

Meeting of the Board of Governors

4.00* - 6.00 pm on Thursday, 25 November 2021
in Passmore Centre, main conference room

*3.30pm: pre-Board presentation on IT strategy

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
1.	Welcome and apologies		JC
2.	Declarations of Interest <i>Governors are required to declare any interest in any item of business at this meeting</i>		JC
3.	Minutes of previous meeting	3 - 8	JC
4.	Matters arising	9 - 10	JC
Chair's business			
5.	Welcome to associate governor	Verbal Report	JC
6.	Governor appraisals	Verbal Report	JC
Year end reporting and approvals, 2020/21			
7.	Group Audit and Risk Committee annual report	11 - 20	DB
8.	External audit findings	To Follow	KPMG
9.	External audit letter of representation	To Follow	RF
10.	Going concern statement	To Follow	RF
11.	Remuneration Committee report to the Board	21 - 30	JP
12.	Senior remuneration policy	31 - 36	JP
13.	Annual report and accounts 2020/21 <ul style="list-style-type: none"> • Re-appointment of external auditors 	To Follow	RF
14.	Prevent annual return	37 - 42	DP
Items to discuss			
15.	VC report	43 - 52	DP
16.	CFO report	53 - 74	RF
17.	Corporate risk detailed discussion	75 - 78	RF

No.	Item	Pages	Presenter
	<ul style="list-style-type: none"> Group corporate risk register 		
18.	Group-wide and LSBU KPIs	79 - 84	DJ
	<p>Items to note <i>The following papers will only be discussed at the meeting if there is a matter that any governor wishes to raise with the Secretary the day before the meeting</i></p>		
19.	Reports and decisions of committees <ul style="list-style-type: none"> Modern Slavery Act statement Group Nomination Committee Academic Board terms of reference Enterprise Advisory Board terms of reference 	85 - 112	JS
20.	SBA articles of association update	113 - 114	JS

Date of next meeting
4.00 pm on Thursday, 24 March 2022

- Members:** Jerry Cope (Chair), Michael Cutbill (Vice-Chair), Duncan Brown, John Cole), Peter Fidler, Ruchika Kumar, Mark Lemmon, Nicki Martin, Jeremy Parr, David Phoenix, Rashda Rana and Maxwell Smith
- Apologies:** Maureen Dalziel and Vinay Tanna
- Observers:** Ruth Farwell (SBC Chair), Shani Shamah (associate governor) and Kate Stanton-Davies
- In attendance:** Michael Broadway, Tara Dean, Richard Flatman, Deborah Johnston, James Stevenson and Fleur Nieboer (KPMG)

**Minutes of the meeting of the Board of Governors
held at 4.00 pm on Thursday, 21 October 2021
Room CEH-213, Electric House, Croydon Campus**

Present

Jerry Cope (Chair)
Michael Cutbill (Vice-Chair)
Duncan Brown
John Cole
Ruchika Kumar
Mark Lemmon
Nicki Martin
Jeremy Parr
David Phoenix
Rashda Rana
Tony Roberts
Deepa Shah
Maxwell Smith

Apologies

Maureen Dalziel
Peter Fidler
Vinay Tanna

In attendance

Michael Broadway
Tara Dean
Richard Flatman
James Stevenson

1. Welcome and apologies

The Chair welcomed Tara Dean to her first Board meeting as Provost.

The Board noted that this was Deepa Shah's and Tony Roberts' final Board meeting. The Board thanked them both for their valuable contribution to the Board and the University.

The above apologies were noted.

The Board was pleased to learn that an LSBU apprentice student had received an award for 'young apprentice engineer of the year'.

The Board had just received an informative pre-Board presentation on Curriculum Development and Employability from the Dean of the School of Law and Social Sciences.

2. **Declarations of Interest**

No member of the meeting declared an interest in any item on the agenda.

3. **Minutes of previous meeting**

The Board approved the minutes of the meeting of 22 July 2021, subject to a minor amendment, and their publication.

4. **Matters arising**

The Board noted the matters arising.

5. **Report from Academic Board**

The independent governor observer on the Academic Board updated the Board on the Academic Board's work, including review of academic and student regulations and required revisions due to the impact of the coronavirus pandemic, the student experience, the awarding gap and the impact of the cyber incident on students' ability to study in the previous academic year.

6. **Update on Associate Governor recruitment**

The Chair updated on the composition of the Board. Due to recent retirements there are currently no LSBU governors on the Boards of SBA or SBC. The Chair of the SBC Board would join the LSBU Board as an observer from the November 2021 Board meeting. The Chair would further consider the SBA appointment.

The Board noted that Nurole has been appointed to lead the search for new independent governors. Targeting a diversity of candidates would be a priority.

The Board noted that Shani Shamah had been appointed through the external Board Apprentice scheme as an associate governor from November 2021.

7. **Independent governor remuneration**

The Board discussed the question of independent governor remuneration. The Board noted that this question should be settled ahead of the recruitment process for the Chair of the Board which was likely to start in 2022 for appointment in 2023.

The Board agreed that future independent governors (including the chair) should not, for the foreseeable future, be remunerated, although this would be

kept under review. The Board requested consideration of how to attract more diverse candidates.

8. **VC report**

The Board discussed the Vice Chancellor's report.

The Board noted an update on the additional work required to ensure the fire doors across the group estate comply with current regulations. The Halls of Residences had been prioritised and should be completed by Christmas 2021. Work at the academies would take place over the Christmas holidays. The work required at SBC's campus was being identified.

The Board noted that the return to campus for students and staff appeared to have been well managed. The use of face masks was strongly encouraged and ventilation of rooms had been reviewed.

The Board noted that progress on completing the London Road project remained slow. The contractor was now advising that practical completion would be in December 2021.

The Board noted that the recovery from the cyber incident was almost complete. A lessons learned report would be considered by the Group Audit and Risk Committee at its meeting of 28 October 2021.

The Board noted that, as part of a national campaign, UCU was in the process of balloting for industrial action at LSBU. The Board noted that UNISON had decided not to ballot for industrial action at LSBU. The Board noted the ten days of strike action by UCU at Lambeth College which was not related.

The Board noted an update on semester 1 student recruitment and re-enrolment. Re-enrolment was expected to be up to £2m above budget. Income from recruitment could be down by £4m - £6m but enrolment was still underway so the gap could be narrowed. The executive was expecting some improvement in semester 2 recruitment to make up for the expected shortfall. An update would be given to the Finance, Planning and Resources (FPR) when semester 1 numbers were final.

The Board noted the under-recruitment of approximately 300 students at Lambeth College and the subsequent impact on its 2022/23 budget of approximately £2m.

The Board noted the potential to acquire another building in Croydon to allow LSBU to develop its offer in Croydon. The Executive was reviewing the best strategy for the Croydon campus.

The Board noted an update from the Provost on the 2021 National Student Survey (NSS) results and plans to improve for the next survey. A more detailed update would be given to FPR.

9. **CFO report**

The Board discussed the CFO report which included updates on group financial matters including the draft financial result for 2020/21 (subject to audit), 2021/22 financial performance, cashflow and an update on the cyber insurance claim.

The outturn for 2020/21 was expected to be a £3m surplus after exceptional items and in line with the report to the July 2021 Board meeting.

The Board noted that the audit closing meeting was due to be held shortly. No material adjustments were expected. The Board noted that KPMG were comfortable with the pensions assumptions for the accounts.

The Board noted that the revolving credit facility (RCF) with AIB for £15m had been completed.

The Board noted the plan to roll forward the existing Barclays RCF and the requirement to move Barclays loan documentation from LIBOR to SONIA.

The Board authorised the existing RCF sub-committee, if thought fit, to:

- i) approve final completion of the Barclays RCF extension; and
- ii) approve the terms of, and the transactions contemplated by, the Amendment Agreement and resolve that LSBU executes the Agreement; and to authorise a specified person or persons to execute the Agreement on its behalf.

10. **Review of risk appetite**

The Board approved the updated risk policy which had been reviewed by the Group Audit and Risk Committee.

The Board discussed the updated risk appetite framework. Based on the definitions in the risk appetite framework, the Board agreed the following risk appetite for the University:

- academic activity – “open”
- financial – “moderate”

- regulatory / compliance / reputation – “moderate”
- operational delivery – “open”
- people / culture – “open”
- infrastructure – “open”

The Board noted that its annual detailed discussion on the corporate risk register would take place at the November 2021 Board meeting.

11. Health and safety policy

The Board approved the health and safety policy and statement subject to a minor change to be approved by the Chair of the Board.

12. EDI strategy

The Board noted the EDI strategy, which had been reviewed by FPR.

13. Reports and decisions of committees

The Board approved that Tara Dean, Provost, be added to the University’s bank mandate.

14. Delegation of authority

The Board noted the update on delegations of authority in relation to the RCF with AIB, the incorporation of the SU, the lease for Electric House at Croydon and the dispute over the London Road redevelopment.

The Board ratified the decision made by MPIC in 2018 to approve the reception services contract for a total value (including extensions) of £5,953,546.

15. Board strategy day report

The Board noted the notes from the group strategy day of 23 September 2021.

16. Declaration of interests

The Board authorised the declared interests, for publication.

The Board delegated future approval of executive interests to the remuneration committee.

17. **Board and committee membership**

The Board noted the update on committee membership for 2021/22.

18. **Annual business plan**

The Board noted its annual business plan.

**Date of next meeting
4.00 pm, on Thursday, 25 November 2021**

Confirmed as a true record

..... (Chair)

**BOARD OF GOVERNORS - THURSDAY, 21 OCTOBER 2021
ACTION SHEET**

Agenda No	Agenda/Decision Item	Action	Date Due	Officer	Action Status
8.	VC report	Lessons learned report on the cyber incident to be considered by GARC.	28 October 2021	Chief Customer Officer	Complete
8.	VC report	Update on semester one student recruitment to be given to FPR when numbers are final.	1 March 2022	Chief Customer Officer	In progress
10.	Review of risk appetite	Annual detailed discussion on the corporate risk register to take place at the November 2021 Board meeting	25 November 2021	Chief Financial Officer	Complete – on agenda

This page is intentionally left blank

	CONFIDENTIAL
Paper title:	Group Audit and Risk Committee Annual Report
Board/Committee	Board of Governors
Date of meeting:	25 November 2021
Author:	Kerry Johnson, Governance Officer
Sponsor:	Duncan Brown, Chair of the Group Audit and Risk Committee
Purpose:	For information
Recommendation:	The Board is requested to note the 2020/21 Group Audit and Risk Committee annual report.

Executive Summary

Introduction

The Group Audit and Risk Committee is required under the Financial Memorandum with the OfS to produce an annual report of the committee to the Board of Governors and the Accountable Officer (the Vice Chancellor).

Guidance from OfS is that it must include any significant issues and should be considered by the Board before approval of the accounts. It must also include the committee's opinions on the adequacy and effectiveness of LSBU's arrangements for the following:

- Risk management, control and governance;
- Economy, efficiency and effectiveness (value for money);
- Management and quality assurance of data submitted to HESA and to the OfS, SLC and other funding bodies.

GARC opinions

1. The Committee's opinion on the institution's risk management, control and governance is that these arrangements are adequate and effective.
2. The Committee's opinion on the arrangements for the economy, efficiency and effectiveness of the University is that they are adequate and effective.

3. The Committee's opinion on the management and quality assurance of data submitted to HESA, the Student Loans Company, the OfS, Research England and other bodies is that the University has adequate assurance.

Recommendation

The Board is requested to note the 2020/21 Group Audit and Risk Committee annual report.

Annual Report of the Group Audit and Risk Committee to the Board of Governors and the Accountable Officer 2020/21

Executive summary

During the year to 31 July 2021, the Group Audit and Risk Committee met seven times. In addition to the four scheduled meetings, the Committee held two extraordinary meetings to discuss the ongoing response to the coronavirus pandemic (in August and September 2020) and one extraordinary meeting (in May 2021) to discuss the restoration of IT services following the cyber incident in December 2020.

Key matters completed by the Committee for the year 2020/21 include:

- review and clearance of the University's 2020/21 annual report and accounts, including consideration of going concern (paragraph 8);
- review of external audit findings and KPMG's letter of representation (paragraph 8);
- approval of the plan for BDO's internal audit review work for the following year (paragraph 12);
- at each meeting, detailed consideration of BDO's internal audit reports (paragraph 12);
- four scheduled meetings with BDO and four scheduled meetings with KPMG in the absence of all University staff;
- consideration of the annual internal audit report (paragraph 14);
- regular review of the corporate risk framework, including policy and risk appetite (paragraph 17);
- approval of a statement of internal control (paragraph 19).

Introduction

1. This report covers the financial and academic year from 1 August 2020 to 31 July 2021 and includes any significant issues up to the date of the signing of this report and consideration of the financial statements for the year.
2. No member of the Group Audit and Risk Committee has, or has had during the year, a direct role in the management of the University. All members of the Committee are asked to declare any interests in any item of business on the agenda at each meeting.
3. During 2020/21, the Group Audit and Risk Committee was chaired by Duncan Brown, an independent governor. Other members of the Committee during the year were: John Cole, Mark Lemmon and independent co-optee, Rob Orr. Following an effectiveness review in the year, the Committee considers it has individuals with an appropriate mix of skills and experience to allow it to discharge its duties effectively.
4. All members of the Committee are independent of management. James Stevenson, Group Secretary & Clerk to the Board, served as secretary to the Committee throughout the year.
5. The Committee held four regular business meetings during the financial year to 31 July 2021. The Vice Chancellor, Chief Financial Officer and, as required, other members of the Group Executive were present. The internal auditors and the external auditors were present at all four meetings. Two additional extraordinary meetings were held: one to discuss coronavirus recovery and the return to campus, and one to discuss the IT incident and associated action planning. For the financial & academic year 2021/22 the Committee will hold four regular business meetings (October, November, February, and June), and has held one extraordinary meeting in October 2021 to review lessons learned from the IT incident..
6. The Committee's terms of reference are reviewed annually in the autumn. The Committee has an agreed forward business plan which is used to plan its agendas during the year and is reviewed at each meeting.

External Audit

7. At its meeting of 15 June 2021, the Committee approved the external audit plan for the financial year 2020/21.

8. At its meeting of 11 November 2021 the Committee considered and recommended to the Board for approval the draft financial statements for the year ended 31 July 2021, subject to final amendments. The Committee considered in detail the audit opinion from KPMG UK LLP. The Committee considered and recommended to the Board for approval the letter of representation from the Board of Governors to KPMG UK LLP.
9. Performance indicators have been agreed against which the performance of the external auditors is measured. At its meeting of 11 November 2021, the Committee received a report on performance against indicators. The external auditors met all of the agreed performance indicators.
10. On 11 November 2021, the Committee met KPMG UK LLP in the absence of any University employees to discuss the year end audit and other matters.
11. Non-audit work provided by KPMG UK LLP for LSBU for the year ended 31 July 2021 was as follows:
 - £7,250 (loan covenant compliance)
 - £21,990 (international tax compliance)
 - £30,310 (other tax assurance work)

Internal Audit

12. The University's Internal Auditors for the year were BDO LLP. BDO worked to an internal audit plan of 206 days across the LSBU Group, approved by the Committee at its meeting of 18 June 2020. 206 days of work were delivered. The Committee has received progress reports from BDO against the plan at every meeting.
13. During the year 20 internal audits were undertaken (2020: 17). Due to the IT outage, the audit of student wellbeing was deferred, and the LSBU part of the student experience audit was deferred to 2021/22 and replaced with student experience at SBA. Additional reviews of the finance system (post-cyber incident) were added to the plan for LSBU and SBC.
14. The internal auditor's annual report for 2020/21 (dated October 2021) provided a positive assurance statement with an overall opinion of "generally satisfactory with improvements required in some areas". The internal audit annual report found:

"The controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management,

control and governance arrangements and value for money. However, there are some areas where weaknesses and/or non-compliance were identified and therefore may put the achievement of objectives at risk... Where weaknesses have been identified, improvements are required to enhance the design and/or effectiveness of risk management, control and governance arrangements and value for money arrangements.”

15. The internal audit annual opinion drew particular attention to the IT disaster recovery for LSBU, “where no assurance on the design of controls has been provided”.
16. In total, five high risk findings were raised across the Group. Four of these were raised in the IT disaster recovery internal audit (discussed in detail by the Committee at its extraordinary meeting of 28 October 2021), and one related to SBC apprenticeships. BDO concluded that “the control weaknesses identified in these audits were specific to those areas. Management has also agreed action plans for each of the audits and progress to implement these is underway”.
17. The Committee met BDO prior to each of its four regular meetings, in the absence of any of the University’s employees.

Risk management, control and governance

18. The Committee reviewed the corporate risk register at each meeting. In addition, the committee annually reviews risk strategy and risk appetite and makes recommendations to the Board of Governors. The University’s corporate risk framework is aligned to the Corporate Strategy. The 2020-25 Strategy was approved by the Board of Governors on 16 July 2020.
19. The Group risk policy and risk appetite framework were reviewed during summer 2021, following recommendations from the Group Audit and Risk Committee effectiveness review, and were approved by the Board of Governors on 21 October 2021.
20. At its meeting on 11 November 2021, the committee reviewed the effectiveness of internal controls and approved the full compliance statement for inclusion in the annual report and accounts.

Economy, Efficiency and Effectiveness

21. BDO considers value for money (VFM) as part of its work on LSBU's systems of internal control and as part of each internal audit review. In its annual report, BDO states that "one audit was completed in the period which considered aspects of VFM, facilities contract management at SBA, and improvements around ensuring the schools are receiving the value from the services received from their contractors were identified". The annual report from BDO notes that the audit of London Road post-project review, which was due to consider value for money, was deferred until 2021/22 as the project is not yet complete.

Management and quality assurance of data submitted to Higher Education Statistics Agency, the Student Loans Company, the OfS, Research England and other bodies

22. Both financial and student data are monitored regularly through management controls and independently tested through the internal audit continuous audit programme. No significant findings have been reported. At its meeting of 11 November 2021 the Committee noted the data assurance return.

Public Interest Disclosure

23. Under the "Speak Up" policy the Group Secretary reported on Speak Up activity at every meeting of the Group Audit and Risk Committee. The Chair of the Committee acts as the independent point of contact for anyone wishing to raise a Speak Up matter outside line management, and reviews the conclusion of any subsequent investigation.

24. No matters were reported through the Speak Up policy during the year.

25. The Speak Up policy was reviewed during January 2021, and no changes were made. The Group Secretary confirms that the policy has been communicated to staff during the year.

Anti-Fraud

26. Under LSBU's anti-fraud policy the Chief Financial Officer reported on any fraud matters at every business meeting. Zero irregularities were reported to the Committee during 2020/21.

27. One incident of a potential breach of financial regulations, involving the purchase of IT equipment, was reported to the meeting of 5 October 2021, and was under investigation in line with the Group's fraud response procedure at the time of writing.
28. The Group Executive did not consider the cyber incident of December 2020 to be an incident of fraud.
29. The anti-fraud and anti-bribery policies were updated during 2020/21 to reflect their application across the LSBU Group.

Reportable events to the OfS

30. An update on any reportable events was noted by the Committee at each meeting. There was one reportable event during the year, which related to conferring degrees on a defined cohort of students due to a system outage during the recovery period after the cyber incident.

Group Audit and Risk Committee effectiveness review

31. The Group Audit and Risk Committee carried out an effectiveness review during spring 2021, the results of which were reported to its meeting of 15 June 2021. This review assessed the committee against the new Higher Education Audit Committees Code of Practice, as published by the CUC in May 2020.
32. The effectiveness review, which was led by the Senior Independent Governor, found that the committee was considered to be effective and high-quality, with the right balance of skills and experience. The Chair was particularly praised by respondents.
33. An action plan was produced to address the findings of the review, and is being monitored by the Committee at each meeting.

Opinion of the Group Audit and Risk Committee

Risk Management, Control and Governance

34. The Committee's opinion on the institution's risk management, control and governance is that these arrangements are adequate and effective.
35. This opinion is based on:

- a review during the year of the risk policy, risk appetite and the input process into the Group risk register;
- the Internal Audit annual report for 2020/21 which gave the opinion that “the controls in the areas which we examined were found to be suitably designed and operating effectively to achieve the specific risk management, control and governance arrangements and value for money”;
- the Executive’s detailed review of internal controls. This review was considered by the Audit Committee on 11 November 2021.

Economy, Efficiency and Effectiveness

36. The Committee’s opinion on the arrangements for the economy, efficiency and effectiveness of the University is that they are adequate and effective.
37. This opinion is based on the Internal Audit annual report, 2020/21 which gave the opinion that “we are satisfied that sufficient audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy of the Group’s risk management, control and governance processes, and its arrangement for economy, efficiency and effectiveness”.

Management and quality assurance of data submitted to Higher Education Statistics Agency, the Student Loans Company, the OfS, Research England and other bodies

38. The Committee’s opinion on the management and quality assurance of data submitted to Higher Education Statistics Agency, the Student Loans Company, the OfS, Research England and other bodies is that the University has adequate assurance.
39. Both financial and student data are monitored regularly through management controls and independently tested through the internal audit continuous audit programme. No significant findings have been reported. At its meeting of 11 November 2021 the Committee noted the data assurance return.

