

**Sheffield
Hallam
University**

The background features several stylized, light-colored graphics. At the top right is a large, intricate rose. Below it, on the left, is a stylized book with its pages fanned out. On the right side, there is a stylized leaf or branch. At the bottom, there is a grid pattern of intersecting lines and several arrows pointing upwards and to the right.

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**
2017/18



**Sheffield
Hallam
University**

**Sheffield
Hallam
University**

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INTRODUCTION FROM THE VICE-CHANCELLOR

We live in a world where knowledge is the new currency, where problems require cross-cutting insights for resolution, where workplaces are becoming more complex. It is a world in which universities play an ever more significant role for individuals, societies and nations.

Universities are being challenged: to do more; to deliver better value for students, stakeholders, and the taxpayer; to collaborate more and yet be more competitive; to achieve outstanding outcomes for our students and our locality; to lead innovation in the economy and society.

Universities are also facing significant change. Our new regulator, the Office for Students (OfS) has set challenges for universities on access and participation, and on improving the performance of under-represented groups of students. The Review of Post-18 Education and Funding has the potential for a new approach to funding for higher education, between the student and the taxpayer, and between different forms of study. The Office for National Statistics (ONS) is currently reviewing how tuition fees are portrayed in public accounts, which could result in re-classification of expenditure, thereby impacting upon the national deficit model. Brexit will inevitably bring enormous change, not just to our research funding but to our international operating context more generally.

There are also opportunities for universities to demonstrate their value. This year the UPP Civic Universities Commission, led by the Chair of our Board of Governors, Lord Kerslake, has examined the role that universities play as 'anchor' institutions in their regions. The findings and recommendations are extremely relevant for a university such as Sheffield Hallam, which is so deeply connected to the city and region.

We are now a year into our new strategy, 'Transforming Lives'. We have achieved strong outcomes, supported by targeted strategic investments. Student satisfaction has increased. More students are globally engaged. More students are supported to continue their education at Sheffield Hallam after their first year. More students are progressing to highly skilled employment after graduation. We have submitted research bids at larger volume than before. We have secured funding from our new research funders UK Research and Innovation (UKRI) and Research England.

These are important successes – but we know that we need to do better and to step up the pace of improvement in order to realise our ambitions. The challenges we foresee over the next few years - from Brexit, to achieving a long-term sustainable funding model, to securing outstanding outcomes for our students, to meeting the ever more increasing expectations our students and society have of us - will mean that we will need to be even more successful than we have been in the past.

My ambition is that Sheffield Hallam, already a good university with solid foundations, becomes a genuinely great university, outstanding at what it sets out to do, established as a beacon for what universities can do for their students, their communities and beyond if they commit to engaging with real-world challenges and finding practical solutions to them.

Professor Sir Chris Husbands
Vice-Chancellor



FOREWORD FROM THE CHAIR

No matter where you turn it seems that the tectonic plates of politics, society and technology are shifting faster than at any other time during this institution's long history.

This provides challenges, but also opportunities for those organisations that are willing and able to grapple with complex issues - understand them and adjust accordingly. This goes some way to explaining why Sheffield Hallam is evolving at such a rapid pace across many aspects of its operations.

By outlining an ambition to become the world's leading applied university, the Vice-Chancellor set a challenging target. It has greatly impressed me and the rest of the Board of Governors to see how all staff, students and the wider Sheffield Hallam community have responded.

It is thanks to their hard work that the University has made some outstanding progress towards this ambition over the last year. Achieving exceptional outcomes for our students and our region, showing the world what a university genuinely focused on transforming lives can achieve.

The University is in a robust financial position with a positive year for cash generation and a strong net assets position. This will allow Sheffield Hallam to plan for future investments that fulfil its strategic ambitions.

It is impossible to include everything within this document, but the following pages show some highlights of the outstanding work and achievements seen over the last twelve months across a diverse range of areas.

These revolve around the four key pillars of our strategy - which is fundamental to everything we do.

Shaping futures so that our students leave the University as world-ready citizens. Possessing the skills and knowledge that reflect cutting-edge understanding in their subject. Able to use their learning creatively to solve tough problems.

Creating knowledge, with world-leading research that addresses real practical challenges. That generates wide-ranging social, economic and cultural benefits.

Leading locally and engaging globally. At the heart of the region championing social mobility, improving quality of life and driving economic growth. Taking our role as a civic university seriously, connecting the region to the rest of the globe.



Building a great university, bringing high quality to everything we do and providing an outstanding environment in which to study, research and work.

On behalf of the Board, I would like to thank students, all academic and support staff, the Vice-Chancellor and the University Leadership Team for their hard work over the past year.

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.

Lord Kerslake
Chair of the Board of Governors



OUR STRATEGY

OUR STRATEGY: TRANSFORMING LIVES

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.

Our vision sets a course for the long term. It provides a coherent framework for sustained improvement, whilst retaining flexibility to respond to circumstances, challenges and opportunities in an uncertain operating environment.

Each of the four pillars 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.

<p>SHAPING FUTURES</p>	<p>CREATING KNOWLEDGE</p>	<p>LEADING LOCALLY AND ENGAGING GLOBALLY</p>	<p>BUILDING A GREAT UNIVERSITY</p>
<p>Our students will be confident, creative, resilient and responsible - prepared for whatever they decide to do.</p>	<p>Our research and industry partnerships will provide innovative, practical solutions to real challenges.</p>	<p>Our place at the heart of our city and region, and our international connections, are fundamental to what we do.</p>	<p>Our success depends on our professionalism and quality right across the organisation.</p>

To measure progress and success, the University has 17 Key Performance Indicators (KPIs) which include a balance of customer-focussed, process-focussed, financial and cultural indicators. They include measures which are standard benchmarks of success in the higher education sector, and/or are consistent with the measures used in the Teaching Excellence Framework (TEF) (for example, student retention, attainment and satisfaction, student-staff ratios), or are standard financial measures (for example, net cash flow as a percentage of income), as well as measures which help us to direct our focus as an institution (for example, research income, ratio of professional services staff to academic staff). 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 allocation of £7.6m during 2017/18. This will continue to be deployed in 2018/19 to support projects of strategic importance to the University.

During the past year we have been focused on delivery of the implementation plan covering the first phase of the journey towards achieving our vision. The immediate priorities underline a commitment to pace and focus. Our progress against the implementation plan is reported over the following pages.

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:** the outcome of the Review of Post-18 Education and Funding has the potential to deliver major changes in the structure and level of funding.
- **UK student recruitment:** full-time undergraduate students are our main source of income. If we do not reach our student number targets, we will find it more difficult to realise our investment goals.
- **Shaping Futures:** if we do not continue to improve teaching quality and student retention, the student experience, our financial position and our reputation will suffer. The University may fail to improve graduate employment levels which will impact on our ability to shape our students' futures.
- **Creating Knowledge:** changes to the research and funding environment, including the potential loss of EU funding streams, may threaten our ability to assure a thriving and sustainable research and innovation base.
- **Regional leadership:** if we fail to build strong relationships with stakeholders, our regional leadership role will be weakened, reducing our capacity to strengthen the university's role in the region.
- **Global engagement:** if competitor universities provide a more compelling offer, we will find it more difficult to realise our global engagement vision.
- **A sustainable, safe and successful estate:** if we are not able to maintain and develop an estate that responds to changing needs and provides a safe environment, we may not fully discharge our duty of care or statutory compliance responsibilities, and we will negatively affect the student and staff experience, our ability to recruit or to realise new commercial opportunities.
- **Digital and technology:** if we are unable to rapidly respond appropriately to cyber incidents, if we are unable to change technology effectively or if we do not take advantage of advances in technology, then the University may not keep up with changing student, staff and partner expectations.



SHAPING FUTURES

WE WANT OUR STUDENTS TO BE INSPIRED AND ENTHUSED BY THE TRANSFORMATIVE LEARNING EXPERIENCE THAT WE PROVIDE THROUGH CONSISTENTLY EXCELLENT PROVISION. WE ARE COMMITTED TO:

- offer an innovative and coherent applied curriculum
- deliver consistently excellent teaching
- cultivate an environment in which all our students are challenged, supported and encouraged to succeed during and after their time at Sheffield Hallam
- educate our students as confident, world-ready citizens with the skills, capabilities and knowledge to thrive after graduation

By delivering on these commitments we will:

- enhance student success by ensuring more students complete their studies: through improved retention of students
- shape life change by helping more of our students gain highly skilled employment: through higher rates of 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 Minority Ethnic (BME) 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. 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 benchmarks, for the retention of young students, young students from low-participation neighbourhoods (areas where progression to higher education amongst young people is not the norm), and mature students.

And in the latest TEF metrics, we scored positive flags for the retention of mature, disabled and BME students as well as those from areas in the bottom two quartiles in the Indices of Multiple Deprivation (IMD).

Highly skilled employment:

Graduate outcomes, as measured by the Destination of Leavers from Higher Education (DLHE) survey, have improved. 74% of our full time/sandwich course 2016/17 graduates were in highly skilled employment or further study within six months from graduating, a three percentage points improvement from the previous year. And 67% of those graduates who progressed to further study returned to Sheffield Hallam to do it.

The impact of the sub-regional economy on employment and salary levels continues to be very important to us and our students; with 44% of all our full-time/sandwich course graduates who were in work being employed within the Sheffield City Region.

We have a history of excellence in employability service delivery, and launched a new Employability Promise to our students this year to provide even better support, advice, guidance and access to opportunities.

HIGHLY RATED FOR THE RETENTION OF UNDERREPRESENTED STUDENTS

INCREASED STUDENT SATISFACTION TO 86%

RANKED TOP QUARTILE IN THE SECTOR FOR STUDENT SATISFACTION

Improving student satisfaction:

Student satisfaction, measured by the National Student Survey (NSS) has increased, with 86% of our 2017/18 final year undergraduates agreeing that overall they were satisfied with the quality of their course; a one percentage point improvement on the previous year. This is the second consecutive year our score has increased, and places us three percentage points above the 2018 national sector average of 83%, and firmly among the top quartile of universities in the country. Almost half of our courses (46%) achieved an overall satisfaction score of over 90% and 15 courses achieved 100%.

Closing the attainment gap:

The gap between the proportion of White students achieving First Class or Upper Second degree classifications and BME students achieving the same outcomes was 18%. Although this has improved in recent years, the gap remains below the sector average. We are taking an action-research approach to tackling this gap in attainment, testing out hypotheses through practical interventions at various points in the student lifecycle - recruitment, retention, attainment and graduate destinations.

CREATING KNOWLEDGE



OUR RESEARCH AND TEACHING WILL ADDRESS REAL-WORLD CHALLENGES WHICH DEMAND INNOVATIVE THINKING AND THE DEVELOPMENT OF SOLUTIONS THAT IMPACT ON PEOPLE'S LIVES. WE ARE COMMITTED TO:

- be recognised internationally for research which has real social, economic and cultural impact
- identify and seize opportunities to lead in new and emerging areas
- apply research to enrich students' learning and work with others to ensure translation into practice

By delivering on these commitments we will:

- build our capacity to exert influence on solving real-world problems by increasing the size and quality of our research: increased research income and market share of research grant and contract income

- increase the influence we have on the world by applying our knowledge to real-world problems: increased income from knowledge exchange and increased commercialisation of research
- increase our contribution to creating knowledge by boosting postgraduate research numbers: increased postgraduate research student numbers

Progress during the year has been on developing a focused strategy for research across the University that will enable us to deliver on these commitments. Research at Sheffield Hallam will align to three core research and impact platforms that provide a focus for the areas of strength in which we are, or have the potential to be, world-class. These are: healthy, independent lives; thriving, inclusive communities; future economies.

This focus will ensure we can stimulate high impact research and knowledge exchange collaborations and enhance the external profile of our research, allowing us to access relevant research and knowledge exchange funding streams and enhance our ability to bid at scale.

£8.5M OF RESEARCH GRANT AND CONTRACT INCOME, INCLUDING £4.7M OF QUALITY RELATED RESEARCH INCOME

OVER 100 RESEARCH GRANTS AND CONTRACTS

INCREASE IN SUCCESSFUL LARGE-SCALE, COLLABORATIVE RESEARCH BIDS

Research income:

In 2017/18 the University was awarded 108 research grants and contracts worth £8.5m, a significant increase in income on the previous year. Of this, £4.7m was awarded from our former funding council, HEFCE, in quality-related (QR) research funding, compared to £4.6m in 2016/17.

From 2018/19 Research England, a new Research Council of UK Research and Innovation (UKRI), will provide grant funding for research and innovation in English universities. A policy for strategic investment in research and the allocation of QR is being developed at Sheffield Hallam which will deliver a sound basis for resource allocation across our four Faculties in order to support research excellence as well as emerging research capability.

Knowledge exchange:

We continue to be successful in securing Innovate UK match funding for Knowledge Transfer Partnerships (KTPs) between the University, a graduate (KTP Associate) and a business requiring research and development or consultancy work. By July 2018, the University had 13 KTPs and 3 Enhanced Mentored Internships (EMIs), securing £0.7m income for the University.

We actively engage with over 400 businesses through the Sheffield Universities Managing Director's Club which provides a forum for regional businesses and key academics to exchange knowledge and ideas for future partnerships.

Postgraduate research students:

We are committed to building a strong research and knowledge exchange culture, and to developing the researchers of the future. The University has targeted investment in doctoral activity to make a distinctive contribution to the next generation of researchers, including the ongoing development of the Doctoral School, and our prestigious Vice-Chancellor's PhD Scholarships. This year the University set up an Early Career Researcher (ECR) network to enhance our research community and provide support for those relatively new to research at Sheffield Hallam.

Research grants and contracts

A THREE YEAR ENGINEERING AND PHYSICAL SCIENCES RESEARCH COUNCIL (EPSRC) GRANT FOR OUR MATERIALS AND ENGINEERING RESEARCH INSTITUTE (MERI) IN CONJUNCTION WITH SIX OTHER UNIVERSITIES AND INDUSTRY PARTNERS TO DEVELOP REVOLUTIONARY SELF-HEALING MATERIALS THAT COULD BE APPLIED TO MOBILE PHONE AND COMPUTER SCREENS, AS WELL AS SAFETY CRITICAL SYSTEMS USED IN THE NUCLEAR INDUSTRY AND DEEP SEA TECHNOLOGIES.

FOUR MEDICAL RESEARCH COUNCIL (MRC) CONFIDENCE IN CONCEPT AWARDS INCLUDING PROJECTS LOOKING AT NEW COATINGS FOR CATHETERS AND CANCER DETECTION AND PROGNOSIS FROM FINGER MARK ANALYSIS BY MASS SPECTROMETRY.

A YORKSHIRE CANCER GRANT FOR A PROJECT THAT LOOKS AT HELPING BREAST CANCER PATIENTS REDUCE THE RISK OF THE DISEASE RETURNING.

A GRANT FROM THE NATIONAL MULTIPLE SCLEROSIS SOCIETY TO IMPROVE UNDERSTANDING OF THE PROGRESSIVE PHASE OF THE DISEASE.

CONTRACT RESEARCH CUSTOMERS HAVE ALSO INCLUDED THE CROWN COMMERCIAL SERVICE BEHAVIOURAL INSIGHTS FRAMEWORK, THE JOSEPH ROWNTREE FOUNDATION, THE MINISTRY FOR HOUSING, COMMUNITIES AND LOCAL GOVERNMENT, SPORT ENGLAND, UK SPORT, AND WORLD RUGBY.

A SHARE OF NEARLY £10M FOR THE GROW MEDTECH PARTNERSHIP, PART-FUNDED BY RESEARCH ENGLAND'S CONNECTING CAPABILITY FUND, TO BRING TOGETHER ENGINEERING, DESIGN, MANUFACTURING AND BIOLOGICAL EXPERTISE ACROSS THE SHEFFIELD AND LEEDS CITY REGIONS WITH THE AIM OF BRINGING NEW MEDICAL TECHNOLOGY PRODUCTS TO MARKET.

