

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

2.30pm on Friday, 14 September 2012
held in 1B07, Technopark, London South Bank University

Agenda

	<i>Paper No.</i>	<i>Presenter</i>
1. Membership of the Board		Sec
2. Welcome and Apologies		Chair
3. Declarations of Interest		
4. Minutes of the meeting of 26 June 2012 and 19 July 2012 (to approve)		Chair
5. Matters Arising		Chair
6. Business Matters		
6.1 University Enterprise Business Plan (to recommend to shareholder for approval)	UE.32(12)	ED
6.2 Draft statutory accounts to 31 July 2012 (to note)	UE.33(12)	Accountant
6.3 Intellectual Property and Spin Out Company Matters (to discuss)	UE.34(12)	ED
7. Governance		
7.1 Letter of Delegated Authority to Director of Enterprise (to approve)	UE.35(12) *to follow	Financial Controller
7.2 Risk Register (to approve)	UE.36(12)	ED
7.3 Annual Board plan (to approve)	UE.37(12)	Sec
7.4 Selection process for NEDs	UE.38(12)	ED
8. Any Other Business		Chair
8.1 Other areas of company business outside of University Enterprise		ED
9. Date of Next Meeting – Friday 9 November 2012 at 2.30pm		Sec

Members: James Smith (Chair), Richard Flatman, Tim Gebbels and Beverley Jullien

In attendance: Company Secretary, Financial Controller, Accountant and Governance Officer.

Minutes of a Meeting of the Board of Directors
of South Bank University Enterprises Ltd
held at 3.00pm on Tuesday 26 June 2012
in Room 1B33, Technopark, London Road, London SE1

Present

Mr R Flatman Chair
Mr T Gebbels
Ms B Jullien

In attendance

Ms K Boyce Director of Human Resources (*for minutes 29-31*)
Ms N Ferer Financial Controller
Mr J Stevenson Company Secretary
Ms R Warren Accountant for South Bank University Enterprises Ltd.
Mr M Broadway Governance Officer

Welcome and apologies

01. It was noted that apologies had been received from Ed Tinley.

Membership of the Board

02. The Board noted that James Smith had agreed to be Chair of the Board and that he would be formally appointed at the University's Board of Governors' meeting of 19 July 2012.
03. The Board noted Ed Tinley's intention to resign.

Declarations of Interest

04. It was noted that Tim Gebbels and Rebecca Warren had an interest in the tabled paper on pensions. They were permitted to remain in the meeting when this item was under discussion.

Minutes of the last meeting

05. The committee approved the minutes of the meeting of 28 March 2012.

Matters Arising

06. The Board noted that the costs of changing the company's name were too high and that it planned to use a trading name in the future.
07. The Board noted that meetings with both BBM and Solion had been arranged.
08. The Board noted that changes to the format of the management accounts would be implemented for the next academic year.

University Enterprise Business Plan

09. The Board considered the University Enterprise Business Plan in detail (paper **UE.03(12)**). The Board requested the forecast in the business plan to reflect income received through knowledge transfer partnerships (around £700k) as well as expenditure.
10. The Board noted that following the forthcoming appointment of James Smith as Chairman of the Board the Business Plan should not be submitted to the University's Board of Governors for approval until James had considered it.
11. The Board noted that they would have oversight of all university enterprise activity and requested that its future meetings are divided into two sections: the first to consider university enterprise and the second to be the formal SBUEL Board meeting.
12. The Board approved the Business Plan subject to revisions as outlined in minute 09.

Budget, 2012/13

13. The Board considered the draft budget for 2012/13 in detail (paper **UE.04(12)**). The Board approved the budget subject to revisions as outlined in minute 09.

Management Accounts to 31 May 2012

14. The Board considered the management accounts to 31 May 2012 (paper **UE.05(12)**). The Board noted that performance was ahead of budget.
15. The Board requested the accountant to do a thorough review of creditors, deferred income and bad debt provision ahead of the year end.

16. The Board requested an update from the project manager on the R&D Initiative (project 7321).

Governance Approvals

17. The Board noted that changes to the governance of the company were necessary to allow the company to deliver its strategy and meet its income targets (paper **UE.06(12)**).

Recapitalisation

18. The Board discussed in detail the proposed recapitalisation of the company (paper **UE.07(12)**). It was noted that £700k new investment was proposed to eliminate the negative reserves and provide a buffer to allow the company to continue gift aiding taxable profits to the University.
19. The Board discussed the process for the recapitalisation in detail and ordered that a SBUEL Board meeting be called for 19 July 2012 to allow the directors to sign the Solvency Statement and complete the approvals process.
20. The Board requested that a cash flow forecast be produced for consideration by the directors prior to signing the Solvency Statement.
21. The Board endorsed the process for the recapitalisation and recommended recapitalisation as set out in the paper to the Board of Governors.

Gift Aid Policy

22. The Board approved the draft Gift Aid Policy (paper **UE.08(12)**), subject to amendments proposed at the meeting.

Memorandum and Articles of Association

23. The Board noted the proposed new Articles of Association, Schedule of Matters Reserved to the SBUEL Board and the proposed composition of the Board (paper **UE.09(12)**). The Board recommended these documents to the shareholder for approval.
24. The Board requested the Director of Enterprise to produce a contracting for service policy for approval.

Delegations

25. The Board noted that the company was subject to the University's Financial Regulations except where it was explicitly exempted (paper **UE.10(12)**). The Board noted that the SBUEL Board would have power to approve regulations where it was exempted from the University's financial regulations.
26. It was noted that the University's Internal Auditors would review the governance processes at the beginning of 2013 and that as part of the continuous auditing programme SBUEL transactions would be reviewed.

Procurement Regulations

27. The Board approved the procurement regulations (paper **UE.11(12)**).

Letter of Delegated Authority to the Director of Enterprise

28. The Board considered the proposed letter of delegated authority to the Director of Enterprise (paper **UE.12(12)**). The Board requested an updated version with new budget figures for approval at its next meeting.

Human Resources

Ms K Boyce entered the meeting

HR Procedures

29. The Board considered broad HR procedures (paper **UE.13(12)**). The Board requested that the Board should have authority to create, authorise or delete positions on the SBUEL establishment. The Board approved the procedures subject to this revision.

TUPE Transfers

30. The Board noted the proposals to transfer University Enterprise staff into the company under the Transfer of Undertakings (protection of employment regulations 2006) (TUPE). The Board noted that employment costs for these staff were included in the 2012/13 budget (paper **UE.14(12)**).

Pension

- 31. The Board noted an update on the establishment of a defined contribution pension scheme for employees (paper **UE.15(12)**).

Ms K Boyce left the meeting

Draft Written Resolutions

- 32. The Board approved the draft written resolutions necessary for the proposed governance changes for approval by the member.

Transfer of Shares

- 33. The Board approved the transfer of shares currently held on trust by Richard Flatman, the University's Executive Director of Finance to the University.

Appointment of non-executive directors

- 34. The Board requested the Director of Enterprise to begin the process of appointing the two non-executive director positions on the Board.

Date of next meeting

- 35. The date of the next meeting was confirmed as 19 July 2012 at 6pm.

There being no further business, the meeting concluded.

Approved as a true record:

.....
Chairman

Minutes of South Bank University Enterprises Ltd
Held at 6pm on Thursday 19 July 2012
in 1B33, Technopark, London Road

Present

Richard Flatman Chairman
Bev Jullien
Tim Gebbels

Representing the Shareholder

David Longbottom Chairman of the Board of Governors on behalf of the
Shareholder

In attendance

James Stevenson Company Secretary
Michael Broadway Governance Officer

Welcome and Apologies

1. Richard Flatman took the chair and declared that all the directors of the Company were present and that the meeting had been duly convened.
2. The Board noted that Ed Tinley had resigned as a director with effect from 4 July 2012.

Declarations of Interest

3. The directors declared that they had no interest, direct or indirect, in the transactions and proposals to be considered by the meeting for the purposes of section 177 of the Companies Act 2006 ("the Act") and the articles of association of the Company.

Constitution

4. The Board noted that London South Bank University ("the Parent") had approved amendments to the Articles of Association.
5. The Board noted that the Parent had agreed to the composition of the Board of Directors and the Schedule of Matters Reserved to the Board.

Recapitalisation

6. The Chairman reported that in order for the Company to continue making Gift Aid payments to the Parent, it would be necessary to recapitalise the balance sheet in order to create distributable reserves. It was proposed that the Company capitalise its debt to the Parent by the issue of new shares to the Parent at a share premium followed by a capital reduction (paper **UE.18a(12)**).

Capitalisation of debt owing by the company

7. It was noted that the Company was indebted to the Parent in the sum of £700,000 (“the Debt”), as part of the inter-company balance.
8. It was reported that the Company had agreed in principle with the Parent that:
 - a. the Debt be capitalised in the manner set out below (“the Capitalisation”); and
 - b. the Capitalisation be effected by the issue by the Company of 5 ordinary shares of £1 each in the capital of the Company at an aggregate premium of £700,000.
9. Accordingly, it was reported that it had been agreed in principle between the Company and the Parent that the Parent would accept the issue, credited as fully paid, of 5 ordinary shares of £1 each in the capital of the Company (issued at a premium) (“the Shares”) in full and final satisfaction of the Company’s obligations in respect of the Debt subject to the payment by the Parent of the sum of £5 in cash in respect of the par value of such shares.
10. In connection with the Capitalisation, there was produced to the meeting a final form subscription letter addressed to the Company from the Parent (“the Subscription Letter”) (paper **UE.18b(12)**).
11. The board carefully considered the Capitalisation and the terms of the Subscription Letter.
12. The board having done so and having considered the Capitalisation generally and the matters set out in section 172 of the Act declared it was to the benefit and in the best interests of the Company and would promote the success of the Company for the benefit of its members as a whole to effect the Capitalisation and based on the expectation that it will enable the Company to

enhance its profitability and therefore promote the success of the University by way of increased gift aid receipts and it was resolved that:

- a. the Capitalisation be approved; and
- b. the terms of the Subscription Letter be approved.

Issue of New Shares

13. The Chairman reported that under Article 3(a) and section 551 of the Act it was necessary for the parent to authorise the directors of the Company to allot new shares through an ordinary resolution (the "Ordinary Resolution") (paper **UE.19(12)**).
14. The draft ordinary resolution was produced to the meeting by which the parent, would:
 - a. pass the Ordinary Resolution to approve the allotment of twenty five additional ordinary shares;
15. Having considered the Ordinary Resolution it was resolved that:
 - a. the form of the Ordinary Resolution be approved;
 - b. the Ordinary Resolution be presented to the Parent of the Company; and
 - c. that the board meeting be adjourned to enable the same to be considered by the parent.
16. The meeting then briefly adjourned to allow the Ordinary Resolution to be signed.
17. Upon resumption of the meeting the directors noted that the Ordinary Resolution had been approved and duly signed for and on behalf of the parent.
18. Upon authorisation to allot additional shares the Board resolved to issue five ordinary shares of £1 each at an aggregate premium of £700,000 to the Parent (paper **UE.20(12)**).
19. A duly completed form SH01 (paper **UE.21(12)**) reflecting the capital of the Company as amended by the Special Resolution was produced to the

meeting and it was resolved that such form be approved. The form was then signed by the Secretary.

Capital Reduction

20. The Chairman reported that it was proposed that the Company reduce its share capital in accordance with the provisions of Chapter 10 of Part 17 of the Act in order to create distributable reserves (paper **UE.22(12)**). Specifically, it was proposed that the Company reduce its share capital by the cancellation of £700,000 of the amount standing to the credit of the share premium account of the Company (“the Capital Reduction”).
21. The Chairman reported that:
 - a. immediately prior to the Capital Reduction the share capital of the Company was £10 divided into ten ordinary shares of £1 each all of which were fully paid up and with a share premium account of £700,000; and
 - b. immediately following the Capital Reduction the share capital of the Company would be £10 divided into ten ordinary shares of £1 each all of which were fully paid up.
22. The Chairman further reported that pursuant to section 641 of the Act, the Capital Reduction could be effected by way of a special resolution supported by a solvency statement in accordance with the procedures set out in sections 642 to 644 of the Act.
23. The directors noted that, pursuant to section 3(2) of The Companies (Reduction of Share Capital) Order 2008:
 - a. the prohibition in section 654(1) of the Act which provides that a reserve arising from a reduction in capital is not distributable, did not apply to a reduction of capital effected by way of a special resolution supported by a solvency statement in accordance with the procedures set out in sections 642 to 644 of the Act; and
 - b. that a reserve arising from a reduction of capital carried out in such a way was to be treated for the purposes of Part 23 of the Act as a realised profit.

24. Accordingly, the directors considered it appropriate to consider the procedures set out in sections 642 to 644 of the Act and the following points were noted in respect of those procedures:
- a. that the Capital Reduction must be approved by a special resolution of the Company (“the Special Resolution”);
 - b. that the Special Resolution must be supported by a statement of solvency which all the directors of the Company were required to make in accordance with section 643 of the Act, a form of which (which had been prepared in accordance with The Companies (reduction of Share Capital) Order 2008) was produced to the meeting (“the Solvency Statement”) (paper **UE.23(12)**) and the directors noted that the form and text of the Solvency Statement would involve each of them making statements that they had formed the opinion:
 - i. as regards the Company’s situation at the date of the statement, that there was no ground on which the Company could then be found to be unable to pay (or otherwise discharge) its debts; and
 - ii. that (on the basis that it is not intended to commence winding up of the Company within 12 months) the Company will be able to pay (or otherwise discharge) its debts as they fall due during the year immediately following that date;
 - c. that in forming the opinions set out in the Solvency Statement the directors were required to take into account all of the Company’s liabilities (including any contingent or prospective liabilities);
 - d. the provisions of section 643(4) of the Act which provide that where a director makes such a statement, without having reasonable grounds for the opinions expressed in it, and the statement is delivered to the Registrar of Companies (“the Registrar”), an offence is committed by that director for which on conviction he or she would be liable to a term of imprisonment not exceeding 2 years or a fine or both;
 - e. that the Company must not be prohibited from effecting the Capital Reduction by its articles of association and it was noted that there was no such prohibition in the Company’s articles of association;

- f. as the Special Resolution was proposed as a written resolution, a copy of the Solvency Statement must be sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him;
- g. that within 15 days after the Special Resolution is passed the Company must deliver to the Registrar:
 - i. a print of the Special Resolution;
 - ii. a copy of the duly signed Solvency Statement;
 - iii. a statement of capital in the form of prescribed form SH19;
 - iv. a statement prepared in accordance with section 644(5) of the Act, duly signed by all the directors of the Company, confirming that the Solvency Statement was made not more than 15 days before the date on which the Special Resolution was passed; and was provided to all the members in accordance with section 642 of the Act, a form of which was produced to the meeting (“the Compliance Statement”);

and that the Capital Reduction would take effect upon registration by the Registrar of the above documents.

25. Having carefully considered the above matters the directors unanimously resolved:
- a. that the Capital Reduction was in the best interests of the Company and that it would promote the success of the Company for the benefit of its members as a whole having regard to the matters set out in section 172 of the Companies Act 2006; and
 - b. that the necessary steps be taken by the Company to effect the Capital Reduction.