This annual report was approved by the Group Audit and Risk Committee on 11 November 2021.

Signed

Duncan Brown
Chair of the Group Audit and Risk Committee
November 2021

	CONFIDENTIAL
Paper title:	Remuneration Committee report to Board
Board/Committee:	Board of Governors
Date of meeting:	25 November 2021
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	Jeremy Parr, Chair of the Remuneration Committee
Purpose:	For Information
Recommendation:	The Board is requested to note the annual remuneration report.

Executive summary

Annual remuneration report

Under ‘The Higher Education Senior Staff Remuneration Code’ by the CUC, the Remuneration Committee has produced an annual remuneration report to the Board. The University must also publish a remuneration annual statement, which the Code expects should be the same as the report provided to the Board.

The Remuneration Committee has agreed that the report to the Board and the public report should be the same. The report will form part of the annual report and accounts and be published on the University’s website.

Under the Code, the report should “provide sufficient assurance to the governing body that the Remuneration Committee has effectively discharged its responsibilities”.

The report largely follows the template report provided by the CUC and sets out the University’s approach to remuneration for all staff and Senior Executives, how executive salaries are benchmarked, institutional performance, the performance, pay and bonus of the Vice Chancellor and the University’s approach to external income for executive members, severance and expenses.

As set out in the report, the committee has agreed that based on the distinctive challenges and structure of the LSBU group the following relevant benchmarks and indicators would normally be taken into consideration when setting and reviewing the Vice Chancellor’s salary:

- London modern universities

- To the extent available, institutions of similar size and type based on UCEA data (this data will be interpreted to take account of LSBU's London location by adding 5%); and
- To the extent available, other universities with a group structure or similar complexity of structure or regulatory framework.

Senior executive pay is independently benchmarked every three years. Korn Ferry carried out this review in September and October 2021. Following this review the remuneration committee has agreed that overall benefits for the Senior Executive team remain broadly comparable for their roles, but that some adjustments might need to be made, depending on performance, in future years.

Recommendation

The Board is requested to note the annual remuneration report.

Annual Remuneration Report, 2020/21

Introduction

This remuneration report sets out the University's approach to determining senior pay and outlines performance and reward during the year.

The Board has adopted the CUC Remuneration Code and approved a senior remuneration policy. A key principle of the latter is to ensure base salaries for established executives, performing well, are competitive in the London market-place and beyond i.e. normally no worse than the London median for comparable institutions. In addition, the remuneration policy includes, where appropriate, individual and team based executive bonus awards for achieving stretching and clearly defined key performance indicators and objectives.

The Remuneration Committee is responsible for determining the remuneration of the Group CEO and Principal Accounting Officer (also the Vice Chancellor of the University and Accountable Officer/CEO SBC) and Senior Executives covered by the Senior Remuneration Policy. Senior Executives are the senior leaders of LSBU Group who report directly to the Group CEO. The Senior Executives for the year are listed on page [x](#).

Full details of the senior pay policies referred to in this report are available on the LSBU website.

Terms of Reference

The Remuneration Committee's Terms of Reference are available [online](#).

Committee Membership 2020/2021

The members of the committee for the year 2020/21 were Jeremy Parr (Committee Chair), Jerry Cope (Chair of the Board), Michael Cutbill (Vice Chair of the Board), Mee Ling Ng (until March 2021) and Deepa Shah (from March 2021 to October 2021). All members of the committee are independent governors. No members of the executive are members of the committee. The Group CEO is invited to committee meetings where appropriate, such as to make recommendations on pay awards and bonuses of senior executives. No member of the executive was present for any discussion on their own remuneration.

Committee meetings 2020/21

The committee met three times in the 2020/21 academic year.

- 3 November 2020
- 30 March 2021 (by email)
- 22 June 2021

The committee also met on 2 November 2021 to consider Senior Executive performance and remuneration for 2020/21.

Approach to remuneration of all staff in 2020/21 and for 1 August 2021 onward

LSBU Group is a large complex organisation requiring both general and specialised leadership to fulfil its strategic objective of being seen as a nationally leading provider of technical and professional education. This requires the provision of high-quality teaching and support to its students, at home and overseas, enabling them to face the real world confidently and successfully. The teaching environment will be underpinned by input from employers and will have a strong focus on enterprise and applied research.

To achieve this objective, LSBU Group needs to attract, retain and motivate a strong calibre of leaders with competitive remuneration packages, within both a London and international labour market. However, the approach to senior remuneration must be framed within a context that all LSBU Group employees are, and feel, remunerated fairly for their roles and responsibilities and enthusiasm for the success of the University and Group.

At the LSBU Group, we create an environment which attracts and fosters the very best staff, and in which all staff, whatever their role, feel valued and proud of the Group and take appropriate responsibility for its development. Embracing and integrating equality and diversity and inclusion is fundamental to our success and growth as providers of technical and professional education alongside research and enterprise.

Senior Remuneration

In setting senior remuneration, LSBU has adopted the CUC Higher Education Senior Staff Remuneration Code (2018).

LSBU's Senior Remuneration Policy (agreed by the Board in October 2018) sets out the following principles for senior remuneration:

- Remuneration will be applied to ensure that it is discrimination free, and based on job scale and complexity;
- Base salaries for established executives, performing well, are competitive in the London market-place and beyond i.e. normally no worse than the London median for comparable institutions
- Overall remuneration levels, including benefits, will be set to attract and retain good quality leaders, with a significant element of reward based on performance, assessed against objectives;
- Starting packages will reflect the experience and capability and particular circumstances of candidates, and the size and challenge of the particular role facing them;
- New starters will initially therefore often receive higher than average annual increases as their performance moves towards and as appropriate above the median expected for the role;

- Overall nonetheless the average % annual pay increases for senior executives as a whole will normally be no higher than for all employees, including the value of increments, where paid;
- Account will also be taken of the ratio of the Group CEO's base salary within an HE setting and total remuneration to the median earnings of the university as a whole, both absolute and the change from the previous years.
- Individual annual pay increases will be influenced by performance, but in general good or exceptional performance will be rewarded mainly by annual unconsolidated bonus rather than basic pay;
- This individual performance annual bonus scheme, currently set at a maximum of 10% of basic pay, will be based on pre-agreed clear measurable output-based objectives; no individual bonus will normally be paid unless the University meets an overall financial target set by the Board as a whole;
- At the Remuneration Committee's discretion, a team bonus awarded against specific team objectives in addition to the individual bonus will operate, currently set at a maximum of 8% with the potential to rise to 10% on the approval of the Remuneration Committee
- At the Board's discretion, the overall package may also include a longer-term incentive scheme, the perceived value of which should be included in assessing comparability with equivalent institutions;
- The Board will publish the value of the packages of some or all of its senior executives, in the way defined and required by the Office for Students (OfS);
- These principles will be resubmitted to the full Board for endorsement, as a minimum once every three years and will be published in LSBU's Report & Accounts.

Benchmarking

The committee has agreed that based on the distinctive challenges and structure of the LSBU Group the following relevant benchmarks and indicators would normally be taken into consideration when setting and reviewing the Group CEO/Vice Chancellor's salary:

- London modern universities
- To the extent available, institutions of similar size and type based on UCEA data (this data will be interpreted to take account of LSBU's London location by adding 5%); and
- To the extent available, other universities with a group structure or similar complexity of structure or regulatory framework.

Senior executive pay is independently benchmarked every three years. Korn Ferry carried out this review in September and October 2021. Following this review the remuneration committee agreed that overall benefits for its Senior Executive team remain broadly comparable for their roles, but that some adjustments might need to be made, depending on performance, in future years.

The Korn Ferry Hay method of job evaluation was used to set the benchmark for all Executive level jobs and salaries.

Institutional performance, 2020/21

The Board monitors the performance of the University through the agreed key performance indicators. As set out in the *Strategic Report*, the University performed well in terms of both financial and many strategic outcomes, notwithstanding that some strategic objectives were inevitably impacted by the Covid pandemic and by the disruptive IT outage which the university experienced in late 2020.

Institutional performance including areas measured by the key performance indicators plus individual objectives are reviewed as part of individual Senior Executives' appraisals and are overseen by the Remuneration Committee.

Group CEO performance, 2020/21

This assessment of the Group CEO's performance is for academic year 2020/2021. The bonus awarded based on performance for academic year 2020/21 will be paid in financial year 2021/22 and appear in next year's accounts.

The Group CEO's performance was reviewed by the Chair of the Board as part of the appraisal process, looking at key results both against key KPIs for the University and Group, which the Group CEO oversees, and against the specific personal objectives (marked *) set for the Group CEO by the Remuneration Committee:

- *The financial stability of the organisation has continued and the diversity of income streams has been increased;
- High standards of safety have been achieved across all parts of the LSBU Group;
- Recruitment in 2021, has held up or increased, thanks to the growing reputation of the University;
- *Institutional reputation across the Group has improved but disappointingly specific UK League table rankings for the University have decreased primarily following a change in the measurement in the Sector of student outcomes, but also impacted by a relative drop in National Student Survey scores;
- The KEF return was submitted and placed LSBU in the top quartile based on normalised data and the REF submission was completed with almost double the staff submitted previously. These measures have driven improvements in the Times World Rankings (now joint 83rd in UK 801-1000 globally);
- Good progress in terms of student outcomes continues to be made at Lambeth College, a key element of the family of educational institutions' strategy; financial performance continues to be a challenge but plans to complete the recovery are progressing;
- Costs have been controlled carefully, but with investment in key strategic areas;
- *Staff engagement was again strong at a time of significant change and disruption;
- *Notwithstanding affordability challenges, progress has been made on a number of key major projects and plans, including the opening of an exciting new campus at Croydon;

- The new Group strategy building on the growing family of educational institutions vision is underpinning key strategic initiatives;
- There has been strong and confident leadership during the pandemic ensuring that students across the Group were well supported to achieve their learning objectives; and
- High profile contributions have been made on the national stage in terms of the development of the Sector, especially on social mobility and on technical universities.

In conclusion, the Group, with a prudent financial strategy, is well placed to thrive and improve student outcomes in a potentially tough environment going forward. The Board continues to recognise the importance of maintaining a strong and determined leadership team across all areas of activity.

During the year under review, the Group CEO was awarded a bonus of £12.7k for individual performance (a bonus of £17.9k was awarded for performance in 2019/20) and a bonus of £3.7k for team performance.

Performance related pay, 2020/21 and 2021/22

Under the Senior Remuneration Policy, for 2020/21, the Group CEO and Senior Executives were eligible for a bonus of up to 10% of salary and for a team bonus of up to 8% of salary as set out in the remuneration principles above. The award of both individual and team bonuses is reviewed and approved by the Remuneration Committee.

During the year, the University met its overall financial target and nine members of the executive were eligible to receive an individual bonus and nine members a team bonus. Following the appraisal process and a report on performance against individual measurable objectives, the Committee approved nine individual (including the Group CEO) bonuses and a team bonus (of 1.56%) together totalling £90.9k (for 2019/20 performance, eight individual bonuses and a team bonus were awarded totalling £100k).

There is a separate performance related pay scheme for Senior Managers (grades A – B. Bonus of up to 3% of salary) and Senior Leaders (grade C. Bonus of up to 10% of salary). Staff eligible for performance related pay receive annual inflation uplifts to their base pay. Bonuses for performance during 2020/21 were determined in November 2021.

Total Remuneration: Group CEO

The table below sets out payments to the Group CEO during 2020/21 with a comparison to 2019/20. The bonus figure relates to performance in the previous year.

Emoluments of the Group CEO	2020–21	2019–20
	£'000	£'000
Salary	238	238
Accommodation allowance	10	10
Performance related pay	33	30
Taxable benefits	1	1
Subtotal	282	279
Pension scheme contributions or payments in lieu of pension contributions	35	35
Total	317	314

For 2020/21, the Group CEO/Vice Chancellor has been awarded a pay increase of 1.5%, in line with the pay award to LSBU employees.

Pay Multiple

The Group CEO/Vice Chancellor's basic salary is 6 times the median pay of staff across the university, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The Group CEO/Vice Chancellor's total remuneration salary is 6.9 times the median total remuneration of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the university to its staff.

The pay multiple has remained in line with that of previous years.

Year	Ratio – basic salary	Ratio – total remuneration
2020/21	6.06	6.89
2019/20	6.23	6.94
2018/19	6.15	6.78
2017/18	6.18	6.86

2016/17	6.33	7.01
2015/16	6.10	6.97

The ratios do not include agency workers.

The LSBU ratios compare to the average sector ratio of 6.4 for basic pay and 6.97 for total remuneration (based on HESA Head of Provider data for 2019/20).

External appointments, expenses and severance

LSBU's policy on the declaration and retention of income generated from external bodies is that Executive members are expected to declare any external income. The expectation is that external income can either be retained or shared with the institution. Agreement shall be sought from the Vice Chancellor (and in the case of the Group CEO by the Chair of the Board and reported to the Chair of the Remuneration Committee). Where Executive members are appointed on a fractional basis it may well be external activity can be accommodated outside contract but it should still be declared to avoid conflict. The Remuneration Committee reviews these declarations.

In 2020/21, the Group CEO donated royalties to the University's hardship fund. The Group CEO did not undertake any external remunerated activity.

LSBU's Expense policy is available online. It applies to all staff including Senior Executives.

In 2020/21, the Group CEO's expenses totalled £869. These are payments on a purchasing card for travel, accommodation, meals, entertaining and other authorised costs. No travel was booked through the University's central travel buying team for the Group CEO and no expenses were claimed through the payroll.

The Remuneration Committee has approved a policy on severance arrangements.

This page is intentionally left blank

	INTERNAL
Paper title:	Senior remuneration policy
Board/Committee:	Board of Governors
Date of meeting:	25 November 2021
Author(s):	Jerry Cope, Chair of the Board
Sponsor(s):	Jeremy Parr, Remuneration Committee Chair
Purpose:	For Approval
Recommendation:	The Board is requested to approve the updated senior remuneration policy.

Executive Summary

Under element 3b of ‘The Higher Education Senior Staff Remuneration Code’ by the CUC, universities are expected to publish a “policy on the remuneration for post holders within the remit of Remuneration Committee”.

The attached policy takes into account the three elements of fair and appropriate remuneration as set out in the code. It was approved by the Board in 2018. In line with the policy, it has been reviewed by the Remuneration Committee.

The main proposed change to include a new principle that “Base salaries for established executives, performing well, will be competitive in the London market-place and beyond i.e. normally no worse than the London median for comparable institutions”.

The Board is requested to approve the updated senior remuneration policy.

This page is intentionally left blank

Group Senior Remuneration Policy

Context

1. LSBU Group is a large complex organisation requiring both general and specialised leadership to fulfil its strategic objective of being seen as a nationally leading provider of technical and professional education. This will require the provision of high quality teaching and support to its students, at home and overseas, enabling them to face the real world confidently and successfully. The teaching environment will be underpinned by input from employers and will have a strong focus on Enterprise and applied Research.
2. To achieve this objective, LSBU Group needs to attract, retain and motivate a strong calibre of leaders with competitive remuneration packages, within both a London and international labour market. However, the approach to senior remuneration must be framed within a context that all LSBU Group employees are, and feel, remunerated fairly for their roles and responsibilities and enthusiasm for the success of the University and Group.
3. In setting remuneration, LSBU has adopted and complies with the CUC Higher Education Senior Staff Remuneration Code (2018). Any non-compliance with the Code will be explained in the annual remuneration report.
4. This policy focuses on senior pay to be determined by the Remuneration Committee, which will focus as a minimum on the Vice Chancellor (who also acts as CEO for the Group) and leaders reporting to the Vice Chancellor, but may include other senior leaders as appropriate; the policy should be compatible with remuneration policy throughout the University.

Principles

5. Within this context the following principles for senior remuneration apply:
 - Remuneration will be applied to ensure that it is discrimination free, and based on job scale and complexity;
 - Base salaries for established executives, performing well, will be competitive in the London market-place and beyond i.e. normally no worse than the London median for comparable institutions;
 - Overall remuneration levels, including benefits, will be set to attract and retain good quality leaders, with a significant element of reward based on performance, assessed against objectives; Starting packages will reflect the experience and capability and particular circumstances of candidates, and the size and challenge of the particular role facing them;
 - New starters will initially therefore often receive higher than average annual increases as their performance moves above the median expected for the role;
 - Overall nonetheless the average % annual pay increases for senior executives as a whole will normally be no higher than for all employees, including the value of increments, where paid;
 - Account will also be taken of the ratio of the VC's base salary and total remuneration to the median earnings of the Institution as a whole, both absolute and the change from the previous years.

- Individual annual pay increases will be influenced by performance, but in general good or exceptional performance will be rewarded mainly by annual unconsolidated bonus rather than basic pay;
- This individual performance annual bonus scheme, currently set at a maximum of 10% of basic pay, will be based on pre-agreed clear measurable output-based objectives; no individual bonus will normally be paid unless the University meets an overall financial target set by the Board as a whole;
- At the Remuneration Committee's discretion, a team bonus in addition to the individual bonus will operate, currently set at 8% with the potential to rise to 10% on the approval of the Remuneration Committee;
- At the Board's discretion, the overall package may also include a longer-term incentive scheme, the perceived value of which should be included in assessing comparability with equivalent institutions;
- The Board will publish the value of the packages of some or all of its senior executives, in the way defined and required by the Office for Students (OfS);
- These principles will be resubmitted to the full Board for endorsement, as a minimum once every three years and will be published in LSBU's Report & Accounts.

Process

6. The Remuneration Committee is a sub-committee of the Board of Governors. It is comprised of independent governors, including the Chair of the Board. It is chaired by a senior independent governor. The Vice Chancellor is not a member of the committee.
7. The Remuneration Committee:
 - oversees the process of determining remuneration as set out through the principles above;
 - determines each Senior Executive's starting package, pay award and any performance bonus, based on recommendations from the Vice Chancellor (for his/her direct reports) and the Chair of the Board (for the Vice Chancellor);
 - recommends this remuneration policy to the Board for approval;
 - approves the design of any bonus scheme for Senior Executives;
 - approves the objectives of the Vice Chancellor for performance bonuses;
 - monitors the objectives being set for performance bonuses of Senior Executives;
 - approves a policy on external income for Senior Executives;
 - approves a policy on severance arrangements for Senior Executives; and
 - any other areas as defined in its terms of reference.
8. The Committee will have a particular role to play in ensuring application of this policy is discrimination-free.
9. The Vice Chancellor will be invited to present her/his recommendations to the Remuneration Committee on his/her direct reports. He/she will not be present for any discussion on her/his own remuneration. The Vice Chancellor or other senior executives will not have a role in the final decision on pay and other awards for themselves.

10. The Remuneration Committee Chair will report as a minimum annually to the full Board on how the Committee has carried out its duties, and this annual report will be included in LSBU's Report & Accounts.

This page is intentionally left blank

	CONFIDENTIAL
Paper title:	Prevent Annual Report
Board/Committee:	Board of Governors
Date of meeting:	25 November 2021
Author(s):	Ed Spacey, Director of Group Assurance
Sponsor(s):	Fiona Morey, Executive Lead for Prevent
Purpose:	For approval
Recommendation:	The Board is requested to approve the contents of the annual Prevent return ahead of submission to the OfS.

Executive summary

The annual Prevent return outlines the range of measures undertaken in order to demonstrate due regard to the Prevent Duty. During this period there has been one issue reported as a prevent concern, which was looked into internally and required no further prevent action.

The OfS submission date for the annual return is 1 December 2021.

A full new Prevent Training package is currently being developed to be launched by January 2022.

This page is intentionally left blank

Prevent Annual Report

1.0 Background and Purpose

- 1.1 To provide an annual report on the implementation of the “Prevent Duty”.
The “Prevent Duty” is the responsibility to stop people being drawn into terrorism.
- 1.2 The monitoring framework requires the University to submit an annual return to the Office for Students by 1 December 2021. The report covers the period of the last academic year and developments to date.

2.0 OFS Statement of Assurance

Recommendation

The Board of Governors approves the statement below and notes the text. A signed document is needed for the OfS return.

London South Bank University

- a) has had due regard to the need to prevent people being drawn into terrorism (the Prevent duty).
- b) has provided to the OfS all required information about its implementation of the Prevent duty.
- c) has reported to the OfS in a timely way all serious issues related to the Prevent duty, or now attaches any reports that should have been made, with an explanation of why they were not previously submitted.
- d) Has reviewed and where necessary, updated its Prevent risk assessment and action plan.

