

Company Registration No. 986761



**Report and Financial Statements
31 July 2022**

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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 26 and the members of the Board of Governors during the year ended 31 July 2022 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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Structure, Governance and Management

The following were Governors throughout the year ended 31 July 2022 except as noted:

Mr Jerry Cope – Chair

Mr Michael Cutbill – Vice Chair

Mr Duncan Brown

Dr Shona Brown – from 01/03/2022

Mr John Cole

Professor Peter Fidler CBE – Senior Independent Director

Dr Maureen Dalziel – until 20/01/2022

Mr Tim Fransen – from 01/12/2021

Professor Ruth Farwell – from 01/07/2022

Mr Abdirahim Ibrahim – from 1/07/2022

Mr Devonte James – from 01/07/2022

Ms Ruchika Kumar – until 30/06/2022

Mr Mark Lemmon

Professor Nicola Martin

Mrs Ola Obadara – from 01/03/2022

Mr Jeremy Parr

Professor David Phoenix OBE – Vice Chancellor and Chief Executive

Ms Rashda Rana

Ms Deepa Shah – until 31/10/2021

Mr Vinaykant Tanna

Mr Tony Roberts – until 21/10/2021

Mr Maxwell Smith – until 30/06/2022

Members of Group Executive:

Professor David Phoenix, Vice Chancellor, and Chief Executive

Alex Bush, Chief People Officer – acting from 01/05/2022, permanent from 08/08/2022

Professor Tara Dean, Provost – from 01/09/2021

Mr Richard Flatman, Group Chief Financial Officer

Professor Paul Ivey, Deputy Vice Chancellor, and Chief Business Officer - (until 31/07/2022)

Professor Deborah Johnston, Deputy Vice Chancellor (Academic Framework)

Ms Nicole Louis, Chief Operating Officer

Mrs Marcelle Moncrieffe-Johnson, Chief People Officer – until 29/04/2022

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

Mr James Stevenson, Group Secretary

Professor Warren Turner, Pro Vice Chancellor (Institute of Health and Social Care)

Objectives and Activities

London South Bank University (LSBU) transforms lives, communities, businesses and society through applied education and insight. We were established 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 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 1500 employer partners. This includes some of the most extensive higher and degree apprenticeship provision in the country, with over 2600 apprentices studying on 38 standards.

Our civic mission means that our work is place-based, whether that place is our home in 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; Applied Science University, Bahrain; and TEAM University, Uzbekistan provide global context.

Taken together, the emphasis on place and professional and technical education is reflected in the University's student demographics and the excellence of the outcomes it achieves for its learners, staff, employer-partners, and community. The institution's highly diverse student body reflects its mission and location in south London with more than half the University's students (60 per cent) identifying as BAME and 36.5 per cent being the first in their family to attend university (2020/21).

The University is ranked 90th in the world in the Times Higher Impact Rankings 2022 (based on the UN Sustainable Development Goals) including 5th for 'Reduced Inequalities' (SDG 10); 44th for 'Peace, Justice, and Strong Institutions' (SDG 16), 58th for 'Gender Inequality' (SDG 5); and 63rd for 'Good Health and Wellbeing' (SDG 3). This is an improvement on the 2021 rankings in which the University was ranked 101-200th.

We have also seen improvements in other league tables over the last year. The University is now ranked 601-800th in the World University Rankings 2023 (up from 801-1000th the previous year); 96th in the Guardian University Guide (having moved up 17 places from the previous year). The University is ranked 16th overall by RateMyApprenticeship's Best 50 Training Providers 2022-2023 and 5th among universities (up from 35th overall the previous year). We also remain ranked 801-1000 in the QS World University Rankings.

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 – comprising South Bank University Academy and South Bank University Technical College (UTC)
- 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 with 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.

2021/22 has seen a number of important strategic developments and positive outcomes for the LSBU Group.

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.

- At the 2022 Alliance for Bakery Students and Trainees Bakery Competition, students from LSBU's National Bakery School placed in 14 out of 15 Categories, including first place finishes in the Barry Callebaut competition, New Product Innovation, Gunther's Product Innovation, and Live Cake Decorating.
- Three LSBU Product Design students were recognised for their work at the Design Innovation Plastic Awards, receiving 'highly commended' awards for their prototype 'healthtech' products.
- An LSBU student was awarded Apprentice of the Year at the annual CIBSE (Chartered Institution of Building Services Engineers) 2021 Awards.
- LSBU received a £10 million grant from the OfS to install state of the art health labs in the University's new Croydon Campus.
- South Bank UTC has approved a new business and finance Level 3 BTEC Extended Diploma – offering sixth formers the chance to work with organisations such as Morgan Stanley, PwC, and Investment 2020.
- A Quantity Surveying Apprentice was one of three winners of the Women in Property South-East Student Awards.
- A 2nd year Diagnostic Radiography student won a place on the competitive Council of Deans #150leaders programme
- A 2nd year Film and TV student, has won a year-long apprenticeship with Warner Bros. in the feature film department
- Our formula student team raced against other nationally leading student teams at the world-famous Silverstone track in the summer. The team includes students from across the university, from the engineers that build and test the car to business students searching for sponsorship.
- An LSBU architecture student won the prestigious RIBA 2021 President Medal at the annual awards for the world's best student architecture products, for her 'Cathedral of Trade' project.
- A PhD student from LSBU's School of Engineering was awarded 'Best Young Energy Efficiency Researcher' by the World Sustainable Energy Days 2022.

- The University successfully bid to take part in the Office for Student's Short Course Trial, receiving a £150,000 grant to deliver four new Net Zero short-courses.
- Four of our film Graduates were selected for the highly competitive ['The Network' talent scheme](#) at the Edinburgh International Television Festival as the next generation of TV makers, winning the opportunity to receive bespoke industry training and masterclasses and receive mentoring to help them carve out careers in the film and television industry.
- 20 students and three members of staff working at LSBU's Legal Advice Clinic received the 'Best New Pro Bono Activity Award' at the 2022 LawWorks & Attorney General's Student Pro Bono Awards for their work to establish and run Windrush Justice Clinics.
- First year engineering students shared £3,000 in prize money for their innovative business ideas to solve real problems faced in London. The prizes have been provided by the Engineers in Business Fellowship (EIBF).
- An undergraduate student, studying Electrical Engineering and Power Electronics, was recognised for his 'exceptional performance' by the Institution of Engineering and Technology (IET) in their annual awards, achieving the highest overall mark in the UK (89%) in his subject.

Southwark Health Skills Centre

LSBU continues to operate the Southwark Health Skills Centre in partnership with Guy's and St Thomas' NHS Foundation Trust. The Centre provides the people of Southwark and surrounding boroughs with access to career pathways in health and social care, whatever their age or educational starting point. Its aim is both to educate and train new recruits and to upskill existing staff. The College's Foundation award in health has supported over 300 adults working in the health and care sector to progress to higher level qualifications including to degree level. There are plans for 2023/24 to move to a purpose-built Health Skills Centre as part of the LSBTC with new programmes at South Bank Academies providing careers and outreach opportunities for young people in south London.

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 2700 higher and degree apprentices enrolled on 38 apprenticeship standards, making us one of the leading providers in the country. The Passmore Centre is also the home of the new 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. Part of the Mayor's Academies Programme, The Hub aims to create 382 jobs and apprenticeships and 119 work placements in the growing sector by April 2024.

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.

- Professor George Ofori, Dean of School of The Built Environment and Architecture at LSBU was presented with a 'Distinguished Lifetime Achievement Award' by the Vice President of Ghana, Dr Mahamadu Bawumiah.
- Sarah Moore-Williams, Dean of Business School, was appointed as the Chair of Southwark Chamber of Commerce.
- Professor Marcantonio Spada, LSBU Professor of Addictive Behaviours and Mental Health and Deputy Lead of the Centre for Addictive Behaviours Research, was awarded a national fellowship by the British Association for Behavioural and Cognitive Psychotherapies.
- Lucy Brown, Head of Division for Film and an Associate Professor in the School of Arts and Creative Industries at LSBU, enjoyed success on the global film festival circuit in the autumn. Her documentary 'BFF Thelma & Louise: Tanya & Lucy Revisit 30 Years On' received its European premier at the Venice Intercultural Film Festival where it received an Honourable Mention. It was then selected to screen at the prestigious Toronto Independent Film Festival in September, before screening at the Boston Women's Film Festival in October. Out of thousands of global submissions, Lucy's film was one of only five short documentaries to receive an official selection.
- Our Biomedical Science degree is now accredited externally by the Institute of Biomedical Sciences.

- The Business School was reaccredited with the Small Business Charter in recognition of the work we do with enterprise & entrepreneurship
- Graeme Maidment, LSBU Professor of Heating and Cooling, received the ACR News Award for 'Environmental Initiative of the Year' for his project 'Beyond Refrigeration' which aims to tackle the challenge of achieving net zero heating and cooling in the UK.
- Professor Alison Leary, Chair of Healthcare and Workforce Modelling, was asked to join the Expert Panel of the House of Commons Health and Social Care Select Committee.
- South Bank Colleges, following an inspection in March, was graded by Ofsted as 'Good' for the first time in over a decade. SBC has moved from Requires Improvement to Good in the three years since it became part of the Group.
- South Bank University Academy similarly received an Ofsted inspection in June, maintaining its 'Good' rating.
- Professor Asa Barber, Dean of Engineering, was elected to the committee and trustee of the Royal Microscopical Society.
- The Division of Electrical and Electronic Engineering were ranked 4th nationally in the Guardian University Guide 2022

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 world-leading or internationally excellent for impact. Overall, 68% of LSBU's submissions were ranked world-leading or internationally excellent, a 14% rise since the previous 2014 exercise.
- LSBU's Institute of Health and Social Care won £450,000 for a programme to support healthcare professionals into clinical research.
- The University supported 156 SMEs as a delivery partner of the Government's Help to Grow: Management programme.
- Professor Sandra Dudley McEvoy from LSBU's School of Engineering won a £1.1 million grant from UK Research and Innovation (UKRI) to lead a team investigating and strengthening links between 5G platforms and the energy sector to improve flexibility and resilience, cut consumer costs and carbon emissions.
- Through the 'BIG (Business, Innovation and Growth) South London Scheme, LSBU provided one-to-one mentoring and workshops to 80 south London businesses, providing advice and support to help them recover from the COVID-19 pandemic.
- The work of Professor Graeme Maidment from the LSBU School of Engineering on the GreenSCIES smart energy grid was included in into the UN Environmental Programme's (UNEP) new 'Beating the Heat' guide, which was launched as part of the Cities Mission at COP26 in November 2021.
- Projects led by academics in Applied Science and Institute of Health and Social Care are delivering £1.2m worth of service evaluation and exploring how AI is improving healthcare provision in the NHS. The first of these cross-school projects evaluating the impact of AI on appointment scheduling with a product aiming to reduce non-attendance (PI: Prof Nicki Thomas). The second is testing the efficacy and acceptability of a system which aims to improve the detection of cardiac arterial disease (PI, Prof Dan Frings). The research is funded by Transformation Directorate (NHS England).
- LSBU Group is one of the delivery partners of the Greater London Authority's £5 million Aspire project, which aims to help London residents without Level 4+ qualifications and in low paid, insecure, and low skilled work to achieve higher-level qualifications.

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.

- Professor Nicola Thomas undertook a project exploring the feasibility of sending out Healthy.io's 'MinuteKidney' home urine testing kits (which detect abnormal protein levels in the urine) and smartphone app to people in the London Borough of Tower Hamlets. Over 60% of the 2,370 people with diabetes who were invited returned the test, with almost 37% (465) of them found to have abnormal

protein levels in the urine, a sign of kidney disease. Most importantly, around 33% of those with abnormal results were new cases which had not been recognised before.

- Professor Marcantonio Spada has undertaken, research in partnership with Imperial College Business School and Kingston University, identifying that psychological distress during the pandemic was disproportionately high in the UK. The findings were based on a survey of over 5,000 people in representative samples from the UK, China, Germany, Sweden, Italy, and the USA. The research was presented at the APPG on Pandemic Response and Recovery in February 2022.
- Professor Helen Powell authored a journal article arguing that using a ‘psycho-social approach’ in response to the clothing industry to change consumer behaviour or action by government is destined to fail, calling instead for greater transparency from clothing brands and a greater focus on reuse and repair services for clothes.
- Professor Lynn Dawkins is conducting a world-first trial looking at the efficacy of e-cigarettes in helping people experiencing homelessness to quit smoking, following a £1.7 million grant from NIHR.

Business Support Programmes

Since 2014, LSBU has been 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. Now that the UK has left the European Union, the University will soon be winding down its seven delivery programmes and is actively exploring new domestic funds to continue its business support programmes. The University has already supported 156 businesses through the Government’s Help to Grow: Management programme and a further 80 companies through the South London Partnerships BIG South London Programme. Further details about the UK Shared Prosperity Fund’s distribution within London are due in the autumn, which should provide further opportunities for LSBU.

Access to Opportunity

LSBU works with partners to provide opportunities for students with the potential to succeed. LSBU is ranked 90th in the world for Social Impact, 5th for Reducing Inequality’ and 63rd for promoting ‘Good Health and Wellbeing’ (Times Higher Education 2020 Impact Rankings).

Year 14 Pilot

In 2020, South Bank UTC undertook a pilot to test the efficacy of providing a Year 14. Thirteen students at the UTC were unable to take their places on engineering apprenticeships at the start of this academic year, due to the employers putting in place hiring freezes in response to the impact of COVID-19. The UTC worked with the University to enhance their existing Level 3 BTEC in Engineering to meet the HNC requirement at Level 4; with the University providing scholarships to cover the fees for all students wishing to enter themselves for the qualifying exam. Four pupils that achieved a merit in the requisite elements of the HNC, chose to subsequently transfer directly into the second year of the University’s mechanical engineering degree starting in academic year 2021/22. This has provided these pupils with the opportunity to achieve a Level 4 qualification in a home setting at no cost to them while simultaneously opening a pathway up to degree level study.