A HORIZON 2020 AWARD FOR OUR COMMUNICATIONS AND COMPUTING RESEARCH INSTITUTE FOR THE CULTURELABS PROJECT TO PROMOTE SOCIAL INCLUSION AND ENGAGEMENT WITH NEW CITIZENS OF SIX EUROPEAN COUNTRIES.

A FIVE YEAR GRANT FROM THE NATIONAL INSTITUTE FOR HEALTH RESEARCH TO CONTINUE OUR PIONEERING WORK ON THE IMPACT OF PHYSICAL ACTIVITY ON PROSTATE CANCER.

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. WE ARE COMMITTED TO:

- work with others to enhance economic growth, educational health and quality of life in our region
- deepen and extend our global engagement - linking Sheffield to the world and the world to Sheffield

By delivering on these commitments we will:

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

Progress during the year has centred on developing opportunities for the University to take a greater lead within and on behalf of the region, actively engaging with others to provide wider strategic impact in the region as an 'anchor' institution. And working with like-minded partners locally and globally to enhance our impact and reach.

Improving progression and access to education for all:

We continue to be a lead university in apprenticeship delivery and our offer has now grown to 29 Higher and Degree Apprenticeships (HDA) courses. We have in place an extensive HDA business engagement programme, both regionally

and nationally, working directly with employers to develop HDAs that meet the skills needs of their industry and sector.

In 2017, we used our convening and influencing power to launch South Yorkshire Futures - a Department for Education-backed social mobility programme. The programme addresses the educational attainment and wellbeing of learners and aims to develop a dedicated and talented workforce to support them, receiving the support of the Sheffield City Region Mayor.

We have continued to develop educational partnerships that support our vision to transform lives. We have validation arrangements with 12 Further Education colleges, five of which are in the Sheffield City Region. This enables the University to respond to the education and skills needs of a wider range of learners who may not have otherwise engaged with us.

Business and regional engagement:

Our aim is to become a beacon for business creation and growth, both as a 'business ready' university, and through start-ups and student enterprise. We received £200,000 Catalyst Funding from HEFCE to create a Postgraduate Future Leaders Programme for the Sheffield City Region that helps to retain talent in public and private sector organisations. The aim of the funding is to close the skills gap and support the delivery of the Government's Industrial Strategy through curriculum development. The Sheffield Leaders programme is now being delivered in partnership with businesses across our region.

Our leadership role in the region is being strengthened through stronger relationships with regional and local stakeholders, including membership of our Vice-Chancellor on the Sheffield City Region Local Enterprise Partnership Board, and engagement of a number of senior leaders and academics on regional decision-making and advisory boards.

International opportunities:

Through a range of initiatives, we have successfully increased the proportion of our students gaining

international experience. We participate in the Erasmus+ programme which provides students with an unrivalled opportunity to gain international study and work experience, increase their cultural awareness and enhance their employability. We have exchange agreements with over 100 institutions from 32 countries and welcome around 120 incoming exchange students every year, whilst around 300 of our students participate in outgoing exchanges.

The GoGlobal Fund was launched in December 2017 to support students from disadvantaged and under-represented backgrounds to obtain outward student mobility experiences - to volunteer, work or study abroad - who would otherwise be unable to do so. In 2017/18, 266 students have been supported, with an average financial award of £481. The GoGlobal Challenge was launched to offer recognition for campus and community-based global engagement, or for experiences abroad which fall outside of academic programmes. 62 students are currently taking the challenge.

£500,000 FUNDING TO CREATE BESPOKE LEARNING AND TEACHING FACILITIES FOR HIGHER AND DEGREE APPRENTICESHIPS

£200,000 FUNDING TO DELIVER PROGRAMMES TO RETAIN TALENT IN THE SHEFFIELD CITY REGION

SOUTH YORKSHIRE FUTURES SOCIAL MOBILITY PROGRAMME LAUNCHED

GO GLOBAL FUND LAUNCHED TO PROVIDE FINANCIAL SUPPORT FOR INTERNATIONAL EXPERIENCES FOR DISADVANTAGED STUDENTS

BUILDING A GREAT UNIVERSITY

WE WILL BE KNOWN FOR THE QUALITY AND PROFESSIONALISM OF OUR SERVICES, PEOPLE AND FACILITIES. WE ARE COMMITTED TO:

- provide an outstanding environment in which to study, research and work
- look radically at the way we work, developing organisational arrangements which enable us to respond quickly to new opportunities
- reduce complexity and allow staff to concentrate on securing excellence consistently across the University
- attract and retain the best people, embracing diversity and creating an exciting workplace of shared expertise
- operate sustainably, investing in realising our goals and considering the long-term in all our decisions

By delivering on these commitments we will:

- put our students and clients at the centre of our service design and provisions: 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: increased proportion of our workforce from BME backgrounds
- make sure that the University is here for the long-term by ensuring sustainability and efficiency: increased cash flow as a percentage of income

Progress this year has been significant in building the foundations for a sustainable and successful future that contributes to delivering our vision.

Improving our service for students, staff and others:

This year we set about reviewing our professional and supporting services with a view to making them more efficient, more agile and more flexible to the changing needs of the University,

alongside a clear vision of what the world's leading applied university will need from its professional services both now and in the future.

The Hallam Deal was launched in November 2017, and recognises and values the contribution our people make in terms of their commitment, passion, delivery and hard work. It also sets out what staff can expect in return.

Inclusivity and diversity:

Over the last year we have been working towards achieving our Equality and Diversity ambitions with a focus on bringing about a step change in race equality and diversity, and an emphasis on having a positive impact on the success and progression of students and staff from different racial and ethnic backgrounds.

Providing an outstanding and sustainable environment:

Our new Campus Masterplan places students firmly at the heart of what we do and our University at the heart of the city. The plan provides a framework for our estate over 20 years and aims to create a sustainable and flexible campus focused around our city centre heart that will shape our ambition to be the world's leading applied university.

The investment will be funded from cash balances, generated over recent years and on going cash generation from operations, but will also require some additional borrowing. The process of securing this additional funding is underway.

The strategy related revenue initiatives in 2017/18 and 2018/19 result in short-term accounting deficits but will result in an improved financial performance and financial sustainability thereafter. In order to ensure that the University maintains sufficient cash to fund operational activities and to invest in the strategy and the estate, a review of a number of financial scenarios has been undertaken and the Strategy has focused on cash generation and balances as a key financial measure of sustainability.



We have also put in place a new IT Roadmap, which aims to ensure a secure and stable IT network, as well as further enhancing the contribution of technology to our teaching, learning, research and wider operations.

**HALLAM DEAL
LAUNCHED TO
SUPPORT OUR
AMBITION OF
CREATING AN
OUTSTANDING
ENVIRONMENT IN
WHICH TO STUDY,
RESEARCH AND
WORK**

**WORK COMMENCED
ON NEW
PROFESSIONAL
SERVICES OPERATING
MODEL**

**£220M PROPOSED
INVESTMENT
IN CAMPUS
MASTERPLAN OVER
NEXT 5 YEARS**

2018/19 PRIORITIES

SHAPING FUTURES

- We will review our educational portfolio to ensure it is fit for purpose and aligns with our vision to develop students who are confident, creative, resilient and responsive and prepared for whatever they decide to do after graduation. This will include reviewing options for flexible and alternative routes into higher education, and improving our distance learning, technology enhanced learning, and postgraduate offer.
- We will roll-out successful pilot projects from 2017/18 aimed at improving student retention and reducing the BME attainment gap.
- We will launch the Hallam Award to recognise and reward the broad range of extra-curricular activity, both on and off campus that our students engage with alongside their studies. It will provide a framework that enables students to recognise and record their achievements, and enable them to articulate their strengths and achievements to future employers.

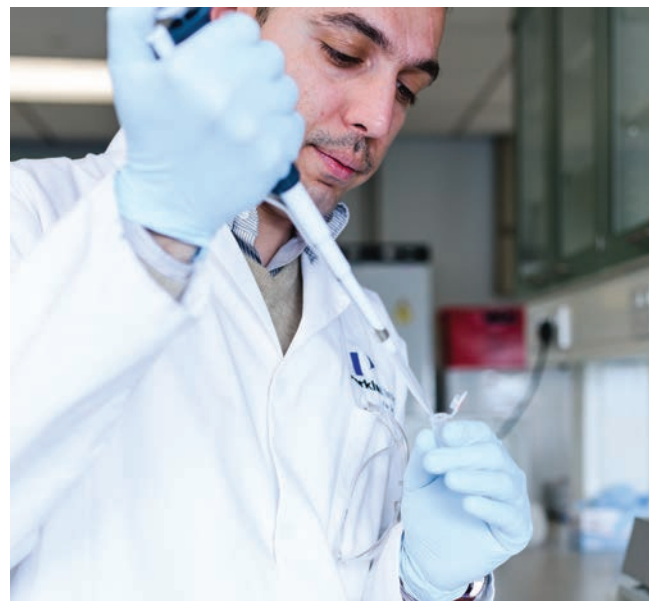
CREATING KNOWLEDGE

- We will invest in collaborative and inter-disciplinary research at Sheffield Hallam through our Creating Knowledge investment programme. Calls for funding will be made early in the new academic year, with all projects expected to report by the end of 2019 and then again by the end of 2020 to record the outputs, applications and impact.
- We will introduce a new research and knowledge exchange mentoring programme to enhance support for our research staff and ensure the sustainability of our research pipeline. Our sabbaticals policy and early career research policy will also be enhanced in order to support and develop our research staff.

- We will continue to prepare for the 2021 Research Excellence Framework (REF) and develop a draft submission in autumn 2018, focusing on the quality and impact of our research that provides practical solutions to real-world problems.
- We will capitalise on the opportunities offered by the opening of two new major research centres at the Health Innovation Park.

LEADING LOCALLY AND ENGAGING GLOBALLY

- We will launch Phase 2 of South Yorkshire Futures and critically evaluate our progress against the aims and objectives of the programme. A more sophisticated use of data, insight and intelligence will inform our approach.
- We will review our current network of educational partners, with a view to building a stronger and more focussed set of relationships.
- We will continue to strengthen our leadership role in our region. This will include continuing to develop our relationships with the Sheffield City Region Local Enterprise Partnership and regional Mayor to ensure we are best placed to secure regional funding opportunities and provide leading expertise and influence on regional policy development.
- We will continue to develop as a globally connected institution, and will focus on building an international perspective into our curriculum, and nurturing dynamic and influential partnerships with like-minded institutions overseas, including a significant relationship with La Trobe University in Australia.



BUILDING A GREAT UNIVERSITY

- We will continue to implement the Hallam Deal, alongside which we will develop and implement a new Academic Careers Framework for all our academic staff.
- We will continue to implement our new Professional Services Operating Model and will also look at the organisation of our academic areas.
- We will focus on growing commercial and non-tuition fee income. This will include pursuing options to develop an on-campus conference centre, as well as capitalising on opportunities offered by the ongoing development of the Health Innovation Park.
- We will reduce the University's operating costs in order that we are financially sustainable in the long term, with a target to reduce all non-pay costs by £4m in 2018/19. This will include revised policies and a staff awareness and engagement campaign.
- We will secure the additional borrowing required to support the funding of the Campus Masterplan.





REVIEW OF THE YEAR



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1. CHANCELLOR INSTALLATION

The new Chancellor, Baroness Helena Kennedy QC, took the ceremonial helm at a ceremony at Cutlers' Hall. She took over from Professor the Lord Robert Winston, who had been Chancellor for 17 years.

2. AWRC/NCFE RESEARCH CENTRES

Construction work is underway to create both the Advanced Wellbeing Research Centre (AWRC) and National Centre of Excellence in Food Engineering (NCFE) which will form part of the Health Innovation Park at Sheffield's Olympic Legacy Park, a hub for health and wellbeing innovation, collaborative research and learning.

3. DEGREE APPRENTICESHIPS

Sheffield Hallam's growth in degree apprenticeships has been rapid, more than doubling our intake during 2017/18. We are expecting to welcome our 1,000th apprentice by the end of the year and have ambitions to host over 2,000 apprentices by the end of 2020.



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4. SOUTH YORKSHIRE FUTURES LAUNCH

We launched South Yorkshire Futures - a social mobility partnership that is backed by the Department for Education, the Sheffield City Region Elected Mayor Dan Jarvis and other regional partners. It is committed to improving education and raising aspiration for young people in the region – particularly those from disadvantaged backgrounds.

5. SHEFFIELD INNOVATION PROGRAMME

The Sheffield Innovation Programme (SIP), a joint initiative between Sheffield Hallam University and the University of Sheffield, provided support to hundreds of SMEs in the region. Developing new products, processes or ways of working and providing funding to access academic expertise, facilities and resources to support and develop business growth.

6. NHS CELEBRATIONS

We joined in the NHS 70th birthday celebrations with a range of activities on campus, including welcoming Ellie Lock - a 10-year-old aspiring nurse from Barnsley who wrote a letter to the University to ask what skills she would need to become a nurse.



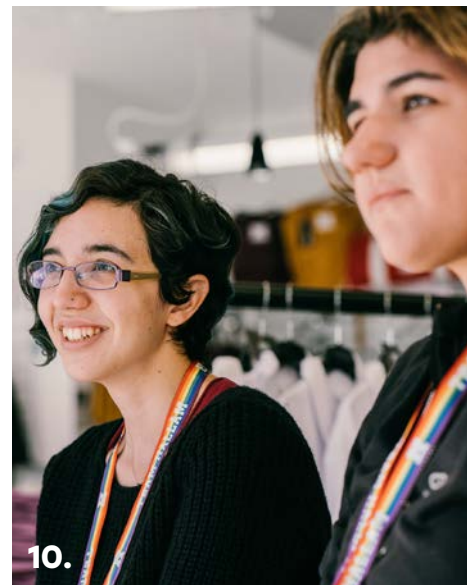
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7. STEM CENTRE OPENING

We opened our new £11m Hertha Ayrton STEM Centre, which includes cutting edge robotics, automotive, electrical and chemistry laboratories, 11,500sq of floor space for teaching and a stunning new atrium.

8. HALLAM GUILD

We have launched the Hallam Guild, a community of practice of staff, students and alumni with shared goals and common interests with the aim of supporting the Transforming Lives strategy and delivering improvements in the student experience.

9. VC AT THE SELECT COMMITTEE

The Vice-Chancellor appeared in front of the Education Select Committee as part of the value for money in higher education inquiry. The inquiry is examining the use of graduate outcomes data, social justice and progression of disadvantaged students and the quality of teaching across institutions.

10. ALLIES LAUNCH

We launched our LGBT+ Allies network, reinforcing our commitment to ensuring equality and inclusion across the university. Over 600 staff have become Allies since the launch and we have run a programme of development and awareness raising events.



**OUR UNIVERSITY
AT A GLANCE**



OUR UNIVERSITY AT A GLANCE

2017 marked the 25th anniversary of the creation of Sheffield Hallam University. Following government legislation in 1992, Sheffield City Polytechnic, one of the first and most successful polytechnics in the country, was granted university status as a result of the 1992 higher education reforms.

Since that time, we have grown to become the 6th largest higher education provider in the UK, with over 31,000 students from more than 100 countries; the largest recruiter of students from areas with low levels of Higher Education (HE) participation in the sector, and the largest single provider of graduates to the NHS workforce in the country.

Sheffield Hallam is a university at the heart of its city. We have a long and proud history and can trace our roots back to 1843, when the Sheffield School of Design was founded to provide skilled designers to support Britain's industry, and which later became the School of Art. We developed in the late 19th and early 20th centuries with a number of other institutions opening including the teacher training college at our Collegiate site which was a pioneer as one of the first colleges to admit both men and women, and technical colleges, where many students combined their studies with working in the local steelworks and rebuilding Britain's industry after the devastation of the second world war.