Name	
Signed	
Date	

3.0 Detail

- The Vice Chancellor is fully engaged with Prevent and the Pro Vice Chancellor Compulsory and Further Education (PVC) is Executive Lead.
- There have been no referrals to “Channel” during September 2020 to date.
- In 2020/21 there was 1 occasion where a prevent issue was raised internally, compared to 4 the previous year. This case involved a student who was making a “paintballing” sight using a 3D printer, and was referred by a staff member. After investigation, no further Prevent action was required.
- LSBU has a strong student welfare governance approach. It ranges from weekly student concern response meetings (328 student complex welfare cases monitored during the year, including covid related issues), to an Annual Board Report.
- The PVC chairs a Safeguarding Committee, which monitors Prevent. The Regional Prevent Co-ordinator has also attended this as a guest. Prevent issues are also reported to the Health and Safety Joint Committee three times per year.
- The Prevent Policy, Risk Assessment, Action Plan and External Speakers Policy has been reviewed with no significant changes. Training is monitored by the Safeguarding Committee, with a full new training package being developed and expected to launch January 2022.
- Covid has continued to prompt reconsideration of items within the risk assessment/implications of online learning. LSBU keeps up to date with issues within the Counter Terrorism Local Plan, via the Regional Prevent Co-ordinator.
- Student services delivers enhanced wellbeing support, including dealing with mental health and isolation issues. There are weekly communications, daily online support programmes, and pulse surveys. There is a full support package for those self isolating in Halls, including practical measures.
- The Director of Group Assurance is responsible both for Covid Recovery and strategic prevent issues.
- The Director of Group Assurance continues to be an active member of the London Regional Higher Education Prevent Network. He regularly attends Roundtable consultation meetings with the DFE on Counter Extremism, and its working groups on the approach to Prevent Training and case studies.

4.0 Data

Full details of the data numbers are provided as below. (Included only for the Executive Report not Board).

Welfare

Prevent Cases:

	Islamist radicalisation	Extreme right wing radicalisation	Mixed, unstable or unclear ideology	Other radicalisation	Total
Number of Prevent related cases escalated to the point at which the Prevent Lead has become involved	0	0	1	0	1
Number of Prevent related cases which led to informal external advice being sought from Prevent partners	0	0	1	0	1
Number of formal external Prevent referrals	0	0	0	0	0

For each Prevent related case please add information about how the case originated (e.g. concerns identified from behaviour online, or through accessing material online, through external speakers or as a result of a welfare issue) Max 300 words

This involved a student who was making a "paintballing" telescopic weapon sight using a University 3D printer. The issue was picked up by a Lab Technician member of staff who had received Prevent awareness training, and appropriately reported.

Events and Speakers approved		Number
i)	Total number of events/speakers approved through the external speakers process	275
ii)	Total number of events or speakers approved subject to any mitigations or conditions	0
iii)	Number of events/speakers approved subject to any mitigations or conditions due to Prevent related risks	0

Events and Speakers rejected

	Health and Safety	Procedural matters	Reasons related to Prevent risk	Other matters	Total
Total number of events or speakers rejected	0	0	0	0	0

For each case please add information about the reasons for rejection where that rejection was for reasons related to Prevent risk. Maximum 300 words.

Not applicable

Training	Number
i) Number of staff identified as key to Prevent delivery	40
ii) Number of key staff receiving induction Prevent training	4
iii) Number of key staff receiving refresher Prevent training	33
iv) Number of staff receiving broader welfare/safeguarding awareness training/briefing	267

	CONFIDENTIAL
Paper title:	Vice Chancellor's Report
Board/Committee:	Board of Governors
Date of meeting:	25 November 2021
Author(s):	David Phoenix, Vice Chancellor and CEO
Sponsor(s):	David Phoenix, Vice Chancellor and CEO
Purpose:	To update the Board on University matters
Recommendation:	The Board is requested to note the report.

Executive Summary

The VC's report for November 2021 covers key recruitment and progression data as well as an update on the development of the Group. In particular, the Board's attention is drawn to:

The number of students achieving good honours has increased and is now closer to the sector average (81% cf 83%).

The number of re-enrolling students 86.7% re-enrolled compared to 89.5% last year indicating a fall of 2.5%. The numbers progressing to the following year of their course is significantly down though on last year due, in the main, to increased failure rates at the September re-sit boards

Vice Chancellor's Report: November 2021

This report has been formatted around the three key outcomes listed in the corporate strategy followed by a review of activity related to the fit for the future.

1.0 Corporate Strategy Outcome 1: Student Success

The focus of this outcome is developing the learning pathway to improve student engagement and the outcomes they achieve.

1.1 Graduate Outcomes (Good Honours, Award Gap)

The distribution of degree classifications, including good honours has improved this year. Overall, the percentage of students achieving a good honours rose from 72% 2019/20 to 81% in 2020/21. It is expected that OfS could show interest in the increase this year given their public position on grade inflation but there are a range of factors which have influenced this outcome. This includes:

- Systematic structural changes to assessment practice based on TESTA (Transforming the Experience of Students through Assessment) in the Schools of Business and Applied Science;
- Institutional focus on interventions to reduce the awarding gap, which has seen the racialised awarding gap (BME vs White good honours gap) improve by 4%, from 17.8% in 19/20 to 13.6% in 20/21. As such we have met our external Access and Participation Plan target of 15% for 20/21, but we have also set annual internal stretch targets for the future and published these as KPIs for individual schools;
- The benefits of alternate \ online assessments for specific groups of students, particularly those with caring responsibilities or other time constraints; and
- Modification of our extenuating circumstances procedure to mitigate the impact of the impact of pandemic / lockdown and cyberattack.

The increase in good honours classifications closes the gap between LSBU and the rest of the sector. The most recent sectoral comparison is that available for 2019/20 and this showed that the sector average for good honours was 10 percentage points above LSBU (so in 2019/20, across the sector 83% of students obtained a good honours).

1.2 Progression

Our emerging data suggests a fall in student progression, with provisional figures of Y1-2 Progression at 73.7% and Y2-3 Progression at 77.9% for 2020/21 (both rates are for Sem. 1 starters only and compare to 2019/20 figures of 80.5% and 89.1% respectively). While these numbers can be expected to increase slightly over the next couple of weeks as more students re-enroll, they will fall significantly short of last year's results. It would appear that a key driver is the number of students failing modules and therefore requiring the need to repeat year or move to Part Time to make good the failed components

The progression challenge is thought to be the result of the cumulative impact of the pandemic and IT outage given the latter meant we lacked access to engagement data which is ordinarily used to identify students who might be struggling and at risk of non-progression in the following year. Actions to mitigate the impact of this situation, and prevent a recurrence this year, are as follows:

- Student Administration colleagues continue to contact students to encourage re-enrolment (up to 15th November). Enhanced review of engagement data will be conducted via Salesforce to support school decision making regarding late enrolments.
- The Student Engagement Monitoring process was reinstated this year, whereby students at risk of non-progression will be offered targeted support. This process will be supplemented by additional insight from engagement data held in Salesforce.
- Following Semester 1 Subject Area Boards, detailed resit reports will be produced for schools, to identify students who require support to complete resits during Easter. Wrap around support will be put in place from Student Support teams, triaging those students lost at risk of non-progression.

2.0 Corporate Strategy Outcome 3: Access to Opportunity

This outcome focuses on the need to work in partnership with key organisations to deliver our strategy and the civic engagement aspects of our vision.

2.1 Recruitment and Enrolment

The university's end-of-cycle recruitment position for September 21/22 entry measures at 7.4k FAs, or 108% of our 6.8k firm accept headcount target for S1. The university's annual enrolment operational is ongoing, with 5.9k fully enrolled which meets 99% of our headcount enrolment target of c6k students. Registry and enrolment teams continue to process a further 400 students who are engaged in the process and partially enrolled. Based on the mix and profile of those fully enrolled to date, the secure income for S1 is projected to be £48.3m net vs a target of £50.8m net as at the point of writing. The shortfall in income occurs because we have a surplus in part-time areas and a small deficit in full-time course areas. If the university can process a further 150 to 250 students to full enrolment stage, which is likely out of the remaining 400 engaged, the gap in income will be closed. The new Croydon campus has the potential to reach 200 by the end of the enrolment process. The new campus peaked at 225 FAs but a number of students did not start the enrolment process, and others did not achieve the academic conditions to start their course.

The university's January S2 intake is expected to build on the trend set for the last two years and to grow again, with nearly double the number of applications received (5.8k vs 3k) and double the number of offers made (2.4k vs 1.2k) compared to last year to date. Recruitment is ongoing and our growth is exclusively international driven, with domestic recruitment slightly weaker at this stage. The enrolment target for January stands at 650 students (with the two largest intakes being in Business and Engineering courses – 450 and 100 students respectively), and this appears achievable on current trends.

The overall LSBU picture is positive in terms of the number of re-enrolled students: 9556 compared to the income target of 8741 but, with an increase in the eligible population from last year, we are now at 86.7% re-enrolled compared to 89.5% (YTD). A spike in re-enrolments will take place in the last 2 weeks of the cycle (due to close on 15th November), as non re-enrolled students will have their access to campus/systems cut off and then have a limited window to complete re-enrolment online.

3.0 Group Updates

3.1 South Bank Academies

South Bank Academies have returned for the second half of the autumn term with a busy schedule of activities and developments. At South Bank University Academy there has been a significant push on attracting higher applications into Year 7 for next year through a range of activities including marketing, open events and outreach. The school now has more developed links with primary schools and is engaged in more community engagements. The school's annual development plan has been presented to governors and informs priorities for leaders this year, including recruitment, social justice and structures, in order to develop efficiently and effectively in line with the school's new vision and mission. Day 10 activities and other social and cultural capital development work continue with some new LSBU Group links.

At South Bank UTC we continue to drive development in preparedness for the upcoming Ofsted visit, with the development plan shaped accordingly. The expanded Associate Senior Leadership structure has been successful in creating leadership capacity. The health specialism continues to develop and evolve into its second year as does the engineering HNC programme. Increasing links across the Group including with Lambeth College 14-16 programme are being developed.

Discussions are currently underway with a School which may wish to join the MAT over the coming year.

3.2 South Bank Colleges

The new term is underway with all classes onsite and face to face. Recruitment of 16–19-year-olds is currently below target and will significantly impact the 22/23 budget. Adult recruitment is healthy and in line with target. There is good opportunity to increase apprenticeship provision which is currently a small part of the college's offer. I am currently working with the executive Principal to undertake a full review of the current staff structure in light of both cost pressures and future development needs as the new technical college comes on stream.

Work continues with the build of the new London South Bank Technical College with the first block on target to open in September 22 as scheduled. Detailed work is on-going in terms of curriculum design and development of a sustainable delivery model. After successfully passing stage 1 review we are submitting an application to the DfE for a £10.5 million grant to support phase two of the LSBTC development. Work is nearing completion on an IT infrastructure project that has been funded by a £900k grant from the DfE.

The college is expecting a full Ofsted inspection this term and is also dealing with a number of operational challenges linked to the need to upgrade IT and detection of legionella within the Salons as well as Union action on pay.

3.3 Croydon Campus

Majority of the campus has now been handed over and is being used by students and staff. A temporary cafe space has been set up in the Enterprise space whilst we await completion of the ground floor so there is no loss of service to students. The basement space, which will be used as a chiropractic clinic will not be required until June (2022) hence the fact it is not complete does not impact on delivery. Our updated design for the Courtyard space is awaiting planning permission from Croydon Council.

3.4 Institute of Health & Social Care

Earlier this month we welcomed our first intakes for BSc Adult Nursing, BSc Mental Health Nursing and BSc Chiropractic to Croydon Campus. We are developing strong local partnerships in Croydon with the Borough Council and with health and social care providers in the region. An event to showcase the facilities for health & social care employer partners is planned in December with some key strategic 1-2-1 tours taking place ahead of this. We are now planning to expand our portfolio at Croydon to include Social Work, Nursing Associate and CPD activity in the short term with potential for sports therapy and physiotherapy in the longer term.

LSBU student children's nurse Demie Risbie was awarded 'Student Nurse of the Year: Children' at this year's Student Nursing Times Awards held at the Grosvenor House Hotel. This was a particularly pleasing award as Demie was nominated by her placement provider, Great Ormond Street Hospital for her excellent contribution to the trust.

Professor Susanne Bench (Professor of Critical Care Nursing) has been employed by Guy's & St Thomas' NHS Trust in a joint professorial appointment with LSBU. Prof Bench will be Director of Nurse Led Research at GSTT, her joint appointment providing great collaborative research opportunities for the University.

Professor Alison Leary's campaign to provide legal protection to the title 'Nurse' has achieved significant public and media attention. This has resulted in ministers agreeing to review the title when the legislation governing the role and powers of the Nursing & Midwifery Council is next put before parliament.

4.0 Fit for the Future

4.1 Lambeth

The Heads of Terms and Exclusivity Agreement for the London Realty proposal is in place and contains a right of termination by SBC for a period of four months from the date of signing in July 2021. London Realty have spent a considerable sum of money on both their pre-planning application and design of the scheme. They have appointed design and legal teams and continue to work well with us. The Planning Performance Agreement between London Realty and Lambeth Council has been agreed and signed by both parties.

The demolition at Vauxhall is complete. A number of surveys are planned and/or underway to prepare the ground for the Block B construction these include archaeological surveys, pile removal and ground radar surveys to identify any unexploded bombs.

Due to the late start of the NESC project (delay caused by DfE signing Deed of Consent), there is a report of a delay to the completion date but it is hoped that this can be clawed back to ensure a Sept 2022 opening.

The term of the GLA grant has been successfully renegotiated due to expenditure of the project falling below the GLA profile. The GLA has agreed to extend the profile of the grant to the 2023/24 financial year i.e., the end of the retention period for the project. A Deed of Variation has been agreed and is awaiting GLA signature.

The SBC network replacement continues to be blocked by the delivery of the Jisc/OpenReach inter-site link which is delaying the planned improvements to student and staff experience. The Group Director for IT continues to chase this on a regular basis.

4.2 LSBU

With respect to London Road, Wilmott Dixon Interiors (WDI) has revised the completion date to the end of January 2022. Based on progress on site, this is more realistic but the LSBU Project Team has no confidence in this date as no programme has been supplied against which to monitor progress. The building will not, unfortunately, be ready for the start of Semester 2. There has been no resolution to the financial issues. The appointed external legal property expert Walker Morris LLP (WM), continue to provide advice and guidance in the day-to-day dealings with WDI to ensure the LSBU Team fully comply with the terms of the contract. Delta Consulting, an independent claims expert/expert witness has also been engaged by LSBU to review the WDI programme and loss and expense claims. Their initial report has been received and is being discussed/considered with WM. In line with the terms of the contract, LSBU issued a certificate of non-completion and continues to deduct £35k per week in liquidated and ascertained damages from the WDI monthly claims submitted for payment following verification by the LSBU appointed QS Team.

With reference to Perry Library/Keyworth Hostel, following clarification from LBS that the site was no longer needed as a location for the new Health Hub, further discussion took place regarding a purchase price for the hostel site. Despite reminders, no price has been provided for consideration. The redevelopment of the Perry Library site is not dependent on the acquisition of the hostel and a number of options for either redevelopment of the site or the retention of the existing building for other uses are currently being considered.

In terms of Havering, after more than 5 years trying to resolve the issue of the lease with the NHS, a Heads of Terms has been received and is currently being reviewed by Eversheds. The new lease would give us a further 5-year term on the site from the date of signing.

Planning permission for the Chapel project has been successfully separated from the overall St. George's Quarter Development project. Whilst currently on hold due to availability of funding, as the building is listed and on the 'at risk' register, we need to have a

restoration method statement approved by Southwark Council in place and the construction work underway by November 2023.

The fire door project across the Group continues despite both workforce and availability of materials problems experienced by the contractor which has had a detrimental effect on the programme. All remedial work in the residences will be completed by Christmas except for a small number of replacement door sets which are expected to arrive early January 2022. The remedial work in Lambeth College and the Academies is programmed to take place over the Christmas period to minimise disruption with a contingency plan for work to be undertaken during weekends and after teaching has finished should all work not be completed on time. The programme of remedial work across the LSBU non-residential estate is due to start in November with a completion date of July 2022. Due to the duration of the programme, higher risk areas are being prioritised including escape routes, electrical cupboards, plant areas, chemical stores etc. A number of mitigation measures have been put in place across the Group pending completion of the works. All work is being checked and certified by inspectors accredited under the Fire Door Inspection Scheme (FDIS). Inspections results are logged electronically on a maintenance tracking system available for our future use across the Group. With regards to the Croydon Campus, most of the fire doors are newly installed but any fire doors not being replaced have been inspected and the remedial work undertaken by the contractor who is still on site.

4.3 Public Affairs

On 15th October we held a successful ceremonial opening for LSBU Croydon. In addition to internal staff, the local MP (Sarah Jones); the Leader and relevant cabinet member of LB Croydon; and relevant directors and the Chief Executive of the Council were in attendance. The opening received coverage in the local press. The University is also sponsoring the Develop Croydon Conference taking place on 8th November and Alex Elkin, Director of South Bank Innovation, will be speaking on a panel on the topic of the Knowledge Economy.

The Chancellor delivered the Autumn Budget and the Spending Review on 27th October, announcing that the Government target of £22bn of public investment into R&D by 2024/25 will be delayed until 2026/27. Despite being expected, there were no announcements on university funding and finance. It is believed that this is due to a disagreement between the Department of Education and the Treasury over potential changes to the fee cap. There are now reports that the Government will be releasing a Higher Education White Paper before Christmas to address the policy developments in HE including: quality benchmarks, changes to the fee cap and direct funding; the possible reintroduction of student number controls or the introduction of minimum entry thresholds; and the details of the Lifelong Loan Entitlement.

I am meeting with former Universities Minister, Chris Skidmore MP on 30th November. Skidmore is currently chairing ResPublica's Lifelong Education Commission, in which I am involved as a Commissioner. The Commission's first report, *The Pathway to Lifelong Education*, was published at the start of October and contained a number of interesting recommendations. I also recently had a productive meeting with former Skills Minister (and alumna) Anne Milton. The Skills Minister, Alex Burghart's, office has been in touch about the Minister visiting to view a Skills Boot Camp session, which we are delivering in January

and February at our Croydon Campus in 'Solar Energy Decision Software' and 'Materials and Characterisation'.

The University has recently become a sponsor of the All Party Parliamentary Groups for Health and Net Zero and I am hopeful that this will provide an opportunity to showcase in front of Parliamentarians some of the excellent research we do in these two areas.

4.4 New JNCHES 2020-21 and FE Pay Negotiations

LSBU was alerted to UCUs intention to ballot on 7 October 2021. 152 institutions in total were balloted, seven balloted on USS only, 83 balloted over pay and working conditions (LSBU was one of these), with another 62 institutions in the UK faced two ballots over both USS and pay and working conditions.

LSBU results are now known. The number of individuals who were entitled to vote in the ballot was 273 and number of votes cast in the ballot 106. Votes cast in the ballot as a % of individuals who were entitled to vote 38.8% so did not meet the 50% threshold. Across the board 54 out of 146 voted in favour of the strike on pay. LSBU was not balloted on pensions.

4.5 Personal and Organisational Development

Work has commenced on our Career Pathways project with the aim of creating greater clarity and transparency for support staff on how we can help their progression in organisation through the creation of Job Families for the PSG. The process for annual Academic Promotions has now commenced under the new Provost and a parallel review is being undertaken into the process for the future with the aim of ensuring promotion decisions accurately reflect size and shape considerations and our Talent Management approach.

The new Reward and Benefits Platform (My Benefits) was launched on 25/10/21 at SBU and SBC. This gives staff an opportunity to have direct access to discounts across a range of retailers, restaurants, leisure, sporting and artistic activities. This will be followed at the end of November by STAR Vouchers which will enable senior managers to award vouchers to individuals and teams who have gone over and above for students and staff – this is our way of saying thank you just in time for Christmas.

4.6 Leap Update

The third release of Salesforce was successfully deployed into production on 18th October. Work has been undertaken to bring support and development of the new platform in-house over the past few weeks. This latest release brings functionality around pre applicant engagement, communications, and social media management, and supports interactions with Academic Staff through the Student Advisor Link (SAL) function. SAL is being piloted in Science and the intention is then to release SAL to the remaining schools over the course of the next 12 months.

The Student Record System (SRS) Project is currently aiming for a go live date of Spring 2023, The first core configuration work has been completed, and planning and training has been undertaken to migrate and cleanse data iteratively over the course of several months

from QL to the new environment. Key interdependencies include integration and wider data and reporting workstreams.

This page is intentionally left blank

Agenda Item 16

	CONFIDENTIAL
Paper title:	Report from the Group Chief Financial Officer
Board/Committee:	Board of Governors
Date of meeting:	25 November 2021
Author:	Richard Flatman, Group Chief Financial Officer
Sponsor:	Richard Flatman, Group Chief Financial Officer
Purpose:	To update the Board on financial matters.
Recommendation:	<p>The Board is requested to note the:</p> <ul style="list-style-type: none">• report, which provides a financial progress update on 2021/22 and an update on year end reporting matters for 2020/2• OfS financial reporting requirements for year end 2021 and in that context note that the updated 5 year financial forecasts will be presented for approval in January 2022• updated covenant compliance forecast• latest position regarding our current inability to secure ongoing cyber security insurance cover.

Attachments:

Appendix 1: Management accounts to 30 September 2021

Appendix 2: Forecast Covenant compliance

Report from the Chief Financial Officer: November 2021

1. Management accounts to 30 September 2021

LSBU

The budget for 21/22 has a target surplus of £2m. At this stage the University continues to forecast to that out turn but there are a number of risks and challenges to achieve that. In terms of Tuition Fees, against last year's out turn of £132.6m the University is budgeting for £127.8m of income and whilst re-enrolment has already hit target there is an emerging shortfall in new full time UK students starting in Semester 1. Our Enterprise income targets are significantly higher than 20/21 but this largely reflects an assumed return to normal levels of income from tenants and halls. Staff costs remain a challenge and the budget contains a return to normal vacancy factor. This year we are also funding the opening of LSBU Croydon and have lost London Weighting from the Teaching Grant which has had a £6m impact.

