included in restricted funds in the accounts. The holding of club and society balances is subject to the same safeguards as balances belonging to the Union, but their funds are accounted for separately to ensure that balances are appropriately protected.

Future Funding

The Board confirms that LSBUSU has sufficient funds to meet all its obligations. The Union is in receipt of a recurring block grant from the University which represents its principal source of funding, with the amount subject to annual confirmation.

London South Bank University Students' Union
Statement of Financial Activities
for the year ended 31 July 2020

Independent Auditor's Report to the Members of London South Bank University Students' Union

Opinion

We have audited the financial statements of London South Bank University Students' Union For the year ended 31 July 2020 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2020 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

This report is made solely to the charity's trustees, as a body, in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

London South Bank University Students' Union
Statement of Financial Activities
for the year ended 31 July 2020

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Knox Cropper LLP

Statutory Auditor

153-155 London Rd, Hemel Hempstead HP3 9SQ

Date:

Knox Cropper LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

London South Bank University Students' Union
Statement of Financial Activities
for the year ended 31 July 2020

	Notes	General Funds	Designated Funds	Restricted Funds	Total 2020 £	Total 2019 £
Income From:						
Donations and Legacies:						
University Grant		1,005,528	-	-	1,005,528	945,000
Space Grant (benefit in kind)		225,619	-	-	225,619	225,619
Other Trading Activities						
Marketing		22,214	-	-	22,214	89,443
Merchandising		4,565	-	-	4,565	10,135
Income from Investments		1,006	-	-	1,006	1,824
Charitable activities						
Student Activities		1,797	-	51,416	53,213	50,987
Other Income		6,103	-	-	6,103	7,502
Total income		1,266,832	-	51,416	1,318,248	1,330,510
Expenditure On:						
Charitable Activities for students:						
Advice & Representation		580,489	-	-	580,489	590,214
Communications and Marketing		230,020	-	-	230,020	343,254
Student Activities		142,010	6,000	37,974	185,984	325,941
Organisational Change and Transformation		243,090	-	-	243,090	-
Total expenditure	3-7	1,195,609	6,000	37,974	1,239,583	1,259,409
Net Income and (Expenditure)		71,223	(6,000)	13,442	78,665	71,101
Transfers between funds		(49,242)	49,242	-	-	-
Actuarial gains / (losses) on defined benefit pension schemes		(207,109)	-	-	(207,109)	-
Net movement in funds		(185,128)	43,242	13,442	(128,444)	71,101
Reconciliation of Funds:						
Fund balances brought forward		(651,528)	83,499	-	(568,029)	(639,130)
Fund balances carried forward		(836,656)	126,741	13,442	(696,473)	(568,029)

London South Bank University Students' Union
Statement of Financial Activities
for the year ended 31 July 2020

Notes	2020 £	£	2019 £	£
Fixed Assets				
Tangible fixed assets	8	78,741		85,701
Current Assets				
Stock		21,078	716	
Debtors & prepayments	9	31,062	107,337	
Cash at bank & in hand		<u>604,459</u>	<u>541,477</u>	
		656,599	649,530	
Current Liabilities				
Creditors: Amounts due within one year	10	<u>(81,721)</u>	<u>(137,808)</u>	
			574,878	
Net Current Assets				<u>511,722</u>
Net Assets Excluding Pension Liability		653,619		597,423
Provisions for Liabilities				
Pension Scheme Funding deficit	18	<u>(1,350,092)</u>		<u>(1,165,452)</u>
Net Liabilities		<u>(696,473)</u>		<u>(568,029)</u>
Reserves				
Accumulated Fund		240,884	240,884	
Development Fund		272,552	273,040	
Pension Deficit		<u>(1,350,092)</u>	<u>(1,165,452)</u>	
General Funds (Unrestricted)		(836,656)		(651,528)
Designated Funds (Unrestricted)		126,741		83,499
Restricted Funds		<u>13,442</u>		<u>-</u>
Total Funds	12	<u>(696,473)</u>		<u>(568,029)</u>

Approved and authorised for issue on behalf of the London South Bank University Students' Union on

.....

.....
Hattie Tollerson
President

The notes on pages 14 to 23 form part of these accounts.

London South Bank University Students' Union
Statement of Financial Activities
for the year ended 31 July 2020

		2020	2019
		£	£
Net cash used in operating activities	21	61,976	(6,330)
Cash flows from investing activities:			
Interest income		1,006	<i>1,824</i>
Purchase of fixed assets	8	-	-
Net cash used in investing activities		1,006	<i>1,824</i>
Change in cash and cash equivalents in the year		62,982	<i>(4,506)</i>
Cash and cash equivalent brought forward		541,477	<i>545,983</i>
Cash and cash equivalents carried forward		604,459	<i>541,477</i>

The notes on pages 14 to 23 form part of these accounts.

London South Bank University Students' Union
Notes to the accounts
For the year ended 31 July 2020

1 Accounting Policies

(a) Charity Information

The London South Bank University Students' Union is a charity registered in the UK (Charity number 1158441) with its registered office at the Student Centre, 103 Borough Road, London SE1 0AA.

The principal activities are campaigning, representation, provision of social activities and the organisation of sporting and recreational activities and opportunities.

(b) Basis of preparation

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the 2015 Charities Statement of Recommended Practice based thereon – the Charities SORP. The charity meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared under the historical cost convention.

(c) Going Concern

After making enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees' Responsibilities in the Annual Report.

(d) Incoming resources

All income and capital resources are recognised in the accounts when the entitlement to the income or endowment arises, there is probable economic benefit to the Union and the amount can be reliably quantified. The University grant of free serviced accommodation on the campus is accounted for as income and expenditure of the year at an estimated value to London South Bank University Students' Union by reference to the alternatives available on the commercial market.

(e) Resources expended

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities. Expenditure includes irrecoverable VAT and comprises the direct and indirect costs of delivering public benefit. Governance costs are those incurred for compliance with constitutional and statutory requirements, such as the annual audit, annual elections and training for sabbatical officers. The value of free serviced campus accommodation is apportioned on estimated floor space occupied. Other central overhead costs, as well as governance costs, are apportioned to charitable and other projects/activities on a usage basis, pro rata to the total costs of each project or activity undertaken.

(f) Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. Equipment, fixtures and fittings are included at cost. Depreciation is provided at the following annual rates in order to write the cost of assets off over their estimated useful lives:

Buildings and Refurbishment	15 years
Motor vehicles	8 years
Fixtures, Fittings & sundry equipment	4 years

It is the Union's policy to capitalise any individual assets greater than £1,000.

London South Bank University Students' Union
Notes to the accounts
For the year ended 31 July 2020

1 Accounting Policies (continued)

(g) Pension costs

Retirement benefits to employees of the Union are provided through two pension schemes, one defined benefit (SUSS), the other defined contribution (NUSPS).

SUSS

The Union participates in the Students' Union Superannuation Scheme, which is a defined benefit scheme whose membership consists of employees of students' unions and related bodies throughout the country. Benefits in respect of service up to 30 September 2003 are accrued on a "final salary" basis, with benefits in respect of service from 1 October 2003 accruing on a Career Average Revalued Earnings (CARE) basis. With effect from 30 September 2011 the Scheme closed to future accrual. The Scheme operates as a pooled arrangement, with contributions paid at a centrally agreed rate. As a consequence, no share of the underlying assets and liabilities can be directly attributed to LSBUSU. However, the Union has entered into an arrangement to clear the scheme deficit by August 2035.

