

Company Registration No. 986761



**Report and Financial Statements
31 July 2024**

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Strategic Report**Status and Advisors**

This Strategic Report is that of the University and its consolidated subsidiaries, South Bank Colleges, South Bank University Enterprises Limited and SW4 Catering Ltd (The LSBU Group).

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

The governing body of the University is responsible for the effective stewardship of the University and has control of the revenue and the property of the University. The University's corporate governance arrangements are described from page 24 and the members of the Board of Governors during the year ended 31 July 2024 are listed from page 3. The Governors are also directors under the Companies Act 2006.

The University is an exempt charity within the meaning of the Charities Act 2011 applying in England and Wales and its principal regulator is the Office for Students (OfS). All Governors are also charitable trustees. The University complies with conditions of grant set out in funding agreements with the relevant grantor.

Solicitors

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Narrow Quay House, Narrow
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Eversheds 70 Great Bridgewater
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Auditor

RSM UK Audit LLP
25 Farringdon Street
London EC4A 4AB

Internal Auditor

2023-24 financial year
BDO LLP
Arcadia House Maritime Walk –
Ocean Village
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Bankers

Barclays
Level 12 One Churchill Place
London E14 5HP

2024-25 financial year
KPMG LLP 15 Canada Square
London E14 5GL

Structure, Governance and Management

The following were Governors throughout the year ended 31 July 2024 except as noted:

Ms Charlotte Adams – from 01/07/2024

Mr Michael Cutbill – Vice Chair until 31/12/23

Mr Duncan Brown

Dr Shona Brown – Vice Chair

Mr Daniel Clegg – from 20/09/23

Mr John Cole

Ms Helen Coleman – from 01/01/24

Professor Ruth Farwell - Chair of the South Bank Colleges Board of Trustees

Professor Peter Fidler CBE – Senior Independent Director until 14/07/24

Mr Timothy Fransen – until 30/11/2024

Professor Paul Hayes – from 22/07/24

Mr Abdirahim Ibrahim – until 28/06/24

Mr Devonte James – until 28/06/24

Mr Mark Lemmon – Senior Independent Director –from 14/07/24

Ms Areej Mansuri – from 01/07/24

Mrs Ola Obadara

Mr Jeremy Parr

Professor David Phoenix OBE – Vice Chancellor and Chief Executive

Dr Andreas Raffel – Chair

Ms Rashda Rana SC – until 31/12/23

Mr Vinaykant Tanna

Mr Hitesh Tailor – 30/11/23 – 25/07/24

Ms Jennifer Thomson – from 12/02/24

Members of Group Executive:

Professor David Phoenix, Vice Chancellor and Group CEO

Ms Alex Bush, Chief People and Legal Officer

Mr Simon Cruickshank, Group Chief Financial Officer from 01/11/2023.

Professor Tara Dean, Provost

Mr Richard Flatman, Group Chief Financial Officer until 31/10/2023.

Professor Deborah Johnston, Deputy Vice Chancellor (Academic Framework)

Ms Nicole Louis, Chief Operating Officer - until 16/06/24

Ms Fiona Morey, Pro Vice Chancellor (Compulsory and Further Education) and Executive Principal of South Bank Colleges and CEO of South Bank Academies.

Mr James Stevenson, Group Secretary and Clerk to the Board of Governors until 31/12/23

Company Secretary:

James Stevenson, Group Secretary and Clerk to the Board of Governors - until 31 December 2023

Deborah Johnston, Deputy Vice Chancellor (Academic Framework) - 1 January to 3 March 2024

Samuel Curtis, Director of Governance and Group Company Secretary - from 4 March 2024

Objectives and Activities

London South Bank University (LSBU) transforms lives, communities, businesses and society through applied education and insight. We were established over 130 years ago with a mission to effect social mobility for the people of south London by improving their employment opportunities and providing access to the applied knowledge that would advance their businesses. Other than an increasingly national and global reach, that mission remains almost unchanged today.

At the heart of LSBU is high quality applied professional and technical education. This is underpinned by first class academic insight in the form of applied research and knowledge exchange, which provides valued knowledge to employers and currency to the teaching and student experience we offer.

The content and delivery of our education is based on a detailed understanding of employer expectations. A significant number of the University's courses are accredited by professional bodies, while many others are informed by employers including through a range of employer advisory panels. Employer sponsorship is also integral with around two-thirds of students studying on courses sponsored by over 2000 employer partners. This includes some of the most extensive higher and degree apprenticeship provision in the country, with over 3000 apprentices studying on 31 standards.

Our civic mission means that our work is place-based, whether that place is our home in inner south London, or around our international partnerships. Our courses, research and other activities are informed by our detailed understanding of local needs. Our international links, such as our partnerships with the British University in Egypt (BUE); Applied Science University, Bahrain; TEAM University in Uzbekistan; and Zhejiang Institute of Mechanical and Electrical Engineering (ZIME) in China provide global context while delivering real local value. BUE graduates, for example, are estimated to have an injection of employability valued at \$90 million to the Egyptian economy to date.

LSBU's highly diverse student body reflects its mission and location in inner south London. In 2022-23, 20% of undergraduate entrants reported a disability; 67% had previously been eligible for free school meals; 38.7% were mature (over 21); 56% identified as BAME; and 59.3% came from IMD 1 and 2 neighbourhoods.

The University is ranked 101-200th in the world in the Times Higher Impact Rankings 2024 (based on the UN Sustainable Development Goals), including 3rd for 'Reducing Inequality' (SDG 10). In addition, the University is ranked 801-850th in the QS World University Rankings (a KPI); 601- 800th in the World University Rankings 2024 (a KPI); 59th in the Guardian University Guide (a KPI); and were shortlisted for 'University of the Year' by the Daily Mail University Guide 2025, having been also named University of the Year for Social Inclusion. Additionally, the University is ranked 37th overall in the RateMyApprenticeship Best 50 Training Providers 2023 and the top-rated university in London. LSBU was also named the Best University for Apprenticeships at the 2024 Apprenticeship Guide Awards.

LSBU Group

London South Bank University operates as part of a group structure - the LSBU Group - which was borne out of our ongoing commitment to our civic mission. This structure enables us to create strategies and pathways through which people of all characteristics and talents can be supported through the education system to achieve their full potential, and so contribute their skills, energies, and commitment to wider society throughout their lives.

LSBU Group comprises the following educational institutions:

- London South Bank University
- South Bank Academies (SBA) – comprising South Bank University Academy (SBUA) and South Bank University Sixth Form (SBUSixth)
- South Bank Colleges (SBC) – comprising Lambeth College and London South Bank Technical College (LSBTC)

These organisations work to a shared mission, set of values and educational framework to achieve shared outcomes. South Bank University Enterprises Ltd (SBUEL), LSBU Ltd (non-trading), South Bank Skills Ltd (non-trading) and SW4 Catering Limited are also part of the LSBU Group. South Bank Academies, which LSBU

sponsors, is not consolidated in these accounts, but has a close working relationship within the LSBU Group and was established as a multi academy trust in 2016 in accordance with LSBU's mission.

Mission

The mission of LSBU is to transform lives, communities, businesses, and society through applied education and insight. In 2020, the LSBU Group launched its new Corporate Strategy 2020-2025, which has four key outcomes:

- **Student success:** Ensuring we are externally recognised for providing a personalised and high calibre education which equips graduates for employment and prepares them to make a positive contribution to society.
- **Real world impact:** Providing a dynamic evidence-based education which is underpinned by highly applied research and enterprise activity.
- **Access to opportunity:** Building opportunity through partnership, ensuring we are actively widening participation, engaging with our communities and are a partner of choice.
- **Fit for the future:** Ensuring we operate as one customer-centred organisation which is accountable, efficient, and effective.

Whilst the 2023-24 year has seen a number of important strategic developments and positive outcomes for the LSBU Group, the higher and further education sectors continue to be financially challenging. Progressing and delivering on the long-term Estates Initiatives at both University and College campuses will be important over the next one to five years.

Highlighted below are key updates and examples of our work underpinning our core corporate objectives:

Student Success

We aim to ensure that our teaching remains highly applied, professionally accredited, and demonstrably linked to research and enterprise, delivering the attributes that will make our graduates highly sought after. Students are seen as participants in their learning and their voices are encouraged and listened to. We provide students with an individualised learning experience to develop the skills and aspirations that enable them to enter employment, undertake further study or start their own business. Some examples of student successes over the last year are listed below.

- LSBU was awarded an overall rating of Silver in the Teaching Excellence Framework in recognition that the student experience and graduate outcomes of our students are typically very high quality.
- Two LSBU students won the Best Long-Form Documentary Award at the Royal Television Society London Student Television Awards, while another student won the award for Best Editing. Five students in total were nominated for awards across drama, factual, camera, editing and production design.
- The National Bakery School launched the NBS Shop, run independently by students, which has generated approximately £10,000 of sales and £8,000 of profit in its first year of operation.
- An LSBU Civil Engineer Degree Apprentice was named Apprentice of the Year by the Chartered Institution of Highways & Transportation at their conference in April.
- The University's apprenticeship compliance team won the Compliance Team of the Year Award at the Quality Professional Awards of the Year 2024.
- A team of students from LSBU's School of Engineering came second at the Unibots UK robotics competition in March.
- Two LSBU students were selected for the Edinburgh Television Festival Network Talent Scheme, a prestigious programme designed to identify and nurture the next generation of TV talent run by the Television Foundation.
- An LSBU Architecture Apprentice was awarded the Part 1 Apprentice Employee of the Year award at the Worshipful Company of Chartered Architects (WCCA) Architecture Apprentice Awards 2024 for her outstanding performance during her apprenticeship. A second student was awarded a WCCA Certificate of Commendation for his work on residential, film studio, life science and education projects.
- An LSBU Product Design student reached the national final of the Design Innovation in Plastics 2024 Awards for the design of a salt-water-powered data buoy.

- An LSBTC Lee Marley Academy Apprentice secured 2nd place at the Construction Industry Training Board's SkillBuild competition.
- SBUA students took part in the INNOVATE arts education project, designed to encourage collaboration of teachers and artists in the application of creativity to teaching pedagogy.
- South Bank Colleges Nursery was Graded 'Outstanding' following an inspection published by Ofsted in March 2024.

Passmore Centre

The University's Passmore Centre for Professional and Technical Education is a hub for professional and technical education and provides access for local people and businesses to high quality apprenticeships and other forms of employer-supported study. Since the opening of the centre in 2018, the University now has over 3000 higher and degree apprentices enrolled on 31 apprenticeship standards, making us one of the leading providers in the country.

The addition of LSBTC is also enabling LSBU Group to further develop its employer relationships by providing a seamless 'all-through' offer from Level 2 to Level 8 – with South Bank Colleges now teaching 16 different apprenticeship standards, several of which align directly with the corresponding higher and degree standards taught at the University.

The Passmore Centre is also the home of the LSBU Green Skills Hub ('The Hub'), which offers opportunities for Lambeth, Lewisham, and Southwark residents to gain new skills and work in the green sector in London. Since 2022, the LSBU Green Skills Hub has supported more than 2400 residents to participate in training and education and helped to create over 800 jobs, work experience placements and apprenticeships in the green sector for local residents.

Academic Recognition

This year, the excellent research and teaching work of our academic staff, both individual and in their respective teams, has once again been recognised in research successes, league table results, accreditation from external bodies and other accolades.

- Deputy Vice Chancellor Professor Deborah Johnston was awarded an MBE in the 2024 New Year Honours List for her work making higher education more accessible for students who stammer.
- LSBU Active Colleagues won the Digital and Tech Innovation Award at the London Sport Awards 2024 for their work using physical activity to tackle mental health disparities among black students.
- Engineering PhD Researcher Elias Eid won the Best Student Paper Award at the IIR International Conference on Sustainability and the Cold Chain for his research paper on how restaurants can use technology to make carbon savings and tackle climate change. Elias additionally won the Ted Perry Award for Student Research at the Institute of Refrigeration awards for his research on reducing energy consumption and greenhouse gas emissions in the European retail sector.
- The Royal Society of Chemistry's Journal of Materials Chemistry included an article by Dr Suella Kellici, Associate Professor in Materials Engineering at LSBU, in their 2023 Most Popular Articles collection, which highlights research that received the most attention from its readers in the previous year.

Real World Impact

We aim to deliver outstanding economic, social, and cultural benefits from our intellectual capital, by connecting our teaching and research to the real world through commercial activities and social enterprise.

- In the 2021 Research Excellence Framework, 81% of LSBU's research was ranked four or three star for impact, the top two awardable grades. Overall, 68% of LSBU's submissions were ranked world-leading or internationally excellent, a 14% rise since the previous 2014 exercise.
- LSBU's Business School has held the UK Small Business Charter since 2015, recognising its vital work supporting businesses, strengthening local economies and providing opportunities for student entrepreneurs to learn the skills they need to become business leaders.
- The School of Engineering has launched a new Innovation Centre at LSBU's Croydon Campus – REACT (Research, Engage, Academia, Community, Technology), which aims to deliver innovative and

scalable solutions to address energy and sustainability, healthcare technology and smart manufacturing challenges. Partners of the REACT Innovation Centre include Verizon Business, Hitachi Digital Services and Croydon Council.

- LSBU has supported around 400 SMEs through its Help to Grow: Management programme.
- LSBU's Business Solutions Centre, Legal Advice Clinic and Energy Advice Centre provide local residents with free small business, legal and energy saving advice from our Elephant and Castle campus while our Solutionise Clinic offers business, IT and legal information and guidance from our Croydon campus.

Applied research with local and international impact:

Our internationally renowned researchers this year contributed to the understanding of a number of economic and social issues.

- Research Published in the *Psychology and Health* journal (PI: Dr James Morris) found that the heaviest drinkers are the most likely to reject public health messaging on the dangers of alcohol – meaning that other alcohol policy measures such as minimum pricing are required to combat problem drinking.
- LSBU published a report (PI: Professor Becky Malby) examining why some people have better access to the NHS than others, through partnership working with local communities, local NHS institutions, devolved government and voluntary sectors in Sussex and Yorkshire.
- LSBU relaunched their Human Performance Centre – utilising biomechanics, human and exercise physiology, sports psychology, nutrition and biochemistry to help elite athletes to perform their best in extreme conditions.
- Vice Chancellor, Prof David Phoenix, published a report with the Higher Education Policy Institute focusing on the urgent need to break down the educational barriers created by regulatory burden and competition between education institutions, which is preventing the skills system from meeting the needs of learners and employers across the country.
- Professor Graeme Maidment, Professor of Air Conditioning and Refrigeration at LSBU, led the efforts on behalf of Department for Energy Security and Net Zero to bring together 63 countries to sign the Global Cooling Pledge at COP28. This was the first ever global commitment to cutting emissions from cooling.
- In 2023-24, LSBU completed a research project with University College London and the University of Pretoria looking at schools as enabling spaces to improve learning and health-related quality of life for children in rural South African communities. As part of the project, a toolkit on how schools can serve as enabling spaces, which was created by researchers, is now included in the curriculum for the foundation phase of pre-service teacher education students enrolled at the University of Pretoria.

Business Support Programmes

The University has supported over 400 businesses through the Government's Help to Grow: Management programme and a further 80 companies through the South London Partnerships BIG South London Programme.

LSBU's Enterprising Futures team supported the launch of 40 new startups in 2023-24, creating 400+ new jobs.

LSBU is leading delivery of a £1.5 million UK Shared Prosperity Fund (UKSPF) funded project, Big Innovation Programme, delivered in partnership with five other universities and the South London Partnership to provide innovation support to businesses across south central and south-west London. The University is additionally a delivery partner (worth £150,000) for a second project, Inclusive Supply Chains, designed to provide a range of business procurement support to local participants to increase their capacity and capability to successfully access new opportunities in private/public supply chains.

LSBU was previously the leading HE provider of European Regional Development Fund (ERDF) funded business and innovation support programmes in London, delivering almost £18million of ERDF funded projects, which came to an end in December 2023.

Access to Opportunity

LSBU works with partners to provide opportunities for students with the potential to succeed. The University is ranked 101-200th in the world in the Times Higher Impact Rankings 2024 (based on the UN Sustainable Development Goals), including 3rd for ‘Reducing Inequality’ (SDG 10); 45th for ‘Health and Wellbeing’ (SDG 3); 66th for ‘Decent Work and Economic Growth (SDG 8); and 93rd for ‘Partnership for Goals’ (SDG 17). (Times Higher Education 2024 Impact Rankings).

Data published in the 2024 Longitudinal Educational Outcomes (LEO) release, one of our KPIs, found that LSBU was the highest ranked London Modern institution for both actual median salaries and regionally-adjusted median salaries one, three and five years after graduation. Amongst all UK Higher Education Institutions, the median earnings of LSBU First Degree graduates one year after graduation is 15th highest in the country.

LSBU has also been named University of the Year for Social Inclusion in the Daily Mail University Guide 2025.