Supporting adults to achieve basic skills

Lambeth College utilises Adult Education funding to provide full and part-time courses to local residents. Many residents benefit from teaching in Maths and English from Entry Level 1 functional skills through to GCSEs. In 2020/21 the College supported 1,359 adults to achieve a Maths and/or English qualification. 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.

In addition to this, the College teaches ESOL (English for Speakers of Other Languages) courses at its Brixton Centre, providing 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. 827 adults completed ESOL courses at the Brixton Centre in 2021/22.

Throughout the summer, SBC also supported the enrolment of over 200 Ukrainian applicants onto ESOL courses. The College is seeking to increase the accessibility of their educational offer for the local Ukrainian community; and has launched a bid to secure weekend childcare support starting in the winter for those who are unable to attend classes during the week.

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

The college also works with a number of partners and employers to support adults with entry to employment, including those with 'high needs' through Project Search. This is delivered at Guy's and St Thomas' NHS Foundation Trust and a range of entry to construction course that support direct entry to employment.

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 COVID-19 pandemic provided an impetus to renew existing agreements with the London Borough of Southwark (signed 2014, renewed June 2021) and the London Borough of Lambeth (signed 2016, renewed October 2020).

LSBU's revised 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 the London Borough of Lewisham; Morley College; Croydon College; Brooklands College and Orbital South College Group. It also has representatives on the boards of local businesses improvement district WeAreWaterloo; employer group SBEG (South Bank Employers Group); Southwark Chambers of Commerce; and Southside Chambers of Commerce. Over the last year, Dr Charles Graham and students within the University's Business School have assisted WeAreWaterloo with the formulation of their new placemaking strategy, which will be launched in the autumn.

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 27 undergraduate and postgraduate courses for over 6,500 students. LSBU also has joint supervisions for PhD students, engages in shared research activities, and has developed a range of Study Abroad and Summer School opportunities enabling student mobility in both directions.

The University also has growing collaborations with TEAM University in Uzbekistan, and the Applied Sciences University of Bahrain.

LSBU's Confucius Institute delivers Chinese language teaching to over 60 schools, conducting education, research and business engagement with Chinese universities and institutions and acting as a hub of cultural and academic activities. It is one of the largest Confucius Institutes in the world, and one of the largest Chinese language testing centres in Europe. Over 25,000 people have attended cultural events performances, workshops and art exhibitions organised by the CI since 2017/18.

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.

- 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.
- Last year, 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 gender pay gap has steadily reduced from 13.25% since 2009. This year, our gender pay gap marginally increased from 4.4% in 2020 to 6.05% in 2021. However, this remains significantly lower than averages across the UK economy (15.4%) and the higher education sector (16.2%).

COVID-19

Following the lifting of pandemic restrictions, the LSBU Group successfully returned to in-person teaching on the LSBU campuses, at Lambeth College, South Bank UTC and South Bank University Academy from September 2021. Using the lessons learned from the pandemic, the Group has been able to make more effective use of online teaching methods as a way of adding value to the student experience and complementing in-person delivery.

LSBU Hub

Following an extensive renovation that began in 2019, the LSBU Hub building on the University's Southwark Campus had its official opening on 1st September 2022, ahead of the start of the 2022/23 academic year on 19th September. With Skills Labs, lecture theatres and classrooms, LSBU Hub will form a centre for collaborative learning and engagement on campus, while also providing the new home of the University's library.

LSBU Hub also hosts the London Doctoral Academy – a research community made up of research staff and students, as well as external organisations and partners – which includes dedicated research space, meeting rooms and social spaces, a conference room, and a study area. In the basement of the building is the LSBU Active gym, sports hall, fitness suites and studios available for use by LSBU staff, students, and local residents.

By undertaking a renovation and retaining the building's existing concrete structure, the University has expended significantly less carbon compared to a new build. Other environmental aspects of the building include a 'Blue-roof,' which stores storm water on top of the roof, assisting with the discharge rate into local sewers to mitigate potential flooding issues.

London South Bank Technical College

In March 2022, construction of phase one of London South Bank Technical College (LSBTC) in Nine Elms achieved an important milestone with the nine-story building reaching its full height, 12 months after construction started in March 2021.

From December 2022, 4000 students will have the chance to learn the latest STEM skills at LSBTC including science, technology, engineering, digital arts, and maths, in hi-tech classrooms and workshops. By 2026, the College aims to have over 10,000 students enrolled. 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. Level 3 Access to HE programmes, which provide a fast track into higher education for adult learners, will be on offer at LSBTC. Also available will be Level 4 courses including in areas such as Forensic Science, Engineering and Software Development which, in addition to being valuable in their own right, provide advanced entry into the second year of relevant degree programmes at LSBU.

The college is developing a range of T-Level courses that map directly to UG pathways at LSBU with the first cohorts starting at LSBTC in September 2023.

The building 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). By 2026, LSBTC will comprise three buildings and 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 £20m renovation of an iconic Grade II listed building in the heart of the town centre. The new campus in Electric House features new classrooms, world-class facilities, community and co-working spaces for students, communities, and hundreds of local businesses.

Since opening, as well as welcoming over 350 new business and health students, LSBU has launched multiple skills and employment, community outreach and businesses support initiatives which will aid the regeneration of the area.

Nursing students are taught in state-of-the-art health skills labs, funded by a £2 million grant from the OfS . By 2023, the University aims to train 1300 nurses at LSBU Croydon, rising to 8000 by 2030. The campus also teaches (alongside our Southwark campus) the only Chiropractic Master's course in London, including a public clinic providing treatment to local residents suffering from musculoskeletal conditions.

Business support also lies at the heart of LSBU Croydon's delivery. Business Management and Accounting and Finance Courses have been complemented by a dedicated enterprise space and support for local businesses, including:

- An enterprise space, providing a co-working area currently being used by 23 businesses, meeting rooms and community events for start-ups and entrepreneurs based in Croydon and South London.
- The *#LSBUDigital* hub, offering support for Croydon businesses through digital expertise from LSBU academics and students.

The campus has been the launch pad for four new employability and skills initiatives, including WinCreative Croydon, which aims to help increase opportunity in the creative industries for individuals from underrepresented backgrounds; and major funded programmes such as Help to Grow and BIG South London, which are designed to support local SMEs. From the new academic year, the campus will also host The Researching Innovation for Sustainable Engineering (RISE) Centre – supporting the Croydon innovation ecosystem by providing businesses with access to labs and equipment, enhancing national and international collaboration, and nurturing the next generation of engineers.

LEAP

The LEAP Programme team has continued to lead on the deployment of an enterprise Customer Relationship Management (CRM) system across the University. LSBU is now using a world-leading CRM platform to manage a significant part of the student journey. At its heart is the desire to create a distinctive student experience underpinned by transformation in technology, processes, and ways of working as an organisation.

Professional Service Group colleagues have been using the new CRM platform for more than a year to support students and over the past few months the LEAP team has successfully delivered the core functionality to all School colleagues. Additional functionality to support Personal Tutoring is currently being rolled out and on track to be deployed to all Schools by the end of 2022. The LEAP programme has enabled students to use a new online student portal - 'MyAccount' - as a single point of contact for most of their interactions with the University, improving their experience.

External Environment

At the start of 2022, the Government published the *Higher education policy statement and reform*, which confirmed the Government's intention to maintain the current tuition fee level of £9,250 until at least 2025. With inflation hitting its highest level in 40 years, this will place further pressure on the university's future finances. The Government additionally consulted on the potential introduction of Student Number Controls and Minimum Entry Requirements the introduction of which, could have a negative effect on LSBU's ability to recruit from a diverse range of backgrounds.

The OfS will be introducing (from October 2022) absolute targets for continuation, completion and progression into professional/managerial employment or any further study. This will require further investment to ensure that courses meet their designated thresholds.

However, in addition to these challenges there are opportunities for LSBU Group. The Government remains on track to introduce the Lifelong Loan Entitlement in 2025; and has confirmed that both full-time and part-time

students studying Level 4 and 5 higher technical qualifications at FE Colleges will have access to both tuition fee and maintenance loans. This could create an important new income stream at LSBTC and support access to increased participation in Level 4 and 5 work-related qualifications. The Government is also intending for the LLE to support modular provision and LSBU has submitted a successful bid to the OfS for a short courses trial to test the efficacy of the systems being developed to accommodate this. Providing ‘top-up’ courses of this kind for existing professionals could also provide a new form of income for the University.

LSBU Group will remain adaptable to take advantage of these opportunities. The LSBU Group must 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 Board of Governors is required to produce a statement in the annual accounts that the LSBU Group continues to be a going concern. Detailed cash flow and covenant compliance forecasts have been prepared for the next 12 months to the end of November 2023 which indicate that, taking into account the potentially severe but plausible downsides, the Group and parent University will have sufficient liquid assets to meet their liabilities as they fall due. In reaching this conclusion, the Board of Governors has also taken into account budget and in-year financial management information and current recruitment data for 2022/23. The principal risks to successful financial delivery in 2022/23 relate to meeting student recruitment targets, the financial turnaround of South Bank Colleges, pay demands, energy and other inflationary cost increases and interest rate risk.

After taking all of these matters into consideration, the Board of Governors is confident that the Group and parent University will be in compliance with its debt covenants even in potentially severe but plausible downside scenarios and will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements (the going concern assessment period) and therefore have prepared the financial statements on a going concern basis.

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 Domain	Risk	Controls and Mitigation
Financial	Affordability of infrastructure plans	<ul style="list-style-type: none"> • Capex reporting is embedded into management accounts provided to the Finance, Planning and Resources Committee. • Exploring alternative funding options. • 5-year plan for capital planning. • A capital bid was submitted to the OfS.
	Failure to deliver a high-quality, cost-effective curriculum that delivers good student outcomes and the financial turnaround of South Bank Colleges	<ul style="list-style-type: none"> • South Bank Colleges (SBC) Operating Model for London South Bank Technical College (LSBTC.)
	Failure to respond successfully to the challenging financial environment including capped fees, threats to student recruitment, inflation and interest rates increases. All of which undermine our ability to deliver good student outcomes and	<ul style="list-style-type: none"> • Ongoing review of institutional costs and shape • Regular forecasting, cashflow monitoring and covenant compliance checks.

	threaten longer term financial sustainability.	
Academic Activity	Office for Students (OfS) Thresholds are not met concerning the Conditions of Registration on Quality / Student Outcomes	<ul style="list-style-type: none"> • Improve the visibility and accountability of Schools and Professional Service Groups on critical elements of the OfS B conditions • Provide greater space for course development • Strengthen the ongoing processes through which LSBU's course portfolio is kept under review, particularly with a focus on improving student outcomes.
Infrastructure	Estate is not developed or enhanced to meet the evolving needs of students and staff in terms of space, technology, and attractiveness	<ul style="list-style-type: none"> • Group-wide estates strategy, aligned with professional and technical curriculum needs.
	IT service fails or becomes unavailable	<ul style="list-style-type: none"> • Service catalogue with identified availability and recovery targets developed. • High Availability and appropriate redundancy built into critical services. • Migration of SBC servers to Group Infrastructure platform • Moodle Virtual Learning Environment migrated to the Cloud migration of Finance and HR/Payroll systems • Geographically separated Group data centre
Operational Delivery	Inability to deliver scale and quality of placement and work-based opportunities required to improve student outcomes, including Graduate Outcome (GO) measure	<ul style="list-style-type: none"> • Developing an employability strategy and associated resource model specifically focused on placements and work-based learning, aligned to the skills framework. • Development of an extended internship programme to aid near-term Graduate Outcomes improvement
People and Culture	Failure to deliver services and meet corporate KPIs due to lack of required capabilities and inefficient structures	<ul style="list-style-type: none"> • Realignment of resources and develop a business plan focused on Group pathways • Monitor major initiatives to achieve deliverables • Review the Group Executive structure and resources to focus on joint working with Group Medium • Review and define a clear action plan, change principles and collective ownership from senior leaders
	High to medium disruption of our services to students caused by strike or action short of a strike (ASOS)	<ul style="list-style-type: none"> • Increased Executive visibility and engagement with staff • Joint working approaches with other HEIs through University and Colleges Employers Association (UCEA) • Ongoing meaningful engagement with local reps through existing formal and informal mechanisms
Regulatory / Compliance / Reputation	Deteriorating League Table performance impacts future recruitment and reputation	<ul style="list-style-type: none"> • Focus on student experience and employability metrics, improved data governance, and quality control. • Targeted communications publicly highlighting areas of success.
	IT Security fails, and operations are compromised	<ul style="list-style-type: none"> • Building security into infrastructure and solutions by design • Upgrade applications and underlying operating systems • An annual review of security services and infrastructure. • Training programmes to increase staff and student cyber security awareness.
	Significant risk to recruitment, OfS registration and reputation	<ul style="list-style-type: none"> • National Student Survey (NSS) action plan to drive improvement of the student experience.

	caused by the deterioration of student experience	<ul style="list-style-type: none"> • Improving teaching quality by establishing an accredited programme leading to advanced HE fellowship for staff. • Establishing the course directors' forum and providing appropriate training to enhance and standardise the role. • Develop a differentiated Student Experience strategy for Part-Time and Apprenticeship students.
	Data protection is compromised.	<ul style="list-style-type: none"> • Ongoing awareness and data protection mandatory training programmes