NUSPS

Since 1 October 2011, all participating employees have been in a new defined contribution pension scheme, National Union of Students Pension Scheme (NUSPS). Contributions are at the rate of 6% for the employer and 3% for the employee pensions costs are charged in the period in which the salaries to which they relate are payable.

(h) Stock

Stock is valued at the lower of the cost (gift value for any donated items) and its net realisable value.

(i) Financial Instruments

The charity holds only financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments include debtors and creditors. Debtors and creditors are initially recognised at transaction value and subsequently measured at fair value. Note 20 provides more information on financial instruments where future cash flows are anticipated.

(j) Fund accounting

London South Bank University Students' Union administers and accounts for a number of charitable funds, as follows: -

- (i) Unrestricted Funds** representing unspent income which may be used for any activity/purpose at the Trustees' own discretion;
- (ii) Restricted funds** raised and administered by London South Bank University Students' Union for specific purposes as determined by students, such as Club and Societies Accounts, as well as revenue received for purposes specified by the donor and also (if not material enough to require a separate column in the SoFA) any small capital grants received from the College.
- (iii) Custodian Funds** entrusted to London South Bank University Students' Union for safekeeping, but not under its management control, e.g., annual RAG. Such custodian activities are disclosed in the Annual Report, but as the funds are not

London South Bank University Students' Union
Notes to the accounts
For the year ended 31 July 2020

managed by London South Bank University Students' Union they cannot be included in the accounts.

- (iv) **Designated Funds** relating to amounts set aside from existing reserves to cover restructuring costs, including depreciation associated with refurbishment work.
- (v) **Transfers** from Unrestricted Funds to Designated Funds represent planned costs associated with restructuring which have been financed from the Union's reserves. These include capital refurbishment costs.

2 Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

Preparation of the financial statements requires management to make judgements and estimates. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are that of the SUSS pension scheme deficit. A discount rate of 5% (2018: 2.58%) has been used in line with industry standards. Other assumptions used are salary inflation and staff changes that total 5.0% each year.

London South Bank University Students' Union
Notes to the accounts
For the year ended 31 July 2020

3 Charitable and other Activity costs

	Cost of Sales £	Staff £	Other £	Total £
Charitable Activities for students:				
Advice & Representation	-	290,419	290,070	580,489
Communications and Marketing	98	121,095	108,827	230,020
Student Activities	-	48,482	93,528	142,010
Organisational Development and Transformation	-	-	243,090	243,090
Other Fund Expenditure:	-	-	6,000	6,000
Designated Funds	-	-	37,974	37,974
Restricted Funds				
Total costs	98	459,996	779,489	1,239,583

Included above are governance costs for the annual audit fee of £6,900 (2019: £6,700).

4 Support Costs included in Note 3

	Usag e	Staff £	Rent & Rates £	Other £	Total £
Resources expended					
Charitable Activities for Students:					
Advice & Representation	61%	55,128	136,637	77,273	269,038
Communications and Marketing	24%	21,844	54,143	30,620	106,607
Student Activities	15%	14,056	34,839	19,702	68,597
Totals	100%	91,028	225,619	127,595	444,242

Other Costs comprised:-

	2020
	£
Finance Cost	58,273
Insurances	10,295
Irrecoverable VAT	12,608
Recruitment	90
Professional Fees	12,289
Depreciation	6,960
Audit Fees	6,900
Staff Welfare	1,150
Licenses and Subscriptions	6,406
Training	1,620
Sundry	11,004
Total	127,595

London South Bank University Students' Union
Notes to the accounts
For the year ended 31 July 2020

5 Net income/expenditure for the year

Net income for the year is stated after charging/ (crediting)	2020	2019
	£	£
Depreciation	6,960	7,298
Auditors Remuneration	6,900	6,700

6 Staff Costs

	2020	2019
	£	£
Wages and salaries	407,317	548,838
Social security	34,329	48,934
Pension costs	18,350	27,151
	459,996	624,923

The remuneration of higher paid employees was as follows:

	2020	2019
	Staff	Staff
£60,000-70,000	-	1

The aggregate employee benefits of key management personnel were £123,303 (2019: £180,691).

The average number of staff employed during the year was 13 (2019: 17) permanent staff and 3 (2019: 6) student and temporary staff members.

Redundancy costs accrued and paid during the year were £38,495

7 Trustees' Remuneration and Expenses

The Trustees' four sabbatical officers each received an annual salary of £23,500 (2019: £23,500) for the year, as authorised in the Union's governing document, for the representation, campaigning and support work they undertake as distinct from their trustee responsibilities. This work includes voicing student opinion with the institution and local community, defending and extending the rights of students through petitions, discussion with MPs and also organising and supporting student volunteers and service provision for them. The total salary, NI and pension costs for the sabbatical officers in post during the year amounted to £89,189 (2019: £106,887). There were no other trustee benefits for the year.

Trustees were reimbursed a total of £739 (2019: £2,915) for the year in respect of personal travel and subsistence expenses.

London South Bank University Students' Union
Notes to the accounts
For the year ended 31 July 2020

8	Tangible Fixed Assets	Office Equipment including Computers £	Restructure Costs £	Total £
	COST			
	At 1 August 2019	28,793	116,604	145,397
	Additions	-	-	-
	At 31 July 2019	28,793	116,604	145,397
	DEPRECIATION			
	At 1 August 2018	26,591	33,105	59,696
	Charge for the year	960	6,000	6,960
	At 31 July 2020	27,551	39,105	66,656
	NET BOOK VALUE			
	At 31 July 2020	1,242	77,499	78,741
	<i>At 31 July 2019</i>	2,202	83,499	85,701
9	Debtors		2020 £	2019 £
	Trade debtors		2,070	55,631
	Prepayments & accrued income		19,968	45,599
	Social security & other taxes		7,419	-
	Other debtors		1,605	6,107
			31,062	107,337
10	Creditors: Amounts due within one year		2020 £	2019 £
	Trade creditors		4,099	87,391
	Social security & other taxes		9,008	15,657
	Accruals & Deferred income		65,843	28,686
	Other creditors		2,771	6,074
			81,721	137,808
11	Deferred Income		2020 £	2019 £
	Balance as at 1 st August 2019		8,349	8,349
	Amount released to income earned from charitable activities		(8,349)	-
	Amount deferred in year		-	-
	Balances as at 31 July 2020		-	8,349

London South Bank University Students' Union
Notes to the accounts
For the year ended 31 July 2020

12 Funds

	01-Aug 2019	Incoming Resources	Outgoing Resources	Transfers	31-Jul 2020
	£	£	£	£	£
General Funds	(651,528)	1,266,832	(1,402,718)	(49,242)	(836,656)
Designated Funds	83,499	-	(6,000)	49,242	126,741
Restricted Funds	-	51,416	(37,974)	-	13,442
Total Funds	(568,029)	1,318,248	(1,446,692)	-	(696,473)

Designated Funds relate to investment in Union facilities and refurbishment.