Solvency Statement

26. The directors considered the following documents, each of which was produced to the meeting:

- 27.
- a. The draft University Enterprise business plan (paper **UE.24(12)**);

- b. Management accounts for the period to 30 June 2012 (paper **UE.25(12)**);
 - c. A summary of all current projects (paper **UE.26(12)**);
 - d. Five year forecasts of income and expenditure for the Company for the period to 31 July 2017 (paper **UE.27(12)**); and
 - e. A cash flow forecast to 31 July 2013 (paper **UE.28(12)**).
28. The directors noted that the Management Accounts showed that the Company had made a net profit of £ £500,264 to 30 June 2012 and the directors confirmed that from their knowledge of events since the Management Accounts Date, there had been no material adverse change in the financial position of the Company since that date.
29. The directors also noted that they had no intention to commence winding up the Company within 12 months of the date of the Solvency Statement.
30. Having reviewed and discussed the documents listed in paragraph 26 above, the directors confirmed that in their opinion the Company would have sufficient working capital to enable it to pay its debts immediately following the date of the Solvency Statement and, having regard to the intentions of the directors in the management of the Company's business and to the amount and character of the financial resources which will be available, the Company will, following the date of the Solvency Statement, be able to continue in business as a going concern and thus be able to pay its debts as they fall due. The directors also confirmed that they had taken account of all contingent and prospective liabilities (for example contingent liabilities that are required to be disclosed in the notes to annual financial statements and commitments under hire purchase agreements or supply contracts) that a court would take into account when considering whether it could pay its debts under Sections 122 and 123 of the Insolvency Act 1986.
31. In light of the above, each of the directors formed the opinion that, as regards the Company's situation at the date of the Solvency Statement, that there was no ground on which the Company could then be found to be unable to pay (or otherwise discharge) its debts; and that the Company will be able to pay (or otherwise discharge) its debts as they fall due during the year immediately following date of the Solvency Statement.

32. It was therefore resolved that the form of the Solvency Statement was approved. Each of the directors then signed the Solvency Statement and the Solvency Statement was dated with the date of the meeting.

Special Resolution

33. A draft written resolution (“the Special Resolution”) (paper **UE.29(12)**) was produced to the meeting by which the Parent would:
 - a. pass the Special Resolution to approve the Capital Reduction.
34. Having considered the Special Resolution it was resolved that:
 - a. the form of the Special Resolution be approved;
 - b. the Special Resolution be presented to the Parent; and
 - c. that the meeting be adjourned to enable the same to be considered by the Parent.
35. The meeting then briefly adjourned to allow the Special Resolution to be signed.
36. Upon resumption of the meeting the directors noted that the Special Resolution had been approved and duly signed by the Parent and that prior to signing the Chairman of the Parent had inspected the original signed Solvency Statement.

Compliance Statement and Form SH19

37. The directors considered the form of the Compliance Statement (paper **UE.30(12)**) and noted that it required them to confirm, in accordance with section 644(5) of the Act, that:
 - a. the Solvency Statement was made not more than 15 days before the Written Resolution was passed; and
 - b. a copy of the Solvency Statement had been provided to the members of the Company in accordance with section 642(2) of the Act.
38. It was resolved that the form of the Compliance Statement be approved. Each of the directors then signed the Compliance Statement and the Compliance Statement was dated with the date of the meeting.

39. A duly completed form SH19 (paper **UE.31(12)**) reflecting the capital of the Company as reduced pursuant to the Special Resolution was produced to the meeting and it was resolved that such form be approved. The form was then signed by the Secretary.

Returns to the Registrar of Companies

40. The secretary was instructed to deliver all to the Registrar within 15 days of the date of the meeting:
- a. a print of the Special Resolution;
 - b. a copy of the duly signed Solvency Statement;
 - c. the Compliance Statement; and
 - d. the form SH19.
41. The secretary was instructed to notify the Company upon receipt by them of confirmation that the above documents had been registered by the Registrar and as such the Capital Reduction had been effected.

Date of next meeting

42. The board noted that the date of the next meeting was Friday 14 September 2012 at 2.30pm.

Conclusion

There being no further business, the meeting then ended.

Approved as a correct record.

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Chairman

	PAPER NO: UE.32(12)	
Board:	Board of Directors	
Date:	14 September 2012	
Paper title:	University Enterprise Business Plan,	
Author:	Tim Gebbels, Director of Enterprise	
Recommendation:	That the Board approves the summary Business Plan, 2012-13.	
Matter previously considered by:	N/A	N/A
Further approval required?	NA	N/A
Communications – who should be made aware of the decision?	All staff – cascading from SMG – with a particular emphasis on research and enterprise active staff University Board of Governors – autumn 2012	

Executive summary

1. University Enterprise is embarking on an ambitious programme of change and growth to meet the aims of the University as set out in its Corporate Plan. To achieve our ambitions will require a step change in our approach to income generation and to profitability and a university wide change in culture.
2. This paper summarises the changes that are necessary and also highlights the early opportunities that have already been identified to increase revenue and profit. We provide an initial quantification of the financial opportunity available in the short to medium term
3. This paper was considered by the Board of Directors of SBUEL to inform their solvency statement (19th July 2012), made to support the recapitalisation of the company by LSBU.
4. The Board is requested to approve the summary Business Plan, 2012-13.

University Enterprise Business Plan

1. University Ambition

In its Corporate Plan 2011-14, *Student Success*, the University has set out its ambition to become London's Enterprising University as a fundamental element of delivering the University's mission to create professional opportunity for all who can benefit. This is not a modest incremental change but a transformation of the whole University, creating an entrepreneurial culture throughout the organisation, its staff and its students, and in its external relationships.

Such a transformation cannot effectively be brought about through an uncoordinated series of ad-hoc initiatives but, instead, needs a coherent and concerted University-wide approach. Such an approach is already underway, led through the Corporate Plan and delivered through the re-invigoration of the University Enterprise team and a series of new staff initiatives and incentives that are being established, including the re-launched Enterprising Staff awards and the appointment of a prominent entrepreneur as the University's new Chancellor.

The focus of this paper is on the short-term opportunities defined and organisational changes needed to deliver them. During 2012/13, a more detailed plan with opportunities identified across sectors for the next 5 years will be prepared.

2. University Enterprise

Enterprise is fundamental to the delivery of Student Success. By establishing a virtuous circle of interaction between teaching, enterprise and research we can create benefit across the University and at all stages of student engagement. Lecturers engaged in commercial enterprise are better equipped to illustrate their teaching with up-to-date, real-world examples. Researchers who undertake commercial research as well as grant funded research are better placed to deliver lasting impact from their work and to find research opportunities for graduate students. Students will find their courses more relevant to their career aspirations and they will have the opportunity to learn first-hand the enterprise skills they need and want to succeed. A key role of University Enterprise, therefore, is to create this virtuous circle by creating strong links between business, academics and students.

The other key purpose of University Enterprise activity is revenue generation. The Corporate Plan sets an objective to double enterprise income over five years, with a specific target for income of £12m by 2014/15, and has established University Enterprise to drive this growth. Our role must be pro-active, identifying new markets and new opportunities and building portfolios of new products and services to serve them. University Enterprise will become the primary channel for engagement with commercial clients for the whole University. But we must also continue to work in partnership with others in the University, particularly the academic staff through whom our work will be delivered.

University Enterprise has three areas of activity: Commercial Enterprise, Student Enterprise and IP and Spin-Out activity. These elements are complementary and mutually supporting and each contributes a vital element to the University's enterprising proposition. In this paper the focus is on commercial enterprise. Subsequent papers will set out our proposals for student enterprise and for IP and spin-out companies.

3. Commercial Enterprise in the Past

The University has a long history of commercial enterprise. Activity in the past was led principally by academic staff who focused on opportunities they could identify within their field of expertise. The Enterprise team provided reactive and mainly administrative support. In consequence, enterprise was largely based around small silos of expertise, often with the engagement of a single academic. There was no systematic approach to markets nor to the development of the University's commercial offer. The general approach was that of a "cottage industry".

Projects were typically low in value and, with no systematic approach to profitability, operating profit varied hugely between projects. Of nearly 250 projects undertaken between 2005 and 2011, over 75% had gross income less than £20,000 and, for more than half, it was less than £8,600. Operating profit was, on average, **-£238**, resulting in a total loss of over **£59,000** over the same period, excluding the costs of enterprise support – which was largely funded through HEIF.

The University has undertaken some competitor benchmarking, based on returns of commercial revenue. In 2009/10 the University generated some £8m revenues and was a mid-range performer for modern universities nationally. The best (but with very specific circumstances) posted £22m (London Metropolitan, driven by CPD) and £53m (Hertfordshire, including revenues from a bus company acquisition). Upper quartile performers generally achieved revenues of some £12-20m, which is the basis for the University's revenue growth ambition – although the profitability of University enterprise activities across the sector is very unclear.

Achieving our ambitious growth targets will require a step change in the University's approach to enterprise – both revenue generation and profitability. We need a much more pro-active, focussed and systematic approach to developing high value markets, products and solutions. And we need a new culture of enterprise across the University based on a radically new business model for commercial enterprise.

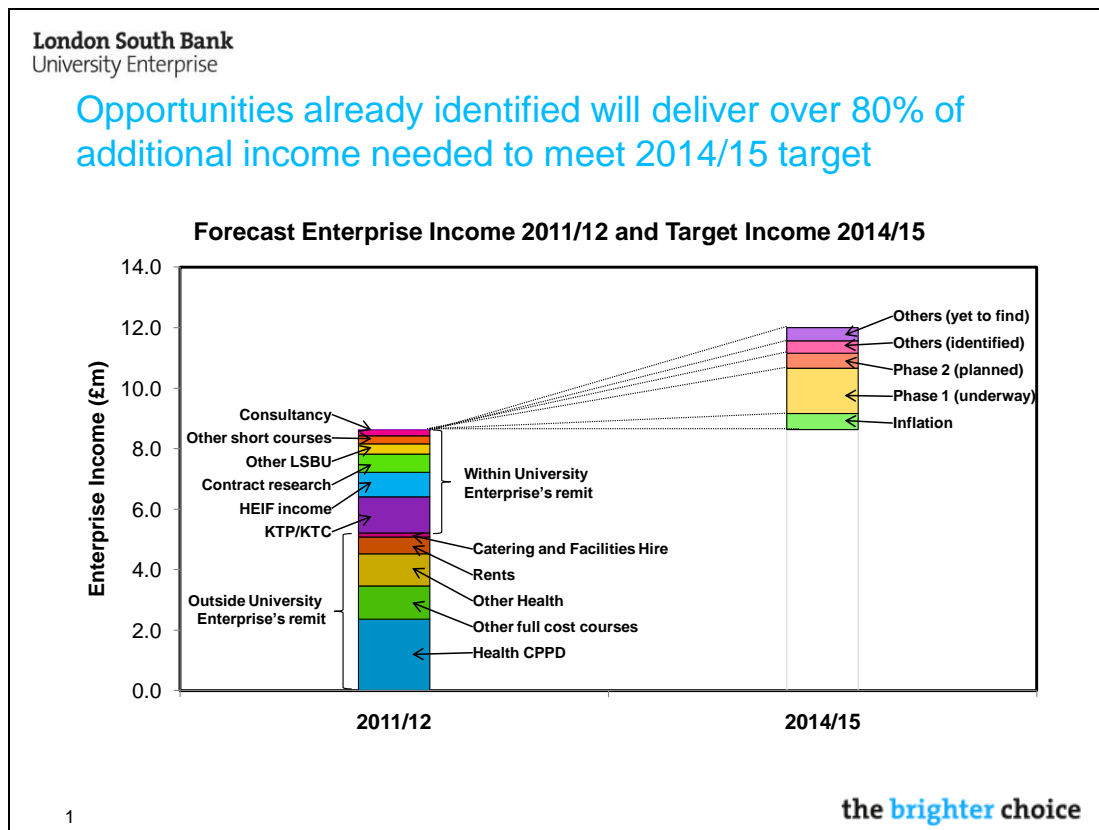
The role of University Enterprise is to provide a "toolkit" of support and processes for academics to engage in smaller, less complex enterprise activities independently – and to focus the majority of our effort on major projects which can deliver step change.

4. Future Growth Opportunities

This initial plan focuses on areas where we can deliver short-term income and operating profit. Collectively, the projects set out below have the potential to deliver extra sales of £750k in 2012/13 and £2.4m by 14/15. From our early evaluation, we are confident that significant further potential exists through these and other projects to meet the target for £12m in Enterprise income in 2014/15.

The opportunities identified are summarised in the following sections. Projects in Phase 1 are already underway, and will quickly allow us to make progress against this target. Projects in Phase 2 are planned into the forward programme for the coming year. Beyond these two phases we have also identified a number of other opportunities that we will pursue in the medium term. The contribution each of these areas is expected to make to achieving the 2014/15 target income levels is illustrated in Figure 1.

Figure 1:



Phase 1 – projects ready to market immediately

There are a number of areas where the University already has propositions that are market ready. These can quickly be brought to market, and will be the focus of our work in the short term. For each of these we have set out in the paragraphs below a short description of the project and preliminary estimates of potential income and operating profit.

ACCA Full Cost Courses

LSBU has run internally assessed ACCA¹ courses for 40 years and is amongst only four institutions in the world that can offer fully taught and internally assessed courses for individual ACCA qualifications. We will run these without University accreditation as full cost commercial courses with at least two intakes a year. The first intake, for September 2012, has already been recruited and the programme is underway.

Changes introduced by the UK Borders Agency (April 2012) mean that many existing providers have lost their ability to sponsor international students for these qualifications, resulting in a substantial market opportunity for us. We expect to extend this programme by spring/summer 2013 to offer a parallel programme for international students.

¹ ACCA is the largest international body for professional accountants and its qualifications are recognised around the world. They have approximately 140,000 members and 404,000 students in over 170 countries.

To recruit forecast student numbers we will undertake a major marketing and promotion programme, beginning immediately. This represents a significant “at risk” investment but one that is necessary to generate the returns we have identified.

Based on preliminary modelling, these ACCA courses have the potential to generate an operating profit of over £100,000 from a gross income of over £900k by 2014/15.

In addition, we have the potential to become an examination centre for ACCA itself. Although we administer our own examinations for ACCA courses, the other institutions offering ACCA training cannot do this. Their students must sit ACCA exams at one of a number of ACCA examination centres. By becoming one of these centres we can secure further upside profit from this activity as well as strengthening our already strong relationship with the ACCA.

E-Learning through ILSI

The Institute for Leadership and Service Improvement (ILSI), a unit within the Faculty of Health and Social Care, is developing a range of e-learning and blended learning products in partnership with Brickwall Ltd targeting the healthcare sector.

The first of the products, The Commissioning Place, provides training to GP consortia and other potential service commissioners on the new approach to health service commissioning. The Health Faculty have developed the product and proven the concept – University Enterprise is providing the upfront investment and commercial resources needed to bring it to market. The Commissioning Place was launched in late June 2012 at the national NHS conference on commissioning and a programme of follow-up sales activity is now underway.

Preliminary assessment of the market for the Commissioning Place suggests that it has the potential to generate an operating profit of £150,000 on gross income of £200,000 in year 1. The very substantial profit margin is entirely because the development costs, which were, in any case, largely borne by grants received from external funders, are sunk costs and, for e-learning products, the marginal cost of production is close to zero. We have not yet developed estimates of possible income for the other products being developed.

It is expected that, if successful, this product range can be further extended to deliver a much wider range of e- and blended learning. We will develop a business plan jointly with the Health Faculty during 2012-13 setting out future plans and options, including options for covering the development costs through continued co-funding arrangements.