Energy and Carbon Report

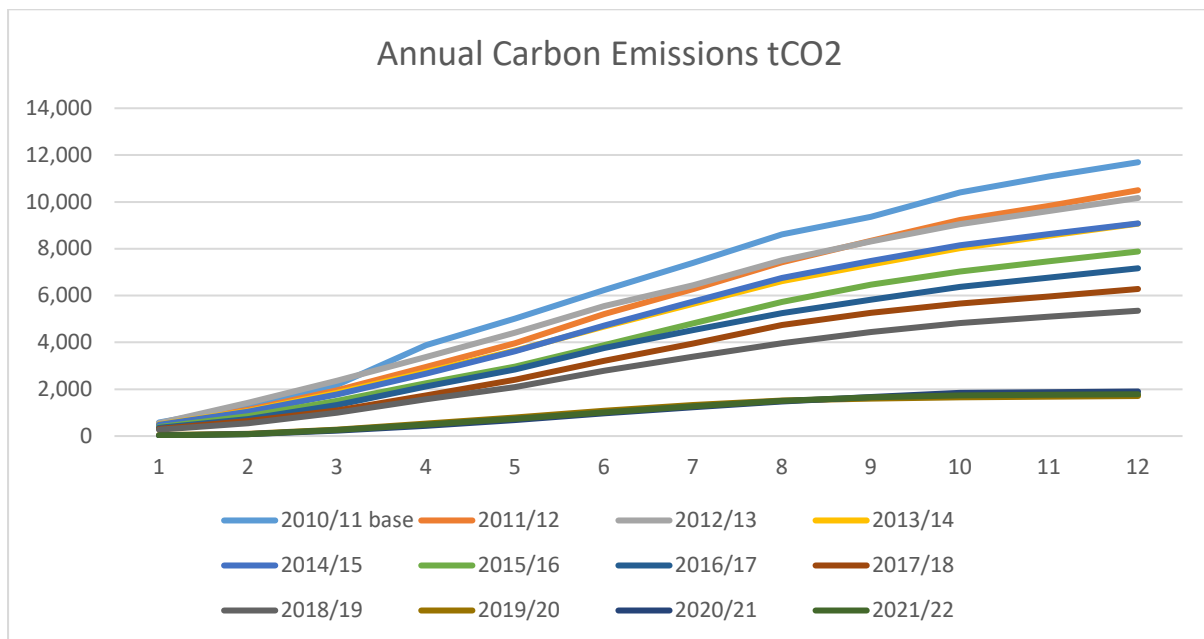
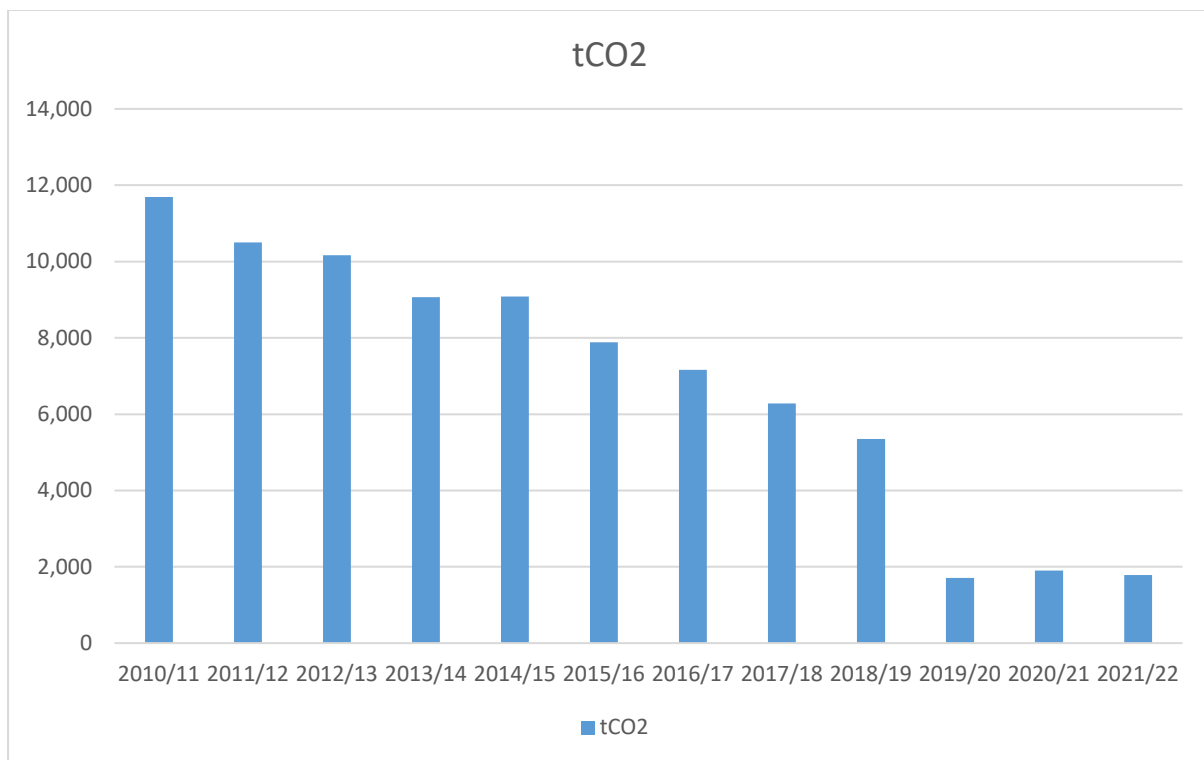
As part of our 2025 Corporate Strategy, we aim to:

- 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.

We will do this through environmental sustainability and literacy, with this being embedded through the reduction of carbon emissions and landfill use, reducing water consumption, increased recycling, delivering more online events, and promoting sustainable innovation.

The data below relates to periods from 1 August – 31 July

Electricity Consumption		2018/19	2019/20	2020/21	2021/22	Unit(s)
		12,438,493	10,044,742	9,744,719	11,898,424	KWhr
Gas Consumption		2018/19	2019/20	2020/21	2021/22	
		10,039,318	9,025,689	10,234,403	9,749,201	KWhr
Carbon Emissions (with REGO since 2019)	2010 Baseline	2018/19	2019/20	2020/21	2021/22	Unit(s)
	11,694	5,352	1,711	1,904	1,786	tCO ²
Intensities	2010 Baseline	2018/19	2019/20	2020/21	2021/22	
	0.079	0.036	0.011	0.013	0.011	tCO ² /m ²



Whilst our electricity consumption has increased, our gas consumption has reduced. The rise in electricity consumption was due to the utilisation of the buildings across campus as both students and staff returned to work following the pandemic. In addition, the air handling plant across the campus was utilised more to provide adequate COVID-19 ventilation. This involved the plant being utilised for longer daily running hours.

The reduction in gas was due to the mild winter experienced in 2021, where reduced heating has been required. As a result, scope 1&2 carbon emissions have reduced as reported.

Given LSBU's further commitment to purchasing renewable electricity, gas remains the focus of attention in reducing these emissions further. LSBU is actively investigating degassing of the estate using alternative heating technologies.

LSBU has also been actively looking at Scope 3 emissions. Scope 3 encompasses emissions that are not produced by the company itself, and not the result of activities from assets owned or controlled by them, but by those that it is indirectly responsible for up and down its value chain. An example of this is when we buy, use, and dispose of products from suppliers. Scope 3 emissions include all sources not within scope 1 & 2 boundaries.

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 £894,828 on 31 July 2022 (31 July 2021: £951,096). The funds are managed with the aim of securing capital growth and an annual income. In 21/22 the income received was £23,380 (2020/21: £27,396). 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 joint 17th among UK universities for graduate starting salaries at 1 year after graduation – Longitudinal Educational Outcomes Data 2018-19 (Published 2021)

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.

LSBU is committed to local and community-based enterprise, as evidenced by our work to deliver the Government’s Help to Grow: Management programme, through which the University will support 600 SMEs by 2024. LSBU has also been shortlisted in the Outstanding Entrepreneurial University category of the Times Higher Education (THE) Awards 2022, in recognition of our development and delivery of “an exceptional approach to embedding entrepreneurship within its culture and programmes.”

Access and Participation Plan statement 2021-22

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 £2,259,435 across the 2021-22 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 projected a total spend of £1,802,500.

Following the COVID-19 pandemic, 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 2021-22 academic year was £559,871, an increase of 131% 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.

As stated by the Office for Students, 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 represented. The figures below are not comparable to previous access and participation plans or access agreements as data published in previous years does not reflect latest provider projections on student numbers.

LSBU: Access and Participation Plan investment summary 2021-22

Access and participation plan investment summary (£)	Actual spend: Academic year 2021-22
Access investment (access)	£1,308,941
Financial support provided to students	£559,871
Research and evaluation	£98,934
Total investment	£1,967,747

(Investment plan from 2020-25 Access and Participation Plan for 2021-22)

Access and participation plan investment summary (£)	Investment plan: Academic year 2021-22
Access investment	£1,449,000
Financial support	£260,000
Research and evaluation	£93,500
Total planned investment	£1,802,500

Financial Review

Balance sheet and liquidity

The Group's net assets, before this year's actuarial gain in respect of pension schemes, increased by 14.7% during the year. This was a slight increase on the 13.6% delivered in the previous year, moving from £95.1m to £109.0m, an increase of £13.9m. The actuarial gain has increased the group's net asset position by a further £126.4m and so the reported net asset position is £235.4m, representing a 147.6% year on year increase.

The change within the net asset position reflects the continued capital investment programme within the LSBU Group. The investment programme resulted in a £47.1m increase in Fixed and Intangible Assets, an increase of 13.5%. This increase includes new fixed assets at a cost of £56.3m.

These investments were funded by cash and working capital movements. Cash and cash equivalents decreased by £20.5m. Our cash and cash equivalents now total £8.4m. The change in year end balances is within £1.4m of our forecast and the LSBU Group has access to significant additional funding as we complete this stage of our Estate Investment programme.

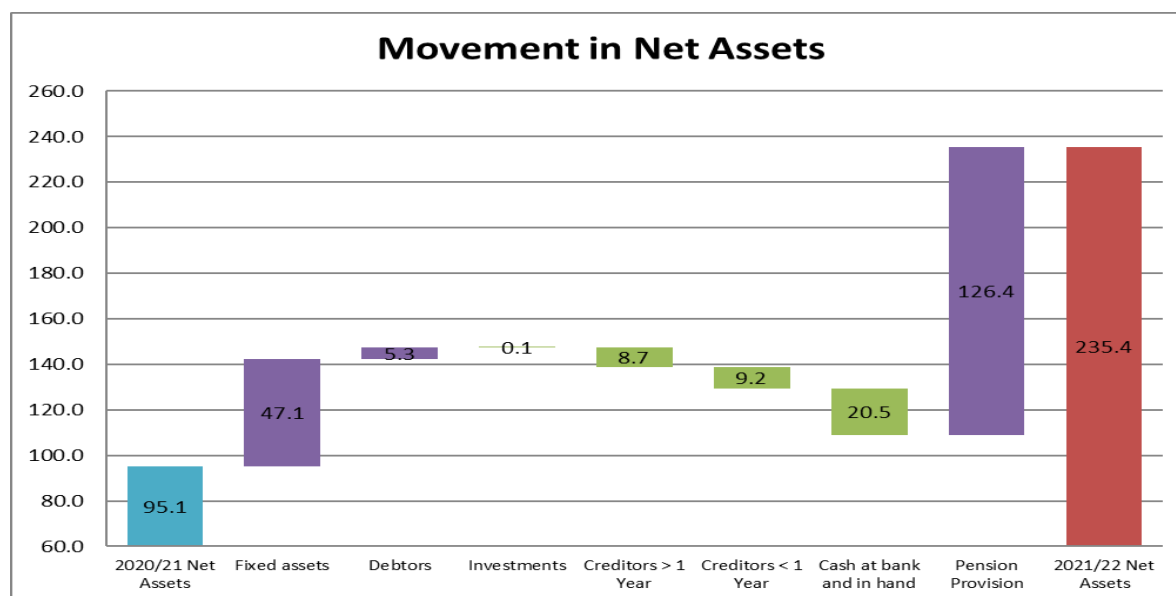
With regard to other changes in net assets, there was a 15.2% increase in debtors to the Group which moved from £34.7m to £40.0m an increase of £5.3m. Our trade debtors decreased by £3.5m which is primarily Tuition Fees that have been paid in advance of the September 2022 start and Hall of Residence charges. Last year was considered exceptional due to the challenges presented by the COVID 19 pandemic and due to IT issues. We continue to actively manage the level of tuition fee debt. The remainder of the change is due to an increase in prepayments and accruals.

With regard to other negative changes in net assets, the amount owed to creditors falling due after more than one year increased by £8.7m from £68.1m to £76.8m. This comprised a £2.1m reduction in outstanding bank loans, a £0.6m reduction in deferred income at the University, and a £11.4m increase in deferred income due to the funding of South Bank Colleges.

There was an 14.8% increase in creditors falling due within one year moving from £62.1m to £71.3m, an increase of £9.2m. There was a £9m increase due to us accessing one of our revolving credit facilities, a £1.3m decrease in

Trade Creditors, a £0.3m reduction in other creditors and a £1.8m increase in accruals and deferred income primarily relating to capital investments in the University's digital infrastructure and the London South Bank Technical College.

The gain in the Pension Scheme position is largely driven by changes in the investment environment and the subsequent change in the valuation of the deficit in the London Pension Fund Authority (LPFA) Scheme. The deficit has decreased by £126.4m and now stands at £61.0m.