Total YTD income is ahead of the YTD budget, however this is due to the fact that we typically Budget for tuition fees when enrolment is completed in October.

With regard to the Tuition Fee forecast, Although the enrolment process is ongoing and so there are still a number of risks associated with our forecast, there are positive signs and our outcome is looking broadly in-line with last year with a total forecast for Semester 1 recruitment of £122.9M this compares to the £121.8m achieved in 2020 and a budget figure for Semester 1 of £122.8m.

The change in Forecast Tuition Fee income is driven by growth in continuing students rather than from new entrants. The forecast for Continuing students is currently £71.7M this compares to £68.7M achieved in 2020 and the budgeted figure of £70.3m and so would represent year on growth of £3m and be £1.4m better than budget.

The forecast income for New Students is currently £51.1M which compares to the £53.0M achieved in 2020 and the budgeted figure of £52.5m. H-FT-UG is trending £1.9m down, H-FT-PG is trending £0.7m down, Overseas is currently trending £0.7m up year on year although there remains a number of risks around enrolling this student group in time. This forecast is £1.4m worse than budget and so in totality Semester 1 Tuition Fees are forecast to be broadly on budget.

South Bank Colleges

The Full year forecast for South Bank Colleges remains as per the original budget approved. Ongoing review of the forecast position will continue in the course of year and estimated impacts on outturn reported accordingly.

This is the fourth year that the deficit at Lambeth College will be funded through the release of deferred income received from the ESFA as part of the transaction to acquire Lambeth College. The budget assumes that we will require £3.3m of income release to deliver a neutral position. This is an improvement of £0.9m as compared to 2020/21.

Income

Overall, income is in line with expectations for budget set to end of Sep 21. Grant income includes Teachers Pension Grant received for 8 months to end of March 22: £264k. Tuition fees and education contracts include schools income which has not yet been invoiced for the year pending confirmation of uptake; (£76k lower than linear 2 month forecast). Other income includes learner loan Income which is currently £127k behind linear forecast, however this can be attributed to time taken to process applications. A fuller review will take place in Oct reporting.

Expenditure

Staffing costs are reported at end of September as £788k lower than expected (25% lower than budgeted). This is mainly attributable to subcontractor costs not yet incurred for year to date (£471k) and overall pay and staffing costs £300k lower than profile. Although lower than profiled budget, this is in line with year to date expenditure for the same period last year and will be expected to move closer to budget profile as the year progresses, vacancies are filled and lag costs expected from agency staff are processed.

Non staffing costs are profiled on a 12 month linear basis, and are reported at 60% of budget expectations for the 2 month period. The full year forecast will be expected to meet overall budget expectations as budgets are utilised throughout the year. The position reported being driven by timing of expenditure.

Cash Flow

Commencement of construction at the Vauxhall site has a significant impact on the cash requirement for the College over the coming months and through to project completion. A separate supplementary project cash flow forecast is in place. The GLA, via their grant funding for this project, have agreed cash flow funding at 100% of the first 50% of expenditure rather than adopting the original match funding approach. However pressure is expected on the cash position as payments are received in arrears for contractor expenditure incurred. Further cash funding requests from the Group are expected to be required and these have been factored into the updated LSBU cashflow forecast.

Other updates

Main enrolment for 16-18 year olds for the college has completed and recruitment levels are disappointing; latest reports indicate they are 78% of funding levels estimated for budget purposes. The impact on funding, which at current levels is estimated as between £1.5m-£1.8m, is expected in 22/23 due to lag funding in this area. The college is working hard to offer alternative starts for this age group, particularly for those who either did not take up post GCSE options, or may find that 6th form is not the right option for them.

Adult recruitment has seen stronger demand and revenue performance will be assessed fully, as information the information to inform the November R04 return is completed. Meanwhile the leadership team, working closely with faculty heads are actively reviewing current course offerings in order to ensure recruitment activities are fully optimised.

TU Grant funding

As noted above, The LSBU group received a grant from the ESFA of £13.8m to cover the forward looking operating deficits at South Bank Colleges to protect the Group surplus when the accounts are consolidated with LSBU. 21/22 is the final year that the deficit will be covered and the Group risks reporting an operating loss in 22/23 and 23/24 as the college is still forecasting an operating loss for these years due to the additional costs of opening the London South Bank Technical College. In order to mitigate the impact of the reported loss we have taken two actions; firstly all of the covenants have been negotiated on the LSBU only position and so a loss at the college will not cause any breach in the relationships with either bank. Secondly, whether through the deal with London Realty or another purchaser, we are looking to make asset sales which will trigger a Gain on disposal of tangible assets. These one off gains will protect the reported surplus of the group while the team tackle the deficit caused by the current operating model of the College.

2. Year-end reporting matters

LSBU

(i) Statutory accounts

The audit is almost complete. Since presented to GARC and FPR, there has been one adjustment to account for accrued fixed asset additions and no further revisions to the accounts are now expected.

The Group statutory financial accounts are presented in a separate paper to the board. The operating surplus reported (before actuarial gain in respect of pension schemes) is £3.0m.

Management have again undertaken a formal review of the assumptions and variables used for the valuation of the LPFA pension scheme for FRS102 purposes. The review process was discussed with GARC at their November meeting and the discount rate, salary increase and pension increase assumptions used have been approved. KPMG, subsequently reviewed assumptions and data used by the scheme actuaries and raised a number of queries, most notably the accuracy of the cashflow data used. Late in the audit process it was discovered that the scheme actuaries had used inaccurate data for both benefits paid and employee contributions. The impact is that the I&E charge is overstated by £1.1m. No adjustment has been made as the error is not considered material. KPMG have reported as an unadjusted misstatement in the audit report.

The Board agrees when signing the accounts that they think it appropriate to prepare the statements on a going concern basis. This was considered and noted by GARC at its meeting in November and a separate paper is provided to Board at this meeting setting out the assurances that underpin the preparation of the accounts on a going concern basis.

A full compliance statement on our system of internal control is included in the financial statements. A detailed report went to November Group Audit and Risk Committee setting out the various sources of assurance supporting this statement. No matters have arisen since audit committee which would change our opinion in this regard.

(ii) *External audit year-end report*

The report of the external auditors was reviewed in detail at Group Audit and Risk committee. One new control deficiency was identified around going concern assessments and a medium risk recommendation has been raised. Four recommendations that were made in 2019/20 have been followed up and, although work on reviewing implementation is not yet complete, it is expected that one will be reported as not implemented (bank reconciliations) and the remaining three partially implemented (management of fixed assets, review of pension assumptions and journal authorization). The bank reconciliation recommendation is being progressed but has been made significantly more difficult given the IT outage during much of the year.

(iii) *Letter of Representation*

In addition to standard representations, the Letter of Representation for both the University and SBC includes one specific representations relating to the claim for reimbursement of costs by a developer in respect of the Vauxhall development project undertaken by South Bank Colleges' predecessor, Lambeth College Corporation. All other representations are standard. There has been no movement on this claim in year.

The LSBU letter of representation has been considered at GARC and is recommended to Board for approval and signature. Group Executive confirmed to GARC that to the best of their knowledge and belief there are no matters which would prevent signature.

SBC year end reporting

The SBC results are consolidated for group reporting purposes. Accounts and a separate external audit findings report have been considered by the SBC Audit Committee and have been presented to the SBC board for approval. The accounts and audit are now being finalized and it is planned that the SBC accounts will be signed ahead of the Group Board meeting. The accounts include an unqualified audit report and the audit report made one medium risk recommendations around assessment of going concern.

South Bank Academies

The Audit of South Bank Academies (SBA) by Buzzacott and preparation of accounts is almost complete and these documents will be presented to the SBA Audit Committee in early December. The key issue for consideration of the Audit committee and Board is the accounting treatment for the UTC building which has been recognized on the balance sheet for the first time this year coinciding with the (imminent) finalization of the long term lease for the Academy Trust's use and occupation. Whilst the lease is still not yet signed, management are of the opinion that the Trust bears the full risk and rewards of occupying the premises and have therefore recognized the asset at an ESFA desktop valuation completed in October 2017 of £16.3m.

The audit process has progressed as planned and delays experienced in previous years have not re-occurred. In their draft audit letter, Buzzacott have made seven recommendations. One is high risk and relates to the scrutiny of management accounts and the accuracy of forecasts. Management have accepted a recommendation to increase the frequency of reporting and level of scrutiny with this action to be implemented immediately. Four medium risk recommendations were made relating to recording of supplier invoices, the UTC lease and month end procedures and two low risk recommendation relating to register of interests and the fixed asset register. All recommendations from previous years have now been implemented.

3. OfS Finance return

The Finance return to the OfS was until recently due for submission at end July but then moved to 1 December alongside submission of the statutory accounts. Last year, post pandemic, a 2 month extension was granted to 31 January.

As reported previously, the 2 month extension continues for the Finance return and we will take the opportunity to reflect on recruitment and adjust our forecasts to take account of any significant changes in student mix. We will ensure that forecasts are circulated to Board for review well in advance of the January 31 deadline.

In addition last year, the OfS required an interim finance return (submission deadline 30/10/20) showing the draft 2019/20 position together with a 1 year forward forecast. This was a specific requirement last year given the high degree of financial uncertainty in the midst of the pandemic. An interim return is not required this year.

4. Cashflow / Covenant compliance

Barclays RCF extension

The background to the extension was set out in the CFO report to October Board. Approval has now been granted by the RCF sub-committee and both the SONIA agreement and the extension letter have been signed by authorised signatories.

Cashflow forecasts

The most recent cashflow forecast which was presented to the Board of Governors in January 2021 and used as part of the RCF negotiations with AIB had a forecast closing cash and cash equivalents position of £33.5m in July 31 2021 and £18.0m in July 31 2022. This forecast assumed that the entire £30m Barclays RCF had been drawn down in 20/21. Without the RCF, the position would be a forecast closing cash and cash equivalents position of £3.5m in July 31 2021 and -£12.0 in July 31 2022. This assumes an in year cash movement of £15.5m for 21/22.

The actual year end position as at July 31 2021 was slightly different to plan and the University did not drawdown the £30m and finished the year with £26.1m in cash and cash equivalents, an improvement of £22.6m. The key reasons for the positive cash movement were changes to working capital particularly an increase in creditors including a £12m increase in year-end accruals that we expect to unwind in the first quarter, reduced support for Lambeth College due to a change in funding profile for the NESc and an increase in reported surplus. There was also a slight delay in capital expenditure but this will be billed in 2021/22.

As we unwind the additional £12m in year accruals this will increase our in year cash requirements from the original cashflow forecast of £15.5m to £27.5m. The forecast for 21/22 also includes the change in capital profile required to complete the London Road Hub and the NESc and so the expected cash call for the year is now forecast to be £35.5m. Without any Barclays RCF we would start the year with £25.5m in cash and cash equivalents and end the year with -£10m.

This figure of -£10m as at 31 July 2022 compares to the -£12m in the original forecast.

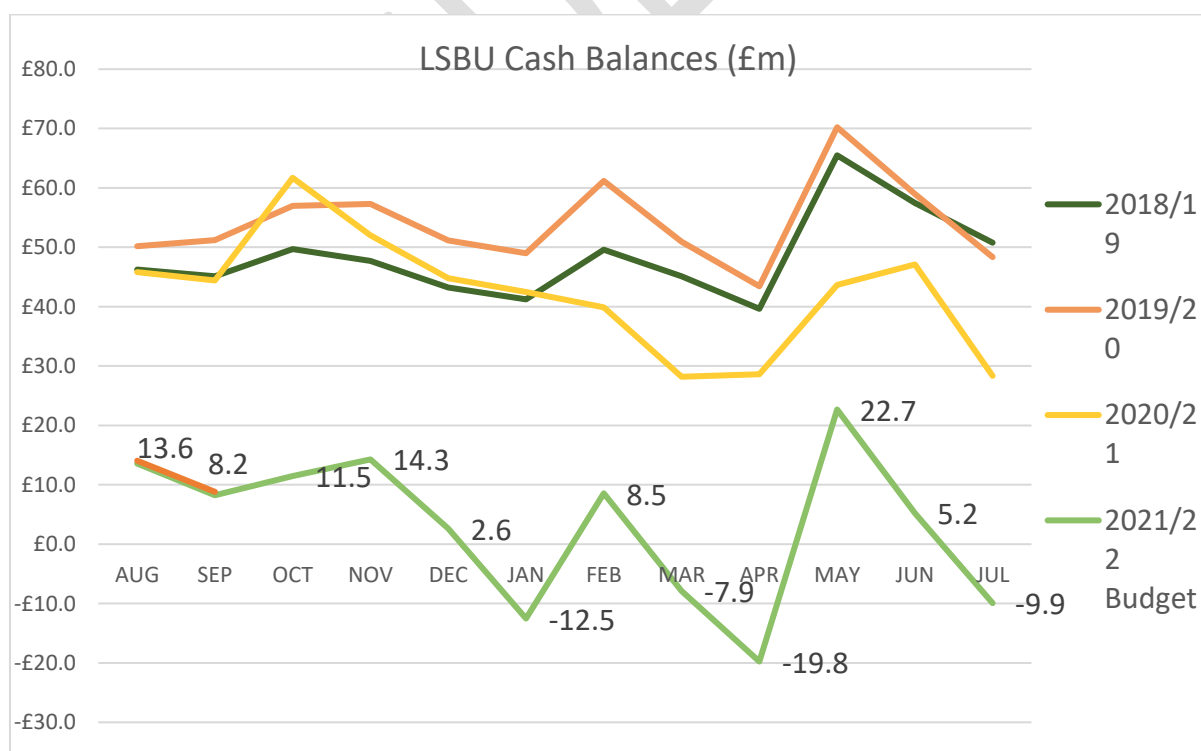
We have completed a detailed monthly forecast and due to the timings of the Tuition Fee receipts expected in 2021/22 (25% in Semester 1, 25% in Semester 2 and 50% in Semester 3), we are anticipating that we will require a partial drawdown of the Barclays

RCF at 3 points during the year. From December to February the lowest point requires £12.5m of RCF, between March and May the low point requires £19.8m of support. In July 2022 we will require £9.9m of support and ongoing access to the RCF until the receipt of the first tuition fee payments in October 2022. This support is estimated at less than £30m and so at this stage we don't expect to drawdown on the AIB RCF.

2022/23 is expected to be £18m cash generative (excluding any capital expenditure) and so we could be in a position to pay back the RCF and finish the year with positive cash reserves but the actual year end position will depend upon any changes in working capital and the level of desired capital expenditure.

Detailed Cash Flow Profile

Date	Closing Cash Forecast £m	Date	Closing Cash Forecast £m
August	£13.6	February	£8.5
September	£8.2	March	-£7.9
October	£11.5	April	-£19.8
November	£14.3	May	£22.7
December	£2.6	June	£5.2
January	-£12.5	July	-£9.9



Covenant compliance

Our financial covenants are regularly monitored and tested. Barclays covenants are subject to formal compliance reporting and certification by our external auditors. The most recent annual report was dated March 2021 and demonstrated compliance.

At that March covenant check for the current year (21/22) the covenant, particularly for Debt Service cover (i.e. how much free cashflow we have to pay our interest), was particularly challenging with just £1.1m of headroom for the forecast for 21/22 particularly as we had low surplus (0.6m), High depreciation £13.5m and because Lambeth College required over £16m of support.

The existing covenants (both Barclays and AIB) have now been updated for the year end position and also now reflect the current budgets for LSBU and South Bank College cashflow forecast and the position is much more positive.

In terms of the key changes to the Forecast March position which have positively impacted the cash position and so the debt service cover, Surplus is now budgeted at £2.0m, Depreciation is now budgeted at £9.0 and the key change is the Investment to support Lambeth College Forecast (which effects our creditors). This was forecast at £16.5m, but is now budgeted at £10.5m due to delays in the project and the GLA funding the first 50% of the project rather than 50% match funding it. Our other creditors are also due to fall from this year's artificial high (due to the high level of year end accruals). The net effect is to give us £11.1M of total headroom in the current year against the covenant that was causing us the most concern, the Debt Service cover which has now risen from 148% to 414%. Future years are more positive as due to forecast asset sales in 2023/24 we should longer have to support the capital requirements of Lambeth College

Covenants are summarised in Appendix 2. Based on current forecasts we will not be in breach of our covenants.

5. LEAP

The third release of Salesforce, supported by PwC, was successfully deployed into the University in mid-October. The system is now live and adoption has been good across both the staff and student communities. This release delivers pre-applicant, student communications and holistic student support functionality into LSBU alongside improvements to existing functionality released over the past few months. In September we went live with Student Advisor Link in the School of Applied Sciences. The remaining schools will adopt the technology over the course of the next year. The PwC contract has now ended, and the programme has been working with them over the past few weeks to ensure a smooth transition of services to LSBU.

The Student Record System (SRS) implementation has now restarted after a temporary freeze to complete preparatory activities. Detailed project planning and analysis to

understand business needs is underway and the first stage of configuring the system is now complete. The environment to cleanse and migrate data has now been setup. Aside from the core setup of the system, a top priority is to ensure that we are able to cleanse, migrate and integrate our data in support of the transformation effort. At this stage, go live for SRS is anticipated to be in early 2023.

6. LPFA Pensions

The LPFA scheme for professional service staff is now closed to new entrants across the group with the exception of SBA.

The next LPFA triennial valuation is due in March 2022. The planned timetable is as follows:

Valuation date:	31 March 2022
Individual employer rates published:	Autumn 2022
Discussion with employer reps:	Winter 2022
Employer consultation ends:	February 2023
Valuation report/ new contribution certificates:	31 March 2023
New contribution rates payable:	1 April 2023.

The whole fund primary contribution rate (excluding deficit contributions) based on the 2019 valuation was 15.2%. Without making any allowance for dividends rebounding and a further potential slowdown in mortality improvement and assuming employers have the same covenant rating as 2019 under the existing funding framework the primary rate is expected to be materially higher in 2022. We are assured that any increase will be implemented in a phased manner over time unlike the TPS.

We expect the strength of the LSBU Group covenant to remain strong and to continue to be rated as Category B. We will continue to explore the option to offer security, thereby moving to Category A and reducing contributions.

7. Cyber Insurance

As reported previously, the University's insurance policy for cyber insurance was due to expire on 7 October 2021 and the renewal process commenced in early September. However, the insurance market has hardened and fewer insurers are willing to provide policies to HEIs. This is due primarily to a reduced appetite for risk on the part of the

insurers which in turn, is due to the increased frequency of cyber-incidents across the education sector. We also now have a poor claims record. As a result of these factors, the extent of technical information potential insurers have requested has increased in terms of volume and complexity.

The University's insurance broker (Arthur J Gallagher) was coordinating the process and secured an extension to our current policy until 6th November 2021 whilst Procurement and IT colleagues collate the necessary information that the market has requested. Unfortunately we hear from our brokers in early November that they have been unable to secure a cyber-insurance policy for the University. This follows six weeks of technical discussions between the brokers and our IT colleagues. We are therefore currently without cyber insurance. We are not alone in this – many HEIs are in the same position.

Our brokers have advised that regrettably the Cyber market is the most difficult it has ever been. This, coupled with the loss which has occurred has left us in an impossible position so far as sourcing insurance cover is concerned.

As an immediate response we are:

- engaging our brokers to negotiate a short term incident response service contract for us. Ordinarily, this service would be a crucial part of a Cyber insurance policy when we are able to purchase full cover and effectively means that in the event of a Cyber Event occurring the University will be able to contact the helpline for immediate, professional advice regarding what next steps need to be taken to minimise the potential for loss or damage to data, assets and reputation and incident reporting to the ICO. This includes putting the University in direct contact with data risk specialists, security experts, specialist lawyers and PR consultants. Whilst no insurance cover is provided, an invaluable breach response service is included.
- Seeking to commission an industry expert/s (through our brokers) to establish the extent of technical work required to our IT infrastructure to make our risk insurable. There is however no guarantee that market conditions will remain static. Given the increased risk profile, the market may still not offer the University cyber insurance terms after the scope of improvements has been agreed and implemented.
- Along with other HEIs, we are seeing insurers' risk thresholds drop across a number of categories of insurance across the sector. Procurement Services are monitoring the situation with sector and insurance experts ahead of the next renewal.

This page is intentionally left blank

This Executive Summary reports on the draft financial position of London South Bank University as at 30th September 2021.

1) RAG Status

Income Growth FYF v 20/21 outturn	0.5%	Staff Cost % excluding restructuring	57.3%	FYF Surplus (Contribution %)	1.2%
Opex Growth	0.9%	Staff Cost Growth excluding restructuring	0.7%	EBITDA	8.7%

2) Summary

Contribution Budgeted at £2m The budget for 21/22 has a target surplus of £2m. At this stage the University continues to forecast to that out turn but there are a number of risks and challenges to achieve that. In terms of Tuition Fees, against last year's out turn of £132.6m the University is budgeting for £127.8m of income and whilst re-enrolment has already hit target there is an emerging shortfall in new students starting in Semester 1. Our Enterprise income targets are also challenging compared to the 20/21 out turn and would represent income growth of 84%. Staff costs remain a challenge and the budget contains a large vacancy factor. This year we are also funding the opening of LSBU Croydon and have lost London Weighting from the Teaching Grant which has had a £6m impact.

