

Meeting of the Policy & Resources Committee

**4pm on Tuesday, 12 November 2013
In 1B27, Technopark, London Road, SE1**

Agenda

<i>No.</i>	<i>Item</i>	<i>Paper No.</i>	<i>Presenter</i>
1.	Welcome and apologies		Chair
2.	Declarations of interest		Chair
3.	Minutes of the previous meeting (for publication)	PR.42(13)	Chair
4.	Matters arising		Chair
5.	Performance Matters		
5.1	Student recruitment update	PR.43(13)	PVC(E)
6.	Financial reporting for the year ended 31 July 2013		
6.1	Draft report and accounts for year to 31 July 2013 (to consider)	PR.44(13)	EDF
6.2	Students' Union accounts for year to 31 July 2013 (to note)	PR.45(13)	PVC(A)
7.	Matters for Approval		
7.1	Business Cases relating to LSBU / IBM Strategic Partnership <ul style="list-style-type: none"> • Exceptional student experience • Data centre outsourcing 	PR.46(13)	PVC(A)
7.2	National Bakery School redevelopment	PR.47(13)	Dean ,ESBE
7.3	Articles of Association	PR.48(13)	Sec
8.	Matters for Noting		
8.1	Key Performance Indicators	PR.49(13) *	VC
8.2	Insurance claims	PR.50(13)	EDF
8.3	Committee terms of reference	PR.51(13)	Sec

* late paper

9. Any other business

Chair

10. Date of next meeting: 4pm on Tuesday 4 March 2013

Members: David Longbottom (Chair for Sarah Mullally), Martin Earwicker (Vice-Chancellor), Barbara Ahland, Ken Dytor, Hilary McCallion, Anne Montgomery, Diana Parker and Jon Warwick.

Apologies: Sarah Mullally

With: Pro Vice Chancellor (Academic), Pro Vice Chancellor (External), Executive Director of Finance, University Secretary, Executive Director of Corporate Services (for item 7.1), Chief Information Officer (for item 7.1), Dean of Engineering, Science and the Built Environment (for item 7.2), Director of Development and Alumni Relations (for item 7.2) and Governance Officer.

London South Bank University

	PAPER NO: PR.42(13)	
Board/Committee:	Policy and Resources Committee	
Date:	12 November 2013	
Paper title:	Minutes of the meeting of 1 October 2013	
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors	
Board sponsor:	Dame Sarah Mullally, Chair of the Committee	
Recommendation:	That the committee approve the minutes and the proposed redactions for publication	
Aspect of the Corporate Plan to which this will help deliver?	N/A	
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	Published on the LSBU website	

Executive Summary

The committee is requested to approve the minutes of its meeting of 1 October 2013 and the proposed redactions for publication.

London South Bank University

Minutes of a Meeting of the Policy and Resources Committee
held at 4pm on Tuesday, 1 October 2013
in 1B27, Technopark, London Road, SE1

Present

Dame Sarah Mullally	Chair
David Longbottom	Chairman of the Board
Prof Martin Earwicker	Vice Chancellor
Barbara Ahland	
Anne Montgomery	
Diana Parker	
Prof Jon Warwick	

In attendance

Prof Phil Cardew	Pro Vice Chancellor (Academic)
Richard Flatman	Executive Director of Finance
Tim Gebbels	Director of Enterprise (<i>for minutes 9-10</i>)
Beverley Jullien	Pro Vice Chancellor (External)
Ian Mehrtens	Executive Director of Corporate Services
James Stevenson	University Secretary and Clerk to the Board of Governors
Michael Broadway	Governance Officer

Welcome and Apologies

1. Apologies had been received from Ken Dytor and Hilary McCallion.

Declarations of Interest

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

Minutes of the previous meeting

3. The minutes of the previous meeting were approved as a correct record. The minutes were approved for publication subject to the proposed redactions (paper **PR.31(13)**).

Matters Arising

4. It was reported that due to changes in staffing in the health and safety department the annual health and safety report would be presented to the committee in spring 2014. **The structure of the health and safety department was being reviewed.**

London South Bank University

5. It was reported that an update on the estates strategy would be discussed at the board strategy day of 23 October 2013 and a report would be presented to the property committee in spring 2014.

Recruitment

6. The committee noted an update on recruitment for 2012/13 (paper **PR.32(13)**). It was reported that the university was on track to recruit its target of 2,750 full time undergraduate students; part time undergraduate was on target; and postgraduate (both full and part time) and international were ahead of last year. Overall it was expected that recruitment would be in line with budget.

Transforming Students' Experience of Information Systems and Communication

7. The committee noted the proposed project to engage IBM to transform students' experience of LSBU's information systems and communication (paper **PR.33(13)**). As significant investment would be required, the proposal would be discussed in detail at the board strategy day of 23 October 2013. The detailed business case would then be considered by the committee and the Board in November 2013.

Data Centre Outsourcing

8. The committee noted that following discussion at the Audit Committee of 26 September 2013 outsourcing the university's data centres had been brought forward. Outsourcing the data centres would provide flexibility and mitigate risk. The business case was being drafted by the executive and would be submitted to the Board for approval, if necessary under the urgency procedure.

Intellectual Property Policy

Tim Gebbels entered the meeting

9. The committee approved the updated intellectual property (IP) policy which had been amended to reflect best practice in the sector (paper **PR.34(13)**). The committee requested the policy to make clear who owned the IP when it was created during a partnership with another organisation.

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10. The committee requested an update on the graduate entrepreneurs programme at a future meeting.

Tim Gebbels left the meeting

Annual Reporting Matters

11. The committee considered the public benefit statement (paper **PR.35(13)**), primary responsibilities of the Board (paper **PR.36(13)**), Matters Reserved to the Board (paper **PR.37(13)**) and the Corporate Governance Statement (paper **PR.38(13)**), which all formed part of the annual report.
12. The committee requested that responsibilities for health and safety are included in the primary responsibilities of the board and that the new University Engineering Academy South Bank is referred to in the public benefit statement. Subject to these amendments the committee approved these four documents.

Tribal Benchmarking Analysis

13. The committee noted detailed benchmarking analysis of LSBU's costs for 2011/12 from Tribal (paper **PR.39(13)**). It was reported that the Human Resources Committee had discussed the staffing data in detail at their last meeting. The University was above benchmark in surplus and income but below benchmark in research and enterprise income. It was noted that growth in enterprise income was a key area of focus for the University.

Key Performance Indicators

14. The committee noted the key performance indicators report (paper **PR.40(13)**). It was noted that the financial indicators had been updated from the year end outturn.

Treasury Management Report

15. The committee noted the treasury management report (paper **PR.41(13)**). Year-end bank balances were down £10m on the previous year due to the capital expenditure in year.
16. The committee recommended to the Board the setting up of a new bank account and direct debit collection for the sports centre.

London South Bank University

17. The committee recommended to the Board the removal of Professor Earwicker from the University's bank mandate and the addition of Professor Phoenix Vice Chancellor designate, with both changes effective from 2 January 2014.

Date of next meeting

18. The next meeting of the committee will be on Tuesday 12 November 2013 at 4pm.

The Chair closed the meeting.

Approved as a true record:

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Chair

	PAPER NO: 43(13)	
Board/Committee:	Policy and Resources Committee	
Date:	12 November 2013	
Paper title:	Student recruitment update	
Author:	Bev Jullien, Pro Vice Chancellor (External)	
Executive sponsor:	Bev Jullien, Pro Vice Chancellor (External)	
Recommendation by the Executive:	That the committee note the report	
Aspect of the Corporate Plan to which this will help deliver?		
Matter previously considered by:	P&R	On: Each meeting
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?		

Executive Summary

1. Overall, recruitment across categories remains in line with budget – and about 10% ahead of last year. The attached presentation highlights key achievements and learnings from this cycle.
2. Undergraduate full-time conversion was 18% overall from application to enrolment, 89% from firm acceptance to enrolment – in both cases, an improvement on last year. Within this, where students who had received offers, or firmly accepted an offer and then came to an event at the University, the conversion improved – for example, 95% of firm acceptances who attended a “head start” event subsequently enrolled (compared to the 89% average).
3. Post-graduate enrolment was good and ahead of last year, but the conversion process was disappointing, down on last year. This may be due to the very

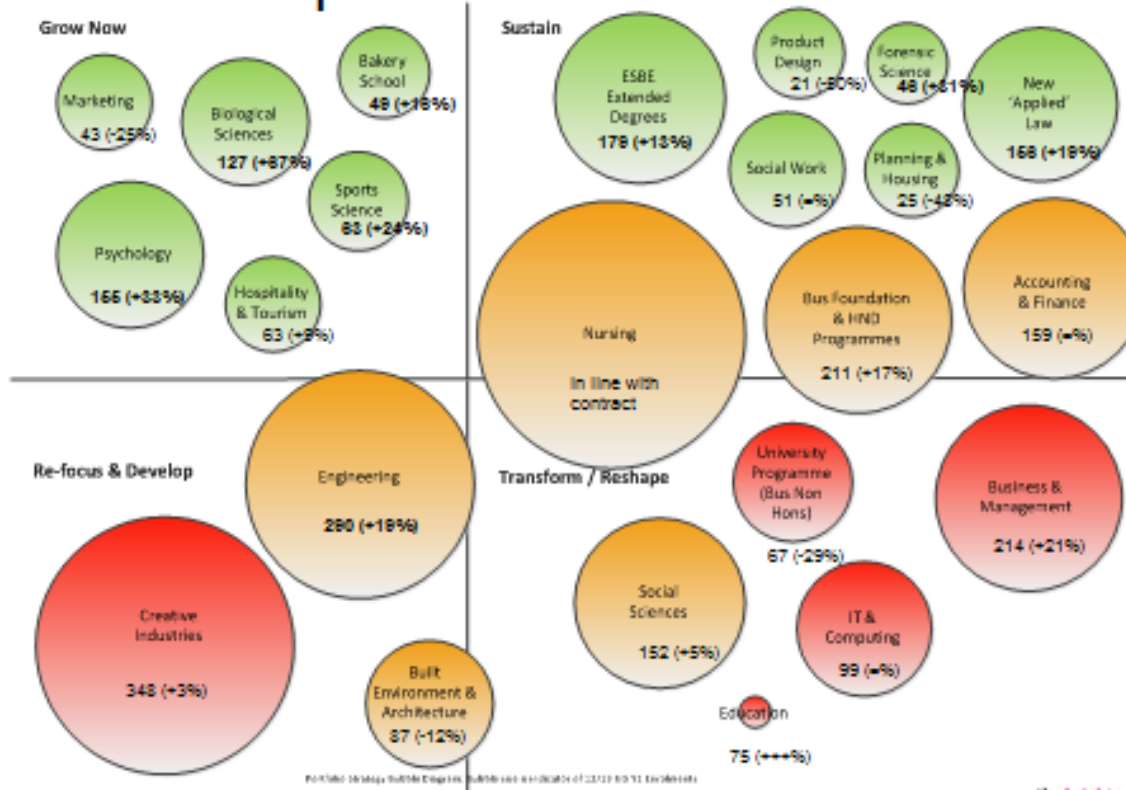
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intense competition in post graduate in London – but the team is looking at new approaches to improve conversion for next year.

4. Overall, the growth in enrolments as well as applications was particularly strong for the EU, with a growth in enrolments of 27% across all groups. Soft intelligence indicates that most competitors are not focussing on the EU at present, so this is an area where we will focus more strongly – both for generating applications and conversion.
5. The analysis of the overall sector performance will be available early in the New Year. Soft data, however, suggests that LSBU has performed well relative to the market as a whole, with a number of institutions, including at least 2 of our direct competitors, already indicating that they have not made their undergraduate numbers. In particular, our performance in Part time, delivering growth in a market which is apparently declining is strong.
6. There is no room for complacency, but it would appear that a structured approach of having targeted approaches to specific sectors of our market is proving effective.

**Home and EU
Student Recruitment: summary
and learnings
25.10.13**

Portfolio position – 13/14 UG vs 12/13



the brighter choice

Conversion: applications to enrolments, average: 18%; firm acceptances to enrolment, average: 89%

as at 25 October 2013

				Total Apps	Total Apps to EFE	Total Firms to EFE
Undergraduate Full time - SNC						
Faculty of Arts and Human Sciences	Arts and Media	AAMED	704	17.05%	89.55%	
	Culture, Writing and Performance	ACWP	1276	16.30%	90.83%	
	Education	AED	152	49.34%	94.94%	
	Law	ALAW	1020	14.41%	87.50%	
	Psychology	APSY	1074	13.50%	91.19%	
	Social Sciences	ASPS	965	13.99%	90.00%	
	Urban, Environment and Leisure Studies	AUES	468	19.23%	82.57%	
			5659	16.26%	89.49%	
Faculty of Business	Accounting and Finance	BAF	991	19.88%	89.55%	
	Business Studies	BBS	1581	20.11%	83.03%	
	Informatics	BINF	861	19.63%	88.02%	
	Management	BMAN	287	12.20%	83.33%	
	National Bakery School	BNBS	104	46.15%	90.57%	
			3824	20.06%	86.18%	
Faculty of Engineering, Science and the Built Environment	Applied Sciences	EAS	1918	21.32%	88.72%	
	Built Environment	EBE	899	18.91%	85.86%	
	Engineering and Design	EED	815	22.58%	89.32%	
	Urban Engineering	EUE	399	19.05%	84.44%	
			4031	20.81%	87.85%	
Faculty of Health and Social Care	Adult Nursing	HAN	0			
	Allied Health Professions	HAHP	77	25.97%	100.00%	
	Children's Nursing	HNC	0			
	Mental Health and Learning Disabilities Nursing	HMHN	0			
	Midwifery	HMWH	0			
	Primary and Social Care	HSPC	930	5.48%	130.77%	
			1007	7.05%	120.34%	
	Undergraduate Full time SNC*		14521	17.88%	88.57%	

Conversion from application to enrolment has improved in all categories of UG except business part-time – post-graduate has weakened except for ESBE part-time which is being assessed further

2012/2013

	UG FT	UG FT SNC	UG PT	PG FT	PG PT
AHS	15.91%	15.44%	18.82%	19.03%	48.69%
BUS	19.75%	17.93%	22.10%	24.32%	56.83%
ESBE	17.04%	16.39%	35.85%	29.86%	39.89%
HSC	8.01%	5.95%			

2013/2014

	UG FT	UG FT SNC	UG PT	PG FT	PG PT
AHS	17.37% ↑	16.26% ↑	55.37% ↑	17.96% ↓	39.69% ↓
BUS	22.23% ↑	20.06% ↑	10.13% ↓	21.88% ↓	48.75% ↓
ESBE	21.01% ↑	20.81% ↑	34.90% ↓	25.75% ↓	52.42% ↑
HSC	7.43% ↓	7.05% ↑			

Conversion of firm acceptances has also improved for UG – but weakened for PG – also being explored further

2012/2013

	UG FT	UG FT SNC	UG PT	PG FT	PG PT
AHS	86.19%	84.48%	77.78%	81.01%	100.54%
BUS	82.53%	78.84%	69.32%	74.38%	82.65%
ESBE	80.66%	78.71%	69.39%	62.28%	74.11%
HSC	111.82%	142.55%			

2013/2014

	UG FT	UG FT SNC	UG PT	PG FT	PG PT
AHS	89.49% ↑	88.64% ↑	59.39% ↓	79.37% ↓	57.99% ↓
BUS	86.18% ↑	85.00% ↑	20.25% ↓	48.66% ↓	75.00% ↓
ESBE	87.85% ↑	87.50% ↑	71.02% ↑	58.05% ↓	78.63% ↑
HSC	120.34% ↑	112.19% ↓			

Active engagement with students who have received an offer, or firmly accepted, significantly improves likelihood of enrolment

Applicant Day attendees for offer holders:

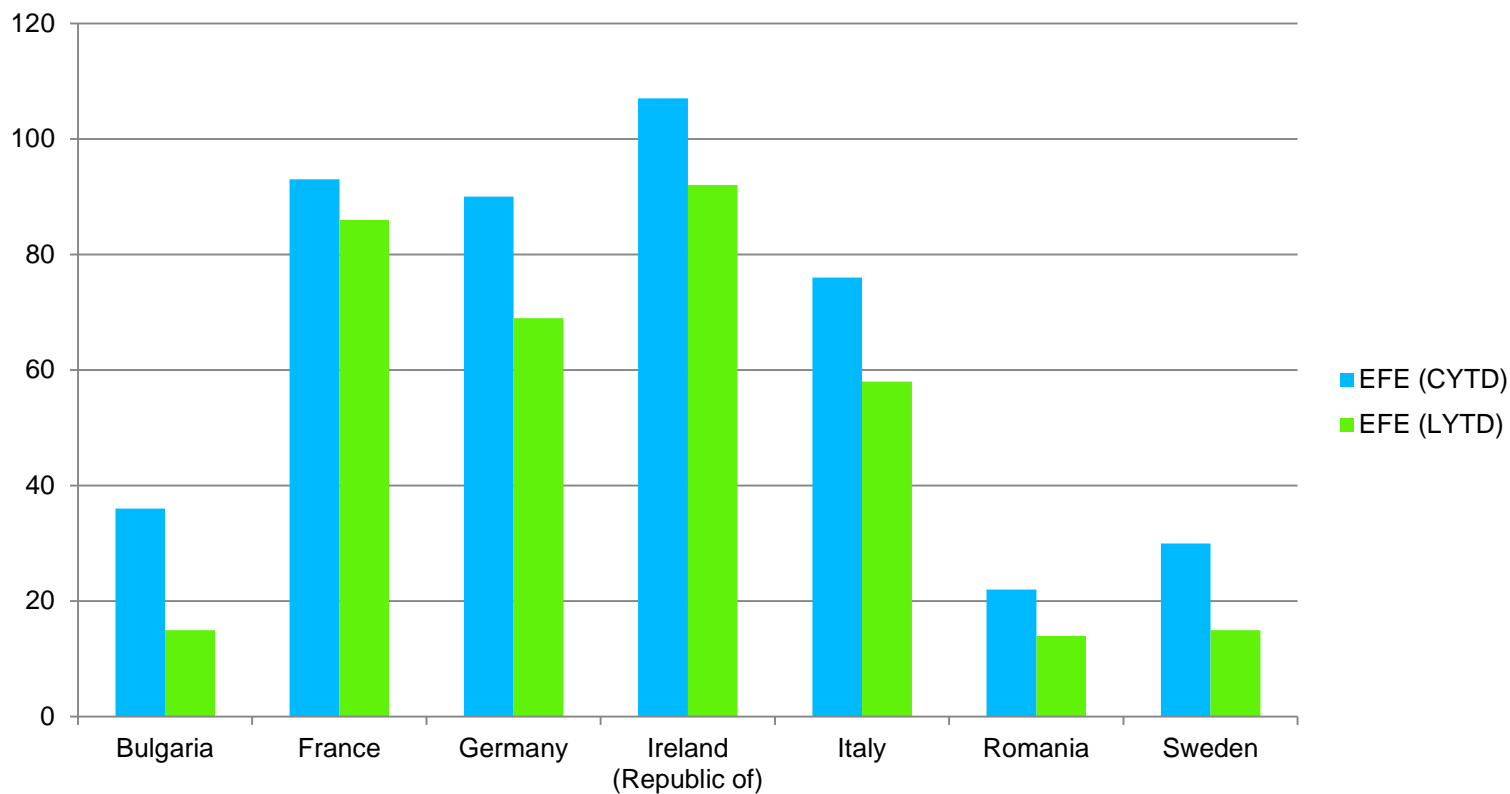
64.65% conversion from offer to enrolment for September 2013

Firm acceptances who attended Head Start Days:

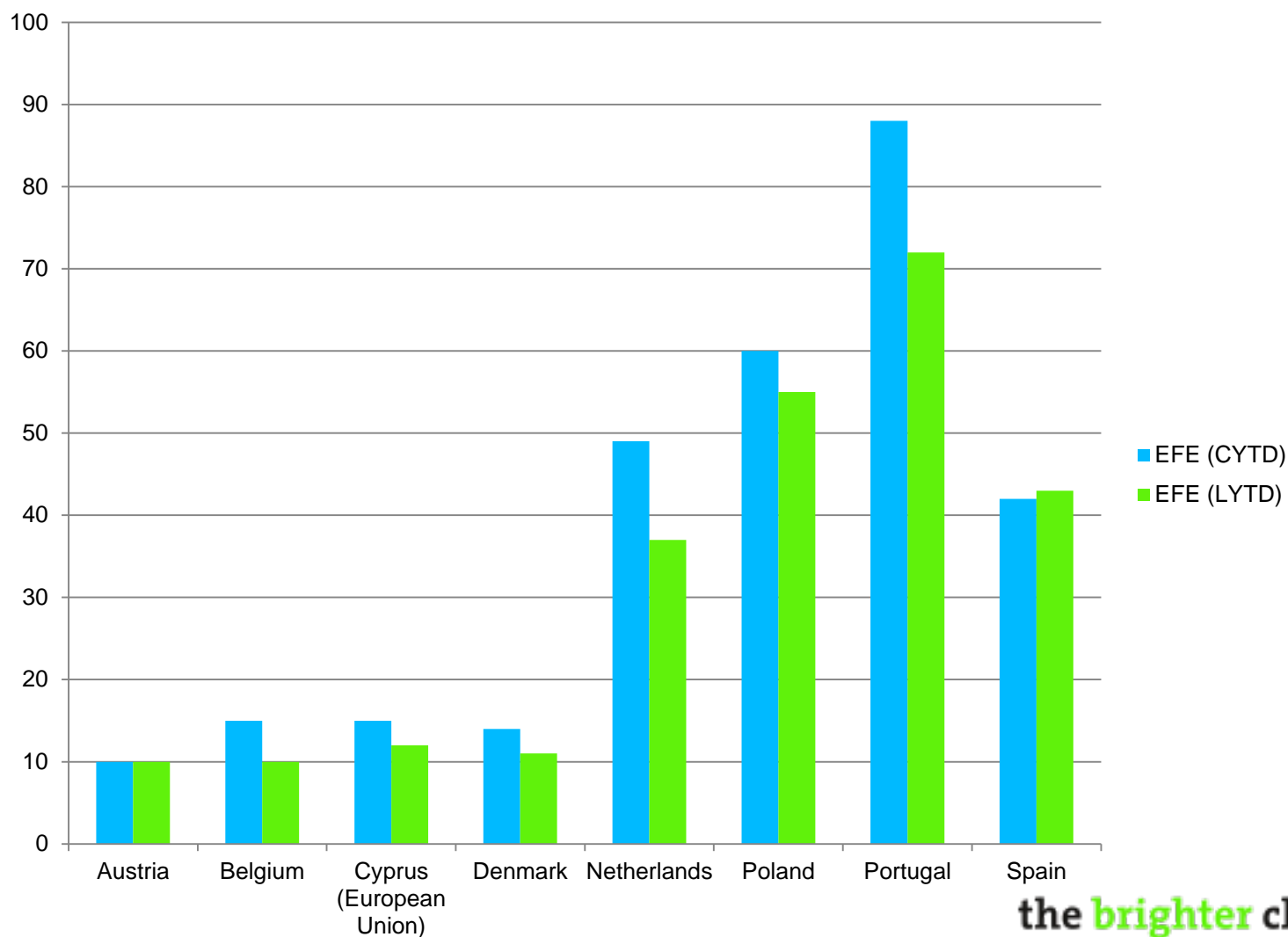
95% conversion from acceptance to enrolment for September 2013 (against an average of 89%).

These have been our most successful student recruitment conversion events and are now being rolled out across the whole university for 2014

EU recruitment: Tier One country enrolment has increased by 31% (from 349 to 454)



EU recruitment: Tier Two Country enrolment has increased by 17.2% (from 250 to 293)



EU summary

For all modes of study for EU:

Enrolments up by 27.43%

Acceptances up by 42.37%

Applications up by 61.92%

Areas for improvement:

- development of a more specific and comprehensive conversion strategy
- Continued development of the EU Agent Network

General

- The sector is struggling to get SNC right
- Russell Group struggling to make their OFFA quotas
- “dirty tricks”
 - not releasing
 - “stealing ABBs”
- Becoming 50/50 recruitment/selecting universities
- Huge sums being spent on clearing
- Some universities will get fined for over recruitment others not made their SNC
- Some universities finding clearing very difficult and not coping with ABB equivalencies
- No further tinkering till after general election
- New providers coming on stream in 2015
- Concern over deflation of A level grades

Overall campaign :Successes

- We are ahead of the game in terms of CRM and digital marketing activities– but others will catch up!
- Conversion activities and events
- Applications up 5% year on year for our top 30 schools
- EU applications up but room for growth
- The successful re-engagement of the Business Sponsor networks has led to a 20% growth in Undergraduate part time numbers for September 2013

2014 and beyond

Priorities

- More up front activity across all departments to encourage more on time applications.
 - Increased school activity
 - More corporate marketing October- December
 - All digital marketing communications reviewed and planned
- Improvements to open days following the decliner survey comments
- Further priority planning with faculties especially business
- Move of CRM activities and staff into web team so all digital activities in one place – effective use of new website
- Restructure in PR & Communications to strengthen the PR side of their responsibilities, will be in effect by 1 January 2014
- Review schools activity to ascertain what more can be offered
- Focus on conversion: consistent application of engagement days across subject areas; review and action plan for post graduate

Company Registration No. 986761

**London South Bank
University**

Report and Financial Statements

31 July 2013

London South Bank University

Report and financial statements 2013

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London South Bank University

Officers and professional advisers

Chancellor

Mr Richard Farleigh

Vice Chancellor

Professor Martin Earwicker

Pro Vice Chancellors

Professor Phil Cardew (Academic)

Ms Beverley Jullien (External)

Executive Director of Finance

Mr Richard Flatman

Secretary and Clerk to the Board of Governors

Mr James Stevenson

Registered Office

103 Borough Road
London
SE1 0AA

Bankers

NatWest
City of London Office
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EC2R 8PA

Solicitors

SGH Martineau
1 Colmore Square
Birmingham
B4 6AA

Muckle LLP
Time Central
32 Gallowgate
Newcastle-Upon-Tyne
NE1 4BF

Auditor

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

Members of the Board of Governors

The following were Governors throughout the year ended 31 July 2013 except as noted:

Mr David Longbottom (*Chair*)

Professor Martin Earwicker (*Vice Chancellor and Chief Executive*)

Ms Barbara Ahland (appointed 7 November 2012)

Ms Anisa Ali (resigned 30 June 2013)

Mr Steve Balmont

Ms Janet Cattini (resigned 30 November 2012)

Mr Douglas Denham St Pinnock

Mr Ken Dytor

Professor Hilary McCallion CBE (appointed 12 March 2013)

Sir David Melville CBE (resigned 31 March 2013)

Ms Anne Montgomery

The Revd Canon Sarah Mullally DBE

Dr Mee Ling Ng (appointed 12 March 2013)

Mr Andrew Owen

Ms Diana Parker

Professor Shushma Patel (appointed 7 November 2012)

Mr James Smith CBE

Professor Jon Warwick

Mr Peter Winbourne (resigned 19 October 2012)

Changes in Governors since 31 July 2013

Ms Louisa Nyandey (appointed 17 October 2013)

Operating and Financial Review

This Operating and Financial Review is that of the University and its subsidiary, London South Bank Enterprises Ltd.

Our mission

Creating professional opportunity for all who can benefit.

We owe our origins to those far sighted people who created the Borough Polytechnic in 1892, an institution that was greatly admired and successful in delivering life-enhancing education relevant to employment. We have inherited, and cherish, the role of welcoming students with potential from all backgrounds and helping them achieve career success. This mission is central to London South Bank University and we remain true to it.

Putting students first

Student success remains as the University's overriding aim and is reflected in all that we do. We have made real progress in improving efficiency and concentrating on our core business, but we can do more. Our Corporate Plan 2011/14, 'Student Success', has responded to the current significant change in higher education by setting our priorities to become more innovative, efficient and financially sustainable. Changes in funding, increased student choice and competition amongst higher educational institutions will ensure that perception of value and quality will be ever more important. Therefore we must ensure that our portfolio is relevant to the student and employment market, that what we deliver is of the highest quality, and that we offer students the support that they need to succeed.

The increasing emergence of new competitive players will challenge us to be as efficient and effective as possible. However, we are taking a measured approach based on continuous improvement and recognising that price alone is not the key driver; other factors including teaching excellence, student-focused delivery modes and continued investment in student support will also be key to ensuring our success as compared to our competitors.

Commitments

We are committed to:

- Delivering success for our students
- Supporting all students who have the potential to succeed academically and professionally, irrespective of their background
- Working with local schools and Further Education colleges to help them prepare students for Higher Education
- Increasing admission selectivity on the basis of potential to succeed
- Increasing additional academic support for students to succeed, particularly in their first year
- Maintaining a sufficiently broad curriculum to enable most local students to study with us
- Investing in part-time and flexible delivery to enable students to balance study, work and personal lives
- Increasing support for employability skills for our students
- Working with staff to help them achieve greater success, satisfaction and reward
- Moving to enterprise-led research
- Excellence and continuous improvement in all that we do to meet the aspirations of our students and deliver ever better value for money.

Financial strategy and performance

As a result of continued financial pressure on public funding, government policy is transferring much of the burden of the cost of higher education to students. The Board decided on a simple pricing structure for our courses in 2012/13 (reflecting both the current commitments to continued funding for strategically important and vulnerable subjects and to maintaining funding for widening participation and teaching enhancement, alongside the fees paid by students) with a range of fees from £5,950 (for students studying for LSBU awards with partner colleges) to £8,450 (for students studying for LSBU awards within the University, or where awards are delivered both within the University and within partner colleges). The headline fee for 2013/14 has been held at £8,450. However, fees for full time, home and EU undergraduate students will increase from 2014/15 to the maximum £9,000, reflecting continued financial challenges and the need to maintain revenues and deliver desired financial outcomes to support the required level of investment. This change in pricing structure also allows us to offer an enhanced package of bursary support providing financial assistance to students at the time they need it most, whilst studying at LSBU. Fees for new international, postgraduate

Operating and Financial Review

and part time students will not increase in 2014/15 and we will seek to grow volume through competitive headline fees and a range of discounts.

Whilst confident that we are effectively managing price risk, there remains considerable financial uncertainty, including uncertainty about the way in which the new fees landscape will continue to unfold and the way in which competitor institutions and prospective students will react to changes. The University's financial strategy is therefore focused not only on future sustainability but also on maintaining financial resilience and flexibility at all times. The days of government bailing out universities are passed, therefore we have to take decisions that are financially robust and ensure academic quality. At times this will mean we have to let go of some worthy but financially unsustainable issues; But it also gives us the spur to become more innovative and efficient so that every penny of our students' fees is used to the maximum benefit of our students as their success will underpin the University's future.

The University's financial strategy is expressed through its rolling five year financial forecasts. The key elements of the financial strategy are to:

- aim for a surplus of 5% of income
- deliver growth in income, with a particular focus on enterprise, income from international students and non SNC post graduate and part-time provision
- improve progression of students
- ensure that all aspects of the University's operation are as lean and efficient as possible without compromising quality or student success
- manage staff costs, including agency costs, to an agreed maximum percentage of income
- increase investment over the plan period to provide for future sustainability in buildings and infrastructure
- maintain cash balances at agreed levels.

We entered 2012/13 in a strong financial position having made real progress streamlining activity and delivering efficiency wherever possible. A record financial surplus of £9.9m was achieved in 2010/11. This was followed by a surplus of £6.5m in 2011/12 after accounting for an impairment charge of £2.9m in respect of building stabilisation costs which made the result even more satisfying. Notwithstanding the record level of recent surpluses, it was always anticipated that 2012/13 would be far more challenging given the continued financial uncertainty, the continued reductions in government funding and the new fees regime. As expected, recruitment proved very challenging and in common with most other universities, LSBU fell short of initial recruitment targets. A revised downward forecast surplus of £2.5m was approved in November 2012 but thanks to strong financial control and leadership, prudent decision making and continued focus on efficiency and value for money, the University has achieved a financial surplus of £6.1m in the current year before the exceptional loss of £0.6m arising on deconsolidation of the Student Union, following a change to their constitution. Total income levels are consistent with previous year at £138m.

This strong track record of financial success has enabled the University to continue with the implementation of its 25 year estates strategy vision to totally transform the estate to support the delivery of academic services and enhance the student learning experience. The projects undertaken were prioritised based on business needs, criticality of service and cost reduction. Major building projects this year included the creation of a new Student Centre which opened in late 2012 and the complete renovation of the Grade II listed Georgian buildings at St George's Circus which opened in September 2013.

The Student Centre brings together many of the University's non-academic student support services and houses our Students' Union. Around £8m was spent on the project. The development takes a prime location under our existing Tower block, with a vibrant and exciting ground floor foyer and a first floor area perfect for meetings, social learning and group working.

In order for us to deliver our mission of creating professional opportunity for all who can benefit, it is fundamental that the University is intimately connected to the professional workplace- whether in public, private or third sectors. In line with this, we are developing a truly enterprising approach across the University in close partnership with key stakeholders. This will enrich course content and credibility, enhance connectivity and career prospects, and bring in funds to further enrich and develop the student experience. The re-developed terraces, completed in September 2013 at a cost of £13.5m, have been transformed to accommodate the University's Enterprise Centre housing incubation space, allied retail units, meeting rooms, an open public reception space, gallery and cafe. The development has

Operating and Financial Review

transformed the local landmark into an open gateway for the campus, making it fit for the 21st century. Following the recent completion of these two ‘anchor’ projects, plans are also in process for the redevelopment of the remaining site with a proposal to invest up to £90m over the next ten years funded from cash reserves and operating cash flows generated over that period. The financial strength of the University means that we do not need to place reliance on new loan funding to support these plans.

This increased investment in the estate will allow us to align and coordinate the interventions and investments, thus saving resources and achieving an improved cost-benefit ratio. For all projects, sustainability considerations are integrated at the design and construction phase to achieve benefits over the lifetime of the asset, and the sustainability team are included in all design development phases. Future plans also include £4m for specific projects to meet the University’s carbon reduction commitment by 2020.

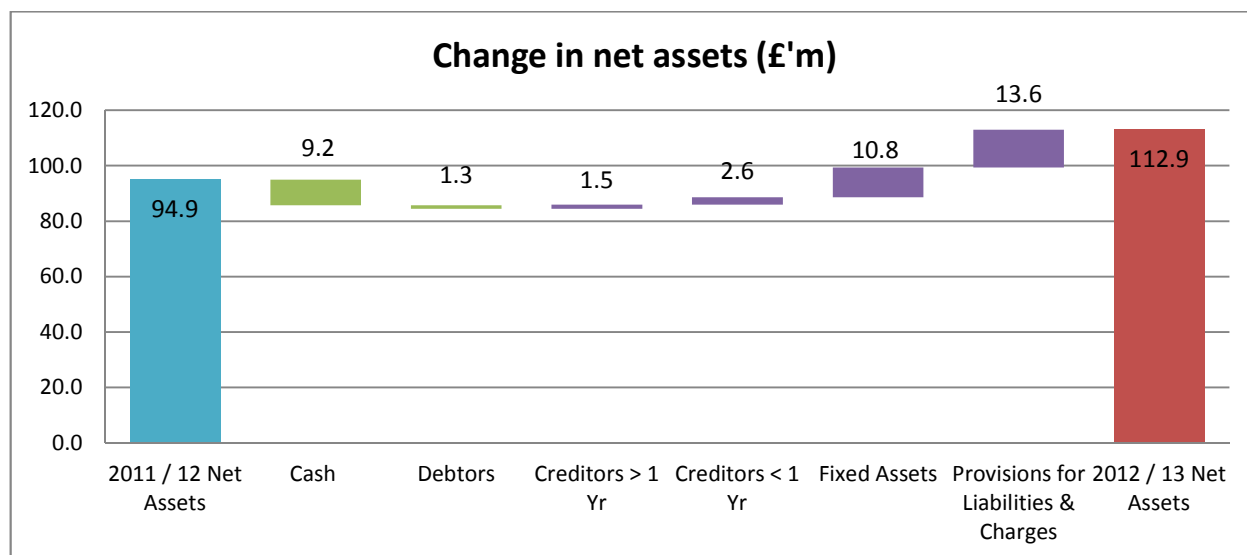
All of our infrastructure providers are procured through European Union processes to achieve full competition, and all suppliers are rigorously assessed from the sustainability aspect, an assessment that figures objectively in the decision whether or not to appoint.