These institutions coalesced to become the Sheffield Polytechnic in 1969, and later Sheffield City Polytechnic, becoming one of the country's strongest and most influential polytechnics which had initial areas of study of design, science and building. At our heart today remains a focus on the practical and the applied.

Professor Sir Chris Husbands has been the Vice-Chancellor of the University since January 2016.

In 2016, the Vice-Chancellor was appointed by the Government as the Inaugural Chair of the Teaching Excellence and Student Outcomes Framework (TEF) and was subsequently re-appointed as Chair until August 2021.

There are 11 members of the University Leadership Team, the core responsibilities of which are to develop and deliver the strategic and operational plans of the University, to agree on policies and ensure implementation.

Our core academic functions are delivered through four Faculties, which encompass 18 academic departments and 22 research centres and institutes. Each Faculty is led by a Pro Vice-Chancellor who is a member of the University Leadership Team and is also responsible for a cross-University portfolio.

Our academic functions are led by our Provost who is also responsible for University-wide quality and learning enhancement, student engagement, evaluation and research functions. Our PVC Research and Innovation provides strategic leadership and direction to develop our research capabilities. Our academic functions are supported by a number of professional services which are led by our Chief Operating Officer.

In 2017/18 we launched our ambitious 20 year Campus Masterplan vision and we invested approximately £12m in our estate throughout the year on key projects:

- In February 2018 we completed the Robert Winston Building Annexe which provides flexible learning spaces for our students in the faculties of Health and Wellbeing and Development and Society at Collegiate Campus;
- A £1.7m refurbishment of our Library and Student Support Services Hub in the Adsetts Building providing new student and staff work and engagement spaces;
- Upgrade of the hockey pitches and associated facilities on our Firth Rixon 'Aurora' facility;
- Completion of the SHU Law Facility at Collegiate which provides a new dedicated facility for Law students to provide legal services to members of the public;
- Completion of a dedicated performing arts space 'Performance Lab' within Arundel Gate Court;
- A new research facility for CENTRIC;
- Specialised facility for SATISNET in support of our Degree Apprenticeship programme;
- Commenced refurbishment of plantrooms and boiler facilities upgrading existing systems;
- Completion of asbestos abatement works in Collegiate Hall and Owen buildings;
- Completion of the upgrade of the Goods Road and Yard.

In 2017/18 Sheffield Hallam continued to invest resources into its environmental management and sustainability programmes to ensure continuous improvement.

- undertaking a five year planned programme with dedicated funding to improve and maintain the green spaces and grounds across our sites
- the University was awarded a 2:1 class award in the 2017 People and Planet university league, ranking 35th out of 154 higher education institutions according to environmental credentials and achievements.
- two of our initiatives are shortlisted in two categories of the EAUC Green Gown Awards, 'Campus Health, Food and Drink' for our Taste Hallam campaign and 'Sustainability Champion - Staff' in recognition of individual commitment and passion towards promoting and embedding sustainable practice.
- we continue to maintain our achieved 4 out of 5 stars in the fleet recognition scheme 'Eco Stars', externally validating our approach to improving efficiency, reducing fuel consumption and emissions - whilst developing our approach to further improve and gain 5 stars in the next auditing process.
- we remain a Fairtrade-certified organisation, and have been so since 2007.
- the Granary catering outlet at Collegiate campus has achieved the highest Sustainable Restaurant Association award rating (3 stars), ensuring its third year of accreditation.

6TH LARGEST HIGHER EDUCATION PROVIDER

OVER 31,000 STUDENTS FROM MORE THAN 100 COUNTRIES

A refreshed University environmental policy was approved in July 2018 in recognition of continuous improvement and the incorporation of the UN's Sustainable Development Goals (SDG's). The policy remains fully supported by an environmental plan which continues to highlight the work being undertaken to manage the environmental risks and how the University will meet its environmental targets by 2020, in areas such as energy and waste reduction, and increasing levels of green infrastructure and biodiversity.

Sheffield Hallam is a university physically and educationally at the heart of its city and region. We attract remarkable students from the locality, the nation and globally. We have exceptional staff. We are well placed to make a genuinely distinctive contribution to the world - shaping futures through outstanding education and by providing practical solutions to tough challenges. We will provide compelling answers to the challenges of the 21st century.



OUR STUDENTS

Sheffield
Hallam
University



OUR STUDENTS

Sheffield Hallam is above all, a university for our city and our region. 40% of our new students in 2016/17 came from within 25 miles of the University, and 35% of all our students commute daily to our two campuses.

In 2016/17, 30,817 students were studying at Sheffield Hallam, at undergraduate, taught postgraduate and doctoral level, on full-time, part-time and distance learning courses. Nearly 29,000 were Home /EU students and over 2,000 were International students. The recruitment of International students is supported by our offices around the globe. We currently have offices in Africa, Beijing, India, Pakistan and South East Asia.

Our courses

We are a large university offering a truly comprehensive portfolio of undergraduate, higher and degree apprenticeships, taught postgraduate, doctoral, and continuing professional development courses. We deliver full-time, part-time and distance learning courses at home and abroad. We also validate the degrees taught in 12 FE colleges locally and nationally, and at strategic partner institutions overseas.

In 2017/18 we delivered over 600 courses.

Through delivery of our educational portfolio we are meeting the skills needs of our region. We also recognise that we have an important role in creating demand for

higher levels skills, and are a purchaser, partner and wider contributor of skills and knowledge.

We are a major provider of teacher training and our Sheffield Institute of Education is highly regarded nationally.

Our teacher training provision was this year rated 'Outstanding' by Ofsted. Each year we have around 900 PGCE students and a further 200 on first degree courses leading to qualified teacher status. We provide the PGCE for many school-centred initial teacher training partnerships and hold the contract to deliver the Teach First programme in Yorkshire and the Humber.

Each year, we enrol over 1,000 new students on undergraduate Nursing, Midwifery and Allied Health preregistration courses across a range of professions including radiography, oncology, physiotherapy, paramedic science, mental health nursing, critical and end of life care and health and social care management.

We aim to develop career long relationships with our students as they enter the workforce, not just to support

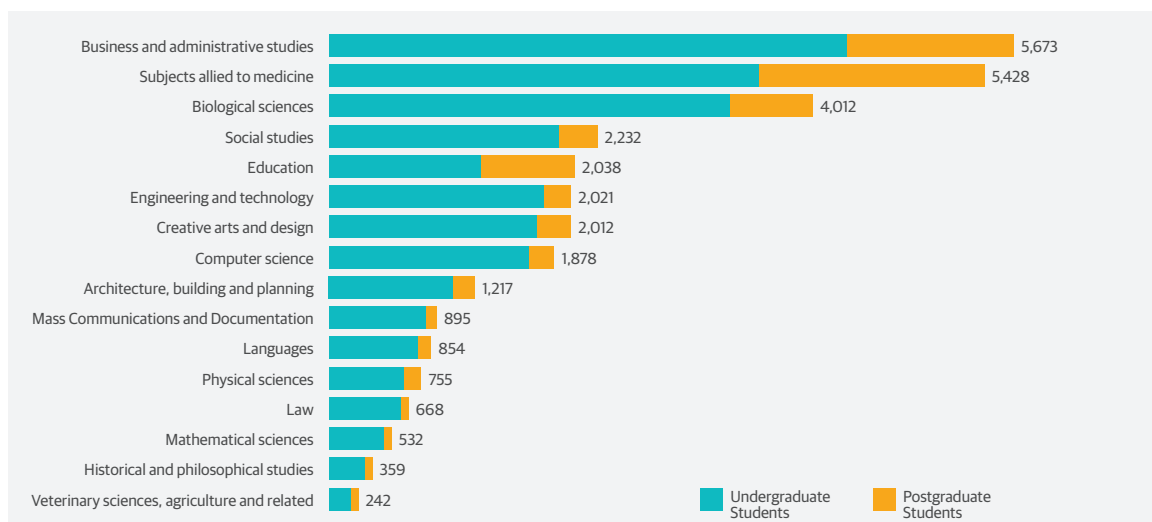
them into their first job, but with their continued professional development.

We provide CPD for over 1,500 health and social care professionals every academic year in subjects from second registration of Health Visitors, School and District Nurses, to specialist clinical and contextualised management skills.

Over half of our courses are accredited by professional, statutory and regulatory bodies such as the British Psychological Society (BPS) or the Royal Institute of British Architects (RIBA). This year, our Biosciences programmes received accreditation status from the Royal Society of Biology.

As well as offering courses open to any suitably qualified candidate, we also offer a number of bespoke courses developed to meet the needs of specific employers locally, regionally and nationally. This has included the development of Degree Apprenticeship programmes for Network Rail, Nestle, Dixons Carphone Warehouse, Morrisons, Barratt and Kier.

MOST POPULAR SUBJECTS BY NUMBER OF STUDENTS



Widening access to education

We have a clear strategic mission to support and enhance social mobility, regionally and nationally; to transform lives.

We are committed to extending the benefits of higher education to more people within the Sheffield City Region - through our award-winning outreach and widening participation programmes to engage and inspire young people in our region; through our partnership with

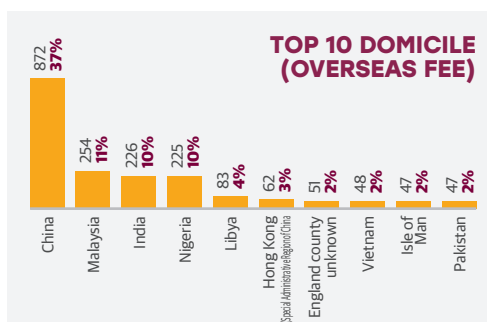
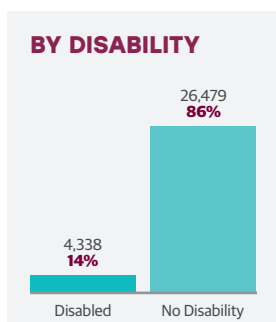
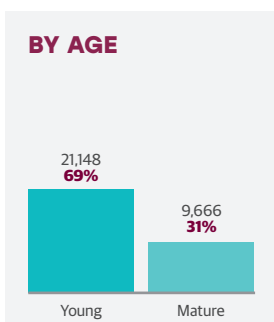
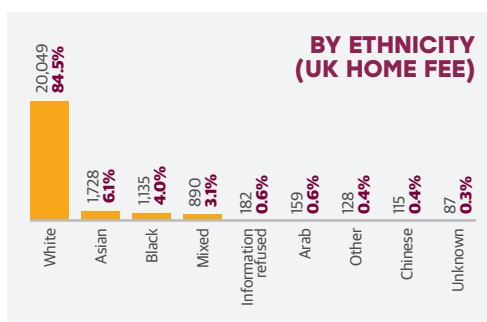
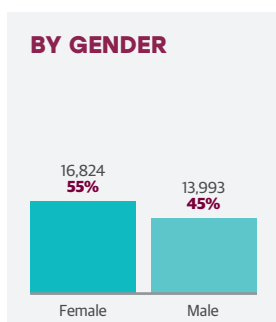
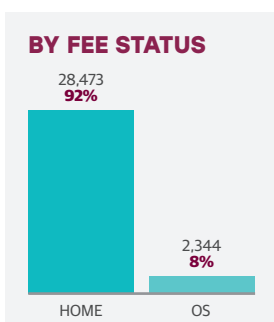
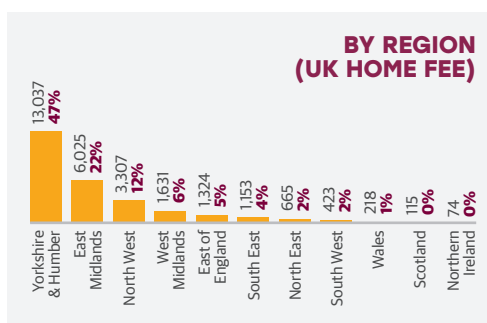
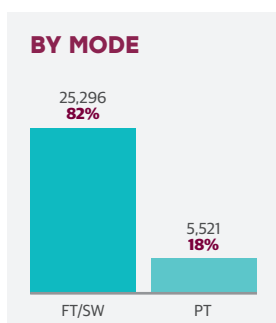
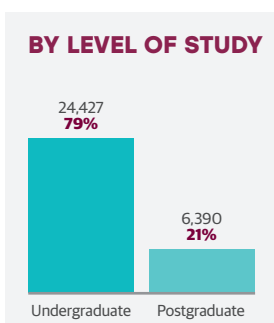
the University of Sheffield to fund the Higher Education Progression Partnership (HEPP) which provides impartial information, advice and guidance on routes into higher education and delivers long term programmes to raise aspiration and appetite for HE study; and, as lead partner for the region through delivery of the National Collaborative Outreach Programme (NCOP), to raise school attainment and increase progression to HE in targeted wards.

We perform well above the sector average for the proportion of students

that we recruit from disadvantaged backgrounds. 19% (or more than 1,000) of our new full-time First Degree students in 2016/17 were from low participation neighbourhoods, those areas with historically low rates of progression to HE, compared to a sector average of 11%.

We have also successfully bid for a share of £4.4m of Student Safety and Wellbeing Catalyst Funding from HEFCE, to deliver a project to tackle on campus sexual violence, harassment and hate crime to ensure the wellbeing of all our students.

STUDENT PROFILE





Student achievements

TAIWAIN INTERNATIONAL STUDENT DESIGN COMPETITION

Class of 2016/17 Product Design graduate Clara Little received an international Honourable Mention Prize in the product design category of the Taiwain International Student Design Competition for her design of blood type specific blood transfusion kits, to prevent the wrong blood type being transfused.

PACKAGING IMPACT DESIGN AWARDS

Second year Product and Furniture Design student Azucena Gomez won gold in the Packaging Impact Design Awards (PIDA) for designing packaging and a brand for feminine hygiene products. Two of Azu's fellow students from Hallam, Santoso Jessica and Octavia Liu, were also nominated finalists for the award - meaning Hallam had three students in the final 16 for the gold prize.

INSTITUTE OF MECHANICAL ENGINEERS APPRENTICE OF THE YEAR

Daisy Coombes studies part time on the BEng (Hons) Mechanical Engineering Degree Apprentice programme whilst working four days a week at JCB. In 2017 she won the Institute of Mechanical Engineers' 'Apprentice of the Year' award.

OUTSTANDING NEW TEACHER OF THE YEAR

Charlotte Grace, who teaches science at Outwood Academy Shafton, in Barnsley, was trained at the University's Sheffield Institute of Education and qualified for PGCE in Secondary Science (physics). She trained via a School Direct route in partnership with the Outwood Institute of Education. Whilst doing her PGCE year she received the Institute of Physics scholarship. She was awarded the prestigious Silver Pearson Teaching Award as outstanding new teacher of the year.

STUDENT MIDWIFE OF THE YEAR

Gemma Ford, student midwife from Sheffield Hallam University was named Pregnacare® Student Midwife of the Year at the Royal College of Midwives (RCM) Annual Midwifery Awards 2018. Throughout her time at Sheffield Hallam Gemma has been an ambassador for midwifery education and inspired and supported many students returning to university as well as first time entrants to midwifery courses.

HALLAM ENTERPRISE AWARD

Bsc (Hons) Events Management graduate Max Scotford won a £5,000 prize courtesy of the University's partnership with Santander for his Sheffield-based

craft chocolate company in our Hallam Enterprise Awards which aim to showcase and support student and graduate startups. This year Max has also received The Academy of Chocolate's gold, silver and bronze awards.

YOUNG FREELANCER OF THE YEAR

Harvey Morton, BA (Hons) Business and Enterprise Management student was named Young Freelancer of the Year in the Association of Independent Professionals and the Self-Employed competition, for juggling his home-based IT consultancy with his studies at the Sheffield Business School.