South Bank University Sixth Form – non-consolidated in these accounts

2023-24 saw the first year of operation of South Bank University Sixth Form. Focusing on age 16-19 technical education, SBUSixth offers A-Level, T-Level and BTEC pathways in Health, Business & Finance and Engineering. Employer partners, including Skanska, Guy’s and St Thomas’s NHS Foundation Trust (GSTT) and Transport for London, are central to the delivery of SBUSixth, providing support such as employment-focused projects, targeted apprenticeship advice, one-to-one CV support and ‘takeover days’. Engineering and Health students also benefit from professional placements – providing them with day-to-day experience of a workplace environment and involvement in real-world projects. Sponsorship by GSTT means that pupils who successfully complete a placement at their hospitals as part of their Level 3 are guaranteed a place with the Trust should they apply for a nursing degree at LSBU.

SBUSixth undertakes outreach work with other local schools to offer advice and guidance to GCSE pupils who are considering following a technical education pathway; and provides taster sessions utilising some of the cutting-edge technical equipment available at SBUSixth, including a virtual reality and simulated health suite; a carbon fibre manufacturing room; and engineering workshops featuring facilities such as 3D printers, plasma cutters, and CNC machines.

Supporting adults to achieve basic skills

Lambeth College utilises Adult Education funding to provide full and part-time courses to local residents. There is a high demand for English, Maths and English for Speakers of Other Languages (ESOL) provision – evidenced by the fact that over a third of enrolments at the College are in these subjects. Between 2018-19 and 2023-24, South Bank Colleges supported over 7,000 individuals to achieve an English Qualification; 10,000 individuals to achieve a maths qualification; and almost 12,000 individuals to complete English for Speakers of Other Languages courses. For many of them, this will have been one of their first experiences of academic achievement – attributable in part to the consistent and focused support the College provides.

The College’s ESOL courses, which are taught at its Brixton Centre, provide those who have recently moved to the UK (including refugees) with the opportunity to achieve a sufficient level of English, as well as knowledge about life in the UK and British values, which enables them to integrate into society. Upon completing the course, many learners go on to follow careers in areas such as Health and Social Care, utilising skills and qualifications they acquired in their home countries. The College has supported over 6000 adults to complete ESOL courses in the last five years.

The College’s Ofsted ‘Outstanding’ nursery supports adults with childcare needs to access education in a flexible and highly responsive way.

Each year, South Bank Colleges supports around 275 students with learning difficulties and/or disabilities (high needs) through inclusive learning courses designed to increase independence skills and/or support preparation for employment. The College also works with a number of partners and employers to support adults with entry to employment. This includes collaboration with Project Search to deliver placements for high needs students at Guy’s and St Thomas’ NHS Foundation Trust and a range of entry to Construction courses that support direct entry to employment.

London South Bank Technical College

Construction of phase one of London South Bank Technical College (LSBTC) in Nine Elms was completed at the end of 2022 (having commenced in March 2021). Following fit out of the nine-storey building, teaching was transferred from the Lambeth College site in Spring 2023, with the official opening by then Secretary of State for Education, Rt Hon Gillian Keegan MP, taking place in June 2023.

LSBTC teaches advanced technical skills to over 2,000 students through subjects including Construction, Robotics and Healthcare, in state-of-the-art facilities. LSBTC's curriculum has been designed to provide clear progression routes for young people and adults to access high quality technical education from Level 1 to Level 4 through part-time, full-time, work based (apprenticeship) and employer-sponsored programmes. Courses taught at LSBTC include: Level 3 Access to HE programmes, which provide a fast track into higher education for adult learners; Level 1, 2 and 3 BTEC and UAL technical programmes; Level 2 and 3 apprenticeships in areas such as Dental Nursing and Plumbing & Domestic Heating; Level 3 T Levels in areas such as Design, Surveying & Planning for Construction and Education & Childcare; and Level 4 courses including HNCs in Biology, Chemistry and Forensic Science. In addition to being valuable in their own right, these Level 4 courses provide advanced entry into the second year of relevant degree programmes at LSBU.

In 2023, LSBTC became the first college in England to begin training students on five new City & Guilds Green Skills Apprenticeship courses covering electric vehicle charging installation skills, as part of a pilot project with Shell.

Phase one of LSBTC has been jointly funded by a £21 million grant from the Mayor of London's Skills for Londoners Capital Fund, through the London Economic Action Partnership (LEAP). Following the completion of Phase 2, targeted for September 2027, LSBTC will comprise three buildings with a target of 10,000 learners enrolled; and will be the first new comprehensive technical education college in a generation constituting a £100 million investment by LSBU Group in developing new learning pathways. Future blocks will focus on Health Science and Business specialisms. Teams at LSBTC are working closely with the University and key stakeholders on the development of the medtech provision in Lambeth.

LSBU Croydon

In October 2021, LSBU opened its new campus in Croydon - the first university in the borough – following a £20 million renovation of an iconic Grade II listed building in the heart of the town centre. The campus in Electric House features classrooms, world-class facilities, community and co-working spaces for students, communities, and local businesses.

Nursing students are taught in state-of-the-art skills labs funded by a £2 million grant from the OfS and the campus also teaches the only Chiropractic Master's course in London, including a public clinic providing treatment to local residents suffering from musculoskeletal conditions.

Complementing LSBU's Business Management and Accounting and Finance Courses, LSBU Croydon also runs a number of business support programmes including Help to Grow: Management; WinCreative Croydon, and BIG South London; as well as hosting businesses in its enterprise co-working space.

In 2024, the School of Engineering launched a new Innovation Centre at LSBU Croydon – REACT (Research, Engage, Academia, Community, Technology), which aims to deliver innovative and scalable solutions to address energy and sustainability, healthcare technology and smart manufacturing challenges. Partners of the REACT Innovation Centre include Verizon Business, Hitachi Digital Services and Croydon Council.

Local Stakeholders

LSBU plays a key role in the community, working closely with borough councils, schools, businesses, and other organisations to provide local residents and employers with the education, skills, and knowledge they need. LSBU also supports its local communities across many other areas including health and wellbeing, legal advice, business growth and secondary education.

The University has Memorandums of Understanding (MOUs) with its three local boroughs: the London Borough of Southwark (signed 2014, renewed June 2021); the London Borough of Lambeth (signed 2016, renewed October 2020); and the London Borough of Lewisham (signed 2019).

LSBU's MOU with Lambeth Council commits the two organisations to work in partnership to deal with the effects of the COVID-19 pandemic, particularly for young people, and to stimulate recovery across the borough. It is hoped that it will help to provide greater opportunities for local residents to learn new skills through the LSBU Group; that LSBU research and insight can be used to help Lambeth businesses grow; and that together we can support the Council's target to be carbon neutral by 2030. With Southwark, the new MOU commits LSBU to increase the number of training and development opportunities for residents, as well as making Southwark a leading London borough for health and life sciences.

The University additionally has MOUs with: Morley College; Croydon College; Brooklands College and Orbital South College Group. It also has representatives on the boards of local employer group SBEG (South Bank Employers Group) and We Are Waterloo Business Improvement District.

LSBU, SBC and SBA are also members of an MOU with the Lambeth Council Climate Action Partnership, a group established to oversee the implementation of the Council's Climate Action Plan. Along with other signatories of the MOU based in Lambeth, the LSBU Group participates in projects to benefit residents and businesses in the borough.

International

LSBU's collaboration with the British University in Egypt offers an exemplar for transnational education partnerships in practice. As the largest collaboration in the MENA region, the University validates 22 undergraduate and postgraduate courses, engages in shared research activities and has developed a range of study abroad and summer school opportunities enabling student mobility in both directions. LSBU also provides joint supervisions for 14 PhD students, investigating topics including ultrasound imaging of human bone; structural control for onshore/offshore wind turbines; performance analysis of thermodynamic solar panels using nanorefrigerants; and using solid waste for wastewater treatment from the textile industry. The University also has growing collaborations with TEAM University in Uzbekistan and the Applied Sciences University of Bahrain and Zhejiang Institute of Mechanical and Electrical Engineering (ZIME) in China, through which LSBU is helping to break the mould of traditional HE models by introducing technical and professional education and employer engagement. Within TEAM University, LSBU is helping to create an enterprise culture to help its graduates navigate the significant young employment deficit within Uzbekistan.

In total, the University has almost 6,000 transnational students across 12 partner organisations.

LSBU's Confucius Institute delivers Chinese language teaching to local schools, and conducts educational, cultural and artistic engagements with Chinese universities and institutions, thus acting as a hub of cultural and academic activities. It is one of the largest Confucius Institutes in the world. Since September 2022, LSBU's Confucius Institute has worked with about 50 different schools and more than 21,000 students providing lessons in Mandarin Chinese, martial arts, Chinese dance and calligraphy. The Confucius Institute Performance Team delivered approximately 70 stage performances and over 200 workshops at around 50 local schools, universities, companies and communities. The institute also offers to the local community affordable clinical treatments including acupuncture, cupping and tuina massage. Over 2,000 acupuncture treatment sessions were delivered to LSBU students, staff members, and external clients in the past two years.

Fit for the Future

The University is making targeted investments into staff, processes, and virtual and physical infrastructure to ensure we operate as one customer-centred organisation, which is accountable, efficient, and effective.

- We have begun investment in renewing our digital student support infrastructure, including a new Curriculum Management system and new Student Information System. This project, TSAAM, should complete during 2026
- LSBU was awarded a Bronze Race Equality Charter Award from Advanced HE, which includes a framework for the University to improve the representation, experience, progression and success of BAME staff and students.

- In August 2022, LSBU took over as the Lead Provider for the London Uni Connect partnership. The partnership includes three existing networks – Linking London, Aimhigher London and AccessHE – which work across the capital to give people new opportunities to learn and develop.
- In 2021, LSBU became the first university to be independently accredited as meeting national Quality Standards for Services Supporting Male Victims / Survivors of Sexual Violence.
- In 2022, LSBU launched an ambitious new policy to increase support for staff who experience the menopause. The policy aims to enable employees to continue being effective in their jobs and to raise wider awareness and understanding among all staff about the menopause.
- LSBU's mean ethnicity pay gap has reduced from 11.87% in 2022 to 9.91% in 2023, and the median pay gap has reduced from 14.04% in 2022 to 5.70% in 2023.
- The University's mean Disability Pay Gap reduced to 1.05% in 2023, while its median gap fell to -5.85% (indicating that disabled staff are on average paid better than their non-disabled colleagues).
- Although LSBU's mean gender pay gap has steadily reduced from 13.25% since 2009, it marginally increased from 7.09% in 2022 to 7.18% in 2023 – mainly because 62% of LSBU's directly employed student ambassadors, who earn less than full-time salaried employees, are female. The University will continue to use data, insights, and innovation to ensure that interventions are evidence based, working in partnership with staff and students to advance gender equality.

External Environment

Following the General Election in July 2024 a new Government has been formed by the Labour Party, bringing with it the potential for a variety of changes in education and skills policy, presenting both opportunities and challenges for LSBU Group.

In early November 2024 it was confirmed that the Government would permit an increase in both the fee cap for undergraduate home students and the maintenance loan rates by inflation for the 2025-26 academic year. This is welcome news given there has been no increase in fees since 2017. The fee cap is being increased by 3.1% to £9,535. There is, as yet, no confirmation as to if there will be further rises in future years. The full impact of such a rise, when applied to all cohorts of home undergraduate students, would be just under £2m per year for LSBU.

Positively, the Government has paused the planned defunding of BTECs pending a review – providing a further opportunity to make a case for retaining these qualifications, which are an important recruitment route for the University.

The Government has also announced the launch of Skills England, which will bring together central and local government, businesses, training providers and unions to meet the UK's skills needs. The recommendations devised by Skills England may provide opportunities for LSBU Group to expand its work in south London, particularly if it creates new funding streams to promote the filling of local skills gaps.

A new interim chair at the Office for Students has been put in place, while the Government has also accepted the findings of an independent review of the regulation that it be stripped back to focus on 'key priorities'. These changes should provide the OfS with the opportunity to reset its relationship with the sector.

In terms of potential challenges, the Government has maintained its commitment to reforming the apprenticeship levy into a growth and skills levy, which would allow businesses to use up to half their levy pot on non-apprenticeship training. This presents a potential loss of income for the University, particularly if the Government does not mandate that employers must use their levy on accredited learning.

The new Labour Government has confirmed their intention to deliver the previous Government's Lifelong Learning Entitlement plans. These were due to be introduced in 2025 but have now been postponed to launch in September 2026 for learners studying courses starting from January 2027. This delay postpones a potentially important new income stream for SBC and a strong advanced-entry recruitment pathway for LSBU.

The April 2025 rise in National Insurance rates and thresholds will have a negative impact on the university sector. LSBU is not expecting to receive funding to ameliorate this estimated £1.5m full year direct cost for staff employed directly at the University. The Treasury has confirmed that the Department for Education will be

provided with funding to help schools and colleges towards these costs however it is not yet clear if this will be fully funded.

The LSBU Group will remain adaptable to take advantage of these opportunities. The Group will also continue to differentiate itself by providing a high quality and truly applied academic environment linked to employers and ensure that it carries on being seen as an enterprising group of educational institutions that addresses real world challenges and transforms lives, communities, and businesses.

Going concern statement

The Group Executive and Board of Governors, as is their responsibility, have considered the going concern status of the London South Bank University Group and are confident the Group is, and will continue to be, a going concern for the foreseeable future (defined externally as a period greater than 12 months from the approval date of these financial statements). These financial statements have therefore been prepared on a going concern basis.

In coming to this conclusion, the Executive and Board have taken the following actions:

- Prepared detailed budgets for 2024-25, and challenging but deliverable plans for 2025-26 and 2026-27, on a financial statement basis, including forecast I&Es, cash flows, and balance sheets. These budgets and forecasts form part of the Annual Finance Return submitted to the Office for Students.
- Budgets and forecasts were scrutinised by Finance and Investment Committee and approved by the Board.
- Sensitivity analysis and stress testing on the budget and forecasts was performed for changes in key underlying drivers, such as student numbers, staff cost growth, and unforeseen material expenditure.
- Liquidity requirements under the budgets and plans were reviewed, including reverse stress testing to determine the circumstance under which the Group runs out of liquid funds. This included the relative impacts of income, expenditure, inflation /interest rates, capital investment and asset disposals.
- Calculation of debt covenants based upon the forecasts, and stress testing to identify circumstances which would cause the University to breach its covenants.
- Prepared updated financial forecasts for 2024-25 based upon the latest student enrolment numbers.
- Assess severe but plausible downsides the University may face in the foreseeable future.

Forecasts

Along with most of the higher education sector, LSBU has seen downward pressure on its overseas student recruitment for 2024-25 as fewer overseas students have applied to study in the United Kingdom. With a reduction in overseas student numbers, competition to recruit home students has increased, and alongside the continuing cap on home undergraduate fees, with the £9,250 only confirmed as rising to £9,535 for 2025-26, the Group is forecasting a drop in income for 2024-25 and 2025-26. With significant increases in costs over the last three years due to inflation at levels significantly higher than has been the case in the last couple of decades, the Group is experiencing significant financial pressure. As a result, the Group has made difficult decisions and started to undertake a significant programme of cost controls, with both academic and operational reorganisations which introduces a new College based structure within the University as part of our corporate strategy for the next five years.

Under these plans the Group is expected to report deficits for the next two years as these reorganisations take place. However, by 2026-27 the Group should have returned to a sustainable long-term operating model and start to report surpluses and generate cash for investment again.

Liquidity and access to debt finance

Having prepared prudent income, expenditure, and cash flow forecasts for a three-year period from the balance sheet date, the Group is confident of having access to the required levels of liquid funds it needs to meet its liabilities as they fall due throughout this period.

Both as at the balance sheet date and over the three-year period from that date, the University is confident it will meet its debt covenants and is unlikely to breach them under normal operating conditions. In the prior 2022-23 financial year a significant bad debt provision adjustment was taken and required covenant waivers to be issued by our lenders. These were provided in advance of signing. The University did not need to repeat this process in 2023-24.

The University actively manages its available cash in line with its Treasury Management Policy, which is reviewed annually by Finance and Investment Committee. The University has in place revolving credit facilities and overdrafts to a total value of £50m, ensuring we have access to liquid funds when the Group requires them. We maintain ongoing discussions with both potential lenders and independent debt finance advisors to ensure that the Group's debt package remains appropriate to meet our needs.

In the short-term as part of its longer-term estates strategy and plan, the Group is looking to improve its liquidity position through a number of property deals to dispose of land and properties not required for its primary operations. In the medium to long term the Group's financial plans see it returning to positive cash generation from operations, to meet its capital investment plans and debt servicing commitments.

LSBU expects to receive repayment from its subsidiary SBC for the support provided towards building their successful South Bank Technical College activity at Nine Elms. This depends upon progress on the Phase 2 project and related land sales. Over time, SBC seeks to dispose of surplus land and use these proceeds to both further invest in its campus and facilities and repay the forward financial support provided by LSBU. These cashflows, in to and within the Group, are not currently included in our formal forward forecasts to our regulator and other funders, nor are they assumed in our modelling on going concern. We may include such projects in future versions of our forecasts as and when deals are confirmed, and timeframes are clear.

