

**London South Bank
University**

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8 May 2015

To: All members of the Board of Governors

Dear Governor,

We are pleased to invite you to a meeting of the Board of Governors to be held at 4pm on Thursday 14 May in Room 1B27, which is situated on the first floor of Technopark, London Road.

The agenda and papers for the meeting are enclosed.

Additionally, we are pleased to invite you to a demonstration of the Excellent Student Experience project at 3.30pm in 1B27.

Please note that there will be a General Meeting at 6pm following the Board meeting. Papers for this meeting will be circulated separately.

Please let me know if you have any questions.

Yours sincerely,



James Stevenson
University Secretary

Meeting of the Board of Governors

4pm* on Thursday, 14 May 2015
in 1B27, Technopark, London Road, London SE1

* Pre Board presentation from 3.30pm on the Excellent Student Experience project

Agenda

| <i>No.</i> | <i>Item</i> | <i>Paper No.</i> | <i>Presenter</i> |
|------------|--|------------------------|------------------|
| 1. | Welcome and apologies | | Chair |
| 2. | Strategic HR update (to discuss and note) <i>(in the absence of staff and student governors)</i> | Presentation | EDHR |
| 3. | Declarations of Interest <i>Governors are required to declare any interest in any item of business at this meeting</i> | | Chair |
| 4. | Minutes of meetings of 12 February 2015 (for publication) and matters arising | BG.14(15) | Chair |
| 5. | Key Items for Discussion | | |
| 6. | Vice Chancellor's Report and Key Performance Indicators (to discuss and note) | BG.15(15) | VC |
| 7. | Chief Financial Officer's Report (to discuss and note) | BG.16(15) | CFO |
| 8. | Risk <ul style="list-style-type: none"> • Appetite (to approve) • Register (to note) | BG.17(15) BG.18(15) | CFO |
| 9. | Board effectiveness review report recommendations (to approve) | BG.19(15) | Vice Chair |
| 10. | Items for noting <i>the following papers will only be discussed at the meeting if there is a matter that any governor wishes to raise</i> | | |
| 11. | Pro Vice Chancellor (Students and Education) appointment (to ratify) | BG.20(15) | VC |
| 12. | Change programme update (to note) | BG.21(15) | VC |

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|-----|--|-----------|------------------|
| 13. | Reports of decisions of committee (to note) | BG.22(15) | Committee chairs |
| 14. | SU elections results and report (to note) | BG.23(15) | Sec |
| 15. | Board membership and new declarations of interest (to note) | BG.24(15) | Sec |
| 16. | Board strategy day report of 23 April 2015 (to note) | BG.25(15) | Vice Chair |
| 17. | Any other business | | Chair |
| 18. | Date of next Board meeting: 4pm on Thursday 9 July 2015, followed by a dinner for the Board of Governors | | |

Please note that a general meeting will follow the Board meeting.

Appendix for information:

- HEFCE Grant letter
- HEFCE risk assessment letter

Members: David Longbottom (Chair), Jerry Cope (Vice Chair), Prof David Phoenix (Vice Chancellor), Ilham Abdishakur, Steve Balmont, Shachi Blakemore, Douglas Denham St Pinnock, Carol Hui, Prof Neil Gorman, Kevin McGrath, Mee Ling Ng, Prof Hilary McCallion, Andrew Owen, Prof Shushma Patel and Prof Jon Warwick.

Apologies: James Smith

With: Deputy Vice Chancellor, Chief Financial Officer, Executive Director of HR (for item 5), University Secretary and Governance Manager

| | |
|------------------|--|
| | PAPER NO: BG.14(15) |
| Paper title: | Minutes of the meeting of 20 November 2014 |
| Board/Committee | Board of Governors |
| Date of meeting: | 14 May 2015 |
| Author: | James Stevenson, University Secretary and Clerk to the Board of Governors |
| Board sponsor: | David Longbottom, Chairman of the Board |
| Purpose: | To approve the minutes of the last meeting as a correct record and the redactions for publication. |

| | | |
|----------------------------------|-----|-----|
| Matter previously considered by: | N/A | N/A |
| Further approval required? | No | N/A |

Executive Summary

The Board is asked to approve the minutes of its meetings of 12 February 2015 and the suggested redactions (in grey) for publication on LSBU's website.

Minutes of a Meeting of the Board of Governors
held at 4pm on Thursday, 12 February 2015
in room 1B27, Technopark, London Road, London SE1

Present

| | |
|---------------------------|--|
| David Longbottom | Chairman |
| Jerry Cope | Joint Vice Chair |
| Dame Sarah Mullally | Joint Vice Chair |
| Prof David Phoenix | Vice Chancellor and Chief Executive (<i>from minute 4</i>) |
| Ilham Abdishakur | SU President |
| Steve Balmont | (<i>from minute 17</i>) |
| Douglas Denham St Pinnock | (<i>minutes 1 – 23</i>) |
| Ken Dytor | |
| Prof Neil Gorman | |
| Prof Hilary McCallion | |
| Mee Ling Ng | |
| Louisa Nyandey | |
| Andrew Owen | |
| Prof Shushma Patel | |
| James Smith | |
| Prof Jon Warwick | |

Apologies

Emine Dzhihan
Anne Montgomery
Diana Parker

In attendance

| | |
|------------------|---|
| Prof Pat Bailey | Deputy Vice Chancellor (<i>from minute 4</i>) |
| Prof Phil Cardew | Pro Vice Chancellor (Students and Education) (<i>from minute 4</i>) |
| Richard Flatman | Chief Financial Officer (<i>from minute 4</i>) |
| Prof Paul Ivey | Pro Vice Chancellor (Research and External Engagement) (<i>from minute 4</i>) |
| Prof Janet Jones | Dean, School of Arts and Creative Industries (<i>for minutes 17 & 18</i>) |
| Ian Mehrtens | Chief Operating Officer (<i>from minute 4</i>) |
| James Stevenson | University Secretary and Clerk to the Board of Governors |
| Michael Broadway | Governance Manager |

Welcome

1. The Chairman welcomed governors to the meeting.
2. The Chairman reported that governors had just received informative presentations from the Deans on their visions for the seven Schools.
3. The Chairman explained that today's meeting was focussed on delivery. There would be an opportunity for a detailed strategic discussion at the Board strategy day on 23 April 2015.

Confirmation of the Vice Chancellor

4. The Board unanimously confirmed Professor David Phoenix in post as Vice Chancellor following completion of his probationary period (paper **BG.01(15)**).

Members of the Executive joined the meeting

Declaration of Interests

5. No governor declared an interest in any item on the agenda.

Report from the Appointments Committee

6. The Chairman reported that at its meeting earlier that day the Appointments Committee had appointed Shachi Blakemore, Carol Hui and Kevin McGrath as independent governors with effect from 1 April 2015 (paper **BG.02(15)**). Profiles of the three new governors would be circulated to the Board and members of the Executive.

Minutes of the previous meeting

7. The Board approved the minutes of the meeting of 20 November 2015 (paper **BG.03(15)**) and their publication with the proposed redactions.

Matters Arising

8. All matters had been dealt with or added to the forward plan.
9. Minute 9 of 20 November 2014 – the Board noted that the bid for STEM funding from HEFCE had been unsuccessful.

Vice Chancellor's Report

10. The Board discussed the Vice Chancellor's report (paper **BG.04(15)**), which included an update on the EDISON project; student recruitment; progress on NHS contract negotiations; and the portfolio review
11. It was reported that HEFCE had received its grant letter from the Department for Business, Innovation and Skills for 2015/16. LSBU expected to receive its grant letter from HEFCE in late March 2015.
12. The Vice Chancellor updated the Board on recruitment of the Pro Vice Chancellor (Students and Education). Shân Wareing, Pro Vice Chancellor at Bucks New University had been offered the post, subject to references. An announcement would be made to staff in due course.
13. The Vice Chancellor updated the Board on the progress of the EDISON project. The "excellent student experience" project had been completed in December 2014. An update on the outcomes of the project would be given at the Board meeting of 14 May 2015. The server migration and identity and access management aspects of the project were ongoing.

Chief Financial Officer's Report

14. The Board discussed in detail the Chief Financial Officer's report (paper **BG.05(15)**), which included updates on the current financial position and second semester enrolment. **The full year forecast was a surplus of £0.5m against a budget target of £1m.** It was noted that bond yields could have a material adverse impact at year end on pension liabilities.
15. As discussed at the Policy and Resources Committee meeting on 3 February 2015, staff costs were being closely scrutinised by the Executive. The Transparent Approach to Costing (TRAC) report would be considered at the forthcoming Audit Committee meeting.
16. The Board noted that the re-tender of the Internal Audit contract would be led by the Chairman of the Audit Committee. An update would be provided to the Audit Committee on 26 February 2015.

Media Centre business case

Janet Jones joined the meeting

17. The Board discussed the business case for the creation of a new Media Centre (paper **BG.09(15)**), which would enhance undergraduate specialist teaching provision for Journalism, Film Practice, Sound Design and Digital Design. The business case had been supported by the Property Committee and the Policy and Resources Committee.
18. After careful consideration, the Board authorised expenditure of £4.1m for refurbishment of part of London Road and essential equipment upgrades.

Janet Jones left the meeting. Steve Balmont joined the meeting.

Research Excellence Framework and Research Strategy

19. The Pro Vice Chancellor (Research and External Engagement) gave a summary of the Research Excellence Framework (REF) (paper **BG.06(15)**). LSBU's overall score was 2.52, which meant that LSBU's research is either excellent or recognised internationally. Planning for REF2020 had started. The aim was to double the number of academics submitted to the REF and to increase the total number of PhDs by 2020.

Overseas Partnerships update

20. The Vice Chancellor gave an update on overseas partnerships (paper **BG.07(15)**), including an update on the partnership with the British University Egypt and a proposed partnership with the Applied Science University (ASU) in Bahrain.
21. The Board noted the reputational risks of a partnership in Bahrain but were encouraged by the ASU's positive approach to training more female engineers. The Board approved the proposed partnership with the Applied Science University.

Hugh Astor Court business case

22. The Board discussed the business case to purchase Hugh Astor Court from Peabody (paper **BG.08(15)**). The business case had been supported by the Property Committee and the Policy and Resources Committee.

23. The site is strategically important for the University as it would allow the completion of a cohesive campus in SE1. Until development of the site, within the estates strategy, the building would be used as student accommodation
24. The Board noted that the purchase would be financed from existing cash reserves which have been accumulated over the past few years specifically to meet the cost of strategic acquisitions such as Hugh Astor Court. The acquisition cost of £11.4m plus a further £2m to meet potential additional costs post acquisition has already been set aside in the University's capital expenditure plans and the purchase will not therefore put future cashflow at risk.
25. The Board approved the purchase of Hugh Astor Court. The Board authorised a sub-committee of Jerry Cope, Ken Dytor, David Phoenix and Richard Flatman to give final approval for legal completion.

Key performance indicators for 2014/15 recommendations and report

26. The Board discussed the proposed key performance indicators, targets and rating criteria for 2014/15 (paper **BG.10(15)**) as recommended by the KPI working group. The indicators had been aligned to the eight goals and the success measures of the corporate strategy 2015-2020. In addition to the KPI report the Board would receive a quarterly report on progress against the three outcomes and the strategic enablers.
27. The Board approved the KPI set and noted current performance to date.

Douglas Denham St Pinnock left the meeting to support the LSBU Law Department host Lady Doreen Lawrence and Imran Khan, solicitor

Change programme update

28. The Board noted an update on the change programme.

Report on decisions of Committees

29. The Board noted a report on decisions of the Policy and Resources, Property and Educational Character committees from meetings held in January and February 2015 (paper **BG.11(15)**).

Risk Register

30. The Board noted the corporate risk register (paper **BG.12(15)**).

Any other business

31. The Vice Chair, Jerry Cope gave an update on the governance effectiveness review. There would be a detailed discussion at the strategy day on 23 April 2015.
32. The Chairman reported that for the rest of his tenure to 31 July 2015, Policy and Resources, Property, and Human Resources committees would only meet if there were significant agenda items to discuss. If not, the meetings would not be held and matters would come directly to the Board meetings in May and July 2015. Following the conclusion of the governance effectiveness review, new committees would operate from 1 September 2015.
33. The Board noted that this was the last Board meeting for Sarah Mullally and Ken Dytor who were due to retire on 31 March 2015. Anne Montgomery and Diana Parker were also due to retire on that date but had sent apologies for the meeting. The Board warmly thanked the retiring governors for their contribution to the Board and University. A reception for retiring governors would take place after the Board meeting.
34. The Board noted that this was the last Board meeting for Prof Phil Cardew, Pro Vice Chancellor (Students and Education) following his appointment as Deputy Vice Chancellor at Leeds Beckett University. The Board thanked Professor Cardew for his contribution to the University.

Date of next meeting

35. The next Board meeting will be a Board strategy day on 23 April 2015 and then the Board meeting on 14 May 2015.

The Chairman closed the meeting.

Confirmed as a true record:

..... (Chairman)



Committee Action Points

05 May 2015

11

13:32:55

| Committee | Date | Minute | Action | Person Res | Status | |
|-----------|------------|--------|--|------------|--|---|
| Board | 12/02/2015 | 5 | Profiles of 3 new governors to be circulated to Board and Executive | Secretary | Completed | <input checked="" type="checkbox"/> Completed |
| Board | 12/02/2015 | 12 | Presentation on ESE and report on outcomes against business plan to Board meeting of 14 May 2015 | COO | On agenda | <input checked="" type="checkbox"/> Completed |
| Board | 12/02/2015 | 24 | Subgroup to approve and agree final legal completion for Hugh Astor Court | COO | Ongoing. Legal completion expected in early June 2015. | <input type="checkbox"/> Completed |

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| | PAPER NO: BG.15(15) |
| Paper title: | Vice Chancellor's Report |
| Board/Committee | Board of Governors |
| Date of meeting: | 14 May 2015 |
| Author: | Prof. David Phoenix, Vice Chancellor |
| Executive sponsor: | Prof David Phoenix, Vice Chancellor |
| Purpose: | To update the Board on University matters |
| Recommendation: | The Board is requested to note the report |

| | | |
|----------------------------------|--------------------|-----------------|
| Matter previously considered by: | Board of Governors | At each meeting |
| Further approval required? | No | N/A |

Executive Summary

A large amount of activity continues to be delivered in a number of areas across the university.

Schools and Professional functions; have been considering their future staffing requirements. We are currently offering a VS scheme to all staff and are reviewing all areas of spend to ensure that we can fund necessary changes through the VS programme. If VS applications exceed the amount available we will seek to spread the cost over two financial years but would wish to support staff who request to leave and who would otherwise require reskilling.

Student Administration Service; the restructure is on track to complete by August 2015. 120 staff are affected, savings in the first year have been identified (400k or c.10%) and risks around the potential loss of institutional knowledge and failure to deliver University business are being managed.

The greatest risk to delivery is currently the establishment of the new staff structures (professional and academic role descriptors) and the restructuring in administrative and academic areas.

Estates; we currently have 1400 beds of LSBU owned accommodation, sufficient to house less than 12% of the full time student body. Options to increase the number of beds via a nominations agreement with Delancey are being scoped and a Board decision will be needed before the end of the calendar year. The Board should also note the need to secure facilities in Havering to ensure we are able to tender for health commissions in the area as our current contract ends in Summer 2018

UK and international recruitment; are both broadly on track to meet targets with firm acceptances up across the University as a whole.

Research and Enterprise: Against the current forecasts for enterprise income (£9,152,067) and contribution (£4,718,817) the actuals represent 55% (£4,996,049) for income and 53% (£2,480,383) contribution with us being 66% of the way through the year. The full year variances arise predominantly from a £450k shortfall and unpaid invoices of circa £150k, which are being chased. The current position would leave LSBU £0.3m short of target.

Performance against KPI's; The recent DLHE results have been very positive, with LSBU exceeding our 2015 target by 3%, and achieving a result of 75% for graduate level jobs – already ahead of the original target for 2020. This performance should have a positive impact in league tables next year. The first of the 2016 tables the Complete University Guide, showed us moving ahead of three universities but two new entrants moved us back to 119, whilst the total number of featured institutions has now increased to 126. With regard to income, the majority of forecast figures from the February Management accounts are on target, with International student income more than a million pounds over target. The result for international university ranking through the QS stars rating system was also positive, with LSBU being awarded 3 stars overall, whilst receiving 5 stars for some of the contributory sections. See Appendix A for more information.

Notable successes include being nominated for a prestigious Whatuni Student Choice Award after being ranked 5th for accommodation in the UK in the WhatUni Student ranking and the Finance Team has been shortlisted for the 2015 Times Higher Education Leadership and Management Awards (THELMAs) in the category of 'Outstanding Finance Team'.

Vice Chancellors Report May 2015

As we prepare for 2015 academic year the report has been formatted around the three key outcomes listed in the corporate strategy followed by a review of activity related to the enablers.

1.0 National league tables: Complete University Guide (CUG)

Our target was to move 3 places from 120th out of 123 in the 2015 table to 117. LSBU has moved ahead of Newman, Southampton Solent and Glyndwr, meeting our ambition but two universities (Liverpool Hope and St Mary's) have entered into the league table for the first time above LSBU placing us 119 out of 126. We will therefore categorise this as amber. This also highlights the danger of remaining at the bottom of the table hence being pushed further back by new entrants.

LSBU saw improvement on every measure except graduate employment (see table 1). This latter measure relates to the 2013 cohort and has now improved (see section 2.1). Comparing the ranking (against the 123 institutions listed last year) it can be seen that some significant improvements for LSBU have not moved us far up the tables and in some cases improvements by others mean we have fallen in relative terms. This is a reflection of our starting position and the distance we need to travel to be competitive. Of the eight universities in the aspirational group, LSBU remains in seventh place but showed the highest percentage improvement (2%) with the exception of UEL, which increased its overall score 9%. As a consequence, whilst LSBU has reduced the gap between itself and other universities in the aspirational group, UEL has reduced the gap between itself and LSBU.

Part of the volatility in this years' table relates to changes in the research measure which is likely to remain fixed for some years now. With the current improvement in the employment score our areas of key weakness relate to entry tariff (section 4.1.1), retention (Section 2.3) and NSS.

Table 1:2016 Complete University Guide LSBU Analysis

| 2016 CUG LSBU Analysis | LSBU | | | | Aspirational Group Average | | National Average | | |
|-------------------------|------|---|------------|------------------|----------------------------|------------------|------------------|------------------|---------|
| | 2015 | 2016 Ranking Relative to 2015 (excluding league table new entrants that are placed above LSBU on each metric) | 2016 Score | Change from 2015 | 2016 Score | Change from 2015 | 2016 Score | Change from 2015 | |
| Metric | | | | | | | | | |
| Entry Standards | 117 | ↓ | 120 | 244 | 5.6% | 300 | ▲ -1.3% | 352 | ▲ 5.2% |
| Student Satisfaction | 107 | ↓ | 109 | 3.94 | 0.8% | 3.99 | ▼ 0.8% | 4.05 | ▼ 7.2% |
| Research Quality | 59 | ↓ | 85 | 2.52 | 12.5% | 2.64 | ▼ 19.4% | 2.70 | ▼ 31.2% |
| Graduate Prospects | 92 | ↓ | 121 | 48.6 | -11.6% | 56.1 | ▼ 1.0% | 66.3 | ▼ 9.5% |
| Student-Staff Ratio | 118 | ↑ | 67 | 17.2 | -21.5% | 19.0 | ▲ -8.1% | 16.8 | ▲ 2.5% |
| Academic Services Spend | 79 | ↑ | 66 | 1,120 | 15.3% | 1,281 | ▲ 11.2% | 1,232 | ▲ 12.5% |
| Facilities Spend | 109 | ↑ | 99 | 356 | 43.0% | 529 | ▲ 10.9% | 500 | ▲ 17.2% |
| Good Honours | 91 | ↓ | 104 | 61.0 | 2.2% | 65 | ▼ 4.1% | 70.3 | ▼ 11.4% |
| Degree Completion | 114 | ↓ | 118 | 74.5 | 2.8% | 80 | ▲ 1.8% | 86.5 | ▼ 7.0% |
| Overall Score | 120 | ↑ | 117 | 428 | 1.7% | 535 | ▲ -0.6% | 652 | ▼ 6.3% |



↑ LSBU Relative rank improved (favourable)
 ↓ LSBU Relative rank deteriorated (unfavourable)
 ▲ Comparator group average has shown less improvement than LSBU's (favourable)
 ▼ Comparator group average has shown more improvement than LSBU's (unfavourable)

1.1 What Uni rankings

The What Uni rankings are published by the Telegraph and are based on student reviews submitted on-line over the last year. LSBU has moved up 12 places from 89th last year to 76th out of 113 in the What Uni ranking. Notable highlights include ranking 5th for accommodation, 17th for International, 31st for job prospects and 35th for the Student Union. We have subsequently been nominated for a prestigious What Uni Student Choice Award following our high score in the accommodation category. Whilst we will not know our NSS results until August this may give an indication that the change process has not significantly undermined student experience which has been a problem for other institutions during restructure and if true would be a testament to the work and professionalism of staff over the last 12 months.

2.0 Corporate Strategy Outcome 1: Student Success

The focus of this outcome is on development of the learning pathway to improve student engagement and the outcomes they achieve (e.g. employability).

2.1 Employability update: DLHE Results 2013/14

There has been a significant improvement in the outcomes for LSBU graduates this year (see table 2 below). For students making up the Employment Performance Indicator group (UK-domiciled FT first degree undergraduates) just over 90% are in

work or study six months after graduation, up from 85.5% for 2012/13. 75% of them are also in professional or graduate level study as compared with 51% last year, reflecting the work put in across the university to raise aspirations and support students to apply for more ambitious jobs on graduation. Student engagement with the internship programme and the restructured career advice centre has been high. We will seek to expand this by launching a recruitment centre this year. Last year we also launched a PGCert for those out of work to provide additional support. This programme attracted 14 students and will be further expanded this year. With the growth in the economy we will not know how we stand relative to other universities until August but we expect these results to help reposition us from the bottom to mid table for graduate outcomes. Our 2020 targets of 95% employment or further study, whilst still stretching, is now possible. We have exceeded the target set for graduate employment 2020 and will review this in autumn 2015.

The School of Health continues to deliver excellent outcomes, with Law & Social Sciences and Built Environment & Architecture also performing strongly. Areas for development and support in the remaining Schools have been identified and plans are being drawn up with the Deans to continue the strong performances and improve on those areas which are lagging behind. These plans include an increased focus on placements and work-based learning as well as targeted interventions at key points during the student experience to maximise outcomes.

Table 2 DLHE Results 2013/14

Key: ACI, Arts and Creative Industries, APS, Applied Sciences, BEA, Built Environment and Architecture, BUS, Business, ENG, Engineering, HSC, Health and Social care, LSS, Law and Social Sciences.

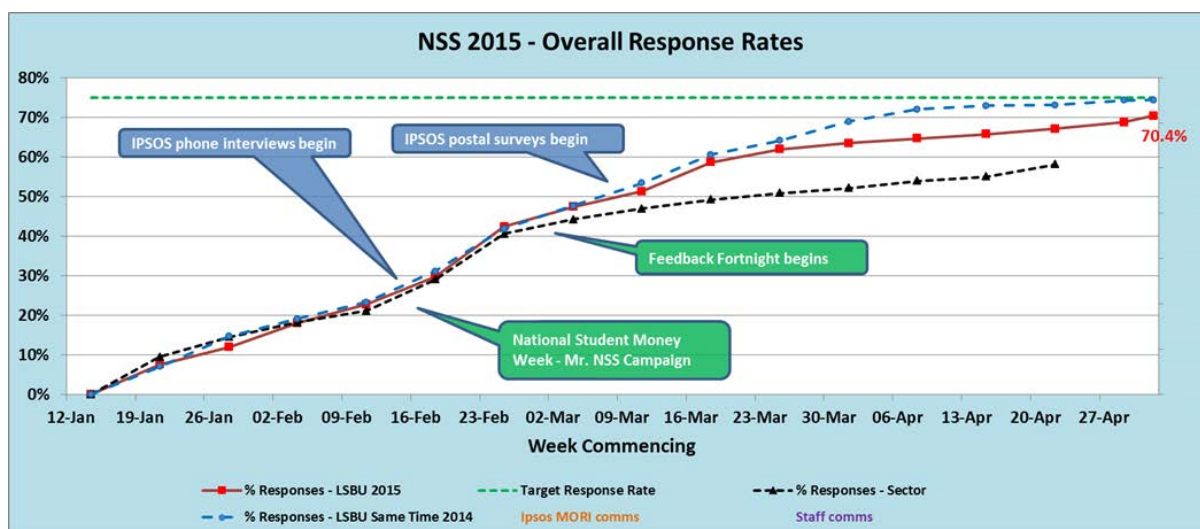
| School | Total population | Response received | Eligible Population | Total positive outcomes | % In Work or Study | Total graduate level outcomes | % graduate level outcomes of all positive outcomes | % graduate level outcomes of all eligible population |
|------------|------------------|-------------------|---------------------|-------------------------|--------------------|-------------------------------|--|--|
| ACI | 242 | 184 | 154 | 133 | 86.4 % | 59 | 44.4% | 38.3% |
| APS | 188 | 154 | 134 | 112 | 83.6 % | 61 | 54.5% | 45.5% |
| BEA | 141 | 109 | 98 | 89 | 90.8 % | 69 | 77.5% | 70.4% |
| BUS | 409 | 307 | 269 | 221 | 82.2 % | 139 | 62.9% | 51.7% |
| ENG | 200 | 159 | 139 | 119 | 85.6 % | 71 | 59.7% | 51.1% |

| | | | | | % | | | |
|--------------|-------------|-------------|-------------|-------------|---------------|-------------|--------------|--------------|
| HSC | 751 | 671 | 631 | 610 | 96.7 % | 599 | 98.2% | 94.9% |
| LSS | 374 | 306 | 271 | 245 | 90.4 % | 141 | 57.6% | 52.0% |
| Total | 2305 | 1890 | 1696 | 1529 | 90.2 % | 1139 | 74.5% | 67.2% |

2.2 National Student Survey (NSS)

The NSS for 2015 has now closed. The University has an overall response rate of 70.4%, which is above the sector average. LSBU will have access to its own NSS data on 31st July. Sector wide data will be available on 7th August. NSS results have a significant impact upon league table performance and are also used in a variety of other publications that reflect LSBU's external reputation. Completion rates are in line with our expectation and approach.

Table 3 NSS 2015 Overall response rate



2.3 Student Progression

Increasing student progression remains a priority for LSBU and a suite of activity is underway to ensure we deliver our objectives.

- A working group has been set up to analyse progression data so that we have a clearer understanding of the issues of non-progression and the BIU is developing definitions and measures for cohort data (i.e. how many students starting a course complete on time).

- The new Business Analytics tool now provides a dashboard for every student, concerning performance and attendance, and we will be using this in 2015-16 to improve early interventions. The current pilot phase is almost complete and a small grant proposal of £25k under a 'Strategic Excellence Initiative' was submitted to the Higher Education Academy.
- Schools are organising additional tutorials and workshops this academic year, tailored to their disciplines, to help students progress successfully.
- We are making an additional reassessment available to any of our first year students who would progress into year 2 carrying failed module(s). The aim is to enable clean progression and we will also provide additional workshops and tutorials to develop student learning skills, linked to a substantial piece of coursework.
- We are finalising the minimum level of tutorial (and related) support that LSBU will guarantee to all of its students as of 2015/16 to include a personal academic tutor, pastoral support and peer mentoring.

Given the range of change during 2014/15 there is a need to be realistic about expected improvements this year but our current focus is to try and minimise drop out over summer.

2.4 LSBU Student Successes

- LSBU nursing student Sylvia Duval has been elected as the new student member of the Council of the Royal College of Nursing (RCN). Sylvia, is a second year Learning Disability Nursing student at LSBU, and will be responsible for enhancing student experience and influencing practice.
- BEA student Anthony Sophocli has been selected to present his project in a live final at the Coil Winding, Insulation & Electrical Manufacturing Exhibition Challenge in Berlin, he is one of five finalists
- PhD student Jonathan Breeze from the School of Engineering recently won a prestigious prize awarded by Springer Theses the prize is equivalent to €50.

3.0 Corporate Strategy Outcome 2: Real World Impact

This outcome focuses on the applied nature of our teaching research and enterprise and the way the three interact to ensure we have a real world focus and impact

3.1 Update on NHS Quality Metrics for HSC

Results for the 2013-14 NHS Quality Contract Performance Management (QCPM) have been released and show good improvement in nearly all areas. All courses show a high or very high percentage achievement overall. In particular, the results

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for Adult Nursing (3rd of 8 in London), Mental Health Nursing (2nd of 9), Occupational Therapy (3rd of 3), and Therapeutic Radiography (3rd of 3) where green was achieved are excellent.

Learning Disability (Joint 1st of 5 in London) and Diagnostic Radiography (2nd of 4) teams scored 100% and 99.3% respectively which is a very significant achievement.

Only Midwifery, ODP and Physiotherapy have dropped since last year due to historic recruitment issues and attrition. District Nursing, Health Visiting and School Nursing are entering the ratings for the first year. Previous to this year, District Nursing, Health Visiting and School Nursing were only in the QCPM process for return of data on business metrics rather than qualitative and quantitative data that resulted in a performance rating and a % score.

The overall performance comparison with 2012-13 is shown in Table 3 below

Table 3 Performance Management of Health courses

| Programme | 2012-13 | 2013-14 |
|-------------------------------|--------------------|---------------------------------|
| Midwifery | 92.9% - Green | 76.3% High Amber |
| Nursing Adult | 87.2% - High Amber | 96.2% |
| Nursing Child | 69.9% - Low Amber | 73.6% High Amber |
| Nursing Learning Disabilities | 85.4% - High Amber | 100% |
| Nursing Mental Health | 88.4% - High Amber | 97.9% |
| Occupational Therapy | 91.7% - Green | 95.3% |
| Operating Department Prac | 97.2% - Green | 80.8% High Amber (small cohort) |
| Physiotherapy | 84.2% - High Amber | 66.7% (v small final cohort) |
| Radiography Diagnostic | 93.7% - Green | 99.3% |
| Radiography Therapeutic | 83.8% - High Amber | 90% |
| District Nursing | - | 85.19% High Amber |
| Health Visiting | - | 84.69% High Amber |
| School Nursing | - | 85.15% High Amber |

| KEY | 50-70% Low Amber | 70-90% High Amber | 90+% |
|-----|------------------|-------------------|------|
|-----|------------------|-------------------|------|

3.2 Research and Enterprise

Against the current forecasts for enterprise income (£9,152,067) and contribution (£4,718,817) the actuals represent 55% (£4,996,049) for income and 53% (£2,480,383) contribution with us being 66% of the way through the year. The full year variances arise predominantly from a £450k shortfall and unpaid invoices of circa £150k, which are being chased.

Our KPI for enterprise income 2014 was a target of £9.6m and we are currently £0.3m short of target. Opportunities for short-term enterprise income are being explored and a revised process for forecasting income more accurately is under development. We may therefore fall slightly short of target.

3.2.1 Business Development

Year to date the Business Development team have now closed sales totalling £951k, (against a target of 1.5m) this is over and above what the team secured this time last year and is likely to be 4x the previous year if the sales pipeline is fully achieved.

There are currently 5 active KTPs and 3 companies at Expression of Interest stage. We have set ourselves the target to be the top modern in London for KTPs. The sales profile is behind where we planned by approximately 2 KTPs, with the challenge being to get proposals finally approved, but there have been no dropouts. To address this, the team have widened the remit of companies to approach via the telesales agency and is developing a wider portfolio of Knowledge Exchange activities to encourage earlier engagement in KE activity that can lead onto future KTPs. Where KTP proposals have been rejected by the advisor, we continue to work with clients to generate other value for the University.