Management and Leadership Training in Health

LSBU has successfully delivered bespoke Management and Leadership training for the North East London Foundation Trust (NELFT) and we have sold another bespoke course to Croydon University Hospital (CUH) for delivery in 2012. Both programmes were built from a common core of material that could readily be packaged for delivery to other health trusts and hospitals in the region and nationally.

Preliminary assessment of the market potential of this offer suggests that income might reach £200,000 by year 3, based on income secured from CUH for one cohort. This could potentially generate an operating profit of up to £60,000 per year.

KTP/KTC

KTP (Knowledge Transfer Partnerships) is a Government funded scheme promoting transfer of University knowledge into businesses. The University has, in the past, been one of the most successful Universities at securing KTP projects. However, recent changes to the programme, now administered by the Technology Strategy Board, have both reduced the overall KTP budget and focussed it more towards research intensive universities. In consequence, although we expect to continue to secure KTP projects in future these are unlikely to be at the same level as in the past.

In part to fill the gap left by KTP, we have developed a new programme, Knowledge Transfer Collaboration (KTC) which is more flexible and eliminates the need for Government funding. The scheme is new, with the first projects going live in 2012, and we expect the number of projects and their associated income to rise quickly over the next three years. By year 3, we aim for a combined gross income from both KTP and KTC to be up to £1.6m, earning net income of £250,000.

Both KTPs and KTCs provide an effective route for the University to engage with and build relationships with SMEs. In the medium term we expect to develop ongoing commercial relationships with, and revenue streams from, many of these companies, following on from successful KTP/KTC projects. In addition, the KTC model provides a very direct student engagement with business – the KTC associate delivering the project to the company is also enrolled on an MSc by learning contract with the University.

Phase 2 – Near term opportunities needing further development

Building Information Modelling Centre

Building Information Modelling (BIM) is a relatively new discipline in the construction industry that uses 3-D computer models of buildings to improve collaboration among all firms and professionals working on major construction projects, streamlining operations and reducing overall costs. LSBU has established expertise in BIM with good connections both to the principal suppliers of the 3-D modelling software and to businesses across the construction sector. Specifically, we can offer training in BIM on behalf of software vendors, CPD short courses on BIM, what it is and does, and its implications both for individual companies and for the sector as a whole, consultancy to support the adoption of BIM and to undertake specific BIM projects and specific Knowledge Transfer projects.

We need to undertake further market research to better understand the extent and value of the opportunities presented through BIM. However, early estimates suggest that we may be able to generate up to £200,000 in gross income after two or three years in the market, returning a profit of over £50,000. We would expect to be able to launch our commercial BIM offer, supported by a robust business plan shortly after the start of the year.

Professional Development in Local Authorities

The model of professional management and leadership training adopted in the health sector is also applicable to Local Authorities and more widely in the public and third sectors. However, for Local Authorities there is a wider range of other CPD that we have the expertise and capability to deliver, too, spanning several, if not all, University faculties. This includes HR, organisational change, finance, law, marketing and communications, health and

wellbeing, social work, adult and children's social care, planning, housing, environmental technologies and, possibly, many others.

Provision of this kind of training would likely be commissioned through a large-scale contract for CPD provision rather than piecemeal as a series of ad-hoc individual course offerings. The returns could be significant once we are able to establish a presence in this market. Further work is necessary to establish the breadth and value of the University offer and the size of the market.

Commercial Research to the Nuclear Industry

We have a long record of success consulting to the nuclear industry through one major client, Sellafield. We now have the opportunity, encouraged by Sellafield themselves, to extend our offer to the wider family of former BNFL companies in the UK. We have a range of expertise, knowledge and experience that both we and Sellafield believe are of wider value in the industry and our senior level contacts at Sellafield have indicated that they are willing to introduce us to their peers across the UK industry. We have not yet determined the potential offered by this market but, because of the personal introductions we have been offered by our current client, costs of entry should be low.

Other Commercial Opportunities

There is a wide range of other potential commercial opportunities across the University and, subject to appropriate prioritisation, we will take these forward, too, as early as possible. Examples include:

- London Institute for Real Estate
- Health, fitness and nutrition
- London Institute for Petroleum Engineering
- Consulting to major regeneration schemes (e.g. Elephant and Castle) – and partnering developers for their employee CPD requirement
- Urban sustainability

5. Creating a Culture of Enterprise

To achieve its purpose, enterprise activity must be recognised as a fundamental and essential part University life. Whereas, previously, enterprise was a subsidiary activity for most staff and the Enterprise team was a support organisation, in the future enterprise activity must become recognised as one of the principal, core activities for all University staff, and the University Enterprise team must become a pro-active partner for academic and other staff to foster the creation of the virtuous cycle described above.

A key element of the culture change that is necessary is the professionalization of our service delivery in commercial enterprise. We need to focus much more on the needs of our clients and customers. In practice, this means that there can be no distinction between term time and out-of-term time when it comes to undertaking commercial activity. It means being flexible on modes and times of delivery, especially of CPD activity, where evening and weekend delivery, often in intense blocks (e.g. 8 hours teaching in a day), will be important to clients.

It means meeting client specification for deliverables both in quality and timeliness. And it means being accessible and responsive to clients at all times. These behaviours are part of what it is to be successful in the commercial world but they are not part of the current University culture.

To support this culture change, University Enterprise will implement better support for academics undertaking commercial work, providing “full service” support from lead generation and bid writing, through project management and client relationship management, to delivery to the client, billing and seeking client feedback. Our intention is to relieve the academics undertaking the work from as much administrative burden as possible. But we will also be ensuring the timeliness and quality of delivery is maintained and this may entail applying firm project discipline to academics, too.

We will further incentivise culture change by putting in place a range of bonus and profit sharing schemes during 2012/13. These will firstly be used to reward success to help create a truly commercial culture within the University Enterprise team. It will also be used to reward enterprising academics, teams and departments, giving them personally and at departmental level a genuine stake in successful commercial outcomes and profitability.

To underpin these changes, University Enterprise will deploy a new business model that will allow, for the first time, a true P&L picture of commercial activity to be established. This will involve University Enterprise contracting with the client for delivery of a product or service and then sub-contracting with a faculty or department for delivery.

6. Resources

University Enterprise Income and Expenditure

The University has established a subsidiary company, South Bank University Enterprises Ltd (SBUEL), as a vehicle for administering its commercial activity. In part this is for tax purposes, but it also clearly distances commercial activity from the charitable status of the University. Much enterprise activity is formally accounted through SBUEL, but there are some significant elements that do not. For example, the KTP programme, which attracts substantial Government funding, is administered through LSBU to ensure compliance with the Government scheme. This scheme poses no threat to the University’s charitable status.

There is, in addition, activity that is accounted through SBUEL that does not fall within the remit of the University Enterprise team. Most obviously, the University lets a number of its properties, and rental income is received by SBUEL. This activity is overseen by Estates and Facilities, where the proper expertise resides.

A further complexity arises because a number of activities properly classified as Enterprise activity are neither within the remit of University Enterprise nor administered through SBUEL, but they are reported externally (e.g. through HEBCIS returns) as Enterprise income. The largest example of this type of Enterprise activity is Full Cost Courses, forecast to generate over £3m in the current year.

In summary, University Enterprise activity falls across both SBUEL and LSBU accounts but represents a subset of both and a subset of all of the University’s reported Enterprise activity.

Table 1 summarises the budgeted income and expenditure for University Enterprise activity (excluding Student Enterprise) for 2012/13. Figures are split between LSBU and SBUEL for the reasons outlined above.

Income

There are three principal elements of income. The first of these is £807k from the second year of the HEIF 5 funding award for 2011-14. This income from HEFCE is intended to support our programme of enterprise activity, particularly as it relates to knowledge transfer to business. As in previous years, this HEIF funding continues to make Enterprise activity broadly cost neutral for the University.

Secondly, SBUEL generates income from property rental and the letting of facilities (such as the Keyworth Conference Centre). There is a small direct cost associated with this activity that is the cost of the team administering the facilities hire service. This activity is not overseen or managed by the University Enterprise team but the costs and income will continue to be administered through the SBUEL account because the activity is clearly commercial activity and not part of the charitable function of the University.

Finally, the largest element of income is project income generated both through LSBU and SBUEL. This is the core function of the Commercial Enterprise activity of University Enterprise. Further details of project income and expenditure are provided below.

Expenditure

The largest element of expenditure is the costs associated with project delivery. Projects are budgeted on the basis of a full cost model, and most (but not all) of the direct and indirect costs arise from elsewhere in the University. As noted above, on a full cost basis most ongoing and historic projects are loss-making. Were it not for rental income, SBUEL would be loss-making this year. Further details of project income and expenditure are provided below.

The second largest element of expenditure is staff costs. Further details on staffing are provided below.

Professional fees are largely composed of the legal and other costs (such as patent costs) associated with maintaining and commercialising our IP assets. We are refocusing on the commercial benefits of our IP assets and on more quickly moving them from initial registration to either commercialisation or disposal/abandonment. This will, in the medium term, generate better returns and lower costs, but in the coming year costs will be slightly higher than 2011/12 as we rationalise our historic portfolio and accelerate the most promising developments.

Operating expenditure includes all costs associated with the work of the University Enterprise team that are not directly attributable to projects. They include the costs of business development activity, for example, of running the programme of KTP/KTC projects and of administering our portfolio of patents and other IP assets. Broadly, the budget is in line with forecast expenditure this year, but has been increased to reflect the increased activity likely as a result of filling the vacant posts in the team this year.

The final cost element is a range of estimated internal recharges that will be charged by central University departments for our use of their services. These reflect a University wide policy of recharging for central services. These costs represent part of our “full cost” of operations.

Project income and expenditure

Table 2 sets out the expected project income and expenditure levels for University Enterprise, again split between LSBU and SBUEL.

The largest element of project income is, and is forecast to remain, the KTP/KTC programme. We anticipate renewed growth in these programmes, particularly in the KTC programme which was only launched in 2012 for the first time. The cost structure for both these schemes is well established and, in the case of KTP, determined by the TSB as part of the programme definition. However, we plan to re-introduce a scheme that rewards both academics and faculties for undertaking these types of projects. Such a scheme was successful in the past at encouraging academic's participation in the KTP programme but was withdrawn for administrative reasons. Even after the re-introduction of the rewards scheme, these programmes will return a contribution rate of 40% or more.

In September we launched a major new programme to sell on a commercial basis professional training for ACCA (accountancy) qualifications. We have developed a complete business case for this programme and have established a clear model for both income and expenditure. In order to meet recruitment targets we began marketing the programme last year. In consequence, there is £101k of project expenditure in 2011/12. Once underway, the project is expected quickly to break even and in future years is expected to generate substantial profits with a contribution rate growing to over 45%.

Beyond the ACCA project, we have budgeted for a further £200k of income to be generated from among the other new commercial projects identified above. This is based on the profile necessary to achieve the targets set for us in the University's Corporate Plan but, until we have developed robust business plans for the individual projects, it is not possible to provide greater precision or a more detailed breakdown. We have assumed that these projects will provide a 40% contribution to the University.

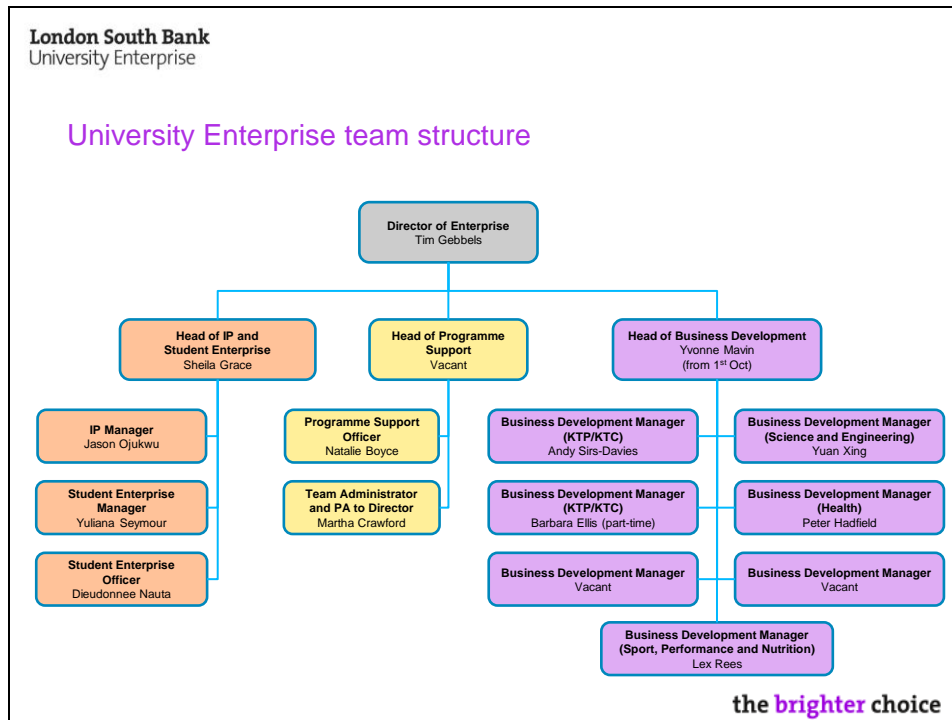
Finally, there is a substantial portfolio of existing enterprise projects that will generate a forecast £950k this year and £860k next year in gross revenue. As already highlighted, these projects collectively make a loss for SBUEL, and their contribution level is 27% on average. We will support the management of these projects to closure and will aim to increase the profitability of new projects we bring forward.

Staffing

As set out above, following a significant reduction in HEIF funding and lack of evidence of productivity over the last cycle, the University has reduced the number of central staff engaged in University Enterprise activity substantially. After a period of significant internal change, a new team is being put in place. The cost of this team is still fully borne by HEIF income (which is dependent on the Enterprise activity – there is no opportunity cost associated with this use of HEIF), so does not represent a cost to the University. However, the new focus on larger scale programmes will ensure a better commercial return from the work of the team.

The team structure is illustrated in Figure 1. It is envisaged that the team will grow in line with identified, specific project opportunities

Figure 1



At 3rd September there are three vacancies in the team, one of which is due to maternity leave. Recruitment to fill these posts will be complete by the end of September with posts expected to be filled by the end of October.

7. Technical Changes

Historically, SBUEL has operated as a passive vehicle for processing financial transactions. As part of the step change that the University is seeking to make to its Enterprise activity, it has sought to transform SBUEL into a pro-active company capable of employing staff and acting with considerable autonomy. It has implemented a range of major changes to the company’s governance and to the relationship between the University and the company.

This suite of technical changes to the governance of SBUEL, including revised Articles of Association the necessary changes to the governance arrangements of the University to recognise the appropriate delegations to the SBUEL Board, was presented to the University’s P&R committee on July 2nd for endorsement and was approved by its Board of Governors on July 19th 2012.

8. Implementation

Operationally, there are some key issues still to be resolved as we take forward the plans for the commercial projects outlined above. Three key elements are how we contract with faculties to deliver commercial projects, how we compensate faculties for delivery and how we distribute any profits.

As we develop new business, whether this is led by the faculty staff or by University Enterprise staff, we need from the outset to be confident that we will be able to resource delivery. SBUEL can take on permanent or temporary staff where necessary but, for the bulk

of work in the short to medium term, delivery will be by faculty staff or through HPLs sourced through the faculty. SBUEL will need to contract this work and is establishing a framework within which such contracts can be established.

