

**Sheffield  
Hallam  
University**

**2018**  

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**2019**



Our vision is to be the world's leading applied university – showing the world what a university genuinely focussed on transforming lives can achieve.

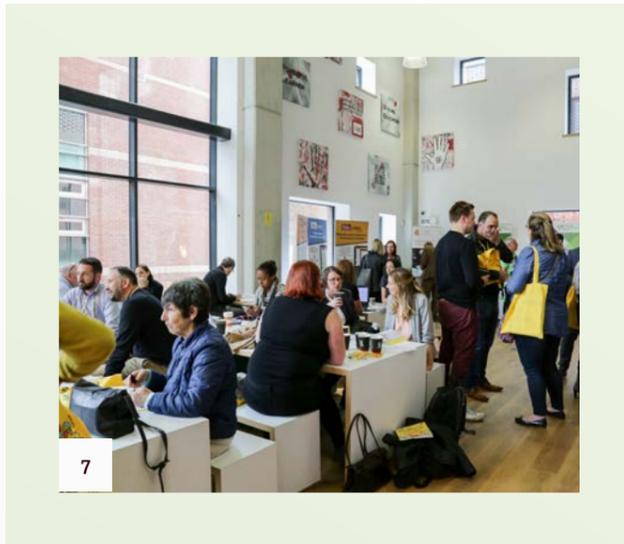
**Inside**

Highlights of the year	5	Corporate governance	58
Introduction from the Vice-Chancellor	9	Summary of the University's structure of corporate governance	62
Foreword by the Chair	10	Annual Report on Senior Remuneration for the year 2018/19	66
Our University:	12	Responsibilities of the University's Board of Governors	70
• Driving future economies	14	Independent auditor's report to the Governing Body of Sheffield Hallam University	72
• Enabling healthier lives	20	Financial Statements for the year ended 31 July 2019	76
• Building stronger communities	26		
Sheffield Hallam University in numbers	32		
Strategic review	34		
Our risk environment	44		
Financial strategy and performance	46		
Charitable status and public benefit	52		



### Highlights of the year

1. In November 2018, 7,750 students celebrated their success alongside friends and family across 22 graduation ceremonies.
2. Our Heart of the Region campaign highlighted how our students, research and partnerships are transforming lives in our region.
3. Our Vice-Chancellor Professor Sir Chris Husbands visited the palace to receive a knighthood for services to higher education.
4. Sheffield Hallam hosted the 100th Universities UK Annual Members' Conference to discuss the future of higher education.
5. We launched SHU Law – a fully regulated not-for-profit law firm designed to give students practical work experience on live legal cases during their studies.
6. Our National Centre of Excellence for Degree Apprenticeships was officially opened.



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7. The first Hallam Festival of Education was attended by more than 1,000 people from the education sector.

8. Construction was well under way on the new home of the National Centre of Excellence for Food Engineering. The Centre opened in Autumn 2019.

9. After working collaboratively for over a decade, Sheffield Hallam University and La Trobe University, in Melbourne, Australia, have now come together to form a sector leading strategic partnership.

10. Our interdisciplinary research group Lab4Living was awarded £4 million by Research England to look at 'hundred year life', in recognition of its excellence in design-led research.

11. New notable figures were welcomed into the Hallam family, including Sir Michael Parkinson, Louis Theroux and anti-apartheid lawyer Albie Sachs.

**Opposite.** We welcomed His Royal Highness the Duke of Sussex to the University, where he learned about our commitment to applied learning in teaching and research.





# Introduction from the Vice- Chancellor

**It's now over two years since we launched the University's Transforming Lives Strategy, which is intended to guide the University's thinking and development over the next decade. Two years on, with engagement, enthusiasm, diligence and hard work across the University, we are beginning to see tangible results in the way we work and the impact we are having.**

In the year covered by this report, we have seen striking success across the University. The University's overall student satisfaction score has increased for the third year running, placing us in a small group of universities nationally who have been able to demonstrate consistent improvement. We have established a role as one of the leading providers of degree apprenticeships in the country, working in increasingly imaginative ways with employers large and small; within the past year we were delighted to launch the National Centre for Excellence in Degree Apprenticeships.

The University's research portfolio has continued to diversify, with a doubling of research bidding and, in total, a doubling of research income. This is an exceptional achievement. As this report goes to press, two major research facilities – the National Centre of Excellence for Food Engineering recently opened and the Advanced Wellbeing Research Centre is near completion.

We have made considerable progress towards our internationalisation ambitions: thirteen hundred of our students undertook international experiences as part of their studies in 2018/9. The University secured its first global strategic partnership with La Trobe University in Melbourne, which is already paying dividends in collaborative work and new opportunities for our students and academics.

Underpinning these academic achievements are important developments in university operational planning. We have secured funding arrangements for the first phase of the University's long-term estates plan and embarked on a significant overhaul of our professional services, to transform the structure and organisation of the way we support our academic operations.

Each of these success stories is underpinned by collaborative, focused work across the University. No organisation is ever stronger than the people within it; as Vice-Chancellor, I am aware every day of the extent to which the University depends on the commitment of its people.

Over the past two years we have raised performance, put in place strong foundations for success, and begun to see the results of hard work. Higher education in the United Kingdom faces real challenges: a squeeze on finances and the continuing decline in the number of eighteen-year olds nationally set against a backdrop of our increasingly fractious and divided nation and an uncertain post-Brexit future. These are difficult times for our sector. But I am confident that Sheffield Hallam is well placed to meet the challenges we face.

**Professor Sir Chris Husbands**  
Vice-Chancellor  
Sheffield Hallam University

## Foreword by the Chair



**In outlining the goal of becoming the world's leading applied university, the Vice-Chancellor set a characteristically ambitious target within the Transforming Lives Strategy.**

Once again the Board of Governors and I have been impressed to see how staff, students and the wider Sheffield Hallam community have risen to the challenge over the last twelve months. We have seen some outstanding successes that the whole Sheffield Hallam community can be rightly proud of.

The year has not been without its challenges. No matter where you look it seems that politics, society and technology are changing at an ever increasing rate. Universities like Sheffield Hallam have a vital role to play in helping us come to terms with these shifts, harnessing them for the benefit of our city, region, nation and global community.

It is particularly pleasing to see that the University is achieving exceptional outcomes for our students, expanding our outstanding research profile and making a positive impact on the community we serve, showing the world what a university genuinely focused on transforming lives can achieve.

With more plans to transform our campus and facilities, new world leading research centres opening and even greater efforts to improve our already outstanding teaching offer, the next year will see even more progress made.

It is heartening to see our University defining what it means to be a substantial UK civic university, showing the benefits higher education delivers for our wider society. As governors we are immensely proud of being a part of the Sheffield Hallam community.

The external environment inevitably means that the future might be uncertain, but Sheffield Hallam is well placed to go forward with confidence in its mission and ability to transform lives.



**Rt Hon The Lord Kerslake**  
Chair of the Board of Governors  
Sheffield Hallam University

“With more plans to transform our campus and facilities, new world leading research centres opening and even greater efforts to improve our already outstanding teaching offer, the next year will see even more progress made.”



## Our University

Sheffield Hallam is an ambitious university. It is our goal to be a genuinely outstanding university – demonstrating what a university genuinely focused on transforming lives can achieve.

We are one of the UK's largest and most diverse universities: a community of more than 30,000 students, 4,000 staff about more than 200,000 alumni around the world. We are proud of our reach, influence and achievements. Our goal is to do more, better, for more people. This report sets out our achievements in the last year, and signals our ambitions for the future.

The University is at the heart of its region, woven in to the fabric and culture of Sheffield and the surrounding area. We are delighted that the University is taking an even stronger leadership role in the region - leading improvements in social justice, the quality of life and economic performance through the impact of our students, research and partnerships.

This is a university grounded in its city and region but with a global outlook, demonstrated in our growing number of international partnerships and worldwide community of international students and staff – in all from a hundred and twenty countries. This year we have established a distinctive strategic partnership with La Trobe University in Melbourne, Australia, characterised by links between staff and students across both universities.

We already make use of excellent learning and research spaces developed through careful long-term planning: our ambitious campus plan will see us overhaul our estate as an exceptional urban university at the heart of its city and region.

Our committed staff already provide award-winning teaching and student support for our diverse, global population of students; our teaching and learning plans will see us embed sector-leading thinking across our portfolio.

We already enjoy strong relationships with employers to deliver an outstanding applied learning experience thanks to links with over 1,000 organisations – including the BBC, Sony, Adidas, Disney, the NHS, Airbus, Rolls-Royce and Sheffield United FC; our future plans will embed work-related learning at all levels of all our programmes.

We're delighted that our engaged and applied learning, close working with employers and our fabulous staff have secured consistently rising student satisfaction and post-graduation employment: our ambition is now to go further, faster.

Our research programme, developing innovative, practical solutions to real world problems is developing rapidly. Our approach is characterised by challenging traditional disciplinary boundaries: games designers work with physiotherapists, industrial designers collaborate with paediatricians and sports scientists partner with social care professionals to discover new ways to solve problems.

Working across disciplines in world class facilities, our academics tackle the cultural, economic, social and health challenges facing society today, driving significant improvements to the lives of individuals and communities the world over, including within our own region.

Sheffield Hallam is a dynamic, ambitious university. We are a powerful driver of change which transforms lives for the better – driving future economies, enabling healthier lives and building stronger communities. This report tells our story over the past year – and sets our ambitions for the next.

**Sheffield Hallam is a dynamic, ambitious university. We are a powerful driver of change which transforms lives for the better – driving future economies, enabling healthier lives and building stronger communities.**

Driving future economies

We are increasing productivity, narrowing skills gaps and supporting business through innovation and enterprise.



Sheffield Innovation Programme allows small and medium-sized enterprises (SMEs) from across the Sheffield City Region to access academic expertise, facilities and resources at both Sheffield universities.

## Driving future economies

### **The Sheffield Innovation Programme**

The Sheffield Innovation Programme is an initiative led by Sheffield Hallam University with the University of Sheffield.

It allows small and medium-sized enterprises (SMEs) from across the Sheffield City Region to access academic expertise, facilities and resources at both Sheffield universities.

The programme which works with SMEs to provide access to a range of bespoke consultancy services, as well as events and workshops to help their business grow and encourage innovation.

From improving product design to enhancing user engagement, market research to recovering waste heat in commercial kitchens, the programme, which has exceeded its targets, has worked to support SMEs across the region to improve and diversify their services and products.

### **National Centre of Excellence for Food Engineering (NCEFE)**

The NCEFE is a catalyst for innovation and problem solving. It brings an expanding network of businesses, industry groups and academics together to meet specific challenges within the food and drink sector.



Recently opened, the NCEFE will support industry through collaborative research and development projects to improve areas such as health, productivity and energy use.

The centre will also provide a creative and knowledgeable workforce for the future, with practical experience of real-world projects and leading expertise.

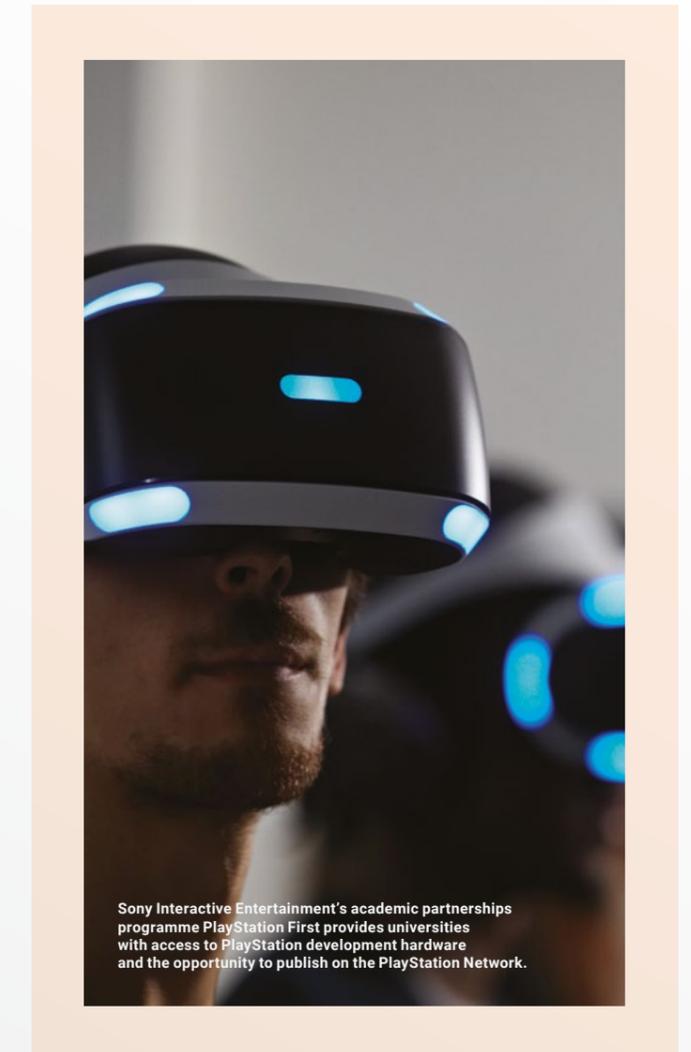
### **Partnership to launch new international school**

Academics from Sheffield Business School are working with the Hashoo Group on a consultancy basis ahead of the launch of the Hashoo School of Hospitality Management. The new school is due to be operational in September 2020 in Bani Gala, Islamabad.

Students in Pakistan will be able to study a new two-year diploma in hospitality. They will then have the opportunity to study for a third year at Sheffield Hallam University, gaining a degree in International Hospitality Management.

### **PlayStation First**

Sheffield Hallam is part of Sony Interactive Entertainment's academic partnerships programme. This provides universities with access to PlayStation development hardware and the opportunity to publish on the PlayStation Network. Our world-class teaching facilities include a PlayStation 4 development lab and our own game studio, The Steel Minions. In 2018, the studio published a PlayStation virtual reality game about the life of Dr Edward Jenner, which was funded by the European Union.



Sony Interactive Entertainment's academic partnerships programme PlayStation First provides universities with access to PlayStation development hardware and the opportunity to publish on the PlayStation Network.

We are the only university studio in the UK to publish its own PlayStation games, helping to grow Sheffield's long-established reputation as a leading area for technology and game development.

### **Our partnership with Asda**

Public Health England has challenged the UK food and drinks industry to reduce sugar content in a range of products by at least 20 per cent by 2020. Sheffield Hallam is working with industry partners to help students understand the public health challenges that the industry faces today.

In November 2018, more than 80 food marketing management and food and nutrition students began working in partnership with Asda on an educational project to understand the technical challenges of reducing sugar in biscuits.

Students have used the world-class food development facilities at Sheffield Hallam, working with Andrew Johnston, new product development chef at Asda – who is also a food technology degree apprentice at the University.

### **The Hallam i-Lab**

In April 2019 we launched a new business incubation hub, a state-of-the-art space that offers advice, support and high-tech facilities to student and graduate entrepreneurs.

The Hallam i-Lab is home to our business and enterprise experts and has flexible working spaces that allow students and graduates setting up their own businesses to network and collaborate.

WANdisco CEO Dave Richards, whose computer software company has sites in Sheffield and Silicon Valley, launched the new space alongside our Vice-Chancellor.

### **Delivering applied learning**

We introduced a pledge to ensure all our students are prepared for highly skilled employment by the end of their programme of study. Our focus on applied learning means that at every level of study, our students will gain work experience and put theory into practice through placements, real-world projects and volunteering opportunities.



We are striving to embed work-related learning in all our undergraduate programmes. We also support students through initiatives to develop their own businesses and take part in international exchange programmes.

### **Launch of new centre of excellence for degree apprenticeships**

In November 2018 we launched our National Centre of Excellence for Degree Apprenticeships, enabling us to enrol a record number of apprentices for the next academic year.

Our dedication to providing world-class apprenticeships ensures apprentices accumulate a wealth of experience and skills, preparing them for specific long-term careers.



Launch of National Centre of Excellence for Degree Apprenticeships, ensures apprentices accumulate a wealth of experience and skills, preparing them for specific long-term careers.

From groundbreaking research to extensive and pioneering training programmes, we are a national leader in creating innovative health solutions.





The Advanced Wellbeing Research Centre (AWRC) is set to become the most advanced physical activity research centre in the world.

# Enabling healthier lives

## **Advanced Wellbeing Research Centre**

The Advanced Wellbeing Research Centre (AWRC) is nearing completion and due to open in January 2020.

Located on Sheffield's Olympic Legacy Park, the AWRC is set to become the most advanced physical activity research centre in the world.

Dedicated to improving the health and wellbeing of the population through innovations that help people move, the AWRC provides industry and the public sector with world-class research and design capability through state-of-the-art laboratories and access to academic expertise across health, engineering, robotics, computing, psychology, design and the arts.

## **Rolling out the Integrated Care Curriculum**

As the largest provider of health and social care education in England, we strive to ensure our graduates can thrive in an increasingly integrated health and social care environment.

Our courses are developed with stakeholders from across health and social care and will see our students learning with, from and about each other throughout their degree.

The aim of this innovative approach is to allow our students to collaborate with patients, carers and other health professionals – creating a confident graduate workforce that can work in and shape integrated services.

## **Applying virtual reality to healthcare**

Following their virtual reality (VR) project to develop prosthetics for amputees, Sheffield Hallam have been working with burns patients to test whether VR headsets can reduce their pain.

Overall, patients said that the VR world substantially reduced their pain levels while they had their dressings changed.

Researchers have also been working with Sheffield Children's Hospital to develop two VR games to help injured children through rehabilitation. The games are designed to encourage children and young people to exercise certain muscles in order to help their recovery.

## **Joining the Northern Health Science Alliance**

We have signed up to work with the Northern Health Science Alliance (NHSA), enabling us to collaborate with a select group of hospital trusts, universities and industry bodies across the north.



As a member, the University will be able to engage with the NHSA's joint research partnerships, advocacy, business development and international programmes.

We are the first modern university to sign up as an associate member of the alliance.

Lab4Living brings together a collaborative community of researchers in design, healthcare and creative practice.



### **Lab4Living wins £4 million**

Interdisciplinary research group Lab4Living has been awarded £4 million by Research England, in recognition of its design-led research. Established 12 years ago, Lab4Living is a collaborative community of researchers in design, healthcare and creative practice.

The team works together to address real-world issues that impact on health and wellbeing, developing products, services and interventions that promote dignity and enhance quality of life.

### **Midwife of the Year**

In March 2019, Sheffield Hallam midwifery student Katy Ellis won the Royal College of Midwives' Student Midwife of the Year Award – the second year running that the award has gone to one of our students.

Sheffield Hallam is the largest provider of health and social care education in England and our students strive to improve, support and represent fellow students and colleagues, in our community and beyond.



The Men in Nursing Together project connects male and female nursing students with registered nurses across the UK so that they can share their experiences.

### **Widening access to healthcare training**

We're striving to improve access to healthcare education for students from all backgrounds. We recently won funding from the Office for Students to open more opportunities for students to experience work placements in the NHS.

We've also established a national support network that aims to increase the number of men studying nursing, as well as promoting the profession as a career path.

The Men in Nursing Together project connects male and female nursing students with registered nurses across the UK so that they can share their experiences.

### **Hallam academic recognised as lifesaver**

Universities UK named a Sheffield Hallam academic amongst 100 'Lifesavers' – individuals or groups based in universities whose work makes a difference to people's health and wellbeing.

Professor Heidi Probst leads the Support4All project, which aims to reduce the damaging side effects from radiotherapy for women with breast cancer, while improving patient dignity.

A woman in profile, wearing a blue shirt and a small hoop earring, holds a black walkie-talkie to her mouth. The background is a soft-focus cityscape at sunset, with warm orange and yellow light in the sky and silhouettes of buildings and trees. The overall mood is contemplative and focused.

Building stronger communities

**We are using  
research, education  
and partnerships  
to help create  
a more equal, fair  
and safe society.**

# Building stronger communities

## South Yorkshire Futures makes an impact

Our social mobility partnership South Yorkshire Futures has made significant progress in its first two years and continues to make positive changes for children and young people across the region.



Through our partnerships and collaborations, we've been leading various projects, including expanding the Children's University across South Yorkshire and working with the region's four local authorities to improve speech and language skills in the early years.

## Researchers provide solutions for the UN

We're collaborating with United Nations agencies, including the International Organization for Migration (IOM), to enhance staff safety and security through a situational awareness system using a mobile application and dashboard called SCAAN.

Researchers and developers in the University's Centre of Excellence in Terrorism, Resilience and Organised Crime Research (CENTRIC) continue to work on this international product, which is supporting over 9000 field staff in more than 150 countries, including the Ebola crisis response led by the World Health Organization (WHO).