At an operational level we are proud of our sustainability achievements by leading the way to have our energy and environmental management system certified to ISO 50001 and ISO 14001 standards.

Going forward we will seek to implement an asset management system to further optimise the management of our physical assets.

Balance sheet and liquidity

The Group’s net assets increased by 19% during the year moving from £94.9m to £112.9m. The change in assets is driven by three key factors: An increase of almost £11m in tangible assets due to the University’s continued investment in its Estate, a decrease of over £9m in cash at hand to fund these investment plans and a reduction of £13.6m in the provision for liabilities and charges including a reduction in the London Pension Fund Authority (LPFA) pension liability of almost £12.5m.

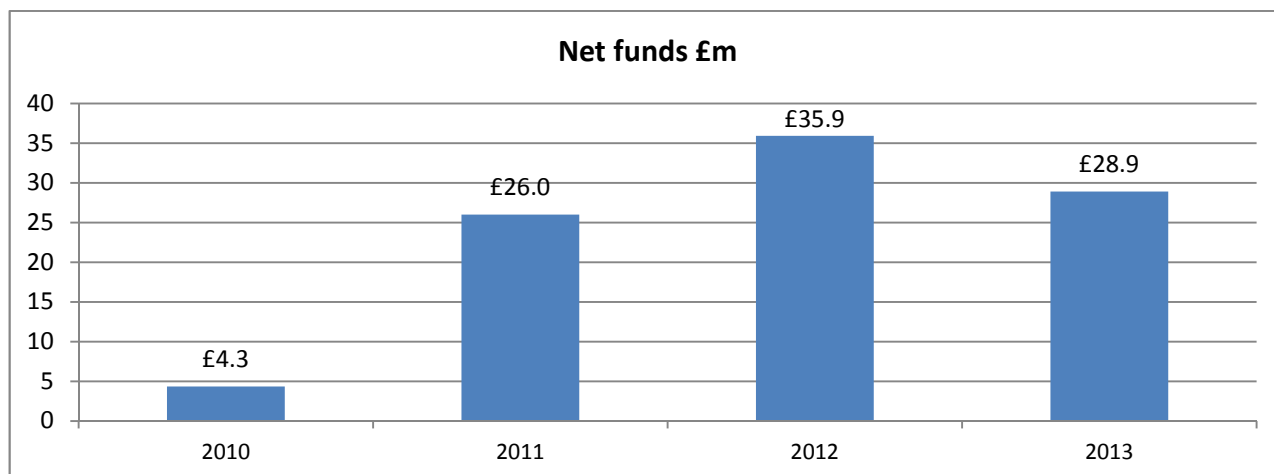


The University plans always to have sufficient liquid assets to meet its liabilities as they fall due. Days liquidity has decreased from 193 days at 31 July 2012 to 177 days at 31 July 2013. This reduction is primarily due to a fall in cash balances from £69.1m at 31 July 2012 to £59.9m at 31 July 2013, which reflects the increased level of capital expenditure in 2012/13. The longest term deposit is 6 months and the maximum overseas exposure is £1.8m through liquidity funds.

Borrowings have reduced from £33.3m at 31 July 2012 to £31.1m at 31 July 2013 reflecting loan repayments made.

Operating and Financial Review

Net funds are summarised below:



Borrowing capacity is reviewed on a regular basis and is considered adequate to meet current plans.

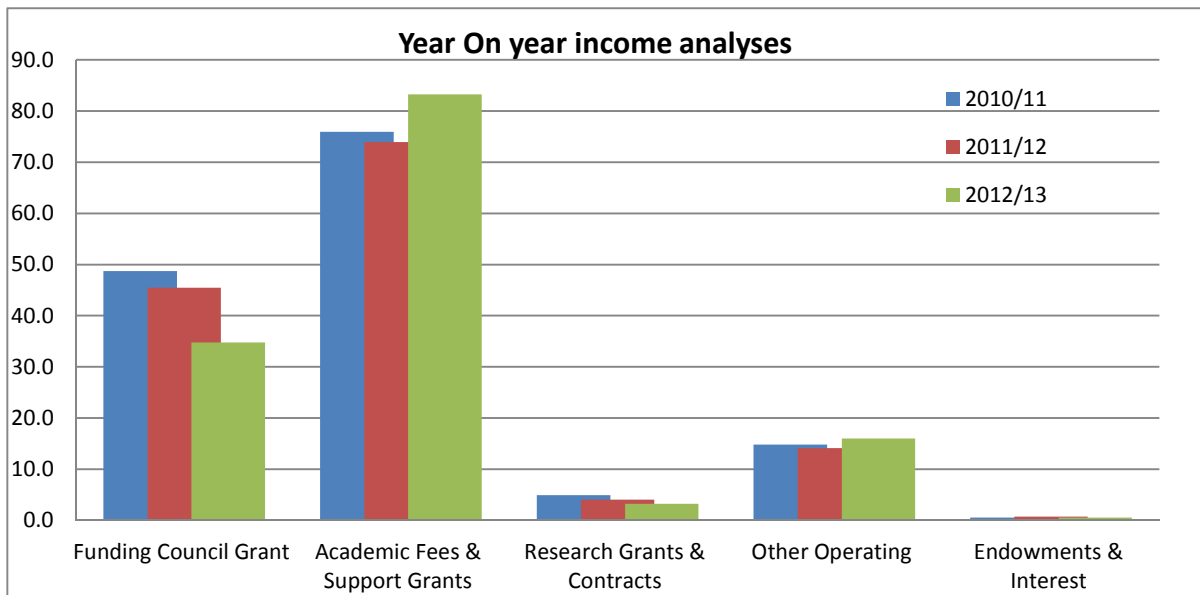
Result for the year

Financial Summary in £m				Variance from 2011 / 12	
	2012/13	2011/12	2010/11		
Income	£137.9	£138.3	£144.9	£0.4m	-0.3%
Expenditure	£132.4	£131.8	£135.0	£0.6m	0.5%
Surplus for the year	£5.5	£6.5	£9.9	£1.0m	-15.6%
Surplus %	4.0%	4.7%	6.8%		

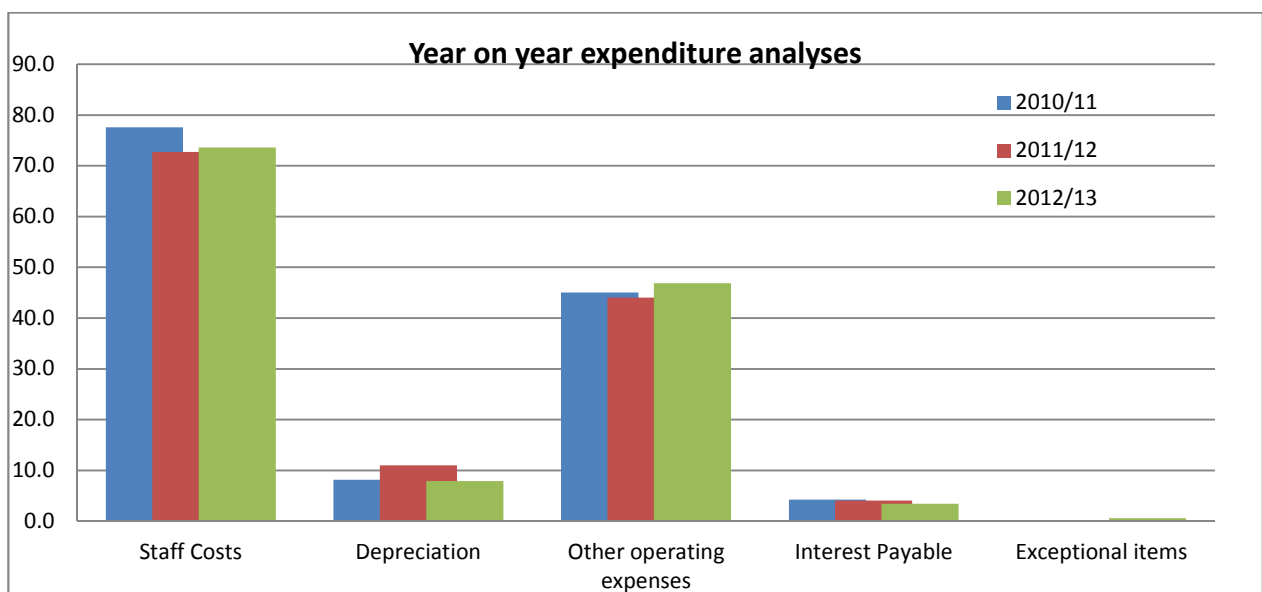
- The £5.5m surplus for the year is after accounting for a £0.6m exceptional item relating to the divestment of the Student Union. The underlying operating surplus of £6.1m is well ahead of the forecast surplus of £2.5m submitted to HEFCE in November 2012. In the context of the recruitment challenges across the sector in 2012/13 this is considered a strong result.
- Total income decreased by 0.3% (£0.4m) to £137.9m (2011/12: £138.3m). There was a reduction in Funding Grant due to the introduction of a new fee regime for both undergraduate (UG) and post graduate (PG) students. This fall, however, was offset by an increase in UG fees and a significant increase in PG fees. The fall in income was primarily due to a further decline in Overseas Income and the change in funding regime with regard to Teacher Training.

Academic fees including NHS contract income and Funding Council grants remain the main sources of income for the University representing 60% and 25% respectively (2011/12 = 53% and 33%). The key driver for the increase in fee income and corresponding decline in grant income is the introduction of the new fee regime for undergraduate students in 2011/12.

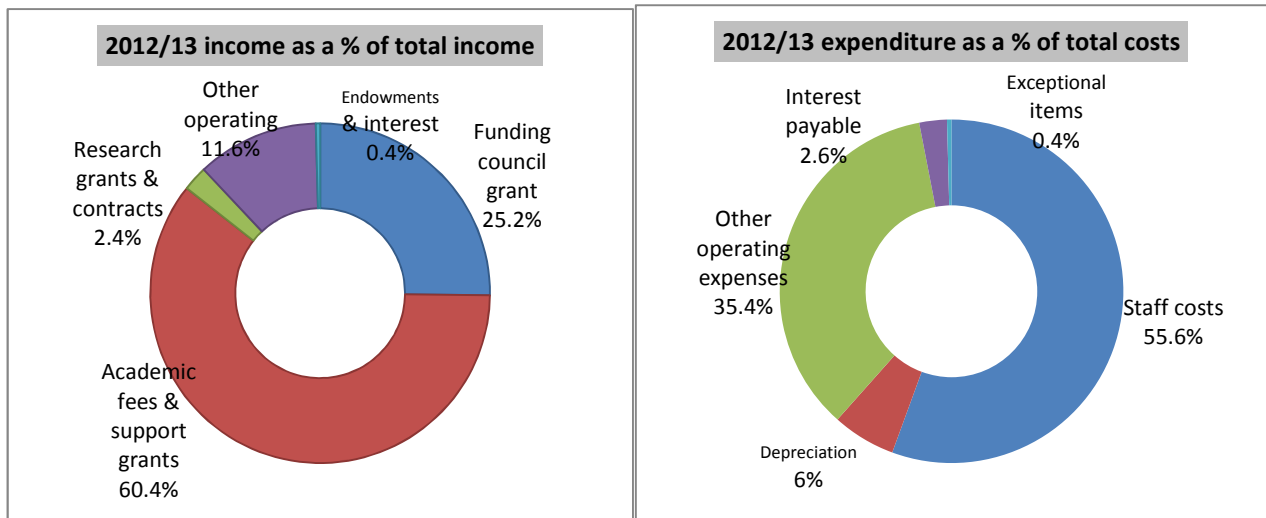
Operating and Financial Review



- Staff costs increased by 1.2% from £72.7m in 2011/12 to £73.6m in 2012/13 representing 53.4% of income (2011/12 = 52.6%) after accounting for Agency Staff costs, which are included in the accounts as operating expenditure. This remains an area of continued focus for the university in 2013/14.
- Other operating expenses increased from £44.0m to £46.9m an increase of 6.5%. This increase was driven by increased expenditure on Agency Staff, an additional provision for debts to cover higher fees due from self-paying and sponsored students, additional expenditure on staff recruitment and increased costs of staff development. This was offset by reductions in Utilities and Rent due to the rationalisation of our estate.



Operating and Financial Review

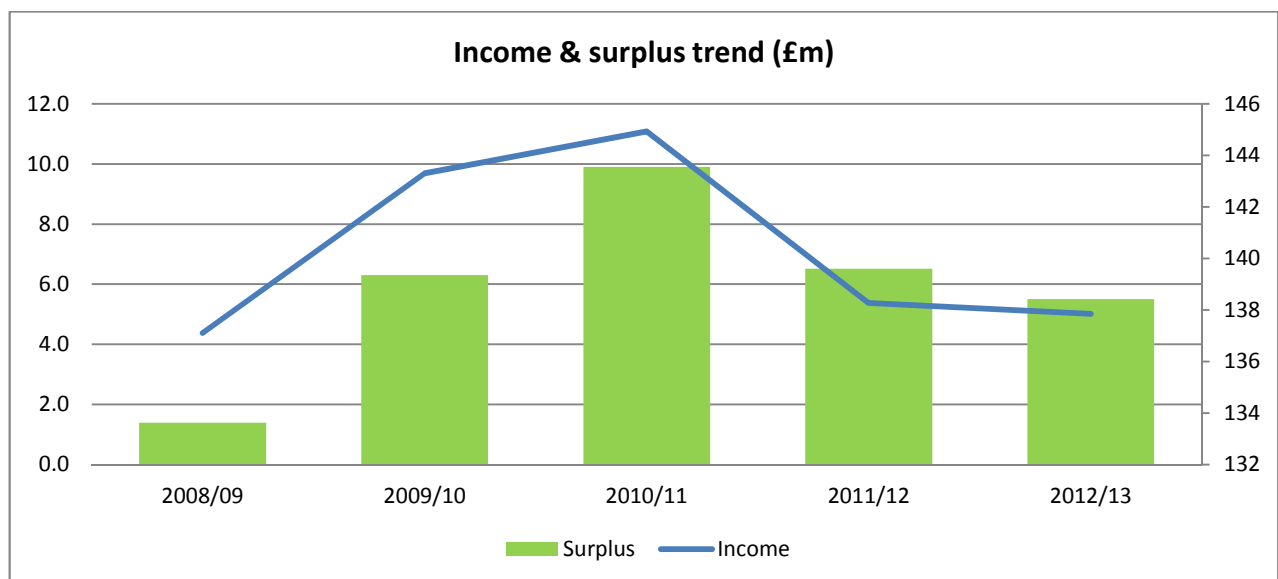


Capital expenditure

Capital expenditure amounted to £18.5m during the year as we continued to implement the Estate Strategy along with some additional investment in computers and other equipment. Major investments include the renovation of the Georgian Terraces which have been reconfigured as the Clarence Centre for Enterprise and Innovation, the completion of the Student Centre and a number of small projects targeting areas of student dis-satisfaction including a new entrance to the Perry Library and investments in the University's WiFi network.

Financial trend analyses

Income & surplus



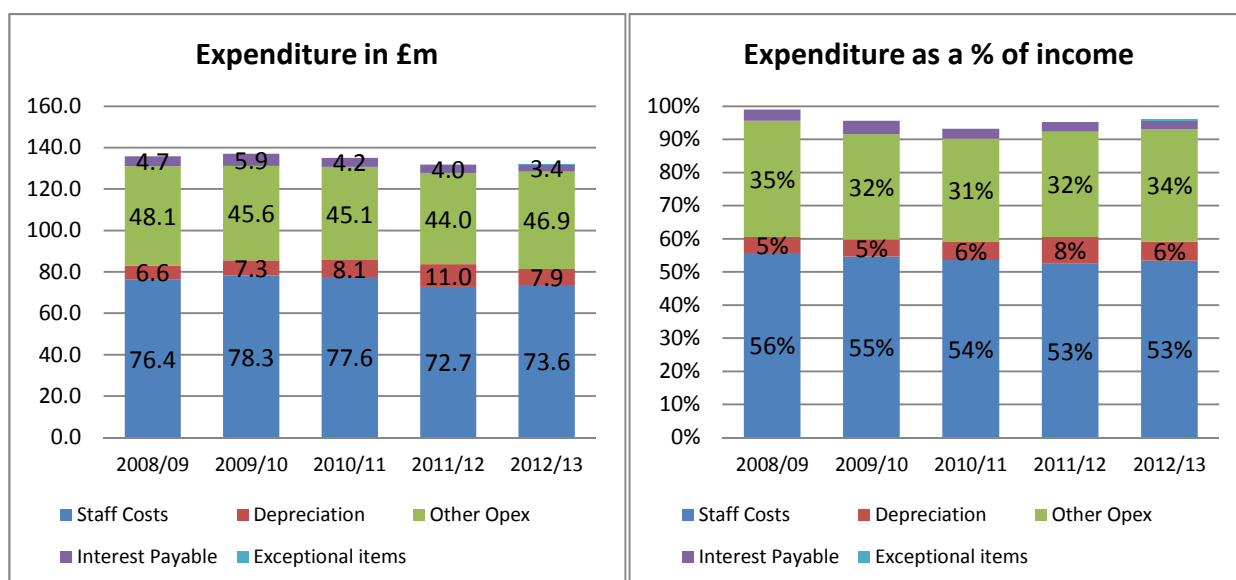
Operating and Financial Review

The increase in 2010/11 income can be explained from the one-off increase in UGFT (Undergraduate Full-Time) Student Numbers by 300. These discontinued in 2011/12 and income was further reduced in 2012/13 by continued cuts to the HEFCE funding grant and by a reduction in the level of income generated from overseas students. There was also an additional change with regard to TTA funding in 2012/13 which further depressed income.

Between 2007/08 and 2010/11 income had grown steadily as a result of the introduction of higher tuition fees for full-time Home & European Union students from 2006. This income growth has been supplemented by better progression. However the number of students enrolling in the first year declined in 2012/13 as a result of the introduction of the new fee regime and is expected to remain below previous levels due to the change in Student Number Controls particularly with reference to students achieving in excess of ABB at A levels.

The surplus has remained relatively constant over the past few years but, excluding exceptional items, has reduced in 2012/13 by approximately £3m, from £9m to £6m. This reflects static income but continued upward pressure on staff costs and operating expenditure.

Expenditure



Staff costs (including restructuring costs) have decreased from £76.4m in 2008/09 to £73.6m in 2012/13. As a % of income, staff cost decreased from 56% to 53% of income by 2012/13.

Operational expenditure

Operating expenditure increased from 2008/09 as a result of the introduction of student bursaries alongside higher tuition fees. This has begun to reverse in 2012/13 with overall student bursaries falling for the first time due to the introduction of fee waivers which impact income rather than expenditure. The reduction in operating expenditure from 35% of income in 2008/09 to 34% in 2012/13 is a result of cost controls and savings made in a number of areas particularly with regard to the rationalisation of the estate.

Interest

Interest payable increased from £4.7m in 2008/09 to £5.9m in 2009/10 due to the increases to the FRS17 pension interest charge but has subsequently reduced to just over £3.4m in 2012/13 reflecting a reduction in borrowings outstanding and a lower charge relating to FRS 17.

Depreciation

Depreciation has increased over the 5-year period as a result of investments in the University's estate, in particular the K2 building which came into use in November 2009 and the Student Centre which came into use in 2012/13. The increase is expected to continue since the University has proposed further investments in the estate, additional

Operating and Financial Review

investments in IT infrastructure and systems and has further plans to improve teaching spaces. Depreciation is less than last year because the impairment write down of £2.9m in 2011/12 was reflected in the depreciation charge.

Cashflows

The University generated a net cash inflow from operating activities of £12.7m in the year. After accounting for the cost of the Capital Investment programme and repayment of loans, the net cash position was reduced by £9.2m.

Pension liability

The pension liability with the London Pension Scheme Authority (LPFA) has reduced from £74.7m to £62.2m, mainly as a result of actuarial gains. The FRS17 charge to the I&E account for the year is £6.9m (interest £1,961k and staff costs £4,985k) and a £14.2m gain is recognised in the statement of total recognised gains and losses (STRGL).

Principal risks and uncertainties

At a corporate level, the principal risks are identified and managed through the University's risk management processes. The major external risks which the University has identified, and the steps being taken to mitigate those risks, are as follows:

- *Failure to meet recruitment targets:* Changes to fee structures, increased competition and league table position may lead to under recruitment of students. We are mitigating this risk by developing detailed financial modelling and scenario analysis around the fees position, developing a sustainable strategy for recruitment, including international students, building on our academic strengths, developing different modes of delivery and ensuring differentiated marketing for undergraduate, part-time and post graduate programmes. The current position is monitored closely through regular reports on student recruitment to both Executive and Board.
- *Potential loss of NHS contract income:* Although NHS London's Contract Performance Management for Education Commissioning Results for 2009/10 revealed LSBU as the best university in London for Adult Nursing, there is a significant risk that meeting the financial challenges of the NHS will lead to a reduction in income to universities. Whilst NHS contract income for 2013/14 is expected to be broadly consistent with previous year, our current five year financial forecast has made allowances for potential reductions in later years. Mitigating actions include contract discussions with newly formed Local Education and Training Boards (LETBs) and a focus on submission of a strong return to the next Research Excellence framework (REF) exercise.

Going Concern

Governors are satisfied that it is appropriate to prepare the financial statements on a going concern basis. 2012/13 has been another year of continued strong financial performance. A reduced budget surplus for 2013/14 of £2.5m has been approved, but this is after accounting for a revenue investment pool of £2m which therefore allows for some flexibility in terms of actual spend. The next few years however will remain challenging in financial terms and the levels of surplus are expected to remain lower than the recent past whilst we are in the process of investing for growth, delivering new income streams and improving progression. This is entirely consistent with the University's financial model and approved five year forecasts. Whilst financial performance is expected to remain challenging, the University will continue to deliver annual surpluses and generate positive cash inflows from operating activities. This, together with the strong cash position (the University has £60m cash and bank deposits at 31 July 2013) supports the University's ambitious investment plans.

Operating and Financial Review

Key performance indicators

Financial sustainability

	2011/12 (Actual)	2012/13 (Target)	Current Performance (Red, Amber Green)	Year on Year movement
Student numbers and contracts				
Recruitment against HEFCE contract	Within tolerance band	Within tolerance band	Within tolerance (predication)	➔
Recruitment against NHS contract commissions	On target	+/- 5%	On target	➔
Financial indicators				
Total income	£138.3m	£136.4m	£137.9	↓
International student income	£9.6m	£9.2m	£8.8m	↓
Research (non- HEFCE) income	£2.4m	£2.0m	£2.2m	↓
Enterprise income	£10.0m	£8.3m	£8.4m	↓
Total surplus (as % of income)	4.7%	1.8%	4.0%	↓
Cash balance (including bank deposits)	£69.1m	£59.1m	£60.0m	↓
Gearing ratio	0.35	0.37	0.27	↑
Days liquidity	193.4	137.0	176.6	↓

The student experience

Student satisfaction

Overall student satisfaction – Undergraduate (National Student Survey) *	80%	90%	82%	↑
Overall student satisfaction – post graduate (National Student Survey)	78%	90%	76%	↓

Student retention and progression

Full time undergraduate year 1 progression	63%	70%	65%	↑
Graduating in intended period (Full time undergraduate 3/4 years)	52%	65%	51%	↓

Operating and Financial Review

Value Added	2011/12 (Actual)	2012/13 (Target)	Current Performance (Red, Amber Green)	Year on Year movement
Employment of graduates (employed or studying)	78.1%	90%	77.4%	↓
First degree students obtaining 1 st or upper 2 nd class degrees *	56%	60%	58%	↑
First degree students obtaining 1 st or 2 nd class degrees	90%	80%	90%	→
Resources				
Academic services spend per student *	£940	£1,000	£900	↓
Services and facilities spend per student	£1,062	£1,000	£1,100	↑
Student: staff ratio	22.4:1	21.0:1	23.7:1	↓

Brand profile

League table ranking

The Sunday Times	118 (of 122)	out of bottom 5	114 (of 122)	↑
The Guardian	104 (of 120)	Out of bottom 5	113 (of 119)	↓
The Complete University Guide	109 (of 116)	Out of bottom 5	119 (of 124)	↓
The Times	111 (of 116)	Out of bottom 5	118 (of 120)	↓

Subject league tables (The Guardian)

Subjects in top 75% nationally	5 (of 17)	5 (of 15)	3 (of 21)	↓
Subjects in top 50% of post 1992 universities	3 (of 17)	5 (of 15)	2 (of 21)	↓
Subjects in top 50% of post 1992 London universities	3 (of 17)	5 (of 15)	4 (of 21)	↑

Student perceptions

Early: late applications (full time undergraduate)	74:26	80:20	79:21	↓
Financial support from doners (cash received)	£1.5m	£1.6m	£1.4m	↓
Staff satisfaction	62%	70%	52%	↓

*Key League Table Measure

Operating and Financial Review

Public benefit statement

The University is an exempt charity within the meaning of the Charities Act 2011 and is regulated by HEFCE on behalf of the Charity Commission. The University's objects are charitable as required by section 3 of the Charities Act 2011. They are set out in the University's Memorandum of Association:

- To establish, carry on and conduct a University;
- To advance learning and knowledge in all their aspects and to provide industrial, commercial, scientific, technological, social, cultural and professional education and training;
- To provide courses of education both full time and part time;
- To provide opportunities and facilities for research and development of any kind including the publication of results, papers, reports, treatises, these or other material in connection with or arising out of such research; and
- To provide for the recreational and social needs and the health and welfare of students of the University.

The members of the Board of Governors are the charitable trustees of the University and they set the strategic direction of the University within these objects and having regard to the Charity Commission's guidance on public benefit. The University has no linked charities.

Benefits of education

The University's objects are applied solely for the public benefit. The University advances education for the public benefit by:

- providing teaching to its students in the form of lectures, seminars, personal tuition and online resources;
- delivering many courses accredited by recognised professional bodies, both full and part time;
- setting and marking assessments and providing evidence of achievement by the awarding of degrees, diplomas and certificates.

The University provides support to students by:

- tutorial guidance, assessment and feedback;
- mentoring and coaching;
- providing student welfare and student accommodation;
- funding some individual students' education through bursaries and fee waivers;
- providing funds to London South Bank University Students' Union.

The University also promotes knowledge and the raising of standards by:

- undertaking academic research and publishing the results;
- publishing articles in peer-reviewed journals;
- maintaining an academic library with access for academics and students;

Benefit to the public

The University's main beneficiaries are its students, which is appropriate to its aims. The main beneficiaries of the University are therefore a section of the public as required under principle 2 of the Commission's General Guidance on Public Benefit. The trustees affirm that the opportunity to benefit is not unreasonably restricted. The benefits of learning at London South Bank University are open to anyone who the University believes has the potential to succeed, irrespective of background or ability to pay tuition fees.

Operating and Financial Review

From its beginnings as the Borough Polytechnic Institute, in 1892, to the present day, London South Bank University has stayed close to its founding mission of opening access to education. Schedule A of the 'Scheme of the Charity Commissioners' for the Borough Road Polytechnic Institute, of 23 June 1891 states that: 'The object of the Institute is the promotion of industrial skill, general knowledge, health and well-being of young men and women belonging to the poorer classes ...'. This is still reflected in our current mission statement: "Creating professional opportunity for all who can benefit". The University's overriding aim as set out in its Corporate Plan, 2011-14 is student success.

Our student body is diverse and reflects our outreach to the wider community. 54.5% (2011/12: 54.1%) of our students are non-white in origin and 80.8% (2011/12: 83.8%) are over the age of 21 on entry to the University. 34.2% (2011/12: 36.2%) study part-time. 4478 undergraduates (2011/12: 4648) and 1567 taught postgraduate students (2011/12: 1847) graduated in 2012-13.

Our School and Colleges' Liaison team has received a number of accolades for their work in widening participation and in particular were the winner of a Times Higher Education Award 2012 for Widening Participation Initiative of the Year. This innovative scheme provides care leavers with a first-hand taster of University life and demonstrates that a career in the City is an attainable goal. Overall, the team encourage under-represented groups, such as care leavers, people with disabilities and those from other minority groups, to consider higher education. Through a number of workshops, mentoring and careers advice, along with visits to City firms such as UBS, PriceWaterhouseCoopers and Lloyds of London, participants leave with a set of transferable skills to utilise throughout the remainder of their education, along with defined pathways to their desired objective.

We were awarded the Frank Buttle Trust Quality Mark in 2008 for our processes in support of care leavers, and we offer all care leavers a bursary of £750 at the beginning of each academic year, up to £1,000 travel allowance, a dedicated link person to deal with their local authority, help accessing all the University's support services and support in finding accommodation appropriate to their needs and preferences, including year-round accommodation available outside term time.

Like other universities, we must charge tuition fees. Maintenance grants are of course available to those with restricted means, especially students from families on low incomes. In addition, the University offers financial assistance in the form of scholarships, bursaries and charitable funds to students in need.

Our fee structure for part-time students reflects the bursary/scholarship paid to full-time students thus ensuring that they are not disadvantaged by studying part-time. We continue to benchmark our non-regulated fees against similar institutions and maintain close links with a number of local partner Further Education colleges through the validation and franchise of higher education courses taught by those partners.

The University's beneficiaries are not restricted to its students. There are also wider public benefits provided by higher education to which the University contributes. The University's portfolio is firmly rooted in professional courses that enhance employability and career success. The University continues to offer professional and vocational courses, supported by a high level of accreditation from professional, statutory and regulatory bodies.

A key role of universities is knowledge creation and transfer. Knowledge is transferred to our students through formal teaching programme and access to academic resources. The University's research activities also contribute to a wider public benefit through the publication of technological advances, scientific knowledge and innovation. The University has undertaken and published research in 2012-13 which will benefit the wider public, examples follow.

- In the field of health the University is working on a project funded by CLIC Sargent evaluating the impact of the nursing key worker support project on children with cancer and their families. It is examining the extent to

Operating and Financial Review

which the nursing key worker support role improves patient and family experience; whether children and their families are better able to spend more time safely at home during treatment and identifying obstacles to providing care closer to home that may be overcome by the key worker role.

- In the field of engineering, research for Sellafield has been undertaken into a range of issues relevant to nuclear decommissioning including mitigation of hydrogen hazard; the heat flow interaction of ground source heating and cooling with underground railways for London Underground; and improving refrigeration technologies along the European food cold chain.
- In social policy research is being undertaken into the issues affecting ageing and wellbeing of black, Asian and minority ethnic elders in Lewisham and Southwark and the factors that impact on their access and uptake of person centred planning; and how accounts of the formative impact of early experience on brain development are informing politics, key social policy legislation and early intervention initiatives, as well as the consequences for everyday practice among health care providers and early years educators.
- In psychology, a research project is looking at 'Executive functioning in children with Developmental Coordination Disorder', increasing awareness of DCD as a disorder and the impact that motor difficulties may have on other areas of functioning.

In the area of enterprise, the University has expanded its student entrepreneurship package to assist more of its entrepreneurial students and former students to explore and develop the commercial potential of their ideas through its *Entrepreneurship in Action Scheme*, *Enterprise Associate Scheme* and *Entrepreneur and Enterprise Link Schemes*. The University has increased the level of expert mentorship, coaching and advice its student entrepreneurs can receive by doubling (to four) the number of established, successful entrepreneurs it retains as resident entrepreneurs. In addition, it has established a new network to facilitate better engagement of the University and its student entrepreneurs with the local business community. It is hoped that the Clarence Centre for Enterprise and Innovation, the University's new enterprise centre (opened in September 2013), will become the new focus at the heart of SE1 for the University's engagement with the business community locally, across London and throughout the South East of England. The Clarence Centre houses the University's student entrepreneurs and a number of new and growing businesses taking advantage of the business incubator space the building offers.

The University also serves the public benefit through its outreach and community work. The University is establishing and sponsoring an academy school in the local area in order to help meet the forecast increase in school age pupils in the local area and to help pupils prepare for higher education. Other activities in this area include the Legal Advice Clinic and the public art gallery, which are informed by LSBU's educational programmes and the Confucius Institute for Traditional Chinese Medicine which helps inform aspects of LSBU's educational programmes.

The University Engineering Academy South Bank, due to open in September 2014, is the first academy in South London to be sponsored by a University. The Academy will specialise in engineering within the broad science, technology, engineering and maths (STEM) framework. The sponsorship of the Academy supports the University's agenda on community engagement which aims to create professional opportunities for students who have the ability to succeed and to enhance student success by preparing them for higher education at the University.

The Legal Advice Clinic helps students enhance their professional legal skills whilst offering free help, support and legal advice for the local community.

Borough Road Gallery was financed by a grant from the Heritage Lottery Fund to renovate part of the Borough Road building, and to devise a two-year programme of exhibitions and events that explore 'A David Bomberg Legacy – The Sarah Rose Collection'. The collection includes over 150 works by members of the Borough Group including David Bomberg, Dennis Creffield, Cliff Holden, Edna Mann, Dorothy Mead, and Miles Richmond and was donated to the University by Sarah Rose. The gallery is open to the public during exhibitions and also runs an educational public programme. To date, this has included workshops with local secondary schools, a partnership with local adult educational specialist Morley College, and a series of talks and events for the general public.

Operating and Financial Review

The University's Confucius Institute for Traditional Chinese Medicine provides benefits to its students and the wider community. Through its Confucius Institute, the University is able to design and deliver Chinese curricula that are authentic and credible. The Institute also works with a network of 42 primary and secondary schools to raise aspirations to learn about another culture. The Institute acts as a facilitator between UK and China researchers to improve dialogue and helps the University ensure its students and communities are prepared for a global world; one in which China plays a greater role.

Employment; policy, diversity and training

During the year the University has continued to roll out action from its Equality Diversity and Inclusion Policy which was first developed to ensure that the University met all of its obligations under the terms of the Equality Act 2010 and in particular to deliver the requirements of the general equality duty in relation to staff. This requirement covers all staff and in particular those who are defined within the nine protected characteristics outlined in the Act.

We are committed to the promotion of equality, diversity and a supportive environment for all members of our community and aspire to be a truly inclusive organisation. To enable us to achieve this we have developed a wide ranging plan of action based on our Equality and Diversity and Inclusion Policy to strive to prevent and eliminate discrimination, promote fairness and celebrate the diversity within our community.

Employee recruitment and grading processes, together with programmes for employee involvement, communication and training are all designed to promote equal opportunity irrespective of age, disability, sex, gender reassignment, marriage/civil partnership, pregnancy and maternity, race, religion or sexual orientation.

The University continues to meet the requirements of the "two ticks positive about disability" scheme having demonstrated its commitment to the recruitment and retention of staff who have or become disabled during the course of their employment.

The University places considerable value on the involvement of its employees and on good communication with them. Staff are informed through regular meetings, emails and information on the University website, open staff forums, staff newsletters, staff magazines and other means. Staff are encouraged to participate in formal and informal consultation, through membership of formal Committees and informal working groups.