13 Analysis of Net Assets between Funds

	General Funds	Designated Funds	Restricted Funds	Total
	£	£	£	£
Fixed Assets	-	78,741	-	78,741
Net current assets	513,436	48,000	13,442	574,878
Long Term Liabilities	(1,350,092)	-	-	(1,350,092)
	(836,656)	126,741	13,442	(696,473)

14 Leasing Commitments

At 31 July 2020 London South Bank University Students' Union had no annual commitments under non-cancellable operating leases:

The amount paid during the year in respect of operating leases for plant and machinery was £0 (2019: £408).

15 Control Relationship

Ultimate control of the Union rests with its membership, represented by the Board of Trustees.

16 Related Party Transactions

The London South Bank University provides the Union with an annual grant as shown in the Statement of Financial Activities. The London South Bank University provides the Union with accommodation and a range of support services for which no actual charge is made, however the value of this support has been recognised in the accounts as a benefit in kind.

Net amounts due from/to the London South Bank University as at the year-end amounted to £900 due from the University (2019: £4,225 due to the University).

London South Bank University Students' Union
Notes to the accounts
For the year ended 31 July 2020

17 Pension Costs

Defined benefit scheme – SUSS

London South Bank University Students' Union participates in the Students' Union Superannuation Scheme, which is a defined benefit scheme whose membership consists of employees of students' unions and related bodies throughout the country. Benefits in respect of service up to 30 September 2003 are accrued on a "final salary" basis, with benefits in respect of service from 1 October 2003 accruing on a Career Average Revalued Earnings (CARE) basis. With effect from 30 September 2011 the Scheme closed to future accrual. The most recent Valuation of the Scheme was carried out as at 30 June 2019 and showed that the market value of the Scheme's assets was £119.1m with these assets representing 46% of the value of benefits that had accrued to members after allowing for expected future increases in earnings. The deficit on an ongoing funding basis amounted to £140.9m.

The assumptions which have the most significant effect upon the results of the Valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions.

The following assumptions applied at 30 June 2019:

- The investment return would be 4% per annum before retirement and 2% per annum after retirement.
- Pensions accruing on the CARE basis would revalue at 3.4% per annum.
- Present and future pensions would increase at rates specified by Scheme rules with appropriate assumptions where these are dependent on inflation.

The 2019 valuation recommended a monthly contribution requirement by each Participating Employer expressed in monetary terms intended to clear the ongoing funding deficit over a period of 15 years from 2019/20, increasing by 29.5% in October 2021 and 5% each year until the next valuation. These contributions also include an allowance for the cost of the ongoing administrative and operational expenses of running the Scheme. These rates will be formally reviewed following completion of the next Valuation due with an effective date of 30 June 2022. Surpluses or deficits which arise at future valuations will also impact on London South Bank University Students' Union's future contribution commitment. In addition to the above contributions, London South Bank University Students' Union also pays its share of the Scheme's levy to the Pension Protection Fund.

In accordance with FRS102, the net present value of the future contributions required over 15 years to clear the funding deficit is £1,350,092 (2019: £1,165,452). In calculating this net present value annual increases of 5% have been made and a discount rate of 5% (2019: 2.58%) representing the typical yield of high-quality corporate bonds has then been applied.

The contributions paid into the Scheme in respect of eligible employees for the year ended 31 July 2020 amounted to £80,742 (2019: £71,052).

Defined Contribution Pension Scheme

Since 1 October 2011, all participating employees have been in a new defined contribution pension scheme, the National Union of Students Pension Scheme (NUSPS). Contributions are at variable rates up to 6% for the employer and a minimum of 3% for the employee. The Union's cost of contribution for the year amounted to £18,350 (2019: £27,151).

London South Bank University Students' Union
Notes to the accounts
For the year ended 31 July 2020

18 Pension Scheme Liability

	2020 £	2019 £
Balance as at 1 st August	1,165,452	1,205,398
Unwinding of discounted amount	58,273	31,106
Deficit funding contributions	(80,742)	(71,052)
Changes in assumption	207,109	-
Closing liability as at 31st July	1,350,092	1,165,452

19 Financial Instruments

	2020 £	2019 £
Financial assets measured at amortised cost	608,133	603,215
Financial liabilities measured at amortised cost	(72,714)	(105,454)

The Charity's income, expense, gains and losses in respect of financial instruments are summarised below:

	2019 £	2019 £
Income and expenses:		
Total interest income for financial assets held at amortised cost	1,006	1,824
Total interest expense for financial liabilities held at amortised cost	265,382	4,802

Financial assets held at amortised cost comprise trade debtors, other debtors and cash at bank.
 Financial liabilities held at amortised cost comprise trade creditors, other creditors and accruals.

20 Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net movement in funds	(128,444)	71,101
Interest Income	(1,006)	(1,824)
Add back depreciation charge	6,960	7,298
Decrease/ (increase) in debtors	76,275	(65,999)
Increase in stock	(20,362)	-
Increase in creditors	(56,087)	23,040
Decrease/(increase) in pension scheme liability	184,640	(39,946)
	61,976	(6,330)

London South Bank University Students' Union
Notes to the accounts
For the year ended 31 July 2020

21 Comparative Statement of Financial Activities

	General Funds	Designated Funds	Restricted Funds	Total 2019 £
Income From:				
Donations and Legacies:				
University Grant	945,000	-	-	945,000
Space Grant (benefit in kind)	225,619	-	-	225,619
Other Trading Activities				
Marketing	89,443	-	-	89,443
Merchandising	10,135	-	-	10,135
Income From Investments	1,824	-	-	1,824
Charitable activities				
Student Activities	9,645	-	41,342	50,987
Other Income	7,502	-	-	7,502
Total income	1,289,168	-	41,342	1,330,510
Expenditure On:				
Charitable Activities for students:				
Advice & Representation	590,214	-	-	590,214
Communications and Marketing	343,254	-	-	343,254
Student Activities	256,627	6,000	63,314	325,941
Total expenditure	1,190,095	6,000	63,314	1,259,409
Net income/(expenditure)	99,073	(6,000)	(21,972)	71,101
Transfers between funds	(7,309)	-	7,309	-
Actuarial gains / (losses) on defined benefit pension schemes	-	-	-	-
Net movement in funds	91,764	(6,000)	(14,663)	71,101
Reconciliation of Funds:				
Fund balances brought forward	(743,292)	89,499	14,663	(639,130)
Fund balances carried forward	(651,528)	83,499	-	(568,029)

23 Impact of COVID-19

The Students Union operational base for the delivery of services was changed to remote working during the period of a forced lockdown resulting from the COVID-19 virus pandemic. The Board of Trustees and Management have in the section above considered potential risks and impact of this change in the current financial year 2019-20 and beyond. The Students' Union is confident of its ability to operate as a going concern in meeting its core objectives to students, as the lockdown is lifted, and safety measures are in place.

	CONFIDENTIAL
Paper title:	Plan to change legal form of Students' Union
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	2 March 2021
Author(s):	Amy Eden, LSBSU Chief Executive
Sponsor(s):	Amy Eden, LSBSU Chief Executive
Purpose:	For information
Recommendation:	<p>The committee is invited to NOTE:</p> <ul style="list-style-type: none"> • the Union's plan to change its legal form. • that approval for the new Articles of Association will be sought from the Board of Governors in March 2021; • that approval to transfer any existing contracts and funding agreements between LSBU and the Union, to the new incorporated company will be sought from the Board of Governors in March 2021.

