



# Sheffield Hallam University

## Operating and Financial Review

### 2009–10



Sheffield  
Hallam University

SHARPENS YOUR THINKING



# Introduction to the Operating and Financial Review from the Vice-Chancellor

The University sector is currently undergoing a period of turbulence and change. 2009–10 has been about consolidating our position, building on our strengths and planning to manage our way through a difficult few years.

It has been another year of success for Sheffield Hallam. Our applications have risen above the national average; more students than ever before are selecting Sheffield Hallam as their first choice University; our research income has remained strong; and we have made strong progress with achieving the aims set out in our Corporate Plan.

Internally we have been reorganising our structures, with the development of academic departments within our four faculties. This will provide a focus for academic leadership and create a sense of academic identity for staff and students.

This year we have also seen changes to our Executive Group, as former staff members have retired or moved on to new challenges. This year has seen the appointment of a Deputy Vice-Chancellor, a new Director of Estates and Facilities, and two new Pro Vice-Chancellors, who joined us in the autumn.

Another major focus this year has been the development of a Student Experience Framework, which will help us to ensure that we continue to raise standards of teaching and learning and ensure that our students benefit from a rewarding and beneficial university experience.

In last year's report I recounted that we were planning for the possibility of sustained cuts in public expenditure, and this year we have taken that planning further, as we begin to get a clearer picture of the deficit reduction strategy and how it may affect universities.

At the moment we are in a relatively strong financial position thanks to careful planning, but the fact remains that there may well be difficult times ahead.

For 2010–11 there were 10,000 fewer university places available, alongside a 14 per cent increase in applications for those places nationally (at Sheffield Hallam we saw a 20% increase). This was coupled with the news that Higher Education Funding Council for England (HEFCE) would fine institutions that recruited over their target numbers, placing a new risk for Universities as they manage the uncertainty of the applications process.

I am pleased to say that we have recruited to target, and have easily filled all of our available places, including the 150 additional Science, Technology, Engineering and Mathematics (STEM) places that we were allocated.

Universities are also awaiting detailed announcements on the impact of the Comprehensive Spending Review (CSR) and Browne Report.

The headline figures indicate a cut in the region of 80%, far more than in other areas, but this could be offset by the income from the Student Finance package recommended by Browne. Student Finance Learning provides the 'fee' component. The overall package is progressive with no upfront fee and no repayment until earnings reach £21,000 and with payments of £7 per week when earnings reach £25,000.

Whilst we have been modelling for cuts to the sector the new scenario is very unclear. Much will depend on the details of the package and the timing of the transition.

There are challenges ahead for the University, however 2009–10 has been a successful year and for that I thank Sheffield Hallam's staff for their unswerving commitment and dedication. Together we will continue to position Sheffield Hallam as one of the most innovative and highest achieving Universities of its kind.



Professor Philip Jones  
Vice-Chancellor



# Educational portfolio

**Our educational portfolio is characterised by a strong emphasis on the application of knowledge to the world of work. We aim to further embed employability into all our programmes of study over the coming year. Our reputation for provision with a strong professional or vocational orientation is highlighted by the fact that we are the largest provider of placement courses in England.**

New academic departments have been created within our four faculties this year. The aim has been to provide a focus for academic leadership and development, enhancing the quality and delivery of provision and creating a sense of academic identity for students and staff. Realignment of departments and our new faculty structure is starting to have a very positive impact on the size and balance of our portfolio. For example:

We are currently England's largest provider of sandwich courses and have identified some subject areas, particularly within the faculty of Arts, Computing, Engineering and Science (ACES) where this provision is likely to increase.

We continue to be one of the largest providers of nursing education in England and this year we further increased our market share. As a sign of the quality of our provision, almost 100% of our nursing graduates secured graduate level employment in their chosen field last year.

A market leading position for the provision of sport related programmes is also being established, with an overall theme of wellbeing and healthy lifestyles. Taught programmes in this area are strengthened by the expertise of our staff, many of whom are engaged in a strong and rapidly increasing profile in applied sports research. Areas of research include sport and exercise science, sports engineering, sport psychology, sport economics and health and active lifestyles. New masters courses aligned to research strengths have been developed, such as the MSc in Sport Psychology and MSc in Sport Engineering.

The faculty of ACES is positioning itself as a significant contributor to the creative and digital sector in Sheffield, supporting the city's ambition to develop Sheffield as a leading creative and digital centre in the UK. The faculty's visibility and external recognition is enhanced through the Sheffield Institute of Art and Design. The Creative Spark final year exhibition provides an external manifestation of this, alongside related work in design in architecture.

We have continued to diversify the range of programmes we offer by systematically reviewing and actively managing our educational portfolio, in response to the demands of students and other stakeholders. We have also responded to policy changes and the external environment. For example, we are delivering more flexible provision in relation to location and duration of study, we are shifting the balance of student numbers towards STEM subjects, and we are using our areas of academic strength to take advantage of opportunities at the interfaces between traditional subject disciplines. This has led to the development of exciting and innovative courses in creative practice that draw upon design, engineering, computing and communication which are further supported by innovative research in fields such as

ergonomics and user-led product design that bring together academics and practitioners from a range of disciplines to solve real life problems.

Our success in developing our portfolio is evidenced by strong trends in recruitment over the course of the year.

- UCAS applications to the University for September 2010 (for full-time undergraduate entry) have increased by 20.1% from the previous year, compared to a sector average increase of 14.1%. While the vast majority of the additional applications received come from home students (up 19.7%), there have been significant percentage increases in full-time undergraduate applications from both EU applicants (up 39.9%) and overseas applicants (up 22.7%);
- the proportion of applicants accepting offers has continued to increase. Overall, 65.6% of offers made this year were accepted; and
- home/EU postgraduate applications have increased by 9.1% compared to last year, with more rapid growth experienced in applications for part-time and distance learning.

International recruitment continues to be important to us and we now attract over 3,500 international students from more than 120 countries. This year, we have exceeded our internal targets for international student enrolments. We are developing a new international strategy to inform our approach to international recruitment from 2011–12 onwards.

Our portfolio focuses predominantly on programmes where students follow their course on campus, although a significant proportion of courses also include learning in other settings such as the workplace, study abroad, and programmes delivered in collaboration with other institutions – including our international partners in the South East Asia who attend summer school in Sheffield. We continue to explore opportunities to grow employer engaged, work-based, continuing professional development (CPD) and flexible provision as part of our employer engagement strategy.

Over the last year, we have focussed on reviewing the size and balance of our academic profile. Portfolio adjustments and developments have continued to improve the University's competitive position and helped us to meet our corporate plan objective of ensuring that delivery is sustainable in the long term and delivers the quality expected by our students, partners and stakeholders.

## Future developments

We will seek to maintain full-time undergraduate student numbers over time, following a sustained period of growth in student numbers, particularly in recent years. At the same time we will increase the numbers of high quality international and postgraduate students choosing to study here. We will ensure that the number of students on our programmes of study does not affect our ability to continue to improve what we offer. We will achieve these aims through careful management of student recruitment at a time of increased demand and competition for places, and by managing returns and benefits from our contracts with HEFCE, the Teacher Development Agency (TDA), and the Department of Health (DoH). Overall, we expect to remain within the HEFCE contract and sustain HEFCE core funding. Following our success this year, we will also continue to explore opportunities to bid for additional student numbers outside of the core contract, including those co-funded by employers in response to their workforce skills and development needs. We will particularly pursue subject areas in response to national policy drivers.

## Student profile

Around 41% of our students come from the local region, i.e. Yorkshire and the Humber. An increasing proportion of our students are expected to study closer to home in the years ahead and therefore our strong regional roots offer strategic advantage. We have also maintained excellent participation rates from students from low participation neighbourhoods.

Compared to benchmarks set by HEFCE, we continue to perform well for recruitment of young first time degree entrants and all undergraduates from state schools compared to the overall HE sector.

## Recent achievements

We have successfully bid for several funding opportunities for new and innovative projects in 2009–10. Our successes include;

### Award of additional funded places

We have been awarded an additional 150 new entrant places in STEM subjects for 2010–11 through HEFCE's University Modernisation Fund. The additional student numbers we have been awarded are to be linked to efficiency saving activities. Funding will be awarded for these students as a lump sum in 2010–11.

### Transformational change programme in partnership with the University of Sheffield

We were successful in obtaining funding for HEFCE's Leading Transformational Change programme, through the leadership, governance and management fund to deliver Collaboration Sheffield, a joint project with the University of Sheffield.

The primary purpose of the project is to explore collaborative provision between the two universities which will affect lasting change, enhance our academic reputation, improve the provision of services and increase the impact of both universities within the Sheffield city region. The project will initially focus on the academic areas of medicine and health, education and digital industries. A fourth strand – innovation and knowledge transfer will be considered at a later date.

It is envisaged that the project will enable the two institutions to survive and thrive in a changing and challenging environment, and to build on existing good relationships and collaboration between the two universities. It will also respond to the expectations and ambitions of the Sheffield city region in delivering seamless higher education provision.

The focus this year has been on identifying possible business models for programme-based or structural-based collaboration such as joint academic departments or research institutes, shared facilities and services. From September 2010, the project will move into its implementation phase.

### **Employer engagement contract in partnership with the University of Sheffield**

In partnership with the University of Sheffield, we were awarded a £3.65m HEFCE funded employer engagement contract in August 2009. The project will run until July 2012, with the strategic aim of establishing innovative models of engagement between the two universities and regional employers. It will deliver accredited, professional learning, co-funded by employers, to enhance individual and organisational business performance. This will directly contribute to our wider objective of improving the overall economic performance of the region.

The project is being co-ordinated by the Sheffield Business School, led by a joint Project Board. The project team is currently in discussion with a number of employers regarding course content, design and delivery. The team is developing a joint Sheffield Hallam/ University of Sheffield award for the City Regional Leadership Programme – a high profile partnership to deliver a multi-agency professional development programme to a range of public sector organisations throughout South Yorkshire.

### **Collaborative provision**

We continue to develop our collaborative provision, working with a range of partners to deliver innovative, creative and business focussed teaching and learning. Sheffield Hallam currently has 54 collaborative Partners – 40 are UK-based and 14 are located overseas. The range of partners includes FE colleges, NHS trusts, charities, industry, schools, and overseas colleges and universities.

There are 117 collaborative programmes leading to awards ranging from certificates of higher education to professional doctorates. We carry out an annual quality review of all collaborative partners, to assess and assure the quality of their taught provision. Approximately 4,000 students study on collaborative programmes, via full-time, part-time and distance learning study modes.

Since our 2006 collaborative provision audit, we have entered into collaborative provision relationships with a small number of new partners and we have deepened our relationships with several existing partners. For example, in the coming years, as part of the careful management of our educational portfolio, we are seeking to reduce the number of foundation degrees we provide directly whilst increasing the number of externally delivered foundation degrees that we validate. The University is seeking to develop deeper and broader relationships with a limited number of partners. As a result several of these partners now have links with more than one faculty of the University.

We have recently developed a collaborative research degree provision with overseas partners. This includes the Doctor of Business Administration (DBA) international dual award with Business School Netherlands and the Doctorate in International Criminal Justice with Hong Kong City University.

Other collaborations support our international strategy and continue to enhance the reputation of the University overseas. For example, we have signed up to the Kaplan International College student placement unit. Kaplan International Colleges teach academic preparation programmes especially designed for international students, in partnership with a select group of top UK universities. This gives us access to recruit students from Kaplan International Colleges in the UK who have completed foundation or pre-masters programmes.



### **Challenges**

Despite the continuing appeal of our educational portfolio to students and prospective students in 2009–10, we recognise that we face a number of challenges in the years ahead.

The new coalition government has announced its cuts in public spending on top of the cuts already planned by the previous Labour government. This has resulted in approximately 10,000 fewer university places for 2010–11 entry than were originally planned in the last Labour budget. This comes at a time when UCAS applications have continued to increase.

In addition to the threat of direct reductions to the level of higher education funding, the University is at risk of being affected by cuts in other parts of the public sector. This is likely to have a significant impact on our public sector contracts. Given the extensive scope of the University's health portfolio, a particular area of risk is therefore in relation to cuts in Department of Health contracts.

The University's Executive Group has considered a range of scenarios and risks associated with the government's deficit reduction measures and the potential for a prolonged recession. We have analysed our ability to deliver our portfolio in a sustainable way and deliver the quality of the student experience expected of us. Our financial position will be reviewed following the publication and detailed review of the government's CSR and Browne Report, after which more detail will be known about the extent and nature of further public spending cuts and changes to HE funding.

We recognise that the pervasiveness of a consumer culture will continue to exert a powerful influence on higher education, as students continue to make a much greater private contribution to the cost of their education. To respond to this challenge we will focus on continuing to develop our education portfolio in order to provide courses that are exciting and attractive to students and which offer the opportunity for in-depth academic, work-related and personal development. We are also developing our student experience framework aimed at improving the student experience and in particular the student entitlement, with a strong focus on outcomes such as graduate employment. To enable us to remain competitive, information will increasingly be made available to students and prospective students on what they can expect from us.

As the pace of globalisation and the internationalisation of higher education (HE) continues to intensify, we recognise that competition for international students is likely to increase between HE institutions. The international HE market will be an area in which student numbers can continue to grow and generate additional income for universities, at a time when HEFCE funded student numbers are already being consolidated and may diminish in the future. New competitive pressures and opportunities for collaboration are also emerging, as the balance of international economic activity, and influence, shifts towards the East. There are therefore significant opportunities for us to further develop relationships with these newly emerging markets in countries such as Malaysia and Singapore who are attaching greater importance to developing capacity and higher level skills within their own populations. We are currently developing a new international strategy to effectively deal with these challenges.

It is widely acknowledged that there will be an increase in the number of 18 year olds in 2010–11, which could lead to continued growth in demand for higher education, but insufficient growth in HEFCE funded places to support this. Following the peak in the numbers of 18 year olds in 2010–11, this population will decline steadily until the end of the next decade. We recognise the need to be increasingly student focussed if we are to continue to be sustainable in the face of demographic change, as the vast majority of full-time HE entrants continue to be young school leavers.

The HE sector continues to change as a consequence of new entrants to the market which have been granted the right to award their own degrees and foundation degrees. This includes private companies and a number of further education colleges.

We recognise that the inevitable consequence of the presence of such providers will be increased competition within the sector, resulting in further challenges in the recruitment of undergraduates and postgraduates. We are committed to looking at new business and delivery models and alternative modes of provision, including developing strong strategic partnerships of mutual benefit with other providers. Much of the collaborative work we are carrying out with the University of Sheffield should ensure that we are well-placed to respond to this challenge, as we will have already explored our capacity to identify, adapt and deliver change.





# Improving the student experience

**The University's corporate plan for the period 2008–13 places improving the student experience at the heart of all of our activity and operations. We recognise that as a modern and business-focussed institution, our focus is on teaching and learning, with excellent research provision in selected areas.**

We are committed to raising the standards of teaching and learning that our students can expect from us, establishing clear expected outcomes for all programmes of study, and clearly setting out the entitlements of our students in relation to those programmes of study and their overall university experience. Graduate employability will continue to be a key area of focus over the forthcoming year and will underpin all of our activities in this area.

This year has seen the development of the University's first overarching student experience framework, which brings together the following initiatives:

- student experience statement – what it means to be a student here, our core values and priorities and the distinctiveness of the student experience;
- student entitlement – reflecting the type of university we are and setting out what students can expect from their higher education experience here; and
- graduate attributes – encompassing aspects of behaviour, values and contributions to society, as well as disciplinary skills and knowledge.

The overall aims of the framework in relation to our students and graduates are employability and lifelong learning.

Both the student experience framework, and academic quality framework will support a new overarching learning, teaching and student experience strategy. This will be completed in autumn 2010.

## **Teaching and learning**

Following a bidding process, the University was successful in securing capital and recurrent funding from HEFCE totalling £10.8m over five years from 2004–05 to 2009–10 to develop three Centres of Excellence in Teaching and Learning (CETLs). The CETL initiative is the largest single funding scheme in teaching and learning.

The CETL initiative came to a conclusion at the end of this year and a final report and evaluation was submitted to HEFCE.