Creditor payment policy

It is the University's policy to abide by terms of payment agreed with suppliers. Unless special terms apply, payment is made within 30 days of receipt of a valid invoice or after acceptance of the goods or services, whichever is the later.

Average creditor days during the year were 24 (2012: 30).

Accounting policies

The University's financial statements have been prepared in accordance with the Statement of Principal Accounting Policies set out on pages 32 to 36. The University's Governing Body has reviewed the Group's accounting policies and considers them to be the most appropriate to the University's operations.

Subsidiaries

South Bank University Enterprises Limited ("SBUEL") provides consultancy and other services to a range of commercial organisations. SBUEL has entered into Gift Aid arrangements in order that its taxable profits can be donated to the University. SBUEL has donated £0.5m in gift aid to the University this year (2012: £0.6m).

SBUEL is fully consolidated into the Group accounts.

Constitution, governance and regulation

London South Bank University was incorporated on 12 August 1970. It is registered at Companies House under number 986761 and its registered address is 103 Borough Road, London. SE1 0AA. London South Bank University is a company limited by guarantee and has no share capital.

The governing body of the University is responsible for the effective stewardship of the University and has control of the revenue and the property of the University. The University's corporate governance arrangements are described on pages 20 to 25 and the members of the Board of Governors during the year ended 31 July 2012 are listed on page 2. The Governors are also directors under the Companies Act 2006.

Operating and Financial Review

The University is an exempt charity within the meaning of the Charities Act 2011 applying in England and Wales and its principal regulator is HEFCE. All Governors are also charitable trustees.

The University is regulated principally by HEFCE under a Financial Memorandum. The University complies with conditions of grant set out in funding agreements with the relevant grantor.

The University's principal officers and advisers are listed on page 1.

Disclosure of information to auditors

At the date of making this report each of the Governors, as set out on page 2, confirm the following:

- So far as each Governor is aware, there is no relevant information needed by the University's auditors in connection with preparing their report of which the University's auditors are unaware; and
- Each Governor has taken all the steps that he or she ought to take as a Governor in order to make him or herself aware of any relevant information needed by the University's auditors in connection with preparing their report and to establish that the University's auditors are aware of that information.

Auditor

A resolution to reappoint Grant Thornton UK LLP as auditor of the University will be proposed at the forthcoming Annual General Meeting.

Directors' report

This Operating & Financial Review (OFR) also serves as the Directors' Report for the purposes of the Companies Act 2006.

Approval

Approved by the Board of Governors and signed on behalf of the Board by:

Mr David Longbottom
Chair of the Board of Governors
21 November 2013

Responsibilities of the Board of Governors

In accordance with the University's Memorandum and Articles of Association approved by the Privy Council, the Board of Governors is responsible for the effective stewardship of the University and Group and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the University and the Group and to enable it to ensure that the financial statements are prepared in accordance with the University's Memorandum and Articles of Association, the HEFCE Accounts Direction, the Statement of Recommended Practice on Accounting for Further and Higher Education, other relevant accounting standards and comply with the Companies Act 2006. In addition, within the terms and conditions of a Financial Memorandum agreed between the HEFCE and the Board of Governors of the University, the Board of Governors, through its Accounting Officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and the Group and of the surplus or deficit and cash flows of the Group for that year.

In preparing the financial statements, the Board of Governors has ensured that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed; and
- Financial statements are prepared on a going concern basis unless it is inappropriate to presume that the University will continue in operation.

The Board of Governors is satisfied that it has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board of Governors has taken reasonable steps to:

- Ensure that funds from HEFCE and other funding bodies are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- Ensure that there are appropriate financial management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the University and the Group and prevent and detect fraud; and
- Secure the economical, efficient and effective management of the University and Group's resources and expenditure.

Signed on behalf of the Board of Governors by:

Mr David Longbottom
Chair of the Board of Governors

21 November 2013

Statement on Internal Control

As the governing body of London South Bank University, we have responsibility for ensuring that there is a process for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives of the University, whilst safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the Memorandum and Articles of Association and the Financial Memorandum with HEFCE.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process linked to the achievement of institutional objectives and designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2013 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

As the governing body, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- We meet a minimum of four times a year to consider the plans and strategic direction of the institution;
- The approach to internal control is risk based, including a regular evaluation of the likelihood and impact of risks becoming a reality;
- The Audit Committee provide oversight of the risk management process and comments on its effectiveness;
- We receive periodic reports from the chair of the Audit Committee concerning internal control and we require regular reports from managers on internal control activities and the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects;
- The Audit Committee receives regular quarterly reports from management;
- Internal audit is outsourced to an external provider. The Audit Committee receives regular reports from the internal auditor, which include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, governance and risk management processes, together with recommendations for improvement;
- The internal audit programme has been aligned with the University's corporate risk register;
- An organisation-wide register of key corporate risks is maintained, together with individual risk registers for each faculty and department. Review procedures cover business, operational and compliance as well as financial risk;
- The executive team meets regularly to consider risk, assess the current exposure and keep up to date the record of key corporate risks facing the University;
- A network of risk champions exists to support risk management activity in all faculties and departments; Update training is provided as required to support delivery;
- Formal risk management and internal control procedures have been embedded within ongoing operations.

Our review of the effectiveness of the system of internal control is informed by internal audit, which operates to standards defined in the HEFCE Audit Code of Practice and which was last reviewed for effectiveness by the HEFCE Audit Service in July 2011. The internal auditors submit regular reports, which include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, governance and risk management processes, with recommendations for improvement.

Our review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Corporate Governance Statement

The following statement is given to assist readers of the financial statements in obtaining an understanding of the governance and legal structure of the University.

The University's Board of Governors is committed to maintaining the highest standards of corporate governance. In carrying out its duties it has regard to:

- The CUC Governance Code of Practice
- The UK Corporate Governance Code (where applicable)
- The seven principles of behaviour in public life
- The HEFCE Financial Memorandum and the Audit Code of Practice
- The Directors' duties as set out in sections 170 – 177 of the Companies Act 2006
- The Charity Commission's Guidance on Public Benefit and its duties as charity trustees of compliance, prudence and care
- Other legislative requirements of corporate bodies
- The University's Memorandum and Articles of Association

In September 2011, the University received a positive outcome from HEFCE's five yearly assurance review, undertaken in July 2011, which examined how the University exercises accountability for the public funding it receives. The University's Internal Auditor's annual opinion on risk management, control and governance is that, subject to some control design and operating effectiveness issues around IT security for which responses are in hand is adequate and effective.

Governance and Legal Structure

London South Bank University is a company limited by guarantee and an exempt charity within the meaning of the Charities Act 2011. Its objects and powers are set out in its Memorandum and Articles of Association, which govern how the University is run.

The Articles set the governance framework of the University and set out the key responsibilities of the Board of Governors and its powers to delegate to committees, the Vice Chancellor and the Academic Board.

Compliance with CUC Governance Code of Practice

The Board has complied with all aspects of the CUC Governance Code of Practice during the year under review.

Role of the Board of Governors

The University is headed by a Board of Governors which is collectively responsible for the strategic direction of the University, approval of major developments and creating an environment where the potential of all students is maximised. It takes the final decision on all matters of fundamental concern to the institution.

All governors, when appointed, agree to abide by the standards of behaviour in public life. As the University is also a company, its governors comply with the directors' duties as set out in sections 170 – 177 of the Companies Act 2006 and duties of charity trustees when making decisions. Governors are unremunerated but may claim back expenses properly incurred in the discharge of their duties. All members are expected to attend meetings and to contribute effectively to meetings. Attendance at meetings is recorded and monitored by the Chairman. In the year under review there was an 83% (2011/12: 83%) attendance rate at Board meetings.

Corporate Governance Statement

The Board met five times during the year (five in 2011/12) and held two strategy days (two in 2011/12). The Board prioritises strategic matters at its meetings. In addition the Board holds two strategy days per year allowing further time to discuss and debate longer-term strategic challenges for the University. One strategy day is forward looking and the other focusses on delivery of the strategic plan. Where necessary, governors receive presentations on a specific strategic matter before Board meetings to allow them to explore key issues in greater depth.

As recommended by the CUC Governance Code of Practice the Board has agreed a statement of primary responsibilities (on page 24), which is reviewed annually. It follows the model statement as recommended by the CUC and includes approval of the educational character, mission and strategic vision of the university and to ensure that these meet the needs of stakeholders.

The Board delegates day-to-day management of the University to the Vice Chancellor as Chief Executive and Chief Academic Officer. The Vice Chancellor's delegated authority is set out in the Instrument of Government and includes:

- making proposals to the Board about the educational character and mission of the University;
- the organisation, direction and management of the University and leadership of staff;
- the determination, after consultation with the Academic Board, of the University's academic activities, and for the determination of its other activities;
- preparing annual estimates of income and expenditure for consideration by the Board of Governors, and for the management of budget and resources, within the estimates approved by the Board of Governors;
- for the maintenance of student discipline and within the rules and procedures provided for within these Articles, for the suspension or expulsion of Students on disciplinary grounds and for implementing decisions to expel students for academic reasons.

The Vice Chancellor is the designated officer in respect of the use of Funding Council funds.

As Chief Academic Officer, the Vice Chancellor is the Chairman of the Academic Board. The Academic Board is responsible for all the academic affairs, subject to the overall responsibility of the Board of Governors, for determining the educational character and mission of the institution.

Governors are reminded of their duty to exercise their responsibilities in the interests of the University as whole during their induction and throughout their term of office. The University maintains a register of interests of members of the Board of Governors and the Executive which is published on the University's website. New governors are required to complete a declaration on appointment and to inform the Secretary of any amendments to their entry. The register is reviewed annually by the Board who decide whether to authorise the declared interests. During the year under review all declared interests were authorised by the Board, where necessary with conditions, for example not participating in the decision making process for the relevant matter. In accordance with the Companies Act 2006, governors are asked at the opening of each Board and committee meeting to declare whether they have any interests in any matters on the agenda.

The University Court

The University Court is a body established to enhance the University's engagement with its key stakeholders. Although not a decision making body, the University Court plays an important advisory role in the development of the University through its large and varied membership of prominent and distinguished individuals. The University Court meets annually in the spring and helps the University build relationships with members and identify areas for collaboration for the benefit of students. The Court's annual meeting took place in the new Student Centre on 21st March 2013.

Corporate Governance Statement

The University's Chancellor, Richard Farleigh, acts as the principal figurehead of the University and represents the University's interests. His role includes hosting the annual Court event and establishing relationships with the University's stakeholders.

Structure and Processes

The Board when fully complemented consists of 20 governors: 13 independent governors, the Vice Chancellor, two student governors, two academic staff members nominated by the Academic Board, an academic staff member elected by the academic staff and a support staff member elected by the support staff. Governors serving for the period are listed on page 2. The Board determines the number and composition of the Board of Governors within parameters set by the University's Articles of Association.

As part of its revision of the University's articles of association (see below), the Board has decided, that in order to optimise its effectiveness and that of its committees, to reduce its membership to a maximum of 18 for the academic year 2013/14: 13 independent governors, the Vice Chancellor, two student governors and two academic staff members nominated by the Academic Board.

In accordance with the Articles of Association the Board consisted of a majority of independent governors throughout the year and at all Board and committee meetings. All "independent governors" are independent of the University.

The appointment of independent governors to the Board is determined by the Nomination Committee and Appointments Committee, both chaired by the Chairman of the Board. A written description of the role and capabilities required of governors has been agreed by the Nomination Committee. Candidates are judged against the capabilities required and the balance of skills and experience currently on the Board. The balance of skills and experience of independent governors is kept continually under review by the Nomination Committee.

Each new governor is given an appropriate induction and encouraged to attend relevant external training. New governors are appointed to at least one committee. At the University's expense, governors have the right to external, independent advice where necessary in order to fulfil their duties.

The Board of Governors is supported by the University Secretary and Clerk to the Board of Governors and his team. The Secretary provides independent advice on matters of governance to the Chairman. The Secretary ensures that governors receive information in a timely manner and of sufficient quality to allow the Board to fulfil its duties. The University publishes minutes of Board and its sub-committee meetings on its external website. Minutes are redacted when the wider interests of the University as a whole demands it and in the spirit of the Freedom of Information Act 2000.

Effectiveness and Performance Reviews

The Board of Governors last reviewed its effectiveness in 2010 and plans a further review of its own effectiveness during 2013/14. The effectiveness of the key Board committees was last reviewed in 2011/12 and will form part of the next Board effectiveness review.

Committees

The Board operates through a number of committees which report to the Board at each meeting. All committees are formally constituted with appropriate terms of reference which are reviewed annually. Terms of reference and membership of each committee are available on the governance pages of the University's website. All committees have a majority of independent governors, from whom its Chairman is drawn. The chairs of each committee are set

Corporate Governance Statement

out on page 25. The terms of reference of each committee complement the decision-making framework of the Matters Reserved to the Board, which the Board reviews annually.

Matters specifically reserved to the Board as a whole for decision include:

- The determination of the educational character and mission of the University;
- The approval of the University's long-term mission and strategic vision;
- The approval of the annual budget and five year forecasts;
- Investment in capital projects above agreed levels;
- Election of the Chairman of the Board;
- Appointment of the Vice Chancellor and the Clerk to the Board; and
- The variation of the University's Memorandum and Articles of Association.

Current committees of the Board are:

- Policy and Resources Committee;
- Audit Committee;
- Educational Character Committee;
- Human Resources Committee;
- Property Committee;
- Nominations Committee;
- Appointments Committee; and
- Remuneration Committee.

The Policy and Resources Committee advises the Board of Governors on the solvency and the use and safeguarding of its resources and assets, and recommends to the Board of Governors the University's annual revenue and capital budgets and monitors performance in relation to those budgets. It reviews high level corporate policy of the University. Throughout the year under review it met on five occasions.

The Audit Committee is responsible for meeting the external auditors and internal auditors of the University and reviewing their work. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's response and implementation plans. It provides oversight of the risk management process and receives regular risk reports from management. It also scrutinises the University's relationship with HEFCE and monitors adherence with its regulatory requirements. It reviews the University's annual financial statements together with the accounting policies. Whilst members of the Executive attend meetings of the Audit Committee, they are not members of the Committee. The Chairman of the Board is not a member of the Committee and does not attend its meetings. The committee met four times during the year under review.

The Educational Character Committee is relatively new and had its first meeting in September 2011. It helps the Board gain a greater insight and understanding of the educational and academic work of the institution. It considers issues such as student retention and progression, student satisfaction and reports from the Academic Board. The committee met three times in the year under review.

The Human Resources Committee is responsible for setting the framework for the determination and implementation of policies and procedures relating to the employment of staff. It also sets the framework for collective salary and conditions of service negotiations and advises the Vice Chancellor as HEFCE's Accounting Officer of best practice on human resource issues. The Committee considers the broad financial implications of the University's staffing needs.

Corporate Governance Statement

Staff and Student Governors are prohibited by the articles of association from serving on the Committee. With the Chair's permission, one of the staff governors attends as an observer. The committee met three times during the year under review.

The Property Committee advises the Board of Governors on property and estates matters. It considers all major estates projects before recommending their approval to the Policy and Resources Committee and the Board of Governors. The Property Committee monitors the execution of these projects. It met twice during the year under review.

The Nomination Committee meets as necessary to consider candidates for independent governor vacancies on the Board of Governors. Independent Governors are appointed for a term of four years by the Appointments Committee. Renewal for an additional term can be considered, but is not automatic. The Nominations Committee met twice during the year and recommended two new independent governors for appointment.

The Remuneration Committee determines the annual remuneration of senior post holders. It meets annually.

Modernisation of the Articles

During the year, to ensure compliance with legislation, the Board has reviewed the University's constitution. A proposed new set of Articles has been presented to the Privy Council for approval during autumn 2013.

Board of Governors – Statement of Primary Responsibilities (approved by the Board at its meeting in October 2013)

- 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.
- To delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate, personnel management 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.
- 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.
- 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.
- 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.
- 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.
- To safeguard and promote the good name and values of the institution.
- To appoint the head of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
- 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.
- To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
- 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.

Corporate Governance Statement

- 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.
- To make such provision as it thinks fit for the general welfare of students.
- 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.
- 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.

This Statement of Primary Responsibilities does not replace the provisions of the University's Articles of Association. If the two conflict, the Articles shall prevail.

Key individuals

Chair of the Board of Governors	Mr David Longbottom
Vice Chair of the Board of Governors	The Revd Canon Sarah Mullally DBE
Head of Institution (Vice Chancellor and Chief Executive)	Professor Martin Earwicker
Chair of Policy and Resources Committee	The Revd Canon Sarah Mullally DBE
Chair of Audit Committee	Mr Andrew Owen
Chair of Educational Character Committee	Mr Steve Balmont
Chair of Human Resources Committee	Ms Anne Montgomery
Chair of Property Committee	Mr Ken Dytor
Chair of Nominations Committee	Mr David Longbottom
Chair of Appointments Committee	Mr David Longbottom
Chair of Remuneration Committee	Ms Diana Parker
University Secretary and Clerk to the Board of Governors	Mr James Stevenson

Key individuals can be contacted through the office of the University Secretary and Clerk to the Board of Governors, Mr James Stevenson, at London South Bank University, 103 Borough Road, London SE1 0AA. Published documents are available on the governance section of the University website. The Corporate Governance and Internal Control statements were approved by the Board of Governors on 21 November 2013 and were signed on its behalf by:

Mr David Longbottom

Professor Martin Earwicker

Chair of the Board of Governors

Vice Chancellor

Report of the independent auditor to the Board of Governors of London South Bank University (Company registration number 986761)

We have audited the financial statements of London South Bank University (the 'University') for the year ended 31 July 2013 which comprise of the principal accounting policies, the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the note of consolidated historical cost surplus, the consolidated and university balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governing Body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 124B (4) of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992. Our audit work has been undertaken so that we might state to the University's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and its Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the University's Board of Governors and auditors

As explained more fully in the Governing Body's Responsibilities Statement set out on page 18, the Governing Body (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under the Companies Act 2006 and the Education Reform Act 1988 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and University's affairs as at 31 July 2013 and of its incoming resources and application of resources, including its income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Operating and Financial Review for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the independent auditor to the Board of Governors of London South Bank University (Company registration number 986761)

Opinion on other matters prescribed by HEFCE's Financial Memorandum dated July 2010

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from Branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Governing Body's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required to report to you if, in our opinion, the Statement on Internal Control is inconsistent with our knowledge of the University.

David Barnes
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
21 November 2013

London South Bank University

Consolidated income and expenditure account Year ended 31 July 2013

		2013	2012
		£'000	£'000
Income	Note		
Funding council grants	1	34,750	45,450
Academic fees and support grants	2	83,282	73,959
Research grants and contracts	3	3,255	4,068
Other operating income	4	16,001	14,094
Endowment income and interest receivable	5	566	697
		<hr/>	<hr/>
Total income		137,854	138,268
		<hr/>	<hr/>
Expenditure			
Staff costs	6	73,619	72,725
Depreciation	13	7,870	10,989
Other operating expenses	8	46,876	44,020
Interest payable	10	3,433	4,019
		<hr/>	<hr/>
Total expenditure		131,798	131,753
		<hr/>	<hr/>
Surplus before exceptional items		6,056	6,515
		<hr/>	<hr/>
Exceptional Items: Deconsolidation of the Students' Union	11	(556)	-
		<hr/>	<hr/>
Surplus for the year		5,500	6,515
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 37-58 form an integral part of the Financial Statements. All activities consist of continuing operations.

London South Bank University

Consolidated statement of total recognised gains and losses Year ended 31 July 2013

		2013	2012
		£'000	£'000
	Note		
Surplus for the year	23	5,500	6,515
Actuarial gains/(losses) relating to pension scheme	25	14,237	(18,146)
Change in market value of endowment asset investments	27	88	(10)
		<hr/>	<hr/>
Total recognised gains/(losses) relating to the financial year		19,825	(11,641)
		<hr/> <hr/>	<hr/> <hr/>

Reconciliation

Opening reserves and endowments		63,252	74,893
Total recognised gains/(losses) for the year		19,825	(11,641)
		<hr/>	<hr/>
Closing reserves and endowments		83,077	63,252
		<hr/> <hr/>	<hr/> <hr/>

Note of consolidated historical cost surplus Year ended 31 July 2013

		2013	2012
		£'000	£'000
Reported surplus for the year	23	5,500	6,515
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	22	794	802
		<hr/>	<hr/>
Historical cost surplus for the year		6,294	7,317
		<hr/> <hr/>	<hr/> <hr/>

**Balance sheets
As at 31 July 2013**

		Consolidated		University	
		2013	2012	2013	2012
		£'000	£'000	£'000	£'000
Fixed assets	Note				
Tangible assets	13	174,292	163,626	174,292	163,618
Investments	14	38	38	38	38
		<u>174,330</u>	<u>163,664</u>	<u>174,330</u>	<u>163,656</u>
Endowment fixed assets					
Total Endowments	27	729	641	729	641
		<u>729</u>	<u>641</u>	<u>729</u>	<u>641</u>
Stocks		18	46	18	39
Debtors	15	7,823	9,101	7,770	8,923
Bank Deposits		5,206	5,145	5,206	5,145
Cash at bank and in hand		54,750	64,001	53,821	62,314
		<u>67,797</u>	<u>78,293</u>	<u>66,815</u>	<u>76,421</u>
Creditors: amounts falling due within one year	16	(38,137)	(40,746)	(37,835)	(40,190)
		<u>29,660</u>	<u>37,547</u>	<u>28,980</u>	<u>36,231</u>
Net current assets					
		<u>29,660</u>	<u>37,547</u>	<u>28,980</u>	<u>36,231</u>
Total assets less current liabilities		<u>204,719</u>	<u>201,852</u>	<u>204,039</u>	<u>200,528</u>
Creditors: amounts falling due after more than one year	17	(29,592)	(31,062)	(29,592)	(31,062)
Provisions for liabilities	19	-	(1,179)	-	(1,179)
Pension liability	20	(62,211)	(74,664)	(62,211)	(74,664)
		<u>112,916</u>	<u>94,947</u>	<u>112,236</u>	<u>93,623</u>
Net assets					
		<u>112,916</u>	<u>94,947</u>	<u>112,236</u>	<u>93,623</u>
Deferred capital grants	21	29,839	31,695	29,839	31,695
		<u>29,839</u>	<u>31,695</u>	<u>29,839</u>	<u>31,695</u>
Endowments					
Permanent	27	341	304	341	304
Expendable	27	388	337	388	337
		<u>729</u>	<u>641</u>	<u>729</u>	<u>641</u>
Capital and reserves					
Income & expenditure account excluding pension reserve	23	114,367	106,289	113,687	104,965
Pension reserve	23	(62,211)	(74,664)	(62,211)	(74,664)
		<u>52,156</u>	<u>31,625</u>	<u>51,476</u>	<u>30,301</u>
Income and expenditure account including pension reserve		<u>52,156</u>	<u>31,625</u>	<u>51,476</u>	<u>30,301</u>
Revaluation reserves	22	30,192	30,986	30,192	30,986
		<u>30,192</u>	<u>30,986</u>	<u>30,192</u>	<u>30,986</u>
Total		<u>112,916</u>	<u>94,947</u>	<u>112,236</u>	<u>93,623</u>

These financial statements were approved by the Board of Governors on 21 November 2013 and were signed and authorised on their behalf by:

London South Bank University

Consolidated Cash flow statement Year ended 31 July 2013

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	30	12,729	20,083
Returns on investments and servicing of finance	31	(906)	(1,060)
Capital expenditure and financial investment	32	(18,552)	(11,063)
Acquisitions and disposals	33	(547)	-
Net cash (outflow) / inflow before management of liquid resources and financing		<u>(7,276)</u>	<u>7,960</u>
Management of liquid resources	34	(61)	15,209
Financing	35	(1,914)	(1,419)
(Decrease)/increase in cash	36	<u><u>(9,251)</u></u>	<u><u>21,750</u></u>
 Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash	36	(9,251)	21,750
Cash outflow/(inflow) from/(to) liquid resources	34	61	(15,209)
Net decrease in debt	37	2,254	3,378
Change in net funds		<u>(6,936)</u>	<u>9,919</u>
Net funds at 1 August	36	<u>35,897</u>	<u>25,978</u>
Net funds at 31 July	36	<u><u>28,961</u></u>	<u><u>35,897</u></u>

London South Bank University

Principal Accounting Policies Year ended 31 July 2013

The following principal accounting policies have been applied consistently in both the current and prior year in dealing with items which are considered material in relation to the Group's financial statements.

Basis of preparation

The financial statements are prepared under the historical cost convention, modified by the inclusion of certain properties at valuation and the revaluation of endowment assets, in accordance with the Companies Act 2006 and with the Statement of Recommended Practice (SORP) for Further and Higher Education 2007, and in accordance with applicable accounting standards and HEFCE's Accounts Direction.

The financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in operation. The Board is satisfied that the Group has adequate resources to continue in operation for the foreseeable future, as described in more detail on page 10 of these accounts. For this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

Consolidation of accounts

The consolidated financial statements incorporate the financial statements of the University and its subsidiary undertaking South Bank University Enterprises Limited (SBUEL). Following a change to the constitution of the London South Bank University Students' Union (LSBUSU) from August 2012, the University no longer exercises control over the LSBUSU and therefore took the decision to cease consolidating the accounts of LSBU SU within these financial statements.

Consolidation of subsidiaries is based on the equity method.

Income recognition

Recurrent funding council block grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for as gross expenditure and not deducted from income.

Income from research grants, contracts and other services rendered is included when conditions attaching to its receipt have been met. Contributions towards overhead costs are aligned with expenditure and recognised based on expenditure to date.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Income from the sale of goods and services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowments, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

London South Bank University

Principal Accounting Policies Year ended 31 July 2013

Income recognition (continued)

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus. Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, debiting or crediting the endowment fund and is reported in the statement of total recognised gains and losses.

Tangible fixed assets

Upon implementation of FRS 15 'Tangible Fixed Assets', the University opted to include assets in its books at historical cost/revalued amount at the date of introduction of the FRS. Properties are not carried under the valuation method and therefore regular revaluation of assets are not undertaken by the University.

Freehold land and buildings, long leasehold and short leasehold premises are included in the accounts at cost or valuation together with subsequent refurbishment expenditure, less amounts written off by way of depreciation. Freehold land is not depreciated. Finance costs that are directly attributable to the construction of land and buildings are not capitalised.

Assets in the course of construction are accounted for at cost, based on the value of Quantity Surveyors' certificates and other direct costs incurred to the end of the year. They are not depreciated until they are brought into use.

Equipment costing less than £10,000 per individual item or group of items is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	2% per annum
Long leaseholds	Period of lease
Short leaseholds	Period of lease
Building improvements	6.7% per annum
IT equipment	20 - 25% per annum
Other equipment and motor vehicles	20% per annum
Furniture	6.7% per annum

At each financial year end the carrying amounts of tangible assets are reviewed to determine whether there is any indication that those assets have suffered a diminution in value. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value and its value in use, is estimated in order to determine the extent of the impairment loss.

Investments

Investments in subsidiaries and associated undertakings are shown in the University's balance sheet at cost less any provision for impairment in their value.

Endowment Asset Investments are included in the balance sheet at market value.

Stocks

Stocks are valued at the lower of cost and net realisable value.

London South Bank University

Principal Accounting Policies Year ended 31 July 2013

Pension costs

The University contributes to the Teachers' Pensions Scheme (England and Wales), the London Pension Fund Authority Pension Fund (LPFAPF) and the Universities Superannuation Scheme (USS). These schemes are administered by Teachers' Pensions (on behalf of the Department for Education), the London Pension Fund Authority and USS Ltd respectively and are all of the defined benefit type. The costs in relation to these schemes are accounted for in accordance with FRS 17 (Retirement benefits).

Where the University is unable to identify its share of the underlying assets and liabilities in a scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme, so that the cost is equal to the total of contributions payable in the year.

For other defined benefit schemes, the assets of each scheme are measured at fair value, and the liabilities are measured on an actuarial basis using the projected unit method and discounted at an appropriate rate of return. The University's share of the surplus or deficit of the scheme is recognised as an asset or liability on the balance sheet. The current service cost, being the actuarially determined present value of the pension benefits earned by employees in the current period, and the past service cost are included within staff costs. Endowment and investment income includes the net of the expected return on assets, being the actuarial forecast of total return on the assets of the scheme, and the interest cost being the notional interest cost arising from unwinding the discount on the scheme liabilities. All changes in the pension surplus or deficit due to changes in actuarial assumptions or differences between actuarial forecasts and the actual out-turn are reported in the statement of total recognised gains and losses.

Taxation status

The University is an exempt charity within the meaning of part 3 of the Charities Act 2011, and as such is a 'charity' within the meaning of Section 467 of the Corporation Tax Act (CTA) 2010. Accordingly the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 478 of the CTA 2010 and Section 256C of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

The University's subsidiary company SBUEL is subject to corporation tax and is therefore required to account for deferred tax and current tax.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

Agency arrangements

Funds the institution receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the institution where the institution is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Finance leases, which substantially transfer all the benefits and risks of ownership of an asset to the institution, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest

London South Bank University

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element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance lease are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Maintenance

Maintenance expenditure is charged to the consolidated income and expenditure account in the period in which it is incurred.

Refurbishment expenditure on a property is deemed to be of a capital nature if it either enhances the property's operational capabilities, or if it significantly upgrades the mechanical or electrical infrastructure of that property. To the extent that the expenditure is of a capital nature, it is capitalised and written off over its useful economic life. Refurbishment expenditure that does not meet either of these criteria is treated as maintenance expenditure.

Reserves

Designated reserves represent retained reserves generated by activities not funded by the HEFCE. Any surplus or deficit for the year is transferred from the income and expenditure reserve to designated reserves.

Where fixed assets were revalued prior to the implementation of FRS 15, the gain or loss on revaluation was credited or debited to the capital reserve. Where depreciation on the revalued amount exceeds the corresponding depreciation based on historical cost, the excess is transferred annually from the capital reserve to the income and expenditure reserve.

The pension reserve represents the pension liability in respect of the defined benefit pension schemes (see note 25).

Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within twenty-four hours without penalty.

Liquid resources comprise of assets, which in normal practice are generally convertible to cash. They include term deposits held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year-end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are disclosed by way of a note, where there is probable, rather than a present asset arising from a past event.

London South Bank University

Principal Accounting Policies Year ended 31 July 2013

Accounting for charitable donations

Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Endowment funds

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

1. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution. These are shown as unrestricted permanent endowments in the balance sheet.
2. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income. These are shown as restricted expendable endowments in the balance sheet if the donation is to be retained for more than two years, and as deferred income within creditors due within one year if the donation is to be fully expended within two years.
3. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective. These are shown as restricted permanent endowments in the balance sheet.

Total return on investment for permanent endowments

Total return is the whole of the investment return received by the institution on the permanent endowment funds regardless of how it has arisen.

The total return, less any part of the return which has previously been applied for the purposes of the institution, remains in the unapplied total return fund. This fund remains part of the permanent endowment until such time as a transfer is made to the income and expenditure account.

Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

Gifts in kind, including donated tangible fixed assets

Gifts in kind are included in 'other income' or 'deferred capital grants' as appropriate using a reasonable estimate of their gross value or the amount actually realised.

London South Bank University

Notes to the accounts Year ended 31 July 2013

1. Funding council grants	2013	2012
HEFCE	£'000	£'000
Recurrent grant	30,993	40,368
Specific grants	810	1,020
Pension liabilities	224	260
Other funding bodies		
Skills Funding Agency (SFA) grant	60	98
Teaching Agency grant	770	2,018
Deferred capital grants released (note 21)	1,893	1,686
	<hr/>	<hr/>
	34,750	45,450
	<hr/> <hr/>	<hr/> <hr/>
2. Academic fees and support grants	2013	2012
	£'000	£'000
Full-time home and EU students	38,120	26,479
Full-time international students	8,456	9,191
Part-time students	7,486	6,742
Other courses	191	885
Strategic Health Authority education contracts	29,029	30,662
	<hr/>	<hr/>
	83,282	73,959
	<hr/> <hr/>	<hr/> <hr/>
3. Research grants and contracts	2013	2012
	£'000	£'000
Research councils	1,123	1,185
UK based charities	279	231
European Commission	434	117
Other grants and contracts	750	1,483
Knowledge Transfer Partnerships	669	1,052
	<hr/>	<hr/>
	3,255	4,068
	<hr/> <hr/>	<hr/> <hr/>
4. Other operating income	2013	2012
	£'000	£'000
Residence and catering income	9,125	8,378
Other income	6,876	5,716
	<hr/>	<hr/>
	16,001	14,094
	<hr/> <hr/>	<hr/> <hr/>

London South Bank University

Notes to the accounts Year ended 31 July 2013

5. Endowment income and investment income	2013	2012
	£'000	£'000
Income from permanent endowments	12	12
Income from expendable endowments	13	13
Interest receivable	541	672
	<u>566</u>	<u>697</u>
6. Staff - consolidated	2013	2012
Average staff numbers by major category:	No.	No.
Academic staff	665	726
Part time teaching staff	307	331
Student support staff	411	431
Other support staff	385	380
	<u>1,768</u>	<u>1,868</u>
	2013	2012
Costs:	£'000	£'000
Wages and salaries	59,355	59,228
Social security costs	5,207	5,306
Employers' pension contributions	9,057	8,191
	<u>73,619</u>	<u>72,725</u>

Staff costs for the year include costs arising from redundancies of £1.5m (2012: £0.9m).

7. Remuneration of Board of Governors and Higher-Paid employees

A. Governors

The University's governors do not receive remuneration from the University in their capacity as governors. The salaries and pension contributions below therefore relate entirely to staff governors and to sums received by them in their capacity as employees of the University.

	2013	2012
	£'000	£'000
Salaries	447	467
Pension contributions	23	33
	<u>470</u>	<u>500</u>

Governors, who are also all trustees, are paid expenses for attending meetings and duties directly related to their duties as trustees. In 2013, six trustees were paid total expenses of £3,716 (2012: three trustees were paid total expenses of £2,342) for travel and subsistence.

London South Bank University

Notes to the accounts Year ended 31 July 2013

7. Remuneration of Board of Governors and Higher-Paid employees (continued)

B. Higher paid employees

Certain employees received remuneration (excluding pension contributions) in excess of £100,000 during the year. Seven of these employees accrued benefits under defined benefit pension schemes during the year (2012:7). These employees are grouped as follows:

	2013	2012
	No.	No.
£100,000 to £109,999	3	1
£110,000 to £119,999	2	2
£120,000 to £129,999	1	1
£130,000 to £139,000	1	1
£160,000 to £169,999	1	1
£230,000 to £239,999	1	1
	<hr/>	<hr/>
	9	7
	<hr/> <hr/>	<hr/> <hr/>

C. Remuneration of the Vice Chancellor

	2013	2012
	£'000	£'000
Salary and taxable benefits	233	238
	<hr/>	<hr/>
Total emoluments and remuneration	233	238
	<hr/> <hr/>	<hr/> <hr/>

All remuneration of the Vice Chancellor was to the current Vice Chancellor Professor Martin Earwicker. The Vice Chancellor is the highest paid Governor.