## Innovation in Behavioural Science

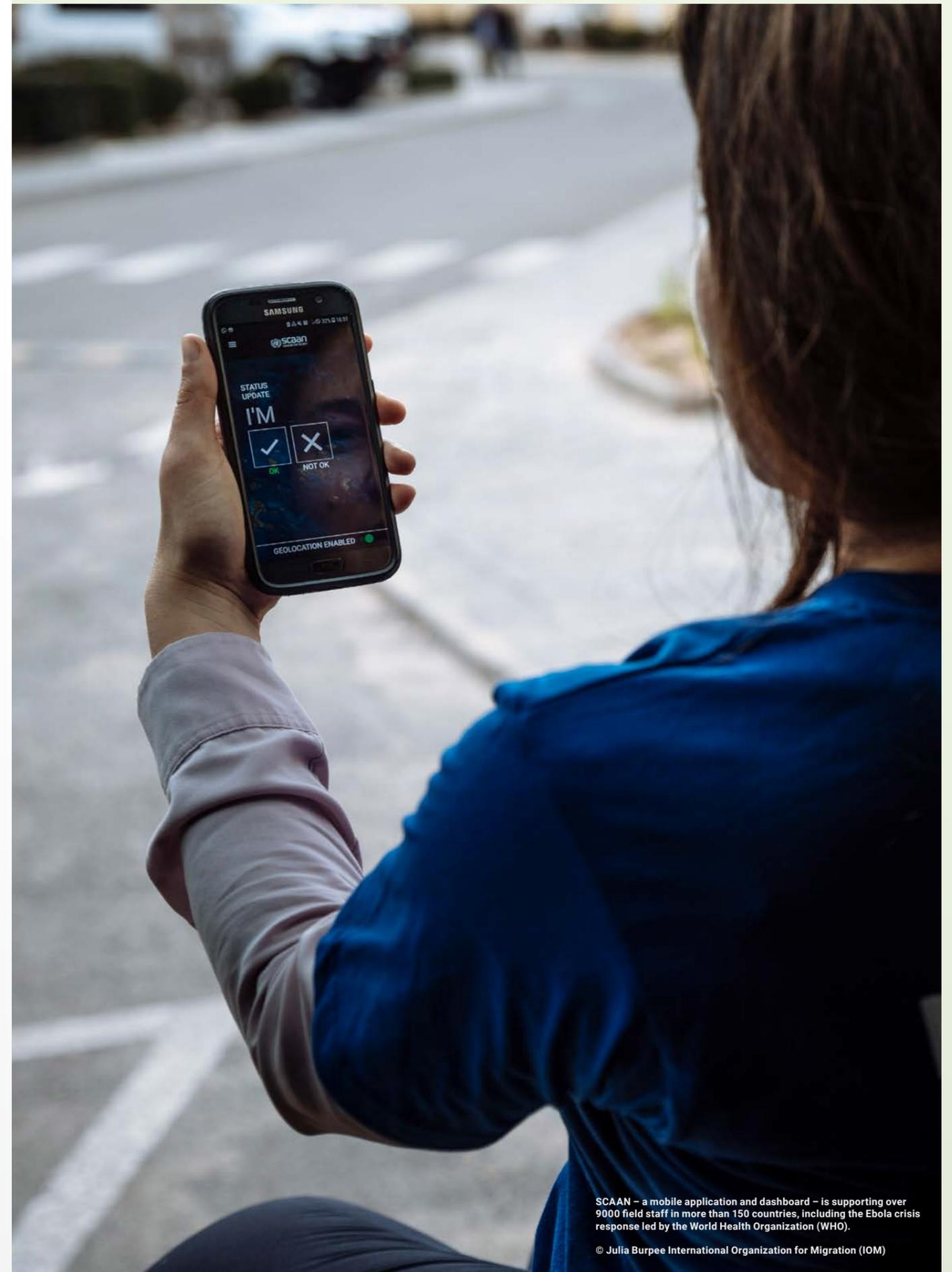
Our new Centre for Behavioural Science and Applied Psychology brings together researchers to develop solutions to a range of real-world issues.

Projects include addressing low levels of physical activity in disadvantaged communities, developing an online test that can be used by people with brain injuries, and creating resources to support the prevention of drugs use in fitness and sport.

## Scholarships for asylum seekers

We continue to work with our alumni and donors to support innovative programmes including partnerships with Santander Universities UK and Wipro Limited.

We continue to raise funds through the Hallam Fund and recently launched a new scheme offering scholarships for asylum seekers.



SCAAN – a mobile application and dashboard – is supporting over 9000 field staff in more than 150 countries, including the Ebola crisis response led by the World Health Organization (WHO).

© Julia Burpee International Organization for Migration (IOM)



Key Talent Match research found that the innovative project has led to nearly half of participants finding work and turned the tide for Britain's hidden unemployed youth.

### **Key Talent Match research**

We were commissioned to evaluate the Big Lottery Fund's £108-million Talent Match programme. Our research found that the innovative project, which was set up to tackle youth unemployment in the UK, has led to nearly half of participants finding work and turned the tide for Britain's hidden unemployed youth.

### **Success for first Hallam Festival of Education**

The inaugural Hallam Festival of Education was a two-day event, sponsored by Tes, attended by more than 1,000 people from the education sector.

Combining a festival-style atmosphere and venues with activities, workshops, debates and performances, we brought together regional and national experts from across the sector to tackle current and emerging challenges in education. Over 50 sponsors and partner organisations contributed to the event.

### **Launch of SHU Law**

As part of our mission to incorporate practical work experience and applied learning into every year of our degree courses, we launched SHU Law – a fully regulated, not-for-profit law firm designed to give law students experience of legal work during their studies.

SHU Law will not only enhance the employability of our law students; it will also serve the community of Sheffield and the wider region through its legal services.

### **Outreach programme reaches 60,000 young people**

We are committed to engaging with children and young people across the region to improve attainment and raise aspirations.



During the 2018/19 academic, the School and College Engagement and the Widening Participation and Outreach Teams delivered over 1,400 activities on campus and in schools, colleges and community settings. The teams engaged with over 59,000 students across the length and breadth of the country, including new markets such as Gibraltar and Isle of Man, highlighting the breadth of opportunities higher education offers and how Sheffield Hallam University transforms lives.

32,027

students and 4,137 staff

2,386

students from 117  
countries worldwide

386

staff members from  
67 countries worldwide

24,000

placements and  
real-world projects  
delivered every year

86.5%

overall student satisfaction in  
the 2018/19 National Student Survey

We welcome more young students from the most disadvantaged backgrounds in the UK than any other university.

In 2019, for the first time, we closed the gap between the proportion of entrants from the least and most advantaged areas.



67th in The Times and Sunday Times Good University Guide 2019 – up three places since 2018. 55th in The Guardian – up 15 places since 2018.



£100m invested in new facilities between 2013 and 2018. £200m planned investment in the campus over the next five years.



We have scored over 90% for satisfaction with Learning Resources in each of the last three years – amongst the highest scores in the sector (National Student Survey)

Our mission is simple:  
we transform lives.  
We shape our students'  
futures, by creating  
knowledge that provides  
practical solutions to  
real world challenges.



Our mission is simple. We transform lives. We shape our students' futures, preparing them for whatever they choose to do, and create knowledge that provides practical solutions to real world challenges.

Our vision is to become the world's leading applied university, achieving outstanding outcomes for our students and our city, showing the world what a university genuinely focused on transforming lives can achieve.

## Shaping futures

Our students will be confident, creative, resilient and responsible – prepared for whatever they decide to do.

## Creating knowledge

Our research and industry partnerships will provide innovative, practical solutions to real challenges.

## Leading locally and engaging globally

Our place at the heart of our city and region, and our international connections, are fundamental to what we do.

## Building a great university

Our success depends on our professionalism and quality right across the organisation.

## Progress during 2018/19

Each of the four pillars of our Transforming Lives strategy is supported by a strategic pillar board which oversees delivery across the University and progress towards our aims: ensuring that strategic plans and programmes of activity are in place, reviewing delivery, and ensuring that emerging risks and questions are resolved.

To measure progress and success, the University has KPIs which include a balance of customer-focussed, process-focussed, financial and cultural indicators. All KPIs are aligned to a pillar of the strategy and are designed to demonstrate a clear link to the aims and ambition of the University's mission and vision.

Delivery of our strategy has been supported by a strategic investment of £19.0m over two years. Many of the activities included as part of strategic investment over the last two years have now been embedded into operational budgets.

During the past year we have continued to focus on delivery of the implementation plan covering the first phase of the journey towards achieving our vision. This section provides further detail of University activity against each pillar of the Strategy beyond the headline achievements covered on pages 16 to 31.

## Shaping futures

We want our students to be inspired and enthused by the transformative learning experience that we provide through consistently excellent provision.

By committing to this element of the Strategy we will:

- **enhance student success by ensuring more students complete their studies: through improved retention of students**
- **shape our graduates' futures by helping more of them gain highly skilled employment**
- **improve our ability to shape our students' futures by increasing satisfaction with the University through greater overall student satisfaction**
- **improve our ability to shape life chances by closing the attainment gap between our minority students and others by eliminating the Black, Asian and minority ethnic (BAME) attainment gap**

Progress during the year has focused on a range of priority initiatives that support these four key areas of improvement.

## Student retention

We are committed to supporting all students, from all backgrounds to succeed at Sheffield Hallam University. Our performance for the retention of students from a range of backgrounds continues to be a strength.

In the latest HESA UK Performance Indicators, we performed above the sector average and our benchmark targets.

A number of pilot projects were delivered in 2017/18 to support retention, including aiding access to books and exploring digital assessment. The most successful was the Studiosity service to support academic writing. Drawing on this success, we rolled Studiosity out in 2018/19 and will continue to make it available to students in future. As at the end of May 2019, 367,075 minutes of support had been used by over 4,000 individual students, with 95% of students satisfied with the service.

## KPI

### Retention

In line with previous year

Score	Target
93%	93%

Retention rates remained steady at 93% – this is significantly above sector benchmark (TEF). In year withdrawal rates suggest steady state again in 2018/19.

### Highly skilled employment

With the national move to a new graduate outcome survey fifteen months after graduation (rather than 6 months after) we are still awaiting survey results for our 2017/18 graduates. However, we continued to seek ways to boost the number of our students who go on to highly skilled employment.

We directly funded 354 short internships in 2017/18 and 134 longer internships in 2018/19.

## KPI

### Employability

Increased, but sector also improving

Score	Target
74%	73%

Highly skilled employment / further study up from 71% in 2015/16 to 74% in 2016/17. Sector average up by 2.5% pts. Now awaiting first Graduate Outcomes survey.

**Improving student satisfaction**

Student satisfaction, measured by the National Student Survey (NSS) has increased again, now standing at our highest ever level, with over 86% of our 2018/19 final year undergraduates agreeing that overall they are satisfied with the quality of their course. This is the third consecutive year our score has increased and places us firmly among the top quartile of universities in the country.

**KPI**

**Student satisfaction**

Up to top 30 of sector

Score	Target
86.5%	87%

Overall satisfaction has steadily risen from 86% in 2018 to 86.5% in 2019. Our KPI was set in line with the sector top quartile, which has since fallen, meaning we did achieve that relative aim.

**Closing the attainment gap**

The gap between the proportion of White students achieving First Class or Upper Second degree classifications and BAME students remained steady in 2017/18 at around 18%. The 2018/19 position will be confirmed in Autumn 2019.

We have launched more than 30 pilot initiatives across the University, including the launch of a new website in March providing resources to increase racial literacy and share details of departmental initiatives, CPD with over 300 staff to build understanding of racial and cultural issues and creation of a specialist data dashboard.

The University also made key contributions to a major NUS/UUK report with recommendations for the sector on addressing the degree awarding gap.

**KPI**

**BAME Attainment gap**

Little change

Score	Target
-19%	-15%

No progress made in 2017/18 – with gap standing at 19% pts. Awaiting 2018/19 results to monitor impact of work completed.

**Creating knowledge**

As an applied university, our research and teaching will address real-world challenges which demand innovative thinking and the development of solutions that impact on people’s lives.

By committing to this element of the Strategy we will:

- **build our capacity to exert influence on solving real-world problems by increasing the size and quality of our research**
- **increase the influence we have on the world by applying our knowledge to real-world problems**
- **increase our contribution to creating knowledge by boosting postgraduate research numbers**

We have supported the creation of 25 new research clusters, many cross-faculty or cross-department groups with research interests aligned to one or more core research platforms.

This approach has helped us see a major increase in successful bids and research income.

**KPI**

**Research income**

13% year on year increase

Score	Target
£8.7m <sup>1</sup>	£8.9m

Research income for 2018/19 is £8.7m, following two years of increase from £7.1m in 2016/17.

**Research and innovation bid success**

Large increase in year two

Score	Target
£17.4m	n/a

£17.4m secured this academic year. Significant growth in income from £8.5m in 2017/18 and £8.1m in 2016/17. Growth achieved from a range of funding sources. Not initially set as a KPI, but useful as a more up to date measure than pure income.

**Knowledge transfer**

We continue to work hard to engage with partners around knowledge transfer. Key achievements include two rounds of HEIF Impact Fellowships, deliberately aligned with the strategic investment fund calls; successful delivery of the Grow MedTech project, delivering translational research commercialisation funding to the University.

**KPI**

**KT income**

Increase in year two

Score	Target
£4.1m <sup>2</sup>	£5.8m

Knowledge Transfer income for 2018/19 was £4.1m. This is 29% up on the prior year, and at its highest level for six years. Year one of the KPI saw a dip in performance followed by a strong recovery in 2018/19.

**Leading locally and engaging globally**

We will be a beacon for what a university can do for and with its community. As a creative and constructive partner we will enhance the attractiveness of the University and region for teaching, research and innovation.

By committing to this element of the Strategy we will:

- **extend our influence for good on education in the city region through increased progression from partner schools and colleges**
- **be a model for the ways in which a university can lead economic development by deepening relationships through increased business to business income (including CPD, consultancy, contract research, use of our facilities)**
- **provide a transformational experience for our students through increasing the proportion of students undertaking international placements**

We have continued to develop opportunities for the University to take a greater lead within and on behalf of the region.

<sup>1</sup> The KPI figure for Research differs to the figure quoted in note 5 of the Financial Statements by £0.6m. The KPI was based on an internal management reporting definition. This does not include £0.8m of Knowledge Transfer Partnership income included in the financial statements definition under Research. Additionally, £0.2m of Postgraduate Research funding is counted as Research income for the KPI, but as fee income in the financial statements.

<sup>2</sup> Knowledge Transfer income is included within Other Income, note 6 of the Financial Statements.

**Improving progression and access to education for all**

We continue to be a lead university in apprenticeship delivery and by the end of 2018/19 had enrolled 539 new students on Higher and Degree Apprenticeships (HDA) courses, compared to 271 in the prior year.

**KPI**

**Degree apprenticeships**

Significant growth over 2 years

Score	Target
539	500

New apprenticeship intake for 2018/19 is now at 539; growing from 271 in 2017/18 and 97 in 2016/17.

The South Yorkshire Futures programme has secured £2.52m for the South Yorkshire region. The main activities have been:

- Supporting bidding in the Sheffield City Region to increase government and other investment in the region’s schools
- Providing a platform for bringing educational leaders, policymakers and regulators together to address enduring issues in the region e.g. through South Yorkshire Futures policy forums, Sheffield Education Festival, Talent Bank etc.

**Business and regional engagement**

We have created a new business development service and plan, supporting stronger relationship management focused on identified priority sectors.

We have also sought to support innovation and enterprise:

- Scale Up 360 virtual business incubation project launched, working with new business prospects across the Sheffield City Region, supported entirely by European funds
- Funding secured to continue the Sheffield Innovation Programme, led by Sheffield Hallam, for three further years, enabling us to work with hundreds of local SMEs

**International opportunities**

We have strived to effect long term change in the University’s global footprint through a number of initiatives. These include a major expansion of outward student mobility, addressing historically low participation rates through the Go Global fund. The number of students travelling increased from under 750 to over 1,300 in the first year of investment (2017/18) with only around half of this increase directly attributable to the Go Global bursaries suggesting a catalyst effect of the investment.

**Building a great university**

We will be known for the quality and professionalism of our services, people and facilities.

By committing to this element of the Strategy we will:

- **put our students and clients at the centre of our service design and provisions through monitoring the monitor ratio of professional services to academic staff and improve student to staff ratios**
- **embed our position in the community by ensuring that our workforce reflects the diversity of our community through increasing the proportion of our workforce from BAME backgrounds**
- **make sure that the University is here for the long-term by ensuring sustainability and efficiency through increasing cash flow as a percentage of income**

We have made significant progress this year in building the foundations which allow us to deliver on our overall vision.

**Improving our service for students, staff and others**

This year we have implemented a new operating model for our professional and support services with a view to making them more efficient, more agile and more flexible to the changing needs of the University. New structures and ways of working are now in place for these staff across all parts of the University.

**KPI**

**Academic to Professional Services Staff ratio**

Ratio decreasing

Score	Target
1 to 1.2	to reduce from 1 to 1.3

Number of professional services staff has fallen since October 2018. The ratio has moved from 1 member of academic staff to 1.3 professional services staff to a ratio of 1 to 1.2.

Alongside this, we have begun to deliver on the Hallam Deal for staff, seeking an improved offer against five themes: where you work, working together, the job you do, how you get rewarded and the opportunity for development.

**Inclusivity and diversity**

We have continued to work towards achieving our Equality and Diversity ambitions in 2018/19. We have seen a positive shift in the proportion of our staff who are of BAME backgrounds, adopted a clear approach to equality analysis, improved staff networks and constructed a plan for the achievement of our institutional Athena Swan award.

**KPI**

**Percentage of BAME staff**

Increase of 1.3% points

Score	Target
8.3%	10%

Figure continues to increase, now standing at 8.3%, up from 7.5% 12 months ago and 7.0% at the start of the two years. Relatively low levels of recruitment made target rate of change unachievable.

**Providing an outstanding and sustainable environment**

Work has continued on the Campus Masterplan to ensure a robust University brief for the key phase one new build project.

Implementation of the Technology strategy has supported the Transforming Lives strategy by reducing and containing technical debt, reducing the cost and effort of building a great university and by readying the University for the future through making it easier for technology services to change. This re-focussing of technology delivery has provided the foundational building blocks that will better enable the University to take advantage of opportunities to innovate, create a strong user digital experience and drive further efficiency.

**2019/20 priorities**

In order to make further progress on our KPIs we have agreed the following overarching priorities for 2019/20 priorities, which will cut across all four of our strategic pillars:

- **Deliver long term sustainability**
- **Build quality**
- **Enhance distinctiveness**
- **Extend influence and purpose**

Under **Shaping Futures**, the focus will be on distinctiveness and quality.

Creating the Hallam Model is a top institutional priority, to ensure we have the right offer for students, making it clear why they should come to Sheffield Hallam and what makes us distinctive. The Hallam Model is about how we design our curriculum for students, making sure that all our courses combine academic rigour and real-world engagement with cross-disciplinary and global perspectives. If we are going to make sure our graduates have the edge to succeed in a rapidly changing world, we need to make sure that all of our courses offer high quality applied learning opportunities.

We will also complete a comprehensive review of our portfolio of courses. A portfolio group began meeting in the second half of 2018/19 to consider our future portfolio, considering evidence on external policy drivers, market conditions and current performance to develop a set of recommendations for a future portfolio and how this can be delivered.

We will provide an outstanding teaching and learning experience through building on our excellent NSS results, looking at what more we can do to improve the teaching and learning experience for both staff and students.

A comprehensive plan to increase BAME attainment has been developed, addressing the degree awarding gap and other student lifecycle racial disparity issues incorporating the recommendations from the UUK and NUS 'Mind the Gap' report. This is part of our broader work on the Race Equality Charter over the last 12 months which will be overseen by a cross-university steering group.

It is clear that greater student wellbeing and mental health support is required in challenging times. We already offer excellent support to our students but will strive to do more to make sure that we are meeting the needs of all.

The focus under **Creating knowledge** is also on distinctiveness and quality.

Doubling the value of our successful research bids in 2018/19 has moved us back into a competitive position. We now need to build on that success to continue to grow research income.

Key to this will be an increase in the amount of interdisciplinary work that we are able to do. We will complete the creation of interdisciplinary research institutes to enable success in this area.

Another major priority is to continue to prepare for the 2021 Research Excellence Framework in the final run-up to submission.

Our focus under **Leading Locally and Engaging Globally** will be on distinctiveness, influence and purpose.

Our work with La Trobe University in Melbourne gives us an opportunity to become sector leading by developing a blueprint for a unique strategic partnership. In 2019/20 we will seek to embed this partnership so that as many students and staff as possible are able to benefit.

We will take forward work on the Civic University Agreement, which will follow the Sheffield City Region geography. We already do a great deal through South Yorkshire Futures, but will build further on that over the next 12 months. Consultation with students and staff demonstrates the range of activities and significant impact we have in the city and region. External stakeholder exercises are now underway that will inform a period of prioritisation and development for specific measures aligned to our regional priorities.

We will also seek to shape and influence policy in the sector. In this period of change, there is an emerging emphasis on place, skills, the relationship between Further and Higher Education, ongoing concern about universities and "value for money". We want to have a strong voice in these national debates.

The focus under **Building a Great University** is on distinctiveness, sustainability, and influence and purpose.