The revalidation of the undergraduate inter-professional health related curriculum has been based on the work of the Centre for Interprofessional e-Learning (CIPeL). The number of students accessing the Inter-professional e-learning (IPE) programme has tripled and 3,000 students now access this programme each year. The e-learning strategies we introduced have contributed to the efficient use of our estate, and have resulted in a more positive view of IPE by students, and new developments in cross-disciplinary working.

A major outcome of the CETL project is the strengthening of the University's national and international reputation for excellence in the fields of employability, learner autonomy and inter-professional education. For example, the CIPeL's work on the involvement of students in curriculum development has been publicised and disseminated by the Higher Education Academy as an example of good practice.

A significant amount of capital funds were received by the University, which contributed to the building of new learning space, such as innovative CETL rooms (which are now being released for core teaching and learning activities), and the addition of social learning spaces to the Adsetts Centre.

## **Professional development**

To support the embedding of these teaching and learning activities and ensure that all learning and teaching staff are engaged in the process of delivering excellent teaching and learning to support the student experience, this year we developed a professional development policy and framework, and a peer supported review policy. Both policies will be implemented from 2010–11.

## **Academic quality and enhancement**

This year we have made significant progress towards our corporate objective of developing a quality assurance framework that moves from compliance with quality standards to an enhancement-led approach.

A new Academic Quality Framework (AQF) has been developed and approved by the University's academic board, and will be implemented from 2010–11. It covers key processes such as course design and approval, department five yearly quality reviews, institutional review and strategic enhancement.

It is anticipated that the AQF will deliver resource savings in the medium term achieved through the shift in approach, process streamlining, improved management information and the application of technology.

## Student retention and progression

Over the last year, the University has achieved an increase in the percentage of students who pass modules at the first attempt, and in the proportion of students who continue to the next academic year of study or who successfully achieve their intended qualification aim. In-year withdrawal rates are falling. We consistently outperform comparable universities on these measures, and exceed benchmarks set by HEFCE.

However, we are far from complacent, and recognise that we can further improve monitoring and evaluation of retention and student achievement particularly for those courses and modules deemed to be underperforming. We can also be more systematic in disseminating best practice building on the work that was carried out in 2008–09 at faculty level.

In 2009–10 we developed a retention and student success policy and framework and we are currently consulting with our four faculty academic committees. The principles of the policy and the framework will be rolled-out in 2010–11.

## Student engagement

The key measure for determining progress in the student experience is the National Student Survey (NSS).

Results for 2010 show that we improved our position in 15 out of 22 measures and maintained our position in a further six. Notable progress was made in the areas of assessment and feedback and course organisation and management, where we received disappointing results last year. We have since made a number of improvements to our processes as described elsewhere in this review.

These results demonstrate that our actions to continually improve the student experience are starting to have a positive impact.

We have recently appointed a Pro Vice-Chancellor for learning and teaching and the student experience and he will lead this work over the forthcoming year.

Sheffield Hallam University administer an online student engagement survey every two years, based on a random sample of half of all current undergraduates (excluding final year students as they participate in the NSS), and taught postgraduates. The survey focuses on actual student engagement rather than satisfaction with their learning experience.

The latest results relate to the 2008–09 academic year, and actions were put in place throughout this year to continually improve our performance.

Results of the survey and improvements made as a result of feedback has been communicated to students via a 'you said, we did...' campaign. The results have also been used to aid development of the new student experience framework, and will be used as a key measure to assess how successfully this framework is being implemented.

We work closely with Hallam Union (our students union), to increase levels of student engagement throughout their programme of study, and use student feedback to make ongoing improvements to our provision.

For example, we work together to maintain and develop the student representative system. There are currently 1,169 course representatives – a ratio of 1:26 students. Course representatives gather feedback from their fellow students and take this forward to improve the course experience. Faculty representatives sit on most faculty and University boards and committees relating to academic affairs. The Union's education officer is a sabbatical officer post with specific responsibility for leading on the academic aspect of the student experience.

We support the students union to provide opportunities for our students to get involved in a range of community outreach and environmental activities in order to enhance the positive contribution that our operations and student population make to the city of Sheffield. Every year around 600 students participate in volunteering opportunities.

Over the course of the next year we are aiming to refresh our student volunteering offer, through closer links with the students union.

## Student support

Our student support portfolio plays a key role in ensuring the successful transition, progression, achievement and employability of our students, through the provision of a range of services.

Key themes of this portfolio are employability, diversity and inclusivity, widening participation and retention, supporting the learning experience, and developing learner autonomy. All of our services operate to service standards detailing the levels of service that our students can expect to receive. Feedback is sought regularly to secure continuous improvement and make changes to the services we deliver where necessary.

Student support will continue to be a key element of the student experience at the University, from first contact through to successful progression into graduate employment.

## Equality and diversity

The University is committed to promoting equality of opportunity and supporting all staff and students to achieve their full potential, contribute fully, and derive maximum benefit and enjoyment from their participation in University life and the city of Sheffield. We believe that success is about giving all individuals the opportunity and support they need to make a difference, and that students of all ages, nationalities and disciplines, make our community an enriching and diverse place to live and learn.

We acknowledge basic rights for all members and prospective members of our community as part of our equality and diversity policy statement which underpins all of our activities

We also operate a student anti-harassment policy in conjunction with the students union, demonstrating through our joint approach that harassment and bullying of any kind will not be tolerated.

Student diversity forums are run by and for students at the University, supported by the students union, in order to discuss issues in a supportive and confidential environment and to provide a platform for enhancing equality and diversity.

## Graduate employability

Graduate employability is the focus of our work across the academic portfolio. We are seeking to make graduate employability a core element of all our programmes of study. This theme has achieved greater coherence over the last year, with a University-wide graduate employability group bringing together diverse strands of activity into an overarching programme of action. For example, the Sheffield Hallam graduate attributes which form part of the new student experience framework, have been developed through working alongside the students union and building on the significant knowledge and experience associated with the University's employability CETL.

We have developed and published our employability statement, as required by HEFCE, to inform potential students for 2011–12 entry as to what they can expect from the University with regard to enhancing their employment prospects in an increasingly competitive graduate labour market.

## Destination of Leavers from Higher Education (DLHE) survey

A key measure of the employability of our graduates is the Destination of Leavers from Higher Education survey, which questions graduates six months after completing their programme of study. Results for our 2008–09 cohort who participated in the survey earlier this year show that just under 75% of our leavers find graduate level employment. The majority of leavers find work in the health and education sector and the average leaver salary is £20,000–25,000.

In order to identify and develop areas for future improvement, further work will be completed over the next year to compare our position with the rest of the sector, and to carry out detailed analysis of outcomes at subject/course level, and by the diversity profile of respondents.

## Student enterprise

We have a strong track record of supporting students and recent graduates who want to start their own business through our Enterprise Centre. In 2009–10 almost 200 students used The Hatchery. The Hatchery is a pre-start business incubator which offers free 24/7 office accommodation and facilities, and access to one to one specialist advisors. This is open to all our students and recent graduates.

This year, Venture Matrix moved to its new home in the Sheffield Business School. This scheme enables students to simulate setting up a business and trade in a safe and relatively risk-free simulated environment as an accredited part of their course. It is anticipated that up to 1,400 students each year will participate in similar work-related learning opportunities from 2010–11 onwards.



Innovation, research and  
knowledge transfer

**Sheffield Hallam is a university with a balanced portfolio of activities. We seek to increase our national and international quality research in order to create intellectual capital, both in the form of new ideas and innovations and also to increase human capacity in those areas.**

## Background

The University's research is predominantly applied, and is focused on the needs of society and individual customers. Fundamental research is undertaken in selected areas to support both specific learning and teaching programmes and large-scale applied research programmes.

There is a symbiosis between research and knowledge transfer, with fundamental research and academically driven applied research leading to customer specified research and consultancy. We focus on the quality and professionalism of our research activity and output and the competitiveness of knowledge transfer activity in selected areas at both national and international level.

Our goal is to be renowned for the value that our research and innovation adds to the development of businesses, professions and communities. Our approach to innovation is distinguished by a focus on economic and social transformation.

We expect to increase our competitiveness in knowledge transfer through a programme of focussed activity. Our community of business engaged academics within faculties are leading the way in identifying new opportunities for growth, including collaborative research, consultancy and workforce skills development.

Throughout this year the University's research, innovation and knowledge transfer strategy has strived to:

- maximise innovative capability through the integration of research and knowledge transfer;
- support innovation through high quality research and increased competitiveness in knowledge transfer activity;
- contribute to increasing national innovation capacity through training and education;
- provide a framework for managing investment to ensure that we manage risk and remain sustainable;
- ensure we are alive to potential new markets and exploiting them; and
- ensure that resources flow to the areas of priority and strength and are not dissipated.

We recognise the very real prospect of reduced HEFCE funding in the future, as well as difficulties in sustaining the levels of external research funding and commercial and consultancy income as a result of a prolonged recession. In order to effectively respond to the impacts of the recession, to continue to support business within the region, and to continue to seek to diversify our research and knowledge transfer income base, we are planning to develop a new strategic framework for research, innovation and knowledge transfer early in the next academic year.

## Centres and institutes

The majority of our research and knowledge transfer activity within the University is undertaken within research centres and institutes, all of which are located within our four faculties. Research is also carried out within smaller research groups and communities of interest, in addition to a small number of cross-University networks to identify opportunities for collaborative research in emerging areas.

### Institutes

- Cultural, Communication and Computing Research Institute (C3RI)
- Materials and Engineering Research Institute (MERI)

### Centres

- Biomedical Research Centre
- Centre for Education and Inclusion Research
- Centre for Facilities Management and Development
- Centre for Food Innovation
- Centre for Health and Social Care Research
- Centre for Individual and Organisational Development
- Centre for Tourism, Hospitality and Events Research
- Centre for Regional and Economic Social Research
- Centre for Science Education
- Centre for Sport and Exercise Science
- Centre for Sports Engineering Research
- Hallam Centre for Community Justice
- Humanities Research Centre
- Sport Industry Research Centre

## Networks

- Built Environment Research Group
- Centre for Voluntary Sector Research Group
- Education Research Network
- Law Research Group
- Health Technology Research Network
- Psychology Research Group
- Sociology, Politics and Policy Research Group
- Urban and Regional Studies

## Research Excellence Framework

The 2008 Research Assessment Exercise (RAE) showed that research quality at Sheffield Hallam had increased since the last RAE in 2001. As a result we have benefitted from increased quality-related funding to support future activity.

We are preparing for the introduction of the Research Excellence Framework (REF) in 2014, to support research in selected areas demonstrating international excellence. Throughout this academic year, a detailed review and analysis of all proposed REF units of assessment has been undertaken and changes have been made to associated strategic plans. This work will form the baseline for future annual reviews.

The University continues to provide user-focussed applied research, to support the needs of private, public and voluntary sector organisations within the wider sub-region. We continue to develop and diversify our research portfolio, to review the structures of our research centres, networks and groups, to ensure that emerging research areas are identified and supported.

In parallel with HEFCE's pilot program to assess impact, we have identified good examples of impact in all units of assessment in which we intend to submit. We have also given consideration to objective indicators of impact, including possible metrics, which could be used.

## Research income

HEFCE Quality Related (QR) income increased this year (£5.1m) as a result of the positive results of both our RAE submission in 2008, and subsequent research student and charity funding activity as returned in the annual Research Activity Survey.

The research income obtained from high quality sources (British and European Research Councils) also serves to highlight the quality of our research. Such income continues to increase with an outturn of £4.4m in 2009–10 compared to £4.2m in 2008–09.

We successfully attract funding for research from a wide variety of sources including central and local government, UK and EU charities and commercial organisations. For example, our Centre for Regional Economic and Social Research continues to secure large-scale evaluations of government policy initiatives, whilst Design Futures, our Centre for Industrial Collaboration which carries out commercial research and consultancy services, has worked with both large corporate companies and small and medium sized enterprises (SMEs).

The University has considered a number of financial scenarios to identify the possible impact of a reduction in various types of research income. We are currently refreshing our research strategy in order to ensure that all research activity is viable in the long term, and that applied and user-focused research is fully costed and supported by a sustainable infrastructure.

## Research training and careers

We reviewed our postgraduate research degree processes with a view to improving our completion rates and improving the student experience for research degree students.

The Economic and Social Research Council (ESRC) announced a new postgraduate training framework this year, to enhance provision for postgraduate training in the social sciences in the UK. We submitted an application to become a Doctoral Training Unit (DTU) which included collaborative links with the University of Sheffield for advanced training. The University's submission consisted of five training pathways in; business and management studies, education, environmental planning, sociology and health and wellbeing.

We also reviewed our compliance with the new concordat for researchers, which aims to increase the attractiveness and sustainability of research careers in the UK and to improve the quantity, quality and impact of research for the benefit of UK society and the economy. Our strategy for researchers will be submitted to the European Commission by the end of 2010.

## Major programme highlights

The breadth of activity is probably best appreciated by considering some examples of innovation, research and knowledge transfer over the last academic year. The close symbiosis between research and knowledge transfer to support innovation is a key feature of much of the work at Sheffield Hallam, as will be apparent in many of the examples.

**The Collaboration in Leadership for Applied Health Research and Care (CLAHRC)**, focussing on the self management of long term health conditions, is a £20m National Institute of Health Research (NIHR) programme in South Yorkshire, which is already having an impact. The initial application was supported and led by staff from the University and brings together NHS organisations from across South Yorkshire with academic partners in Sheffield Hallam University and The University of Sheffield. Its success has resulted in our involvement in a new Department of Health funded health innovation and education cluster.

The EPSRC funded **Engineering for Life** project is an excellent example of an initiative which successfully supports cross discipline activity. The project, which has been operating very successfully over the last academic year is now at its mid-point and has awarded seed corn funding for over 20 interdisciplinary projects. This success has been recognised and the initiative has now received further funding from the EPSRC to investigate the feasibility of selected projects that have received seed corn funding.

**Lab4Living** is an interdisciplinary collaboration between our Art and Design Research Centre and the Centre for Health and Social Care Research, which also works closely with Design Futures on commercial projects. This collaborative research initiative brings together researchers from the disciplines of design and healthcare with associated experience and research expertise. Over the last year, the Living Rooms project explored how the design of the home can support independence and well-being in later life. The Tactile Map is being developed to help blind people navigate their surroundings, working closely with Sheffield Blind Institute. Interest in the map has been shown by major hotel chains, museums and galleries.

**The Centre for Automation and Robotics Research** co-hosted the final demonstration of the EU Framework funded Guardians and ViewFinder projects with the South Yorkshire Fire and Rescue Service. These projects could revolutionise the way fire-fighters work. The Guardians are robots that carry laser-range, radio-signal and ultrasound sensors and can be used to autonomously navigate and search large-scale urban areas like factories and warehouses following for example, fires and chemical spills. The Guardians warn for toxic chemicals and provide mobile communication links with human fire-fighters, whilst the ViewFinders autonomously navigate through and inspect an area.

**The Centre for Science Education** is the largest UK university group working in STEM educational research. This year the centre has successfully extended the scope of its work, to include a series of evaluations of high-profile regional and national STEM activities. Examples include evaluations of the Royal Society's education outreach programme and the UK's main science and engineering event for schools, the Big Bang Fair. This year the centre has also secured grants for work with organisations such as AstraZeneca and the Spacelink Learning Foundation.

**The Humanities Research Centre** has been awarded funding from the British Academy to work with a Ugandan charity on creating a radio soap series focussing on women's and children's health issues and on domestic violence and abuses arising out of bride price customs in rural Uganda. Radio soap opera of this type has been successful in Nigeria and Rwanda in carrying an educational content to millions of listeners, and it is hoped that such success can be replicated in Uganda.

Two major evaluations for the UK government were completed by the **Centre for Regional Economic and Social Research (CRESR)** – the 10 year evaluation of the New Deal for Communities programme (for Communities and Local Government), and the five year evaluation of Future builders (for the Cabinet Office). The former evaluation was the largest evaluation ever undertaken of an area-based initiative in the UK. The findings have been extensively disseminated following publication in March and have a high level of interest from senior civil servants and policy makers. CRESR has also continued to research on local economic development which has gained considerable policy and media interest. The most noticeable example is the Seaside Tourist Industry in England and Wales report which was released in June.

