

Meeting of the South Bank University Enterprises Ltd Board

2.00 - 4.00 pm on Thursday, 30 April 2020
in MS Teams

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
6.	Management accounts	59 - 64	KW

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Paper title:	SBUEL March 2020 management accounts
Board/Committee:	SBUEL Board
Date of meeting:	30 April 2020
Author:	Keith Would, Head of Financial Planning
Sponsor:	Richard Flatman, CFO
Purpose:	For discussion / information
Recommendation:	The Board is requested to note

Executive Summary

Income and Contribution:

As at the March management accounts, SBUEL was reporting a positive income variance vs budget on Business As Usual of £640k due to successfully winning a number of new projects.

However, due to Covid-19, Technopark and the Clarence Centre have been shut. The income forecast was then reduced by (£400k) as result of possibly not charging the tenants for April to July (policy not yet agreed/implemented).

Therefore, the management accounts now show a positive income variance of £240k.

Project leads are currently reviewing the impact of Covid-19 and how that will impact the delivery of the projects, and hence the income earned. A significant amount of the ERDF delivery has been successfully moved online, so it is currently thought than any further reductions in income for 2019 will be relatively small.

The updated forecast profitability of these projects had improved the contribution from a budgeted deficit of £267k to £93k.

Management Charge

At the last Board meeting, the Board agreed that there should be a management charge to LSBU for the service provided by SBUEL.

This would change the budgeted deficit to a surplus.

The management charge still needs to be agreed, and the budget and forecast agreed.

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Income

As at the March management accounts, SBUEL was reporting a positive income variance vs budget on Business As Usual of £640k due to successfully winning new projects, predominantly consultancy work in the schools and Government/EU funded regeneration projects elsewhere:

At P8, Brandmovers have increased their full year forecast by £78k.

At P8, APS have decreased their full year forecast by (£34k).

At P8, ACI have increased their full year forecast by £52k.

At P8, BEA have increased their full year forecast by £10k.

At P8, HSC have increased their full year forecast by £72k.

At P8, LSS have increased their full year forecast by £79k.

At P8, REI had increased their underlying full year forecast by £380k (£160k through a number of projects and short course delivery, £140k on ERDF projects and £80k through higher rental occupancy).

New business tends to budgeted in LSBU rather than SBUEL due to most of the income pipeline being there, so a positive variance in SBUEL would be expected if there is success in generating new business.

However, due to the Covid-19 situation meaning the closure of Technopark and Clarence Centre, this has been offset by likely lost rentals income for April-July of (£400k). A decision is pending based on the details of the Government's rental protection scheme.

The management accounts therefore show a positive income variance to budget of £240k

Project leads are currently reviewing the impact of Covid-19 on the delivery of the other projects.

Staff

Staff costs are in line with budget. Additional staff recruited to deliver additional projects have been offset by not recruiting a researcher to work for REI had significant vacancies in the prior year, but for 2019 have had full staff in place, including additional ERDF project delivery staff. This is the main reason for the year-on-year staff cost increase of £400k.

Opex

Opex is showing a negative variance to budget of (£78k):

(£39k) of this is the costs of delivery of the additional projects

(£47k) is consultancy about the potential use of SBUEL in the future in the Exec office

Contribution

As a result of the addition new business, at the March management accounts, SBUEL is reporting a positive variance to budget on contribution of £173k. SBUEL currently shows as loss making with a forecast deficit of £94k vs a budget deficit of £267k.

The Board agreed that a management charge to LSBU should be put through to make this a positive contribution. The Board were going to agree what basis this should be calculated on.