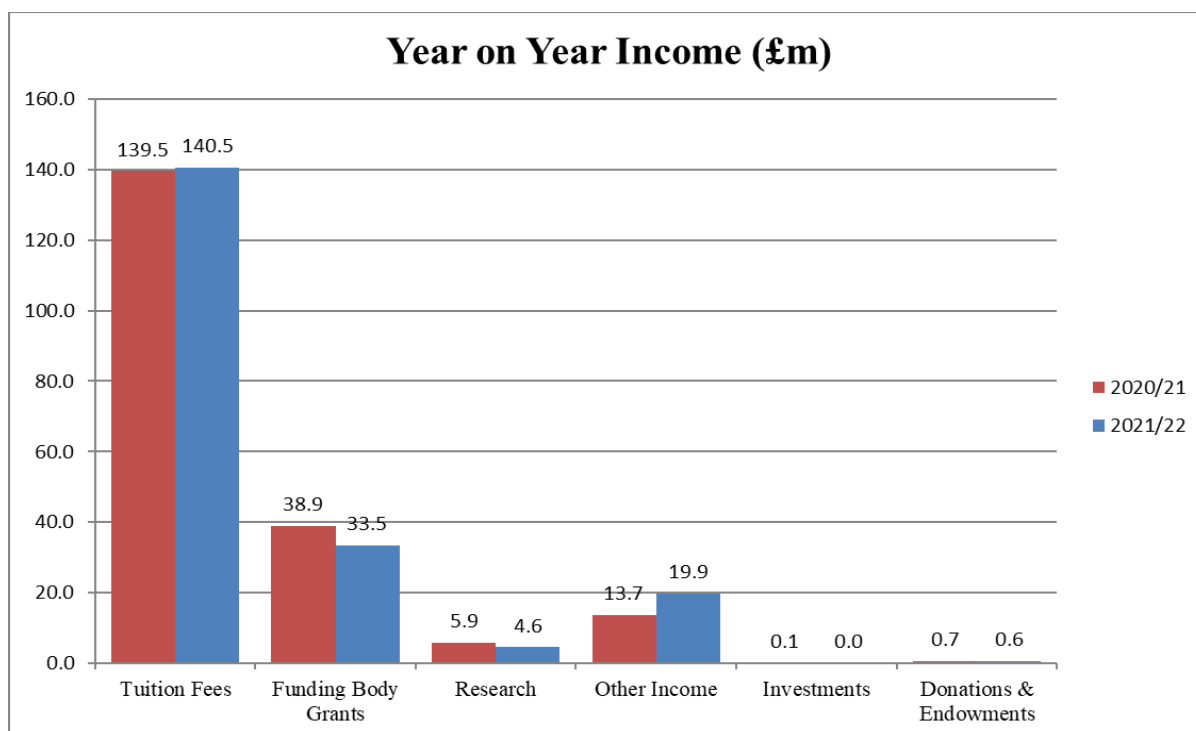


The Group always plans to have sufficient liquid assets to meet its liabilities as they fall due. The levels of borrowing and the headroom in current facilities are reviewed on a regular basis and are considered adequate to meet current operational plans. The University's current Revolving Credit Facilities total £45m, which will provide a degree of flexibility with regard to liquid assets as we continue to invest in the LSBU Group estate and infrastructure.

Result for the Year

Financial Summary in £m			Variance from 2020/21 £m	
	2021/22	2020/21		
Income	199.1	198.8	0.3	0.1%
Expenditure	197.6	195.8	1.8	0.9%
Surplus for the year	1.5	3.0	-1.6	-51.8%
Surplus %	0.7%	1.5%		

The operating surplus of £2.1m for LSBU and SBUEL is slightly ahead of the agreed LSBU budget surplus of £2.0m whilst the operating surplus of the Group of £1.5m is after accounting for a deficit of £0.6m in South Bank Colleges. The operating surplus has decreased slightly as compared to the £3.0m surplus achieved in 2020/21. Income has been broadly flat increasing by 0.1% whilst our costs have increased by 0.9%. The University has however been able to absorb the £3.1m reduction in London weighting on our OFS recurrent teaching grant and so this is considered a good result.



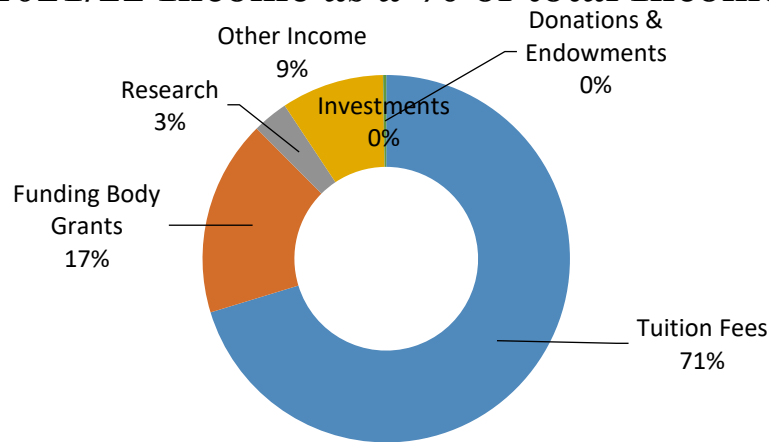
Total income for the Group increased by 0.1% (£0.3m) to £199.1m (2019/20: £198.8m).

Although there was a slight decline in overall student numbers, the mix of students and the portfolio studied led to a slight increase in tuition fees. The year-on-year increase was primarily driven by additional international students and UK Apprentices studying at the University. The decrease in Funding Grants is linked to the withdrawal of temporary additional financial support of the FE Sector during the Covid-19 pandemic and removal of the London Weighting from the University's recurrent teaching grant. The increase in other income is due to an increase in the University Hall's income and Commercial Tenant income as the campus reopened after the Covid-19 pandemic.

Academic fees (including NHS contract income) and Funding Council Grants remain the main sources of income for the LSBU Group in 21/22 representing 71% and 17% respectively (2020/21 70% and 20%). Tuition fees at the University were broadly flat although the student mix was different with income from domestic students decreasing and a strong performance with regard to the recruitment of international students.

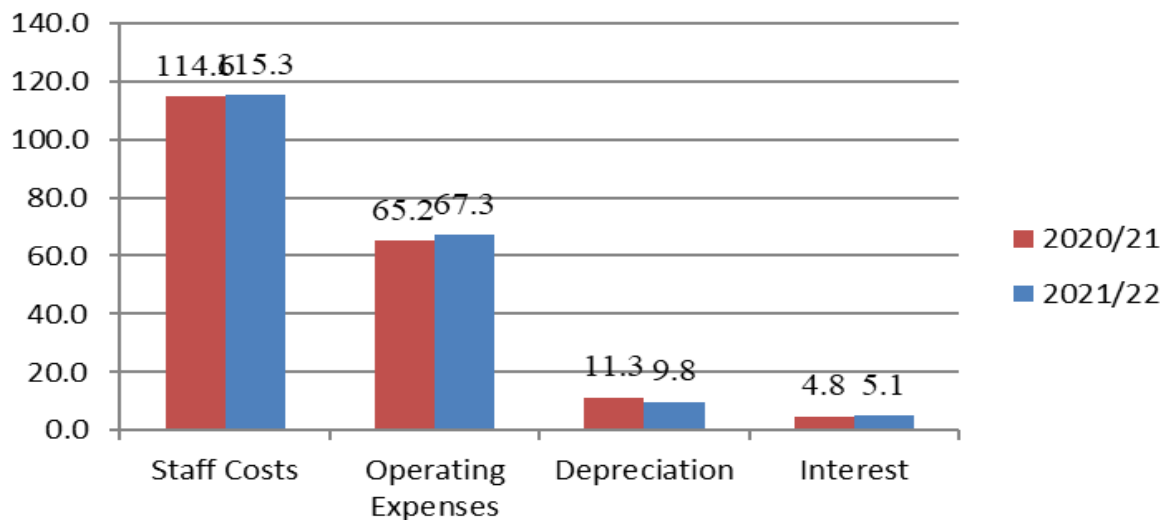
The other positive factor affecting income was another annual increase in research income following a number of successful research bids. Other income at the University increased, particularly student related income as students returned to our campus and our Halls of Residences. Our Enterprise portfolio also performed well.

2021/22 Income as a % of total Income



Total expenditure for the group increased by 0.9% (£1.8m) to £197.6m (2020/21: £195.8m).

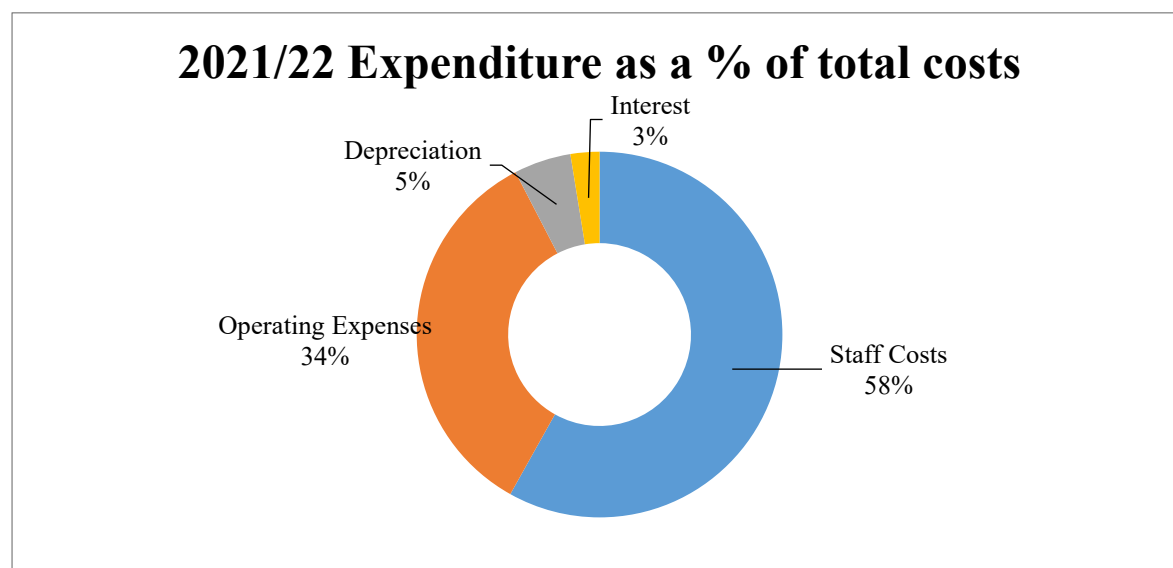
Year on Year Expenditure £m



One of the drivers of the 0.9% increase in expenditure was staff costs. Staff costs increased by 0.6% in 21/22 although this compares favourably to the 9.6% increase in 20/21. Costs moved from £114.6m in 2020/21 to £115.3m in 2021/22 representing 57.7% of income (2020/21: 57.6%). Although there was the normal level of increase linked to pay uplift and increments, the LSBU group has been focusing on the size and shape of the workforce to support our changing mix of students and there were restructures at both the University and the College. Group pension costs were broadly unchanged. Staffing costs at SBC remain slightly higher as a percentage of income than the University, and staff costs remain an area of continued focus for the Group in 2022/23.

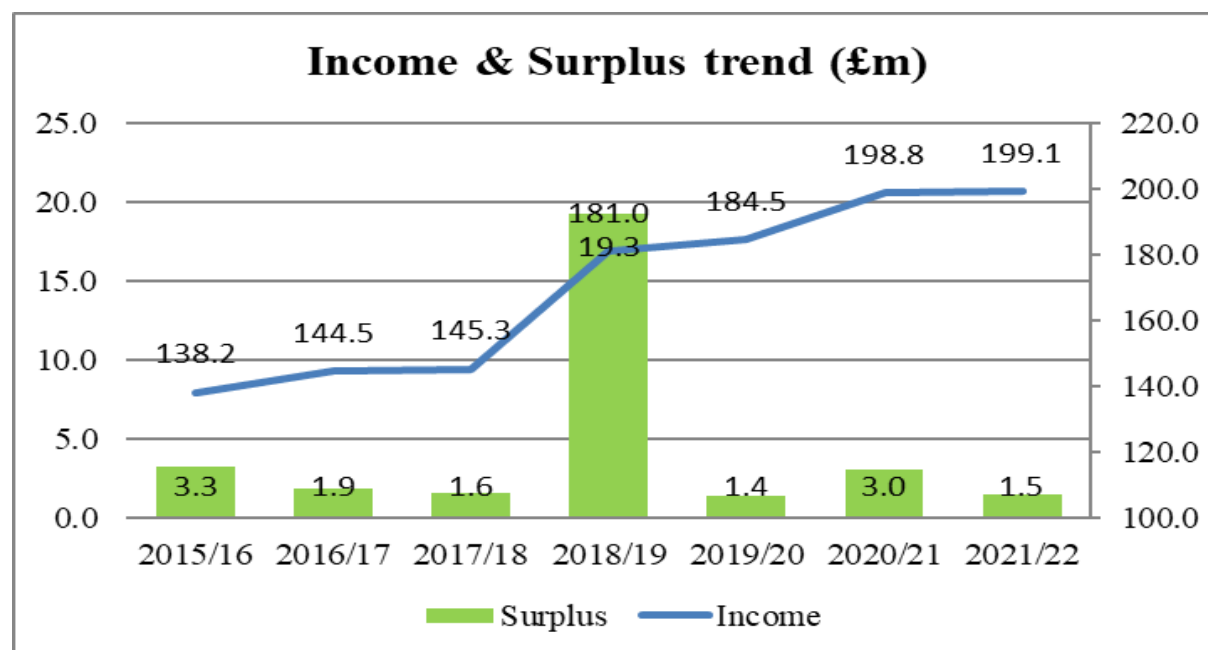
Other operating expenses increased by 3.2% as compared to the 2% in 19/20, increasing from £65.2 in 20/21 to £67.3m. The LSBU Group is extremely focused on delivering value for money for students and constantly reviews expenditure to drive down costs. There were increases in security and cleaning costs due to the ongoing implementation of the London Living Wage, an increase in staff related and student related costs as we re-opened

the campus and an increase in rental costs primarily related to the opening of the LSBU Croydon campus. The University also expensed some of the business change costs associated with the LEAP Programme.



There were no asset disposals and the increase in the value of the Group's fixed assets is due to the continued investment within the LSBU Physical and Digital Estate particularly in the London Road Hub, the LSBTC, and the LEAP programme, which involves consolidating the University's CRM systems and replacing the Student Record System.