## Knowledge transfer

Sheffield Hallam continues to lead the way in enabling businesses to access the expertise of academics and students from the University, and this is central to our overall mission. We have benefitted from increased HEFCE Higher Education Innovation Fund (HEIF) funding this year, which has been targeted towards building increased capability and capacity in strategic development areas, including sustainability and environmental issues, the digital region and sustainable community development. The appointment of knowledge transfer champions in each of the faculties has been particularly successful.

We deliver an enviable range of academic and student-focussed programmes, providing placements, secondment and consultancy services, to business, public and third sector organisations. We are the leading higher education provider of Business Link Innovation Voucher consultancy services, having undertaken over 100 consultancy interventions with companies in the region in the past eighteen months.

During the last academic year we have been considering different models which could support the development of innovation in the future, enabling University academic staff and the commercial sector to work together. We envisage that new models to support technology transfer will be developed in the future, addressing many of the practical issues such as open innovation. We seek to be at the forefront of such developments.

## Major projects

This year Sheffield Hallam has delivered two very successful HEFCE funded programmes working collaboratively with businesses. The Economic Challenge Investment Fund programme, a partnership with the University of Sheffield and colleges, has assisted over 300 people who are at risk or are currently redundant and has helped over 30 companies resolve an issue arising from the recession. The Knowledge Exchange Programme has enabled us to support University and business interaction through the placement of academics into industry, public or voluntary sector organisations for around 20 days, or up to a budget of £9,000. This programme is now in its eighth year and during that time has supported academic partnerships with over 90 organisations. The initiatives have sought to:

- grow relations with industry, public and voluntary sector organisations;
- transfer University knowledge and expertise in order to grow the regional economy; and
- generate future income for the University through the provision of contract research, consultancy, or the use of industry experts on commercialisation projects.

## Innovation Futures

Innovation Futures is a collaborative consultancy programme involving the five leading research centres funded by HEFCE, the European Regional Development Fund (ERDF) and Yorkshire Forward (the Yorkshire and Humber Regional Development Agency), valued at £3m over three years. Innovation Futures is a Sheffield Hallam University initiative aimed at supporting regional companies to innovate and develop their services, products and processes. The programme is open to companies of all sizes within the Yorkshire and Humber region.

The Alchemy Exchange was recently set up by the Centre for Individual and Organisational Development to provide local organisations with access to the University's expertise through supervised, student research and consultancy. The scheme is on track to generate over £100,000 in its first year.

## External activity

At Sheffield Hallam University we recognise that the provision of services to customer organisations is likely to incorporate research and knowledge transfer in addition to learning and teaching thus supporting the skills agenda. Our emphasis is to support business transformation in its widest sense. In addition to the large number of individual employer or specific customer focused activities, the University has also been successful in developing large-scale programmes, and acquiring funding, to support a wide range of external activities.

## Response to national policy initiatives

Sheffield Hallam University, in partnership with the University of Sheffield, has ensured that universities play a major role in policy initiatives which support economic transformation. We jointly developed a response on behalf of the Sheffield city region following to the new industries, new jobs announcement in 2009.

The University is supporting the new local enterprise partnership proposal which aims to secure the Sheffield city region as an internationally recognised centre in materials technologies; to harness its creativity in advanced engineering; to unlock the potential of emerging healthcare industries; to plug into its rapidly evolving digital economy and infrastructure; and to focus on a low carbon future.



## Partnership with the Fraunhofer Institute

The Materials Research Institute at Sheffield Hallam University and the Fraunhofer Institute for Surface Engineering and Thin Films (IST) have established a joint research centre with focus on High Power Impulse Magnetron Sputtering (HIPIMS) technology. Sheffield Hallam University is a pioneer in the field of vacuum technologies and in particular the new HIPIMS technology; it is recognised worldwide as a leader in the field of HIPIMS science, technology and applications. The joint centre will promote academic and research cooperation in the field of HIPIMS technologies.

It is intended that the collaboration will bring world-class, complementary skills to challenges of research, innovation, and commercialisation in the field. The collaboration will also seek to make a substantial and lasting impact on their respective local and national economies.



# Estate

# Our estates master plan will guide investment in the University's estate for the next 25 years. The master plan provides a strategy for growth and rejuvenation of the estate to underpin the unique Sheffield Hallam University student experience and add value to University life.

The master plan is supported by an estates implementation plan which seeks to address the short to medium term priorities identified through our corporate plan and emerging academic developments.

The current strategic priorities identified within the corporate plan are designed to ensure that existing pressure on accommodation from recent growth does not compromise the student and staff experience. We plan to move the Faculty of Development and Society from existing multiple locations and provide accommodation that is fit for purpose and we will provide facilities to support our new strategies for employer and business engagement, research and knowledge transfer by meeting the expectations of partners, clients and students. Learning and teaching spaces will be adapted and developed to facilitate flexibility and innovation in the delivery of our academic programmes. In our bid to make Sheffield Hallam the first choice for students and staff we will provide high quality learning, social and working environments. We will work to develop the look and feel of our estate to reflect academic identities within the University and promote our positive contribution to the City of Sheffield and its built environment. Long term sustainability and suitability of our estate as a resource to support our academic development is a key driver underpinning all the above work.

We have continued to make progress in realising the aims of both the master plan and corporate plan, delivering a number of projects over the past year which will enable us to continue to offer top class learning and teaching facilities for students, and suitable accommodation for staff.

Some of the major projects that have been completed this year include:

## Norfolk Building

Refurbishment of levels 2, 3 and 4 has been carried out. These levels will be occupied by the built environment department of the Faculty of Development and Society and the entire external façade has been replaced to improve both the internal environment and external image. A central feature of the estates master plan is the development of 'learning hubs' to create a central focus for physical clusters of academic disciplines. They will feature a range of learning and student support services, meeting space, and social learning/breakout space, all of which will be wirelessly networked. As well as enhancing the learning experience, this will provide key social and meeting places for students and staff in the life of the University. This 'learning hub' model is being pursued through innovative design in the development of the Norfolk Building and Adsetts Centre (see below).

## Demolition of Psalter Lane Campus

The Psalter Lane Campus has now been demolished. This follows the relocation of staff and students to the new ACES Complex and Furnival Building in 2009. This will help realise the vision of a two campus estate. The University has worked closely with Sheffield City Council throughout. The University has also worked closely with local residents throughout the process to ensure that disruption is minimised, and has taken on board comments and suggestions wherever possible.

## Adsetts Centre ongoing development

Over the summer of 2010, the refurbishment of the entrance floor of the Adsetts Learning Centre will be completed and will include the introduction of 100 new learning spaces, improved presentation facilities and IT spaces, a redesigned helpdesk and new and improved services including automated book sorting. The redesigned space will give prominence to key building features and improved signage and cosmetic updating will improve the overall environment. We have also made improvements to the public realm to improve pedestrian safety and the 'greening' of both the City and Collegiate campuses.

## Sustainability and the community

This year, we launched our ambitious sustainability framework which will provide the underpinning principles and framework guiding all our activities in this area. Part of this work includes refreshed policies guiding our work in relation to energy management, fairtrade, transport, waste management and sustainability. We also plan to develop and implement a new biodiversity policy in 2010–11. We aim to mitigate any detrimental or harmful effects our operations have on the environment.

We will report on progress to our Board of Governors on an annual basis through the continued production of our annual sustainability report, as well as more frequent updates to the University's management.



Our comprehensive carbon management plan focuses on reduction of energy consumption across the business. Our overall target reduction for energy consumption in non-residential University buildings is set at a minimum of 15% (electricity and heating energy consumption will be separated and individual targets set to deliver overall target). Normalised water consumption (recorded as cubic metres of water per square of the University's estate) will be subject to a target reduction of 10% and waste (refuse) created by the University has a reduction target of 15%.

CO<sub>2</sub> emissions will be measured and the level reduced by 5% by reducing the amount of staff travel conducted on behalf of the business. We aim to reduce this figure further in future by reducing travel to and from campus by both staff and students. CO<sub>2</sub> reduction targets will also be tackled in future construction and refurbishment of buildings projects, with a target reduction of 30%. Potential for further carbon reduction and associated financial savings will be considered over time and investment made in associated infrastructure, new technologies and training where appropriate. Existing and future carbon management projects will be assimilated into a consistently managed and coherent programme to ensure maximum benefit.

We have recently awarded a new contract for the supply of electricity to University premises and from October 2010 any electricity consumed by the University will be at least 90% from green sources.

All carbon reduction targets and the range of activities within the scope of these targets are currently being reviewed to ensure that they are in line with the developing carbon reduction strategy and associated targets and performance indicators emerging from HEFCE and other external drivers. We hope such strategies and targets will become clearer in the autumn of 2010 in order to better inform our plans.

We are committed to working in partnership with others; including local authorities, the students union, internal partners and energy suppliers to develop innovative approaches to deliver our sustainability aims in a cost efficient and resource effective way.

We take our commitment to sustainability and to the wider environment in which we operate seriously. We continue to be forward-looking in our approach, and benchmark our performance on sustainability measures with others. We have pioneered a number of green technologies, and schemes to minimise the detrimental effect that our activities have upon the environment. Initiatives include recycling projects that mean we now send less than 5% of our waste to landfill, the lowest of any university in the country. We recycle all green waste from our sites and recycle rain water collected on the roofs of University buildings.

Our Furnival Building incorporates a number of innovative environmental technologies including collection of solar energy to supplement the building's electrical supply, solar water heating technology and heating provided by a ground source heat pump. We are investigating the use of biomass boilers throughout our estate, in order to use the excess to heat our buildings.

Through our residential strategy, we seek to ensure that development for student accommodation helps to regenerate areas of the city and does not harm existing residential communities by the over-densification of the student population. We work closely with the students union, South Yorkshire Police, and Sheffield City Council's Environmental Health Officers to encourage positive behaviour from students within our local communities and minimise noise and disruption.

We have a strong track record of student involvement in volunteer projects with over 600 students participating each year.



Left to right – Hallam Square, The Void Lecture Theatre, Furnival Restaurant, Adsetts Centre, Stoddart Building


We have developed the unique sustainability hub, a cross disciplinary (academic, operations, research and knowledge transfer) staff hub for the purpose of improving and disseminating our sustainability knowledge and performance in order to enhance our offer to business and other funders when bidding for new work.

As a result of our hard work and commitment to environmental and sustainability activities we have achieved a number of successes over the past.

In 2009 we were awarded gold status in the Yorkshire and Humber Environmental Index, finishing 11th out of 84 commercial, public and voluntary sector organisations. We used the gap analysis provided as part of this event to help inform our strategic objectives for future development. This exercise identified that we have gaps in the areas of sustainable procurement and ethical investment policies, and therefore these areas will be addressed as part of our sustainability framework over the coming years. We were also awarded a gold award from Yorkshire in Bloom for the colleges and universities category. In 2010 People and Planet Green League Awards, we were rated 34th of all Higher Education Institutions in the country, due to our sustained and comprehensive efforts to improve the quality of our environmental management.

In March, prior to the introduction of a mandatory national trading scheme from April 2010, we took part in carbon Action Yorkshire's Carbon Trading Scheme and Carbon Reduction Commitment (CRC) simulation exercise. This exercise ensures that the University is in the best possible position to cope with new regulation and to reduce potential financial and reputational risk by developing an understanding of the compliance and performance issues, as well as the opportunities, within the scheme. In a similar vein we also participated in HEFCE's Carbon Management Programme, which helped lead to the development of our carbon reduction aims and objectives. A key challenge for the university in this area is to ensure compliance with HEFCE's emerging environmental performance framework.

We also achieved reaccreditation for fair trade university status with a glowing report from the Fair Trade Foundation.

A woman with long dark hair, wearing a dark brown polo shirt and a silver watch, is smiling and gesturing with her right hand while holding a small black device in her left. She is standing in front of a window with horizontal blinds. A teal semi-transparent banner is at the bottom of the image.

# Managing and developing our people

# Managing and developing our people has been prioritised as one of the strategic enabling themes of our corporate plan, with the goal of ensuring that we are able to attract and retain high calibre people who are managed and motivated to perform to their fullest potential.

Our people strategy which has now completed its second full year of implementation is central to the achievement of this goal and aims to:

- establish expectations for achievement;
- develop a student and business-focused approach;
- develop effective leadership, management and engagement;
- promote organisational learning;
- plan for the workforce of the future;
- manage organisational change;
- enhance the staff experience and promote wellbeing; and
- support equality and diversity.

We also continue to deliver our human resources strategy designed to support the people strategy and ensure that we deliver the objectives of the corporate plan and continue to be seen as an attractive employer in an increasingly competitive market.

The University faces a number of challenges which the human resources strategy aims to address. The most significant of these are:

- an ability to manage our people costs and invest in the right areas;
- a need to recruit and retain people talent in the right areas;
- an ability to tailor people practices to support organisational performance;
- a need to develop a performance management culture with appropriate tools to recognise and reward good performance, and manage poor performance;
- to be able to adjust terms and conditions of employment where appropriate;
- to be able to recognise and reward the contribution of our people;
- to be able to manage and enhance the wellbeing and diversity of our workforce;

- a need to map and plan the University's future workforce needs; and
- a requirement for improved people-related processes enabling the HR Directorate to work in partnership with faculties and directorates.

In recognition of these challenges, the Human Resources Directorate was restructured in 2009–10 to ensure that service provision continues to meet business requirements.

This year we developed new Key Performance Indicators (KPI's) and set targets of 100% staff participation in appraisal, and 100% of staff to have been set clearly defined objectives for the forthcoming session. This has enabled us to support the corporate plan objective of establishing a culture where expectations are clear and appropriately focussed, and achievements are both expected and delivered.

The implementation of the professional development framework for academic and learning support staff next year will also help to link together appraisal, peer supported review, and professional development into a coherent process.

## Staff development

Over the last year, we have continued to develop our people to ensure that staff are able to perform to the best of their ability, and, are led and managed to do so. We have made significant progress towards our corporate plan objective of promoting ways of working which encourage excellent people practices to promote consistency and enhance people management across the organisation. A management essentials programme for middle managers and a leadership series is in place and has been successfully delivered over the course of this year. A specific programme for academic heads of department has been devised and delivered this year, recognising the particular challenges that this role faces. Needs analysis of other senior academic roles is ongoing which will allow us to develop a further programme for delivery early in the next academic year.

## Changing to improve

The University is currently reviewing its professional and administrative services with the aim of 'changing to improve'. We want to ensure that all of our support services and processes best meet our needs, deliver value for money and contribute towards improving the student experience.

Business managers have been appointed as part of the first two phases of the review, using a coherent set of leadership attributes. The review is due to be completed, with new structures fully operational during 2011.

The Changing to Improve Programme comprises various programmes of work that will continue into 2010–11 and beyond, such as:

- integrating student processes – including migrating towards online enrolment and graduation services;
- management information and planning improvement – including development of a university-wide data warehouse;
- faculty professional services;
- timetabling;
- Archimedes (research and knowledge transfer management information processes and reporting);
- Realise (HR systems and processes); and
- Enhance (implementation and management of the new academic quality framework).

In addition, a corporate review of IT has been carried out throughout the year, which seeks to improve the effectiveness of IT related services, and efficiency of provision. Managers have been appointed to provide leadership for the newly clustered services as part of the first phase of the review. We anticipate that new structures will be fully operational by the end of 2010–11.

# Managing and developing our people

A new framework and toolkit for managing change in line with the priorities of the corporate plan is currently being developed to support managers in implementing these programmes. All change processes are supported by a cross functional HR team.

A programme of directorate service reviews is also underway, with the aim of achieving efficiencies in service delivery. Following the significant restructuring of the Human Resources Directorate, reviews of Student and Learning Services, the Secretary and Registrar's Directorate and the Finance Directorate have commenced and are due to be completed by the end of 2010–11. The outcome of these reviews will inform decisions about which services can be provided in the context of current cost reduction targets and any further future financial constraints.