Severe but plausible downsides

For a risk to be an existential going concern issue it would likely need to lead to one of the following scenarios;

- The University breaches the terms of its registration with the OfS and loses the right to award degrees or receive funding through the student loans system.
- Cash falls to a level where the University can no longer meet its financial obligations, as they fall due.
- The University breaches its loan covenants and is then not able to renegotiate new terms with lenders meaning that the debt falls due and the University is unable to make payment.
- Permanent or long-term loss of access to key, teaching, research, and administrative facilities.

Based upon our going concern review the Group and wider sector faces some significant financial and operational risks, but no risk is currently considered to put the University into one of the above positions.

Significant risks currently facing both the Group and the wider education sectors include:

- **Changes in the political environment**
With the recent change in Government in the United Kingdom, Government strategy around the education sectors remains unclear. In particular, notwithstanding the recently announced fee increase for 2025-26, the longer-term approach to funding for home students and student visas are unknown leading to a lot of uncertainty around income for the University in the medium to long term. There is however no reason to believe that any change which would result in a loss of income so great as to render the Group unviable in the short-term or would happen so quickly such that the Group could not react accordingly.
- **Ongoing reductions in overseas student numbers**
Overseas students have been an important source of income for universities over the last decade and should they continue to fall, this loss of income would prove challenging to the viability of the sector. In response the Group has adjusted its financial planning assumptions and operational model to one that can increasingly rely upon the capped income of home students. Given the annual timescale of the

recruitment cycle the Group will have time to respond to evidence of further reductions in student numbers such that it can manage its costs accordingly.

- **Pension costs**

The high cost of sector pension schemes remains an issue for the Group, with contribution rates for the Teachers' Pension Scheme exceeding 28% of relevant salary in 2023-24. Any significant increase from this level would present a severe challenge to the Group. The Group is regularly reviewing its pension provision and acts accordingly to changes in the cost of these schemes.

Because of these risks the Group is therefore taking a prudent approach to financial planning and is not assuming significant income growth in the next few years, so that these risks don't turn into material uncertainties about the Group's ability to continue as a going concern.

Principal risks and uncertainties

At a corporate level, risks are identified and managed through the LSBU Group's risk management processes as described in the statement on internal control.

The Corporate Risk Register is the subject of careful and frequent review and is aligned to the Corporate Strategy. The principal risks which the institution faces in the short and medium term, considering external factors in the main, and the associated mitigation strategies are as follows:

Risk Statement	Risk Domain	Selected Actions and Mitigations
The constituent parts of the Group fail to contribute effectively to and benefit from the whole, damaging reputation and financial sustainability.	Group	Group course portfolio being developed; enhanced outreach to improve intragroup and other progression.
Failure to meet the OfS' ongoing conditions of registration and other outcome and academic delivery measures compromises financial sustainability through the impact of regulation or reputational damage.	Academic Activity	Student Outcomes initiatives in place. Established processes around Observation, Quality Assurance, Student Surveys, Tracking of Student Progress, Attendance Monitoring.
Failure to maintain effective and attractive estate compromises staff and student recruitment, and income from residencies and threatens regulatory compliance.	Infrastructure	Development of Estates Masterplan. SBC Campus Delivery Plan underway, long term maintenance programme in place.
Failure to meet the published CO2 Net Zero target by 2050 adversely impacts the Group's competitive position.	Infrastructure	Sustainability roadmap and policy developed. Sustainability Steering Group formed to monitor progress.
Failure to raise research reputation compromises staff and student recruitment, especially international students.	Academic Activity	Updated research and innovation strategy developed.
Poor NSS (and other student satisfaction and academic delivery) results (PTES and PRES) compromise student recruitment principally through impact on League Tables.	Academic Activity	Student Satisfaction initiatives in place.

Risk Statement	Risk Domain	Selected Actions and Mitigations
Deterioration of academic quality and professional services group support reduce overall organisational performance	People/ Culture	Modernising our policy infrastructure to improve engagement, retention and outcomes. Equipping leaders and managers to establish a clear direction and motivate and develop their teams to deliver the LSBU Group Strategy.
Failure to maintain financial strategy undermines our ability to invest and trade.	Financial	Careful treasury management and financial planning. Management of pension liabilities.
Inadequate engagement with business undermines our financial performance and overall reputation as a professional and technical institution.	Academic Activity	Business Engagement programme in place.
Weaknesses in infrastructure undermine academic outputs or service delivery.	Infrastructure	Digitally enhanced learning strategy in development.
Re-shaping fails to deliver the anticipated research and educational benefits i.e. improved research outcomes, portfolio synergies, enhanced student satisfaction	Academic Activity	A PVC Academic Transition has been appointed to manage the transition with extensive Executive support.

Energy and Carbon Report

As part of our 2020-2025 Corporate Strategy, we aim to:

- Use our estate effectively and efficiently with a utilisation rate of 50%.
- Reduce our carbon footprint by 25% between 2020 and 2025, with the goal of achieving net zero carbon emissions by 2050.

This will be achieved through environmentally sustainable initiatives focussing on the reduction of carbon emissions through improving carbon emissions data collection, creating and promoting policies and standards, engaging suppliers to record and reduce carbon emissions, improving LSBU Group's energy performance and promoting sustainable innovation. The LSBU Group will undertake the following actions to improve its energy efficiency and reduce emissions over the next three years:

- Create and implement an Energy Policy
- Where feasible reduce the running of equipment to reduce consumption
- Undertake feasibility study of replacing gas boilers with less carbon intensive heating systems

Table 1	Unit	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Electricity	kWh	12,438,493	10,044,742	9,744,719	11,710,902	12,271,262	13,962,471
Natural Gas	kWh	10,039,318	9,025,689	10,234,403	10,940,421	9,324,089	12,409,382
Scope 1 emissions (includes REGOs)	kgCO ₂ e	3,179,279	0	0	0	0	0
Scope 2 emissions	kgCO ₂ e	2,050,832	1,838,894	2,077,277	2,212,919	1,889,726	2,514,637
Floor Space	GIA (m ²)	131,884	131,884	131,884	131,884	156,430	156,430
Carbon Intensity	kgCO ₂ e/GIA	40	14	16	17	12	16

Table 1: Electricity and gas consumption emission data for the last six years (July-August)

The Carbon Intensity was calculated by dividing the gross internal area (GIA) by the scope 1 & 2 emissions. GIA has been chosen as it best represents our scale and intensity of operations. As recommended by DEFRA, the

University reports on 'kgCO₂e'. This is the most comprehensive way to report carbon impact as it includes CO₂ and incorporates other Kyoto gases in CO₂ equivalent value form.

Scope 1 & 2 carbon emissions have fallen over the period, the large decline from 2018-19 relates to the Group purchasing REGO backed electricity. Electricity and natural gas consumption has increased from 2022-23. The rise in consumption, carbon emissions and carbon emissions intensity is due to multiple factors:

- 2023-24 integrated the college sites (Lambeth College and LSBTC), in particular the full operation of the new LSBTC Nine Elms building.
- There has been greater use of the campus in the past 2 years post-covid.
- In 2022-23 there was poor consumption and billing data, therefore natural gas consumption was likely undercounted.
- Due to poor natural gas consumption and billing data, historic consumption has been undercounted and therefore may be inaccurate.

LSBU's latest Scope 3 emissions used a spend-per-supplier metric. The last time this was calculated was based on spend data from 2019-20. The total Scope 3 emissions then were 28,045,000 kgCO₂e. LSBU is currently investigating different platforms for calculating its Scope 3 emissions and aims to improve its data collection methods. The LSBU Group will produce a carbon management report for 2024-25.

London South Bank University (charity) Public Benefit statement

LSBU is an exempt charity within the meaning of the Charities Act 2011. Our principal regulator is the OfS.

The accounts of South Bank Colleges (SBC), an exempt charity within the meaning of the Charities Act 2011, form part of these accounts. Further details on how SBC meets its public benefit obligations are set out in SBC's own accounts.

Charity Commission Guidance on Public Benefit

The members of the Board of Governors are the charitable trustees of LSBU. In undertaking its duties, the Board of Governors has regard to the Charity Commission's guidance on public benefit.

Charitable Objects

The charitable objects (under s.3 Charities Act 2011) of LSBU, as set out in its Articles of Association, are to:

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

LSBU's objects are applied solely for the public benefit, as follows:

LSBU advances education for the public benefit by:

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

LSBU promotes research and the dissemination of knowledge by:

- undertaking academic research and publishing the results;
- publishing articles in peer-reviewed journals;
- maintaining an online and physical academic library with access for students, staff, and guests.

LSBU provides support and services for students through:

- wellbeing services, including support for students with disabilities and mental health issues. This includes a counselling service;
- student advice and guidance services via a one-stop-shop and student helpdesks;

- employability services, supporting students who are working while studying, helping students source work experience and graduate opportunities;
- money advice, including debt management;
- specific support services for particular groups of students, including care leavers, carers, and pregnant students;
- mentoring and coaching;
- providing student accommodation;
- funding some individual students' education through bursaries and fee waivers; and
- providing funds to London South Bank University Students' Union (LSBUSU).

Beneficiaries

In carrying out our objects, the University benefits our students and future students through teaching and learning activities either directly or through the support of its subsidiaries (SBA and SBC). LSBU also benefits the wider public through research and knowledge transfer.

The trustees affirm that the opportunity to benefit is not unreasonably restricted. The benefits of learning at LSBU are open to anyone whom it believes has the potential to succeed. Throughout our history, LSBU has enabled wider access to education. Our 2020-2025 Strategy sets clear targets to focus on three key areas, all directly related to providing public benefit: student success; real world impact; and access to opportunity. The fourth key area, fit for the future, recognises the need for the University to adapt to the digital world, our new organisational structure and changing stakeholder expectations.

Like other universities, LSBU must charge tuition fees. However, tuition fee and maintenance loans are available to home undergraduates who have applied for funding via Student Finance England. In addition, the University offers financial assistance in the form of scholarships, bursaries, and charitable funds to students in need.

The University has one "linked" exempt charity: the LSBU consolidated charitable fund for the welfare of students. This fund was worth £939,348 on 31 July 2024 (31 July 2023: £867,009). The funds are managed with the aim of securing capital growth and an annual income. In 2023-24 the income received was £28,730 (2022-23: £27,672). The income is allocated for distribution by the University's Hardship Panel to students in financial difficulty.

The University's curriculum is firmly rooted in professional courses supported by accreditation from professional, statutory, and regulatory bodies that enhance employability and career success. LSBU is 15th among UK universities for graduate starting salaries at 1 year after graduation – Longitudinal Educational Outcomes Data 2021-22 (Published 2024).

The University also contributes to the wider public benefit through the publication of research. The University performed well in the Research Excellence Framework 2021, with 68% of the research submitted rated as "World leading" or "Internationally excellent", a 14%-point rise from the previous REF (2014). LSBU is committed to Open Access, sharing scholarly works with industry, the professions and wider public through LSBU Open Research and providing an Open Access Fund to pay Open Access publication costs.

Access and Participation Plan statement 2023-24

As part of LSBU's registration with the OfS, an Access and Participation Plan for the 2020-2025 academic years was approved by the OfS and made publicly available by LSBU on our website: <https://www.lsbu.ac.uk/about-us/policies-regulations-procedures>.

In the plan, we assessed our performance across access, student success, and progression, set out our ambition and strategy, and outlined our intended activity and measures. The plan is supported by an investment summary which demonstrates our commitment to our overarching mission of social mobility.

As set out later in the financial accounts, we spent a total of £2,218k across the 2023-24 academic year across three categories: access investment, financial support provided to students, and research and evaluation. This figure both meets and exceeds the commitment we set out in our investment summary, in which we had a planned spend of £1,906k. This is a reduction on prior year spending, down from £2,748k, and reflects the fall in Home undergraduate students subject to the higher fee cap between years.

Following the cost-of-living crisis, we have been keenly aware of the disproportionate direct and indirect impact the pandemic has had on many of the student groups already identified as facing disadvantage. At the time we

rapidly responded with an increased package of targeted emotional, safety, practical, study, and financial support, and that increased support has continued. For example, the direct financial support funded by LSBU and distributed to students within the 2023-24 academic year was £612k, 135% more than our intended investment.

The total investment has supported the delivery of our plan this year across both general and targeted access, success and progression activity, including active research to eliminate the racial awarding gap through our What Works programme and work to decolonise the curriculum, widening participation and outreach, specialist support services, enhanced transition and study skills working across the LSBU Group with South Bank Academies and South Bank Colleges, financial student support, period poverty, and care experienced and estranged student support.

The investment summary and forecast below in access, financial support and research and evaluation does not represent the total amount spent by LSBU in these areas. The OfS does not require providers to report on investment in success and progression and therefore investment in these areas is not included in the summary. The figures below are not comparable to previous access and participation plans or access agreements as they have been updated to reflect latest provider projections on student numbers.

LSBU: Access and Participation Plan investment summary 2023-24

Access and participation plan investment summary (£000's)	Investment plan (from 2020-25)	Actual spend: Academic year 2023-24
Access investment (access)	£1,552	£1,234
Financial support provided to students	£260	£612
Research and evaluation	£94	£372
Total investment	£1,906	£2,218

Disability statement

LSBU is committed to ensuring that staff and students with any disability have an equal opportunity to show their skills, reach their potential and excel in their chosen field.

Students benefit from colleagues working closely to ensure students are fully included in the learning experience and can demonstrate their skills and knowledge.

Staff policies and practices support relevant access and adjustments to the work environment, including for those that become disabled whilst in employment.

As part of our wider commitment to Equality, Diversity & Inclusions, the Group is committed to eliminating all forms of discrimination. We pro-actively work to eliminate individual, institutional, and systemic inequalities within the University and Group.

Alongside other staff networks, DNet aims to provide staff with a safe and confidential space to share experiences, opinions, information and support related to disability, and to support disability research and academic related practice

Financial Review**Group Income Statement and Result for the Year**

Financial Summary in £m			
	2023-24	2022-23	
Income	£207.5	£201.9	a KPI for the group
Expenditure	£215.5	£218.3	
Gain / (loss) on investments	£0.1	(£0.0)	
(Deficit) for the year	(£7.9)	(£16.4)	a KPI for the group
(Deficit) %	(3.8%)	(8.1%)	

The above deficit is after a small gain on investments (+£72k) and before an actuarial loss on pension schemes. Total comprehensive income is therefore a deficit of £21.7m (2023 £64.8m surplus) made up of the £7.9m operating deficit (2023 £16.4m deficit) and the £13.7m actuarial movement in LPFA pension assets (2023: £81.2m increase).

The operating deficit was made up of £5.7m at the combined University and its trading subsidiary SBUEL, and £2.2m at SBC. The University incurred £4.5m of redundancy / restructuring costs during the year, up nearly £3m on 2023 relating to resize and reshaping exercises under the Academic Fit for the Future (AFFTF) project. Excluding all redundancy / restructuring costs, the underlying operating deficit at the combined LSBU and SBUEL was £1.2m.

Total income increased to £207.5m, up £5.6m or 2.8% on 2023. There was a slight decline in tuition fees of £0.6m, with £1.3m of this fall at the University. There was an increase, driven by student numbers at SBC, for Funding Body Grants to £40.9m and a £4.1m improvement in other income driven by residences and catering improvements. Research grants income eased slightly to £5.7m, down from £6.8m in the prior year.

Academic fees (including NHS contract income) and Funding Council Grants remain the main sources of income for the LSBU Group in 2023-24 representing 66% and 20% respectively (2023 68% and 19%). Tuition fees at the University declined slightly although the student mix was different with income from domestic students decreasing and a strong performance with regard to the recruitment of international students. Demand from international students is forecast to decline in 2024-25 and together with the recent decline in Home students this has driven the need for our AFFTF project.

Total expenditure fell by £2.7m to £215.5m. The 2023 results included a £15.6m increase in the provision for bad debts and the 2024 results include a smaller £2.3m increase.

Staff costs increased by 3.5%, including the addition of the redundancy costs noted above. Average staff numbers fell 6% to 1,759 staff across the year. The majority of staff leaving under AFFTF were via a voluntary severance scheme that concluded towards the end of the academic year. Some exits were agreed prior to the year-end but for dates into 2024-25 to ensure continuity and handovers. These were accrued where appropriate.

Staff costs remained broadly consistent as a percentage of income at Group level (56.6% up from 56.2%), including the impact of the one-off costs above. The Group applied increased pay rates for cost of living in year. The LSBU Group remains focused on the size and shape of the workforce to support our changing mix of students. Staffing costs at SBC remain slightly higher as a percentage of income than the University. SBC staff costs are partly higher as a percentage of income versus their FE peers due to growth and lagged income funding. Staff costs remain an area of continued focus for the Group in 2024-25.

Excluding the impacts of the bad debt provisions, the 'Other Operating Expenditure' for the group increased by 5.3% or £3.9m to £76.9m, up from £73.0m in 2023. This related to increased premises and residences & catering costs, associated with the increase in income above.

Depreciation increased by £4.3m to £15.8m as new fixed assets came into use, £1.2m of this was covered by increased releases on related deferred capital grants, all at SBC.

Interest costs recognised in the Income Statement decreased in the year with loan and borrowing charges up £0.6m and a £2.2m fall in net interest on defined benefit pension schemes.

There were no significant asset disposals in the year but the impact of changes in pension positions had a further impact on Total Comprehensive Income.