Financial Trend Analysis



The extraordinary surplus in 18/19 was due to the revaluation of Assets within SBC which contributed £16.2m on merger.

Group income has increased by 44% since 2015/16. There have been large decreases in funding grants, but this has been offset by increased tuition fee income as a result of higher student numbers. However, the funding per student

has also declined, as tuition fees have not been increased with inflation. The LSBU Group has also seen growth in postgraduate and international student tuition fees over this time and a growth in Transnational Education income. The key driver for the income growth in 2018/19 was the absorption of SBC into the LSBU Group.

In terms of surplus, the LSBU Group always aims to make a small surplus and has consistently done so. The future forecasts submitted to our regulator, the OfS, reflect our aspiration to generate a positive financial position in each of the next 5 years.

Subsidiaries

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

The assets and undertaking of Lambeth College were transferred to South Bank Colleges on 1 February 2019. Lambeth College delivers 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 £0.9m in gift aid to the University (2021: £0.4m).

SW4 Catering Ltd is a wholly owned subsidiary of South Bank Colleges.

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.
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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:



Mr Jeremy Cope (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 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

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 SBC and SBUEL 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 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 its 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, inter alia, the following key matters: annual Academic Board, EDI, and health & safety reports, corporate risk, KPIs, and approved a key international partnership and the budget for 2022/23. 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. The schedule is reviewed on an annual basis. The schedule has been updated to reflect the group structure of LSBU.

During the year, the Board met five times (six times in 2020/21). In addition, the Board held two strategy days (three in 2020/21) 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. Attendance at meetings is recorded and monitored by the Secretary. In the year under review, there was an 85% (2020/21: 93%) attendance rate at Board meetings. The lower attendance rate for 2021/22 was primarily due to ill health.

Following relaxation of most national coronavirus restrictions, meetings were successfully held in person from the July 2021 Board meeting onwards. All future Board and committee meetings are expected to take place face-to-face.

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, 24 November 2022). 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 (3.2). 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). One reportable event was 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, management accounts and five-year forecasts (2.3). Overall financial control is delegated to the 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 and Standards, 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).

External activities

The Board reviews all proposals for all significant, external activities (for example, international partnerships) 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). Following its EDI workshop with an external facilitator in summer 2020, the Board has continued to prioritise EDI development at a strategy session, resulting in the approval of the new Group EDI Strategy at its meeting of 21 October 2021. An independent governor is a member of the Group EDI staff network. Board members attended an additional EDI training session on 1 November 2022.

The Board regularly reviews its composition and considers equality and diversity in its appointments. The 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). During spring 2022 a recruitment firm that specialises in equality and diversity was used to recruit two new independent governors. During September 2021, the Board Apprentice Scheme was utilised to recruit apprentice governors from diverse backgrounds.

In the recruitment process for the successor to the current Chair of the Board, the Chair Nomination Committee has instructed the search firm to ensure a diverse longlist and will seek a gender-balanced shortlist.

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.

The following principal committees met throughout the year:

- Appointments Committee

- Group Audit and Risk Committee
- Finance, Planning and Resources Committee
- Major Projects and Investment Committee
- Group Nomination Committee
- Remuneration Committee
- 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 then 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 including noting internal audit reports from SBA and SBC and minutes from the SBA and SBC audit committees.

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 receives assurance annually from the external auditor that public funds have been spent appropriately.

Under the Audit Code 2020, the Group Audit and Risk Committee conducted a substantive effectiveness review during Summer 2021, led by the Senior Independent Governor (SIG). The results of the review were positive, and respondents agreed that the committee was properly constituted with appropriate membership and is effective in addressing its duties and reporting requirements. The associated actions have now been completed.

The Finance, Planning and Resources Committee provides for the Board in-depth review of the University's in-year financial performance, financial position including cashflow, performance against the corporate strategy, treasury management and the proposed annual budget. The committee also reviews student recruitment and retention figures, the implications of the Group strategy for human and physical resources and receives oversight of the value added by Group entities. Membership of the Finance, Planning and Resources Committee is up to five independent governors including the Chair of the Board, plus the Vice Chancellor, one student governor and one staff governor.

The Major Projects and Investment Committee is authorised by the Board to approve investment decisions within authorisation levels as set out in the Financial Regulations. The committee also reviews investment decisions above its level of authority and recommends approval to the Board. In addition, the Major Projects and Investment Committee reviews 'master plans' for estate and infrastructure and monitors the delivery of major projects. Membership consists of up to five independent governors including the Chair of the Board, the Vice Chancellor, one student governor and one staff governor. During the year, a key focus of the Major Projects and Investment Committee was to scrutinise investment in Project LEAP and a major estate transaction.

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 pages 32 to 36).

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

During 2018/19, the Board completed a full effectiveness review which was reported to the July 2019 Board meeting. The associated action plan is now complete.

The next full effectiveness review is expected to be carried out in calendar year 2023 upon the appointment of the successor to the current Chair of the Board.

LSBU Group

With the creation of the LSBU Group in 2018/19, group governance structures continue 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. 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	Jeremy Cope
Vice Chair of the Board of Governors	Michael Cutbill
Senior Independent Governor	Peter Fidler
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
Chair of Major Projects and Investment Committee	Rashda Rana
Chair of Group Nomination Committee	Jeremy Cope
Chair of Appointments Committee	Jeremy Cope
Chair of Remuneration Committee	Jeremy Parr
Group Secretary and Clerk to the Board of Governors	James Stevenson

Key individuals can be contacted through the office of the Group Secretary and Clerk to the Board of Governors, Mr James Stevenson, at London South Bank University, 103 Borough Road, London SE1 0AA. Published documents are available on the governance section of the University website.

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 2022 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 six times (including 2 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;

- 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 marketplace 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 3.

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 2021/2022

The members of the committee for the year 2021/22 were Jeremy Parr (Committee Chair), Shona Brown (from 17 May 2022), Jerry Cope (Chair of the Board), Michael Cutbill (Vice Chair of the Board). 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 2021/22

The committee met once in the 2021/22 academic year, on 2 November 2021, and conducted other business online.

The committee also met on 16 November 2022 to consider Senior Executive performance and remuneration for 2021/22.

Approach to remuneration of all staff in 2021/22 and for 1 August 2022 onward

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

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

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

Senior Remuneration

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

LSBU's Senior Remuneration Policy (updated version agreed by the Board in December 2021) 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, with a significant element of reward based on performance, assessed against objectives;
- Starting packages will reflect the experience and capability and particular circumstances of candidates, and the size and challenge of the particular role facing them;
- New starters will initially therefore often receive higher than average annual increases as their performance moves towards and as appropriate above the median expected for the role;
- Overall, nonetheless the average % annual pay increases for senior executives as a whole will normally be no higher than for all employees, including the value of increments, where paid;
- Account will also be taken of the ratio of the Group CEO's base salary within an HE setting and total remuneration to the median earnings of the university as a whole, both absolute and the change from the previous years.
- Individual annual pay increases will be influenced by performance, but in general good or exceptional performance will be rewarded mainly by annual unconsolidated bonus rather than basic pay;
- This individual performance annual bonus scheme, currently set at a maximum of 10% of basic pay, will be based on pre-agreed clear measurable output-based objectives; no individual bonus will normally be paid unless the University meets an overall financial target set by the Board;
- At the Remuneration Committee's discretion, a team bonus awarded against specific team objectives in addition to the individual bonus will operate, currently set at a maximum of 8% with the potential to rise to 10% on the approval of the Remuneration Committee;
- At the Board's discretion, the overall package may also include a longer-term incentive scheme, the perceived value of which should be included in assessing comparability with equivalent institutions; no such scheme is currently in place;

- The Board will publish the value of the packages of some or all of its senior executives, in the way defined and required by the Office for Students (OfS);
- These principles will be resubmitted to the full Board for endorsement, as a minimum once every three years and will be published in LSBU's Report & Accounts.

Benchmarking

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

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

Senior executive pay is independently benchmarked every three years. Korn Ferry carried out this review in September and October 2021 and suggested some comparator institutions in line with the criteria, which have been adopted by the Committee as potential benchmarks. Following this review the remuneration committee agreed that overall benefits for its Senior Executive team remain broadly comparable for their roles, but that some adjustments might need to be made, depending on performance, in future years.

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

External context

Post pandemic a number of significant challenges remain around attracting high quality candidates and general movement remains very stagnant, particularly at senior level. There is a need to retain high performing Executive members (in what is regarded as a more challenging period over the next 12 months for the sector) and so emphasises the need for the remuneration package to be both comparative and competitive.

Institutional performance, 2021/22

The Board monitors the performance of the University through the agreed key performance indicators. As set out in the *Strategic Report*, the University largely performed well in terms of both financial and 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 overseen by the Remuneration Committee.

Group CEO performance, 2021/22

This assessment of the Group CEO's performance is for academic year 2021/2022. The bonus awarded based on performance for academic year 2021/22 will be paid in financial year 2022/23 and appear in next year's accounts.

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

- *The financial stability of the organisation has been maintained and the diversity of income streams continues to increase;
- High standards of safety have been achieved across all parts of the LSBU Group;
- *Institutional reputation across the Group has improved including in the critical Guardian League table (published in September 2022), where the University rose 17 places; strikingly the University achieved a Times World Impact ranking of 90th;
- The REF results were in line with plan and generated a 3-place improvement with significant increase in both volume and quality
- Good progress in terms of student outcomes continues to be made at Lambeth College, a key element of the family of educational institutions' strategy; financial performance continues to be a challenge but plans to complete the recovery are progressing;
- Costs have been controlled carefully, but with investment in key strategic areas;
- *Staff engagement dropped marginally albeit at a time of significant change and disruption;

- *Notwithstanding affordability challenges, progress has been made on a number of key major projects and plans, including the consolidation of the exciting new campus at Croydon;
- *The new London Road Hub building was opened to widespread acclaim of both staff and students, and plans for phase 1 of the new technical college at Vauxhall are close to fruition;
- The new Group strategy building on the growing family of educational institutions vision is underpinning key strategic initiatives;
- There has been strong and confident leadership ensuring that students across the Group were well supported to achieve their learning objectives; and
- High profile contributions continue to be made on the national stage in terms of the development of the Sector, especially on social mobility and on technical universities.

In conclusion, the Group, with a prudent financial strategy, continues to improve student outcomes in a tough environment with UK fees remaining capped, despite high inflation, not least including energy costs. The Board recognises the importance of maintaining a strong and determined leadership team across all areas of activity.

During the year under review, the Group CEO was awarded a bonus of £16.3k for individual performance (a bonus of £12.7k was awarded for performance in 2020/21) and a bonus of £8.5k for team performance.

Performance related pay, 2021/22 and 2022/23

Under the Senior Remuneration Policy, for 2021/22, the Group CEO and Senior Executives were eligible for a bonus of up to 10% of salary and for a team bonus of up to 8% of salary as set out in the remuneration principles above. The award of both individual and team bonuses is reviewed and approved by the Remuneration Committee.

During the year, the University met its overall financial target and nine members of the executive were eligible to receive an individual bonus and eight members a team bonus. Following the appraisal process and a report on performance against individual measurable objectives, the Committee approved nine individual (including the Group CEO) bonuses and a team bonus of 3.5% together totalling £116.4k (for 2020/21 performance, nine individual bonuses and a team bonus were awarded totalling £90.9k).

There is a separate performance related pay scheme for Senior Managers (grades A – B. Bonus of up to 3% of salary) and Senior Leaders (Grade C, bonus of up to 10% of salary). Staff eligible for performance related pay receive annual inflation uplifts to their base pay. Bonuses for performance during 2021/22 were determined in November 2022.

Total Remuneration: Group CEO

The table below sets out payments to the Group CEO during 2021/22 with a comparison to 2020/21. The bonus figure relates to performance in the previous year.

Emoluments of the Group CEO	2021–22 £'000	2020–21 £'000
Salary	242	238
Accommodation allowance	10	10
Performance related pay	16	33
Taxable benefits	2	1
Subtotal	270	282
Pension scheme contributions or payments in lieu of pension contributions	35	35
Total	305	317

For 2022/23, the Group CEO/Vice Chancellor has been awarded a pay increase of 3%, in line with the pay award to LSBU employees.

Pay Multiple

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

The Group CEO/Vice Chancellor's total remuneration salary is 6.4 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
2021/22	6.07	6.35
2020/21	6.06	6.89
2019/20	6.23	6.94
2018/19	6.15	6.78
2017/18	6.18	6.86
2016/17	6.33	7.01
2015/16	6.10	6.97

The ratios do not include agency workers.

The LSBU ratios compare to the average sector ratio of 6.8 for basic pay and 6.5 for total remuneration. The million plus mission group ratio is 6 for basic pay and 6.5 for total remuneration. The post 92 institution type ratio is 6.8 for basic pay and 7 for total remuneration (based on UCEA data for 2021/22). In the period 01 August 2021 – 31 July 2022 37% of the workforce received an increment; this equates to a 2.75% pay increase.

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 is still to avoid conflict. The Remuneration Committee reviews these declarations.

The Group CEO donates any royalties to the University's hardship fund. The Group CEO did not undertake any external remunerated activity.

LSBU's Expense policy is available online. It applies to all staff including Senior Executives. In 2021/22, the Group CEO's expenses totalled £3,836. These are payments on a purchasing card for travel, accommodation, meals, entertaining and other authorised costs. No travel was booked through the University's central travel buying team for the Group CEO and no expenses were claimed through the payroll.

The Remuneration Committee has approved a policy on severance arrangements.