	2013	2012
	£'000	1£'000
8. Other operating expenses		
Academic	13,585	14,070
Academic support	5,232	3,755
Other support	5,174	3,979
Premises	16,076	16,588
Residence and catering	1,089	1,014
Other expenses	5,720	4,614
	<hr/>	<hr/>
	46,876	44,020
	<hr/> <hr/>	<hr/> <hr/>

London South Bank University

Notes to the accounts Year ended 31 July 2013

8. Other operating expenses (continued)

	2013 £'000	2012 £'000
Group other operating expenses are stated after charging:		
Auditors' remuneration		
<i>External audit</i>		
Grant Thornton UK LLP*	51	49
<i>Internal audit**</i>		
PricewaterhouseCoopers LLP	95	87
<i>Other services**</i>		
Grant Thornton UK LLP	3	3
Rentals under operating leases		
Plant and machinery	269	375
Other assets	120	872
Loss on disposal of fixed assets	8	26
	<u>8</u>	<u>26</u>

* Includes £47,736 attributable to the University (2012: £46,350)

** All attributable to the University

Depreciation includes £340,000 attributable to assets held under finance leases (2012: £833,000)

9. Taxation

A deferred tax asset has not been recognised in respect of timing differences relating to capital allowances and trading losses as there is insufficient evidence that the asset will be recovered.

The amount of the asset not recognised is £13,410 (2012: £22,459). The asset would be recovered if suitable taxable profits were to arise in the future against which the asset could be offset.

	2013 £'000	2012 £'000
10. Interest payable		
Loans repayable within five years	15	78
Loans not wholly repayable within five years	1,420	1,592
Unwinding of discount in respect of pension liability less expected return on pension assets (see note 19)	1,961	2,262
Finance leases	37	87
	<u>3,433</u>	<u>4,019</u>

London South Bank University

Notes to the accounts Year ended 31 July 2013

11 Exceptional items

Following a change to the constitution of the London South Bank University Students' Union (LSBUSU) from July 2013, the University no longer exercises control of LSBUSU and therefore has ceased consolidating the accounts of LSBUSU within these financial statements. At 1 August 2012 LSBUSU had net assets of £556,000 and the impact of this is a loss on derecognition made up as follows:

	£'000
Fixed Assets	8
Stock	7
Debtors	30
Cash at bank and in hand	547
Creditors	(36)
	<hr/>
Net Assets	556
	<hr/> <hr/>

12. Surplus of parent company

The income and expenditure account of the parent company (London South Bank University) has not been presented as part of these accounts. This dispensation is allowed under section 408 of the Companies Act 2006.

The surplus, after depreciation of assets at valuation, of London South Bank University was £6.1m (2012: £5.7m).

London South Bank University

Notes to the accounts Year ended 31 July 2013

13. Tangible fixed assets

(a) Consolidated	Equipment, Furniture and Motor Vehicles		Land and buildings		Assets in Course of Construction	Total £'000
	Freehold £'000	£'000	Long Leasehold £'000	Short Leasehold £'000		
Cost or Valuation						
At 1 August 2012	30,656	159,733	47,281	52	8,707	246,429
Additions	1,782	624	-	-	16,138	18,544
Disposals	(249)	-	-	-	-	(249)
Transfers	824	6,754	-	-	(7,578)	-
At 31 July 2013	<u>33,013</u>	<u>167,111</u>	<u>47,281</u>	<u>52</u>	<u>17,267</u>	<u>264,724</u>
Depreciation						
At 1 August 2012	(22,404)	(37,415)	(22,939)	(45)	-	(82,803)
Charge for the year	(2,560)	(4,015)	(1,295)	-	-	(7,870)
Disposals	241	-	-	-	-	241
At 31 July 2013	<u>(24,723)</u>	<u>(41,430)</u>	<u>(24,234)</u>	<u>(45)</u>	<u>-</u>	<u>(90,432)</u>
Net book value						
At 31 July 2013	<u>8,290</u>	<u>125,681</u>	<u>23,047</u>	<u>7</u>	<u>17,267</u>	<u>174,292</u>
At 31 July 2012	<u>8,252</u>	<u>122,318</u>	<u>24,342</u>	<u>7</u>	<u>8,707</u>	<u>163,626</u>

If the land and buildings detailed above had not been revalued, tangible fixed assets would have been included in these financial statements at 31 July 2013 at the following amounts:

	Equipment, Furniture and Motor Vehicles		Land and buildings		Assets in Course of Construction	Total £'000
	Freehold £'000	£'000	Long Leasehold £'000	Short Leasehold £'000		
Cost	30,656	86,656	24,854	52	17,267	159,485
Depreciation	(22,403)	(21,585)	(15,034)	(45)	-	(59,067)
Net book value	<u>8,253</u>	<u>65,071</u>	<u>9,820</u>	<u>7</u>	<u>17,267</u>	<u>100,418</u>

London South Bank University

Notes to the accounts Year ended 31 July 2013

13. Tangible fixed assets (continued)

(b) University	Equipment, Furniture and Motor Vehicles		Land and buildings		Assets in Course of Construction	Total £'000
	Freehold £'000	£'000	Long Leasehold £'000	Short Leasehold £'000		
Cost or Valuation						
At 1 August 2012	30,405	159,735	47,281	52	8,707	246,180
Additions	1,782	624	-	-	16,138	18,544
Transfers	824	6,754	-	-	(7,578)	-
At 31 July 2013	<u>33,011</u>	<u>167,113</u>	<u>47,281</u>	<u>52</u>	<u>17,267</u>	<u>264,724</u>
Depreciation						
At 1 August 2012	(22,182)	(37,396)	(22,939)	(45)	-	(82,562)
Charge for the year	(2,560)	(4,015)	(1,295)	-	-	(7,870)
At 31 July 2013	<u>(24,742)</u>	<u>(41,411)</u>	<u>(24,234)</u>	<u>(45)</u>	<u>-</u>	<u>(90,432)</u>
Net book value						
At 31 July 2013	<u>8,269</u>	<u>125,702</u>	<u>23,047</u>	<u>7</u>	<u>17,267</u>	<u>174,292</u>
At 31 July 2012	<u>8,223</u>	<u>122,339</u>	<u>24,342</u>	<u>7</u>	<u>8,707</u>	<u>163,618</u>

If the land and buildings detailed above had not been revalued, tangible fixed assets would have been included in these financial statements at 31 July 2013 at the following amounts:

	Equipment, Furniture and Motor Vehicles		Land and buildings		Assets in course of construction	Total £'000
	Freehold £'000	£'000	Long Leasehold £'000	Short Leasehold £'000		
Cost	30,405	86,656	24,854	52	17,267	159,234
Depreciation	(22,182)	(21,585)	(15,034)	(45)	-	(58,846)
Net book value	<u>8,223</u>	<u>65,071</u>	<u>9,820</u>	<u>7</u>	<u>17,267</u>	<u>100,388</u>

London South Bank University

Notes to the accounts Year ended 31 July 2013

13. Tangible fixed assets (continued)

Land and buildings were valued in September 1994 by Drivers Jonas, Chartered Surveyors. Properties were valued at their open market value for existing use, and where this was not practical, the depreciated replacement cost was used.

All properties, other than those detailed below, are included at 1 August 1994 prices less subsequent depreciation in accordance with the Drivers Jonas valuation report of September 1994:

Freehold Land and Buildings

- ❖ The K2 building is stated at cost of £45.9m. The land at the site of the K2 building is stated at a cost of £4.3m.
- ❖ The Keyworth Centre is stated at cost of £25.8m.
- ❖ The David Bomberg House hall of residence is stated at cost of £11.6m.
- ❖ The Learning Resource Centre is stated at cost of £4.7m.
- ❖ The St George's Circus and Chapel sites are stated at a cost of £1.1m, represented by land of £0.7m and £0.4m of sundry capital costs. This is subsequent to impairments including £2.7m of pre-construction costs related to the aborted redevelopment of the Chapel site and £2.9m of stabilisation works to the listed terraces at St George's circus.
- ❖ The Technopark building is stated at purchase cost of £3.6m.
- ❖ Phase 2 of the Dante Road hall of residence is stated at cost of £2.1m.
- ❖ The Student Centre is stated at cost of £6.8m.

Long leasehold Land and Buildings

- ❖ The New Kent Road hall of residence was originally held under a finance lease. It is included in these accounts at the capital cost of the original lease charges payable, the agreed amount of which was £1.1m. The finance lease was settled before the expiry of its term. Although this property is treated as a long leasehold property the University also owns the freehold of this property, which has a nominal value.
- ❖ Phase 1 and phase 3 of the Dante Road hall of residence are included in these accounts under long leasehold land and buildings at capital costs of £3.5m and £2m respectively.
- ❖ McLaren House, a 620 bed hall of residence, is stated at cost of £16.3m. It was originally held under a finance lease however the lease was settled before the expiry of its term. Although this property is treated as a long leasehold property, the University also holds the underlying freehold, which has a nominal value.

Included in long leasehold land and buildings is £0.7m (2012: £0.7m) of capitalised interest. This interest was capitalised in 1996 in connection with the construction of McLaren House.

London South Bank University

Notes to the accounts Year ended 31 July 2013

13. Tangible fixed assets (continued)

Assets held under Finance Leases

Consolidated and University equipment, furniture and motor vehicles include assets held under finance leases as follows:

	2013 £000	2012 £000
Cost	2,870	2,870
Accumulated depreciation	(2,623)	(2,283)
Net book value	<u>247</u>	<u>587</u>
Depreciation charge for the year	<u>340</u>	<u>833</u>

14. Investments

	Consolidated		University	
	2013 £000	2012 £000	2013 £000	2012 £000
CVCP Properties plc	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>

The University holds 9% of the £1 ordinary shares of CVCP Properties plc. The principal activity of the company is leasing of buildings, with the majority of tenants being Higher Education Organisations.

Details of the companies, all incorporated in England and Wales, in which London South Bank University holds directly or indirectly more than 20% of the nominal value of any class of share capital are as follows:

South Bank University Enterprises Limited

The University holds 100% of the £1 ordinary shares of South Bank University Enterprises Limited (SBUEL), which was formed in order to take over the commercial aspects of the University's activities. 5 of these shares have been held since 5 February 1988 with a further 5 issued on 19 July 2012.

London Knowledge Innovation Centre Limited

SBUEL holds 50% of the issued £1 shares of London Knowledge Innovation Centre Limited (LKIC), a company formed to provide serviced office space and other services to start-up companies. The share of the net assets and profit/(loss) of LKIC have not been included in the consolidated accounts as they are immaterial. The profit/(loss) and net assets of LKIC were both £nil for the period ended 31 July 2013 (2012: £nil).

Other investments

All other investments represent less than 20% of the issued share capital in each case and are therefore not individually disclosed.

LSBU Students' Union was a subsidiary until 31/7/12. The investment at 31/7/12 was £nil.

London South Bank University

Notes to the accounts Year ended 31 July 2013

15. Debtors	Consolidated		University	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade debtors	4,849	6,983	5,104	7,129
Amounts owed by group undertakings	-	-	17	66
Other debtors	672	227	617	140
Prepayments & accrued income	2,302	1,891	2,032	1,588
	<u>7,823</u>	<u>9,101</u>	<u>7,770</u>	<u>8,923</u>

16. Creditors: amounts falling due within one year	Consolidated		University	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Bank and other loans	1,278	1,914	1,277	1,914
Obligations under finance leases	192	340	192	340
Trade creditors	1,652	1,477	1,652	1,454
Other creditors	1,547	1,365	1,487	1,233
Social security and other taxation payable	1,482	1,425	1,482	1,526
Accruals and deferred income	31,986	34,225	31,745	33,723
	<u>38,137</u>	<u>40,746</u>	<u>37,835</u>	<u>40,190</u>

17. Creditors: Amounts falling due after more than one year	Consolidated and University	
	2013 £'000	2012 £'000
Bank and other loans	29,537	30,814
Obligations under finance leases	55	248
	<u>29,592</u>	<u>31,062</u>

18. Borrowings	Consolidated and University	
	2013 £'000	2012 £'000
Bank loans and finance leases are repayable as follows:		
Due in less than one year (note 16)	<u>1,470</u>	<u>2,254</u>
Due between one and two years	1,349	1,470
Due between two and five years	3,981	3,983
Due after five years	<u>24,262</u>	<u>25,609</u>
Total due after one year (note 17)	<u>29,592</u>	<u>31,062</u>
	<u>31,062</u>	<u>33,316</u>

London South Bank University

Notes to the accounts Year ended 31 July 2013

18. Borrowings (continued)

Details of bank loans:

- The loan from Allied Irish Bank (GB) in respect of the Dante Road hall of residence is repayable over 26.5 years to 2027. The amount outstanding at 31 July 2013 was £5.377million (2012: £5.754 million). The loan bears interest at a rate of 6.67% per annum. The loan is secured on the property to which it relates.
- There is a loan facility from Barclays Bank of £37 million, secured on David Bomberg House and McLaren House halls of residences. Within the facility, the following balances are outstanding at 31 July 2013:
 - An amount of £5.752million in respect of David Bomberg House was outstanding at 31 July 2013 (2012: £6.062 million). This borrowing is repayable over 25 years to 2032 and bears interest at a fixed rate of 5.67% per annum.
 - An amount of £nil (2012: £0.650 million) was outstanding in respect of McLaren House.
 - A further £21.830 million of the Barclays facility was drawn down to finance the K2 building. Of this amount, £19.485 million was outstanding at 31 July 2013 as follows: £5m (2012: £5m) is interest-only, repayable in April 2029, and bears interest at a fixed rate of 5.25% per annum; £8.917m (2012: £9.196m) is repayable over 23.25 years to 2032 and bears interest at a fixed rate of 5.54% per annum, and £5.568m (2012: £5.865m) is repayable over 23 years to 2032 and bears interest at a variable rate of 0.225% above LIBOR per annum.

19. Provisions for liabilities

	Consolidated and University	
	2013	2012
	£'000	£'000
Other provisions	-	1,179
	<u> </u>	<u> </u>
Analysis of provision for liabilities:		£'000
Balance at 1 August 2012		1,179
Provision utilised in year		(1,179)
		<u> </u>
Balance at 31 July 2013		-
		<u> </u>

Provisions at the start of the year were in respect of HEFCE and other funding and in respect of dilapidations on temporary buildings. During the year payments were made against all provisions.

London South Bank University

Notes to the accounts Year ended 31 July 2013

20. Pension liability

The pension liability has been measured in accordance with the requirements of FRS17 and relates to the London Pension Fund Authority pension scheme (LPFA).

	Consolidated and University	
	2013	2012
	£'000	£'000
Balance at 1 August	74,664	55,340
Current service cost	4,449	3,680
Settlements and curtailments	307	139
Contributions	(4,933)	(4,903)
Other finance cost (note 25)	1,961	2,262
Actuarial (gains)/losses recognised in STRGL (note 25)	(14,237)	18,146
	<u>62,211</u>	<u>74,664</u>
Balance at 31 July	<u>62,211</u>	<u>74,664</u>

21. Deferred capital grants

	Consolidated and University		
	Land and buildings	Equipment	Total
	£'000	£'000	£'000
Balance at 1 August 2012	27,809	3,886	31,695
Release to income and expenditure account (note 1)	(1,341)	(552)	(1,893)
Grants received	-	340	340
Transfers to deferred income	(303)	-	(303)
	<u>26,165</u>	<u>3,674</u>	<u>29,839</u>
Balance at 31 July 2013	<u>26,165</u>	<u>3,674</u>	<u>29,839</u>

22. Revaluation reserves

	Consolidated and University	
	2013	2012
	£'000	£'000
Balance at 1 August	30,986	31,788
Transfer to income & expenditure reserves being excess depreciation on revalued assets (note 23)	(794)	(802)
	<u>30,192</u>	<u>30,986</u>
Balance at 31 July	<u>30,192</u>	<u>30,986</u>

London South Bank University

Notes to the accounts Year ended 31 July 2013

23. Income and expenditure account	Consolidated	University
	2013	2013
	£'000	£'000
Reserve		
Balance at 1 August 2012	106,289	104,965
Surplus for the year	5,500	6,144
Transfer from revaluation reserve	794	794
Net FRS17 pension costs transferred to pension reserve	1,784	1,784
	<hr/>	<hr/>
Balance at 31 July 2013	114,367	113,687
	<hr/> <hr/>	<hr/> <hr/>
Pension reserve		
Balance at 1 August 2012	(74,664)	(74,664)
Actuarial gain	14,237	14,237
Net FRS17 pension costs transferred from income and expenditure reserve	(1,784)	(1,784)
	<hr/>	<hr/>
Balance at 31 July 2013	(62,211)	(62,211)
	<hr/> <hr/>	<hr/> <hr/>

24. Designated reserves

The income and expenditure account of the Group does not include any amount which are designated reserves. (2012: £0.6m). Designated reserves were held in the accounts of London South Bank University Students' Union (LSBUSU) and were not distributable. From 1 August 2012 and the accounts of LSBUSU were not consolidated into these accounts).

25. Pension arrangements

The University participates in the Teachers Pension Scheme (TPS) and the Universities Superannuation Scheme Limited (USS) for academic employees and the London Pension Fund Authority (LPFA) Pension Fund for non-academic employees.

A. The Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales including teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers or lecturers and from 1 January 2007 automatic too for teachers or lecturers in part-time employment following appointment or change of contract. Teachers and lecturers are able to opt out of the TPS.

Retirement and other pension benefits are provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Teachers' contributions are credited to the Exchequer under arrangements governed by the above act. The Teachers' Pension Regulations require that an annual account, the Teachers' Budgeting and Valuation Account, to be kept of receipts and expenditure, including the cost of pension increases.

From 1 April 2001, the account has been credited with a real rate of return of 3.5%, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Notes to the accounts Year ended 31 July 2013

25. Pension arrangements (continued)

The contribution rate paid into the TPS is in two parts: a standard contribution rate plus a supplementary contribution payable if, as a result of actuarial investigation, it is found that accumulated liabilities of the Account are not fully covered by the standard contribution to be paid in the future plus the notional fund built up from past contributions.

The last valuation of the TPS was as of 31 March 2004 and revealed that total liabilities in the scheme (pensions currently in payment and estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds of notional investments) amounted to £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The real rate of earnings growth is assumed to be 1.5% and the assumed gross rate of return is 6.5%.

From 1 January 2007, and as a part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate is 19.75% plus a supplementary contribution rate of 0.75%; a total contribution rate of 20.5%. This translated into an employee contribution rate of 6.4% and an employer contribution rate of 14.1%. During the year contributions were paid by the University and charged to the Income and Expenditure account at a current rate of 14.1% (2012: 14.1%) of salaries and the University's contribution to the TPS for 2013 was £3,549,403 (2012: £3,829,589). Employee contribution rates were between 6.4% and 11.2% depending on earnings.

Actuarial scheme valuations are dependent on assumptions about the valuation of future costs and design of benefits. These are being discussed in the context of the design for a reformed TPS and scheme valuations are therefore currently suspended. The Government however has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in FRS17 'Retirement Benefits', the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has accounted for its contributions as if it were a defined contribution scheme.

B. The Universities Superannuation Scheme

The Universities Superannuation Scheme is a defined benefit scheme which is externally funded. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Contributions are paid by the University and charged to the Income and Expenditure account. The contribution rate for 2013 is 16% of salaries.

The latest triennial valuation of the scheme was 31 March 2011. At the valuation date, the value of the assets in the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7million, indicating a shortfall of £2,910.2 million. The assets were therefore sufficient to cover 92% of the benefits accrued to members after allowing for expected future increases in earnings.

The financial assumptions of that valuation are as follows:

Investment returns per annum – past service	4.4%
Investment returns per annum – future service	6.2%
Salary scale increases per annum	4.4%
Price increases per annum	2.9%
Pension increases	3.4%

The Trustees have determined, after consultation with employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial valuation is at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

London South Bank University

Notes to the accounts Year ended 31 July 2013

25. Pension arrangements (continued)

At 31/7/13 the University had 52 active members participating in the scheme. The University's contribution to the USS for 2013 was £409,605 (2012: £366,823). This was an 11% rise.

Under the definitions set out in FRS17 'Retirement Benefits', the USS scheme is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has accounted for its contributions as if it were a defined contribution scheme.

C. The London Pension Fund

The London Pension Fund Authority (LPFA) provides members with benefits related to pay and service at rates which are defined under the Local Government Pensions Scheme Regulations 1997. To finance these benefits, assets are accumulated in the Fund and held separately from the assets of the University.

A full triennial valuation was carried out by the scheme's actuary Barnett Waddingham as at 31 March 2010. The results showed the market value of the Fund's assets attributable to the University as £78.47m. The actuarial value of those assets represented 78.2% of the value of the benefits that have accrued to the University's pensioners, deferred pensioners and current members based upon past service but allowing for assumed pay increases and pension increases.

Pension costs under FRS17

For accounting purposes the scheme's assets are measured at market value and liabilities are valued using the projected unit method and discounted using the annualised yield on the iBoxx AA rated over 15 year corporate bond index. The valuation uses market-based assumptions and asset valuations, and represents a current valuation. It does not impact on the contribution rates set by the trustees of the scheme. The principal assumptions used by the actuary were:

	31 July 2013 % per annum	31 July 2012 % per annum
Salary increases	4.2	3.5
Pension and price increases	2.5	1.8
Discount rate	4.7	3.9

Employees retiring on or after 6 April 2006 are permitted to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension.

On the advice of our actuaries we have assumed that members will exchange half of their commutable pension for cash at retirements. In calculating the scheme assets and liabilities, the fund's actuaries had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes but it is possible that actual outcomes will differ from those included in the accounts. Any differences between expected and actual outcomes are reported through experience gains and losses.

Life expectancy

Post-retirement mortality is based on Club Vita analysis which has then been projected with the Medium Cohort Projection, allowing for a minimum rate of improvement of 1% per annum. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	Males Years	Females Years
Current pensioners	20.9	23.9
Future pensioners	22.9	25.8

London South Bank University

Notes to the accounts Year ended 31 July 2013

25. Pension arrangements (continued)

Fund assets

The expected return on fund assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 August 2012 for the year to 31 July 2013). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields. The employer assets in the scheme and the expected rates of return are as follows:

	Expected rate of return at 31 July 2013	Fair value as at 31 July 2013 £'000	Expected rate of return at 31 July 2012	Fair value as at 31 July 2012 £'000
Equities	6.4%	45,279	5.6%	57,251
Target return portfolio	4.9%	27,938	4.3%	8,063
Alternative assets	5.4%	7,707	4.6%	12,902
Cash	0.5%	944	0.5%	2,419
Cashflow matching	3.4%	14,451	n/a	0
Total fair value of assets		96,319		80,635

Net pension liability

The following amounts at 31 July related to London South Bank University measured in accordance with the requirements of FRS17:

	2013 £'000	2012 £'000	2011 £'000
Fair value of Employer Assets	96,319	80,635	78,471
Present value of funded obligations	(146,774)	(143,181)	(121,971)
Net underfunding in funded plans	(50,455)	(62,546)	(43,500)
Present value of unfunded obligations	(11,756)	(12,118)	(11,840)
Net Pension Liability	(62,211)	(74,664)	(55,340)

The movement for the year in the net pension liability is shown in note 20.

Analysis of the amount included in staff costs for the year

	2013 £'000	2012 £'000
Current service cost	4,449	3,680
Curtailments and settlements	307	139
Enhancements to former employees*	229	236
Total operating charge	4,985	4,055

*recoverable in full from HEFCE (note 1)

London South Bank University

Notes to the accounts Year ended 31 July 2013

25. Pension arrangements (continued)

Analysis of the amount included in interest payable for the year	2013	2012
	£'000	£'000
Expected return on pension scheme assets	(4,173)	(4,923)
Interest on pension scheme liabilities	6,134	7,185
	<u>1,961</u>	<u>2,262</u>
Net charge	1,961	2,262
	<u><u>1,961</u></u>	<u><u>2,262</u></u>
Analysis of the amount recognised in STRGL	2013	2012
	£'000	£'000
Actual return less expected return on pension scheme assets	11,058	(4,000)
Experience gains and losses	(237)	(374)
Changes in assumptions underlying the present value of scheme liabilities	3,416	(13,772)
	<u>14,237</u>	<u>(18,146)</u>
Actuarial gains/(losses) recognised in STRGL	14,237	(18,146)
	<u><u>14,237</u></u>	<u><u>(18,146)</u></u>
Analysis of movement in the present value of scheme liabilities	2013	2012
	£'000	£'000
At 1 August	155,299	133,811
Current service cost	4,449	3,680
Interest cost	6,134	7,185
Actuarial gains and losses	(3,179)	14,146
Losses on curtailments	307	139
Benefits paid	(4,877)	(4,121)
Contributions by scheme participants	1,294	1,317
Unfunded pension payments	(897)	(858)
	<u>158,530</u>	<u>155,299</u>
At 31 July	158,530	155,299
	<u><u>158,530</u></u>	<u><u>155,299</u></u>

25. Pension arrangements (continued)

Analysis of movement in the fair value of scheme assets	2013	2012
	£'000	£'000
At 1 August	80,635	78,471
Expected return on scheme assets	4,173	4,923
Actuarial gains/(losses)	11,058	(4,000)
Contributions by employer	4,036	4,045
Contributions by scheme participants	1,294	1,317
Benefits paid	(4,877)	(4,121)
	<u>96,319</u>	<u>80,635</u>
At 31 July	96,319	80,635
	<u><u>96,319</u></u>	<u><u>80,635</u></u>

London South Bank University

Notes to the accounts Year ended 31 July 2013

25. Pension arrangements (continued)

Contributions payable in 2013/14 will be at 20.8% of pensionable salary. The projected pension expense for the year to 31 July 2014 is £6,665,000 (2013: £6,285,000)

Experience gains & losses in year

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Difference between the actual and expected return on pension scheme assets	11,058	(4,000)	1,206	1,935	8,717
Experience gains and losses arising on scheme liabilities	(237)	(374)	12,593	4,498	-

Sensitivity Analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	156,955	158,530	164,083
Projected service cost	4,140	4,297	4,459
Adjustment to mortality age rating assumption	+1 Year	None	- 1 Year
Present Value of total obligation	155,061	158,530	165,877
Projected service cost	4,114	4,297	4,480

26. Related party disclosures

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is possible that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

During the year a member of the Board was a director of Pearson Educational Ltd. During the year the University paid £23,640 in respect of learning resources (2012:£3,336)

The accounts of SBUEL, a wholly owned subsidiary, are consolidated into these accounts and therefore the University has taken exemption under FRS8 not to disclose transactions between the SBUEL and the University. There were no transactions during the year between London Knowledge Innovation Centre Limited (LKIC) or CVCP Properties PLC and the University.

During the year the LSBU Students' Union received financial support from the University of £685,000, net of services provided by the University. The President of the LSBU Students' Union is a member of the Board of Governors. The balance between the two parties at the year-end was £nil

London South Bank University

Notes to the accounts Year ended 31 July 2013

27. Endowments

	Consolidated and University			
	Unrestricted Permanent £'000	Restricted Expendable £'000	2013 Total £'000	2012 Total £'000
Balance at 1 August 2012	337	304	641	651
Investment income	13	12	25	25
Expenditure	(13)	(12)	(25)	(25)
Increase in market value of investments	51	37	88	(10)
	<u>388</u>	<u>341</u>	<u>729</u>	<u>641</u>

28. Operating lease commitments

At 31 July 2013 the University and the Group were committed to making the following annual payments in respect of operating leases on land and buildings:

	2013 £'000	2012 £'000
Expiring within one year	-	-
Expiring in over five years	51	51
	<u>51</u>	<u>51</u>

29. Capital commitments

	Consolidated and University	
	2013 £'000	2012 £'000
Commitments contracted at 31 July	5,006	9,936

Commitments include those relating to building projects, being undertaken as part of the University's Estates Strategy.

London South Bank University

Notes to the accounts Year ended 31 July 2013

30. Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2013	2012
	£'000	£'000
Surplus after depreciation of assets at valuation	6,056	6,515
Depreciation (note 13)	7,870	10,989
Loss on disposal of fixed assets	8	26
Investment income	(566)	(697)
Interest payable (note 10)	3,433	4,019
Decrease in stocks	21	2
Decrease in debtors	1,248	1,136
(Decrease)/increase in creditors	(2,092)	538
Decrease in provisions	(1,356)	(759)
Deferred capital grants released to income (note 21)	(1,893)	(1,686)
	<u>12,729</u>	<u>20,083</u>

31. Returns on investments and servicing of finance

	2013	2012
	£'000	£'000
Income from endowments (note 5)	25	25
Interest receivable (note 5)	541	672
Interest paid (note 10)	(1,472)	(1,757)
	<u>(906)</u>	<u>(1,060)</u>

32. Capital expenditure and financial investment

	2013	2012
	£'000	£'000
Payment to acquire tangible fixed assets	(18,544)	(11,063)
Adjustment for Students' Union assets	(8)	-
	<u>(18,552)</u>	<u>(11,063)</u>

33. Acquisitions and disposals

	£'000	£'000
Transfer of assets to Students' Union	(547)	-

London South Bank University

Notes to the accounts Year ended 31 July 2013

34. Management of Liquid Resources		2013	2012
		£'000	£'000
Cash withdrawn/(added) from/(to) fixed term		(61)	15,209
Net cash outflow from returns on investments and servicing of finance		<u>(61)</u>	<u>15,209</u>
35. Financing		2013	2012
		£'000	£'000
Capital element of bank loan repayments		(1,914)	(2,545)
Capital element of finance lease repayments		(340)	(833)
Capital grants received in year		340	1,959
Net cash outflow from financing		<u>(1,914)</u>	<u>(1,419)</u>
36. Analysis of changes in net funds	At	Cash flow	At
	31 July		31 July
	2012		2013
	£'000	£'000	£'000
Cash at bank and in hand	64,001	(9,251)	54,750
Endowment asset investments	67	-	67
	<u>64,068</u>	<u>(9,251)</u>	<u>54,817</u>
Fixed Term deposits	5,145	61	5,206
Debt due within one year (note 16)	(2,254)	784	(1,470)
Debt due after more than one year (note 17)	(31,062)	1,470	(29,592)
Net funds	<u>35,897</u>	<u>(6,936)</u>	<u>28,961</u>
37. Analysis of changes in financing during the year			
		2013	2012
Bank and Other Loans		£'000	£'000
Balance at 1 August		33,316	36,694
Capital repayments		(2,254)	(3,378)
Balance at 31 July		<u>31,062</u>	<u>33,316</u>

London South Bank University

Notes to the accounts Year ended 31 July 2013

38. Access & Hardship funds	2013	2012
	£'000	£'000
Balance at 1 August	21	2
HEFCE grant	543	640
Skills Funding Agency grant	-	29
Administration costs	(15)	(18)
Distributed to students	(521)	(632)
Funds returned	(23)	-
	<u>5</u>	<u>21</u>
Balance at 31 July	<u><u>5</u></u>	<u><u>21</u></u>

Access and Hardship funds are paid to universities by HEFCE and SFA to provide financial assistance to students whose access to further or higher education might be inhibited by financial considerations or who, for whatever reason, including physical or other disabilities, face financial difficulties.

The grant from HEFCE and SFA grant is available solely for students. The University acts only as a paying agent. The grant and related disbursements are therefore excluded from the Income and Expenditure account and grants not disbursed are shown within other creditors.

39. Teacher Training Bursaries	2013	2012
	£'000	£'000
Balance at 1 August	(61)	50
Funding council grant	692	103
Disbursed to students	(821)	(214)
	<u>(190)</u>	<u>(61)</u>
Balance at 31 July	<u><u>(190)</u></u>	<u><u>(61)</u></u>

Teacher Training Bursary funds are paid to universities by the Teaching Agency to provide financial support to students studying for a postgraduate qualification which leads to Qualified Teacher Status (QTS).

The grant from the TDA is available solely for students. The University acts only as a paying agent. The grant and related disbursements are therefore excluded from the Income and Expenditure account and grants not disbursed are shown within other creditors.

	PAPER NO: PR.45(13)	
Board/Committee:	Policy and Resources Committee	
Date:	12 November 2013	
Paper title:	Draft Student's Union accounts for year to 31 July 2013	
Author:	Rebecca Warren, Students' Union Finance Manager	
Executive sponsor:	Phil Cardew, Pro Vice Chancellor (Academic)	
Recommendation by the Executive:	To note the statutory accounts of the Students' Union.	
Aspect of the Corporate Plan to which this will help deliver?	Financial Sustainability	
Matter previously considered by:	N/A	N/A
Further approval required?	Trustees of the Students' Union	On: November 2012
Communications – who should be made aware of the decision?	N/A	

Executive summary

The Policy and Resources Committee is asked to note the statutory accounts of the Students' Union.

These accounts were approved by the trustees of the Students' Union on 5 November 2013.

London South Bank University Students' Union

Annual Report and Accounts

For the year ended 31st July 2013

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION

Annual Report and Accounts for the year ended 31 July 2013

Administrative information

Charitable Status

London South Bank University Students' Union is an unincorporated charity established under the Education Act 1994. The Union is not yet a Registered Charity as an application has not yet been made to the Charity Commission.

Even though Students' Unions connected with exempt higher/further education institutions were removed by section 11(9), Charities Act 2006, from the list of exempt charities in Schedule 2 to the Charities Act 1993, the Union continues to operate as a Charitable organisation in accordance with its Constitution approved by the Board of Governors.

The University Board of Governors formally approved a revised Constitution and Memorandum of Understanding for the Students' Union at its meeting on the 19th July 2012. The final Constitution still has to receive approval from the Students' Union Council. This Constitution will enable the Students' Union to apply for separate Charity registration.

Principal Address

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

Executive Committee holding office for 2012/13 (from 1 July 2012 to 30 June 2013)	Student trustees holding office for 2012/13 (from 1 July 2012 to 30 June 2013)	External trustees holding office for 2012/13 (from 1 February 2013 to 30 June 2013)
President A Ali	N Johnson	J Mason
VP Student Experience B Ahland	A Osman	N Allen
VP Student Experience M Alam	F Awoyemu	N Churchill
VP Employability & Activities A Mustafa		K Woodley

Executive Committee holding office for 2013/14 (from 1 July 2013 to 30 June 2014)	Student trustees holding office for 2013/14 (from 1 July 2013 to 30 June 2014)	External trustees holding office for 2013/14 (from 1 July 2013 to 30 June 2014)
President B Ahland	A Coleman	J Mason
VP Student Experience H El Gharib	M O Armaah	N Allan
VP Student Experience A Mahbubul	A Osam	N Churchill
VP Employability & Activities S Fawaz		K Woodley

Auditors

Crowe Clark Whitehill LLP
Registered Auditors
Aquis House
49-51 Blagrove Street
Reading
Berks
RG1 1PL

Bankers

HSBC plc
28 Borough High St
Southwark
London
SE1 1YB

Solicitors

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

London South Bank University Students' Union (LSBUSU) employs a Chief Executive to work closely with the Executive Officers and ensure effective management of the Union. Steve Baker was appointed to fill this position from May 2013. Prior to this, the Union was supported by a Project Change Director, Antony Blackshaw to work with the officers and staff of the Students Union.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
Annual Report and Accounts
for the year ended 31 July 2013

The Trustees present their Annual Report for the year ended 31 July 2013 which includes the administrative information set out on page 1, together with the audited accounts for that year.

Overview of the year

The Union has continued to move through significant change. Antony Blackshaw from Blackshaw Management Consulting Ltd was recruited to the Change Project Director and ended the appointment in December 2012. Unfortunately a new Chief Executive was not appointed by this time. A new Trustee Board was established by February 2012 and the new Chief Executive, Steve Baker, started in May 2013.

The Union moved into the new Student Centre in November 2012 which has improved the ability of the Union to build relationships with the University. The elections were a highlight with the highest ever turnout at LSBSU of 1965 votes.

In June the Trustee Board approved a development paper which set out the plan to restore the Union and enable it develop its strategic plan over the following academic year ensuring consultation with students. The staffing restructure was coming into its final stages at July 2013 completing early in the 2013/14 academic year.