Early work suggests that the kind of relationship necessary between SBUEL and the faculties will differ radically depending on the type and nature of the project. For example, delivery of the ACCA professional programme requires a very different contract than commercialisation of the Commissioning Place with ILSI. At present, it seems likely that bespoke arrangements will initially be needed on a per project basis. However, we hope quickly to be able to establish a straightforward typology around which to establish some more or less standard framework contracts. A framework outlining the principles of working between the Faculties and Enterprise has been agreed with the Deans, and is attached in the appendix

Similar issues arise with the question of compensating Faculties for their work on projects. In principle we have already set out the intention to pay faculties the full economic cost of delivery. However, we are already in discussion with the Business faculty on other models of transfer pricing for the ACCA professional programme. In the case of the Commissioning Place, too, the issue is not straight forward. Funding for the development of this product came, in substantial part, from a third party (KSS Deanery). More-over, the Faculty has contributed substantial time and effort into the product but this has not been tracked or recorded. Initially, therefore, it is likely that we will need to develop bespoke models for each project. However, here, too, we would expect to standardise on a set of prototype examples covering different types of project.

We also wish to begin to distribute a proportion of profits back to individuals and departments as part of an incentive programme to encourage engagement in Enterprise activity. For well established programmes such as KTP, an incentive programme has been applied before and is well established and we will re-introduce this. For other projects we will again need to consider a range of models and determine which applies best to different types of project.

We will develop these models as quickly as possible, building on the experience of the early projects we bring forward. We will bring a paper for discussion .during the Autumn, for approval by January 2013

Table 1

University Enterprise Income and Expenditure (Excluding Student Enterprise)					
Income	Description	2011/12 Forecast		2012/13 Budget	
		LSBU	SBUEL	LSBU	SBUEL
	HEIF 5	£ 807,516	£ 0	£ 807,516	£ 0
	Rental Income	£ 0	£ 716,400	£ 0	£ 730,728
	Inter-company transfer (contract for)	£ 0	£ 0	-£ 536,590	£ 536,590
	Gross Project Income	£ 0	£ 948,500	£ 1,796,437	£ 1,060,000
Total Income		£ 807,516	£ 1,664,900	£ 2,067,363	£ 2,327,318
Expenditure	Description	2011/12 Forecast		2012/13 Budget	
		LSBU	SBUEL	LSBU	SBUEL
	Staff Salaries	£ 559,972	£ 118,384	£ 215,966	£ 618,236
	Recruitment	£ 5,650	£ 406	£ 1,313	£ 22,874
	Travel, Accommodation & Subsistence	£ 10,600	£ 1,625	£ 5,253	£ 10,404
	Training	£ 10,600	£ 1,625	£ 5,253	£ 10,404
	Temp Staffing	£ 0	£ 0	£ 0	£ 45,144
Total Staff		£ 586,822	£ 122,040	£ 227,785	£ 707,061
	Consultancy (non-project)	£ 0	£ 8,000	£ 0	£ 23,060
	Legal fees	£ 0	£ 17,000	£ 0	£ 17,340
	Intellectual Property	£ 0	£ 60,000	£ 0	£ 80,000
	Audit and Bank charges	£ 0	£ 2,000	£ 0	£ 2,040
Total Professional Fees		£ 0	£ 87,000	£ 0	£ 122,440
	Telephones	£ 6,000	£ 0	£ 3,094	£ 5,106
	Mobiles	£ 1,700	£ 0	£ 1,031	£ 1,447
	Consumables & Stationery	£ 8,000	£ 0	£ 4,297	£ 6,808
	IT and office equipment	£ 4,800	£ 0	£ 2,922	£ 4,085
	Postage and Couriers	£ 5,700	£ 0	£ 2,750	£ 4,851
	Photocopying	£ 6,700	£ 0	£ 3,609	£ 5,702
	Subscriptions	£ 27,000	£ 0	£ 12,332	£ 22,978
	Marketing and advertising	£ 10,000	£ 0	£ 5,715	£ 8,510
	Publications	£ 18,000	£ 0	£ 10,313	£ 15,319
	Events	£ 1,700	£ 0	£ 3,738	£ 1,447
	Catering and Room Hire	£ 5,000	£ 0	£ 2,879	£ 4,255
	Website maintenance	£ 4,200	£ 0	£ 2,535	£ 3,574
	Licence fees	£ 1,400	£ 0	£ 902	£ 1,191
Total Operational		£ 100,200	£ 0	£ 56,118	£ 85,275
	Marketing SLA	£ 0	£ 0	£ 30,825	£ 21,922
	HR SLA	£ 0	£ 0	£ 8,328	£ 16,493
	ICT SLA	£ 0	£ 0	£ 4,918	£ 9,741
	Finance SLA	£ 0	£ 0	£ 107,405	£ 70,482
	Executive and Secretariat SLA	£ 0	£ 0	£ 20,550	£ 14,615
	Space Charges	£ 99,528	£ 0	£ 34,060	£ 67,459
Total Internal Recharges		£ 99,528	£ 0	£ 206,086	£ 200,712
	Loan Interest	£ 0	£ 1,290	£ 0	£ 0
	Depreciation	£ 0	£ 0	£ 0	£ 0
Total Other Costs		£ 0	£ 1,290	£ 0	£ 0
	Gross Project Expenditure	£ 105,550	£ 967,800	£ 1,427,570	£ 1,058,499
	Rental Expenditure	£ 0	£ 123,662	£ 0	£ 126,135
Total Expenditure		£ 892,100	£ 1,301,792	£ 1,917,559	£ 2,300,122
Operating Profit		-£ 84,584	£ 363,108	£ 149,804	£ 27,196
Overall Operating Profit		£ 278,524		£ 177,000	

Table 2

University Enterprise Project Income and Expenditure					
Project Income	Description	2011/12 Forecast		2012/13 Budget	
		LSBU	SBUEL	LSBU	SBUEL
	ACCA	£ 0	£ 0	£ 551,357	£ 0
	New Commercial Enterprise	£ 0	£ 0	£ 0	£ 200,000
	Other Existing Projects	£ 0	£ 948,500	£ 0	£ 860,000
	KTP/KTC	£ 0	£ 0	£ 1,245,080	£ 0
Total Project Income		£ 0	£ 948,500	£ 1,796,437	£ 1,060,000
Project Expenditure	Description				
	ACCA	£ 101,500	£ 0	£ 400,294	£ 0
	New Commercial Enterprise	£ 0	£ 0	£ 0	£ 120,000
	Other Existing Projects	£ 0	£ 697,000	£ 0	£ 631,966
	KTP/KTC	£ 0	£ 0	£ 662,383	£ 0
	Total Direct Costs	£ 101,500	£ 697,000	£ 1,062,677	£ 751,966
	Staff Bonus	£ 0	£ 0	£ 20,000	£ 8,000
	Faculty/Department Profit Share	£ 0	£ 0	£ 50,000	£ 8,000
	Total Profit Share	£ 0	£ 0	£ 70,000	£ 16,000
	Total Contribution		27%	41%	29%
	Description				
	Existing Projects Overhead	£ 0	£ 270,800	£ 0	£ 245,533
	ACCA Overhead	£ 4,050	£ 0	£ 151,063	£ 0
	New Commercial Enterprise	£ 0	£ 0	£ 0	£ 45,000
	KTP/KTC	£ 0	£ 0	£ 143,830	
	Total Other Costs	£ 4,050	£ 270,800	£ 294,893	£ 290,533
Total Project Expenditure		£ 105,550	£ 967,800	£ 1,427,570	£ 1,058,499
Projects Gross Profit		-£ 105,550	-£ 19,300	£ 368,867	£ 1,501

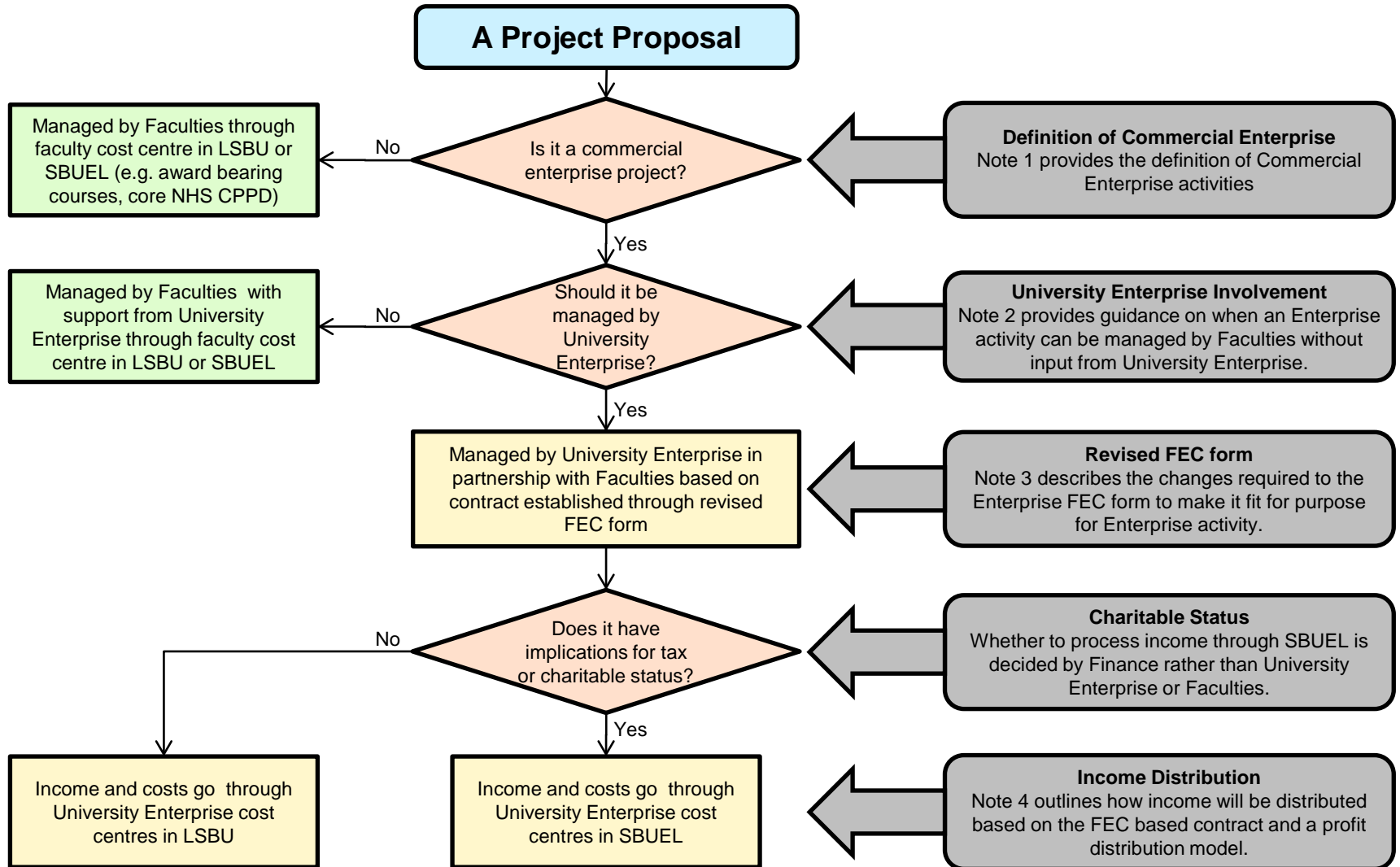
London South Bank
University Enterprise

University Enterprise Business Model

Approach to Implementation

the **brighter** choice

When should a proposed project be managed by University Enterprise?



Note 1 – Definition of Enterprise

Commercial Activity	Description
Consultancy	Providing advisory services to clients based on existing university expertise and IP.
Commercial Research	Creating new knowledge for clients, for example by investigating new product formulations, devising new solutions to client problems,
For Profit Education Programmes	Education programmes run for a commercial profit. Usually not core NHS CPPD nor carrying University awards. May include public courses, bespoke programmes of CPD, provision of accredited professional qualifications and e-learning programmes among others.
Knowledge Transfer	Includes specific knowledge transfer programmes such as KTP and KTC.
Events and Conferences	Income generating events and conferences run at the University or elsewhere, whether for academic or commercial purposes.
Lettings and Hire of Facilities	Shorter term lets and facilities hire, for example for events or conferences run by third parties. May include uses ranging from community- or business-led events for Enterprise outreach purposes to using the campus or specific facilities for film/TV locations.

Note 2 – University Enterprise involvement

Faculty Managed and Delivered	Faculty Managed and Delivered Enterprise Engaged	Enterprise Managed Faculty Delivered
<ul style="list-style-type: none"> • Low complexity activity 	<ul style="list-style-type: none"> • Moderate complexity activity 	<ul style="list-style-type: none"> • Higher complexity activity
<ul style="list-style-type: none"> • No negotiation over commercial terms or IP involved 	<ul style="list-style-type: none"> • Standard delivery within existing contract terms 	<ul style="list-style-type: none"> • Negotiations necessary over IP or commercial terms (e.g. neuropathy device)
<ul style="list-style-type: none"> • No third party involvement in delivery 	<ul style="list-style-type: none"> • Third party involvement within existing contract terms (e.g. hosting NCLT courses) 	<ul style="list-style-type: none"> • Involves third parties in delivery (e.g. Brickwall)
<ul style="list-style-type: none"> • No investment, marketing or other upfront costs 	<ul style="list-style-type: none"> • Faculty will cover investment, marketing and other costs itself 	<ul style="list-style-type: none"> • Requires up-front investment, marketing or other costs to launch (e.g. IELTS)
<ul style="list-style-type: none"> • No commercial, reputational or other risks to the University 	<ul style="list-style-type: none"> • Risks are local to Faculty which will cover any risks itself 	<ul style="list-style-type: none"> • Requires wider acceptance of risks (e.g. ACCA)
<ul style="list-style-type: none"> • Not targeting key markets/sectors for Enterprise activity 	<ul style="list-style-type: none"> • Targets key markets/sectors for University Enterprise but otherwise straightforward 	<ul style="list-style-type: none"> • Material to key markets/sectors targeted by University Enterprise (e.g. Management and Leadership CPD)
<ul style="list-style-type: none"> • Single project not scalable for wider, more general application (e.g. a one off conference) 	<ul style="list-style-type: none"> • May be scalable in future but no obvious immediate opportunity 	<ul style="list-style-type: none"> • Represents scalable opportunity for wider University (e.g. distance learning platform)
<ul style="list-style-type: none"> • Not a product or service likely to be transferrable to other clients 	<ul style="list-style-type: none"> • May be transferrable to other clients but otherwise straightforward 	<ul style="list-style-type: none"> • Likely to be a viable product or service with other clients (e.g. commercial research in civil nuclear industry)
<ul style="list-style-type: none"> • Not related to an ongoing commercial enterprise programme 		<ul style="list-style-type: none"> • Part of an existing commercial enterprise programme (e.g. KTP/KTC)

Note 3 – Revisions to the Enterprise FEC

- Changes to underlying costing model to reflect the new Enterprise business model:
 - Overheads adjusted as distribution to Faculties will not be “taxed” by the centre
 - Remove distinction between contract and non-contract hours
- Changes to reflect the reliance on the FEC to form a “contract” between University Enterprise and Faculties
 - Make explicit the commitments made to deliver the project by signatories (including mandatory signature by Dean or Pro-Dean)
 - Increased clarity on scheduling of work, costs and deliverables
 - Specification of any bespoke project related agreement between University Enterprise and Faculties (e.g. on profit share, possible losses, project risks, etc)
- Clearer, more transparent pricing model
 - Separated from costing model
 - Greater flexibility for marginal cost pricing

Note 4 – Income distribution for Enterprise managed projects

- Payment of full economic costs
 - University Enterprise will pay Faculties their full economic cost of project delivery as set out and agreed in the FEC form subject to:
 - Deduction of losses incurred expressly at the request of the Faculty
 - Adjustment for agreed costs above or below budget
 - A further paper will set out detailed proposals in the Autumn
- Distribution of profit
 - Standard contribution to the University, Department and University Enterprise, defined based on type of activity
 - Profit share
 - To Faculty staff based on agreed contribution
 - To SBUEL Commercial Enterprise team
 - A further paper will set out proposals in the Autumn, based on consultation

	PAPER NO: UE.33(12)
Board:	South Bank University Enterprises Ltd
Date:	14 September 2012
Paper title:	Draft accounts year ended 31 July 2012
Author:	Rebecca Warren
Executive sponsor:	Richard Flatman -- Director of Finance

The Board is requested to note the draft accounts of SBUEL for the year ended 31 July 2012, in particular the following points:

- Subject to audit adjustment, the profit for the year is £624K, compared with the budget of £507K.
- The property income of just over £1 million consists of the income received during the year, plus £293,820 accrued income which had not been received as at 31 July. The majority of the outstanding rent is due from LKIC -- separate discussions are being held regarding recoverability.
- In this draft a bad debt provision of £253,151 has been included in the accounts for the accrued property income which had not been received as at the time of the preparation of this report (6 September 2012). It is possible that further arrears will be received before the accounts are finalised, in which case the bad debt provision will be reduced.
- The page headed "Numbers for SBUEL statutory accounts 2012 SUBJECT TO AUDIT" gives an indication of the statutory accounts. These are very much in draft form, subject to audit and exclude the Gift Aid amount and other tax figures.