We will continue to invest in:

**People** – Through our work on the Hallam Deal and Equality, Diversity and Inclusion. Sub-groups of the Racial Equality Charter steering group will take forward key areas of work, including analysis of staff and student survey results and the implementation of a positive action plan which aims to address the under-representation of BAME staff within our workforce. A review of staff and student processes will also take place in Autumn 2019 which will incorporate the key recommendations from the EHRC inquiry into racial harassment in the HE sector.

**Estate** – Visible progress on our Campus Masterplan will begin to be made in 2019/20, with work on some of our key city-centre sites.

**Technology** – We will continue to progress our Technology strategy, a key piece of work to make us a more digitally enabled organisation.

**Organisational structures** – This year will be key to embed our new professional services structures and also to complete our look at how the academic side of the University is organised.

**Staff surveys** – We have set up task & finish groups against six priority areas that were identified following our staff survey. These groups will report back in Autumn 2019 and work will then be progressed in response.

## Our risk environment

The University regularly reviews its major risks as part of its strategic planning. Our analysis identifies the following major risks:

### Changes in higher education sector funding environment

During this period of political uncertainty, we continue to monitor and assess the funding landscape to ensure we protect our financial sustainability and optimise our educational offer. This has included appropriate modelling and planning following the release of the Review of Post-18 Education and Funding in May 2019. Whilst we await the formal government response to this report, a number of the recommendations would have implications for our funding and functions if implemented.

### UK student recruitment

Full-time undergraduate students are our main source of income. The current demographic dip in the number of 18-year-olds, combined with an increasingly competitive and aggressive market, creates risks to our recruitment income.

However this is a factor that we have built into our long-term plans to ensure that recruitment targets are realistic and that our offer to prospective students remains strong.

### Increasing staff costs

Whilst student fee levels remain broadly static (as a result of the continuing £9,250 fee cap for Home undergraduate students), we are seeing significant increases in staff costs due to rising employer pension contributions. Most notable is the recent increase in the contributions for the Teacher's Pension Scheme, which came into effect in September 2019. Known increases are built into our long-term financial forecasts and we continue to look at further cost efficiencies, delivery models and potential income growth to mitigate the impact of the increasing costs.

### Developing the estate

The first phase of the Campus Masterplan needs to be implemented in an increasingly competitive market and period of associated financial pressures. Investment in new buildings also needs to be balanced against our ongoing requirement for reactive and pre-emptive maintenance.

We need to continue developing an estate that can respond to changes in our business model, as this ensures we do not constrain our ability to recruit and allows us to optimise the use of our investments.

### Developing our technology

Student and staff expectations of a modern working environment need to be developed against the background of both regulatory structures and increasingly sophisticated cyber-attacks.

The University depends on a technology portfolio which is fit for purpose, secure and offers value for money. It requires that where new technologies are available the University should consider taking advantage of these technologies, similarly where technology requires updates or fixes, the University must apply these changes rapidly in order to protect the viability of the technology stack.

Our work under our Technology strategy (see page 41) is our principal mitigation to this risk.

### Student outcomes

We strive for outstanding outcomes for all students and have a clear focus on monitoring and reducing areas of differential attainment throughout the entirety of the student lifecycle, as evidenced by our comprehensive Access and Participation Plan as required by the Office for Students.

Our Teaching Excellence Framework (TEF) rating will be directly impacted by our ability to evidence a student's 'progression to further study or highly skilled employment', one of the TEF Student Outcomes and Learning Gain criteria.

The University's focus on highly skilled employment (see page 37) directly targets improvements against this risk.

### Brexit

We regularly review the outcomes and impacts of Brexit on the University so that we can better inform, guide and support affected staff and students. We plan for business disruption caused by any of the Brexit outcomes to mitigate any risks.

We have defined the key associated risks as follows:

- **Students:** There is uncertainty over the residency/visa requirements of EU students. It is unclear what fee/loan status EU students enrolling from 2020/21 can expect. Erasmus+ access could cease.
- **Staff:** The residency/work rights of EU nationals are unclear and EU nationals entering the UK could be subject to non-EEA rules.
- **Research:** Horizon 2020 access could cease, with potential damage to UK PLC as a research partner of choice and doubts around €100bn of Horizon Europe funding.

- **Regional:** There is uncertainty around the European Structural Investment Fund replacement (the UK Shared Prosperity Fund).
- **Supply chain:** Possible interruption of key supplies, particularly in specialist areas, such as the construction industry, could impact the University, as well as a risk of a significant drop in the exchange rate.
- **Legal:** There are implications for data transfers and GDPR.

We have established a Brexit Group which has met regularly over recent months with all affected areas represented. Mitigation and contingency planning for all risks has been identified, looking at all potential outcomes – no deal, managed deal, delayed deal. We have drawn on sector intelligence and partners to help navigate the issues such as UUK and the Sheffield City Region.

Mitigating actions include:

- **Students:** Seeking new/additional study placements with global partners.  
Covering any loss of Erasmus funding for Language students (where compulsory).
- **Staff:** Establishing an EU staff network as a means of communication between affected staff and the University.  
Supporting staff in applying to the settled status scheme.
- **Research:** Reassuring existing partners of commitment to H2020, registered on Government portal.  
Establishing a strategic bids group, focused on building our research capacity and ambition, with both new and existing funding partners outside the EU.  
Exploring opportunities with EU bodies to facilitate Horizon Europe participation.
- **Regional:** Ongoing lobbying on importance of UK Shared Prosperity Fund – the delayed replacement to European Structural Investment Funds.
- **Supply chain:** Monitoring potential impacts on essential supplies and increased purchasing of products with known supply chain vulnerabilities.  
Supplier behaviour is the main concern – procurement now vetting suppliers on Brexit plans.
- **Legal:** Investigating use of model clauses approved by the EU Commission for the sharing of information.

## Financial strategy and performance

The University has maintained a strong underlying financial performance over the 2018/19 financial year, generating cash of £19.8m (2018: £17.9m), representing 6.9% (2018: 6.5%) of income, and an EBITDA\* of £21.8m (2018: £21.2m). The underlying operating performance of the University was positive, despite a reported deficit for the year.

	2019 £m	2018 £m
<b>Underlying Operating Surplus/(Deficit)</b>	<b>0.9</b>	<b>(3.6)</b>
Pension adjustments	(17.0)	(9.5)
Impairment cost	(1.5)	0.0
(Loss)/surplus on disposal of fixed assets	(1.4)	4.8
<b>Reported Deficit</b>	<b>(19.0)</b>	<b>(8.3)</b>

During the two years that the University has been implementing its Transforming Lives Strategy £19.0m has been spent on strategic initiatives, which will improve the student experience and create a learning environment fit for future generations. During the early years of the strategy the University had forecast to incur operating deficits due to the cost of these strategic initiatives. The strategy implementation will deliver improved financial performance and financial sustainability, leading to improved operating results over the next three to five years. The University continues to model the financial impact of operational scenarios, focussing on cash generation as a key financial measure of sustainability, to ensure that the University maintains sufficient cash to fund operational activities and to invest in the strategy and the estate.

## Cash plus short term investments at the end of the year is £120.5m

Cash and cash equivalents and short term investments at the end of the year are £120.5m, a reduction of only £2.4m on the previous year, despite capital expenditure during the year of £40.5m. This was funded by cash generated from operating activities, coupled with cash proceeds from the sale of fixed assets of £2.5m (2018: £3.4m) and capital grants received of £16.7m (2018: £5.2m).

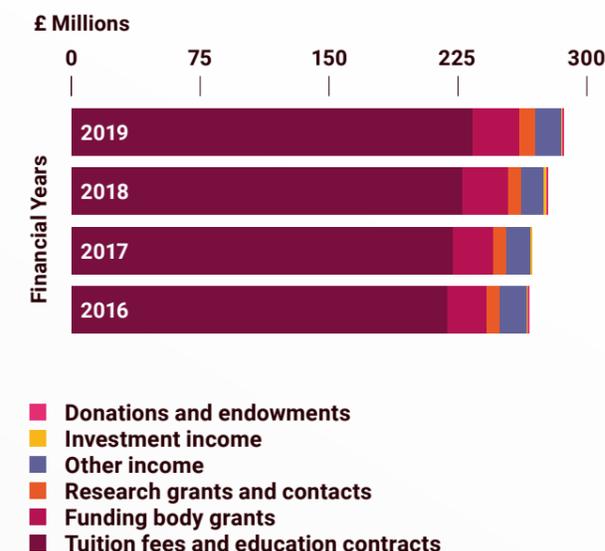
**Net Funds** (cash plus short term deposits less borrowings) are down £2.8m to £56.0m (2018: £58.8m).

The **Statement of Comprehensive Income** is showing a deficit for the year of £19.0m (2018: a deficit of £8.3m) after accounting for non-cash pension adjustments (see note 25).

## Total income has increased by £9.9m to £286.5m; this has been offset by total expenditure increasing by £14.4m to £304.1m

The results for the year have been heavily impacted by the pension schemes that the University participates in. Both the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS) have had detrimental effects on the figures reported; see Expenditure Section for details.

Total income for the year increased by £9.9m to £286.5m (2018: £276.6m)



This is made up of an increase in tuition fee income of £6.0m, funding body grants of £0.9m, research grants and contracts of £0.8m and other income of £1.8m.

Full-time undergraduate home and EU student income has increased by £9.5m, but the bulk of this relates to the move to student loan funding for Health students that is now coming from the Office for Students (OfS) and so is offset by a reduction of £8.8m in income from the Department of Health (DoH). Postgraduate fee income increased by £2.3m due to a rise in the number of students, and there has been a significant increase of £2.3m in apprenticeship income, to £3.6m, as we continue to be one of the leading universities in the delivery of higher degree apprenticeships.

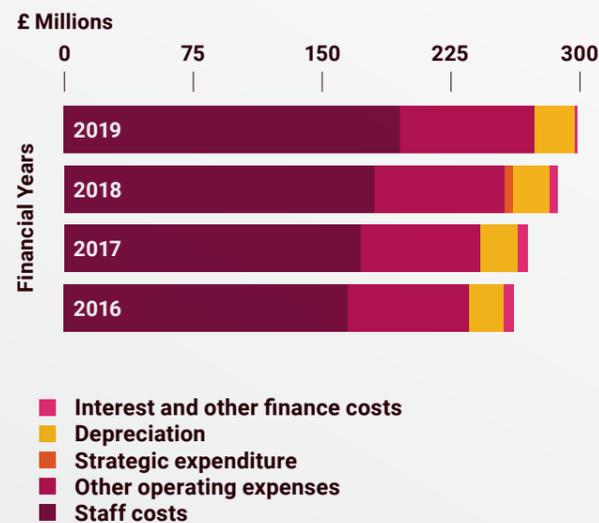
The rise in funding body grant income is primarily due to there being more OfS funded students as a result of the move to loans rather than DoH contract funding.

## Research income has increased for the third year in a row to £9.3m

As part of the strategy delivery the University has committed to growing its research income by focusing on three core areas and submitting a smaller number of higher-value bids. This approach has been successful and research income was up £0.8m to £9.3m, the third year in a row that research income has increased.

The increase in other income comes from a £0.8m rise in consultancy income relating to knowledge transfer projects and a £0.4m rise in income and fees relating to student residences, where we have arrangements in place to manage accommodation on behalf of third parties.

**Total expenditure for the year increased by £14.4m to £304.1m (2018: £289.7m)**



£14.1m of the increase relates to staff costs. Wages and salary costs have increased by £4.6m, in part due to a 1.7% increase in the average number of full time equivalent (FTE) staff and a pay award of 2.0%. Pension costs have increased by £9.7m.

£4.0m of the pension cost increase is due to the accounting adjustment made in relation to the Local Government Pension Scheme (LGPS). Current service costs (calculated as the future service cost to the employer of one year's accrual of pension benefits for active members) for the year reduced by £1.8m compared to 2017/18. However, this was offset by a charge for past service costs (Changes in scheme benefits or augmentation of benefits for active members) of £5.8m, resulting from an adjustment made by the actuaries to account for the potential impact on the scheme of the decision of the Court of Appeal in the Sargeant/McCloud cases (generally referred to as "McCloud"). Further details can be found in note 25.

A further £3.9m of the pension costs increase is due to the Universities Superannuation Scheme (USS) agreeing a new Deficit Recovery Plan, in relation to the 2017 valuation, which was finalised during 2018/19. This reflects the increase in the University's USS pension provision which represents its liability under the deficit recovery plan. Further details can be found in note 24 and 25. Shortly after the year end the 2018 valuation was agreed and a further new Deficit Recovery Plan agreed, details of this can be found in note 33. A provision based on the 2018 recovery plan will form the basis of the provision in the 31 July 2020 financial statements.

The remainder of the increase in pension costs compared to last year is due to an increase in pensionable salary costs and the continuing rise in the level of employer contributions. Increases in employer contributions will impact significantly on the University's financial statements over the coming year or two. In particular Teachers' Pension Scheme (TPS) contributions are set to rise from September 2019 from 16.48% to 23.68% and based on the March 2017 USS valuation, employer contributions will increase from 18% to 24.2% by April 2020 (contribution rates based on the March 2018 valuation are still to be confirmed).

There was a £1.3m increase in depreciation compared to last year. In addition there was an impairment cost of £1.5m, due to the impairment of the Science Park buildings, which are due to be demolished in 2020 to make room for new buildings, as part of phase one of the Campus Masterplan. The remainder is as a result of additions to fixed assets of £43m in the year.

The increase in depreciation is offset by a decrease in other operating expenses of £2.3m.

Operating expenses include strategic spend of £5.1m in the year (2018: £4.8m). Key areas of strategic expenditure relate to IT (£2.0m) and the technology strategy, external professional services (£1.5m) which mainly related to the restructure of professional services across the University, bursaries (£0.4m) for graduate placements and the Go Global initiative. Other areas of strategic expenditure include staff development, research costs and marketing spend.

Excluding strategic expenditure, operating expenses fell by £2.0m year on year. The significant movements relate to a £1.0m increase in IT expenditure, which was on PCs and laptops to upgrade old machines and a £3.3m saving on premises costs. The saving is due to a £1.9m asbestos provision that was set up in 2017/18, but has not been used in the year, the release of a £0.6m dilapidation provision, which was no longer required after the dilapidations bill was settled with the landlord and the release of a decommissioning cost provision, which was no longer required after a building which was previously leased was purchased.

For the year 2018/19 a loss on the disposal of fixed assets of £1.4m was reported. The majority of this related to the disposal of leasehold assets following the termination of a lease for a building that was purchased in the year.

**Capital Expenditure** for the year was £40.5m (2018: £14.7m) and includes key projects such as the Advanced Wellbeing Research Centre, Food Engineering Centre of Excellence, the purchase of Aspect Court (a building previously leased and which houses the provision of our higher degree apprenticeships) and the initial spend on the refurbishment of the atrium at the City campus. The capital expenditure has been funded by internally generated funds, plus capital grants of £16.7m and fixed asset sale cash proceeds of £2.5m.

## The Campus Masterplan will see £220m invested in the estate over the next five years

During 2018/19 work began on the first phase of the Campus Masterplan which will see the University investing around £220m in the estate over the next five years. Surplus generation, particularly in recent years, has allowed the University to build its cash balances, which were £120.5m (including short term investments) at 31 July 2019 (2018: £122.9m). The University will continue to focus on cash generation to fund both operational activities and to invest in the strategy and the estate.

The phasing of the Campus Masterplan is being kept as flexible as possible, in order to ensure that the costs are met by the University's internal cash generation and financing arrangements.

The balance sheet at 31 July 2019 shows overall net assets of £136.7m, a decrease of £81.8m (2018: £218.5m).

## Significant costs arising from pension schemes

This decrease was primarily due to a £75.9m increase in the LGPS pension provision. The LGPS scheme is a defined benefit scheme and as the actuaries are able to identify the University's share of the underlying assets and liabilities these are reflected as accounting adjustments in the financial statements. The LGPS pension provision represents the present value of the future obligations over and above the value of the fund's assets. For the year ended 31 July 2019 there was an actuarial loss on the pension scheme obligations of £62.8m, which resulted from changes in actuarial assumptions. Under FRS102, this loss is recorded as other comprehensive expenditure in the Statement of Comprehensive Income. In addition there were finance costs of £2.6m and service costs in excess of contributions of £10.5m. £5.8m of the service costs relate to the potential effect of the McCloud ruling, see note 25 for further information.

The pension provision figure also includes a provision of £6.1m (2018: £2.2m) relating to the USS scheme, see notes 24 and 25 for more details. The scheme has been undergoing a full actuarial valuation as at March 2018, but as this was only finalised after 31 July 2019, the University has continued to use the Deficit Recovery Plan based on the 2017 valuation as the basis for the provision. The 2018 valuation sets out a new Deficit Recovery Plan, which will result in a step-change (decrease) to the USS provision during 2019/20, see note 33 for more details.

Fixed assets have increased to £321.8m (2018: £304.4m) as result of additions in the year of £42.9m (2018: £15.5m) less depreciation of £22.7m (2018: £21.4m) and an impairment cost of £1.5m (2018: £nil).

Other provisions have decreased to £4.0m (2018: £7.9m). The movement primarily represents the utilisation of a dilapidations provision (£2.3m) made in 2017/18 and the release of the remaining balance (£0.6m), plus the release of a decommissioning provision relating to a leased building which was bought during the year (£0.8m).

The unsecured loan balance was £64.5m (2018: £64.1m). Interest is charged at a fixed rate on £34.8m (2018: £36.0m) and a variable rate on the remaining £29.7m (2018: £28.1m). In order to help fund the Campus Masterplan, the University re-financed during the year. The Barclays term loan with a floating rate of interest was repaid in full in March 2019 (£29m). The fixed rate term loan with Barclays was retained (£35m) and has 18 years of its 23 year term to run.

## A new loan facility was agreed with Santander in March 2019

A new loan facility was agreed with Santander in March 2019 and includes a term loan of £50m, at a variable rate on a 10 year term and a revolving credit facility of £20m to use as and when required. At 31 July 2019, £30m of the loan had been drawn down and it is anticipated that the remaining £20m will be drawn down before the end of the 24 month deferred period. The loan facilities have financial covenants attached and at 31 July 2019 all key financial ratios met covenant requirements.

Given the continuing political and economic uncertainty faced by the higher education sector, detailed work has been carried out to provide assurance in the ability of the University to continue to operate as a going concern by reviewing the following:

- The 2019/20 budget and 2020/21 plan;
- Cash flow forecasts, including monthly cash requirements, taking into account the peaks and troughs due to the timing of the student loan company payments;
- Compliance with covenants under the loan facilities;
- Sensitivity analysis, focusing primarily on covenant compliance and cash requirements – including the impact of student recruitment and increased pension charges;
- Scenario planning based on potential outcomes from the Augar Report and changes to financial assumptions;
- The potential impact of Brexit on the University.

The University has taken a robust approach to assessing its ability to continue as a going concern and has provided assurance to the Board of Governors and senior Committees through its detailed analysis.

## Charitable status and public benefit

Sheffield Hallam University is a Statutory Higher Education Corporation with exempt charitable status in the UK under the Charities Act 1993 (later consolidated in The Charities Act 2011). Our charitable purpose is the advancement of education. We deliver our charitable purpose for the public benefit through our core academic functions of teaching, research and innovation, and through implementing our strategy and mission to transform lives.

Public Benefit is embedded in our strategic aims and objectives as set out in our Transforming Lives strategy and we have a strategic mission to enhance social mobility regionally and nationally.

Our current and future students are the immediate beneficiaries of our learning and teaching activity, through our focus on shaping our students' futures and delivering a practical and applied curriculum. We operate a fair and transparent Admissions Policy to ensure that any suitably qualified candidate can be considered for a place with us. We also offer services to our network of alumni to enable them to thrive after graduation and to succeed in whatever they choose to do.

We have reiterated our commitment to the Sheffield City Region by pledging to put the economy and quality of life in the local community top of our list of priorities. We have committed to produce a Civic University Agreement in partnership with local government and other major institutions, as recommended by the Civic University Commission set up by the UPP Foundation and chaired by our Chair of Governors, Lord Bob Kerslake.

We have an excellent track record of delivering innovative outreach and widening participation programmes to raise aspirations and awareness of the benefits of higher education. This translates into improved rates of progression to higher education, both to our University and elsewhere, amongst students from non-traditional backgrounds.

In 2017/18 we admitted the largest number of students from low-participation neighbourhoods (LPN) in the sector and we have supported more than 5,800 students from LPNs into the University over the last five years. The Social Market Foundation and NEON have both highlighted that we are one of the top performers in the sector for widening participation and we are playing a leading role in progress towards the government's social mobility goal to double the rate of participation in higher education for young students from disadvantaged backgrounds.

We attribute our success to long-term partnerships with almost 200 local schools and colleges, the majority of which are in deprived areas or with no post-16 provision, and the flexible outreach activity which we tailor to the needs of their pupils. Our programme of outreach activity includes:

- Campus tours;
- University taster days;
- Introductions to higher education student life and student finance;
- Subject-specific roadshows, activities and masterclasses;
- Mentoring;
- Interview preparation workshops;
- Drop-in sessions to support student's applications to study with us.