## Staff profile

'People Packs' are issued to all business units on a quarterly basis showing key employment statistics to assist the business planning cycle and help ensure that the University's workforce is maintained on a financially sustainable basis. We closely monitor staff costs as a proportion of income to ensure that all of our activities are sustainable in the long term. This year we have reduced our staff costs as a proportion of total income to 61.0% from a baseline position of 64.0% at the beginning of the period of the current corporate plan.

The breakdown of our staff profile at the end as at 31st July 2010 is:

- a headcount of 4,360 staff, with an FTE of 3,388 – this is compared with a headcount of 4,502 and an FTE of 3,284 last year;
- 1,533 academic staff, with an FTE of 1,379, compared with 1,500 staff and an FTE of 1,372 last year;
- 679 associate lecturers, compared with 853 last year;
- 58% of staff are female and 42% are male;
- 93% of staff have permanent contracts of employment, and 7% are on temporary contracts; and
- 2% have declared that they have a disability.

The age profile of our current staff base as compared to the same period last year is shown below.

Age group	2008–09	2009–10
16–20	17	17
21–24	111	107
25–29	475	450
30–34	534	546
35–39	549	523
40–44	616	588
45–49	625	592
50–54	618	621
55–59	547	507
60–64	410	327
65+	-	82
<b>Total</b>	<b>4,502</b>	<b>4,360</b>

## Employee engagement

We carry out an employee opinion survey every three years, enabling staff to express their views and opinions on working here. The three year cycle allows for improvements to be made between surveys and for changes to become embedded in normal business practice. The last survey was carried out in 2008–09, and responsibility for managing the delivery of actions identified lies at a senior level within the relevant faculty/directorate, ensuring local ownership of the plans. The HR Directorate has this year continued to support all business units to implement action plans and monitor their progress.

## Wellbeing

One of our corporate plan objectives is to ensure that the staff experience is enhanced in a culture that supports wellbeing, equality and diversity. The corporate plan makes clear our approach to employee wellbeing and the importance of giving regular consideration to the quality of the staff experience and the ways in which this may be enhanced or inadvertently compromised.

To date, activity has tended to fall into two areas:

- proactive activity designed to increase mental and physical wellbeing, prevent stress, and increase engagement – for example, the employee opinion survey, training and development, the wellness clinic; and
- activities designed to support individuals when they experience difficulties – for example, provision of staff support, counselling and occupational health services.

Our Employee Wellbeing Steering Group is currently developing an overarching wellbeing strategy and framework to complement the corporate plan and identify guiding principles to support future service delivery.

## Equality, diversity and inclusion

We are committed to the principle of fostering a culture and environment where individual difference is appreciated and respected, ensuring fair and equitable treatment for all.

During 2009–10 we have continued to improve our approach to equality, diversity and inclusion. In particular we have focussed on embedding equality, diversity and inclusion activity into our core processes and systems, and measuring the impact of existing and new policies, procedures and practices on equality groups through a co-ordinated programme of equality impact assessment. This will continue to be a priority.

Positive activity has taken place this year with regard to raising the profile of equality and diversity issues through supporting activities such as Diversity Week, Sheffield Pride and International Women's Day. A significant achievement has been the Athena Swan Bronze award which recognises good practice in the employment, retention and progression of female academics and researchers in science, engineering and technology.

Staff forums are run by and for staff at the University. The forums hold regular meetings as well as organising and participating in events to raise awareness of equality and diversity issues. They provide an opportunity for staff to meet, share ideas and experiences, support each other and play a more active role in decision making in the University community. The following forums are currently active within the University – Disabled Staff Forum, Gender Staff Forum, LGBT (lesbian, gay, bisexual and transgender) Staff Forum and Race Staff Forum.

All of the above report to the Equality and Diversity Strategy Group. The group is responsible for co-ordinating an annual review of equality and diversity provision and for monitoring progress against the aims of our equality schemes and associated action plans.

The Equality Act 2010 will bring significant changes to the way that the University supports equality, diversity and inclusion. We are currently developing a new equality, diversity and inclusion strategy and action plan to guide all of our work in this area. This strategy will take account of the expansion of legal protection from three to nine protected characteristics, and the harmonisation of over one hundred pieces of anti-discrimination and equalities legislation. This will be launched through University-wide communication channels, and will be widely published to enable all staff, stakeholders, and current and potential students to view our approach to equality and diversity, as well as our priorities for action over the coming years.

It is recognised that in order for our vision for equality, diversity and inclusion to be fully realised it is necessary to continue the transition from compliance with legislation to cultural change.



## Financial review

## Financial highlights of the year

- operating surplus for the thirteenth consecutive year
- total income growth of 9.2% to £235.3m
- growth in expenditure constrained to an increase of 3.9% to £221.9m
- net operating cash inflow increased by 77.7% to £27.4m
- continued capital investment in the estate of £13.2m
- net assets of £114.1m
- staff costs reduced to 61.0% of total income
- no external borrowings at the year end

### Income

The total income for the university has increased by £19.8m to £235.3m for the 2009–10 financial year.

Tuition fee and education contracts income accounts for 47.7% of the Universities total income and has increased by £14.5m to £112.3m in 2009–10. One of the major drivers behind the improvement is a £7.5m (16.9%) increase in fundable undergraduate fees due to increased student numbers and all intakes now paying the variable tuition fee, including sandwich students returning from their placement year. Other factors include a £3.0m (12.8%) increase in Department of Health income due to negotiated increases in benchmark prices and improved student retention, and a £3.4m (19.6%) increase in fee income from overseas students due to a continued increase in international student numbers.

Funding council grants have increased to £89.6m (2009: £83.8m). The major factors behind the improvement are an increase in the release of deferred HEFCE capital grants of £1.8m, a £1.2m increase in the HEFCE research grant following in excellent performance in the 2008 Research Excellence Framework (formally Research Assessment Exercise - RAE), and an overall £1.2m increase in TDA funding largely due to the new 'Teach First' funding initiative.

Research grants and contracts income has decreased slightly in the year to £12.1m (2009: £12.4m). Income from the New Deal in the Communities (NDC) project fell by £1.3m in 2009–10 as this significant contract comes to an end. If the NDC project is excluded, income from other research grants and contracts shows a £1.0m (9.3%) year on year increase despite the downturn in the economic climate.

Other income has remained consistent at £20.9m (2009: £21.1m). Small increases in income from consultancy services and ERDF funded activities have been offset by adverse movements in other areas, including a small reduction in income from residences and catering operations following the closure of Marshall Hall.

The investment income has remained consistent at £0.4m (2009: £0.4m) due to the continued low rates offered as a result of the low Bank of England base rate.

### Expenditure

Staff costs have increased by £5.6m to £143.4m. This is the result of a 3.2% increase in the staff numbers, the 0.5% pay award in October 2009 and the effect of incremental drift. Staff costs as a percentage of income has reduced to 61.0% (2009: 64.0%). This is an important achievement for the University and moves the cost base more in line with other similar institutions.

Other operating expenditure has maintained consistent with the prior year at £58.5m (2009: £58.5m). These other operating costs have been managed by the University over the year to obtain value for money and ensure our cost base remains low in difficult economic times.

Depreciation has increased from £13.6m to £15.8m. This increase is due to a number of refurbishments being completed at the start of the year, work done on network upgrades and other significant capital expenditure in 2008–9 which has had a full year's depreciation charge in 2009–10.

Interest payable and other finance costs have increased to £4.1m from £3.5m. Of this £3.9m relates to the FRS17 interest adjustment (2009: £2.9m). The interest payable on loans has fallen from £0.6m to £0.2m as a result of the repayment of the Barclays loan facility. The rate on which is linked to LIBOR which has remained low throughout the financial year.

## Balance sheet

The net assets of the University Group have increased by £22.8m to £114.1m in the year. The University Group has net current assets of £3.5m against a previous year balance of £10.6m. A key success within this is the net funds has improved from a prior year balance of £8.4m to £29.7m this year highlighting the ability of the University to convert reported surplus to actual cash.

Tangible fixed assets have remained relatively consistent at £169.7m (2009: £171.0m). This movement includes continued capital spend of £13.2m in the year, a depreciation charge of £15.8m and also the reclassification of the land element of Psalter Lane which has been reclassified back to tangible fixed assets from assets held for sale due to the sale of this property now being unlikely to take place in the short term.

The University participates in the Local Government Pension Scheme (LGPS), Universities Superannuation Scheme (USS) and Teachers Pension Scheme (TPS). The USS and TPS are accounted for on a contributions basis, whereas LGPS is accounted for under FRS17. The FRS17 accounting has resulted in a charge to the operating surplus of £5.1m, principally due to variations in the assumptions used by the actuary to calculate future liabilities. Actuarial gains and losses are charged to the Statement of Total Recognised Gains and Losses. For the year to 31 July 2010, there was an actuarial gain of £8.5m (2009: £4.6m). The total movement accounts for the decrease in the pension deficit to £57.5m from £61.0m.

## Treasury management

The University increased the cash it generated from operating activities by 77.7% to £27.4m (2009: £15.4m). This increase in cash has allowed the University to repay the £27m loan with Barclays over the course of the year. Therefore at the year end the University had the full £74m facility available to draw down upon. We have also been able to continue to invest in the estate from the cash funds generated. This has put the University in a strong position to deal with any future changes to the economic environment.

The University has a Treasury Management Policy that has been agreed by the Board of Governors to manage risk. The policy states the minimum liquidity level which must be maintained and procedures to limit exchange rate exposure. The policy also sets minimum approved ratings and investment limits for counterparties in which the University can invest.

## Payment of creditors

The University is fully committed to the prompt payment of its supplier's invoices and supports the Confederation of British Industry's Prompt Payment Code. The University aims to pay invoices in accordance with agreed contractual conditions or, where no specific conditions exist, within 30 days of receipt of goods or services or the presentation of a valid invoice, whichever is the later.





Delivery of public benefit

## Aims and objectives of Sheffield Hallam University

Sheffield Hallam's charitable purpose is the advancement of education.

Over the last year, we have strived to implement and monitor progress of our corporate plan 2008–13 which outlines the strategic direction of the University and the aims and objectives that have been set to guide service delivery. Through implementing our corporate plan and delivering the objectives that have been set, as described in the Operating and Financial Review on pages 1 to 46, we are achieving our overall charitable purpose. We deliver this charitable purpose for the public benefit.

## Our vision

By 2013, we will be recognised nationally and internationally for the excellence of our learning and teaching, for the outstanding quality of our student experience, and the valuable contribution that our research and knowledge transfer makes to the development of businesses, professions and communities.

## Our purpose

- to provide a high quality, vibrant and challenging learning experience;
- to create, develop and transfer knowledge through research and innovation; and
- to have a significant impact on the development of the region and to continue to contribute to meeting national and international priorities.

## Key themes

The key themes that are the central focus of our strategy are:

- developing our educational portfolio;
- improving the student experience; and
- excelling in innovation.

## Strategic enablers

We will seek to deliver these themes through the following strategic enablers:

- managing and developing our people;
- improving operational effectiveness;
- enhancing our estate; and
- maintaining financial sustainability.

## Improving access and providing opportunities to participate in higher education

We ensure that all those who are eligible on grounds of academic ability, are considered for a place at Sheffield Hallam through a fair and transparent application and admissions process. We take active steps to encourage under-represented groups and those with traditionally low levels of participation in higher education to apply and to have the opportunity to benefit from our higher education provision and unique student experience.

We carry out a programme of targeted, quality, and effective engagement with schools and colleges, offering a range of pre-enrolment services around raising expectations, recruitment development and transition-support activities, to enhance access to higher education.

We have experienced a 138% increase in demand for outreach and recruitment activity over the last two years, as the range of activities we provide continues to be sought after by local schools and colleges looking to raise the aspirations of their students and prepare them for a university education. Indicative figures suggest that contact has been made with over 51,000 prospective students.

The University Compact Scheme supports prospective students through the application process to ensure they maximise their opportunity to study here. The scheme focuses on closing the social class gap in higher education participation by providing additional assistance to those from disadvantaged backgrounds.

## Student mentors

Each year we recruit and train around 250 current students who provide support and mentoring to current year 11 and 12 students from the city region, particularly mature learners, disabled learners, learners from social or cultural backgrounds where university is an unfamiliar concept, and those who are just anxious about starting university.

## Higher Futures

We are the lead partner in the Higher Futures programme – a Life-long Learning Network of 12 Further Education and Higher Educational Institutions in South Yorkshire, North Nottinghamshire and North Derbyshire. The programme aims to enhance the supply of higher education provision in the sub-region, improve progression opportunities to higher education through vocational routes, and increase demand from vocational learners and employers for higher level skills and education.

All 12 partner institutions have developed targeted Information, Advice and Guidance (IAG) provision and progression-focused activity for their vocational learners. In most cases, these IAG practices and functions have been embedded into their core service delivery and will continue beyond the funding period, demonstrating the positive culture change that has been achieved in raising the ambitions of vocational learners in the region and in facilitating their access to higher education.

## Associate School and College Partnership

The Associate School and College Partnership (ASCP) has achieved five years of successfully creating, building and maintaining strong relationships between the University and local schools and colleges providing post-16 education. This partnership of 104 member school and colleges within a 50 mile travel to study area gives partners priority access to a range of outreach and widening participation activities.

There is a clear link between strong inter-institutional relationships and student recruitment. Application, applicant and enrolment data clearly demonstrates an upward trend since the development of the partnership. In 2009–10, about 30% of applications for 2010–11 entry through UCAS were from partner schools and colleges, and around 40% of enrolments were from members of the Associate Schools and College Partnership, demonstrating a very positive position in terms of increased demand and competition for University places. We are seeking to further improve our application to offer to enrolment conversion rate next year.

## Cash course

In 2009–10 we delivered 70 sessions in 32 local schools and colleges, reaching over 1,300 learners. The course aims to help improve potential students' financial literacy and money management skills, and to dispel some myths about student finance which our own market research suggests is a barrier to entering higher education.

## Care leavers

We are holders of the Frank Buttle Trust Kite Mark, recognising our commitment to support students who are or have been in care. We offer access to a student mentor and to our Compact Scheme and we provide care leavers with a single point of contact both pre-enrolment and once on course, to maximise their potential to study here. Pre-enrolment issues that we can offer assistance with can include finding suitable accommodation, supporting the application process, or information about our care leavers bursary.

## Bursaries and financial support

The University's arrangements for fees and bursaries are set out in our Access Agreement which has been approved by the Office of Fair Access. These arrangements ensure that the opportunity to benefit from higher education at Sheffield Hallam is not restricted by ability to pay fees.

We administer a range of statutory bursaries with funding from government for those students that meet qualifying criteria.

We also directly provide two bursaries for students from the local region and from lower-income backgrounds and in order to provide further genuine opportunities to participate in higher education by removing some of the financial barriers to study that such students face. We provide the Sheffield Hallam Partnership Bursary to students from associate schools and colleges and the Sheffield Hallam Grant Bursary to students who receive the full Higher Education Maintenance Grant.

## Research and innovation

We specifically aim to undertake research and innovation which focuses on economic and social transformation, and to be renowned for the value that our research and innovation adds to the development of businesses, professions and communities.

We deliver applied research for a number of organisations focusing on improving outcomes for businesses and communities within the Sheffield city region and for the benefit of the wider public. Numerous examples are described in the operating and financial review.



# Risks and uncertainties

The University's corporate risk register covers seven strategic risks. These reflect the objectives and themes of the 2008–13 corporate plan. The scale and impact of the global recession has been recognised as a contributing factor in all risks. More specifically, we recognise the risks associated with possible reductions in government funding and have considered a number of possible scenarios. A description of each strategic risk and some of the planned mitigating actions as at May 2010 is summarised below.

## Educational portfolio

The ongoing global recession continues to affect the demand for study in a number of ways, though in general the demand for study has risen as a means of improving employment opportunities or skills. As internal costs rise and potential income sources are threatened, the University faces the challenge of balancing its response to optimise and protect revenue and quality.