3.2.2 Investment Escalator London European Regional Development Fund (ERDF) Project Update

The project continues to make good, strong progress against its targets: 160 SMEs (target 200) are actively participating. Success in this project is critical as we develop project proposals for a further (circa) £4m worth of ERDF funded activity to be focused on SME Skills Development and Student/Graduate Entrepreneurship. Outline expressions of interest for these will be submitted at the end of May 2015.

3.2.3 Tenants

The Clarence Centre is fully occupied, Technopark occupancy stands at 84% with a further 2,449 square feet removed from the market with firm offers in February 2015. We are in very early discussions with Lambeth, Lewisham and Southwark Councils with regards to incubation/business space that maybe available through section 106 agreements with developers. If successful this would significantly enhance our research.

3.3 HEFCE 2015-16 Allocations for Teaching and Research Capital

Research Capital Investments Fund (RCIF) allocations are based upon performance in the REF (Research Capital England) and levels of research council funding (HEI Research Capital). The funding from HEFCE is to support infrastructure and investment. Total 2015/16 HEFCE RCIF funding for LSBU will be £136k. This represents a reduction of £40k (22% reduction) compared to the previous four funding years. Amongst its comparator group, only Westminster (8% reduction) has also seen a reduction a funding. This drop is primarily driven by changes in the Quality funding following the REF.

This funding level compared to LSBU's aspirational group represents the fact that though LSBU showed an improvement compared to the 2008 REF, this improvement was not as pronounced as other universities' improvement. The key message here does not relate to the reduction in RCIF funding, but rather the trend it reflects regarding peer universities' research performance in the REF when both quality and volume are measured. Teaching capital (TCIF) is formula funded in proportion to student numbers and provides a proxy for comparison of size with other institutions

Table 4 HEFCE 2015-16 Allocations for Teaching and Research Capital

| Institution (sorted in ascending order based upon total 2015-16 RCIF allocations) | 2015/16 Allocations | | | | | % Change from each of the four previous funding years | 2011/12 - 2014/15 Average Annual RCIF (£) |
|---|---------------------|------------------------------|------------------------------------|----------------|-------------------|---|---|
| | TCIF (£) | Research Capital England (£) | HEIs' Research Capital England (£) | Total RCIF (£) | RCIF as % of TCIF | | |
| London South Bank University | 654,205 | 96,453 | 39,943 | 136,396 | 21% | -23% | 176,319 |
| University of East London | 753,198 | 118,511 | 23,578 | 142,089 | 19% | 39% | 101,920 |
| Kingston University | 1,120,071 | 142,766 | 62,760 | 205,526 | 18% | 22% | 168,210 |
| Middlesex University | 758,973 | 198,707 | 50,522 | 249,229 | 33% | 44% | 173,149 |
| The University of Westminster | 955,598 | 194,751 | 58,658 | 253,409 | 27% | -8% | 274,521 |
| University of Greenwich | 916,619 | 224,851 | 54,763 | 279,614 | 31% | 38% | 202,112 |
| University of Hertfordshire | 943,824 | 341,587 | 116,624 | 458,211 | 49% | 31% | 349,888 |
| The City University | 536,354 | 481,203 | 193,789 | 674,992 | 126% | 40% | 483,205 |

Source: HEFCE https://www.hefce.ac.uk/pubs/year/2015/CL_092015/ & <https://www.hefce.ac.uk/pubs/year/2011/201108/>

3.4 LSBU Success Stories

- The International Council for Research and Innovation in Building and Construction (CIB) has given approval for a Student Chapter in LSBU's School of the Built Environment and Architecture.
- The School of Built Environment has won a total of over £50,000 of funding in the month of March for three enterprise projects.
- Student Enterprise has secured £77k to deliver the Ignite project. The project will develop IP related learning materials, raising awareness of IP issues amongst students and staff and supporting students with innovative ideas to commercialise their IP.

- The Finance Team has been shortlisted for the 2015 Times Higher Education Leadership and Management Awards (THELMAs) in the category of 'Outstanding Finance Team'. The awards are taking place on 18th June.

4.0 Corporate Strategy Outcome 3: Access to Opportunity

This outcome focuses on the need to work in partnership with key organisations to deliver our strategy and the civic engagement aspects of our vision. Its outcomes include measures such as recruitment of students that can succeed as well as international activity.

4.1 Recruitment

4.1.1 UK/EU applications

In terms of undergraduate applications LSBU is currently tracking at less than half a percentage point behind the same time last year (see table 5 below). If you exclude HSC, the university is showing an 8% increase in applications. National UCAS application rates have seen an increase of just 2% across the sector, and amongst our competitor group, UCAS applications have fallen by -6% overall.

Table 5 - LSBU Applications:

| UCAS Tracker Application Summary | 2013 | 2014 | 2015 | %Δ 2013/15 | %Δ 2014/15 |
|----------------------------------|-----------|-----------|-----------|------------|------------|
| LSBU Applications | 21,107 | 22,584 | 22,482 | 6.51% | -0.45% |
| National Applications | 2,625,242 | 2,732,805 | 2,796,857 | 6.54% | 2.34% |
| Competitor Applications | 156,775 | 161,616 | 152,423 | -2.78% | -5.69% |

Table 6. - % Change Year on Year (2015 Vs 2014) Information is correct as at 5th May 2015.

| Schools | % Change Year on Year (2015 Vs 2014) | | | | 2015 Enrolment Vs Target Prediction | | |
|---------|--------------------------------------|--------------|--------|------------------|-------------------------------------|----------------|----------------|
| | 2015 | Applications | Offers | Firm Acceptances | % of Target | 95% Conversion | 85% Conversion |
| ASC | | 17% | 25% | 24% | 51% | 48% | 43% |
| ACI | | 9% | -26% | 1% | 63% | 60% | 54% |
| BEA | | 9% | 3% | 34% | 33% | 31% | 28% |
| BUS | | 11% | 0% | 2% | 35% | 34% | 30% |
| ENG | | 20% | 15% | 36% | 41% | 39% | 35% |
| HSC | | -9% | 24% | 35% | 74% | 70% | 63% |
| LSS | | 29% | 19% | 31% | 50% | 48% | 43% |

The exceptions here are HSC which has received lower levels of applications overall (-9%), but is showing very strong conversion with firm acceptances up by 35%, leaving the School at 74% against 2015/16 target.

ACI on the other hand are currently down on the number of offers made (-26%), but are slightly up on firm acceptances (1%), leaving the School at 63% of target. We have enabled schools to introduce interviews with the option of unconditional offers for those showing strong ability. This has been activity pursued by ACI leading to what appears to be improved conversion of higher quality applicants (despite slowing down the offer making process).

Business (especially informatics) remains a concern and we are working with the School to look at ways of addressing this via additional marketing and recruitment activity (such as digital display, PPC, social media, targeted emails, conversion mailings and on campus events).

Our undergraduate strategy remains as agreed with the Board – to seek to hit 2,750 students whilst gradually increasing entry qualifications. This year we will be seeking to hold at 200 points for BTEC and 160 points for A-level.

This remains low compared to competitors but we are seeking to maintain a maximum recruitment risk of 10% with this approach. We will however continue with our Cert HE for weaker students, enabling us to provide targeted support. Last year this recruited 44 students (c£400, 000) and, as of semester one, we had retained 42 of them.

LSBU is currently at 49% of target overall and enrolment predictions suggest a 47% best-case scenario (95% conversion) and 42% worst-case scenario (85% conversion). We believe we are on track to meet 2015/16 targets.

We are seeing strong growth in full-time postgraduate courses with firm acceptances up 68% on the same time last year, leaving us at 69% of target at a reasonable early stage of the cycle. This is due to increased targeting, in line with our strategy, and the use of the 'real world impact' proof points to emphasise research and enterprise.

Tables 7 - % Change Year on Year (2015 Vs 2014) Information is correct as at 5th May 2015.

| LSBU | % Change Year on Year (2015 Vs 2014) | | | 2015 | 2015 Enrolment Vs Target Prediction | |
|-------------|--------------------------------------|-----------|------------------|-------------|-------------------------------------|----------------|
| | Applications | Offers | Firm Acceptances | % of Target | 95% Conversion | 85% Conversion |
| UG FT | -1% | 5% | 16% | 50% | 48% | 43% |
| UG PT | 13% | 2% | 35% | 39% | 37% | 33% |
| PG FT | 23% | 34% | 68% | 69% | 65% | 58% |
| PG PT | 31% | 40% | 22% | 28% | 26% | 23% |
| LSBU | 2% | 7% | 24% | 49% | 47% | 42% |

4.1.2 International recruitment

The International Office delivered income of £10.7m against a budget target of £9.1m for 14/15. Strong recruitment of new international students remained steady at around 37% above 13/14, providing a good base of progressing students for the 15/16 budgets. It is worth noting that this is not a scenario which has been replicated across the post-92 sector in London, which in many instances, remains in decline.

Additional income will also be generated through Summer Schools across June and July for students from China, the USA and Nigeria on a range of delivery arrangements. Although income will only reach around £100k for this activity as it is in its first year for non-Chinese students, this is a good model and platform for growth in 15/16.

Offers for September 2015 are up 8% on 2014 figures, however conversion remains fairly flat with only a 2% increase in overall firm acceptances. The team are moving to concentrate on conversion activities to move applicants through the decision making process and convert to firm acceptance. It is predicted that recruitment for 15/16 will remain broadly in line with 2014/15.

Compliance with UKVI guidance is an ever-increasing pressure for all universities with significant changes coming on-line during the coming recruitment cycle. This remains at the forefront of all activities undertaken by the International Office, and as recruitment is set to grow over the next five years, this will be an essential part of the strategy. The team are in constant contact with UKVI to ensure that the university and its processes meet with UKVI standards.

The current visa refusal rate is 9% and is being managed carefully to bring the university to 8% by the end of the licence cycle. UKVI allow a maximum of 10% refusal now (reduced from 20% last year). Part of our refusal rate is due to a high refusal rate from our Foundation partner CEG. We have moved CEG off the LSBU licence in order to create greater controls on refusals, and discussions are underway to evaluate markets with a high instance of visa refusals. Changes in Government regulation mean CEG will need to apply for its own license in 2015/16 so we are reviewing the current business case and relationship.

4.1.3 Update on the British University in Egypt and the Applied Sciences University in Bahrain

The University has now validated all the existing Loughborough University validated Undergraduate degrees at the British University in Egypt (BUE). It has also validated BA Communications and Mass Media and four masters' degrees at BUE. We currently have four part time PhD students who are members of staff at BUE under our agreed joint agreement. The University is currently developing processes for closer collaboration on Research and Enterprise Activity with BUE. We were recently successful in a Newton Fund joint bid with BUE to deliver a research seminar on Photovoltaics.

The University has validated four engineering degrees at the Applied Sciences University in Bahrain. These courses are expected to start in September 2015 but are subject to final approval by the Bahraini government.

4.2 QS stars

We have been given a maximum star rating by the internationally-recognized QS Top Universities group for teaching, facilities and inclusiveness and three stars overall. Our 2020 aspiration is to achieve 4 stars overall in this scheme however we will not be able to re-submit until 2017 as we need to further improve our data capture and analyse how to best fill gaps as we deliver our strategy.

This is the first time we have entered the voluntary assessment, which evaluates an institution against more than 50 different indicators. We expect to meet our 2020 target and indeed may increase the level of aspiration by seeking to be listed in the

QS world rankings by 2020 (although we are unlikely to have achieved sufficient impact to be ranked).

4.3 Academies Update

4.3.1 South Bank Engineering UTC

The UTC project has made significant progress since my last report. We have been working with building contractors, Bowmer & Kirkland and their architects, Jestico & Whiles to develop the building design. Following discussions with the Education Funding Authority, it was agreed that the UTC will receive a stand-alone lease rather than a sub-lease from the Trinity Academy as was originally proposed.

Mr Dan Cundy was appointed as the Principal Designate. Mr Cundy is currently the Interim Principal at St Marks CoE School in Mitcham and he will take up the post in September. Marketing and student recruitment activities are currently being undertaken for September 2016 entry into both Year 10 and Year 12. Curriculum development work is also progressing as planned.

The statutory consultation process revealed an overwhelming support for the UTC in Lambeth community. The new UTC is strongly supported by the Lambeth Borough Council and the local MPs.

4.3.2 University Academy of Engineering South Bank

The Academy has made excellent progress in its first year of operation. All students are on track to achieve at least one level progress in 2015/16 academic year. The curriculum is framed around the university challenges supported by LSBU, TfL, Cross Rail, Bloodhound, Jaguar F1, Imperial War Museum and Constellations.

The Academy was formally opened by Mr Chuka Umunna, Shadow Secretary of State for Business, Innovation and Skills and a South London MP on 20th March. Dame Ann Downing, President of Royal Academy of Engineering also visited the Academy and opened the Academy for the students.

397 students applied for the 2015/16 school year with 134 firm acceptances by March. We are confident that all 150 places available will be taken up. The Academy appointed two Assistant Principals to support the Principal, as we prepare for the expansion of the Academy in September 2015. Attracting experienced STEM teachers continues to be a challenge.

4.4 Public Affairs and Civic Engagement

Most Parliamentary activity has now been halted during the election campaign. We continue to work to establish LSBU as the HE partner to the four central south London boroughs with ongoing programmes of activity with Southwark, Lambeth and

Lewisham Councils and forthcoming meetings with Wandsworth Council and the Nine Elms Development.

We continue to promote a more diverse view of the Higher Education sector particularly in the area of research and enterprise. We contributed to two further government-sponsored reviews of research, namely the Dowling Review of Business-University Research Collaboration and the Nurse Review of Research Councils. We also participated in the Growth By Research campaign which included a seminar with six MPs to discuss the benefits of a wider UK research base.

I have been appointed a trustee of the Science Museum and Deputy Lieutenant of Greater London both of which roles I hope will lead to opportunities for the University.

5.0 Strategic Enablers

5.1 Estates

The Board have been aware for some time of the importance of a supply of good quality residential accommodation for students to meet the aspirations of the corporate strategy. We currently have 1400 beds of LSBU owned accommodation, sufficient to house less than 12% of the full time student body and the demand is increasing year on year and as international students increase, so the demand will further increase. The strategic estate development opportunities presentation identified new possible developments but this will not be possible for 5-10 years and the need is more urgent.

We have been in discussions with Delancey over the option to take a nominations agreement on 270 studio flats in a new development behind the existing E&C shopping centre. This is due to complete for occupation in September 2016 and we are discussing the options available. A Board decision will be needed on this before the end of the calendar year. The risks to the University of a nominations agreement are that we would be liable for the rent whether or not the accommodation was let to students. The risk can be mitigated by ensuring that the agreement allows for letting to *“students, staff and others that the University deem appropriate”*.

5.1.1 Havering campus

The current Havering Campus at Harold Wood is leased from NHS Properties and expires in Summer 2018. We currently get c5million funding with 1million contribution via Havering and a campus/base is required in Havering as a condition of this funding. Given the level of funding the Executive will be seeking to extend the contract and will review alternative options in the Autumn if this is not possible.

5.2 Schools restructuring

Good progress continues to be made with the Schools re-structuring; the School Executive Teams (SETs) are almost all in place and Heads of Division appointments should be completed by end of May. External adverts will go out for any unfilled posts, including the three School Executive Assistants. A new School Committee structure has been developed to rationalise the number of committees and ensure consistency and clarity across Schools.

The Academic Board structure has also been reviewed; with the Board being responsible for academic standards and the direction and regulation of academic matters. Three sub-committees have been developed; Quality and Standards, Student Experience and Research. Transition to the new structure will take place in Summer subject to approval in July.

5.3 Schools Administration

The Student Administration Service is being restructured to support the new University school structure and its strategic aims. The opportunity has been taken to integrate the service with Student Support and Employment, creating flexibility and better career paths for staff. Key risk factors to consider are the maintenance of University business during the change, and the potential loss of institutional knowledge.

120 staff area affected, but more than three-quarters of these will 'slot' into new or similar roles in the new structure. The major changes are in the management structure and in the re-distribution of some functions across Professional Service Functions. A saving of c£400K (10%) will be achieved in the first year, with the expectation being that with centralised and simplified management, further efficiencies will be achieved as processes are re-triangulated.

Associated improvements include the bringing together of all student helpdesk activity under the Student Life Centre, to improve delivery and customer service, a new focus on collaborations and international development, and a new student focus for all administrative staff, with particular emphasis on the monitoring of pastoral support and placements. As much administration as possible will be taken from academics in this process.

The project is on course for the new structure and roles to be in place by August 2015.

5.4 Workforce planning

Schools and Professional functions have been considering their future staffing requirements. The planning and budget process is still ongoing but it is expected that in the coming year we will not increase expenditure on professional functions but will redistribute expenditure in line with tribal analysis and executive review of activity. It is intended to invest in key areas of academic development to ensure staff student ratios remain reasonable and the role descriptors for varying grades of academic staff are being discussed with colleagues and the Unions.

To support transition to the new corporate strategy we are currently offering a VS scheme to staff. We are currently reviewing all areas of spend to ensure that we can fund necessary changes through the VS programme. However if VS applications exceed the amount available we will seek to spread costs over two financial years but would wish to support those staff who wish to leave and who would otherwise require reskilling to fully participate in the delivery of our strategy. It is recommended that completion of this exercise is prioritised above the need to hit the budgeted surplus.

5.5 Corporate Strategy and Local Delivery Plans

Local Delivery Plans (LDP) which set out the vision and planned actions of every school and professional function have been developed and have fed into the budgeting process and are informing the workforce planning process. Final drafts have considered alongside budgets, and will be confirmed in late May. Alongside the implementation of the performance management framework, and performance reporting, actions in Local Delivery Plans will be monitored quarterly from the start of 2015/16. A review of progress across 2014/15 will be provided to the Board in Autumn with recommendations regarding targets for 2016/17

The Change Programme has been disestablished as several major projects have closed and a range of smaller projects have been established and moved to business-as-usual where they will be managed and reported upwards to ensure visibility.

5.6 Behavioural Framework Temperature Check

The Behavioural Framework and Values was launched in November 2014 and work has begun to integrate these into policies and processes. In February we carried out a temperature check to take a snapshot of how the Values are displayed across LSBU. Results indicated that we are doing well on Inclusivity and Excellence however there is more work to do on Professionalism. We will carry out more detailed analysis later in the year.

5.7 Customer Service Institute

LSBU joined the Institute of Customer Service (ICS) in July 2014 to embed a service ethos across the university and improve the student and staff experience. We ran two surveys to measure customer service and satisfaction; results indicated that Library and Student Services offer a good service which verges on a world class standard, while catering and accommodation need to improve in the areas of pricing, speed of response and resolution, communication and behaviour.

We are currently developing action plans to address issues of customer satisfaction across all services while further improving areas of good practice. We are also communicating the results through different mediums to staff and students and plan to repeat the surveys in autumn 2015 to measure progress.

| Outcomes | # | Corporate Strategy Goals | Report Date | # | 13th April 2015 | Past Performance Baselines | | | benchmark | 14/15 Ratings | | Targets | | 14/15 Rating Criteria | | | |
|-----------------------|--------------------------------|---|--|--|--|----------------------------|-----------|-------------------|-----------------------|--------------------------------|---------------------|----------------------|-----------|-----------------------|--------------|------------------|----------|
| | | | | | 20/20 Success Measures | Key Performance Indicators | 2011/12 | 2012/13 | 2013/14 | Competitor Group 12/13 average | Forecast RAG rating | Actual Result Rating | 2014/15 | 2020/21 | Exec. Lead | Green | Amber |
| Student Success | 1 | Employ- ability | 95% students in employment / further study (EPI) | 1 | DHLE entry to employment or further study (EPI) | 78.10% | 77.4% | 85.5% | 88.5% | 90.2% | | 87% | 95% | PVC (SE) | 87 % + | 80 - 86 % | <80 % |
| | | | Top 10 UK universities for student start ups | 2 | Number of Student start ups | 6 | 1 | 27 | 47.86 | | | 50 | 150 | PVC (R&E) | 50 + | 43 - 49 | < 42 |
| | 2 | Student Experience | Top quartile of all universities in NSS | 3 | NSS scores – overall satisfaction | 80% | 82% | 80% | 81.7% | | | 82% | 89% | DVC | 82 % + | 80 - 81 % | < 80 % |
| | | | | 4 | International Student barometer (% recommending LSBU) | 70.00% | 73.00% | 72.40% | not available | | | N/A (hiatus) | 81% | | n/a | n/a | n/a |
| | | | | 5 | PGT experience (% satisfaction) | 71% | 75% | 75% | not available | | | 77% | 82% | | 77 % + | 72 - 76 % | < 72 % |
| | | | | 6 | Student Staff Ratio | 22.4:1 | 23.7:1 | 24.2:1 | 21.2 | 17.2:1 | | 22:1 | 19:1 | | <=22 | 23 - 24 | >25 |
| Real World Impact | 3 | Teaching and Learning | Top 50% of universities for graduate employment / starting salaries. | 7 | Graduate level employment | not available | 59% | 54% | n/a (local indicator) | 75% | | 55% | 60% | PVC (SE) | 55 % + | 52 - 54 % | <52 % |
| | 4 | Research and Enterprise | Top 50% UK for Research & Enterprise Income | 8 | Research Income (non Hefce) | £2.4m | £2.2m | £1.8 | £6.1 | £1.9m | | £1.4 m | £6.0 m | PVC (R&E) | £1.4 m + | £1.2 - 1.3 m | <£1.2 m |
| 9 | | | | Enterprise Income | £10m | £8.5m | £9.5m | not available | £9.6m | | £9.9 m | £15.0 m | £9.9 m + | | £9.5 - 9.8 m | <£9.5 m | |
| Access to Opportunity | 5 | Access | Top London Modern for LPN recruitment | 10 | % recruitment from low participation neighbourhoods | 6.5% | 7.4% | not yet available | 6.4% | | | 8.4% | 12.4% | PVC (R&E) | 8.4 % + | 7 - 8.3 % | <7 % |
| | | | | 11 | Undergraduate recruitment before clearing (% of firm acceptances against target prior to clearing) | 63% | 68% | 76% | not available | 80% | | 80% | 90% | | 80% + | 76 - 79 % | <76 % |
| | | | | 12 | Completion (at or above benchmark) | not available | -9.50% | not yet available | -3.13% | | | -6% | +3% | | >=-6 % | -7 to -9 % | <-9 % |
| | | | Exceed expectations on completion | 13 | Year 1 progression | 63% | 65% | 63% | not available | 64% | | 69% | 85% | DVC | 69 % + | 63 - 68% | <63% |
| | | | | 14 | Good Honours | 53.4% | 59.8% | 58.3% | 62.2% | | | 60 - 65% | | | 60 % + | 55 - 59 % | <55 % |
| | | | | 15 | PG completion | not available | 75% | not yet available | not available | | | 76% | 85% | | 76% + | 73 - 75 % | < 73% |
| 6 | International | 4 QS Stars | 16 | QS Star Rating | n/a | n/a | 2 (prov.) | not available | | 3 stars | 2 | 4 | VC | 2 | 1 | 0 | |
| | | | 17 | Overseas student income | £9.6m | £8.6m | £8.5m | £29.5m | £10.5m | | £9.3m | 20m | PVC (R&E) | £9.3 m + | £8.8 - 9.2 m | <£8.8 m | |
| Strategic Enablers | 7 | People and Organisation | Rated as a good employer | 18 | Appraisal completion % | 21% | 28% | 37% | not available | | | 50% | 95% | EDHR | 50 % + | 45 - 49 % | < 45 % |
| | | | | 19 | Average Engagement Score as as % | | 58% | - | 70% | | | 55% | 75% | EDHR | | | |
| | 8 | Resources and Infrastructure | Grow our income by 25% to £170m annually, deliver an operating surplus of 5% and an EBITDA margin of 15% | 20 | Surplus as % of income | 4.7% | 4.0% | 2.3% | 9.6% | 1.0% | | 0.7% | 5.0% | CFO | 0.7 % + | 0.4 - 0.6 % | < 0.4% |
| | | | | 21 | Income (£m) | £138.3m | £137.9m | £134.8m | £188.2m | £136.3m | | £136.5m | £170.0m | | £136.5 m + | £134.0 - 136.4 m | < £134 m |
| | | | | 22 | EBITDA margin (EBITDA expressed as % of income) | 14.3% | 11.2% | 9.9% | 9.20% | | | 10.7% | 15.0% | | 10.7% + | 9.7 - 10.6% | <9.7% |
| | | | 23 | Student satisfaction ratings with facilities & environment | 79% | 80.0% | 83.0% | 82.7% | | | 84% | 87% | COO | 84 % + | 81 - 83 % | < 81% | |
| 24 | Teaching room utilisation rate | 42% | 42% | not yet available | 42.8% | | | 43% | 48% | 43% | 41 - 42% | <41% | | | | | |
| League Tables | Overall | Top London Modern university (excl UAL) | 25 | TIMES - League table ranking | 111/121 | 118/121 | 122/123 | 92.3 | | | 118 | 80 | VC | 118 or higher | 119 - 122 | 122 or lower | |
| | | | 26 | GUARDIAN – League table ranking | 104/120 | 113/119 | 112/116 | 87.1 | | | 110 | 86 | | 110 or higher | 111 - 114 | 115 or lower | |
| | | | 27 | COMPLETE UNIVERSITY GUIDE – League table ranking | 109/116 | 119/124 | 120/123 | 85 | | 119 | 117 | 93 | | 117 or higher | 118 - 120 | 121 or lower | |

| KPI Number | Forecast Notes | Result Notes |
|------------|---|---|
| 1 | DHLE positive outcomes (EPI) | From data submitted to HESA at start of April |
| 2 | Number of Student start ups | |
| 3 | NSS overall satisfaction | |
| 4 | ISB (% recommending LSBU) | |
| 5 | PGT experience (% satisfaction) | |
| 6 | Student Staff Ratio | HESA data downloaded from HEIDI database by BIU |
| 7 | Graduate level employment | From data submitted to HESA at start of April |
| 8 | Research Income (non Hefce) | Figure from February management accounts p15 |
| 9 | Enterprise Income | Figure from February management accounts p16 |
| 10 | % LPN recruitment | |
| 11 | UG % of FAs against 2750 prior to clearing | |
| 12 | Completion (to benchmark) | |
| 13 | Year 1 progression | Progression figure from S1 entrants - 14/15 |
| 14 | Good Honours | |
| 15 | PG completion | |
| 16 | QS Star Rating | Further details via staff newsletter link |
| 17 | Overseas student income | Figure from February management accounts Strong S2 starts provide an improvement of 1m on the Jan figure |
| 18 | Appraisal completion % | |
| 19 | Surplus as % of income | Figure from February management accounts An improvement of 0.3m on the January figure |
| 20 | Income (£m) | Figure from February management accounts An improvement of 0.3m on the January figure |
| 21 | EBITDA margin % | |
| 22 | Student facilities & environment satisfaction | |
| 23 | Teaching room utilisation rate | |
| 24 | Times League table rank | |
| 25 | Guardian League table rank | |
| 26 | Complete University Guide | |

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| | PAPER NO: BG.16(15) |
| Paper title: | Report from the Chief Financial Officer |
| Board/Committee | Board of Governors |
| Date of meeting: | 14 May 2015 |
| Author: | Richard Flatman, Chief Financial Officer |
| Executive sponsor: | Richard Flatman, Chief Financial Officer |
| Purpose: | To update the Board on financial matters. |
| Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver? | This report provides an update on matters which contribute to the future financial sustainability of the University. |
| Recommendation: | <p>The Board is requested to:</p> <ul style="list-style-type: none"> • note the report, which provides a progress update on a range of financial matters; • consider and approve the proposed new expenditure limits for inclusion in the financial regulations; • approve the removal of Phil Cardew as an authorised signatory and the addition of Shân Wareing (PVC) from the date of her appointment; • approve at a multiple of 3.5 times rolling 3 year historic average EBITDA or above the renegotiation of loan covenants with Barclays and delegate to the CFO to finalise negotiation; and • formally ratify the decision to re-appoint PwC as internal auditors. |

| | | |
|----------------------------------|--------------------|-----------------|
| Matter previously considered by: | Board of Governors | At each meeting |
| Further approval required? | N/A | On: |

Attachments:

- March 2015 management accounts summary

Report from the Chief Financial Officer: May 2015

1. Current Financial Position

The full year forecast as at March 2015 is trending towards a contribution of £1M. This is broadly comparable with last month and would deliver the University on budget.

There have been movements in both income and expenditure this month but the decline in our income has been offset by a corresponding reduction in both Opex and Staffing costs. There continues to be a risk concerning Undergraduate Tuition Fee income with a drop-out rate of 4.2% (provided for in the forecasts) compared to 4% last year.

The Executive remains focused on delivering against the agreed budget surplus of £1m. As the risk around income reduces, we are confident that tight control of costs over the remainder of the year will enable us to deliver against budget.

There are however, significant challenges in terms of funding the workforce planning changes which will be factored into the April accounts. The cost of known re-structure proposals in 2014/15 is now estimated at £2.6m (after accounting for changes to school admin offices and the disestablishment of principal lecturer posts). This is significantly higher than the £1m which remains within the re-structure fund. The balance can potentially be met in year, given the £3.3m positive variance year to date on staff costs of which only £1m is accounted for in the full year forecast, but it will be challenging. Furthermore, this would leave little spend capacity to fund the voluntary severance (VS) programme announced recently. Consequently, we will look closely at all areas of spend to ensure that we can fund the necessary changes through the VS programme.

2. Grant letter

The summary below provides a comparison of the 2015/16 funding as set out in the grant letter (£13.8m) to the assumptions included in the five year forecasts at this stage last year for 2015/16 (£11.8m) and the actual grant received for 2014/15 (£15.6m) (a copy of the letter is provided in the appendix to the pack for information).

| | 2015/16 | | 2014/15 Actual £000's |
|----------------------------|-----------------------------|------------------------------|-----------------------------|
| | March 2015 letter £000's | 2014 5 YR forecast £000's | |
| Main teaching grant | 4,007 | 4,371 | 5,998 |
| Student opportunity | 4,330 | 1,600 | 4,000 |
| Other targeted allocations | 3,051 | 3,101 | 2,852 |
| Total teaching grant | 11,388 | 9,072 | 12,850 |
| Research grant | 1,857 | 1,956 | 1,956 |
| HEIF | 543 | 807 | 807 |
| Total | 13,788 | 11,835 | 15,613 |

The positive news is that our assumption about a significant (60%) decline in student opportunity (SO) funding, equivalent to a £2.4m reduction in 2015/16, did not materialise. Rather, the funding increased by 8% year on year, resulting in a £2.7m positive variance on the SO line compared to forecast. However, for prudence we are still assuming major cuts in SO funding in future but from 2016/17.

Whilst good news in terms of SO funding, there are some negative variances compared to forecast including:

- (£320k) in respect of old regime students
- (£100k) QR (quality related research funding)
- (£264k) HEIF (innovation funding for the promotion of knowledge transfer activity).

The net effect however of all adjustments is +£2m compared with earlier forecasts.

Compared with 2014/15 the grant has reduced by £1.8m overall. This is as expected and is due to old fee regime students working their way out of the system.

It should also be noted that there are further potential in year adjustments to grant funding based on final confirmation of student numbers. The grant letter is always provisional at this stage. This year for example we had a £1m downward adjustment to old regime student grant income in year. For 2015/16 the risk around confirmation of student numbers is much lower because there are far fewer old regime students in the system.