SMT Area: All
 Cost Centre: All

REF MANSUM

Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD (£)
			2019 Forecast (£)	2019 Budget (£)	Variance - Forecast to Budget (£)	Note %	2019 Actuals (£)	2019 Budget (£)	Variance - Actuals to Budget (£)	Note %	
(567,033)		Enterprise - Funding Grants	(623,736)	(623,736)		%					(623,736)
(275,542)	(188,538)	Enterprise - Research Related Activities	(476,336)	(440,726)	35,610	8%	(208,242)	(325,809)	(117,567)	(36%)	(268,094)
(2,955,276)	(1,747,013)	Enterprise - Other	(2,834,924)	(2,624,839)	210,085	8%	(1,787,137)	(1,663,445)	123,692	7%	(1,047,787)
(3,246)	(3,046)	Other - Operating Income									
(1,051)	(508)	Endowment Income & Interest Receivable									
(3,802,148)	(1,939,105)	Total Income	(3,934,996)	(3,689,301)	245,695	7%	(1,995,379)	(1,989,254)	6,125	%	(1,939,617)
321,442	223,662	Academic - Permanent staff	294,822	326,032	31,209	10%	209,989	219,792	9,804	4%	84,833
11,269	10,553	Academic - Temporary staff	55,415	605	(54,810)	#####	31,947		(31,947)		23,468
1,632,471	1,051,008	Support - Permanent staff	2,066,278	2,101,388	35,110	2%	1,365,122	1,409,588	44,466	3%	701,156
21,301	17,799	Support - Temporary staff	6,276	6,276		%	7,893	2,010	(5,883)	(293%)	(1,617)
224,901	157,064	Third party staff	184,115	178,757	(5,358)	(3%)	157,164	123,607	(33,557)	(27%)	26,951
2,211,383	1,460,086	Total Staff Costs	2,606,906	2,613,058	6,152	%	1,772,114	1,754,997	(17,117)	(1%)	834,792
52,859	26,322	Staff Related	105,024	111,230	6,206	6%	76,320	59,198	(17,122)	(29%)	28,704
96,214	74,126	Marketing and PR	140,580	139,311	(1,269)	(1%)	41,127	89,731	48,604	54%	99,453
4,476	(25,000)	Bursaries and Scholarships									
5,361	3,412	Student Related	3,056	2,200	(856)	(39%)	4,271	2,200	(2,071)	(94%)	(1,215)
51,440	73,032	Equipment	25,216	6,100	(19,116)	(313%)	41,476	1,000	(40,476)	#####	(16,260)
64,213	32,669	Computing	147,490	145,490	(2,000)	(1%)	43,472	100,758	57,286	57%	104,018
82,337	161,993	Utilities	348,500	348,500		%	116,991	116,994	3	%	231,509
35,380	25,262	Maintenance & Other Estate	19,886	18,100	(1,786)	(10%)	34,240	12,850	(21,390)	(166%)	(14,354)
		Cleaning & Security					96		(96)		(96)
44,603	(320)	Financial	1,045	1,045		%	2,132	697	(1,436)	(206%)	(1,087)
10,152	8,117	Communications	15,448	15,500	52	%	3,108	10,500	7,392	70%	12,340
501,449	321,917	Legal & Professional	234,110	166,542	(67,568)	(41%)	282,757	141,970	(140,787)	(99%)	(48,647)
17,178	19,872	Subscriptions and Membership Fees	15,495	15,495		%	1,958	13,495	11,537	85%	13,537
5,903	2,909	Photocopying and Stationery	3,600	4,000	400	10%	1,728	2,333	606	26%	1,872
92,957	54,811	Other	345,756	352,519	6,763	2%	26,514	182,378	155,864	85%	319,242
(450)	(450)	Internal Recharges	16,637	17,400	763	4%	347	12,000	11,653	97%	16,290
1,485,120	778,670	Total Other Operating Expenses	1,421,843	1,343,432	(78,411)	(6%)	676,539	746,104	69,565	9%	745,304
(105,644)	299,651	Contribution	93,753	267,188	173,436	65%	453,274	511,847	58,573	11%	(359,522)
		Contribution %	(2.4)%	(7.2)%			(22.7)%	(25.7)%			
		Total Internal Allocations					2,747		(2,747)		(2,747)
(105,644)	299,651	Contribution After Internal Allocations	93,753	267,188	173,436	65%	456,021	511,847	55,826	11%	(362,268)
		Staff costs as % of income	66.2%	70.8%			88.8%	88.2%			