Independent Auditors report to the Board of Governors of London South Bank University

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of London South Bank University (“the University”) for the year ended 31 July 2022 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 related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group’s and of the University’s affairs as at 31 July 2022, 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 UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Board of Governors has prepared the financial statements on the going concern basis as it does not intend to liquidate the Group or the University or to cease their operations, and as it has concluded that the Group and the University’s financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

In our evaluation of the Board of Governors’ conclusions, we considered the inherent risks to the Group’s business model and analysed how those risks might affect the Group and University’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board of Governors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board of Governors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University’s ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit & Risk Committee and internal audit as to the Group’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group’s channel for “whistleblowing,” as well as whether they have knowledge of any actual, suspected, or alleged fraud;

- Reading Board, Audit & Risk Committee and Remuneration Committee minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because of the routine nature of revenue transactions and limited incentive of management.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual credits to revenue accounts and unusual postings to suspense accounts;
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies and higher education legislation), taxation legislation, pensions legislation and higher education financial reporting related regulation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: compliance with the regulatory requirements of the Office of Students, health and safety, data protection laws and employment law recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on the University's use of funds in the section of our audit report dealing with other legal and regulatory requirements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Board of Governors is responsible for the other information, which comprises the Strategic Report and the Report of the Governors and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic Report and the Report of the Governors and Corporate Governance Statement, which together constitute the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent University, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent University's 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 these respects.

Board of Governors responsibilities

As explained more fully in its statement set out on page 26, the Board of Governors (the members of which are the Directors of the University company for the purposes of company law) is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the Group and parent 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 it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Report on other legal and regulatory requirements

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

In our opinion, in all material respects:

- 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), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 10b has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 7 to the financial statements, has been materially misstated.

We have nothing to report in these respects.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Board of Governors, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 paragraph 18(1) of the University's Articles of Government. Our audit work has been undertaken so that we might state to the Board of Governors 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 Board of Governors for our audit work, for this report, or for the opinions we have formed.



Fleur Nieboer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
 15 Canada Square
 Canary Wharf
 London
 E14 5GL
 1 December 2022

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 financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 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 Grant.

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 Group and parent University's activities, together with the factors likely to affect its 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.

The financial statements have been prepared on a going concern basis which the Board of Governors considers to be appropriate for the following reasons:

Detailed Cash flow and covenant compliance forecasts have been prepared for the next 12 months to the end November 2023 which indicate that, taking into account the potentially severe but plausible downsides, the Group and Parent University will have sufficient liquid assets to meet its liabilities as they fall due.

In reaching this conclusion that the Group and Parent University is a going concern, the Board of Governors has taken into account budget and in year financial management information and current recruitment data for 2022/23. The principal risks to successful financial delivery in 2022/23 relate to meeting student recruitment targets, the financial turnaround of South Bank Colleges, pay demands, energy and other inflationary cost increases and interest rate risk.

We will continue to monitor the position carefully over the next few months.

After taking all of these matters into consideration, the Board of Governors is confident that the Group and parent University will be in compliance with its debt covenants even in potentially severe but plausible downside scenarios and will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements (the going concern assessment period) and therefore have prepared the financial statements on a going concern basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the University's accounting policies.

Consolidation of accounts

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 University, for example in the event of the University's insolvency. If South Bank Academies were to become insolvent, the University would not receive its assets or reserves. Therefore, the accounts of South Bank Academies are not consolidated into the University accounts.

Consolidation of subsidiaries is based on the equity method. Intra-group loans or balances are recognised at fair value.

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.

Fee 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 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 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 recognised in income over the expected useful economic life of the asset. Other capital grants are recognised in income when the University 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 is entitled to the income. Income is retained within the restrictive 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. Any realised gains or losses from dealing in the related assets are retained within the restricted reserve in the Balance Sheet and reported in the Statement of Comprehensive Income and Expenditure.

Donations with no restrictions are recorded within the Statement of Comprehensive Income and Expenditure when the University 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.

Fixed assets

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, being the revalued amount at the date of that revaluation. Properties are not carried under the valuation method and therefore regular revaluations of assets are not undertaken by the University.

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

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

Equipment costing less than £10,000 per individual item or group of items is written off to the 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. 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 have suffered a diminution in value. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value and its value in use, is estimated in order to determine the extent of the impairment loss.

Investments

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

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

Stocks

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

Pension costs

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

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'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'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. The University recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability 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 is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The University has a defined contribution pension scheme for employees of subsidiary companies SBUEL, and SW4 Catering Ltd and for most professional service staff who commenced employment after April 2021. The University 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. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of unused entitlement.

Taxation status

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

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

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

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 Chapter 3 Part 11 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 is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Leases

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

Leases in which the University 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.

Maintenance

Maintenance expenditure is charged to the Statement of Comprehensive Income and Expenditure in the period in which it is incurred.

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

Reserves

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 26).

Cash flows and liquid resources

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

Liquid resources comprise assets which in normal practice are generally convertible to cash and cash equivalents. They include term deposits held as part of the University'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.

Judgements and estimates

Material Judgements and estimates

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 and the estimates and associated assumptions are believed to be reasonable and prudent. In all cases these judgements and estimates are either based on past experience or are prepared by qualified advisors. In preparing these financial statements management have made the following judgements and estimates:

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.

Land was revalued on 31 July 2014 resulting in a one-off adjustment to increase the deemed cost of land by £41,946,000. The valuation was prepared by qualified valuers in accordance with the Red Book. The fair value depends on the classification of assets and a number of material assumptions including the condition of properties, ground, and services, estimated market value, and estimated rental income at the date of valuation.

A determination is undertaken to identify whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

As of 1 February 2019, South Bank Colleges acquired the assets and liabilities of Lambeth College. In line with FRS102 land and buildings were revalued to fair value using indices as used by professional valuers. These assets will be held at deemed costs and depreciated over their useful economic life in line with the accounting policy for fixed assets.

Non-Material Judgements and Estimates

The Provision for bad debt is calculated based on the University's past experience of collecting student and other debt. It is estimated that, at the date of signing the financial statements and after making deductions where a repayment arrangement has been agreed with the debtor, 90% of remaining debt will not be recoverable.

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.

Foreign currency translation

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

Provisions, contingent liabilities, and contingent assets

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

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

Contingent assets arise where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise uncertain future events not wholly within the control of the University. These are disclosed by way of a note, where there is a probable, rather than a present asset arising from a past event.

**Consolidated and University Statement of Comprehensive
Income and Expenditure
Year ended 31 July 2022**

		CONSOLIDATED		UNIVERSITY	
		2022	2021	2022	2021
	Note	£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	140,544	139,562	137,321	136,234
Funding body grants	2	33,549	38,891	12,456	17,184
Research grants and contracts	3	4,585	5,915	3,216	4,152
Other income	4	19,825	13,670	13,583	8,273
Investment income	5	38	60	29	60
Total income before other grants and donations		198,541	198,098	166,605	165,903
Donations and Endowments	6	573	746	26	24
Total income		199,114	198,844	166,631	165,927
Expenditure					
Staff costs	8	115,320	114,578	93,891	94,123
Other operating expenses	10	67,316	65,257	58,069	54,844
Depreciation	13-14	9,840	11,251	8,855	9,977
Interest and other finance costs	12	5,072	4,817	4,571	4,337
Total expenditure		197,548	195,903	165,386	163,281
Surplus before other gains and losses		1,566	2,941	1,245	2,646
(Losses)/gains on investments	21	(56)	89	(56)	89
Surplus for the year		1,510	3,030	1,189	2,735
Actuarial gain in respect of pension schemes and other movements	28	138,848	8,337	115,309	5,588
Total comprehensive income for the year		140,358	11,367	116,498	8,323
Represented by:					
Endowment comprehensive income for the year		(56)	89	(56)	89
Restricted comprehensive income for the year		-	-	-	-
Unrestricted comprehensive income for the year		140,414	11,278	116,554	8,234
		140,358	11,367	116,498	8,323

All activities consist of continuing operations.

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2022

	Income and Expenditure Reserve		Revaluation Reserve	Total Reserves
	<i>Endowment</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000
Consolidated				
Balance at 1 August 2020	862	57,598	25,257	83,717
Surplus from the income and expenditure statement	-	2,941	-	2,941
Other comprehensive income /(expenditure)	89	8,337	-	8,426
Transfers between revaluation and income and expenditure reserve	-	681	(681)	-
				-
Total comprehensive income/(expenditure) for the year	89	11,959	(681)	11,367
Balance at 1 August 2021	951	69,557	24,576	95,084
Surplus from the income and expenditure statement	-	1,566	-	1,566
Other comprehensive income/(expenditure)	(56)	138,848	-	138,792
Transfers between revaluation and income and expenditure reserve	-	531	(531)	-
				-
Total comprehensive income/(expenditure) for the year	(56)	140,945	(531)	140,358
Balance at 31 July 2022	895	210,502	24,045	235,442
University				
Balance at 1 August 2020	862	47,253	25,257	73,372
Surplus from the income and expenditure statement	-	2,646	-	2,646
Other comprehensive income/(expenditure)	89	5,588	-	5,677
Transfers between revaluation and income and expenditure reserve	-	681	(681)	-
				-
Total comprehensive income/(expenditure) for the year	89	8,915	(681)	8,323
Gift aid received	-	189	-	189
Re-capitalisation of SBUEL	-	(500)	-	(500)
Balance at 1 August 2021	951	55,857	24,576	81,384
Surplus from the income and expenditure statement	-	1,245	-	1,245
Other comprehensive income/(expenditure)	(56)	115,309	-	115,253
Transfers between revaluation and income and expenditure reserve	-	531	(531)	-
				-
Total comprehensive income/(expenditure) for the year	(56)	117,085	(531)	116,498
Gift aid received	-	369	-	369
Balance at 31 July 2022	895	173,311	24,045	198,251


Consolidated and University Balance sheets

As at 31 July 2022

	Note	Consolidated		University	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	13	19,410	8	19,410	8
Tangible fixed assets	14	375,986	348,271	272,848	270,474
Investments	15	38	38	38	38
		<u>395,434</u>	<u>348,317</u>	<u>292,296</u>	<u>270,520</u>
Current assets					
Stock		7	6	7	6
Debtors	16	39,969	34,696	61,281	49,395
Investments	23	894	950	894	950
Cash and cash equivalents	23	8,353	28,813	7,668	25,164
		<u>49,223</u>	<u>64,465</u>	<u>69,850</u>	<u>75,515</u>
Creditors: amounts falling due within one year	17	<u>(71,307)</u>	<u>(62,101)</u>	<u>(61,291)</u>	<u>(54,547)</u>
Net current (liabilities) / assets		<u>(22,084)</u>	<u>2,364</u>	<u>8,559</u>	<u>20,968</u>
Total assets less current liabilities		<u>373,350</u>	<u>350,681</u>	<u>300,855</u>	<u>291,488</u>
Creditors: amounts falling due after more than one year	18	(76,835)	(68,098)	(47,515)	(50,153)
Provisions					
Pension provisions	20	(61,073)	(187,499)	(55,089)	(159,951)
Total net assets		<u>235,442</u>	<u>95,084</u>	<u>198,251</u>	<u>81,384</u>
Restricted reserves - endowment reserves	21	895	951	895	951
Unrestricted Reserves					
Income and expenditure reserve		210,502	69,557	173,311	55,857
Revaluation reserve		24,045	24,576	24,045	24,576
Total Reserves		<u>235,442</u>	<u>95,084</u>	<u>198,251</u>	<u>81,384</u>

The financial statements were approved by the Board of Governors on 24 November 2022 and were signed and authorised on their behalf by:


Mr Jeremy Cope (Chair)


Professor David Phoenix (Vice Chancellor and Chief Executive)

Consolidated Statement of Cash Flows

Year ended 31 July 2022

	Note	2022 £'000	2021 £'000
Cash flow from operating activities			
Surplus for the year		1,510	3,030
Adjustment for non cash items			
Amortisation/depreciation	13-14	9,840	11,251
(Increase) in stocks		(1)	-
(Increase) in debtors	16	1,241	(11,288)
Increase in creditors	17-18	3,089	15,250
Pension costs less contributions payable		9,195	11,255
Loss on disposal of tangible fixed assets	14	-	403
Adjustment for investment or financing activities			
Investment income	5	(38)	(60)
Interest payable	12	5,072	4,817
Capital grant income		(4,808)	(5,296)
Net cash inflow from operating activities		25,100	29,362
Cashflows from investing activities			
Payment to acquire tangible and intangible fixed assets	14	(59,321)	(49,830)
Capital grant receipts		8,614	1,809
Investment income		38	60
Cash (removed)/added to fixed term deposits	23	(56)	10,861
		(50,725)	(37,100)
Cashflows from financing activities			
Capital element of bank loan repayments	19	(2,025)	(1,969)
Interest element of bank loan repayments	12	(1,810)	(1,853)
New secured loans	19	9,000	-
		5,165	(3,822)
(Decrease) in cash and cash equivalents during the year		(20,460)	(11,560)
Cash at bank and on deposit at the start of the year	23	28,813	40,373
Cash at bank and on deposit at the end of the year		8,353	28,813

Analysis of Changes in Net Debt

	at 1 August 2021 £'000	Cashflows £'000	Other non- cash changes £'000	at 31 July 2022 £'000
Cash and cash equivalents				
Investments	950	(56)	-	894
Cash at bank and on deposit	28,813	(20,460)	-	8,353
	29,763	(20,516)	-	9,247
Borrowings				
Debt due within one year	(2,025)	(6,976)	(2,075)	(11,076)
Debt due after one year	(30,457)	-	2,075	(28,382)
	(32,482)	(6,976)	-	(39,458)
	(2,719)	(27,492)	-	(30,211)

Notes to the accounts
Year ended 31 July 2022

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
1. Tuition fees and education contracts				
Full-time home and EU students	95,839	100,443	92,616	97,115
Full-time international students	24,037	18,908	24,037	18,908
Part-time students	14,792	16,085	14,792	16,085
Other courses	2,166	2,238	2,166	2,238
Strategic Health Authority education contracts	3,710	1,888	3,710	1,888
	140,544	139,562	137,321	136,234
	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
2. Funding body grants				
Recurrent grant	31,055	35,286	11,763	16,182
Non recurrent grants	1,801	2,603	-	-
Specific grants	-	191	-	191
Pension Liabilities	693	811	693	811
Other grants	33,549	38,891	12,456	17,184
	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
3. Research grants and contracts				
Research councils	1,025	760	1,025	760
UK based charities	150	361	150	361
European Commission	418	1,336	418	1,336
Other grants and contracts	2,952	3,410	1,583	1,647
Knowledge Transfer Partnerships	40	48	40	48
	4,585	5,915	3,216	4,152
	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
4. Other income				
Residence and catering income	8,735	6,324	8,707	6,319
Other income	11,090	7,346	4,876	1,954
	19,825	13,670	13,583	8,273
	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
5. Investment income				
Interest on short term investments	21	23	21	23
Endowment income and interest receivable	17	37	8	37
	38	60	29	60
	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
6. Donations and endowments				
Unrestricted donations	573	746	26	24

Donations include the estimated market value of SBC's rent free occupations of its Lambeth College premises in Brixton.