We have maintained a focus on supporting the most vulnerable into higher education, and into our University. Our SHU Progress Scheme provides additional support such as visits to the University, a personal contact throughout the application process, interview preparation sessions and special consideration during the admissions process for pupils facing additional challenges in the year of their application, including disabled students, mature students, pupils from families with low incomes, young carers, care-experienced pupils, pupils estranged from their parents or facing estrangement, and those at risk of homelessness.

We demonstrate our strategic commitment as signatories to the Social Mobility Pledge, the Care Leavers Covenant, the Armed Forces Covenant, the Stand-Alone Pledge for estranged students and the Time to Change pledge on mental health. We are proud to be a Working Families employer, a Disability Confident Leader, a member of the Race Equality Charter and in receipt of Athena Swan bronze status.

We are investing significantly in South Yorkshire Futures, a social mobility partnership that we lead, which has backing from the Department for Education and which is driving long-term improvements in the educational health and aspirations of our region. Through South Yorkshire Futures we have developed a sector-leading infrastructure which supports raising attainment, regional collaboration and improved co-ordination of locally tailored initiatives.

Our partnership with Sheffield Children's University is currently supporting 39,000 young people aged 5-19 and has consistently shown that taking part in voluntary, high-quality extra-curricular learning has a positive impact on aspiration and achievement, particularly for those from more deprived backgrounds. In March 2019 the University hosted the Sheffield Children University Graduation Ceremony. We are leading the development of a South Yorkshire Children's University so that the benefits of the scheme can be extended to reach more learners. In April 2019 Sheffield City Region Mayor Dan Jarvis pledged £95,000 of his Mayoral Capacity Funding to support this work.

Tuition fees for undergraduate students and PGCE students from the UK and the EU are regulated by the government. We currently charge the maximum fee permitted by government. Our fee for 2018/19 was £9,250 for courses including:

- Bachelor's and Integrated Master's Degree;
- Foundation Degree;
- Higher National Certificate (HNC);
- Higher National Diploma (HND);
- Certificate in Higher Education (CertHE)
- Diploma in Higher Education (DipHE).

Fees are pro-rata for part-time students.

The ability to charge fees at this level is subject to annual approval of our Access and Participation Plan by the Director of Fair Access and Participation at the Office for Students. This plan, which we publish on our website, details how we invest a proportion of our higher fee income in measures to support access to higher education, student success, and progression to employment or further study for students from disadvantaged and under-represented groups.

Although we are a fee-charging charity, we aim to ensure that the benefits of higher education are not restricted by the ability to pay fees or living costs during students' time studying with us. In 2018/19 we invested over £9.3 million in cash-in-hand financial support:

- The **Student Success Scholarship** to support students from disadvantaged and under-represented groups, which includes an enhanced support package and a financial award of up to £2,000. 3,564 awards were made in 2018/19 with a total of £2.02 million awarded overall.
- The **Hallam Hardship Fund** which is focused on supporting immediate hardship caused by unexpected life events. Awards are typically up to £1,000. In 2018/19, 361 awards were made with more than £580,000 awarded overall.
- The **Care Leavers Bursary** package guarantees £1,500 of funding per year of study for young students who have been in local authority care prior to coming to Sheffield Hallam University. We also provide support with the cost of graduation for care leaver students.
- **Performance Athlete Support Programme** of up to £6,000 per year plus a support package.
- An **emergency travel fund** for student carers and a discretionary transition fund for estranged students to assist with the costs of starting university.

- From September 2019 we will offer two **Sanctuary Scholarships** to asylum seekers; one for undergraduate and one for postgraduate study.

- **Sandwich placement year fee waiver** to incentivise take-up and extend the positive impact of placement years on students' attainment and progression to highly skilled employment.

- The **Transform Together Scholarships** for international and European Union students who can demonstrate excellent academic achievement. In 2018/19, we awarded £310,000 in scholarships from our international scholarship fund, mainly in the form of 'Transform Together' Scholarships.

Beneficiaries of our research and knowledge exchange activity include the UK government and its agencies, policymakers, public sector organisations, charities, community groups, and regional, national and international businesses, and in turn, their clients and customers, through our focus on creating knowledge that provides practical solutions to real world problems.

We consider that any private benefit arising from our research and knowledge exchange activity is secondary to our principal charitable purpose of the advancement of education. The arrangements for the diversion of any revenue arising from the successful exploitation of our ideas are set out in our Intellectual Property Policy.

A principle of public benefit is that benefits must be balanced against harm or detriment. All our research undergoes ethical scrutiny to ensure that it is conducted to the highest ethical standards and to protect the integrity of this research, as set out in our Research Ethics Policy.

Some of our research includes the participation of volunteers. Our Research Ethics Policy ensures that their needs are always put first and that our researchers do everything possible to fully inform people who have consented to take part. A risk assessment approach is encouraged to safeguard the physical and psychological wellbeing of participants and researchers.

Sheffield Hallam is committed to making our research as widely available as possible and support the principles of open access to make the outputs of publicly funded research available through unrestricted online access. Our Open Access Policy requires all staff to deposit their final research outputs into our institutional online repository, Sheffield Hallam University Research Archive (SHURA), within three months of publication.

Many of our Research Centres and Institutes deliver free seminars and public lectures, providing students, staff and members of the public with the opportunity to engage with cutting edge research. These programmes, along with other social, community and cultural events that we host, are attended by over 5,400 members of the public each year.

Sheffield Hallam University is registered with the Fundraising Regulator and abides by the Fundraising Code of Practice, demonstrating our commitment to ensuring all fundraising practices are legal, open, honest and respectful. Philanthropic donations from alumni, companies and charitable trusts and foundations comprise a growing proportion of our income and supports our charitable work.

Over the past year we have developed several partnerships with major benefactors offering transformational support for our students, staff and research communities:

- Rotherham-based global engineering firm AESSEAL have donated £100,000 to support female engineering students and tackle the gender imbalance in the UK engineering sector. AESSEAL beneficiaries have gone on to become PhD researchers developing safer methods for nuclear waste disposal, to work for leading employers including Megit and National Rail and secured an internationally competitive place at the International Space University in Strasbourg, France.

- Santander Universities, one of the largest corporate donors to higher education globally, have committed £174,500 over a 3-year partnership to support entrepreneurship, internships and global mobility. Through start-up funding for social enterprises, travel bursaries for cultural exchange and funding intern positions with local and regional SME businesses, Santander Universities are supporting our students and graduates to develop the skills and experiences they will need to make a real difference in society as they progress after university.

- Leading global information technology company Wipro Limited partnered with us this year to develop a ground-breaking partnership to address the shortfall and high turnover of STEM teachers in South Yorkshire. The initiative was made possible thanks to a transformative donation of £530,000 over 3 years from Wipro Limited to support newly qualified and mid-career teachers in science, technology, engineering and mathematics (STEM) through the 'Wipro Teacher Fellowship' and 'Wipro Teacher Mentor' programmes at the Sheffield Institute of Education.

## Charitable status and public benefit

Regular gifts from our alumni and staff primarily contribute to the Hallam Fund which provides support to our student and research community so that they can overcome barriers, access the best opportunities and take on some of the toughest challenges facing society today through three priority areas:

- support for students from disadvantaged backgrounds, such as Care Leavers;
- opportunity bursaries which ensure that all students can access enhancing and inspiring career opportunities regardless of their background and financial situation;
- transformational research grants to help fund early stage and proof of concept research to tackle real-life challenges.

Through the Hallam Fund, the University is aiming to raise £250,000 over five years through regular donations from regular donations from alumni and single gifts. We are delighted to report that:

- 519 donors have supported the Hallam Fund campaign since it launched in 2016.
- £190,075 awarded to projects to support students and research across the University since the Hallam Fund launched in 2016, with £79,166 awarded to projects in 2018/19.
- 432 students have benefitted from direct financial support funded through regular donations and major gifts since 2016 with 227 students benefiting from direct financial support in 2018/19.

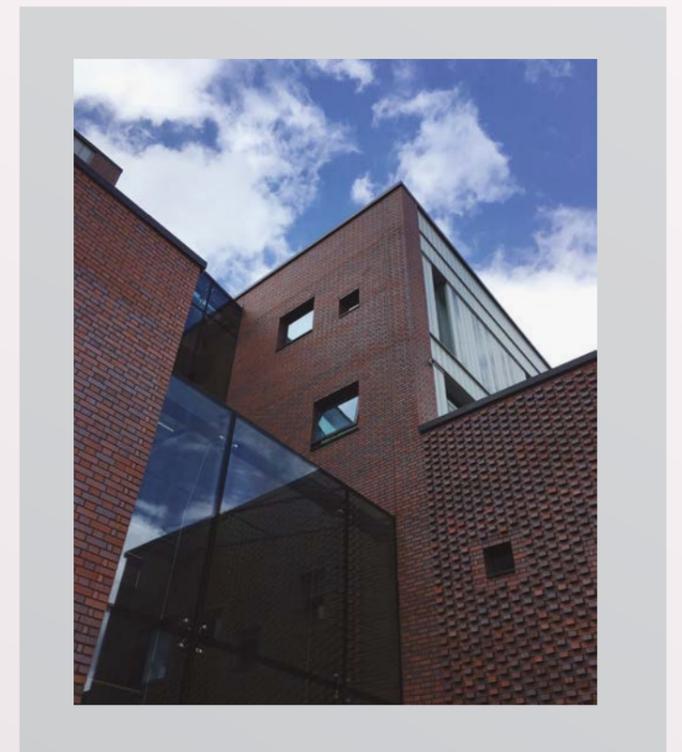
Schemes that have been funded with the support of the Hallam Fund include:

- new research into infection-preventing gel which has the potential to half the growing number of patients contracting infections from standard hospital procedures around the world.
- brand new social justice research measuring the impact of the probation service in the UK and its ability to reduce offences with some of the most prolific offenders.

Donations to the Hallam Fund have continued to support our award-winning transition fund for estranged students, offering help to those with no family networks to succeed at university, and our growing careers mentoring programme, providing students from disadvantaged and under-represented backgrounds with access to career-changing opportunities to help develop their skills, confidence and networks.

### **The Trade Union (Facility Time Publication Requirements) Regulations 2017**

The University recognises UNISON, GMB, UNITE and UCU for the purposes of collective bargaining. The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the University to publish information on Trade Union facility time. The University has published its report on Trade Union facility time for the period 1 April 2018 to 31 March 2019. 71 employees (63.55 FTE) were Trade Union officials in the reporting period. The total cost of Trade Union facility time was £209,401.82, or 0.12% of the University's total pay bill.



## Constitution and powers

Sheffield Hallam University is a Higher Education Corporation (HEC) as defined under the Education Reform Act 1988. The powers of the HEC are defined in Section 124 of the 1988 Act as amended by the Further and Higher Education (FHE) Act 1992, and are currently subject to any relevant regulations, orders or directions made by our primary regulator, the Office for Students (OfS). These powers include the power to provide higher and further education and to carry out research and to publish the results of such research.

The University has exempt charitable status as defined under the Charity Act 1993 and by virtue of its incorporation under the 1988 Act. As an exempt charity the University is regulated by the OfS by virtue of the Charities Act 2006 (consolidated into the Charities Act 2011). The University's charitable purpose is the advancement of education.

## Public benefit

The Board of Governors has had due regard to the guidance on public benefit published by the Charity Commission. Further information on how the University delivers its charitable objectives for the public benefit can be found on pages 52 to 56.

## Our approach to corporate governance

We are committed to best practice in all aspects of corporate governance. We aim to conduct our business in accordance with the principles identified in the Committee on Standards in Public Life (Nolan Committee) and the Committee of University Chairs (CUC) Higher Education Code of Governance (the Code).

The Board of Governors commissioned an independent review of its effectiveness in 2015/16 in line with the Code's recommendation that reviews take place every four years. Following a report to the Board in July 2017 that the implementation of the resulting action plan was broadly complete, further work on the following actions continued in 2018/19:

- to review the Instrument and Articles of Government in the context of guidance on the regulation and funding of higher education providers following the Higher Education and Research Act 2017. This review is based

on the University's experience of applying the Articles since 1992 and the objective is to remove ambiguity to ensure clarity of responsibilities and operation. The review is being progressed with a view to submitting amended constitutional documents to the Office for Students which took responsibility for approving such documents from the Privy Council from 1 August 2019.

- to promote the external facing role of the Board through the use of governors as ambassadors. Developments have included a key messages briefing which will be issued to all members of the Board in autumn 2019 and annually thereafter. The support provided for governors in their ambassadorial roles will be reviewed and refreshed regularly to ensure it continues to meet needs.

The Board of Governors is committed to continuous monitoring of its performance. Discussion of the Annual Reports of the Board of Governors and its committees gives the Board an opportunity to reflect on its practice and recommend improvements. Information is presented to the first meeting of the Board in each academic year to ensure that members of the Board understand their responsibilities, the processes through which the Board will operate, and how the Board's authority is delegated to senior officers and/or committees within the institution. This information includes:

- i) Statement of Primary Responsibilities, as derived from the Instrument and Articles of Government;
- ii) the Standing Orders of the Board;
- iii) the Scheme of Delegations.

Information about the operation of the Board is publicly accessible on the University's website and includes the agendas and confirmed minutes of the Board's meetings.

In line with the Code, the next review of effectiveness will begin in 2020/21.

The Board of Governors has responsibility for maintaining a sound system of internal control that supports the achievement of its objectives, whilst safeguarding the public and other funds and assets for which it is responsible. Such a system is designed to manage rather than eliminate the risk of failure to achieve objectives.

## Internal control

Our review of the effectiveness of internal control is informed by the work of internal audit, which operates to standards set out in the Code of Ethics and International Standards (March 2004) of the Institute of Internal Auditors (IIA) and that organisation's position statement on the role of internal audit in enterprise-wide risk management (September 2004).

The review of the effectiveness of internal control is also informed by:

- the work of executive managers within the University, who have responsibility for the development and maintenance of the internal control framework and for managing risk using a risk-based approach and;
- comments made by the internal and external auditors in internal audit's annual opinion, external audit's findings and other reports.

Our systems of internal control are based on an ongoing process designed to identify the principal risks, to evaluate the nature and extent of those risks, and to manage them effectively and economically. The University's risk management process encompasses all types of risk including business, operational, compliance and financial risk. The Board of Governors is of the view that there is a process for identifying, evaluating and managing the University's significant risks that has been in place for the year ended 31 July 2019 and up to the date of approval of the Financial Statements; that it is regularly reviewed by the Board of Governors; and that it accords with the Office for Students' guidance.

The following mechanisms are in place to support the University's overall system of internal control:

- the Audit and Risk Committee receives regular reports on how the University's corporate risks are being managed along with updates from managers on actions they are taking to control risks in their areas of responsibility to ensure that risk management processes are embedded and effective.
- the Audit and Risk Committee receives reports from internal audit, which include an independent opinion on the adequacy and effectiveness of the University's system of internal control, together with any recommendations for improvement.

- the Board of Governors receives reports from the chair of the Audit and Risk Committee concerning internal control and risk management and requires regular reports from managers on steps they are taking to manage risks to delivery of objectives in their areas of responsibility including progress reports on key strategies and initiatives.

In addition, the following tools are in place to manage risk across the University:

- a risk management policy and process which identifies risks to the University's strategy from the strategic to the operational level.
- a risk rating system to ensure that the likelihood and impact of each risk is analysed.
- a reporting system which ensures risks are published and reviewed throughout the organisation and presented in a standardised format to the University Leadership Team, Audit and Risk Committee, and Board of Governors.

During 2018/19 the University has worked to develop an assurance map to allow it to better identify how its management and governance of risk overlays its strategic objectives, institutional processes and controls and the on-going conditions of registration with the OfS. This will help ensure that the University understands and monitors the adequacy and effectiveness of arrangements for the oversight of compliance with the OfS's on-going conditions of registration.

The University's external and internal audit services have a key role in helping the University to identify and address weaknesses in relation to its control environment. The internal auditors provide an opinion annually on the adequacy and effectiveness of the organisation's framework of risk management, control and governance and on arrangements in place to promote economy, efficiency and effectiveness.

The Board is of the view that there are no significant internal control weaknesses or failures that have arisen during the financial year ended 31 July 2019 and up to the date of approval of the Financial Statements.

Assurance concerning the use of public funds is provided through the work of the external auditors. Further details of the external auditors remit and opinion can be found in the independent auditor's report to the governing body on pages 72 to 74.

### Remuneration

The University has had regard to the Committee of University Chairs' Higher Education Senior Staff Remuneration Code, published in June 2018, and in particular the Board resolved to adopt the Code at its meeting in July 2018. Further work, led by the Remuneration Committee, has taken place to ensure that the Code is implemented. Further details concerning the work of the Committee can be found in the Remuneration Committee Report on pages 66 to 69.

The following are set out in note x of the financial statements:

- the number of staff with a basic salary of over £100,000 per annum broken down into bands of £5,000;
- full details of the total remuneration package of the Vice-Chancellor;
- the relationship between the head of provider's remuneration and that for all other employees, expressed as a pay multiple.



# Summary of the University's structure of corporate governance

## Board of Governors

The University's Board of Governors comprises lay, staff and student members appointed under the Instrument of Government of the University. The roles of chair and deputy chair of the Board of Governors are separate from the role of the Vice-Chancellor. Members during 2018/19 were:

**Andrew Adegbola**  
(student nominee July 2019 – June 2020)

**Professor Jeff Bale**

**David Bradley**

**Dan Bye**  
(staff nominee)

**Karen Finlayson**

**Professor Sir Chris Husbands**  
(Vice-Chancellor)

**Dr Peter Jones**  
(staff nominee)

**Christopher Kenny**

**Lord Kerslake**  
(Chair)

**Professor Christopher Kinsella**

**Neil MacDonald**

**Dr Julie Morrissy**

**Sheriff Muhammed**  
(student nominee July 2019 - June 2020)

**Meg Munn**  
(Deputy Chair of the Board)

**Nabeela Mowlana**  
(student nominee July 2018 – June 2019)

**Abdullah Okud**  
(student nominee July 2018 – June 2019)

**Julietta Patnick**

**Kevin Taylor**  
(staff nominee)

**Penny Thompson**

**Dr Stephen Timothy**

**Professor Paul Wiles**

Joanna Allen, Elaine Buckley and Karen Grainger were appointed to the Board of Governors from 1 August 2019 and were members of the Board on the date on which the Annual Report and Financial Statements were approved.

The matters specifically referred to the Board of Governors for decision are set out in the Articles of Government of the University, and the Board meets six times a year for this purpose. In addition, discussions are held on the strategic development of the University via separate events.

By custom and under the OfS' terms and conditions of funding for higher education institutions, the Board of Governors has responsibilities for the ongoing strategic direction of the University, approval of major developments, and the receipt of regular reports from executive officers on the day-to-day operations of its business and its subsidiary companies.

The implications of strategy and how to improve student engagement are considered via a University/Students' Union partnership group, Engage. The President of the Students' Union is a member of the Board ex officio, and reports to each meeting on student matters.

New governors participate in an induction programme, including finance training. All members of the Board are offered opportunities to develop their knowledge of the University and aspects of their responsibilities as a governor. An update and development day in January 2019 covered the external policy environment, the University's planning and on-going change projects, the financial impact of pensions on the University and the role of governors as charity trustees. In addition to a planned programme of governors' visits to faculties in which the work of the faculties is showcased, a programme of talks by external speakers to the Board has continued and there have been tours of the University's clearing operations.

The Board of Governors operates with a committee structure comprising:

- **Finance and Employment Committee**
- **Remuneration Committee**
- **Nominations Committee**
- **Audit and Risk Committee**
- **Academic Assurance Committee**

All of these committees are formally constituted with terms of reference, and comprise mainly lay members of the Board of Governors, one of whom is designated to chair meetings.

The Vice-Chancellor and Clerk to the Board of Governors held regular meetings with the Board officers (chair and deputy chair of the Board and the chair of each of its subcommittees) throughout the year in order to co-ordinate effectively the business of the Board and to brief Board officers on key developments between Board/Committee meetings.

## Finance and Employment Committee

The Finance and Employment Committee monitors progress in respect of the strategic development of the University in the areas of finance, estate and capital programmes, and human resource and employment matters on behalf of the Board of Governors. The Committee considers, and from time to time reviews, the University's Financial, Estates and Human Resources plans and monitors the implementation of these plans.

The Committee also approves the policy framework and associated regulations for, the investment of surplus funds and borrowing requirements; tenders, quotations and contracts for items of expenditure above the limits stated in the University's Financial Regulations; the write-off of irrecoverable debts; insurance arrangements; arrangements for the execution of estate, building and other capital programmes within the strategic framework and annual capital budgets approved by the Board; and major agreements entered into with Trades Unions.

It recommends to the Board of Governors financial policies within the strategic framework approved by the Board; financial regulations; the sale or acquisition of property or land within the strategic framework approved by the Board above the limits stated in the University's Financial Regulations; estate, building and other capital programmes within the strategic framework approved by the Board; annual revenue and capital budgets and longer term projections; and employment policies within the strategic framework approved by the Board.