We are managing this risk by strengthening our ability to analyse and understand the effects of the various external influences on student demand and develop our educational portfolio accordingly. In addition, we are working to understand the infrastructure requirements that will create a level of internal flexibility to allow us to respond to localised peaks and troughs in demand or to the needs of specific student groups. Operational measures include closely monitoring recruitment trends.

## Student experience

A further likely consequence of a deepening economic recession is that adverse external circumstances (particularly reductions in HE funding and/or unfavourable changes in HE policy) could negatively affect our ability to offer a positive and satisfying student experience.

We are managing this risk by evaluating the different scenarios that might emerge and by introducing a student experience framework that will allow us to develop and commit the resources required to deliver support in line with student expectations.

## Research and knowledge transfer positioning and performance

Any reduction in the volume, quality and competitiveness of the University's research and knowledge transfer (R&KT) activities could threaten successful strategic partnerships and impair our capacity to realise our overall vision. The current economic crisis contributes to this risk by reducing levels of available income.

We are managing this risk by making strategic investment in selected key areas to maintain quality and appointing Knowledge Transfer

Champions and Assistant Deans for R&KT in all faculties to provide strategic leadership. We are also reviewing our cost base and potential alternative sources of income for research centres alongside monitoring and responding to research performance and opportunities. Finally, we are reviewing the experience of research students and improving the management of relationships with our research and knowledge transfer clients and partners.

## Employer engagement

We recognise that our ability to manage successful relationships with a variety of external agencies and employers will be a key factor in our ability to develop and respond to the changing demands for study.

We intend to develop a quality driven, corporate approach to the management of all our employer relationships to ensure that all customers and stakeholder groups receive a consistent, high level of service that encourages long-term partnerships.

## People

In pressurised and uncertain conditions there is a risk of significant deterioration in employee relations, morale and motivation that may partly arise from the necessary internal changes to the operating infrastructure and organisation of resources. Additional contributing factors include changes in employment policies and practices, pressure for cost reduction and the pace of internal and external changes. There is also a risk of skills and knowledge being misaligned with business requirements where roles are changed or lost.

In response to this risk we are implementing workforce development plans and people strategies for all our faculties and directorates, along with responding to developments which influence employment terms and conditions. We are also working to implement a revised framework and toolkit for managing people change in line with the priorities of the corporate plan, with particular emphasis on clarity, partnership and transparency of business rationale. Finally, we are prioritising organisational change at a University Executive level to help manage the impact of such change on staff.

## Operating effectiveness

We recognise that the pace of change in an increasingly competitive environment underlines the need for access to reliable, relevant information for decision-making and to provide effective services to students and staff. Pressures to maximise efficiency and reduce operating costs may undermine our ability to fund improvements to keep pace with business demands or cope if there is a major business disruption.

The heightened threat from pandemic flu in 2009–10 highlighted the risk that a major incident could significantly reduce the University's ability to operate normally. In response, we refreshed faculty and directorate staff absence plans and convened a senior management team to prepare to implement corporate mitigating actions, should they be required. We are also introducing a five year programme of core system development and we are continuing to develop and refine our business continuity plans.

## Financial sustainability

There is an overarching risk that we will be unable to create the financial flexibility to meet liabilities when they fall due or deploy resources quickly in the face of changing conditions, resulting in lost opportunities or failure to achieve targets. Major contributory factors are pressures on income and rising costs (for example, in relation to staff pensions). We are managing this risk by undertaking performance reviews of faculties and directorates, by aiming to diversify income sources and by exploring new operating models.



# 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 subject thereto any relevant regulations, orders or directions made by the Secretary of State or Privy Council. 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 corporation 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 HEFCE by virtue of the Charities Act 2006.

## Public benefit

The Board of Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission and particularly to its supplementary public benefit guidance on the advancement of education, in accordance with the requirements of HEFCE acting as principal regulator of English higher education institutions under the Charities Act 2006. The Board of Governors received a report on the Charity Commission's guidance at its meeting in October 2009.

## The University's approach to corporate governance

The University is committed to best practice in all aspects of corporate governance. It aims to conduct its business in accordance with the principles identified in the Committee on Standards in Public Life (Nolan Committee) and the CUC Guide for Members of Higher Education Governing Bodies in the UK. The Board of Governors has adopted the CUC's Governance Code of Practice and work is ongoing to ensure that governance practice remains consistent with the principles of the code. In line with the recommendation in the CUC Governance Code of Practice, the Board of Governors will formally undertake its five yearly review of compliance with the code by the end of 2010.

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. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The Board of Governors has responsibility for reviewing the system of internal control, including the effectiveness of the University's risk management processes. The system of internal control is 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 2010 and up to the date of approval of the annual report and financial statements, that it is regularly reviewed by the Board of Governors and that it accords with HEFCE guidance and the internal control guidance for directors on the combined code as deemed appropriate for higher education.

The University's review of 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 the executive managers with the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The following mechanisms are in place to support the overall system of internal control

- the Audit Committee and Board of Governors receive regular reports on risk management;
- the Audit Committee receives reports from the head of internal audit, which include internal audit's independent opinion on the adequacy and effectiveness of the University's system of internal control, together with any recommendations for improvement; and
- the Board of Governors receives periodic reports from the chair of the Audit Committee concerning internal control and requires regular reports from managers on steps they are taking to manage risks 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;
- a statement of the University's risk appetite. In common with other organisations, the University is involved in a wide range of activities and therefore does not have a generic tolerance for risk. In some areas it has to be risk averse, such as matters of finance. In others it would be regarded as a risk taking University, for example in areas of new and ground breaking research;
- a register of corporate risks, compiled by the University Executive Group in light of information derived from local business planning activities, the objectives of the organisation as defined in the corporate plan and analysis of the external environment to reveal potential or emerging external influences. The corporate risk register provides a central point of collation for information relevant to corporate risks and a good basis for monitoring changing trends throughout the year. The University Executive Group attend an annual risk review workshop to assimilate the various information sources and consider the applicability of the current corporate risks; the corporate risk register is then updated accordingly;
- a Risk Management Group, which is responsible for the continuing development of the risk management processes and for developing and progressing the actions arising from the corporate risk register. By way of a quarterly review of their local risk registers, faculties and directorates may escalate local risks to the group for consideration of the potential corporate impacts;

- risk management processes that are embedded within the business planning processes with the aim of engaging all levels of managerial staff. The University's business planning process requires faculties and directorates to identify and record risks (both threats and opportunities) associated with their annual operating plans and to implement and monitor the effectiveness of any actions. Local registers are reviewed at least quarterly and a status report is provided to the risk management and business continuity officer for consideration of cross-functional risks or the need for escalation of specific risks to the Risk Management Group;
- local risk registers are shared across the organisation through the newly established University Planning Forum – a group comprising representatives from all faculties and directorates who have responsibility for local business planning. The group is chaired by the secretary and registrar and attended by the risk management and business continuity officer. This forum also allows for the exchange of strategic and corporate risk information and consideration of the local and strategic implications arising from the University's analysis of the external environment. Specific risk management guidance is also provided through this forum. Risk management processes that are embedded in the University's approach to the management of change and, specifically, in the governance of corporate projects; and
- a risk management handbook, containing details of the University's risk management framework and a toolkit to provide operational guidance for identifying, assessing and managing risks at all levels.

Alongside the planned approach to risk management, emerging risks often require that the University takes prompt and appropriate action. An example is the current financial climate within which the University and its many stakeholders, suppliers and partners operate. The uncertain economic environment was a contributing factor of a number of corporate and local risks in 2009–10 and influenced a number of mitigating actions.

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 and each year all governors are given the opportunity to attend training and development activities on various aspects of their responsibilities. In autumn 2009 induction and finance training events were held for new members of the board in advance of the first board meeting of the year.

## Summary of the University's structure of corporate governance

The University's Board of Governors comprises lay, staff and student members appointed under the instrument of government of the University, all but one of whom are non executive. The roles of chair and deputy chair of the Board of Governors are separate from the role of the Vice-Chancellor. 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 issues of strategic development to the University.

By custom and under the financial memorandum with HEFCE, 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 policy implications of strategic developments in higher education as they affect the experience of University students are kept under review through a University/Students Union Liaison Group. 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 operates with a committee structure comprising a Finance Committee, an Employment Committee, a Remuneration Committee, a Nominations Committee and an Audit 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. Governors are also represented on the Academic Board's Honorary Awards Committee.

The Vice-Chancellor and clerk to the Board of Governors have held regular meetings with the board officers (i.e. chair and deputy chair of the board and the chair of each of its subcommittees) in order to coordinate effectively the business of the board and to brief board officers on key developments between board/committee meetings.

The Finance Committee monitors progress in respect of the strategic development of the University on behalf of the Board of Governors in the areas of finance, estate and capital programmes. The committee 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 financial regulations, the write-off of irrecoverable debts, insurance arrangements and arrangements for the execution of estate, building and other capital programmes within the strategic framework and annual capital budgets approved by the board. 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 financial regulations, estate, building and other capital programmes within the strategic framework approved by the board and annual revenue and capital budgets and longer term projections. Finally, it advises management on finance operating and receives reports on the activities of University companies.

The Employment Committee monitors progress in respect of the strategic development of the University on behalf of the Board of Governors in the areas of human resource and employment matters. It makes recommendations to the board on the human resources strategy and employment policies. The committee approves major agreements entered into with trades unions and advises management on personnel operating procedures, staffing strategies and human resources development.



The Remuneration Committee determines salaries and conditions of service of board appointments which are the Vice-Chancellor, the director of finance and the secretary and registrar and clerk to the board. More generally, it advises the Vice-Chancellor on salaries and conditions of service of senior managers.

The Nominations Committee considers nominations for filling vacancies in the Board of Governors membership under the instrument of government and also membership of the Board's Committees. Such nominations are subject to the formal approval of the Board of Governors.

The Audit Committee meets normally four times annually, 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 HEFCE 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 the accounting policies. Whilst senior executives attend meetings of the Audit 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.

## Responsibilities of the University's Board of Governors

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

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Group and enable it to ensure that the financial statements are prepared in accordance with the University's Articles of Government, the Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Board of Governors of the University, 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 HEFCE and the Training and Development Agency for Schools, 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 Financial Memoranda with the Funding Councils and any other conditions which the Funding Councils may from time to time prescribe;
- 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.

## Going concern

The University's academic activities, together with the factors likely to affect its future development, performance and position are set out in the Operating and Financial Review on pages 1 to 46. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 28 to 30.

The University has considerable financial resources together with contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Board of Governors believe that the University is well placed to manage its risks successfully despite the current uncertain economic outlook and any future outcomes from the CSR and Browne Report.

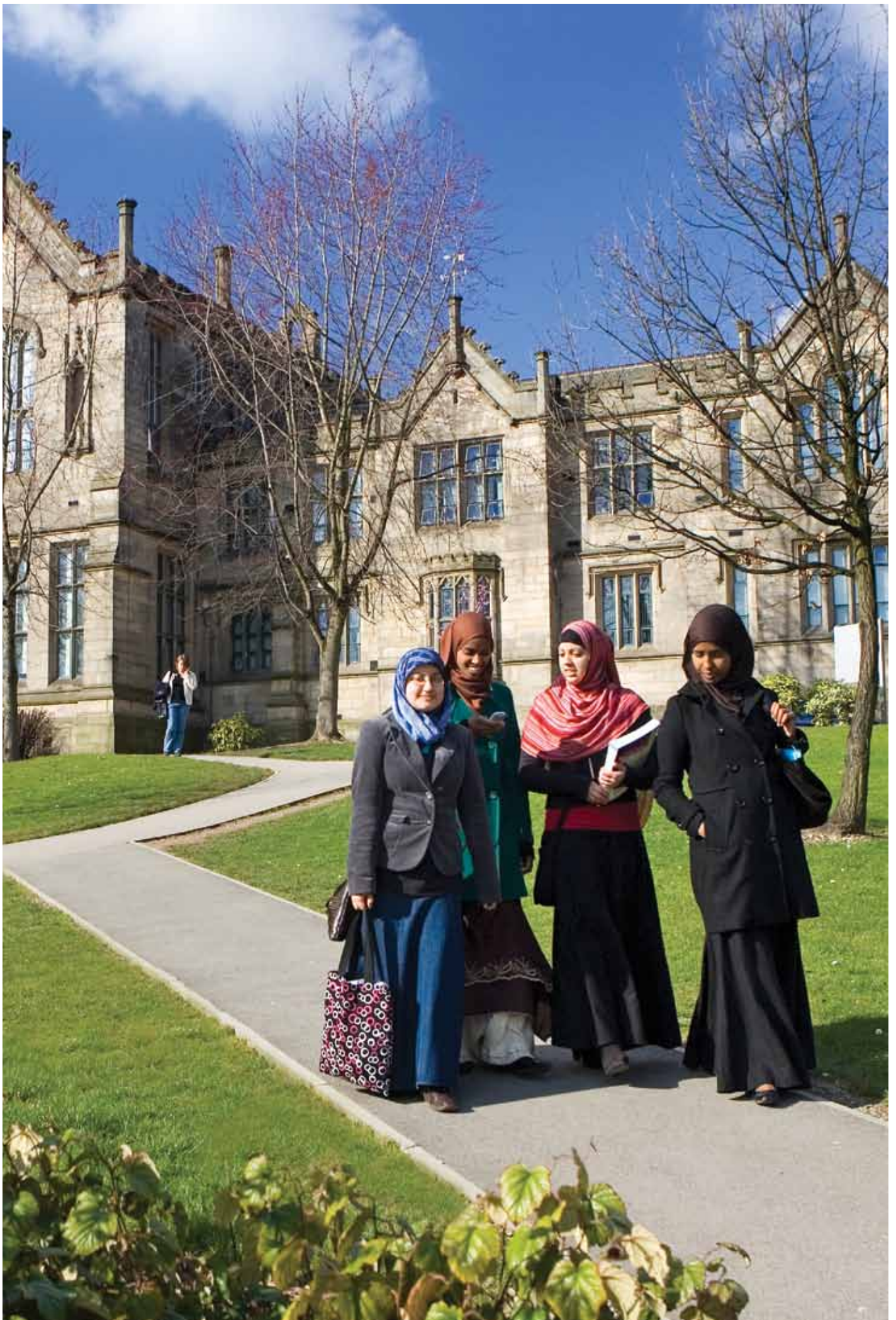
The Board of Governors have a reasonable expectation that the University have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.