Numbers for SBUEL statutory accounts 2012 SUBJECT TO AUDIT

Comments

	Note	2012 £	2011 £
Turnover	1	2,168,999	2,162,067
Cost of sales		-1,182,419 -	1,514,950
Gross profit/(loss)		986,580	647,116
Administrative expenses		-370,368 -	105,798
Operating profit/(loss)	2	616,212	541,319
Interest receivable	4	9,085	6,036
Interest payable and similar charges	5	-1,290 -	1,290
Profit/(Loss) on ordinary activities before taxation for the financial year		624,007	546,065
Gift Aid	6	0 -	559,886
Profit/(Loss) on ordinary activities after Gift Aid for the financial year		624,007 -	13,821
Taxation	7	0	-
Profit/(Loss) on ordinary activities after taxation for the financial year		624,007 -	13,821
Profit and loss account brought forward		-588,777 -	574,955
Capital injection		700,000	
Profit and loss account carried forward		735,230 -	588,776

	Note	2012 £	2,011 £
Fixed assets			
Investments	8	69	69
Current assets			
Debtors	9	209,501.64	92,854
Cash at bank and in hand		1,157,245.46	1,374,631

1,366,747.10 - 1,467,485

Creditors: amounts falling due within one year	10	-	631,576.14	-	1,841,325
Net current assets/(liabilities)			<u>735,170.96</u>	-	<u>373,840</u>
Total assets less current liabilities			<u>735,239.96</u>	-	<u>373,771</u>
Creditors: amounts falling due after mor	11		-	-	215,000
Net assets/(liabilities)			<u>735,239.96</u>	-	<u>588,771</u>
Capital and reserves					
Called up share capital	12		10.00		5
Profit and loss account			<u>735,229.97</u>	-	<u>588,776</u>
Total equity shareholders' funds			<u>735,239.97</u>	-	<u>588,771</u>

1 Turnover

Turnover and pre-tax profits are attributable to the principal activities of the Company. An analysis of turnover by geographical destination is as follows:

	2012	2011
	£	£
United Kingdom	2,107,894	2,101,903
Other European countries	16,458	11,000
North America	25,167	46,750
Asia	1,250	2,414
Australasia	18,230	
	<u>2,168,999</u>	<u>2,162,067</u>

2 Operating profit/(loss)

	2012	2011
	£	£
Operating profit is after charging		
Auditors' remuneration -- audit	3,500	3,500
-- taxation advice	3,286	3,250
Management charge	-	0
Amounts written off investments	-	-
		22,838 Ed Tinley's salary

3 STAFF COSTS

The Company has 3 employees (2011 -- nil).

4 Interest receivable

	2012	2011
	£	£
Bank interest receivable	9,085	6,036

5 Interest Payable

	2012	2011
	£	£
Loan from London South Bank University	1,290	1,290

6 Payment under Gift Aid

For the year ending 31 July 2012 the company has approved payment of £XXXX of its taxable profit under the Gift Aid scheme to London South Bank University (2011: £559,886).

7 Tax on profit on ordinary activities

	2012	2011	
	£	£	
United Kingdom corporation tax at 28% (2011 - 28%) based on the profit for the year			

Profit/Loss on ordinary activities before taxation	624,007 -	13,821	
Taxation on profit/loss on ordinary activities	-	3,777	
Expenses not deductible for taxation purposes	-	5,426	
Capital allowances in excess of depreciation	-	1,648	Calculated by auditors
Other timing differences	-		
Losses not used in the period	-		
Utilisation of tax losses and other deductions	-	1	

United Kingdom corporation tax charge at 28%	-	-	Charge will be eliminated by use of deferred tax asset and a covenant payment.
=====			
Deferred tax asset:			
2011:	26,602		

8 Fixed Asset Investments

	£
At 1 August 2011	69
Additions	-
Amounts written off	-
At 31 Jul 2012	69
At 31 Jul 2011	69

Details of companies, all registered in England, in which South Bank University Enterprises Limited holds more than 20% of the nominal ordinary share capital are as follows:

About Time Design -- we hold 14.53%

Biox Systems Limited 24% Development of medical products
LKIC 50% Joint venture

9	Debtors	2012	2011
		£	£
Trade debtors		157,310.80	81,333
Interest receivable			
Other debtors		4,596.91	4,597
Prepayments and accrued income		47,593.93	6,925
VAT recoverable		-	-
Transfer debit balances		-	-
		<u>209,501.64</u>	92,854

Note: the bad debt provision that relates to loans to other companies is deducted from "other debtors".

10	Creditors: amounts falling due within one year	2012	2011
		£	£
Trade creditors		8,277	14,359
Amounts owed to parent company		- 13,637	1,184,453
Other creditors		5,483	3,993
Accruals and deferred income		631,453	638,520
		<u>631,576</u>	1,841,325

11	Creditors: amounts falling due after more than one year	2012	2011
		£	£
Loan from parent company due within 2-5 years		0	215,000

The loan is unsecured.

The loan agreement specifies the interest will accrue on the outstanding loan balance at a rate of 0.1% above base. Interest has been charged on this basis. (2011: same basis was used).

The parent company has indicated that it will not seek repayment of this loan to the detriment of other creditors.

12	Called up share capital	2012	2011
		£	£
Authorised:			
1000 ordinary shares of £1 each		1000	1000
Called up, allotted and fully paid			
10 ordinary shares of £1 each		<u>10</u>	5

2010/11 YTD ACTUAL TO JULY				PROFIT & LOSS ACCOUNT SOUTH BANK UNIVERSITY ENTERPRISES LTD YEAR TO DATE	2011/12 YTD ACTUAL				2011/12 YTD BUDGET				2011/12 VARIANCE TO BUDGET			
TOTAL £	CONSULT- ANCY £	CONTRACT RESEARCH £	OTHER £		TOTAL £	CONSULT- ANCY £	CONTRACT RESEARCH £	OTHER £	TOTAL £	CONSULT- ANCY £	CONTRACT RESEARCH £	OTHER £	TOTAL £	CONSULT- ANCY £	CONTRACT RESEARCH £	OTHER £
2,168,102	588,499	801,794	777,809	TOTAL INCOME	2,178,084	279,125	653,044	1,245,915	1,351,780	55,500	587,500	708,780	826,304	223,625	65,544	537,135
688,880	210,149	417,736	60,995	DIRECT EXPENSES (EXTERNAL)	601,277	122,554	432,319	46,404	432,040	3,000	418,093	10,947	(169,237)	(119,554)	(14,226)	(35,457)
42,703	10,245	32,458	-	Salaries	27,227	26,907	320	-	-	-	-	-	(27,227)	(26,907)	(320)	-
251,743	29,124	98,290	124,330	Consultancy	239,032	32,595	51,035	155,401	134,225	7,500	67,500	59,225	(104,807)	(25,095)	16,465	(96,176)
58,965			58,965	Other expenses	58,426			58,426	80,000			80,000	21,574	-	-	21,574
				Intellectual Property												
1,042,292	249,518	548,484	244,290	TOTAL DIRECT EXPENDITURE	925,962	182,057	483,674	260,232	646,265	10,500	485,593	150,172	(279,697)	(171,557)	1,919	(110,060)
1,125,811	338,981	253,310	533,519	GROSS PROFIT	1,252,122	97,068	169,370	985,683	705,515	45,000	101,907	558,608	546,607	52,068	67,463	427,075
52%	58%	32%	69%	% of total income	57%	35%	26%	79%	52%	81%	17%	79%	66%	23%	103%	80%
472,659	181,940	286,897	3,822	LSBU RECHARGES **	256,457	43,245	212,043	1,168	168,350	78,175	90,175	-	(88,107)	34,930	(121,868)	(1,168)
-				University charge on invoices	-				-				-			-
1,290			1,290	Management charge	1,290			1,290	-				(1,290)			(1,290)
				Loan interest												
473,949	181,940	286,897	5,112	TOTAL LSBU RECHARGES	257,747	43,245	212,043	2,458	168,350	78,175	90,175	-	(89,397)	34,930	(121,868)	(2,458)
651,862	157,041	(33,587)	528,408	PROFIT/LOSS BEFORE ADMINISTRATIVE EXPENSES	994,375	53,823	(42,673)	983,225	537,165	(33,175)	11,732	558,608	457,210	86,998	(54,405)	424,617
30%	27%	-4%	68%	% of total income	46%	19%	-7%	79%	40%	-60%	2%	79%	55%	39%	-83%	79%
45,549				ADMINISTRATIVE EXPENSES (EXTERNAL)	238,513				-				(238,513)			
47,773				Bad debts (increase in provision)	121,660				24,540				(97,120)			
12,475				Salaries	10,194				6,000				(4,194)			
				Other operational expenses												
105,798				TOTAL ADMINISTRATIVE EXPENSES	370,368				30,540				(339,828)			
546,064				PROFIT/LOSS AFTER ADMINISTRATIVE EXPENSES	624,007				506,625				117,382			

* Profit before Gift Aid

** intercompany charges that will cancel out on consolidation

**SOUTH BANK UNIVERSITY ENTERPRISES LTD
MANAGEMENT ACCOUNTS
YEAR ENDED 31 JULY 2012**

**INCOME AND EXPENDITURE BY FACULTY
31 JULY 2012**

YEAR TO DATE PER MANAGEMENT ACCOUNTS 2011/12

FACULTY/ACTIVITY	TOTAL TURNOVER £	SALARIES £	OTHER PAYMENTS £	GROSS PROFIT £	TOTAL RECHARGES /ADMIN £	FACULTY PROFIT/ (LOSS) £	BUDGETED TURNOVER £	VARIANCE £	BUDGETED PROFIT £	VARIANCE £
AHS	17,768	3,801	1,217	12,751	9,126	3,625	17,000	768	11,053	(7,428)
BUSINESS	152,875	141,212	23,634	(11,971)	17,356	(29,327)	150,000	2,875	(3,637)	(25,690)
ESBE	643,219	329,895	33,465	279,859	230,665	49,194	493,000	150,219	(17,806)	67,000
HSC	94,738	80,208	19,514	(4,985)	43	(5,028)	-	94,738	-	(5,028)
LLU+	-	-	4,933	(4,933)	(764)	(4,169)	-	-	-	(4,169)
MARKETING	8,803	-	106	8,697	-	8,697	-	8,803	-	8,697
RBDO	23,164	-	23,164	-	-	-	-	23,164	-	-
CLSD	-	-	-	-	-	-	-	-	-	-
ACADEMY OF SPORTS	2,483	667	4,929	(3,114)	31	(3,145)	-	2,483	-	(3,145)
LETTING OF FACILITIES*	213,895	45,494	-	168,402	-	168,402	135,000	78,895	131,000	37,402
INTELLECTUAL PROPERTY**	11,838	-	58,426	(46,588)	-	(46,588)	-	11,838	(80,000)	33,412
PROPERTY INCOME***	1,000,214	-	155,295	844,919	-	844,919	556,780	443,434	496,555	348,364
OTHER	9,085	-	-	9,085	371,658	(362,572)	-	9,085	(30,540)	(332,032)
GRAND TOTAL	2,178,084	601,277	324,685	1,252,122	628,114	624,007	1,351,780	826,304	506,625	117,382

*Letting of facilities managed by External Relations

**Intellectual property managed by Finance -- Infrastructure

***Property income managed by Estates and Facilities

	PAPER NO: UE.34(12)	
Board:	Board of Directors	
Date:	14 September 2012	
Paper title:	Quarterly update on SBUEL spin-out and spin-in Companies and IP portfolio	
Author:	Tim Gebbels, Director of Enterprise	
Recommendation:	To note the update on the status, progress and performance of SBUEL's spin-out and spin-in companies and on the status of its portfolio of IP assets.	
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	N/A	

Executive summary

Summary

1. This paper provides the latest quarterly update in the status, progress and performance of SBUEL's spin-out and spin in companies. In addition, it provides an update on the portfolio of IP assets held by both the company and the University.

Companies

2. Companies are created by the University in a number of ways. They may be created as a vehicle through which to commercialise IP held by the University: They may be established by students or former students (e.g. Enterprise Associates) to take forward their own business ideas: Or they may be "spun-in" to the University where there is a clear mutual benefit to such an arrangement. In each case the University will typically take either an equity stake in the company or will hold a

license/royalty interest in one or more of its products or services and sometimes it will do both.

3. Annex 1 contains the latest quarterly update for each of the companies in which SBUEL holds an interest.

IP monitor and plan

4. Under its IP policy (currently under review), the University takes ownership of IP developed by its staff and will, where appropriate, seek actively to protect it and commercialise it. In addition, in some circumstances it will take and protect IP for and on behalf of students involved in a number of the Student Enterprise schemes that it runs, notably the Enterprise Associate Scheme.
5. The portfolio of IP assets that the University holds is overseen by the cross-faculty IP Steering Group, chaired by the Director of Enterprise, which seeks to optimise the balance between protecting University IP and cost effectiveness. The IP steering group meets quarterly.
6. Annex 2 contains the latest quarterly IP monitor and Plan.
7. The Board/committee is requested to note the update on the status, progress and performance of SBUEL's spin-out and spin-in companies and on the status of its portfolio of IP assets.