There is however an additional risk given the potential impact of uncertainties around the election outcome and future funding. The annual risk letter received recently from HEFCE encouraged institutions to assess the potential impact of uncertainties in relation to future funding and expectations of greater efficiency. Furthermore, the annual funding letter from the Department for Business, Innovation and Skills to HEFCE was silent regarding 2016/17 and this is important because their year runs from 1 April - 4 months of which falls into our 2015/16 accounting year.

3. Planning and budgeting

The planning and budgeting process for 2015/16 is well advanced.

As reported to Board at the recent strategy day, the headline budget targets for 2015/16 are as follows:

- Growth in income from £136m to £143m
- An operating surplus of £1m.

The forecasts at this stage last year assumed income of £141m and a surplus of £1m. The targets above, approved by Executive, show income of £143m, reflecting the increase of £2m in HEFCE grant income compared with earlier forecasts. All other income targets remain unchanged in terms of planned growth for international, postgraduate students and enterprise.

Although our income forecast for 2015/16 has grown by £2m as compared with the 5 year forecast produced in 2014, our surplus forecast has remained unchanged at £1m. There are a number of reasons for this as follows, none of which were predicted in the 2014 forecasts;

- there has been an income reduction of almost £1m due to the fall in students studying on a part time basis. In income terms, this has been

offset by an increase of £1m in Research and Enterprise income but that has been accompanied by incremental costs to deliver that activity

- our staff costs in 2015/16 are almost £1m higher than earlier forecast following the 2% payrise in 2014/15 rather than the 1% anticipated at the time
- changes to pension contribution rates and increases in employer NIC following the introduction of a new single tier state pension and the abolition of contracting out will increase pay costs by an additional 1% in 2015/16
- the amount allocated to the investment pool (for revenue projects outside agreed budget) has increased by £0.5m to £1.5m to give the University additional flexibility for investments / adjustments during the year.

The 5 year forecasts are also being updated to reflect latest assumptions. These are not presented in detail here as they were discussed at the recent Board strategy day. The forecasts will be presented to Board at its July meeting for approval before submission to HEFCE.

4. Financial control

Proposed changes to authority levels are set out below. These are in line with the proposals presented at the recent Board strategy day. On the assumption that the new committee structure is approved, the Board is asked to consider and approve these new expenditure limits for inclusion in the financial regulations.

Proposed expenditure limits

| Total expenditure value (Inc. VAT) | Capital | | Revenue | |
|--|--|--------------------|--|--------------------|
| | Planned | Unplanned* | Within Budget | Outside Budget |
| Over £5 million | Board of Governors | Board of Governors | Board of Governors | Board of Governors |
| from £2 million but less than £5 million | Major Projects and Investments Committee | Board of Governors | Major Projects and Investments Committee | Board of Governors |
| From £1 million but less than £2 million | Executive Meeting | Board of Governors | Delegated Levels of Authority | Board of Governors |
| From £500,000 but less than | Executive | Major | Delegated | Major Projects and |

| £1 million | | Projects and Investments Committee | Levels of Authority | Investments Committee |
|--------------------|----------|------------------------------------|-------------------------------|-----------------------|
| Less than £500,000 | VC & CFO | VC & CFO | Delegated Levels of Authority | VC & CFO |

* Unplanned capital projects should be very rare. The Major Projects and Investment Committee will review masterplans and the majority of capital expenditure will be planned. Expenditure proposals should be submitted to the lowest level of authorisation first, being escalated up through the approval hierarchy on the table above following each approval stage.

5. Treasury

Authorised signatories

The Board is asked to approve the recommendation that Professor Shân Wareing (PVC) be added as an authorised signatory on all University held bank accounts; and for the removal of Phil Cardew (PVC) as an authorised signatory following his recent resignation and departure from the University.

Current balances

At 31 March 2015 the University held £50.2m in bank balances and deposits. Interest received for the 3 months to 31 March 2015 was £58.7k. This is below budget as a result of continuing low interest rates - with the best rate of interest on term deposits currently being 0.64%. At 31 March 2015 the University owed loan balances of £28.4m and the interest paid on these loans during the quarter to 31 March 2015 was £333k which is in line with budget.

Banking Covenants

The Financial Memorandum with HEFCE has recently been replaced with a new Memorandum of Assurance and Accountability. The current 4% 'Annualised Servicing Cost' (ASC) borrowing threshold, which determines the limit that an institution can borrow without approval from HEFCE, will be replaced with a new threshold based on EBITDA (Earnings before interest, tax, depreciation and amortisation). This change impacts not only our agreement with HEFCE but also has an impact on LSBU as a borrower because one of the financial covenants contained within our £37m loan facility agreement with Barclays makes reference to the ASC calculation. Retaining this will create ambiguity and consequently Barclays require a change.

Barclays have proposed a measure of operational gearing as a replacement for the ASC ratio. This is similar to the HEFCE calculation for prior approval of

borrowing capacity but different in one key regard. The HEFCE calculation is forward looking based on the institution's 5 year forecasts. The Barclays calculation is based on a historic 3 year rolling average EBITDA based on actual reported performance. An illustration of how this measure would look based on our latest 5 year financial forecast is shown below:

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|------------------------|---------|---------|---------|---------|---------|---------|
| Borrowings | 28,043 | 26,743 | 25,408 | 24,061 | 22,694 | 21,612 |
| Rolling average EBITDA | 14,888 | 15,290 | 16,672 | 17,858 | 19,257 | 20,241 |
| Operational Gearing | 188% | 175% | 152% | 135% | 118% | 106% |

Under the current ASC measure, the University is able to borrow up to £51m at current interest rates and still remain within this specific banking covenant. This equates to operational gearing of approximately 350% under the proposed operational gearing measure – ie the University would have the same borrowing capacity as under the current ASC measure. 350% is therefore described as the 'level of neutrality'. Barclays have indicated that they would accept a covenant of 350% but might be prepared negotiate a higher figure.

The Board is asked to approve the proposal to vary our loan agreement with Barclays to replace ASC with Operational Gearing and to delegate finalisation of negotiations to the CFO, subject to a minimum of 350%. The Board should also note that this is likely to be a temporary change and further revision of covenants may be required next year following implementation of FRS102.

6. Audit / year end reporting

Re- appointment of PwC as internal auditors

2014/15 is the final year of the current PwC internal audit contract. Audit committee agreed a re-tender approach via mini competition through a pre-tendered pan-government framework available to members of the London Universities Purchasing Consortium (LUPC) for the provision of audit services. The initial period of the contract will be three years with the possibility of a further 2 one year extensions. The first 3 years of the contract (and any subsequent extension) to be subject to annual performance review against agreed KPIs.

The selection panel was chaired by Andrew Owen as Chair of Audit committee and also included Steve Balmont. The unanimous decision of the panel was to re-appoint PwC and Board is asked to formally ratify the decision.

External Audit

An audit planning meeting took place with our external auditors Grant Thornton on April 16 and an audit plan will be presented to the June Audit Committee meeting.

FRS102

Higher Education providers will be required to adopt the financial reporting standard FRS102 and produce accounts in line with the new SORP for accounting periods starting on or after 1st January 2015. For LSBU this means a 1 August 2014 transition date, a 31 July 2015 comparative balance sheet and the first FRS102 compliant accounts being prepared for 31 July 2016.

Items in the SORP which may impact LSBU's accounts include the accounting treatment of some non-government grant income and some enhanced disclosures around related parties and senior staff remuneration.

The finance team is reviewing all potential impacts to ensure compliance with the new SORP. We have met with Grant Thornton to discuss our initial findings and to agree a timetable for completing our preparation. Grant Thornton will complete their review of our preparation, accounting treatment and accounting policies. A paper detailing the impact on LSBU and proposals for new accounting policies will be taken to Audit Committee in June.

7. External reporting

HEFCE Accountability return / risk assessment

The Annual accountability return (as approved by Board in November 2014) was submitted to HEFCE in December. As reported to the February Board meeting, no matters have been raised by HEFCE in response. We have now received the risk letter which confirms that LSBU is "not at higher risk" at this stage (a copy of the letter is provided in the appendix to the pack for information).

For the past few years HEFCE have also included in our risk letter an institution specific paragraph about constructive engagement with LSBU senior management regarding recruitment levels. This was in response to our successful bid a few years ago for additional student number places on introduction of the new fee regime which subsequently we were unable to fill and which we handed back given the commitment to hold fees below £7,500. HEFCE have now agreed to remove that paragraph and our risk letter is a standard letter.

TRAC (T) return

The Transparent Approach to Costing for Teaching Return - TRAC(T) was submitted on time, after review by the Executive and the Business Intelligence Unit. This is a mandatory return based on a sub-set of the TRAC dataset. The purpose is to provide benchmarking data to HEFCE for the cost of delivering teaching activities at a HESA cost centre level.

LPFA covenant check

As reported to the last meeting, the University recently completed and submitted to the London Pension Fund Authority (LPFA) an annual declaration form as part of its covenant checks. The purpose of this process is to provide assurance to the LPFA that HE institutions are sustainable and can continue to meet contributions as they fall due. Given the recent lead that LSBU has taken regarding changes to employer categorisation, we acted as a pilot for completion of an amended, shorter declaration form linked far more closely to the information submitted to HEFCE as part of the annual accountability review submission. We have now received confirmation that the pilot was successful and that the annual declaration has been amended based on our submission. No specific matters in relation to our submission have been raised.

8. Change Management Project

Corporate Performance

A project High Level Requirements document and User Story case study have been created by the project team, which will be passed to the ICT engagement team following review by the Corporate Delivery Board.

The requirements document outlines 3 key stages in the development of the corporate performance dashboard, and linkage with other ICT developments.

ICT will develop a project implementation plan, and identify potential solutions in response to the requirements specification.

Data quality assurance

Finance and Management Information (FMI) is also leading on the Data Quality Management / Assurance project. The project has delivered required outcomes as specified in the project initiation document as follows:

| Deliverable | Status |
|--|----------|
| Establish data management policy | complete |
| Identify all external data returns and establish mechanism for quality assurance | complete |
| Develop data governance arrangements | complete |
| Identify data sets across the university and allocate owners for each (including corporate datasets) who will be responsible for ensuring data quality | complete |
| Set up mechanism for sharing agreed corporately owned data and signing these off on an annual basis | complete |
| Develop framework and methodology for prioritising datasets and supporting data owners to address data quality across the university. | complete |

Since the last report to Board:

- the Data Management Policy has been formally approved by the Executive
- Operations Board has been briefed on the Data Management Framework, together with the sign-off processes for Data Assurance and External Data Returns
- both the Data and the External Returns assurance processes have been formally tested and confirmed successful by users involved in the testing
- training material is being developed to support the more detailed roll-out process
- a cross-functional Data Assurance Group (DAG), chaired by the CFO has been agreed to oversee the data assurance process.

9. Other matters / highlights

Award nominations

LSBU has been shortlisted for a 2015 Times Higher Education Leadership and Management Award (THELMA) in the category of 'Outstanding Finance Team'. The awards are taking place on Thursday 18th June. In addition a number of FMI staff have been nominated for LSBU Staff Awards.

Finance Summer Internship Programme

This is the 3rd year that we have been working with the School of Business to provide an internship programme for Year 2 Accounting & Finance students. This provides valuable experience to those students and is a flexible resource over the University's financial year end. The internship is offered at the London Living wage. 31 Students were successful in their applications and we are currently interviewing for the 6 places available.

CONFIDENTIAL

1) This Executive Summary reports on the Financial position of London South Bank University as at 31 March and summarises the changes since the February Forecast

2) RAG Status

Income Growth 0.7% Staff Cost Growth 2.6% Staff Cost % 56.8% Opex Growth -2.7% Student Dropout % 4.2% change in FYF Contribution -1.9%

3) Summary

The full year forecast as of March 2015 is trending towards a contribution of £1M. This is broadly comparable with last month and would deliver the University on budget.

There have been movements in both income and expenditure this month but the decline in our income has been offset by a corresponding reduction in both Opex and Staffing costs. The key movement in terms of income has been a £400k reduction in our Enterprise income forecast, this reflects a decline in real activity in terms of the decline of our ACCA portfolio but also a recognition that the stretch target for Enterprise will not be achieved in this financial year. We continue to monitor the pipeline of Enterprise activity to ensure that the remaining target is achievable. There continues to be a risk concerning Undergraduate Tuition Fee income and our drop out rate of 4.2% is slightly ahead of the comparable position last year and we have reduced our income forecast by a further £200K this month. The decline in School income has been matched by a corresponding decline in School costs.

In terms of staffing, we have reduced our staffing forecast by £550k this month. This is due to real savings against forecast and the classification of some ICT expenses as Edison expenses which will be borne by the University through an increased depreciation charge. There has been a further transfer of spend from ICT to the Library, recognising the new management structure within that area. Staffing costs remain overstated given that we are currently £3.3M behind budget but have only recognised £1M of that saving in the forecast

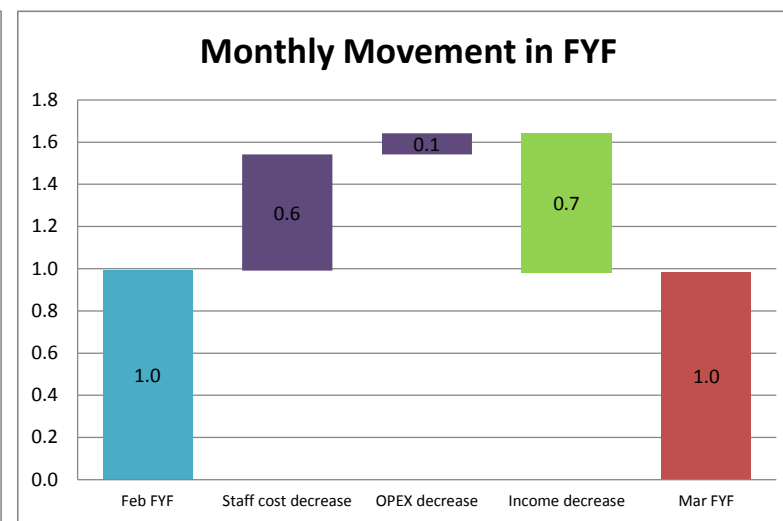
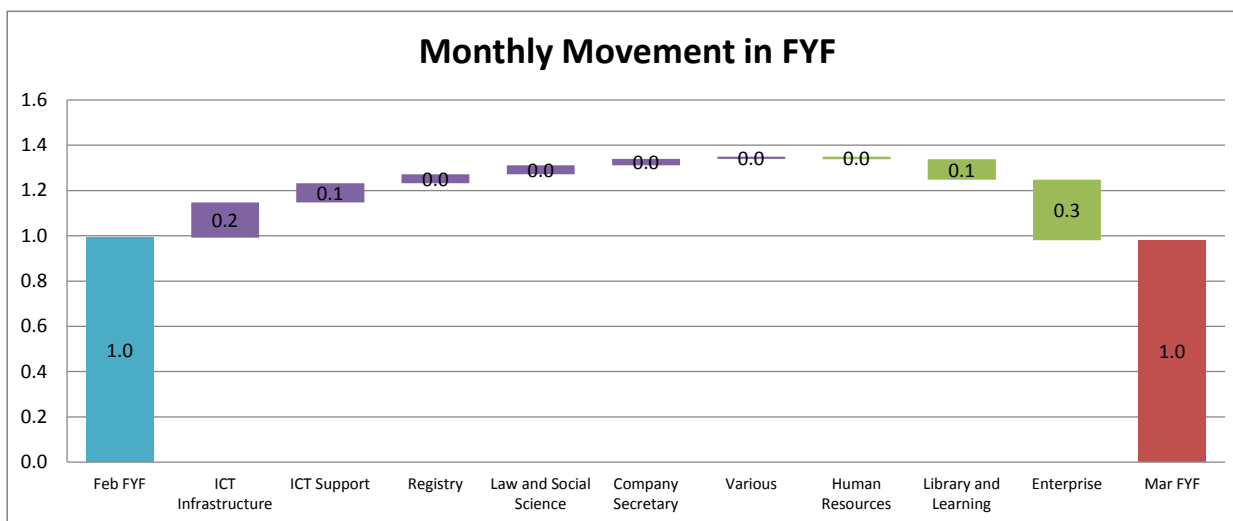
4) Table 1: Full Year Forecast vs. Budget

| Financial Summary in £'m | 13 / 14 Actual | 14/15 Budget | Change % | Feb 14 / 15 FYF | Monthly Move | Mar 14 / 15 FYF | variance to Budget | Budget variance% | variance to 13/14 | 13 / 14 YTD | 14 / 15 YTD | Variance to 13 / 14 | Variance % |
|----------------------------------|-------------------|-----------------|---------------|--------------------|-----------------|--------------------|-----------------------|---------------------|----------------------|----------------|----------------|------------------------|------------------|
| Funding Grants | 25.8 | 19.0 | -26% | 18.3 | 0.0 | 18.3 | -0.8 | -4% | -29% | 18.3 | 12.3 | -6.1 | -33% |
| Health - Contract | 25.2 | 24.4 | -3% | 24.6 | 0.0 | 24.6 | 0.2 | 1% | -2% | 16.4 | 16.2 | -0.2 | -1% |
| Home / EU UG Fees | 44.0 | 54.7 | 24% | 53.2 | -0.2 | 53.0 | -1.7 | -3% | 20% | 45.4 | 54.9 | 9.5 | 21% |
| Home / EU PG Fees | 7.8 | 6.7 | -14% | 6.7 | -0.0 | 6.6 | -0.0 | -0% | -14% | 7.7 | 6.3 | -1.4 | -18% |
| Overseas Fees | 8.5 | 9.0 | 6% | 10.5 | 0.0 | 10.5 | 1.5 | 17% | 24% | 8.5 | 10.7 | 2.2 | 25% |
| Research Grants | 1.8 | 1.4 | -23% | 1.9 | 0.0 | 1.9 | 0.5 | 33% | 3% | 1.3 | 1.3 | 0.1 | 7% |
| Enterprise Activities | 7.4 | 8.8 | 20% | 8.5 | -0.5 | 8.0 | -0.8 | -10% | 8% | 5.5 | 4.4 | -1.2 | -21% |
| Student Related Income | 9.9 | 10.2 | 3% | 10.4 | -0.0 | 10.4 | 0.2 | 2% | 4% | 6.4 | 7.2 | 0.7 | 11% |
| Other Operating Income | 4.0 | 1.9 | -53% | 2.1 | 0.0 | 2.1 | 0.2 | 11% | -48% | 2.7 | 1.4 | -1.3 | -50% |
| Endowments & Interest | 0.3 | 0.3 | -9% | 0.2 | 0.0 | 0.2 | -0.1 | -30% | -37% | 0.2 | 0.2 | 0.0 | 7% |
| Income | 134.8 | 136.5 | 1.3% | 136.3 | -0.7 | 135.7 | -0.8 | -0.6% | 0.7% | 112.5 | 114.9 | 2.4 | 2.1% |
| in £'m | | | | | | | | | | | | | |
| Academic Staff Costs | 41.3 | 40.7 | -2% | 40.5 | -0.2 | 40.3 | -0.4 | -1% | -2% | 27.4 | 25.7 | -1.7 | -6% |
| Support & Technicians | 30.4 | 35.2 | 16% | 33.9 | -0.3 | 33.6 | -1.6 | -5% | 10% | 20.0 | 20.7 | 0.6 | 3% |
| Third Party Staff | 3.5 | 2.1 | -39% | 3.2 | 0.0 | 3.3 | 1.1 | 52% | -7% | 2.3 | 2.4 | 0.1 | 5% |
| Depreciation | 8.5 | 9.5 | 12% | 9.6 | -0.0 | 9.6 | 0.1 | 1% | 13% | 5.6 | 5.8 | 0.2 | 3% |
| Operating Expenses | 44.3 | 42.9 | -3% | 43.2 | -0.1 | 43.1 | 0.1 | 0% | -3% | 23.4 | 24.1 | 0.7 | 3% |
| Interest Payable | 3.8 | 4.7 | 24% | 4.7 | 0.0 | 4.7 | 0.0 | 0% | 24% | 2.5 | 2.0 | -0.5 | -20% |
| Exceptional Items | 0.0 | 0.4 | 0% | 0.3 | -0.1 | 0.3 | -0.1 | -35% | 0% | 0.0 | 0.0 | 0.0 | 0% |
| Expenditure | 131.7 | 135.5 | 2.9% | 135.3 | -0.7 | 134.7 | -0.8 | -0.6% | 2.3% | 81.3 | 80.8 | -0.5 | -0.7% |
| Surplus for the year | 3.1 | 1.0 | -67.7% | 1.0 | -0.0 | 1.0 | -0.0 | -1.9% | -68.3% | | | | |
| Surplus as % of income | 2.3% | 0.7% | | 0.7% | | 0.7% | | | | | | | |
| Surplus per student FTE | £209.6 | £71.4 | | £71.2 | | £70.4 | | | | | | | |
| Staff cost as % of income | 55.8% | 57.1% | | 56.9% | | 56.8% | | | | | | | |
| | | | | | | | | | | 66.1% | 63.3% | | YTD Staff Cost % |
| | | | | | | | | | | 52.9% | 56.1% | | YTD OPEX Cost % |
| | | | | | | | | | | 61.8% | 60.0% | | Total YTD cost % |

5) Forecast Summary

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A detailed analysis of the movement in Full Year Forecast can be found on Pages 20 & 21. Unbudgeted decreases in income or increases in costs that reduce contribution are marked in red, whereas positive movements are highlighted in black. The key movements this month include the transfer of staffing costs from ICT to both Edison and the Library which has moved ICT close to budget. The movement in Registry is due to savings in the leadership cost of that team. The movement in the School of Law and Social Sciences is due to the transfer of funding for the Dean's role rather than another improvement in profitability. The reduction in costs in Company Secretary is due to a reduction in the forecast cost of the Business Intelligence Unit. The increase in costs in HR is due to additional Agency staff and that area is no longer expected to deliver ahead of budget. The increase in Library costs represents the cost of the new management structure whilst the decline in Enterprise is directly linked to the reduction of income in the forecast.



6) Risks and Contingencies

The Full Year Forecast contains a number of risks primarily now to do with in-year drop outs and student refunds. For Undergraduate Students funded under the New Fee Regime the final 50% of their tuition fee is only due if those students attend the University in the 3rd Semester. We have recognised an element of this income risk in our UG income forecast and to further balance this risk we are holding an OPEX contingency of £0.4M. We have a restructuring provision of £1.1M relating to 14/15 of which we have so far incurred £0.2M. The restructuring provision is primarily used to fund redundancies and HR are forecasting potential remaining costs in excess of £0.9M so this amount is forecast to be used. The exceptional item in the accounts of £0.3M relates to the funds remaining to be distributed from the Investment Pot.

7) Contribution Analysis

The Full Year Forecast Contribution is £2.1M behind the comparable position in 13/14. It was always anticipated that 2014/15 would be more challenging given our investments in EDISON and the Change Programme and page 12 indicates the £2.9M movement in contribution caused by these 2 projects. As well as these investments, there has been considerable investment in HR particularly in senior staff and the development of the leadership team. The change in forecast in Marketing is due to investment in staff and more significantly a reduction in year on year widening participation income. Even after the HEFCE grant reduction the Schools are now forecast to increase their contribution year on year by £2.6M.

Contribution per Student and per Staff

excluding School admin

| | Applied Science | | Arts and Creative Industries | | Built Environment & Architecture | | Business | | Engineering | | Health & Social Care (excluding HSC admin) | | Law & Social Sciences | | Total All Schools | |
|----------------------------|-----------------|---------------|------------------------------|---------------|----------------------------------|---------------|----------------|---------------|----------------|---------------|--|---------------|-----------------------|---------------|-------------------|---------------|
| | 13 / 14 Actual | Mar 14/15 FYF | 13 / 14 Actual | Mar 14/15 FYF | 13 / 14 Actual | Mar 14/15 FYF | 13 / 14 Actual | Mar 14/15 FYF | 13 / 14 Actual | Mar 14/15 FYF | 13 / 14 Actual | Mar 14/15 FYF | 13 / 14 Actual | Mar 14/15 FYF | 13 / 14 Actual | Mar 14/15 FYF |
| Income (M) | £10.9 | £10.7 | £8.4 | £9.3 | £14.1 | £15.0 | £21.2 | £20.8 | £13.6 | £14.6 | £32.9 | £33.0 | £14.9 | £14.5 | £116.0 | £117.8 |
| Expenditure (M) | £6.5 | £6.3 | £4.2 | £4.1 | £7.3 | £7.4 | £11.4 | £10.8 | £8.5 | £8.5 | £16.9 | £16.9 | £7.1 | £7.2 | £61.9 | £61.1 |
| Contribution (M) | £4.4 | £4.4 | £4.2 | £5.2 | £6.7 | £7.6 | £9.8 | £10.0 | £5.1 | £6.1 | £16.0 | £16.0 | £7.9 | £7.3 | £54.1 | £56.7 |
| Contribution % | 40% | 41% | 50% | 56% | 48% | 51% | 46% | 48% | 38% | 42% | 49% | 49% | 53% | 51% | 47% | 48% |
| Student FTE | 1,139 | 1,141 | 1,097 | 1,109 | 1,672 | 1,580 | 3,030 | 2,689 | 1,468 | 1,457 | 4,406 | 4,072 | 1,992 | 1,736 | 14,805 | 13,785 |
| Contribution per FTE | £3,864 | £3,881 | £3,804 | £4,717 | £4,033 | £4,806 | £3,242 | £3,710 | £3,488 | £4,181 | £3,631 | £3,932 | £3,953 | £4,223 | £3,657 | £4,111 |
| Academic / HPL FTE | | 51 | | 33 | | 63 | | 106 | | 56 | | 183 | | 69 | | 560 |
| Contribution per Staff FTE | | £87,409 | | £160,863 | | £119,679 | | £94,075 | | £109,169 | | £87,376 | | £106,687 | | £101,108 |

The above excludes the Admin teams from each of the 7 schools' performance and demonstrates that each school is improving its profitability when measured in terms of contribution per student on a year by year basis. The most profitable School on this basis remains the School of the Built Environment & Architecture although Arts & Creative Industries continues to out perform on a contribution per Academic FTE basis. The return from the School of Applied Science is understated as it is picking up the space charge for a number of labs that are also used by Engineering students.

In terms of full cost allocation, as per pages 13 & 14, only 2 schools are not forecast to cover their allocated central costs; the school of Business and the School of Health & Social Care. The School of Health & Social Care under performs in the full cost allocation due to the cost of its School Admin team and would show a slight surplus if it had comparable administration costs. The School of Business underperforms due to its low income per student which is driven by its drop out rate. Our central costs are currently estimated at £3,416 for each Home/EU Full Time Equivalent student and £4,158 for each Overseas FTE student.

8) Student Number Analysis

Student FTEs on pages 24 to 32 have been taken from the Registry HESES re-creation as of April 1. This shows is a month on month increase of 367 students as compared to March. In 2013 / 14 we lost £3.0M in income from the 1,092 students who Withdrew or Interrupted. So far in 2014 / 15 we have lost £2.9M in terms of the difference between the Fee that we will charge and the Fee that would have been charged if the student stayed the whole year. This is an increase of £0.7M for the month. Our assumption is that we will lose a further £1M this year and we remain focused on closely monitoring student attendance. The amount lost was always likely to have increased year on year due to the increase in the average Tuition Fee but it is disappointing that the pattern of drop out is so similar to last year. As can be seen on Page 7, we are in a slightly worse position than the comparable position in 13 / 14 and we have withdrawn (including interruptions) 175 students this month giving us a total number withdrawn of 771. This represents 562 FTE including 268 new FT UG students. 3 Schools (BEA, LSS & HSC) have reduced the number of drop outs when compared to 13/14 with 4 schools in a worse position.

9) Student Withdrawal Analysis

| Academic year | Total Students | Total Withdrawals | % of Total Student bodies | Comparable at 28/2 | |
|---------------|----------------|-------------------|---------------------------|--------------------|------|
| 11/12 | 21,127 | 1,189 | 5.6% | 927 | 4.4% |
| 12/13 | 19,262 | 1,020 | 5.3% | 824 | 4.3% |
| 13/14 | 19,734 | 1,092 | 5.5% | 789 | 4.0% |
| 14/15 | 18,527 | | | 771 | 4.2% |

| 14/15 'Lost Income' | | | |
|----------------------------------|----------|-----------------------|------------|
| Applied Science | £408,000 | Engineering | £531,000 |
| Arts and Creative Industries | £289,000 | Health & Social Care | £63,000 |
| Built Environment & Architecture | £339,000 | Law & Social Sciences | £412,000 |
| Business | £852,000 | Total | £2,894,000 |

10) Income Analysis

Even after the decline in forecast Enterprise activity, our income is still forecast to increase by £0.9M year on year which would represent a significant turnaround from previous years. We reported last month on the risk regarding Enterprise income and this month have scaled back our forecasts in this area. We continue to monitor income from our collaboration partners and are working to ensure that these invoices are raised.

11) Staff Cost Analysis

Full Year Forecast staff costs reduced during by £550K during the period to £77.1M. The bulk of the reduction was driven by the Schools of Engineering, Built Environment & Architecture and Health & Social Care. There has been a reduction within the Enterprise cost centres following a review of Enterprise income generating activity. The decreases in ICT have been partially offset by increased costs within both Edison and the Library reflecting the changing priorities of the individuals concerned. The Full Year forecast remains £2M higher than in 13/14 whilst YTD staff costs are almost £1M less than the comparable position in 13/14 and page 6 graphically identifies the staffing forecast. The forecast still assumes significant investments in Schools, Professional Functions and in Agency staff and we continue to monitor these costs closely.

Staffing numbers are highlighted on page 5 and show that we reduced our staffing cohort by 9.5 FTE for the month. Agency Staff and Consultants also reduced during the month by £90K, we are however still spending almost £440k per month on Agency Staff and Consultants. £300K of this is in the Support departments and excludes EDISON staff who are charged direct to the Balance Sheet.

12) Opex Analysis

The University's operating expenses excluding depreciation, remain forecast to fall by £1.2M year on year, a decrease of 2.6%. £300K of these reductions have been found within the Schools, Estates were tasked with finding a £1M year on year saving and is a further £600K year on year reduction is due to one off Sports Centre Entrance costs incurred in 13/14. Depreciation has increased by £1M year on year which is primarily due to the Edison Project which will now be depreciated on schedule.

In terms of YTD expenditure, just as with YTD staffing costs, the University is significantly behind in terms of spend, and as per page 4, has spent £3.8M less than the expected budgeted level of operating expenditure. The university is under spending across the bulk of its budget lines and there are only 4 departments that are ahead in terms of YTD spend; ICT, Catering, Finance & the International Office. None are significant and all are fully forecasted.

13) Budget Analysis

As per pages 15 & 16, there are 35 distinct areas of the University that have separate budgets and each area is expected to deliver to their Budget. Numbers in red indicate either a shortfall in income against budget or additional costs that are being incurred. There are 4 Schools which remain currently forecast to be short in terms of contribution and 3 Schools which are forecast to deliver ahead. The Net School position is a £0.2M deficit against budget, this is directly caused by the reduction in HEFCE grant. There are 4 Professional Service Functions that remain over budget; Enterprise which has reduced its more speculative income forecasts, ICT which is now overspent by just 2% and may well be able to clawback its deficit, the Business Intelligence Unit which is now fully costed and FUNI which is holding some of the HEFCE grant reduction.