The Committee also recommends the annual financial statements to the Board of Governors following consideration of those matters which are of primary concern to the Committee. Matters of primary concern to the Committee include accounting principles and their application, the annual financial statements' accuracy as an accounting record and statement of the University's financial performance, management's critical accounting judgements and estimates, and necessary disclosures, as well as the implementation of the financial plan.

The Committee assists the Board of Governors to discharge its responsibilities under s22(2)(g) of the Education Act 1994 by considering the Students' Union grant and budget for recommendation to the Board and receiving reports from the Chief Finance and Planning Officer on the monitoring of the Students' Union's performance against its budget.

#### **Remuneration Committee**

This Committee has responsibility for determining salaries and conditions of service for Board appointments and University Leadership Team members. More generally, it advises the Vice-Chancellor on the salaries and conditions of service of senior managers. Further details can be found in the Remuneration Committee Report on pages 66 to 69.

#### **Nominations Committee**

The Nominations Committee considers filling vacancies in the Board of Governors' membership under the University's Instrument of Government, as well as membership of the Board's committees.

#### **Audit and Risk Committee**

The Audit and Risk Committee meets four times each year, with the external and internal auditors in attendance. The Committee considers detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's response and implementation plans. It oversees the University's risk management process on behalf of the Board of Governors. It also receives and considers reports from the Office for Students as they affect the University's corporate governance and assurance processes and monitors adherence with the regulatory requirements. It reviews the University's annual financial statements including the external auditor's formal opinion, the statement of members' responsibilities and the corporate governance statement.

Whilst senior executives attend meetings of the Audit and Risk Committee as necessary, they are not members of the Committee. The Committee has the formal opportunity at one meeting each year to meet with (i) the auditors in private without University management (ii) University management in private without the auditors. These meetings enable any issues and concerns to be raised privately. In addition, the auditors and/or management may raise urgent matters at any time via the Committee chair.

Based on the information presented to the Committee it assesses the adequacy and effectiveness of the systems that are in place at the University for:

- risk management, control and governance;
- economy, efficiency and effectiveness; and
- the arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the Student Loan Company, the Office for Students, Research England and other funding bodies.
- oversees the institution's policies on fraud and irregularity and public interest disclosure.

#### **Academic Assurance Committee**

The role of the Academic Assurance Committee is to provide independent assurance to the Board as to the quality and standards of the University's taught and research degree provision. It fulfils this role through consideration of key metrics and qualitative data on the academic health of the University, consideration of any significant change to the University's academic activities and scrutiny of annual reports on quality and standards matters, including the Annual Quality Review Report and Student Voice Report.

# Annual Report on Senior Remuneration for the year 2018/19

## Introduction

The disclosures on Senior Remuneration levels at Sheffield Hallam University, as required by the Office for Students' Accounts Direction, are provided in note 9 of the financial statements.

The following Report provides details of the policy and processes in place to set and monitor the levels of Senior Remuneration within the University.

## Terms of Reference

Acting on behalf of the Board of Governors and within the employment framework recommended by the Finance and Employment Committee, the Committee has the following responsibilities:

- To determine the salaries and conditions of service of Board appointments.
- To advise the Vice-Chancellor on salaries and conditions of service of key senior staff (specifically those holding the most senior management positions, currently members of the University Leadership Team).
- To consider and approve the University's policy and/or approach to the reward of senior staff extending to all Senior Staff grade employees.
- To consider the appropriateness of severance arrangements with respect to individual cases and other issues as they arise, and make recommendations to the Board for approval on those arrangements, in line with the regulators' accounts direction.
- To discharge its responsibilities in line with the Committee of University Chair's (CUC) Higher Education Senior Staff Remuneration Code, ensuring that the University's approach to senior remuneration provides for:
  - fair, appropriate and justifiable levels of remuneration;
  - procedural fairness, and
  - transparency and accountability.

The Committee will produce an annual report on its work for approval by the Board and for publication in the financial statements.

In line with the Articles of Government (Article 5.1) the Committee is authorised to make recommendations for changes to its terms of reference to the Board of Governors for approval.

## Membership of the Remuneration Committee

At the start of the 2018/19 academic year the membership of the Committee was as follows:

- Meg Munn, Chair, Deputy Chair of the Board of Governors
- Professor Christopher Kinsella, External Member of the Board and Chair of the Audit and Risk Committee
- Lord Kerslake, Chair of the Board of Governors
- Neil MacDonald, External Member of the Board and Chair of the Finance and Employment Committee

A search was underway for an additional independent co-opted member of the Committee. Someone with experience of the oversight of, or setting of, senior remuneration.

## Approach to Remuneration

### Context

The UK has a world-leading higher education sector, widely recognised for its quality in teaching, research and its capacity to innovate. As independent and autonomous bodies, higher education institutions such as Sheffield Hallam University operate in a highly competitive market for staff, students, research funding and investment.

The leaders of higher education institutions are responsible for large and complex institutions with diverse missions and which operate in a range of differing markets. The decisions they take affect the financial performance of those institutions, which in many cases employ thousands of people and are critical to the health of the regional communities and economies in which they are located.

Only a proportion of the sector's total funding comes from access to core public funding, meaning that Vice-Chancellors and their senior teams act entrepreneurially to ensure that their institutions raise significant revenue, while nurturing their key missions of teaching, research and knowledge exchange. The UK's higher education institutions must also do this successfully in an intensely competitive international context.

The University's core purpose is the advancement of education, which involves sustaining and promoting teaching, learning and original research. Through the support of its regulator, the Office for Students (OfS), the University receives significant levels of public funding to deliver its core purpose, and therefore must demonstrate appropriate levels of accountability and transparency in its operations and the application of those funds.

## Principles underpinning senior remuneration for members of the University Leadership Team and Board Appointments

- All variable reward (bonuses and remuneration increases) should be linked to University and individual performance, and awarded to recognise performance consistent with institutional objectives.
- Levels of remuneration should be sufficiently flexible to attract, retain and motivate senior post holders of the quality required to lead within the University.
- Remuneration will be appropriate to performance level and may include a one off (non-consolidated) bonus element in recognition of performance at the highest level.
- Objectives for the Vice-Chancellor, aligned to the University strategy, will be agreed by the Chair of the Board of Governors. A summary of the annual Review of Performance against those objectives will be provided to the Remuneration Committee.

**Criteria used to assess performance and/  
or contribution, and Sources of data on  
performance / contribution**

The following criteria is used to objectively measure and set an appropriate level of reward for the Vice-Chancellor:

- The annual review of the performance of the Vice-Chancellor undertaken by the Chair of the Board of Governors
- The KPIs set by the Board as monitored via the Performance report, and
- The delivery of targets in respect key external measures e.g. Teaching Excellence Framework (TEF), Research Excellence Framework (REF), National Student Survey (NSS), Destination of Leavers of Higher Education (DLHE) Survey etc.

**Approach to senior pay and performance**

The base pay for each member of senior staff reflects the level of responsibility that their role carries and the knowledge, skills and experience it requires. The University uses the HAY job evaluation scheme for all senior staff posts, which is a systematic approach to determining the relative internal value of senior roles. Salary ranges exist for HAY scores within a similar range to enable the University to pay equitably for roles of a similar size.

**Performance-related pay**

In addition, senior staff who demonstrate they are exceeding expectations in their role are usually eligible for a non-consolidated bonus payment. The parameters for bonus payments are reviewed each year to take into account the current financial climate. This approach ensures that reward is focused on the highest performers. However, for 2018-19, the University Leadership Team have reflected on the wider financial context and decided to suspend this element of the scheme.

**Benchmarking performance against  
comparator institutions and roles**

The benchmarking of the salary for the Vice-Chancellor was undertaken on appointment and is conducted on a routine basis thereafter. For all those appointments made by the Board and within the University Leadership Team, the level is set with reference to the UCEA Senior Staff Remuneration Survey.

**Institutional Performance**

In overall terms, on the basis of the reports it has received, the Remuneration Committee recognised that the Leadership Team and Board appointments were making a significant contribution. The University's performance had improved, in line with strategic expectations, and in particular, the Vice-Chancellor had maintained and further developed his profile within the region and nationally, in respect of his appointments with the Teaching Excellence Framework, Higher Education Statistics Agency, Universities UK Board and the Quality Assurance Committee which sits under the aegis of the University Grants Committee Hong Kong.

However, acknowledging the tighter financial constraints on the University, and the high profile of issues and ongoing public concern in relation to senior pay, the University had not brought forward any recommendations for performance awards over the 2018/19 year.

**Retention of income generated  
from external bodies**

Where work is undertaken independently of the University, appropriately declared and approved by line managers, then such income may be retained by the staff member concerned.

**Retained income from external bodies**

There are no instances where University Leadership Team members or those appointed by Board have retained income from third parties over this period.

**Expenses Policy**

Following internal work in relation to the publication of the expenses incurred by Senior Team members (currently routinely published within the University's Publication Scheme) and on an associated travel policy, the University is introducing greater transparency around the expenses received by Senior Leaders. This information will be published on the website within the section that profiles members of the Senior Team.

## Responsibilities of the University's Board of Governors

In accordance with the Education Reform Act 1988 and the articles of government, the Board of Governors is responsible for the administration and management of the affairs of the University and its subsidiary companies (group) and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Group and enable it to ensure that the financial statements are prepared in accordance with the University's Articles of Government, the Statement of Recommended Practice on Accounting Further and Higher Education and other relevant accounting standards.

The Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the surplus or deficit and cash flows for that year. In preparing the financial statements, the Board of Governors has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements: and
- it is appropriate for the financial statements to be prepared on the going concern basis.

The Board of Governors has taken reasonable steps to:

- ensure that funds from the OfS, UK Research and innovations (including Research England), Education and Skills Funding Agency and the Department for Education, grants and income for specific purposes, and from other restricted funds administered by Sheffield Hallam University have been applied only for the purposes for which they were received and in accordance with the relevant terms and conditions and/or funding agreements and any other conditions attached to them;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the Group and prevent and detect fraud and other irregularities; and
- secure the economical, efficient and effective management of the Group's resources and expenditure.

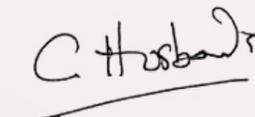
In so far as the Board of Governors is aware:

- there is no relevant audit information of which the auditor is unaware; and
- the Board of Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Annual Report on pages 3 to 75 was approved by the Board of Governors on 26 November 2019.



**Rt Hon The Lord Kerlake,**  
Chair of the Board of Governors



**Professor Sir Chris Husbands,**  
Vice-Chancellor

# Independent auditor's report to the Governing Body of Sheffield Hallam University

## Opinion

We have audited the financial statements of Sheffield Hallam University (the 'parent university') and its subsidiaries (the 'group') for the year ended 31 July 2019, which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheet, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent university's affairs as at 31 July 2019 and of the group's and parent university's income and expenditure, gains and losses, changes in reserves and group's cash flows for the year then ended; and

## Basis for opinion

We have been appointed as auditor under the Education Reform Act 1988 and report in accordance with regulations made under those Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governing body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governing body have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent university's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The Governing Body are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinion on other matters prescribed by the Office for Student's ('OfS') Terms and conditions of funding for higher education institutions (issued March 2018) and the OfS's accounts direction (issued June 2018)

In our opinion, in all material respects:

- funds from whatever source administered by the parent university for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS and Research England have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them, and
- the requirements of the OfS's accounts direction (issued June 2018) have been met.

## Responsibilities of Governing Body for the financial statements

Statement of responsibilities of the Governing Body set out on pages 70 to 71, the Governing Body is responsible for the preparation of the financial statements and for being satisfied they give a true and fair view, and for such internal control as the Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Body are responsible for assessing the group's and the parent university's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Governing Body either intend to liquidate the group or the parent university or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the  
audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Use of our report**

This report is made solely to the University's Governing Body, as a body, in accordance with paragraph 3.1 of the University's articles of government. Our audit work has been undertaken so that we might state to the University's Governing Body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University's Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

*Grant Thornton UK LLP*

**Grant Thornton UK LLP**  
Statutory Auditor, Chartered Accountants  
Sheffield  
28th November 2019



# Financial Statements for the year ended 31 July 2019

## Consolidated and University Statement of Comprehensive Income for the year ended 31 July 2019

	Note	Consolidated		University	
		2019 £000	2018 £000	2019 £000	2018 £000
<b>Income</b>					
Tuition fees and education contracts	3	233,747	227,710	233,747	227,704
Funding body grants	4	27,166	26,222	27,166	26,222
Research grants and contracts	5	9,333	8,515	9,068	8,311
Other income	6	14,938	13,164	10,878	9,962
Investment income	7	1,014	772	1,014	772
Donations and endowments	8	346	271	346	271
<b>Total income</b>		<b>286,544</b>	276,654	<b>282,219</b>	273,242
(excludes share of joint venture £7.9m, 2018: £4.6m)					
<b>Expenditure</b>					
Staff Costs	9	(196,730)	(182,610)	(194,243)	(180,319)
Other operating expenses	10	(78,079)	(80,356)	(76,241)	(79,174)
Depreciation and impairment	13/14	(24,150)	(21,361)	(24,147)	(21,358)
Interest and other finance costs	11	(5,189)	(5,423)	(5,189)	(5,423)
<b>Total expenditure</b>	12	<b>(304,148)</b>	(289,750)	<b>(299,820)</b>	(286,274)
<b>Deficit before other gains, losses and share of operating surplus of joint ventures and associates</b>					
		(17,604)	(13,096)	(17,601)	(13,032)
(Loss)/surplus on disposal of fixed assets					
		(1,358)	4,762	(1,358)	4,762
Share of operating surplus in joint venture					
	16	-	-	-	-
<b>Deficit before tax</b>		<b>(18,962)</b>	(8,334)	<b>(18,959)</b>	(8,270)
Taxation					
		-	-	-	-
<b>Deficit for the year</b>		<b>(18,962)</b>	(8,334)	<b>(18,959)</b>	(8,270)
<b>Other Comprehensive (Expenditure)/Income</b>					
Actuarial (loss)/ gain in respect of pension scheme					
	25	(62,806)	44,580	(62,806)	44,580
<b>Total comprehensive (Expenditure) /Income for the year</b>		<b>(81,768)</b>	36,246	<b>(81,765)</b>	36,310
Represented by:					
Endowment comprehensive income/ (expenditure) for the year					
	26	1	(5)	1	(5)
Restricted comprehensive expenditure for the year					
	27	(9)	(1)	(9)	(1)
Unrestricted comprehensive (expenditure)/ income for the year					
		(81,760)	36,252	(81,757)	36,316
		<b>(81,768)</b>	36,246	<b>(81,765)</b>	36,310

All items of income and expenditure relate to continuing activities.  
The accompanying notes and policies form part of these Financial Statements.

**Consolidated Statement of Changes in Reserves  
for the year ended 31 July 2019**

	Income and expenditure reserve			Total £000
	Endowment reserve £000	Restricted reserve £000	Unrestricted reserve £000	
<b>Balance as at 1 August 2017</b>	37	30	182,160	182,227
Deficit for the year	-	-	(8,334)	(8,334)
Other comprehensive income	-	-	44,580	44,580
Release of restricted funds spent in year	(5)	(1)	6	-
New restricted funds in year	-	-	-	-
Total comprehensive income/ (expenditure) for the year	(5)	(1)	36,252	36,246
<b>Balance as at 1 August 2018</b>	32	29	218,412	218,473
Deficit for the year	-	-	(18,962)	(18,962)
Other comprehensive expenditure	-	-	(62,806)	(62,806)
Release of restricted funds spent in year	(6)	(9)	15	-
New restricted funds in year	7	-	(7)	-
Total comprehensive income/(expenditure) for the year	1	(9)	(81,760)	(81,768)
<b>Balance as at 31 July 2019</b>	<b>33</b>	<b>20</b>	<b>136,652</b>	<b>136,705</b>

**University Statement of Changes in Reserves  
for the year ended 31 July 2019**

	Income and expenditure reserve			Total £000
	Endowment reserve £000	Restricted reserve £000	Unrestricted reserve £000	
<b>Balance as at 1 August 2017</b>	37	30	182,094	182,161
Deficit for the year	-	-	(8,270)	(8,270)
Other comprehensive income	-	-	44,580	44,580
Release of restricted funds spent in year	(5)	(1)	6	-
New restricted funds in year	-	-	-	-
Total comprehensive income/ (expenditure) for the year	(5)	(1)	36,316	36,310
<b>Balance as at 1 August 2018</b>	32	29	218,410	218,471
Deficit for the year	-	-	(18,959)	(18,959)
Other comprehensive expenditure	-	-	(62,806)	(62,806)
Release of restricted funds spent in year	(6)	(9)	15	-
New restricted funds in year	7	-	(7)	-
Total comprehensive income/(expenditure) for the year	1	(9)	(81,757)	(81,765)
<b>Balance as at 31 July 2019</b>	<b>33</b>	<b>20</b>	<b>136,653</b>	<b>136,706</b>

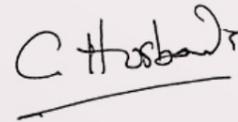
**Consolidated and University Balance Sheet  
for the year ended 31 July 2019**

	Note	Consolidated		University	
		2019 £000	2018 £000	2019 £000	2018 £000
<b>Non-current assets</b>					
Fixed assets	13,14	321,826	304,440	321,818	304,429
Investments	15	42	42	45	42
Investment in joint venture	16	-	-	-	-
		<b>321,868</b>	304,482	<b>321,863</b>	304,471
<b>Current assets</b>					
Stock	17	113	113	75	84
Trade and other receivables	18	20,670	23,509	19,863	22,941
Investments	19	30,000	64,956	30,000	64,956
Cash and cash equivalents		90,503	57,971	90,391	57,886
		<b>141,286</b>	146,549	<b>140,329</b>	145,867
Less: Creditors: amounts falling due within one year	20	(50,303)	(47,277)	(49,340)	(46,586)
<b>Net current assets</b>		<b>90,983</b>	99,272	<b>90,989</b>	99,281
<b>Total assets less current liabilities</b>		<b>412,851</b>	403,754	<b>412,852</b>	403,752
Creditors: amounts falling due after more than one year	21	(102,022)	(87,098)	(102,022)	(87,098)
<b>Provisions</b>					
Pension provisions	24	(170,117)	(90,277)	(170,117)	(90,277)
Other provisions	24	(4,007)	(7,906)	(4,007)	(7,906)
<b>Total net assets</b>		<b>136,705</b>	218,473	<b>136,706</b>	218,471
<b>Restricted reserves</b>					
Income and expenditure reserve – endowment reserve	26	33	32	33	32
Income and expenditure reserve - restricted reserve	27	20	29	20	29
<b>Unrestricted reserves</b>					
Income and expenditure reserve – unrestricted		136,652	218,412	136,653	218,410
<b>Total Reserves</b>		<b>136,705</b>	218,473	<b>136,706</b>	218,471

The accompanying notes and policies form part of these Financial Statements. The Financial Statements on pages 76 to 122 were approved on behalf of the Board of Governors on 26 November 2019.



RT Hon The Lord Kerslake,  
Chair of the Board of Governors



Professor Sir Chris Husbards,  
Vice-Chancellor

**Consolidated Statement of Cash Flows  
for the year ended 31 July 2019**

	Note	2019 £000	2018 £000
<b>Cash flow from operating activities</b>			
Deficit for the year		(18,962)	(8,334)
<b>Adjustment for non-cash items:</b>			
Depreciation and impairment	13	24,150	21,361
Loss on investments	15,16	-	65
Increase in stock	17	-	(1)
Decrease/(increase) in trade and other receivables	18	344	(1,375)
Increase in creditors	20,21	1,184	1,527
Increase in pension provision	24	17,034	9,530
(Decrease)/increase in other provisions	24	(3,899)	1,980
Share of operating (surplus) / deficit in joint venture	16	-	-
<b>Adjustment for investing or financing activities:</b>			
Investment income	7	(1,014)	(772)
Endowments receivable	26	(7)	-
Endowments payable	26	6	5
Interest payable	11	2,522	2,104
Loss/(gain) on the disposal of fixed assets		1,358	(4,762)
Capital grant income	21	(2,917)	(3,459)
<b>Net cash inflow from operating activities</b>		<b>19,799</b>	<b>17,869</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		2,500	3,385
Capital grants receipts	21	16,652	5,217
Investment income		1,009	678
Payments made to acquire fixed assets		(40,454)	(14,737)
Withdrawal of deposits	19	-	40,001
		<b>(20,293)</b>	<b>34,544</b>
<b>Cash flows from investing activities</b>			
Interest paid		(2,352)	(2,098)
New unsecured loans		29,650	-
Repayments of amounts borrowed		(29,229)	(2,562)
Endowments received	26	7	-
Endowment payments	26	(6)	(5)
		<b>(1,930)</b>	<b>(4,665)</b>
<b>(Decrease) / increase in cash and cash equivalents in the year</b>		<b>(2,424)</b>	<b>47,748</b>
Cash and cash equivalents at beginning of the year		122,927	75,179
Cash and Cash equivalents at the end of the year		<b>120,503</b>	<b>122,927</b>
Cash and cash equivalents at the end of the year consists of:			
Cash and cash equivalents		90,503	57,971
Short term deposits maturing within three months of the balance sheet date	19	30,000	64,956
		<b>120,503</b>	<b>122,927</b>
The accompanying notes and policies form part of these Financial Statements.			