YTD total income £15.9m FYF £170.3m In terms of income, The university has currently billed £16.4m including £11.2m of Tuition Fees, this compares to £49.1m billed at the comparable position in 20/21 including £43.5m in Tuition Fees. The gap in Tuition Fee income is driven by a delay in billing as a large number of the Fees and Bursaries team are still engaged in extended enrolment. The total number of students fully enrolled as at 30 September totals 13,967 FTE as compared to 12,968 FTE at the same period last year and so we expect billings to increase to a comparable level next month when the billing position catches up with the enrolment and re-enrolment position. We have currently billed £0.5m of Research and Enterprise income as compared to £1.0m in 20/21. The research pipeline is strong and billings are expected to catch up with budget next month. In terms of Enterprise income we have currently billed £1.6m as compared to £1.1m in 20/21 primarily due to rental income as tenants return to their workspaces. The return to campus has also led to a year to date increase in Student Related income which is £0.5m ahead of last year as students return to the Halls of Residences. OFS Grant income is down by £0.7m as compared to last year which reflects the removal of the London weighting from the Teaching Grant.

YTD Enrolled student FTE up 7.7% vs 20/21 We have currently fully enrolled 13,967 Students as compared to the comparable position of 12,968 FTE in 20/21. This includes 5,143 New Students as compared to 4,340 fully enrolled at this time last year. We finished the year with 6,630 FTE and so we are already at 78% of last year's population and enrolment is still continuing. In terms of re-enrolling students these are already ahead of the year date position and at 8,824 FTE are currently 3% higher than last year's population. Growth has been particularly strong in the Schools of Applied Sciences and Engineering and in the Institute of Health & Social Care. The levels of Tuition Fees billed do not represent the numbers of students and we would expect the levels of Tuition Fee billed income to increase significantly next month.

Staff costs are £260K better than budget YTD Staff costs are currently £0.3m better than the budgeted position. The key shortfall is in Academic staff which are currently £0.4m behind budget and 7% less YTD than last year. All 6 schools and the Institute are currently under budget. Professional Staff costs are slightly ahead of the YTD budget and this reflects some investment in the Schools for example skills coaches which are classed as professional staff rather than Academic. YTD staff costs will be higher than last year due to the £4m Pension cost which was held in structural staff.

Exceptional items Total £1.225 The University budgeted for an Investment Pot of £1m and a specific contingency of £1m. Against the Investment Pot the University has currently allocated £500K to P&OD to fund the LSBU 2025 Workforce Transformation Programme and £275k to fund a range of 'what works for LSBU' projects. There are further requests of £25k for a Covid 19 war chest and £100K to fund the Integration layer and so the University has £100K left unallocated and the remaining £1m contingency

Cash position = £8.2m The cash position as at 30 September is £8.2m, this is a reduction of £5.3m as compared to August and compares to £44.4m at the comparable position in 20/21. The University has a further £45m available due to the Revolving Credit Facilities in place to fund the developments in the LSBU Estate. We expect to draw down on the £30m Barclays facility 3 times during the year and are forecast to end the year needing £10m of support.

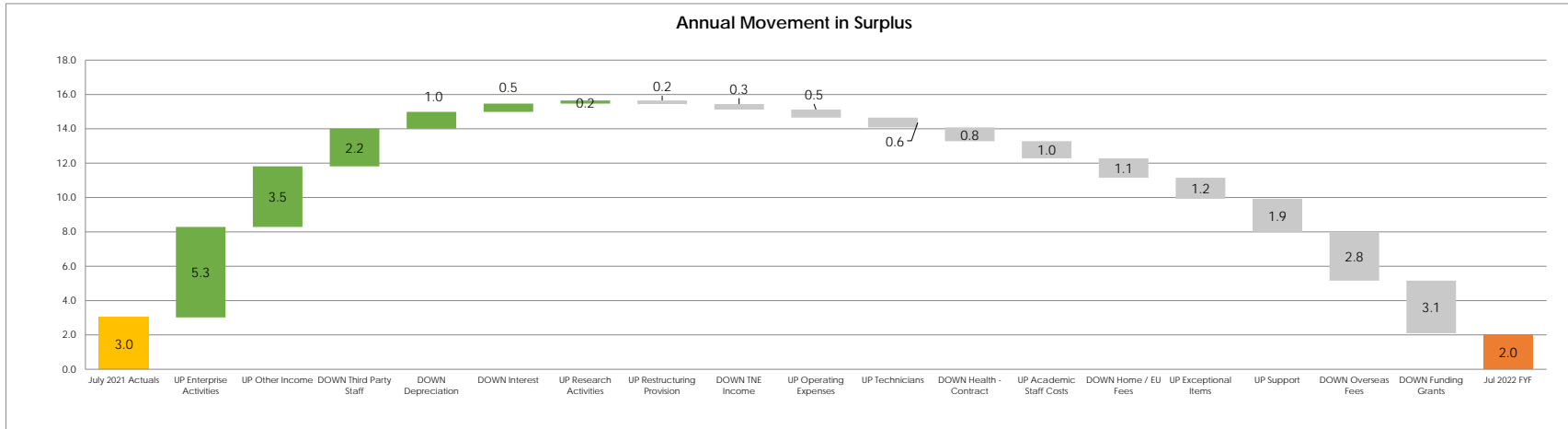
3) Table 1: Full Year Forecast vs. Budget

Page 65

Financial Summary in £'m	CURRENT YEAR BUDGET vs PRIOR YEAR ACTUALS				FULL YEAR FORECAST OUTTURN POSITION					YEAR ON YEAR (Y-T-D COMPARISON)			
	20/21 Actuals	21/22 Budget	Change to 20/21	Change %	Aug 21/22 Forecast Outturn	Monthly move	Sep 20/21 Forecast Outturn	Variance to 21/22 Budget	Budget variance %	20/21 Actuals	21/22 Actuals	Change to 20/21	Change %
Funding Grants	14.3	11.3	-3.1	-21%	11.3	0.0	11.3	0.0		2.5	1.9	-0.6	-25%
Health - Contract	0.8	0.0	-0.8	-100%	0.0	0.0	0.0	0.0		0.2	0.1	-0.2	-79%
Home / EU UG Fees	100.0	100.2	0.3	0%	100.2	0.0	100.2	0.0		37.3	10.8	-26.5	-71%
Home / EU PG Fees	12.8	11.4	-1.4	-11%	11.4	0.0	11.4	0.0		1.9	0.2	-1.7	-91%
Overseas Tuition Fees	19.1	16.2	-2.8	-15%	16.2	0.0	16.2	0.0		4.4	0.1	-4.3	-98%
TNE Income	2.1	1.8	-0.3	-15%	1.8	0.0	1.8	0.0		0.1	0.1	0.0	13%
Research Activities	6.4	6.5	0.2	3%	6.5	0.0	6.5	0.0		1.0	0.5	-0.4	-46%
Enterprise Activities	6.3	11.5	5.3	84%	11.5	0.0	11.5	0.0		0.6	1.2	0.6	86%
Student Related Income	6.4	11.0	4.6	72%	11.0	0.0	11.0	0.0		1.1	1.6	0.5	44%
Other Operating Income	1.4	0.3	-1.1	-79%	0.3	0.0	0.3	0.0		0.0	0.0	-0.0	-79%
Endowments & Interest	0.0	0.0	-0.0	-100%	0.0	0.0	0.0	0.0		0.0	0.0	0.0	-132%
Income	169.5	170.3	0.8	0%	170.3	0.0	170.3	0.0		49.1	16.4	-32.8	-67%
Academic Staff Costs	46.1	47.1	1.0	2%	47.1	0.0	47.1	0.0	0%	6.9	6.5	-0.5	-7%
Technicians	2.8	3.3	0.6	20%	3.3	0.0	3.3	0.0		0.4	0.5	0.0	2%
Support	46.5	48.3	1.8	4%	48.3	0.1	48.4	0.1	0%	6.4	7.3	0.8	13%
Third Party Staff	4.2	2.1	-2.1	-50%	2.1	-0.1	2.0	-0.1	-5%	0.4	0.6	0.2	40%
Restructuring	1.3	1.5	0.2	16%	1.5	0.0	1.5	0.0		0.0	0.0	0.0	1787%
Depreciation	10.0	9.0	-1.0	-10%	9.0	0.0	9.0	0.0		0.0	0.0	0.0	
Operating Expenses	51.2	51.7	0.5	1%	51.7	0.0	51.7	0.0		4.4	4.0	-0.4	-8%
Interest Payable	4.3	3.9	-0.5	-11%	3.9	0.0	3.9	0.0		0.9	1.0	0.1	8%
Exceptional Items	0.0	1.2	1.2		1.2	0.0	1.2	0.0		0.0	0.0	0.0	
Expenditure	166.4	168.2	1.7	1%	168.2	0.0	168.2	0.0	-0%	19.5	19.7	0.3	1%
Surplus for the year	3.0	2.0	-0.9	-34%	2.1	0.0	2.0	0.0	-0%	29.7	3.4	-33.0	-111%
Surplus as % of income	1.8%	1.2%	-0.6%	-34%	1.2%	0.0%	1.2%	0.0%		60.4%	-20.5%	-80.9%	-134%
Staff costs as % of income	57.9%	58.2%	0.3%	0%	58.2%	0.0%	58.2%	0.0%		28.0%	87.2%	59.2%	211%

4) Forecast Summary

The key movements as compared to the 20/21 final out turn are £5.3m of additional income from Enterprise activities particularly with regard to Health CPPD, Tenant income and new Enterprise projects. We are also budgeting for £3.5m of additional income from our Halls of Residences and Summer Schools as students return to campus. We are anticipating reducing our Third Party staff costs by £2.2m as we recover from the cyber attack and last year's depreciation included an exceptional charge for £1m of research equipment. Interest costs are expected to fall by £0.5m as our bank loans have reduced although there will be additional charges associated with the RCF. Research Income is also expected to improve by £0.2m on the 20/21 position. These improvements which would take our profit to £15.7m are funding a small increase of £0.2m in our restructuring provision, a slight decrease of £0.3m in TNE income and a £0.5m increase in operating expenses including the rental of the Croydon Campus. We are also investing an additional £600K in Technicians and £1m in Academic staff. Our Health Contract income will fall by £0.8m as all HSC students now pay Tuition Fees, we are also forecasting a £1.1m decline in Home/EU fees and a £2.8m reduction in Overseas Fees to give a total year on year tuition fee reduction of £4.7m. The budget includes £1.2m remaining as Investment Pot & Contingency and our Support costs are £1.9m higher than 20/21 primarily due to pension costs. Funding grants have been reduced by £3.1m due to the removal of the London Weighting. As a result of these changes, we are reporting a forecast surplus of £2m.



Page 66

5) Contribution Analysis

At present all areas of the organisation are forecasting to Budget. And all areas are currently underspent YTD against budget. In totality the Schools are contributing £9.6m less than their contribution in 20/21 and the Institute of Health & social care is contributing £1.3m more to give a total reduction of £8.3m. £3.1m of this reduction is due to reduced OFS Teaching grant, the remainder is due to the budgeted decline in Tuition Fee revenues and investments in Academic staff.

Contribution per School across Teaching, Research and Enterprise activities

E'millions	Applied Sciences		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Law & Social Sciences		Total All Schools		Institute of Health & Social Care	
	20/21 Actual	Sep 21/22 FYF	20/21 Actual	Sep 21/22 FYF	20/21 Actual	Sep 21/22 FYF	20/21 Actual	Sep 21/22 FYF	20/21 Actual	Sep 21/22 FYF	20/21 Actual	Sep 21/22 FYF	20/21 Actual	Sep 21/22 FYF	20/21 Actual	Sep 21/22 FYF
Income	£13.1	£13.9	£11.1	£11.4	£22.0	£20.4	£27.6	£27.3	£21.4	£19.4	£18.3	£15.5	£113.6	£107.9	£38.8	£41.5
Expenditure before space charge	£5.7	£6.6	£5.0	£4.9	£7.5	£8.9	£8.3	£10.7	£10.4	£10.0	£6.7	£6.4	£43.7	£47.5	£17.3	£18.7
Contribution	£7.4	£7.2	£6.1	£6.4	£14.5	£11.6	£19.3	£16.5	£11.0	£9.4	£11.6	£9.1	£69.9	£60.3	£21.5	£22.8
Change in Contribution		£0.1		£0.3		£2.9		£2.7		£1.6		£2.5		£9.6		£1.2
Contribution %age	56.5%	52.2%	55.0%	56.5%	65.9%	56.7%	69.8%	60.6%	51.2%	48.6%	63.6%	58.8%	61.6%	55.9%	55.5%	54.9%

The 7 schools have different levels of Research and Enterprise activities which can mask differences in Staff / Student ratios and contribution and so the teaching only levels of contribution is shown below.

E'millions	Applied Sciences		Arts and Creative Industries		Built Environment & Architecture		Business		Engineering		Law & Social Sciences		Total All Schools		Institute of Health & Social Care	
	20/21 Actuals	Sep 21/22 FYF	20/21 Actuals	Sep 21/22 FYF	20/21 Actuals	Sep 21/22 FYF	20/21 Actuals	Sep 21/22 FYF	20/21 Actuals	Sep 21/22 FYF	20/21 Actuals	Sep 21/22 FYF	20/21 Actuals	Sep 21/22 FYF	20/21 Actuals	Sep 21/22 FYF
	Actuals DASC	Forecast DASC	Actuals DACI	Forecast DACI	Actuals DBEA	Forecast DBEA	Actuals DBCM	Forecast DBCM	Actuals DENG	Forecast DENG	Actuals DLSS	Forecast DLSS			Actuals SOH	Forecast SOH
	£12.1	£11.7	£10.6	£9.6	£21.3	£16.8	£27.1	£25.9	£17.6	£14.1	£18.1	£14.3	£106.7	£92.2	£36.7	£33.6
Income Adjustment	£0.0	£0.9	£0.0	£0.7	£0.0	£2.4	£0.0	£0.8	£0.0	£1.6	£0.0	£0.8	£0.0	£7.3	£0.0	£3.7
Teaching Income	£12.1	£12.6	£10.6	£10.3	£21.3	£19.2	£27.1	£26.7	£17.6	£15.7	£18.1	£15.1	£106.7	£99.5	£36.7	£37.3

Appendix 1: Management accounts to 30 September 2021

Teaching Staff	£4.3	£5.1	£3.4	£2.9	£5.7	£6.3	£5.6	£6.7	£4.9	£4.9	£5.7	£5.3	£29.5	£31.2	£13.7	£15.0
Teaching Expenditure (excl space charge)	£0.5	£0.4	£0.7	£0.5	£0.8	£1.0	£2.5	£3.5	£1.6	£1.1	£0.7	£0.6	£6.7	£7.2	£1.7	£1.7
Teaching Contribution	£7.3	£7.1	£6.4	£6.9	£14.9	£11.9	£19.0	£16.5	£11.2	£9.6	£11.7	£9.2	£70.5	£61.1	£21.3	£20.6
Staff cost as %age of income	35.2%	43.9%	32.6%	30.7%	26.7%	37.5%	20.5%	25.9%	27.8%	34.7%	31.4%	37.0%	27.6%	33.8%	37.2%	44.7%
Contribution %	60.6%	60.5%	60.7%	71.8%	69.8%	70.7%	70.2%	63.6%	63.4%	68.5%	64.8%	64.4%	66.0%	66.2%	58.0%	61.4%
Return on Academic Investment	172.0%	137.7%	186.2%	234.1%	261.7%	188.7%	342.1%	245.3%	228.4%	197.7%	206.7%	173.9%	239.0%	195.7%	155.8%	137.3%
Full Year Student FTE	1,212	1,332	1,064	1,062	2,177	2,272	3,078	3,054	1,674	1,589	1,927	1,616	11,132	10,925	4,078	4,377
Expenditure per FTE	£3,927	£4,166	£3,900	£3,214	£2,960	£3,216	£2,622	£3,345	£3,849	£3,791	£3,298	£3,647	£3,254	£3,515	£3,772	£3,816
Contribution per Stud FTE	£6,000	£5,300	£6,000	£6,500	£6,800	£5,200	£6,200	£5,400	£6,700	£6,100	£6,100	£5,700	£6,300	£5,600	£5,200	£4,700

The Schools Teaching budget was set using Staff / Student ratios and with a standard investment in Operating Expenses per student. Schools predominately offering courses categorised as "high-cost subjects" by the OFS receive more funding per student to compensate for the cost of providing specialised laboratory space and technical support. It is consistent with expectations that those Schools delivering a portfolio of courses biased towards "high-cost subjects" would have a higher contribution to cover the costs incurred by Estates and Technicians required to support delivery.

6) Student Number Analysis

Enrolment FTE up 2% year-on-year

The total number of enrolled students stands at 13,967. This is 7.7% higher than at the comparable position in 20/21. The key driver for the increase in student numbers is due to the faster enrolment of New Students. Last year was the first year that enrolment was fully online and there were a number of learnings that have improved the process this year. There is nervousness about whether we will deliver to our Semester 1 New Student target although enrolment is still continuing. We have already met target for Enrolling students.

[----- New -----]				
School	SEP-20	SEP-21	Change	% Change
ASC	491	567	76	15.5%
ACI	338	388	50	14.8%
BEA	511	772	261	51.1%
BUS	583	641	58	9.9%
ENG	385	418	33	8.6%
HSC	1,394	1,664	270	19.4%
LSS	638	693	55	8.6%
YTD Total	4,340	5,143	803	18.5%
Full Year Total	6,630			

[----- Continuing -----]				
School	SEP-20	SEP-21	Change	% Change
ASC	605	689	84	13.9%
ACI	660	634	-26	-3.9%
BEA	1,396	1,349	-47	-3.4%
BUS	1,703	1,739	36	2.1%
ENG	945	1,012	67	7.1%
HSC	2,268	2,483	215	9.5%
LSS	1,051	918	-133	-12.7%
YTD Total	8,628	8,824	196	2.3%
FY Total	8,580			

[----- TOTAL -----]				
School	SEP-20	SEP-21	Change	% Change
ASC	1,096	1,256	160	14.6%
ACI	998	1,022	24	2.4%
BEA	1,907	2,121	214	11.2%
BUS	2,286	2,380	94	4.1%
ENG	1,330	1,430	100	7.5%
HSC	3,662	4,147	485	13.2%
LSS	1,689	1,611	-78	-4.6%
YTD Total	12,968	13,967	999	7.7%
FY Total	15,210			

7) Student Withdrawal Analysis

Summary

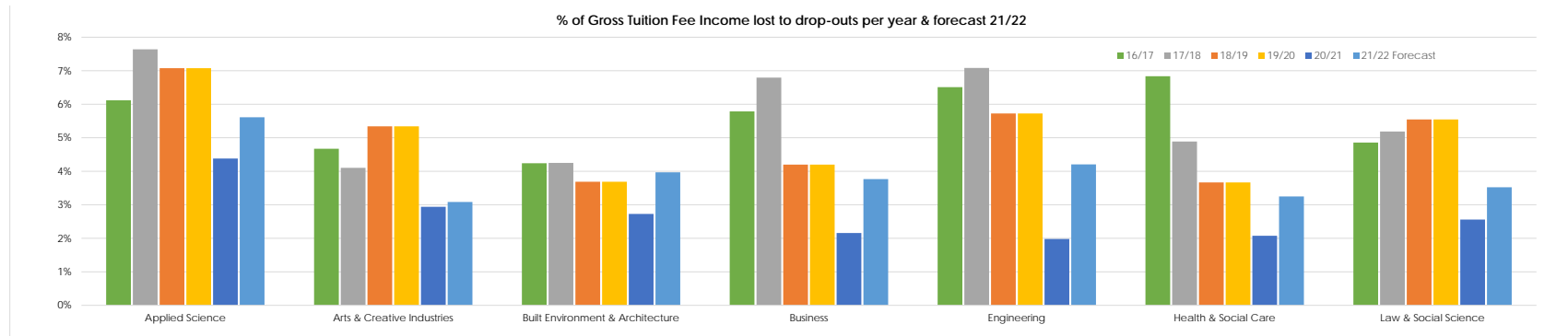
The University typically withdraws or interrupts over 1,000 students in year. Analysis would suggest that Students who rely on SFE Funding for Tuition Fees and Students grants but who ultimately are not eligible, have only a 50% chance of successfully passing Year 1. Our focus on ensuring Funding is in place for all but the "risky" categories of students should drive down the number of students who have to withdraw for financial reason and the amount of lost income. The budget for 21/22 was set during the year when withdrawals were still high and does not reflect the actual out turn of £3.4m. That could give us an income buffer if New Student recruitment does not hit target.

The University is still enrolling students towards the Census date and withdrawals and interruptions are currently minimal.