Executive Summary

This report provides an overview of the Students' Union's plan to change their legal status to Charitable Company limited by guarantee in Summer 2021 and outlines the approval required from the Board of Governors at specific stages in the process.

Finance, Planning & Resources Committee

Meeting of 2nd March 2021

Plan to change legal form of Students' Union.

Author and Presenter: Amy Eden, Chief Executive, South Bank SU

1. Summary

- 1.1. London South Bank Student's Union is currently an 'unincorporated association' and registered charity with the Charity Commission. Trustees have indicated that changing the Union's legal form to 'Charitable Company' (limited by guarantee) at the next available opportunity is a priority. To do this, the Union must produce Articles of Association (Articles) which will form part of the Constitution for the newly incorporated company. The provisions of the Constitution are subject to approval by the University's Board of Governors under the Education Act 1994.
- 1.2. This report provides the University's Executive and Governors with an overview of the process for changing legal status and sets out the approvals needed and key risks and mitigators for consideration.

2. Recommendation(s)

- 2.1. The Finance, Planning & Resources Committee is invited to **NOTE:**
 - the Union's plan to change its legal form.
 - that approval for the new Articles of Association will be sought from the Board of Governors in March 2021;
 - that approval to transfer any existing contracts and funding agreements between LSBU and the Union, to the new incorporated company will be sought from the Board of Governors in March 2021.

3. Background

- 3.1. The operating context and structure of the Union has developed hugely across the years, however the legal form of the organisation has not been updated to reflect this. The most significant issue this presents for the SU is the level of personal risk it puts upon its Trustees, as board members of an unincorporated association, board members are at greater risk of personal liability for the organisation's debts which have increased over time as the Union has grown.
- 3.2. Discussions around incorporating the Union to limit Trustee liability were initiated in 2019, and the interim management team continued work to complete the process in 2020 during the Turnaround process, however with the Union being in a state of transition, work was paused while extra reassurances around governance; financial stability and permanent leadership were sought. With these now in place this work has been picked up by the Union's SMT in January 2021 and legal advisors who are experienced in SU incorporation have been engaged to guide the process.

4. Process and timeline

- 4.1. A new company will be created, and the Union's existing Trustees will join the board of the new entity as 'Company' Member's, this is then registered with Companies House. Once complete, the Union will register the newly incorporated company as a charity with the Charity Commission. Both steps require submission of Articles which are approved by the University's Board of Governors and the company members of the new charity.
- 4.2. The new Company remains dormant until members of the unincorporated association (opted-in students) approve the transfer of existing contracts, assets and liabilities which will be sought at an AGM in March/April and after this, transfers can commence. Most will be straightforward,

however the transfer of the historical SUSS pension liability will involve a more complex set of actions. The steps in this process must take place within a very limited period. This dictates the timeline for the rest of the process. Once the transfers are complete, dissolution can take place via an online application to the Charity Commission.

- 4.3. Although SUSS have not yet published the dates for transfer in 2021, a broad timeline for completion of the process using historical timings is likely to be:

02 Mar	LSBU FPR committee note Union's plans to incorporate
03 Mar	LSBU Executive review Articles and make recommendation for Board of Governors
25 Mar	LSBU consider approval of new Articles and transfer of contracts
29 Mar	Member approval to Incorporate sought via AGM
05 Apr	Registration with Companies House and Charity Commission submitted
31 May	Registration complete (transfers can commence)
14 Jun	Deadline to notify SUSS of intention to transfer
31 Jul	End of financial year
13 Sep	Estimated notification of completion

5. Potential risks for the University

Remaining Unincorporated

- 5.1. The level of personal liability for Trustees is a key driver for change for the individuals on the board, however, there are knock-on effects of this which impact the organisation's governance, finances and operations which must be outlined to the University in the interests of transparency and in line with the Code of Practice.
- 5.2. Trustees are committed to steering the organisation through the five-year strategy; however, this is on the basis that limiting liability is a priority and completed within the year. Recruiting new Trustees while remaining unincorporated will be difficult if vacancies so with board stability being a significant factor in the Union's success after a turbulent few year the threat of losing Trustees should not be overlooked.
- 5.3. Protections are in place to limit the likelihood of this risk being realised, including indemnity insurance; funding conditions around borrowing, purchasing property, giving guarantees and indemnities; and enhanced financial reporting requirements between the Union and University. However, Trustees, are clear that they would be cautious in releasing reserves for investment while the concern remains and left unaddressed this caution could stifle opportunities for growth. In addition, incorporating means the Union can hold its own legal identity and enter contracts, which is restricted by its current unincorporated status. This change to legal status allows greater opportunity to explore income generating activity and aides the development of a long-term financial plan to diversify income outside of the annual bock grant.

University obligations under the Education Act

- 5.4. Articles will be drafted by Wrigley's Solicitors who have extensive experience supporting SUs through the incorporation process. They will use NUS Model Articles as a template which include specific provisions to meet obligations under the Education Act and have been approved by the Charity Commission.
- 5.5. The new Articles will be considered by the University Executive before submission to Governors. Changes from the current Constitution will be minimal and made to either to comply with regulation, or to update clauses in line with best practice and relevance to the current operating context. The new Articles will not change or supplant the existing funding agreement in place which sets out specific conditions of funding and financial oversight. However, the agreement will be reviewed considering change to the Union's legal form and updated as necessary.
- 5.6. Nicole Louis, Chief Customer Officer, and Ralph Sanders, Director of Financial Planning & Reporting, have joined the Union's board as advisors on an ongoing basis to enhance existing reporting and communication frameworks, and strengthen the close partnership between the institutions which has developed over the past 12 months.

Transfer of SUSS Pension Liability

- 5.7. Under normal circumstances, winding up an organisation with an existing pension liability (under a multi-employer scheme) carries a risk of the full debt becoming due which would be a serious concern. However, SUSS take advantage of a legal mechanism which allows organisations who are incorporating to avoid this risk. To benefit, the Union must submit initial documentation by a specific date in June and the Union's plan has been formed around this to ensure it is met. The process will be managed by its legal advisors and the Union will provide regular updates to the University on progress, however, in the very unlikely event that the Union is unable to meet this deadline, the process will be halted so that the debt is not triggered, and Trustees will defer incorporation to 2022.

Amy Eden
Chief Executive, South Bank Students Union
February 2021

	CONFIDENTIAL
Paper title:	SBUEL – performance and value annual report
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	02 March 2021
Author(s):	Daisy Chatterton, Yvonne Mavin, & Neil Pearce – REI Executive & SBUEL Team Leaders
Sponsor(s):	Professor Paul Ivey – Deputy Vice Chancellor and Chief Business Officer
Purpose:	For Discussion
Recommendation:	The committee is asked to note and discuss this annual report.

Executive Summary

South Bank University Ltd. (SBUEL) is long established (circa 1990). An abortive attempt was made to develop a more rounded commercial offer through a later ALEC study – Arm’s Length Enterprise Company. Instead since that time SBUEL has been used to conduct contracts that would otherwise challenge the charitable status of the University, as well as more recently providing employment for staff under different terms and conditions.