# Notes to the Financial Statements

## 1. Statement of principal accounting policies

### Entity information

Sheffield Hallam University is a Higher Education Corporation (HEC) as defined under the Education Reform Act 1988 and is incorporated in England. The University's registered office address is Sheffield Hallam University, City Campus, Howard Street, Sheffield, S1 1WB.

### Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education (2015 SORP) and applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102.

The financial statements have adopted the disclosure exemption set out in Section 3.3 of 2015 SORP and do not include a parent university's Statement of Cash Flows.

The financial statements are presented in Sterling (£).

### Basis of consolidation

The consolidated financial statements consolidate the financial statements of the University and all its subsidiary undertakings for the financial year to 31 July 2019. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include those of the University's Union of Students as it is a separate legal entity over which the University does not exercise control or significant influence over policy decisions.

Joint ventures are accounted for using the equity method.

### Going concern

The University has carried out detailed forecasting and scenario planning around its financial performance, based on assumptions around external factors and internal operating policies, in order to assess its financial sustainability. Based on these there is a reasonable expectation that there will be adequate resources to continue in operational existence for the foreseeable future and for this reason, it continues to adopt the going concern basis in preparing the financial statements.

Further details of the assessment carried out to determine the University's ability to continue to operate as a going concern can be found in the Financial Strategy and Performance Section.

### Recognition of income

Fee income is credited to the Statement of Comprehensive Income over the period in which students are studying. Bursaries and scholarships are accounted for as expenditure and not deducted from income.

Government revenue grants, including funding council block grant and research grants, are recognised in income 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 on the balance sheet and allocated between creditors due within one year and due after more than one year, as appropriate.

Revenue grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met.

Government capital grants are recognised in income over the expected useful life of the asset to which they relate.

Capital grants from non-government sources are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met, allocated between creditors due within one year and due after more than one year as appropriate.

All income from short-term deposits is credited to the Statement of Comprehensive Income on a receivable basis.

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

All other income is credited to the Statement of Comprehensive Income when the goods or services are supplied or the terms of the contract have been met.

### Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. The University reviews the terms of its donations and endowments to ensure that the funds are applied in accordance with each donor's specified intentions.

Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

- a) Restricted donations- the donor has specified that the donation must be used for a particular objective;
- b) Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University;
- c) Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets and the University has the power to use the capital;
- d) Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

#### Retirement benefits

The University contributes to the Universities Superannuation Scheme (USS), the Teachers' Pension Scheme (TPS), the Local Government Pension Scheme (LGPS) and the National Employment Savings Trust (NEST).

The USS scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme. Since the University has entered into an agreement

(the "Recovery Plan") that determines how each employer within the USS scheme will fund the overall deficit, the University recognises a provision for the contributions payable that arise from the agreement (to the extent that they relate to the deficit).

The TPS scheme is a multi-employer defined benefit scheme. It is not possible to identify the assets of the TPS scheme which are attributable to the University due to the mutual nature of the scheme. As required by Section 28 of FRS 102 "Employee benefits", the University accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme.

The LGPS scheme is a defined benefit scheme. The University is able to identify its share of assets and liabilities of the LGPS and therefore accounts for this scheme as a defined benefit plan. Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risks (that benefits will cost more or less than expected) and investment risk (that returns 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 (a surplus), 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. Where the calculation results in a net liability (a deficit) this is reflected in full in the accounts.

The NEST scheme is a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme.

#### Other 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 the unused entitlement.

#### Termination benefits

Termination benefits paid to employees are recognised as an expense in the year in which they are paid or when the University is demonstrably committed to (a) terminate the employment of an employee, or group of employees, before their normal retirement date, or (b) provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. The termination benefits will be measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

#### Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. Foreign exchange gains / losses are dealt with in the Statement of Comprehensive Income for the financial year.

#### Leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at an amount equal to the lower of their fair value and the present value of the minimum lease payments on the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases. Any lease premiums or incentives are spread over the minimum lease term.

#### Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

#### Land and Buildings

Land and buildings were revalued to fair value prior to the transition to the 2015 SORP and are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Depreciation and impairment losses are subsequently charged on the revalued amount.

Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University.

Borrowing costs are recognised in the period in which they are incurred.

### Depreciation

#### • Land

Freehold land is not depreciated.

#### • Freehold buildings

Depreciation on new and existing freehold buildings is provided on a straight line basis over their expected useful lives, as follows:

- Buildings (frame) – 60 years
- Buildings (mechanical and engineering additions) – 20 years
- Fixtures and fittings – 10 years

#### • Leased buildings

The costs of fitting out leased buildings are depreciated over the lesser of the assets' lives or the expected occupancy period.

#### • Other tangible fixed assets

In the accounts of the University, individual items or groups of related items costing less than £10,000 are written off in the year of acquisition. All other items are capitalised.

Furniture and fixed equipment for new and refurbished buildings are depreciated on a straight line basis over the life according to the relevant category from the date the asset is available for use. Depreciation on all other equipment is calculated on a straight line basis from the month of purchase, over the life of the asset category.

- Motor vehicles and office equipment - three years
- Computers – five years
- Furniture – five years
- Equipment – two to ten years

#### • Assets under construction

Assets under construction are accounted for at a cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are available/brought into use.

Depreciation methods, useful economic lives and residual values are reviewed at the date of preparation of each Balance Sheet.

### Maintenance of assets

The University has a rolling long term maintenance plan which is reviewed periodically and forms the basis of the ongoing maintenance of the estate. The cost of long-term and routine corrective maintenance is charged to the Statement of Comprehensive Income as incurred.

### Impairment of assets

Where the carrying value of an asset is above its recoverable amount (the higher of an assets fair value less sale costs and its value in use) the asset is impaired and an impairment loss is recognised in the Statement of Comprehensive Income. A review at the balance sheet date is carried out to identify any assets that should be impaired.

### Assets for resale

Tangible fixed assets are transferred to current assets and are held at the lower of net book value and estimated sales value, if their carrying value will be recovered via a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

### Investments

Fixed assets investments are carried at historical cost less any provision for impairment in their value.

### Jointly controlled entities

Joint ventures are accounted for using the equity method, where the joint venture has a net asset position. The University's share of turnover of a joint venture is excluded from the consolidated income. The University accounts for its share of joint venture operating surplus/loss in the Statement of Comprehensive Income, where the joint venture is in a net asset position.

### Stocks

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

### Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, with a maturity of three months or less at the acquisition date, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value.

### Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalents and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

### Financial liabilities

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction prices, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan. Financial liabilities are derecognised when the liability is discharged, cancelled, or expires.

### Provisions

Provisions are recognised when the University has a present legal or constructive obligation where, as a result of a past event, it is probable that a transfer of economic benefit 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 risks specific to the liability.

### Taxation status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and is considered to pass the tests 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, the University is potentially exempt from taxation in respect of income, or capital gains received within categories covered by sections 478-488 CTA 2010 or section 256 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 (VAT). Irrecoverable VAT on inputs is included in the cost of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

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 more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

### Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through an endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has a designated specific purpose and therefore the University is restricted in the use of these funds.

## 2. Significant accounting estimates and judgements

Preparation of the financial statements requires management to make significant estimates and judgements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### Estimates and judgements in pension costs

The University has obligations to pay pension benefits to certain employees who are members of the Local Government Pension Scheme (LGPS), a scheme accounted for as a defined benefit plan. The cost of

these benefits and the present value of the obligation depend on a number of factors including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors, using external professional advice, in determining the net pension obligation in the Balance Sheet. The assumptions reflect historical experience and current trends.

The University has obligations to pay pension benefits to certain employees, who are members of the Universities Superannuation Scheme (USS), which is accounted for as a defined contribution scheme. The University has committed to contribute to a Deficit Recovery Plan for the scheme and, in accordance with the requirements of the SORP, management has calculated a provision for these costs in the Balance Sheet. The Deficit Recovery Plan in the 2017 actuarial valuation requires employers to contribute 5% of salaries towards repairing the deficit over the period 1 April 2020 to 30 June 2034. Details of this provision, which has been discounted at 1.58% as at 31 July 2019, are included in note 24 to the financial statements. Management have taken professional advice around the discount rate to use and have used the salary increases and staff numbers in USS as per the University's 2019/20 budget for calculating the provision.

The 2018 actuarial valuation of USS was on going at 31 July 2019 and had not been formerly completed. Therefore, in management's judgement it remains appropriate to account for the past deficit obligation in accordance with the plan agreed as part of the 2017 actuarial valuation.

### Judgements in fixed asset additions

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University from the asset beyond its previously assessed standard of performance. Management determine whether to capitalise fixed asset costs based on an assessment of whether they meet one of the following criteria: the market value of the fixed asset has subsequently improved; the asset's capacity increases; substantial improvement in the quality of output or reduction in operating costs; and significant extension of the asset's

life beyond that conferred by repairs and maintenance. The assessment of these factors requires management's judgement.

### Estimates and judgements in depreciation

The annual depreciation charge for fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. Depreciation methods, useful economic lives and residual values are reviewed by management at the date of preparation of each Balance Sheet. They are amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The assessment of these factors requires management's judgement.

### Recoverability of debtors

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

### Judgements in classifying leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leases in which the University does not assume substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. Management exercises judgement in classifying its leases for accounting purposes.

### Estimates and judgements in accruals and provisions

Short term employee benefits are charged to the Statement of Comprehensive Income as the employee service is received. An accrual is made for the cost of paid annual leave that has not been used at the financial year-end. The accrual requires management's best estimate of outstanding holiday balances

based on a review of holiday records for a sample of academic, administrative and other staff. The assessment of this data requires management's judgement.

Provision is made for the cost of dilapidations on certain leased properties. This provision requires management's best estimate of the costs that will be incurred to settle a present obligation and an estimate of any reimbursement of costs from sub-tenants. The amount recognised as a provision is discounted to present value where the time value of money is material. The timing of the estimated cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

### Judgements in classifying and disclosing financial instruments

During the year the University re-financed its borrowings. The floating element of the Barclays loan (from 2007) was repaid in full and a new loan facility and revolving credit facility was agreed with Santander. At the year end the revolving credit facility had not been drawn on and an initial tranche of £30m had been drawn down against the loan facility. Both Santander facilities have interest charged at a floating rate of interest.

The Santander loan facility was assessed against Section 11.9 of FRS 102 and was determined to satisfy all the conditions necessary for it to be considered a basic financial instrument.

Section 11 of FRS102 requires an exchange between an existing borrower and lender of debt instruments with substantially different terms to be accounted for as an extinguishment of the original liability and the recognition of a new financial liability. The details of the remaining Barclays loan facility, at a fixed rate of interest and the repayment of the floating rate element have been assessed taking into account both qualitative and quantitative factors. In management's judgement the terms of the facility remain substantially unchanged and the changes do not represent the extinguishment of the original liability and the recognition of a new one.

3. Tuition fees and education contracts

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
Full-time and undergraduate home and EU students	168,384	158,918	168,384	158,918
Full-time and postgraduate home and EU students	14,848	12,388	14,848	12,388
Part-time undergraduate home and EU students	10,116	8,246	10,116	8,246
Part-time postgraduate home and EU students	4,196	3,716	4,196	3,716
Overseas students	22,011	21,213	22,011	21,213
Fees from NHS contracts	13,577	22,417	13,577	22,417
Other fees and support grants	615	812	615	806
	<b>233,747</b>	<b>227,710</b>	<b>233,747</b>	<b>227,704</b>

4. Funding body grants

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
<b>Higher Education Funding Council for England</b>				
Recurrent grant	-	13,052	-	13,052
Specific grants	-	2,950	-	2,950
<b>Office for Students</b>				
Recurrent grant	17,520	4,539	17,520	4,539
Specific grants	5,284	1,119	5,284	1,119
<b>Education and Skills Funding Agency</b>				
Recurrent grant	-	-	-	-
Specific grants	1,157	932	1,157	932
<b>Department for Education (formerly National College for Teaching and Leadership until 1 April 2018)</b>				
Recurrent grant	203	171	203	171
Specific grants	85	-	85	-
<b>Deferred capital grants released in year</b>				
Recurrent grant	2,118	2,637	2,118	2,637
Specific grants	799	822	799	822
	<b>27,166</b>	<b>26,222</b>	<b>27,166</b>	<b>26,222</b>

5. Research grants and contracts

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
Research councils	1,020	963	1,020	963
UK based charities	1,244	1,369	1,216	1,285
UK central government bodies, local authorities and health authorities	3,577	3,526	3,404	3,437
UK industry, commerce and public corporations	659	549	638	546
EU government bodies	2,427	1,623	2,427	1,623
EU other	60	159	17	151
Other overseas	191	227	191	228
Other sources	102	95	102	74
Overseas based charities	53	4	53	4
	<b>9,333</b>	<b>8,515</b>	<b>9,068</b>	<b>8,311</b>

6. Other income

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
Residences, catering and conferences	4,566	4,200	3,801	3,504
Consultancy	2,568	1,817	-	-
Other revenue grants	732	718	626	671
Rental income	634	641	571	585
Nursery income	439	424	-	-
Other income	5,999	5,364	5,880	5,202
	<b>14,938</b>	<b>13,164</b>	<b>10,878</b>	<b>9,962</b>

7. Investment income

	Consolidated and University	
	2019 £000	2018 £000
Interest from short term investments	1,014	772
	<b>1,014</b>	<b>772</b>

8. Donations and endowments

	Consolidated and University	
	2019 £000	2018 £000
Unrestricted donations	339	271
Expendable endowments	7	-
	<b>346</b>	<b>271</b>

9. Staff Costs

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
<b>Staff costs:</b>				
Wages and salaries	140,982	136,411	138,808	134,398
Social security costs	15,150	14,714	15,032	14,608
Pension costs (note 25)	37,989	28,303	37,794	28,131
Restructuring costs	2,609	3,182	2,609	3,182
	<b>196,730</b>	<b>182,610</b>	<b>194,243</b>	<b>180,319</b>

In the year ended 31 July 2019 there are two significant one-off pension costs relating to the Universities Superannuation Scheme (USS) and Local Government Pension Scheme (LGPS). The USS charge of £4.0m relates to a step change in the level of the USS provision required to reflect the contractual commitment to the Deficit Recovery Plan agreed based on the March 2017 valuation. The LGPS charge relates to past service costs of £5.8m, as a result of making allowance for the potential effect of the Court of Appeal's decision in the Sargeant/McCloud cases (generally referred to as "McCloud"). Further details of both can be found in notes 24 and 25.

Average number of staff employed during the year was made up as follows:

	Consolidated and University	
	2019 Number of FTE	2018 Number of FTE
Faculty / Research Institute based	2,126	2,066
Academic support departments	208	233
Project and Central activities	47	46
Administration	994	969
Facilities support	252	252
	<b>3,627</b>	<b>3,566</b>

Higher paid staff with an annual basic salary of more than £100,000 (and earned in the year), fall within the following bands:

	Consolidated and University	
	2019 Number	2018 Number
£100,000 - £104,999	-	1
£105,000 - £109,999	1	2
£110,000 - £114,999	1	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	1	-
£130,000 - £134,999	-	-
£135,000 - £139,999	2	4
£140,000 - £144,999	2	2
£145,000 - £149,999	1	-
£150,000 - £154,999	1	2
£155,000 - £159,999	1	-

Based on the OfS Accounts Direction 2017/18, this table includes staff with a basic salary of over £100,000. Staff that started or left during the year and earned more than £100,000 are included under the banding for their annual basic salary. Staff that started or left during the year and earned less than £100,000 are excluded even if their annual basic salary is more than £100,000. There were 10 (2018: 11) members of staff who fell into this category.

Higher paid staff with an annual basic salary of more than £100,000, fall within the following bands:

	Consolidated and University	
	2019 Number	2018 Number
£100,000 - £104,999	1	1
£105,000 - £109,999	1	2
£110,000 - £114,999	1	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	1
£125,000 - £129,999	1	1
£130,000 - £134,999	-	-
£135,000 - £139,999	2	6
£140,000 - £144,999	2	2
£145,000 - £149,999	2	-
£150,000 - £154,999	1	2
£155,000 - £159,999	1	-

This table includes all staff with an annual basic salary over £100,000 regardless of whether they were at the University for a full year. There were 12 (2018: 15) members of staff who fell into this category.

Total remuneration of the Vice-Chancellor	Consolidated and University	
	2019 £000	2018 £000
Salary	240	240
Other remuneration	-	-
Other taxable benefits	-	1
	<b>240</b>	<b>241</b>
Pension contributions	33	40
	<b>273</b>	<b>281</b>

The Vice-Chancellor is entitled to private medical insurance but decided to withdraw from this taxable benefit from January 2019. The Vice-Chancellor was a member of the Teachers' Pension Scheme until leaving the scheme in March 2019. In April 2019 he became a member of the National Employment Savings Trust pension scheme. Contributions to both pension schemes were in line with the scheme rules.

The Vice-Chancellor's fees for chairing the Teaching Excellence Framework Committee during 2018/19 and 2017/18 were donated to the University's Hallam Fund.

**The Vice-Chancellor's remuneration expressed as a multiple of the median remuneration for all other staff (on a full time equivalent basis) is as follows:**

	Consolidated and University	
	2019	2018
Basic salary	7.02	7.08
Total remuneration (including pension contributions) *	7.10	7.44

The ratios exclude agency and casual workers. These groups are excluded from the figures reported due to the difficulty in obtaining and analysing the data on their earnings, in order to establish an FTE salary.

The University's governing body, the Board of Governors has formally adopted the CUC Remuneration Code. Acting on behalf of the Board of Governors, the Remuneration Committee determines the salaries and conditions of service of Board appointments, advises on salaries and conditions of service for key senior staff and considers the appropriateness of severance arrangements with respect to individual cases.

The following criteria is used to objectively measure and set an appropriate level of reward for the Vice-Chancellor:

- The annual review of the performance of the Vice-Chancellor undertaken by the Chair of the Board of Governors
- The KPIs set by the Board as monitored via the Performance report
- The delivery of targets in respect of key external measures e.g. Teaching Excellence Framework (TEF), Research Excellence Framework (REF), National Student Survey (NSS), Destination of Leavers of Higher Education (DLHE) Survey

Further details on the governing body's approach to senior remuneration can be found in the Remuneration Committee Report.

\* In line with the definition of Total Remuneration in the OfS guidance

Compensation for loss of office	Consolidated and University	
	2019	2018
Compensation paid (£000)	2,327	1,862
Number of staff	103	96

The compensation payments include any payments, made to any level of staff, as per the OfS Accounts Direction 2017/18. The significant number and value of compensation payments in 2018/19 and 2017/18 reflect the strategic restructuring the University is undertaking.

**Key management personnel remuneration**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. The University defines the members of its University Leadership Team to be key management personnel. Remuneration paid to key management personnel is included in staff costs.

The University Leadership Team (ULT) includes the following roles:

Vice-Chancellor	Deputy Vice-Chancellor (Strategy & Operations)
Chief Finance and Planning Officer	Deputy Vice-Chancellor (Academic)
Chief Estates and Facilities Officer	Pro Vice-Chancellor for Business and Enterprise
Chief People Officer	Pro Vice-Chancellor for Teaching and Learning
	Pro Vice-Chancellor for Global and Academic Partnerships
	Pro Vice-Chancellor for Research and Innovation

During the year ended 31 July 2019 there were 12 (2018: 16) members of the ULT. The number of members during 2018/19 and 2017/18 is higher than the number of roles due to changes to the ULT membership and structure over the last two years.

Key management personnel remuneration payable	Consolidated and University	
	2019 £000	2018 £000
	2,270	2,294

This is the total remuneration for services, including all employee benefits and compensation for loss of office.

**Payments to members of the Board of Governors**

Members of the Board of Governors are trustees of the University as an exempt charity. The University publishes a statement in its audited financial statements information about payments to or on behalf of trustees, including payments to trustees for serving as trustees (and waivers of such payments); and payments for services provided to the University by its trustees. This information is disclosed in note 32.