Lost Fee Income' in £000K	18/19 Actuals	19/20 Actuals	20/21 Actuals
Applied Science	603	547	513
Arts and Creative Industries	538	325	300
Built Environment & Architecture	558	544	520
Business	696	851	583
Engineering	659	561	321
Health & Social Care	715	920	692
Law & Social Sciences	722	569	454
Total	4,490	4,317	3,383

Forecast 21/22	% change 20/21 vs 21/22	Forecast % income lost by Jul 22	Last 4 year school average
707	37.9%	5.6%	6.5%
310	3.4%	3.1%	4.4%
701	34.8%	4.0%	3.6%
1,025	75.7%	3.8%	4.3%
627	95.4%	4.2%	5.1%
1,149	66.0%	3.2%	3.6%
530	16.7%	3.5%	4.7%
5,049	49.2%	3.8%	4.8%

Academic year	FYF withdrawals (incl. Interrupted)
17/18	1,115
18/19	1,080
19/20	1,140
20/21	806
21/22	1,203



6237864.45

8) Income Analysis

Semester 1 Tuition Fee income is forecast to be on budget

Total YTD income is ahead of the YTD budget, however this is due to the fact that we typically Budget for tuition fees when enrolment is completed in October. With regard to the Tuition Fee forecast, the overall picture is looking in-line with last year with a total forecast for Semester 1 recruitment of £122.9M this compares to the £121.8m achieved in 2020 and a budget figure for Semester 1 of £122.8m. The change in Forecast Tuition Fee income is driven by growth in continuing students rather than from new entrants. The forecast for Continuing students is currently £71.7M this compares to £68.7M achieved in 2020 and the budgeted figure of £70.3m and so would represent year on growth of £3m and be £1.4m better than budget. The forecast income for New Students is currently £51.1M which compares to the £53.0M achieved in 2020 and the budgeted figure of £52.5m. H-FT-UG is trending £1.9m down, H-FT-PG is trending £0.7m down, Overseas is currently trending £0.7m up year on year although there remains a number of risks around enrolling this student group in time. This forecast is £1.4m worse than budget and so in totality Semester 1 Tuition Fees are forecast to be broadly on budget.

8% of Research income FYF achieved

The University has currently delivered £512K of Research income against a budget target of £6.5m representing 8% of the full year forecast. This is slightly down as compared to the budgeted YTD position of £805k. The comparable position in 19/20 was £952k. The research pipeline is strong and we do expect billings to catch up with budget next month. Research projects typically have low contribution rates and so any income shortfall should not have a material impact on the Full Year forecast surplus position.

10% of Enterprise income FYF achieved

The University has currently delivered £1,326k in terms of TNE and Enterprise income against a budget target of £13.3m representing 10% of the full year forecast. This compares favourably to the £757K delivered at this time in 20/21 but we will need to scale up activity to deliver against budget.

9) Staff Cost Analysis

2% underspend on recurring staff costs YTD

Staff costs are one of the key risks to our performance in 21/22. Last Years student numbers grew by 14% and this created some tension in Academic delivery. In this year's budget we have increased Investment in academics but we are currently 6% behind YTD budget. Professional Staff costs are slightly ahead of budget and this is primarily due to Schools investment in Academic Skills coaches but is expected to return to budget next month.

10) Operating Expense Analysis

OPEX 67% better than YTD budget

All areas had Operating Expenses reduced unless student numbers were growing. This was to ensure that we could afford the investments required to support the launch of the Croydon Campus. YTD operating expenses are currently £8m better than the YTD Budgeted position and at £4m are less than the £4.4m spent at the equivalent period last year. We expect this variance to unwind during the year and Operating Expenses will finish closer to budget

11) Interest Payable

On Budget

The 21/22 Budget includes £3.9m of Interest payable including £2.8m of pension Costs. There may be additional charges that relate to the Revolving Credit Facility as we drawdown during the year however we will actively manage our cashflow balances across the group to minimise these drawdown charges

12) Exceptional Items

Exceptional items forecast at £1.125m

The University has invested all but £100k of the £1m Investment Pot and has £1m remaining as explicit contingency. This may be invested when we have a clearer view of the Semester 2 enrolment position.

13) Cash Position

RCF will be Required 3 times in 21/22

The University has 2 revolving Credit Facilities, £30m with Barclays and £15m with AIB. We have completed a detailed monthly forecast and due to the timings of the Tuition Fee receipts expected in 2021/22 (25% in Semester 1, 25% in Semester 2 and 50% in Semester 3), we are anticipating that we will require a partial drawdown of the Barclays RCF at 3 points during the year. From December to February the lowest point requires £12.5m of RCF, between March and May the low point requires £19.5m of support. In July 2022 we will require £9.5m of support and ongoing access to the RCF until the receipt of the first tuition fee payments in October 2022.

LONDON SOUTH BANK UNIVERSITY / ENTERPRISES															
Management Summary Report from August 2021 To The End Of September 2021															
SMT Area: All															
Cost Centre: %															
EST 1892 LSBU															
Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	Code	Client	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD (£)		
					2021 Forecast (£)	2021 Budget (£)	Variance - Forecast to Budget (£) %		Note	2021 Actuals (£)	2021 Budget (£)	Variance - Actuals to Budget (£) %		Note	
-169,453,772	-49,139,968	Total Income			-170,260,212	-170,260,212		%		-16,388,121	-5,155,194	11,232,927	218%		-153,872,091
100,879,797	14,210,417	Total Staff Costs			102,468,014	102,468,014		%		14,738,193	14,999,315	261,122	2%		87,729,822
9,977,613		Total Depreciation			9,000,000	9,000,000		%		45,481	1,410,481	1,365,000	97%		8,954,519
51,240,402	4,363,583	Total Other Operating Expenses			51,712,591	51,712,591		%		3,994,758	11,993,146	7,998,388	67%		47,717,833
4,336,688	889,241	Total Interest Payable			3,854,606	3,854,606		%		961,805	818,528	(143,277)	(18%)		2,892,801
		Total Exceptional Items			1,225,000	1,225,000		%							1,225,000
-3,019,271	-29,676,726	Contribution			-2,000,000	-2,000,000		%		3,352,116	24,066,277	20,714,161	86%		-5,352,116
59.5%		Staff costs as % of income			60.2%	60.2%				89.9%	291.0%				
1.8%		Contribution %			1.2%	1.2%				(20.5)%	(466.8)%				

This Executive Summary reports on the draft financial position of Lambeth College as at 31 September 21

1) RAG Status

Income Growth FYF v 20/21 outturn	0.4%
--------------------------------------	------

Staff Cost % excluding restructuring	63.2%
---	-------

FYF Surplus (Contribution %)	0.0%
---------------------------------	------

2) Summary

Opex Growth	-6.8%
-------------	-------

Staff Cost Growth	3.4%
-------------------	------

EBITDA	5.8%
--------	------

Budgeted Contribution at £0

This is the Fourth year that the deficit at Lambeth College will be funded through the release of deferred income received from the ESFA as part of the transaction to acquire Lambeth College. The budget assumes that we will require £3.3m of income release to deliver a neutral position. This is an improvement of £0.9m as compared to 2020/21. There are emerging issues at the college particularly with regard to 16 - 18 year old enrolments. This will have a limited impact on 21/22 due to the lagged nature of the funding but will have an impact on the 22/23 position.

Income is in line with budget

Overall income is in line with expectations when the budget was set, to end of Sep 21. Grant income includes Teachers Pension Grant received for 8 months to end of March 22. (£264k). In terms of Fee and High Needs income, Schools income has not yet been invoiced for the year pending confirmation of uptake. (76k lower than linear 2 month forecast). Learner Loan Income (budgeted £894k for 12m) currently £127k behind linear forecast, however this can be attributed to time taken to process applications. A fuller review will taken place in Oct reporting.

Staffing Costs will catch up with budget

Staffing costs are reported at end of September as £788k lower than expected (25% lower than budgeted). This is attributable to subcontractor costs not yet incurred for ytd (£471k) and overall pay and staffing costs £300k lower than profile. Although lower than profiled budget, this is in line with ytd expenditure for the same period last year and will be expected to move closer to budget profile as the year progresses, vacancies are filled and lag costs expected from agency staff are processed.

Permanent Staff costs are £0.9m behind budget

Non staffing costs are profiled on a 12 month linear basis, and are reported at 60% of budget expectations for the 2 month period. The full year forecast will be expected to meet overall budget expectations as budgets are utilised throughout the year.

FYF Remains as Budget

Overall a deficit of (-£3,254) including non-cash pension costs estimated at (£1,854). The full year forecast remains in line with original budget set at the end of the 2 month reporting period.

Cash position = £5.5m

The cash position as at 30 September is £5.5m, this is a decrease of £0.1m as compared to the August position of £5.6m. The intention is to keep this balance in excess of £1.5m to provide the college with sufficient working capital

3) Table 1: Full Year Forecast vs. Budget

Financial Summary in £'m	CURRENT YEAR BUDGET vs PRIOR YEAR ACTUALS				FULL YEAR FORECAST OUTTURN POSITION					YEAR ON YEAR COMPARISON			
	20/21 Actuals	21/22 Budget	Change to 20/21	Change %	Aug 21/22 Forecast Outturn	Monthly move	Sept 21/22 Forecast Outturn	Variance to 21/22 Budget	Budget variance %	20/21 YTD Actuals	21/22 YTD Actuals	Change to 20/21	% Change to 20/21
Funding Grants	22.2	23.0	0.8	3%	23.0	0.0	23.0	0.0		3.6	5.0	1.3	6%
Transaction Unit Grant	4.2	3.3	-0.9	-22%	3.3	0.0	3.3	0.0		0.0	0.0	0.0	
Tuition Fees & Education Contracts	1.2	1.6	0.4	31%	1.6	0.0	1.6	0.0		0.1	0.2	0.1	4%
Other Operating Income	1.9	2.0	0.1	4%	2.0	0.0	2.0	0.0		0.1	0.6	0.5	27%
Donations	0.7	0.5	-0.2	-25%	0.5	0.0	0.5	0.0		0.1	0.1	0.0	0%
Income	30.2	30.4	0.1	0%	30.4	0.0	30.4	0.0		3.9	5.8	1.9	6%
Academic Staff Costs	9.4	7.0	-2.3	-25%	7.0	0.0	7.0	0.0		1.5	1.5	-0.0	-0%
Support Staff	4.8	8.5	3.7	77%	8.5	0.0	8.5	0.0		0.8	0.8	0.0	0%
Third Party Staff	4.2	3.7	-0.6	-13%	3.7	0.0	3.7	0.0		0.5	0.1	-0.3	-7%
Restructuring / Pension Costs	1.6	1.5	-0.1	-6%	1.5	0.0	1.5	0.0		0.2	0.0	-0.2	-14%
Depreciation	1.3	1.3	0.0	3%	1.3	0.0	1.3	0.0		0.2	0.2	0.0	1%
Operating Expenses	8.5	7.9	-0.6	-7%	7.9	0.0	7.9	0.0		1.3	0.7	-0.6	-7%
Interest Payable	0.5	0.5	-0.0	-5%	0.5	0.0	0.5	0.0		0.2	0.0	-0.2	-47%
Exceptional Items	0.0	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0	
Expenditure	30.2	30.4	0.1	0%	30.4	0.0	30.4	0.0		4.7	3.3	-1.4	-5%
Surplus for the year	0.0	0.0	-0.0		0.0	0.0	0.0	0.0		0.8	2.4	-3.2	
Surplus as % of income										-21.0%	42.1%		
Staff costs as % of income	66.1%	68.1%		3%	68.1%		68.1%			75.7%	42.0%		

Page 70

SMT Area: All
 Cost Centre: All

REF MANSUMSC

Full Year Outturn Last Year (£)	YTD Actuals Last Year (£)	Description	Code	Client	FULL YEAR				YEAR TO DATE				Full year Forecast less Actual YTD (£)	
					2021 Forecast (£)	2021 Budget (£)	Variance - Forecast to Budget (£) %		Note	2021 Actuals (£)	2021 Budget (£)	Variance - Actuals to Budget (£) %		Note
(30,235,313)	(3,899,499)	Total Income			(30,360,209)	(30,360,209)		%		(5,775,198)	(5,803,461)	(28,263)	(%)	(24,585,010)
20,000,537	2,951,791	Total Staff Costs			20,686,394	20,686,394		%		2,425,030	3,213,113	788,084	25%	18,261,364
1,274,163	212,356	Total Depreciation			1,312,500	1,312,500		%		218,750	218,663	(88)	(%)	1,093,750
8,480,828	1,326,847	Total Other Operating Expenses			7,907,315	7,907,315		%		701,962	1,167,419	465,457	40%	7,205,353
479,785	227,834	Total Interest Payable			454,000	454,000		%			149,940	149,940	100%	454,000
()	819,329	Contribution			()	()		%		(2,429,457)	(1,054,327)	1,375,130	130%	2,429,457
		Contribution %			0.0%	0.0%		%		42.1%	18.2%			
()	819,329	Contribution After Internal Allocations		SC	()	()		%		(2,429,457)	(1,054,327)	1,375,130	130%	2,429,457
		Staff costs as % of income			68.1%	68.1%		%		42.0%	55.4%			

This page is intentionally left blank

Appendix 2: Forecast Covenant compliance

London South Bank University

Based on the 5 Year Forecasts updated as at 28 October, the University will meet the covenants in place for its loans with Barclays and AIB.

LSBU only

Debt Service Cover

Adjusted Cashflow for each Relevant Period shall be no less than 125% of its Debt Servicing Costs for such Relevant Period.

Entry	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Net cash inflow/(outflow) from operating activities	22,293	25,813	15,838	24,938	25,797
Investment income	300	110	110	110	110
Endowment cash received	0		0	0	
Exclude any cash pension costs, i.e. not to be added back		0	0	0	
Adjusted Cashflow	22,593	25,923	15,948	25,048	25,907
Interest paid	2,172	1,853	1,404	3,073	2,797
Interest element of finance lease and service concession payments	0	0	0	0	
Repayments of amounts borrowed	1,910	1,969	2,451	2,727	3,003
Capital element of finance lease and service concession payments	0	0	0	0	
Debt Servicing Costs	4,082	3,822	3,855	5,800	5,800
Debt Service Cover	553%	678%	414%	432%	447%
Covenant Level	125%	125%	125%	125%	125%
Forecast Compliance	Compliance	Compliance	Compliance	Compliance	Compliance
Headroom	17,491	21,146	11,129	17,798	18,657
Assumes £20M Barclays drawdown as at July 2022					

Operational Leverage

The ratio of Borrowings at the end of each Relevant Period to Adjusted Operating Surplus for such Relevant Period shall not exceed 5:1

Entry	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Bank overdrafts	0	0	0	0	0
Loans repayable to the funding council	0	0	0	0	0
Bank loans and external borrowing	1,944	2,025	2,025	2,025	2,025
Obligations under finance leases and service concessions	0	0	0	0	0
Loans repayable to funding council	0	0	0	0	0
Bank loans and external borrowing	32,507	30,457	48,006	25,279	22,276
Obligations under finance leases and service concessions	0	0	0	0	0
Include any Transaction Unit Debt if defined as such by the Transaction Unit	0	0	0	0	0
Borrowings	34,451	32,482	50,031	27,304	24,301
Surplus/(deficit) before other gains/losses and share of surplus/(deficit) in joint ventures and associates	0	2,941	2,000	3,000	4,000
Depreciation	9,354	9,977	9,000	12,500	15,000
Interest and other finance costs	1,265	2,337	1,855	3,800	3,800
Amortisation	0	0	0	0	
Pension Items	2,791	2,000	2,000	2,000	2,000
Capital Grants recognised in the year	0	0	0	0	
Release of deferred capital grants	0	0	0	0	
Exclude any one-off grant funding from the Transaction Unit.			0	0	
Adjusted Operating Surplus	13,410	17,255	14,855	21,300	24,800
Operational Leverage	257%	188%	337%	128%	98%
Covenant Level	500%	500%	500%	400%	400%
Forecast Compliance	Compliance	Compliance	Compliance	Compliance	Compliance
Headroom	6,520	10,759	4,848	14,474	18,725

Security Cover

The Property Value shall at all times be no less than 140% of the Facilities.

Entry	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Property Value	61,510	61,510			
Property Value	61,510	61,510			
LSBU Facility	33,318				
LSBU Mark to Market					
LC Facility					
LC Mark to Market					
Facilities	33,318				

Appendix 2: Forecast Covenant compliance

Operational Leverage	185%				
Covenant Level	140%	140%	140%	140%	140%
Forecast Compliance	Compliance				

	INTERNAL
Paper title:	Corporate Risk Report
Board/Committee:	Board of Governors
Date of meeting:	25 November 2021
Author(s):	Karen McLernon, Head of Performance Analysis
Sponsor(s):	Richard Flatman, Group CFO
Purpose:	For Discussion
Recommendation:	For noting and discussion by the Board

Executive summary

A full review of the Corporate Risk Register was completed by the Executive during October, resulting in a slight reduction in the total number of risks but an increase in the proportion of high severity risks:

	Risk severity rating				Total
	Critical	High	Medium	Low	
September 2021 risk register	0	10	18	1	29
Removed risks		2	8		10
Unchanged risks		2	1		3
Re-worded and/or re-rated risks		9	7		16
New risks		5	2		7
November 2021 risk register	0	16	10	0	26
Change in risk profile (November vs September register)	0	6	-8	-1	-3

The full Risk Register, which has been reviewed by GARC on 11th November, is presented in the attached risk report. Risks have been mapped to the risk domains of the updated Risk Appetite Framework that was approved by Board in October.

The Corporate Risk Register will continue to be reviewed on a monthly basis by the Executive.

This page is intentionally left blank

Corporate Risk Register as at 2 November 2021

Author: Karen McLernon, Head of Performance Analysis

Sponsor: Richard Flatman, Group CFO

Risk Exposure Matrix – Severity by risk type (from Risk Appetite)

Severity Rating / Risk Domain (Appetite)	Low	Medium	High	Critical
Strategic / Group overall (Moderate - Open)		(2) Full financial, academic, reputational and operational benefits fail to leverage potential of Group and fails to address changes resulting from government policy. (DP)	(1) Capability and organisational capacity to respond to change in policy or competitive landscape, including funding changes and admission thresholds (DP)	
Academic Activity (Open)		(7) Academic programmes not engaged with technological and pedagogic developments (DJ + FM) (8) Degree Apprenticeships not achieving either volume or quality and standards targets (DJ + FM) (10) External incident compromises operations of or access to a Group campus (JDS)	(5) OfS thresholds not met in relation to Condition of Registration B3 (DJ) (25) Funding, reputational and recruitment risk from Ofsted Requires Improvement ratings at LSBU, SBC and SBA (TD + FM) (26) Reduction in existing health and social care placement capacity (WT)	
Financial (Moderate)		(20) Third stream income growth unrealised (Research, Enterprise and LSBU Global) (PI) (23) Group cashflow management and banking covenant compliance (RF)	(9) High quality, cost effective curriculum that delivers good student outcomes and the financial turnaround of SBC (FM) (16) Revenue reduction if set recruitment targets are not achieved across the Group (NL) (21) Sustainability of current pension schemes (RF) (22) Affordability of infrastructure plans (RF)	
Regulatory / Compliance / Reputation (Moderate)			(6) League table rank deterioration (DJ) (11) Serious health & safety compliance failure in any Group entity. Any wider safety issue from students being radicalised or failure in the Prevent Duty (JDS) (19) IT Security fails and operations or data is compromised. Student or staff data is lost or compromised, or systems brought down through a failure of IT security processes or controls (NL + JDS) (24) Student Experience deteriorates year on year (TD)	
Operational delivery (Open)		(3) Adapting to the changed operational environment post Brexit and post Covid-19 (DP)	(17) Inability to deliver scale and quality of placement and work-based opportunities required to improve student outcomes, including GO measure (NL)	
People / Culture (Open)		(12) Low staff engagement and competitive employment market negatively impact performance and staff retention (MMJ) (13) Developing a sustainable model for future ways of working (both in terms of organisational culture and technology / estate) (MMJ + NL + PI) (14) Size and Shape. Risk that LSBU does not have the right capability/ resource in key areas (MMJ)	(15) Regional Union position impacting local relationships and current climate of industrial action (MMJ)	
Infrastructure (Open)			(4) Alignment of estate and technology with strategic requirements across the Group (DP) (18) IT service fails or becomes unavailable. University business services, applications or infrastructure fails due to poor design, lack of maintenance or system error or failure (NL)	

Risk Exposure Matrix – Impact and Residual Likelihood

IMPACT	<p>4 - Critical Corporate plan failure / removal of funding, degree award status, penalty / closure</p>				
	<p>3 - High significant effect on the ability for the University to meet its objectives and may result in the failure to achieve one or more corporate objectives</p>	<p>(8) Degree Apprenticeships not achieving either volume or quality and standards targets (DJ + FM)</p> <p>(12) Low staff engagement and competitive employment market negatively impact performance and staff retention (MMJ)</p>	<p>(1) Capability and organisational capacity to respond to change in policy or competitive landscape, including funding changes and admission thresholds (DP)</p> <p>(4) Alignment of estate and technology with strategic requirements across the Group (DP)</p> <p>(11) Serious health & safety compliance failure in any Group entity. Any wider safety issue from students being radicalised or failure in the Prevent Duty (JDS)</p> <p>(17) Inability to deliver scale and quality of placement and work-based opportunities required to improve student outcomes, including GO measure (NL)</p> <p>(24) Student Experience deteriorates year on year (TD)</p> <p>(26) Reduction in existing health and social care placement capacity (WT)</p>	<p>(5) OfS thresholds not met in relation to Condition of Registration B3 (DJ)</p> <p>(9) High quality, cost effective curriculum that delivers good student outcomes and the financial turnaround of SBC (FM)</p> <p>(15) Regional Union position impacting local relationships and current climate of industrial action (MMJ)</p> <p>(16) Revenue reduction if set recruitment targets are not achieved across the Group (NL)</p> <p>(18) IT service fails or becomes unavailable. University business services, applications or infrastructure fails due to poor design, lack of maintenance or system error or failure (NL)</p> <p>(19) IT Security fails and operations or data is compromised. Student or staff data is lost or compromised, or systems brought down through a failure of IT security processes or controls (NL + JDS)</p> <p>(21) Sustainability of current pension schemes (RF)</p> <p>(22) Affordability of infrastructure plans (RF)</p> <p>(25) Funding, reputational and recruitment risk from Ofsted Requires Improvement ratings at LSBU, SBC and SBA (TD + FM)</p>	<p>(6) League table rank deterioration (DJ)</p>
	<p>2 - Medium failure to meet operational objectives of the University</p>		<p>(3) Adapting to the changed operational environment post Brexit and post Covid-19 (DP)</p> <p>(7) Academic programmes not engaged with technological and pedagogic developments (DJ + FM)</p> <p>(10) External incident compromises operations of or access to a Group campus (JDS)</p> <p>(13) Developing a sustainable model for future ways of working (both in terms of organisational culture and technology / estate) (MMJ + NL + PI)</p> <p>(14) Size and Shape. Risk that LSBU does not have the right capability/ resource in key areas (MMJ)</p> <p>(23) Group cashflow management and banking covenant compliance (RF)</p>	<p>(2) Full financial, academic, reputational and operational benefits fail to leverage potential of Group and fails to address changes resulting from government policy. (DP)</p> <p>(20) Third stream income growth unrealised (Research, Enterprise and LSBU Global) (PI)</p>	
	<p>1 - Low little effect on operational objectives</p>				
		<p>1 - Low This risk is only likely in the long term</p>	<p>2 - Medium This risk may occur in the medium term</p>	<p>3 - High The risk is likely to occur short term</p>	<p>4 - Very High The risk is likely to occur in the immediate term</p>
RESIDUAL LIKELIHOOD					

	INTERNAL
Paper title:	Group-wide and LSBU KPIs
Board/Committee:	Board of Governors
Date of meeting:	25 November 2021
Author(s):	Karen McLernon, Head of Performance Analysis
Sponsor(s):	Prof. Deborah Johnston, Pro Vice Chancellor (Education)
Purpose:	For Review
Recommendation:	An update on the KPI framework and latest 2020/21 performance data for noting by the Board.