SBUEL employs 72 staff, 42 of which have contracted hours with the remainder employed as flexible project support staff (mostly students). In 2019/2020 SBUEL earned £3.5M, a gross profit of £2.0M and an operating profit of £125K which was 12% higher than the previous year. From this SBUEL gifted £117K to LSBU.

Activities covered in this report include strategic projects, business development and operations. It is intended that SBUEL will continue to deliver commercial contracts of a type that would otherwise challenge the charitable status if delivered elsewhere within the LSBU Group. It will also help develop the structure for group wide B2B environment.

Recommendation:

The committee is asked to note and discuss this annual report

South Bank University Enterprise Ltd. – performance and value review.

Introduction

South Bank University Ltd. (SBUEL) is long established (circa 1990). An abortive attempt was made to develop a more rounded commercial offer through a later ALEC study – Arm's Length Enterprise Company. The purpose of ALEC was a commercial vehicle for conducting all enterprise contracts including, but not solely, those contracts that would otherwise challenge the charitable status of the University. Since that time SBUEL has been used more and more only to protect this charitable status, as well as more recently providing employment for some staff under different terms and conditions.

Current Position

SBUEL employs 72 staff, 42 of which have contracted hours with the remainder employed as flexible project support staff (mostly students). The employment terms and conditions differ from those for LSBU. SBUEL does not pay for an annual inflation increase or has a pay 'ladder' within a grade, instead it pays spot salaries market tested every two years: the last test was in 2019 and so will happen again this year. This year, pension provision has been aligned with LSBU, otherwise all other employment conditions are different. In 2019/2020 SBUEL earned £3.5M, a gross profit of £2.0M and an operating profit of £125K which was 12% higher than the previous year. From this SBUEL gifted £117K to LSBU. The SBUEL board is accountable to Companies House for annual reporting, the board membership has been reduced to the group CBO and CFO, balanced by a greater focus on the newly established Enterprise Advisory Board.

Activities

Strategic Projects www.sbi.business

These are European Structural and Investment Fund (ESIF) large scale (£500k plus) regeneration projects. SBUEL has a portfolio of 11 projects with a value of £13.8m (including match). These deliver support programmes helping starts ups, established micros and SMEs in London and the South East to innovate. Sectors are health, creative and food technology, and the new but strategically important digital skills and employment. All these projects utilise group resources and expertise.

The impact is in terms of inclusive growth by working with disadvantaged communities, hard to reach groups, and providing the local community access to academic expertise and facilities to support innovation, business growth and employment. For example, deploying student expertise this activity funded 60 student consultancy placements with local SMEs per year, together with SME mentoring and expert consultancy to support business growth.

In terms of B2B output, at the end of September 2020 SBUEL's strategic projects had received 5776 expressions of interest, 1396 registrations, 747 SMEs had received 12+ hours of support. Of these 44% receiving 12 hours + support were start-ups trading for one year or less. In addition, 44 new research collaborations had been launched, 640 Workshops and 616 one to one consultancy sessions had been delivered to local SMEs. In addition, outcomes to date include investment funding of £750k, 22 jobs created, 67 new products launched to market or firms, increased production, and safeguarded jobs through implementation of COVID risk management and continuity plans.

Two recently secured projects are a £1.17m 'Hi 3 Network' which will support 60 SMEs in the creative technology sector across the South East LEP region by developing 3 new creative technology hubs to stimulate SME/HE collaboration in Maidstone, Canterbury, and Folkestone, and a £122k Erasmus + grant titled 'Training the Educators to Facilitate the Teaching and Assessment of Abstract Syllabus by the Use of Serious Games'. The Strategic Projects team is comprised of 3 FTE permanent staff; Head, Bids and Programmes Manager and Marketing Manager plus 17 fully funded programme delivery staff on FTCs. In addition, the programmes fund up to 60 short term (average 60 hours) academic and student project delivery contracts per year.

Business Development

The function is income generation through commercial contracts. It is the SBUEL arm for B2B commercial engagement and collaboration. The team consists of Head of Enterprise, seven Business Development Managers (BDM) and one Commercial Intelligence Officer (CIO). Income is derived from research commercialisation (research contracts & research collaborations), consulting, and CPD. Other areas of

activity include the development of strategic partnerships (commercial partners, funding bodies, other HEIs, KE organisations), identification and development of new income generating activity, events, and the promotion of Knowledge Exchange and assisting development of the KEF profile.

Annual income targets are set in line with the group expectations and agreed with the schools working with the Deans as well as DOREs, Directors and Heads of PSGs, and various committees and boards across LSBU such as Enterprise Board, UMC, Strategy Groups etc. The BDMs are allocated across the schools with the CIO supporting the entire team. The BDMs are now focussed on STEAM, Health & Wellbeing, and regeneration projects. Part of the BDM role is to work closely with the Schools and research centres as well as finance and legal. The allocation of resource is focussed on the maximum areas of impact based on the HEI triple helix (funding/market/LSBU expertise). Each school has a BDM as an account manager.

2019-20	# Bids	Value	Ave value
Won	72	£ 2,746,704	£ 38,149
Lost	17	£ 2,822,627	£ 166,037
Not submitted	81		
Total	170	£ 5,569,331	
2020-21 to 31 Jan 21	# Bids	Value	Ave value
Won	28	£ 1,200,936	£ 42,891
Lost	28	£ 3,387,835	£ 120,994
Not submitted	26		
Total	82	£ 4,588,771	

Comparison of proposal activity 2019/2020 and 2020/2021 to date.

Operations

The Operations team of five provides basic administrative support to REI including:

- Reporting, internal and external
- Budgeting and financial control
- HR holiday and absence management and onboarding
- REI communication and engagement
- MS365 expertise and coaching

The team's wider role, and where most of the resource is focused, delivers on the Group Corporate Strategy Fit for the Future pillar with systems design and implementation focused in three main areas: governance and management of compliance and risk; supporting productivity and driving performance. Examples of major projects the team are working on include:

- Expansion of Haplo Research Manager with modules and integration with other systems to create a single source of truth for research and enterprise reporting.
- Reporting using Power BI to develop interactive visualisations for users. Beta dashboards and reports for Research Centres are now out for user comment.
- Development of Powerhouse Hub as the platform to showcase and deliver all our CPD courses for corporate and individual customer and provide reporting and analysis for course review and follow-on marketing of courses.
- Workflow design and automation; for example, Invention Disclosure is moving from a paper-based system to SharePoint.
- Capture and consolidation of academic profiles, supporting the university to provide comprehensive and up to date information on individual academics and research centres, while simultaneously reducing the marketing resource required.

Future direction

SBUEL will continue to deliver commercial contracts of a type that would otherwise challenge the charitable status if delivered elsewhere within the LSBU Group. It will continue to offer an alternative employment offer for staff and will seek to make this offer more attractive. SBUEL is the 'Top Co.' for any development of commercial joint ventures both in the UK and overseas and will support as necessary within South Bank Enterprise the brands of South Bank Innovation and LSBU Global.

It will also help develop the structure for group wide B2B environment. The Clarence Centre, Passmore Centre, Caxton House and, if completed, the Chapel will form a commercial zone for B2B engagement. This will be complemented for the SBC at the Vauxhall Technical College and potentially across the group through offers in the community with key partners. For example, the recently signed BIG South London Partnership delivering innovation via 6 Universities and their local Authority partners and the possible establishment via this partnership of a Croydon innovation centre.