Structure, governance and management

LSBUSU is constituted under the Education Act 1994 as an Unincorporated Association with charitable status by virtue of its association with London South Bank University (the University), which has charitable status. The Union's Constitution incorporating internal regulations or Rules are approved by the governing body of the University. The Union's Aims and Objects contained in its Constitution and under the Act are:

- To be the sole democratic representative body of all the students at the University;
- To advance the education of its members;
- To promote the general welfare of the students;
- To encourage student societies, sports and social activities;
- To act as a channel of communication between its members and the University and other bodies;
- Governed in accordance with the Constitution, Regulations and the Strategic Plan.

LSBUSU is administered on a day to day basis by its Executive Committee of eleven students, all of whom are the Union's Trustees for the purposes of the Charities Acts. During this financial year four were Sabbatical Officers, being elected annually by cross-campus secret ballot of the Union's membership. Seven are elected from the Union's Council; however for this year, there was no Council and as such the Sabbatical Officers alone comprised the Union's Executive Committee and Trustees. The four Sabbatical posts are President, Vice President Employability & Activities, and two Vice Presidents Student Experience. The Sabbatical posts are remunerated as authorised by the Education Acts and an individual's term of office cannot exceed two years duration; an Officer can be re-elected for a maximum of two terms in the same or different positions.

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

- Furthers the aims and objects of the Union;
- Is responsible for the determination of Union policy (except when a policy is determined by referendum)
- Receives minutes and reports from the Executive, Union Committees and Union Officers and
- Considers recommendations, motions and business as appropriate;
- Elects students (apart from Sabbatical Officers) to serve on Union and University committees.

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

As the Union's Trustees, all Executive Committee members commence their terms of office subject to completion of an appropriate course of training approved by the Board. This includes, for Sabbatical Officers, a handover with the outgoing Sabbatical Officer and training on the roles and responsibilities of Trustees (legal and administrative), with an ongoing training programme as and when needed for issues arising during their term of office.

The Executive Committee meets throughout the year to receive reports from individual Officers, Union employees and subcommittees to review the Union's performance and administration. Recommendations for Union policy are made to the Union's Council and in the absence of such a body, the Trustees consider and approve policy. LSBUSU also employs a number of non-student full and part-time staff for the sake of continuity in the management of its many activities. Such staff were accountable to the Chief Executive for the performance of their duties.

A new constitution for the Students Union was approved by the Board of Governors at its meeting on the 19th July 2012.

This constitution provides for the creation of a full Trustee Board, separate from the Executive Committee, consisting of:

- 4 Sabbatical Officers
- 4 elected students
- 4 non-student trustees (1 to be an alumni trustee)

Relationship with London South Bank University Students' Union

LSBUSU is established in the University's Memorandum and Articles of Association in that there shall be a Students' Union. The Union receives a Subvention/Block Grant from the University (£685,485 before reimbursed space charge costs of £47,430 in 2012/13), which also pays for utilities, some security staff and the majority of the costs associated with cleaning and premises maintenance. This non-monetary support is intrinsic to the relationship between the University and LSBUSU. As recommended by the Charities SORP an estimated value to LSBUSU for this free serviced accommodation has been included in the accounts at an amount agreed with the University (based on prior year space charge calculations) as £225,619. Although LSBUSU undertakes a range of mutual trading activities, it is dependent on the University's financial support. There is no reason to believe that this or equivalent support from the University will not continue for the foreseeable future.

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Risk Management

The major strategic, business and operational risks faced by LSBUSU have been considered and a risk register is being established. Where appropriate, systems or procedures have been established to mitigate the risks the Union faces. Budgetary and internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of staff, volunteers and participants on all activities organised by the Union. These procedures are periodically reviewed to ensure that they continue to meet the Union's needs.

Aims, Objectives and activities

LSBUSU's Mission is:

"We exist as a Union to support and communicate with Students, and enhance the Student experience with the provision of high quality Services, empowering Students through representation and encouraging personal development."

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

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

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

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

These included (in the 2012/13 financial year) the Union's Student Advice Bureau, the Rigg Bar and Catering, Internet Café, Communications and Marketing and Representation and Democracy support services. The Union's Sabbatical Officers and Council members are the students' representatives on all major University committees and the Board of Governors.

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

Achievements and performance

In last year's report, the Executive Committee referred to a number of aims for the year that were expected to be achieved and other goals moving forward. The table below details the objectives and progress/achievement to date.

Building Move - To relocate the entire Students' Union operation and establish operating procedures for the year ahead	Completed.
Recruitment - To recruit a new Chief Executive for the Students' Union to take it forward into the next period	The New Chief Executive started in May 2013.

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Charity Status - To register with the Charity Commission and to begin the process of formal charity registration. To recruit external and student trustees to complete the Trustee Board	The Union is yet to register as a Charity but has recruited a full Trustee Board.
Planning - To establish an annual planning calendar linking officers and staff objectives with the existing programme of campaigns, elections and other events that form the Union's year To publish and report on Key Performance Indicators for the SU which reflect the priorities for the organisation going forward (see below)	The annual planner is currently under development and we will produce an impact report for the end of the 2013/14 academic year.
Staff - To publish a new staff handbook, updating all procedures and information	The new handbook has been reviewed by the HR Committee and is now on draft 2.
Staff To introduce a competency-based appraisal system for all staff, including a 360-degree appraisal for managers and the CEO	360 degree appraisals have not been introduced.
Finance To restructure the budgeting process to ensure that the Union is able to be included in the University's project-bidding round as well as making an appropriate bid for core funding of the operations of the Union	The Union increase its core funding to £720,000 for the coming year.

Future plans

The Union

Plans for the year ahead

Employability	<ol style="list-style-type: none"> 1. 300 students engaged with employability activities 2. The Union will create its strategy for employability 3. The Union Internship program will be established
Engagement	The Union to greatly increase its contact with key student volunteers, improve the Unions voice and visibility and will specifically be promoting engagement with Union services.
Key Demographics	The Union will produce its strategy for engaging these students and will elect a full complement Student Representation Officers.
Essential Services	The Union will create its student led volunteering program And reinstate a newspaper and radio station
Student Satisfaction	Increase NSS satisfaction results with Union to 55%
Strategy	Fully engage with students and stakeholders to complete the Union strategic Plan.

Financial review

The Union's accounts have been produced in accordance with the Charities SORP 2005. As such all income and expenditure, including the notional space charging income and its allocation based on the percentages shown in note 3 have been included. LSBUSU's income from all sources was £1,038,591. Total expenditure was £1,038,219. A surplus of £372 resulted. The surplus was transferred to the reserves, which now total £556,588.

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The Union continued to benefit from the University's provision of a Subvention Grant of £732,915 (including reimbursed space charges of £47,430).

The Union should hold reserves to cover unexpected eventualities and also ensure there are sufficient to resource planned capital expenditure. Total reserves (the Charity Funds) at the 31st July 2013 stood at £556,588, of which £240,884 has been designated as a protected amount (shown as "Accumulated Funds") and the remaining £315,704 as a development fund to support future activity.

The Union is currently affiliated to the National Union of Students (NUS), for which the total subscription costs amounted to £38,736 for the year, and no donations were made during the year to any external institutions out of LSBUSU's own resources.

Future Funding

The Trustees confirm that LSBUSU has sufficient funds to meet all its obligations. The Union's Subvention/Block Grant for 2013-14 has been confirmed at £720,000 and the Union's activities are expected to break even.

Trustees Responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustees on.....and signed on their behalf, by:

.....
B Ahland
President

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION

Annual Report and Accounts for the year ended 31 July 2013

Independent Auditors' Report to the members of London South Bank University Students' Union

We have audited the financial statements of London South Bank University Students' Union for the year ended 31 July 2013 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes set out on pages 11 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
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Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2013 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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

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

THIS REPORT HAS NOT YET BEEN SIGNED

Crowe Clark Whitehill LLP

Statutory Auditor

49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

Date:

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
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STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR

	Note	Unrestricted Income	Restricted Income	Total £	2012 £
Gross Income					
Voluntary income:					
Block Grant		685,485	-	685,485	744,867
Space Grant (actual)		47,430	-	47,430	-
Space Grant (benefit-in-kind)		225,619	-	225,619	225,619
Other Grant		17,750	-	17,750	-
Activities to generate funds:					
Marketing		11,961	-	11,961	9,367
Investment income		2,074	-	2,074	10,179
Charitable activities for students:					
Student Activities		7,094	3,451	10,545	11,505
Bar and Venue		30,412	-	30,412	124,580
Merchandising		2,961	-	2,961	9,017
Leisure and Gaming		278	-	278	20,849
Profit on Disposal of Fixed Asset		767	-	767	-
Other Income		3,309	-	3,309	-
				1,038,591	1,155,983
Total income		1,035,140	3,451	1,038,591	1,155,983
Resources expended					
Costs of Generating Funds:					
Charitable Activities for students:					
Advice & Representation		472,834	-	472,834	510,506
Communications and Marketing		110,245	-	110,245	82,287
Student Activities		265,760	3,451	269,211	342,403
Bar and Venue		169,410	-	169,410	207,689
Governance		16,519	-	16,519	16,672
				1,038,219	1,159,557
Total expenditure	2-5	1,034,768	3,451	1,038,219	1,159,557
Net (outgoing)/incoming resources		372	-	372	(3,574)
Fund balances brought forward		556,216	-	556,216	559,790
				556,588	556,216
Fund balances carried forward		556,588	-	556,588	556,216

The statement of financial activities includes all gains and losses recognised in the year.

All amounts derive from continuing activities.

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
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BALANCE SHEET

		2013		2012	
Notes	£	£	£	£	£
Fixed Assets					
Tangible fixed assets	6	5,744		7,254	
Investments	7	60		60	
		5,804		7,314	
Current Assets					
Stocks in bars, shops & other outlets		1,845		6,638	
Debtors & prepayments	8	113,746		29,665	
Cash at bank & in hand		569,244		547,129	
		684,835		583,432	
Current Liabilities					
Creditors: Amounts due within one year	9	(134,051)		(34,530)	
Net Current Assets		550,784		548,902	
Total Assets less Current Liabilities		556,588		556,216	
Net Assets		556,588		556,216	
Representing Charitable Funds:-					
Unrestricted Income Funds					
Development Fund		240,884		240,884	
Designated Governance Review Funds		-		10,000	
Accumulated Fund		315,704		305,332	
Total Funds	11	556,588		556,216	

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

.....

.....
B Ahland
Trustee

The notes on pages 11 to 17 form part of these accounts

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
Annual Report and Accounts
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NOTES TO THE ACCOUNTS

1 Accounting Policies

(a) Accounting convention

These accounts are prepared on the historical cost convention in accordance with the Statement of Recommended Practice: 'Accounting and Reporting by Charities' published in March 2005 (SORP 2005) and with applicable UK Accounting & Financial Reporting Standards.

After making enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees Responsibilities on page 6.

(b) Incoming resources

All income and capital resources are recognised in the accounts when the Charity is legally entitled to the income and the amount can be quantified with reasonable certainty. The College grant of free serviced accommodation on the campus is accounted for as income and expenditure of the year at an estimated value to London South Bank University Students' Union by reference to the alternatives available on the commercial market.

(c) Resources expended

Expenditure includes irrecoverable VAT. Charitable expenditure comprises the direct and indirect costs of delivering public benefit. Governance costs are those incurred for compliance with constitutional and statutory requirements, such as the annual audit. Central overhead costs are apportioned to charitable and other projects/activities on a usage basis, pro rata to the total costs of each project or activity undertaken.

(d) Tangible fixed assets

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

Motor vehicles	over a period of approximately 8 years
Computer equipment	rates ranging from 20% to 33.3% per annum
Equipment, furnishings and other sundry equipment	rates ranging from 15% to 20% per annum

(e) Investments

London South Bank University Students' Union's fixed asset investments are valued at cost, as these assets are not readily saleable and a reliable market value is not readily ascertainable.

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1 Accounting Policies (continued)

(f) Pension costs

London South Bank University Students' Union participates in the Student Union Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension. The fund is valued at least every three years by a professionally qualified independent actuary with the rates of contribution payable being determined by the Executive Committee on the advice of the actuary. The Scheme operates as a pooled arrangement, with contributions paid at a centrally agreed rate. As a consequence, no share of the underlying assets and liabilities can be directly attributed to London South Bank University Students' Union. Under the terms of FRS17, in these circumstances contributions are accounted for as if the Scheme were a defined contribution scheme based on actual contributions paid through the year.

London South Bank University Students' Union now also operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(g) Stock

Stock is valued at the lower of the cost and its net realisable value.

(h) Fund accounting

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

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

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
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NOTES TO THE ACCOUNTS, (continued)

2 Charitable and other Activity costs

	Cost of Sales £	Staff £	Rent and Rates £	Other £	Total £
Resources expended					
Charitable Activities for Students					
Advice & Representation	-	263,532	120,142	89,160	472,834
Communications & Marketing	-	65,449	19,113	25,683	110,245
Student Activities	-	93,210	81,915	94,086	269,211
Bar and Venue	11,777	84,080	49,149	24,404	169,410
Governance	-	1,752	2,730	12,037	16,519
<hr/>					
Total costs	11,777	508,023	273,049	245,370	1,038,219

Included in the above governance costs is the annual audit fee of £9,450 (2011: £8,745).

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
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NOTES TO THE ACCOUNTS, continued

3 Central Overhead Costs included in Note 2

	Usage	Staff £	Rent & Rates £	Other £	Total £
Resources expended					
Charitable Activities for Students					
Advice & Representation	44%	77,086	120,142	35,355	232,583
Communications & Marketing	7%	12,264	19,113	5,625	37,002
Student Activities	30%	52,559	81,915	24,106	158,580
Bar and Venue	18%	31,535	49,149	14,464	95,148
			-		
Governance	1%	1,752	2,730	804	5,286
Totals	100%	175,196	273,049	80,354	528,599

Other Costs comprised:-

	£
Recruitment and Interim Chief Executive	13,824
Audit Fees	9,450
Insurances	9,008
Professional Charges	8,700
Training and Conferences	7,937
Office Expenses	5,784
Sundry expenses	25,651
	80,354

4 Staff Costs

	2013 £	2012 £
Wages and salaries	443,496	495,899
Social security	33,365	34,801
Pension costs	31,161	36,617
Other staff costs	-	6,456
	508,023	573,773

No employee earned over £60,000 per annum.

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NOTES TO THE ACCOUNTS, continued

5 Trustees' Remuneration and Expenses

The Trustees' four sabbatical officers received £20,575 (2012: £20,560) for the year (excluding NI), as authorised in the Union's governing document, for the representation, campaigning and support work they undertake as distinct from their trustee responsibilities. This work includes voicing student opinion with the institution and local community, defending and extending the rights of students through petitions, discussion with MPs and also organising and supporting student volunteers and service provision for them. The total salary and NI costs for the sabbatical officers amounted to £89,315 (2012: £89,359).

There were no other trustee-benefits for the year.

Trustees were reimbursed a total of £4,208 (2012: £5,514) for the year in respect of personal travel and subsistence expenses.

6 Tangible Fixed Assets

	Total	£
COST		
At 1 August 2012	253,171	
Additions	4,632	
Disposals	<u>(8,180)</u>	
At 31 July 2013	<u>249,623</u>	
DEPRECIATION		
At 1 August 2012	245,917	
Charge for the year	6,142	
Disposals	<u>(8,180)</u>	
At 31 July 2013	<u>243,879</u>	
NET BOOK VALUE		
At 31 July 2013	<u><u>5,744</u></u>	
<i>At 31 July 2012</i>	<u><u>7,254</u></u>	

7 Investments

	2013	2012
	£	£
At Cost		
Investment in Nus Services Limited	<u>60</u>	<u>60</u>

In order to continue receiving retrospective discounts through the central billing system LSBUSU has minority holdings of 60 'A' voting shares in this trading company.

8 Debtors

	2013	2012
	£	£
Trade debtors	44,216	19,304
London South Bank University	60,622	3,618
Other debtors	6,229	4,152
Prepayments & accrued income	<u>2,679</u>	<u>2,591</u>
	<u><u>113,746</u></u>	<u><u>29,665</u></u>

LONDON SOUTH BANK UNIVERSITY STUDENTS' UNION
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NOTES TO THE ACCOUNTS, continued

9	Creditors: Amounts due within one year	2013	2012
		£	£
	Trade creditors	7,698	15,296
	Social security & other taxes	9,242	10,176
	Other creditors	43,281	5,789
	London South Bank University	53,816	-
	Accruals & Deferred income	20,014	3,269
		134,051	34,530
		134,051	34,530

10	Student Society/Club material funds held were:-	Brought Forward	Income for Fund	Grants for Activities	Carried forward
		£	£	£	£
	<i>Societies:</i>	-	3,451	3,451	-
	Total	-	3,451	3,451	-
		-	3,451	3,451	-

11 Analysis of Net Assets between Funds

	Unrestricted Funds	Restricted Income Funds	Capital Grant Fund	Total
	£	£	£	£
Fixed Assets	5,804	-	-	5,804
Net current assets	550,784	-	-	550,784
Long term liabilities	-	-	-	-
	556,588	-	-	556,588
	556,588	-	-	556,588

12 Leasing Commitments

At 31 July 2013 London South Bank University Students' Union had annual commitments under non-cancellable operating leases as detailed below:

	2013	2012
	£	£
Plant and machinery		
Operating leases expiring within one year	-	-
Operating leases expiring within two to five years	5,068	-
	5,068	-
	5,068	-

The amount paid during the year in respect of operating leases for plant and machinery was £3,548 (2012: £1,621).

13 Control Relationship

Ultimate control of London South Bank University Students' Union rests with its membership, represented by the Trustees.

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NOTES TO THE ACCOUNTS, continued

14 Pension Costs

SUSS

London South Bank University Students' Union participates in the Students' Union Superannuation Scheme, which is a defined benefit scheme whose membership consists of employees of students' unions and related bodies throughout the country. Benefits in respect of service up to 30 September 2003 are accrued on a "final salary" basis, with benefits in respect of service from 1 October 2003 accruing on a Career Average Revalued Earnings (CARE) basis. With effect from 30 September 2011 the scheme closed to future accrual.

The most recent valuation of the scheme was carried out as at 1 October 2010 and showed that the market value of the scheme's assets was £67,141,000 with these assets representing 58% of the value of benefits that had accrued to members after allowing for expected future increases in earnings. The deficit on an ongoing funding basis amounted to £47,869,000.

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

The following assumptions applied at 1 October 2010:-

- The investment return would be 6.6% per annum before retirement and 4.6% per annum after retirement
- Pensions accruing on the CARE basis would revalue at 3.2% per annum.
- Present and future pensions would increase at rates specified by scheme rules with appropriate assumptions where these are dependent on inflation.

The 2010 valuation recommended a monthly contribution requirement by each Union expressed in monetary terms intended to clear the ongoing funding deficit over a period of 20 years and will increase by at least 3.2% each year. These contributions also include an allowance for cost of the ongoing administrative and operational expenses of running the Scheme. These rates applied with effect from 1 October 2011 and will be formally reviewed following completion of the next valuation due with an effective date of 1 October 2013. Surpluses or deficits which arise at future valuations will also impact on London South Bank University Students' Union future contribution commitment. In addition to the above contributions, the London South Bank University Students' Union also pays its share of the scheme's levy to the Pension Protection Fund.

The contribution rate (excluding deficit contributions) for the period to 30 September 2011 applicable to London South Bank University Students' Union for the majority of members was 7.70% of Earnings for members and 9.60% of Earnings for the London South Bank University Students' Union (17.3%).

NUSPS

Since 1 October 2011, all participating employees have been in a new defined contribution pension scheme, National Union of Students Pension Scheme (NUSPS). Contributions are at variable rates up to 6% for the employer and a minimum contribution rate of 3% for the employee. The Union's cost of contribution in the year amounted to £7,288 (2012: £7,979).

The total contributions paid into the two pension schemes by the London South Bank University Students' Union in respect of eligible employees for the year ended 31 July 2013 amounted to £38,373 (2012: £42,511), including deficit contributions.

	PAPER NO: PR.46(13)
Board/Committee:	Policy and Resources Committee
Date:	12 th November 2013
Paper title:	<p>Business Cases relating to LSBU / IBM Strategic Partnership. There are 4 papers in this pack:</p> <ol style="list-style-type: none"> 1. Summary of the Business Cases – puts the 3 business cases into context and provides a summary of the financial impact on the five year forecast 2. Exceptional Student Experience – describes an aspirational solution which will improve the experience of students at the University leading to improved satisfaction and progression 3. Data Centre Outsource – moves the LSBU systems infrastructure to a new environment in order to resolve long-standing performance and resilience issues 4. Identity and Access Management – replacing the in-house information security systems with proven commercial products that will plug the gaps reported to the Audit Committee
Author:	David Swayne, Chief Information Officer
Executive sponsor:	Phil Cardew, Pro Vice Chancellor (Academic)
Recommendation by the Executive:	The Executive recommends that the Policy and Resources Committee reviews the business cases and recommends they be presented to the Board of Governors for approval.
Aspect of the Corporate Plan to which this will help deliver?	<ul style="list-style-type: none"> • Student success must be the University’s overriding aim. We want to give opportunity to all who can benefit and our success has to be measured by their success in graduating and finding employment. • It is unacceptable to recruit students who do not have a reasonably good chance of succeeding, either for them or the University. • Our competitive position rests strongly on the delivery of value for money education that enhances career success for our students.

London South Bank University

	<ul style="list-style-type: none"> • Creating an environment in which excellence can thrive. • Financial sustainability. 	
Matter previously considered by:	<p>ICT Advisory Board</p> <p>Executive</p> <p>Policy and Resources Committee</p> <p>Board of Governors</p>	<p>On: 13th September 2013</p> <p>On: 17th September 2013 & 5th November 2013</p> <p>On: 24th September 2013</p> <p>Strategy Day</p>
Further approval required?	<p>Yes</p> <p>Yes</p> <p>No</p>	<p>Exceptional Student Experience - Board of Governors</p> <p>Data Centre Outsource – Board of Governors</p> <p>Identity and Access Management – Approved by Executive</p>
Communications – who should be made aware of the decision?	<p>Executive, ICT Advisory Board, Academic Board, Technology Enhanced Learning Group, Estates and Facilities, ICT</p>	

Data Centre Outsource

LSBU Large Project Business Justification

Executive Summary

Currently the university's business critical services are compromised by poor systems performance and systems failing at peak usage. The current data centre infrastructure is unable to support the needs of the University and is not future proof or able to satisfactorily support the peaks and troughs in terms of data demands of the Exceptional Student Experience programme. This business case covers the provision of data centre facilities for LSBU that are able to flex to meet peaks and troughs of demand, providing future proof service resilience in a cost effective and efficient manner. The cost for this service is estimated to be £1.5m per year including VAT, with an additional one-off migration cost of £1m including VAT. This will enable us to avoid expenditure of £1.3m a year.

Over a five-year contract, this business case therefore requests an additional £2m of funding. If this proposal is not enacted an alternative will be needed if the ICT infrastructure at LSBU is to provide the resilience and performance required to support the business because it is clear that the current infrastructure does not.

LSBU is currently vulnerable due to the geographical location of its data centres and would be unable to support the business continuity requirements of the University in the event of a major incident impacting upon buildings on the Southwark campus. The IBM data centre solution provides a contracted service level of 98.5% but historic achievement has been 99.5% plus. The data centre is designed to be highly available and has resilient power, data networks and backup systems. In the past 10 years there have been 2 failures in IBM's UK data centres and these have not resulted in customers invoking disaster recovery because the data centre affected has come back online faster than disaster recovery could be invoked. It is therefore proposed that the University accepts the business risk that a data centre failure might occur and avoids paying an additional £0.5m per annum for a disaster recovery service.

Document Control

Version	Created/Changed by	Date	Notes
1.0	David Swayne	09/09/2013	Initial draft for discussion
1.1	David Swayne	27/09/2013	Updated to include VAT in costs
1.2	David Swayne	04/10/2013	Updated to include comments from Ralph Sanders
1.3	Ralph Sanders	21/10/2013	Financials Updated
1.4	David Swayne	01/11/2013	Incorporating comments received from Executive and Board of Governors Away Day

Scope of work

Investment objective

Data Centre Outsource:

- Use Cloud based data centre services to meet the demand of LSBU business services including the Exceptional Student Experience by migrating to a proven systems architecture that is secure and capable of scaling services up and down dependent upon the business cycle.
- Provide future proof systems infrastructure that will meet the needs of LSBU for years to come without the need for capital expenditure.
- Provide improved infrastructure resilience mitigating the current risk of a catastrophic disaster on campus and ensuring ICT systems are available for business continuity.

Business need

Reliable Business Services

- 1) Provide guaranteed service availability of 98.5%. The server and storage environment should be engineered to deliver a resilient service such that DR is only required in the event of the whole data centre failing.
- 2) The Cloud hosting facility should be purpose built and designed to provide high availability through duplication of power, network connectivity, advanced fire detection and suppression and with a demonstrable record that supports these requirements...
- 3) It should be possible to purchase a DR solution for critical business services should the University risk appetite change in the future. For example, Clearing is critical for a short period of the year only and the University might in future decide to protect this period with a limited contract.
- 4) All data and services should be backed up to tape, which will be held off-site and may be used to restore files that have been lost. In the event of the loss of the whole data centre it is understood that these backups can be used to restore services.
- 5) The server workload should be load balanced to allow for peaks and troughs in usage.

Implementation

The systems will be migrated from LSBU to the selected data centre in two phases:

- 1) Borough Road data centre (early 2014)
- 2) Keyworth Data Centre approx. April 2014

Wherever possible data will be moved over a secure network but large data volumes may necessitate the use of physical storage media which is shipped from LSBU to the new data centre using secure methods.

Sponsorship The primary sponsor for this project is the CIO.

Rationale

Relationship to Corporate Plan **6.1 The University needs to ensure that we create an environment in which excellence can thrive... Equally important, is ensuring that our underpinning business processes, systems, policies and investments create an environment that enables success too.**

It is apparent that business critical services fail to deliver the stability and performance required at peak times and also that it isn't possible to scale systems capabilities up and down according to the business calendar. The impact of these issues is that the service the University provides to its customers is poor and that costs are higher than they need to be at some points in the year.

Using elastic Cloud based services will enable the services to be scaled up when needed and scaled back to a minimum when this is appropriate, providing the optimum infrastructure footprint for LSBU at all times.

Business Continuity

The Cloud services are architected to provide high degrees of resilience and a guarantee of 98.5% availability, although historic service availability has been 99.5%+.

In the event of a catastrophic data centre incident, this investment will also provide Hosting services that are geographically spread to meet Business Continuity objective by Easter 2014. The option to alter the services for which DR is provided will keep DR costs to a minimum and also provide a fall-back position in the event of a catastrophic incident happening at the Cloud data centre.

Critical success factor(s)

Wide Area Network Connection: A resilient connection from the Cloud data centre to Ja.net or a dedicated point-to-point network link will be required.

Options Analysis

Option 1 – Disaster Recovery only

Summary:

It would be possible to mitigate the risk of losing the LSBU data centres by contracting for a remote data centre to be used in the event of a disaster on campus.

<i>Pros:</i>	<i>Cons:</i>
The current data centre facilities would be unaffected.	The Estates Strategy utilises the Borough Road building for teaching and student services. To meet this plan it is necessary to re-locate the Borough Road data centre which would incur significant cost in

	<p>addition to the provision of DR capability.</p> <p>The current data centre infrastructure does not scale as required and LSBU pays for the purchase and maintenance of all equipment (utilised or not).</p> <p>Additional costs would be incurred to rectify the current infrastructure issues.</p>
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Conclusion

The lack of scalability in the current solution impacts upon the services delivered to students and staff. Providing a DR solution alone does not address some of the fundamental issues that other options considered do.

Option 2 – Co-location

Summary:

It is possible to take the equipment from the Borough Road data centre and host it in a remote location, thereby giving a geographically dispersed DR capability and retaining the current systems infrastructure.

<i>Pros:</i>	<i>Cons:</i>
<p>May be a cheaper alternative in the short-term.</p>	<p>The current data centre infrastructure does not scale as required and LSBU pays for the purchase and maintenance of all equipment (utilised or not).</p> <p>There would be significant on-going capital expenditure to replace hardware as it nears end-of-life and further additional costs would be incurred to rectify the current infrastructure issues.</p>

Conclusion

The lack of scalability in the current solution impacts upon the services delivered to students and staff. Moving half of our equipment into a co-hosted location does not address some of the fundamental issues that are impacting upon system performance.

Option 3 – Cloud based data centre

Summary:

A Cloud based solution that offers elasticity of service whereby infrastructure is scaled up and down depending upon demand. The service is billed monthly but charged based upon day-to-day usage giving LSBU the optimum blend of scalability vs. cost.

All LSBU servers and storage would be migrated to the Cloud service and the existing equipment sold. Therefore LSBU would only have network based equipment remaining from the current data centres.

In addition to the performance and cost benefits, there would be significant carbon reduction due to the reduction in energy usage.

<i>Pros:</i>	<i>Cons:</i>
<p>Solution designed to deliver the scale of service when it is required.</p> <p>Services are highly audited and highly secure.</p> <p>Future proof because the supplier is responsible for keeping the hardware and base systems management technologies up-to-date. The IBM solution is rated (by Gartner) as a Leader in terms of capability to deliver and future vision.</p> <p>Billed on a day-to-day usage basis.</p>	<p>Major change in approach brings some risk as the ICT Systems team adjusts to new methods of working.</p>

Conclusion

Recommended because it delivers the best solution and with clearly identified benefits that will provide value to LSBU stakeholders.

Data Centre Outsource:

Description	Year	Excluding VAT	Including VAT
One Off costs:			
Training and Change Management	Year 1	£50,000	£60,000
Network Set-up	Year 1	£10,000	£12,000
Data Centre Migration	Year 1	£815,000	£978,000
Total	Year 1	£875,000	£1,050,000
Service Running costs:			
Cloud hosted infrastructure	Year 1	£1,130,100	£1,356,120
Network	Year 1	£30,000	£36,000
Account Management	Year 1	£120,000	£144,000
Total	Year 1	£1,280,100	£1,536,120

Cloud hosted infrastructure	Year 2 onward	£1,081,000	£1,297,200
Network	Year 2 onward	£30,000	£36,000
Account Management	Year 2 onward	£120,000	£144,000
Total	Year 2 onward	£1,231,000	£1,477,200
Annual Data Centre Costs Avoided:			
Depreciation / equipment replacement		£667,000	£800,000
Vacancies in Systems Team		£82,000	£82,000
Offsite backup (note this isn't equivalent to DR)		£150,000	£180,000
Power, cooling system and fire suppression system maintenance, insurance etc.	33.3kWh	£167,000	£200,000
Total		£1,066,900	£1,262,000

Whilst checking the alternate Microsoft solution for ESE we priced the cost of hosting the equivalent solution and we were quoted £500 - £1,055 per Virtual Machine (VM) per month. The IBM quotation is £1.5m for 400 VM's and the annual price for the alternate suppliers would be between £2.5m - £5m per annum.

Disaster Recovery (optional):

Description	Year	£	Including VAT
Annual Service Costs:			
Disaster Recovery	Year 1 onward	£455,000	546,000

Planning

- Timing** [Provide a high level plan for the preferred option. Include:
- milestones and key deliverables with approximate dates.
 - any business critical timings.
 - when the project needs to be completed by and why.

Date	Milestone / Deliverable	Notes
Dec 2014	Network Connection DC to Ja.net	Significant lead time

Jan 2014	Test provisioning and systems management, plus performance	Migrate a copy of a critical system (e.g. QL) and run scripts to measure performance which must be as good as local hosting
Feb 2014	Borough Road DC migrated	
Apr 2014	Keyworth DC migrated	

Dependencies There is a strong linkage between the Exceptional Student Experience Project and the data centre outsource project because it is anticipated that the new systems will also be hosted using the outsourced provider.

There are also strong linkages between the outsource project and the business continuity project which will need to identify the systems to be placed under DR at each point in the calendar.

Risks [Identify the key risks that might impact on the project and particularly on the achievement of the desired benefits in the following table. For large or complicated projects, a separate risk register should be used. This should be referenced here and summary information provided below . Risks to consider:

- Business risks that impact the business processes or structures.
- Financial risks that have consequences for LSBU's financial stability.
- Technical risks e.g. system downtime, specification standards, incompatible interfaces.
- Implementation risks e.g. deviation from plan, delays, implementation not to standard.]

Risk	L'hood (H/M/L)	Impact (H/M/L)	Mitigation	Owner
Systems don't perform as well in the hosted environment	L	M	Test systems and ensure that the infrastructure is configured appropriately	David Swayne
System resources are not scaled back when this is possible resulting in higher costs than budgeted	M	M	Ensure that the Operations team is trained to use monitoring tools and scale systems back when demand is low	David Swayne
Technology projects are difficult to deliver on budget.	H	M	Clear governance structures with financial accountability and lines of control that formally report up to Board of Governors through the University hierarchy.	David Swayne

			The DCO Programme is led by an external Programme Manager who has a track record of success in H.E. and other sectors and is trusted by both the Academic Community and ICT in LSBU.	
Additional services are enabled through the service without cost variations being agreed and additional budget obtained	L	M	Ensure the programme is monitored for unapproved scope creep by an experienced Programme Manager.	David Swayne, Ralph Sanders
VAT cannot be reclaimed on service costs which makes solution more expensive than current infrastructure	L	H	Obtain clear advice and contract appropriately for service	Procurement

Checklist Have you consulted the appropriate departments when drafting this business case:

Department	Requires consultation?	Consulted?	Will consult later in process
Estates and Facilities	Yes	Yes	
ICT	Yes	Yes	
Procurement	Yes	Yes	
HR	Yes	Yes	
Pro-Vice Chancellor (Academic)	Yes	Yes	
Pro Vice Chancellor (External) e.g. marketing	Yes	Yes	

Executive Summary

This paper has been prepared to provide a summary of the 3 business cases that relate to a potential strategic partnership between LSBU and IBM. LSBU has been an IBM customer for some time and over the past 6 months there has been a deepening of the relationship between the 2 organisations. It is believed that the proposed partnership can underpin the Technology Enhanced Learning Strategy, the ICT Strategic Implementation Plan and ultimately make a significant contribution to the Corporate Plan through these initiatives and also the opportunities presented by the support that IBM delivers to Academia.

It should be noted that there has been a deep engagement with academics and commercial areas of the University to facilitate an understanding of requirements and benefits and that whilst the expenditure within the business cases primarily relates to technology the Programme is being driven by the academic areas of the University.

The Exceptional Student Experience part of the programme could increase our profitability by increasing progression. The Data Centre Outsourcing replaces planned ICT capital expenditure. The Identity and Access Management piece is required following an audit failure.

Exceptional Student Experience

The full Exceptional Student Experience Solution from IBM covers the student journey from initial enquiry through to alumni and encompasses:

- Accessible Portal
- Social Collaboration
- Predictive Analytics

A solution is proposed that builds upon the work underway in the BUILT Programme to deliver the Technology Enhanced Learning Strategy by pulling student (and staff) related digital learning and teaching resources together in a student portal that will replace the current implementation of My LSBU. This includes an integration of the Virtual Learning Environment (Moodle) with Social Collaboration tools that will provide a rich online learning environment for our students. It also provides single sign on to other online facilities such as the library systems.

The financial business case for this solution is based upon improving progression of students through the provision of better digital facilities and most importantly the use of Predictive Analytics to identify students who are at risk of “failing”. Predictive Analytics will make use of data that LSBU already collects, although its entry into systems will need to be more prompt than it is currently. This data relates to:

attendance, systems usage, formative assessment, summative assessment, entry qualifications and overall engagement with the University.