Executive summary

Since the previous KPI review by the Board, the VC and Strategy team have reviewed the Group Goals and LSBU KPIs with the aim of adding more focus to the performance indicators, in particular to heighten the prominence of Student Outcome metrics. The more concise schedules of Group Goals and LSBU KPIs are presented in this report. Those indicators removed from FPR and Board reporting will continue to be tracked elsewhere, for example in monitoring performance against LSBU's Access & Participation Plan.

In view of the diversion of resources required to respond to the Covid pandemic over the past year and the resultant delay in implementing the Corporate Strategy, the Executive recommends to extend to strategy period by one year to 2025/26 and re-phase KPI targets accordingly. FPR Committee accepted this proposal at their November meeting.

The update on 2020/21 performance shows excellent progress in the reduction of the gender pay gap and racial awarding gap and improvement of LSBU's Apprenticeship achievement rates.

KPI review to increase focus

The VC and Strategy team have reviewed the Group Goals and LSBU KPIs with the aim of adding more focus to the performance indicators, in particular to heighten the prominence of Student Outcome metrics. The more concise schedules of Group Goals and LSBU KPIs are presented in this report in appendices 1 and 2 of this report. Those indicators removed from FPR and Board reporting will continue to be tracked elsewhere, for example in monitoring performance against LSBU's Access & Participation Plan.

The number of Group Goals has been reduced by three to 11 metrics, with the Research metric moved directly to LSBU, and the number of LSBU KPIs decreased by 16 to 23 metrics. All nine measures in the Student Success pillar have been retained, and the re-prioritisation of other indicators is intended to increase focus on and prominence of Student Outcomes related measures.

Group Goal #3, Increase in students' social capital, and LSBU KPI #1, Embed employer relationships, are defined in principle, with detailed definitions and measurement in the process of being worked out. The metric for Group Goal #6, environmental sustainability, is under review following feedback from FPR Committee. With these three exceptions, all metrics have agreed definitions and all but three have targets. As reported previously, targets for the REF proxy measure of research quality can only be benchmarked after publication of the REF 2021 results in Spring 2022.

In their recent audit of the KPI framework design, Internal Audit recommended the development of leading indicators to provide a more current review of performance and progress against strategic goals than the annual measures in the framework. This action will be taken forward by the Academic Development Group for student outcome indicators, with parallel actions allocated to other oversight groups.

SBC and SBA are still reviewing their KPIs which are therefore not presented here.

Extension of Corporate Strategy period and related targets by one year

In view of the diversion of resources required to respond to the Covid pandemic over the past year and the resultant delay in implementing the Corporate Strategy, the Executive recommends to extend to strategy period by one year to 2025/26 and re-phase KPI targets accordingly.

This means a roll-forward of 2020/21 targets to 2021/22, and shift of the subsequent years by one out to 2025/26. Targets will not be re-phased where:

- 2020/21 targets have already been met or exceeded, for example the racial awarding gap or Apprenticeship achievement rates.
- We aim to reduce inequalities – we continue to target the elimination of the gender and ethnicity pay gaps by 2024/25.
- Financial budget targets have already been set for 2021/22.

2020/21 Performance update

Recently released 2020/21 performance data have been updated in the KPI schedules presented in Appendices 1-2, including:

- Group Economic Impact: this is just above £1 billion, ahead of the re-phased target.
- The gender pay gap reduction to 3.8% is ahead of target which demonstrates encouraging progress towards gap elimination by 2025.
- EBITDA has fallen to 9.1% because higher than budgeted income growth has not translated into surplus growth.
- LSBU's Apprenticeship achievement rate has increased by nearly 10% year-on-year to 63.8%. This is in line with the HE sector average in 2018/19. More current benchmarks are not available due to non-publication during the Covid pandemic.
- The awarding gap between BME and White students has reduced by 3 percentage points to 10.8% which is ahead of target. This is in context of a year-on-year increase in the proportion of Good Honours degrees by 9%.
- The number of PG Research completions has remained stable at 46 but is ahead of target and a positive achievement during the pandemic.

Appendices

Appendix 1: Group Goals

Appendix 2: LSBU Outcome KPIs

Appendix 1: Group Goals

Pillar	#	Goal	Measure	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target	2021/22 Target	2022/23 Target	2023/24 Target	2024/25 Target	2025/26 Target
Access to Opportunity	1	Progress against UN SDGs	LSBU position in the THE Global Impact ranking	101-200	101-200	101-200	101-200	101-200	101-200	<100	<100	<100
Student Success	2	Increase social mobility	Social Mobility Index rank for LSBU and Value-add rank for SBC and SBA	LSBU: 7th SBC/A: TBC	LSBU: 6th SBC/A: N/A due to Covid	LSBU: TBC SBC/A: N/A due to Covid	Each institution in top quartile	Each institution in top quartile	Each institution in top quartile	Each institution in top quartile	Each institution in top quartile	Each institution in top quartile
	3	Increase in students' social capital	In development / will be based on career readiness measure	N/A	N/A	N/A	N/A	TBC	TBC	TBC	TBC	TBC
Real World Impact	4	£5bn of economic impact (cum.)	Modelled impact of LSBU Group on the UK economy	£956m	£958m	£1.03bn #	£0.83bn	£1.67bn	£2.5bn	£3.33bn	£4.17bn	£5bn
	5	Impactful and high quality research	KEF rank	N/A	N/A	Overall rank 1 in Cluster J	N/A	TBC	TBC	TBC	TBC	Overall rank 1 in Cluster J and ranked first in 5 of the 7 KEF perspectives
Technology & Estates	6	Environmental sustainability	% recycled waste	43%	42%	N/A due to Covid	50%	50%	55%	60%	70%	75%
People, Culture & Inclusion	7	A highly engaged workforce	Staff engagement score	66%	73%	67%	70%	70%	72%	73%	74%	75%
	8a	Closing of the Gender and Ethnicity Pay Gap	Gender	5.3%	5.1%	3.8%	4%	3%	2%	1%	0%	0%
	8b		Ethnicity	10.2%	12.2%	TBC	10%	7%	4%	2%	0%	0%
Resources, Market & Shape	9	Delivering financial sustainability	EBITDA	11.2%	11.4%	9.1% #	11.9%	12%	12%	12%	12.5%	12.5%
	10	Highly effective internal services	Cubane Service Effectiveness survey	N/A	2	Survey not run due to Covid	5	5	10	15	20	27

denotes 20/21 forecast, pending finalisation of the 20/21 SBA annual accounts

Appendix 2: LSBU Outcome KPIs

Pillar	#	Outcomes	Outcome KPIs	Regulatory measure	2018/19 Actual	2019/20 Actual	2020/21 Actual	2020/21 Target	2021/22 Target	2022/23 Target	2023/24 Target	2024/25 Target	2025/26 Target
			Subset		Baseline to be established								
Access to Opportunity	1	Embed employer relationships	Proportion of UG students with a work-based learning experience		Baseline to be established								>50%
	2	Increase in intra-Group progression	Progression to LSBU through progression pathways	to include SBC KPI #4b (Technical College transfers) and international transfers	42	54	66	100	100	500	1000	1500	2700
Student Success	3	Employment and further study	GO Graduate level employment or PG study (EPI cohort)	✓	87.7 (DLHE)	69.5 (Graduate Outcomes)	64.9	72	72	75	78	82	85
	4a	Learning experience	NSS - Teaching related question areas	✓	80.4	77.9	71.8	80	80	81	82	84	86
	4b		PTES - Teaching measure		75	72	77	75	75	77	78	79	85
	4c		PRES - Overall satisfaction (biennial survey)		71	N/A	73	81	N/A	83	N/A	85	N/A
	5a	Progression	Y1-2 Progression (FT UG students) target 85% by 2025	✓*	73.5	79.7	74.4 #	78	78	80	82	84	85
	5b		PGT completion target 85% by 2025		66.7	68.3	TBC	70	70	74	78	82	85
	5c		Apprenticeship achievement rates	✓	0	55.1	63.8	60	65	65	70	80	83
	6	Close awarding gaps	BME awarding gap (FT students)	✓	15.7	13.9	10.8	13	11	11	9	7	5
7	Deliver excellent services to students	NSS - Organisation and Management question area (all respondents)		72.3	69.7	64.1	73	73	75	77	79	82	
Real World Impact	8	Research and enterprise income	£50m of Research & Enterprise income		14.6	13.3	12.6	15.3	17.1	17.1	25	35	50
	9a	GPA and rankings	QS & THE World University Rankings Top 500	QS WUR	701-750	751-800	801-1000	751-800	751-800	701-750	651-700	601-650	<501
	9b		THE WUR		+1001	+1001	801-1000	+1001	801-1000	801-1000	601-800	<601	<501
	9c		University GPA of 2.8 in 2021 and 3.0 in 2027	Internal REF proxy metric		2014 REF: 2.52	Mock REF: 2.97	N/A	N/A	Targets will be benchmarked based on REF2021 results due to be published in April 2022			
10	Research pipeline	PGR Completions		30	49	46	35	40	40	45	50	60	
Technology & Estates	11	Student satisfaction with infrastructure	NSS - Learning Resources question area		84	82	56.7	83	83	84	86	87	88
People, Culture & Inclusion	12	Employee experience	Staff Survey average score		57	61	60	65	65	70	73	78	80
Resources, Market & Shape	13	Group income of £250m	LSBU income (£ million)		148.5	157.1	169.5	153.3	169.1				200
	14	Generate 5% surplus	Surplus %		1.6	0.9	3.0	1.3	1.3	1.3	2	3	5
	15a	Brand and reputation	Top 50% in all domestic rankings	Guardian	68	93	113	85	85	77	70	65	61
	15b			Times	86	123	127	114	114	105	92	79	66
	15c			CUG	87	89	108	83	83	81	75	70	65

* Progression is an internal metric that is used as a proxy for the regulatory Continuation measure. Progression has a stricter definition than Continuation

denotes 20/21 estimate based on Semester 1 starters

This page is intentionally left blank

	CONFIDENTIAL
Paper title:	Report and decisions of committees
Board/Committee:	Board of Governors
Date of meeting:	25 November 2021
Author(s):	Kerry Johnson, Governance Officer
Sponsor(s):	Relevant committee chairs
Purpose:	To update the Board on committee decisions
Recommendation:	<p>The Board is requested to note the report on decisions of committees and subsidiary boards and approve:</p> <ul style="list-style-type: none"> • Modern Slavery Act Statement; • The creation of a Group Nomination Committee; • Academic Board terms of reference; • Enterprise Advisory Board terms of reference.

Executive summary

A summary of committee and subsidiary board decisions is provided for information. Minutes and papers are available on modern.gov.

The Board is requested to approve:

- Modern Slavery Act statement
- The proposal to create a Group Nomination Committee
- Revised Academic Board terms of reference
- Revised Enterprise Advisory Board terms of reference

Minor updates to the terms of reference for the Academic Board and Enterprise Advisory Board have been made as part of an annual refresh.

Other relevant papers are included separately as agenda items.

This page is intentionally left blank

Remuneration Committee – [2 November 2021](#)

The committee discussed and approved pay award and bonuses to members of the Group Executive. The committee noted the objectives of members of the Group Executive for the 2021/22 year.

Further detail is provided in the annual remuneration report (separate item on the agenda).

Finance, Planning and Resources Committee – [9 November 2021](#)

The committee discussed:

- NSS results and action plan – noted that a full written report would come to the March 2022 meeting;
- Management accounts to 30 September 2021;
- Student recruitment and retention update – LSBU ended the recruitment cycle 107% above target for Firm Accepts and was nearing the enrolment target, with 4,000 full-time undergraduates now enrolled;
- Group-wide and LSBU KPIs – the committee agreed with the Executive’s recommendation to extend the strategy period by one year to 2025/26 and re-phase KPI targets accordingly;
- Draft annual report and accounts 2020/21 – noted reported surplus of £3m and total income of £198m. Noted potential adjustment regarding the estimate of pension benefits in the FRS102 pensions report, and that conversations with KPMG were ongoing;
- Strategic People and Organisational Development report – key developments across POD over past six months and future priorities, including return to campus and launch of the new rewards and benefits platform.

The committee noted:

- Treasury management report including cashflow update;
- Going concern assurance for GARC, detailing FPR’s oversight of management accounts, cashflow forecasts and covenant compliance.

Group Audit and Risk Committee extraordinary meeting – [28 October 2021](#)

The committee discussed:

- Review of December 2020 cyber incident and lessons learned;
- IT disaster recovery internal audit report, which provided no assurance on the design of controls for LSBU, and contained nine recommendations across the Group: four high risk, four medium risk, and one low risk. Noted that management responses and a fully-costed action plan would be brought to an additional GARC meeting in January/February 2022;

- The Executive's detailed fact finding and lessons learned report on LSBU cloud migration.

Academic Board – [5 November 2021](#)

The Board approved:

- The revised terms of reference for the Quality and Standards Committee, Research Committee, Student Experience Committee, and Academic Board subject to minor corrections. The Academic Board's revised terms of reference is attached **for approval**.
- The academic calendar 2022/23, which is in line with previous years.

The Board discussed:

- The University's existing academic objectives and a recommendation to request new regular reports to the Academic Board on priority areas in future to improve monitoring of key metrics for students and education.
- Apprenticeship provision and recruitment 2021/22. The Board noted that the main risk factor to apprenticeship achievement and completion rates is a lack of skills coaches for apprentices. The Board requested a report at the next meeting on resourcing for apprenticeships to assure that they are appropriately managed.
- Student recruitment and clearing 2021/22. The Board noted that data suggests that London Moderns, including LSBU, are losing market share to med-high tariff institutions for student recruitment during clearing. It requested a report at the next meeting analysing this data and benchmarking LSBU's recruitment performance against its competitors.
- A presentation on LSBU's approach to 'decolonise' its curriculum. The Board noted that students are keen to participate in decolonisation work and want the University to share its work via more public, transparent platforms. It agreed that not only the curriculum, but broader elements of educational delivery at LSBU need to be decolonised.
- A presentation on evaluation of resource application for academic-facing activities. The Board's questions were collected and would be responded to outside of the meeting.

The Board noted:

- A verbal update from the Provost on the external landscape, internal restructuring of the University Management Board, and ongoing estates, research and academic projects across the University.
- NSS key findings 2020/21. The Board noted that an NSS taskforce is reviewing actions to respond to the survey and is developing a strategy to approach future NSS. A report on the taskforce's work would be brought to the next meeting.

- LSBU's league table position.
- An update on progress of the academic portfolio review workstream.
- A report from the Students' Union on its current activities and plans for 2021/22, student's academic experience so far, and key issues that students are struggling with. The SU supported training for academics on student policies and student support, which the OD team begun developing in October.
- The list of Emeritus Professors appointed since 2019/20.
- A brief summary of good news stories reported recently in the media about LSBU.
- Meeting summaries from sub-committees.

Enterprise Advisory Board – 10 November 2021

The Committee approved:

- Its revised terms of reference. It also noted its annual work plan for 2021/22. The EAB's revised terms of reference is attached ***for approval***.

The Committee discussed:

- A quarterly enterprise business report for REI, which provided an update on research and enterprise income and activities so far in 2021/22. The Committee noted that a key ambition for REI from the original business case for opening a branch campus in Croydon was to create new enterprise links with businesses in the local area. The Committee asked for a report at the next meeting offering an overview of strategic plans for development of enterprise links in the Croydon area.
- A quarterly enterprise business report for LSBU Global. The Committee noted the latest international partnership developments and discussed partnership governance, financing, and how LSBU Global would facilitate LSBU's research agenda.
- A presentation on strategic partnerships outreach and progress. The Committee noted the complexity of the stakeholder environment and discussed how to mitigate this and undertake effective account management.

Major Projects and Investment Committee – [11 November 2021](#)

The committee approved:

- London Road - the additional unbudgeted expenditure of up to £5.7m in relation to the additional certified works by WDI (as authorised by the Board of Governors at its meeting of 20 May 2021);
- SBC lease – MPIC agreed to consent (on behalf of LSBU and subject to SBC Board approval) to SBC granting a lease to Last Mile Electricity Ltd for a sub-station to be provided in the new NESC building at Vauxhall.

The committee noted:

- Update on fire door works

Group Audit and Risk Committee – [11 November 2021](#)

The committee recommended for approval by the Board:

- External audit letter of representation;
- Annual report and accounts for year ending 31 July 2021, subject to amendments;
- Group Audit and Risk Committee annual report to the Board;
- 2021 Modern Slavery Act statement;
- Prevent annual return.

The committee approved:

- Internal controls annual review of effectiveness 2020/21 – approved a ‘full compliance’ statement for 2020/21;

The committee reviewed and recommended the following matters to be reported to the Board:

- Draft external audit year-end report;
- Going concern statement – further information to come from FPR (referenced above) to provide assurance to the Board.

The committee noted:

- Update on internal review of UKVI sponsored student records;
- External audit performance against KPIs;
- Internal audit progress report;
- Internal audit follow-up report;
- OfS regulatory framework internal audit report – moderate level of assurance over control design and substantial level of assurance over operational effectiveness;
- KPIs internal audit report – moderate level of assurance over control design and substantial level of assurance over operational effectiveness;
- Internal audit annual report and opinion, which was “generally satisfactory with improvements required in some areas”;
- Public benefit statement, for inclusion in the annual report and accounts;
- Corporate governance statement, for inclusion in the annual report and accounts;
- Data assurance report;
- The corporate risk register, comprised of 16 high risks, 10 medium risks and zero low risks;
- Fire door works update;

- OfS conditions of registration compliance report 2020/21;
- Anti fraud, bribery and corruption report, which included no new incidents
- Data protection report, including details of one incident involving a breach of personal data since the previous meeting;
- No new speak up cases or reportable events since the previous meeting.

Chairs' forum – [16 November 2021](#)

The forum discussed:

- An update on group matters; and
- An update on group financial matters.

The forum supported the creation of a group nomination committee (details set out below for approval).

SBUEL Board – [16 November 2021](#)

The Board approved:

- External audit letter of representation; and
- SBUEL statutory accounts 2020/21, subject to amendments.

The Board noted:

- External audit findings.