The majority of this related to the LPFA scheme. The latest actuary report shows the LPFA net pension surplus has increased in the year from £19.5m to £20.4m before the impact of adjusting to reflect the value of the 'asset ceiling'. LSBU and SBC have no direct right to access their surpluses in the scheme, only via potential reductions in future contributions. The 'asset ceiling adjustment' is applied to reduce the asset shown to reflect that this estimate of the present value of potential reductions in future contributions is lower than the declared net pension surplus. After the impact of the ceiling adjustment, which has increased, the net asset to be recognised in the balance sheet is £4.4m in 2024 (2023 £17.0m). This is the major contributing factor to the Groups £13.7m actuarial loss on pensions schemes for the year.

Group Statement of Financial Position

Total reserves have fallen in line with the operating deficit and the movement in pension items described above and stand now at £278.6m, down from £300.3m in 2023.

Total cash holdings were £1.5m. This was reduced from £7.0m at Group level last year. The Group's approach to liquidity management has been to minimise the debt level and so interest expense incurred. This has resulted in us minimising the use of our revolving credit facilities (RCFs) at the balance sheet date. The total amount of RCF drawn at the end of July was £15.3m, down £1.7m from £17m in July 2023.

Given the Group's approach to cash management, and its stage in its Estates Investment and associated disposals projects, cash days stood at 3 days of expenditure at the balance sheet date. When considering available funds from RCF and overdrafts this is expanded to 66 days of expenditure.

The LSBU Group has access to significant funding via RCFs and overdrafts totalling £50m with just under £35m undrawn at the balance sheet date. As we move to complete the current stage of our Estate Investment programme, this should see increased liquidity over the next 1-3 years. We have undertaken significant stress testing to ensure that the Group has access to appropriate levels of funding over this time horizon.

Total debt was reduced further by the amortising nature of much of the remainder of the Group debt, all held within LSBU, and stood at £41.3m down from £45.4m at last year end.

There have been a range of changes within working capital or short-term debtors and creditors. In 2022-23, due to the requirement for a post balance sheet date banking covenant waiver, all debts were classified as short term. This has been reverted for this year end. There are a range of movements within student, trade and other debtors (decreasing by £15.6m) and creditors (decreasing by £10.3m) as seen on the cashflow statement.

Group Cashflow Statement

Total cash at the year-end was £1.5m as noted above. The cashflow from operating activities grew to £10.2m or 4.9% of income, up from 2.7% in the prior year.

The Group continued to invest in fixed assets (£14.6m) partially funded by capital grant inflows of £1.9m.

The combination of a reduction in the use of our RCFs, payment of interest and repayment of other borrowings meant cash outflows from financing activities was £7.1m.

The Group always plans to have sufficient liquid assets to meet its liabilities as they fall due. The levels of borrowing and the headroom in current facilities are reviewed on a regular basis and are considered adequate to meet current operational plans.

Financial Trend Analysis

Group income has increased by 44% since 2016-17, when it stood at £144.5m. There have been large decreases in funding grants, but this has been offset by increased tuition fee income. Funding per student continues to decline, as home undergraduate tuition fees have not been increased with inflation. The LSBU Group has seen growth in postgraduate and international student tuition fees over this time and a growth in transnational education activity and income.

Student demand for UK higher education is changing, with a particular challenge around retaining recruitment of international students at the levels seen in 2023-24. The combination of projected falls in overseas students and the continued economic issues with a fixed home undergraduate fee in what has been a high inflation environment are being proactively addressed by the Group through both its Academic Fit for the Future work and via seeking efficiencies in our broader delivery to education and research.

Under normal circumstances, the LSBU Group aims to make a small operating surplus each year. The Group's future forecasts submitted to our regulator the OfS, reflect that this aspiration will now be unlikely to be met until 2026-27 as we seek to adjust our offer, how we use our key resources and seek efficiencies across our activities over the next few years whilst focussing on retaining the high quality and impact of our work.

Subsidiaries

The following subsidiary companies are consolidated into these accounts; South Bank Colleges, South Bank University Enterprises Ltd (SBUEL) and SW4 Catering Ltd.

South Bank Colleges deliver a wide range of courses and apprenticeships that open doors to career opportunities and further study.

SBUEL is the wholly owned trading subsidiary of LSBU. It undertakes non-primary purpose business on behalf of LSBU. SBUEL has entered into Gift Aid arrangements in order that its taxable profits can be donated to the University. SBUEL donated £1.34m in gift aid to the University (2023: £0.9m).

SW4 Catering Ltd is a wholly owned subsidiary of South Bank Colleges, providing ancillary estates services to the Colleges.

Compliance with Section 172 statement

In accordance with section 172 of the Companies Act 2006 Governors, both individually and collectively, act in the way that they consider, in good faith, would most likely promote the success of the University, further information can be found on page 24.

Disclosure of information to auditors

At the date of making this report each of the governors, listed on page 3, confirm the following:

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

Directors' Report

This Strategic Report also serves as the University's Directors' Report for the purposes of the Companies Act 2006.

Approval

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

Dr Andreas Raffel
(Chair)

Professor David Phoenix
(Vice Chancellor and Chief Executive)

STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE FINANCIAL STATEMENTS

The Board of Governors is responsible for preparing the Strategic Report, the Report of the Governors and Corporate Governance Statement and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

Company law requires the Board of Governors (the members of which are the Directors of the University company for the purposes of company law) to prepare financial statements for each financial year. Under that law it has elected to prepare the group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Terms and Conditions of Funding further require the financial statements to be prepared in accordance with the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction') and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

Under company law the Board of Governors must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the LSBU Group and parent University and of their income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows for that period. In preparing each of the group and parent University financial statements, the Board of Governors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations or have no realistic alternative but to do so.

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University and enable it to ensure that its financial statements comply with the Companies Act 2006. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Board of Governors is also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England) and the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient, and effective management of the University's resources and expenditure.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate Governance Statement

Statement of Board of Governors Responsibilities in respect of the Strategic Report and the Financial Statements for the year ended 31 July 2024 and up to the date of approval of the financial statements

The following statement is given to assist readers of the accounts in understanding the governance and legal structure of the University and its group. The accounts of South Bank Colleges (SBC) and South Bank University Enterprises Ltd form part of these accounts (South Bank Academies is also within the LSBU Group but is not consolidated). Further details on the corporate governance arrangements of these companies are included in their own accounts.

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

- The Directors' duties as set out in sections 170 – 177 of the Companies Act 2006
- The CUC Higher Education Code of Governance
- Higher Education Senior Staff Remuneration Code
- Higher Education Audit Committees Code of Practice
- The Office for Students (OfS) Terms and conditions of funding for higher education institutions and the Audit Code of Practice (March 2018)
- The OfS Public Interest Governance Principles
- The Charity Commission's Guidance on Public Benefit and its duties as charity trustees of compliance, prudence and care
- The University's Articles of Association and standing orders
- The seven principles of standards in public life
- Other legislative requirements of corporate and Higher Education bodies

Governance and Legal Structure

London South Bank University is a company limited by guarantee and an exempt charity within the meaning of the Charities Act 2011. Its objects and powers are set out in its Articles of Association. The Articles provide the governance framework of the University and set out the key responsibilities of the Board of Governors and its powers to delegate to committees, the Vice Chancellor and the Academic Board.

Compliance with the Public Interest Governance Principles

The University demonstrated its compliance with the OfS's Public Interest Governance principles when registering with the OfS and they continue to be upheld by LSBU through the current governance structures reported in this section and the University's relevant published policies.

Compliance with Section 172 statement

In accordance with section 172 of the Companies Act 2006 Governors, both individually and collectively, act in the way that they consider, in good faith, would most likely promote the success of the University. Governors have regard to the:

- likely consequences of any decisions in the interests of both students and colleagues;
- public benefit of the work we do and the need to ensure that funds, including public funds, are properly managed (as set out on page 17);
- impact of the University's operations on communities and the environment;
- need to foster the University's business relationships with suppliers, customers and other key stakeholders (as set out on page 10); and
- desirability of the University in maintaining a reputation for high standards of conduct.

The Board of Governors and its committees consider the potential consequences of its decisions on its key stakeholders, taking into account a wide range of factors as set out below. The Board believes that the University will be successful by having regard to the views and needs of its stakeholders. Decisions made by the Board are informed by the University's mission, vision and values.

The Board meetings include strategic presentations and reports with regular updates on progress against corporate strategy and key performance indicators. The Vice Chancellor is a governor and provides a formal report at every meeting. The Board includes two student and two staff governors who are able to give the benefit of their experience as part of the Board's decision-making.

During the year, the Board considered the following key matters: annual Academic Board, EDI, health & safety reports, corporate risk, KPIs, and approved a key international partnership and the budget. Major investments also come to the Board for authority. In addition, there were two Board strategy days where governors considered elements of the corporate strategy 2020-25 in greater detail.

In considering this wide range of strategic matters, the Board has been able to balance the needs of the University's many stakeholders.

Compliance with the CUC Higher Education Code of Governance

The Board has materially complied with all aspects of the revised Higher Education Code of Governance (CUC, September 2020) during the year under review, as demonstrated below. References to paragraphs of the code are shown in brackets below.

Decision making

London South Bank University is led by a Board of Governors, which is collectively responsible for the strategic direction of the University, approval of major projects and partnerships and ensuring that the potential of every student is maximised (2.1).

The Board has agreed a Schedule of Matters Reserved which establishes the responsibilities of the Board and its committees. The Board, and where appropriate, its committees make decisions by consensus at meetings or electronically via the board portal. The schedule is reviewed on an annual basis. The schedule reflects the group structure of LSBU.

During the year, the Board met five times (four times in 2022-23) including one virtual meeting to approve an award for an integrated facilities management contract. The Board also held two strategy days (two in 2022-23) allowing further time to discuss and debate longer-term strategic challenges for the University. All Governors are expected to attend meetings and to contribute effectively. The attendance at Board meetings is recorded and monitored by the Secretary, and is as follows:

Board of Governors

*denotes a part year membership term

Andreas Raffel	5/5	Abdirahim Ibrahim*	2/4
Charlotte Adams	0/1	Devonte James*	3/4
Duncan Brown	5/5	Mark Lemmon	5/5
Shona Brown	5/5	Areej Mansuri*	1/1
Danny Clegg	5/5	Ola Obadara	4/5
John Cole	5/5	Jeremy Parr	3/5
Helen Coleman*	2/3	David Phoenix	4/5
Michael Cutbill*	2/2	Rashda Rana*	2/2
Ruth Farwell	5/5	Hitesh Tailor*	3/3
Peter Fidler*	¼	Vinay Tanna	4/5
Tim Fransen	3/5		

Group Audit and Risk Committee

*denotes a part year membership term

Duncan Brown	5/5
John Cole	5/5
Mark Lemmon	5/5
David Phoenix	4/5
Neelan Pillay*	1/1
Alison Howe*	2/2

Group Remuneration Committee

Ola Obadara	2/3
Jeremy Parr	2/3
Andreas Raffel	3/3

Finance, Planning and Resources Committee -

decommissioned in November 2022

Shona Brown	2/2
Michael Cutbill	2/2
Devonte James	2/2
Peter Fidler	1/2
David Phoenix	2/2

Major Projects and Investment Committee –

decommissioned in November 2023

Rashda Rana	2/2
Abdirahim Ibrahim	1/2
Tim Fransen	1/2
Ola Obadara	2/2
Jeremy Parr	2/2
Kate Stanton-Davies	1/2
Vinay Tanna	2/2

The Board has due regard to Charity Commission guidance on public benefit when making decisions (see separate statement of public benefit on page 17 (2.6)). The Board receives an annual reminder on Charity Commission guidance (most recently, 10 November 2023). It receives assurance that the institution meets the requirements of

the *Terms and conditions of funding for higher education institutions* with OfS through the Group Audit and Risk Committee (2.6).

Compliance

All governors and members of the Executive are required to declare their interests on appointment, on an annual basis and are required to declare any interests which relate to decisions at meetings. During the year under review, all declared interests were authorised by the Board. No conditions were attached to any of these interests.

As the governing body, the Board affirms that it makes decisions without any undue pressure from external interest groups, which is assured through the declaration of interests' process (3.3).

The Board receives annual reports on the institution's compliance with key legislation, for example health and safety, equality, diversity and inclusion, and otherwise by exception reporting (1.2). In addition, independent governors have the right to external, independent advice at the University's expense where necessary in order to fulfil their duties. Reportable events are reported to the OfS when discovered and annually as part of the Accountability and Assurance statement (6.3). There were no reportable events reported to the OfS during the year.

The Board receives annual reports from the Students' Union in relation to its democratic processes and finances (3.6).

Financial sustainability

The Board is responsible for the financial sustainability of the institution and approves the annual budget, which is aligned to the five-year corporate strategy (2.2). The Board oversees the performance and financial sustainability of the institution by regularly reviewing key performance indicators (KPIs), management accounts and five-year forecasts (2.3). Overall financial control is delegated to the Group Chief Financial Officer, who is a member of the Executive and has regular access to the Vice Chancellor as and when required (2.6).

Academic governance

The Board has oversight of academic governance across the institution, receiving an annual assurance report from the Academic Board, covering its Quality, Research and Student Experience Committees. An independent governor attends Academic Board meetings as an observer.

The Board has regard to the principle of academic freedom (2.7).

Apprenticeship activity

Since 2022-23, the Board has appointed two independent governors as link governors for apprenticeships. These appointments increase visibility of apprenticeship activity by the Board and support continued expansion and success in this area. The Strategy and People Committee has since received reporting on the development of apprenticeship activity within the Group.

External activities

The Board reviews all proposals for all significant, external activities (for example, franchises or joint ventures) and independent legal advice is sought, if necessary.

Due diligence is conducted when entering into major projects that have significant risk associated with them (2.6).

Equality and Diversity

The Board receives an annual report on equality, diversity and inclusion (EDI), and compliance with the public sector equality duty under the Equality Act 2010 (4.1, 4.3). A governor is a member of the Group EDI staff network.

The Board regularly reviews its composition and considers equality and diversity in its appointments. The Group Nomination Committee has agreed that in the event of underrepresentation of any group, targeted recruitment would be used to address this (4.4, 5.3). It has also agreed to have gender balanced longlists and shortlists for governor recruitment and that ‘approach to diversity’ shall be a consideration when selecting recruitment consultants. The shortlist for candidate interviews was gender balanced.

Structures and processes

The Board when fully complemented consists of 18 governors: 13 independent governors, the Vice Chancellor, two student governors and two members of the Academic Board. Governors serving for the period are listed on page 3. The Board determines the number and composition of the Board of Governors within parameters set by the University’s Articles of Association. Staff and student governors were not excluded from any items at Board meetings during the year (1.4).

Under the Articles, the Board has the power to remove any governor from office if they breach their terms of office (5.9). On appointment, governors also agree to act in accordance with the seven principles of public life and the University values. (1.3, 3.1). All members of the Board have access to the services of the Clerk. The appointment or removal of the Clerk is a matter for the Board as a whole under the Articles (5.1).

Following the publication of the OfS Public Interest Governance Principles in 2018, all governors have confirmed that they meet the ‘fit and proper’ definitions as set out by the OfS.

Committees

The Board delegates authority to a number of committees. All committees are formally constituted with appropriate terms of reference, which are reviewed annually. Terms of reference and membership of each committee are available on the governance pages of the University’s website. Each committee (except the Honorary Awards Joint Committee) has a majority of independent governors. The chairs of each committee are independent governors and are set out below under Key Individuals.

Following the 2023 governance effectiveness review, the Finance Planning and Resources (FPRC) and the Major Projects and Investment (MPIC) Committees were decommissioned in December 2023 and replaced by the Finance and Investment (FIC) and Strategy and People (SPC) Committees in January 2024.

The following principal committees met throughout the year:

- Appointments Committee
- Group Audit and Risk Committee
- Finance, Planning and Resources Committee (until December 2023)
- Finance and Investment Committee (from January 2024)
- Major Projects and Investment Committee (until December 2023)
- Group Nomination Committee
- Remuneration Committee
- Strategy and People Committee (from January 2024)
- Honorary Awards Joint Committee

The Group Nomination Committee is responsible for recruiting new independent governors (5.10) and taking a Group-wide approach to succession planning in the Boards of the three institutions. Recommendations are made to the Appointments Committee, which makes the final decision on appointment. A written description of the role and capabilities required of governors has been agreed by the Nomination Committee. Candidates are judged against the capabilities required and the balance of skills and experience currently on the Board. The balance of skills, experience and diversity of independent governors is kept continually under review by the Group Nomination Committee.

The Group Audit and Risk Committee oversees LSBU's audit activities including auditing the financial statements, appointing the internal and external auditors and advising the Board on the effectiveness of the internal control system. As previously agreed by the Board, the Group Audit and Risk Committee has a Group-wide remit which includes noting internal audit reports from SBA and SBC. During the year a tender process was undertaken to appoint an internal auditor provider from August 2024, after the conclusion of the contract of the previous provider, BDO.

The CUC published its HE Audit Committees Code of Practice in May 2020. The Group Audit and Risk Committee has reviewed this Code and is satisfied that all requirements are met.