Where IBM has implemented this solution, for example at American Public University IBM recorded 80% accuracy in identifying at-risk students with predictive analytics. At Hamilton County Department of Education they achieved an 8% increase in graduation rates to 80% which by reducing non-completion rates by 25%.

Due to the revenues that can be generated by increasing progression, the entire IBM partnership would be broadly cost neutral, as compared to the planned ICT capital expenditure within the 5 year forecast, if we delivered an increase in progression of 8% by reducing our non-completion rates by 10%.

For full time undergraduate UK / EU this would mean;

- Increasing progression from Level 4 to Level 5 from our target of 65% to 69% by 2015
- Increasing progression from Level 5 to Level 6 from our target of 80% to 82% by 2016
- Increasing standard graduation from 1 in 2 (52%) to 5 in 9 (56%) by 2017

Delivering the above improvements in progression would add an additional £1.9M per year to LSBU's income by 2017 based on our target intake of 2,750 students.

Although broadly cost neutral, a net cost of £709K as compared to the 5 year forecast, the solution will payback in 6 years, help us deliver to our progression targets, will deliver an on-going additional surplus of £1m pa assuming a cautious 50% marginal contribution rate by the end of the period and will impact student satisfaction and our league table position due to higher NSS scores. We have not assumed any further year on year improvement in progression in the business case.

Our cautious financial model assumes a net UG fee of £7,500 over the 5 year period and a 50% marginal contribution rate. Our fee forecast is trending above this and the more stretching model using the same progression assumptions but with an average UG fee of £8,000.

All licences are perpetual and the estimated costs for purchase, implementation and 5 years support are £6.4m including IBM, internal and VAT.

To be successful the implementation of the solution will need to be supported by a change programme to ensure that the new features are utilised to the benefit of students as well as staff. In consultation with the Technology Enhanced Learning Group it has been proposed that the Exceptional Student Experience solution is managed as the next Phase of the successful BUILT Programme, delivering

additional features beyond Moodle, rather than being launched as a new initiative. This has the benefit of being a continuation of a change programme that has momentum and support from the Academic Community.

The solution would also benefit HSC, international and post graduate retention but this has not been factored into the business case.

Data Centre Outsource

To facilitate the Exceptional Student Experience partnership, it is also being proposed that the current ICT data centre infrastructure is migrated to an 'Infrastructure as a Service' Cloud based environment hosted by IBM. This would replace our current fixed infrastructure with an elastic solution whereby LSBU pays for what it uses on a managed service basis. All data associated with the service is backed up and held off-site by IBM.

The proposal would transform the operation of LSBU's data centre to enable the scaling up and down of services depending upon the demands of the business cycle. The charges would be calculated on a daily basis and invoiced monthly. This would give LSBU the optimum balance between cost and service provision. The initial design work indicates that the cost of the Cloud service at £8.5M over 5 years could be more expensive than expanding the current data centre infrastructure at LSBU which could cost £6.5M over the same period but we would be adding resiliency and flexibility to the service that we would offer as well as superior Business Continuity.

The IBM data centre solution provides a contracted service level of 98.5% but historic achievement has been 99.5% plus. The data centre is designed to be highly available and has resilient power, data networks and backup systems. In the past 10 years there have been 2 failures in IBM's UK data centres and these have not resulted in customers invoking disaster recovery because the data centre affected has come back online faster than disaster recovery could be invoked. It is therefore proposed that the University accepts the business risk that a catastrophic data centre failure might occur and avoids paying an additional £0.5m per annum for the enhanced disaster recovery service.

Whilst checking the alternate Microsoft solution for ESE we priced the cost of hosting the equivalent solution and we were quoted £500 - £1,055 per Virtual Machine (VM) per month. The IBM quotation is £1.5m for 400 VM's and the annual price for the alternate suppliers would be between £2.5m - £5m per annum.

Identity and Access Management

The recent IT Control Audit has confirmed failings in the Identity and Access Management solutions utilised by LSBU. In summary the 'in-house' built CAMS system is no longer maintainable and the linkages between this and the other components of the systems security solution have resulted in 350 user accounts retaining access to LSBU systems when they should not.

It is proposed that the IBM Identity and Access Management be implemented to replace the current LSBU systems at an estimated annual cost of £260k including VAT.

Using the IBM solution would provide comparative functionality to competitor solutions and optimum single sign on capabilities for the Exceptional Student Experience solution.

Summary

In the current climate with an increasing emphasis on student debt, value for money and league table position it is particularly important that LSBU improves the ratio of students that progress cleanly through their course and graduate without re-takes or dropping out. The Exceptional Student Experience is targeted at this business goal.

If approved, LSBU would be the first UK institution to implement this breadth of the IBM solution (although all of the components are proven) and would have taken a big step towards implementation of the systems to support the Technology Enhanced Learning Strategy. Whilst IBM can evidence implementation of individual solution components with other institutions, LSBU has the opportunity to be the first to take the fully integrated Exceptional Student Experience Solution and therefore gain advantage on its competition.

The Data Centre Outsource and Identity / Access Management solutions rectify current systems deficiencies with state-of-the art solutions that will provide a secure foundation for the Exceptional Student Experience and a secure operating environment for LSBU. Ultimately it will improve the experience of systems use for both staff and students.

In terms of Finances, our modelling has suggested that the additional income of £1.9M per year generated by improving our progression rate, and the avoidance costs of building our own data centre would make the partnership broadly cost neutral over the period of the 5 year forecast with cautious assumptions.

With more stretch assumptions it would make a positive financial contribution.

Financial Impact of the IBM Partnership (cautious)

Assuming a £7,500 average UG fee, a 8% improvement in progression & 50% marginal contribution on income generated the partnership will be broadly cost neutral (+£709K) as compared to the equivalent ICT capital expenditure in the 5 year forecast. It will add cost in the first 2 years of the programme but would be generating annual revenues of £1.9M and profit of £938K per year by 2017.

	2013/14	2014/15	2015/16	2016/17	2017/18	Total
Data Centre Outsourcing	£937,860	£1,702,260	£1,672,800	£1,672,800	£1,672,800	£7,658,600
Identity / Access management	£123,421	£254,911	£262,980	£262,980	£262,980	£1,167,274
Exceptional Student Experience	£1,101,080	£1,703,660	£1,205,160	£1,205,160	£1,205,160	£6,420,220
Total I&E Cost	£2,162,361	£3,660,831	£3,140,940	£3,140,940	£3,140,940	£15,246,014
Costs avoided	-£631,000	-£1,262,000	-£1,262,000	-£1,262,000	-£1,262,000	-£5,679,000
Profit generated	£0	-£93,500	-£487,500	-£938,500	-£938,500	-£2,458,000
Total	-£631,000	-£1,355,500	-£1,749,500	-£2,200,500	-£2,200,500	-£8,137,000
Net Impact on I&E	£1,531,361	£2,305,331	£1,391,440	£940,440	£940,440	£7,109,014
Less ICT Capex Charge in 5 year forecast	-£400,000	-£1,000,000	-£1,400,000	-£1,700,000	-£1,900,000	-£6,400,000
Net Impact on 5 year forecast	£1,131,361	£1,305,331	-£8,560	-£759,560	-£959,560	£709,014

In terms of cashflow, the investment brings forward planned ICT Capital expenditure in the 5 year forecast but over the period it is again broadly neutral

	2013/14	2014/15	2015/16	2016/17	2017/18	Total
Total Cashflow of the IBM partnership	£5,302,723,	£1,560,751	£1,040,860	£1,040,860	£1,040,860	£9,986,054
ICT Capex in the 5 year forecast	£4,000,000	£2,000,000	£2,000,000	£1,000,000	£1,000,000	£10,000,000
Total cashflow impact	£1,302,723	-£439,249	-£959,140	£40,860	£40,860	-£13,946

Financial Impact of the IBM Partnership (stretch) on the 5 year forecast

If we recognise that UG fees are trending towards £8,000 over the period of the 5 year forecast then the proposal would continue to add £1m a year to our costs in 2013 – 2015 but would then be increasing our profitability each subsequent year and could increase our profitability by £3.4M over the period.

Net Impact on 5 year forecast	2013/14	2014/15	2015/16	2016/17	2017/18	Total
8% Progression	£1,131,361	£1,298,831	-£40,560	-£820,060	-£1,020,060	£549,514
12% Progression	£1,131,361	£1,248,831	-£301,060	-£1,327,060	-£1,527,060	-£774,986
15% Progression	£1,131,361	£1,199,331	-£562,560	-£1,838,060	-£2,038,060	-£2,107,986
21% Progression	£1,131,361	£1,149,331	-£826,060	-£2,355,060	-£2,555,060	-£3,455,486

Progression Targets	Yr. 1 – Yr. 2	Yr. 2 - Final	Combined Yr. 1 - Final Year	
0%	65%	80%	52%	1/2
8%	69%	82%	56%	5/9
12%	70%	83%	58%	4/7
15%	72%	84%	60%	3/5
21%	74%	85%	63%	5/8

As well as improving our profitability, the opportunity to build a deep partnership with IBM in the UK and globally will add value to the LSBU brand. A part of LSBU's commitment in the partnership would be case studies and speaking about our experience at IBM and industry events.

The proposal is to purchase these solutions through relevant Government frameworks which is a legitimate method for LSBU to follow. It should be noted that using a framework will add 5% to the costs of IBM software, infrastructure and services related to the software although we are still in negotiation with IBM regarding final price.

Appendix 1: Market Evaluation of Solutions



Figure 1: Gartner Magic Quadrant for Social Collaboration



Figure 2: Gartner Magic Quadrant for Data Centre Outsource (Europe)



Figure 3: Gartner Magic Quadrant for User Administration and Provisioning



Figure 4: Gartner Magic Quadrant for Business Intelligence and Analytics

Exceptional Student Experience

LSBU Large Project Business Justification

This document provides a template for business cases in support of business cases above £250k.

Executive Summary

If one was to encapsulate the student (and staff) experience of our systems, at present, it would be in terms of disparate and fragmentary pockets of information, lodged in separate systems, with no hierarchy or 'single version of the truth'. At the same time, access to systems is often dependent on access to a particular building (the Learning Resources Centre, for example, which houses our main array of 'open access' computers) or to a particular make or model of PC (networked by means of a physical connection).

Our vision for the future – in transforming this experience – would be to create an environment in which:

- Students (and staff) simply access the information they need, when they need it, without having to be concerned about where it is located.
- Systems are securely available on whatever device, and in whatever location, they are needed.
- Information is accurate, up-to-date, and readily accessible – 'pushed' to the user, rather than needing to be gathered and analysed.
- Communication is seamless across face-to-face, physical and virtual environments which provide support in a multitude of different ways.
- Learning takes place in the lecture room, but also through blended media and virtually. Students move from one environment to another without hindrance or difficulty. Learning is local, regional, national and international in its focus – with no difference of experience for any learner.
- We operate within a 'virtual community' that links students, staff, alumni, employers, professional bodies and the wider community within professional networks which aid communication, research, employability and international relations.

To deliver this vision:

- We are well underway with our BUILT Programme where the first Phase is moving our Virtual Learning Environment onto a new platform which will be capable of supporting greater technology enhancement for students. This significant change programme is currently being managed by an external programme manager and has been well received by academic colleagues.
- We wish to build on this by building an information environment for students and staff which moves far beyond the concept of a simple 'portal' and which transforms the way we work and communicate within the University.
- This will involve development to deliver this environment and to utilise state-of-the-art communications systems for students and staff.
- A key aspect of this work will be to use 'predictive analytics' to identify characteristics of student activity which identify individuals as being 'at risk' in terms of progression. Our current work has shown us that we can monitor progression satisfactorily, but that it is difficult to 're-engage' students who have become

disengaged. Utilisation of ‘predictive analytics’ will enhance our ability to head off issues before they become significantly damaging to performance.

- This work will also involve a significant change management programme – in terms of staff and student culture (in addition to technology). . The culture change programme will be carefully planned and executed to ensure that the new facilities are used effectively. This programme will be managed by a dedicated resource with a track-record of success within Higher Education and LSBU.
- We would like to work on this development with a major partner who is willing to bring additional benefit to the project and to add value through collaboration in associated areas (such as academic development, student engagement and work experience and infrastructure development)

In order to deliver our vision of an exceptional student experience for our students we propose that the University forms a strategic partnership with IBM. The main benefits will be increased student engagement, progression and graduation which can be measured by improved student satisfaction, progression and graduation rates, improved league table position and increased revenues.

Document Control

Version	Created/Changed by	Date	Notes
1.1	David Swayne	31/05/2013	Initial draft for discussion
1.2	Ralph Sanders	01/07/2013	Revised draft for discussion
1.3	Mike Watson	04/07/2013	Changes made following meeting with IBM on 4 th July
1.4	David Swayne	05/07/2013	Inclusion of Costs
1.5	Mike Watson	10/09/2013	Changes made following a series of meetings with IBM
1.6	Mike Watson	12/09/2013	Changes made following review
1.7	David Swayne	09/10/2013	Updates following comments made by LSBU Executive
1.8	Ralph Sanders	22/10/2013	Finances updated
1.9	David Swayne / Ralph Sanders	31/10/2013	Updates following comments received at the Business Justification Meeting on 29 th October.
1.10	David Swayne / Ralph Sanders	05/11/2013	Updates following Executive meeting

Scope of work

**Investment
objective**

Support Student Success:

- Increase progression' from Level 4 to Level 5 from our target of 65% to 69% by 2015
- Increase progression' from Level 5 to Level 6 from our target of 80% to 82% by 2016
- Increase standard graduation from 1 in 2 (52%) to 5 in 9 (56%) by 2017
- Increase Guardian league table value add score from 4.1 in 2014 to 5.0 by 2017
- Reduce debt burden on non-graduating students from £10M to £8.5M* by 2017
- Increase revenue from non-progressing students by £1.9M* by 2016
(*based on 2,750 in Cohort)

Business need Student Success

- 1) The LSBU Corporate Plan pledges that “Student success must be the University’s overriding aim” however based on our current performance, approximately:
 - 1 in 3 full time UG students don’t progress from Yr. 1 to Yr. 2
 - 1 in 5 don’t progress from Yr. 2 to Yr. 3
 - 1 in 2 of the 2013 UG FT Cohort will not be sitting their final exams in 3 years’ time but will have left this University with an average tuition fee debt of £7,650 each.
- 2) Of the £42M of public money invested in the 2013 FT UG Cohort in terms of Tuition Fee loans, £32M will be owed by graduating students and £10M will be owed by students who did not graduate including 238 who will each owe £15,000. Rather than empowering our local community we run the risk of imposing an unsustainable debt burden on it.
- 3) In terms of attainment, LSBU has the lowest Value Add score of all our comparators on the Guardian 2014 University League tables. The value-added score compares students’ individual degree results with their entry qualifications, to show how effective the teaching is. It is given as a rating out of 10 LSBU is currently at 4.1. University of West London has a lower entry tariff than LSBU but is currently at 7.0.
- 4) The university recognises in 1.1 of the 2011 – 2014 Corporate plan that that, “Their (FT UG students) judgment about value for money will increasingly dominate their choice of university.”
- 5) If we do not tackle progression and attainment we run the risk of not being seen as value for money by either prospective students or funding bodies which puts at risk our ability to recruit 2,750 FT UG students, our ability to invest £110M in the infrastructure of this university and our future financial sustainability. As a result we consider that the “do nothing” option is not viable.

Sponsorship The primary sponsor for a partnership of this importance to LSBU should be the VC.

There are a number of significant stakeholders:

- Student Progression – Phil Cardew
- Enterprise – Bev Julien
- Academic – Mike Molan, the new Dean of the Faculty of Business, Rao Bhamidimarri and Judith Ellis
- ICT – David Swayne

Rationale

Relationship to Corporate Plan

1.4 “Student success must be the University’s overriding aim. We want to give opportunity to all who can benefit and our success has to be measured by their success in graduating and finding employment.

It is unacceptable to recruit students who do not have a reasonably good chance of succeeding, either for them or the University.

The Corporate plan is quite clear in defining how student success is to be measured and our responsibilities in terms of student recruitment.

2.4 Our competitive position rests strongly on the delivery of value for money education that enhances career success for our students.

Our Corporate Plan also recognises that in the New Fee Regime increasingly we will have to be seen as a value for money investment for students to spend their tuition fee loan in our University.

The partnership with IBM is designed to improve student success by increasing student engagement and so the percentage of students who graduate, improve student choice by offering support for different modes of attendance and deliver a value for money education by reducing the level of debt incurred by non-graduating students.

The partnership will also enable us to increase the support for student entrepreneurs, increase our engagement with industry in terms of placements and internships and generate additional revenue of between £2M and £5M per year.

Student Success

The University will replace myLSBU with a Student Portal with collaboration features that will transform the engagement with the student. This online portal will enable the Student to access learning resources, materials and lectures from anywhere as well as encourage collaboration and community across the student body.

This portal will keep students on track with class schedules, required textbooks, academic dates and information, grades and important announcements. In terms of our NSS scores, the portal will also facilitate online submission of assignments and encourage online feedback to students and overall student communication.

The University can then use predictive analytics from this portal and wider data including attendance to identify those students who are exhibiting patterns which typically lead to student failure. The Academic community or Student Services can then step in with subtle nudges or targeted interventions designed to tackle failing behaviour, increase exam success and improve progression.

The University will be able to build online “dashboards” that will put predictive analytics into the hands of deans and other administrators who can design and implement strategies for boosting retention. Specific action plans could include targeting individual at-risk students with special communications and coaches. Analysis of course surveys can also help LSBU to adjust course content to better engage students, and provide feedback to Academic staff to help improve their teaching methods.

Predictive analytics can also be used in the recruitment process to identify students with the highest chance of success.

The University can collaborate with feeder schools through the use of the IBM Collaboration platform to identify behaviours and skills at school level which successful students will need at University.

Student Choice

Support for different modes of delivery will be provided through the Student Portal and collaboration features that will enable the Student to access materials and lectures from anywhere.

In addition lectures (or information delivery) can be recorded for later review and so are accessible for students to catch up with missed lectures or to use as revision aids.

The University can develop a model that uses social media and web conferencing to transform the ability of students to communicate with each other through collaborative learning arrangements and with staff in online revision spaces.

The University can use this flexible learning model for targeted online summer schools to ensure that students have the maximum potential to progress with their cohort.

The portal will enable increased support for part-time students by making it easier for them to access learning materials and learning facilities at the times that are convenient to them and from a location that is convenient to them. As well as facilitate the move from part time to full time for students that may wish to study part time at the beginning of their academic career and move to full time when they are able to commit that level of resources.

The solution will provide tools that will reduce staff time spent on low satisfaction arrangements with students including clearing, late enrolment, disciplinary issues, complaints and renewals and so release staff time on high value areas to engage more closely with students.

London's enterprising university

The partnership with IBM also includes support for start-up and student entrepreneurs through the "free" use of IBM technology until the start-up has turned over \$1m and the ability to bid for capital to help start-ups get going. The proposal also includes experienced IBM employees to provide mentorship to budding entrepreneurs.

The partnership will also create opportunities for students to broaden their experience by taking part in IBM Innovation Centre events, applying for internships with IBM and seeking employment with IBM and its partners.

As well as impacting our league table position, this investment should also support international recruitment through the use of social media and a collaboration platform that differentiates LSBU from our competitors.

The IBM Academic Network can also be used to develop research and academic partnerships with like-minded institutions across the world.

Business Continuity

This option will also provide Hosting services for Exceptional Student Experience that are geographically spread to meet Business Continuity objective at no additional cost to internal hosting by March 2014

Critical success factor(s)

External Programme Manager: To be successful the Exceptional Student Experience must be delivered by a dedicated external Programme Manager who has a track record of successful change management and benefits realisation in higher education.

Academic Staff Champion: The Programme must be seen as supporting Academics to deliver higher standards of teaching and engagement for our students rather than something imposed upon the Academic community. For the programme to be seen as Academically led we will need an Academic Champion from each significant academic cluster to represent the views of that community, to be the conduit for feedback and to help drive the cultural change that is needed for this solution to be successfully adopted. The Programme will also require resource to be allocated to the programme from Registry, Student Services, Marketing and Finance.

Data Cleansing: In order to utilise predictive analytics we will need to clean up our old data, reduce duplicates and errors and tie past data back to a student's golden record. The more data we have attached to a golden record, the more we can begin to look for patterns.

Board of Governors sign off: To be in a position to achieve an implementation of the Business analytics phase by July 2014 we require a "go"/"no go" decision from the Board of Governors during November 2013.

ICT/Programme Team Strengthening: The ICT/Programme Team will need to be strengthened in Programme and Project Management (by 3.5 additional FTE for the duration of the project) and Technical Management and development staff (additional FTE)and the creation of a Business Intelligence Competency Centre (additional 3 FTE). To be in a position to support this project from the beginning. It is anticipated that we can recruit these skills into ICT/Programme team within 6 weeks of a "Go" decision. The ICT team would also require training in the IBM toolset.

Lecture capture: Lecture capture is an integral part of the IBM partnership. This is not standard through LSBU at this time and would need to be implemented quickly to fully capture the potential of the student portal.

Student Champions: To ensure that the benefits in terms of student engagement are delivered it is recommended that students are involved in design and development so that it becomes a collaborative process rather than a solution that is imposed upon them.

Options Analysis

Option 1 – Microsoft SharePoint and Lync

Summary:

LSBU is a major user of Microsoft technology and has many SharePoint sites. The initial

discussions for the My LSBU replacement centred upon using SharePoint to build a student portal. Microsoft was approached to provide support to help explore this option and architect a solution however Microsoft was unable to support this directly and introduced us to a partner (Brightstarr). We also found a potential portal from a company called Collabco that was SharePoint based.

Microsoft Lync was considered for the Collaboration elements and discussed with Brightstarr and other Microsoft partners. The drive from the people we spoke to was to replace our telephone system with Lync rather than deliver the collaboration features we wanted.

<i>Pros:</i>	<i>Cons:</i>
<p>Less hosting cost than IBM alternative (£125,000 per annum) for SharePoint plus a similar amount for MS Lync.</p> <p>Similar User Interface to Office 365 environment used for student and staff email.</p>	<p>Complex solution using approaches that are not proven or are no longer on Microsoft strategic roadmap (SharePoint App vs other integration methods)</p> <p>Single Sign On complicated</p> <p>Portal less functional and has less “reach” than IBM solution</p> <p>Limited support options and restrictive SLA</p> <p>No proven integration with the business analytics platform and difficult to integrate data from systems into Portal automatically.</p> <p>Higher development cost than IBM option.</p>

Conclusion

The lack of support available from Microsoft and the extent of the changes delivered in SharePoint 2010 made this solution difficult to architect. The confusion between how best to deliver (on-premise, hosted single tenancy or hosted in Office 365 environment) added to the complexity of the solution. This solution is therefore perceived to be high risk and delivers less functionality than that proposed by IBM.

Option 2 – Best of Breed MI / BI / EP / Predictive Analytics

Summary:

Deloitte produced a conceptual and a logical systems architecture that would deliver the functionality required by LSBU and this was used as the basis of a procurement exercise and in addition to hold discussions with potential suppliers including Dell Software and Intuitive BI.

The smaller “best of breed” suppliers are not in a position to take the commercial lead on this and positioned themselves against parts of the overall architecture. Dell Software was unwilling to pull a consortium together as this is not core business to them (other than specific components of the solution).

<i>Pros:</i>	<i>Cons:</i>
May be a cheaper alternative although pricing discussed with independent experts has suggested £1.5 - £2m is a likely cost to meet the Effective Data Requirement.	LSBU would need to architect the solution and pull the parties together. High risk approach because LSBU has limited skills in this area. Lack of integration with other parts of the solution (e.g. Student and Staff Portals).

Conclusion

Whilst there has been less depth in the discussions held in this area, the number of responses to the PQQ was disappointing and there were few large recognised players expressing an interest in our requirement. The notable exception was Deloitte.

Option 3 – IBM Partnership

Summary:

A broad based solution that delivers significant elements of the ICT strategy coupled with an Academic and Entrepreneurial Partnership which could deliver significant additional benefit to LSBU.

Where IBM has implemented this solution, for example at American Public University IBM recorded 80% accuracy in identifying at-risk students with predictive analytics. At Hamilton County Department of Education they achieved an 8% increase in graduation rates to 80% which by reducing non-completion rates by 25%.

<i>Pros:</i>	<i>Cons:</i>
Solution targeted to deliver an Exceptional Student Experience and provides a systems integration capability that LSBU has struggled to deliver. Collaboration capabilities available throughout the student journey from early stages of enquiry through to alumni. Deep academic partnership that could provide competitive advantage for LSBU. Strength of IBM brand will add to LSBU offering / market perception.	More expensive than Option 1 for Portal and Collaboration elements. Broad scope of project brings some additional risk that would need to be carefully managed. ...

Conclusion

Recommended because it delivers the best solution, in a faster time frame and with clearly identified benefits that will provide value to LSBU stakeholders.

Description	Year	£ (including VAT)
Internal costs:		
Additional resource to backfill - 1 FTE in each Faculty and one each in Finance and Student Services	Dec 13 – Nov 14	£246,330
Additional resource in ICT/Programme 1 Programme Manager 1 Solution architect 2.5 Project Managers 2 Business Analysts 2 Development and testing staff 1 Programme administrator	Dec 13 – Nov 14	£690,670
Training and Change Management – 200 md @£300 per day	Dec 13 – Nov 14	£60,000
Total internal costs		£997,000
External costs: Jan 2014 – Jul 2018		
IBM - Software		£1,185,300
IBM – Annual Software Maintenance (4.5 Yrs.)		£1,318,050
IBM – Infrastructure (4.5 Years)		£1,440,000
IBM – Implementation		£1,776,000
Total External Costs including VAT:		£5,719,350
Total cost including VAT		£6,716,350

Benefits

In terms of benefits, and with a cautious assumption of an 8% improvement in progression from a starting point of 65% progression in Year 1 and 80% progression from year 2, this project will generate additional income of almost £1.9M a year from 2016/17. This benefit will enable the University to develop a partnership with IBM that is cost neutral.

There are also benefits which have not been quantified including the wider benefits of increased progression which will include a higher 'value add' score which will improve our league table position, better progression statistics which will impact our KIS scores and higher completion rates which as well as reducing non graduating debt and so providing better value for money for public funds will also impact our league table position.

In terms of costs we have captured all of the direct costs. We recognise that there may be incremental costs to deliver the cultural change that this solution requires, as well to teach additional students, which is why we have assumed a 50% marginal contribution on the new income.

With more stretching assumptions particularly in terms of Average Fee, the partnership with IBM could be generating income in excess of £5M a year, adding £2M a year to our profitability and so increasing the profitability of the University from 2015.

Financial Impact of the Exceptional Student Experience (cautious) on the I&E

Assuming £7,500 average UG fee, a 8% improvement in progression & 50% marginal contribution on income generated

	2013/14	2014/15	2015/16	2016/17	2017/18	Total
ESE Cost	£1,101,080	£1,703,660	£1,205,160	£1,205,160	£1,205,160	£6,420,220
Profit generated	£0	-£93,500	-£487,500	-£938,500	-£938,500	-£2,458,000
Net impact on I&E	£1,101,080	£1,610,160	£717,660	£266,660	£266,660	£3,962,220

Under our cautious assumptions, the ESE will add £1m to our costs for the first 2 years of the programme but would be generating annual revenues of £1.9M per year from 2016 and expected profits of £938,500. We have not tried to quantify the additional benefits arising from increased student satisfaction or an improvement in league table position.

Financial Impact of the Exceptional Student Experience (stretch) on the I&E

Assuming £8,000 average UG fee & the same 50% marginal contribution on income generated

Net Impact on the I&E	2013/14	2014/15	2015/16	2016/17	2017/18	Total
8% Progression	£1,101,080	£1,573,660	£529,810	-£93,540	-£93,540	£3,017,470
12% Progression	£1,101,080	£1,508,660	£191,160	-£752,640	-£752,640	£1,295,620
15% Progression	£1,101,080	£1,440,310	-£148,790	-£1,416,940	-£1,416,940	-£441,280
21% Progression	£1,101,080	£1,379,310	-£491,340	-£2,089,040	-£2,089,040	-£2,189,030

If we recognise that over the period of the 5 year forecast, Undergraduate Fees will trend towards £8,000 then with a similar movement in progression of 8%, the ESE will continue to add over £1M to costs for the first 2 years of the programme but could be cost neutral by 2016 and will then be adding to our profitability.

If we can generate an improvement in progression of 15%, which would move us from 52% graduating cleanly to 60%, then the entire Exceptional Student Experience investment would pay back and add £441,280 to our profitability over the 5 year forecast period.

Note the ESE Cost over 5 years in the I&E excludes £296,130 depreciation charge in 2018/19

Planning

- Timing** [Provide a high level plan for the preferred option. Include:
- milestones and key deliverables with approximate dates.
 - any business critical timings.
 - when the project needs to be completed by and why.

The proposed timeline for implementation is:

Stage	Activity	Planned date
Programme Initiation	Establish Programme Governance	Nov 2013
	Programme kick off	Dec 2013
Specification and Design	Specification	Jan 2014
	Solution design	Feb 2014
Build/Configure solution software	Install infrastructure	March 2014
	Build and Configure solution	May 2014
Phase 1 – Master Data Management, Business Analytics and Portal	Installation and Acceptance testing	June 2014
	Implementation	July 2014
Phase 2 –Social collaboration	Installation and Acceptance testing	December 2014
	Implementation	January 2015

Dependencies There are strong linkages between the projects associated with the Technology Enhanced Learning (TEL) Strategy whereby facilities included within that Strategy will be delivered under the auspices of the Exceptional Student Experience toolset. It will be important that the change programme associated with TEL continues to be led pedagogically and builds upon the successes of the last year in this area.

Risks [Identify the key risks that might impact on the project and particularly on the achievement of the desired benefits in the following table. For large or complicated projects, a separate risk register should be used. This should be referenced here and summary information provided below. Risks to consider:

- Business risks that impact the business processes or structures.
- Financial risks that have consequences for LSBU's financial stability.
- Technical risks e.g. system downtime, specification standards, incompatible interfaces.
- Implementation risks e.g. deviation from plan, delays, implementation not to standard.]

Risk	L'hood (H/M/L)	Impact (H/M/L)	Mitigation	Owner
The academic community within LSBU does not engage with the new tools and the solution therefore fails to deliver the full benefits.	M	H	The change programme will be carefully planned and managed. It will be an extension to the successful BUILT Programme rather than a new initiative and continue to be a pedagogic led programme rather than ICT led. An experienced and successful programme manager will be recruited externally to lead this	Phil Cardew / David Swayne

			programme and deliver the benefits.	
Students with privacy concerns are resistant to the programme	M	M	Allow students to select how they receive information from the "Student Success Programme"	Phil Cardew
Academics view the Programme as an attempt to introduce performance management	H	M	Agree expectations and use of data with UCU	Phil Cardew
Technology projects are difficult to deliver on budget.	H	M	<p>Clear governance structures with financial accountability and lines of control that formally report up to Board of Governors through the University hierarchy. The ESE Programme must be led by an external Programme Manager who has a track record of success in H.E. and other sectors and is trusted by both the Academic Community and ICT in LSBU.</p> <p>The programme will have a clear and measurable requirements document that states what is to be delivered. The programme plan will include milestones that show when the deliverables are expected and these tools will be used to manage the scope of the programme alongside formal change control processes.</p>	David Swayne
This business case is not approved and LSBU needs to find an alternative solution to support the TEL Strategy	M	H	Explain cost of doing this and also the cost of not doing it in the Business Case	Phil Cardew
ESE competitors may feel that they have not had the	M	M	Procure the ESE solution through a recognised government framework that	Rob Ager / Neil Robertson

opportunity to bid for this piece of work and challenge the procurement.			allows for the process we have followed.	
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Checklist Have you consulted the appropriate departments when drafting this business case:

Department	Requires consultation?	Consulted?	Will consult later in process
Estates and Facilities	Y	Y	
ICT	Y	Y	
Procurement	Y	Y	
HR	Y	Y	
Pro-Vice Chancellor (Academic)	Y	Y	
Pro Vice Chancellor (External) e.g. marketing	Y	Y	

Appendix 1 – IBM Partnership: an academic vision

LSBU's Corporate Plan positions itself on the dual foundations of 'professional opportunity' and the 'enterprising university' focused upon increased 'student success'.

'Student success' can be predicated in a number of ways, but it could be suggested that the core aspects, for this University, are:

- The recruitment of students with the highest chance of success (not necessarily directly as a result of previous academic performance).
- The smooth progression of students, from one level to another within courses, and from one course to another.
- The levels of student achievement – focused on enabling students to achieve well in accordance with planned course durations and to leave the University with qualifications that are of value to them in their future careers.
- The levels of student employment (and the nature of that employment) enabling us to demonstrate that our degrees are, not only, valuable to students who wish to enter the job market, but also that our graduates can aspire to careers which justify the investment they have made in becoming graduates in the first place

In order to achieve student success the requirements that we need to meet are as follows:-

- We focus meaningful activity on attracting students who demonstrate a high level of commitment to LSBU, increasing their engagement with the University from the first point of contact (and sustaining the 'look and feel' of that engagement throughout their time with us).
- We demonstrate a level of professionalism in our interactions with students which fosters engagement and mitigates dissatisfaction.
- We provide information to enable us to take early action on potential drop-outs

At the same time, the benefits for the University of increased student success are:

- We reduce the amount of activity we invest in 'low satisfaction' engagements with students: clearing, late enrolment, disciplinary issues, complaints, appeals.
- We increase levels of satisfaction within our student body, and increased engagement and higher levels of satisfaction have a positive benefit on the experience of our staff (and, thus, on the overall culture of the University).
- We achieve cost savings by increasing our retention and clean progression rates.
- Our value add score in university league tables improves.
- Our reputation rises, and our public profile improves.

This cannot, in itself, be delivered by engaging in partnership activity with IBM, or by implementing any, or all, of the software tools we are envisioning as part of that engagement. However, the partnership project will go a long way towards facilitating the practical, and cultural, changes we need to make to achieve our vision, as well as providing an important focus of activity on a range of projects which support its delivery.

Whilst there are, undoubtedly, tangible benefits (in terms of 'bottom line' impact) for the University in developing this project, there are additional academic and cultural benefits which may be less easy (or impossible) to quantify in terms of direct financial impact. These include:

- The impact of working in partnership with a large multinational company and the positive media exposure this gives us.
- The opportunities we can gain for our students, in terms of course content (particularly in areas where we are keen to demonstrate the added value LSBU can provide over some, lower-cost, competitors), internship, employer engagement, alumnae interaction, and employment.
- The opportunity to explore the physical, and virtual, opportunities for campus development, investigating not only 'classrooms of the future' but also 'virtual learning environments of the future'.
- The direct support we can gain for developing blended and technology-enhanced platforms for student learning, and support, expanding our opportunity to deliver courses internationally (and mitigating the risk of that delivery) whilst ensuring that staff time (academic and support) can be focused on the most meaningful activities.