South Bank University Enterprise Ltd budget 2019 as at March 2020

	Total	REI	ERDF Projects	Facilities hire	Brandmovers	APS	ACI	BUS	ENG	HSC	LSS	BEA	Recruitment Agency	Student Support & Employment	Executive Office	International office	Marketing
Enterprise - Funding Grants	(623,736)	(623,736)															
Enterprise - Research Related Activities	(440,726)				(200,000)	(194,751)				(7,500)		(38,475)					
Enterprise - Other	(2,624,839)		(745,163)	(1,174,652)		(48,638)	(160,000)	(8,685)	(174,928)	(99,618)		(12,155)	(200,000)				(1,000)
Total Income	(3,689,301)	(623,736)	(745,163)	(1,174,652)	(200,000)	(243,389)	(160,000)	(8,685)	(174,928)	(107,118)		(50,630)	(200,000)				(1,000)
Academic - Permanent staff	326,032				207,854	47,056			60,841	10,280							
Academic - Temporary staff	605	605															
Support - Permanent staff	2,101,388	1,079,570	271,824	128,464		147,810			70,838	1,819			166,351		197,691	37,022	
Support - Temporary staff	6,276	2,010	4,266														
Third party staff	178,757	2,905							40,000	14,800			121,052				
Total Staff	2,613,058	1,085,090	276,090	128,464	207,854	194,866			171,679	26,899			287,403		197,691	37,022	
Staff Related	111,230	78,380		4,710	7,000	3,151			3,500	5,320			9,169				
Marketing and PR	139,311	14,500	68,850	13,500			40,000						2,461				
Student Related	2,200											2,200					
Equipment	6,100	3,600						2,500									
Computing	145,490	79,400	63,423	1,000						1,667							
Utilities	348,500	0		348,500													
Maintenance & Other Estate	18,100	6,100		12,000													
Cleaning & Security																	
Financial	1,045													1,045			
Communications	15,500			15,000										500			
Legal & Professional	166,542	27,000	92,742	3,000						3,000			40,800				
Subscriptions and Membership Fees	15,495	11,495											4,000				
Photocopying and Stationery	4,000	2,000								500			1,500				
Other	352,519	63,995	143,628	1,200		13,500	57,000		23,600	13,236		35,860	500				
Internal Recharges	17,400	1,200		15,000						1,200							
Total Operating Expenses	1,343,432	287,670	368,643	413,910	7,000	16,651	97,000		29,600	24,923			59,975				
Contribution	267,189	749,024	(100,430)	(632,278)	14,854	(31,872)	(63,000)	(8,685)	26,351	(55,296)		(12,570)	147,378		197,691	37,022	(1,000)