	CONFIDENTIAL
Paper title:	Treasury Management Report
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	02 March 2021
Author(s):	Rebecca Warren, Head of Financial Accounting
Sponsor(s):	Richard Flatman, Group CFO
Purpose:	For Information
Recommendation:	The Committee is requested to note this report

1. Executive Summary

On 31 January 2021 the University Family held total bank balances in current accounts and deposit accounts of £48.5 million. On 31 December 2020 the University Family had loans outstanding of £33.7 million.

2. Cash Balances and term deposits

2.1 Details of all the Group's bank and deposit balances at the end of January are shown below. (The comparatives are for 30 September 2020, the date of the last Treasury report).

Bank / Title	Type of Account	Previous period Balance	31 January 2021	
			Balance Currency	Balance Sterling
Barclays [LSBU's Main trading account]	Business Account	£	€	£
	FiBCA	-		-
	Euro Currency Account	14,723,550	736,651	9,132,092
		1,279,805		649,484
NatWest	Corporate Cash Manager Plus	657,919		1,193,001
	Euro Currency Account	72,477	-	-
	Business current account	113,783		116,058
NatWest [Charitable Funds]	Corporate Cash Manager Plus	1,874,241		1,875,813

Lloyds TSB	Corporate Special Account 95-day notice	2,103 10,948,252		2,103 10,948,252
Bank of Scotland	Corporate Deposit Account Corporate Instant Access	5,972,196 198,555		5,972,196 198,555
Federated Investors LLP UK	Sterling Liquidity Fund 3 Sterling Cash Plus GBP	1,883 5,404,149		4,002,030 5,408,174
Scottish Widows Bank Plc	Deposit Account	612 502		612 502
Barclays	Charity	385		885
Nationwide	95 Day Deposit Account	3,024,501		3,024,501

Total LSBU Funds at Bank		44,274,913		42,524,258
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NatWest [SBU Enterprises Ltd]	Business Current Account CCMP	0 5,772		0 20,679
Barclays	SBUEL Main current account	77,359		28,851

Total Access & Enterprises Funds		83,131		49,530
Total SBC funds at bank	Barclays	4,183,297		4,246,941
Total SBA Funds at bank	Lloyds TSB	1,668,329		1,668,329

Total of all Funds at Bank		50,209,670		48,489,058
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(Balances as per the most recent bank statements for Barclays, NatWest and Federated. Other balances have been left as the previous period – no significant change is expected)

2.2 The table below shows the interest rates currently being earned for our accounts and fixed term deposits. Interest rates continue to be low and the Lloyds rates in particular have been reduced to 0.10% in the past couple of months.

Bank	Account	Funds held at 31 Jan 21 £'000	Maturity date	Interest rate %
Natwest	CCMP and current accounts	1,330	No notice	
Natwest	Euro current account	-	No notice	
Natwest	Charitable funds	1,876	No notice	

Lloyds TSB	Fixed Term Deposit	10,950	95 days	0.10%
Lloyds TSB	SBA	1,668	No notice	0.10%
Bank of Scotland	Corporate Deposit account	6,171	No notice	0.01%
Federated Investors	Liquidity fund	9,410	No notice	variable*
Barclays	FIBCA and other accounts	14,146	No notice	0.60%
Nationwide	Fixed Term Deposit	3,025	95 days	0.40%

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

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

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

2.4 A detailed list showing how much the University family holds at each bank and an assessment of counterparty limits is shown below. In line with our Treasury Management Policy: the University is permitted to place deposits with banks and building societies operating in the UK which are authorised and regulated by the Financial Conduct Authority and Prudential Regulatory Authority in accordance with the following credit rating criteria. The minimum rating criteria must be met by at least 2 of the main three credit rating agencies.

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

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

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

Bank	S&P	Moody's	Fitch	Band	Maximum deposit in line with TMP	Funds held at 31 Jan 21

					£'000	£'000
Natwest	A	A1	A+	1	£10,000	£3,206
HSBC	A+	Aa3	AA-	1	£10,000	-
Lloyds TSB	A+	Aa3	A+	1	£10,000	£12,619
Bank of Scotland	A+	Aa3	A+	1	£10,000	£6,171
Federated Investors	AAAm	N/A	AAA	1	£10,000	£9,410
Barclays	A	A1	A+	1	£25,000	£14,146
Nationwide	A	A1	A	1	£10,000	£3,025

2.5 Deposits maturing

Banks	Deposit (£M)	Rate (%)	Term (Days)	Maturity Date
Lloyds	10.9	0.10	95	95 day notice
Nationwide	3.0	0.40	95	95 day notice

3. Existing Loans

3.1 Loan balances outstanding at 31 December 2020 are £33.6m, including the loans novated from Lambeth College. As follows:

Lender	30/09/20 £'000	31/12/20 £'000	Term	Interest rate	Security
Allied Irish Bank (GB)	2,641	2,547	26.5 years to 2027	6.67% Fixed	Dante Road halls of residence
Barclays Bank 2	3,575	3,498	25 years to 2032	5.67% fixed	McLaren House
Barclays Bank 3	5,000	5,000	To April 2029	5.25 % fixed	
Barclays Bank 4	6,509	6,406	23.25 years to 2032	5.54% fixed	
Barclays Bank 5	3,415	3,341	23 years to 2032	0.225% over Libor	
Barclays Loan Lambeth	12,851	12,712	To 30 th Aug 2035	5.2% fixed + margin 1.65%	
Salix	200	200			None
Total Group loans	34,191	33,704			

4. Revolving Credit Facilities

FPR Committee and the Board previously approved a £45m facility to provide £30m of required cash plus additional headroom and instructed us to move forward with Lloyds. Given uncertainty at the time, both Lloyds and Allied Irish Bank (AIB) were unable to proceed. We subsequently finalised terms with Barclays for a £30m facility but had also been looking for other options for a top up facility for an additional £15m to provide headroom if required.

We now have audit committee approval for a top-up facility from AIB of £15 million on a five-year term at a margin of 2%. This is in the process of completion subject to legal checks.

5. Cash Requirements

The 5-year forecast that was recently approved by the Board included the £30m RCF from Barclays. That forecast suggested that we would require some of the £30m drawdown in 21/22 but our minimum cash balances would be at the end of 22/23 depending upon the timing of the match funding for the Vauxhall STEAM centre. This RCF gives us additional flexibility should the GLA payments be delayed.

Recommendations

The committee is requested to note this Treasury Management Report.

	CONFIDENTIAL
Paper title:	Cyber Security Update
Board/Committee:	Finance, Planning and Resources Committee
Date of meeting:	2 March 2021
Author(s):	Alison Chojna, Acting Executive Director of Academic Related Resources
Sponsor(s):	Nicole Louis, Chief Customer Officer
Purpose:	For Information
Recommendation:	The committee is requested to note the update on the recent cyber incident, as considered by the Group Audit and Risk Committee at its meeting of 11 February 2021.

Executive summary

This paper provides an update on progress made against the actions identified in the BDO cyber security audit and on the progress of the restoration and recovery plan following the cyber incident on 20th December 2020.

Draft minute from Group Audit and Risk Committee, 11 February 2021:

5. **Cyber security update**

The committee discussed in detail the progress made against the restoration and recovery plan following the cyber incident that occurred on 11 December 2020.