- The enhancement of the 'University community' (as well as our impact as a 'community University') increasing levels of engagement (internal and external) and positioning LSBU at the heart of our locale.
- The increase in pride that professionalism and satisfaction engender in students and staff, alike, and the concomitant positive effects on the University's culture.
- The impact of collaboration with universities worldwide with whom IBM have connections

The 'academic vision' for this project, then, is - that by engaging in partnership, and by implementing the technological solutions on offer – we could:

- Recruit earlier in the cycle, dramatically reducing our dependence on clearing for full-time undergraduates.
- Once we achieve the level of attracting applicants in line with contract we can be more sophisticated in terms of selection criteria which review a potential students ability to "stay the course" (resilience and stickability)
- Increase the recruitment of the 'hard to reach' students: part-time, postgraduate, and international.
- Present a uniform, positive, professional, perspective of the University that achieves a streamlining of process which facilitates engagement, increases satisfaction and reduces the amount of time spent in sorting out problems.
- Make more students want to study with us as a result of 'word of mouth' recommendation and the impact of 'first contact' engagement.
- Continue that engagement throughout all levels of the student journey (but particularly in the first year – full or part time) enabling students to have access to high quality information, and making it as easy as possible to communicate with all areas, levels and aspects, of the University.
- Radically increase our capacity to develop networks, formal and informal, across the University: course-related, professional, support and social.
- Give students a vision of the future of higher education – both in terms of physical environment and in terms of technological development.
- Increase the proportion of students who are active advocates for LSBU, based on the excellence of their experience with us.
- Demonstrate achievement in terms of the highest achievements in terms of teaching and learning development: staff awards (National Teaching Fellowships, Times Higher, subject-based), high-impact projects, and engagement with the pedagogic development of all academic disciplines, innovation and enhancement activity.

In essence, we are looking at a transformational environment, which would catalyse activity in a number of areas where we are already more than aware of the need to develop. In this respect, the focus of activity, and the act of partnership is as (if not more) important than the individual elements of the work envisaged.

Appendix 2 – Evidence to support success of Predictive Analytics

Evidence in Education

Within education we have seen deep impact to student success. Hamilton County Schools, US leveraged analytics & advanced modeling tools, teachers, counselors & administrators have a better understanding of how adverse patterns develop & can now step in earlier to keep students on the right track. That's one reason the county's graduation rate increased by 8% last year. The fact that Hamilton County is extending the use of intelligence & predictive analytics to adapt the curriculum & create performance-based incentives for teachers lays the groundwork for more good news in the future. Over the past 6 years the collection of 78 schools have seen a 200% increase in graduation rates capped off by a 10% increase in the past year.

Edinburgh Telford College in the UK wanted to find a way to track learner attendance more effectively. Not only would this help with administrative processes such as the allocation of bursaries; it would also form the basis of a new predictive analytics solution that aims to boost retention rates by identifying learners who are at risk of dropping out. The college have seen significant results; increased attendance, reduced drop outs

and increased register completion rate, providing more accurate and complete data for analysis. Improved financial management by ensuring that each learner receives appropriate bursaries and simplified reporting to external organisations such as the UK Borders Agency.

Evidence in Sectors

IBM has proven success in applying predictive analytics technologies to drive significant value for our clients. Memphis Police Department, US had traditional policing practices unable to thwart a rising rate of criminal activity and with budgets tight; the Memphis PD pioneered a way to focus their patrol resources more intelligently. By recognizing crime trends as they are happening, MPD's predictive enforcement tool gives precinct commanders the ability to change their tactics and redirect their patrol resources in a way that both thwarts crimes before they happen and catches more criminals in the act. Using IBM Predictive Analytics they were able to gain a 30% reduction in crime and a 4x increase in cases solved from 16% to 70%.

In addition Sequoia Hospital based in California, US used IBM Predictive Analytics to analyse a cardiac database of more than 10,000 patients, including demographics, types of surgeries, risk factors and outcomes, IBM predictive analytics informs doctors and recommends crucial pre- and postoperative procedures that reduce complications and extend the length and quality of patients' lives. They have none seen their mortality rate reduce by 50%, a transformational result.

Identity and Access Management

LSBU Large Project Business Justification

Executive Summary

Currently the University's information security is compromised by the quality and maintainability of the identity and access management solutions in use. This business case proposes that the current systems are replaced by commercial off the shelf products that are proven, maintained by a third party and provide role based identity management capabilities that will meet the needs of the University now and in the future.

Document Control

Version	Created/Changed by	Date	Notes
1.0	David Swayne	11/09/2013	Initial draft for discussion
1.1	Ralph Sanders	22/10/2013	Finances Updated

Scope of work

Investment objective **Provide role based identity management that secures access to LSBU electronic information and systems:**

- Provide identity management facilities that allocate a single identity to each person and allow the individual to undertake multiple roles in the University (e.g. staff role, student role).
- The facilities should also manage access to information resources depending upon the roles of the person (e.g. Course Administrator in ESBE).
- Using commercial off the shelf products that are tested and proven to work and maintained in line with emerging standards and new technologies.

Business need **Compliance with the Data Protection Act and LSBU Security Requirements**

- 1) Provide facilities to register new identities with appropriate authorisation processes.
- 2) Provide facilities to create roles and allocate them to identities. It must also be possible to transfer roles between identities.
- 3) Provide facilities to remove role based access from an identity.
- 4) Provide facilities to terminate access for an identity.
- 5) Provision of clear audit reports for the above.

Implementation The systems will be implemented with the help of IBM consultants who will:

- 1) Audit the systems landscape at LSBU and produce a detailed implementation plan
- 2) Implement the software
- 3) Migrate existing security data into new solution and resolve conflicts
- 4) Test solution with LSBU environment
- 5) Switch over to new identity and access management solution

Sponsorship The primary sponsor for this project is the CIO.

Rationale

Relationship to Corporate Plan **6.1 The University needs to ensure that we create an environment in which excellence can thrive... Equally important, is ensuring that our underpinning business processes, systems, policies and investments create an environment that enables success too.**

It is apparent that our current systems access management solution is failing to provide the levels of security that we would expect. The system needs to be replaced urgently.

Critical success factor(s) **Data Migration:** It would be possible to build a secure identity and access management system from scratch but it is hoped that the current information security data can be utilised to shorten the implementation time frame.

Options Analysis **Option 1 – Commercial Off The Shelf Solution**

Summary:

It would be possible to mitigate the risk of losing the LSBU data centres by contracting for

a remote data centre to be used in the event of a disaster on campus.

<i>Pros:</i>	<i>Cons:</i>
Standard product that is proven, developed to keep it abreast of current trends and supported by a commercial organisation.	Might not fully support the features of the LSBU built CAMS system.
Faster implementation due to available consultancy and an off-the-shelf product.	

Conclusion

There are a many COTS products in this area. Gartner has analysed them and the following is the Magic Quadrant for “User Administration and Provisioning” which is where they have documented Identity and Access Management products:



Figure 1: source Gartner Magic Quadrant for User Administration and Provisioning

LSBU has spoken to Dell Software Group and IBM. Both appear in the Leaders Quadrant and the best judgement of the technical staff is that given our plans to use IBM on a strategic basis it is likely to be easier to achieve our integrated systems objectives with tools from a single vendor.

Option 2 – Develop our own solution or re-build CAMS

Summary:

LSBU currently uses an in-house built solution and this could be extended.

<i>Pros:</i>	<i>Cons:</i>
May be a cheaper alternative in the short-term.	Longer implementation time, ties up development resource that could be adding more value, not supported, not standard and dependent upon the skills and knowledge of the person that builds it.

Conclusion

With so many standard tools on the market it makes no sense to build our own.

The costs below exclude VAT.

Description	Year	£	£ inc VAT
Internal costs:			
Additional resource to backfill		n/a	
Additional resource in ICT		n/a	
Training and Change Management	Year 1	n/a	
External costs:			
Software licence	Year 1	£67,242	£80,690
Implementation Support	Year 1	£142,010	£170,412
Infrastructure	Year 1	£163,852	£196,622
Total Implementation (Year 1 costs)	Year 1	£373,104	£447,725
Annual maintenance	Year 2 onward	£13,448	£16,138
Infrastructure	Year 2 onward	£163,852	£196,622

Planning

- Timing** [Provide a high level plan for the preferred option. Include:
- milestones and key deliverables with approximate dates.
 - any business critical timings.
 - when the project needs to be completed by and why.

Date	Milestone / Deliverable	Notes
Dec 2014	Place order with IBM	
Jan 2014	Audit the systems landscape at LSBU and produce a detailed implementation plan Implement the software	
Feb 2014	Migrate existing security data into new solution and resolve conflicts Test solution with LSBU environment	
Apr 2014	Switch over to new identity and access management solution	

Dependencies There is a strong linkage between the Exceptional Student Experience Project and the identity and access management solution because of the extensive use of single sign on in the IBM Exceptional Student Experience solution.

There are also strong linkages with the outsource project because the identity and access management solution will ultimately be hosted outside LSBU.

Risks [Identify the key risks that might impact on the project and particularly on the achievement of the desired benefits in the following table. For large or complicated projects, a separate risk register should be used. This should be referenced here and summary information provided below. Risks to consider:

- Business risks that impact the business processes or structures.
- Financial risks that have consequences for LSBU's financial stability.
- Technical risks e.g. system downtime, specification standards, incompatible interfaces.
- Implementation risks e.g. deviation from plan, delays, implementation not to standard.]

Risk	L'hood (H/M/L)	Impact (H/M/L)	Mitigation	Owner
We are unable to migrate existing data and need to build from scratch	M	M	Test systems and ensure that the infrastructure is configured appropriately	David Swayne
Bespoke system integrations are difficult to achieve with the new tools	L	H	Ensure that the requirements are well defined and contracts written to ensure that	David Swayne

			we get the solution we need	
The Systems Team finds the new tools difficult to use	L	M	Provide adequate training and monitor effectiveness as we roll solution out	David Swayne
Additional services are enabled through the service without cost variations being agreed and additional budget obtained	L	M	Ensure that clear governance processes are defined and used	David Swayne, Ralph Sanders
Current security solution gaps are not addressed and LSBU 'loses' personal data leading to possible £0.5m fine and reputational damage	H	H	Ensure that an appropriate solution is purchased and implemented	Directors

Checklist Have you consulted the appropriate departments when drafting this business case:

Department	Requires consultation?	Consulted?	Will consult later in process
Estates and Facilities	No		
ICT	Yes	Yes	
Procurement	Yes	Yes	
HR	No		
Pro-Vice Chancellor (Academic)	No		
Pro Vice Chancellor (External) e.g. marketing	No		

National Bakery School Re-development

Executive Summary

In order to improve the facilities of the National Bakery School (NBS) we wish to undertake a re-development of the existing space. The main benefit will be fit for purpose facilities which meet the demands of higher education teaching and professional development training. This will enable the University to increase student numbers and commercial income and allow for the development of new provisions in conjunction with food science and nutrition programmes.

Over the last 5 years, the NBS has been successfully managed through substantial changes in its education landscape. In 2012 four options for the future of the School were examined including closure. It was agreed that, should the School remain open, significant investment would be required to provide suitable facilities. It was decided to actively explore whether a re-development of the School was practicable; whether the baking industry would support it financially; and whether the NBS could sustain student recruitment at 40 FTE. During the last year a practicable plan has been devised; the industry has demonstrated its willingness to provide financial and other support; and the NBS has successfully been recruiting students (eg 48 new year one FTE students in 2013/14).

The project will enable new income from a new Masters programme (15 additional students pa at £7560 each); a small increase in international students; an increase in third year students; and new commercial professional development training.

In addition, the project will enable the University to benefit from sustained recruitment to the National Bakery School of 54 FTE UG students pa.

The key stakeholders in this project are the Head of the National Bakery School; the Executive Dean of the Faculty of Engineering, Science and The Built Environment; the Executive Director of Corporate Services; the Director of Development and Alumni Relations.

Current risks to the project are:

- Failure to publish a clear plan for the re-development of the School
- Failure to deliver the re-development within the proposed budget
- Failure to deliver the re-development on schedule
- Failure to meet student recruitment targets
- Failure to secure financial support for the re-development by the baking industry
- Failure to secure engagement by the industry in professional training and other opportunities

Document Control

Version	Created/Changed by	Date	Notes
1.1	Michael Simmons	21 Oct 2013	
1.2	Michael Simmons	31 Oct 2013	
1.3	Michael Simmons	5 Nov 2013	

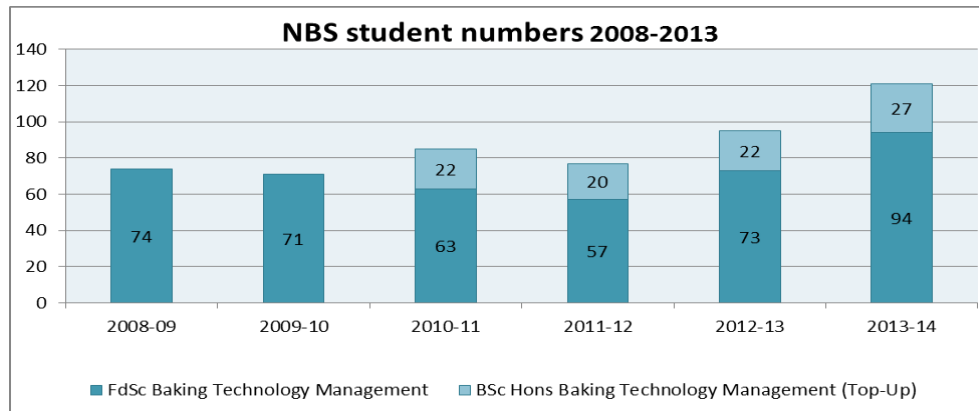
Scope of work

Investment objective Fit for purpose facilities capable of accommodating additional students by September 2014 (2014 is the 120th anniversary year of the National Bakery School)

Suitable facilities capable of accommodating CPD and other external engagement programmes by September 2014

Business need

Since 2007 the NBS has made very substantial changes to its educational programmes and its structure. This included the closure of the 14-17 year old and Further Education (FE) provision with the related closure of the Tower Restaurant and two redundancies. The School lost income of £133,000 and £230,00 in 2010 and 2011 financial years respectively, most of which is attributed to the loss of FE funding. In parallel, the NBS introduced a Foundation Degree in Baking Technology Management (2008/9) and a third year top up to BSc Hons Baking Technology Management (2010/11). The two degree courses have grown from 74 students in 2008 to 121 students in 2013/14. The financial contribution of the NBS, before space charge, has grown from £242,000 (2009) to £430,000 (2012) in just 3 years.



Source: Crystal Reports, Students on Courses S01v18, 15/10/2013

However, it has become increasingly apparent that the facilities of the NBS are no longer appropriate to the current teaching portfolio and would not be adequate to allow the introduction of a Masters programme. The NBS was previously teaching lower level courses and now requires facilities suitable for HE teaching and an environment appropriate to students paying the full HE tuition fees. Without this investment the programme is unlikely to be sustainable in the long term.

Four options for the future of the School were examined and discussed by the Executive. These were closure, building a new standalone facility, relocation to another provider, and re-development. It was agreed that the preferred option was re-development and that this would require investment.

It was agreed that such investment should be dependent on the NBS identifying a viable scheme, achieving student recruitment of 40 FTE and securing a significant level of support from the industry. The NBS would therefore pursue these for 12 months and the Executive would review the necessary investment based on the outcomes. The risks of this option were assessed as:

- 1) **Lack of viable re-development option**
A viable re-development plan has been established and is attached.
- 2) **Under-recruitment**
Undergraduate recruitment to the NBS has remained strong despite the new fees regime, and has grown from 33 year 1 students in 2010 and 2011 to 48 in 2012 and 2013. At the same time the quality of students has also increased substantially. In addition, there are plans to introduce a Masters level programme in 2015 with an initial target of 15 students pa.

Since 2008 there has been a substantial improvement in the financial contribution of the NBS. In 2008 it generated a surplus of £106,000 before space charge. It is now budgeted to generate a surplus of £529,000 in 2013.

3) Lack of industry interest

During 2012/3 the NBS has undertaken a concerted programme of engagement with the baking industry. The aim has been to establish industry interest in recruiting students, providing industry engagement, buying professional development training and supporting the re-development financially and in-kind. Not only have potential donors shown substantial interest; but the NBS has already raised £307,000 in cash (received); and a further £140,000 (pledged over 5 years); additionally an estimated £125,000 of gifts in kind has been pledged.

The NBS is in detailed discussions with two major supermarket chains (Tesco and, Morrisons) to provide training for selected bakery staff. Other benefits that have been derived from these discussions include the offer of placements, employer talks and employer site visits. This increased dialogue is likely to lead to a much higher level of employer engagement which will have further benefits beyond the NBS re-development. The NBS has also secured provisional agreement with Elior to sell high quality products through the University's catering outlets.

This proposed re-development is urgently needed because without it:

- the NBS will lose recruited students
- the substantially improved recruitment will be curtailed
- the opportunity to generate CPD income will be lost
- the opportunity to establish a Masters programme will be lost
- the potential for additional international student income will be lost
- the potential to increase third year students (from 26 to 54) will be lost
- the momentum of recent discussions with the baking industry will be lost and is unlikely to be recovered.

The nature of the work on the NBS means that the re-development works will need to be undertaken over an extended period. If we are to deliver the re-developed School for the 2014/15 academic year (the 120th anniversary of the school), then substantial work will need to be done in the summer period 2014.

We are now being asked by donors and potential donors and users for more certainty about the project including time frame. We therefore need a firm commitment from the University to enable us to complete the fundraising and maximise the external income.

4) Project Costs and Fundraising

Estates and Facilities have produced a revised plan and robust costing which has been agreed by the School. This amounts to a little under £2m which includes a total contingency of £444,000 (on a build cost of £1,080,000). In addition, there are equipment costs amounting to £220,000.

The National Bakery School is requesting a capital investment of £1m and a further £58,000 of University funds to support the scheduling of some of the capital gifts; bringing the total requested to £1,058,000. The remaining £1,182,000 is being provided as follows:

£307,000 cash received

£140,000 cash pledged (over 5 years)

£125,000 comprising gifts in kind of £25,000 pa for 5 years re-allocated from annual costs to capital investment

£110,000 in kind towards the capital costs of equipment

£500,000 from further fundraising, underwritten by the University. A best case scenario would also assume retention of some of the considerable contingencies (£444,000).

There remains some risk of not securing the remaining £500,000 funds required.

However, the positive Net Present Value of £375,000 delivered by the project (even based on quite cautious assumptions) means that if only a further £200,000 is raised, the project remains worthwhile. The project will begin to generate a positive NPV after only a further £113,000 is raised in year one.

It is not unusual for a charity to publicly commit to a project such as this before it is fully funded. The commitment by the University to the project and its time frames will partially mitigate the risk of not securing the additional funding required: it will re-assure current donors that their gifts will be used and will provide a powerful message of confidence when approaching potential donors as part of the ongoing fundraising effort. The current fundraising effort will continue to work toward the target of £500,000. There remain a number of significant major gift prospects and there are plans for fundraising from members of the Worshipful Company of Bakers, with their support.

Implementation Re-development of two main bakeries
Re-development of external entrance (Kell Street)
Re-development of Professional Demonstration Bakery

To be undertaken in two phases (bakeries followed by entrance and demonstration bakery) before September 2014.

Sponsorship The Sponsors of the project will be Professor Rao Bhamidimarri (RB) Executive Dean of the Faculty of Engineering, Science and The Built Environment and Dr John Marchant (JM) Head of the National Bakery School.

Other significant stakeholders are:

Ian Mehrtens (IM) Executive Director of Corporate Services for delivery of the Re-development project

Michael Simmons (MS) Director of Development and Alumni Relations for delivering external funding and engagement

Yvonne Mavin (YM) Head of Business Development for delivering support in generating CPD and other revenues

Rationale

Relationship to Corporate Plan The focus of the project is to deliver high quality professional education to an increased and improved student in-take, and to generate further income from industry-related enterprise. These key outcomes directly support these elements of the Corporate plan:

- Supporting all students who have the potential to succeed academically and in professional employment, regardless of their background
- Increasing admission selectivity on the basis of potential to succeed
- Maintaining a sufficiently broad curriculum to enable most local students to study with us
- Increasing our support for employability skills for our students
- Working with our staff to help them achieve greater success, satisfaction and reward
- A move to enterprise-led research
- Excellence and continuous improvement in all we do to meet the aspirations of our students and deliver ever better value for money

- Critical success factor(s)**
- Timely University commitment to invest (approval now will enable completion in time for the 2014 autumn term, and within the 120th anniversary year of the NBS)
 - Support for the re-development project from the baking industry in the form of financial and in-kind support
 - Re-development works delivered within budget and on time
 - Sustained recruitment of 54 full time students pa
 - Progressing and new students amounting to 54 full time students into the third year and top up
 - Creating a successful Masters programme recruiting 15 students pa

- A significant increase in cpd income
- A small increase in international students
- Sustained engagement with industry in the form of paid for training
- Industry engagement in the NBS through work placements, employer talks, site visits etc. measured in conjunction with Employability staff
- Industry use of the NBS for new product development, contract research etc – measured through NBS departmental report

Options Analysis The current condition of the NBS facilities requires significant investment in order to meet the standards required by HE students and participants in professional development programmes.

Without investment in the teaching facilities, student numbers would fall and the NBS become unsustainable.

Without investment in external facing facilities, professional development income could not be achieved and external engagement would decrease.

Only the investment indicated will solve the business needs described. Several iterations of the re-development have been produced. The option presented is the cheapest and most cost effective.

The Management and other internal costs will be contained within the departments involved ie NBS, Estates and Facilities, Development and Alumni Relations, Enterprise.

Description	Year	£
External costs including VAT:		
Demolition, reinstatement and services upgrade		1,032,000
Mechanical and electrical infrastructure		264,000
Professional fees @ 15%		228,000
Fit Out		220,000
Design development and construction contingency @ 15%		192,000
Client contingency @ 15%		252,000
Total		2,188,000

Planning

Timing

Date	Milestone / Deliverable	Notes
January-September 2014	Re-development of 2 bakeries	Completion by September 2014 is necessary to accommodate the planned increase in student numbers
June-September 2014	Re-development of Demonstration Bakery and Entrance	In time for 2014 Autumn term in order to accommodate additional students and CPD activity

Dependencies See Notes above.

Risks	Risk	L'hood (H/M/L)	Impact (H/M/L)	Mitigation	Owner
	Failure to secure additional external funding	M	H	Ongoing fundraising activity	RB/JM/MS
	Failure to maintain industry engagement	L	H	Maintain momentum by announcing project plan	JM
	Successful and timely completion of the works	L	H	Early approval and prioritisation	Estates and Facilities
	Failure to increase student recruitment and retention	L	H	Ensure high quality teaching facilities	JM
	Failure to generate additional enterprise income	L	H	Provide high quality external facing as well as teaching facilities	JM/YM

Checklist Have you consulted the appropriate departments when drafting this business case:

Department	Requires consultation?	Consulted?	Will consult later in process
Estates and Facilities (inc. space considerations)	Yes	Yes	
ICT	No	No	
Procurement	Yes	Yes	Yes
HR	No	No	
Pro-Vice Chancellor (Academic)	Yes	Yes	
Pro Vice Chancellor (External) e.g. marketing	Yes	Yes	

Investment funds required from LSBU - £1.06m
Additional donations to be received - £0.5m

	Comments	Courses	Students	Rate	2013-14 [1]	2014-15 [2]	2015-16 [3]	2016-17 [4]	2017-18 [5]	2018-19 [6]	2019-20 [7]	2020-21 [8]	Total
Capital costs	<i>(per Sweett)</i>												
Building work					(1,032,000)								
Mechanical and electrical infrastructure					(264,000)								
Building work contingency	Presuming contingency is utilised				(192,000)								
Professional fees					(228,000)								
Client contingency					(252,000)								
Total building cost (inc VAT)					(1,968,000)								
Equipment costs (inc VAT)	<i>from Chandleys</i>				(220,000)								
NPV - Total capital outflow (inc VAT)					(2,188,000)								(2,188,000)
Donations													
Pledged equipment supplied and fitted at costs	<i>from Chandleys</i>				110,000								110,000
Cash donations received to date					307,000								307,000
Pledged cash donations	<i>from David Powell</i>					20,000	20,000	20,000	20,000	20,000			
Pledged cash donations	<i>from Bakels</i>					8,000	8,000	8,000	8,000	8,000			
Pledged ingredients donations	<i>from Bakels</i>					5,000	5,000	5,000	5,000	5,000			265,000
Pledged ingredients donations	<i>from de Zaan</i>					10,000	10,000	10,000	10,000	10,000			
Pledged ingredients donations	<i>ABIM members</i>					10,000	10,000	10,000	10,000	10,000			
Unpledged donations					350,000	100000	50000						500,000
Total donations					767,000	153,000	103,000	53,000	53,000	53,000	0	0	1,182,000
Discount factor 6%					100%	94%	89.0%	84.0%	79.2%	74.7%	70.5%	66.5%	
NPV - Discounted value of donations					767,000	144,340	91,670	44,500	41,981	39,605	0	0	1,129,095
NPV - Investment required from the University					(1,421,000)	144,340	91,670	44,500	41,981	39,605			(1,058,905)
Additional Income													
Extra international students	1st and 2nd years		2	£9,000		18,000	36,000	36,000	36,000	36,000	36,000	36,000	234,000
Extra Top Up students	Currently 26 students vs new capacity of 54	1	28	£9,000			252,000	252,000	252,000	252,000	252,000	252,000	1,512,000
Extra Top Up students	Progression of 46 2nd year students from 13/14 to 14/15	1	20	£9,000		180,000							180,000
MSc Baking Technology			15	£7,560			113,400	113,400	113,400	113,400	113,400	113,400	680,400
CPD income	Annual course expansion at rate of	15%	8	£600		96,000	110,400	126,960	146,004	167,905	193,090	222,054	1,062,413
Total Additional Income						294,000	511,800	528,360	547,404	569,305	594,490	623,454	3,668,813
Contribution	Rate before space charge (2012 & 2013)			50%		147,000	255,900	264,180	273,702	284,652	297,245	311,727	1,834,406
Total additional contribution						147,000	255,900	264,180	273,702	284,652	297,245	311,727	1,834,406
Discount factor 6%					100%	94%	89.0%	84.0%	79.2%	74.7%	70.5%	66.5%	
NPV - Total					(1,058,905)	138,679	227,750	221,811	216,798	212,709	209,546	207,316	375,703

Investment funds required from LSBU - £1.06m
Additional donations to be received - £0.5m

	Comments	Courses	Students	Rate	2013-14 [1]	2014-15 [2]	2015-16 [3]	2016-17 [4]	2017-18 [5]	2018-19 [6]	2019-20 [7]	2020-21 [8]	Total
Capital costs	<i>(per Sweett)</i>												
Building work					(1,032,000)								
Mechanical and electrical infrastructure					(264,000)								
Building work contingency	Presuming contingency is utilised				(192,000)								
Professional fees					(228,000)								
Client contingency					(252,000)								
Total building cost (inc VAT)					(1,968,000)								
Equipment costs (inc VAT)	<i>from Chandleys</i>				(220,000)								
NPV - Total capital outflow (inc VAT)					(2,188,000)								(2,188,000)
Donations													
Pledged equipment supplied and fitted at costs	<i>from Chandleys</i>				110,000								110,000
Cash donations received to date					307,000								307,000
Pledged cash donations	<i>from David Powell</i>					20,000	20,000	20,000	20,000	20,000	20,000		
Pledged cash donations	<i>from Bakels</i>					8,000	8,000	8,000	8,000	8,000	8,000		
Pledged ingredients donations	<i>from Bakels</i>					5,000	5,000	5,000	5,000	5,000	5,000		265,000
Pledged ingredients donations	<i>from de Zaan</i>					10,000	10,000	10,000	10,000	10,000	10,000		
Pledged ingredients donations	<i>ABIM members</i>					10,000	10,000	10,000	10,000	10,000	10,000		
Unpledged donations					350,000	100,000	50,000						500,000
Total donations					767,000	153,000	103,000	53,000	53,000	53,000	0	0	1,182,000
Discount factor 6%					100%	94%	89.0%	84.0%	79.2%	74.7%	70.5%	66.5%	
NPV - Discounted value of donations					767,000	144,340	91,670	44,500	41,981	39,605	0	0	1,129,095
NPV - Investment required from the University					(1,421,000)	144,340	91,670	44,500	41,981	39,605			(1,058,905)
Additional Income													
Extra 1st year students	Current 48 vs 52		4	£9,000		36,000	36,000	36,000	36,000	36,000	36,000	36,000	252,000
Extra 2nd year students	Current 46 vs 52		6	£9,000			54,000	54,000	54,000	54,000	54,000	54,000	324,000
Extra international students	1st and 2nd years		2	£9,000		18,000	36,000	36,000	36,000	36,000	36,000	36,000	234,000
Extra Top Up students	Currently 26 students vs new capacity of 54	1	28	£9,000			252,000	252,000	252,000	252,000	252,000	252,000	1,512,000
Extra Top Up students	Progression of 46 2nd year students from 13/14 to 14/15	1	20	£9,000		180,000							180,000
MSc Baking Technology			15	£7,560			113,400	113,400	113,400	113,400	113,400	113,400	680,400
CPD income	Annual course expansion at rate of 15%	8	20	£600		96,000	110,400	126,960	146,004	167,905	193,090	222,054	1,062,413
Total Additional Income						330,000	601,800	618,360	637,404	659,305	684,490	713,454	4,244,813
Contribution	Rate before space charge (2012 & 2013)			50%		165,000	300,900	309,180	318,702	329,652	342,245	356,727	2,122,406
Total additional contribution						165,000	300,900	309,180	318,702	329,652	342,245	356,727	2,122,406
Discount factor 6%					100%	94%	89.0%	84.0%	79.2%	74.7%	70.5%	66.5%	
NPV - Total					(1,058,905)	155,660	267,800	259,593	252,442	246,335	241,269	237,244	601,439

London South Bank University National Bakery School

New Building Entrance / Demonstration Kitchen / Partial School Refurbishment

OPTION 5

Summary Overview

PROS

- Limited loss of existing teaching space.
- Potential to control disruption during construction works through phasing and new entrance peripheral to teaching spaces.
- Existing external facade / canopy in poor state - new entrance would overhaul external area of building most in need of remedial works.
- New entrance adjoins the buildings existing main staircase and lift.

CONS

- New entrance peripheral to heart of School - at far end of corridor
- New entrance adjoining service entrance - potential undesirable cross-over with service deliveries
- Limited connection between new entrance and demonstration kitchen.
- Use of existing fire escape staircase for new entrance: potentially cost effective but creates convoluted route into building.
- Scheme does little to break long institutional corridors.
- Some laboratories and auxiliary spaces not refurbished.
- Reliance on separate project to address external store (18)
- Cost driven entrance lobby - use of fire stair (protected route) restricted by building regulations - space cannot contain fire load nor inhibit emergency exit, therefore limitations on reception desk and turnstiles.



Key:

- 01 Entrance
- 02 Existing protected fire escape staircase, new entrance lobby. Allow for glazed panel to adjoining break out space (5)
- 03 Lobby - note fire rated door to staircase
- 04 Lift Platform
- 05 Social learning / break out space
- 06 Store - minimal works
- 07 Service entrance - no works
- 08 Demonstration kitchen - retained existing raked seating arrangement. Remove existing wall to adjoining laboratory. Note: occupancy numbers to be confirmed against fire exits. Additional door may be necessary.
- 09 New practical area for demonstration kitchen
- 10 Practical workshop area for demonstration kitchen.
- 11 Enlarged office - new wall, fully refurbished
- 12 Refurbished office
- 13 WCs - no works
- 14 General laboratory - minimal works
- 15 Chocolate laboratory - minimal works
- 16 Chocolate (packaging) Laboratory - fully refurbished
- 17 Store - minimal works
- 18 External store - to be addressed in Kell Street upgrade project (TBC by LSBU)
- 19 Confectionary Laboratory - fully refurbished
- 20 Bread Laboratory - fully refurbished
- 21 Store - minimal works

London South Bank University

Standing Order for the remuneration of Governors

1. For the purposes of Article 12 of the Articles of Association of the University, the following are permitted:
 - 1.1 the benefit described by clause 3.3 below provided that the Governors as charity trustees follow the procedure and observe the conditions set out in clause 4 below;
 - 1.2 the benefits described by clauses 2, 3.1 or 3.2 below; or
 - 1.3 any benefit authorised in writing by the Board of Governors.

and in this Standing Order references to clauses shall be to the clauses of this Standing Order unless otherwise stated.

2. A Governor may enter into a contract for the supply of goods or services to the University where that is permitted in accordance with, and subject to the conditions in section 185, of the Charities Act 2011.
3. A Governor may receive a benefit from the University in the capacity of a beneficiary of the University.
4. A Governor may be employed by the University other than for acting as a member of the Board of Governors.
5. A Governor may receive benefits for acting as a Governor provided the Board of Governors has in addition to meeting the requirements of clause 4 below:
 - 5.1 read considered and taken into account the published guidance of the Charity Commission (and of any other body which regulates the University) relating to the remuneration of charity trustees for acting as such;
 - 5.2 resolved that the remuneration is clearly in the interests of the charity that the trustee in question be awarded the remuneration in question; and
 - 5.3 resolved after taking reasonable steps to identify and consider all other reasonably available options for recruiting or retaining a suitable candidate for the role of Governor, that offering the remuneration in question provides a significant and clear advantage over all the other options available.
6. A company of which a Governor is a member may receive fees remuneration or other benefit in money or money's worth provided that the shares of the company are listed on a recognised stock exchange and the Governor holds no more than 1% of the issued capital of that company.
7. The University and its Board of Governors may only rely upon the authority provided by clause 3.3 above if each of the following conditions is satisfied:
 - 7.1 The remuneration or other sums paid to the Governor do not exceed an amount that is reasonable in all the circumstances.
 - 7.2 The conflicted members of the Board of Governors are absent from the part of any meeting at which there is discussion of:
 - (a) his or her employment or remuneration, or any matter concerning the contract or arrangement; or

- (b) his or her performance in the employment or office, or his or her performance of the contract; or
- (c) any proposal to enter into any other contract or arrangement with him or her or to confer any benefit upon him or her that would be permitted under clause 3;
- (d) if applicable, the matters described in clause 3.3 above; or
- (e) any other matter relating to a payment or the conferring of any benefit permitted by clause 3 above.

7.3 The conflicted Governors do not vote on any such matter and are not to be counted when calculating whether a quorum of members of the Board of Governors is present at the meeting.

7.4 The non-conflicted Governors are satisfied that it is in the interests of the University to employ or to contract with that Governor rather than with someone who is not a Governor. In reaching that decision the non-conflicted Governors must balance the advantage of employing a Governor against the disadvantages of doing so (especially the loss of the Governor's services as a result of dealing with the Governor's conflict of interest).

7.5 The reason for their decision is recorded by the non-conflicted Governors.

7.6 A majority of the Governors then in office are non-conflicted Governors.

7.7 If a Governor receives remuneration it shall be shall be disclosed in the accounts at least to the extent of any other related party transaction.

8. In clauses 1- 4:

8.1 The employment or remuneration of a Governor includes the engagement or remuneration of any firm or company in which the Governor is:

- a) a partner;
- b) an employee;
- c) a consultant;
- d) a director; or
- e) a shareholder, unless the shares of the company are listed on a recognised stock exchange and the Governor holds less than 1% of the issued capital.

9. "University" shall include any company in which the University:

9.1 holds more than 50% of the shares; or

9.2 controls more than 50% of the voting rights attached to the shares; or

9.3 has the right to appoint one or more directors to the Board of the company

10. "Governor" shall include any child, parent, grandchild, grandparent, brother, sister or spouse of the Governor or any person living with the Governor as his or her partner.

11. a "conflicted Governor" is a Governor who has received, is entitled to receive or is currently receiving remuneration under this Standing Order. A conflicted Governor also includes a Governor who has received financial benefits described in clause 1 but before this Standing Order came into force.
12. a "non-conflicted Governor" is a Governor who is not a conflicted Governor.
13. This Standing Order may not be amended without the express prior consent of the Charity Commission.