Membership of the Group Audit and Risk Committee is between three and four independent governors, and a co-opted external member. Following OfS requirements, the committee produces an annual report for the Board (2.12), which gives an annual opinion on risk management control and governance; economy, efficiency and effectiveness; and management and quality assurance of data submitted to external bodies. The committee reviews the effectiveness of the systems of control in place across the institution. The committee receives an annual report on the quality of data submitted to external bodies. The committee also receives assurance annually from the external auditor that public funds have been spent appropriately.

The Finance and Investment Committee provides for the Board in-depth review of the University's in-year financial performance and cashflow and the proposed annual budget and five-year forecasts. The committee also reviews the financial implications of student recruitment and enterprise activities, international partnership performance, investment and delivery of significant projects, the digital and physical estate and infrastructure, proposals to acquire and/or dispose of land or buildings and the establishment of operating subsidiary companies. Membership of the committee is up to four independent governors plus the Vice Chancellor, one student governor and one staff governor.

The Strategy and People Committee is responsible for the oversight of progress against the corporate strategy, student access and participation in education, and people and organisational development matters. It provides for the Board an in-depth review of group-wide performance against high-level KPIs, student recruitment and enrolment, student access and participation, retentions and progression; diversity, engagement and wellbeing of staff and students; and workforce development in line with the professional and technical Group ambitions. The committee also considers the embedding of the LSBU Group's Behaviours to promote a positive and inclusive culture aligned to the Groups' mission and strategic objectives. Membership consists of up to four independent governors, the Vice Chancellor, plus one student governor and one staff governor.

The Remuneration Committee decides the remuneration of senior executives, including the Vice Chancellor (2.10). Membership of the committee is four independent governors, including the Chair of the Board. No individual is present for discussions that directly affect them. The Vice Chancellor is not a member of the committee. The committee considers comparison information and use of public funding when deciding remuneration.

Further details on the work of the committee are included in the annual remuneration report below (at page 33).

The Honorary Joint Awards Committee is a joint committee of the Board and the Academic Board. It has delegated authority from the Board of Governors to select recipients for the conferment of an honorary degree or an honorary fellowship based on procedures and criteria as approved by the Academic Board. Its membership

comprises independent governors, and staff and student governors who are also members of the Academic Board.

Governance effectiveness review

Following the appointment of the current Chair of the Board in 2023, the Board completed a full external effectiveness review. The review recommendations were reported to the October 2023 Board meeting, and progress against the recommendations was monitored by the Board until the completion of the recommendations.

During the year, governors' performance was assessed through informal review by the Chair in winter 2023.

LSBU Group

Since the creation of the LSBU Group in 2018-19, group governance structures have continued to be developed. Both South Bank Academies and South Bank Colleges have their own Boards of Trustees who are responsible for the success of their companies. The LSBU Board continues to oversee LSBU but also has oversight of the value that both SBA and SBC bring to the LSBU Group. Since being part of the LSBU Group, the membership of the Boards of SBA and SBC have each included a director from the LSBU Board. The Chairs of the Group Boards and the Group CEO meet formally twice yearly to discuss matters affecting the three educational institutions. One of the annual strategy days is reserved to cover Group strategy.

Key Individuals

Position

Name

Chair of the Board of Governors	Andreas Raffel (from 1 August 2023)
Vice Chair of the Board of Governors	Michael Cutbill (until 31 December 2023) Shona Brown (from 1 January 2024)
Senior Independent Governor	Peter Fidler (until 14 July 2024) Mark Lemmon (from 15 July 2024)
Group CEO (Vice Chancellor and Chief Executive)	David Phoenix
Chair of Group Audit and Risk Committee	Duncan Brown
Chair of Finance, Planning and Resources Committee	Michael Cutbill (until 31 December 2023)
Chair of Major Projects and Investment Committee	Rashda Rana (until 31 December 2023)
Chair of Finance and Investment Committee	Vinay Tanna (from 1 January 2024)
Chair of Strategy and People Committee	Shona Brown (from 1 January 2024)
Chair of Group Nomination Committee	Andreas Raffel
Chair of Appointments Committee	Andreas Raffel
Chair of Remuneration Committee	Jeremy Parr
Group Secretary and Clerk to the Board of Governors	James Stevenson (until 31 December 2023)
Interim Group Company Secretary	Deborah Johnston (1 January to 3 March 2024)
Director of Governance and Group Company Secretary	Samuel Curtis (from 4 March 2024)

Key individuals can be contacted through the office of the Group Secretary and Clerk to the Board of Governors, Mr Samuel Curtis, at London South Bank University, 103 Borough Road, London SE1 0AA. Published documents are available on the governance section of the University website. The University, as is common in the sector, has placed directors and officers insurance as part of its overall insurance arrangements.

Statement of Primary Responsibilities of the Board of Governors

(based on the CUC Guide for Members of Higher Education Governing Bodies in the UK)

1. To set and agree the mission, strategic vision and values of the University with the Executive.
2. To review the overall performance and alignment to LSBU's mission and charitable objectives of each of South Bank Colleges, South Bank Academies and South Bank University Enterprises Ltd.
3. To agree long-term academic and business plans and key performance indicators and ensure that these meet the interests of stakeholders, especially staff, students and alumni.
4. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the strategy, plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
5. To delegate authority to the Head of Institution for the academic, corporate, financial, estate and human resource management of the University, and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice Chancellor.
6. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment, value for money arrangements and procedures for handling internal grievances and managing conflicts of interest.
7. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
8. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
9. To safeguard the good name and values of the University.
10. To appoint the Vice Chancellor as Chief Executive and to put in place suitable arrangements for monitoring their performance.
11. To appoint a Secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.
12. To be the employing authority for all staff in the University and to be accountable for ensuring that an appropriate human resources strategy is established.
13. To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall accountability for the University's assets, property and estate.
14. To be the University's legal authority and, as such, to ensure systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name. This includes accountability for health, safety and security and for equality, diversity and inclusion.
15. To receive assurance that adequate provision has been made for the general welfare of students.
16. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
17. To ensure that the University's constitution is always followed, and that appropriate advice is available to enable this to happen.
18. To promote a culture which supports inclusivity and diversity across the University.
19. To maintain and protect the principles of academic freedom and freedom of speech legislation.
20. To ensure that all students and staff have opportunities to engage with the governance and management of the University.

Statement of Internal Control

As the governing body of London South Bank University, we have responsibility for ensuring that there is a process for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives of the University, whilst safeguarding the public and other funds and assets for which we are responsible.

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

The system of internal control is based on an ongoing process linked to the achievement of institutional objectives and designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the

nature and extent of those risks and to manage them efficiently, effectively, and economically. This process has been in place for the year ended 31 July 2024 and up to the date of approval of the financial statements and accords with OfS conditions.

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

- During the year we meet five times (plus two strategy days) to consider the plans and strategic direction of the institution;
- The approach to internal control is risk based, including a regular evaluation of the likelihood and impact of risks becoming a reality;
- The Group Audit and Risk Committee provides regular oversight of the risk management process and comments on its effectiveness;
- Also the Group Audit and Risk Committee has a Group-wide remit which includes noting internal and external audit reports from SBA and SBC.
- SBC and SBA also have subcommittees of their own Boards that receive and consider their internal and external audit reports.
- We receive periodic reports from the chair of the Group Audit and Risk Committee concerning internal control and we require regular reports from managers on internal control activities and the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects;
- The Group Audit and Risk Committee receives regular quarterly reports from management;
- Internal audit is outsourced to an external provider. The Group Audit and Risk Committee receives regular reports from the internal auditor, which include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, governance and risk management processes, together with recommendations for improvement;
- The internal audit programme has been aligned with the University's corporate risk register;
- An organisation-wide register of key corporate risks is maintained, together with individual operational risk registers for each school and professional service group. Review procedures cover risk to achievement of strategic objectives, operational business matters, and regulatory compliance as well as financial risk;
- Every Corporate Risk has an Executive Risk Owner, and every Executive member is the risk champion for their area of the institution;
- Formal risk management and internal control procedures have been embedded within ongoing operations.

Our review of the effectiveness of the system of internal control is informed by internal audit, which operates to standards defined in the OfS Regulatory Framework and, as per the Internal Audit Charter, also adheres to the definition of internal auditing, code of ethics and the standards for professional practice that are published by the Institute of Internal Auditors. The internal auditors submit regular reports, which include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, governance and risk management processes, with recommendations for improvement.

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

Annual Remuneration Report

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 4.

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 2023-2024

The members of the committee for the year 2023-24 were Jeremy Parr (Committee Chair), Ola Obadara, Andreas Raffel (Chair of the Board) and Shona Brown (Vice Chair of the Board). Andreas Raffel joined the committee as the new Chair of the Board from August 2023. 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 2023-24

The committee met twice in the 2023-24 academic year.

- 23 November 2023
- 2 July 2024

Approach to remuneration of all staff in 2023-24

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 national and international labour market. However, the approach to senior remuneration must be framed within a context that all LSBU Group employees are remunerated appropriately.

We aim to create an environment which attracts and retains the best diverse talent possible and in which all staff, whatever their role, feel valued and proud to work for the Group.

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 November 2021 and amended in 2024 to reflect the removal of the Executive Bonus Scheme referred to below) 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 marketplace 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;
- 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;
- 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 the latest review in April 2024. Following this review, the remuneration committee agreed that some adjustments were to be made, due to the remit changes over the past year across the executive portfolio. Subsequent to these amendments, overall benefits for its Senior Executive team remain broadly expected for their roles.

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

External context

Post pandemic a number of significant challenges remain around attracting high quality candidates and general movement remains very stagnant across all levels. There is a need to retain high performing senior leaders and those with specialist skills in hard to recruit to roles.

Institutional performance, 2023-24

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 many strategic outcomes.

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

Group CEO performance, 2023-24

This assessment of the Group CEO's performance is for academic year 2023-2024.

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 set for the Group CEO by the Remuneration Committee:

- institutional reputation across the Group has improved, with increases in the domestic league tables and LSBU being ahead of target in the Times world ranking;
- student experience and educational outcomes are improving significantly and are now at benchmark;
- the NSS scores and ranking improved;
- graduate outcomes improved;
- overall a Teaching Excellence Framework 'silver' grade was achieved with 'gold' rankings on some of the aspects;
- ministerial approval was obtained to convert the UTC to a technical sixth form, which opened in September 2023;
- the finances for LSBU and SBC have been challenging, with the budget target being missed. However, SBA met its budget;
- staff restructure plans were developed and implemented during the year;
- the outcome from the recent Knowledge Exchange Framework moved LSBU into the top 50% of English Universities and research and enterprise income exceeded £23M for the first time;
- the target for intra-group progression has been missed; and
- the outline estates masterplan has been prepared but phases and cash flow need developing.

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.

Performance related pay, 2023-24

Under the Senior Remuneration Policy, for 2023-24, the Group CEO and Senior Executives were usually eligible for a bonus of up to 10% of salary and for a team bonus of up to 9% of salary. However, following its meeting in July 2024 the Committee approved, and the Board subsequently agreed, the removal of the Executive Bonus Schemes, together with the consequent amendments to the Senior Remuneration Policy.

Total Remuneration: Group CEO

The table below sets out payments to the Group CEO during 2023-24 with a comparison to 2022-23. The bonus figure relates to performance in the previous year.

Emoluments of the Group CEO	2023–24	2022–23
	£'000	£'000
Salary	262	249
Accommodation allowance	10	10
Performance related pay	10	25
Taxable benefits (medical insurance)	2	2
Subtotal	284	286
Pension scheme contributions or payments in lieu of pension contributions	38	36
Total	322	322

For 2023-24, the Group CEO/Vice Chancellor has been awarded a pay increase of 5%, in line with the pay award to LSBU employees.

Pay Multiple

The Group CEO/Vice Chancellor's basic salary is 6.46 (2023: 5.92) 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 6.53 (2023: 6.35) 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
2023-24	6.46	6.53
2022-23	5.92	6.35
2021-22	6.07	6.35
2020-21	6.06	6.89

The ratios do not include agency workers.

The LSBU ratios compare to the average sector ratio of 6.9 for basic pay and 7.3 for total remuneration. The MillionPlus group ratio is 6.3 for basic pay and 7.0 for total remuneration. The post 92 institution type ratio is 6.7 for basic and 7.0 for total remuneration (based on UCEA data for 2022-23).

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.

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 2023-24, the Group CEO's expenses totalled £4,644 (2022-23: £5,381). These are payments on a purchasing card for travel, accommodation, meals, entertaining and other authorised costs, and other travel booked through the University's central travel buying team. No expenses were claimed through the payroll.

The Remuneration Committee has approved a policy on severance arrangements.

Independent Auditors report to the Members of London South Bank University**Opinion**

We have audited the financial statements of London South Bank University (the ‘University’) and its subsidiaries (the ‘group’) for the year ended 31 July 2024 which comprise the consolidated and university statement of comprehensive income and expenditure, consolidated and university statement of changes in reserves, consolidated and university balance sheets, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group’s and the University’s affairs as at 31 July 2024 and of the Group’s and of the University’s income and expenditure, gains and losses and changes in reserves and of the group’s cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Statement of Recommended Practice: Accounting for Further and Higher Education, relevant legislation and Office for Students requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group and university in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Governors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group’s or University’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board of Governors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor’s report thereon. The Board of Governors is responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or

otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report which includes the Directors' Report and the Strategic Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Strategic Report have been prepared in accordance with applicable legal requirements.

Opinion on other matters prescribed by the Office for Students

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the University and the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report or the strategic report included within the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the University's grant and fee income, as disclosed in the note 7 to the accounts, has been materially misstated;
- the University's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Board of Governors

As explained more fully in the Statement of Board of Governors' Responsibilities in respect of the Strategic Report and the Financial Statements set out on page 31, the Board of Governors (who act as trustees for the charitable activities of the University are also the directors and members of the University for the purposes of

company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Governors are responsible for assessing the Group's and University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Governors either intend to liquidate the Group or University or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group and University operates in and how the Group and University are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP and the Office for Student Regulatory advice 9: Accounts Direction and the Terms and conditions of funding for higher education institutions, Companies Act 2006 and tax compliance legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements disclosures and undertaking procedures to confirm compliance with the requirements of the Office for Students and other funders' terms and conditions of funding and Accounts Direction, and evaluating advice received from tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to higher education legislation and regulation, the regulatory requirements of the OfS and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the group was in compliance with these law and regulations and inspected regulatory and legal correspondence.

The Group audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the University's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the University's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University's members, as a body, for our audit work, for this report, or for the opinions we have formed.

HANNAH CATCHPOOL (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

Date

**Consolidated and University Statement of Comprehensive
Income and Expenditure
Year ended 31 July 2024**

	Note	CONSOLIDATED		UNIVERSITY	
		2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	137,607	138,166	134,028	135,291
Funding body grants	2	40,850	38,077	13,747	14,629
Research grants and contracts	3	5,730	6,835	4,650	5,380
Other income	4	21,823	17,695	19,124	14,756
Investment income	5	1,133	321	803	232
Donations and endowments	6	392	832	1,340	1,198
Total income		207,535	201,926	173,692	171,486
Expenditure					
Staff costs	8	117,488	113,563	96,459	93,624
Other operating expenses	10a	79,272	88,623	69,156	78,123
Depreciation	13-14	15,773	11,484	13,002	9,962
Interest and other finance costs	12	3,010	4,599	3,010	4,376
Total expenditure		215,543	218,269	181,627	186,085
(Deficit) before other gains and losses		(8,008)	(16,343)	(7,935)	(14,599)
Gains/(losses) on investments	21	72	(28)	72	(28)
(Deficit) for the year		(7,936)	(16,371)	(7,863)	(14,627)
Actuarial (loss)/gain in respect of pension schemes		(13,728)	81,186	(8,559)	69,578
Total comprehensive (expenditure)/ income for the year		(21,664)	64,815	(16,422)	54,951
Represented by:					
Endowment comprehensive income / (expenditure) for the year		72	(28)	72	(28)
Restricted comprehensive income for the year		-	-	-	-
Unrestricted comprehensive income / (expenditure) for the year		(21,736)	64,843	(16,494)	54,979
Attributable to University		(21,664)	64,815	(16,422)	54,951

All activities consist of continuing operations.