The committee noted that all core systems to support teaching and learning had been fully or partially restored, and that work was on track to restore all systems by the end of March 2021.

The committee noted that password complexity had been increased for the Group, and that staff and students had been requested to update their passwords to the new format. The majority of staff and a significant number of students had completed the password reset, and the team would continue to encourage the student population to make the change.

The committee noted the frustration among some students due to the IT outage and the pandemic, and the potential for this to impact on 2020/21 NSS results. The Executive continued to work closely with the Students' Union to engage with students, and planned to introduce an extended package of support, including a skills and employability summer programme.

The committee discussed the detailed update on the restoration of finance and HR systems, including payroll. The committee noted that extra resource may be required within Finance to bring the systems up to date. This would be kept under review by the Executive.

The CFO had briefed the KPMG partner in relation to the potential impact on accounting records and the external audit for the current financial year. The situation would be closely monitored as the finance system was restored over the next few weeks. The committee requested a separate discussion with the KPMG partner and the CFO during March 2021.

The committee noted that extra checks were taking place to mitigate against the risk of fraud while payments were being made manually. A further update on the restoration of finance and HR systems would be provided to the committee electronically during March 2021.

The committee noted the update on progress made against the actions identified in the BDO cyber security audit. The BDO partner was requested to consider if the cyber incident would adversely impact the BDO internal audit opinion. This would be further discussed with management prior to the next GARC meeting

The committee requested that an additional meeting take place during May 2021 to discuss the final report on the restoration and recovery plan and implications for both internal and external audit.

Appendix A: Finance systems update (for information)

Appendix B: HR systems update (for information)

Cyber Security Update 22 January 2021

1.0 Purpose

- 1.1 To provide the Group Audit and Risk Committee with an update on progress against the recommendations identified in the BDO audit and progress on systems recovery following the cyber security incident on the 20th December 2020.

2.0 IT Security Governance

- 2.1 An IT Security and Resilience Board (ISRB) has been in place since 30/10/2020 and is meeting on a 6-weekly basis.
- 2.2 KPIs are being tracked through the ISRB on measures such as frequency of patching, network availability, number of intrusion attempts, training session completion and IT outages.
- 2.3 A Technical Security Officer (TSO) is currently being recruited to bolster the security expertise across the Group. The position will be advertised as soon as the recruitment system are back online, with the expectation of having someone in post by end April 2021.

3.0 Password policy and complexity increase

- 3.1 Password expiry has now changed to 180 days across the Group.
- 3.2 Password complexity has been increased at both LSBU and SBA. The new complexity level requires a 10 character password with a range letter, number and special characters.
- 3.3 A bulk password reset was triggered at LSBU on Monday 11th January 2021. The timing of the re-set was brought forward following the cyber incident. A new self-service password tool was introduced for students and staff, with heightened security and ease of use. Almost all staff have completed the process, with students expecting to complete on w/b 25th January 2021 due to the start of semester 2.
- 3.4 SBC is in the planning stages for increasing password complexity, primarily focussing on supporting students through the change.

4.0 Network segmentation

- 4.1 A series of network design workshops have taken place with the incumbent network managed service provider.
- 4.2 MPIC has approved funding for Phase One of the network refresh programme which will be completed by summer 2021. Hardware orders have been placed and the project is on track to deliver for the London Road development.
- 4.3 New firewalls have been purchased ahead of the other equipment and have now arrived onsite, ready for installation.

4.4 Network segmentation is being introduced as part of the cyber incident recovery process at LSBU. As services are restored, they are being segmented into new network zones.

5.0 Back-up policy

5.1. LSBU has invested in a new and enhanced back-up solution which will bring it in line with best practice standards, which advises storing 3 copies of backups, on 2 different media, 1 of them being offsite. The frequency of back-ups has also been brought in-line with best practice. The new solution will be in place by 05/02/2021.

5.2 SBC had existing offsite back-ups and SBA have now also introduced an offsite back-up solution. As contracts expire, we will look to align the 3 solutions if the technology is appropriate for each entity.

6.0 Anti-virus and security monitoring

6.1 LSBU has subscribed to a next generation anti-virus solution (Sophos Intercept X) which will be a requirement for users to connect to the network. As well as a software product, the solution comes with a 24/7 security operations centre (SOC), which will monitor for threats and proactively block any suspicious activity. This will be in place from 29/01/2021.

Key product benefits are:

- Stops never seen before threats with deep learning AI
- Blocks ransomware and rolls back affected files to a safe state
- Prevents the exploit techniques used throughout the attack chain
- Answers critical IT operations and threat hunting questions with EDR
- Provides 24/7/365 security delivered as a fully managed service
- Easy to deploy, configure and maintain even in remote working environments

6.2 The E2E perimeter vulnerability scanning solution used by LSBU has now been extended to both SBC and SBA. The vulnerability scanner looks for known security holes in the internet facing perimeter of the IT environment and then flags them for remediation. The scan takes place weekly.

7.0 Restoration of IT Systems and Services at LSBU

7.1 Estates security systems have been brought back online and are currently with the vendors to complete final configuration work.

7.2 Moodle, Panopto and Library Resources are now available for students.

7.3 The core elements of the student records systems are expected to be available from end of January, with the HR and Finance systems to follow shortly afterwards.

7.4 All systems are being patched to the latest security levels before restoration. Role-based access to systems is being enforced, to ensure only those you require access have the relevant permissions, including IT staff.

	CONFIDENTIAL
Paper title:	Finance Systems Recovery
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	11 February 2021
Author(s):	Natalie Ferer – Group Financial Controller
Sponsor(s):	Richard Flatman – Group CFO
Purpose:	For Information
Recommendation:	The Committee is requested to note the report

1. Summary

Finance Systems have not been available since the IT incident. As a result, we have not been able to maintain normal accounting and payroll records since December 13th, including records held on the main finance system Agresso, the student sales ledger on QL and on the HR/Payroll system, iTrent.

This paper sets out the plan for restoring Financial and payroll records, the workarounds we have put in place to enable us to deliver a basic level of service, compliance and record keeping and the impact of the IT outage on Financial Reporting and Audit.

2. Agresso

Recovery:

A project plan is in place which will include testing back-up data and updating Agresso for offline transactions that have taken place including receipts, payments and payroll. Currently it is expected that Agresso will be made available on the 8th February with roll out to users to begin updating records by the 22nd February. It is then likely that it will be a few more weeks before all accounting records are up to date. As part of this process, a full reconciliation of all payments made either manually or via purchasing cards in the intervening period will be undertaken when Agresso is available. All requisitions in the system not yet approved will be checked to see if payment has been made before sending out.

Workarounds:

In the meantime, a spreadsheet cashbook is being maintained to record all bank transactions. This is saved on Onedrive, which is accessible, and which is being shared with members of the Finance teams. Payments in the University and College can be made using Barclays's online banking and, on the income side, receipts are being identified and communicated to teams dealing with applications, enrolments and credit control. Manual sales invoices are being produced where these are required by the customer to remit money owed.

Procurement Category Managers have communicated the current position with all strategic suppliers and are managing order requirements as and where necessary. PO's are being raised manually only if strategic and/or critical with a list of these held centrally.

Temporary increases in spend limits have been put in place on purchasing cards to meet specific requirements.