Annex 1 – Spin out and Spin in Companies

Please find attached update reports for the following companies:

About Time Design Ltd

BIOX Systems Ltd

Demonstrate Design Ltd

Drive Daddy Ltd

Equination Ltd

Infiniti Lane Ltd

MBP Concepts Ltd

Nought to Sixty Ltd

Raison Detre Ltd

Solar Polar Ltd

Solion Ltd

Square Edge Design Ltd

Strongman Games Ltd

Such and Such Design Ltd

South Bank University Enterprises Ltd

Spin-Out Company Report

Report Update:

6th September 2012

Company: About Time Design Ltd

Nature of Business: Nova flo device to prevent flooding from baths

Origins: Former enterprise associate of London South Bank University

SBUEL Interest: 14% Equity Stake

SBUEL Director(s): N/A

SBUEL IP: SBUEL has assigned IP (patents) and receives 4% royalty.

Summary of Developments since last Report:

Year end sales:	£20K (2011 figure)
Year end costs:	£110K
Profit/Loss:	(£90K)

History and Previous Reports:

Previously received equity investment of ~900K

Sales very slow due to recession hitting refurbishment of hotels

South Bank University Enterprises Ltd

Spin-Out Company Report

Report Update:

6th September 2012

Company: *BIOX Systems Ltd*

Nature of Business: BIOX develops, manufactures and sells device that measure properties/phenomena at or across the skin barrier. The core product, Aquaflux, monitors moisture transpiration across skin barrier. Of interest principally to pharmaceutical, cosmetics and skin-care/health related companies.

Origins: BIOX genuine spin-out from research at LSBU (ESBE) in Opto-physics funded through ESPRC grants.

SBUEL Interest: 24% Equity Stake in BIOX.

SBUEL Director(s): Dr Sheila Grace

SBUEL IP: SBUEL owns the core patent relating to Aquaflux which is licensed to BIOX. SBUEL maintains the patent and recharges BIOX. BIOX pays royalties on all sales of Aquaflux at 4% of sale price.

Summary of Developments since last Report:

Year end sales: £281K (2011 accounts)

Year end costs: £191K

Profit/Loss: £90K

Year end sales (October 2011) were up 50% at £281K.

Further improvements made to Aquaflux production process.

BIOX has moved to larger premises (LKIC) in April to allow greater production, assembly and testing operations.

Launch of new Epsilon product (permittivity imaging sensor) based upon microchip fingerprint sensing technology developed at and owned by LSBU, summer 2012.

History and Previous Reports:

BIOX System Ltd established in 2001 by Professor Bob Imhof (now Emeritus) and Dr Perry Xiao. Both are Directors of BIOX. Sales steady over last 10 years at around £100-200K/a. Loss making until 2009. Now makes small profit annually of £25-30K

Imhof invested significant own money and time to tide business through development/loss making period.

Imhof lead technical, marketing & sales person through mainly international conferences

Currently employs 7 staff (including Imhof and 5 ex LSBU PhD students/graduates. Employs LSBU students on Projects

Based in LSBU's Borough Road Labs until end 2010, now located in Technopark.

Won BT London Business of Year award (Technology) in 2003.

South Bank University Enterprises Ltd

Spin-Out Company Report

Report Update:

6th September 2012

Company: *Demonstrate Design*

Nature of Business: Fashion Design and Material Product Design Consultancy

Origins: Former enterprise associate of London South Bank University

SBUEL Interest: 10% Equity Stake

SBUEL Director(s): N/A

SBUEL IP: SBUEL owns the IP in original design (copyright)

Summary of Developments since last Report:

Year end sales:	£20K (2011 figure)
Year end costs:	£10K
Profit/Loss:	£10K

History and Previous Reports:

Previously received Proof of Concept award to investigate market and produce prototypes.

Designed new girl scouts uniform suitable for Muslim scouts.

South Bank University Enterprises Ltd

Spin-Out Company Report

Report Update:

6th September 2012

Company: *Drive Daddy*

Nature of Business: Design and production of motorised luxury golf-trolleys

Origins: Former enterprise associate of London South Bank University

SBUEL Interest: 10% Equity Stake

SBUEL Director(s): N/A

SBUEL IP: SBUEL owns the IP that Drive Daddy produces (patent, design registration and trademark)

Summary of Developments since last Report:

Year end sales:	£5700
Year end costs:	£3100
Profit/Loss:	£2600

History and Previous Reports:

No previous history

South Bank University Enterprises Ltd

Spin-Out Company Report

Report Update:

6th September 2012

Company: *Equination Ltd*

Nature of Business: Automated feeding machine for equestrian-related industries

Origins: Former enterprise associate of London South Bank University

SBUEL Interest: 10% Equity Stake

SBUEL Director(s): N/A

SBUEL IP: SBUEL owns the IP developed in this venture (i.e. design registration, trademark and patent)

Summary of Developments since last Report:

Finance Available: £4000 (from LSBU grants and competition win)

Year end costs: £1228

Remaining balance: **£2772**

History and Previous Reports:

Not yet trading

South Bank University Enterprises Ltd

Spin-Out Company Report

Report Update:

6th September 2012

Company: *Infiniti Lane*

Nature of Business: Designers of anti-spill healthcare products for healthcare bodies and manufacturers

Origins: Former enterprise associate of London South Bank University

SBUEL Interest: 10% Equity Stake

SBUEL Director(s): N/A

SBUEL IP: SBUEL owns the IP that Infiniti Lane produces (trademark, design registration and patent)

Summary of Developments since last Report:

Finance available: £3500 (money available from LSBU grants and competition awards)

Year end costs: £3478

Remaining balance **£22**

History and Previous Reports:

Not yet trading

South Bank University Enterprises Ltd

Spin-Out Company Report

Report Update:

6th September 2012

Company: *MBP Concepts*

Nature of Business: Design and production of customisable trailer

Origins: Former enterprise associate of London South Bank University

SBUEL Interest: 10% Equity Stake

SBUEL Director(s): N/A

SBUEL IP: SBUEL owns the IP that MBP Concepts produces (patent and design registration)

Summary of Developments since last Report:

Year end sales:	£7700
Year end costs:	£1100
Profit/Loss:	£6600

History and Previous Reports:

No previous history

South Bank University Enterprises Ltd

Spin-Out Company Report

Report Update:

6th September 2012

Company: *Nought to Sixty (0260)*

Nature of Business: Production manager for the first live musical performance from space for Virgin Atlantic (One Giant Gig)

Origins: Former enterprise associate of London South Bank University

SBUEL Interest: 10% Equity Stake

SBUEL Director(s): Dr Sheila Grace

SBUEL IP: SBUEL owns the IP developed in this venture (i.e. prototype musical laboratory, design registration & copyright)

Summary of Developments since last Report:

Funds available: £3500 (money available from LSBU grants and competition awards)

Year end costs: £1800

Remaining Balance: **£1700**

History and Previous Reports:

Not yet trading

South Bank University Enterprises Ltd

Spin-Out Company Report

Report Update:

6th September 2012

Company:	<i>Raison Detre</i>
Nature of Business:	Specialises in product design illustrations and technical drawings to small companies for manufacturer, conceptualisation, prototypes and intellectual property protection.
Origins:	Former enterprise associate of London South Bank University
SBUEL Interest:	10% Equity Stake
SBUEL Director(s):	N/A
SBUEL IP:	SBUEL owns the IP that Raison Detre produces on bespoke projects

Summary of Developments since last Report:

Year end sales:	£3980
Year end costs:	£3766
Profit/Loss:	£214

History and Previous Reports:

Raison Detre registered the company in 2012.

South Bank University Enterprises Ltd

Spin-Out Company Report

Report Update:

6th September 2012

Company: *Solar Polar Ltd*

Nature of Business: Develops solar powered refrigerators and other solar powered products.

Origins: Based upon know-how/expertise of former LSBU student (Robert Edwards) and input from LSBU through Professor Graeme Maidment.

SBUEL Interest: 5% Equity Stake in Solar Polar.

SBUEL Director(s): No Director

SBUEL IP: None

Summary of Developments since last Report:

Solar Polar registered in 2007.

Income of £28K recorded in 2009 – this was in the form of grants.

Sales – none recorded

History and Previous Reports:

Not yet trading

Development of the company has been on grants from EEDA. Company development is static due to lack of directors' time as both also have full time employment.

Robert Edwards has recently met with Tim Gebbels and Sheila Grace to seek support in finding investment. He has been requested to send most recent accounts and business plan.

South Bank University Enterprises Ltd

Spin-Out Company Report

Report Update:

10th September 2012

Company: *SOLION Ltd*

Nature of Business: Develops and sells and installs mountings for Photovoltaic arrays. Develops other Solar powered products.

Origins: Based upon know-how/expertise of former LSBU academic (Dr Mike Duke) and PhD student (Dr Loey Salam) developed through Student solar car projects.

SBUEL Interest: 16% Equity Stake in SOLION. SBUEL has a loan of £52K outstanding.

SBUEL Director(s): No Director

SBUEL IP: None

Summary of Developments since last Report:

Accounts outstanding 2010-2011

History and Previous Reports:

Nov 11: Case of Infringement (by SOLION of RENU SOL IP) heard in German courts last week. Thrown out and costs awarded against RENU SOL (75%).

Also heard SOLION claims that RENU SOL Patent Invalid. Judges accepted that Claims invalid. Likely to go to Appeal (2-3 years).

Mar 11: Court case for Infringement pending in Germany (RENU SOL – Major Ger Industrial Company).

Accounts for 2011 are outstanding.

South Bank University Enterprises Ltd

Spin-Out Company Report

Report Update:

6th September 2012

Company: Square Edge Design Ltd

Nature of Business: Design consultancy for marketing, logos, websites and clothing for Rugby League Clubs.

Origins: Former enterprise associate of London South Bank University

SBUEL Interest: 10% Equity Stake

SBUEL Director(s): N/A

SBUEL IP: SBUEL owns original copyright

Summary of Developments since last Report:

Year end sales: £50K (2011 figure)

Year end costs: £30K

Profit/Loss: **£20K**

History and Previous Reports:

None

South Bank University Enterprises Ltd

Spin-Out Company Report

Report Update:

6th September 2012

Company: *Strongman Games*

Nature of Business: Designers of online games and multi-player gaming environments

Origins: Former enterprise associate of London South Bank University

SBUEL Interest: 10% Equity Stake

SBUEL Director(s): N/A

SBUEL IP: SBUEL owns the IP that Strongman Games produces (trademark and copyright)

Summary of Developments since last Report:

Year end sales:	£21640
Year end costs:	£2900
Profit/Loss:	£18740

History and Previous Reports:

No previous history

South Bank University Enterprises Ltd

Spin-Out Company Report

Report Update:

6th September 2012

Company: *Such & Such*

Nature of Business: Design and product development of product to enhance mobility

Origins: Former enterprise associate of London South Bank University

SBUEL Interest: 10% Equity Stake

SBUEL Director(s): N/A

SBUEL IP: SBUEL owns the IP that Such & Such produces (design registration)

Summary of Developments since last Report:

Year end sales:	£15000
Year end costs:	£4000
Profit/Loss:	£11000

History and Previous Reports:

No previous history

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Annex 2 – IP monitor and plan: Updated 12/04/2012

Ref No.	Type of IP Patent Family (IP Company)	Title	Inventor	Filing Date/Priority Date	Development Plan & Stage	Progress Nov 2011 – Sept 2012	Recommendation
Staff Projects							
1	Copyright	Proper Computing Ltd	Martin Bush	First raised Aug 2010	Spin-out versus no equity Was awarded EOF but funded research himself	<ul style="list-style-type: none">• Agreement sent to Martin for approval.• <i>Martin now wants to change the deal to access investment from LSBU. He has been asked for a proposal.</i>• <i>In addition Martin has taken on 2 EELS students</i>	Await proposal
2	Copyright	Sound Mathematics	Larissa Fradkin	First raised Jan 2010	Assignment for no equity, 7.5% royalty until £50k has been paid.	Agreement signed by Larissa 01/08/2011	Expect financial update end 2012
3	Patent (First Thought IP)	Drug Detector	Vicky Hilborne	12/01/2006	Looking for potential licensees	<ul style="list-style-type: none">• No change - Waiting for Vicky to test the new electronics;• Vicky also exploring other possible applications;• Independent advice suggests drop. Japanese patent dropped 17/11/2011 to avoid incurring significant costs.	Negotiations underway with Matthew Reed to take a temporary licence on the IP and funding its commercialisation. SBUEL would receive a small royalty.
4	Patent UEL 007 (Lucas and Co)	Measuring Vapour Flux	Bob Imhof	08/10/2002	Licensed to BIOX	Accounts delivered. Royalties invoiced - £9831	No Action
5	Patent	Measuring	Bob	10/07/1998	Licensed to BIOX		No action

Ref No.	Type of IP Patent Family (IP Company)	Title	Inventor	Filing Date/Priority Date	Development Plan & Stage	Progress Nov 2011 – Sept 2012	Recommendation
	UEL 036 (Lucas and Co)	Vapour Flux	Imhof				
6	Patent (First Thought IP)	Socket Lockit	Paul Jones (ESBE)	15/07/2010	Qualified for EOF support	Commercial opportunity note sent to industry – 1 response; Licensing interest from Matt Reed who has sent a proposal.	Negotiations ongoing to license to Matt Reed
7	Patent (First Thought IP)	Addiction Monitor	Simon Noyce	20/11/2009 20/11/2010	Qualified for EOF support	Patent dropped Nov 2011 Decision based on market research by IP team showed product ok for research purposes but not commercially viable. Also, supported by independent advice.	No action
8	Patent (First Thought IP)	Coursework submission system	Simon Noyce	25/01/2010	Requires evidence based Business Plan	PCT filed; - examiner found prior art therefore will drop. Joined with Jonathan Tanner's Working Group; 10 prototypes will be made. Market research showed possible customers at other universities; Blackboard offered presence at discussions with user-groups. Simon would like to set up spin-out company.	Simon to complete 10 prototypes and 'hand-over' coding to ICT to operate whole system. Simon producing commercialisation plan.
9	Patent (Potter Clarkson)	Alkenes Process	Basu Saha	31/07/2009	EPSRC follow-on grant of £100k.	Pre-licence work commissioned with Transentia. So far discussion with 3 companies: Huntsman – signing NDA for further discussions. DSM – only interested if hydrogen peroxide can be used as an oxidant	Continue talks with interested companies. Transentia contract extended to support this commercialisation

Ref No.	Type of IP Patent Family (IP Company)	Title	Inventor	Filing Date/Priority Date	Development Plan & Stage	Progress Nov 2011 – Sept 2012	Recommendation
						Shasun – NDA being agreed. Under evaluation with further 11 companies.	
10	Patent UEL 032 (Lucas and Co)	Breathing Apparatus (Hybreathe)	Sumner / Brown	12/03/2002 23/04/2008	Standard Emerald (£27k) to investigate market and prototype.	<ul style="list-style-type: none"> See No.36 below Discussion with Altitude Centre revealed that the product was not marketable with soda lime as a carbon dioxide absorbant. 	Hold until results of carbon fibre tests are available
11	Patent (First Thought IP)	Water Sports Equipment	Barney Townsend	02/02/2006	Seek licensing opportunity	<ul style="list-style-type: none"> Commercial Opportunity note sent to industry – 1 response who would like to test it; Testing contract sent to the interested company – but awaiting agreement. 	
12	Copyright	Computer Programme for recording and analysing skin images	Perry Xiao	2010	Sales of programme through consultancy	<ol style="list-style-type: none"> May be included in new product from Biox; Need to discuss licence. 	Biox have developed their own product and therefore do not need to license LSBU's.
Graduate Projects							
13	Design/Copyright IP	ELENANY	Sarah Elenany		Branding on clothes fashion line aimed at Muslims	<ul style="list-style-type: none"> Licence agreement. 	Call for accounts
14	Copyright	Strongman Games computer code and design	Rohan Feldmeser , Kalli Karlsson, Erlend Grefsrud	Ka-Bloom	Licensed to Strongman Games Ltd	<ul style="list-style-type: none"> Ka-Bloom product licensed to the BBC with royalty based income. Assignment from SBUEL to Strongman Games to enable license to BBC. 	
15	Patent (First Thought)	Novel Trailer	Matthieu Philippa	02/03/2010	Manufacturing and sales	<ul style="list-style-type: none"> Fast-tracked UK patent to support the speed of 	Matthieu negotiating with French