Notes to the accounts

Year ended 31 July 2022

7. Grant and Fee income

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

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Grant income from the OfS	23,481	24,352	2,388	2,646
Grant income from other bodies	6,286	7,275	4,917	5,513
Fee income for research awards (exclusive of VAT)	57	217	57	217
Fee income from non-qualifying courses (exclusive of VAT)	3,482	560	259	560
Fee income for taught awards (exclusive of VAT)	145,372	151,964	145,372	148,634
	178,678	184,368	152,993	157,570

8. Staff

Average numbers by major category:

	Consolidated	
	2022	2021 *
	No.	No.
Academic staff	930	872
Student support staff	260	246
Other support staff	684	625
	1,874	1,743

* Re-stated due to change in mapping of departments. Total is unchanged.

	Consolidated		University	
	2022	2021*	2022	2021*
	£'000	£'000	£'000	£'000
Costs				
Wages and salaries	81,259	82,542	64,738	65,510
Social security costs	8,830	8,175	7,418	6,799
Employers' pension contributions	25,231	23,861	21,735	21,814
	115,320	114,578	93,891	94,123

Staff costs for the year include costs arising from redundancies of £1.9m (2021 £1.8m) of which £1m was paid during the year and £0.9m was accrued.

* Wages and salaries and Employers' pension contributions have been re-stated to reflect pension costs previously disclosed under Wages and salaries. Total costs are unchanged.

Notes to the accounts

Year ended 31 July 2022

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.

	2022 £'000	2021 £'000
Salaries	391	437
Pension contributions or payments in lieu of pension contributions	62	71
	453	508

Governors are paid expenses for attending meetings and other matters directly related to their duties as trustees. In 2022 no governors were paid expenses (2021: one governor was paid total expenses of £295) 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 and may award individual bonuses of up to 10% and a group bonus of up to 8%.

Further information is provided in the Annual Remuneration Report on page 32 onwards.

C. Emoluments of the Vice Chancellor

	2022 £'000	2021 £'000
Salary	242	238
Accommodation allowance	10	10
Performance related pay	16	33
Taxable benefits	2	1
Pension scheme contributions or payments in lieu of pension contributions	35	35
	305	317

The Vice Chancellor is the highest paid Governor.

The Vice Chancellor's basic salary is 6.07 (2021: 6.06) 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 6.35 (2021: 6.89) 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.

Notes to the accounts

Year ended 31 July 2022

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. Five of these employees accrued benefits under defined benefit pension schemes during the year (2021:5). These employees are grouped as follows:

	Consolidated and University	
	2022	2021
	No.	No.
£110,000 to £114,999	1	-
£115,000 to £119,999	1	2
£120,000 to £124,999	1	1
£125,000 to £129,999	1	1
£140,000 to £144,999	-	1
£145,000 to £149,999	2	2
£150,000 to £154,999	1	1
£155,000 to £159,999	1	-
£235,000 to £239,999	-	1
£240,000 to £245,999	1	-
	<hr/> 9	<hr/> 9

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.

	2022	2021
	£'000	£'000
Key management personnel	<hr/> 1,441	<hr/> 1,409

Notes to the accounts

Year ended 31 July 2022

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
10a. Other operating expenses				
Academic	18,657	17,445	14,272	12,616
Academic support	9,749	9,275	9,749	9,275
Other support	8,181	10,632	8,179	10,629
Premises	13,792	14,996	12,428	13,249
Residence and catering	3,647	2,731	3,647	2,731
Other expenses	13,290	10,178	9,794	6,344
	67,316	65,257	58,069	54,844

Other operating expenses are stated after charging:

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Auditor's remuneration				
<i>External audit</i> KPMG LLP	125	130	75	84
<i>Other services</i> KPMG LLP	36	64	7	51
Rentals under operating leases: Plant and machinery	420	172	324	143

Auditor's remuneration is disclosed net of VAT

10b. Access and Participation

	University	
	2022	2021
	£'000	£'000
Access Investment (i)	1,309	1,275
Financial Support	560	551
Disability Support	292	296
Research and Evaluation	99	97
	2,260	2,219

(i) £1,203k (2021: £1,182k) of these costs are already included in the overall staff costs figures included in the financial statements, see note 8.

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

11. Taxation

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

The amount of the asset not recognised is £8.3k (2021: £13.8k). The asset would be recovered if suitable taxable profits were to arise in the future against which the asset could be offset.

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
12. Interest and other finance costs				
Loans interest	1,810	1,853	1,810	1,853
Net charge on pension scheme	3,262	2,964	2,761	2,484
	5,072	4,817	4,571	4,337

Notes to the accounts
Year ended 31 July 2022

13. Intangible assets

	Consolidated and University		
		Assets in course of construction	
Software	Software		Total
Cost or valuation	£'000	£'000	£'000
At 1 August 2021	4,140	6	4,146
Additions	-	-	-
Transfer	-	19,404	19,404
At 31 July 2022	4,140	19,410	23,550
Amortisation charge			
At 1 August 2021	(4,138)	-	(4,138)
Charge for the year	(2)	-	(2)
At 31 July 2022	(4,140)	-	(4,140)
Net book value			
At 31 July 2022	-	19,410	19,410
At 31 July 2021	2	6	8

Transfers to Assets in course of construction include Project LEAP costs moved from Tangible fixed assets.

Notes to the accounts
Year ended 31 July 2022

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 or valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2021	88,965	213,178	49,668	44	70,174	83,275	505,304
Additions	-	-	-	-	754	56,257	57,011
Disposal	-	-	-	-	-	(54)	(54)
Transfer	-	-	-	-	5,191	(24,595)	(19,404)
At 31 July 2022	88,965	213,178	49,668	44	76,119	114,883	542,857
Depreciation							
At 1 August 2021	-	(75,524)	(34,376)	(37)	(47,096)	-	(157,033)
Charge for the year	-	(5,333)	(1,237)	-	(3,268)	-	(9,838)
Disposals	-	-	-	-	-	-	-
At 31 July 2022	-	(80,857)	(35,613)	(37)	(50,364)	-	(166,871)
Net book value							
At 31 July 2022	88,965	132,321	14,055	7	25,755	114,883	375,986
At 31 July 2021	88,965	137,654	15,292	7	23,078	83,275	348,271

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 or valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2021	64,368	172,050	47,210	44	68,975	71,312	423,959
Additions	-	-	-	-	754	29,931	30,685
Disposals	-	-	-	-	-	(54)	(54)
Transfer	-	-	-	-	5,191	(24,595)	(19,404)
At 31 July 2022	64,368	172,050	47,210	44	74,920	76,594	435,186
Depreciation							
At 1 August 2021	-	(73,171)	(34,252)	(37)	(46,025)	-	(153,485)
Charge for the year	-	(4,502)	(1,187)	-	(3,164)	-	(8,853)
Disposals	-	-	-	-	-	-	-
At 31 July 2022	-	(77,673)	(35,439)	(37)	(49,189)	-	(162,338)
Net book value							
At 31 July 2022	64,368	94,377	11,771	7	25,731	76,594	272,848
At 31 July 2021	64,368	98,879	12,958	7	22,950	71,312	270,474

Transfers out of Assets in course of construction include Project LEAP costs moved to Software.

Notes to the accounts

Year ended 31 July 2022

15. Investments

	Consolidated		University	
	2022	2021	2022	2021
	£'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.

The University holds 100% of the £1 ordinary shares of South Bank University Enterprises Limited (SBUEL) and its results are fully consolidated in these accounts. 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 and its results are fully consolidated in these accounts. South Bank Colleges took over the operations of Lambeth College from 1st February 2019 and 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	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade debtors	26,814	30,293	25,488	29,349
Amounts owed by group undertakings	-	-	31,611	16,925
Other debtors	332	403	318	354
Prepayments and accrued income	12,823	4,000	3,864	2,767
	39,969	34,696	61,281	49,395

17. Creditors: amounts falling due within one year

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank and other loans	11,076	2,025	11,076	2,025
Trade creditors	341	1,618	(103)	1,163
Other creditors	2,896	3,392	2,512	2,884
Social security and other taxation payable	2,508	2,380	1,868	1,699
Accruals and deferred income	54,486	52,686	45,938	46,776
	71,307	62,101	61,291	54,547

Notes to the accounts

Year ended 31 July 2022

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

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank and other loans	28,382	30,457	28,382	30,457
Deferred income	48,453	37,641	19,133	19,696
	76,835	68,098	47,515	50,153

19. Borrowings

Bank loans are repayable as follows:

	Consolidated and University	
	2022	2021
	£'000	£'000
Due in less than one year (note 17)	11,076	2,025
Due between one and two years	2,144	2,076
Due between two and five years	6,932	6,631
Due after five years	19,306	21,750
Total due after one year (note 18)	28,382	30,457
Total	39,458	32,482

Details of bank loans

Lender	Term	Interest rate	Security	2022 £'000	2021 £'000
Barclays bank	25 years to 2032	5.67% fixed	McLaren House	2,954	3,265
Barclays bank	To April 2029	5.25% fixed		5,000	5,000
Barclays bank	23.25 years to 2032	5.44% fixed		5,641	6,086
Barclays bank	23 years to 2032	0.225% margin over SONIA		2,895	3,192
Barclays bank	16 years to 2035	5.16-5.2% fixed plus 1.65% margin		11,787	12,381
Barclays bank	Revolving credit facility maturing 22 August 2022	1.45% margin over SONIA		9,000	-
Allied Irish Bank	26.5 years to 2027	6.67% fixed	Dante Road Halls	1,981	2,358
Salix	Variable	Interest free	Unsecured	200	200
				39,458	32,482

Notes to the accounts

Year ended 31 July 2022

20. Provisions for liabilities: Consolidated

	Obligation to fund deficit on USS pension £'000	LPFA defined benefit obligation £'000	Enhanced pension £'000	Total £'000
Balance at 1 August 2021	1,029	184,741	1,729	187,499
Utilised during the year	-	(6,443)	(91)	(6,534)
Credited to comprehensive income and expenditure	(252)	(119,451)	(189)	(119,892)
Balance at 31 July 2022	777	58,847	1,449	61,073

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme to fund deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. 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 for Colleges.

University

	Obligation to fund deficit on USS pension £'000	LPFA defined benefit obligation £'000	Total £'000
Balance at 1 August 2021	1,029	158,922	159,951
Utilised during the year	-	(5,805)	(5,805)
Charged to comprehensive income and expenditure	(252)	(98,805)	(99,057)
Balance at 31 July 2022	777	54,312	55,089

21. Endowment reserves

	Restricted Permanent £'000	Restricted Expendable £'000	Consolidated and University 2022 Total £'000	2021 Total £'000
Balance at 1 August	799	152	951	862
Decrease in market value of investments	(47)	(9)	(56)	89
Balance at 31 July	752	143	895	951

22. Unrestricted reserves

	Consolidated 2022 £'000	2021 £'000	University 2022 £'000	2021 £'000
Revaluation reserve				
Balance at 1 August	24,576	25,257	24,576	25,257
Transfer to income and expenditure reserves being excess depreciation on revalued assets	(531)	(681)	(531)	(681)
Balance at 31 July	24,045	24,576	24,045	24,576

Notes to the accounts

Year ended 31 July 2022

23. Cash and cash equivalents - analysis of changes in net debt

	at 1 August 2021	Cashflows	Other non- cash changes	at 31 July 2022
Consolidated	£'000	£'000	£'000	£'000
Investments	950	(56)	-	894
Cash at bank and on deposit	28,813	(20,460)	-	8,353
	29,763	(20,516)	-	9,247
Borrowings				
Debt due within one year	(2,025)	(6,976)	(2,075)	(11,076)
Debt due after one year	(30,457)	-	2,075	(28,382)
	(32,482)	(6,976)	-	(39,458)
	(2,719)	(27,492)	-	(30,211)

Investments comprise funds held in fixed term deposits for periods exceeding three months at 31 July 2022. 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 2022

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Commitments contracted at 31 July	12,474	56,104	3,998	28,092

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.

The University's subsidiary, South Bank Colleges, has received a pre-action claim for reimbursement of costs by a developer in respect of the Vauxhall development project undertaken by South Bank College's predecessor Lambeth College Corporation. 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.