In terms of Capital Budgets as per pages 24 & 25 the University spent £450K during the month taking our total investment in capital projects to £8.2M. There are no capital projects in a significant deficit position. The Edison Programme is now expected to close with almost £300K savings against its total programme budget.

| Full Year Outturn Last Year (£) | YTD Actuals Last Year (£) | Description | FULL YEAR | | | | YEAR TO DATE | | | | Full year Forecast less Actual YTD (£) | | |
|--|---------------------------------|---------------------------------------|-------------------------|--------------------|---|------|--------------|---------------------|--------------------|--|---|------|-------------|
| | | | 2014 Forecast (£) | 2014 Budget (£) | Variance - Forecast to Budget (£) % | | Note | 2014 Actuals (£) | 2014 Budget (£) | Variance - Actuals to Budget (£) % | | Note | |
| -134,753,977 | -112,496,989 | Total Income | -135,651,269 | -136,467,982 | (816,713) | (1%) | | -114,884,307 | -115,432,272 | (547,964) | (%) | | -20,766,962 |
| 75,156,771 | 49,692,098 | Total Staff Costs | 77,099,627 | 78,132,698 | 1,033,072 | 1% | | 48,778,862 | 52,046,622 | 3,267,760 | 6% | | 28,320,765 |
| 8,453,650 | 5,630,366 | Total Depreciation | 9,552,935 | 9,478,456 | (74,479) | (1%) | | 5,786,132 | 6,070,071 | 283,939 | 5% | | 3,766,803 |
| 44,270,006 | 23,438,145 | Total Other Operating Expenses | 43,066,438 | 42,905,684 | (160,754) | (%) | | 24,143,944 | 27,945,547 | 3,801,603 | 14% | | 18,922,494 |
| 3,775,416 | 2,541,109 | Total Interest Payable | 4,672,644 | 4,672,644 | | % | | 2,045,439 | 3,115,452 | 1,070,013 | 34% | | 2,627,205 |
| | | Total Exceptional Items | 278,506 | 278,506 | | % | | | 180,735 | 180,735 | 100% | | 278,506 |
| -3,098,134 | -31,195,271 | Contribution | -981,119 | -999,994 | (18,875) | (2%) | | -34,129,931 | -26,073,845 | 8,056,086 | 31% | | 33,148,811 |
| 55.8% | | Staff costs as % of income | 56.8% | 57.3% | | | | 42.5% | 45.1% | | | | |
| 2.3% | | Contribution % | 0.7% | 0.7% | | | | 29.7% | 22.6% | | | | |

| | |
|---|---|
| | PAPER NO:BG.17(15) |
| Paper title: | Risk Appetite |
| Board/Committee | Board of Governors |
| Date of meeting: | 14 May 2015 |
| Author: | John Baker, Corporate & Business Planning Manager |
| Executive sponsor: | Richard Flatman, Chief Financial Officer |
| Purpose: | To provide the results of the survey on risk appetite and make recommendations for implementation. |
| Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver? | Strategy 2015-2020 |
| Recommendation: | The Board is requested to approve the: <ul style="list-style-type: none"> • risk appetite level for each risk type • potential use of the appetite statement within institutional process |

| | | |
|----------------------------------|--------------------|---------------|
| Matter previously considered by: | Board of Governors | November 2014 |
| Further approval required? | N/A | |

Executive Summary

The Board agreed the Risk Appetite Framework attached as appendix 1 at its meeting in November 2014.

An online survey was created and sent to both Governors and the Executive during April 2015, and the results are presented in the attached paper. The survey received 11 responses from Governors and 5 from the Executive.

Ultimately the risk appetite of the institution is a matter for the Governors to determine in the exercise of their governance duties.

The current and forward risk appetite statements based on Board responses can best be summarised as follows:

| | Current state | Future Direction |
|--------------------|---------------|------------------|
| Academic Delivery | Cautious | Seek |
| Reputational | Cautious | Cautious |
| Financial | Cautious | Cautious |
| Legal & Compliance | Cautious | Cautious |

The key issue for discussion concerns reputational risk where there is a strong feeling within the Executive that risk appetite should be at least 'open' – to drive change and 'break the mould' on core activity whilst managing carefully the reputational risks around the change.

The Board is requested to consider and approve the future direction risk appetite statements which it is proposed will be subject to formal annual review.

Questions for the Board:

- Is the Board content to agree the proposed risk appetite statements drawn from the survey results?
- How could these risk statements be utilised to help guide institutional activity to align with these?

London South bank University Risk Appetite: Survey Response Analysis

April 2015

The risk appetite framework agreed by the Governors in November 2014 (appendix 1) segregated risk into four categories;

- Academic Delivery
- Reputational
- Financial
- Legal & Compliance

The survey, completed by Governors and the Executive team, asked respondents to indicate for each of these risk categories which of the 6 risk statements they felt indicated the institution's current appetite for risk, and whether any change might be required in the future to deliver the necessary strategic outcomes, providing explanations for the variation.

The results are provided below, by risk type.

The survey received 11 responses from Governors and 5 from the Executive.

There was some comment on the names for the risk appetite levels, with some finding that mature could be misleading taken out of the context of the table descriptors of the appetite framework. Perhaps the upper three levels could be renamed to tolerant, open and seek; to address this.

Academic delivery:

| | Governors | Executive |
|------------------|--|--|
| Current Approach | <p>Averse 0 Minimal 2 (18.2%) Cautious 5 (45.5%) Open 2 (18.2%) Seek 2 (18.2%) Mature 0</p> | <p>Averse 0 Minimal 0 Cautious 2 (40%) Open 2 (40%) Seek 1 (20%) Mature 0</p> |
| Forward intent | <p>Averse 0 Minimal 0 Cautious 3 (27.3%) Open 3 (27.3%) Seek 4 (36.4%) Mature 1 (9.1%)</p> | <p>Averse 0 Minimal 0 Cautious 0 Open 1 (20%) Seek 4 (80%) Mature 0</p> |
| Comments | <p>LSBU needs to be ahead of its peers in developing its teaching and courses.</p> <hr/> <p>The world is changing, if we are too cautious we will be left behind</p> <hr/> <p>In order to be innovative in delivery it is necessary to be open to some new and less established ideas for delivery and support.</p> <hr/> <p>Answers reflect limited Board visibility of extent of risk-taking and risk-management in academic matters.</p> <hr/> <p>successful delivery of change and strategy should provide confidence for increased risk</p> | <p>Combination of history (of being 'told' what to do), and lack of leadership within Schools (i.e. below Dean level).</p> <p>Fundamental to everything, without change here we cannot deliver elsewhere.</p> <p>We have to accept that delivering the outcomes in the corporate strategy will require real change and a much more open/ seeking attitude toward risk.</p> |

Both groups indicated we should take more risk than we do with regard to our approach to academic delivery, with 'seek' being the modal preference for appetite. Comments highlight the importance of cultural change to have meaningful shift in the organisation's approach to risk.

Reputational:

| | Governors | Executive |
|------------------|---|--|
| Current Approach | <p>Averse 1 (9.1%)</p> <p>Minimal 3 (27.3%)</p> <p>Cautious 5 (45.5%)</p> <p>Open 2 (18.2%)</p> <p>Seek 0</p> <p>Mature 0</p> | <p>Averse 0</p> <p>Minimal 2 (40%)</p> <p>Cautious 1 (20%)</p> <p>Open 2 (40%)</p> <p>Seek 0</p> <p>Mature 0</p> |
| Forward intent | <p>Averse 1 (9.1%)</p> <p>Minimal 2 (18.2%)</p> <p>Cautious 7 (63.6%)</p> <p>Open 1 (9.1%)</p> <p>Seek 0</p> <p>Mature 0</p> | <p>Averse 0</p> <p>Minimal 1 (20%)</p> <p>Cautious 0</p> <p>Open 3 (60%)</p> <p>Seek 1 (20%)</p> <p>Mature 0</p> |
| Comments | <p>Overseas involvements are reputationally risky both sponsoring and sponsored. Radicalisation alertness.</p> <hr/> <p>In this competitive market reputation is of great importance but it must not stifle innovation.</p> <hr/> <p>achieving strategy should give confidence for greater risk</p> | <p>We have little to lose at present!</p> <p>As for academic delivery - we need to push the boundaries and are sometimes too concerned about potential impact on our reputation.</p> |

Here there was less variation between the current and future aspirational state, with the Executive preference for 'Open', being slightly ahead of the Governor majority for 'Cautious'.

The comments refer to the difference between reputation nationally, and internationally which could be a useful differentiation to consider going forward.

Financial:

| | Governors | Executive |
|------------------|---|---|
| Current Approach | <p>Averse 2 (18.2%)</p> <p>Minimal 0</p> <p>Cautious 8 (72.7%)</p> <p>Open 1 (9.1%)</p> <p>Seek 0</p> <p>Mature 0</p> | <p>Averse 0</p> <p>Minimal 1 (20%)</p> <p>Cautious 3 (60%)</p> <p>Open 1 (20%)</p> <p>Seek 0</p> <p>Mature 0</p> |
| Forward intent | <p>Averse 0</p> <p>Minimal 1 (9.1%)</p> <p>Cautious 7 (63.6%)</p> <p>Open 3 (27.3%)</p> <p>Seek 0</p> <p>Mature 0</p> | <p>Averse 0</p> <p>Minimal 0</p> <p>Cautious 2 (40%)</p> <p>Open 2 (40%)</p> <p>Seek 1 (20%)</p> <p>Mature 0</p> |
| Comments | <p>LSBU is safe to borrow more but must be accompanied by increasing quality student base and progression.</p> <hr/> <p>Innovation and distinctiveness requires the taking of some risk but while this is inevitable it must be undertaken with caution and contingency.</p> <hr/> <p>There is scope to refine investment appraisal and associated risk management to permit a less cautious approach to risk-taking.</p> <hr/> <p>successful delivery of plans should allow increased risk</p> | <p>As HE is so competitive, we probably have to be a little bolder concerning finance, or we'll simply fall too far behind competitors.</p> <p>We remain in a period of real financial uncertainty and funding pressure. We need to make targeted investments but continue to adopt a cautious approach to financial risk management.</p> |

The results indicate that there are differing views within the executive regarding appetite for greater financial risk, but the majority of Governors believe we should be 'Cautious' with the financial risks we take.

Comments highlight the tension in the link between financial risk and need to adapt to remain competitive in a changing HE market.

Legal & Compliance

| | Governors | Executive |
|------------------|--|--|
| Current Approach | <p>Averse 1 (9.1%)</p> <p>Minimal 4 (36.4%)</p> <p>Cautious 6 (54.5%)</p> <p>Open 0</p> <p>Seek 0</p> <p>Mature 0</p> | <p>Averse 0</p> <p>Minimal 3 (60%)</p> <p>Cautious 1 (20%)</p> <p>Open 1 (20%)</p> <p>Seek 0</p> <p>Mature 0</p> |
| Forward intent | <p>Averse 2 (18.2%)</p> <p>Minimal 2 (18.2%)</p> <p>Cautious 6 (54.5%)</p> <p>Open 1 (9.1%)</p> <p>Seek 0</p> <p>Mature 0</p> | <p>Averse 0</p> <p>Minimal 1 (20%)</p> <p>Cautious 2 (40%)</p> <p>Open 2 (40%)</p> <p>Seek 0</p> <p>Mature 0</p> |
| Comments | <p>LSBU should be compliant with regulation but not afraid to challenge agencies which exceed their powers for their own ends (eg OIA)</p> <hr/> <p>We need to know what we are doing in this area ie transparency, without being risk averse</p> <hr/> <p>This is so important. Falling foul of legal & compliance issues can have disastrous consequences.</p> <hr/> <p>"Gut feel" that our collective response is currently not to "rock the boat" perhaps because LSBU does not have sufficient influence or stature to withstand challenge. I think we DO have sufficient stature to be more challenging.</p> | <p>These are statutory matters which could have a significant financial or reputational impact hence should continue with a cautious approach.</p> |

As with reputation, the differences between current and aspirational state were less pronounced, with 'Cautious' the preferred appetite statement across all respondents.

Other Survey Comments:

It will be interesting to see how the reappointed internal auditors work within the new strategy.

The Board itself needs to manage risk more actively

No

Our risk appetite should dictate strategy and the agendas for Board meetings. It is of fundamental importance to agree our risk tolerances as this drives the business of the Board.

I'm not sure we have yet arrived at a sound methodology for assessing risk appetite. For example I don't think the column headings for the above questions are all like in character. For example, cautions and mature are not exclusive to each other. In addition, some of the language is loaded and unclear. Who dares say we do not want to be mature?

I feel we need a bit more discussion on what we are trying to achieve here. I might suggest we try to write a short statement of our attitude to risk. I suspect we might state that we cannot put the whole institution at risk. But we would be prepared to take small scale but possibly substantial risks in seeking to improve our long term performance. We would acknowledge that while we cannot eliminate risk, we would want to ensure we had taken the risks to an irreducible minimum before proceeding with action (the irreducible minimum may still be quite high). If we are running many small experiments, we should be tolerant of failure - provided we had minimised the risks before we started.

Implementing a Risk Appetite Statement into Institutional Activity:

Downstream actions that could be used to integrate an agreed risk appetite statement into the approach to Risk Management at LSBU:

- Cross reference with the Corporate Risk Register.
- Use agreed risk appetite to focus meeting agendas towards matters where the institution seeks to take more risk in operation.
- Embed the risk categories into the business case template, to enable consideration of investment ideas in conjunction with risk appetite as part of the institutional change or investment appraisal process.
- Review the Organisational Behaviours Framework to ensure that it dovetails with the decision reached around risk appetite, and consider how the activity of the Organisational and Staff Development Unit could support this approach to risk amongst staff.
- Review risk elements within the Corporate Delivery Plan to consider the fit between proposed actions and the expression of risk appetite.

| | Avoid / Averse Avoidance of risk and uncertainty is a Key Organisational objective | Minimal (as little as reasonably possible) Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward | Cautious Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential for reward | Open Willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM) | Seek Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk) | Mature Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust |
|--------------------------|--|--|---|--|---|---|
| Financial | Avoidance of financial loss is a key objective. | Only prepared to accept the possibility of very limited financial loss if essential. | Prepared to accept possibility of some limited financial loss. Resources generally restricted to existing commitments. | Prepared to invest for return and minimise the possibility of financial loss by managing the risks to a tolerable level. Resources allocated in order to capitalise on opportunities. | Investing for the best possible return and accept the possibility of financial loss (with controls may in place). Resources allocated without firm guarantee of return – 'investment capital' type approach. | Consistently focused on the best possible return for stakeholders. Resources allocated in 'social capital' with confidence that process is a return in itself. |
| Compliance | Play safe; avoid anything which could be challenged, even unsuccessfully. | Want to be very sure we would win any challenge. Similar situations elsewhere have not breached compliances. | Limited tolerance for sticking our neck out. Want to be reasonably sure we would win any challenge. | Challenge would be problematic but we are likely to win it and the gain will outweigh the adverse consequences. | Chances of losing any challenge are real and consequences would be significant. A win would be a great coup. | Consistently pushing back on regulatory burden. Front foot approach informs better regulation. |
| Academic Delivery | Defensive approach to objectives – aim to maintain or protect, rather than innovate. Priority for tight management controls & limited devolved authority. General avoidance of systems/ technology developments. | Innovations always avoided unless essential or commonplace elsewhere. Decision making authority held by senior management. Only essential systems / technology developments to protect current operations. | Tendency to stick to the status quo, innovations in practice avoided unless really necessary. Decision making authority generally held by senior management. Systems / technology developments limited to improvements to protection of current operations. | Innovation supported, with demonstration of commensurate improvements in management control. Systems / technology developments used routinely to enable operational delivery. Responsibility for non-critical decisions may be devolved. | Innovation pursued – desire to 'break the mould' and challenge current working practices. New technologies viewed as a key enabler of operational delivery. High levels of devolved authority – management by trust rather than tight control. | Innovation the priority – consistently 'breaking the mould' and challenging current working practices. Investment in new technologies as catalyst for operational delivery. Devolved authority – management by trust rather than tight control is standard practice. |
| Reputation | No tolerance for any decisions that could lead to scrutiny of, or indeed attention to, the organisation. External interest in the organisation viewed with concern. | Tolerance for risk taking limited to those events where there is no chance of any significant repercussion for the organisation. Senior management distance themselves from chance of exposure to attention. | Tolerance for risk taking limited to those events where there is little chance of any significant repercussion for the organisation should there be a failure. Mitigations in place for any undue interest. | Appetite to take decisions with potential to expose the organisation to additional scrutiny/interest. Prospective management of organisation's reputation. | Willingness to take decisions that are likely to bring scrutiny of the organisation but where potential benefits outweigh the risks. New ideas seen as potentially enhancing reputation of organisation. | Track record and investment in communications has built confidence by public, press and politicians that organisation will take the difficult decisions for the right reasons with benefits outweighing the risks. |

| | |
|---|---|
| | PAPER NO: BG.18(15) |
| Paper title: | Corporate Risk Register |
| Board/Committee | Board of Governors |
| Date of meeting: | 14 May 2015 |
| Author: | John Baker, Corporate & Business Planning Manager |
| Executive sponsor: | Richard Flatman, Chief Financial Officer |
| Purpose: | To provide the Board with the current corporate risk register. |
| Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver? | All aspects of the Strategy 2015-2020 |
| Recommendation: | The Board is requested to note: <ul style="list-style-type: none"> • the risks and their ratings, • the allocation of risks to corporate objectives |

| | | |
|----------------------------------|------------------|-------------------|
| Matter previously considered by: | Operations Board | On: 21 March 2015 |
| Further approval required? | | |

Executive Summary

The register is a dynamic document managed within the 4-Risk platform. This record presents all identified Corporate Risks, grouped by Corporate Objective, with impact and likelihood assessments, and related controls and actions; as at 13th April. The summary pages present the totality of risk on a 1 page matrix, along with a record of all changes and action progress updates sine the last presentation of the register.

LSBU Corporate Risk Register cover sheet: Risk overview matrix by impact & residual likelihood

| Date: 28th April 2015 | | Author: John Baker – Corporate & Business Planning Manager | | Executive Lead: Richard Flatman – Chief Financial Officer | |
|---|--|--|--|---|---------------|
| | | 2: Revenue reduction if marketing and PR activity does not achieve recruitment targets (PI) | 1: Failure to position LSBU to improve reputation & effectively respond to policy changes & shifts in competitive landscape (DP) | 4 Critical <i>fail to deliver corporate plan / removal of funding or degree awarding status, penalty / closure</i> | Impact |
| 397: Effectiveness of delivery impaired as institution goes through restructuring process (DP) | 6: Management Information is not meaningful, is unreliable, or does not triangulate for internal decision or external reporting (RF) 14: Potential loss of NHS contract income (WT) 305: Data not used / maintained securely (IM) 362: Low staff engagement impacts performance negatively (DP) 3: Increasing pensions deficit (RF) 402: Income growth from R&E unrealised (PI) | 37: Capital investment ambitions of forward estates strategy undermine financial sustainability (RF) | 3 High <i>significant effect on the ability for the University to meet its objectives and may result in the failure to achieve one or more corporate objectives</i> | | |
| | 398: Academic programmes not engaged with technological and pedagogic developments (SW) 457: Anticipated international student revenue unrealised (PI) | 458: Punitive measure or reputation damage from CONTEST strategy (IM) | 2 Medium <i>failure to meet operational objectives of the University</i> | | |
| | | | 1 Low <i>little effect on operational objectives</i> | | |
| 3 - High <i>The risk is likely to occur short term</i> | 2 - Medium <i>This risk may occur in the medium to long term.</i> | 1 - Low <i>This risk is unlikely to occur</i> | | | |
| | Residual Likelihood | | | | |
| Executive Risk Spread: VC – 3, DVC – 0, CFO – 3, PVC-S&E – 1, PVC-R&EE – 3, COO – 2, PVC/Health – 1, ExD-HR – 0, US - 0 | | | | | |

Changes since presentation at Feb Board meeting, and overdue action updates detailed below:

| <i>Reference</i> | <i>Risk title</i> | <i>Changes made</i> |
|--|---|---|
| Goal 3: Real World Impact - Teaching & Learning: Ensuring teaching is highly applied, professionally accredited & linked to research & enterprise | | |
| 398 (SW) | Academic programmes not engaged with technology or pedagogic dev. | Risk & TEL Strategy Action re-allocated to Shan Wareing |
| Goal 4: Real World Impact - Research & Enterprise: Delivering outstanding economic, social and cultural benefits from our intellectual capital. | | |
| 402 (PI) | 2020 income growth through Research & Enterprise | Pipeline action recorded as complete (ENTR Opportunities report). New action recorded for formalising process by which this report and performance of related KPIs are reviewed routinely by the institution. |
| Goal 5: Access to Opportunity - Access: Work with local partners to recruit, engage and retain students with the potential to succeed. | | |
| 458 (IM) | Liability related to CONTEST counter terrorism strategy | |
| Goal 6: Access to Opportunity - Internationalisation: Developing a multicultural community of students & staff through alliances & partnerships. | | |
| 457 (PI) | International student revenue unrealised | |
| Goal 7: Strategic Enabler - People & Organisation: Attracting proud, responsible staff, & valuing & rewarding their achievements. | | |
| 1 (DP) | Response to environmental change & reputation | Reputation dashboard action progress note: Delay in production of Communications Dashboard as online monitoring and sentiment analysis tool is procured. Expected to start monthly dashboard reporting by mid-May |
| 362 (DP) | Staff Engagement | Change Stakeholder Network action progress note: Discussions are currently taking place to review the scope and purpose of the Stakeholder Change Network in light of wider discussions about internal communications and communications from the Change Programme office. |
| 397 (DP) | Restructuring impact on service | PMO action closed and re-stated as a control, with 2 superceded CPO controls removed |
| Goal 8: Strategic Enabler - Infrastructure: Investing in first class facilities and outcome focused services, responsive to academic needs. | | |
| 2 (PI) | Home & EU Recruitment & income targets | |
| 3 (RF) | Pensions deficit | Action re sector review closed and re-stated as a control |
| 6 (RF) | Quality and availability of Management Information | ICT Project PID action now closed: Existing change programme projects have transitioned to PMO within ICT department, and new technology business needs will now be considered and managed through the new ICT engagement pipeline approach. |
| 14 (WT) | Loss of NHS income | |
| 37 (RF) | Estates strategy £ impact | Student Centre negotiations action progress note: Programming expert engaged to adjudicate on the decisions taken in respect of the refused extension of time claim & met with Mansell to agree a final account by March 2015. We are now awaiting a response from Mansell. |
| 305 (IM) | Data Security | New action recorded for recruiting to new Head of Information Security post within ICT. |

Corporate Level - Risk Register

| | |
|----------------------------|--|
| Date | 14/04/2015 |
| Risk Status | Open |
| Corporate Objective | A 15-20 #3 Real World Impact - Teaching & Learning: Ensuring teaching is highly applied, professionally accredited & linked to research & enterprise |
| Risk Area | Corporate |

| Risk Ref | Risk Title | Cause & Effect | Inherent Risk Priority | Existing Controls | Residual Risk Priority | Action Required |
|----------|--|---|------------------------|--|------------------------|--|
| 398 | Academic programmes do not remain engaged with technological and pedagogic developments which support students and promote progression and achievement Risk Owner: Shan Wareing Last Updated: 14/04/2015 | <p>Cause & Effect:</p> <p>Cause: LSBU does not effectively exploit the learning potential of new technologies. Curriculum do not adapt sufficiently to give students the knowledge and skills valued by employers Support mechanisms do not provide some students with the learning support they need to navigate and succeed in the learning environment.</p> <p>Effect: Retention does not meet the targets within the 5 year forecast. Employability of LSBU graduates does not improve. Market appeal of courses is impaired</p> | 2 3 Medium | Delivery of the 6 strand objectives of the Teaching Enhanced Learning Strategy (TEL) through Academic Board and related committees. 1. Promote active learning methods that go beyond a 'filling cabinet' VLE use; 2. Promote electronic submission, assessment and feedback; 3. Promote staff development focused towards developing effective and technology enhanced learner-centred approaches to curriculum design, learning and assessment; 4. Identify common technologies and develop information repositories; 5. Actively engage students in further VLE development 6. Evaluate the use of technology in support of learning. | 2 2 Medium | <p>Actively pursue the long term objectives of the TEL strategy through Academic Board.</p> <p>Person Responsible: Shan Wareing To be implemented by: 30/09/2015</p> <hr/> <p>Implement 'Exceptional Student Experience' aspect of the EDISON Investment program to deliver a step change in the institutional use of personal in year data to drive communications to students concerning their academic performance.</p> <p>Person Responsible: Bolaji Banjo To be implemented by: 31/07/2015</p> <hr/> <p>Actively explore the re-introduction of the annual educational staff conference, in conjunction with the incoming PVC-Students & Experience.</p> <p>Person Responsible: Pat Bailey To be implemented by: 30/06/2015</p> |

Corporate Level - Risk Register

| | |
|----------------------------|--|
| Date | 14/04/2015 |
| Risk Status | Open |
| Corporate Objective | A 15-20 #4 Real World Impact – Research & Enterprise: Delivering outstanding economic, social and cultural benefits from our intellectual capital. |
| Risk Area | Corporate |

| Risk Ref | Risk Title | Cause & Effect | Inherent Risk Priority | Existing Controls | Residual Risk Priority | Action Required |
|----------|---|--|-------------------------------|--|---------------------------------|---|
| 402 | <p>Income growth expected from greater research and enterprise activity does not materialise</p> <p>Risk Owner: Paul Ivey</p> <p>Last Updated: 13/04/2015</p> | <p>Cause & Effect:</p> <p>Cause: Academic staff Fail to engage with research and enterprise activities that have potential to deliver additional income. Enterprise department encounter resistance from academic staff to a more commercial approach or are not able to provide the support or development required. The outcome of the REF is not as positive as was hoped.</p> <p>Effect: Income growth expectations of the 5 year forecast are unrealised. Research funding opportunities are harder to come by. A market based approach to costing academic activity to slow to develop.</p> | <p>3 2</p> <p>High</p> | <p>R&E activity Pipeline Reports (Financial & Narrative) will be provided to each Executive Meeting to aid constant scrutiny and review of progress against 5 year income targets.</p> <hr/> <p>Enterprise Business Plan & strategy submitted for approval annually to SBUEL Board (which has 2 Non-Executive Directors) for monitoring & quarterly updates provided at LSBU Board meetings.</p> | <p>3 1</p> <p>Medium</p> | <p>Develop formal process by which Opportunities report and performance of related R&E KPIs are reviewed routinely by the institution.</p> <p>Person Responsible: Gurpreet Jagpal</p> <p>To be implemented by: 30/06/2015</p> |

Corporate Level - Risk Register

| | |
|----------------------------|---|
| Date | 14/04/2015 |
| Risk Status | Open |
| Corporate Objective | A 15-20 #5 Access to Opportunity – Access: Work with local partners to recruit, engage and retain students with the potential to succeed. |
| Risk Area | Corporate |

| Risk Ref | Risk Title | Cause & Effect | Inherent Risk Priority | Existing Controls | Residual Risk Priority | Action Required |
|----------|---|---|--------------------------|---|------------------------|--|
| 458 | <p>Punitive measure or reputation damage from emerging duties of Home Office CONTEST counter terrorism strategy</p> <p>Risk Owner: Ian Mehrtens</p> <p>Last Updated: 11/03/2015</p> | <p>Cause & Effect:</p> <p>Cause: As 'Prevent Strategy' consultation is likely to become law soon, LSBU could be at risk of not discharging these new duties for public bodies. Students become involved in radicalisation or violent extremism.</p> <p>Effect: Damage to reputation if circumstances did not preclude LSBU from connection with radicalisation journey. Unknown penalty for failure to discharge new responsibility.</p> | <p>2 2</p> <p>Medium</p> | <p>Risk Assessment completed and reviewed regularly with 'Prevent Co-ordinators' from Home Office</p> | <p>2 1</p> <p>Low</p> | <p>Develop action plan to address issues arising out of risk assessment, to be agreed by Operations Board</p> <p>Person Responsible: Edward Spacey</p> <p>To be implemented by: 30/04/2015</p> |

Corporate Level - Risk Register

| | |
|----------------------------|---|
| Date | 14/04/2015 |
| Risk Status | Open |
| Corporate Objective | A 15-20 #6 Access to Opportunity – Internationalisation: Developing the multicultural community of students and staff through international alliances & |
| Risk Area | Corporate |

| Risk Ref | Risk Title | Cause & Effect | Inherent Risk Priority | Existing Controls | Residual Risk Priority | Action Required |
|----------|---|---|------------------------|--|------------------------|--|
| 457 | Anticipated international student revenue unrealised Risk Owner: Paul Ivey Last Updated: 12/03/2015 | <p>Cause & Effect: Cause: UK government process / policy changes. Restriction on current highly trusted sponsor status. Issues connected with english language test evidence.</p> <p>Effect: LSBU unable to organise visas for students who wish to study here. International students diverted to other markets. Expected income from overseas students unrealised.</p> | 2 2 Medium | Regular reporting of Visa refusal rates to Director of Internationalisation by Immigration Team. | 2 2 Medium | <p>Monitor situation and develop plan to support students to operationalise in S1 15/16 regarding collection of new Biometric visa documents.</p> <p>Person Responsible: Jennifer Parsons To be implemented by: 30/06/2015</p> <hr/> <p>Following Home Office restriction on accepted 3rd party english language test accrediting bodies to IELTS only, an internal test to be developed by Neil Gillett for LSBU use in recruitment.</p> <p>Person Responsible: Jennifer Parsons To be implemented by: 30/04/2015</p> <hr/> <p>International strategy to be developed incorporating both Collaborations and Partnerships and the International Office.</p> <p>Person Responsible: Jennifer Parsons To be implemented by: 26/06/2015</p> |