G Dawson  
Chair of the Board of Governors  
25 November 2010



P Jones  
Vice-Chancellor





# Key Performance Indicators

## Developing our educational portfolio

<b>Goal</b> <b>To ensure that our portfolio is sustainable in the long term and that we deliver the quality expected by our students, partners and stakeholders.</b>		
<b>KPI</b>	<b>2008–09</b>	<b>2009–10</b>
International students (all modes and levels) as a % of the University's total student population	10.8%	9.2%
Part-time students (all levels) as % of the University's total student population	31.4%	27.3%
Postgraduate students (taught and research, all modes) as a % of the University's total student population	10.8%	22.8%

Source – HESA Redbook, SI Reports

## Improving the student experience

<b>Goal</b> <b>We will provide an outstanding student experience. We will do this through offering opportunities for active, authentic and personalised learning, extensive engagement with the world of work, and through fostering a stimulating social environment.</b>		
<b>KPI</b>	<b>2008–09</b>	<b>2009–10</b>
Overall % Student Satisfaction	76.0%	79.0%
% satisfaction with teaching and learning: staff have made the subject interesting	76.0%	77.0%
% satisfaction with academic support: I have received sufficient advice and support with my studies	69.0%	72.0%
Graduate Employment:		
a) % of undergraduates in full-time employment that are in a graduate-level job	64.6%	63.6%
b) % of undergraduates in graduate-level employment or further study	67.4%	68.1%
% of students who continue to the next academic level of study or successfully achieve their intended qualification aim	84.0%	87.0%
% of students passing modules at first attempt	79.5%	79.9%

Source: NSS, DLHE, SI Reports

# Key Performance Indicators

## Excelling in innovation

<b>Goal</b> Our goal is to be renowned for the value which our research and innovation adds to the development of business, professions and communities. Our approach to innovation is distinguished by a focus on economic and social development and is underpinned by excellence in selected areas of applied research.		
<b>KPI</b>	<b>2008–09</b>	<b>2009–10</b>
HEFCE Research Grant	£3.9m	£5.1m
High Quality Research Income	£11.4m	£10.8m
Knowledge Transfer Income	£4.9m	£5.4m

Source: Financial Statements

## Raising our profile

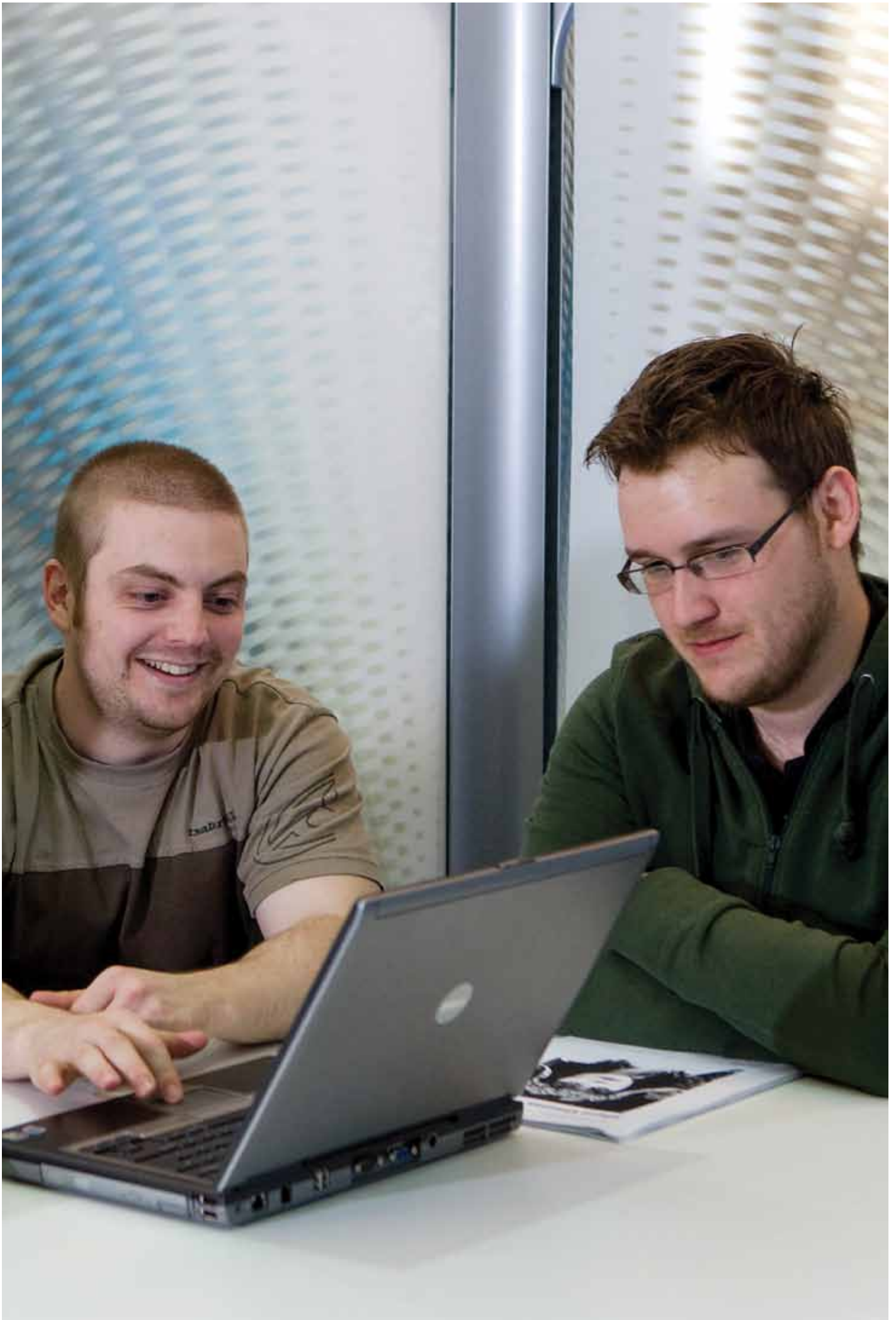
<b>Goal</b> To strengthen our reputation as one of the leading new universities through action which raises our profile and increases our impact at regional, national and international levels.		
<b>KPI</b>	<b>2008–09</b>	<b>2009–10</b>
League Table position: The Guardian	67	71
League Table position: The Times	69	72
League Table position: The Sunday Times	64	58

Source: Newspaper publications

## Maintaining financial sustainability

<b>Goal</b> To Ensure that the University continues to operate in a way that is financially sustainable.		
<b>KPI</b>	<b>2008–09</b>	<b>2009–10</b>
Surplus as a proportion of total income	0.9%	5.7%
Staff costs as a proportion of total income	64.0%	61.0%

Source: Financial Statements





# Independent auditors' report to the Board of Governors of Sheffield Hallam University

# **We have audited the financial statements of Sheffield Hallam University for the year ended 31 July 2010 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated statement of historical cost surpluses and deficits, the consolidated and University balance sheets, the consolidated cash flow statement and the related notes 1 to 39. These financial statements have been prepared under the accounting policies set out therein.**

This report is made solely to the Board of Governors in accordance with the financial memorandum dated June 2008. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an auditors' 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 Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the University's Board of Governors and auditors**

The Board of Governors' responsibilities for preparing the Annual Report and the financial statements in accordance with the University's statute, the Statement of Recommended Practice: Accounting for Further and Higher Education and other applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of the Board of Governors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report whether income from funding councils, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received. In addition, we report to you whether, in all material respects, income has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the Higher Education Funding Council for England.

We also report if, in our opinion, the information given in the Board of Governors' report is not consistent with the financial statements, if the University has not kept adequate accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

We are not required to consider whether the statement of internal control (included as part of the Corporate Governance Statement) covers all risks and controls, or to form an opinion on the effectiveness of the University's corporate governance procedures or its risk and control procedures.

## **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Governors in the preparation of the financial statements and of whether the accounting policies are appropriate to the group and University's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the University and the group as at 31 July 2010 and of the surplus of the University and the group for the year then ended;
- the financial statements 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;
- in all material respects, income from the funding council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2010 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2010 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum, with the funding council.

## **Deloitte LLP**

Chartered Accountants and Statutory Auditors  
Leeds

29 November 2010



# Financial Statements for the year ended 31 July 2010

## CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 July 2010

	Note	2010 £000	2009 £000
<b>INCOME</b>			
Funding body grants	2	89,598	83,846
Tuition fees and education contracts	3	112,278	97,754
Research grants and contracts	4	12,076	12,431
Other income	5	20,901	21,088
Endowment and investment income	6	439	421
<b>Total income</b>		<b>235,292</b>	<b>215,540</b>
<b>EXPENDITURE</b>			
Staff costs	7	143,450	137,944
Depreciation	8	15,771	13,602
Other operating expenses	9	58,545	58,547
Interest and other finance costs	10	4,110	3,468
<b>Total expenditure</b>	11	<b>221,876</b>	<b>213,561</b>
<b>Surplus after depreciation of tangible fixed assets at valuation and before tax</b>		<b>13,416</b>	<b>1,979</b>
Taxation		-	-
<b>Surplus after depreciation of assets at valuation and tax</b>		<b>13,416</b>	<b>1,979</b>
<b>Surplus for the year retained within general reserves</b>		<b>13,416</b>	<b>1,979</b>

All results are from continuing operations.

## CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

for the year ended 31 July 2010

	Note	2010 £000	2009 £000
Surplus on continuing operations before taxation		13,416	1,979
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	26	351	350
<b>Historical cost surplus for the year before taxation</b>		<b>13,767</b>	<b>2,329</b>
<b>Historical cost surplus for the year after taxation</b>		<b>13,767</b>	<b>2,329</b>

## CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 July 2010

	Note	2010 £000	2009 £000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		13,416	1,979
New endowments	16	6	7
Endowment repaid	16	-	(323)
Endowment income retained for the year	16	(14)	2
Actuarial gain in respect of the pension scheme	25	8,522	4,574
<b>Total recognised gains relating to the year</b>		<b>21,930</b>	<b>6,239</b>
<b>Reconciliation</b>			
Opening reserves and endowments		49,645	43,406
Total recognised gains for the year		21,930	6,239
<b>Closing reserves and endowments</b>		<b>71,575</b>	<b>49,645</b>

# Financial Statements for the year ended 31 July 2010

## CONSOLIDATED BALANCE SHEET

as at 31 July 2010

	Note	2010 £000	2010 £000	2009 £000	2009 £000
FIXED ASSETS					
Tangible assets	12	169,676		170,957	
Investments	15	42		42	
			169,718		170,999
ENDOWMENT ASSETS	16		246		254
CURRENT ASSETS					
Assets held for resale	17	-		1,735	
Stocks		168		199	
Debtors	18	19,521		17,021	
Short term deposits		29,236		34,653	
Cash at bank and in hand		254		476	
		49,179		54,084	
CREDITORS – amounts falling due within one year	19	(45,689)		(43,438)	
NET CURRENT ASSETS			3,490		10,646
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>173,454</b>		<b>181,899</b>
CREDITORS – amounts falling due after more than one year	20	-		(27,000)	
PROVISIONS FOR LIABILITIES	22	(1,843)		(2,654)	
			(1,843)		(29,654)
NET ASSETS EXCLUDING PENSION LIABILITY			171,611		152,245
PENSION LIABILITY	25		(57,534)		(61,005)
<b>TOTAL NET ASSETS</b>			<b>114,077</b>		<b>91,240</b>
DEFERRED CAPITAL GRANTS	23		42,503		41,596
ENDOWMENTS – expendable	16		246		254
RESERVES					
Income and expenditure account excluding pension reserve	24	107,963		89,116	
Pension reserve	25	(57,534)		(61,005)	
Revaluation reserve	26	20,269		20,620	
Capital reserve	27	630		659	
			71,328		49,390
<b>TOTAL NET ASSETS</b>			<b>114,077</b>		<b>91,240</b>

The financial statements on pages 50 to 79 were approved on behalf of the Board of Governors on 25 November 2010.  
Geoff Dawson, Chairman of the Board of Governors, P A Jones, Vice Chancellor

## UNIVERSITY BALANCE SHEET

as at 31 July 2010

	Note	2010 £000	2010 £000	2009 £000	2009 £000
FIXED ASSETS					
Tangible assets	13	161,610		163,359	
Investments	15	15,807		15,807	
			177,417		179,166
ENDOWMENT ASSETS	16		246		254
CURRENT ASSETS					
Assets held for resale	17	-		1,735	
Stocks		168		200	
Debtors	18	18,935		16,647	
Short term deposits		29,236		34,653	
Cash at bank and in hand		203		367	
		48,542		53,602	
CREDITORS – amounts falling due within one year	19	(45,031)		(42,928)	
NET CURRENT ASSETS			3,511		10,674
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>181,174</b>		<b>190,094</b>
CREDITORS – amounts falling due after more than one year	20	(15,765)		(42,765)	
PROVISIONS FOR LIABILITIES	22	(1,843)		(2,654)	
			(17,608)		(45,419)
NET ASSETS EXCLUDING PENSION LIABILITY			163,566		144,675
PENSION LIABILITY	25		(57,534)		(61,005)
<b>TOTAL NET ASSETS</b>			<b>106,032</b>		<b>83,670</b>
DEFERRED CAPITAL GRANTS	23		42,503		41,596
ENDOWMENTS – expendable	16		246		254
RESERVES					
Income and expenditure account excluding pension reserve	24	99,918		81,546	
Pension reserve	25	(57,534)		(61,005)	
Revaluation reserve	26	20,269		20,620	
Capital reserve	27	630		659	
			63,283		41,820
<b>TOTAL NET ASSETS</b>			<b>106,032</b>		<b>83,670</b>

The financial statements on pages 50 to 79 were approved on behalf of the Board of Governors on 25 November 2010.  
Geoff Dawson, Chairman of the Board of Governors, P A Jones, Vice Chancellor

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 July 2010

	Note	2010 £000	2009 £000
Net cash inflow from operating activities	31	27,394	15,420
Return on investments and servicing of finance	32	186	(329)
Capital expenditure and financial investment	33	(6,227)	(16,669)
<b>Net cash outflow before use of liquid resources and financing</b>		<b>21,353</b>	<b>(1,578)</b>
Management of liquid resources		5,425	(11,959)
Financing	34	(27,000)	13,856
<b>(Decrease)/Increase in cash in the year</b>		<b>(222)</b>	<b>319</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease)/Increase in cash in the year		(222)	319
(Decrease)/Increase in liquid resources		(5,425)	11,959
Change in debt	34	27,000	(13,856)
<b>Increase/(Decrease) in net funds</b>		<b>21,353</b>	<b>(1,578)</b>
Net funds at 1 August		8,383	9,961
<b>Net funds at 31 July</b>	<b>35</b>	<b>29,736</b>	<b>8,383</b>

# Notes to the financial statements

## 1. Statement of principal accounting policies

### Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings, and in accordance with both the Statement of Recommended Practice : Accounting for Further and Higher Education (the SORP) issued in September 2007 and applicable Accounting Standards.

### 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 2010. 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.

### Going concern

The Consolidated and University Accounts are prepared on a going concern basis as per the Operating Financial Review report on page 42.

### Recognition of income

Income from specific grants from the Higher Education Funding Council for England, specific endowments and donations, research grants, contracts and other services rendered is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. Income received in excess of expenditure is held as a deferred creditor; expenditure in excess of related income is charged during the year in which it is incurred. All income from short-term deposits is

credited to the Income and Expenditure Account on a receivable basis.

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable.

Non recurrent grants from Funding Councils and or other bodies receivable in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in time with depreciation over the life of the assets.

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

### Foreign currencies

Transactions denominated in foreign currencies are recorded 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. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

### Leases

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets 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.

### Land and buildings

Land and buildings were revalued at 31 March 1992 on the basis of current market value for continuation of existing use where appropriate. Where buildings are in specialist use and there is no general market value then the valuation was carried out on the basis of depreciated replacement cost, in accordance with the Royal Institution of Chartered Surveyors Guidance Notes concerning asset valuation. Land and buildings acquired since 31 March 1992 are included at cost.

The University adopted the transitional provisions of Financial Reporting Standard (FRS) 15 and determined not to subsequently revalue its Fixed Assets from the amounts currently included within the Financial Statements.

### Equipment

Designated equipment financed from Funding Council grants and other equipment is capitalised on the basis of nature. Equipment is capitalised if it is tangible, has a life of more than one year and has a resale value for the duration of its life. The life of the asset is dependent on its categorisation within 16 categories, ranging from 2 to 10 Years.

### Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- market value of the fixed asset has subsequently improved
- assets capacity increases
- substantial improvement in the quality of output or reduction in operating costs
- significant extension of the assets life beyond that conferred by repairs and maintenance

## Heritage assets

Works of art and other valuable artefacts are capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable.

## Depreciation

### Land

Land is not depreciated.

### Buildings

Depreciation on new and existing buildings is provided on a straight line basis over their expected useful lives, generally 50 years. It is provided on structural additions over the remaining useful life and on major refurbishments over 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 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.

## Heritage assets

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

## Assets held for resale

Tangible fixed assets surplus to requirements are transferred to current assets at depreciated cost.

## Stocks

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

## Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included in cash.

Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, government securities and loan stock held as part of the University's treasury management activities. They exclude any such assets held as Endowment Asset Investments.

## 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.

## Maintenance of premises

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 Income and Expenditure Account as incurred.

## Taxation status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied exclusively to charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

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

## Investments

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

Listed investments held as fixed assets or endowment assets are stated at market value.

Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

## Retirement benefits

The University contributes to the Universities Superannuation Scheme (USS), the Teachers Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). All schemes are defined benefit schemes but the USS and TPS schemes are both multi-employer schemes and it is not possible to identify the assets of the scheme which are attributable to the University. In accordance with FRS17 'Retirement benefits' these schemes are accounted for on a defined contribution basis and contributions to these schemes are included as expenditure in the period in which they are payable.

The University is able to identify its share of assets and liabilities of the LGPS and therefore fully adopts FRS17.