Notes to the accounts

Year ended 31 July 2022

26. Lease obligations

At 31 July 2022 the University and the Group were committed to making the following future minimum lease payments in respect of operating leases on land and buildings:

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Expiring within one year	40	40	-	-
Expiring within two and five years	19	58	-	-
Expiring in over five years	453	438	453	438
	512	536	453	438

27. Amounts disbursed as agents

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Teacher training bursaries				
Balance at 1 August	1	(5)	1	(5)
Funding council grant	135	6	135	6
Disbursed to students	(98)	-	(98)	-
Balance at 31 July	38	1	38	1

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Apprenticeship employer incentive payments				
Balance at 1 August	-	-	-	-
Funds received	147	-	-	-
Disbursed to employers	(147)	-	-	-
Balance at 31 July	-	-	-	-

	Consolidated		University	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Learner support funds				
Balance at 1 August	158	62	-	-
Adjustment to prior year balance *	-	62	-	-
Bursaries	1,026	705	-	-
Disbursed to students	(820)	(651)	-	-
Administration costs	(41)	(20)	-	-
Balance at 31 July	323	158	-	-

*Adjustment for 16+ not previously included

Notes to the accounts

Year ended 31 July 2022

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.
- National Employment Savings Trust (NEST) (until April 2021)
- NOW Pensions

A. The Teachers' Pension Scheme

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

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

- The last valuation of the TPS was as of 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost CAP) Directions 2014. The valuation report was published by the Department on 5 March 2019. The Key results of the valuation are:
- Uncorrected employer contribution rate effective over the implementation period: 19.5% of pensionable pay. This is an increase of 3.1% on the current contribution rate. This increase is primarily due to the reduction in the discount rate (known as the SCAPE rate) to 2.4% p.a. above CPI with effect from 1 April 2019.
- Corrected employer contribution rate payable over the implementation period: 22.8% of pensionable pay. This is an increase of 6.4% on the current contribution rate. This rate is calculated in the same way as the uncorrected employer contribution rate except that the accrual rate of the 2015 Scheme is assumed to be improved from 1 April 2019 to the extent necessary such that the employer contribution correction cost equals the target cost of the scheme.

At 31 July 2022 the University Group had 1448 active members participating in the scheme (2021: 1203). During the year contributions were paid by the Group and charged to the Income and Expenditure account at a current rate of 23.68% (2021:23.68%) of salaries and the Group's contribution to the TPS for the year was £7,046,053 (2021: £7,807,873). Employees paid tiered contribution rates which ranged from 7.4% - 11.7%, depending on earnings.

Under the definitions set out in FRS 102 'Retirement Benefits', the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has accounted for its contributions as if it were a defined contribution scheme.

B. The Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contributing 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 FRS102 'Employee Benefits', the University accounts for the scheme as if it were a wholly defined contribution scheme. Since the University has entered into an agreement that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that relate to the deficit and movement in this provision is treated as an expense.

Since the institution cannot identify its share of Retirement Income Builder section of the scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as of 31 March 2020 is underway but not yet complete.

The 2018 Valuation was the fifth valuation of the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the Valuation date, the value of the assets in the scheme were £63.7 billion and the value of the scheme's technical provisions was £67.3 billion, indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

Discount rate (forward rates)	Fixed interest gilt yield curve plus: pre retirement 2.75% p.a, post retirement 1.00% p.a.
CPI Assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.1% p.a. to 2030, reducing linearly by 0.1% PA to a long term difference of 0.1% PA from 2040.
Pension increases	CPI Assumption plus 0.05%.

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 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	101% of S2PM2 'light' for males and 95% of S£EPA for females
Future improvements	CMI_2019 with a smoothing parameter of 7.5 and an initial addition of 0.5% p.a and a long term improvement rate a long term improvement rate of 1.8% p.a. for males and 1.6% p.a.

The current life expectancies on retirement at age 65 are:

	Males Years		Females Years	
	2022	2021	2022	2021
Current pensioners (currently 65 years)	23.9	24.7	25.5	26.1
Future pensioners (currently 45 years)	25.9	26.7	27.3	27.9

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period from 1st April 2022 to 31st March 2024 at which point the rate will increase to 6.3%. The 2022 deficit liability reflects this plan. The liability figures have been produced using the following assumptions:

	2022	2021
Discount Rate	3.40%	1.60%
Pensionable Salary Growth	3.00%	3.00%

At 31 July 2022 the Group had 42 (2021: 38) active members participating in the scheme. The total credited to the Statement of Comprehensive Income and Expenditure is £7,180 (2021: £320,638). The employer contribution rate was 21.1% from October 2019 until 30th September 2021, 21.4% from October 2021 to March 2022 and 21.6 from April 2022.

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 2019 with the valuation results taking into account changes to the scheme from 1 April 2020. Employer contribution rates during the year were 15.4% for London South Bank University and 16.3% for South Bank Colleges. In addition a plus a past service adjustment expressed as a lump sum to clear the deficit over a recovery deficit period was paid in April 2022 this payment amounted to £1.4m.

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 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-22	31-Jul-21
	% per annum	% per annum
Salary increase	3.00%	3.00%
Pension and price increases	2.75%	2.80%
Discount rate	3.40%	1.60%

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
- No members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits

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.

For UK defined benefit pension schemes it is common to set long term RPI inflation based on long term gilt market-implied expectations (known as “break even RPI”), often less an inflation risk premium to allow for supply/demand factors, and for long term CPI inflation to be set with reference to RPI inflation less a “wedge” reflecting established differences in index construction, as there is no deep-market in CPI-linked instruments. On 4 September 2019, the UK Chancellor and the UK Statistics Authority jointly published correspondence confirming that: a public consultation to amend the flawed RPI index would start in January 2020 (subsequently postponed to March 2020 and ended on 21 August 2020), there would be no change to RPI until 2025 at the earliest, and The UK Statistics Authority could change RPI from 2030 without government consent, and their intention is to align RPI to CPIH (CPIH is CPI with allowance for housing costs; the two are assumed to be similar over the long term). Following these announcements the derivation of the CPI assumption has changed at 31 July 2020. Based on the sensitivity information provided by the actuary, we expect the impact of this change in approach to be a c. £13m-£14m (made up of a reduction of £16,436k from the change in IRP and an increase of £30,238k from the change in RPI-CPI wedge) as the CPI assumption is now 0.2% higher than it would have been under the previous methodology.

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 2019, 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 0.5% p.a. and a 2020 weighting of 25%.

Life expectancy from age 65

	LSBU 31-Jul-22	SBC	LSBU 31-Jul-21	SBC
Retiring today:				
Males	21.7	21.6	21.7	21.6
Females	24.2	24.2	24.1	24.1
Retiring in 20 years:				
Males	23	22.9	22.9	22.8
Females	25.8	25.5	25.7	25.4

Fund assets

The return on the fund, on a bid value to bid value basis, for the year to 31 July 2022 was 6.79 %. The Allocation at 31 July 2022 is as follows:

	Consolidated		University	
	Fair value as at 31-Jul-22 £'000	Fair value as at 31-Jul-21 £'000	Fair value as at 31-Jul-22 £'000	Fair value as at 31-Jul-21 £'000
Equities	144,723	134,384	114,476	106,147
Target return portfolio	55,367	51,724	43,796	40,856
Cash	3,067	14,200	2,426	9,790
Infrastructure	26,830	20,777	21,223	16,579
Property	25,042	18,384	19,808	15,780
Total fair value of assets	255,029	239,469	201,729	189,152

Net pension liability

The following amounts at 31 July 2022 related to the Group are measured in accordance with the requirements of FRS 102:

Consolidated	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Fair value of Employer Assets	255,029	239,469	239,469	205,757	143,869
Present value of funded obligations	(305,196)	(414,274)	(376,181)	(324,227)	(232,750)
Net underfunding in funded plans	(50,167)	(174,805)	(136,712)	(118,470)	(88,881)
Present value of unfunded obligations	(8,680)	(9,936)	(10,684)	(10,885)	(10,884)
Net Pension Liability	(58,847)	(184,741)	(147,396)	(129,355)	(99,765)
University	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Fair value of Employer Assets	201,729	189,152	161,862	161,649	143,869
Present value of funded obligations	(247,733)	(338,572)	(305,728)	(260,964)	(232,750)
Net underfunding in funded plans	(46,004)	(149,420)	(143,866)	(99,315)	(88,881)
Present value of unfunded obligations	(8,308)	(9,502)	(10,223)	(10,420)	(10,884)
Net Pension Liability	(54,312)	(158,922)	(154,089)	(109,735)	(99,765)

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

Analysis of the amount included in staff costs for the year	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Service cost	15,882	16,448	13,759	14,508
Enhancements to former employees	-	-	-	-
Total operating charge	15,882	16,448	13,759	14,508

Analysis of the amount included in interest payable for the year	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Interest on the defined liability (asset)	2,907	2,662	2,499	2,263
Administration expenses	311	267	246	210
Total interest charge	3,218	2,929	2,745	2,473

Analysis of the amount recognised in Other Comprehensive Income	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Return on fund assets in excess of interest	11,652	28,859	9,211	22,747
Other actuarial losses on assets	-	-	-	-
Change in financial assumptions	152,566	(32,773)	127,030	(27,208)
Change in demographic assumptions	-	4,664	-	3,817
Experience gains and losses on defined benefit obligation	(25,668)	7,671	(20,932)	6,232
Remeasurement of the net assets/ (defined liability)	138,550	8,421	115,309	5,588

Analysis of movement in the present value of scheme liabilities	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 August	424,210	386,865	348,074	315,951
Movement in the year:				
Current service cost	15,678	16,448	13,555	14,508
Interest cost	6,742	5,764	5,530	4,708
Changes in financial assumptions	(152,566)	32,773	(127,030)	27,208
Change in demographic assumptions	-	(4,664)	-	(3,817)
Experience loss / (gain) in defined benefit obligation	25,668	(7,671)	20,932	(6,232)
Past service costs, including curtailments	204	-	204	-
Estimated benefits paid net of transfers in	(7,304)	(6,950)	(6,246)	(5,651)
Contributions by scheme participants	2,003	2,404	1,750	2,127
Unfunded pension payments	(759)	(759)	(728)	(728)
At 31 July	313,876	424,210	256,041	348,074

Analysis of movement in the fair value of scheme assets	Consolidated		University	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 August	239,469	205,817	189,152	161,862
Interest on assets	3,835	3,102	3,031	2,445
Return on assets less interest	11,652	28,859	9,211	22,747
Other actuarial losses	-	-	-	-
Administration expenses	(311)	(267)	(246)	(210)
Contributions paid	8,447	9,667	7,555	8,687
Estimated benefits paid plus unfunded net of transfers in	(8,063)	(7,709)	(6,974)	(6,379)
At 31 July	255,029	239,469	201,729	189,152

The projected pension expense for the year to 31 July 2023 is £8,709k (consolidated) £7,492k (University).

Sensitivity analysis

The sensitivity analysis below shows the impact of changes in financial assumptions

Adjustment to:	Group			University		
	£000s	£000s	£000s	£000s	£000s	£000s
Discount rate	0.10%	0.00%	-0.10%	0.10%	0.00%	-0.10%
Present value of total obligation	316,483	313,876	320,409	259,756	256,041	261,443
Projected service cost	6,215	6,475	6,510	5,250	5,471	5,467
Long term salary increase	0.10%	0.00%	-0.10%	0.10%	0.00%	-0.10%
Present value of total obligation	314,232	313,876	313,523	256,345	256,041	255,740
Projected service cost	6,478	6,475	6,470	5,474	5,471	5,467
Pension increases and deferred revaluation	0.10%	0.00%	-0.10%	0.10%	0.00%	-0.10%
Present value of total obligation	320,087	313,876	307,790	261,168	256,041	251,019
Projected service cost	6,743	6,475	6,215	5,700	5,471	5,249
Life expectancy assumptions	+1 Year	None	- 1 Year	+1 Year	None	- 1 Year
Present value of total obligation	326,000	313,876	302,235	265,967	256,041	246,514
Projected service cost	6,729	6,475	6,228	5,686	5,471	5,262

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 2022 the University Group had 289 members participating in the scheme (2021:83). The University Groups contribution to the Aviva scheme for the year ending 31 July 2022 was £867,997 (2021: £173,196) and employer's contribution rates during the year ranged from 6%-10%. Pension contributions payable at 31 July 2022 were £97,012 (2021: £29,944).

E. National Employment Savings Trust (NEST)

The University Group provided a defined contribution scheme through NEST for employees of SW4, a subsidiary of South Bank Colleges. At 31 July 2022 there were no staff in the scheme (2021:nil) , with members being transferred to the London South Bank University Defined Contribution scheme from 1st April 2021. Employer contribution to the NEST scheme for the year ending 31 July 2022 was £nil (2021:£4,636) Pension contributions payable at 31 July 2022 were £nil (2021:£nil).

F. NOW Pensions

The University provides a defined contribution scheme through NOW for employees of SBUEL staff engaged through LSBU Employment. At 31 July 2022 there were 247 staff in the scheme (2021:229). Employer contribution to the NOW scheme for the year ending 31 July 2022 was £11,732 (2021: £12,180) and employer contributions were 3%. Pension contributions payable at 31 July 2022 were £2,352 (2021:£891).

29. Related party transactions

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 £213k (2021: £(469)k), and collected rental income of £43k (2021: £46k). At the year-end the University owed SBUEL £185k (2021: £365k).

Notes to the accounts

Year ended 31 July 2022

29 Related party transactions

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 £13.7m (2021: £2m) to SBC. Services on commercial terms amounting to £123k (2021: £2,057k) were charged to SBC during the year and the balance between SBC and the University at the year-end was £31,797k (2021: £17,281k).

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

The University maintains a register of Interests of Governors, the details of which are listed below:

Organisation	Governor	Position	Transactions during year with related party			
			Income £'000	Expenditure £'000	Debtor £'000	Creditor £'000
British University in Egypt	David Phoenix	Trustee	1,480	-	811	-
Central & NW London NHS Foundation Trust	Rashda Rana	Non-executive director	613	-	0	-
Kier Group	Rashda Rana	Independent consultant	-	-	1	-
LSBU Student Union	Ruchika Kumar Maxwell Smith	Union council Chair President	49	980	9	-
National Association of Disability Practitioners Ltd	Nicola Martin	Co-opted board Member	1	-	-	-
Pricewaterhouse Coopers LLP	Duncan Brown	Retired partner	-	10,532	-	-
South Bank Academies	David Phoenix	Trustee	18	2	14	-
UCEA	Jeremy Cope	Vice-chair	-	12	-	-