Corporate Level - Risk Register

| | |
|----------------------------|--|
| Date | 14/04/2015 |
| Risk Status | Open |
| Corporate Objective | A 15-20 #7 Strategic Enabler - People & Organisation: Attracting proud, responsible staff, & valuing & rewarding their achievements. |
| Risk Area | Corporate |

| Risk Ref | Risk Title | Cause & Effect | Inherent Risk Priority | Existing Controls | Residual Risk Priority | Action Required |
|----------|--|---|-----------------------------------|---|-------------------------------|--|
| 1 | <p>Failure to position LSBU to improve reputation & effectively respond to policy changes & shifts in competitive landscape</p> <p>Risk Owner: David Phoenix</p> <p>Last Updated: 04/02/2015</p> | <p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Changes to fees and funding models - Increased competition from Private Providers - Government policy changes and SNC cap removal - Failure to anticipate change - Failure to position (politically) - Failure to position (capacity/structure) - Failure to improve League Table position <p>Effects:</p> <ul style="list-style-type: none"> - Further loss of public funding - Loss of HEFCE contract numbers - Failure to recruit students - Business model becomes unsustainable | <p>4 3</p> <p>Critical</p> | <p>Ketchum appointed to advise LSBU on the ongoing changes to the political environment for higher education & its external communications in response to these changes.</p> <hr/> <p>Financial controls (inc. forecasting & restructure) enable achievement of forward operating surplus target communicated to Hefce in July Forecast.</p> <hr/> <p>A horizon scanning report produced by the Director of Strategic Stakeholder Engagement is provided to each meeting of the Executive.</p> <hr/> <p>Maintain relationships with key politicians/influencers, boroughs and local FE</p> <hr/> <p>Annual review of corporate strategy by Executive and Board of Governors</p> <hr/> <p>Student Access & Success Strategy for 14/15 through OFFA</p> | <p>4 1</p> <p>High</p> | <p>Develop a simple reputation management dashboard to summarise media coverage, social media analytics, forthcoming event activity, and a RAG rating of reputational risks for regular reporting.</p> <p>Person Responsible: Andrew McCracken</p> <p>To be implemented by: 31/03/2015</p> <hr/> <p>Full review of organisational processes to ensure clarity of roles and functions, and alignment with key deliverables of Corporate Delivery plan.</p> <p>Person Responsible: David Phoenix</p> <p>To be implemented by: 31/07/2015</p> |

| Risk Ref | Risk Title | Cause & Effect | Inherent Risk Priority | Existing Controls | Residual Risk Priority | Action Required |
|----------|---|---|------------------------|--|------------------------|---|
| 362 | <p>Low staff engagement impacts performance negatively</p> <p>Risk Owner: David Phoenix</p> <p>Last Updated: 04/02/2015</p> | <p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> •Bureaucracy involved in decision making at the University •No teamwork amongst departments at the University •Staff feeling that they do not receive relevant information directly linked to them and their jobs •Poor pay and reward packages •Poor diversity and inclusion practises <p>Effects:</p> <ul style="list-style-type: none"> •Decreased customer (student) satisfaction •Overall University performance decreases •Low staff satisfaction results •Increased staff turnover •Quality of service delivered decreases | <p>3 3</p> <p>High</p> | <p>Cascade messages from Ops Board circulated for Cascade Meetings within each School & Professional Function.</p> <hr/> <p>Departmental Business Planning process</p> <hr/> <p>Direct staff feedback is encouraged through the "asktheVC@" email address and through feedback forms on intranet and 'developing our structures' microsite.</p> <hr/> <p>Scheduled Team meetings</p> <hr/> <p>Regular Business review meetings</p> | <p>3 2</p> <p>High</p> | <p>Deliver a planned programme of activities to ensure continued awareness raising and promotion of the Behavioural Framework, to embed the values in to HR documentation, and to develop baseline measures.</p> <hr/> <p>Person Responsible: Cheryl King-McDowall</p> <p>To be implemented by: 31/07/2015</p> <hr/> <p>Develop and launch Stakeholder Change Network in conjunction with Change Programme Office</p> <p>Person Responsible: Cheryl King-McDowall</p> <p>To be implemented by: 30/01/2015</p> |

| Risk Ref | Risk Title | Cause & Effect | Inherent Risk Priority | Existing Controls | Residual Risk Priority | Action Required |
|----------|---|--|------------------------|---|------------------------|-----------------|
| 397 | Effectiveness of delivery impaired as Institution goes through restructuring process Risk Owner: David Phoenix Last Updated: 14/04/2015 | <p>Cause & Effect: Cause: The structural re-organisation of academic groupings from 4 faculties to 7 schools. The re-focusing of support departments into professional service clusters. - undertaken to underpin academic and business effectiveness.</p> <p>Effect: Staff morale could be impacted negatively by process of change, and by perceived threats to job security, which impairs enthusiasm and contribution in role. In turn this can cause high performing staff to seek employment elsewhere, which can cause skills shortages and loss to the institutional knowledge base. Service levels - to staff and students - could be impacted negatively by teams trying to deliver business as usual whilst also going through the change process. Data reliability might be impaired if the translation process encounters issues such as limitations with the flexibility of existing software solutions, unforeseen time or money resource implications or error in the relocation process.</p> | 3 3 High | <p>Programme Board will meet for 12 months as the Corporate Delivery Board (CDB) – to enable Exec monitoring of current & upcoming projects, and to oversee change across LSBU at a high level.</p> <hr/> <p>Central Programme Management Office (PMO) is in place to manage governance, oversight and reporting of 'monitored' and 'managed' changes, & management of related risks, issues, communications, benefits, and dependencies.</p> <hr/> <p>Executive Communications Strategy designed to ensure significant consultation with internal and external stakeholders.</p> <hr/> <p>Routine monitoring of high level action tracker for institutional transition by Operations Board.</p> <hr/> <p>Regular report to Operations Board on the Opportunities risks and issues in the “Creating the Schools” project.</p> | 3 2 High | |

Corporate Level - Risk Register

| | |
|----------------------------|--|
| Date | 14/04/2015 |
| Risk Status | Open |
| Corporate Objective | A 15-20 #8 Strategic Enabler – Infrastructure: Investing in first class facilities underpinned by outcome focused services responsive to academic need |
| Risk Area | Corporate |

| Risk Ref | Risk Title | Cause & Effect | Inherent Risk Priority | Existing Controls | Residual Risk Priority | Action Required |
|----------|--|---|------------------------|---|------------------------|--|
| 2 | Revenue reduction if marketing and PR activity does not achieve Home/EU recruitment targets Risk Owner: Paul Ivey Last Updated: 21/03/2015 | <p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Changes to UGFT fees - Increased competition (removal of SNC cap in 15/16) - Failure to develop and communicate brand & lsbu graduate attributes - Lack of accurate real-time reporting mechanisms - Poor league table position - Portfolio or modes of delivery do not reflect market need - Tighter tariff policy during clearing <p>Effects:</p> <ul style="list-style-type: none"> - Under recruitment - loss of income - Loss of HEFCE contract numbers to 14/15 - Failure to meet related income targets | 4 3 Critical | <p>Report on student applications is presented to every monthly meeting of Operations Board & reviewed by Board of Governors</p> <hr/> <p>Advance predictions of student recruitment numbers informs the Annual five year forecast submitted to Hefce each July</p> <hr/> <p>Differentiated marketing campaigns are run for FTUG, PTUG and PG students on a semesterised basis.</p> | 4 2 Critical | <p>Develop partnership strategy for working with local schools</p> <p>Person Responsible: Seth Stromboli</p> <p>To be implemented by: 30/06/2015</p> <hr/> <p>Develop strategy for LSBU Graduate Attributes at all award levels to ensure continued course competitiveness, to be generated through the learning pathway. Stage 1: Launch draft proposals & have further consultation in February & March.</p> <p>Person Responsible: Mike Molan</p> <p>To be implemented by: 26/06/2015</p> <hr/> <p>Oversee pilot project regarding ICT app developed to report on supervision session attendance for Masters and PhD students.</p> <p>Person Responsible: Jamie Jones</p> <p>To be implemented by: 29/05/2015</p> |

| Risk Ref | Risk Title | Cause & Effect | Inherent Risk Priority | Existing Controls | Residual Risk Priority | Action Required |
|----------|--|--|------------------------|--|------------------------|-----------------|
| 3 | Staff pension scheme deficit increases | <p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Increased life expectancies - Reductions to long term bond yields, which drive the discount rate - Poor stock market performance - Poor performance of the LPFA fund manager relative to the market - TPS/USS schemes may also become subject to FRS17 accounting <p>Effects:</p> <ul style="list-style-type: none"> - Increased I&E pension cost means other resources are restricted further if a surplus is to be maintained - Balance sheet is weakened and may move to a net liabilities position, though pension liability is disregarded by HEFCE - Significant cash injections into schemes may be required in the long term | 3 3 High | <p>Switch of inflator from RPI to CPI (expected to be lower in the long term)</p> <hr/> <p>Regular monitoring of national/sector pension developments and attendance at relevant conferences and briefing seminars</p> <hr/> <p>Annual FRS 17 valuation of pension scheme</p> <hr/> <p>Regular participation in sector review activity through attendance at LPFA HE forum, & UCEA pensions group by CFO or deputy.</p> <hr/> <p>Regular Reporting to Board via CFO Report</p> <hr/> <p>DC pension scheme for SBUEL staff.</p> <hr/> <p>Tight Executive control of all staff costs through monthly scrutiny of management account and operation of recruitment freeze policy with defined exceptions.</p> <hr/> <p>New LPFA scheme terms, effective April 2014, with increased personal contributions</p> <hr/> <p>Strict control on early access to pension at redundancy/restructure</p> | 3 2 High | |

| Risk Ref | Risk Title | Cause & Effect | Inherent Risk Priority | Existing Controls | Residual Risk Priority | Action Required |
|----------|---|--|-------------------------------|---|-------------------------------|---|
| 6 | <p>Management Information is not meaningful, unreliable, or does not triangulate for internal decision or external reporting</p> <p>Risk Owner: Richard Flatman</p> <p>Last Updated: 14/04/2015</p> | <p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Lack of strategic vision for ICT - Proliferation of technology solutions - Data in systems is inaccurate - Data in systems lacks interoperability - Resource constraints & insufficient staff capability delay system improvement - Lack of data quality control and assurance mechanisms <p>Effects:</p> <ul style="list-style-type: none"> - Insufficient evidence to support effective decision-making at all levels - Inability to track trends or benchmark performance - Internal management information insufficient to verify external reporting - unclear data during clearing & over-recruitment penalties - League table position impaired by wrong data - Failure to satisfy requirements of Professional, Statutory and Regulatory bodies (NHS, course accreditation etc) | <p>3 3</p> <p>High</p> | <p>Internal Auditors Continuous Audit programme provides regular assurance on student and finance information, including UKVI compliance.</p> <hr/> <p>Engagement between International Office, Registry & School Admin teams to ensure UKVI requirement compliance, specifically regarding:</p> <ul style="list-style-type: none"> - Visa applications and issue of CAS - English language requirements - Reporting of absence or withdrawal <hr/> <p>Systematic data quality checks and review of key data returns prior to submission by B.I.U.</p> <hr/> <p>International Office runs annual cycle of training events with staff to ensure knowledge of & compliance with UKVI processes.</p> <hr/> <p>Sporadic internal audit reports on key systems through 3 year IA cycle to systematically check data and related processes:</p> <ul style="list-style-type: none"> - HR systems - Space management systems - TRAC - External returns | <p>3 2</p> <p>High</p> | <p>Deliver phase 1 deliverables of the Data Quality Management change project - including an agreed Data Management Policy & framework, and confirmation of all corporate datasets and identification of related owners.</p> <p>Person Responsible: Olajide Iyaniwura</p> <p>To be implemented by: 30/04/2015</p> |

| Risk Ref | Risk Title | Cause & Effect | Inherent Risk Priority | Existing Controls | Residual Risk Priority | Action Required |
|----------|-----------------------------|--|------------------------|---|------------------------|---|
| 14 | Loss of NHS contract income | <p>Cause & Effect: Cause: NHS financial challenges/ structural change is resulting in a total review of educational commissioning by Health Education England with an expected overall reduction in available funding. In addition late decision making over community programmes. Plus London Educational Contracts (pre-registration) are running on an extension, all to be renewed by April 2016 with likely re-tendering. Recruitment to contracted programmes is buoyant. Risk is of reduction in NHS contracted pre-registration numbers as a result of re-tendering exercise coupled with reduction in overall funding across the NHS.</p> <p>Effect: Reduction in income Reduced staff numbers Negative impact on reputation</p> | 3 3 High | <p>Named Customer Manager roles with NHS Trusts, CCGs and HEE.</p> <hr/> <p>Monitor quality of courses (QCPM and NMC) annually in autumn (QCPM) and winter (NMC)</p> <hr/> <p>Support with numeracy and literacy test preparation Develop BSc Health and Social Care by September 2015 for applicants not meeting course tariffs requirements and to support PGDip recruitment.</p> <hr/> <p>Regular contact with HEE DEQs, None Medical Deans and commissioning contract managers.</p> | 3 2 High | <p>Continue contract discussions with HEE/ LETB's. Attempt to extend contracts or revert to National Framework</p> <p>Person Responsible: Warren Turner</p> <p>To be implemented by: 31/03/2016</p> <hr/> <p>Ensure a quality campus in each HEE/ LETB area. Plan for renewal of Havering lease in 2018 or alternative site. Negotiate re inclusion in Care City plans with NELFT and Barking.</p> <p>Person Responsible: Warren Turner</p> <p>To be implemented by: 30/09/2015</p> <hr/> <p>Grow into new markets for medical and private sector CPPD provision</p> <p>Person Responsible: Warren Turner</p> <p>To be implemented by: 30/09/2015</p> <hr/> <p>Develop opportunities for further International 'in-country' activity in Malaysia, Singapore, Hong Kong, India and Saudi.</p> <p>Person Responsible: Mary Lovegrove</p> <p>To be implemented by: 30/09/2015</p> <hr/> <p>Increase uptake in band 1-4 activity Support Trusts in seeking external (non NHS) funding</p> |

| Risk Ref | Risk Title | Cause & Effect | Inherent Risk Priority | Existing Controls | Residual Risk Priority | Action Required |
|----------|--|--|-----------------------------|--|-------------------------------|---|
| | | | | | | <p>Person Responsible: Sheelagh Mealing To be implemented by: 30/09/2015</p> <hr/> <p>Improve NSS participation & scores Develop action plans for Departments and Faculty from results of 2014 NSS Person Responsible: Sue Mullaney To be implemented by: 30/09/2015</p> |
| 37 | <p>Capital investment ambitions of forward estate strategy undermine financial sustainability</p> <p>Risk Owner: Richard Flatman</p> <p>Last Updated: 04/02/2015</p> | <p>Cause & Effect: Causes: - Poor project controls - Lack of capacity to manage/deliver projects - Reduction in agreed/assumed capital funding - Reduction in other government funding</p> <p>Effects: - Adverse financial impact - Reputational damage - Reduced surplus - Planned improvement to student experience not delivered - Inability to attract new students</p> | <p>3 3 High</p> | <p>Management Accounts, with a CAPEX report section, are provided to each meeting of the P&R Committee, and the Board receives business cases in relation to all planned capital expenditure > £1million.</p> <hr/> <p>Full Business Cases prepared; using guidance and process approved by Executive - including clarity on cost and funding, for each element of Estates Strategy, and approved by Board of Governors where cost = >£1M. ncluding all capital spend. Guidance developed as part of new process.</p> <hr/> <p>Clear requirement (including authority levels) for all major (>£1m) capital expenditure to have Board approval</p> <hr/> <p>Property Committee is a sub-committee of the Board of Governors and has a remit to review all property related capital decisions.</p> | <p>3 1 Medium</p> | <p>Complete report on the final negotiations for the Student Centre. Update: the 12 month defects liability period has past & we're working through the final defect list. No progress on Final Account completion until works are done to ensure completion. POE due by Feb 14.</p> <p>Person Responsible: Ian Mehrtens To be implemented by: 30/04/2013</p> <hr/> <p>Lead a time limited working group; led by the University, with external development & regeneration expertise, to provide a focus and direction for the development of the St George's quarter site and for estate development up to 2035.</p> <p>Person Responsible: Ian Mehrtens To be implemented by: 29/05/2015</p> |

| Risk Ref | Risk Title | Cause & Effect | Inherent Risk Priority | Existing Controls | Residual Risk Priority | Action Required |
|----------|---|--|-------------------------------|---|-------------------------------|--|
| | | | | <p>Capex reporting routines established and embedded into regularly updated financial forecasts & management accounts and regular Board reports.</p> <hr/> <p>LSBU Project methodology & Estates & Facilities Dept project controls, including Governance arrangements applied to all Capex projects.</p> | | |
| 305 | <p>Student & corporate data not accessed and stored securely or appropriately</p> <p>Risk Owner: Ian Mehrtens</p> <p>Last Updated: 13/04/2015</p> | <p>Cause & Effect: Cause: Loss or inappropriate access to data, or breach of digital security; either en masse (e.g. address harvesting) or in specific cases (e.g. loss of sensitive files / data)</p> <p>Effect: Reputational damage, regulatory failure, undermining of academic credibility or compromise of competitive advantage.</p> | <p>3 2</p> <p>High</p> | <p>Responsibility for control over data protection risks at an institutional level allocated to Director of ICT.</p> | <p>3 2</p> <p>High</p> | <p>Deliver project to ensure mandatory training is delivered to staff via ICT log on, to include data security awareness.</p> <p>Person Responsible: Cheryl King-McDowall</p> <p>To be implemented by: 30/06/2015</p> <hr/> <p>Recruit to new Head of Information Security role within ICT team.</p> <p>Person Responsible: Rob McGeechan</p> <p>To be implemented by: 31/07/2015</p> <hr/> <p>Respond to findings of PWC 14/15 internal audit report into data security.</p> <p>Person Responsible: Rob McGeechan</p> <p>To be implemented by: 30/05/2015</p> |

| Risk Ref | Risk Title | Cause & Effect | Inherent Risk Priority | Existing Controls | Residual Risk Priority | Action Required |
|----------|------------|----------------|------------------------|-------------------|------------------------|-----------------|
|----------|------------|----------------|------------------------|-------------------|------------------------|-----------------|

Liaise with new HR Deputy Director-Organisational Development to consider and deliver strategy to increase awareness of this risk to all staff, especially including the dangers of phishing and enforcement action for non-compliance with university policy.

Person Responsible: Mandy Eddolls

To be implemented by: 31/10/2014

| | PAPER NO: BG.19(15) |
|---|--|
| Paper title: | Governance effectiveness review report |
| Board/Committee | Board of Governors |
| Date of meeting: | 14 May 2015 |
| Author: | James Stevenson, University Secretary and Clerk to the Board of Governors |
| Board sponsor: | Jerry Cope, Vice Chair of the Board |
| Purpose: | To update the Board on key outcomes of the Board strategy day of 23 April 2015 |
| Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver? | All aspects of the Strategy |
| Recommendation: | <p>That the Board approve:</p> <ul style="list-style-type: none"> • the establishment of Major Projects and Investment Committee – to approve draft Terms of Reference • the establishment of Finance, Planning & Resources Committee – to approve draft Terms of Reference • the closure of the Educational Character, Policy & Resources, Human Resources and Property Committees. • a joint meeting between board and academic board in early December 2015. This will be a themed meeting. • the related changes to the levels of authority in the Financial Regulations – appendix 3 (also referred to in the CFO report paper BG.15(15)). • approve the following revised documents: <ul style="list-style-type: none"> • Role of the Board; • Primary Responsibilities of the Board; and |

| | |
|--|--|
| | <ul style="list-style-type: none"> • Schedule of Matters Reserved to the Board. • the engagement of independent governors with the academic life of the University, e.g. through pairing governors with Deans and Heads of Professional Service Functions. |
|--|--|

| | | |
|----------------------------------|-------|-------------------|
| Matter previously considered by: | Board | On: 23 April 2015 |
| Further approval required? | No | N/A |

Governance effectiveness review

At its strategy day of 23 April 2015, the board discussed in detail a paper on the conclusions from the governance effectiveness review.

The governance effectiveness review was undertaken by the Leadership Foundation for Higher Education. The review covered the Board, its committees, the Academic Board and the Executive. It included questionnaires and interviews with governors, attendance at meetings and a review of relevant documentation. The overall conclusion “is that LSBU has sound governance structures and that there is little risk of major governance failings”. The full report and recommendations are available on the governors’ portal for information.

From the discussion at the strategy day these guiding themes, additional to the proposal, emerged:

- Important decisions must be taken at board level; there is therefore no need for sub-committee Chairs to be on all sub-committees
- Governors need to recognise and promote the “soft interaction” between themselves and executive; the Chair will introduce a small element of process and checking to ensure this happens productively
- Agendas will be managed around 3 or 4 matters that need the focus of the Board – so that enough time can be spent on each.
- The way that the Board interacts with the Executive is fundamental to its effectiveness, and is improving. At the Board strategy day governors and executive identified the following key themes. The Chair will evaluate progress once a year:

- respect for the subject expertise and professionalism of the Executive;
 - recognition that the independent governor role have a duty to constructively challenge but in a relationship of mutual trust;
 - governors need a thorough understanding of LSBU and all its activities to gauge when and how to challenge the Executive;
 - transparency is critical to the relationship; and
 - there should be constructive two-way feedback.
- At the strategy day the Board supported the proposed new structure. Without tinkering too often, the Board should be prepared to adapt, including making more use of focussed time-limited working parties to enable governors to input into the development of specific strategic issues (e.g. on HR) before firm proposals come to the Board for decision. The first review of how things are working will be at the strategy day in Spring 2016.

The Board is asked to approve the following specific actions to take effect from 1 September 2015 for the new academic and financial year 2015/16:

- (i) Establishment of Major Projects and Investment Committee – to approve draft Terms of Reference and attached in appendix 1
- (ii) Establishment of Finance, Planning & Resources Committee – to approve draft Terms of Reference and attached in appendix 2
- (iii) To agree the closure of the Educational Character, Policy & Resources, Human Resources and Property Committees. Please note that the Audit Committee will review its terms of reference at its meeting of 4 June 2015 to ensure adequate review is given to risk management and post investment reviews.
- (iv) Following consultation, the Chair designate will put proposals for membership of the new structure to the Board meeting of 9 July 2015.
- (iv) To confirm a joint meeting between board and academic board in early December 2015. This will be a themed meeting.
- (v) To approve the related changes to the levels of authority in the Financial Regulations – appendix 3 (also referred to in the CFO report paper BG.15(15)).
- (vi) To approve the following revised documents (appendix 4):
 - Role of the Board;

- Primary Responsibilities of the Board; and
- Schedule of Matters Reserved to the Board.

(vii) To support the engagement of independent governors with the academic life of the University, e.g. through pairing governors with Deans and Heads of Professional Service Functions.

Other matters:

- The succession planning strategy and governors' equality, diversity & inclusion procedure will be discussed by the Nomination Committee in autumn 2015;
- A revised induction for new governors will be developed and the Chairman asked to approve in autumn 2015;
- Enterprise – when the executive-led review of Enterprise is complete the Board will review the governance structure of the subsidiary company (SBUEL);
- Academic Board – a report on new membership and committee structure will be brought to the Board meeting of 9 July 2015.

Major Projects and Investment Committee

Terms of Reference

The Major Projects and Investment Committee is a sub-committee of the Board. It is authorised by the Board to approve investment decisions within authorisation levels as set out in the Financial Regulations. The committee shall review investment decisions above its level of authority and recommend approval to the Board.

1. Remit

1.1 The remit of the committee is to:

- 1.1.1 review capital and revenue investment and significant tenders and, if above delegated authority, recommend approval to Board;
- 1.1.2 when within set authority levels, approve capital expenditure and budgeted revenue expenditure;
- 1.1.3 review 'master-plans' for estate and infrastructure; and
- 1.1.4 review proposals to acquire and/or dispose of land or buildings.
- 1.1.5 review and recommend to the Board approval of capital finance;
- 1.1.6 review and recommend to the Board approval of borrowing raised on the security of the University's assets;
- 1.1.7 review and recommend to the Board approval of lease finance arrangements with a capital value greater than £250,000;
- 1.1.8 review and recommend to the Board approval of borrowings (by loan facility or overdraft) above £0.5 million;
- 1.1.9 monitor delivery of major projects; and
- 1.1.10 consider post investment reviews of major projects.

2. Membership

2.1 Membership shall consist of up to five independent governors including the Chair of the Board, the Vice Chancellor, one student governor and one staff governor.

2.2 A quorum shall consist of at least 3 independent governors.

2.3 The chair shall be an independent governor.

2.4 Members of the committee shall not be members of the Audit Committee.

3. Reporting Procedures

3.1 The minutes (or a report) of meetings of the Committee will be circulated to all members of the Board.

*Approved by the Board of Governors on **

Finance, Planning and Resources Committee

Terms of Reference

The Finance, Planning and Resources Committee is a sub-committee of the Board. It provides for the Board in depth review of:

- LSBU's in-year financial performance;
- Performance against the corporate strategy;
- The proposed annual budget;
- Implications of the strategy for human and physical resources;
- Treasury management including proposals for borrowing; and
- Compliance with the University Gift Acceptance policy.

1. Remit

1.1 The remit of the committee is to:

- 1.1.1 review management accounts;
- 1.1.2 review the annual budget and recommend to the Board;
- 1.1.3 review the five year forecasts and recommend to the Board;
- 1.1.4 monitor progress against the KPIs as approved by the Board and alert the Board of key potential variations against target;
- 1.1.5 approve investment and treasury management policies;
- 1.1.6 approve investment policies for charitable funds and to receive an annual report on expenditure;
- 1.1.7 receive an annual report of all donations above £25,000 and to monitor adherence to the Gift Acceptance Policy;
- 1.1.8 receive a six monthly report on the Students' Union's income and expenditure;
- 1.1.9 review litigation involving over £0.5 million or otherwise material to the interests of LSBU and recommend to the Board for decision; and
- 1.1.10 receive assurance from the Executive that the insurance programme is adequate from year to year

2. Membership

2.1 Membership shall consist of up to five independent governors including the Chair of the Board, the Vice Chancellor, one student governor and one staff governor.

2.2 A quorum shall consist of at least three independent governors.

2.3 The chair shall be an independent governor.

2.4 Members of the committee shall not be members of the Audit Committee.

3. Reporting Procedures

3.1 The minutes (or a report) of meetings of the Committee will be circulated to all members of the Board.

*Approved by the Board of Governors on **

Scope of the Board

1. Role of the Board of Governors

1. The Board of Governors is the University's governing body. The core responsibilities of the Board are:
 - 1.1 the effective stewardship of the University to secure its sustainability over the medium and long term;
 - 1.2 safeguarding the mission of the University and the services it provides for the public benefit;
 - 1.3 securing the proper and effective use of public funds and accounting to stakeholders and society for institutional performance.

2. Statement of Primary Responsibilities of the Board of Governors

1. To approve the educational character, mission and strategic vision of the institution, together with its long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate, personnel and health and safety management of the institution, and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution.
3. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
4. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
5. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself, and to carry out such reviews at appropriate intervals.

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6. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
7. To safeguard and promote the good name and values of the institution.
8. To appoint the head of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
9. To appoint a secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
10. To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
11. To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
12. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
13. To make such provision as it thinks fit for the general welfare of students.
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution or its students.
15. To ensure that the institution's constitution is followed at all times and that appropriate advice to the Board is available to enable this to happen.

Schedule of Matters Reserved to the Board of Governors

This Schedule of Matters Reserved to the Board sets out those aspects of University business whose approval is reserved to the Board of Governors. Often the Board delegates certain approvals to one or more of its committees: where this is the case it is listed in the third column. Where the Board is restricted by the Articles, the Memorandum of Assurance and Accountability (MAA) with HEFCE, legislation or the Financial Regulations (FR) from delegating decisions to a committee it is indicated by **.

| 1. | Mission and strategy | Reference | Delegation to a committee of the Board? |
|-----|---|------------|---|
| 1.1 | ** The determination of the educational character and mission of the University | Art. 7.2.1 | no delegation |
| 1.2 | Review of performance of LSBU in the light of its strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken by the Executive. | | FP&R reviews prior to board |
| 1.3 | Approval and periodic review of the Key Performance Indicators. | | FP&R reviews prior to board |
| 1.4 | ** Extension of LSBU's undertaking into new activities or geographic areas. | | no delegation |
| 1.5 | ** Any decision to cease to operate all or any material part of LSBU's undertaking. | | no delegation |
| 2. | Corporate structure | | |
| 2.1 | Major changes to LSBU's corporate structure. | | Time limited working groups may review prior to board |

| | | | |
|-----------|---|------------------|--|
| 2.2 | Major changes to LSBU's management and control structure. | | Time limited working groups may review prior to board |
| 3. | Financial reporting and controls | | |
| 3.1 | ** Approval of the annual report and accounts | CA 2006 s.414(1) | no delegation Audit reviews draft. |
| 3.2 | ** Approval of the annual estimates of income and expenditure and capital expenditure budgets and any material changes to them. | Art. 7.2.2 | no delegation (FP&R reviews prior to board) |
| 3.3 | ** Ensuring the solvency of LSBU and the safeguarding of its assets by: <ul style="list-style-type: none"> • competent and prudent management • sound planning • an adequate system of internal control • a formal and structured risk management process • adequate accounting and other records • compliance with statutory and regulatory obligations • sound systems for reporting student data • any other means of assurance as the Board sees fit. | Art. 7.2.3 | no delegation (Audit and FP&R review aspects as set out in their terms of reference) |
| 3.4 | Receiving assurance that funds provided by the funding body are used in accordance with the terms and conditions of the Memorandum of Assurance and Accountability. | | Audit |

| | | | |
|------|--|---------|---|
| 3.5 | Ensuring sound arrangements for: <ul style="list-style-type: none"> • risk management, • control and governance, and • for economy, efficiency and effectiveness (value for money), within the University | MAA 29a | Audit monitors and reports to Board |
| 3.6 | Ensuring that the arrangements for the management and quality assurance of data submitted to HESA and HEFCE are effective. | MAA 29i | Audit monitors and reports to Board |
| 3.7 | ** Approval of any significant changes in accounting policies or practices. | | no delegation (Audit reviews) |
| 3.8 | Approval of investment and treasury policies. | FR 12.1 | FP&R |
| 3.9 | Approval of investment policies for charitable funds. | | FP&R |
| 3.10 | Acting as trustee for any property, legacy, endowment, bequest or gift in support of the work of LSBU and the welfare of its students. | | FP&R reviews on behalf of the Board |
| 3.11 | ** Appointment of bankers, opening of accounts, authorisation of signatories and levels of authority. | FR10.1 | no delegation (FP&R reviews) |
| 3.12 | ** Approval of capital finance | FR 10.5 | no delegation (MPIC reviews) |
| 3.13 | ** Approval of borrowing raised on the security of the University's assets | FR 10.5 | no delegation (MPIC reviews) |
| 3.14 | ** Approval of lease finance arrangements for items with a capital value greater than £250,000 | FR 10.5 | no delegation (MPIC reviews) |

| | | | |
|-----------|--|------------------|--|
| 3.15 | Approval of borrowings (by loan facility or overdraft) above £0.5 million. | | no delegation (MPIC reviews) |
| 4. | Internal controls | | |
| 4.1 | <p>Ensuring maintenance of a sound system of internal control and risk management including:</p> <ul style="list-style-type: none"> • receiving reports on, and reviewing the effectiveness of, LSBU's risk and control processes to support its strategy and objectives; • undertaking an annual assessment of these processes; • approving an appropriate statement for inclusion in the annual report. | | Audit reviews |
| 4.2 | Authorisation of single debt write offs above £10,000 and annual debt write offs above £50,000. To receive a report on any debt written off below this threshold and approved by the Executive Director of Finance. | FR 5.10 | Audit |
| 5. | Auditors | | |
| 5.1 | ** Appointment, reappointment or removal of the internal or external auditor, following the recommendation of the audit committee. | MAA Annex A 3 | no delegation (Audit makes recommendation) |
| 6. | Transactions and contracts | | |
| 6.1 | ** Investment in planned capital projects over £5 million | | no delegation (MPIC reviews) |

| | | | |
|-----------|---|---------|---|
| 6.2 | Investment in planned capital projects over £2million and below £5 million | | MPIC approves |
| 6.3 | ** Investment in unplanned capital projects above £1million | | no delegation (MPIC reviews) |
| 6.4 | Investment in unplanned capital projects above £0.5million and below £1million | | MPIC approves |
| 6.5 | ** Budgeted revenue expenditure above £5 million. | | no delegation (MPIC reviews) |
| 6.6 | Budgeted revenue expenditure above £2 million and below £5m. | | MPIC approves |
| 6.7 | ** Unbudgeted revenue expenditure above £1million. | | no delegation (MPIC reviews) |
| 6.8 | Unbudgeted revenue expenditure above £0.5million and below £1million | | MPIC approves |
| 6.9 | ** To authorise use of LSBU's seal | FR 14.1 | no delegation |
| 7. | Academic | | |
| 7.1 | ** Ensuring an effective framework – overseen by the Academic Board – to manage the quality of learning and teaching and to maintain academic standards | MAA 29j | no delegation Academic Board oversees |
| 8. | Human Resources | | |
| 8.1 | ** Decision on whether to reverse any previous decision in relation to national pay negotiations | FR 8.8 | no delegation |

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| 9. | Estates | | |
| 9.1 | ** Approval of Estates Strategy | FR 9.8.1 | no delegation MPIC reviews |
| 9.2 | ** Disposal of land and buildings | FR 9.13 | no delegation MPIC reviews |
| 10. | Board membership | | |
| 10.1 | ** Changes to the structure, size and composition of the board | Art. 8.3 | no delegation |
| 10.2 | Ensuring adequate succession planning for the board and senior post-holders. | | Nomination makes recommendation |
| 10.3 | Regulations for appointment of governors to the board. | | Nomination reviews |
| 10.4 | ** Selection of the Chairman of the board. | SO 3 | no delegation |
| 10.5 | Membership and chairmanship of board committees. | SO 6 | Chairman of the Board approves |
| 10.6 | Re-appointment of Governors at the end of their term of office. | | Nominations Committee reviews Appointments Committee approves |
| 10.7 | ** Removal of a Governor at any time | Art 9.3 | no delegation |
| 11. | Chancellor | | |
| 11.1 | ** The appointment of a Chancellor and determination of their duties | Art. 5.1.6 | Chancellor Nomination Committee recommends |

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| 12. | Appointments of Senior Post Holders | | |
| 12.1 | The appointment, assignment, appraisal, grading, suspension, dismissal and determination of pay and conditions of the Vice Chancellor, the Clerk to the Board and other senior post holders as determined by the Board | Art. 5.1.4 | For VC and Clerk Board shall delegate appraisal to Chairman |
| 13. | Remuneration of Senior Post Holders | | |
| 13.1 | Determining the remuneration policy for the senior post holders. | | Remuneration Committee |
| 13.2 | Determining total individual remuneration packages for senior post holders | | Remuneration Committee |
| 13.3 | The introduction of new incentive plans or major changes to existing plans. | | Remuneration Committee |
| 14. | Corporate Governance | | |
| 14.1 | ** Responsibility for the overall governance of LSBU | | no delegation |
| 14.2 | ** Regularly undertake a review of its own performance, of its committees and individual governors. | | no delegation |
| 14.3 | ** The variation or revocation of LSBU's Memorandum and Articles of Association | Art. 24.1 | no delegation |
| 14.4 | ** Approval and review of a statement of primary responsibilities of the Board | | no delegation |
| 14.5 | ** Authorising situational interests of governors | Art 13.1 CA 2006 s.181(2)(b) | no delegation |

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| 15. | Delegation of Authority | | |
| 15.1 | ** The division of responsibilities between the chairman and the chief executive, which should be in writing. | | no delegation |
| 15.2 | ** Establishment and closure of Board committees | | no delegation |
| 15.3 | ** Approval of terms of reference of board committees. | | no delegation |
| 15.4 | ** This schedule of matters reserved for board decisions. | | no delegation |
| 16. | Subsidiary Companies | | |
| 16.1 | Regulations for appointments of directors and the composition of boards of subsidiaries of LSBU and external bodies. | | Nomination Committee |
| 16.2 | Investments in subsidiary companies. | | MPIC reviews |
| 17. | Honorary Degrees | | |
| 17.1 | Authority to decide recipients of awards | | Honorary Awards Joint Committee (based on criteria as approved by the Academic Board) |
| 18. | Policies | | |
| 18.1 | Approval of high level corporate policies. | | |
| 19. | Litigation | | |
| 19.1 | Prosecution, defence or settlement of litigation involving above £0.5 million or being otherwise material to the interests | | |

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| | of LSBU. | | FP&R reviews |
| 20. | Insurance | | |
| 20.1 | receiving assurance from the Executive that the insurance programme is adequate from year to year | | FP&R |
| 22. | Pensions | | |
| 22.1 | ** Major changes to LSBU's pension schemes or changes of trustees or changes in the fund management arrangements. | | no delegation |
| 23. | Communication | | |
| 23.1 | Approval of press releases on any matters decided by the board. | | Chair |

Note: If there is any conflict between this schedule of matters reserved and LSBU's Articles of Association, then the Articles shall prevail.