STUDENT EMPLOYEE OF THE YEAR

Recent English Language graduate Ellie Wright won the National Association of Student Employment Services Student Employee of the Year award for her work as a digital student ambassador at Hallam. She competed against around 700 student nominees from over 30 higher education institutions. This is the second year a Hallam student has won the national award, after Law student Nabeela Mowlana won in 2017 for her work as a youth engagement officer at The Element Society, a youth-led organisation delivering social action and enterprise programmes across South Yorkshire.



OUR PEOPLE

OUR PEOPLE

As at 31 July 2018, Sheffield Hallam had 4,773 staff (FTE 3,491), of which 2,382 (49.9%) were academic staff and 2,391 (50.1%) were non-academic.

Staff headcount has increased by 126 (2.7%) on the previous year, and FTE has risen by 58 (1.7%). These numbers include a group of staff whose University contracts are funded by external programmes (HEPP and NCOP). As at 31 July 2018 this group was 54.8 FTE, whilst 12 months previously it was 29.8 FTE.

58% of our staff are female, compared to a sector benchmark of 54%. 87% are White and 7% are BME, compared to sector benchmarks of 82% and 12% respectively. 92% of our staff are from the UK, 4% from the EU and 3% from other non-EU countries.

The age profile of the University has remained largely unchanged with 75% of University staff aged between 35 and 64. Only 3% of staff are aged below 25, whilst 4% are over 65 - a percentage that continues to grow following the abolition of the default retirement age.

Almost three quarters of our teaching staff (74%) hold a recognised teaching qualification. This places us in the top 20% of higher education institutions in the sector for this measure.

Equality, diversity and inclusion

Over the last year we have been working towards achieving our Equality, Diversity and Inclusion ambitions, which focus on:

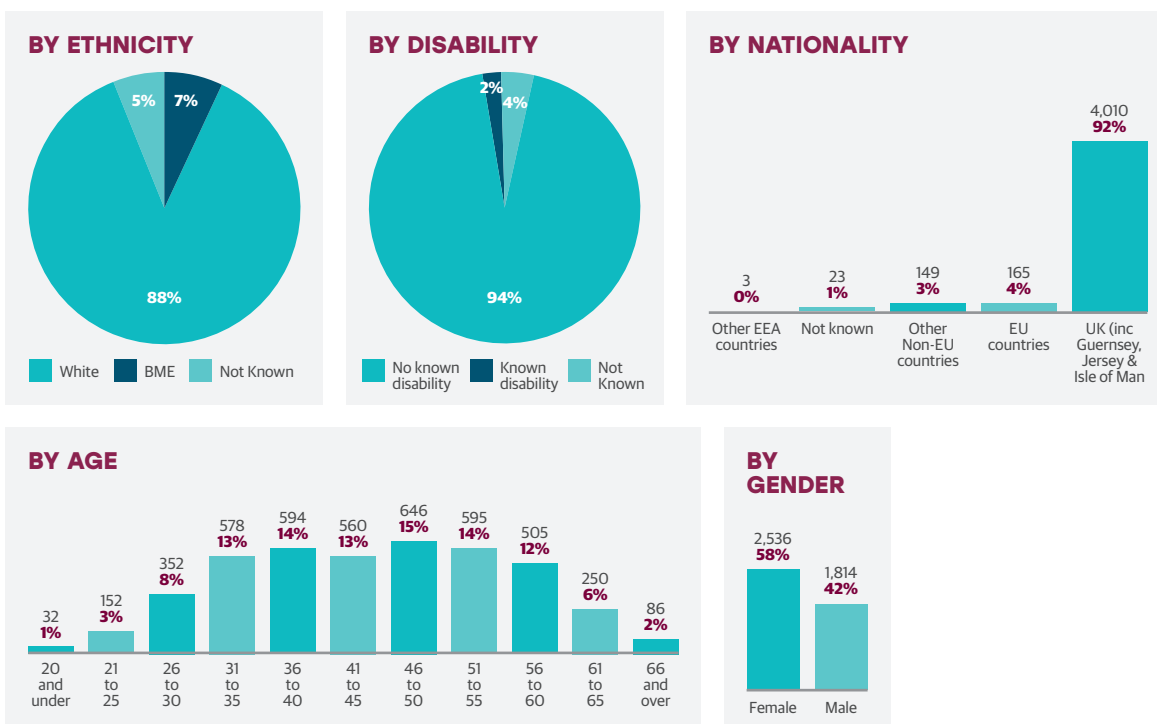
- Bringing about a step change in race equality and diversity with an emphasis on having a positive impact on the success and progression of students and staff from different racial and ethnic backgrounds
- Continuing to eradicate gender disparities and building on the work undertaken with respect to the Athena SWAN agenda

- Ensuring an inclusive, accessible and open learning and working environment for all staff and advancing equality of opportunity for LGBT and disabled staff and students

Race equality and diversity

Sheffield Hallam is one of 39 institutions to have become a member of the Race Equality Charter (REC). Nationally recognised, the charter promotes the representation, progress and success of BME staff and students in the higher education sector. We are committed to taking a strategic approach to making cultural and systemic changes that will make a real difference to our minority ethnic staff and students. Participation in the Race Equality Charter will help us assess our current position in relation to race and ethnicity and shape and develop our action plan for change.

STAFF PROFILE



Addressing gender disparity

The University is proud to retain its Athena Swan Bronze Award in 2018, an award it has held continuously since 2010. We also hold one departmental Silver and three departmental Bronze Awards. The Award recognises activity in relation to gender equality and enables us to focus on key priorities such as the career pipeline and student lifecycle. We have made a commitment to engage all departments at Sheffield Hallam with Athena SWAN by 2020.

We are committed to the principle of equal pay for work of equal value for all employees. We believe that operating a fair, transparent and objective pay system sends a positive message to our employees and stakeholders, and is fundamental to sustaining wellbeing, success and organisational reputation. The University published its gender pay report in December 2017 and, whilst the average pay gap of 13.3% is lower than the higher education sector average of 14.1%, we recognise that gender disparities still exist and we are putting plans in place to eradicate these.

Ensuring an inclusive environment

This year we have achieved Level 3 Disability Confident leader status, one of two organisations in Sheffield to do so. As such, we actively look to improve the attraction and recruitment of disabled people by connecting with local and national disability organisations. We provide a fully inclusive and accessible recruitment process, guaranteeing an interview to applicants who meet the essential criteria and declare a disability, making reasonable adjustments when required throughout the application process.

We have re-launched our staff networks for Disability, BME, Parents and Carers, Gender and LGBT+. The networks represent the views of diverse groups across the University being ambassadors for diversity and inclusion. Over 230 staff are now actively engaging with the staff networks.

In October 2017 we launched our LGBT+ Allies network reinforcing our commitment to ensuring equality and inclusion across the university. Being an ally means being an advocate, supporter and friend, helping to create a working environment where LGBT+ colleagues feel included and accepted. Over 600 staff have become Allies since the launch.

The University is entering the Stonewall Workplace Equality Index (WEI) for the third time. The WEI assesses how LGBT+ inclusive we are, and will rank us against other public and private organisations.

Staff engagement and consultation

Sheffield Hallam is committed to working in partnership with employee representatives. The Information and Consultation Committee (ICC) is a forum for discussion and consultation on matters affecting the University and its staff such as business strategy, financial performance and student recruitment. Membership of the ICC comprises senior management, trade union and staff representatives.

The Vice-Chancellor, and members of ULT also hold regular staff briefings on strategic issues affecting the University and its staff. The University has well established collective and individual consultation processes linked to organisational change.

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 published its report and Trade Union facility time in May 2018. 63 employees (51.6 FTE) were Trade Union officials in the reporting period. The total cost of Trade Union facility time was £162,410.86, or 0.09% of the University's total pay bill.

Staff achievements

HIGHER EDUCATION ACADEMY (HEA) NATIONAL TEACHING FELLOWSHIP AWARDS

Dr David Smith, Senior Lecturer in Biochemistry, Sue Beckingham, Senior Lecturer in Information Systems, and Dr Kim Bowerhave, Principal Lecturer in Education, have been awarded National Teaching Fellowships by the HEA in recognition of how they have influenced teaching practice and inspired learners.

INSPIRATIONAL TEACHING AWARDS

There were 2,597 nominations for Sheffield Hallam University's Inspirational Teaching Awards. 55 members of academic and support staff were awarded Faculty and Professional Service Awards, with 19 going on to receive University Inspirational Teaching Awards.

Five members of staff have received University Inspirational Teaching Awards on three separate occasions (including this year) and have been recognised with a Vice-Chancellor's Award:

Luke Beadon, Faculty of Development and Society, Department of Education, Childhood and Inclusion

Collette Beecher, Faculty of Health and Wellbeing, Department of Allied Health Professions

Polly Newman, Faculty of Health and Wellbeing, Professional Services

Jennifer Rainbow, Faculty of Development and Society, Department of Law and Criminology

Vicky Thirlaway, Faculty of Development and Society, Department of Law and Criminology

QUEEN'S HONOURS LIST

Through the year, six inspirational Sheffield Hallam staff were recognised in the Queen's Honours lists.

New Year's Honours:

Rosemary Leach, Principal Lecturer and lead for employability and industry engagement in the Academy of Sport and Physical Activity was awarded an MBE for services to education.

Former Dean of the Faculty of Health and Wellbeing, Professor Karen Bryan, was awarded an OBE for services to higher education.

International Experience Officer Andrew Bromley was awarded the British Empire Medal for services to higher education.

Birthday Honours:

Vice-Chancellor Professor Sir Chris Husbands was awarded a knighthood for services to higher education.

Professor of Nursing in the Faculty of Health and Wellbeing Laura Serrant was awarded an OBE for services to health. (She was also named as one of the UK's most influential people of African and Caribbean heritage in the 2018 Powerlist).

Professor Sam Twistleton, Director of the Sheffield Institute of Education was awarded an OBE for services to education.

POINTS OF LIGHT AWARD

Dr Sandra Beale-Ellis, who studied for a doctorate in Education (specialising in autism) at Sheffield Hallam was awarded the Commonwealth Points of Light award by the Prime Minister for her passion and commitment for her voluntary work supporting autistic children.

BRITISH MEDICAL ASSOCIATION (BMA) PATIENT INFORMATION AWARDS

Sabrina Eltringham, a Stroke Association postgraduate Research Fellow in the Faculty of Health and Wellbeing received a Patient Information Award from the BMA for her work to improve care for stroke survivors. The awards encourage excellence in the production and dissemination of accessible, well-designed and clinically balanced patient information.

RIBA STIRLING PRIZE

Oli Cunningham, Senior Lecturer in Architecture in the Department of Natural and Built Environment was part of a team that won the UK's most coveted architecture award - the Royal Institute of British Architects (RIBA) Stirling Prize - for the design of the Hastings Pier which reopened in 2016 following a devastating fire in 2010.

SUNDAY TIMES YOUNG WRITER OF THE YEAR

Creative Writing Lecturer Julianne Pachico was shortlisted for the prestigious Sunday Times Young Writer of the Year with her debut novel 'The Lucky Ones'.

DESIGN TEAM OF THE YEAR AWARD

The packaging design team - Design Futures - won Design Team of the Year in the UK Packaging Awards. Design Futures won the accolade for the wide range of packaging design project work which has been completed over the past 12 months including offering support to local SME businesses through the Sheffield Innovation Programme (SIP).

EMERGING TALENT AWARD

Sinead O'Toole, Future Spaces Manager at Sheffield Hallam, won the Emerging Talent Award at the Association of University Directors of Estates (AUDE) Awards 2018.

EUROPEAN PHYSICAL SOCIETY AWARD

Professor Arutiun Ehiasarian, Head of the University's National HIPIMS Technology Centre UK, has been recognised by the European Physical Society (EPS) for his work which applies the use of plasma physics into the technology and engineering sectors. High Power Impulse Magnetron Sputtering (HIPIMS) technology was first used and implemented on a large scale at Sheffield Hallam and is now marketed by the industry worldwide.



FINANCIAL STRATEGY AND PERFORMANCE

FINANCIAL REVIEW

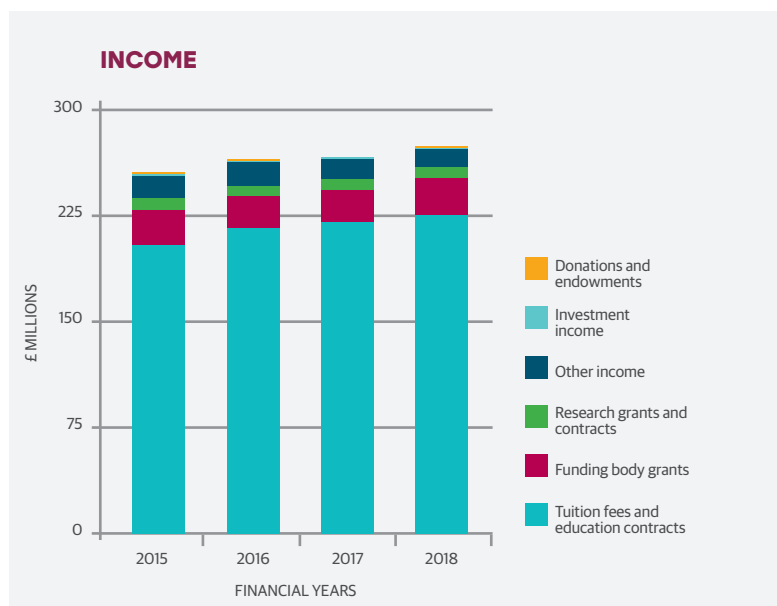
The University has maintained a strong underlying financial performance over the 2017/18 financial year, generating cash of £17.9m (2017: £27.1m), representing 6.5% of income and an EBITDA* of £21.2m (2017: £25.5m).

The University is now a year into implementing its Transforming Lives Strategy and the financial impact of strategic initiatives and investments are reflected in the financial results, with the Statement of Comprehensive Income showing a reported deficit for the year of £8.3m (2017: deficit of £2.9m) net of a £4.8m surplus from a property disposal. During the two year implementation phase, the Transforming Lives Strategy involves spending around £25m on initiatives to improve the student experience and create a learning environment fit for future generations. As a consequence of the strategy related revenue initiatives in 2017/18 and 2018/19 the University had forecast to incur operating deficits during this phase, however, the initiatives will result in an improved financial performance and financial sustainability thereafter, with a return to operating surpluses.

The University has carried out a review of financial scenarios to support the University Strategy and has focused on cash generation and balances as a key financial measure of sustainability, ensuring that the University maintains sufficient cash to fund operational activities and to invest in the strategy and the estate and will continue to closely monitor and project the financial implications of this planned investment.

As a result of the above and 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 operate as a going concern.

Total income for the year has increased by £8.5m to £276.6m (2017: £268.1m)



This is made up of an increase in tuition fees of £5.3m and funding body grants of £3.3m. Tuition Fees have increased as a result of undergraduate and post graduate tuition fees increasing to £9,250 in 2017/18 from £9,000 in 2016/17 and apprenticeship income has increased by £1.3m, following the introduction of the Apprenticeship Levy. Funding Body Grants have increased in terms of income from the Office for Students (OfS). This increase mainly relates to the National Collaborative Outreach Programme (NCOP), where our income increased to £3.3m (2017: £0.9m), but also as a result of changes in the funding mechanism for Department of Health students.

**Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) based on British Universities Finance Directors Group HEI definition*

£21.2M EBITDA

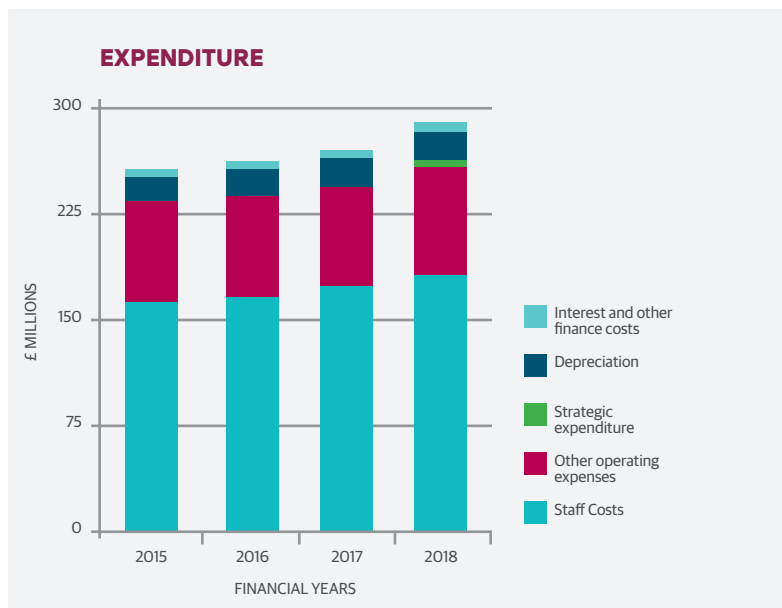
£17.9M OF CASH GENERATED

£25.0M OF STRATEGIC INVESTMENTS OVER A 2 YEAR PERIOD

£276.6M INCOME GENERATED

£4.8M GENERATED FROM DISPOSAL OF PROPERTY

Total expenditure is up £18.8m to £289.7m (2017: £270.9m).



£8.2m of the increase relates to staff costs. Wages and salary costs have increased by £4.2m, in part due to a 2% increase in full time equivalent (FTE) staff and a pay award of 1.7%. Pension costs have increased by £2.9m, which is mainly due to the Local Government Pension Scheme (LGPS), where current service costs (calculated as the future service cost to the employer of one year's accrual of pension benefits for active members) have increased by £2.0m. Restructuring costs have increased by £0.2m and relate to ongoing strategic restructuring that has been taking place.

The remaining £10.6m is on Other Operating Expenses. £4.8m of the year on year increase is due to strategic spend supporting the implementation of the Transforming Lives Strategy, in areas such as Computers and IT £1.3m, professional services £2.2m and student bursaries £0.5m. In addition to this there has been increased spending on a number of other areas. An asbestos removal provision of £1.9m has been made in the year, additional spend against marketing and professional services of £1.2m in relation to NCOP in line with the increased income from this project, increased marketing costs associated with overseas agents of £0.4m and £0.7m on Cyber Security.

For the year 2017/18 a surplus on the sale of fixed assets of £4.8m was reported. The majority of this related to the sale of a piece of freehold land, which had been held as a current asset in the 2016/17 accounts. Under the terms of the sale agreement the University received half of the sale proceeds in 2017/18 and will receive the remainder in 2018/19.

Capital Expenditure for the year was £14.7m (2017: £21.2m) and included key projects such as the Robert Winston Building Annexe, refurbishment of our Library and Student Support Services Hub in the Adsetts Building, refurbishment of a building at our Collegiate Campus to house the SHU Law Facility and preliminary spend on the Advanced Wellbeing Research Centre and Food Engineering Centre of Excellence. The capital expenditure has been funded by internally generated funds, plus capital grants of £5.2m and cash proceeds of £3.4m from the sale of fixed assets.

During 2017/18 we paused expenditure on major developments in anticipation of starting work on the first phase of our 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. (£122.9m as at July 18).

The University will continue to focus on cash generation to fund both operational activities and to invest in the strategy and the estate. In addition the University is pursuing additional borrowing to fund the Campus Masterplan.

£14.7M INVESTMENT IN ESTATES

SHU LAW FACILITY OPENED AT COLLEGIATE CAMPUS

The balance sheet at 31 July 2018 shows overall Net Assets of £218.5m, an increase of £36.3m (2017: £182.2m).

This increase is primarily due to a £35m reduction in the pension provision relating to the Local Government Pension Scheme (LGPS) that the University participates in. 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 and the liability has reduced by £34.8m. For the year ended 31 July 2018 there was an actuarial gain on the pension scheme obligations of £44.6m, which resulted from changes in actuarial assumptions. This gain is recorded as Other Comprehensive Income in the Statement of Comprehensive Income, under FRS102. This actuarial gain was offset by finance costs of £3.3m and service costs in excess of contributions of £6.5m.

The pension provision figure also includes a provision of £2.2m (2017: £2.5m) relating to the Universities Superannuation Scheme (USS), see Notes 24 and 25 for more details. The University has entered into an agreement (the "Recovery Plan") that determines how every employer will fund the overall deficit and as such the University recognises a provision for the contributions payable (that relate to the deficit) that arise from the agreement. The provision as at 31 July 2018 has been calculated based on the deficit recovery plan that was agreed following the 2014 scheme valuation. The scheme has been undergoing a full actuarial valuation as at March 2017 but this is still to be finalised and so it was felt that it was most appropriate to continue to use the existing plan as the basis for the provision. Once the 2017 valuation has been formally completed there is likely to be a new Recovery Plan agreed, which current indications suggest will result in a step-change (increase) to the USS provision during 2018/19.

Fixed Assets have fallen to £304.5m (2017: £311.0m) as a result of depreciation of £21.4m (2017: £21.1m) compared to additions in the year of £15.5m (2017: £18.9m).

Other provisions have increased to £7.9m (2017: £5.9m) as the result of provision made to cover the cost of asbestos removal and rectification work.

Net Funds (cash plus short term deposits less borrowings) are up £10.3m to £58.9m (2017: £48.6m). The University has continued to generate significant cash from its operating activities with a net cash inflow of £17.9m (2017: £27.1m), which represents 6.5% of income. This coupled with cash proceeds from the sale of fixed assets of £3.4m (2017: £0.8m), capital grants received of £5.2m (2017: £0.6m net repaid), along with relatively low capital expenditure of £14.7m (2017: £21.2m) and cash balances being held in short term deposits, has resulted in cash and cash equivalents increasing by £47.7m to £122.9m (2017: £75.2m).

The unsecured loan balance is £64.1m (2017: £66.6m). Interest is charged at a fixed rate of 5.22% on £36.0m (2017: £37.1m) and a variable rate on the remaining £28.1m (2017: £29.6m). The University is in the process of looking at financing options to support its Campus Masterplan.

The University has assessed its ability to continue to operate as a going concern by reviewing the following:

- Review of the 2018/19 budget and 2019/20 plan;
- Review of cash flow forecasts, including monthly cash requirements taking into account the peaks and troughs of the student loan company payments;
- The impact of potential new borrowing on the University's ability to meet its financial obligations;
- Review of debt requirements and compliance with covenants under the existing loan facility AND potential new ones;
- Sensitivity analysis, focusing primarily on the covenant compliance and cash requirements – including the impact of student recruitment and pension charges

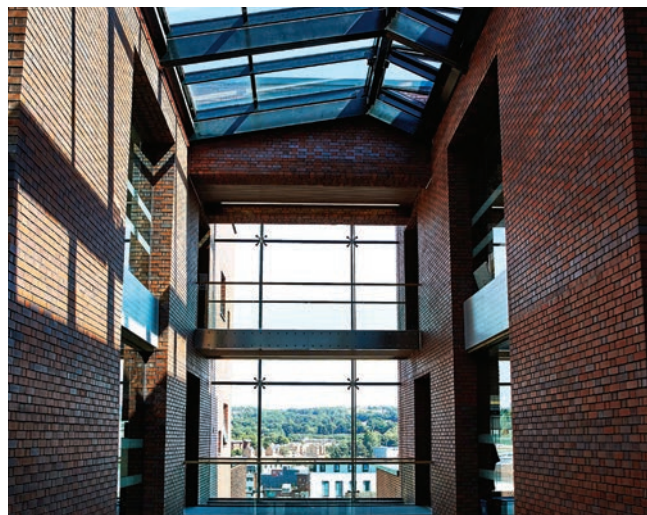


£218.5M OF NET ASSETS

£304.5M OF FIXED ASSETS

£58.9M OF NET FUNDS

FULL COMPLIANCE WITH FINANCIAL COVENANTS



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 has charitable status. Our charitable purpose is the advancement of education. We discharge our charitable purpose for the public benefit through our core academic functions of teaching, research and innovation and through implementing our strategy and delivering our mission to transform lives.

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

Our current and potential 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 also offer services to our network of alumni to enable them to thrive after graduation and to succeed in whatever they choose to do.

Any suitably qualified candidate can be considered for a place at Sheffield Hallam University through the operation of a fair and transparent Admissions Policy.

We are committed to extending the benefits of higher education to more people. We have an excellent demonstrable 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. The 2016 Social Market Foundation's Widening Participation report showed that we are making a greater contribution than the higher education sector overall towards meeting 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 schools and colleges, the majority of which are in deprived areas or with no post-16 provision, and developing flexible outreach activity which can be tailored to respond to the particular needs of their pupils.

Our programme of outreach activity includes:

- Campus tours
- Introductions to higher education, student life and student finance
- University taster days
- Subject-specific roadshows
- Subject-specific activities and masterclasses
- Inspirational lecture series
- Mentoring for Year 12 pupils from disadvantaged backgrounds to support their application to Sheffield Hallam University
- Year 13 drop-in sessions for pupils who may need additional support to strengthen their UCAS applications or prepare for university interviews
- Interview preparation workshops
- Access to Student Ambassadors, Parent Ambassadors and role models

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 exclusive 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 to Sheffield Hallam University, 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 run a Summer School for care-experienced Year 10 pupils to support their progression to university, and became one of the first universities to sign the Care Leavers Covenant, setting out our commitment to those leaving the care system.

As part of our work with families and younger pupils we have developed a partnership with Sheffield Children's University (currently 39,000 young people aged 5-19 across Sheffield are engaged with the Children's University), which 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 such as Pupil Premium students. We continue to provide opportunities as a learning destination under their passport to learning scheme, as well as hosting seven graduation ceremonies and supporting special projects. We are leading their next 'Project in a Box' initiative to support 30 local primary and secondary schools to deliver wellbeing themed after school activities, as part of our commitment to develop out of school learning to support attainment.

We are taking the lead in the development of a South Yorkshire Children's University, so that the benefits of this successful scheme can be extended to more learners in our region.

INCREASED RATES OF PROGRESSION TO HIGHER EDUCATION FOR STUDENTS FROM NON-TRADITIONAL BACKGROUNDS

IMPROVED PROGRAMME OF OUTREACH ACTIVITY FOR ALMOST 200 SCHOOLS AND COLLEGES

We run specific activities targeted at mature students and those who may be returning to learning. These are sector specific and developed in partnership with local organisations and employers. For example, in partnership with Doncaster and Bassetlaw Teaching Hospitals and Doncaster College, we developed a series of 'Your Futures in Healthcare' taster days and outreach events which collectively engaged over 250 prospective healthcare professionals and many potential adult learners. This model is now being rolled out to other local NHS Trusts.

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 2017/18 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 OfS, formerly the Office for Fair Access (Ofa), which details how we invest a proportion of our higher fee income in measures to support access to higher education, student success, and progression to work 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 at Sheffield Hallam University are not restricted by the ability to pay fees or living costs during students' time studying with us.

In 2017/18 we invested over £5m in cash-in-hand financial support and fee waivers for our students, including:

- Student Success Scholarship to support the success of students from disadvantaged and under-represented groups. The scholarship comprises an enhanced support package and a financial award of between £200 and £2,000 designed to address students' needs. Students can apply for funding in every year of study, to support success on their course. Over 1,700 awards were made in 2017/18
- High Achievement bursary to attract, retain and reward the prior attainment of high achieving students from families with low household incomes
- Hardship Fund which is focused on supporting immediate hardship caused by unexpected life events. Students can apply to the fund in any year of study, and awards are typically between £200 and £2,500. In 2017/18, over 700 awards were made
- Care Leavers Bursary package which 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
- Performance Athlete Support Programme worth up to £6,000 per year of study plus a comprehensive support package
- Sandwich placement year fee waiver to incentivise take-up of this option, which has a positive impact on our students' attainment levels and progression to highly skilled employment after graduation
- In 2017/18 we began offering a new emergency travel fund for student carers and a discretionary transition fund for estranged students to assist with the costs of starting University
- We also provide support with the cost of graduation for care leaver students.

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.

£5M INVESTMENT IN STUDENT FINANCIAL SUPPORT

Some of our research includes the participation of volunteers. Our Research Ethics Policy ensures that their needs are put first at all times 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 supports 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 Sheffield Hallam's institutional online repository, SHURA, within three months of publication, in line with our former funding council HEFCE's guidance on open access and Research England's REF policy.

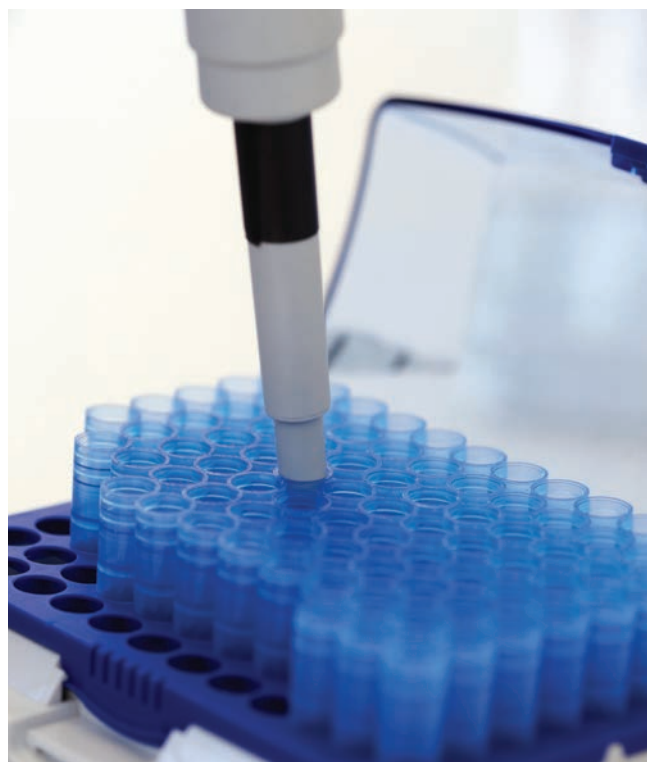
Many of our Research Centres and Institutes deliver free seminar programmes and public lecture series, providing students, staff, members of the public and other stakeholders, the opportunity to engage with cutting edge research. These programmes, along with other social, community and cultural engagement events hosted by Sheffield Hallam University are attended by over 5,000 members of the public each year.

Philanthropic donations from alumni and other stakeholders comprise a relatively small, but growing, proportion of our income, to support the charitable work of the University. Giving from our alumni primarily contributes 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 one of three priority schemes:

- **support for students** from disadvantaged backgrounds, such as our Care Leavers Bursary which provides a guaranteed level of financial and practical support for students of Sheffield Hallam University who have previously been in care;
- **opportunity bursaries** which ensure that all students can access enhancing and inspiring career opportunities regardless of their background and financial situation and can be used to fund students travel costs whilst undertaking placements, internships or work experience who would otherwise be unable to afford to take up these opportunities;
- **transformational research grants** to help fund early stage and proof of concept research to tackle real-life challenges.

Other schemes that have been funded with the support of the Hallam Fund include the Vice-Chancellor's PhD Scholarships, the Estranged Student Transition Fund to provide practical and financial support for students who are estranged from their parents to settle into university life, the Carer's Emergency Travel Fund to cover travel costs for students with caring responsibilities, and the Residential Wellbeing Mentoring Programme to improve student mental health and wellbeing amongst first year students living in Halls of Residence who may be at risk of withdrawing from the University.