South Bank University Enterprise Ltd forecast 2019 as at March 2020

	Total	REI	ERDF Projects	Facilities hire	Brandmovers	APS	ACI	BUS	ENG	HSC	LSS	BEA	Recruitment Agency	Student Support & Employment	Executive Office	International office	Marketing
Enterprise - Funding Grants	(623,736)	(623,736)															
Enterprise - Research Related Activities	(476,336)				(200,000)	(194,751)			(1,666)	(7,944)	(33,500)	(38,475)					
Enterprise - Other	(2,835,731)	(163,652)	(881,544)	(854,496)	(77,746)	(14,280)	(212,523)	(8,685)	(177,228)	(171,322)	(45,000)	(22,155)	(200,000)	(6,100)			(1,000)
Total Income	(3,935,803)	(787,388)	(881,544)	(854,496)	(277,746)	(209,031)	(212,523)	(8,685)	(178,894)	(179,266)	(78,500)	(60,630)	(200,000)	(6,100)			(1,000)
Academic - Permanent staff	294,822				179,866	23,214			28,911	18,198	40,895	3,738					
Academic - Temporary staff	55,415	605							54,810								
Support - Permanent staff	2,066,278	1,079,570	271,824	128,464		147,810			51,924	1,420			166,351		181,894	37,022	
Support - Temporary staff	6,276	2,010	4,266														
Third party staff	184,115	2,905							40,000	16,398			124,812				
Total Staff	2,606,906	1,085,090	276,090	128,464	179,866	171,024			175,645	36,015	40,895	3,738	291,163		181,894	37,022	
Staff Related	105,024	78,380		4,710	7,000	3,151			3,500	(0)			8,283				
Marketing and PR	140,580	14,500	68,850	13,500			40,000						1,730	2,000			
Student Related	3,056					856						2,200					
Equipment	25,216	3,600				(936)		2,500				20,000	52				
Computing	148,297	79,400	63,423	1,000						1,667							
Utilities	348,500	0		348,500													
Maintenance & Other Estate	19,886	6,100		12,000													
Cleaning & Security																	
Financial	1,045													1,045			
Communications	15,448			15,000										448			
Legal & Professional	234,110	27,000	92,742	3,000						23,218			40,800		47,350		
Subscriptions and Membership Fees	15,495	11,495											4,000				
Photocopying and Stationery	3,600	2,000								500			1,100				
Other	345,756	63,995	143,628	1,200		13,500	57,000		23,600	16,980	3,000	22,122	731				
Internal Recharges	16,637	1,200		15,000		(856)											
Total Operating Expenses	1,422,650	287,670	368,643	413,910	7,000	15,715	97,000		29,600	42,365	3,000	44,322	59,975	6,100			
Contribution	93,753	585,372	(236,811)	(312,122)	(90,880)	(22,292)	(115,523)	(8,685)	26,351	(100,886)	(34,605)	(12,570)	151,138		229,244	37,022	(1,000)

South Bank University Enterprise Ltd variance 2019 as at March 2020

	Total	REI	ERDF Projects	Facilities hire	Brandmovers	APS	ACI	BUS	ENG	HSC	LSS	BEA	Recruitment Agency	Student Support & Employment	Executive Office	International office	Marketing
Enterprise - Funding Grants																	
Enterprise - Research Related Activities	35,610								1,666	444	33,500						
Enterprise - Other	210,892	163,652	136,381	(320,156)	77,746	(34,358)	52,523		2,300	71,704	45,000	10,000		6,100			
Total Income	246,502	163,652	136,381	(320,156)	77,746	(34,358)	52,523		3,966	72,148	78,500	10,000		6,100			
Academic - Permanent staff	31,209				27,988	23,842			31,930	(7,918)	(40,895)	(3,738)					
Academic - Temporary staff	(54,810)								(54,810)								
Support - Permanent staff	35,110								18,914	399					15,797		
Support - Temporary staff																	
Third party staff	(5,358)												(3,760)				
Total Staff	6,152				27,988	23,842			(3,966)	(9,116)	(40,895)	(3,738)	(3,760)		15,797		
Staff Related	6,206									5,320			886				
Marketing and PR	(1,269)												731	(2,000)			
Student Related	(856)					(856)											
Equipment	(19,116)					936						(20,000)	(52)				
Computing	(2,807)													(2,807)			
Utilities																	
Maintenance & Other Estate	(1,786)													(1,786)			
Cleaning & Security																	
Financial																	
Communications	52												52				
Legal & Professional	(67,568)									(20,218)					(47,350)		
Subscriptions and Membership Fees																	
Photocopying and Stationery	400												400				
Other	6,763									(3,744)	(3,000)	13,738	(231)				
Internal Recharges	763					856				1,200				(1,293)			
Total Operating Expenses	(79,218)					936				(17,442)	(3,000)	(6,262)	(6,100)		(47,350)		
Contribution	173,436	163,652	136,381	(320,156)	105,734	(9,580)	52,523		0	45,590	34,605		(3,760)		(31,553)		