Ref No.	Type of IP Patent Family (IP Company)	Title	Inventor	Filing Date/Priority Date	Development Plan & Stage	Progress Nov 2011 – Sept 2012	Recommendation
	IP) Design Trademark		ult			<ul style="list-style-type: none"> business development; First trailer sold. 	manufacturer to reduce cost of manufacture
16	Design Registration	Children's Furniture	Matthieu Philippa ult		Development delayed as MP working on Trailer project	<ul style="list-style-type: none"> No progress to report but example used to develop possible business with Blue Baboon Design and Paul Austin (via Richard Farleigh) 	Hold
17	Patent (First Thought IP) Trademark Design Copyright (in controller).	Rolleygolf	Arnold Du Toit	25/11/2010 Patent at PCT Possible IP in development of controller Design registrations filed in EU, USA & South Africa	15 Rolleygolf's manufactured	<ul style="list-style-type: none"> Ongoing positive market response; Orders lined up and now taking deposits; Delivery planned for September Draft licence being discussed 	License to Drive Daddy Ltd. The final licence will aim to attract long term investors by including a clause to convert the license to irrevocable or assignment when the company reaches agreed sales target.
EAS 2011							
18	Patent (First Thought IP)	Calm Tea Cup	Judith Lane	20/06/2011	New Patent Filing	Assigned to SBUEL PCT filed. Design registrations filed	Product prototypes for testing made. Ethics application in process.
19	Patent (First Thought IP)	Horse Feeder	Claire Nutkins	20/06/2011	New Patent Filing	Assigned to SBUEL PCT filed	Prototype being constructed for testing
New Filings and IP							
20	Design Registration (First Thought IP)	Wrap-around cup handle	Hayley Smith		Prototype made	Applied for design registrations in Europe and USA	Product now on sale. Licence agreement in preparation
21	Registered	Programme	Josh	20/10/2010	IP Team to discuss	Received a good response in	No action

Ref No.	Type of IP Patent Family (IP Company)	Title	Inventor	Filing Date/Priority Date	Development Plan & Stage	Progress Nov 2011 – Sept 2012	Recommendation
	copyright	Idea	Oliver	28/10/2010(fil ed)	plans for future with Josh.	Nice; Will licence or sell the idea.	
22	Design Registration (First Thought IP)	Hooks for hanging Crutch	Hayley Smith		Prototype made	Applied for design registrations in Europe and USA	Product now on sale. Licence agreement in preparation
Invention Disclosures							
23	Copyright	Feature Documentary and Associated Film Media	Josh Oliver	August 2011	In Production	'Music in Space' will be 2 nd Year students design competition.	No action
24	Invention Disclosure	Pad for Crutch handle	Hayley Smith	TBC	Prototype made	No progress - Development on hold as they focus on Wrap-around cup handle and Hooks for hanging crutch	No action
25	Invention Disclosure	Suckipad	Hayley Smith	TBC	Prototype made	No progress - Development on hold as they focus on Wrap-around cup handle and Hooks for hanging crutch	No action
26	Invention Disclosure	Carbon Dioxide Absorbing Material	Basu Saha Dipesh Patel	15/11/2011	Testing absorption capacity of material	Hybreathe project was not moving forward with the problems associated with using soda lime; Post-doc working with Professor Basu Saha The carbon fibre absorbs carbon dioxide – possible new IP. Such & Such have designed a pathway to maximise absorption which is currently being tested.	Set up project meeting

SBUEL Board of Directors
14th September 2012

Repayment of Loans made by SBUEL to Solion Ltd

Between 2005 and 2007, SBUEL made three separate loans to a spin-out company, Solion. The loans were made in four tranches totalling £54,192 as follows:

Date	Amount	Description	Repayment date
11/08/2005	£8,000	Loan one	30/06/2006
21/07/2006	£20,000	Loan two, first payment	31/07/2007
06/10/2006	£19,992	Loan two, second payment	31/07/2007
12/03/2007	£6,200	Loan three	31/03/2008

The original agreement in each case was for the loan to be repaid after one year (this is implied rather than explicit in the case of the third loan). However, none of the capital has been repaid on any of the loans. Instead they have been allowed to roll over indefinitely until now. There does not appear to be any formal documentation of the terms we allowed Solion on these indefinite loan extensions.

Solion have only ever made one interest payment of £9,798, invoiced in August 2010. The basis for calculation of this sum is not recorded but it seems to be intended to clear all interest owing on all of the loans to that date. No further payments have been received and so the full original capital balance of the loans (£54,192) remains outstanding.

I wrote formally to Solion on 24th July requesting to formalise terms for repayment proposing a repayment schedule over 4 quarters to 31st July 2013. I based my interest calculation on 0.5% simple interest based on the wording in the original contracts and with advice from the University finance team.

Solion responded on 3rd August that they were committed to full repayment by the end of 2014, 17 months later than I proposed, but that they could not commit to regular payments. Instead, they proposed to make irregular payments of arbitrary amounts as and when they chose.

On 6th August I rejected this proposal and instead offered to extend repayment terms to 8 quarters to July 2014 on condition that Solion agreed to make regular payments of agreed amounts. Solion have not responded to this request.

I now propose to follow up my last e-mail by further escalating our attempts to recover this loan. I will reconfirm the amended offer set out in the email, giving a deadline by which Solion has to accept (say 2 weeks). The threat, should they not accept, would be that the offer will be withdrawn and we will begin action to recover the loan.

I have sought legal advice on the proposed approach and will not act until I have clear legal advice supporting my proposed next steps.

There is a real risk that the company will be unable to repay or unwilling to repay the loan. Any legal process, if pursued thoroughly, will be both time consuming and potentially expensive. It is hoped that the threat of action will persuade Solion to take steps to agree repayment terms and subsequently to honour them. I will keep the position under constant review to ensure that costs do not become disproportionate. However, I wish to ensure that

adequate steps to recover the loan have been taken before SBUEL is asked to write off any of the debt.

As a spin-out company, SBUEL holds a 16% equity stake in Solion. It does not hold any directorships. Solion is a tenant of LSBU based at TechnoPark although the rent is accounted through SBUEL. There are no other known connections between the University and/or SBUEL and Solion.

The Board is asked to approve the proposed approach subject to appropriate legal advice being obtained.

Tim Gebbels
Director of Enterprise

London South Bank University

Memo

To: Tim Gebbels
Director of Enterprise

Date: 20th August 2012

From: Beverley Jullien
Pro Vice Chancellor External

RE: DELEGATED AUTHORITIES

This letter confirms the approval of your budget as set out below and formally delegates authority for this budget to you.

Given the high level of risk around student recruitment for 12/13, the budget has been approved by The Board subject to further review in late autumn when there will be greater clarity regarding recruitment. You should therefore be aware that your budget may be revised during the year and this should be taken into account when committing forward expenditure.

Budget:	Enterprise £'000
Total Income (net of fee waivers)	2,278
Total Direct Expenditure	(2,268)
Surplus / (Deficit) before space charge	(10)
Space Charge	(119)
Surplus / (Deficit) after space charge	(108)

If you anticipate at any time that your income will be lower and or your expenditure will be greater than budget, you should inform me and the Executive Director of Finance know as soon as possible.

This letter also sets out the terms on which I am delegating to you the authority for the conduct of all aspects of your business. Your delegations are personally from me as Pro Vice Chancellor, External and this letter replaces all previous letters of delegation and takes effect from the date above.

The terms on which I am delegating to you are as follows:

- You will at all times ensure that you and your staff are aware of and act in compliance with the University regulations, policies, strategies and guidelines.
- You are to draw to my attention any aspect of your business that might be at variance with LSBU policies, procedures, strategies or guidelines or which might be construed as novel or contentious. You will at all times be vigilant in ensuring that there are no opportunities for, or instances of, fraud or bribery. You will also ensure that the highest standards of corporate governance and financial propriety are observed and that the requirements relating to financial management are properly complied with including compliance with the University's financial regulations.

- You will set out the strategic direction for your area of responsibility in an annual Business Plan, in line with the Corporate Plan, and set appropriate key performance indicators (including student number targets).
- You will agree with me at the beginning of each financial year an annual budget for your area of responsibility, which covers at full economic cost all its expenditure and provides for an agreed contribution (both in terms of percentage and financial amount) to central, un-allocated costs. Non income generating departments will not be required to deliver against contribution targets but will be required to agree budgeted cost limits. The agreed budget for the current year is as set out above. This includes individual staff increments but does not include pay awards
- You will take ownership and responsibility for the annual budgeting process, and periodic financial forecasts.
- You will be required to deliver financial outcomes in accordance with the agreed annual budget.
- You will in all cases and at all times ensure that funds are used for the specific purpose for which they were intended.
- You are responsible for ensuring that the University achieves value for money from all of its activities, however they may be funded. This includes the efficient, effective and economic use of all resources.
- You will ensure that we optimise space usage and that no costs are incurred in respect of external space if rooms are available internally.
- You will also be required to deliver non financial outcomes as set out in your Business Plan and agreed with me during the planning process prior to the start of each academic year.

Sub-Delegation

- You personally have authority within the annual budget subject to compliance with University regulations regarding investment appraisal, procurement and recruitment of staff.
- You are expected to appropriately and formally delegate authority to heads of department in accordance with the recommended levels of authority below. Financial limits, per transaction, for authorization of purchase requisitions and supplier invoices will be:

• Pro Dean	£50,000
• Head or Director of Support Department	£50,000
• Head of Academic Department or Cost Centre Manager	£20,000
• Other authorized staff up to	£5,000
- Within these limits, holders of letters of delegated authority are able to define the scheme of sub-delegation within their department.
- It is recognized that the department structures and job titles vary across the university and departments should seek advice from the Financial Controller if the appropriate level of authority for a particular member of staff is unclear. Where for operational reasons these levels wish to be varied proposals must be submitted to the Financial Controller and approved by the Director of Finance.
- In all cases:
 - Authorised signatory lists must be updated immediately if there are any changes to the scheme of delegation in your department, including changes resulting from staff leaving or changing roles, and forwarded to Finance.
 - Any delegation is on the basis that any commitments which are entered into by your staff are fully in accord with all the requirements as stated elsewhere in this letter including full compliance with all policies, procedures, strategies and guidelines.

- You are expected to authorise heads of department to sub-delegate in accordance with the recommended levels of authority as set out in the financial regulations. In doing so however to appropriately optimising staff empowerment and considering risk management issues. In all cases, however, the limits and restrictions specified within the financial regulations should be complied with. You should satisfy yourself that the individuals receiving the delegation have the necessary experience and support available to them.
- Finance should be notified of Sub-delegation (at whatever level) and authorised signatory lists must be updated and forwarded to Finance.

Risk, Governance and Control

Internal Control

- You are responsible for ensuring that appropriate systems of internal control are developed, maintained and complied with in your area of operation.
- You are required to engage with all forms of audit including external and internal audit and to ensure that all recommendations for improvement are implemented in accordance with agreed timescales.

Risk Management

- You will ensure that all members of staff within your area of responsibility comply with the University's risk management strategy. Specifically you will ensure that there is an ongoing process to identify risks, evaluate the nature and extent of those risks and manage them efficiently, effectively and economically. You will report immediately to me and to the Executive any area of significant risk which you identify.

Asset Stewardship

- You should ensure that any assets physically within your care are looked after securely and marked as the property of London South Bank University. No disposals should be made without prior authorisation and any losses should be reported in accordance with the financial regulations.

Safeguarding of Information

- All confidential or personal information whether relating to the University, staff or students for which you are responsible should be held securely under relevant policies and procedures and in accordance with the Data Protection and other relevant Acts.

Conflicts of Interest

- When contracts are being awarded or other financially related activity undertaken you must comply with agreed procedures immediately you become aware of actual or potential conflicts of interest.

Business Continuity

- You will make appropriate plans for business continuity in the event of a major incident.

Contract Management

- You will comply with agreed procedures for contract authorisation/signing and management.

Insurance Arrangements

- You will take responsibility (through liaison with Corporate Procurement who manage insurance arrangements on behalf of the University) for risk ownership in your area of activity and for ensuring that appropriate insurance arrangements are in place.

Health and Safety

- You are responsible for ensuring that all staff are aware of and comply with the University's agreed health and safety procedures.

Fraud and Serious Weaknesses

- You are responsible for ensuring that all staff are aware of the University's fraud reporting protocols and that all incidents of suspected theft, fraud, misuse of University assets or serious weakness are reported in accordance with agreed process.

Gifts and Hospitality

- You will ensure compliance with the University's gift and Hospitality policy, ensuring that all amounts in excess of £50 are reported to the secretariat.

HR Matters

- You are required at all times to ensure that all personnel matters are carried out strictly in accordance with the University's Human Resources Procedures and that appropriate HR deadlines are complied with.
- In particular, you will ensure that:
 - Recruitment deadlines are adhered to so that all pre-employment checks can be completed prior to new employees joining the university.
 - Probationary assessments are completed as planned and the performance of new staff assessed.
 - Performance management procedures are followed.
 - Staff appraisals are conducted in line with University established deadlines.
 - Payroll deadlines are met so that all staff are paid on time (this applies particularly to staff recruited at Faculty level eg HPL's).

Income-Generating Activities and Research Contracts

- You are required to authorise all Full Economic Costing forms relating to all external funding applications arising. You are also required to approve any significant variations to the original contractual or financial arrangements for such projects.
- You are responsible for ensuring that externally funded projects comply with agreed contractual and financial arrangements and for alerting the Head of the Research Support Team or University Enterprise and the appropriate Financial Officer of any potential and significant variations to such arrangements.

Procurement

- You will arrange for all procurement activity to be conducted in compliance with agreed University regulations, ensuring that major areas of activity are subject to appropriate competitive tender and market testing and that the University achieves real value for money in all of its spend. All procurement policies and regulations can be found on the University's staff intranet.
- You will comply with all central procurement agreements and not make alternative arrangements.
- Purchase requisitions must be raised and approved to record commitment to all expenditure (unless specifically exempted in the financial regulations) using the Web requisitioning process.
- You will ensure the purchasing cards are used for the purpose for which they are intended and that all spend is in accordance with University Purchasing Card Guide and does not breach central procurement agreements.

Unusual or Contentious Issues

- If any cases fall outside the parameters described in the paragraphs above you must submit the case to me requesting different terms.