3. Student Sales Ledger

It is not possible to raise invoices to students while systems are down and we are quoting fee information to students when communicating with enrolling applicants as part of enrolment processing. Where due, we have not been able to process fee refunds.

Confirmations to the Student Loans company (SLC) have been made independently of QLS and SLC payments to students and the University are not expected to be impacted by the IT outage.

4. Payroll

Recovery:

A recovery plan is in place and it is expected that iTrent will be made available to the HR and Payroll teams in the first week of February. At both LSBU and Lambeth the HR teams will update employee data for December, allowing the December payroll and returns to HMRC to be run. Payments already made to staff in December will be deducted generating an additional payment to staff who have been underpaid and recording an over payment to staff who were paid too much which will be recovered in February. This process will then be repeated for January with the aim of processing a 'live' payroll in February. It is recognised that timescales will be tight for the team to process three payrolls in a short period of time.

Workaround:

Payments to staff were made in both December and January, broadly based on the November payroll but adjusted for starters and leavers and taking account as appropriate of any known variations in pay. Manual Records of HPL and casual hours worked have also been used to reduce the risk of significant over or under payments. Payments to HMRC and Pension providers have been made based on those relating to November's payroll but electronic returns have not been possible, and staff will not be able to access payslips until systems are restored.

5. Reporting

Statutory returns:

HMRC and pension returns will not be possible until systems are restored and brought up to date and we have communicated with both HMRC and pension providers to make them aware.

The Group's VAT return and annual adjustment is due on 7th March. If systems are not fully functioning, we will work with our VAT advisors at KPMG to calculate an estimated return, reducing the risk of penalties and interest charges. Once systems are restored, KPMG will review our returns, assess the impact and communicate these with HMRC as required.

Data necessary to prepare the five year forecasts are held on TM1 and have been accessible throughout. Therefore submissions to OfS, including five year forecasts, have been and are expected to be submitted on time.

SBC submitted the ESFA return due by 31st January on time with all the information needed being saved on the Lambeth network and so unaffected. The IFMC (Integrated Financial Model for Colleges) requires a return of actual results to the end of December and has agreed with the College that November figures can be returned instead.

Other returns that have been due while systems are down include those due with the Office of National Statistics and we have made them aware.

Internal Reporting:

It has not been possible to produce management accounts while systems are down. A schedule of when management accounts are expected to be circulated is being prepared.

6. Audit

Internal Audit:

At the time of the cyber-attack, BDO were part way through a follow up review on Key Financial controls and will not be able to complete this work until systems are restored. Since then, BDO have been able to complete audits which do not rely on system access. Reviews that do rely on system access have been rescheduled to later in the year, including Staff Absence and financial controls at SBC. It is however expected that the planned audit programme will be completed by the end of July 2021.

Year end Audit and Accounts:

We are in the process of planning for the 2020/21 year end audit and accounts. Systems will be restored by then and it is not expected that the system outage will have an impact on the year end process that the University and College Finance teams will follow. We are discussing with KPMG whether they will want to do additional year end audit work as a result of the cyber-attack.

Natalie Ferer
1st February 2021

	CONFIDENTIAL
Paper title:	HR Systems Recovery
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	11 February 2021
Author(s):	Dave Lee, People and Organisational Development
Sponsor(s):	Nicole Louis, CCO
Purpose:	For Information
Recommendation:	The Committee is requested to note the report

Plan to update HR/Payroll systems post IT outage

Internal systems that need to be updated:

- iTrent HR/Payroll system
- VT2000 HPL payment and rostering system
- E-file cabinet Employee filing system
- C-Series (Bottomline) Bacs software

External stakeholder to be updated

- HMRC
- TPS, LPFA, NEST, Aviva, USS

Current timeline

- iTrent to be restored by Friday 05 February 2020 with the backup point in time @ 11 December 2020.
- If the systems are not back up by 12 February 2020 the manual payroll process would need to be revisited.

Testing

- Once iTrent is restored, the HR systems and payroll team will complete the testing scripts.
- Once VT2000 is restored, the HR systems and payroll team will complete the testing scripts.
- Upon the successful completion of the testing, the HR and Payroll team will focus on the payroll backlog.
- Compare to accounting entries (if Agresso available, if not this will have to be restropectively)

Payroll backlog

In order to record and add the payroll detail that have been processed outside of iTrent, the following steps will be completed.

The process will be ratified with a 1 hour discussion with a MHR payroll consultant to verify the process.

1. Load the December advanced payments to iTrent through data conversion against the advanced payment element.
2. Lock December's payroll and run it, as if it was still December but recovering all payments that have been made outside of the system.
3. Run a BACS file to pay any shortfall. Overpayments will carry forward to January automatically.
4. Submit FPS file and EPS files and create GL files
5. Generate pension submissions
6. Reconcile all third party payments and open up January's payroll.
7. Repeat the steps above for the January payroll.

Once the January payroll has been completed, the team will then move on to the February preparation and reconciliation.

iTrent restored and available to use	05/02/2021		Dates iTrent locked	
December payroll	05/02/2021	10/02/2021	05/02/2021	09/02/2021
January payroll	12/02/2021	17/02/2021	14/02/2020	17/02/2020
February payroll	12/02/2021	17/02/2021	14/02/2021	17/02/2020

**can this be moved back by 1 or 2 days so the February payroll is complete by 17th or 18th Feb? this will give an additional day to get the LSBU and SBUEL bacs files ready – may be essential if C Series is not yet restored.*

New starters

All starters paid by the advance payment process in December will be listed on iTrent, as these were added prior to the IT outage.

Starters paid by advance in January need to be added to the January payroll. Once complete all remaining starters are to be added. This work is not affected by the iTrent payroll lock.

Outstanding and upcoming changes (FTE/allowances)

Due to the amount of time the payroll system will be locked, there may not be enough time to process all the FTE changes and allowances.

All changes will be captured in a spreadsheet, and the priority will be assigned depending on date due, potential for overpayment and underpayment.

Hourly Paid Lecturers

Notify HPLs that VT2000 is available to input their hours for December / January and give them 5 working days to do so.

Process the HPL hours and pay in the February payroll.

Weekly Workers (Ambassadors)

Notify Weekly Worker that iTrent is available to input their hours for December / January, deadline 10 February.

Process the weekly worker hours and pay in the February payroll.

Overpayments

Once the February payroll is complete the payroll team will identify the overpayments and work with HR colleagues to inform the employees and arrange payment.

Absence monitoring including sickness and annual leave

The absence spreadsheets that have been managed by Schools and PSG's will be imported in to iTrent through data conversion.

Recruitment

Communicate to all applicants where the application deadline has passed.

Add all current recruitment to iTrent.

End all recruitment advertising on the LinkedIn to ensure that vacancies are only on the iTrent Jobs Page. Comms team to re-point main website back to jobs.lsbu.ac.uk

Learning and Development

Update any learning that has been completed or cancelled during the IT outage.

Main Risks and Mitigation

Risk	Contingency
The system is not up for the Feb payroll	The same manual processes that were used last month are used again.
The data is corrupt	We piece together the current picture with data we have saved on spreadsheets.
The system is up but the new servers are not built in time for the 17 March deadline	We submit to HMRC late and are fined. MHR are booked in April
All the business objects reports are lost	We prioritise the reports and build new, external consultancy may be required