SBC Board – [17 November 2021](#)

The Board discussed:

- An update from the Lambeth College Students' Union President
- An update on EDI Matters
- The Executive Principal's Report which included; 2020/21 Achievement Outcome, 2021/22 Recruitment, Self-Assessment Report 2020/21 and Quality & Improvement Plan 2021/22.
- Accounting Officer's Report which included; Infrastructure Update, Health & Safety Matters and Update on Fire Doors.
- The Chief Financial Officer Report
- Health & Safety Annual Report 2020/21
- An update on Estates Development
- An update on London Realty

The Board discussed and approved:

- the granting of a lease to Last Mile Electricity Ltd for space to provide an electricity sub-station to deliver power to Block A (NESC) on the Vauxhall campus
- An Updated Single Equality Scheme 2021/22
- Lambeth College Self-Assessment Report (SAR) 2020/21 - The College has self-assessed as overall Good
- Lambeth College Quality & Improvement Updated Action Plan 2021/22
- Audit Committee Revised Terms of Reference

The Board noted:

- The Public Benefit Guidance
- The Updated AoC Code of Good Governance
- Report from Committees

	CONFIDENTIAL
Paper title:	Modern Slavery Statement 2021
Board/Committee	Board of Governors
Date of meeting:	25 November 2021
Author:	James Rockliffe, Director of Procurement Services
Sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	For Approval
Recommendation:	The Board is requested to approve the 2021 Modern Slavery Statement.

Executive Summary

- A draft Modern Slavery Statement for 2021 is enclosed.
- Updates to the 2020 statement have been made to reflect the impact on supply chains of (i) the UK's exit from the EU and (ii) the coronavirus pandemic.
- The statement must be approved by the Board of Governors to enable the University to state that it meets its statutory obligations in respect of modern slavery legislation when bidding for funding.
- Publication is advised within six months of year end; however, this is not a definitive deadline. The intention is to publish the revised statement on the University website on or before 31 January 2022.

Recommendation

The Board is requested to approve the 2021 Modern Slavery Statement.

This page is intentionally left blank

Modern Slavery Statement 2021

Introduction

London South Bank University (“LSBU” or “the University”) is committed to preventing acts of modern slavery and human trafficking from occurring within its business and supply chain and imposes the same high standards on its suppliers.

LSBU is one of London’s oldest universities. It has a rich history with strong educational roots dating back to 1892. The University as it is today was created in 1992.

This statement is made in accordance with section 54 (1) of the Modern Slavery Act 2015 and sets out the steps taken by LSBU during the financial year ending 31 July 2019 and constitutes LSBU’s slavery and human trafficking statement.

LSBU is committed to running the organisation ethically, sustainably and responsibly. We strive to maintain high ethical principles and to respect human rights. We are committed to procuring goods and services and employing people without causing harm to others.

Structure of our organisation

London South Bank University is a UK based University. It employs approximately 2,000 staff and teaches over 17,000 students. It operates primarily in the UK but has partnership arrangements with providers of education in the UK and overseas. LSBU has a total income of approximately £190 million. Information regarding the University’s business and structure is available at <https://www.lsbu.ac.uk/about-us/people/governance>.

Our Governance



The Sustainability Steering Group is responsible for the oversight, development and ongoing monitoring of the University environmental and sustainability strategy and overall direction. Work within this area is reported to the University's Executive Committee.

Our spend categories and those that present risks of human rights abuses

The principal categories which the University deems as carrying significant risks are security, catering, cleaning, IT, laboratory consumables, uniforms and workwear. The University deems the corresponding source countries to be as follows:

Category	Country
Security and Reception services	United Kingdom
Catering services	United Kingdom
Cleaning services	United Kingdom
Laboratory consumables	Malaysia, Indonesia, India, Pakistan
IT Equipment*	East Asia, China, Eastern Europe, Mexico
Uniforms/Workwear	UK, Indonesia, Malaysia, China, Bangladesh

*Due to the complexity of the IT supply chain the list of countries is not definitive and there are likely to be other countries where the equipment is manufactured.

Due diligence and compliance

The University is a member of the London Universities Procurement Consortium (LUPC), which is a non-profit professional buying organisation. LUPC is a member of Procurement England Limited (PEL). These bodies have together published a shared Sustainability Policy to which all PEL member consortia are committed.

LUPC has also published its own Slavery and Human Trafficking Statement setting out its position with regard to modern slavery and human trafficking.

The University also purchases via the APUC, NEUPC, SUPC, NWUPC consortia and via Crown Commercial Services which have also published their own Slavery and Human Trafficking Statements.

The University is an affiliate member of Electronics Watch. Electronics Watch is an independent monitoring organisation that assists public sector buyers to protect labour rights and improve working conditions for an estimated 18 million workers in their global electronic supply chains more effectively than any single public buyer sector could accomplish on its own.

The University procures IT equipment through the LUPC led national electronics framework agreement for Desktop and Notebook PCs, which includes model Electronics Watch contract clauses. The University affiliate membership allows the use of the same clauses, resources and information to work with suppliers to improve conditions for electronics workers globally.

Further actions and key goals for 2022

The University recognises that (i) the United Kingdom's exit from the European Union and (ii) its response to the Coronavirus pandemic continue to require new sources of supplies and equipment to be established. As a result, additional measures to develop confidence in new supply chain relationships have been developed and will continue to be required.

To supplement the actions taken this financial year to prevent slavery or human trafficking from occurring in its business or supply chains, the University will continue to review its approach to Anti-Slavery and consider further measures to combat modern slavery and trafficking.

The University reaffirms its commitment to improving its understanding of supply chains and to continue to develop processes and ways of working to identify categories where the risk of modern slavery or human trafficking may exist.

The University will continue to work with its partners (especially the LUPC) to gain experience of supply chain due diligence and mitigation of the risks to human rights in supply chains.

The University will ensure that senior managers responsible for higher risk spend categories and contracts receive Modern Slavery awareness training.

It will also continue to attend events and use available learning material produced especially for public procurement practitioners.

Approval

This statement was approved by LSBU's Board of Governors on [xx] November 2021 and will be reviewed annually.

[<<<signature here>>>]

Professor David Phoenix
Vice-Chancellor and Chief Executive

This page is intentionally left blank

	INTERNAL
Paper title:	Group nomination committee proposal
Board/Committee:	Board of Governors
Date of meeting:	25 November 2021
Author(s):	Michael Broadway, Deputy University Secretary
Sponsor(s):	Jerry Cope, Chair of the LSBU Board
Purpose:	For Approval
Recommendation:	The Board is requested to approve the proposal to create a Group nomination committee

Executive summary

As part of establishing the group governance structure, a group nomination committee has been considered. The draft terms of reference were discussed and supported at the chairs' forum meeting of 16 November 2021.

The proposal is that a group nomination committee will discuss principles (e.g., of skills, composition, recruitment, succession planning) and panels will be established for LSBU, SBA, SBC to recruit individual governors.

There are essentially two categories of trustees on SBA and SBC Boards where a selection process is required: 1) trustees appointed by LSBU (this was done previously by the LSBU nomination committee); and 2) trustees appointed by the SBA/SBC Board itself. This is covered in paragraph 4 of the draft terms of reference.

The Board is requested to approve the creation of a group nomination committee. Approval from the Boards of SBA and SBC will also be required.

This page is intentionally left blank

Group Nomination Committee

Terms of Reference

1. Constitution

1.1 The LSBU Board of Governors, SBA Board of Trustees and the SBC Board of Trustees have established a committee of the Boards known as the Group Nomination Committee.

1.2

To enable the committee to discharge its duties, it will establish from time to time institutional panels to recruit governors or trustees within the group (paragraph 4 below sets out the role of the panels).

2. Membership

2.1 The Nomination Committee and its chair shall be appointed from among the members of the LSBU Board, the SBA Board and the SBC Board.

2.2 Membership shall consist of:

2.2.1 up to 4 independent governors of LSBU, one of whom shall be the Chair of the Board;

2.2.2 up to 2 trustees of the SBA Board, one of whom shall be the Chair of the Board;

2.2.3 up to 2 trustees of the SBC Board, one of whom shall be the Chair of the Board; and

2.2.4 the Group CEO.

2.3 A quorum shall consist of at least 2 independent governors of LSBU, at least 1 SBA trustee and at least 1 SBC trustee.

2.4 The chair shall be the Chair of the LSBU Board.

2.5 The committee may, if it considers it necessary or desirable, co-opt members with particular expertise.

3. Frequency of meetings

3.1 Meetings shall be held as required.

4. Authority

4.1 For LSBU Board appointments:

- 4.1.1 Under delegated authority from the committee, the LSBU panel recommends potential LSBU independent governors to the LSBU Appointments Committee for approval.

4.2 For SBA Board appointments:

- 4.2.1 Under delegated authority from the committee, the SBA panel recommends potential SBA 'co-opted' trustees to the SBA Board for approval; and
- 4.2.2 The committee approves the appointment of 'LSBU trustees' to the SBA Board.

4.3 For SBC Board appointments:

- 4.3.1 Under delegated authority from the committee, the SBC panel recommends potential SBC 'co-opted' trustees to the SBA Board for approval; and
- 4.3.2 The committee approves the appointment of 'LSBU trustees' to the SBC Board.

4.4 The committee is the appointing authority for LSBU appointees to subsidiary company boards as appropriate under the relevant company's articles.

4.5 The committee is the appointing authority for LSBU appointees as members of SBA.

4.6 The SBA panel will oversee appointments and succession planning to SBA's SABs and report to the SBA Board

5. Secretary

5.1 The secretary to the Committee will be the Clerk to the LSBU Board or other appropriate person nominated by the Clerk.

6. Duties

6.1 The duties of the committee shall be to:

- 6.1.1 give full consideration to succession planning for governors and trustees, taking into account the challenges and opportunities facing the university, college, schools and group and what skills and expertise are needed on the boards in the future;
- 6.1.2 make recommendations to fill vacancies on the group boards following its authority (under section 4);
- 6.1.3 in the exercise of its functions, have due regard to the benefit of equality, diversity and inclusion in the composition of the Boards;
- 6.1.4 develop and keep under review the criteria for appointment as an independent governor of LSBU, an LSBU-appointed trustee or a co-opted trustee, or an 'LSBU trustee' or an 'independent trustee' of SBC;
- 6.1.5 evaluate the balance of skills, knowledge and experience required for a particular appointment;
- 6.1.6 through the relevant panel, seek the most suitable candidate, through the most appropriate open recruitment method;
- 6.1.7 consider the reappointment of each LSBU independent governor, LSBU-appointed trustee of SBA, co-opted trustee of SBA, or 'LSBU trustee' of SBC or 'independent trustee' of SBC at the end of his or her specified term of office, having regard to that individual's performance and ability to continue to contribute to the relevant Board in the light of the knowledge, skills and experience required, and to approve or recommend reappointment as appropriate;
- 6.1.8 upon a vacancy arising, oversee the process for the selection of chairs for each Board, including delegation of authority to a special panel;
- 6.1.9 consider how best to 'interlock' the Boards;

7. Reporting Procedures

7.1 The minutes (or a report) of meetings of the Committee will be circulated to the Boards.

Approved by the LSBU Board of Governors on [x]

Approved by the SBA Board of Trustees on [x]

Approved by the SBC Board of Trustees on [x]

	INTERNAL
Paper title:	Academic Board Terms of Reference
Board/Committee:	Board of Governors
Date of meeting:	25 November 2021
Author(s):	Dominique Phipp, Governance Assistant
Sponsor(s):	Tara Dean, Provost
Purpose:	For Approval
Recommendation:	The Board is asked to approve the proposed changes to the terms of reference.

Executive Summary

The changes proposed to the terms of reference are as follows:

- Updates to the PVC (Academic Framework), DVC (Innovation), and PVC (Institute of Health and Social Care)'s job titles
- Addition of the University Director of Education and Student Experience
- Addition of the Associate PVC (Research)
- Corrections to the category labels for members' (e.g., students given their own category, and Chair of Professoriate moved from 'Non-Teaching Staff' to 'Senior Academic Staff & Professors')
- Correction of the term 'nominated' to 'elected' for x14 senior academics chosen to join the Academic Board by ballot
- Change to the title given to the 'nominated research staff' member, who is a non-teaching staff member on a research contract
- References to number of schools removed in favour of language like "one per school", to reduce the changes required when Schools are restructured (such as Health and Social Sciences this year).
- Removal of terms such as 'faculty' and 'programme' as these are not used at LSBU.

Academic Board Terms of Reference

The Academic Board is the University's supreme academic deliberative and decision-making body. It is responsible for strategic oversight of all academic provision, including the University's academic standards, direction and regulation.

1. Remit

The Academic Board should ensure that its activity contributes to continuous improvement against the strategic goals of LSBU's Group Corporate Strategy, and compliance with the OfS's ongoing conditions of registration.

1.1 The remit of the Academic Board is to:

- 1.1.1 support development of and approve University-level strategies relating to teaching and learning, quality enhancement, research, and student experience across all stages of the student journey. Ensure that they are consonant with the Group Corporate Strategy and monitor progress against academic key performance indicators;
- 1.1.2 approve the awards which the University may validate and confer, and monitor development of the University's academic portfolio;
- 1.1.3 maintain and enhance academic standards, assure the quality of academic provision and of students' learning opportunities, and ensure awards hold their value over time;
- 1.1.4 ensure that the University's academic provision anticipates and meets the diverse needs of its students;
- 1.1.5 seek to maintain the quality and standards of teaching and, where possible, enhance through best practice;
- 1.1.6 have oversight of academic ethics;
- 1.1.7 approve the University's academic and student regulations, and ensure that the regulations are appropriate, comprehensive, fair and compliant with external expectations and legal requirements, and oversee their enactment, including for:
 - admission of students;
 - granting and annulling of degrees, qualifications and titles;
 - exclusion of students for academic reasons;
 - appointment and termination of appointment of internal and external examiners;
 - assessment and examination of academic performance of students;

- character of curricula;
 - quality of courses including validation and accreditation by external bodies; and
 - granting distinctions including honorary degrees and academic titles.
- 1.1.8 provide scrutiny of the academic quality and suitability of the University's educational collaborations and partnerships;
- 1.1.9 provide advice on such other matters as the Board of Governors or the Executive may refer to Academic Board;
- 1.1.10 ensure that action in response to identified academic concerns is taken at the relevant level (institution, **faculty**, school, **programme** course), taking proper account of the views of students, members of staff, external examiners, and external quality bodies;
- 1.1.11 support promotion of the University's reputation, including its research, teaching, and academic offer.

2. Committees

- 2.1. The Academic Board may carry out its remit through sub-committees, including the Quality and Standards, Student Experience, and Research committees or other working groups from time to time.
- 2.2. The Academic Board should monitor the activity of its sub-committees. The minutes (or a report) of its sub-committees shall be reported to the Academic Board.
- 2.3. The Academic Board shall approve the terms of reference of its sub-committees.

3. Membership

3.1 Membership consists of the following:

Holders of Senior Posts (43)	Provost (Chair) Chief Business Officer DVC (Innovation) and Chief Operating Officer PVC Education PVC (Academic Framework) PVC (Institute of Health and Social Care)
Senior Academic Staff and Professors(241)	Deans (x7) or School Executive alternative (x1 per School) Two elected nominated senior academic staff members from each school (x14) Chair of the 'Professoriate' University Director of Education and Student Experience
Non-teaching staff(57)	Director of Teaching Quality and Enhancement Director of Student Services Nominated member of research professional staff Nominated member of technical staff Associate PVC (Research) Chair of the 'Professoriate' Students' Union, President Students' Union, Vice President (Education)
<u>Students (2)</u>	Students' Union, President Students' Union, Vice President (Education)

3.2 A quorum consists of 7 members.

3.3 The term of office of nominated members is three years.

3.4 The Academic Board meets at least three times per year. Additional meetings may be called by the Chair as deemed necessary to execute the business of the Board.

3.5 Board governors may attend any meeting of Academic Board or sub-committees to observe their proceedings.

4. Reporting Procedures

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

Approved by the Board of Governors on 21 November 2019

[Changes approved by the Board of Governors on 25 March 2021](#)

[Changes to 3. and 1.1.10 approved by the Board of Governors on 25 November 2021](#)

	INTERNAL
Paper title:	Enterprise Advisory Board Terms of Reference
Board/Committee:	Board of Governors
Date of meeting:	25 November 2021
Author(s):	Dominique Phipp, Governance Assistant
Sponsor(s):	Paul Ivey, DVC and Group Chief Business Officer Dave Phoenix, VC and Chair of the EAB
Purpose:	For Approval
Recommendation:	The Board is asked to review and approve the proposed changes.

The changes proposed to the terms of reference are minor, as follows:

- Updates to the membership of the committee, including addition of up to three co-opted external members and removal of the Group Chief Financial Officer in favour of regular attendance by the Director of Financial Planning, Reporting and Registry.
- Inclusion of the EAB's regular attendees, soon to include the new APVC (Research) also when appointed.
- Identifying the expertise co-opted members to the EAB should offer the committee.

Enterprise Advisory Board

Terms of Reference

The purpose of the Enterprise Advisory Board (EAB) is to oversee and advise the Executive and Board of Governors on the conduct and direction of all enterprise activity, reporting on this activity in terms of effective commercial and corporate governance. The committee will have authority in an advisory capacity only.

1. Remit

1.1 The remit of the committee is to oversee and advise on enterprise related activity by:

1.1.1. ~~Drawing on~~ Utilising expertise from within the group and without to help inform strategic priorities.

1.1.2. Supporting business planning, overseeing delivery of business plans, and driving sustainable exploitation to advance the relevant elements of the LSBU Group Corporate Plan.

1.1.3. Raising the profile of the LSBU Group through market introductions, enhancing community engagement, identifying prospective partners, and facilitating networking.

1.1.4. Appraising business opportunities, including mergers and spin outs, and providing expert advice as needed to governors and the executive. Advice could range from market insight and intelligence on business opportunities to risk mitigation and governance.

1.1.5. Supporting and facilitating development of a structured approach to B2B engagement.

1.1.6. Monitoring and discussing quarterly business reports (SBE, LSBU Global etc.).

2. Membership

2.1 Membership consists of the following:

- Vice-Chancellor / Group Chief Executive Officer (Chair)
- Deputy Vice-Chancellor / Group Chief Business Officer
- ~~Group Chief Financial Officer~~
- Two ~~Up to two~~ members of the Board of Governors-
- Up to three co-opted external members

In attendance at meetings:

- Associate PVC (LSBU Global)
- Director of South Bank Innovation
- Associate PVC (Research)
- Director of Financial Planning, Reporting and Registry

2.2 The term for co-opted members is three years, which can be extended by the committee.

2.3 Co-opted members should bring the following expertise:

- Extensive knowledge of the UK health and/or wellbeing sector; or
- Experience and knowledge of regeneration activity and policy in the UK with awareness of funding and initiatives; or
- Leadership experience and knowledge in a STEM related discipline, such as engineering, computing, or digital; or
- Leadership experience and knowledge in social entrepreneurship and impact investment; or
- Strong and working knowledge of corporate sales with a focus on developing B2B pipelines.

2.22.4 _____ The committee meets once per quarter ~~ahead of a Board of Governors meeting.~~

3. Reporting Procedures

3.1 The minutes (or a report) of meetings of the committee will be circulated to the Board of Governors.

Approved by the Board of Governors on 24 November 2021

This page is intentionally left blank

	INTERNAL
Paper title:	SBA Articles of Association update
Board/Committee:	Board of Governors
Date of meeting:	25 November 2021
Author(s):	Ciara Carroll and Michael Broadway
Sponsor(s):	James Stevenson, Group Secretary
Purpose:	For Approval
Recommendation:	<p>The Board is requested to:</p> <ul style="list-style-type: none"> • consent in principle to South Bank Academies adopting the new DfE model articles for multi academy trusts; • consent to the SBA Board approving any amendments to the model articles that the SBA Board considers are in the best interests of SBA; and • delegate authority to the LSBU Nomination Committee (or the Group Nomination Committee, if approved) to appoint members to SBA on behalf of LSBU. <p>Adoption of the new articles will be considered by the SBA Board and recommended to the current SBA members when appropriate. The LSBU Board will be informed when SBA adopts the new articles.</p>

Executive summary

South Bank Academies' Articles of Association were last updated in January 2016. The most recent iteration of the model articles for multi academy trusts was released in June 2021 by the Department for Education. The main changes to the articles are new provisions on members of the company and the requirement to hold an AGM.

The DfE's expectation is that all MATs should proceed with the adoption of the new articles in the medium term. This proposal is being presented now because it is anticipated that this will be a prerequisite to any future expansion of SBA and the trust will need to move quickly when an DfE instruction is received.

To be compliant with the new model articles SBA will need to:

- ensure that a majority of members are independent of the Trust Board and increase its members from three to five. Currently the members of SBA are LSBU, LSBU VC and LSBU CFO (both the VC and CFO are both also members of the SBA Board); and
- hold an AGM.

If required to amend the articles, the proposal is that the five members of SBA are: LSBU itself, represented by the Group Secretary, and four LSBU independent governors (who are not also SBA Board trustees).

Under the governance agreement between LSBU and SBA, LSBU is required to consent to SBA adopting new articles.

The Board is requested to:

- consent in principle to South Bank Academies adopting the new DfE model articles for multi academy trusts;
- consent to the SBA Board approving any amendments to the model articles that the SBA Board considers are in the best interests of SBA; and
- delegate authority to the LSBU Nomination Committee (or the Group Nomination Committee, if approved) to appoint members to SBA on behalf of LSBU.

Adoption of the new articles will be considered by the SBA Board and recommended to the current SBA members when appropriate, for example as a condition of trust expansion. The LSBU Board will be informed when SBA adopts the new articles.

Appendix: Proposed new articles for South Bank Academies.