*** Matter not to be delegated to a committee of the Board. The relevant committee may make a recommendation to the Board. The Board as a whole takes the final decision.*

| | | |
|--|---|---------------|
| | PAPER NO: BG.20(15) | |
| Board/Committee: | Board of Governors | |
| Date: | 14 May 2015 | |
| Paper title: | Appointment of Pro Vice Chancellor (Education and Student Experience) | |
| Author: | Prof David Phoenix, Vice Chancellor | |
| Board sponsor: | David Longbottom, Chairman of the Board of Governors | |
| Recommendation: | That the Board ratify the appointment of Professor Shan Wareing as Pro Vice Chancellor (Education and Student Experience) | |
| Matter previously considered by: | Selection Panel (final interviews) | February 2015 |
| Further approval required? | N/A | N/A |
| Communications – who should be made aware of the decision? | Announcement of LSBU website | |

Executive summary

1. Following a thorough search and selection process the PVC Selection Panel recommended the appointment of Professor Shan Wareing as Pro Vice Chancellor (Education and Student Experience). As this position is a senior post the Board is requested to ratify this appointment.

Process

1. Following the resignation of Phil Cardew as Pro Vice Chancellor (Education and Student Experience), the Chairman and Vice Chancellor agreed the selection panel, process and appointment for the post of PVC (Education and Student Experience) which is set out below.
2. Saxton Bampfylde was appointed to lead the search for the PVC. The Chairman, the Joint Vice Chair, the Vice Chancellor, the Chair of the Educational Character Committee, and an external member (Professor Ruth Farwell, VC at Bucks New University) sat on the selection panel, supported by the Executive Director of Human Resources.
3. Final interviews took place on 11 February 2015. Four candidates were interviewed.

Appointment of Professor Shân Wareing as Pro Vice Chancellor (Education and Student Experience)

4. Following the recruitment and selection process and based on the criteria in the job description the Selection Panel recommend that Professor Shan Wareing, Pro Vice Chancellor at Bucks New University, is appointed as Pro Vice Chancellor of London South Bank University.
5. A short biography of Professor Wareing is attached in appendix 1 for information.

Commencement of Employment

6. Professor Wareing begins on 18 May 2015.

Recommendation

7. The Board is requested to ratify the appointment of Professor Shan Wareing as Pro Vice Chancellor (Education and Student Experience) of London South Bank University.

Appendix 1

Short Biography of Professor Shan Wareing

Professor Wareing has been Pro Vice-Chancellor Learning and Teaching at Buckinghamshire New University since November 2012, with a portfolio covering issues that will be core to her brief at LSBU including Learning and Teaching, Student Services, and Curriculum Quality.

Professor Wareing holds degrees in English Language and Literature from Oxford University, in linguistics, gender and education from Strathclyde University, and in Higher Education Studies from the Institute of Education, London University. She has worked in pre-92 and post-92 universities in England and Wales, taught English for Academic Purposes in Japan and was a visiting professor in linguistics at Michigan State University, USA. She is a past Co-Chair of the Staff and Educational Development Association (SEDA), was a member of the 2014 English Subject Benchmark Review Group, is a Principal Fellow of the Higher Education Academy, a National Teaching Fellow, and a Fellow of the Leadership Foundation.

| | |
|--------------------|--|
| | PAPER NO: BG.21(15) |
| Paper title: | Change Programme – transition |
| Board/Committee | Board of Governors |
| Date of meeting: | 14 May 2015 |
| Author: | Tom Kelly, Head of Corporate Programme Management Office |
| Executive sponsor: | David Phoenix, Vice Chancellor |
| Purpose: | <p>To provide:</p> <ul style="list-style-type: none"> • an update on projects within the change programme, and transition in 2015/15 to a more embedded approach to change management; and • a summary closure report for the EDISON project |

Executive Summary

This paper gives an overview of projects previously overseen by the LSBU change programme and governance arrangements proposed for 2015/16.

The Board is requested to note the overview and the closure report for the EDISON project.

Programme transition

1. At the last report to Governors, 12 February 2015, there were 17 potential projects within the LSBU Change Programme. As of July approximately half of these projects will have delivered with remaining areas of development in 2015/16 relating to student experience and academic environment.
2. As these projects close new work will be led via staff within schools and professional functions, whilst no longer requiring a separate “Change Board” the level of change will still be significant as new processes are developed and embedded. It is therefore proposed that during 2015/16 oversight will be maintained by Operation Board to ensure totality of activity is monitored.
3. The implementation of Local Delivery Plans, and performance management tools, from the start of 2015/16, will provide a monitoring mechanism for planned change. The central PMO will be maintained to ensure resource is available to support oversight of risks, issues and dependencies, working closely with stakeholder bodies and departments.
4. The dashboard of projects within the change programme is attached. Further detail will be reported to Audit Committee, but as an overview of activity against the programme themes:
 - Developing the Academic Environment: a key success was the portfolio review, identifying and removing approx. 130 courses that do not meet students’ requirements. Plans for the LSBU learning pathway, partnerships and collaboration, and scholarship model, and consequent needs of the LSBU estate and infrastructure, are now being developed through an exec working group with reporting to Academic Board via the DVC.
 - Support for the Academic Environment: the entire student journey has been mapped and issues identified: an initial improvement was made by bringing international applications online. More fundamental enhancements are being made through working parties overseen by a new Student Journey Development Working Group. This is effectively overseeing the movement from faculty offices to central school based processes and reports into Operations Board.
 - Informed Decision Making: successful delivery includes the league table project with all key measures showing externally validated improvements (see VC report). New policies, procedures and systems will improve external data submissions, and the data quality project has identified data owners and developed data quality policy and protocols. Planned activity on the management committee structures has been delivered through the effective governance review, Academic Board review and school level management committees review. The performance management project has agreed indicators and targets, and will complete with the delivery of reporting tools,

this summer. This is monitored by Audit Committee in line with delegations and data is subject to on-going audit.

- ICT and Infrastructure: EDISON projects have been successfully delivered (a summary closure report is attached as an appendix). Future technical developments are being developed through the enhanced ICT department, with a business engagement team managing a pipeline of future activity. This will ensure we not only maintain improvements in the digital infrastructure but have a means to continue enhancements aligned with student experience and business effectiveness. The Central Timetabling project is underway, and strategic improvements to the estate will be developed through Estates – with all activity reported to Operations Board
- People: leadership, workforce development, and enhanced communications, are in delivery through business-as-usual resources, overseen by the Executive. A separate report has been given to the Board on key aspects of this work.

Appendix one: projects transitioning from the change programme

| Input - development | | Project | Sponsor | Oversight / reporting |
|--|--------------------------------------|--|-----------------|-----------------------|
| Academic Development executive working group | Developing the academic environment | Portfolio review | Pat Bailey | Academic Board |
| | | Learning pathway: curriculum structure | Phil Cardew | |
| | | Partnerships, collaboration and reputation | Paul Ivey | |
| | | Developing scholarship | Paul Ivey | |
| | | Estates - immediate | Ian Mehrtens | |
| Student Journey Development Board | Support for the academic environment | Student support | Pat Bailey | Operations Board |
| | | Student journey | Pat Bailey | |
| | | Course and student administration | Ian Mehrtens | |
| Ongoing projects | Informed decision making | League table | James Stevenson | Audit Committee |
| | | Management committee review | James Stevenson | |
| | | Corporate performance management | Richard Flatman | |
| | | Data quality and management | Richard Flatman | |
| ICT (pipeline approach) Estates | ICT and infrastructure | Technical projects - in development | Ian Mehrtens | Operations Board |
| | | EDISON | Ian Mehrtens | |
| | | Estates - strategic | Ian Mehrtens | |
| HR | People | Leadership and workforce development | Mandy Eddolls | Executive |
| | | Communications | Mandy Eddolls | |

Appendix 2 – EDISON programme closure report

Executive Summary

This paper reports formal closure of the EDISON programme, as individual projects move into business-as-usual. A report to Operations Board, with greater detail, can be made available to Board members.

Data Centre Outsourcing, Portal and Social Collaboration have all transitioned to business-as-usual and Identity and Access Management, Predictive Analytics and Master Data Management are in the final stages of implementation

1. EDISON programme context and project completion

1.1 EDISON – Enhanced Digital Students Experience – was originally established as the BUILT programme, with business cases approved by Governors in February 2014. The aim was to embed a strategic partnership between LSBU and IBM, delivering on the Technology Enhanced Learning and ICT Strategic Implementation Plans, and supporting the realisation of LSBU strategic objectives. Business cases were approved for the implementation of Identity and Access Management, Data Centre Outsourcing and IBM's Exceptional Student Experience solution.

1.2 Achievement of the deliverables specified in business cases are detailed in section 4. In summary :

- Data Centre Outsource has delivered the cloud infrastructure needed to host existing systems and support the enhanced digital experience, with applications and data migrated offsite
- Identity and Access Management was intended to deliver unified authentication and authorisation for information systems access, across LSBU; the standard product did not operate to expectations, and a revised approach developed – this will be delivered this academic year.
- Exceptional Student Experience has delivered a set of online social and collaboration tools, a master data management solution, a new unified portal for students, and the introduction of a predictive analytics solution to identify students at risk of not progressing. Final technical fixes to the portal and predictive analytics solutions will be complete in June 2015.

2. Financial overview

2.1 The full life forecast cost of £15.5m is within the original programme budget of £15.8m (including contingency). Team savings of £376k were assumed in setting the original budget. The full life forecast cost of £15.5m takes no account of this

although it is anticipated that these savings will be delivered at some point in future. Taking these into account there is still £684k remaining from the original project contingency of £1.3m. Furthermore, the full life forecast includes £4.7m of spend in 15/16 and later years. We continue to seek opportunities for rationalising and reducing this forecast spend through contract renegotiation which would improve the financial position still further. A full financial summary is attached at appendix two.

3. Future development

3.1 With the completion of EDISON, future developments are now refocused on meeting business needs and requirements as identified through the corporate strategy and delivery planning process.

London South Bank University

Section 4: delivery against original success criteria

The original business cases set deliverables with performance targets against each project. All have now been met bar the implementation of a full identity and access management solution – which has a revised plan to completion. Performance targets have in many cases been significantly exceeded. Achievements are noted below. Proxy indicators have been applied where the original targets were not accurately measurable.

| Project | Business case: success criteria | Performance | | | Actual metric applied | Achieved To 31/03/15 | Notes |
|-----------------------|--|-------------|--------|--------|---|-------------------------|---|
| | | Year 1 | Year 2 | Year 3 | | | |
| Portal | Accessibility to the Portal for all learning resources (campus based) | 1000 | 4000 | 10000 | Total new unique users accessing learning resources via my.lsbu portal | 4602 | unique users accessing my.lsbu 28 January- 20 April 2015 (excludes all other networks) |
| | Accessibility to the Portal for all learning resources (mobile devices) | 0 | 4000 | 10000 | Total new unique users accessing my.lsbu portal by mobile / tablet device | 6093 | unique users accessing my.lsbu 28 January- 20 April 2015 (excludes device category desktop) |
| | Accessibility to the Portal for all student related information (from anywhere) | 0 | 0 | 10000 | Total new unique users accessing my.lsbu portal irrespective of location and device | 13352 | unique users accessing my.lsbu 28 January- 20 April 2015 |
| | On line submission of assignments (campus based) | 6000 | 12000 | 18000 | Moodle and TurnItIn: total submissions | 55563 | Total submissions Oct 2014 – April 2015. Online submission (and marking) is mandatory in HSC – to roll out across schools throughout 2015/16 (cannot distinguish whether campus based or not) |
| Social Collaboration | On line classrooms using webinar facilities | 20 | 100 | 500 | Total number of rooms | 18 | On track to achieve the stated success criteria |
| | Ability for students and staff to use instant message facility: number of staff/students using instant messaging | 1000 | 2000 | 4000 | Number of chats initiated | 3784 | All students and staff can use instant message facilities, but the tool is not set up to monitor the number of users – total number of chats is used as a proxy measure |
| | Usage of IBM Connections Community facility - % of full time students using communities | 5% | 10% | 40% | Number of unique users (staff and student) of Communities only within connections | 856 | Total users from October 2014 – April 2015 – not split by students/staff |
| Data Centre Outsource | Migrate applications to Softlayer (IBM solution) | 277 | | | | 306 | |
| | Decommission | 91 | | | | 130 | |
| | Stay on site | 35 | | | | 48 | |
| | Unknown | 42 | | | | 0 | |

London South Bank University

| Project | Business case: success criteria | Performance | | | Actual metric applied | Achieved To 31/03/15 | Notes |
|-------------------------|---|-------------|--------|--|---|---|--|
| | | Year 1 | Year 2 | Year 3 | | | |
| Identity and Access Mgt | Decommission CAMS system | | | | | In progress | Scheduled to be completed August 2015; costs of completion included in budget summary |
| | Single Sign on for ESE solution | | | | | In place | Completed October 2014 |
| | Identity Management via the new system | | | | | In progress | Scheduled to be completed August 2015; costs of completion included in budget summary |
| Master Data Mgt | No of students for whom a consolidated system record has been created and data cleansed | 500 | 2500 | 7500 | | In progress | Project will complete at the end of July 2015, delivering a consolidated view for all student data from two core systems (QL and CMIS). Data cleaning task will then be ongoing within business areas (in line with Data Management policy). MDM tool will be used to drive and inform business tasks to clean the data. |
| Predictive Analytics | Predictive Trend Reports available by course. | 0 | 200 | All courses | | Available for all 345 UG degree courses | Tool was piloted with 60 users from October 2014. Pilot users provided feedback; refinements to the tool are being made |
| | Students prevented from dropping out in year 3 by targetted interventions | | | 33 | | | Success to be assessed at appropriate time |
| Integration | No of students using the portal to access VLE information | 500 | 2500 | 8000 | Staff logging in to VLE, January-April 2015 | 1,232 | All current students can access VLE via Portal |
| | | | | | Students logging in to VLE, January-April 2015 | 17,059 | |
| | No of students using functions | 500 | 2500 | 8000 | Moodle Assignment submissions, January-April 2015 | 19,362 | Moodle and TurnItIn are included as examples of functions available through the portal |
| | | | | TurnItIn submissions, January-April 2015 | 19,106 | | |

London South Bank University

Appendix Two: financial summary

EDISON PROJECT

(£ '000s)

HIGHLIGHTS

- [a] Project Budget is £15.8m of which £14.5m is allocated as project spend across 3 areas (ESE, DCO, IAM) and £1.3m is contingency
 [b] 13/14 Actuals & 14/15 Actuals (Aug14-Mar15) spend is £7.7m, £3.5m and £4.1m respectively
 [c] 14/15 Forecast £2.8m includes £2.2m committed costs (DCO and ESE) and £610k forecast for IAMs, to complete existing project scope
 [d] 15/16-18/19 Forecast £4.7m includes ESE Software License and DCO Running Costs (Aug14 - Jan19)
 [e] Network £617k moved to BAU ICT (£530k in 13/14 and £87k in 14/15)
 [f] Full Life Forecast vs. Budget £(841)k project overspend offset with £1.3m contingency leaving a £460k positive variance to budget
 [g] IAMs Contingency £150k proposed due to the risk profile, resulting in a positive variance of £308k
 [h] System Team Savings £376k savings yet to be realised

| Project | Activity | Project Budget [a] | 13/14 Actuals | 14/15 Actuals (Aug14-Mar15) | 13/14 & 14/15 (Aug14-Mar-15) Actuals [b] | 14/15 Forecast [c] | 15/16-18/19 Forecast [d] | Full Life Forecast | Full Life Forecast vs. Budget [f] | Comments |
|--------------------|--|--------------------|---------------|-----------------------------|--|--------------------|--------------------------|--------------------|-----------------------------------|--|
| ESE | Internal Staff Resource | 937 | 291 | 965 | 1,257 | 284 | | 1,540 | (603) | £(603)k overspend on contractors |
| | Training / Change Management | 60 | | 120 | 120 | | | 120 | (60) | £(60)k offset with Training budget in DCO |
| | IBM Software maintenance Mar 14 - Jul 18 | 580 | | 26 | 26 | 104 | 449 | 580 | 24 | |
| | IBM Software maintenance Aug 15 - Feb 19 | 812 | | | | | 812 | 812 | 0 | |
| | IBM Software (incl 1st year maintenance) | 1,466 | 1,466 | | 1,466 | | | 1,466 | 0 | |
| | IBM Implementation Services finishes Dec 2014 | 2,165 | 370 | 1,621 | 1,991 | 518 | | 2,509 | (343) | £(343)k overspend on IBM Consultancy and Opex |
| ESE Total | | 6,020 | 2,127 | 2,733 | 4,860 | 906 | 1,261 | 7,027 | (1,007) | |
| DCO | Contractors | 382 | 278 | 149 | 427 | 95 | | 522 | (140) | £(140)k overspend on contractors |
| | Training & Change management | 60 | | | | | | 0 | 60 | £60k offset with Training budget in ESE |
| | Network Set Up incl 10Gb switches & firewall | 157 | 3 | 68 | 72 | 69 | | 141 | 16 | |
| | System Team Savings | (376) | | | | | | 0 | (376) | [h] |
| | Network | 229 | 530 | (553) | (23) | 23 | | 0 | 229 | [e] |
| | Migration FP | 2,030 | 515 | 1,377 | 1,892 | 170 | | 2,062 | (33) | £(33)k overspend on IBM Consultants, 1 month overrun |
| | Infrastructure annual running cost March 2013 - Feb 2019 excl Migration FP | 5,626 | | | | 984 | 3,511 | 4,496 | 1,131 | £5.6m budget (running costs) overstated; £4m forecast (15/16-18/19) |
| DCO Total | | 8,108 | 1,326 | 1,041 | 2,367 | 1,342 | 3,511 | 7,220 | 888 | |
| IAM | Implementation support | 391 | 139 | 365 | 503 | 610 | | 1,113 | (722) | £(722)k overspend on contractors and IBM consultancy, including £610k forecast to complete project scope |
| IAM Total | | 391 | 139 | 365 | 503 | 610 | | 1,113 | (722) | |
| Grand Total | | 14,519 | 3,592 | 4,139 | 7,730 | 2,857 | 4,772 | 15,360 | (841) | |

Contingency 1,300 1,300

| | | | | | | | | | |
|---|---------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|--|
| Project Forecast (exc. IAMs Contingency) | 15,819 | 3,592 | 4,139 | 7,730 | 2,857 | 4,772 | 15,360 | 459 | |
|---|---------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|--|

IAMs Contingency 151 151 (151) [g]

| | | | | | | | | | |
|---|---------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|--|
| Project Forecast (inc. IAMs Contingency) | 15,819 | 3,592 | 4,139 | 7,730 | 3,009 | 4,772 | 15,511 | 308 | |
|---|---------------|--------------|--------------|--------------|--------------|--------------|---------------|------------|--|

| | |
|------------------|---|
| | PAPER NO: BG.22(15) |
| Paper title: | Report on decisions of Committees |
| Board/Committee | Board of Governors |
| Date of meeting: | 14 May 2015 |
| Author: | James Stevenson, University Secretary and Clerk to the Board of Governors |
| Board sponsors: | Relevant committee chairs |
| Purpose: | To update the Board on committee decisions |

| | | |
|----------------------------------|--------------|-----|
| Matter previously considered by: | As indicated | N/A |
| Further approval required? | No | N/A |

Summary

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

The Board is requested to note the reports.

Summary of Committee decisions

Audit Committee – 26 February 2015

The committee approved:

- The reappointment of PwC as internal auditors following a competitive tender process and subject to Board ratification. The Board will be asked to ratify the appointment as part of the discussion in the CFO's report; and
- the Transparent Approach to Costing (TRAC) return which had been submitted to HEFCE on time.

The committee discussed:

- an internal audit report on data security, which was identified as high risk:
 - Three high risk issues were identified:
 - Lack of integration between HR and ICT records for leavers;
 - Physical security; and
 - Logical security.
 - The audit committee expressed concern at the risks in the report and requested an update on progress of implementing the recommendations at the audit committee meeting of 4 June 2015.
 - It was reported that the post of Head of Information Security had been created and recruitment was underway. The post would provide leadership in a specialised and complex area.
- the outcome of the first continuous auditing report on student data which covered period 1 2014/15.
- an update on the procurement of an independent channel to raise speak up matters in addition to the current channels. Since the meeting, the mini-tender has been completed and the preferred supplier recommended to the Chairman of the Audit Committee for approval. A revised speak up policy will be considered by the Audit Committee at its meeting of 4 June 2015.
- an update on the informed decision making theme of the change programme - paper.

The committee noted:

- the internal audit progress report – which noted that the implementation rate of recommendations had dropped from previous reports;
- the continuous auditing report for period 2 2014/15, covering key financial systems. There had been a slight decline in performance this quarter with accounts payable and cash graded at amber (green for period 1 2014/15);
- the corporate risk register;

- an update on preparations for the new statement of recommended practice (SORP) and FRS102 which all higher education providers have to adopt for accounting periods starting on or after 1 January 2015;
- one matter had been raised under the speak up procedure but that it was appropriate for this matter to be dealt with under the grievance procedure;
- no instances of fraud, bribery or corruption had been discovered since the previous audit committee meeting; and
- an update on the finance department structure and leadership team.

South Bank University Enterprises Ltd Board meeting – 18 March 2015

The Board approved:

- the incorporation of South Bank Collective, a Community Interest Company limited by guarantee. The Collective will be a creative agency run by students and supported by LSBU staff offering photographic services. South Bank University Enterprises Ltd will have a 12% interest in the Collective;
- the revised Gift Aid Policy which now included a statement that gift aid payments would not be made to the University if it caused the Company's reserves to become negative, or if the reserves are already negative; and
- the proposal for the Company to adopt the University's Travel and Expenses Policy.

The Board discussed:

- the management accounts to 28 February 2015 for University Enterprise and the company budget for 2014/15; and
- an update on intellectual property and spin out company matters.

| | | |
|--|--|-----|
| | PAPER NO: BG.23(15) | |
| Board/Committee: | Board of Governors | |
| Date: | 14 May 2015 | |
| Paper title: | SU Elections Results and report | |
| Author: | Steve Baker, LSBSU Chief Executive | |
| Executive sponsor: | James Stevenson, University Secretary and Clerk to the Board of Governors | |
| Recommendation: | That the Board notes the SU election results and that the election was carried out in a fair and democratic manner | |
| Matter previously considered by: | N/A | N/A |
| Further approval required? | N/A | N/A |
| Communications – who should be made aware of the decision? | Election results published on SU website | |

Executive summary

Student Union elections for sabbatical officers for 2015/16 took place in March 2015. The new sabbatical officers for 2015/16 are as follows:

- President: Abdi Osman
- Vice President Student Experience: Temi Ahmadu and Farzana Begum
- Vice President: Activities & Employability Ian Cole

Under the Education Act 1994 the Board has a duty to take such steps as are reasonably practicable to ensure that appointment to the four sabbatical offices should be by fairly and properly conducted election in a secret ballot in which all members are entitled to vote. The Returning Officer's report is attached which confirms that the election was run in a fair and democratic manner which satisfies the stipulations as laid out within the 1994 Education Act.

Attached: Returning Officer's Report

Returning Officer Report



London South Bank Students' Union 2015

| | |
|---------------------------------|---|
| Returning Officer | Lorna Reavley – CEO, Solent Students' Union |
| Deputy Returning Officer | James-J Walsh – Student Advice & Representation Manager |
| Independent Staff Member | Steve Baker – Chief Executive – LSBSU |

Election details

| | |
|--|--|
| Election Dates | 23 rd – 27 th February |
| Method of Election | 24hr online election |
| Number of Members of Students' Union | 14695 |
| Number of candidates in total this year | 50 |
| Number of students that voted this year | 1665 |
| Election turnout of membership this year (%) | 11.33% |
| Number of candidates in total last year | 36 |
| Number of Students that voted last year | 1596 |
| Election turnout of membership last year (%) | 10.8% |
| Election turnout difference between this year and last year (%) | 0.53% |

Complaints

| | |
|--|---|
| Number of complaints submitted during election | 0 |
| Number of complaints submitted before election | 2 |
| Number of complaints upheld | 0 |
| Number of official warnings issued | 0 |
| Number of candidates disqualified from election | 0 |

Ruling one

| | |
|-----------------------|---|
| Candidate | Sorcha Lambert-Robinson |
| Election: | Vice President: Student Activities & Employability |
| Date of ruling | 12 th February 2015 |
| Rule | No campaigning to take place outside of the two week election period. |

Returning Officer Report

| | |
|---------------------|---|
| Circumstance | <p>Prior to the official election period, Sorcha had created artwork for her elections and uploaded this to Facebook, another candidate saw this and made a complaint, as no candidate is allowed to campaign prior to the beginning of the two-week election period.</p> <p>On investigation and prior to DRO contact the materials had been removed from facebook.</p> <p>The candidate stated that she thought the cropping would cut out the election element of the stylized photo she had taken but this had not been the case. When she realised her error she removed it.</p> |
| Decision | Informal Warning |
| Appeal | No appeal was submitted. |

Ruling two

| | |
|-----------------------|---|
| Candidate | Arcanjo Wucanjo |
| Election: | President |
| Date of ruling | 15th February 2015 |
| Rule | No campaigning to take place outside of the two week election period. |
| Circumstance | <p>Prior to the official election period, the Students' Union as per the Constitution held a hust.</p> <p>All candidates were told that they could tweet along during the evening using the official #tag.</p> <p>During this period Archie took screen shots of the official tweets and put them on his Instagram account. A complaint was made about this and the fact that he had replied to comments on the photo also.</p> |
| Decision | Informal Warning |
| Appeal | No appeal was submitted. |

Returning Officer Recommendations

The election was run well and fairly which is reflected in the very low numbers of complaints throughout the period.

Returning Officer Report



There were some issues noted with students opting out of membership of the Students' Union at the point of enrolment at the University which means they are ineligible to vote in the election. However, they had been unaware that this was the case and had wanted to vote. The Elections team found a solution for students who made them aware of their intention to vote, however, there may be more students who did not really understand the opting out process. It is recommended that the Union discuss the wording and presentation of the opting out statement with the University to ensure that students are fully informed of what opting out of membership of the Students' Union means.

The online election system produces a result sheet which does not make it clear that the quota for election reduces when non transferrable votes are removed between rounds. It is recommended that this is addressed in order to ensure transparency for voting members and candidates.

Confirmation of fair election

I hereby declare that this election was run in a fair and democratic manner which satisfies the stipulations as laid out within the 1994 Education Act.

Returning Officer Signature & Date

| | |
|---|--------------------------|
| Signature: <i>Lorna Reavley</i> | Date: 22/04/15 |
|---|--------------------------|

| | | |
|---|---|-----|
| | PAPER NO: BG.24(14) | |
| Board/Committee: | Board of Governors | |
| Date: | 14 May 2015 | |
| Paper title: | Board Membership and Declarations of Interest update | |
| Author: | James Stevenson, University Secretary and Clerk to the Board of Governors | |
| Board sponsor: | David Longbottom, Chairman of the Board of Governors | |
| Recommendation: | That the Board notes its membership and authorises the situational conflicts listed below | |
| Aspect of the Corporate Plan to which this will help deliver? | N/A - Compliance with Companies Act 2006. | |
| Matter previously considered by: | N/A | N/A |
| Further approval required? | N/A | N/A |
| Communications – who should be made aware of the decision? | Register of Interests published on website. | |

Executive summary

This paper provides an update on current Board membership and requests authorisation of interests declared by governors since the previous meeting.

1. Board Membership

The Board is asked to note its new membership as follows:

Independent Governors

David Longbottom – Chair

Jerry Cope – Vice Chair

Steve Balmont

Shachi Blakemore

Douglas Denham St Pinnock

Neil Gorman

Carol Hui

Hilary McCallion

Kevin McGrath

Mee Ling Ng

Andrew Owen

James Smith

Vice Chancellor

David Phoenix

Student Governor

Ilham Abdishakur

Staff Governors

Shushma Patel

Jon Warwick

The Board is requested to note that, due to travel commitments as part of her course, Emine Dzhihan, student governor, has resigned from the Board.