Consolidated and University Statement of Changes in Reserves
Year ended 31 July 2024

Consolidated	Income and Expenditure Reserve		Revaluation Reserve	Total Reserves
	<i>Endowment</i> £'000	<i>Unrestricted</i> £'000	£'000	£'000
Balance at 1 August 2022	895	210,502	24,045	235,442
(Deficit) from the income and expenditure statement	(28)	(16,343)	-	(16,371)
<i>Other comprehensive income</i>				-
Actuarial gain in respect of pension schemes	-	81,186	-	81,186
Transfers between revaluation and income and expenditure reserve	-	903	(903)	-
Total comprehensive (expenditure) / income for the year	(28)	65,746	(903)	64,815
Balance at 1 August 2023	867	276,248	23,142	300,257
(Deficit)/ Surplus from the income and expenditure statement	72	(8,008)	-	(7,936)
<i>Other comprehensive income</i>				-
Actuarial (loss) in respect of pension schemes	-	(13,728)	-	(13,728)
Transfers between revaluation and income and expenditure reserve	-	283	(283)	-
Total comprehensive income / (expenditure) for the year	72	(21,453)	(283)	(21,664)
Balance at 31 July 2024	939	254,795	22,859	278,593
University				
Balance at 1 August 2022	895	173,311	24,045	198,251
(Deficit) from the income and expenditure statement	(28)	(14,599)	-	(14,627)
<i>Other comprehensive income</i>				-
Actuarial gain in respect of pension schemes	-	69,578	-	69,578
Transfers between revaluation and income and expenditure reserve	-	903	(903)	-
Total comprehensive (expenditure) /income for the year	(28)	55,882	(903)	54,951
Balance at 1 August 2023	867	229,193	23,142	253,202
Surplus /(Deficit) from the income and expenditure statement	72	(7,935)	-	(7,863)
<i>Other comprehensive income</i>				-
Actuarial (loss) in respect of pension schemes	-	(8,559)	-	(8,559)
Transfers between revaluation and income and expenditure reserve	-	283	(283)	-
Total comprehensive income / (expenditure) for the year	72	(16,211)	(283)	(16,422)
Balance at 31 July 2024	939	212,982	22,859	236,780

London South Bank University

Company Registration No. 986761

Consolidated and University Balance sheets As at 31 July 2024

	Note	Consolidated		University	
		2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	13	18,846	19,321	18,833	19,304
Tangible fixed assets	14	379,311	381,896	267,094	270,827
Investments	15	38	38	38	38
		<u>398,195</u>	<u>401,255</u>	<u>285,965</u>	<u>290,169</u>
Current assets					
Stock		5	5	5	5
Debtors	16	25,165	39,293	56,947	65,808
Investments	23	942	869	942	869
Cash and cash equivalents	23	1,476	7,038	1,226	5,644
		<u>27,588</u>	<u>47,205</u>	<u>59,120</u>	<u>72,326</u>
Creditors: amounts falling due within one year	17	<u>(70,760)</u>	<u>(111,502)</u>	<u>(65,024)</u>	<u>(100,748)</u>
Net current liabilities		<u>(43,172)</u>	<u>(64,297)</u>	<u>(5,904)</u>	<u>(28,422)</u>
Total assets less current liabilities		355,023	336,958	280,061	261,747
Creditors: amounts falling due after more than one year	18	(79,555)	(51,775)	(46,316)	(18,659)
Provisions					
Pension provisions	20	3,125	15,074	3,035	10,114
Total net assets		<u>278,593</u>	<u>300,257</u>	<u>236,780</u>	<u>253,202</u>
Restricted reserves - endowment reserves	21	939	867	939	867
Unrestricted Reserves					
Income and expenditure reserve		254,795	276,248	212,982	229,193
Revaluation reserve		22,859	23,142	22,859	23,142
Total Reserves		<u>278,593</u>	<u>300,257</u>	<u>236,780</u>	<u>253,202</u>

The financial statements were approved by the Board of Governors on
on their behalf by:

2025 and were signed and authorised

Dr Andreas Raffel (Chair)

Professor David Phoenix (Vice Chancellor and Chief Executive)

Consolidated Statement of Cash Flows
Year ended 31 July 2024

	Note	2024 £'000	2023 £'000
Cash flow from operating activities			
Deficit for the year		(7,936)	(16,371)
Adjustment for non cash items			
Amortisation/depreciation	13-14	15,773	11,484
Decrease in stocks		-	2
Decrease / (increase) in debtors		15,644	(290)
(Decrease) / increase in creditors		(10,276)	4,366
Pension costs less contributions payable		(1,766)	5,038
(Gains) / losses on endowments		(72)	28
Adjustment for investment or financing activities			
Investment income	5	(1,133)	(321)
Interest payable	12	3,010	2,428
Capital grant income		(3,011)	(989)
Cash flows from operating activities		10,233	5,375
Cashflows from investing activities			
Payment to acquire tangible and intangible fixed assets		(14,567)	(19,058)
Capital grant receipts		4,693	8,551
Investment income		1,133	321
		(8,741)	(10,186)
Cashflows from financing activities			
Capital element of bank loan repayments		(4,044)	(2,076)
Interest element of bank loan repayments	12	(3,010)	(2,428)
New secured loans		-	8,000
		(7,054)	3,496
(Decrease) in cash and cash equivalents during the year		(5,562)	(1,315)
Cash and cash equivalents at beginning of the year	23	7,038	8,353
Cash and cash equivalents at end of the year		1,476	7,038

Principal Accounting Policies

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

Basis of preparation

These consolidated and University accounts have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019; Companies Act including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 under the historical cost convention modified to include certain financial instruments at fair value and in accordance with Financial Reporting Standard FRS 102. They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the OfS, the Terms and conditions of funding for higher education institutions issued by the OfS and the Terms and conditions of Research England grants.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

The exemption under FRS102 and the SORP for preparing a cashflow statement for the University has been taken.

The Group and Parent University's activities, together with the factors likely to affect their future development, performance, and position, are set out in the Strategic Report which forms part of the Directors' Report. The Directors' Report also describes the financial position of the Group, its cash flows, liquidity position and borrowing facilities.

Principal Currency

The functional and presentational currency of the Group and University is Great British Pound sterling (GBP / £).

Rounding

In preparing the accounts all numbers, including totals, have been rounded independently to avoid unacceptable rounding errors. This may mean that some tables do not cross cast. Figures in the financial statements are rounded to the nearest £000.

Going Concern

The Group continues to adopt the going concern basis in preparing these financial statements. In coming to this conclusion, the Executive and Board have taken the following actions:

- Prepared detailed budgets for 2024-25, and challenging but deliverable plans for 2025-26 and 2026-27, on a financial statement basis, including forecast I&Es, cash flows, and balance sheets. These budgets and forecasts form part of the Annual Finance Return submitted to the Office for Students.
- Budgets and forecasts were scrutinised by Finance and Investment Committee and approved by the Board.
- Sensitivity analysis on the budget and forecasts was performed for changes in key underlying drivers, such as student numbers, staff cost growth, and unforeseen material expenditure.
- Liquidity requirements under the budgets and plans were reviewed, including reverse stress testing to determine the circumstance under which the Group runs out of liquid funds.
- Calculation of debt covenants based upon the forecasts, and stress testing to identify circumstances which, would cause the University to breach its covenants.
- Prepared updated financial forecasts for 2024-25 based upon the latest student enrolment numbers.
- Assessed severe but plausible downsides the University may face in the foreseeable future.

Based upon this, the Board is confident that the Group has adequate resources to continue in operational existence for the foreseeable future and will have sufficient funds to meet its liabilities as they fall due over a period of at least 12 months from the date of approval of these financial statements.

The Board is not aware of any material uncertainties which would prevent the Group from continuing as a going concern.

Basis of Consolidation

The financial statements incorporate the financial statements of London South Bank University and its subsidiary undertakings; South Bank University Enterprises Limited, South Bank Colleges and SW4 Catering Limited, a subsidiary of South Bank Colleges.

The University sponsors South Bank Academies. The funds of South Bank Academies are restricted to its own purpose and will not be available to the creditors of the Group. If South Bank Academies were to become insolvent, the Group would not receive its assets or reserves. The Group does not have the full power to govern the financial and operating policies of South Bank Academies, so as to obtain economic benefits. Therefore, it does not have control, and they are not consolidated into the Group accounts.

Consolidation of subsidiaries is based on the purchase method. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

Income recognition

Income from the sale of goods and services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers, or the terms of the contract have been satisfied.

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

Revenue Government grants, including funding body and research grants from government sources are recognised within the Statement of Comprehensive Income and Expenditure over the periods in which the University Group recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Other grants and donations from non-government sources, including research grants from non-government sources, are recognised within the Statement of Comprehensive Income and Expenditure when the University Group is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions is deferred on the Balance Sheet and released to the Statement of Comprehensive Income and Expenditure in line with such conditions being met.

Government capital grants are initially held as deferred income. They are then recognised in income over the expected useful economic life of the asset. Other capital grants are recognised in income when the University Group is entitled to funds subject to any performance related conditions being met.

Donations and endowments with donor-imposed restrictions are recognised within the Statement of Comprehensive Income and Expenditure when the University Group is entitled to the income. Income is retained within the restricted reserve until such a time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer. Investment income and appreciation of endowments is recorded in income in the year in which it arises and either restricted or unrestricted income according to the terms or other restrictions applied to the individual endowment fund.

Donations with no restrictions are recorded within the Statement of Comprehensive Income and Expenditure when the University Group is entitled to the income.

Investment income is credited to the Statement of Comprehensive Income and Expenditure on a receivable basis.

Intangible assets

Software costing less than £10,000 per individual item or group of items is written off to the Statement of Comprehensive Income and Expenditure in the year of acquisition. All other software is capitalised as an intangible asset and amortised at 25% per annum, unless the specific asset is judged to have a longer useful life, then this is used. The main intangible asset continues to be the LEAP student relationship management system. This has an estimated 10-year useful life.

Tangible Fixed assets

Tangible Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that have been revalued to fair value on the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost.

Freehold land and buildings, long leasehold and short leasehold premises are included in the financial statements at cost together with subsequent refurbishment expenditure, less amounts written off by way of depreciation or impairment. Assets are capitalised when it is probable that costs will generate future economic benefits. Freehold land is not depreciated. Finance costs that are directly attributable to the construction of land and buildings are not capitalised.

Assets in the course of construction are accounted for at cost, less any identified impairment loss, based on the value of Quantity Surveyors' certificates and other direct costs incurred to the end of the year. They are not depreciated until ready/available for intended use.

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

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

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

As LSBU is not a research-intensive University, all equipment purchased with research grants is assumed to have a life equal to the length of the research project and will be depreciated accordingly. Assets purchased using research funds, including computers and software, costing less than £10,000 per individual item or group of related items are written off in the year of acquisition in line with the University's normal accounting policy regarding depreciation of fixed assets. All other items are capitalised and depreciated over the remaining life of the research project.

Freehold land is not depreciated as it is considered to have an indefinite useful life. No depreciation is charged on assets in the course of construction.

At each financial year end the carrying amounts of tangible assets are reviewed to determine whether there is any indication that those assets may be impaired or that an impairment loss previously recognised has fully or partially reversed. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value and its value in use, is estimated in order to determine the extent of the impairment loss.

Investments

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

Current Asset Investments and Endowment Asset Investments are included in the Balance Sheet at fair value.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

Pension costs

The University Group contributes to the Teachers' Pensions Scheme (England and Wales), the London Pension Fund Authority Pension Fund (LPFAPF) and the Universities Superannuation Scheme (USS). These schemes are administered by Teachers' Pensions (on behalf of the Department for Education), the London Pension Fund Authority and USS Ltd respectively and are all of the defined benefit type.

The USS is a hybrid scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of USS are held in separate trustee administered funds. Each fund is valued every three years by professionally qualified independent actuaries. USS is a multi-employer scheme. Due to the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 'Employee benefits' and 'Retirement Benefit Schemes' SORP 21.24, the University therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to expenditure represents the contributions payable to the scheme. In prior years the University had entered into an agreement (the Recovery Plan) that determined how each employer within the scheme would fund any overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit), and the resulting expense is recognised as expenditure. The scheme is no longer in deficit, so this arrangement is not currently in place.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the Group in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme, but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Where the LSBU Group is unable to identify its share of the underlying assets and liabilities in a scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme, so that the cost is equal to the total of contributions payable in the year. The TPS and USS are multi-employer schemes for which is not possible to identify the University Group's share of assets and are therefore reported as if they were defined contribution schemes, so that the cost is equal to the total of contributions payable in the year. Contractual obligations relating to these schemes including any agreements to pay additional contributions to fund a deficit are calculated at net present value and are included in provisions.

For other defined benefit schemes, including the LPFAPF, the University Group's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that return on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University Group. The University Group recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability or asset is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University Group is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The University Group has defined contribution pension schemes for employees of subsidiary companies SBUEL, and SW4 Catering Ltd and for most professional service staff who commenced employment after April 2021. The University Group pays contributions into a separate legal entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University Group. Any unused benefits are accrued and measured as the additional amount the University Group expects to pay as a result of unused entitlement. The University has a redundancy policy that is amended from time to time.

Taxation status

The University is an exempt charity within the meaning of part 3 of the Charities Act 2011, and as such is a 'charity' within the meaning of Section 467 of the Corporation Tax Act (CTA) 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 478–488 of the CTA 2010 and Section 256C of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

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

South Bank Colleges is considered to pass the test set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, South Bank Colleges is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 Corporation Tax 2010 or Section 256 of the Taxation of Chargeable Gains Acts 1992, to the extent that such income or gains are applied exclusively to charitable purposes. It is partially exempt in respect of Value Added Tax, so it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

Agency arrangements

Funds the institution receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the institution where the institution does not have control of the economic benefit related to the transaction.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term. Leases in which the University Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of the fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The Finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund as the University must hold the fund in perpetuity. Other restricted reserves include balances through which the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Where fixed assets were revalued prior to the implementation of FRS 102, the gain or loss on revaluation was credited or debited to the revaluation reserve. Where depreciation on the revalued amount exceeds the corresponding depreciation based on historical cost, the excess is transferred annually from the capital reserve to the income and expenditure reserve.

The pension reserve represents the pension liability in respect of the defined benefit pension schemes (see note 28).

Cash flows and cash equivalents

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

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

Financial instruments

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and it is intended either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Trade receivables and trade payables are recognised at their transaction price in the statements of consolidated financial position and subsequently measured at amortised cost. A provision for bad debts is estimated on the basis that as debts become older, a higher percentage become irrecoverable.

Secured loans and borrowing are liabilities with fixed or determinable payments that are secured against specific assets. These are held at amortised cost. They are apportioned between 'Creditors: amounts falling due within one year' and 'Creditors: amounts falling due after one year'.

Foreign currency translation

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

Material Judgements

Accounting policies are supplemented by estimation techniques where judgement is required to establish the monetary amounts of assets, liabilities, gains, and losses included in the financial statements. Judgements and estimates are continually evaluated and are based on historical experience and other factors including expectation of future events that are believed to be reasonable in the circumstances.

The present value of the London Pension Fund Authority Pension Fund (LPFAPF) and defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate, salary, pension and price increase and any changes in these assumptions (which are disclosed in note 28) will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The Group considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset, or the recoverable amount of the cash-generating unit is required. These will require an estimation of the future cash flow and selection of an appropriate discount rates in order to calculate the net present value of those cash flows.

Estimates

The provision for doubtful debts is based on our estimate of the expected recoverability of those debts. Assumptions are made based on the level of debtors which have defaulted historically, coupled with current knowledge of collections. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due.

A determination has been made as to whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

Provisions, contingent liabilities

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

London South Bank University

Notes to the accounts

Year ended 31 July 2024

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
1. Tuition fees and education contracts				
Full-time home and EU students	80,414	85,507	76,835	82,632
Full-time international students	32,721	29,492	32,721	29,492
Part-time students	16,286	16,674	16,286	16,674
Other courses	4,298	2,794	4,298	2,794
Strategic Health Authority education contracts	3,888	3,699	3,888	3,699
	137,607	138,166	134,028	135,291

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
2. Funding body grants				
Recurrent grants				
Office for Students	12,825	13,900	12,825	13,900
Education and Skills Funding Agency	11,491	8,785	-	-
Greater London Authority	10,612	11,110	-	-
	34,928	33,795	12,825	13,900
Specific Grants				
Higher Education Innovation Fund	1,246	957	248	49
Releases of government capital grants	2,416	1,193	674	680
Education and Skills Funding Agency	1,725	1,675	-	-
Teachers' Pension Grant	535	457	-	-
	5,922	4,282	922	729
	40,850	38,077	13,747	14,629

	Consolidated		University	
	2024	2023*	2024	2023*
	£'000	£'000	£'000	£'000
3. Research grants and contracts				
Research councils	1,432	1,282	1,432	1,282
Research charities	631	297	603	297
Government (UK and overseas)	3,253	4,778	2,198	3,399
Industry and commerce	113	183	116	107
Other	301	295	301	295
	5,730	6,835	4,650	5,380

*2023 categories realigned to sector standard. Total figure unchanged

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
4. Other income				
Residence and catering income	14,286	9,491	14,037	9,460
Other income	7,537	8,204	5,087	5,296
	21,823	17,695	19,124	14,756

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
5. Interest receivable and similar income				
Interest on short term investments	24	23	24	23
Net interest on pension schemes (note 28)	807	-	557	-
Endowment income and interest receivable	302	298	222	209
	1,133	321	803	232

All revenue is generated from within the United Kingdom.

London South Bank University

Notes to the accounts

Year ended 31 July 2024

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
6. Donations and endowments				
Unrestricted donations	392	832	1,340	1,198

Donations include the estimated market value of SBC's rent free occupations of its Lambeth College premises in Brixton, and a gift aid payment of £1.34m made to LSBU relating to taxable profits in SBUEL for the year ended 31st July 2023, paid a year in arrears.

