

Meeting of the South Bank University Enterprises Ltd Board

2.00 - 4.00 pm on Tuesday, 14 July 2020
via MS Teams

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
6.	Management accounts <ul style="list-style-type: none">• Management charge	69 - 74	KW

Date of next meeting
tbc

Members: Paul Ivey (Chair), Michael Cutbill and Richard Flatman

Apologies: Rebecca Warren

In attendance: Michael Broadway, Linsey Cole, Kerry Johnson and Keith Would

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	CONFIDENTIAL
Paper title:	SBUEL June 2020 management accounts
Board/Committee:	SBUEL Board
Date of meeting:	14 July 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 June management accounts, SBUEL was reporting a positive income variance vs budget on Business As Usual of £740k 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 £340k.

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 £554k to £394k.

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.

A management charge of £700k is proposed for the Board's agreement.

This is based on:

£80k for recruitment agency support for students

£120k SBUEL CEO support for LSBU activities
£500k REI support for LSBU income generation

Income

As at the June management accounts, SBUEL was reporting a positive income variance vs budget on Business As Usual of £740k due to successfully winning new projects, predominantly consultancy work in the schools and Government/EU funded regeneration projects elsewhere:

At P11, Brandmovers have increased their full year forecast by £41k.

At P11, APS have decreased their full year forecast by (£5k).

At P11, ACI have increased their full year forecast by £52k.

At P11, BEA have increased their full year forecast by £18k.

At P11, ENG have increased their full year forecast by £40k.

At P11, HSC have increased their full year forecast by £152k.

At P11, LSS have increased their full year forecast by £79k.

At P11, 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 £340k

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 Brandmovers.

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 (£154k), this is the costs of delivery of the additional projects

Contribution

As a result of the addition new business, at the June management accounts, SBUEL is reporting a positive variance to budget on contribution of £159k

In the previously presented March accounts, SBUEL currently showed as loss making with a forecast deficit of £94k vs a budget deficit of £267k.

Since that time, some costs have been added to the SBUEL budget that had been budgeted in the LSBU investment pot.

Namely:

-£39k staff costs for the Cairo International Branch Campus project manager

-£47 for consultancy re SBE development

-£200k for bidwriting costs

This means that for the June accounts, SBUEL currently showed as loss making with a forecast deficit of £394k vs a budget deficit of £554k.

The Board agreed that a management charge to LSBU should be put through for the services that SBUEL provides to LSBU to make this a positive contribution.

A management charge of £700k is suggested based on:

£80k for recruitment agency support for students

£120k SBUEL CEO support for LSBU activities

£500k REI support for LSBU income generation

This management charge gives SBUEL a revised forecast surplus of £305k vs a revised budget surplus of £145k