**10. Other operating expenses**

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
Other operating expenses include:				
Operating lease expenditure – land and buildings	1,605	1,677	1,605	1,677
Operating lease expenditure – equipment	233	257	233	257
External auditor’s remuneration in respect of audit services	68	63	54	55
External auditor’s remuneration in respect of non-audit services				
- Grant Audits	12	20	12	20
- Tax	1	1	-	-
- Other	4	7	4	7
Internal audit services	216	175	216	175

**11. Interest and other finance costs**

	Consolidated and University	
	2019 £000	2018 £000
Bank loans	2,522	2,104
Unwinding of USS pension provision discount	48	46
Net interest charge on pension scheme (note 25)	2,619	3,273
	<b>5,189</b>	<b>5,423</b>

**12. Analysis of total expenditure by activity**

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
Academic departments	126,828	129,364	126,408	128,834
Academic services	62,603	52,577	62,603	52,623
Administration and central services	41,413	40,795	40,917	40,060
Premises	33,946	36,039	33,914	36,000
Residences, catering and conferences	3,792	3,612	3,119	3,287
Research grants and contracts	10,651	9,829	10,264	9,704
Other expenses	24,915	17,534	22,595	15,766
	<b>304,148</b>	<b>289,750</b>	<b>299,820</b>	<b>286,274</b>

**13. Tangible fixed assets – Consolidated**

	Land and Buildings		Assets under Construction	Equipment	Total
	Freehold	Long leasehold			
	£000	£000	£000	£000	£000
<b>Cost</b>					
As at 1 August 2018	327,298	11,928	4,762	49,698	393,686
Additions	11,621	-	27,983	3,290	42,894
Disposals	(30)	(4,460)	-	(3,280)	(7,770)
Transfers	1,700	1,504	(4,288)	1,084	-
<b>As at 31 July 2019</b>	<b>340,589</b>	<b>8,972</b>	<b>28,457</b>	<b>50,792</b>	<b>428,810</b>
<b>Depreciation</b>					
As at 1 August 2018	57,430	5,050	-	26,766	89,246
Charge for year	15,453	874	-	6,326	22,653
Impairment	1,497	-	-	-	1,497
Disposals	(30)	(3,211)	-	(3,171)	(6,412)
<b>As at 31 July 2019</b>	<b>74,350</b>	<b>2,713</b>	<b>-</b>	<b>29,921</b>	<b>106,984</b>
<b>Net Book Value</b>					
<b>As at 31 July 2019</b>	<b>266,239</b>	<b>6,259</b>	<b>28,457</b>	<b>20,871</b>	<b>321,826</b>
As at 31 July 2018	269,868	6,878	4,762	22,932	304,440

As at 31 July 2019, freehold land and buildings included £25,230,000 (2018: £23,961,000) in respect of freehold land that is not depreciated.

14. Tangible fixed assets – University

Cost	Land and Buildings		Assets under Construction	Equipment	Total
	Freehold	Long leasehold			
	£000	£000	£000	£000	£000
As at 1 August 2018	327,298	11,928	4,762	49,672	393,660
Additions	11,621	-	27,983	3,290	42,894
Disposals	(30)	(4,460)	-	(3,280)	(7,770)
Transfers	1,700	1,504	(4,288)	1,084	-
<b>As at 31 July 2019</b>	<b>340,589</b>	<b>8,972</b>	<b>28,457</b>	<b>50,766</b>	<b>428,784</b>
<b>Depreciation</b>					
As at 1 August 2018	57,430	5,050	-	26,751	89,231
Charge for year	15,453	874	-	6,323	22,650
Impairment	1,497	-	-	-	1,497
Disposals	(30)	(3,211)	-	(3,171)	(6,412)
<b>As at 31 July 2019</b>	<b>74,350</b>	<b>2,713</b>	<b>-</b>	<b>29,903</b>	<b>106,966</b>
<b>Net Book Value</b>					
<b>As at 31 July 2019</b>	<b>266,239</b>	<b>6,259</b>	<b>28,457</b>	<b>20,863</b>	<b>321,818</b>
As at 31 July 2018	269,868	6,878	4,762	22,921	304,429

As at 31 July 2019, freehold land and buildings included £25,230,000 (2018: £23,961,000) in respect of freehold land that is not depreciated.

As at 31 July 2019, assets under construction included £13,123,000 (2018: £1,397,000) in respect of the construction of the Advanced Wellbeing Research Centre. The Department of Health and Social Care is providing a £14 million grant towards this project.

The University's Campus Masterplan includes the demolition of the Science Park in 2019/20 to create a site for the development of new buildings. Given the intention to demolish the building in the coming year, the Science Park assets have been impaired down to the gross book value of the land. This has resulted in an impairment charge of £1,497,000 being recognised in the Statement of Comprehensive Income in the year.

15. Non-current investments

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
Investments in subsidiaries and indirect holdings	42	42	45	42
	<b>42</b>	<b>42</b>	<b>45</b>	<b>42</b>

The subsidiary companies (all of which are registered in England and Wales) are as follows:

Name of company	Company Registration Number	Principal Activity	Percentage of Ordinary Shares Held
Collegiate Properties Limited*	02790155	Dormant	100
SHU Law Limited**	11170526	Provision of legal services	**
Sheffield Institute of Technology Limited*	10986802	Dormant	100
Sheffield Institute of Advanced Technology Limited*	10986960	Dormant	100
Sheffield Hallam Innovation and Enterprise Limited	04502851	Holding Company	100
Sheffield Hallam University Enterprises Limited	02143539	Consultancy, provision of conference facilities and letting of accommodation	100

The address of the registered offices of all the subsidiaries, except SHU Law Limited, is Sheffield Hallam University, City Campus, Howard Street, Sheffield, S1 1WB. The address of the registered office of SHU Law Limited is Sheffield Hallam University, 51-53 Broomgrove Road, Sheffield, S10 2BP.

During the year, Sheffield Hallam Innovation and Enterprise Limited used its capital contribution reserve to issue bonus shares to the value of £2,540 to Sheffield Hallam University.

The University holds indirect investments in other companies through Sheffield Hallam Innovation and Enterprise Limited (all of which are registered in England and Wales) as follows:

Name of company	Principal Activity	Percentage of Ordinary Shares Held
Sheaf Innovations Limited***	Research	24.9
Darton Ceramics Limited	Research	7.2
Mikana Innovations Limited	Metal production	14.8

\* this company is exempt from an audit by virtue of s4804 of the Companies Act 2006  
 \*\* SHU Law Limited is a company limited by guarantee and Sheffield Hallam University is the sole member  
 \*\*\* the results and net assets of this company is not material to the University and therefore is excluded from the University's consolidated financial statements.

## Notes to the Financial Statements

### 16. Investments in joint ventures

The University holds a 25% shareholding in the joint venture company STEM Learning Limited, which operates the National Science Learning Centre as a centre for excellence for science teachers' continuing professional development.

At 31 July 2018 STEM Learning Limited had net liabilities of £1.2m, as a result of an accounting adjustment in respect of its pension scheme. Indications are that the company was still in a net liability position at 31 July 2019 and we do not anticipate that this situation will change when its financial statements for the year are published.

The University's investment in the jointly controlled entity is therefore nil (2018: nil). The University's 25% share of the turnover of STEM Learning Limited of £7,932,000 (2018: £4,593,000) is excluded from the University's consolidated income. The University's 25% share of operating surplus/ (deficit) in the joint venture will not be recognised until the entity returns to a net asset position.

STEM Learning Limited is a company limited by shares. The University holds 25 £1 shares in the company and has no further legal or contractual obligation to settle the liabilities of the company.

### 17. Stock

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
Stock	113	113	75	84
	<b>113</b>	<b>113</b>	<b>75</b>	<b>84</b>

### 18. Trade and other receivables

Amounts falling due within one year

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
Other trade receivables	8,026	11,490	7,335	10,992
Prepayments	7,158	5,102	7,138	5,089
Accrued Income	5,486	6,917	5,128	6,606
Amounts due from group undertakings	-	-	262	254
	<b>20,670</b>	<b>23,509</b>	<b>19,863</b>	<b>22,941</b>

### 19. Current asset investments

	Consolidated and University	
	2019 £000	2018 £000
Short term deposits maturing within three months of the balance sheet date	30,000	64,956
	<b>30,000</b>	<b>64,956</b>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity but less than twelve months at the acquisition date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

The weighted average interest rate on these fixed rate deposits was 0.9% (2018: 0.77%) per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 15 days (2018: 48 days). The fair value of these deposits was not materially different from the book value.

### 20. Creditors – amounts falling due within one year

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
Unsecured loans (note 22)	1,198	2,620	1,198	2,620
Trade payables	9,429	7,077	9,407	7,061
Social security and other taxation payable	4,156	4,103	4,156	4,103
Accruals and deferred income	20,751	21,429	20,196	21,110
Payments received on account	14,769	12,048	14,383	11,692
	<b>50,303</b>	<b>47,277</b>	<b>49,340</b>	<b>46,586</b>

Included within accruals and deferred income are the following items which have been deferred under the accruals basis and will be released to match against the cost of the assets funded:

	Consolidated and University	
	2019 £000	2018 £000
Capital grant income	3,616	2,959

### 21. Creditors – amounts falling due after more than one year

	Consolidated and University	
	2019 £000	2018 £000
Unsecured loans (note 22)	63,298	61,453
Accruals and deferred income	38,724	25,645
	<b>102,022</b>	<b>87,098</b>

Included within accruals and deferred income are the following items which have been deferred under the accruals basis and will be released to match against the cost of the assets funded:

	Consolidated and University	
	2019 £000	2018 £000
Capital grant income	38,723	25,645

Capital Grants

	Consolidated and University	
	2019 £000	2018 £000
Balance as at 1 August	28,604	26,846
Cash receivable	16,652	5,217
Released to statement of comprehensive income	(2,917)	(3,459)
Balance as at 31 July	<b>42,339</b>	<b>28,604</b>

At 31 July 2019, capital grants included £7,078,000 (2018: £842,000) in respect of a grant from the Department of Health and Social Care. This money is part of a £14 million grant from the Department of Health and Social Care towards the construction of the Advanced Wellbeing Research Centre. None of the grant received has been released to the Statement of Comprehensive Income.

22. Borrowings

	Consolidated and University	
	2019 £000	2018 £000
<b>Analysis of unsecured loans at amortised cost:</b>		
Due within one year	1,198	2,620
Due between one and two years	2,103	2,676
Due between two and five years	9,481	8,441
Due in five years or more	51,714	50,336
	<b>64,496</b>	<b>64,073</b>

In 2018 the University had a term loan with Barclays Bank plc which included £36.0m at a fixed interest rate and £28.1m at a variable interest rate. During 2019, the variable interest element of the Barclays Bank plc loan was repaid and a new fixed interest rate was agreed. In addition a new term loan of £50m and revolving credit facility of £20m was agreed with Santander. £30m of the Santander term loan was drawn down immediately and the balance of £20m has to be drawn down by March 2021. The new Santander and the fixed rate Barclays facilities are at commercial rates and are unsecured.

Included in loans are the following:

	Term	Interest rate	Consolidated and University Balance at amortised cost	
			2019 £000	2018 £000
Barclays (Fixed) Term Loan	July 2037	Fixed	34,844	35,986
Barclays (Variable) Term Loan	Repaid in 2019	Variable	-	28,087
Santander Term Loan	March 2029	Variable	29,652	-
			<b>64,496</b>	<b>64,073</b>

23. Financial instruments

The University's financial assets and financial liabilities are held at amortised cost.

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
<b>Financial assets</b>				
Trade receivables	7,982	11,405	7,294	10,907
Amounts due from group undertakings	-	-	262	254
Accrued income	5,486	6,917	5,128	6,606
Short term deposits	30,000	64,956	30,000	64,956
<b>Financial liabilities</b>				
Trade payables	9,429	7,077	9,407	7,061
Accruals	14,487	15,703	13,931	15,382
Payments received on account	14,769	12,048	14,383	11,692
Unsecured loans	64,496	64,073	64,496	64,073

24. Provisions

	Consolidated and University							
	Pension Provisions				Other provisions			
	LGPS pension scheme £000	USS pension scheme £000	Total pension provisions £000	Pension enhancement on termination £000	Restructuring £000	Asbestos removal £000	Dilapidations £000	Total other provisions £000
<b>As at 1 August 2018</b>	88,044	2,233	<b>90,277</b>	592	1,707	1,909	3,698	<b>7,906</b>
Created in year	86,765	4,011	<b>90,776</b>	62	1,926	-	-	<b>1,988</b>
Utilised in year	(10,823)	(113)	<b>(10,936)</b>	(170)	(1,612)	(57)	(2,250)	<b>(4,089)</b>
Released in year	-	-	-	(297)	(95)	-	(1,406)	<b>(1,798)</b>
<b>As at 31 July 2019</b>	<b>163,986</b>	<b>6,131</b>	<b>170,117</b>	<b>187</b>	<b>1,926</b>	<b>1,852</b>	<b>42</b>	<b>4,007</b>

The LGPS pension provision represents an estimate of the University's net liability in respect of the Local Government Pension Scheme (accounted for as a defined benefit scheme) and is explained further in note 25.

The USS pension provision represents an estimate of the cost of additional deficit contributions to the Universities Superannuation Scheme (accounted for as a defined contribution scheme). The obligation to fund the past deficit on the USS arises from the contractual obligation with the pension scheme for total payments relating to past performance. Management has assessed future employees within the USS Scheme and salary payments over the period of the contracted obligation in assessing the value of this provision. The provision assumes a discount rate of 1.58% (2018: 2.16%).

The adoption of the new deficit recovery plan following the completion of the 2017 actuarial valuation in January 2019 has given rise to a significant increase in the deficit provision which has increased from £2.233 million to £6.131 million. Further details of the USS scheme and the 2017 valuation are provided in note 25. In addition information in respect of significant one off pension costs can be found in note 9.

Since the year end and following the completion of the 2018 actuarial valuation, a new Deficit Recovery Plan has been agreed. Details of this event can be found in note 33.

The cash flow adjustment for the movement in pension provision is comprised of the costs which are included in the Statement of Comprehensive Income and are non-cash items totalling £27.8m and the employer contributions that have been paid in relation to the pension schemes that have not been reflected within the Statement of Comprehensive Income of £10.8m resulting in a net movement on the pension provision in the Statement of Cash Flows of £17.0m.

The pension enhancement on termination provision is in respect of pension enhancements payable on behalf of staff who have taken early retirement. This will be utilised over the period of retirement. The amount recognised as a provision has not been discounted to present value as the difference in the time value of money is not material.

The restructuring provision is in respect of redundancy payments and other one-off costs arising from the reorganisation of various elements of the University's academic and administrative portfolio. This is expected to be utilised over the coming year.

The asbestos provision relates to the removal of asbestos from the University's estate and it is expected it will be utilised over the coming year.

The dilapidations provision relates to decommissioning costs for a leased property and will be utilised at the end of the lease.

25. Pension costs

The University's employees belong to four principal pension schemes, the Teachers' Pension Scheme (TPS), the Universities Superannuation Scheme (USS), the Local Government Pension Scheme (LGPS) and the National Employment Savings Trust (NEST) Pension Scheme.

	Consolidated		University	
	2019 £000	2018 £000	2019 £000	2018 £000
Teachers' Pension Scheme	11,466	10,766	11,407	10,701
Universities Superannuation Scheme	5,340	1,150	5,313	1,143
Local Government Pension Scheme	21,083	16,387	20,975	16,287
NEST Pension Scheme	100	-	99	-
<b>Total pension cost (note 9)</b>	<b>37,989</b>	<b>28,303</b>	<b>37,794</b>	<b>28,131</b>

National Employment Savings Trust (NEST)

On 1 August 2018, the University introduced the National Employment Savings Trust (NEST) pension scheme for employees. This is a defined contribution scheme which has been introduced to offer a choice in pension options to employees. For employee contributions of 1% of salary the University will contribute 7%. Employee contributions can be increased to a maximum of 4% of salary and employer contributions will increase on an equivalent basis to a maximum of 10%.

The pensions cost charge for the year ended 31 July 2019 represents contributions payable by the employer and amounted to £100,000 (2018: £nil). There was a balance of £nil owing by the University at 31 July 2019 (2018: £nil).

**Teachers' Pension Scheme (TPS)**

The University participates in the Teachers' Pension Scheme, a statutory, unfunded, defined benefit scheme. Contributions from both members and employers are credited to the Exchequer, which is then responsible for meeting the cost of all benefits. The TPS is a multi-employer pension scheme and it is not possible to identify each institution's share of the underlying (notional) assets and liabilities of the scheme. Contributions to the scheme are therefore accounted for as if it were a defined contribution scheme, with the cost recognised within the Statement of Comprehensive Income being equal to the contributions payable to the scheme for the year.

Employer contributions for 2019 were £11,466,000 (2018: £10,766,000) and there was a balance of £1,542,000 owing by the University at 31 July 2019 (2018: £1,462,000).

The TPS scheme is split into three distinct sections:

- the Normal Pension Age (NPA) 60 section caters for those who entered the scheme before 1 January 2007 and has a normal pension age of 60
- the NPA 65 section caters for those who entered the scheme for the first time on or after 1 January 2007 but before 1 April 2015 or who transitioned from the NPA 60 section following 2007 scheme reform and have a normal pension age of 65
- both of these sections provide benefits based on final salary and length of service
- the 2015 section caters for those who entered the scheme for the first time on or after 1 April 2015 and those who transitioned from the NPA 60 and NPA 65 sections following the latest scheme reforms. The 2015 section provides benefits based on career average earnings and has a normal pension age equal to state pension age

Employee contributions are levied on a tiered basis dependent upon salary. Whilst employee contribution rates remain static for the year ended 31 March 2020 there is an increase in band width for each salary band, in line with the change in the Consumers Prices index.

Year ended 31 March 2020		Year ended 31 March 2019	
£1 – £27,697	7.4%	£1 – £27,047	7.4%
£27,698 – £37,284	8.6%	£27,048 – £36,410	8.6%
£37,285 – £44,208	9.6%	£36,411 – £43,171	9.6%
£44,209 – £58,590	10.2%	£43,172 – £57,216	10.2%
£58,591 – £79,895	11.3%	£57,217 – £78,022	11.3%
£79,896 or more	11.7%	£78,023 or more	11.7%

Employer contributions are currently paid at a rate of 16.40%, these contributions will increase to 23.60% in September 2019. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses.

Pension payments were reviewed in accordance with the scheme regulations, and were increased by 3.0% from 9 April 2018 (2017-18: 1.0% increase).

The last formal actuarial assessment was as at 31 March 2016. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data for financial reporting purposes. The amounts recognised in the 2018/19 TPS Accounts were prepared using full membership data as at 31 March 2016. The funding valuation uses a different set of assumptions than those used to inform the IAS 19 valuation. Since the University cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

	31 March 2019	31 March 2018	31 March 2016
Nominal discount rate	2.90%	2.55%	2.80%
Rate of general pay increases	4.10%	3.95%	4.20%
Rate of pension increases	2.60%	2.45%	2.00%
Value of notional assets	-	-	£196.1bn
Value of liabilities	£359.5bn	£361.5bn	£218.1bn
Notional past service deficit	£359.5bn	£361.5bn	£22.0bn

The cost of benefits accrued in the year ended 31 March 2019 (the Current Service Cost) is assessed as 49.3% of pensionable pay. Taking into account an estimated average rate of contributions paid by members of 9.5%, the employers' share of the standard contribution rate is 39.8% for 2018-19 (39.6% for 2017-18).

For the avoidance of doubt, the actual rate of contributions payable by employers and employees is not the same as the current service cost assessed for the accounts. Members contributed between 7.4% and 11.7% of pensionable pay, depending on the level of their pay. The actual employer contribution rate was determined as part of a funding valuation using different assumptions. The key difference between the assumptions used for funding valuations and accounts is the discount rate, although price inflation and salary increases are also determined differently. The discount rate for accounts is set each year by HM Treasury to reflect the requirements of the accounting standard IAS 19.

HM Treasury (HMT) has now finalised the arrangements for the latest valuations of the public service pension schemes using membership data at 31 March 2016. The results of this valuation was also expected to test the cost of the scheme relative to the employer cost cap set following the 2012 valuation, however on 30 January 2019 the government announced a pause to the cost control mechanism which was to form part of the valuation. This was due to the court of appeal ruling in December 2018 relating to the transitional protection offered to members in the 2015 pension reforms. However, the part of the 2016 actuarial valuation that calculates the new employer contributions required to meet the cost of scheme benefits has been completed. As a result of this valuation TPS employers will pay an increased contribution rate of 23.6% from September 2019.

**Universities Superannuation Scheme (USS)**

The University participates in the Universities Superannuation Scheme (USS), which is contracted out of the State Second Pension. The USS scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) as set out in note 24.

The total cost charged to the Statement of Comprehensive Income for 2019 is £5,340,000 (2018: £1,150,000).

The total cost is made up of employer contributions of £1,490,000, less £113,000 which has been allocated to the USS pension provision plus an additional charge of £3,963,000 resulting from a change in the expected contributions to fund the provision.

There was a balance of £198,000 owing by the University at 31 July 2019 (2018: £180,000).

The latest available complete actuarial valuation of the Retirement Income Builder section of the scheme was at 31 March 2017 ("the valuation date"), which was carried out using the projected unit method. As at the year end a valuation as at 31 March 2018 was underway but not yet complete.

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

The 2017 valuation was the fourth valuation for 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 of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21+: CPI + 1.7%

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 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

**2017 valuation**

Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females  Post retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 years	24.6	24.5
Females currently aged 65 years	26.1	26.0
Males currently aged 45 years	26.6	26.5
Females currently aged 45 years	27.9	27.8

The actuary for the scheme carries out regular reviews of the funding levels and details of those for 2019 and 2018 are:

	2019	2018
Scheme assets	£67.4bn	£ 63.6bn
Total scheme liabilities	£79.2bn	£ 72.0bn
FRS 102 total scheme deficit	£11.8bn	£ 8.4bn
FRS 102 total funding level	85%	88%

Key assumptions used are:

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

During 2018/19 a new deficit recovery plan was put in place as part of the 2017 valuation and is set out in the new Schedule of Contributions dated 28 January 2019. The schedule requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. In the prior financial year the deficit payments were 2.1% of salaries to March 2031. In accordance with FRS 102 and the SORP the University has made a provision for this contractual commitment to fund the past deficit. The details and the impacts of the changes can be seen in note 24.