7. Grant and Fee income

The source of grant and fee income, included in notes 1 to 3 is as follows:

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Grant income from the OfS	12,825	13,900	12,825	13,900
Grant income from other bodies	35,279	32,362	7,096	6,690
Fee income for research awards (exclusive of VAT)	62	131	62	131
Fee income from non-qualifying courses (exclusive of VAT)	4,198	3,474	619	599
Fee income for taught awards (exclusive of VAT)	131,823	133,980	131,823	133,980
	184,187	183,847	152,425	155,300

8. Staff

Average numbers by major category:

	Consolidated	
	2024	2023
	No.	No.
Academic staff	805	934
Student support staff	355	258
Other support staff	599	685
	1,759	1,877

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Costs				
Wages and salaries	92,089	86,209	74,533	70,048
Social security costs	9,283	8,969	7,928	7,666
Other pension costs	16,116	18,385	13,998	15,910
	117,488	113,563	96,459	93,624

Staff costs for the year include costs arising from redundancies of £4.5m for 245 staff (2023 £1.7m for 88 staff) of which £2.9m was paid during the year and £1.6m was accrued

Notes to the accounts

Year ended 31 July 2024

9. Remuneration of Board of Governors and higher paid employees

A. Governors

The University's governors do not receive remuneration from the University in their capacity as governors. The salaries and pension contributions below therefore relate entirely to staff governors and to sums received by them in their capacity as employees of the University. Two of these employees accrued benefits under defined benefit pension schemes during the year (2023:3)

	2024	2023
	£'000	£'000
Salaries	355	391
Pension contributions or payments in lieu of pension contributions	42	58
	397	449

Governors are paid expenses for attending meetings and other matters directly related to their duties as trustees. In 2024 3 governors were paid expenses totalling £1k (2023: 4 governors were paid £2k) for travel and subsistence.

B. Determining pay of senior staff

Pay of senior executives, including the Vice Chancellor, is determined by a Remuneration Committee composed of Independent governors, and chaired by an experienced Independent governor. The Vice Chancellor is not a member of the Remuneration Committee.

The Committee, in making its determination, considers remuneration levels in a number of comparable institutions, but also more widely in the Sector; it seeks to ensure, based on good performance, that remuneration in LSBU is competitive and comparable to those comparator Institutions. The Committee also considers as a key input the level of pay increase that has been made to staff generally. The Committee further considers a report on the performance of senior executives against individual measurable objectives.

Further information is provided in the Annual Remuneration Report on page 33 onwards.

C. Emoluments of the Vice Chancellor

	2024	2023
	£'000	£'000
Salary	262	249
Accommodation allowance	10	10
Performance related pay	10	25
Taxable benefits (Medical insurance)	2	2
Payments in lieu of pension contributions	38	36
	322	322

The Vice Chancellor is the highest paid Governor.

The Vice Chancellor's basic salary is 6.46 (2023: 5.92) times the median pay of staff across the organisation, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The Vice Chancellor's total remuneration is 6.53 (2023: 6.35) times the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The Vice Chancellor did not participate in a University pension scheme and there were no accrued benefits under a defined benefit scheme at the year end.

Notes to the accounts

Year ended 31 July 2024

D. Remuneration of other higher paid staff

Certain employees, including the Vice Chancellor, received basic salary (excluding bonus, benefits and pension contributions) in excess of £100,000 during the year. These employees are grouped as follows:

	Consolidated and University	
	2024	2023
	No.	No.
£100,000 to £104,999	5	1
£105,000 to £109,999	2	-
£110,000 to £114,999	1	1
£115,000 to £119,999	3	2
£120,000 to £124,999	2	2
£125,000 to £129,999	2	-
£140,000 to £144,999	1	-
£145,000 to £149,999	1	1
£150,000 to £154,999	-	1
£155,000 to £159,999	1	-
£160,000 to £164,999	-	2
£170,000 to £174,999	1	-
£175,000 to £179,999	-	1
£245,000 to £249,999	-	1
£260,000 to £264,999	1	-
	20	12

E. Key management personnel

Key Management personnel include members of the Group Executive, being those persons having authority and responsibility for planning, directing and controlling the activities of the University. This includes compensation (including salary and benefits in kind but excludes employers pension contributions). Members of the University Executive are listed on page 3 of these Financial Statements.

	2024	2023
	£'000	£'000
Key management personnel	1,375	1,548

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
10a. Other operating expenses				
Academic	19,136	20,323	14,996	16,059
Academic support	10,319	10,728	10,319	10,728
Other support	7,560	7,613	7,559	7,610
Premises	19,947	16,142	17,492	14,348
Residence and catering	7,157	5,205	7,157	5,205
Research grants and contracts *	1,186	1,783	1,022	1,652
Other expenses	13,967	26,829	10,611	22,521
	79,272	88,623	69,156	78,123

The decrease in 'Other expenses' reflects a smaller increase in bad debt provision than in 2022-23.

* Previously included in Other expenses.

London South Bank University

Notes to the accounts Year ended 31 July 2024

10a. Other operating expenses continued

Other operating expenses are stated after charging:

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Auditor's remuneration				
RSM - Audit services				
<i>Statutory audit of parent and consolidated accounts</i>	98	90	98	90
<i>Statutory audit of associates of the Company</i>	71	65	-	-
RSM - Other (tax assurance)	6	-	6	-
Rentals under operating leases: Plant and machinery	295	407	209	306
	295	407	209	306

Auditor's remuneration is disclosed net of VAT

10b. Access and Participation (i)

	University	
	2024	2023
	£'000	£'000
Access Investment	1,234	1,211
Financial Support	612	969
Research and Evaluation	372	568
	2,218	2,748

(i) £1,111k (2023: £1,241k) of these costs are already included in the overall staff costs figures included in the financial statements, see note 8.

Included in the above figures are £332k (2023: 301k) relating to Disability Support.

The Access and Participation plan for the 2020-2025 academic year, approved by the OfS can be found here.

11. Taxation

A deferred tax liability (DTL) has not been recognised in respect of timing differences relating to accelerated capital allowances. As the DTL unwinds, any tax payable would likely be covered by any gift aid payment.

The amount of the liability not recognised is £32k (2023: £8k asset).

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
12. Interest and other finance costs				
Bank loans and overdrafts	3,010	2,428	3,010	2,428
Net interest on pension schemes (note 28)	-	2,171	-	1,948
	3,010	4,599	3,010	4,376

Notes to the accounts
Year ended 31 July 2024

13. Intangible assets - Consolidated

Software	Assets in course of		Total
	Software	construction	
Cost	£'000	£'000	£'000
At 1 August 2023	23,955	6	23,961
Additions	-	1,508	1,508
Transfer	-	-	-
At 31 July 2024	23,955	1,514	25,469
Amortisation charge			
At 1 August 2023	(4,640)	-	(4,640)
Charge for the year	(1,983)	-	(1,983)
At 31 July 2024	(6,623)	-	(6,623)
Net book value			
At 31 July 2024	17,332	1,514	18,846
At 31 July 2023	19,315	6	19,321

Intangible assets - University

Software	Assets in course of		Total
	Software	construction	
Cost	£'000	£'000	£'000
At 1 August 2023	23,937	6	23,943
Additions	-	1,508	1,508
Transfer	-	-	-
At 31 July 2024	23,937	1,514	25,451
Amortisation charge			
At 1 August 2023	(4,639)	-	(4,639)
Charge for the year	(1,979)	-	(1,979)
At 31 July 2024	(6,618)	-	(6,618)
Net book value			
At 31 July 2024	17,319	1,514	18,833
At 31 July 2023	19,298	6	19,304

14. Tangible fixed assets (Consolidated)

	Freehold land	Freehold buildings	Long leasehold land and buildings	Short leasehold land and buildings	Fixtures, fittings and equipment	Assets in course of construction	Fixed assets total
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2023	88,965	317,287	49,668	44	85,341	18,446	559,751
Additions	-	-	-	-	211	10,995	11,206
Disposal	-	-	-	-	-	(1)	(1)
Transfer	-	-	-	-	2,760	(2,760)	-
At 31 July 2024	88,965	317,287	49,668	44	88,312	26,680	570,956
Depreciation							
At 1 August 2023	-	(86,618)	(36,846)	(37)	(54,354)	-	(177,855)
Charge for the year	-	(7,180)	(1,227)	-	(5,383)	-	(13,790)
At 31 July 2024	-	(93,798)	(38,073)	(37)	(59,737)	-	(191,645)
Net book value							
At 31 July 2024	88,965	223,489	11,595	7	28,575	26,680	379,311
At 31 July 2023	88,965	230,669	12,822	7	30,987	18,446	381,896

Tangible fixed assets (University)

	Freehold land	Freehold buildings	Long leasehold land and buildings	Short leasehold land and buildings	Fixtures, fittings and equipment	Assets in course of construction	Fixed assets total
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2023	64,368	236,373	47,210	44	78,203	16,430	442,628
Additions	-	-	-	-	15	7,276	7,291
Disposals	-	-	-	-	-	(1)	(1)
Transfer	-	-	-	-	2,760	(2,760)	-
At 31 July 2024	64,368	236,373	47,210	44	80,978	20,945	449,918
Depreciation							
At 1 August 2023	-	(82,404)	(36,622)	(37)	(52,738)	-	(171,801)
Charge for the year	-	(5,553)	(1,177)	-	(4,293)	-	(11,023)
At 31 July 2024	-	(87,957)	(37,799)	(37)	(57,031)	-	(182,824)
Net book value							
At 31 July 2024	64,368	148,416	9,411	7	23,947	20,945	267,094
At 31 July 2023	64,368	153,969	10,588	7	25,465	16,430	270,827

London South Bank University

Notes to the accounts

Year ended 31 July 2024

15. Investments

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
CVCP Properties plc	38	38	38	38

The University holds 0.8% of the £1 ordinary shares of CVCP Properties plc. The principal activity of the company is leasing of buildings, with the majority of tenants being Higher Education organisations.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Share class	Holding
South Bank University Enterprises Limited *	103 Borough Road, London, SE1 0AA, UK	Consultancy, research and property letting	Ordinary	100% Direct
South Bank Colleges Ltd **	103 Borough Road, London, SE1 0AA, UK	Provision of further education	Ordinary	100% Direct
SW4 Catering Ltd	103 Borough Road, London, SE1 0AA, UK	Combined facilities support activities	Ordinary	100% Indirect via SBC

All the above subsidiaries are included in the consolidation and have a 31st July year end.

*Five of these shares have been held since 5 February 1988 with a further five issued on 19 July 2012 and five on 28 April 2021.

**The University is the sole member of South Bank Colleges, a private company limited by guarantee and incorporated on 1st August 2018. South Bank Colleges has two subsidiaries, SW4 Catering Ltd and South Bank Skills Ltd (a dormant company incorporated on 23rd March 2021).

16. Debtors: amounts falling due within one year

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade debtors	14,450	24,724	13,745	23,669
Amounts owed by subsidiary undertakings	-	-	33,748	33,211
Other debtors	184	114	181	146
Prepayments and accrued income	10,531	14,455	9,273	8,782
	25,165	39,293	56,947	65,808

17. Creditors: amounts falling due within one year

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (note 19)	17,508	45,182	17,508	45,182
Trade creditors	1,020	2,059	209	1,435
Other creditors	4,910	9,387	4,377	8,745
Other taxation and social security	2,461	2,504	2,090	2,087
Accruals and deferred income	44,861	52,370	40,840	43,299
	70,760	111,502	65,024	100,748

London South Bank University

Notes to the accounts

Year ended 31 July 2024

18. Creditors: amounts falling due after more than one year

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (note 19)	23,829	-	23,829	-
Other loans	-	200	-	200
Deferred income	55,726	51,575	22,487	18,459
	79,555	51,775	46,316	18,659

At 31/7/23 the University Group was in a technical breach position for one financial covenant attached to its bank loans. In line with FRS102, these loans were reclassified as current liabilities due within one year. Waivers were issued by the lending banks in November 2023 so no breach was in place when the covenant was formally tested in January 2024. At 31/7/24 the University Group was compliant with its banking covenants.

Included within short term and long term deferred income are items of grant income which have been deferred until specific performance related conditions have been met.

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Government	1,543	1,023	1,543	1,023
Non-government	128	247	128	247
Capital grants	56,374	52,249	23,135	19,133
	58,045	53,519	24,806	20,403

19. Borrowings

Bank loans are repayable as follows:

	Consolidated and University	
	2024	2023
	£'000	£'000
Due in less than one year (note 17)	17,508	45,182
Due between one and two years	2,278	-
Due between two and five years	6,626	-
Due after five years	14,925	200
Total due after one year (note 18)	23,829	200
Total	41,337	45,382

Details of bank loans

Lender	Term	Interest rate	Security	2024	2023
				£'000	£'000
Barclays Bank	Capital and interest quarterly. 25 years to 2032	5.67% fixed	McLaren House	2,332	2,643
Barclays Bank	Interest quarterly. 20 years to April 2029	5.25% fixed		5,000	5,000
Barclays Bank	Capital and interest quarterly. 23.25 years to 2032	5.44% fixed		4,677	5,173
Barclays Bank	Capital and interest quarterly. 23 years to 2032	0.225% margin over SONIA		2,301	2,598
Barclays Bank	Capital and interest monthly. 16 years to 2035	5.16-5.2% fixed plus 1.65% margin		10,501	11,164
Barclays Bank	Revolving credit facility maturing August 2026	1.45% margin over SONIA		15,300	17,000
Allied Irish Bank	Capital and interest quarterly. 26.5 years to 2027	6.67% fixed	Dante Road Halls	1,226	1,604
Salix	Variable	Interest free	Unsecured	-	200
				41,337	45,382

London South Bank University

Notes to the accounts

Year ended 31 July 2024

20. Provisions for liabilities: Consolidated

	Obligation to fund deficit on USS pension £'000	LPFA defined benefit obligation £'000	Enhanced pension £'000	Total £'000
Provision at 1 August 2023	668	(16,984)	1,242	(15,074)
Utilised during the year (Credited) / Charged to comprehensive income and expenditure	-	(4,254)	(69)	(4,323)
	(668)	16,819	121	16,272
Provision at 31 July 2024	-	(4,419)	1,294	(3,125)

The March 2023 valuation for the Universities Superannuation Scheme (USS) indicated that the scheme was now in surplus. Consequently, the obligation to fund the past deficit that arose when the scheme was in deficit ceased. The provision in the 2022-23 accounts was therefore released. Key assumptions are in note 28B.

The enhanced pension provision relates to the cost of staff who retired from Lambeth College Corporation with enhanced pension provisions between 1995/96 and 2006/7. The value of the provision is calculated in accordance with guidelines issued by the Association of Colleges.

University

	Obligation to fund deficit on USS pension £'000	LPFA defined benefit obligation £'000	Total £'000
Provision at 1 August 2023	668	(10,782)	(10,114)
Utilised during the year (Credited) / Charged to comprehensive income and expenditure	-	(3,755)	(3,755)
	(668)	11,502	10,834
Provision at 31 July 2024	-	(3,035)	(3,035)

21. Endowment reserves

	Consolidated and University			
	Restricted Permanent £'000	Restricted Expendable £'000	2024 Total £'000	2023 Total £'000
Balance at 1 August	728	139	867	895
Increase/(decrease) in market value of investments	61	11	72	(28)
Balance at 31 July	789	150	939	867

All endowment reserves represent current asset investments, and form the "LSBU consolidated charitable fund for the welfare of students", the purpose of which is to support students in financial difficulty,

22. Unrestricted reserves

	Consolidated		University	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Revaluation reserve				
Balance at 1 August	23,142	24,045	23,142	24,045
Transfer to income and expenditure reserves being excess depreciation on revalued assets	(283)	(903)	(283)	(903)
Balance at 31 July	22,859	23,142	22,859	23,142

Notes to the accounts
Year ended 31 July 2024

23. Analysis of changes in net debt

	at 1 August 2023	Cashflows	Other non- cash changes	at 31 July 2024
Consolidated	£'000	£'000	£'000	£'000
Investments classified as cash equivalents	869	73	-	942
Cash at bank and on deposit	6,894	(5,569)	-	1,325
Cash equivalents	144	-	7	151
	7,907	(5,496)	7	2,418
Borrowings				
Debt due within one year	(45,182)	4,045	23,629	(17,508)
Debt due after one year	(200)	-	(23,629)	(23,829)
	(45,382)	4,045	-	(41,337)
	(37,475)	(1,451)	7	(38,919)

	at 1 August 2023	Cashflows	Other non- cash changes	at 31 July 2024
University	£'000	£'000	£'000	£'000
Investments classified as cash equivalents	869	73	-	942
Cash at bank and on deposit	5,500	(4,425)	-	1,075
Cash equivalents	144	-	7	151
	6,513	(4,352)	7	2,168
Borrowings				
Debt due within one year	(45,182)	4,045	23,629	(17,508)
Debt due after one year	(200)	-	(23,629)	(23,829)
	(45,382)	4,045	-	(41,337)
	(38,869)	(307)	7	(39,169)

Investments comprise funds held in fixed term deposits for periods exceeding three months at 31 July 2024. Cash at bank and on deposit comprise funds held in bank and on deposit not exceeding 3 months.