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)	(207,997)	Enterprise - Research Related Activities	(476,336)	(440,726)	35,610	8%		(340,148)	(424,497)	(84,348)	(20%)		(136,187)
(2,955,276)	(2,599,321)	Enterprise - Other	(2,928,714)	(2,624,839)	303,875	12%		(2,418,897)	(2,263,750)	155,147	7%		(509,817)
(3,246)	(3,246)	Other - Operating Income											
(1,051)	(508)	Endowment Income & Interest Receivable											
(3,802,148)	(2,811,072)	Total Income	(4,028,786)	(3,689,301)	339,485	9%		(2,759,045)	(2,688,246)	70,799	3%		(1,269,740)
321,442	300,815	Academic - Permanent staff	294,822	326,032	31,209	10%		272,604	294,099	21,495	7%		22,218
11,269	11,603	Academic - Temporary staff	55,415	605	(54,810)	#####		49,589		(49,589)			5,826
1,632,471	1,477,489	Support - Permanent staff	2,105,948	2,141,058	35,110	2%		1,834,217	1,985,993	151,776	8%		271,731
21,301	20,028	Support - Temporary staff	6,276	6,276		%		15,979	2,010	(13,969)	(695%)		(9,703)
224,901	211,833	Third party staff	216,600	178,757	(37,842)	(21%)		171,584	153,870	(17,714)	(12%)		45,016
2,211,383	2,021,768	Total Staff Costs	2,679,061	2,652,728	(26,333)	(1%)		2,343,973	2,435,971	91,999	4%		335,088
52,859	45,425	Staff Related	121,508	111,230	(10,278)	(9%)		79,554	82,175	2,621	3%		41,954
96,214	79,762	Marketing and PR	164,019	164,311	292	%		41,392	124,261	82,869	67%		122,627
(24,476)	(25,000)	Bursaries and Scholarships						2,000		(2,000)			(2,000)
5,361	4,112	Student Related	3,056	2,200	(856)	(39%)		4,641	2,200	(2,441)	(111%)		(1,585)
1,440	92,272	Equipment	8,516	6,100	(2,416)	(40%)		53,775	3,900	(49,875)	#####		(45,259)
4,213	44,669	Computing	150,175	145,490	(4,685)	(3%)		52,066	119,990	67,924	57%		98,109
2,337	295,541	Utilities	348,500	348,500		%		116,991	135,000	18,009	13%		231,509
35,380	28,289	Maintenance & Other Estate	19,886	18,100	(1,786)	(10%)		34,240	17,100	(17,140)	(100%)		(14,354)
		Cleaning & Security						96		(96)			(96)
44,603	(2,093)	Financial	906	1,045	139	13%		2,597	958	(1,639)	(171%)		(1,691)
10,152	9,468	Communications	15,448	15,500	52	%		4,077	14,250	10,173	71%		11,371
501,449	437,280	Legal & Professional	491,888	388,892	(102,996)	(26%)		386,970	384,142	(2,828)	(1%)		104,918
17,178	11,736	Subscriptions and Membership Fees	20,957	15,495	(5,462)	(35%)		11,862	13,495	1,633	12%		9,095
5,903	5,158	Photocopying and Stationery	2,750	4,000	1,250	31%		1,733	3,258	1,525	47%		1,017
92,957	76,565	Other	380,408	352,519	(27,889)	(8%)		31,709	239,685	207,976	87%		348,699
(450)	(450)	Internal Recharges	16,637	17,400	763	4%		(733)	16,050	16,783	105%		17,370
1,485,120	1,102,734	Total Other Operating Expenses	1,744,653	1,590,782	(153,871)	(10%)		822,971	1,156,464	333,493	29%		921,682
(105,644)	313,430	Contribution	394,928	554,208	159,280	29%		407,899	904,190	496,291	55%		(12,970)
		Contribution %	(9.8)%	(15.0)%				(14.8)%	(33.6)%				
		Staff costs as % of income	66.5%	71.9%				85.0%	90.6%				
		Management Charge to LSBU	(700,000)	(700,000)									
		Contribution after Management Charge	(305,072)	(145,792)	159,280								

South Bank University Enterprise Ltd budget 2019 as at June 2020

	Total	REI	ERDF Projects	Facilities hire	Brandmovers	APS	ACI	BUS	BEA	ENG	HSC	LSS	Recruitment Agency	Student Support & Employment	Executive Office	International office	Marketing	Technicians	
Enterprise - Funding Grants	(623,736)	(623,736)																	
Enterprise - Research Related Activities	(447,726)				(200,000)	(194,751)			(38,475)		(7,500)								
Enterprise - Other	(2,624,839)		(745,163)	(1,174,652)		(48,638)	(160,000)	(8,685)	(12,155)	(174,928)	(99,618)		(200,000)					(1,000)	
Total Income	(3,689,301)	(623,736)	(745,163)	(1,174,652)	(200,000)	(243,389)	(160,000)	(8,685)	(50,630)	(174,928)	(107,118)		(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	2,141,058	1,079,570	271,824	128,464		147,810				70,838	1,819		166,351		197,691	76,692			
Support - Temporary staff	6,276	2,010	4,266																
Third party staff	178,757	2,905								40,000	14,800		121,052						
Total Staff	2,652,728	1,085,090	276,090	128,464	207,854	194,866				171,679	26,899		287,403		197,691	76,692			
Staff Related	111,230	78,380		4,710	7,000	3,151				3,500	5,320		9,169						
Marketing and PR	164,311	39,500	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	388,892	202,000	92,742	3,000							3,000		40,800		47,350				
Subscriptions and Membership Fees	15,495	11,495											4,000						
Photocopying and Stationery	4,000	2,000											1,500						
Other	352,519	63,995	143,628	1,200		13,500	57,000	35,860		23,600	13,236		500						
Internal Recharges	17,400	1,200		15,000							1,200		500						
Total Operating Expenses	1,590,782	487,670	368,643	413,910	7,000	16,651	97,000		38,060	29,600	24,923		59,975		47,350				
Contribution	554,209	949,024	(100,430)	(632,278)	14,854	(31,872)	(63,000)	(8,685)	(12,570)	26,351	(55,296)		147,378		245,041	76,692	(1,000)		