- You are requested to:
 1. Sign the attached staff declaration, confirming you have received and understand this letter of delegation and return to Natalie Ferer within 2 weeks.
 2. Retain this letter of delegated authority for referral during the year.
 3. Review your current authorised signatory sheet and, if necessary complete a new sheet confirming the scheme of delegation within your area. This should be returned to Natalie Ferer within 2 weeks. (Blank forms available on the finance section of the staff gateway)



BEVERLEY JULLIEN
Pro Vice Chancellor (External)

Attached:

Appendix 1 Summary of Levels of Authority
Appendix 2 Staff declaration

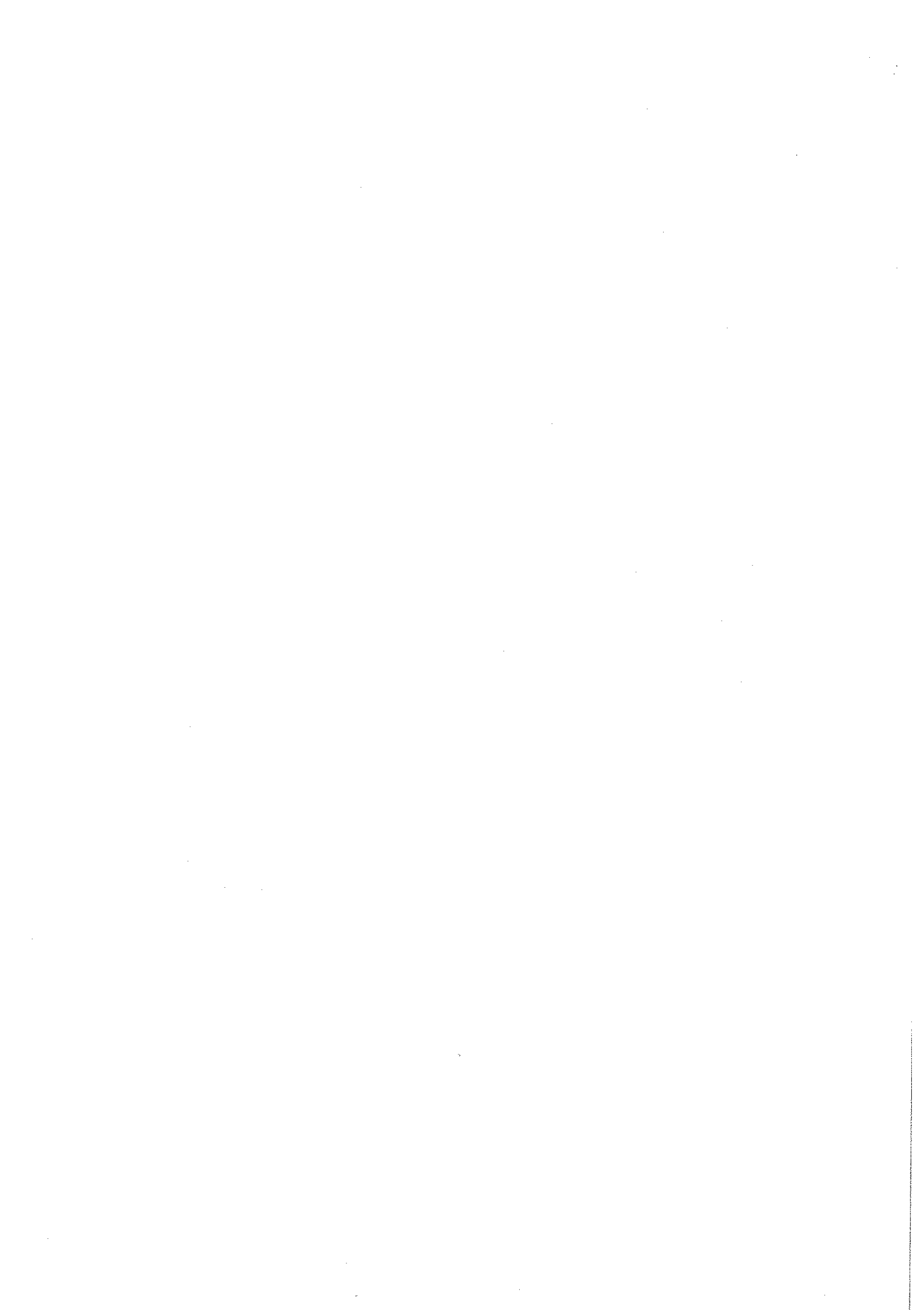
Summary of levels of authority

Annual planning & budgeting	Executive	HOD
Strategic development of faculty business plans including student number targets	✓	
Development of departmental business plans in line with faculty plans		✓
Lead annual budgeting process and agree final budgets	✓	
Prepare and agree detailed departmental level budgets to meet budgets agreed at a faculty level		✓
In year performance in line with faculty business plans	✓	
In year performance in line with departmental business plans		✓
In year financial performance in line with budget	✓	✓
Academic		
Agree academic targets each year	✓	
Ensure that departmental performance is in line with agreed academic targets		✓
Operational		
Compliance with regulations		✓
Act as risk champions and manage risk for the faculty	✓	
Work with internal auditors in line with annual internal audit plan, and follow up on recommendations	✓	

Financial	Executive	HOD
Recruitment of permanent, hourly paid and contract staff* **	✓	✓
Authorisation of staff overtime where eligible, and approval of overtime forms **	✓	✓
Authorisation of purchase orders ** and related invoices up to £50,000 + VAT*	✓	✓
Authorisation of purchase orders and related invoices over £50,000 + VAT*	✓	
Authorisation of expense claims* up to £1,000		✓
Authorisation of expense claims* over £1,000	✓	
Approval of travel authorisation forms related to travel by departmental staff*		✓
Approval of travel authorisation forms related to travel by Heads of Department*	✓	
Timely raising and approval of invoice request forms related to departmental research/IGA activity	✓	✓

* provided within delegated budget

**It is not intended that HoD decisions should be approved by the Executive member. Both have full authority to proceed as agreed locally provided within budget.



Staff Declaration

Letter of Delegated Authority staff declaration

I acknowledge receipt of the letter of delegated authority for the 2012/13 financial year and confirm that I have read and understand my responsibilities with regard to delegated authorities.

I am aware of financial procedures and regulations with regard to income, expenditure and budget management and will ensure staff to who I further delegate are also made aware of University Procedures

Signed  Date 22.8.12

Print Name TIM GEBBELS

(Budget Holder)

	PAPER NO: UE.36(12)	
Board:	Board of Directors	
Date:	14 September 2012	
Paper title:	University Enterprise Risk Register	
Author:	Tim Gebbels, Director of Enterprise	
Recommendation:	That the Board notes the University Enterprise Risk Register and comments on the completeness of the risks recognised, their weightings and the mitigations proposed	
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	N/A	

Executive summary

Annex 1 presents the risk register for University Enterprise. These risks cover the whole of University Enterprise activity and are not limited to the business of SBUEL. Moreover, some aspects of SBUEL business (e.g. lettings of University property, Catering) are outside the scope of University Enterprise activity and so any related risks are not included in this risk register.

The Board are asked to consider the risks presented and the proposed mitigating actions.

The risk register of University Enterprise is subject to formal management oversight at the departmental quarterly review meetings. It is proposed that, in addition, the risk register is reported to the Board of Directors of SBUEL at each meeting.

The Board is requested to comment on the completeness of the risks recognised, their weightings and the mitigations proposed.

Risk Register

Date	09/09/2012
Risk Status	Open
Risk Area	Support
Sub Risk Area	University Enterprise

University Enterprise

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

Growth in Enterprise income is smaller than desired.

To be implemented by: 31/03/2013

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

Damaged reputation of the University.

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

Person Responsible: Tim Gebbels
To be implemented by: 31/12/2012

325 UE5 Insufficient team capacity or capability

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

2 2
 Medium

Medium

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

Person Responsible: Tim Gebbels
To be implemented by: 31/08/2012

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

	PAPER NO: UE.37(12)	
Board:	Board of Directors	
Date:	14 September 2012	
Paper title:	Annual Board Plan	
Author:	James Stevenson, Company Secretary	
Recommendation:	That the Board approves its annual board plan	
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	N/A	

Executive summary

The Board is asked to approve its annual business plan. This board committee plan is intended to cover items regularly discussed by the board. Other non-regular items, e.g. the appointment of NEDs, will be considered by the Board when necessary.

The board is requested to approve its annual business plan.

University Enterprise Board Annual Plan

This annual Board plan is intended to cover items regularly discussed by the Board. Other non-regular items, e.g. the appointment of NEDs, will be considered by the Board when necessary.

	September	November	March	June
Business				
Annual Business Plan review	X			
Approval of annual profit share		X		
Intellectual Property and Spin Out Company matters	X	X	X	X
Draft budget				X
Management Accounts	X	X	X	X
Annual Report and Accounts		X		
Governance				
Approval of letter of delegated authority	X			
Risk Register	X	X	X	X
Annual declaration of interests	X			
External audit management letter		X		
External audit letter of representation		X		

	PAPER NO: UE.38(12)	
Board:	Board of Directors	
Date:	14 September 2012	
Paper title:	Selection process for non-executive directors	
Author:	Tim Gebbels, Director of Enterprise	
Recommendation:	That the Board approves the approach recommended for recruitment of non-executive directors and the proposed job description and authorises the initiation of the recruitment process.	
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	N/A	

Introduction

1. Changes made to the governance of the University's enterprise company (SBUEL) in July 2012 create two non-executive directorships on the SBUEL Board both of which are currently vacant. This paper sets out the proposed approach to the recruitment of these new Directors.

Governance Framework

2. Under the new governance arrangements put in place by the University Governors on 19th July 2012, authority to appoint two non-executive directors rests with the SBUEL Board of Directors.
3. The Articles of SBUEL require that appointments be made by ordinary resolution of the Board or by a decision of the Directors – which can be taken by majority at a meeting or unanimously outside a meeting.

4. Further, the UK Corporate Governance code states that “there should be a formal, rigorous and transparent procedure for the appointment of new directors to the board”.

Requirements of Non-Executive Directors

5. A formal role description for non-executive directors is attached at Annex 1.
6. In summary, we will look to these external directors to bring an independent perspective to the work of the University Enterprise team. They should have a strong interest in and commitment to Enterprise and bring strong private sector knowledge experience to the Board. Ideally, they will have a good understanding of the role of a commercial subsidiary in a University or other charitable organisation.
7. Their role of ensuring that SBUEL is properly run, managed and governed is important, but the added value of these external non-executives is in the advice, guidance and challenge that they can offer to the company on the best ways for it to develop its commercial offers and to engage with its target sectors, industries and businesses to meet its financial and other targets.

Recruitment process and timing

8. In order that the process can meet the requirements of both rigour and transparency, it is proposed that a public recruitment process should be run using a conventional advertise, shortlist, interview, appoint process. Both digital and print media are likely to be necessary for public advertisements.
9. To supplement advertisement, Board members may wish to identify particular contacts who they think would make suitable candidates. These can then be invited to enter themselves into the recruitment process. A list of possible candidates will be tabled at the meeting for consideration by the Board.
10. The Board should collectively review the applications received together with recommendations for candidates to invite to interview prepared jointly by the University Secretary and the Director of Enterprise. The recruitment process should be timed to allow this to take place at the next meeting of the Board, in November 2012.

11. Interviews would be undertaken by the whole Board or, alternatively, by a subset of members (to include the Chairman and at least one Executive Director of the University). Interviews will need to take place between Board meetings, most likely early in 2013.
12. Prior to appointment, the University Secretary would undertake due diligence on selected candidates.
13. Following the report of the Secretary, the Board would make its decision to appoint the new directors at its meeting in March 2013.
14. New Directors could take up their positions immediately following the Board's decision to appoint them, possibly allowing them to join the remainder of the meeting of March 2013. They would, in any case, be appointed in time for the subsequent meeting in June 2013.

Recommendation

15. The Board are asked to:
 - Approve the attached role description for SBUEL non-executive Directors.
 - Agree the proposed process for recruiting non-executive directors.
 - Authorise the Director of Enterprise and the University Secretary to begin the recruitment process immediately.

Role Description for non-executive directors of South Bank University Enterprises Ltd

The Company

The University's strategic objective is to become London's Enterprising University and its wholly owned subsidiary, South Bank University Enterprises Ltd is instrumental to achieving this. The Company will form a key part of University Enterprise, whose purpose is to lead on profitable new revenue generation for the University, whilst catalysing the development of an enterprising culture in staff and students.

The Board of Directors

The Board of Directors has responsibility for developing the strategy of the Company, ensuring that the necessary financial and human resources are in place for the company to meet its objectives, reviewing the management performance and the performance of its start-up and spin-out companies and ensuring compliance with its Articles of Association and legislation.

The Board of the Company comprises the independent governor chairman, two non-executive directors and three executive directors: the Pro Vice Chancellor (External), Director of Executive of Finance and the Director of Enterprise.

As a wholly owned subsidiary of the University, the Company is subject to the overall mission and strategic direction of the University as set by the University's Board of Governors. The Governance of SBUEL is set out in the attached Governance Statement.

Management Structure

The CEO of the Company is the Director of Enterprise for the University. The Director of Enterprise reports to the University Executive and is line managed by the Pro Vice Chancellor (External). For practical purposes, it is likely that a number of enterprise activities will continue to be conducted directly through the University, rather than through the Company. The Director of Enterprise is accountable leading on these, as well as the activities which are directed through the Company.

ROLE SPECIFICATION

Purpose of the Role

The non-executive directors should provide a creative and informed contribution to the development of strategy, take responsibility for monitoring the performance of executive management, help connect the business with networks of potentially

helpful people and satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.

MAIN DUTIES AND RESPONSIBILITIES

Role on the Board

To participate fully and actively in matters which come before the Board. Directors should question intelligently, debate constructively, challenge rigorously and decide dispassionately.

To ensure that the Board exercises control over the strategic direction of SBUEL, through an effective planning process, and that the performance of SBUEL is adequately assessed against the objectives which the Board has approved.

To establish constructive working relationships with fellow directors, the Director of Enterprise and the University.

External Role

To act as an ambassador for SBUEL and LSBU externally.

Conduct

To embrace SBUEL's and LSBU's vision, mission and values.

To exercise the Board's responsibilities in the interests of the LSBU group as a whole.

To act fairly and impartially at all times in the interests of the LSBU group, using independent judgement and maintaining confidentiality as appropriate.

Time Commitment

The Board will meet 4 times a year, normally in the afternoon or early evening. In addition, there may be occasional Board strategy planning events, perhaps annually. It is estimated that the total time commitment would be circa 5 days per year.

The term of office is for three years with the possibility of serving a second term of three years.

Person specification

Non-executive directors should come from the private sector, but have an appreciation of the workings of the not for profit sector, whether University or other.

They should have expertise relevant to the development of a commercial subsidiary of a charitable organisation

Links with one or more sector with which the University is likely to wish to do business through SBUEL is desirable

Legally eligible to be a director

A commitment to understanding and fulfilling the duties and responsibilities of a director, and maintaining knowledge in this regard through professional development

Strong personal commitment to enterprise

Experience of operating at a strategic level

Ability to communicate effectively with a broad range of stakeholders

Ability to negotiate outcomes and influence others to agree with those outcomes

Ability to analyse complex and detailed information, readily distil key issues and develop innovative approaches and solutions to problems

Ability to operate as an effective member of a team with fellow directors

Ability to establish constructive and supportive yet challenging working relationships with the CEO of the Company

Ability to evaluate and monitor the work of the Company

Willingness to devote the time needed to be an effective director

Commitment to continuous personal improvement, including appraisal by the Chairman of the Board from time to time