24. Capital commitments

Provision has not been made for the following capital commitments as at 31 July 2024

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Commitments contracted at 31 July	943	-	943	-

25. Contingent liabilities

Funds amounting to £4.1m received from the Education and Skills Funding Agency (ESFA) are subject to conditions linked to future estates development for SBC to deliver a viable, sustainable, high quality, relevant and diverse offer from Level 1 to Level 6 learners and employers across the local area with a college presence in Brixton and Clapham and/or Vauxhall without a requirement for government funding to support operating losses.

London South Bank University

Notes to the accounts

Year ended 31 July 2024

25. Contingent liabilities continued

The University's subsidiary, South Bank Colleges, has received a pre-action claim for reimbursement of costs by a developer in respect of the Lambeth and Vauxhall development project. The governing body believes that any claim is unlikely to succeed and cannot be financially quantified at the date of signing, and to the best of its knowledge and belief it is satisfied that no provision is necessary in respect of this claim.

26. Lease obligations

At 31 July 2024 the University and the Group were committed to making the following future minimum lease payments in respect of non-cancellable operating leases on IT equipment and land and buildings:

	Consolidated		University	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Expiring within one year	-	18	-	-
Expiring within two and five years	-	-	-	-
Expiring in over five years	428	440	428	440
	428	458	428	440

27. Amounts disbursed as agents

	Consolidated		University	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Teacher training bursaries				
Balance at 1 August	57	38	57	38
Funding council grant	(9)	19	(9)	19
Disbursed to students	-	-	-	-
Balance at 31 July	48	57	48	57

	Consolidated		University	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Apprenticeship employer incentive payments				
Balance at 1 August	160	-	160	-
Funds received	-	166	-	166
Disbursed to employers	(6)	(6)	(6)	(6)
Balance at 31 July	154	160	154	160

	Consolidated		University	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Learner support funds				
Balance at 1 August	393	323	-	-
Bursaries	935	948	-	-
Disbursed to students	(1,042)	(836)	-	-
Administration costs	(55)	(42)	-	-
Balance at 31 July	231	393	-	-

London South Bank University

Notes to the accounts

Year ended 31 July 2024

28 Pension arrangements

Different categories of staff were eligible to join one of five different schemes:

- Teachers' Pension Scheme (TPS)
- Universities Superannuation Scheme Limited (USS)
- London Pension Fund Authority (LPFA) Pension Fund
- London South Bank University Defined Contribution Scheme, administered by Aviva.
- NOW Pensions

The TPS, USS and LPFA are multi employer defined benefit plans and these pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31 March 2020, the LPFA 31 March 2019 and the USS at 31 March 2023.

The University is aware that the Court of Appeal has recently upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. Until further investigations have been completed by the UK Government's Actuary's Department and/or any legislative action taken by the government, the potential impact if any, on the valuation of scheme liabilities remains unknown.

Total pension cost for the year

Consolidated	2024	2023
	£'000	£'000
Teachers Pension Scheme	9,282	8,361
USS		
Contributions paid	566	468
Unwinding of pension provision	<u>(668)</u>	<u>(23)</u>
Charge to the Statement of Comprehensive Income	(102)	445
LPFA		
Contributions paid	(4,254)	(4,700)
FRS 102 (28) charge	<u>9,092</u>	<u>12,524</u>
Charge to the Statement of Comprehensive Income	4,838	7,824
Defined Contribution Schemes	2,098	1,755
Charge to the Statement of Comprehensive Income	<u>16,116</u>	<u>18,385</u>
University	2024	2023
	£'000	£'000
Teachers Pension Scheme: contributions paid	7,946	7,325
USS		
Contributions paid	566	468
Unwinding of pension provision	<u>(668)</u>	<u>(23)</u>
Charge to the Statement of Comprehensive Income	(102)	445
LPFA		
Contributions paid	(3,755)	(4,114)
FRS 102 (28) charge	<u>8,010</u>	<u>10,790</u>
Charge to the Statement of Comprehensive Income	4,255	6,676
Defined Contribution Schemes	1,899	1,464
Charge to the Statement of Comprehensive Income	<u>13,998</u>	<u>15,910</u>

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Year ended 31 July 2024

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

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

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

Valuation of The Teachers' Pension Scheme:

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2020 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023 and the Employer Contribution Rate was assessed using agreed assumptions in line with the Directions and was accepted at the original assessed rate as there was no cost control mechanism breach.

The valuation report was published on 26 October 2023. The key results of the valuation are: - Total scheme liabilities for service (the capital sum needed at 31 March 2020 to meet the stream of future cash flows in respect of benefits earned) of £262 billion - Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £222 billion - Notional past service deficit of £39.8 billion (2016 £22 billion) - Discount rate is 1.7% in excess of CPI (2016 2.4% in excess of CPI (this change has had the greatest financial significance)).

As a result of the valuation, new employer contribution rates have been set at 28.6% of pensionable pay from 1 April 2024 until 31 March 2027 (compared to 23.68% under the previous valuation including a 0.08% administration levy).

At 31 July 2024 the University Group had 954 active members participating in the scheme. During the year contributions were paid by the Group and charged to the Income and Expenditure account at a current rate of 28.68% (2023 23.68%) of salaries and the Group's contribution to the TPS for the year was £9,162,588 (2023: £8,303,692). Employees paid tiered contribution rates which ranged from 7.4% - 11.7%, depending on earnings.

TPS is a multi- employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Notes to the accounts
Year ended 31 July 2024

B. The Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS). The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

USS is a multi-employer scheme and is accounted for as set out in the accounting policies.

A deficit recovery plan was put in place as part of the 2020 valuation, which required payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate would increase to 6.3%. As set out in Note 20, no deficit recovery plan was required under the 2023 valuation because the scheme was in surplus on a technical provisions basis. The institution was no longer required to make deficit recovery contributions from 1 January 2024 and accordingly released the outstanding provision to the profit and loss account.

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2023 (the valuation date), which was carried out using the projected unit method.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2023 valuation was the seventh valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions (the statutory funding objective). At the valuation date, the value of the assets of the scheme was £73.1 billion and the value of the scheme's technical provisions was £65.7 billion indicating a surplus of £7.4 billion and a funding ratio of 111%.

The key financial assumptions used in the 2023 valuation are described below. More detail is set out in the Statement of Funding Principles (<https://www.uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles>).

CPI Assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.0% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2030
Pension increases (subject to a floor of 0%)	Benefits with no cap: CPI assumption plus 3bps Benefits subject to a "soft cap" of 5% (providing inflationary increases up to 5%, and half of any excess inflation over 5% up to a maximum of 10%): CPI assumption minus 3bps
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.5% p.a. Post retirement: 0.9% p.a.

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2023 actuarial valuation. The mortality assumptions used in these figures are as

Mortality base table	101% of S2PMA 'light' for males and 95% of S3PFA for females
Future improvements to mortality:	CMI 2021 with a smoothing parameter of 7.5, an initial addition of 0.4% p.a., 10% w2020 and w2021 parameters, and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

London South Bank University

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The current life expectancies on retirement at age 65 are:

	Males		Females	
	Years		Years	
	2024	2023	2024	2023
Current pensioners (currently 65 years)	23.7	24.0	25.6	25.6
Future pensioners (currently 45 years)	25.4	26.0	27.2	27.4

At 31 July 2024 the Group had 46 (2023: 41) active members participating in the scheme. The total credited to the Statement of Comprehensive Income and Expenditure is £566,315 (2023: £467,975). The employer contribution rate was 21.1% from October 2019 until 30th September 2021, 21.4% from October 2021 to March 2022, 21.6% from April 2022 to February 2024 and 14.5% from March 2024.

C. The London Pension Fund

The London Pension Fund Authority (LPFA) provides members with benefits related to pay and service at rates which are defined under the Local Government Pensions Scheme Regulations 2013. To finance these benefits, assets are accumulated in the Fund and held separately from the assets of the University.

A full triennial valuation was carried out by the scheme's actuary Barnett Waddingham as at 31 March 2022 with the valuation results taking into account changes to the scheme from 1 April 2022. Employer contribution rates during the year were 15.5% for London South Bank University and 14.3% for South Bank Colleges.

Pension cost under FRS 102

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

	Consolidated and University	
	31-Jul-24	31-Jul-23
	% per annum	% per annum
Salary increase	3.05%	3.00%
Pension and price increases	2.90%	2.85%
Discount rate	5.05%	5.15%

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

On the advice of our actuaries we have made the following assumptions:

- Members will exchange half of their commutable pension for cash at retirement
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age
- No members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits

Notes to the accounts

Year ended 31 July 2024

In calculating the scheme assets and liabilities, the fund's actuaries had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes but it is possible that actual outcomes will differ from those included in the accounts. Any differences between expected and actual outcomes are reported through experience gains and losses.

Following a pension assumption review process we believe that the default assumptions used by the scheme actuaries are appropriate for the LSBU group.

Life expectancy

The scheme actuaries have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, as at 31 March 2022, except for the CMI projection model. The post retirement mortality tables have been based on Club Vita analysis. These base tables are then projected using the CMI_2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0% p.a. and a 2022 weighting of 25%.

Life expectancy from age 65

	LSBU	SBC	LSBU	SBC
	31-Jul-24		31-Jul-23	
Retiring today:				
Males	20.8	20.6	20.8	20.6
Females	23.6	23.6	23.6	23.6
Retiring in 20 years:				
Males	21.7	21.6	21.7	21.7
Females	25.0	24.6	25.0	24.6

Fund assets

The return on the fund, on a bid value to bid value basis, for the year to 31 July 2024 was 6.53 %. The estimated asset allocation is as follows:

	Consolidated		University	
	Fair value	Fair value	Fair value	Fair value
	as at	as at	as at	as at
	31-Jul-24	31-Jul-23	31-Jul-24	31-Jul-23
	£'000	£'000	£'000	£'000
Equities	166,353	153,866	131,800	122,367
Target return portfolio	44,788	46,679	35,754	37,123
Infrastructure	29,660	3,947	23,477	26,018
Property	24,669	32,716	19,559	19,707
Cash	9,080	24,780	7,042	3,139
Total fair value of assets	<u>274,550</u>	<u>261,988</u>	<u>217,632</u>	<u>208,354</u>

London South Bank University

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Net pension position

The following amounts at 31 July 2024 related to the Group are measured in accordance with the requirements of FRS 102:

Consolidated	2024	2023	2022	2021	2020
	£'000	£'000	£'000	£'000	£'000
Fair value of Employer Assets	274,550	261,988	255,029	239,469	239,469
Present value of funded obligations	(247,486)	(235,363)	(305,196)	(414,274)	(376,181)
Net surplus / (underfunding) in funded plans	27,064	26,625	(50,167)	(174,805)	(136,712)
Present value of unfunded obligations	(6,652)	(7,131)	(8,680)	(9,936)	(10,684)
Net Pension Surplus / (liability)	20,412	19,494	(58,847)	(184,741)	(147,396)
Restriction to level of asset ceiling	(15,993)	(2,510)	-	-	-
Net Asset / (Liability) recognised in the balance sheet	4,419	16,984	(58,847)	(184,741)	(147,396)

The value of the Group's share of net assets has been restricted due to the effect of the asset ceiling being the maximum present value of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to other comprehensive income in the period.

University	2024	2023	2022	2021	2020
	£'000	£'000	£'000	£'000	£'000
Fair value of Employer Assets	217,632	208,354	201,729	189,152	161,862
Present value of funded obligations	(200,251)	(190,815)	(247,733)	(338,572)	(305,728)
Net surplus / (underfunding) in funded plans	17,381	17,539	(46,004)	(149,420)	(143,866)
Present value of unfunded obligations	(6,294)	(6,757)	(8,308)	(9,502)	(10,223)
Net Pension Surplus / (Liability)	11,087	10,782	(54,312)	(158,922)	(154,089)
Restriction to level of asset ceiling	(8,052)	-	-	-	-
Net Asset / (Liability) recognised in the balance sheet	3,035	10,782	(54,312)	(158,922)	(154,089)

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

Analysis of the amount included in staff costs for the year

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Service cost	4,087	7,824	3,504	6,676
Enhancements to former employees	751	-	751	-
Total operating charge	4,838	7,824	4,255	6,676

Analysis of the amount included in interest for the year

	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Interest on the defined (asset) / liability	(948)	1,968	(620)	1,820
Administration expenses	79	129	63	102
Total interest (receivable) / payable	(869)	2,097	(557)	1,922

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Analysis of the amount recognised in Other Comprehensive Income	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Return on fund assets less interest	3,823	(1,088)	2,850	(861)
Other actuarial losses on assets	-	3,882	-	3,754
Change in financial assumptions	(5,915)	80,206	(4,885)	65,721
Change in demographic assumptions	585	14,051	486	11,562
Experience gains and losses on defined benefit obligation	1,260	(13,489)	1,046	(10,598)
Change in effect of asset ceiling	(13,354)	(2,510)	(8,052)	-
Remeasurement of the (defined liability) / net assets	<u>(13,601)</u>	<u>81,052</u>	<u>(8,555)</u>	<u>69,578</u>

Analysis of movement in the present value of scheme liabilities	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
At 1 August	242,494	313,876	197,572	256,041
Movement in the year:				
Current service cost	3,194	7,082	2,655	6,039
Interest cost	12,299	10,567	10,005	8,629
Changes in financial assumptions	5,915	(80,206)	4,885	(65,721)
Change in demographic assumptions	(585)	(14,051)	(486)	(11,562)
Experience (gain) / loss in defined benefit obligation	(1,260)	13,489	(1,046)	10,598
Past service costs, including curtailments	893	742	849	637
Estimated benefits paid net of transfers in	(9,474)	(9,902)	(8,386)	(7,811)
Contributions by scheme participants	1,414	1,636	1,216	1,428
Unfunded pension payments	(752)	(739)	(719)	(706)
At 31 July	<u>254,138</u>	<u>242,494</u>	<u>206,545</u>	<u>197,572</u>

Analysis of movement in the fair value of scheme assets	Consolidated		University	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
At 1 August	261,988	255,029	208,354	201,729
Interest on assets	13,376	8,599	10,625	6,809
Return on assets less interest	3,823	(1,088)	2,850	(861)
Other actuarial losses	-	3,882	-	3,754
Administration expenses	(79)	(129)	(63)	(102)
Contributions by employer including unfunded	4,254	4,700	3,755	4,114
Contributions by Scheme participants and other employers	1,414	1,636	1,216	1,428
Estimated benefits paid plus unfunded net of transfers in	(10,226)	(10,641)	(9,105)	(8,517)
At 31 July	<u>274,550</u>	<u>261,988</u>	<u>217,632</u>	<u>208,354</u>

The projected pension expense for the year to 31 July 2025 is £3,131k (consolidated) £2,632k (University).

London South Bank University

Notes to the accounts

Year ended 31 July 2024

D. London South Bank University Defined Contribution Scheme

The University provides a defined contribution pension scheme through Aviva for employees of London South Bank University Enterprises Limited (SBUEL), SW4 Catering Limited and from April 2021 new professional services staff. At 31 July 2024 the University Group had 527 members participating in the scheme (2023: 425). The University Groups contribution to the Aviva scheme for the year ending 31 July 2024 was £2,118,823 (2023: £1,553,309) and employer's contribution rates during the year ranged from 8%-10%. Pension contributions payable at 31 July 2024 were £190,474 (2023: £151,021).

E. NOW Pensions

The University provides a defined contribution scheme through NOW for employees of SBUEL staff engaged through LSBU Employment. At 31 July 2024 there were 341 staff in the scheme (2023: 306). Employer contribution to the NOW scheme for the year ending 31 July 2024 was £12,187 (2023: £12,166) and employer contributions were 3%. Pension contributions payable at 31 July 2024 were £2,511 (2023: £3,253).

29. Related party transactions

Group

The accounts of SBUEL, a wholly owned subsidiary, are consolidated into these financial statements. During the year the university paid for expenses and equipment for SBUEL and used SBUEL employment agency staff totalling £(403)k (2023: £(3,269)k), and collected rental income of £43k (2023: £43k). At the year-end the University owed SBUEL £3,942k (2023: £3,497k).

The University is the sole Member of South Bank Colleges (SBC), a Private Limited Company by guarantee, which was incorporated on 1st August 2018. SBC and its wholly owned subsidiary, SW4 Catering Limited, are consolidated into these financial statements. On 1st February 2019 SBC received £13.7m from the Education and Skills Funding Agency (ESFA) which was transferred to the University on 2nd February 2019 to hold on its behalf and to transfer back to SBC as it is needed to fund operational and capital expenditure requirements. During the year the University transferred £1m (2023: £4m) to SBC. Services on commercial terms amounting to £137k (2023 £220k) were charged to SBC during the year and the balance between SBC and the University at the year-end was £37,676k (2023: £36,708k).

Other related parties

Organisation	Governor	Position	Transactions during year with related party			
			Income £'000	Expenditure £'000	Debtor £'000	Creditor £'000
LSBU Student Union	Abdirahim Ibrahim	Union Council Chair				
	Devonte James	President	-	1,010	-	-
South Bank Academies	David Phoenix	Trustee	4	-	-	-