South Bank University Enterprise Ltd forecast 2019 as at June 2020

	Total	REI	ERDF Projects	Facilities hire	Brandmovers	APS	ACI	BUS	BEA	ENG	HSC	LSS	Recruitment Agency	Student Support & Employment	Executive Office	International office	Marketing	Technicians	
Enterprise - Funding Grants	(623,736)	(623,736)																	
Enterprise - Research Related Activities	(476,336)				(200,000)	(194,751)			(38,475)	(1,666)	(7,944)	(33,500)							
Enterprise - Other	(2,928,713)	(163,652)	(823,529)	(854,496)	(41,000)	(43,442)	(212,523)	(8,869)	(30,810)	(213,286)	(251,991)	(45,000)	(230,000)	(6,100)			(1,000)	(3,015)	
Total Income	(4,028,785)	(787,388)	(823,529)	(854,496)	(241,000)	(238,193)	(212,523)	(8,869)	(69,285)	(214,952)	(259,935)	(78,500)	(230,000)	(6,100)			(1,000)	(3,015)	
Academic - Permanent staff	294,822				179,866	23,214			3,738	28,911	18,198	40,895							
Academic - Temporary staff	55,415	605								54,810									
Support - Permanent staff	2,105,948	1,079,570	271,824	128,464		147,810				51,924	1,420		166,351		181,894	76,692			
Support - Temporary staff	6,276	2,010	4,266																
Third party staff	216,600	2,905								88,408	2,814		122,472						
Total Staff	2,679,061	1,085,090	276,090	128,464	179,866	171,024			3,738	224,053	22,432	40,895	288,823		181,894	76,692			
Staff Related	121,508	78,380		4,710	7,000	3,151				24,774	(0)		3,493						
Marketing and PR	164,019	39,500	68,850	13,500			40,000						169	2,000					
Student Related	3,056					856			2,200										
Equipment	8,516	3,600				364			2,000	2,500			52						
Computing	150,175	79,400	63,423	1,000							1,667		1,878	2,807					
Utilities	348,500	0		348,500															
Maintenance & Other Estate	19,886	6,100		12,000															
Cleaning & Security																			
Financial	906												906						
Communications	15,448			15,000									448						
Legal & Professional	491,888	202,000	92,742	3,000						56,107	49,889		40,800		47,350				
Subscriptions and Membership Fees	20,957	11,495											9,462						
Photocopying and Stationery	2,750	2,000											250						
Other	380,408	63,995	143,628	1,200		13,500	57,000	40,122		23,600	33,632	3,000	731						
Internal Recharges	16,637	1,200		15,000		(856)								1,293					
Total Operating Expenses	1,744,653	487,670	368,643	413,910	7,000	17,015	97,000		44,322	106,981	85,687	3,000	59,975	6,100	47,350				
Contribution	394,929	785,372	(178,796)	(312,122)	(54,134)	(50,155)	(115,523)	(8,869)	(21,225)	116,082	(151,816)	(34,605)	118,798		229,244	76,692	(1,000)	(3,015)	

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South Bank University Enterprise Ltd variance 2019 as at June 2020

	Total	REI	ERDF Projects	Facilities hire	Brandmovers	APS	ACI	BUS	BEA	ENG	HSC	LSS	Recruitment Agency	Student Support & Employment	Executive Office	International office	Marketing	Technicians	
Enterprise - Funding Grants																			
Enterprise - Research Related Activities	35,610									1,666	444	33,500							
Enterprise - Other	303,874	163,652	78,365	(320,156)	41,000	(5,195)	52,523	185	18,654	38,358	152,373	45,000	30,000	6,100					3,015
Total Income	339,484	163,652	78,365	(320,156)	41,000	(5,195)	52,523	185	18,654	40,024	152,817	78,500	30,000	6,100					3,015
Academic - Permanent staff	31,209				27,988	23,842			(3,738)	31,930	(7,918)	(40,895)							
Academic - Temporary staff	(54,810)									(54,810)									
Support - Permanent staff	35,110									18,914	399				15,797				
Support - Temporary staff																			
Third party staff	(37,842)									(48,408)	11,986		(1,420)						
Total Staff	(26,333)				27,988	23,842			(3,738)	(52,374)	4,467	(40,895)	(1,420)		15,797				
Staff Related	(10,278)									(21,274)	5,320		5,676						
Marketing and PR	292												2,292	(2,000)					
Student Related	(856)					(856)													
Equipment	(2,416)					(364)			(2,000)				(52)						
Computing	(4,685)												(1,878)	(2,807)					
Utilities																			
Maintenance & Other Estate	(1,786)												(1,786)						
Cleaning & Security																			
Financial	139												139						
Communications	52												52						
Legal & Professional	(102,996)									(56,107)	(46,889)								
Subscriptions and Membership Fees	(5,462)												(5,462)						
Photocopying and Stationery	1,250												1,250						
Other	(27,889)								(4,262)		(20,396)	(3,000)	(231)						
Internal Recharges	763					856					1,200			(1,293)					
Total Operating Expenses	(153,871)					(364)			(6,262)	(77,381)	(60,764)	(3,000)		(6,100)					
Contribution	159,280	163,652	78,365	(320,156)	68,988	18,283	52,523	185	8,654	(89,731)	96,520	34,605	28,580		15,797				3,015