2. Declarations of Interest

The Board is asked to authorise potential situational conflicts for recently appointed independent governors, and additional declarations made to the Secretary since the last Board meeting (a full review takes place annually in November).

1. Jerry Cope has declared that the Company (t-three Holdings) of which he is paid Chair, and has a small minority shareholding, has bought a business called Mendas, which is a supplier to LSBU. Mendas provides LSBU with on-line tests which help in the 'recruitment of nurse applicants to the University's pre-registration degree programmes'. Annual revenue is approximately £11k + VAT. Jerry has confirmed that he will have nothing to do with this contract within t-three.
2. Dave Phoenix has declared that he has been appointed a trustee of the Science Museum Group.

Three new independent governors began their terms of office on 1 April 2015. The following interests have been declared:

3. Carol Hui:
 - a. Director and employee of Heathrow Airport Ltd
 - b. Non-executive director of Robert Walters plc
 - c. Director and trustee of Action for Blind People
4. Kevin McGrath and Shachi Blakemore – updates will be provided at the meeting.

The Board is requested to authorise these interests. Revised register of interests entries are set out below (changes in red). These updates will be published in the Register of Interests on LSBU's external website.

| Jerry Cope | | | | | |
|--|------------------------|---------------------------------------|-------------------|--------------|---------------------------------|
| Organisation with which connected | Sector | Relationship with organisation | As of date | Notes | Date authorised by Board |
| t-three Group {In 2015 t-three group bought a business called Mendas, which is a supplier to LSBU for on-line testing}. | Leadership Consultancy | Director (paid) and shareholder | 2006 | | 20/11/2014 |
| Postal & Logistics Consulting Worldwide | Logistics Consultancy | Director and shareholder | 2008 | | 20/11/2014 |
| NHS Pay Review Body | Government body | Chair | 2011 | | 20/11/2014 |

| Carol Hui | | | | | |
|--|---------------------------------------|---------------------------------------|-------------------|--------------|---------------------------------|
| Organisation with which connected | Sector | Relationship with organisation | As of date | Notes | Date authorised by Board |
| Heathrow Airport Limited | Airport | Director and employee | March 2009 | | |
| Robert Walters plc | International Recruitment Consultancy | Non-Executive Director | January 2012 | | |
| Action for Blind People | Charity for blind and | Director and Trustee | July 2011 | | |

| | | | | | |
|--|--------------------------------|--|--|--|--|
| | visually impaired people | | | | |
|--|--------------------------------|--|--|--|--|

David Phoenix

| Organisation with which connected | Sector | Relationship with organisation | As of date | Notes | Date authorised by Board |
|--|------------------|-------------------------------------|------------|-------|--------------------------|
| Higher Education Funding Council for England (HEFCE) | HE | Teaching & Quality Committee Member | 2013 | | 20/03/2014 |
| Academy of Social Science | | Policy Group member | 2013 | | 20/03/2014 |
| Government Equalities Office | Government | Ambassador | 2010 | | 20/03/2014 |
| Million+ | Think tank | Executive member | | | 20/11/2014 |
| Kings College Hospital NHS Foundation Trust | NHS Trust | Visiting professor | | | 20/11/2014 |
| SiChuan University | University | Visiting professor | | | 20/11/2014 |
| University of Central Lancashire | University | Visiting professor | | | 20/11/2014 |
| University Academy of Engineering South Bank | Secondary school | Member | | | 20/11/2014 |
| South Bank Engineering UTC Trust | Secondary school | Member | | | 20/11/2014 |
| Science Museum Group | Museums | Trustee | 2015 | | |

| | | | | | |
|--|-------------------|---------------------------------------|-------------------|--------------|---------------------------------|
| Shachi Patel | | | | | |
| Organisation with which connected | Sector | Relationship with organisation | As of date | Notes | Date authorised by Board |
| Buzzacott LLP | Accountancy | Employee (paid) | 2005 | | 21/11/2013 |
| Croydon College | Further Education | Member of Audit Committee | 2012 | | 21/11/2013 |

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| | |
|------------------|--|
| | PAPER NO: BG.25(15) |
| Paper title: | Board Strategy Day report |
| Board/Committee | Board of Governors |
| Date of meeting: | 14 May 2015 |
| Author: | James Stevenson, University Secretary and Clerk to the Board of Governors |
| Board sponsor: | Jerry Cope, Vice Chair of the Board |
| Purpose: | To update the Board on key outcomes of the Board strategy day of 23 April 2015 |
| Recommendation: | The Board is requested to note the report |

Introduction

As part of its annual plan the Board holds a strategy day twice a year. The following notes are a record of the strategy day held on 23 April 2015.

Board strategy day notes – 23 April 2015

Present

Independent Governors

David Longbottom (Chairman), Jeremy Cope (Vice Chair), Prof David Phoenix (Vice Chancellor), Steve Balmont, Shachi Blakemore, Douglas Denham St Pinnock, Carol Hui, Prof Hilary McCallion, Kevin McGrath, Mee Ling Ng, Andrew Owen and James Smith.

Staff and Student Governors (from the 2nd session)

Ilham Abdishakur, Prof Shushma Patel and Prof Jon Warwick

Members of the Executive:

Prof Pat Bailey, Deputy Vice Chancellor
Mandy Eddolls, Executive Director of Human Resources
Richard Flatman, Chief Finance Officer
Ian Mehrtens, Chief Operating Officer
James Stevenson, University Secretary & Clerk to the Board of Governors
Prof Shân Wareing, Pro Vice Chancellor (Students and Education)

With:

Michael Broadway, Governance Manager

First session – The Shape of the Workforce

1. An update was provided on workforce planning across the University. This would have a number of implications.
2. For academic staff this included:
 - Clear criteria to enable contributions across teaching, research, knowledge transfer and enterprise;
3. For professional services staff this included:
 - Developing professional service function standards; and
 - New professional function structures to be developed by June 2015
4. A voluntary severance scheme would be available for all staff from mid-May 2015.

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5. Legal consultation with affected staff and Unions was due to start on 30 April 2015. Governors welcomed the report and requested to be kept informed regularly. An update would be provided at the Board meeting of 14 May 2015.

Governance effectiveness review

6. The Board discussed the independent governance effectiveness review report dated March 2015 and its recommendations. The overall conclusion was “that LSBU has sound governance structures and that there is little risk of major governance failings”.
7. From the discussion, three guiding themes emerged:
 - Important decisions must be taken at board level; there is therefore no need for sub-committee chairs to be on other sub-committees
 - Governors need to recognise and promote the “soft interaction” between themselves and executive; the Chair will introduce a small element of process and checking to ensure this happens productively
 - Agendas will be managed around 3 or 4 matters that need the focus of the Board – so that enough time can be spent on each.

Board and Executive relationships

8. The Board and Executive identified the following areas as important in maintaining good relationships between governors and executive members:
 - respect for the subject expertise and professionalism of the Executive;
 - recognition that the independent governor role have a duty to constructively challenge but in a relationship of mutual trust;
 - governors need a thorough understanding of LSBU and all its activities to gauge when and how to challenge the Executive;
 - transparency is critical to the relationship; and
 - there should be constructive two-way feedback.

HE Sector – competitive environment

9. An update was provided on the competitive HE environment covering:
 - Further expected central government cuts;
 - Potential policy changes following the general election;
 - Changes to the regulatory environment; and
 - Changes to technical training and apprenticeships.
10. Opportunities to grow traditional markets were noted:
 - Recruitment of EU and international students;

- Improved retention and progression; and
- Growth of Continuing Professional Development delivery.

11. The Board welcomed the opportunity to discuss partnerships and the opportunity to develop relationships with local colleges. For any specific future proposal governors would need to see an analysis of options. A senior FE consultant will be recruited to develop options for discussion by the Board.

Financial shape of the University

12. An update was provided on the financial shape of the University. The key financial targets for 2020 have been previously approved by the Board as:

- 25% growth in income from £136m to £170m;
- An operating surplus of 5% (£8.5m pa on income of £170m); and
- EBITDA margin of 15% (£25.5m pa on income of £170m).

13. The aim is to generate £96m of cash for strategic investment over the next five years.

14. Governors noted that following external analysis of LSBU's cost base, we performed well against the benchmark group for "associated activities" and costs, but were behind on "principal activities".

Estates development

15. An update was provided on the development of a 30 year vision for the estate. LSBU's Southwark campus is in the centre of three major redevelopment zones which provides significant opportunities to enhance the student environment. Local developers had been consulted in the formulation of the vision.

16. The guiding principle is to preserve and concentrate the current triangle bounded by Borough Road, London Road and Southwark Bridge Road. A number of options were discussed, which could unlock value for re-investment. Funding for campus developments would be through cash generation and partnerships with developers rather than through debt finance.

17. The Board agreed that the acquisition of the freehold from the Bridgehouse Estates Trust was not a priority providing the existing leases can be restructured. Alternatively a freehold swap arrangement may be considered in the future.

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18. Governors were encouraged by the opportunities for the campus which included technological innovation and energy efficiency. The potential order of development might be: St George's Quarter; London Road; Perry Library; Borough Road; EMJ, Faraday Wing and the Tower Block; and Technopark. The Board agreed that the preferred funding route was via partnership and unlocking existing value rather than from "new money".
19. The Working Party would bring a strategic plan forward later in the year.

Conclusions

20. The Vice Chair welcomed the day's presentations which were at the right aspirational level and thanked the Executive for their contributions.
21. The Chairman thanked the governors and in particular the three newly appointed governors.

Appendix to the pack

- **HEFCE grant letter**
- **HEFCE risk assessment letter**

25 March 2015

Professor David Phoenix OBE
Vice Chancellor and Chief Executive
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Dear Professor Phoenix OBE

Recurrent grant for the academic years 2013-14 to 2015-16

1. I am writing to provide details of your institution's recurrent funding allocations for teaching and research for the academic year 2015-16. I am also providing details of revised allocations of recurrent teaching grants for the academic years 2013-14 and 2014-15. These allocations are provisional: we will issue updated allocations in October 2015, reflecting any amendments to underlying data. We are also providing separately today details of 2015-16 formula capital grants under the Teaching Capital Investment Framework (TCIF) and the Research Capital Investment Framework (RCIF). This letter does not include details about 2015-16 allocations for knowledge exchange. However, we are making a separate announcement today about the 2015-16 knowledge exchange formula funding method and institutional allocations.

2. This letter explains in broad terms the main changes to HEFCE recurrent grant for teaching and research in 2015-16 and the main reasons institutions will see changes to their 2013-14 and 2014-15 teaching grant since the allocations announced last October. We will adjust our grant payments between April and July 2015 to ensure the funding received by institutions for the 2013-14 and 2014-15 academic years reflects these revised allocations.

3. This letter is part of a suite of documents which set out information relating to your institution and to the sector more widely. The documents available are described in paragraphs 24 to 26 of this letter. Summaries of institutional allocations for all three academic years will be available on the HEFCE extranet on Wednesday 25 March. They will be published on our website on Thursday 26 March. **Please note that all information in this letter and the publications is subject to embargo until 0001 on Thursday 26 March.** We do not require a reply to this letter.

Introduction

4. The grant letter to HEFCE of 29 January 2015 from the Department for Business Innovation and Skills (BIS) (www.hefce.ac.uk/news/newsarchive/2015/Name,100772,en.html) confirmed the funding available for the 2014-15 and 2015-16 financial years (April to March) and the policies and priorities that continue to underpin our approach to recurrent grant. The letter did not provide any figures on the funding that might be available for the 2016-17 financial year, but advised that we would need to make prudent assumptions about this, recognising the four month overlap between the 2016-17 financial year and the 2015-16 academic year.
5. In the light of the grant letter, the Board has agreed 2015-16 academic year budgets, assuming that the funding available for the 2016-17 financial year will be the same in cash terms as for the 2015-16 financial year. There is, however, particular uncertainty about the funding that may be available after the spending review that is expected to follow the forthcoming general election. This means that any subsequent changes to the funding available to us from government for 2015-16, or assumed for 2016-17, are likely to affect the funding we are able to distribute to institutions in the 2015-16 academic year. This may include revising allocations after they have already been announced. Accordingly, institutions should plan their budgets prudently.
6. 'Funding for universities and colleges for 2013-14 to 2015-16: Board decisions' (Circular letter 03/2015) set out developments to our funding methods for 2015-16. This academic year is the first in which research accounts for a greater proportion of recurrent grant than teaching, and the first year of research funding informed by the results of the 2014 Research Excellence Framework (REF). Given the changes to the underlying data from REF 2014, compared to the 2008 Research Assessment Exercise (RAE), in particular the significant increase in research volume counted for funding, we have reviewed aspects of the research funding method for 2015-16 so as to maintain the policy approach of the current spending review period. While the total we have available to allocate for recurrent research funding remains constant, we are making two one-off transitional research allocations for 2015-16, totalling £52 million, to provide further support for research degree programme supervision and to mitigate the impact on institutions of changes in the amounts we are allocating for certain science, technology, engineering and mathematics subjects.
7. The amount of recurrent teaching grant continues to decline as a result of the progressive shift from HEFCE grants to students' tuition fees. The reduction is substantially less than for previous years, as the transition is largely complete. Because of this, we have been able to bring to an end for 2015-16 the previous three-stage process of recalculating teaching grants that applied between 2012-13 and 2014-15. This was necessary to ensure our allocations reflected the changing mix of students who had

started their courses before the new fee regime was introduced on 1 September 2012 and those who started on or after that date.

8. Our teaching funds increasingly focus on areas where costs incurred by universities and colleges cannot be met by tuition fees, or where it is in the public interest that provision receives additional support, particularly high-cost and strategically important subjects, student opportunity, and small and specialist institutions.

9. The student number control no longer applies to HEFCE-funded institutions from 2015-16.

2015-16 Recurrent grant changes for institutions

10. All HEIs funded by HEFCE for research will see an impact on their research funding allocations for 2015-16 as a result of the 2014 REF. However, the scale of this varies significantly across institutions within the sector and there could be a number of factors that have resulted in changes for them. For mainstream QR, changes to the main panel and UOA structure between RAE 2008 and REF 2014, institutions' own decisions about the panels to which they would submit for each exercise and the move to separately funded sub-profiles for research outputs, impact and environment make like-for-like comparisons at the UOA level impossible. Relative outcomes for institutions will, of course, also depend on their performance in the REF and changes in their volume of research activity relative to the sector as a whole, as well as on changes to the amounts allocated for each UOA. The latter includes the effect of the removal of STEM protection. Given the increase in STEM activity in REF 2014, it is no longer necessary to protect the funding for STEM research at the expense of funding for social sciences, arts and humanities, in order for STEM subjects collectively to maintain the share of the total mainstream QR funding they had before the RAE 2008.

11. We are looking to provide as much help as we can for institutions in understanding their funding outcomes and on the main factors that have led to funding changes. Institutions should address any questions on this to their HEFCE Higher Education Policy Adviser (contact details at the end of this letter).

12. Additionally, updated data that inform the RDP supervision, charity support and business elements of research funding will result in some redistribution of their fixed recurrent budgets between institutions. Changes to RDP supervision funding include those resulting from using REF 2014, instead of RAE 2008, quality profiles and the removal of the cap on rates of grant.

13. HEFCE Circular letter 03/2015 set out our approach to determining the recurrent grant budgets available for the 2015-16 academic year, including the decision to apply an inflationary uplift of 1.4 per cent to some elements of 2015-16 teaching allocations. We also announced that there would be an increase to student opportunity funding to widen access and improve provision for disabled students, and that we had committed

additional funding to support expected growth in student numbers in 2015-16. We propose to allocate this in 2016 once student numbers for the 2015-16 academic year are known.

14. For many institutions, the phasing out of teaching grant relating to old-regime students, coupled with the phasing in of new-regime students has resulted in further decreases in funding for 2015-16. Institutions with predominantly shorter length courses, such as higher education institutions (HEIs) that are postgraduate-only and further education and sixth form colleges (FECs) that offer only sub-degree courses, may already have reached a steady state: they no longer have any old-regime students and so have no further phase-out of teaching grant this year. Others will have seen larger decreases in previous years. Other changes to allocations may reflect overall increases or decreases in student numbers, or changes in the mix of course delivery at each institution.

15. As well as changes to teaching grant arising from the continuing transition from HEFCE grant to tuition fees and the changes to budgets that we have made, individual institutions may also have changes to certain targeted allocations, particularly for student opportunity, to reflect the latest student data.

Revised teaching grant allocations for 2013-14 and 2014-15

16. Elements of grant that are subject to our three-stage recalculation process are now being informed by student volumes reported:

- a. For 2013-14, on the Higher Education Statistics Agency (HESA) individualised student record by HEIs and on the Skills Funding Agency's Individualised Learner Record (ILR) by FECs.
- b. For 2014-15, in the 2014 Higher Education Students Early Statistics (HESES14) survey by HEIs and in the 2014 Higher Education in Further Education: Students (HEIFES14) survey by FECs.

17. The 2013-14 teaching allocations announced in this letter may be slightly overstated. This is because in using the 2013-14 HESA data, we have generally assumed that students with an undetermined completion status did complete their year of study. We will be asking all institutions with such students to submit a Completion Status Survey (CSS) by 26 June 2015. Where these students are then identified as having not completed, or where institutions do not return the CSS, they will no longer be counted for funding purposes when we finalise allocations in October 2015.

18. We have retained the same scaling factors previously applied to the recurrent teaching grant budgets for 2013-14 and 2014-15.

19. We have kept in place certain assumptions made about the rates of grant used to inform funding for old-regime students to adjust for where HEIs appeared to have changed students' fundability status or attribution to price groups after 2011-12. 'Funding for universities and colleges for 2012-13 to 2014-15: Board decisions' (HEFCE Circular letter 04/2014) explained the measures used to address these issues. Some HEIs' data are still subject to additional audit and reconciliation in order to address these inconsistencies and may later see further changes to their allocations once this work has been completed.

20. While at the sector level the overall percentage change compared to the allocations previously announced for 2013-14 and 2014-15 is not large, more significant changes arise for individual institutions. In general, the changes in cash terms (whether positive or negative) arise largely as a result of changes to the mix and volume of students for each year compared to institutions' previous data returns.

2015-16 funding agreement requirements and conditions of grant

21. The student number control has been removed from all HEFCE-funded institutions from 2015-16. This means that the only funding agreement requirements affecting student numbers for 2015-16 are the medical and dental intake targets, which apply only to some HEIs. These represent the maximum intake to full-time undergraduate courses that lead to first registration as a doctor or dentist.

22. In July, we will issue the funding agreement to each institution, setting out particular conditions of grant that apply. For HEIs, the funding agreement forms part 2 of the memorandum of assurance and accountability (HEFCE 2014/12).

23. Our grant letter from BIS also confirmed that the condition of grant specified in Annex 3 of our February 2014 letter from the Secretary of State remains in place for 2015-16. This condition requires compliance with tuition fee regulations and the terms of any access agreement in force as agreed with the Director for Fair Access. It also set out the action that may be taken for any breaches of that condition. This condition of grant will be incorporated within institutions' funding agreements for 2015-16.

Documents and tables accompanying this letter

24. Enclosed with this letter, and also available on the extranet (<https://data.hefce.ac.uk/>), are tables which compare:

- a. Your institution's final allocations for 2013-14 with:
 - final allocations for 2012-13
 - initial and adjusted allocations for 2013-14.

b. Your institution's adjusted allocations for 2014-15 with:

- final allocations for 2013-14
- initial allocations for 2014-15.

c. Your institution's allocations for 2015-16 with:

- adjusted allocations for 2014-15.

These tables show the different elements of grant for your institution and how they have changed, together with a summary of the percentage changes in these allocations for the sector as a whole.

25. Alongside this letter we are issuing electronically a set of documents and tables which set out information about allocations for your institution and the sector. For ease of reference we have generally sought to keep separate the information regarding funding for each year. These documents will be available on the HEFCE extranet on 25 March 2015. All are **embargoed until 0001 on 26 March 2015**, when most will be made available on the HEFCE web-site. The keys required to access these documents on the HEFCE extranet site were provided in Ella Dobbs's email of 22 October 2014.

Publications

- a. 'Guide to funding 2015-16', HEFCE 2015/04. Provides an overview of our recurrent funding methods.
- b. 'Recurrent grants for 2015-16', HEFCE 2015/05. Provides a summary report on the allocations for each institution.
- c. 'Recurrent grants for 2014-15: Adjusted allocations', HEFCE 2015/06. Provides a summary report on the allocations for each institution.

Detailed information relating to allocations for 2013-14 to 2015-16

- d. Individual recurrent grant tables for each year for your institution.
- e. Equivalent recurrent grant tables for the sector as a whole.
- f. Technical guidance documents for each year, which explain in detail how the figures in the grant and comparison tables have been derived. The guidance is aimed primarily at finance and planning officers. We would encourage them to read it carefully, as it should help with institutional planning. The 2015-16 guidance also specifies certain conditions of grant which will be included in your institution's funding agreement in July 2015.

Other documents

- g. A template for use in support of appeals against or requests to receive the supplement for old-regime students.
- h. 'Formula capital allocations for teaching and research 2015-16', Circular letter 09/2015. Provides a summary report on the allocations for each institution under the TCIF and RCIF.
- i. 'Knowledge exchange: formula funding 2015-16', Circular letter 05/2015. Provides a summary report on the formula funding method and institutional allocations for knowledge exchange.

26. In addition the following circular letter will also be available on the HEFCE website on 26 March 2015: 'HESA funding and monitoring data (FAMD) 2013-14: Funding summaries and request for updates to completion status data', Circular letter 07/2015.

Further information and requests for changes

27. While we do not require a reply to this letter, there may be circumstances in which institutions wish to request changes to allocations. The technical guidance documents that describe the 2013-14 to 2015-16 grant tables set out the circumstances in which we will implement changes. In particular, the 2015-16 technical guidance provides details on the appeals process and 22 May 2015 deadline for changes to the supplement for old-regime students. The technical guidance documents also set out deadlines for:

- a. Appeals relating to the 2015-16 targeted allocations for very high-cost STEM subjects and for students attending courses in London.
- b. Changes to underlying data and requests for other changes, such as for transfers between institutions.

28. We intend to issue amended allocations for all three years in October 2015, but will issue the wording of the 2015-16 funding agreements as usual in July. Incorporating changes in October allows adjustments to be reflected in the HESSES and HEIFES workbooks, ensuring that institutions have clarity over the funding consequences of those data returns, while also allowing institutions more time to identify and correct any errors in underlying data.

29. We can provide institutions with informal advice about the effects of any data changes, transfers or mergers between March and October, to aid planning. If you wish to discuss this, or have any questions about your allocations, please contact your Higher Education Policy Adviser, Ruby Gatehouse (direct line: 0117 931 7379, e-mail: r.gatehouse@hefce.ac.uk).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Corinna Chandler', with a long horizontal flourish extending to the right.

Corinna Chandler
Funding Round Manager

cc. Mr David Longbottom

Information on source of figures

2012-13 Comparison figures

In preparing the comparison of funding for 2012-13 and 2013-14, we have made a number of adjustments to derive the comparison figures for 2012-13, compared with the sums that are included in the final 2012-13 grant tables.

In general, these adjustments have been made to take account of the changes made to the funding method between years.

Teaching grant

Funding for old-regime students (mainstream)

The comparison figure for 2012-13 is from the final 2012-13 grant Table A.

Funding for old-regime students (co-funded)

The comparison figure for 2012-13 is from the final 2012-13 grant Table A.

High-cost funding for new-regime students

This figure is the sum of:

- a. *High-cost funding* from the final 2012-13 grant Table A.
- b. *Final interim postgraduate taught allocation* from the final 2012-13 grant Table C.

Student opportunity

The comparison figure for 2012-13 is the sum of:

- a. *Widening participation* from the final 2012-13 grant Table A.
- b. *Teaching enhancement and student success* from the final 2012-13 grant Table A.
- c. *Minus Research-informed teaching* from the final 2012-13 grant Table C.
- d. *Minus Institutional learning and teaching strategies* from the final 2012-13 grant Table C.

Other targeted allocations

This is the sum of:

- a. *Other targeted allocations* from the final 2012-13 grant Table A.
- b. *Research-informed teaching* from the final 2012-13 grant Table C.
- c. *Institutional learning and teaching strategies* from the final 2012-13 grant Table C.
- d. *Minus Final interim postgraduate taught allocation* from the final 2012-13 grant Table C.
- d. *London Whole Institutions* from the initial 2012-13 grant Table A (for HEIs only).

Other recurrent teaching grants

This is *Other recurrent teaching grants* from final 2012-13 grant Table A.

Research grant

Mainstream QR

This figure is the sum of *Mainstream QR* and *London weighting on mainstream QR* from the initial 2012-13 grant Table M plus any changes resulting from data audit or reconciliation, as separately notified.

Other elements of research grant

The other four elements of research grant on the comparison table are from the initial 2012-13 grant Table M plus any changes resulting from data audit or reconciliation, as separately notified.

Higher Education Innovation Funding

This is *Higher Education Innovation Funding* from the final 2012-13 grant Table A.

Final, adjusted and initial 2013-14 figures

Teaching grant

All teaching grant figures come from Table A of the relevant 2013-14 grant tables.

Research grant

All research figures will be same in the initial, adjusted and final allocations unless the institution has had a data audit or reconciliation or there have been changes to the underlying data.

Mainstream QR

The 2013-14 figure is the sum of the following items from the initial grant Table J:

- a. *Mainstream QR*.
- b. *London weighting on mainstream QR*.

Other elements of research grant

The other four elements of research grant on the comparison table are available from the initial 2013-14 grant Table J.

Higher Education Innovation Funding

This is *Higher Education Innovation Funding* from the final 2013-14 grant Table A. This figure will be the same for the initial, adjusted and final allocations.

Date issued: March 2015

Recurrent grant comparison for 2012-13 and 2013-14

Institution: London South Bank University
UKPRN: 10004078

Table 1: Comparison between final 2012-13 and final 2013-14 allocations

| Funding stream | Final 2012-13 comparison figure £s | Final 2013-14 allocations £s | Difference £s | Percentage difference | Sector percentage difference |
|--|--|------------------------------------|-------------------|--------------------------|------------------------------------|
| Teaching grant | | | | | |
| Funding for old-regime students (mainstream) | 19,914,238 | 10,201,809 | -9,712,429 | -48.77% | -40.53% |
| Funding for old-regime students (co-funded) | 0 | 0 | 0 | N/A | -71.79% |
| High-cost funding for new-regime students | 1,101,188 | 2,104,856 | 1,003,668 | 91.14% | 96.60% |
| Student opportunity | 4,491,792 | 3,981,009 | -510,783 | -11.37% | -8.32% |
| Other targeted allocations | 3,008,479 | 2,620,216 | -388,263 | -12.91% | -10.87% |
| Other recurrent teaching grants | 52,084 | 0 | -52,084 | -100.00% | -22.20% |
| Total teaching grant | 28,567,781 | 18,907,890 | -9,659,891 | -33.81% | -28.02% |
| Research grant | | | | | |
| Mainstream QR | 1,308,991 | 1,308,991 | 0 | 0.00% | 0.00% |
| QR charity support fund | 98,229 | 96,460 | -1,769 | -1.80% | 0.18% |
| QR business research element | 213,583 | 175,317 | -38,266 | -17.92% | 0.14% |
| RDP supervision funds | 353,738 | 387,302 | 33,564 | 9.49% | -0.02% |
| QR funding for National Research Libraries | 0 | 0 | 0 | N/A | 0.00% |
| Total research grant | 1,974,541 | 1,968,070 | -6,471 | -0.33% | 0.02% |
| Higher Education Innovation Funding | 807,516 | 807,516 | 0 | 0.00% | 0.00% |
| Total recurrent grant | 31,349,838 | 21,683,476 | -9,666,362 | -30.83% | -18.34% |

Table 2: Comparison between initial, adjusted and final 2013-14 allocations

| Funding stream | Initial 2013-14 allocations £s | Adjusted 2013-14 allocations £s | Final 2013-14 allocations £s | Difference £s | Percentage difference | Sector percentage difference |
|--|-----------------------------------|------------------------------------|---------------------------------|------------------|-----------------------|------------------------------|
| Teaching grant | | | | | | |
| Funding for old-regime students (mainstream) | 11,506,679 | 10,202,887 | 10,201,809 | -1,078 | -0.01% | 0.29% |
| Funding for old-regime students (co-funded) | 9,591 | 0 | 0 | 0 | N/A | -15.98% |
| High-cost funding for new-regime students | 2,229,392 | 2,067,996 | 2,104,856 | 36,860 | 1.78% | 0.28% |
| Student opportunity | 3,981,009 | 3,981,009 | 3,981,009 | 0 | 0.00% | -0.01% |
| Other targeted allocations | 2,861,219 | 2,602,134 | 2,620,216 | 18,082 | 0.69% | 0.04% |
| Other recurrent teaching grants | 0 | 0 | 0 | 0 | N/A | 0.00% |
| Total teaching grant | 20,587,890 | 18,854,026 | 18,907,890 | 53,864 | 0.29% | 0.20% |
| Research grant | | | | | | |
| Mainstream QR | 1,308,991 | 1,308,991 | 1,308,991 | 0 | 0.00% | 0.00% |
| QR charity support fund | 96,460 | 96,460 | 96,460 | 0 | 0.00% | 0.00% |
| QR business research element | 175,317 | 175,317 | 175,317 | 0 | 0.00% | 0.00% |
| RDP supervision funds | 387,302 | 387,302 | 387,302 | 0 | 0.00% | 0.00% |
| QR funding for National Research Libraries | 0 | 0 | 0 | 0 | N/A | 0.00% |
| Total research grant | 1,968,070 | 1,968,070 | 1,968,070 | 0 | 0.00% | 0.00% |
| Higher Education Innovation Funding | 807,516 | 807,516 | 807,516 | 0 | 0.00% | 0.00% |
| Total recurrent grant | 23,363,476 | 21,629,612 | 21,683,476 | 53,864 | 0.25% | 0.12% |

Information on source of figures

Adjusted 2013-14 figures

Teaching grant

All teaching grant figures come from Table A of the final 2013-14 grant tables.

Research grant

Mainstream QR

This figure is the sum of *Mainstream QR* and *London weighting on mainstream QR* from the initial 2013-14 grant Table J, plus any changes resulting from data audit or reconciliation or changes to the underlying data,

Other elements of research grant

The other four elements of research grant on the comparison table are from the initial 2013-14 grant Table J, plus any changes resulting from data audit or reconciliation or changes to the underlying data, as separately notified.

Knowledge exchange funding

This is *Higher Education Innovation Funding* from the final 2013-14 grant Table A.

Adjusted and initial 2014-15 figures

Teaching grant

All teaching grant figures come from Table A of the relevant 2014-15 grant tables.

Research grant

All research figures will be same in the initial and adjusted allocations unless the institution has had a data audit or reconciliation or there have been changes to the underlying data.

Mainstream QR

The 2014-15 figure is the sum of the following items from the initial grant Table J:

- a. *Mainstream QR*.
- b. *London weighting on mainstream QR*.

Other elements of research grant

The other four elements of research grant on the comparison table are available from the initial 2014-15 grant Table J.

Knowledge exchange funding

This is from the initial 2014-15 grant Table A, the figure will be the same for initial and adjusted allocations.