## 2. Funding body grants

	2010 £000	2009 £000
Higher Education Funding Council for England		
Recurrent grant	71,479	68,705
Specific grants	3,351	3,406
Training and Development Agency		
Recurrent grant	7,384	7,309
Specific grants	1,629	496
Deferred capital grants released in year (Note 23)		
Buildings	1,616	2,174
Equipment	4,139	1,756
	<b>89,598</b>	<b>83,846</b>

## 3. Tuition fees and education contracts

	2010 £000	2009 £000
Full-time undergraduate home and EU students	51,696	44,223
Full-time postgraduate home and EU students	3,521	3,236
Part-time undergraduate home and EU students	3,806	3,556
Part-time postgraduate home and EU students	3,907	3,883
Overseas students	20,505	17,126
Fees from NHS contracts	26,605	23,578
Other fees and support grants	2,238	2,152
	<b>112,278</b>	<b>97,754</b>

## 4. Research grants and contracts

	2010 £000	2009 £000
Research councils	1,688	2,124
UK based charities	609	500
UK central government bodies, local authorities and health authorities	5,945	6,696
UK industry, commerce and public corporations	875	706
EU government bodies	2,734	2,074
EU other	100	147
Other overseas	67	59
Other sources	58	125
	<b>12,076</b>	<b>12,431</b>

## 5. Other income

	2010 £000	2009 £000
Residences, catering and conferences	4,895	4,955
Other services rendered	6,297	6,235
Release of deferred capital grants (Note 23)	309	259
Other income	9,400	9,639
	<b>20,901</b>	<b>21,088</b>

## 6. Endowment and investment income

	2010 £000	2009 £000
Income from restricted expendable endowments (Note 16)	16	6
Income from short term investments	423	415
	<b>439</b>	<b>421</b>

## 7. Staff costs

Staff costs	2010 £000	2009 £000
Wages and salaries	118,160	110,933
Social security costs	9,230	8,932
Pension costs (Note 28)	15,356	16,057
Restructuring costs	704	2,022
	<b>143,450</b>	<b>137,944</b>

<b>Emoluments of the Vice-Chancellor</b>	<b>2010 £000</b>	<b>2009 £000</b>
Salary	215	215
Other benefits	1	1
	<b>216</b>	<b>216</b>
Pension contributions	34	30
	<b>250</b>	<b>246</b>

The pension contributions represent the University's employer's contributions to the USS Pension Scheme and are paid at the same rate as for other employees.

<b>Remuneration of other higher paid staff, excluding employer pension contributions, fall within the following bands</b>	<b>2010 Number</b>	<b>2009 Number</b>
£100,000 – £109,999	3	1
£110,000 – £119,999	3	4
£120,000 – £129,999	2	1
£130,000 – £139,999	3	4
£140,000 – £149,999	2	1
£150,000 – £159,999	-	-
£160,000 – £169,999	1	-

Disclosure is required for those staff who joined part way through a year but who would have received remuneration in the above pay bands in a full year. Accordingly, where an individual has left in the current year and is replaced with another person on the same pay band, this is disclosed as two employees. The increase in highly paid staff in the current year relates to the appointment of a Deputy Vice-Chancellor, a new Director of Estates and Facilities and the impact of pay increases across the University.

<b>Average number of staff employed during the year was made up as follows</b>	<b>2010 Number of FTEs</b>	<b>2009 Number of FTEs</b>
Faculty/Research Institute based	2,151	2,085
Academic support departments	297	295
Administration	696	655
Other	244	249
	<b>3,388</b>	<b>3,284</b>

<b>Compensation for loss of office payable to senior post-holders</b>	<b>2010 £000</b>	<b>2009 £000</b>
Compensation payable	176	-

During the year, compensation was paid to two senior post-holders (2009: no senior post-holders). The severance pay was agreed in accordance with the Institutions Remuneration Committee.

## 8. Depreciation

	2010 £000	2009 £000
<b>The depreciation charge has been funded by</b>		
Deferred capital grants released (Note 23)	6,064	4,189
General income	9,356	9,063
Revaluation reserve released (Note 26)	351	350
	<b>15,771</b>	<b>13,602</b>

## 9. Other operating expenses

	2010 £000	2009 £000
Premises costs	8,669	7,988
Furniture and supplies	1,571	1,625
Equipment and consumables	2,343	2,741
Operating lease expenditure	1,175	1,114
Books and periodicals	2,542	2,475
Staff development and training	1,116	1,082
Staff travel expenses	2,415	2,668
Other staff costs	444	694
Students grants and expenses	10,174	10,315
Grants to Sheffield Hallam University Union of Students	1,691	1,223
Computers and IT	3,758	3,866
Printing and stationery	1,681	1,123
Marketing and publicity	2,837	2,743
Hospitality	330	348
Postage and communications	1,004	1,124
Professional services	10,541	9,943
External auditors' remuneration in respect of audit services	52	62
External auditors' remuneration in respect of non-audit services	83	70
Internal audit services	95	200
Course and exam expenses	3,582	2,706
Bad debts	292	1,138
Agency staff	460	1,625
Other expenses	1,690	1,674
	<b>58,545</b>	<b>58,547</b>

## 10. Interest and other finance costs

	2010 £000	2009 £000
Loans not wholly repayable within five years	184	617
Pension finance costs (Note 28)	3,926	2,851
	<b>4,110</b>	<b>3,468</b>

## 11. Analysis of total expenditure by activity

	2010 £000	2009 £000
Academic departments	110,846	107,680
Academic services	21,471	20,978
Administration and central services	37,997	35,374
Premises	21,724	19,016
Residences, catering and conferences	4,674	4,821
Research grants and contracts	11,689	11,494
Other expenses	13,475	14,198
	<b>221,876</b>	<b>213,561</b>

## 12. Tangible fixed assets – Consolidated

	Land and Buildings			Assets under construction	Equipment	Heritage assets	Total
	Freehold	Long leasehold	Short leasehold				
	£000	£000	£000	£000	£000	£000	£000
<b>VALUATION/COST</b>							
<b>At 1 August 2009</b>							
Valuation	24,966	-	-	-	-	515	25,481
Cost	170,500	556	1,951	4,539	53,162	-	230,708
Additions at cost	137	-	-	12,980	87	-	13,204
Transfer at cost	6,043	-	-	(14,853)	8,810	-	-
Transfers from assets held for resale							
– At valuation	1,300	-	-	-	-	-	1,300
Disposals at cost	-	-	-	-	(696)	-	(696)
<b>At 31 July 2010</b>							
Valuation	26,266	-	-	-	-	515	26,781
Cost	176,680	556	1,951	2,666	61,363	-	243,216
<b>DEPRECIATION</b>							
<b>At 1 August 2009</b>	60,023	164	1,951	-	23,094	-	85,232
Charge for year	6,504	32	-	-	9,235	-	15,771
Eliminated in disposals	-	-	-	-	(682)	-	(682)
<b>At 31 July 2010</b>	66,527	196	1,951	-	31,647	-	100,321
<b>NET BOOK VALUE</b>							
<b>At 31 July 2010</b>	136,419	360	-	2,666	29,716	515	169,676
<b>At 1 August 2009</b>	135,443	392	-	4,539	30,068	515	170,957

The land and buildings were revalued as at 31 March 1992 by Fuller Peiser, an independent firm of chartered surveyors, in accordance with the fixed assets accounting policy outlined in Note 1.

### 13. Tangible fixed assets – University

	Land and Buildings			Assets under construction	Equipment	Heritage assets	Total
	Freehold	Long leasehold	Short leasehold				
	£000	£000	£000				
VALUATION/COST							
At 1 August 2009							
Valuation	24,966	-	-	-	-	515	25,481
Cost	154,735	16,321	1,951	4,539	53,112	-	230,658
Additions at cost	137	-	-	12,980	87	-	13,204
Transfer at cost	6,043	-	-	(14,853)	8,810	-	-
Transfers from assets held for resale							
– At valuation	1,300	-	-	-	-	-	1,300
Disposals at cost	-	-	-	-	(696)	-	(696)
At 31 July 2010							
Valuation	26,266	-	-	-	-	515	26,781
Cost	160,915	16,321	1,951	2,666	61,313	-	243,166
DEPRECIATION							
At 1 August 2009	54,979	12,776	1,951	-	23,074	-	92,780
Charge for year	6,189	821	-	-	9,229	-	16,239
Eliminated in disposals	-	-	-	-	(682)	-	(682)
At 31 July 2010	61,168	13,597	1,951	-	31,621	-	108,337
NET BOOK VALUE							
At 31 July 2010	126,013	2,724	-	2,666	29,692	515	161,610
At 1 August 2009	124,722	3,545	-	4,539	30,038	515	163,359

The land and buildings were revalued as at 31 March 1992 by Fuller Peiser, an independent firm of chartered surveyors, in accordance with the fixed assets accounting policy outlined in Note 1.

## 14. Heritage assets

The University holds a number of assets which are of historic and artistic value which are being maintained principally for their contribution to knowledge and culture.

The collection has been independently valued by Vivienne Milburn Limited Antiques Values & Auctioneers at a value of £515,070 and the assets have been capitalised at this value.

## 15. Investments

	Consolidated		University	
	2010 £000	2009 £000	2010 £000	2009 £000
Investment in subsidiary companies at cost	-	-	9,750	9,750
Loan to Collegiate Properties (2) Limited	-	-	6,015	6,015
Other investments	42	42	42	42
	<b>42</b>	<b>42</b>	<b>15,807</b>	<b>15,807</b>

Group undertakings	Principal activity	Percentage of ordinary shares held
3D Imaging Technology Ltd	Dormant	100
Collegiate Library Services Ltd	Dormant	100
Collegiate Properties Ltd	Dormant	100
Collegiate Properties (2) Ltd	Contracting and property leasing	100
Collegiate Properties (3) Ltd	Dormant	100
Hallam Biotechnology Ltd	Dormant	100
Hallam Immunotech Ltd	Dormant	100
Hallam Proteonics Ltd	Dormant	100
O&N Contracting Ltd	Property leasing	100
Sheffield Hallam Innovation and Enterprise Ltd	Holding company	100
Sheffield Hallam Property Company Ltd	Dormant	100
Sheffield Hallam University Enterprises Ltd	Trading activities	100
Virtual Learning Systems Ltd	Dormant	100
Sheaf Innovations Limited	Research	24.9

## 16. Endowment assets

	Consolidated and University	
	2010 £000	2009 £000
<b>Restricted expendable endowments</b>		
At 1 August	254	568
Income for year	2	8
New endowments invested	6	7
Endowment repaid	-	(323)
Transferred to Income and Expenditure account	(16)	(6)
<b>At 31 July</b>	<b>246</b>	<b>254</b>
Representing		
Prize funds	15	21
Other funds	231	233
	<b>246</b>	<b>254</b>

The University's fixed asset endowments are held as short term cash deposits.

## 17. Assets held for resale

In the prior year assets relating to the Psalter Lane campus land and buildings with a net book value of £1,735,000 were reclassified from tangible fixed assets to assets held for sale. In the current year, due to the economic climate the decision was made not to dispose of these assets at the current time. Therefore it would be appropriate to reclassify these items back to tangible fixed assets.

However, during the year the building element of the building was demolished in preparation for sale. Therefore it was not considered appropriate to reclassify the full value back into tangible fixed assets. The land element was reclassified back into tangible fixed assets at a previous valuation amount of £1,300,000. This amount has not been depreciated through the year. The remaining building element of £435,000 which was demolished was written off as a cost in the year which has been processed within premises costs in note 9.

## 18. Debtors

	Consolidated		University	
	2010 £000	2009 £000	2010 £000	2009 £000
<b>Amounts falling due within one year</b>				
Debtors	12,678	11,206	11,806	10,436
Prepayments	2,216	2,846	2,194	2,845
Accrued income	4,514	2,856	4,306	2,803
Loans	113	113	113	113
Amounts owed by group undertakings	-	-	516	450
	<b>19,521</b>	<b>17,021</b>	<b>18,935</b>	<b>16,647</b>

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

	Consolidated		University	
	2010 £000	2009 £000	2010 £000	2009 £000
Payments received on account	17,723	17,415	17,513	17,202
Trade creditors	7,461	5,728	7,461	5,728
Social security and other taxation payable	4,267	3,901	4,233	3,870
Accruals and deferred income	16,238	16,394	15,824	16,128
	<b>45,689</b>	<b>43,438</b>	<b>45,031</b>	<b>42,928</b>

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

	Consolidated		University	
	2010 £000	2009 £000	2010 £000	2009 £000
Unsecured loans (Note 21)	-	27,000	-	27,000
Obligation under finance leases	-	-	15,765	15,765
	<b>-</b>	<b>27,000</b>	<b>15,765</b>	<b>42,765</b>

	2010 £000	2009 £000	2010 £000	2009 £000
<b>Analysis of finance leases</b>				
Due between two and five years	-	-	15,765	15,765
	<b>-</b>	<b>-</b>	<b>15,765</b>	<b>15,765</b>

## 21. Borrowings

	Consolidated and University	
	2010 £000	2009 £000
<b>Analysis of unsecured loans</b>		
Due in five years or more	-	27,000
	<b>-</b>	<b>27,000</b>

The University has a revolving credit facility arranged with Barclays Bank Plc on 31 July 2007. The £74m Revolving Credit Facility is available until 31 July 2014, at which point the University can convert the full facility to a term loan for a further 23 years. The interest rate charged is variable and the facility is unsecured. During the year the £27m balance of the revolving facility was repaid, meaning the full £74m facility was available to the University at the year end.

## 22. Provisions for liabilities

	Consolidated and University			
	Pensions £000	Restructuring £000	Funding £000	Total £000
At 1 August 2009	714	879	1,061	2,654
Created in year	216	307	-	523
Utilised in year	(151)	(461)	-	(612)
Released in year	(59)	(390)	(273)	(722)
<b>At 31 July 2010</b>	<b>720</b>	<b>335</b>	<b>788</b>	<b>1,843</b>

The pension provision is in respect of pension enhancements payable on behalf of staff who had taken early retirement. This will be utilised over the period of retirement.

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 will be utilised during 2010–2012.

The funding provision is in respect of findings from an audit of the University's HEFCE grant funding which has now been finalised. The clawback for 2007–8 and 2008–9 has been agreed as £788,000 which is a reduction of £273,000 from the prior year. This will be paid to HEFCE during 2010–11.

## 23. Deferred capital grants

	Consolidated and University		
	Funding Councils £000	Other grants £000	Total £000
As at 1 August 2009			
Buildings	30,526	1,417	31,943
Equipment	9,333	320	9,653
<b>Total</b>	<b>39,859</b>	<b>1,737</b>	<b>41,596</b>
Cash received			
Buildings	-	-	-
Equipment	6,971	-	6,971
<b>Total</b>	<b>6,971</b>	<b>-</b>	<b>6,971</b>
Released to Income and Expenditure account			
Buildings	(1,616)	(161)	(1,777)
Equipment	(4,139)	(148)	(4,287)
<b>Total</b>	<b>(5,755)</b>	<b>(309)</b>	<b>(6,064)</b>
As at 31 July 2010			
Buildings	28,360	1,256	29,616
Equipment	12,715	172	12,887
<b>Total</b>	<b>41,075</b>	<b>1,428</b>	<b>42,503</b>

## 24. Income and expenditure reserve

	Consolidated		University	
	2010 £000	2009 £000	2010 £000	2009 £000
As at 1 August	89,116	81,610	81,546	74,444
Surplus retained for the year	13,416	1,979	12,941	1,575
Release from revaluation reserve	351	350	351	350
Release from capital reserve	29	28	29	28
Add back pension deficit	5,051	5,149	5,051	5,149
<b>As at 31 July</b>	<b>107,963</b>	<b>89,116</b>	<b>99,918</b>	<b>81,546</b>

## 25. Pension reserve

	Consolidated and University	
	2010 £000	2009 £000
As at 1 August	(61,005)	(60,430)
Actuarial gain in respect of the pension scheme deficit	8,522	4,574
Deficit retained within reserves	(5,051)	(5,149)
<b>As at 31 July</b>	<b>(57,534)</b>	<b>(61,005)</b>

## 26. Revaluation reserve

	Consolidated and University	
	2010 £000	2009 £000
As at 1 August	20,620	20,970
Release to Income and Expenditure reserve equivalent to depreciation on revaluation	(351)	(350)
<b>As at 31 July</b>	<b>20,269</b>	<b>20,620</b>

## 27. Capital reserve

	Consolidated and University	
	2010 £000	2009 £000
As at 1 August	659	687
Release to Income and Expenditure reserve	(29)	(28)
<b>As at 31 July</b>	<b>630</b>	<b>659</b>

## 28. Pension costs

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

Total pension cost for the year	2010 £000	2009 £000
Teachers Pension Scheme contributions paid	7,486	6,984
Universities Superannuation Scheme – contributions paid	1,251	1,031
Local Government Pension Scheme – FRS17 charge	6,619	8,042
<b>Total pension cost</b>	<b>15,356</b>	<b>16,057</b>

### Teachers' Pension Scheme (TPS)

The University participates in the Teachers' Pension Scheme, a defined benefit scheme which is unfunded. 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 surplus/deficit for the year in the income and expenditure account being equal to the contributions payable to the scheme for the year.