We are committed to ensuring that our fundraising activities are conducted in an ethical manner which matches the interests of both donor and the University. Sheffield Hallam University is regulated with the Fundraising Regulator and abides by the Fundraising Code of Practice. Our commitments are shown in our Fundraising Promise, Gift Acceptance Policy, and guidelines for the naming of University assets, from lecture theatres to buildings.



5,000 MEMBERS OF THE PUBLIC ENGAGED WITH CUTTING-EDGE RESEARCH, SOCIAL, COMMUNITY AND CULTURAL EVENTS

FUNDRAISING FOR THE HALLAM FUND TO SUPPORT OUR STUDENTS AND RESEARCH COMMUNITY



CORPORATE GOVERNANCE

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 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 38-40.

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). In November 2015 the Board of Governors received a report on a review by the Chair of the Board and the Clerk of the governing body's current arrangements against the requirements of the Higher Education Code of Governance. The Board was satisfied that governance arrangements met the requirements of the Code in full.

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, and the Board discussed the independent report and recommendations at its meeting on 26 July 2016. The Board established a working group that considered further the independent report and actions needed

and reported to the July 2017 meeting of the Board that the implementation of the resulting action plan was broadly complete.

During 2017/18 the Scheme of Delegation was reviewed to take account of changes in senior management responsibilities. The Scheme of Delegation defines the responsibilities of the Board of Governors, the Board's principal committees, the Vice-Chancellor, members of the University Leadership Team, and the Academic Governance and Awards Committee (formerly known as Academic Board). The purpose of the Scheme is to give the Board confidence in the governance arrangements underpinning decision making in the University and a clear sense of where accountability sits.

Further work is planned 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. The review will be 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. It is intended to progress the review with a view to submitting amended constitutional documents to the Office for Students which is due to take responsibility for approving such documents from the Privy Council in 2019;

- promote the external facing role of the Board through the use of governors as ambassadors.

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 by comments made by the internal and external auditors in their annual opinion, management letter 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 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 2018 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 and the internal control guidance for directors on the combined code as deemed appropriate for higher education.

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 and requires regular reports from managers on steps they are taking to manage 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 periodic reports from the chair of the Audit and Risk Committee concerning internal control 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 Universities 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.

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, will take place to ensure that the Code is implemented.

In anticipation of the requirements of the Code, and to follow best practice, the Board had approved immediate changes to constitution and membership of the Remuneration Committee in January 2018. The approved changes demonstrated that the University was taking appropriate action in response to the significant public interest in senior remuneration within the sector and in response to a HEFCE report following public interest concerns that were raised about remuneration practices in the HE sector.

The following are set out in note 9 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.



REMUNERATION COMMITTEE REPORT

ANNUAL REPORT ON SENIOR REMUNERATION FOR THE YEAR 2017/18

INTRODUCTION

The required 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

The Remuneration Committee has the following responsibilities:

"Acting on behalf of the Board of Governors and within the employment framework recommended by the Finance and Employment Committee:

- To determine the salaries and conditions of service of Board appointments (Vice-Chancellor, Chief Finance and Planning Officer, Chief Operating Officer and Clerk to the Board).
- 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 making 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 report¹ on its work for approval by the Board and for publication in the financial statements."

The Terms of Reference were amended to address the key elements of the CUC Code on HE Senior Staff Remuneration Code at a meeting in September 2018.

MEMBERSHIP OF THE REMUNERATION COMMITTEE

The Board approved the following constitution and membership of the Committee with effect from 30 January 2018.

Meg Munn, Chair, Deputy Chair of the Board of Governors

Professor Christopher Kinsella, Independent Member of the Board and Chair of the Audit and Risk Committee

Neil MacDonald, Independent Member of the Board and Chair of the Finance and Employment Committee

Lord Kerslake, Chair of the Board of Governors

APPROACH TO REMUNERATION

CONTEXT

The UK has a world-leading higher education sector, 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 organisations 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 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.

¹Full report can be found on www.Shu.ac.uk

PRINCIPLES UNDERPINNING SENIOR REMUNERATION FOR MEMBERS OF THE UNIVERSITY LEADERSHIP TEAM AND BOARD APPOINTMENTS

- i) All variable reward (bonuses and remuneration increases) should be linked to University and individual performance, and awarded to recognise performance consistent with institutional objectives.
- ii) Levels of remuneration should be sufficiently flexible to attract, retain and motivate senior post holders of the quality required to lead within the University.
- iii) 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.
- iv) 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 Performance of the Vice-Chancellor undertaken by the Chair of the Board of Governors
- the KPIs set by the Board as monitored via the University Performance Report, and
- 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 etc.

APPROACH TO SENIOR PAY AND PERFORMANCE

The University's approach to remuneration for senior staff is based on performance. Each year the University determines an appropriate increase for senior staff taking into account the anticipated pay award that is nationally agreed on the pay and grading structure. The increase for senior staff is not automatic and they must demonstrate through their Performance and Development Review (PDR) that they are meeting or exceeding expectations in order to receive it.

PERFORMANCE-RELATED PAY

In addition, senior staff who demonstrate they are exceeding expectations in their role are 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.

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 University Council for Educational Administration (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 and Higher Education Statistics Agency).

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 2017/18 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.

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 University Leadership Team (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 University Leadership Team:

<https://www.shu.ac.uk/about-us/our-people/university-leadership-team/>



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 2017/18 were:

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

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

Luke Renwick
(student nominee
July 2017 - June 2018)

Davey Silver
(student nominee
July 2017 - June 2018)

Kevin Taylor
(staff nominee)

Penny Thompson

Dr Stephen Timothy

Professor Paul Wiles

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.

The Board of Governors is committed to continuous monitoring of its performance. Discussion of the Annual Report of the Board of Governors and its committees gives the Board an opportunity to reflect on its practice and recommend improvements.

New governors participate in an induction programme, including finance training, and events were held for new members of the Board in autumn 2017. 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 2018 covered the nature and impact of unconscious bias in the context of people processes, how the University supports the mental health of students and staff, governors' roles in staff and student appeals and, risk including how the University manages it.

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 and the estate.

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 course of this 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 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 page 45.

NOMINATIONS COMMITTEE

The Nominations Committee considers nominations for 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 together with our accounting policies.

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 to meet with the auditors in private without University management to enable them to raise any issues and concerns at one meeting each year and may raise urgent matters at any time via the Committee chair.

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.



RESPONSIBILITIES OF THE UNIVERSITY'S BOARD OF GOVERNORS IN THE PREPARATION OF THE FINANCIAL STATEMENTS

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 for 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 causing the financial statements to be prepared, 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, Research England 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 56 was approved on behalf of the Board of Governors on 27 November 2018



Lord Kerslake,
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 2018 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 and 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 2018 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
- have been properly prepared in accordance with United Kingdom

Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014.

BASIS FOR OPINION

We have been appointed as auditor under the Education Reform Act 1988 and report in accordance with regulations made under this 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.

WHO WE ARE REPORTING TO

This report is made solely to the University's Governing Body, as a body, in accordance with paragraph 13.2 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.

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 set out on pages 3 to 56 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 JULY 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 HEFCE, the OfS and the National College for Teaching and Leadership 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

As explained more fully in the Statement of responsibilities of the Governing Body set out on page 52, 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. This description forms part of our auditor's report.



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield

29 November 2018



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2018

	Note	Consolidated		University	
		2018 £000	2017 £000	2018 £000	2017 £000
Income					
Tuition fees and education contracts	3	227,710	222,453	227,704	222,441
Funding body grants	4	26,222	22,867	26,222	22,867
Research grants and contracts	5	8,515	8,037	8,311	8,012
Other income	6	13,164	14,050	9,962	10,631
Investment income	7	772	662	772	662
Donations and endowments	8	271	38	271	38
Total income		276,654	268,107	273,242	264,651
(excludes share of joint venture £4.6m, 2017: £4.1m)					
Expenditure					
Staff costs	9	(182,610)	(174,378)	(180,319)	(172,177)
Other operating expenses	10	(80,356)	(69,666)	(79,174)	(68,415)
Depreciation	13, 14	(21,361)	(21,089)	(21,358)	(21,087)
Interest and other finance costs	11	(5,423)	(5,738)	(5,423)	(5,738)
Total expenditure	12	(289,750)	(270,871)	(286,274)	(267,417)
Deficit before other gains, losses and share of operating surplus of joint ventures and associates		(13,096)	(2,764)	(13,032)	(2,766)
Surplus/(loss) on disposal of fixed assets		4,762	(103)	4,762	(103)
Share of operating surplus of joint venture	16	-	15	-	-
Deficit before tax		(8,334)	(2,852)	(8,270)	(2,869)
Taxation		-	-	-	-
Deficit for the year		(8,334)	(2,852)	(8,270)	(2,869)
Actuarial gain in respect of pension scheme	25	44,580	20,120	44,580	20,120
Total comprehensive income for the year		36,246	17,268	36,310	17,251
Represented by:					
Endowment comprehensive income for the year	26	(5)	(8)	(5)	(8)
Restricted comprehensive income for the year		(1)	(5)	(1)	(5)
Unrestricted comprehensive income for the year		36,252	17,281	36,316	17,264
		36,246	17,268	36,310	17,251

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 2018

	Income and expenditure reserve-endowment reserve £000	Income and expenditure reserve-restricted reserve £000	Income and expenditure reserve-unrestricted reserve £000	Total £000
Balance at 1 August 2016	45	35	164,879	164,959
Deficit for the year	-	-	(2,852)	(2,852)
Other comprehensive income	-	-	20,120	20,120
Release of restricted funds spent in year	(8)	(8)	16	-
New restricted funds in year	-	3	(3)	-
Total comprehensive income for the year	(8)	(5)	17,281	17,268
Balance at 1 August 2017	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 for the year	(5)	(1)	36,252	36,246
Balance at 31 July 2018	32	29	218,412	218,473

UNIVERSITY STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2018

	Income and expenditure reserve-endowment reserve £000	Income and expenditure reserve-restricted reserve £000	Income and expenditure reserve-unrestricted reserve £000	Total £000
Balance at 1 August 2016	45	35	164,830	164,910
Deficit for the year	-	-	(2,869)	(2,869)
Other comprehensive income	-	-	20,120	20,120
Release of restricted funds spent in year	(8)	(8)	16	-
New restricted funds in year	-	3	(3)	-
Total comprehensive income for the year	(8)	(5)	17,264	17,251
Balance at 1 August 2017	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 for the year	(5)	(1)	36,316	36,310
Balance at 31 July 2018	32	29	218,410	218,471

CONSOLIDATED AND UNIVERSITY BALANCE SHEET FOR THE YEAR ENDED 31 JULY 2018

	Note	Consolidated		University	
		2018 £000	2017 £000	2018 £000	2017 £000
Non-current assets					
Fixed assets	13,14	304,440	310,892	304,429	310,878
Investments	15	42	45	42	42
Investment in joint venture	16	-	62	-	-
		304,482	310,999	304,471	310,920
Current assets					
Stock	17	113	683	84	656
Debtors	18	23,509	19,540	22,941	18,798
Investments	19	64,956	40,001	64,956	40,001
Cash		57,971	75,179	57,886	75,073
		146,549	135,403	145,867	134,528
Less: Creditors: amounts falling due within one year	20	(47,277)	(45,252)	(46,586)	(44,364)
Net current assets		99,272	90,151	99,281	90,164
Total assets less current liabilities		403,754	401,150	403,752	401,084
Creditors: amounts falling due after more than one year	21	(87,098)	(87,670)	(87,098)	(87,670)
Provisions					
Pension provisions	24	(90,277)	(125,327)	(90,277)	(125,327)
Other provisions	24	(7,906)	(5,926)	(7,906)	(5,926)
Total net assets		218,473	182,227	218,471	182,161
Restricted reserves					
Income and expenditure reserve - endowment reserve	26	32	37	32	37
Income and expenditure reserve - restricted reserve		29	30	29	30
Unrestricted reserves					
Income and expenditure reserve - unrestricted reserve		218,412	182,160	218,410	182,094
Total Reserves		218,473	182,227	218,471	182,161

The accompanying notes and policies form part of these financial statements.

The Financial Statements on pages 58 to 99 were approved on behalf of the Board of Governors on 27th November 2018.



Lord Kerslake,
Chair of the Board of Governors



Professor Sir Chris Husbonds,
Vice-Chancellor

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2018

	Note	2018 £000	2017 £000
Cash flow from operating activities			
Surplus/(deficit) for the year		(8,334)	(2,852)
Adjustment for non-cash items:			
Depreciation	13	21,361	21,089
Loss/(gain) on investments	15,16	65	-
(Increase)/decrease in stock	17	(1)	3
(Increase)/ decrease in debtors	18	(1,375)	(549)
Increase/ (decrease) in creditors	20,21	1,527	2,973
Increase in pension provision	24	9,530	7,996
Increase/ (decrease) in other provisions	24	1,980	(301)
Share of operating (surplus) / deficit in joint venture	16	-	(15)
Adjustment for investing or financing activities:			
Investment income	7	(772)	(662)
Endowments payable	26	5	8
Interest payable	11	2,104	2,111
(Gain)/loss on the sale of fixed assets		(4,762)	103
Capital grant income	21	(3,459)	(2,845)
Net cash inflow from operating activities		17,869	27,059
Cash flows from investing activities			
Proceeds from sales of fixed assets		3,385	840
Capital grants receipts		5,217	2,093
Capital grant repayments		-	(2,679)
Investment income		678	714
Payments made to acquire fixed assets		(14,737)	(21,235)
Withdrawal of deposits / (new investment deposits)	19	40,001	(5,001)
		34,544	(25,268)
Cash flows from financing activities			
Interest paid		(2,098)	(2,117)
Repayments of amounts borrowed		(2,562)	(2,497)
Endowment payments		(5)	(8)
		(4,665)	(4,622)
Increase /(decrease) in cash and cash equivalents in the year		47,748	(2,831)
Cash and cash equivalents at beginning of the year		75,179	78,010
Cash and Cash equivalents at the end of the year		122,927	75,179
Cash and cash equivalents at the end of the year consists of:			
Cash		57,971	75,179
Cash equivalents: Short Term Deposits with less than three months maturity at balance sheet date	19	64,956	-
		122,927	75,179

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 2018. 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 a reasonable expectation that there will be adequate resources to continue in operational existence for the foreseeable future. Following the update of the Strategy there is significant revenue and capital investment planned for the next year, the impact of which has been assessed in relation to the University's continued operations. 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) and the Local Government Pension Scheme (LGPS).

With effect from 1 October 2016, the USS scheme changed from a defined benefit only pension scheme to 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 scheme 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, 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.

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) - 25 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
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 of expected 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 - four to five years
- Furniture - five years
- Scientific 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 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.

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 asset 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 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 receipts 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.

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 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 recovery plan in the 2014 actuarial valuation requires employers to contribute 2.1% of salaries towards repaying the deficit over a period of 17 years, of which 14 remain. Details of this provision, which has been discounted at 2.16% as at 31 July 2018, 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 2018/19 budget for calculating the provision.

The 2017 actuarial valuation of USS has been undertaken but has not yet been formerly completed and so even though the latest valuation has set out the challenges facing the scheme and the likelihood of significant increases in contributions there still remain various stages of consultation around key factors specifically relating to the funding of the past deficit (level of contributions required, period of the recovery plan and the level of asset performance over the period). Therefore in management's judgement it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 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.

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.