Recurrent grant comparison for 2013-14 and 2014-15

Institution: London South Bank University
UKPRN: 10004078

Table 1: Comparison between final 2013-14 and adjusted 2014-15 allocations

| Funding stream | Final 2013-14 comparison figure £s | Adjusted 2014-15 allocations £s | Difference £s | Percentage difference | Sector percentage difference |
|--|---|--|--------------------------|----------------------------------|---|
| Teaching grant | | | | | |
| Funding for old-regime students (mainstream) | 10,201,809 | 3,194,343 | -7,007,466 | -68.69% | -64.07% |
| Funding for old-regime students (co-funded) | 0 | 0 | 0 | N/A | -75.34% |
| High-cost funding for new-regime students | 2,104,856 | 2,803,436 | 698,580 | 33.19% | 46.75% |
| Student opportunity | 3,981,009 | 3,999,713 | 18,704 | 0.47% | 7.52% |
| Other targeted allocations | 2,620,216 | 2,852,447 | 232,231 | 8.86% | 5.62% |
| Other recurrent teaching grants | 0 | 0 | 0 | N/A | 5.62% |
| Total teaching grant | 18,907,890 | 12,849,939 | -6,057,951 | -32.04% | -16.29% |
| Research grant | | | | | |
| Mainstream QR | 1,308,991 | 1,308,991 | 0 | 0.00% | 0.00% |
| QR charity support fund | 96,460 | 81,643 | -14,817 | -15.36% | 0.28% |
| QR business research element | 175,317 | 119,701 | -55,616 | -31.72% | 0.46% |
| QR RDP supervision funds | 387,302 | 445,276 | 57,974 | 14.97% | -0.03% |
| QR funding for National Research Libraries | 0 | 0 | 0 | N/A | 0.00% |
| Total research grant | 1,968,070 | 1,955,611 | -12,459 | -0.63% | 0.05% |
| Knowledge exchange funding | 807,516 | 807,516 | 0 | 0.00% | 0.00% |
| Total recurrent grant | 21,683,476 | 15,613,066 | -6,070,410 | -28.00% | -18.68% |

Table 2: Comparison between initial and adjusted 2014-15 allocations

| Funding stream | Initial 2014-15 allocations £s | Adjusted 2014-15 allocations £s | Difference £s | Percentage difference | Sector percentage difference |
|--|-----------------------------------|------------------------------------|-------------------|-----------------------|------------------------------|
| Teaching grant | | | | | |
| Funding for old-regime students (mainstream) | 4,242,739 | 3,194,343 | -1,048,396 | -24.71% | 4.25% |
| Funding for old-regime students (co-funded) | 0 | 0 | 0 | N/A | -25.82% |
| High-cost funding for new-regime students | 2,879,700 | 2,803,436 | -76,264 | -2.65% | -3.82% |
| Student opportunity | 3,999,713 | 3,999,713 | 0 | 0.00% | -0.01% |
| Other targeted allocations | 2,837,864 | 2,852,447 | 14,583 | 0.51% | -0.40% |
| Other recurrent teaching grants | 0 | 0 | 0 | N/A | 0.00% |
| Total teaching grant | 13,960,016 | 12,849,939 | -1,110,077 | -7.95% | 0.14% |
| Research grant | | | | | |
| Mainstream QR | 1,308,991 | 1,308,991 | 0 | 0.00% | 0.00% |
| QR charity support fund | 81,643 | 81,643 | 0 | 0.00% | 0.00% |
| QR business research element | 119,701 | 119,701 | 0 | 0.00% | -0.16% |
| QR RDP supervision funds | 445,276 | 445,276 | 0 | 0.00% | 0.00% |
| QR funding for National Research Libraries | 0 | 0 | 0 | N/A | 0.00% |
| Total research grant | 1,955,611 | 1,955,611 | 0 | 0.00% | -0.01% |
| Knowledge exchange funding | 807,516 | 807,516 | 0 | 0.00% | 0.00% |
| Total recurrent grant | 16,723,143 | 15,613,066 | -1,110,077 | -6.64% | 0.07% |

Information on source of figures

Adjusted 2014-15 figures

Teaching grant

Main subject-based funding for old- and new-regime students

This figure is the sum of *Funding for old-regime students (mainstream)*, *Funding for old-regime students (co-funded)* and *High-cost funding for new-regime students*, all from the adjusted 2014-15 grant Table A.

Student opportunity

This figure is taken from the adjusted 2014-15 grant Table A.

Other targeted allocations (excluding old-regime supplement)

This is the sum of *Other targeted allocations* and *Other recurrent teaching grants*, both from the adjusted 2014-15 grant Table A.

Research grant

Mainstream QR

This figure is the sum of *Mainstream QR* and *London weighting on mainstream QR* from the initial 2014-15 grant Table J, plus any changes resulting from data audit or reconciliation or changes to the underlying data, as separately notified.

Other elements of research grant

The other four elements of research grant on the comparison table are from the initial 2014-15 grant Table J, plus any changes resulting from data audit or reconciliation or changes to the underlying data, as separately notified.

2015-16 figures

Teaching grant

Main subject-based funding for old- and new-regime students

This figure is the sum of *High-cost funding*, from the 2015-16 grant Table A, and *Supplement for old-regime students* from the 2015-16 grant Table B.

Student opportunity

This figure is taken from the 2015-16 grant Table A.

Other targeted allocations (excluding old-regime supplement)

This is *Other targeted allocations*, from the adjusted 2014-15 grant Table A, excluding *Supplement for old-regime students* from the 2015-16 grant Table B.

Research grant

All research grant figures come from Table A of the 2015-16 grant tables. Mainstream QR is the sum of *Mainstream QR* and *London weighting on mainstream QR*.

Recurrent grant comparison for 2014-15 and 2015-16

Institution: London South Bank University
UKPRN: 10004078

Table 1: Comparison between adjusted 2014-15 and 2015-16 allocations

| Funding stream | Adjusted 2014-15 comparison figure £s | 2015-16 allocations £s | Difference £s | Percentage difference | Sector percentage difference |
|--|--|---------------------------------------|--------------------------|----------------------------------|---|
| Teaching grant | | | | | |
| Main subject-based funding for old- and new-regime students | 5,997,779 | 4,006,596 | -1,991,183 | -33.20% | -22.90% |
| Student opportunity | 3,999,713 | 4,330,450 | 330,737 | 8.27% | 1.91% |
| Other targeted allocations (excluding old-regime supplement) | 2,852,447 | 3,051,276 | 198,829 | 6.97% | -0.69% |
| Total teaching grant | 12,849,939 | 11,388,322 | -1,461,617 | -11.37% | -13.79% |
| Research grant | | | | | |
| Mainstream QR | 1,308,991 | 1,280,084 | -28,907 | -2.21% | -0.01% |
| QR charity support fund | 81,643 | 90,780 | 9,137 | 11.19% | 0.00% |
| QR business research element | 119,701 | 78,024 | -41,677 | -34.82% | 0.16% |
| QR RDP supervision funds | 445,276 | 371,048 | -74,228 | -16.67% | -0.13% |
| QR funding for National Research Libraries | 0 | 0 | 0 | N/A | 1.40% |
| Total recurrent research grant | 1,955,611 | 1,819,936 | -135,675 | -6.94% | -0.01% |
| Non-consolidated transitional funding for RDP supervision | N/A | 37,074 | N/A | N/A | N/A |
| Non-consolidated transitional funding to mitigate removal of STEM protection | N/A | 0 | N/A | N/A | N/A |
| Total recurrent and non-consolidated research grant | 1,955,611 | 1,857,010 | -98,601 | -5.04% | 3.30% |
| Total teaching and recurrent research grant | 14,805,550 | 13,208,258 | -1,597,292 | -10.79% | -6.94% |
| Total teaching, recurrent and non-consolidated research grant | 14,805,550 | 13,245,332 | -1,560,218 | -10.54% | -5.29% |

28 April 2015

Professor David Phoenix OBE
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Dear Professor Phoenix OBE

HEFCE's annual assessment of institutional risk: London South Bank University

1. The purpose of this letter is to inform you of the risk status of London South Bank University, as determined by HEFCE, and of any failure to comply with the institution's accountability obligations. We have copied this letter to Mr David Longbottom, Chair of the Board of Governors, and request that you formally submit this letter to the next meeting of the governing body.
2. Based on the accountability returns submitted for 2013-14 our overall assessment at this time is that London South Bank University is **not at higher risk**. In making this assessment we also conclude that the institution is meeting the accountability obligations set out in the Financial Memorandum (up until 1 August 2014, and then in the Memorandum of Assurance and Accountability) and other HEFCE guidance.

Future context and feedback on financial performance

3. The grant letter to HEFCE of 29 January 2015 from the Department for Business Innovation and Skills (BIS) confirmed the funding available for the 2014-15 and 2015-16 financial years (April to March) and the policies and priorities that continue to underpin our approach to recurrent grant. Despite this confirmation, there is uncertainty about the funding that will be available after the forthcoming general election, particularly with a spending review expected to follow shortly after the election. This means there could be in-year changes to the funding available to us in financial year 2015-16 and in subsequent years, including the last quarter of academic year 2015-16. This might mean we have to revise allocations after they have been announced. Institutions should plan their budgets accordingly, in a prudent manner.
4. We encourage you to continue to assess the potential impacts of uncertainties in relation to future funding and expectations of greater efficiency and, to implement mitigating actions

where necessary. Your scenario planning will need to consider the financial and non-financial impact of possible future changes in student recruitment and retention, and staff pay and pensions pressures. These are among the many factors that will need to be monitored by you, your senior team and governing body, and we are happy to discuss these with you as part of our regular engagements with the institution.

5. Annexes A and B provide feedback on the relative financial performance of the institution compared to the rest of the higher education sector which we fund. Inclusion of this information is intended to be helpful, rather than flagging areas of significant concern to us. To provide context, additional financial benchmarking data has been made available to the institution's head of finance.

Risk assessment process

6. The annual accountability returns submitted to HEFCE by the higher education institutions (HEIs) we fund are the primary means by which HEFCE assesses the accountability, risk and sustainability of institutions. These annual risk assessments are based on current information in a number of areas of activity, including: financial performance, student recruitment and retention, audit findings, and compliance with HEFCE accountability requirements.

7. In relation to the 2013-14 annual accountability returns, we intend to send every institution this letter in the period March to May 2015. We may issue a further risk letter to some institutions following the assessment of July 2015 forecasts, but only if that assessment makes a material change to the earlier risk assessment. Although the risk assessment is an annual process, emerging issues can lead to a review of an institution's risk status and a change to its risk assessment at any point in the year. We currently assess a small number of institutions as being 'at higher risk', with the vast majority 'not at higher risk'. In addition some institutions 'not at higher risk' may have specific risk or compliance issues highlighted for their attention. It is the responsibility of the governing body of the institution to ensure that risks are being managed effectively.

Adverse changes in circumstances

8. We require institutions to report material adverse changes in the institution's circumstances, such as a significant and immediate threat to the financial position, significant fraud or major accounting breakdown. The Memorandum of Assurance and Accountability (HEFCE 2014/12, paragraph 57) provides more detail on the specific requirement. While we fully respect the autonomy of institutions, we remind you of this requirement and that timely reporting of material adverse changes is an important element of the accountability framework for higher education. Given the increasingly competitive environment, it is especially important that you inform HEFCE of any material adverse changes at the earliest stage.

9. We find it helpful if institutions notify HEFCE as soon as possible if they plan to enter into material financial commitments, so that HEFCE has up-to-date knowledge of institutions' circumstances. Furthermore an institution must have written permission from HEFCE before it agrees to a new financial commitment which would exceed its earnings before interest tax

depreciation and amortisation (EBITDA)-based threshold. The Memorandum of Assurance and Accountability (Annex C) sets out the requirements which institutions must follow when entering into such financial commitments.

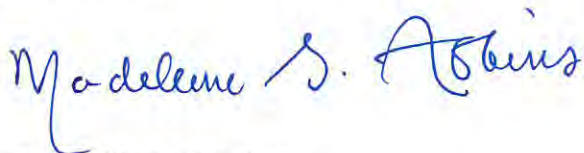
Who to contact

10. For further feedback from the annual accountability process, or if you would like to discuss any issues relating to risk assessment or accountability, contact the HEFCE Assurance Consultant, Andrew Beazer (0117 931 7223, a.beazer@hefce.ac.uk) in the first instance, or Regional Consultant, Derek Hicks (0117 931 7460, d.hicks@hefce.ac.uk).

Freedom of information

11. This letter is provided in confidence to London South Bank University. While we have no objection to it being made available to third parties, we do not accept responsibility for any reliance they may place upon it. Though we have no plans to release this information proactively, we ask you to consider carefully the implications of any public disclosure you may wish to make or are asked to make. As you know we are subject to the Freedom of Information Act 2000, and the content of this letter may ultimately be disclosed if a request is made to us under that Act.

Yours sincerely,



Professor Madeleine Atkins
Chief Executive

cc: Mr David Longbottom, Chair of the Board of Governors.

Annex A – Table of benchmarking of key financial metrics

Institution: London South Bank University

| Indicators: | | 2012-13 | 2013-14 |
|--|--------------------------|-------------|-------------|
| | | Actual | Actual |
| 1. Historical cost surplus / (deficit) as % of total income | Institution | 4.6 | 2.9 |
| | Overall sector mean | 5.0 | 5.0 |
| | 1 st quartile | 2.7 | 2.8 |
| | Median Value | 4.6 | 5.3 |
| | 3 rd quartile | 7.3 | 7.6 |
| 2. Net liquidity / (total expenditure – depreciation) (days) | Institution | 177 | 157 |
| | Overall sector mean | 124 | 122 |
| | 1 st quartile | 80 | 81 |
| | Median Value | 116 | 118 |
| | 3 rd quartile | 170 | 167 |
| 3. External borrowing (on balance sheet) as % of total income | Institution | 22.5 | 22.0 |
| | Overall sector mean | 25.8 | 26.2 |
| | 1 st quartile | 9.0 | 8.8 |
| | Median Value | 23.1 | 23.4 |
| | 3 rd quartile | 34.7 | 34.4 |
| 4. Discretionary reserves (excl. pension asset/(liability)) as % of total income | Institution | 83.2 | 89.4 |
| | Overall sector mean | 61.8 | 64.4 |
| | 1 st quartile | 42.6 | 45.4 |
| | Median Value | 59.1 | 60.5 |
| | 3 rd quartile | 79.8 | 83.0 |
| 5. Net cash flow as % of total income | Institution | 9.2 | 4.5 |
| | Overall sector mean | 8.3 | 8.4 |
| | 1 st quartile | 5.7 | 5.8 |
| | Median Value | 8.9 | 9.3 |
| | 3 rd quartile | 12.9 | 12.9 |
| 6. Staff costs as % of total income | Institution | 53.4 | 53.2 |
| | Overall sector mean | 52.5 | 52.6 |
| | 1 st quartile | 49.6 | 49.9 |
| | Median Value | 53.2 | 52.7 |
| | 3 rd quartile | 55.8 | 55.5 |
| 7. Estates: percentage of estate classified in condition categories C and D in 2012-13 | Institution | 58.7 | |
| | Overall sector mean | 21.9 | |
| | 1 st quartile | 9.3 | |
| | Median Value | 16.4 | |
| | 3 rd quartile | 26.4 | |

Source of data: Indicators 1 to 6 are calculated from the 2014 financial results data as submitted to HEFCE in December 2014. Further details on this and on how the indicators are calculated are available on the HEFCE extranet under '2014 financial results – summary statistics'. Details on how to access this benchmarking information will be sent to Directors of Finance.

Indicator 7: 2012-13 Estates data provided from Estates Management Record. For further information see:

https://www.hesa.ac.uk/index.php?option=com_studrec&Itemid=232&menu=12042

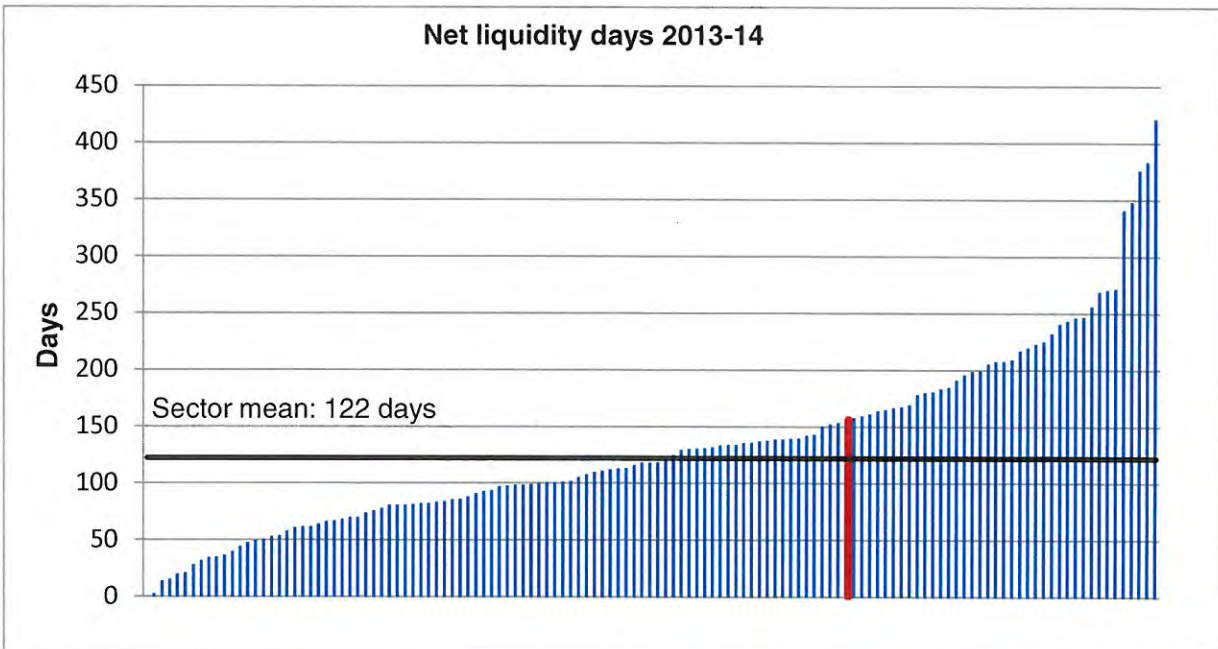
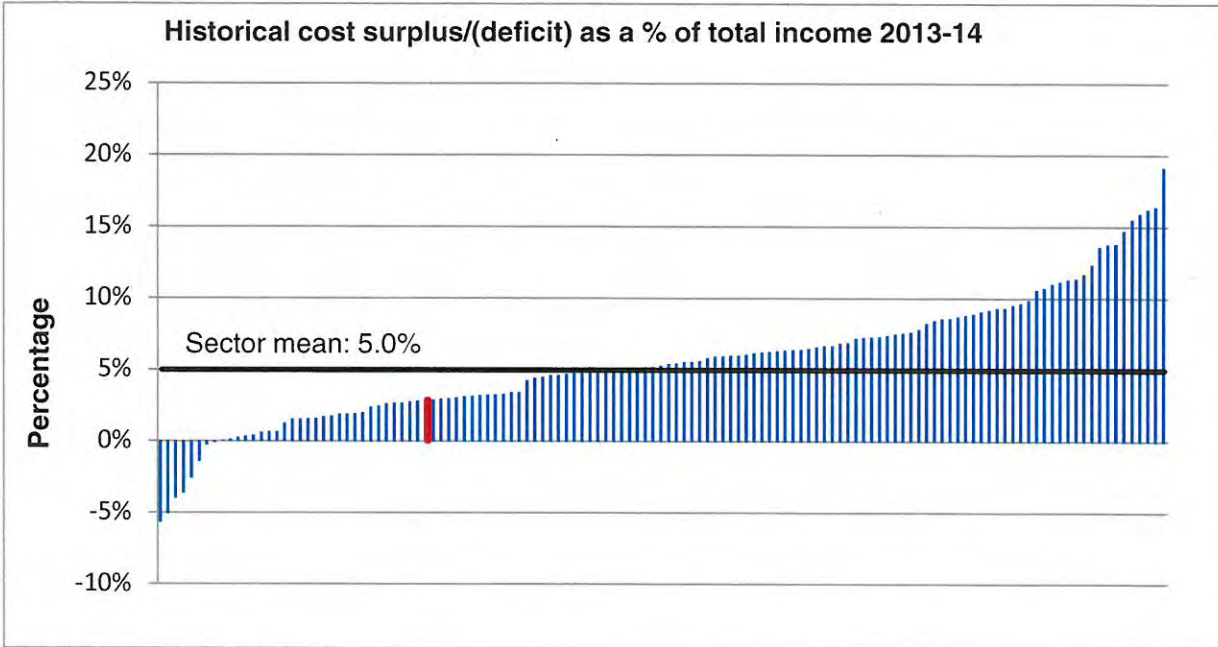
Although not comprehensive, these indicators were chosen to provide an overall view of financial performance:

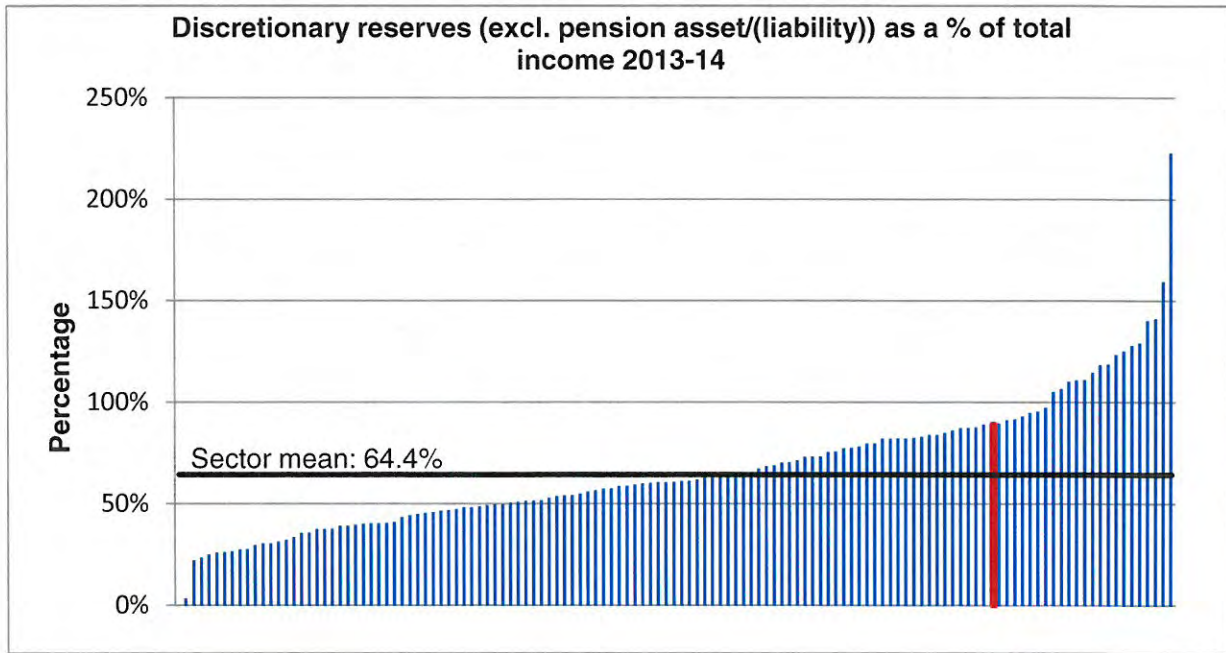
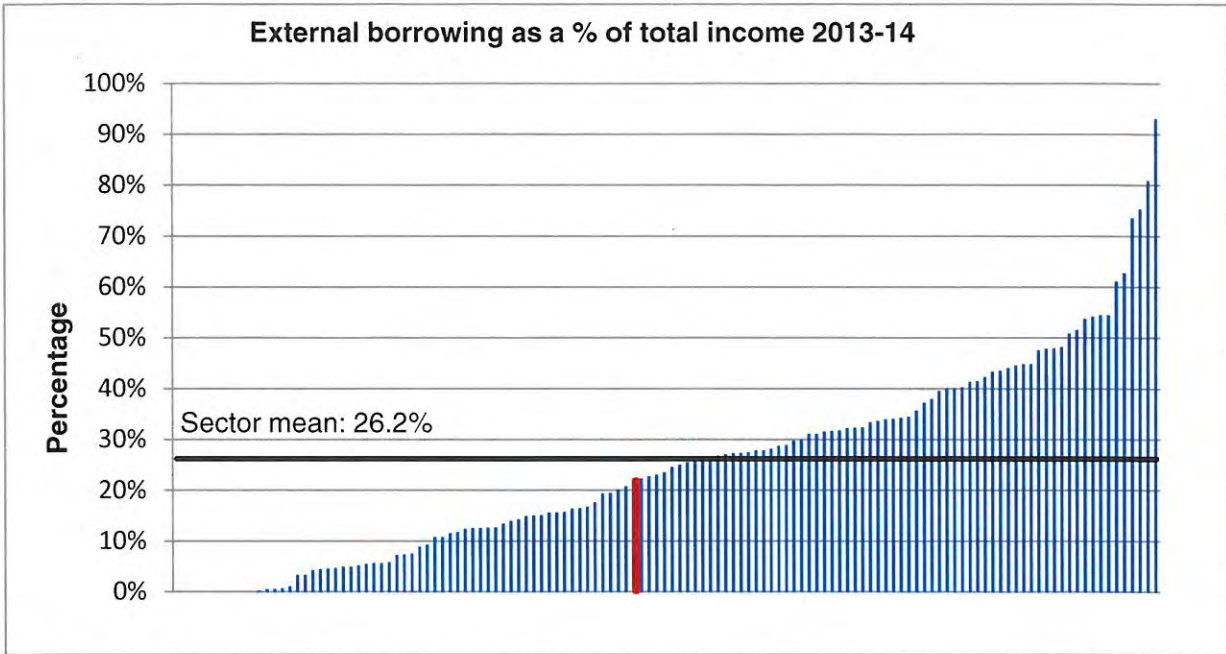
- Historical cost surplus: generation of surplus for investment
- Net liquidity: coverage of, and ability to respond quickly to, short-term financial pressures
- External borrowing (on-balance sheet): reliance on borrowings for development, balancing need for growth/development with increased costs of borrowing
- Discretionary reserves (excluding pension asset/(liability)): provision of a buffer against large unexpected financial pressures
- Net cash flow from operating activities: financial sustainability of the institution's core business
- Staff costs: appropriateness and significance of the staff cost structure for the institution
- Estates: indication of possible future estates costs

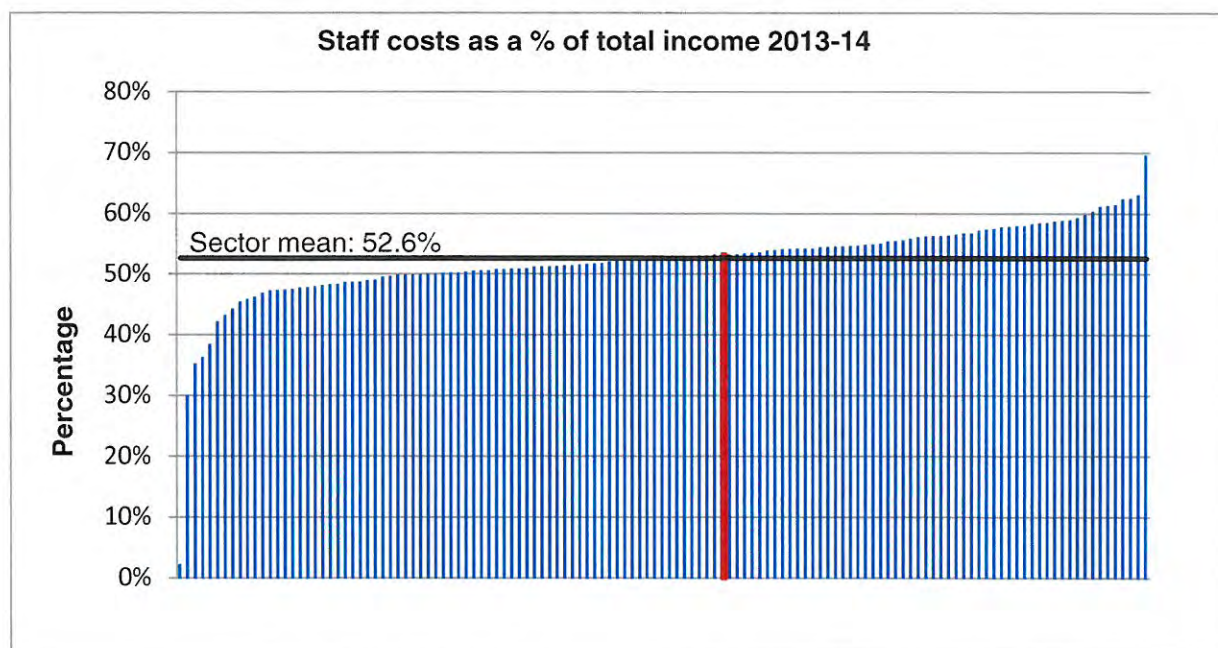
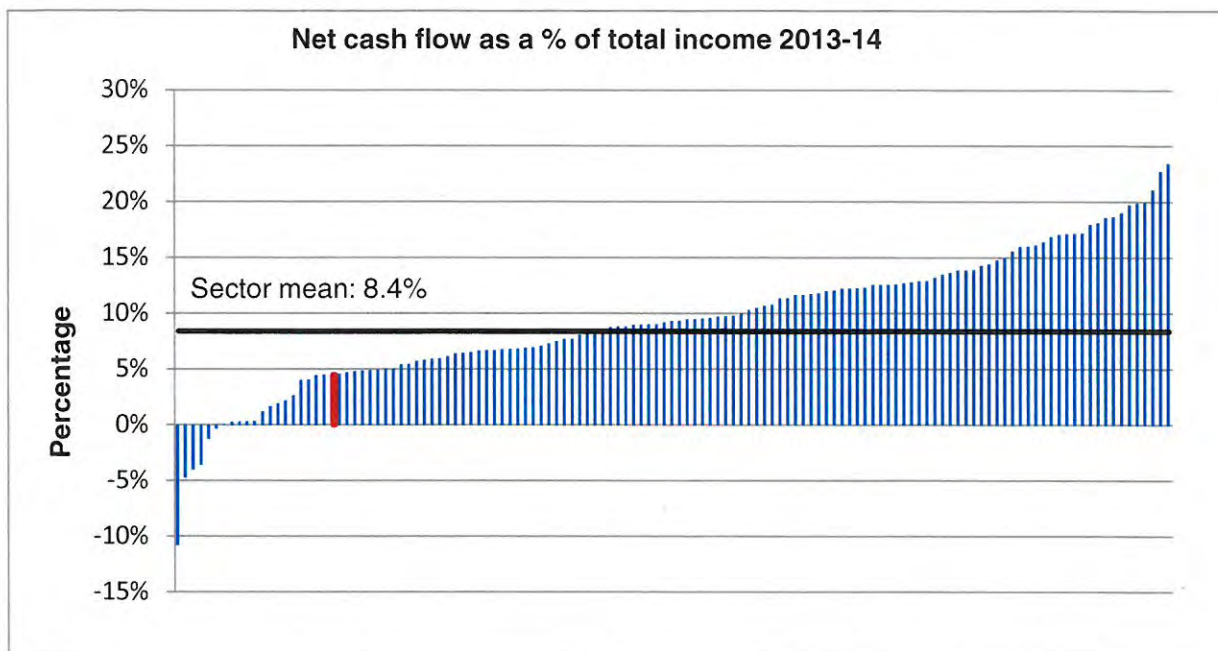
Annex B - Benchmarking of key financial indicators for 2013-14

Institution: London South Bank University

The figures below show the key financial information for 2013-14 relative to the sector. The data for London South Bank University are highlighted in red.







Source of data: Financial indicators are calculated from the 2014 financial results data as submitted to HEFCE in December 2014. Further details on this and on how the indicators are calculated are available on the HEFCE extranet under "2014 financial results – summary statistics". Details on how to access this benchmarking information will be sent to Directors of Finance.