Companies Act 2006

Company Limited by Guarantee

**ARTICLES OF ASSOCIATION OF
LONDON SOUTH BANK UNIVERSITY**

1. OBJECTS

1.1 The Objects of the University are to:

- 1.1.1 conduct a university for the public benefit for the advancement of education, promotion of research and dissemination of knowledge;
- 1.1.2 provide full time and part time courses of education at all levels; and
- 1.1.3 to provide facilities to promote these objects and provide associated support and welfare for students.

2. CONDUCT OF THE UNIVERSITY

2.1 The University shall be conducted in accordance with the provisions of the Education Acts and any relevant regulations, orders or directions made by the Secretary of State or by the Privy Council, and subject to those, in accordance with the provisions of these Articles and any Standing Orders made under these Articles.

3. POWERS

3.1 The University has the power to do anything which is calculated to further its Objects or which is conducive or incidental to doing so including but not limited to the following powers:

- 3.1.1 to award degrees and other awards and to withdraw such degrees or awards;
- 3.1.2 to make rules and regulations for the conduct of students;
- 3.1.3 to acquire, own, maintain, manage and dispose of land and other property;
- 3.1.4 to solicit, receive and administer fees, grants, subscriptions, donations, endowments, legacies, gifts and loans of any property whether land or personal property;
- 3.1.5 to act as trustee for and in relation to endowments, legacies and gifts;
- 3.1.6 to invest any monies in the hands of the University and available for investment;
- 3.1.7 to establish or acquire subsidiary companies;
- 3.1.8 so far as permitted by charity law, to give guarantees;
- 3.1.9 so far as permitted by charity law, to borrow and raise money and give security for loans; and for those purposes the University shall have the authority to enter into any financial instrument which is ancillary or incidental to the exercise of such powers;
- 3.1.10 to take such steps as may from time to time be deemed expedient for the purposes of procuring and receiving contributions to the funds of the University, and to raise money in such other manner as the University may determine;

- 3.1.11 to co-operate with other institutions and individuals and to award joint degrees or other awards;
- 3.1.12 to affiliate or incorporate into the University any other institution and to take over its property, rights, liabilities and staff;
- 3.1.13 to transfer the assets and liabilities of the University to another institution with objects, the same as or similar to the objects of the University; and
- 3.1.14 to enter into engagements and to accept obligations and liabilities in all respects without any restrictions whatsoever and in the same manner as an individual may manage his or her own affairs.

4. **GOVERNORS**

- 4.1 Subject to the powers of the Members in general meeting and the provisions of these Articles, the Governors shall have control of the University and its assets and may exercise all the powers of the University; and without limiting the above, the Governors shall have the specific powers set out in the Standing Orders.

5. **RESPONSIBILITIES OF THE BOARD OF GOVERNORS**

- 5.1 The Board of Governors shall be responsible:-
 - 5.1.1 for the determination of the educational character and mission of the University and for oversight of its activities including the exercise of degree awarding powers;
 - 5.1.2 for the effective and efficient use of resources, the solvency of the University and for safeguarding its assets;
 - 5.1.3 for approving annual estimates of income and expenditure;
 - 5.1.4 for the appointment, appraisal, suspension, dismissal and determination of the pay and conditions of service of the Chief Executive, the Clerk and such other senior posts as the Board may determine;
 - 5.1.5 for setting frameworks for the appointment, appraisal, suspension and dismissal of and for the pay and conditions of service of other Employees; and
 - 5.1.6 for the appointment of a Chancellor who shall hold office for such term and have such duties and responsibilities as the Board of Governors from time to time shall determine.

6. **CHIEF EXECUTIVE**

- 6.1 There shall be a Chief Executive of the University who shall be the chief executive and chief academic officer of the University.
- 6.2 Subject to the responsibilities of the Board of Governors, the Chief Executive shall be responsible for:
 - 6.2.1 making proposals to the Board of Governors about the educational character and mission of the University; and for implementing the decisions of the Board of Governors;
 - 6.2.2 for the organisation, direction and management of the University and leadership of the staff;
 - 6.2.3 for the appointment, assignment, grading, appraisal, suspension and dismissal of staff other than Holders of Senior Posts within the framework set by the Board of Governors;

- 6.2.4 for the determination, after consultation with staff and within the framework set by the Board of Governors, of the pay and conditions of service of staff other than Holders of Senior Posts ;
- 6.2.5 for the determination, after consultation with the Academic Board, of the University's academic activities, and for the determination of its other activities;
- 6.2.6 for preparing annual estimates of income and expenditure for consideration by the Board of Governors, and for the management of budget and resources, within the estimates approved by the Board of Governors;
- 6.2.7 for the maintenance of Student discipline and, for the suspension or expulsion of Students on disciplinary grounds and for implementing decisions to expel students for academic reasons.

7. **DELEGATION**

- 7.1 Subject to Article 7.2, the Board of Governors shall be entitled to delegate all or any of its functions, powers and duties to any person or body.
- 7.2 The Board of Governors shall not delegate the following:-
 - 7.2.1 the determination of the educational character and mission of the University;
 - 7.2.2 the approval of the annual estimates of income and expenditure;
 - 7.2.3 ensuring the solvency of the University and the safeguarding of its assets;
 - 7.2.4 the appointment and dismissal of the Chief Executive and the Clerk; and
 - 7.2.5 the recommendation to the Members in General Meeting for the approval, revoking, amendment or variation of these Articles.

8. **COMPOSITION OF THE BOARD OF GOVERNORS**

- 8.1 The Board of Governors when complete shall consist of at least eight and not more than eighteen members comprising as follows:-
 - 8.1.1 the person who is for the time being the Chief Executive of the University; and
 - 8.1.2 persons who are neither Employees nor Students and who are considered by the Appointments Committee to have experience and capability relevant to the University's requirements ("Independent Governors").
- 8.2 Within the minimum and maximum limits set out in Article 8.1, the Board of Governors may appoint as Governors persons who are Employees ("Staff Governors") or Students ("Student Governors").
- 8.3 The Board of Governors shall determine and set out in Standing Orders the number of its membership, the number of its members to be appointed in each of the categories of membership set out in Article 8.1 and 8.2 above and the appointment of nominated individuals and in so doing shall ensure that a majority of the members of the Board of Governors when constituted are Independent Governors.
- 8.4 The Board of Governors shall establish an Appointments Committee to appoint Independent Governors and which shall be comprised of all the Independent Governors.
- 8.5 A determination made in accordance with Article 8.1 above may be varied by subsequent determination of the Board of Governors in accordance with that Article.

8.6 A technical defect in the appointment of a Governor of which the Governors are unaware at the time does not invalidate decisions taken at a meeting.

9. TERMS OF OFFICE OF GOVERNORS

9.1 The terms of office of the Governors shall be as follows: -

9.1.1 In the case of a person who is a Governor by virtue of their office or position, until she or he ceases to hold such office;

9.1.2 In the case of Governors appointed under Article 8.1.2 the period of four years;

9.1.3 In the case of a Governor, who is appointed under the provisions of Article 8.2, the period of three years, or the period until she or he ceases to be a member of Staff or a Student (as appropriate), whichever is sooner.

9.2 A retiring Governor who is eligible under these Articles may be reappointed. Governors may not normally be appointed for more than two terms of office in total.

9.3 A Governor's term of office as such automatically terminates if he/she:

9.3.1 is disqualified under the Charities Act from acting as a Charity Trustee or under the Companies Act from acting as a company director;

9.3.2 is incapable, whether mentally or physically, of managing his/her own affairs;

9.3.3 is absent without permission from consecutive meetings of the Governors for a period of 12 months or more; or

9.3.4 is removed by the Members in accordance with the procedure set out in the Standing Orders.

9.4 Any Governor may at any time by written notice to the Clerk resign her or his office, which will become vacant from the date of receipt of the notice or date of resignation specified in the notice whichever shall be the later.

9.5 Every vacancy in the office of an appointed Governor shall as soon as possible after it occurs be notified by the Clerk to the Board.

10. PROCEEDINGS OF THE BOARD OF GOVERNORS

10.1 The Board of Governors must hold at least 3 meetings each year.

10.2 A quorum at a meeting of the Board of Governors is at least one third of the membership of the Board of Governors at the time with Independent Governors always being in the majority.

10.3 A meeting of the Governors may be held either in person or by suitable Electronic Means agreed by the Governors in which all participants may communicate with all the other participants.

10.4 The Board of Governors shall make and may amend Standing Orders:-

10.4.1 to set out the composition of the Board of Governors;

10.4.2 for the conduct of meetings of the Board and its committees (including the appointment of officers including a chair and vice-chair);

10.4.3 to prescribe the membership and powers of the Academic Board;

10.4.4 for the remuneration of Governors (such Standing Orders to made and amended with the approval of the Charity Commission); and

10.4.5 to govern the administration of the University.

10.5 A procedural defect of which the Governors are unaware at the time does not invalidate decisions taken at a meeting.

11. **BENEFITS**

11.1 The property and funds of the University must be used only for promoting the Objects, or which is conducive or incidental to doing so.

11.2 A Governor must not receive any payment of money or other Material Benefit (whether directly or indirectly) from the University except and subject to Article 12:

11.2.1 Governors or Connected Persons may be paid interest at a reasonable rate on money lent to the University;

11.2.2 Governors or Connected Persons may be paid a reasonable rent or hiring fee for property let or hired to the University;

11.2.3 Governors or Connected Persons may receive charitable benefits on the same terms as any other beneficiaries of the University;

11.2.4 The Chief Executive, Staff Governors or Connected Persons may be employed by the University and receive remuneration;

11.2.5 Governors or Connected Persons may enter into contracts with the University and receive reasonable payment for goods or services supplied, subject to Article 11.3;

11.2.6 Governors may receive remuneration in connection with their office subject to authorisation by the Board of Governors in accordance with the Standing Orders;

11.2.7 Governors may receive the reimbursement of reasonable out-of-pocket expenses (including hotel and travel costs) actually incurred in running the University;

11.2.8 Governors may receive the benefit of Indemnity Insurance; or

11.2.9 Governors may receive an indemnity in respect of any liabilities properly incurred in running the University (including the costs of a successful defence to criminal proceedings).

11.3 A Governor or Connected Person may enter into a contract with the University to supply goods or services in return for a payment or other Material Benefit if:

11.3.1 the goods or services are actually required by the University, and it is decided that it is in the best interests of the University to enter into such a contract;

11.3.2 the nature and level of the remuneration is no more than is reasonable in relation to the value of the goods or services and is set in accordance with the procedure in Article 122; and

11.3.3 no more than half of the Governors are subject to such a contract in any Financial Year.

12. **DECLARATION OF INTERESTS**

12.1 Any Governor who has an interest, direct or indirect, in a proposed transaction or arrangement with the University must declare the nature and extent of his or her interest before discussion begins on the matter.

12.2 The Governors with no conflict may require that the relevant governor:

- 12.2.1 is not counted in the quorum for that part of the meeting;
- 12.2.2 has no vote on the matter; and
- 12.2.3 withdraws from the meeting for that item after providing any information requested by the Governors.

13. **SITUATIONAL CONFLICTS**

- 13.1 If a conflict of interests arises because of a duty of loyalty owed by a Governor to another organisation or person and the conflict is not authorised by virtue of another provision in the Articles, the Governors with no conflict may, subject to compliance with the provisions of Article 12, authorise such a conflict of interest on such terms as they may determine and provided the Governors with no conflict consider it is in the best interests of the University to do so in all the circumstances.

14. **ACADEMIC BOARD**

- 14.1 There shall be an Academic Board of the University which shall, subject to the general control and approval of the Board of Governors, be responsible for academic standards and the direction and regulation of academic matters.

- 14.2 The Academic Board shall consist of up to 40 members, comprising as follows:

- 14.2.1 The Holders of Senior Posts;
- 14.2.2 Senior members of the faculties and professors
- 14.2.3 Members of staff below the level of staff referred to in 14.2.2 above and drawn from the following categories:
 - (a) academic and research staff;
 - (b) non-teaching staff;
 - (c) technicians;
 - (d) Student Union President;
 - (e) Students

- 14.3 There shall be no more than 24 persons drawn from categories 14.2.1 and 14.2.2 in aggregate and no more than 16 persons drawn from categories 14.2.3. Members from categories 14.2.1 and 14.2.2 shall be in a majority.

- 14.4 The Chief Executive shall be the Chairman of the Academic Board.

- 14.5 The membership and powers of the Academic Board shall be further prescribed in the Standing Orders.

15. **STUDENTS' UNION**

- 15.1 The University shall comply with its obligations under the Education Acts in relation to any Students' Union of the University.

16. **EMPLOYEES**

16.1 The Board of Governors may appoint Employees, and prescribe their authority, duties and terms and conditions of service. Provision shall be made in respect of discipline, dismissal, redundancy, and grievances.

17. **ACADEMIC FREEDOM**

17.1 In relation to Article 5.1.5 the Board of Governors shall have regard to the need to ensure that Academic Staff have freedom within the law to question and test received wisdom and to put forward new ideas and controversial or unpopular opinions, without placing themselves in jeopardy of losing their jobs or any privileges they may have at the University.

18. **RECORDS AND ACCOUNTS**

18.1 The Board of Governors shall keep true records of income and expenditure and records relating to the audit of accounts as required by law.

18.2 The University shall also keep records of:

18.2.1 all proceedings at meetings of the Governors;

18.2.2 all resolutions in writing;

18.2.3 all reports of committees; and

18.2.4 all professional advice obtained.

19. **AUDIT**

19.1 External Auditors shall be appointed and their duties regulated and other audit work conducted in accordance with the provisions of the Companies Act, and in accordance with any requirements of HEFCE.

20. **MEMBERSHIP**

20.1 All Governors shall, for the duration of their terms of office as Governors only, be Members of the University.

20.2 The membership and all rights of a Member shall be personal and shall not be transferable.

20.3 The University shall maintain a register of Members.

21. **GENERAL MEETINGS**

21.1 Governors in their capacity as Members are entitled to attend general meetings.

21.2 General meetings are called on at least 14 and not more than 28 Clear Days' written notice indicating the business to be discussed and (if a special resolution is to be proposed) at least 28 Clear Days' written notice setting out the terms of the proposed special resolution.

21.3 There is a quorum at a general meeting if the number of Members present is at least one third of the members at the time with Independent Governors (in their capacity as Members) always being in the majority.

21.4 Every Member present has one vote on each issue.

21.5 A general meeting may be called by the Governors at any time and must be called within 21 days of a written request from Governors (being Members) representing at least 30% of the Membership.

21.6 A technical defect in the appointment of a Member of which the Members are unaware at the time does not invalidate a decision taken at a general meeting or in writing.

22. LIMITED LIABILITY

22.1 The liability of Members is limited.

23. GUARANTEE

23.1 Every Member promises, if the University is dissolved while he/she remains a Member or within one year after he/she ceases to be a member, to pay up to £1 towards:

23.1.1 payment of those debts and liabilities of the University incurred before he/she ceased to be a Member;

23.1.2 payment of the costs, charges and expenses of winding up; and

23.1.3 the adjustment of rights of contributors among themselves.

24. AMENDMENT OF ARTICLES

24.1 No addition, alteration or amendment shall be made to or in the provisions of these Articles, unless approved by the Privy Council.

25. DISSOLUTION

25.1 If the University is dissolved, the assets (if any) remaining after providing for all its liabilities must be applied in one or more of the following ways:

25.1.1 by transfer to one or more other bodies established for exclusively charitable purposes within, the same as or similar to the Objects;

25.1.2 directly for the Objects or for charitable purposes which are within or similar to the Objects;

25.1.3 in such other manner consistent with charitable status as the Privy Council approves in writing in advance.

26. INTERPRETATION

26.1 The Articles are to be interpreted without reference to the model articles under the Companies Act, which do not apply to the University.

26.2 In the Articles, unless the context indicates another meaning:

"Academic Board"	means the Academic Board of the University constituted in accordance with Article Error! Reference source not found. as a body or a quorum of the members of the Academic Board at a meeting of the Academic Board
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"Academic Staff"	means persons employed by the University as members of the teaching or research staff
"Articles"	means these Articles of Association of the University and "Article" refers to a particular Article.
"Board of Governors"	means the Board of Governors (constituted in accordance with Article 5) as a body or a quorum of the Governors at a meeting of the Board of Governors
"Charities Act"	means the Charities Act 2011 and any statutory modification or amendment thereof for the time being in force
"Charity Trustees"	has the meaning prescribed by the Charities Act
"Chief Executive"	means the executive head of the University (who may have the title of Vice-Chancellor or another title as decided by the Board of Governors)
"Clear Day"	does not include the day on which notice is given or the day of the meeting or other event
"Clerk"	means the clerk and Company Secretary to the Board of Governors from time to time
"Companies Act"	means the Companies Act 2006 and any statutory modification or amendment thereof for the time being in force
"Company Secretary"	shall have the meaning prescribed in the Companies Act
"Connected Person"	means, in relation to a Governor, a person with whom the Governor shares a common interest such that he/she may reasonably be regarded as a benefiting directly or indirectly from any material benefit received by that person, being either a member of the Governor's family or household or a person or body who is a business associate of the Governor, and (for the avoidance of doubt) does not include a company with which the Governor's only connection is an interest consisting of no more than 1% of the voting rights
"Education Acts"	means Education Acts 1944 to 2011 and any subsequent Education Acts.
"Employees"	means all employees of the University
"Financial Year"	means the University's financial year from 1 August to 31 July

"Governor"	means a director of the University and a Charity Trustee and "Governors" means the directors and Charity Trustees
"HEFCE"	means the Higher Education Funding Council for England established under Section 62 of the Further and Higher Education Act 1992
"Holders of Senior Posts"	Means the Chief Executive, the Clerk and the holders of such other senior posts as the Board of Governors determines
"Indemnity Insurance"	means insurance against personal liability incurred by any Governor for an act or omission which is or is alleged to be a breach of trust or duty, unless the act or omission amounts to a criminal offence or the Governor concerned knew that, or was reckless whether, the act or omission was a breach of trust or breach of duty
"Independent Governor"	means a Governor appointed under Article 8.1.2 who shall not be:- (i) employed by the University; or (ii) a full-time Student.
"Material Benefit"	means a benefit, direct or indirect, which may not be financial but has a monetary value
"Members"	means those persons who are members of the University in accordance with Article 20.1
"Memorandum"	means the University's Memorandum of Association
"Month"	means calendar month
"Objects"	means the Objects of the University as defined in Article 1.1
"Secretary of State"	means the Secretary of State in charge of universities from time to time
"Staff Governor"	means a Governor appointed under Article 8.2
"Standing Orders"	means any regulations, bye-laws or rules made in accordance with Article 10.4
"Student"	means a person who is for the time being registered with the University as pursuing a full-time course of not less than one month's duration, subject to any regulation governing the non-payment of tuition fees. For this purpose, sabbatical officers of the Student Union shall be deemed to be students. A person

who is not for the time being enrolled as a student at the University shall be treated as such a student during any period when she or he has been granted leave of absence as a student from the University for the purposes of study or travel or for carrying out the duties of any office held by her or him in the Student Union

"Student Governor" means a Governor appointed under Article 8.2

"University" means the company known as London South Bank University

"written" or "in writing" refers to a legible document on paper or a document or communication sent by electronic means which is capable of being printed out on paper

"Year" means calendar year

26.3 Expressions not otherwise defined which are defined in the Companies Act have the same meaning.

26.4 References to an Act of Parliament are to that Act as amended or re-enacted from time to time and to any subordinate legislation made under it.

LSBU Corporate Key Performance Indicators (2010/11 - 2012/13)

Report date: 1/11/2013

Financial Sustainability						
KPI	2010/11 Actual	2011/12 Actual	2012/13		YoY up down	
			(Target)	Current Performance (RAG)		
Student Numbers & Contracts						
1	Recruitment against HEFCE contract	Within tolerance	Within tolerance	Within tolerance band	Within tolerance <i>(prediction)</i>	➔
2	Recruitment against NHS contract	Within 5%	On target	+/-5%	On target	➔
Income						
3	Total Income (£)	£144.0m	£138.3m <i>(year end result)</i>	£136.4m	£137.9 <i>(year end forecast)</i>	⬇
4	International student income	£10.2m	£9.6m <i>(year end result)</i>	£9.2m	£8.8m <i>(year end forecast)</i>	⬇
5	Research (non-HEFCE) income (£)	£3.4m	£2.4m <i>(year end result)</i>	£2.0m	£2.2m <i>(year end forecast)</i>	⬇
6	Enterprise income (£)	£8.5m	£10.0m <i>(year end result)</i>	£8.3m	£8.4m <i>(year end forecast)</i>	⬇
Surplus						
7	Total Surplus (% of income)	7.0%	4.7% <i>(year end result)</i>	1.8%	4.0% <i>(year end forecast)</i>	⬇
Other Financial Indicators						
8	Cash Balance (£)	£62.6m	£69.1m <i>(Year end result)</i>	£59.1m	£60.0 m <i>(year end forecast)</i>	⬇
9	Gearing Ratio	0.34	0.35 <i>(Comparative y-end result)</i>	0.37	0.27 <i>(year end forecast)</i>	⬆
10	Days liquidity	179	193.4 <i>(Comparative y-end result)</i>	137	176 <i>(year end forecast)</i>	⬇

The Student Experience						
KPI	2010/11 (Actual)	2011/12 (Actual)	2012/13 (Target)	Current Performance (RAG)	YoY	
Student Satisfaction						
11	Overall Student Satisfaction - UG (NSS) *	77%	80% <i>(2011/12)</i>	90%	82%	⬆
12	Overall Student Satisfaction - PG	75%	78% <i>(2011/12)</i>	90%	76%	⬇
Student Retention & Progression						
13	FTUG Year 1 Progression (%)	60%	63% <i>(2011/12)</i>	70%	65%	⬆
14	Graduating in intended period (FTUG 3/4yrs) (%)	53%	52% <i>(2011/12)</i>	65%	51%	⬇
Value Added						
15	Employment of graduates (DLHE return)* (Employed, or studying, or both)	82.4%	78.1% <i>(2010/11 cohort)</i>	90%	77.4%	⬇
16	No. of first degree students obtaining 1st or Upper 2nd class degrees *	52%	56% <i>(2011/12)</i>	60%	58%	⬆
17	No. of first degree students obtaining 1st or 2nd class degrees	89%	90% <i>(2011/12)</i>	80%	90%	➔
Resource Measures						
18	Spend per student (£) * (Academic Services)	£841	£940 <i>(Complete UG 2013)</i>	£1,000	£900 <i>(CUG 2014)</i>	⬇
19	Spend per student (£) * (Services & Facilities)	£1,021	£1,062 <i>(Times GUG 2012/13)</i>	£1,000	£1,110 <i>(SundayTimes/Times GUG)</i>	⬆
20	Staff:student ratio *	23.3:1	22.4:1 <i>(2011 HESA)</i>	21:1	23.7:1	⬇

Brand Profile						
KPI	2010/11 (Actual)	2011/12 (Actual)	2012/13 (Target)	Current Performance (RAG)	YoY	
League Table Ranking						
21	The Sunday Times	120 (of 121)	118 (of 122) <i>(2012 Table)</i>	Out of bottom 5	114 (of 122) <i>(2013 Table)</i>	⬆
22	The Guardian	100 (of 119)	104 (of 120) <i>(2013 Table)</i>	Out of bottom 5	113 (of 119) <i>(2014 Guide - June 13)</i>	⬇
23	The Complete University Guide	116 (of 116)	109 (of 116) <i>(2013 Table)</i>	Out of bottom 5	119 (of 124) <i>(2014 Table - April 13)</i>	⬇
24	The Sunday Times / Times	113 (of 116)	111 (of 116) <i>(2012/13 Table)</i>	Out of bottom 5	118 (of 120) <i>(2014 Table)</i>	⬇
Subject League Tables (The Guardian)						
25	No. of subjects in top 75% nationally	5 (of 18)	5 (of 17) <i>(2012/13 Tables)</i>	5 (of 15)	3 (of 21)	⬇
26	No. of subjects in top 50% of post-1992	4 (of 18)	3 (of 17) <i>(2012/13 Tables)</i>	5 (of 15)	2 (of 21)	⬇
27	No. of subjects in top 50% of post-1992, London	6 (of 18)	3 (of 17) <i>(2012/13 Tables)</i>	5 (of 15)	4 (of 21)	⬆
Student Perceptions						
28	Early : late applications (% of FTUG enrolments arising from early/late applications)	75:25	74:26 (2011/12)	80:20	79:21 (2012/13)	➔
29	Financial support from donors (cash received, £)	£2.5m	£1.5m (2011/12)	£1.6m	£1.35m <i>(2012/13 forecast)</i>	⬇
Staff Perceptions						
30	Staff Satisfaction survey participation	NEW	62%	70%	52%	⬇

* Key league table measure

London South Bank

University

	PAPER NO: PR.50(13)	
Board/Committee:	Policy and Resources	
Date:	12 November 2013	
Paper title:	Insurance Claims	
Author:	Penny Green, Head of Procurement	
Executive sponsor:	Richard Flatman, Executive Director of Finance	
Recommendation by the Executive:	The Executive recommends that the Policy and Resources Committee notes this report.	
Aspect of the Corporate Plan to which this will help deliver?	Financial Control and performance	
Matter previously considered by:	P&R	Annually
Further approval required?	N/A	
Communications – who should be made aware of the decision?	N/A	

Executive summary

This paper is presented to Committee for information and to report the extent to which the University's insurance policies were relied upon in the 2012/13 period.

The University remains a member of the London Universities Purchasing consortium for insurance purposes, with Zurich Municipal being the principal insurer. The claims experience in 2012/13 is summarised in Appendix 1 and is considered to be low.

The committee is requested to note the report.

1. BACKGROUND

- 1.1 The University's Financial Regulations require that the University Secretary and Executive Director of Finance ensure;
 - 1.1.1 That appropriate insurance cover is provided for all aspects of the University's activities;
 - 1.1.2 The verification of insurance of any incidents which may give rise to a claim;
 - 1.1.3 The submission of a full claim where appropriate.
- 1.2 The University is a member of the London Universities Purchasing Consortium (LUPC) and retains the brokerage services of Gallagher Heath as part of a LUPC group insurance arrangement.
- 1.3 Effective from 1 January 2010 the insurance claims process has been administered by the University Governance, Information and Legal Team.
- 1.4 The University's claims record is reviewed annually with the appointed broker and insurers as part of the annual policy renewal process.

2. INSURANCE POLICIES

- 2.1 Insurance policies held by the University are renewed annually with effect from 1 August. A detailed report is submitted to Policy & Resources Committee each year in advance of renewal.

2.2 For the period 1 August 2012 to 31 July 2013 (2012/13) the University maintained the following insurance policies:

Policy	Insurer	Covers maintained	Claims in 2012/13 period
All Risks Policy	Zurich Municipal	Material damage Works in Progress Business Interruption Money Public Liability Employers Liability Libel & Slander Professional Negligence, Governors Liability Motor Engineering Fidelity Guarantee Personal Accident Travel Computer Engineering inspection	Yes
Terrorism Policy	UM Services Ltd	Property reinstatement Contents Business Interruption	No
Business Travel (for non-domicile employees)	Aon Protect	All risk travel cover for University Employees living and operating outside of UK territorial limits.	No
Fine Arts Policy	Blackwell Green	Cover for the Sarah Rose Art Collection.	No

3. CLAIMS SUMMARY

- 3.1 The All Risks policy held with Zurich Municipal was the only policy subject to a level of claims experience in the 2012/13 period. The claims experience in this case is considered by the insurer at 31 July 2013 to be low. This level of claims experience is not considered sufficient to significantly affect the estimated level of claims rebate expected for the 2012/13 period, and which is payable to the University in 2013/14.
- 3.2 For the 2012/13 period a total of 12 claims were under consideration by the insurer of which 8 were new claims arising in the 2012/13 period, and 4 claims were carried forward from the previous period but not yet settled.
- 3.3 All claims settled in the 2012/13 period by the insurers were settled at the value of the claims, less the policy excess.
- 3.4 A summary of claims is reported at Appendix 1

4. DECLARED LOSSES WITHIN POLICY EXCESS

- 4.1 The University is also required to declare to its insurers the incidence of insured perils which fall within policy excess and do not result in the submission of a claim.
- 4.2 There were no incidents falling into this category during 2012/13.

APPENDIX 1

LSBU POLICY WITH ZURICH MUNICIPAL NHE-01CA07-0013 CLAIMS SUMMARY - 1 AUGUST 2012 TO 31 JULY 2013

Insured risk	Excess Value	Claims brought forward from last period	New claims in this period	Claims carried forward to next period	Value of payments to date on open claims
Material damage	£20K		2	2	£2,513
Works in Progress					
Business Interruption					
Money					
Public Liability	Nil	1	4	5	£0
Employers Liability	Nil	2	1	3	£450
Libel & Slander					
Professional Negligence					
Governors Liability					
Motor	£100	1	1	2	£8,709
Engineering					
Fidelity Guarantee					
Personal Accident					
Travel					
Computer					
Engineering inspection					

Fine Arts Policy					
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London South Bank University

	PAPER NO: PR.51(13)	
Board/Committee:	Policy and Resources Committee	
Date:	12 November 2013	
Paper title:	Policy and Resources Committee terms of reference	
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors	
Board sponsor:	Sarah Mullally, Chair of the Policy and Resources Committee	
Recommendation:	That the committee note their terms of reference	
Aspect of the Corporate Plan to which this will help deliver?	Creating an environment in which excellence can thrive	
Matter previously considered by:	N/A	N/A
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	Published on the University's website	

Summary

Each year the terms of reference of committees are reviewed. Following review of the terms of reference of the Policy and Resources Committee no amendments to the committee's duties are suggested. The committee's terms of reference were substantially revised last year.

The committee is requested to note its terms of reference.

Policy and Resources Committee

Terms of Reference

1. Constitution

1.1 The Board of Governors has established a committee of the Board known as the Policy and Resources Committee.

2. Membership

2.1 The Policy and Resources Committee and its chair shall be appointed by the Board, from among its own members.

2.2 Membership shall consist of:

- the Chairman of the Board;
- the Vice Chancellor;
- the Chair of the Human Resources Committee;
- the Chair of the Property Committee;
- up to four additional independent governors;
- one student governor; and
- two staff governors.

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

2.4 The chair shall be an independent governor and shall normally be a Vice Chair.

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

2.6 The committee may, if it considers it necessary or desirable, co-opt members with particular expertise.

3. Frequency of meetings

3.1 Meetings shall normally be held prior to a Board meeting.

4. Authority

4.1 The Committee advises the Board of Governors on the University's performance, financial reporting and controls, proposed investments and constitutional and legal matters.

4.2 For investment in the estate the Committee is advised by the Property Committee. The Policy and Resources Committee will have the authority to recommend approval of business cases to the Board.

5. Secretary

5.1 The secretary to the Policy and Resources Committee will be the Clerk to the Board or other appropriate person nominated by the Clerk.

6. Duties

Performance

6.1 The committee shall review the performance of the University in the light of its strategy, objectives, business plans and budgets and ensure that any necessary corrective action is taken by the executive.

6.2 At each meeting, to monitor progress against the KPIs as approved by the Board from time to time and to hold the Executive to account.

6.3 To recommend to the Board of Governors any change in KPIs that the Committee considers to be required to reflect changes in strategy or objectives.

6.4 To review any proposals of a strategic nature to extend LSBU's undertaking into new activities or geographic areas and report to the Board.

6.5 To review any proposals of a strategic nature to cease to operate all or any material part of LSBU's undertaking.

Financial Reporting and Controls

6.6 To review and pass to the Board of Governors for approval true annual accounts, duly audited in accordance with the Companies Acts.

6.7 To receive, consider and present to the Board of Governors annual estimates of the current year's budget and the allocation of resources.

6.8 To monitor regular reports on University income and expenditure showing a comparison of these against the annual budgets.

6.9 To consider the financial plans for future years; to advise the Officers of the University on strategies: and to recommend to the Board of Governors the financial plans to be submitted to HEFCE.

- 6.10 To advise on the provision of resources and services for the University.
- 6.11 To review and recommend to the Board pay awards
- 6.12 To consider amendments to the University's financial regulations and their effect on current practice and recommend to the Board for approval.
- 6.13 To approve investment and treasury policies.
- 6.14 To approve investment policies for charitable funds and to receive an annual report on expenditure.
- 6.15 To receive an annual report of all donations above £25,000 and to monitor adherence to the Gift Acceptance Policy
- 6.16 To approve the posts authorised as signatories in relation to banking facilities; and to report to the Board as and when there is a change of postholder.
- 6.17 To recommend to the Board the opening or closing of University bank accounts.
- 6.18 To review and recommend to the Board approval of capital finance.
- 6.19 To review and recommend to the Board approval of borrowing raised on the security of the University's assets.
- 6.20 To review and recommend to the Board approval of lease finance arrangements with a capital value greater than £250,000.

Transactions and Contracts

- 6.21 To review proposed investment in capital projects above £1m and recommend to the Board.
- 6.22 To review budgeted contract expenditure above £2m and recommend to the Board.
- 6.23 To review unbudgeted contract expenditure above £0.5m and recommend to the Board.

Estates

- 6.24 To review proposals to dispose of land or buildings.

Students

- 6.25 To consider and recommend tuition fees to the Board of Governors.

6.26 To receive regular reports on student recruitment.

Students' Union

6.27 To consider and recommend to the Board of Governors proposed amendments to the Students' Union constitution.

6.28 To review true annual accounts, duly audited in accordance with the Companies Acts.

6.29 To receive a six monthly report on the Students' Union's income and expenditure.

6.30 To approve in principle the appropriate budget for the Students' Union, including the grant from the University to the Students' Union and to include these in the draft University Budget recommended to the Board.

6.31 To consider and determine all matters relating to the University's relationship with the Students' Union. If any matter has significant implications then the Committee to inform the Board on a 'reporting by exception' basis.

Articles of Association

6.32 To review proposed changes to the Articles of Association and recommend to the Board for approval.

Subsidiary Companies

6.33 To review regulations for the appointment of directors and the composition of boards of subsidiaries of LSBU.

6.34 To review the Schedule of Matters Reserved to subsidiary company boards.

6.35 To receive an annual report on enterprise activity.

Policies

6.36 To approve high level corporate policies which require consideration by governors (and are not of an operational nature).

6.37 To review annually the Matters Reserved to the Board and the Statement of Primary Responsibilities.

Legal Compliance and Litigation

6.38 To receive reports from the Executive on any material non-compliance with legislation.

6.39 To review litigation involving over £0.5 million or otherwise material to the interests of LSBU and recommend to the Board for decision.

Insurance

6.40 To consider and approve the level of insurance provision at regular intervals and report material changes to the Board of Governors.

Health and Safety

6.41 To consider the annual health and safety report.

7. Reporting Procedures

7.1 The minutes (or a report) of meetings of the Policy and Resources Committee will be circulated to all members of the Board.

Membership 2013/14

- Sarah Mullally Chair – Independent Governor
- David Longbottom Independent Governor & Chairman of the Board
- Martin Earwicker Vice Chancellor and Chief Executive
- Barbara Ahland Student Governor
- Ken Dytor Independent Governor & Chair, Property Committee
- Hilary McCallion Independent Governor
- Anne Montgomery Independent Governor & Chair, HR Committee
- Diana Parker Independent Governor
- Jon Warwick Staff Governor
- 1 vacancy Independent Governor

Approved by the Policy and Resources Committee on 13 November 2012

Approved by the Board of Governors on 22 November 2012