3. TUITION FEES AND EDUCATION CONTRACTS

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Full-time undergraduate home and EU students	158,918	149,467	158,918	149,467
Full-time postgraduate home and EU students	12,388	11,582	12,388	11,582
Part-time undergraduate home and EU students	8,246	6,310	8,246	6,310
Part-time postgraduate home and EU students	3,716	3,381	3,716	3,381
Overseas students	21,213	21,732	21,213	21,732
Fees from NHS contracts	22,417	29,405	22,417	29,405
Other fees and support grants	812	576	806	564
	227,710	222,453	227,704	222,441

4. FUNDING BODY GRANTS

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Higher Education Funding Council for England				
Recurrent grant	13,052	17,161	13,052	17,161
Specific grants	2,950	1,962	2,950	1,962
Office for Students				
Recurrent grant	4,539	-	4,539	-
Specific grants	1,119	-	1,119	-
Education and Skills Funding Agency				
Recurrent grant	-	-	-	-
Specific grants	932	712	932	712
Department for Education (formerly National College for Teaching and Leadership until 1 April 2018)				
Recurrent grant	171	93	171	93
Specific grants	-	118	-	118
Deferred capital grants released in year				
Recurrent grant	2,637	2,245	2,637	2,245
Specific grants	822	576	822	576
	26,222	22,867	26,222	22,867

5. RESEARCH GRANTS AND CONTRACTS

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Research councils	963	1,086	963	1,086
UK based charities	1,369	1,144	1,285	1,159
UK central government bodies, local authorities and health authorities	3,526	3,491	3,437	3,483
UK industry, commerce and public corporations	549	571	546	575
EU government bodies	1,623	1,313	1,623	1,313
EU other	159	125	151	89
Other overseas	227	205	228	205
Other sources	95	102	74	102
Overseas based charities	4	-	4	-
	8,515	8,037	8,311	8,012

6. OTHER INCOME

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Residences, catering and conferences	4,200	3,778	3,504	3,125
Consultancy	1,817	2,060	-	-
Other income	7,147	8,212	6,458	7,506
	13,164	14,050	9,962	10,631

7. INVESTMENT INCOME

	Consolidated and University	
	2018 £000	2017 £000
Other investment income	772	662
	<hr/>	<hr/>
	772	662
	<hr/>	<hr/>

8. DONATIONS AND ENDOWMENTS

	Consolidated and University	
	2018 £000	2017 £000
Unrestricted donations	271	38
	<hr/>	<hr/>
	271	38
	<hr/>	<hr/>

9. STAFF COSTS

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Staff costs				
Wages and salaries	136,411	132,166	134,398	130,228
Social security costs	14,714	13,786	14,608	13,679
Pension costs (note 25)	28,303	25,423	28,131	25,267
Restructuring costs	3,182	3,003	3,182	3,003
	182,610	174,378	180,319	172,177

	Consolidated and University	
	2018 Number of FTE	2017 Number of FTE
Average number of staff employed during the year was made up as follows:		
Faculty / Research Institute based	2,066	2,043
Academic support departments	233	242
Project and Central activities	46	26
Administration	969	945
Other	252	247
	3,566	3,503

9. STAFF COSTS (CONT)

Higher paid staff with an annual basic salary of more than £100,000, fall within the following bands:	Consolidated and University	
	2018 Number	2017 Number
£100,000 - £104,999	1	1
£105,000 - £109,999	2	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	1
£120,000 - £124,999	-	1
£125,000 - £129,999	-	1
£130,000 - £134,999	-	2
£135,000 - £139,999	4	2
£140,000 - £144,999	2	-
£145,000 - £149,000	-	-
£150,000 - £154,999	2	1

Based on the OfS Accounts Direction 2017/18, this table includes staff that earned over £100,000 in the year. 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 11 (2017: 9) members of staff who fell into this category.

The number of higher paid staff for 2017 has been restated on the same basis. This has included a further three members of staff who were excluded in the 2017 financial statements as under HEFCE's Accounts Direction all starters and leavers were excluded.

Higher paid staff with an annual basic salary of more than £100,000, fall within the following bands:	Consolidated and University	
	2018 Number	2017 Number
£100,000 - £104,999	1	1
£105,000 - £109,999	2	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	1
£120,000 - £124,999	1	1
£125,000 - £129,999	1	1
£130,000 - £134,999	-	3
£135,000 - £139,999	6	2
£140,000 - £144,999	2	1
£145,000 - £149,000	-	-
£150,000 - £154,999	2	2

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 15 (2017: 12) members of staff who fell into this category.

9. STAFF COSTS (CONT)

	Consolidated and University	
	2018 £000	2017 £000
Total remuneration of the Vice-Chancellor		
Salary	240	240
Other benefits	1	18
	241	258
Pension contributions	40	40
	281	298

The Vice-Chancellor's fee for chairing the Teaching Excellence Framework Committee is being donated to the University's Hallam Fund.

	Consolidated and University	
	2018 £000	2017 £000
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:		
Basic salary *	7.08	7.10
Total remuneration (including pension contributions) *	7.44	8.03

* The ratios exclude agency and casual workers. These groups were excluded from the figures reported this year, due to the difficulty in obtaining and analysing the data on their earnings, in order to establish an FTE salary, given the timescales for reporting after the definition was clarified.

9. STAFF COSTS (CONT)

The University's governing body, 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. the Teaching Excellence Framework (TEF), Research Excellence Framework (REF), National Student Survey (NSS) and 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 on page 45.

	Consolidated and University	
	2018 £000	2017 £000
Compensation for loss of office		
Compensation paid	1,862	1,725
Number of staff	96	65

The compensation payments for 2018 include any payments, made to any level of staff, as per the OfS Accounts Direction 2017/18. The compensation payments for 2017 have been restated on the same basis.

The significant number and value of compensation payments in 2017 and 2018 reflect the strategic restructuring the University is undertaking.

KEY MANAGEMENT PERSONNEL COMPENSATION

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. Compensation paid to key management personnel is included in staff costs.

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

Vice-Chancellor

Pro Vice-Chancellor for the Faculty of Health and Wellbeing

Provost

Pro-Vice-Chancellor for the Faculty of Social Sciences and Humanities

Chief Operating Officer

Pro Vice-Chancellor for Research and Global Engagement

Chief Finance and Planning Officer

Pro Vice-Chancellor for Enterprise and Sheffield Business School

Director of Estates and Facilities

Dean of the Faculty of Science, Technology and Arts

Director of Human Resources and Organisational Development

9. STAFF COSTS (CONT)

During the year ended 31 July 2018 there were 16 (2017: 13) members of the ULT. The higher number in 2018 is due to the number of acting arrangements in place during the year whilst substantive recruitment took place.

	Consolidated and University	
	2018 £000	2017 £000
Key management personnel compensation payable	2,294	2,034

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 31.

10. OTHER OPERATING EXPENSES

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Other operating expenses include:				
Operating lease expenditure - land and buildings	1,677	2,582	1,677	2,582
Operating lease expenditure - equipment	257	320	257	320
External auditor's remuneration in respect of audit services	63	58	55	51
External auditor's remuneration in respect of non-audit services:				
- Grant audits	20	11	20	11
- Tax	1	1	-	-
- Other	7	7	7	7
Internal audit services	175	181	175	181

11. INTEREST AND OTHER FINANCE COSTS

	Consolidated and University	
	2018 £000	2017 £000
Loans not wholly repayable within 5 years	2,104	2,111
Net charge on pension schemes (note 25)	3,319	3,627
	5,423	5,738

12. ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Academic departments	129,364	125,655	128,834	125,303
Academic services	52,577	41,592	52,623	41,592
Administration and central services	40,795	41,069	40,060	40,530
Premises	36,039	34,463	36,000	34,390
Residences, catering and conferences	3,612	3,121	3,287	2,857
Research grants and contracts	9,829	9,154	9,704	9,065
Other expenses	17,534	15,817	15,766	13,680
	289,750	270,871	286,274	267,417

13. TANGIBLE FIXED ASSETS - CONSOLIDATED

	Land and Buildings			Assets under construction	Equipment	Total
	Freehold	Long leasehold	Short leasehold			
	£000	£000	£000	£000	£000	£000
Cost						
At 1 August 2017	317,717	12,779	1,951	8,488	59,908	400,843
Additions	1,057	-	-	11,354	3,059	15,470
Disposals	(766)	(904)	(1,951)	-	(19,006)	(22,627)
Transfers	9,290	53	-	(15,080)	5,737	-
At 31 July 2018	327,298	11,928	-	4,762	49,698	393,686
Depreciation						
At 1 August 2017	42,684	5,317	1,951	-	39,999	89,951
Charge for year	14,984	637	-	-	5,740	21,361
Disposals	(238)	(904)	(1,951)	-	(18,973)	(22,066)
At 31 July 2018	57,430	5,050	-	-	26,766	89,246
Net Book Value						
At 31 July 2018	269,868	6,878	-	4,762	22,932	304,440
At 31 July 2017	275,033	7,462	-	8,488	19,909	310,892

At 31 July 2018, freehold land and buildings included £23,961,000 (2017: £23,441,000) in respect of freehold land and is not depreciated.

14. TANGIBLE FIXED ASSETS - UNIVERSITY

	Land and Buildings			Assets under construction	Equipment	Total
	Freehold	Long leasehold	Short leasehold			
	£000	£000	£000	£000	£000	£000
Cost						
At 1 August 2017	317,717	12,779	1,951	8,488	59,882	400,817
Additions	1,057	-	-	11,354	3,059	15,470
Disposals	(766)	(904)	(1,951)	-	(19,006)	(22,627)
Transfers	9,290	53	-	(15,080)	5,737	-
At 31 July 2018	327,298	11,928	-	4,762	49,672	393,660
Depreciation						
At 1 August 2017	42,684	5,317	1,951	-	39,987	89,939
Charge for year	14,984	637	-	-	5,737	21,358
Disposals	(238)	(904)	(1,951)	-	(18,973)	(22,066)
At 31 July 2018	57,430	5,050	-	-	26,751	89,231
Net Book Value						
At 31 July 2018	269,868	6,878	-	4,762	22,921	304,429
At 31 July 2017	275,033	7,462	-	8,488	19,895	310,878

At 31 July 2018, freehold land and buildings included £23,961,000 (2017: £23,441,000) in respect of freehold land and is not depreciated.

Freehold land (known as the Nelson Mandela Building land), held within the University, with a value of £1,680,000 is being marketed to potential developers with a view to offering the site on a long lease.

15. NON-CURRENT INVESTMENTS

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Investments in subsidiaries and indirect holdings	42	45	42	42

The subsidiary companies (all of which are registered in England and Wales), wholly owned by the University, 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	Dormant	100
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

* this company is exempt from an audit by virtue of s4804 of the Companies Act 2006

** this company has been incorporated during the year

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.

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

**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.

During the year Barrcoat AB (a company registered in Sweden), in which Sheffield Hallam Innovation and Enterprise Limited held a 20.6% share, went into liquidation. There were no funds to distribute and the investment was written off.

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, as a result of an accounting adjustment in respect of its pension scheme, and so the University has impaired the value of its investment in the jointly controlled entity to nil (2017: £62,000).

The University's 25% share of the turnover of STEM Learning Limited of £4,593,000 (2017: £4,123,000) 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 (2017: £15,000).

17. STOCK

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Stock	113	112	84	85
Assets held for resale	-	571	-	571
	113	683	84	656

Assets held for resale contained freehold land, previously held in fixed assets, that has now been sold. The recoverable amount of the asset was in excess of the carrying value.

18. DEBTORS

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Amounts falling due within one year				
Other trade receivables	11,490	10,842	10,992	10,265
Prepayments	5,102	4,536	5,089	4,533
Accrued income	6,917	4,162	6,606	3,929
Amounts owed by group undertakings	-	-	254	71
	23,509	19,540	22,941	18,798

19. CURRENT INVESTMENTS

	Consolidated and University	
	2018 £000	2017 £000
Short term deposits with less than three months maturity at the balance sheet date	64,956	-
Short term deposits with more than three months maturity at the balance sheet date	-	40,001
	64,956	40,001

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct 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 0.77% (2017: 0.61%) per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 48 days (2017: 108 days).

In order to maintain cash liquidity during 2017/18 and 2018/19, deposits have been placed on notice and are due to mature within three months of the balance sheet date. This change in treatment compared with last year has impacted on the value of cash and cash equivalents recognised in the Statement of Cash Flows.

20. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Unsecured loans (note 22)	2,620	2,562	2,620	2,562
Trade payables	7,077	6,017	7,061	5,995
Social security and other taxation payable	4,103	3,884	4,103	3,884
Accruals and deferred income	21,429	21,532	21,110	20,984
Payments received on account	12,048	11,257	11,692	10,939
	47,277	45,252	46,586	44,364

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	
	2018 £000	2017 £000
Capital grant income	2,959	3,249

21. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Consolidated and University	
	2018 £000	2017 £000
Accruals and deferred income	25,645	23,597
Unsecured loans (note 22)	61,453	64,073
	87,098	87,670

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	
	2018 £000	2017 £000
Capital grant income	25,645	23,597

	Consolidated and University	
	2018 £000	2017 £000
Capital Grants		
As at 1 August	26,846	27,569
Cash receivable	5,217	2,122
Released to income	(3,459)	(2,845)
As at 31 July	28,604	26,846

22. BORROWINGS

	Consolidated and University	
	2018 £000	2017 £000
Analysis of unsecured loans		
Due within one year	2,620	2,562
Due between one and two years	2,676	2,620
Due between two and five years	8,441	8,242
Due in five years or more	50,336	53,211
	64,073	66,635

Unsecured loans relate to a term loan with Barclays Bank plc which expires in 2037. The interest is charged at a fixed rate of 5.22% on £36.0m (2017: £37.1m) and a variable rate on the remaining £28.1m (2017: £29.6m). The facility is unsecured.

23. FINANCIAL INSTRUMENTS

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

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Financial assets				
Trade receivables	11,405	10,834	10,907	10,256
Accrued income	6,917	4,162	6,606	3,929
Short term deposits	64,956	40,000	64,956	40,000
Financial liabilities				
Trade payables	7,077	6,017	7,061	5,995
Accruals	15,703	15,619	15,382	15,070
Payments received on account	12,048	11,257	11,692	10,939
Unsecured loans	64,073	66,635	64,073	66,635

24. PROVISIONS

	Consolidated and University							
	Pension provisions			Other provisions				
	LGPS pension scheme	USS pension scheme	Total pension provisions	Pension enhancement on termination	Restructuring	Asbestos removal	Dilapidations	Total other provisions
£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 August 2017	122,806	2,521	125,327	342	1,582	680	3,322	5,926
Created in year	-	(115)	(115)	488	1,663	1,908	376	4,435
Utilised in year	(10,015)	(173)	(10,188)	(241)	(1,456)	(659)	-	(2,356)
Released in year	(24,747)	-	(24,747)	3	(82)	(20)	-	(99)
At 31 July 2018	88,044	2,233	90,277	592	1,707	1,909	3,698	7,906

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 2.16% (2017: 1.85%). Further details of the USS scheme are provided in note 25.

Given that the 2017 valuation has not been formally completed and there are still key factors to be agreed specifically relating to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, the University believes it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed based on the 2014 valuation. Therefore, there is a significant risk that the year-end provision, as calculated, will not reflect the position following the final outcome of negotiations. This could be a significant amount depending on what is finally agreed as regards future deficit contributions and their duration. The University expects to have greater clarity during the 2018/19 financial year. Based on the inputs to the model the following sensitivity analysis outlines the potential impact on the existing liability of £2,233,000 (assuming the same discount rate of 2.16%):

Sensitivity analysis	Provision movement
	£000
1% increase in the deficit contribution percentage	1,063
3.9% increase in the deficit contribution percentage	4,146
1 year increase in period of deficit recovery plan	175
3 year increase in period of deficit recovery plan	525

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 during 2018/19.

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 leased properties, is net of anticipated reimbursement of costs from sub-tenants and is subject to negotiation with parties of the relevant lease agreements. It is expected that it will be utilised over the next five years.

25. PENSION COSTS

The University's employees belong to three principal pension schemes, the Teachers' Pension Scheme, the Universities Superannuation Scheme and the Local Government Pension Scheme.