Since the year end and following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. Details of this event can be found in note 33.

**Local Government Pension Scheme (LGPS)**

The University participates in the Local Government Pension Scheme (LGPS), a defined benefit scheme which is externally funded and contracted out of the State Earnings-Related Pension Scheme. There are some 100 separate funds within the scheme, administered locally by administering authorities. The University participates in the South Yorkshire Pension Fund (SYPF).

The total contributions paid for the year ended 31 July 2019 was £14,307,000 (2018: £13,637,000) of which employers contributions totalled £10,596,000 and employees contributions totalled £3,711,000. There was a balance of £1,228,000 owing by the University at 31 July 2019 (2018: £1,159,000).

Every April employee contribution pay bands are reviewed in line with cost of living to take account of inflationary increases. For the year ending 31 March 2020 the employee rates are on a sliding scale based on earnings, the rate varying between 5.5% and 12.5% (year ending 31 March 2019: between 5.5% and 12.5%). The employer contribution rate is 19.43% (year ending 31 March 2019: 18.95%).

## Notes to the Financial Statements

The estimated contribution to the defined benefit scheme for the year 2019/20 is £10,673,000 (2018/19: £10,059,000).

The SYPF is valued every three years by a qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the actuary with the approval of the administering authority. The last full actuarial valuation was carried out at 31 March 2016.

The SYPF is structured in such a way that the actuary has been able to identify the University's share of the underlying assets and liabilities on a consistent and reasonable basis.

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2019 by a qualified independent actuary.

### The material assumptions used by the actuary at 31 July were:

	2019	2018
Rate of increase in salaries	3.45%	3.35%
Rate of increase in pensions in payment	2.3%	2.2%
Discount rate	2.2%	2.9%
Inflation assumption	2.2%	2.1%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	31 July 2019	31 July 2018
<b>Retiring today</b>		
Males	23.1	23.0
Females	25.9	25.8
<b>Retiring in 20 years</b>		
Males	25.3	25.2
Females	28.3	28.1

### Scheme assets

The assets in the LGPS scheme were:

	2019 Fund value £000	2018 Fund value £000
Equities	191,030	177,601
Government bonds	52,232	47,738
Other bonds	26,664	24,370
Property	31,778	32,382
Cash / Liquidity	11,688	15,356
Other	51,867	36,388
	<b>365,259</b>	<b>333,835</b>

### Analysis of the amount shown in the balance sheet

	2019 £000	2018 £000
Total fair value of assets	365,259	333,835
Present value of funded scheme liabilities	(529,178)	(421,816)
Present value of unfunded scheme liabilities	(67)	(63)
	<b>(163,986)</b>	<b>(88,044)</b>
Deficit in scheme- net pension liability		

### Amounts charged to staff costs

	2019 £000	2018 £000
Current service cost	(15,165)	(16,260)
Past service cost	(5,769)	(1)
Settlements and curtailments	(406)	(299)
	<b>(21,340)</b>	<b>(16,560)</b>
Total operating charge		

### Amounts charged to interest payable and other finance costs

	2019 £000	2018 £000
Interest on pension scheme assets	9,757	8,018
Interest on pension scheme liabilities	(12,154)	(11,080)
Administration expenses	(222)	(211)
	<b>(2,619)</b>	<b>(3,273)</b>
Net interest cost		

### Amounts recognised in other comprehensive (expenditure)/income

	2019 £000	2018 £000
Remeasurements (pension scheme assets)	16,642	14,551
(Loss)/gain on assumptions (pension scheme liabilities)	(79,448)	30,029
	<b>(62,806)</b>	<b>44,580</b>
Actuarial (loss)/gain in respect of the pension scheme		

**Movement in deficit in the year**

	<b>2019 £000</b>	<b>2018 £000</b>
Deficit in the scheme at 1 August	(88,044)	(122,806)
Current service costs	(15,165)	(16,260)
Past service costs	(6,175)	(300)
Contributions	10,823	10,015
Other finance costs	(2,619)	(3,273)
Actuarial (loss)/gain	(62,806)	44,580
	<b>(163,986)</b>	<b>(88,044)</b>
Deficit in the scheme provided at 31 July (note 24)	<b>(163,986)</b>	<b>(88,044)</b>

**Analysis of the movement in the present value of scheme liabilities**

	<b>2019 £000</b>	<b>2018 £000</b>
Liabilities at 1 August	421,879	428,102
Current service cost	15,165	16,260
Past service cost	5,769	-
Interest cost	12,154	11,080
Employee contributions	3,710	3,548
Actuarial loss/(gain) on liabilities (assumptions)	79,448	(30,029)
Benefits paid	(9,286)	(7,382)
Settlements and curtailments	406	300
	<b>529,245</b>	<b>421,879</b>
Liabilities at 31 July	<b>529,245</b>	<b>421,879</b>

**Analysis of the movement in the market value of scheme assets**

	<b>2019 £000</b>	<b>2018 £000</b>
Assets at 1 August	333,835	305,296
Interest income on plan assets	9,757	8,018
Actuarial gain on assets	16,642	14,551
Administration expenses	(222)	(211)
Employer contributions	10,823	10,015
Employee contributions	3,710	3,548
Benefits paid	(9,286)	(7,382)
	<b>365,259</b>	<b>333,835</b>
Assets at 31 July	<b>365,259</b>	<b>333,835</b>

**McCloud ruling**

The decisions of the Court of Appeal in the Sargeant/McCloud cases (generally referred to as "McCloud") have ruled that the transitional protections afforded to older members when the Public Service Pension Schemes were amended constituted unlawful age discrimination. At this stage it is uncertain whether or not there will be an issue for the LGPS and its employers, nor is it clear what the exact extent would be of any required changes.

LGPS have carried out some costings of the potential effect of McCloud as at 31 July 2019, based on individual member data as supplied for the 31 March 2016 actuarial valuation. The approach to the calculations is as instructed by the administering authority after consideration of the categories of members potentially affected.

Applying the calculations to the University's estimated active member liabilities and service cost at 31 July 2019 gives additional past service liabilities as at 31 July 2019 of £5,769,000. This amount has been recognised within staff costs in the Statement of Comprehensive Income.

The additional costs are very sensitive to the assumptions made. However, it is clear that there is a general expectation that an estimate should be made of any additional pension liabilities and costs so that an allowance can be made in an employer's accounting figures.

**GMP equality**

Guaranteed Minimum Pensions (or GMPs) are part of a member's pension under an occupational pension scheme such as the LGPS. UK and European law now requires pension schemes to provide equal benefits to men and women in respect of service after 17 May 1990 and this includes providing equal benefits accrued from that date to reflect the differences in GMPs. Until now, there has been no consensus or legislative guidance as to how this might be achieved in practice for ongoing schemes, but the 26 October 2018 Lloyds Bank court judgement has now provided some further clarity.

In response to the Lloyds Bank judgement HM Treasury stated that "public sector schemes already have a method to equalise guaranteed minimum pension benefits, which is why we will not have to change our method as a result of this judgement", clearly implying that the Government (who have the overall power to determine the benefit under the LGPS) believe the judgement itself will not affect the benefits. Therefore, the natural conclusion for the main public service pension schemes including the Local Government Pension Scheme is that it is not appropriate for any provision to be included for the effect of the Lloyds Bank judgement, at least at the present time, and an allowance has not been made for any additional liabilities at this stage.

**26. Endowment reserve**

Restricted net assets relating to expendable endowments are as follows:

	Consolidated and University	
	2019 £000	2018 £000
<b>Balance as at 1 August</b>	<b>32</b>	<b>37</b>
New endowments	7	-
Investment income	-	-
Expenditure	(6)	(5)
Total endowment comprehensive income/(expenditure) for the year	<b>1</b>	<b>(5)</b>
<b>Balance as at 31 July</b>	<b>33</b>	<b>32</b>
<b>Analysis by type of purpose:</b>		
Scholarships and bursaries	33	32
<b>Analysis by asset:</b>		
Current assets – Investments	33	32

**27. Restricted reserve**

Restricted net assets relating to restricted donations are as follows:

	Consolidated and University	
	2019 £000	2018 £000
<b>Balance as at 1 August</b>	<b>29</b>	<b>30</b>
New donations	-	-
Expenditure	(9)	(1)
Total restricted comprehensive (expenditure)/income for the year	<b>(9)</b>	<b>(1)</b>
<b>Balance as at 31 July</b>	<b>20</b>	<b>29</b>
<b>Analysis by type of purpose:</b>		
Prize funds	10	10
Art fund	9	18
Scholarships and bursaries	1	1
<b>Analysis by asset:</b>		
Current assets – Investments	20	29

**28. Lease obligations**

Future minimum lease payments due under operating leases as at 31 July:

	Consolidated and University	
	2019 £000	2018 £000
<b>Buildings</b>		
Within one year	1,144	2,139
Between one and five years	4,245	6,246
Over five years	26,395	27,389
<b>Equipment</b>		
Within one year	189	234
Between one and five years	153	213
Over five years	-	-
	<b>32,126</b>	<b>36,221</b>

**29. Capital commitments**

Provision has not been made for the following capital commitments:

	Consolidated and University	
	2019 £000	2018 £000
Commitments contracted not provided at 31 July	9,689	16,648
Authorised not contracted for at 31 July	27,016	31,109
	<b>36,705</b>	<b>47,757</b>

The capital commitment includes £3,736,000 (2018: £24,140,000) of spend which will be grant funded.

**30. Amounts disbursed as agent of Department for Education (formerly National College for Teaching and Leadership until 1st April 2018)**

These funding streams are available solely for students, with the University acting only as a paying agent. The income and related disbursements are therefore excluded from the Statement of Comprehensive Income. The University receives income towards the cost of administering these funds and both this income and the related expenditure are included within the Statement of Comprehensive Income.

	<b>Consolidated and University</b>	
	<b>2019 £000</b>	<b>2018 £000</b>
<b>Initial teacher training bursaries</b>		
Funds received	3,778	3,885
Disbursed to students	(4,286)	(3,716)
Balance (overspent)/unspent as at 31 July	<b>(508)</b>	<b>169</b>

**31. Related party transactions**

The Governors have considered the requirements of FRS102: The Financial Reporting Standard applicable in the UK and Republic of Ireland which apply to these financial statements. The standard requires disclosure of inter alia, transactions with related parties of the University.

In order to determine what related party transactions and balances need to be disclosed in the financial statements the University collates an annual "register of interests" for all members of the Board of Governors and key management personnel (University Leadership Team members) and their 'close family' (spouse/partners/children). This enables the University to be satisfied that there are no 'conflicts of interest' and to enable it to identify potential related parties (and the associated transactions with those parties).

For there to be a related party relationship there needs to be an individual who is able to control / significantly influence both parties in the transaction.

The register of interests has been reviewed, in order to ascertain any related party relationships and then any transactions with those related parties have been identified in the financial records of the University.

The Institution has taken advantage of the exemption within FRS 102 and has not disclosed transactions with other group entities where it holds 100% of the voting rights.

During the year the group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and balances outstanding at 31 July, are as follows:

Related Party		<b>Income received from £'000</b>	<b>Expenditure incurred £'000</b>	<b>Amounts due from £'000</b>	<b>Amounts due to £'000</b>
<b>PriceWaterhouseCoopers</b>	2019	-	11	-	-
	2018	-	16	-	-
<b>Leeds Teaching Hospital</b>	2019	Note 1	Note 1	Note 1	Note 1
	2018	-	9	-	-
<b>Yorkshire Universities</b>	2019	-	16	-	-
	2018	-	16	-	-
<b>HESA</b>	2019	1	144	-	-
	2018	1	75	-	-
<b>Sheffield College</b>	2019	281	213	13	-
	2018	267	182	-	10
<b>Peabody Trust</b>	2019	5	-	-	-
	2018	-	-	-	-
<b>Sheffield Theatres</b>	2019	-	6	-	-
	2018	3	4	-	-
<b>Sheffield Children's Hospital</b>	2019	Note 2	Note 2	Note 2	Note 2
	2018	144	52	85	-
<b>Sheffield Galleries and Museum Trust</b>	2019	-	39	-	-
	2018	-	32	-	1
<b>Yorkshire Artspace</b>	2019	-	7	-	-
	2018	-	13	-	-
<b>Sheffield City Region LEP</b>	2019	83	-	12	-
	2018	539	-	25	-
<b>St Luke's Hospice</b>	2019	12	12	-	-
	2018	5	1	-	-
<b>Sheffield Science Park Company Ltd</b>	2019	-	9	-	-
	2018	Note 3	Note 3	Note 3	Note 3
<b>Sheffield Springs Academy</b>	2019	-	3	-	-
	2018	-	-	-	-
<b>Sheffield Hallam University Union of Students</b>	2019	345	2,598	1	3
	2018	384	2,621	55	3
<b>Legacy Park Ltd</b>	2019	25	12	1	-
	2018	Note 4	Note 4	Note 4	Note 4
<b>Element Society</b>	2019	1	-	-	-
	2018	Note 4	Note 4	Note 4	Note 4
<b>Voluntary Action Sheffield</b>	2019	-	7	-	-
	2018	Note 4	Note 4	Note 4	Note 4
<b>STEM Learning Limited</b>	2019	7	-	-	-
	2018	Note 4	Note 4	Note 4	Note 4
<b>UTC Sheffield</b>	2019	-	4	-	-
	2018	Note 4	Note 4	Note 4	Note 4

**Note 1:** Karen Finlayson resigned as a trustee in 2017/18 and therefore transactions are not considered this year.

**Note 2:** Neil MacDonald left as a board member in 2017/18 and therefore transactions are not considered this year.

**Note 3:** Neil MacDonald joined as a board member in 2018/19 and ULT members were not included last year therefore transactions were not considered last year.

**Note 4:** ULT members were not included last year and therefore transactions were not considered last year.

A number of University Governors and Key Management Personnel are directors of University subsidiary companies, but these have not been included in this disclosure as they are covered by Grant Thornton's external audit of the group or are dormant.

Ms Karen Finlayson, a Governor, was a partner at PriceWaterhouseCoopers. Expenditure incurred related to counterparty benchmarking and treasury consultancy services.

Ms Karen Finlayson was a member of the Board of Leeds Teaching Hospitals. Expenditure incurred last year related to staff secondment.

Professor Sir Chris Husbands, Vice-Chancellor and member of the Board of Governors, is a director of Yorkshire Universities. Expenditure incurred related to subscription fees.

Professor Sir Chris Husbands is a member of the Board of HESA. Expenditure incurred related to subscription fees, data enquiries, publications and training. Income received related to travel expenses.

Professor Sir Chris Husbands was a member of the Board of Sheffield College during 2017/18. Richard Calvert, Deputy Vice-Chancellor (Strategy and Operations), was a Governor of Sheffield College during 2018/19. Expenditure incurred related to student placements, work related to the National Collaborative Outreach Programme, extended degree course costs, engineering NVQ fees and Homestay accommodation costs for a project in Hong Kong. Income received related to course fees, NVQ management fee and room hire.

Lord Kerslake, Chair of the Board of Governors, is the chair of trustees for the Peabody trust. Income received relates to sponsorship of student tuition fees.

Lord Kerslake is a trustee of Sheffield Theatres Trust. Expenditure incurred relates to event room hire and catering.

Mr Neil MacDonald, a Governor, was a director of Sheffield Children's Hospital Foundation Trust during 2017/18. Expenditure last year incurred related to staff secondment, recharge of stipend for PhD student funded by the University, student projects, internship scheme, provision of lectures and training, conferences and student placement. Income received related to consultancy services, collaborative research, room hire/ refreshments, research studentship and training.

Mr Neil MacDonald is a trustee of Sheffield Galleries and Museums Trust (known as Museums Sheffield). Expenditure incurred relates to room hire for events.

Mr Neil MacDonald is a trustee of Yorkshire Artspace. Expenditure incurred relates to room hire and speakers fees.

Mr Neil MacDonald is a board member of Sheffield City Region LEP. Income received relates to consultancy regarding the city travel strategy and grant funding of £500,000 in 2017/18.

Mr Neil MacDonald is the chair of trustees of St Luke's Hospice. Expenditure incurred relates to room hire and the YH Tariff payment. Income received relates to the evaluation of a Patient Security & Dependency Tool and tuition fee sponsorship.

Mr Neil MacDonald is a director (chair) of Sheffield Science Park Company Ltd. Expenditure incurred relates to cleaning, utility and licence costs

Mr Neil MacDonald is chair of the board of governors for Sheffield Springs Academy. Expenditure incurred relates to Wellcome CPD challenge and YH Tariff.

The following Executive Officers of Sheffield Hallam University Union of Students were members of the Board of Governors during the 2018/19 financial year:

Mr A Adegbola

Mr S Muhammed

Ms N Mowlana

Mr A Okud

Expenditure incurred relates to the yearly grant made to the Students' Union by the University, facilities charges, catering and hospitality, marketing and merchandising, uniforms and clothing, student society funding, reimbursement of SHU card sales, sports club finance fees and funding for Nightline. Income received relates to estates and facilities charges, printing, and contribution to the cost of staff member.

Ms Deborah Harry, Chief Finance and Planning Officer, was a director of Legacy Park Ltd until 18 March 2019. Expenditure incurred relates to contributions towards the development of the Olympic Legacy Park. Income received relates to a ground maintenance contract.

Ms Deborah Harry is also a director of Sheffield Science Park Company Ltd. Expenditure incurred relates to cleaning, utility and licence costs.

Dr Sally Jackson, Chief People Officer, is a trustee of Element Society. Income received relates to printing charges.

Mr Mark Swales, Chief Estates and Facilities Officer, is a director and trustee of Voluntary Action Sheffield. Expenditure incurred relates to room and equipment hire.

The University holds a 25% shareholding in the joint venture company STEM Learning Limited, which operates the National Science Learning Centre as a centre for excellence for science teachers' continuing professional development, see note 16 for further details. Professor Chris Wigginton, Pro-Vice-Chancellor for Global and Academic Partnerships, is a director of STEM Learning Ltd. Income received relates to the delivery of specialist teacher training.

Professor Chris Wigginton is a governor of UTC Sheffield. Expenditure incurred relates to student placements.

All members of the Board of Governors and the University Leadership Team submitted "Nil" returns in respect of any relevant interests of close family members.

The University's register of Governors' and key management personnel interests is held by the Governance and Sector Regulation Team and is available for inspection.

### 32. Transactions with trustees

Members of the Board of Governors are trustees of the University as an exempt charity.

Professor Sir Chris Husbands, Vice-Chancellor, was a Governor of the University. Professor Sir Chris Husbands received remuneration in connection with his employment and this is disclosed in note 9. He did not receive supplementary payment in relation to his membership of Board of Governors.

Mr Dan Bye, a Governor, was a member of staff of the University elected as a governor by and from the professional services staff of the University for the year ended 31 July 2019. Dr Peter Jones and Mr Kevin Taylor were governors and members of academic staff of the University elected by and from the academic staff of the University for the year ended 31 July 2019. As such they were paid by the University in connection with their employment but received no supplementary payment for their membership of Board of Governors.

Dr Julie Morrissy is a consultant for Clyde & Co. During the year ended 31 July 2019 Clyde & Co. invoiced the University for a piece of consultancy work that Dr Morrissy undertook for the University, totalling £1,600.

During 2018/19, expenses in relation travel, subsistence, accommodation, training and subscriptions totalling £13,000 (2017/18: £11,000) were paid to or on behalf of 14 (2017/18: 15) members of the Board of Governors.

Other than expenses, members of the Board of Governors did not receive any payments or other benefits for serving on the Board. In addition, other than the transactions with trustees listed above members of the Board of Governors did not receive any payments for services provided by the member of the Board to the University. Transactions with related parties are declared in note 31.

### 33. Events after the reporting period

#### Universities Superannuation Scheme (USS)

Details relating to the USS pension scheme can be found in notes 24 and 25. The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion and a funding ratio of 95%. Since the year end and following the completion of the 2018 actuarial valuation, a new Deficit Recovery Plan and Schedule of Contributions has been agreed. This supersedes the Deficit Recovery Plan as set out in the 2017 valuation Schedule of Contributions and recognised in the results for the year ended 31 July 2019. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 followed by payments of 6% of salaries from 1 October 2021 to 31 March 2028.

As at 31 July 2019 and leaving all other assumptions used to calculate the provision unchanged, applying the contribution rates relating to the Deficit Recovery Plan based on the 2018 valuation would have resulted in a provision of £3.654m. This is £2.477m lower than the reported year end provision and would have also resulted in a lower pension cost being recognised in the Statement of Comprehensive Income. The new Schedule of Contributions based on the 2018 actuarial valuation will be reflected in the University's Financial Statements for the year ended 31 July 2020.

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