	Consolidated		University	
	2018 £000	2017 £000	2018 £000	2017 £000
Teachers' Pension Scheme	10,766	10,465	10,701	10,401
Universities Superannuation Scheme	1,150	1,344	1,143	1,335
Local Government Pension Scheme	16,387	13,614	16,287	13,531
Total pension cost (note 9)	28,303	25,423	28,131	25,267

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.

Tiered employee contributions (and an increase in the average contribution rate) were introduced to the TPS in April 2012 following the recommendations of Lord Hutton, chair of the Independent Public Service Pensions Commission, in his interim report reviewing the sustainability and affordability of public sector pension schemes.

A new scheme ("the 2015 Scheme") was introduced from 1 April 2015. The 2015 Scheme is based on career average, rather than final salary and there is a normal pension age aligned to the state pension age.

The employer contribution rate for the year ended 31 March 2019 remains static at 16.48%.

In accordance with the Scheme regulations, it was agreed that pension payments would be increased by 1.0% from April 2017 (April 2016: 0.0% increase).

Whilst employee contribution rates remain static for the year ended 31 March 2019 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 2019		Year ended 31 March 2018
£1 - £27,047	7.4%	£1 - £26,259	7.4%
£27,048 - £36,410	8.6%	£26,260 - £35,349	8.6%
£36,411 - £43,171	9.6%	£35,350 - £41,914	9.6%
£43,172 - £57,216	10.2%	£41,915 - £55,549	10.2%
£57,217 - £78,022	11.3%	£55,550 - £75,749	11.3%
£78,023 or more	11.7%	£75,750 or more	11.7%

25. PENSION COSTS (CONT)

The last formal actuarial assessment was as at 31 March 2012. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data for financial reporting purposes. The amounts recognised in the 2017/18 TPS Accounts were prepared using full membership data as at 31 March 2014. The funding valuation uses a different set of assumptions than those used to inform the IAS 19 valuation.

	31 March 2018	31 March 2017	31 March 2012
Rate of return (discount rate)	2.55%	2.8%	3.00%
Long term salary increases per annum	3.95%	4.55%	4.75%
Pension increases per annum	2.45%	2.55%	2.00%
Value of notional assets	-	-	£176.6bn
Value of liabilities	£361.5bn	£347.3bn	£191.5bn
Notional past service deficit	£361.5bn	£347.3bn	£15.0bn

The cost of benefits accrued in the year ended 31 March 2018 (the Current Service Cost) is assessed as 49.1% 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 39.6% for 2017-18 (22.7% for 2016-17). For the avoidance of doubt, the actual rate of contributions payable by employers, 16.48% of pensionable pay for 2017-18 (including administration levy), is not the same as the employers' share of the standard contribution rate. The key difference between the assumptions used for funding valuations and the Annual Report and Accounts is the discount rate. The discount rate for the Annual Report and Accounts is set each year by HM Treasury to reflect the requirements of the accounting standard IAS 19. A formal valuation is currently in progress with the results due to be implemented in 2019.

The latest update on the 2016 valuation confirms the anticipated increase in employer contributions for TPS, but the exact level is expected to be confirmed at the end of 2018 and implemented in September 2019.

Employer contributions for 2018 were £10,766,000 (2017: £10,465,000) and there was a balance of £1,462,000 owing by the University at 31 July 2018 (2017: £1,413,000).

UNIVERSITIES SUPERANNUATION SCHEME (USS)

The University participates in the Universities Superannuation Scheme, which is contracted out of the State Second Pension. With effect from 1 October 2016, the USS scheme changed from a defined benefit only pension scheme to 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) as set out in note 24.

25. PENSION COSTS (CONT)

The current Recovery Plan to address the scheme deficit was agreed in July 2016 and runs until 31 March 2031. The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2017 has still not been formally completed, further information about the implications of this can be found in note 24.

The total cost charged to the Statement of Comprehensive Income for 2018 is £1,150,000 (2017: £1,334,000). There was a balance of £180,000 owing by the University at 31 July 2018 (2017: £190,000).

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

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets in the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The figures will be revised once the 2017 Scheme Valuation is complete.

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

	2018	2017
Discount rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.02%	2.41%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated 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:

	2018	2017
Mortality base table	<p>Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females</p> <p>Post retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females</p>	<p>98% of SAPS S1NA "light" YOB unadjusted for males</p> <p>99% of SAPS S1NA "light" YOB with a -1 year adjustment for females</p>
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	CMI_2014 with a long term rate of 1.5% p.a.

25. PENSION COSTS (CONT)

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 years	24.5	24.4
Females currently aged 65 years	26.0	26.6
Males currently aged 45 years	26.5	26.5
Females currently aged 45 years	27.8	29.0

The actuary for the scheme carries out regular reviews of the funding levels and details of those for 2018 and 2017 are:

	2018	2017
Scheme assets	£ 63.6bn	£60.0bn
Total scheme liabilities	£ 72.0bn	£77.5bn
FRS 102 total scheme deficit	£ 8.4bn	£17.5bn
FRS 102 total funding level	88%	77%

LOCAL GOVERNMENT PENSION SCHEME (LGPS)

The University participates in the Local Government Pension Scheme, 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 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 total contributions paid for the year ended 31 July 2018 was £13,637,000 (2017: £12,946,000) of which employers contributions totalled £9,851,000 and employees contributions totalled £3,786,000. For the year ended 31 March 2019 the employer contribution rate is 18.95% (year ended 31 March 2018: 18.27%) and the employee rates are on a sliding scale based on earnings, the rate varying between 5.5% and 12.5% (year ended 31 March 2018: between 5.5% and 12.5%).

There was a balance of £1,159,000 owing by the University at 31 July 2018 (2017: £1,051,000).

A recent High Court ruling found Guaranteed Minimum Pensions (GMPs) must be equalised between men and women, and that past underpayments must be corrected. Employers such as the University, with a defined benefit pension scheme and contracted out of the State Second Pension from 17 May 1990 to 5 April 1997 are covered by the ruling, and will be impacted by increased defined benefit pension obligations. It is not possible to quantify the impact of the equalisation payments required as the appropriate valuation model and methodology is yet to be established. As a result no provision has been made at 31 July 2018. Further clarification is expected during the next financial year.

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2018 by a qualified independent actuary.

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

	2018	2017
Rate of increase in salaries	3.35%	3.45%
Rate of increase in pensions in payment	2.2%	2.2%
Discount rate	2.9%	2.6%
Inflation assumption	2.1%	2.2%
Proportion of employees opted to take a committed lump sum	50%	50%

25. PENSION COSTS (CONT)

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

	At July 2018	At July 2017
Retiring today		
Males	23.0	22.9
Females	25.8	25.7
Retiring in 20 years		
Males	25.2	25.1
Females	28.1	28.0

SCHEME ASSETS

The assets in the LGPS scheme were:

	2018 Fund value	2017 Fund value
	£000	£000
Equities	177,601	185,620
Government bonds	47,738	42,131
Other bonds	24,370	20,760
Property	32,382	27,782
Cash / Liquidity	15,356	6,106
Other	36,388	22,897
	333,835	305,296

25. PENSION COSTS (CONT)

Analysis of the amount shown in the balance sheet	2018	2017
	£000	£000
Total fair value of assets	333,835	305,296
Present value of funded scheme liabilities	(421,816)	(428,035)
Present value of unfunded scheme liabilities	(63)	(67)
Deficit in scheme- net pension liability	(88,044)	(122,806)

Amounts charged to staff costs	2018	2017
	£000	£000
Current service cost	(16,260)	(13,591)
Settlements and curtailments	(299)	(508)
Past service cost	(1)	-
Total operating charge	(16,560)	(14,099)

Amounts charged to interest payable and other finance costs	2018	2017
	£000	£000
Interest on pension scheme assets	8,018	7,318
Interest on pension scheme liabilities	(11,080)	(10,698)
Administration expenses	(211)	(202)
Net interest cost	(3,273)	(3,582)

25. PENSION COSTS (CONT)

Amounts recognised in other comprehensive income	2018	2017
	£000	£000
Remeasurements (pension scheme assets)	14,551	14,182
Experience gain (pension scheme liabilities)	-	19,482
Change in financial and demographic assumptions underlying the scheme liabilities	30,029	(13,544)
Actuarial gain/(loss) in respect of the pension scheme	44,580	20,120

Movement in deficit in the year	2018	2017
	£000	£000
Deficit in the scheme at 1 August	(122,806)	(134,798)
Current service costs	(16,260)	(13,591)
Past service costs	(300)	(508)
Contributions	10,015	9,553
Other finance costs	(3,273)	(3,582)
Actuarial gain/(loss)	44,580	20,120
Deficit in the scheme provided at 31 July (note 24)	(88,044)	(122,806)

The estimated contribution to the defined benefit scheme for the year 2018/19 is £10,059,000.

25. PENSION COSTS (CONT)

Analysis of the movement in the present value of scheme liabilities	2018	2017
	£000	£000
Liabilities at 1 August	428,102	413,724
Service cost	16,260	13,591
Interest cost	11,080	10,698
Employee contributions	3,548	3,393
Actuarial gain on liabilities (experience gain)	-	(19,482)
Actuarial (gain)/loss on assumptions	(30,029)	13,544
Benefits paid	(7,382)	(7,874)
Settlements and curtailments	300	508
Liabilities at 31 July	421,879	428,102

Analysis of the movement in the market value of scheme assets	2018	2017
	£000	£000
Assets at 1 August	305,296	278,926
Interest income on plan assets	8,018	7,318
Actuarial gain on assets	14,551	14,182
Administration expenses	(211)	(202)
Employer contributions	10,015	9,553
Employee contributions	3,548	3,393
Benefits paid	(7,382)	(7,874)
Assets at 31 July	333,835	305,296

26. ENDOWMENT RESERVE

Restricted net assets relating to expendable endowments are as follows:

	Consolidated and University	
	2018	2017
	£000	£000
Balances at 1 August	37	45
New endowments	-	-
Investment income	-	-
Expenditure	(5)	(8)
Total endowment comprehensive income for the year	(5)	(8)
At 31 July	32	37
Analysis by type of purpose:		
Scholarships and bursaries	32	37
Analysis by asset:		
Current asset investments	32	37

27. LEASE OBLIGATIONS

Total commitments under operating leases as at 31 July expiring:	Consolidated and University	
	2018	2017
	£000	£000
Buildings		
Within one year	2,139	1,596
Between one and five years	6,246	5,582
Over five years	27,389	26,449
Equipment		
Within one year	234	247
Between one and five years	213	281
Over five years	-	-
	36,221	34,155

28. CAPITAL COMMITMENTS

	Consolidated and University	
	2018	2017
	£000	£000
Commitments contracted at 31 July	16,648	2,745
Authorised but not contracted at 31 July	31,109	28,434
	47,757	31,179

Capital commitments include £24,140,000 (2017: £23,767,000) of spend which will be grant funded.

29. AMOUNTS DISBURSED AS AGENT OF DEPARTMENT FOR EDUCATION (FORMERLY NATIONAL COLLEGE FOR TEACHING AND LEADERSHIP UNTIL 1 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.

Initial teacher training bursaries	Consolidated and University	
	2018	2017
	£000	£000
Funds received	3,885	4,461
Disbursed to students	(3,716)	(4,182)
	169	279

30. 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 the normal course of business the University transacts with private and public sector organisations, a certain number of which Governors of the University are directors, officers or partners. All such transactions are undertaken on an arm's length basis in accordance with normal agreements with customers and suppliers and in line with the University's financial regulations. The Governors do not consider that disclosure of transactions with such organisations is required under the standard because none of the Governors or members of their close family, have a controlling interest in either the University or the organisations in which they are directors, employees or partners.

Nonetheless the Governors consider it appropriate to disclose the following transactions for the period covered by the financial statements where a parent company directorship or partner status in a professional firm is involved.

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

Ms Karen Finlayson was a member of the Board of Leeds Teaching Hospitals. Expenditure incurred related to staff secondment. Income received related to sponsorship of tuition fees.

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

Professor Sir Chris Husbands was a member of the Board of Sheffield College. Expenditure incurred related to student placements, work related to the National Collaborative Outreach Programme, teaching provided by Sheffield College, employer contribution to course delivery fees for apprentices, fees for preparation of Individualised Learner Records, prize money and NVQ funding. Income received related to course fees and sponsorship of tuition fees and sports hall hire.

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

Mr Neil MacDonald, a Governor, was a director of Sheffield Children's Hospital Foundation Trust. Expenditure 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 and refreshments, research studentship and training.

Mr Neil MacDonald was a member of the Board of Museums Sheffield. Expenditure incurred related to room and equipment hire, educational visits and workshops, exhibitions and an event.

Mr Neil MacDonald was a member of the Board of Yorkshire Artspace. Expenditure incurred related to room hire.

The following Executive Officers of Sheffield Hallam University Union of Students were members of the Board of Governors during the 2017/18 financial year:

Mr L Renwick

Ms N Mowlana

Mr A Okud

Mr D Silver

Expenditure incurred related to the yearly grant made to the Students' Union by the University, sports-related activities and charges, sports equipment, estates and facilities charges, catering and hospitality, security costs, DJ fees, sports event tickets, marketing and merchandising, uniforms and clothing, technical services, performance fees, event costs, staff costs for events, social media campaign, student society funding, reimbursement of SHUcard sales, funding for Nightline, pensions and transfer of grant from the HEFCE Catalyst Fund. Income received related to estates and facilities charges, catering, printing, training, IT support services, telephone charges, sports charges and merchandise, commission for ticket sales and contribution to cost of staff member.

The University maintains a register of Governors' and senior managers' interests which is available for inspection from Governance Services.

Related Party	Year ended 31 July	Income receivable from £000	Expenditure incurred with £000	Amount owed by £000	Amount owed to £000
PriceWaterhouseCoopers	2018 2017	- -	16 18	- -	- -
Leeds Teaching Hospital	2018 2017	- 4	9 11	- -	- -
Yorkshire Universities	2018 2017	- -	16 16	- -	- -
Sheffield College	2018 2017	267 233	182 141	- -	10 4
HESA	2018 2017	1 1	75 74	- -	- -
Sheffield Children's Hospital	2018 2017	144 92	52 89	85 40	- -
Museums Sheffield	2018 2017	- -	32 57	- -	1 -
Yorkshire Artspace	2018 2017	- -	13 -	- -	- -
Sheffield Hallam University Union of Students	2018 2017	384 391	2,621 2,714	55 34	3 13
University and Colleges Employers Association	2018 2017	Note 1 -	- 16	- -	- -
Leadership Foundation for Higher Education	2018 2017	Note 2 -	- 51	- -	- -
Irwin Mitchell LLP	2018 2017	Note 3 -	- 257	- -	- -

Note 1: Geoff Dawson, a Director of the University and Colleges Employers Association, retired from the Board of Governors on 6th October 2016 and therefore transactions have not been considered for 2018.

Note 2: Geoff Dawson, a member of the Board of the Leadership Foundation for Higher Education, retired from the Board of Governors on 6th October 2016 and therefore transactions have not been considered for 2018.

Note 3: Dr Julie Morrissy ceased to be a partner at Irwin Mitchells LLP on 31 March 2017 and therefore transactions have not been considered for 2018.

31. 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 the 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 2018. 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 2018. As such they were paid by the University in connection with their employment but received no supplementary payment for their membership of the Board of Governors.

Professor Jeff Bale, a Governor from 1 August 2017, invoiced the University in relation to the provision of consultancy services £1,750 (2016/17: £nil).

During 2017/18, expenses in relation to travel, subsistence, accommodation and subscriptions totalling £11,000 (2016/17: £12,000) were paid to or on behalf of 15 (2016/17: 10) 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 to the University. Transactions with related parties are declared in note 30.

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