Actuarial valuations are carried out on a notional set of investments every five years using the prospective benefits method. The assumptions and other data which have the most significant effect on the determination of the contribution level are as follows:

Latest actuarial valuation	31 March 2004
Investment returns per annum	6.50%
Salary scale increases per annum	5.00%
Pension increases per annum	3.50%
Value of notional assets at date of last valuation	£163,240m
Value of liabilities at date of last valuation	£166,500m
Next actuarial valuation due	31 March 2008

As part of the actuarial valuation, the Government Actuary undertakes a review of the level of employers' contributions. The rate was increased to 14.1% from 13.5% from 1 January 2007.

### Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Due to the mutual nature of the scheme, the institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme for the year.

The scheme is valued every three years by actuaries using the projected unit method. The assumptions and other data which have the most significant effect on the determination of the contribution level are as follows:

Latest actuarial valuation	31 March 2008
Investment returns per annum – past service	6.4%
Investment returns per annum – future service	6.1%
Salary scale increases per annum	4.3%
Pension increases per annum	3.3%
Value of assets of the scheme at date of last valuation	£28,843m
Value of the scheme's technical provisions	£28,135m
Next actuarial valuation is due	31 March 2011

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 107% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 104%.

The scheme-wide contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice from the actuary, increased the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

## Local Government Pension Scheme (LGPS)

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

The 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 2007.

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 made for the year ended 31 July 2010 was £8,282,000 of which employers contributions totalled £5,483,000 and employees contributions totalled £2,799,000. The current contribution rates are 13.05% (2009: 13.05%) for employers and employees are on a sliding scale based on earnings, the rate varying between 5.5% and 7.2% (2009: between 5.5% and 7.2%).

The following information is based upon a full actuarial valuation of the fund at 31 March 2007 updated to 31 July 2010 by a qualified independent actuary.

The material assumptions used by the actuary for FRS 17 at 31 July 2010 were

	2010	2009
Rate of increase in salaries	4.8%	5.2%
Rate of increase in pensions in payment	2.8%	3.7%
Discount rate	5.5%	6.3%
Inflation assumption	2.8%	3.7%
Proportion of employees opting to take a commuted lump sum	50.0%	50.0%

It should be noted that the actuarial assumptions above reflect the government's intention to move towards using CPI rather than RPI as the rate of increase in pensions. These are proposed adjustments and may not come into force. The movement in the assumption is included in the financial statements as an actuarial gain.

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

	At 31 July 2010	At 31 July 2009
<b>Retiring today</b>		
Males	20.4	20.3
Females	23.2	23.2
<b>Retiring in 20 years</b>		
Males	21.3	21.3
Females	24.1	24.1

## Scheme assets

The assets in the LGPS scheme and expected rate of return were

	2010		2009		2008	
	Long term return %	Fund value £000	Long term return %	Fund value £000	Long term return %	Fund value £000
Equities	7.5%	90,072	7.5%	71,635	7.5%	73,117
Government Bonds	4.2%	19,006	4.5%	18,803	4.8%	17,403
Other Bonds	5.1%	12,671	5.8%	9,344	5.9%	8,877
Property	6.5%	13,910	6.5%	10,382	6.5%	12,498
Other	0.5%	2,066	0.5%	5,190	5.0%	4,906
		<b>137,725</b>		<b>115,354</b>		<b>116,801</b>

The following amounts at 31 July were measured in accordance with the requirements of FRS 17:

Analysis of the amount shown in the balance sheet	2010 £000	2009 £000
Total fair value of assets	137,725	115,354
Present value of scheme liabilities	(195,259)	(176,359)
<b>Deficit in the scheme – Net pension liability</b>	<b>(57,534)</b>	<b>(61,005)</b>

Amounts charged to the operating surplus	2010 £000	2009 £000
Current service cost	(6,467)	(7,931)
Settlements and curtailments	(408)	(517)
<b>Total operating charge</b>	<b>(6,875)</b>	<b>(8,448)</b>

Amounts charged to interest payable	2010 £000	2009 £000
Expected return on pension scheme assets	7,324	7,815
Interest on pension scheme liabilities	(11,250)	(10,666)
<b>Net charge</b>	<b>(3,926)</b>	<b>(2,851)</b>

Amounts recognised in the Statement of Total Recognised Gains and Losses	2010 £000	2009 £000
Actual return less expected return on pension scheme assets	11,325	(14,564)
Change in financial and demographic assumptions underlying the scheme liabilities	(2,803)	19,138
<b>Total actuarial loss recognised in the Statement of Total Recognised Gains and Losses</b>	<b>8,522</b>	<b>4,574</b>

# Notes to the financial statements

<b>Movement in deficit in the year</b>	<b>2010 £000</b>	<b>2009 £000</b>
Deficit in scheme at 1 August	(61,005)	(60,430)
Current service costs	(6,467)	(7,931)
Contributions	5,750	6,150
Past service costs	(408)	(517)
Other finance costs	(3,926)	(2,851)
Actuarial gain	8,522	4,574
<b>Deficit in scheme at 31 July</b>	<b>(57,534)</b>	<b>(61,005)</b>

<b>Analysis of the movement in the present value of scheme liabilities</b>	<b>2010 £000</b>	<b>2009 £000</b>
Liabilities at 1 August	176,359	177,231
Service cost	6,467	7,931
Interest cost	11,250	10,666
Employee contributions	2,799	2,831
Actuarial (gain)/loss	2,803	(19,138)
Benefits paid	(4,827)	(3,679)
Curtailments and settlements	408	517
<b>Liabilities at 31 July</b>	<b>195,259</b>	<b>176,359</b>

<b>Analysis of the movement in the market value of scheme assets</b>	<b>2010 £000</b>	<b>2009 £000</b>
Assets at 1 August	115,354	116,801
Expected return on assets	7,324	7,815
Actuarial gain/(loss)	11,325	(14,564)
Employer contributions	5,750	6,150
Employee contributions	2,799	2,831
Benefits paid	(4,827)	(3,679)
<b>Assets at 31 July</b>	<b>137,725</b>	<b>115,354</b>

The estimated contribution to the defined benefit scheme for the year 2010–11 is £5,449,000.

History of experience gains and losses	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Actual return less expected return on pension scheme assets	11,325	(14,564)	(15,703)	6,209	6,307
Percentage of scheme assets	8.20%	12.60%	13.30%	5.10%	6.00%
Experience gains and losses arising on scheme liabilities	2,803	19,138	(14,346)	2,266	(7,628)
Percentage of present value of scheme liabilities	1.40%	10.90%	8.21%	1.55%	5.50%
Total amount recognised in Statement of Total Recognised Gains and Losses	8,522	4,574	(30,049)	8,475	(1,321)
Percentage of present value of scheme liabilities	4.40%	2.60%	16.80%	5.70%	0.95%

## 29. Lease obligations

Annual rentals under operating lease commitments as at 31 July expiring	Consolidated		University	
	2010 £000	2009 £000	2010 £000	2009 £000
<b>Buildings</b>				
Within one year	16	-	16	-
Between one and five years	192	-	192	-
Over five years	848	840	848	840
<b>Equipment</b>				
Within one year	108	31	108	31
Between one and five years	161	234	161	234
	<b>1,325</b>	<b>1,105</b>	<b>1,325</b>	<b>1,105</b>

## 30. Capital commitments

	Consolidated		University	
	2010 £000	2009 £000	2010 £000	2009 £000
Commitments contracted at 31 July	6,425	3,415	6,425	3,415
Authorised but not contracted at 31 July	6,213	15,422	6,213	15,422
	<b>12,638</b>	<b>18,837</b>	<b>12,638</b>	<b>18,837</b>

### 31. Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2010 £000	2009 £000
Operating surplus	13,416	1,979
Depreciation	15,771	13,602
Deferred capital grants released to income	(6,064)	(4,189)
Investment income	(439)	(421)
Interest payable	184	617
Decrease/(Increase) in stocks	31	(3)
Increase in debtors	(2,429)	(736)
Increase/(Decrease) in creditors	2,236	(1,924)
(Decrease)/Increase in provisions	(811)	1,346
Loss on sale of fixed assets and demolition of Psalter Lane	13	-
Loss on demolition of Psalter Lane	435	-
Pensions costs less contributions payable	5,051	5,149
<b>Net cash inflow from operating activities</b>	<b>27,394</b>	<b>15,420</b>

### 32. Returns on investments and servicing of finance

	2010 £000	2009 £000
Income from endowments	2	8
Income from short term investments	353	469
Interest paid	(169)	(806)
	<b>186</b>	<b>(329)</b>

### 33. Capital expenditure and financial investment

	2010 £000	2009 £000
Tangible assets acquired	(13,204)	(24,588)
Receipts from sale of fixed assets	-	22
Deferred capital grants received	6,971	8,213
Endowments received	6	(316)
	<b>(6,227)</b>	<b>(16,669)</b>

## 34. Financing

	2010 £000	2009 £000
New loans	-	27,000
Capital repayments	(27,000)	(13,144)
<b>Net amount received/(repaid) in year</b>	<b>(27,000)</b>	<b>13,856</b>

## 35. Analysis of changes in net funds

	At 1 August 2009 £000	Cash Flows £000	At 31 July 2010 £000
Cash at bank and in hand	476	(222)	254
Endowment bank balance	254	(8)	246
	<b>730</b>	<b>(230)</b>	<b>500</b>
Debt due in less than 1 year	-	-	-
Debt due in more than 5 years	(27,000)	27,000	-
Short term deposits	34,653	(5,417)	29,236
	<b>8,383</b>	<b>21,353</b>	<b>29,736</b>

## 36. Access funds

	2010 £000	2009 £000
Funding Council Access grants	637	746
Interest earned	2	8
	<b>639</b>	<b>754</b>
Disbursed to students	(583)	(722)
<b>Grants to be disbursed</b>	<b>56</b>	<b>32</b>

Funding Council Access grants are available solely for students, with the University acting only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account. The University receives income towards the cost of administering these funds and both this income and the related expenditure are included within the Income and Expenditure Account.

## 37. Training and Development Agency

	2010 £000	2009 £000
<b>Initial Teacher Training Bursaries</b>		
Funds received	4,287	3,563
Disbursed to students	(4,094)	(3,563)
<b>Unspent funds to be recovered</b>	<b>193</b>	<b>–</b>
<b>Secondary Shortage Subjects Scheme</b>		
Funds received	6	–
Disbursed to students	(21)	(11)
<b>Funds carried forward to be disbursed in following year</b>	<b>-</b>	<b>15</b>

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 Income and Expenditure Account. The University receives income towards the cost of administering these funds and both this income and the related expenditure are included within the Income and Expenditure Account.

## 38. Related party transactions

The Governors have considered the requirements of FRS8 – Related Party Disclosures 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 and senior managers 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. The Governors do not consider that disclosure of transactions with such organisations is required under the standard because none of the Governors or senior managers, or members of their close family, have a controlling interest in 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.

Professor Philip Jones, Vice-Chancellor and member of the Board of Governors, was a director of Yorkshire Universities which received payments from the University of £17,313 (2008–09: £18,347) in relation to membership subscriptions and re-chargeable costs related to a member of staff whose role transferred from Yorkshire Universities to Sheffield Hallam University. Professor Jones was a member of the Board of the National Science Learning Centre which made payments to the University of £343,137 (2008–09: £191,065) in relation to the running of the Yorkshire and the Humber Science Learning Centre.

Mr Michael Longden, a Governor, was an associate director at Irwin Mitchell, Solicitors, which provided professional services for the University. All such services were unconnected with Mr Longden and were undertaken by a different part of the firm. Mr Longden had no involvement in the University's arrangements for selection of, instructions to or payment of the University's various lawyers. Payments during the year in respect of such services amounted to £34,938 (2008–09: £70,244). In addition, the University received payments of £2,070 (2008–09: £nil) from Irwin Mitchell in relation to conference fees and fees for IT training course provided by the University.

Mr Chris Welsh, a Governor, was the Chair of Yorkshire South Tourism which made payments of £10,000 (2008–09: £25,000) to the University in relation to funding for Eat Sheffield. In addition, the University made payments to Yorkshire South Tourism of £7,872 (2008–09: £nil) in relation to advertising under the Business Tourism Partnership Scheme. Mr Welsh was not involved in the negotiation, scoping, placing or approval of either contract.

Mr Philip Drury, a Governor, was a non executive director of NHS Rotherham which made payments of £11,777 (2008–09: £nil) to the University in relation to course fees and payments related to the 'Keeping Warm Project'.

Ms Janet Dean, a Governor, was a non executive director of Yorkshire and the Humber Strategic Health Authority which made payments of £22,212,370 (2008–09: £22,234,203) to the University in relation to course fees and payments related to the programmes and courses provided by the University.

The University maintains a register of Governors' and senior managers' interests which is available for inspection at the University Secretariat.

## 39. Transactions with trustees

Members of the Board of Governors are trustees of the University as an exempt charity. The University is required under the Financial Memorandum to include in its audited financial statements information about payments to or on behalf of trustees, including expenses; payments to trustees for serving as trustees (and waivers of such payments); and payments for services provided to the University by its trustees.

As an employee of the University Professor Philip Jones received remuneration in connection with his employment and this is disclosed in note 7 of the Operating and Financial Review.

Mr Matt Borg, a Governor, was a member of staff of the University elected as a Governor by and from the professional services staff of the University. Dr Steve Jones and Ms Christine O'Leary were Governors and members of academic staff of the University elected by and from the academic staff of the University. As such they were paid by the University in connection with their employment but received no supplementary payment for their membership of Board of Governors.

During 2009–10, expenses in relation to travel and subsistence were paid to seven members of the Board of Governors for a total amount of £10,000.

Other than expenses, members of the Board of Governors did not receive any payments or other benefits for serving on the Board. In addition, members of the Board of Governors did not receive any payments for services, other than under a contract of employment as specified above, provided by the member of the Board to the University. Transactions with related parties are declared in note 38.

# Board of Governors for the year ended 31 July 2010

## BOARD OF GOVERNORS FOR THE YEAR ENDED 31 JULY 2010

Dani Beckett (student nominee July 2009 – June 2010)

Matt Borg

Stuart Britland

Geoff Dawson (Chair from 23 March 2010)

Janet Dean

Caroline Dowd (student nominee July 2010 – June 2011)

Rosemary Downs

Dr Philip Drury

Frank Eul (Chair) (resigned from the Board on 10 January 2010)

Samantha Gill (student nominee July 2008 – June 2010)

Prof Philip Jones (Vice-Chancellor)

Dr Steve Jones

John Lambert (retired from the Board on 31 July 2010)

Colan Leung (student nominee July 2010 – June 2011)

Michael Longden

James Newman (Deputy Chair for one year from October 2009. Acting Chair from 10 January 2010 until 23 March 2010)

Christine O'Leary

Beryl Seaman CBE

Prof Judy Simons

Chris Welsh

## FINANCE COMMITTEE

Geoff Dawson (Chair)

Rosemary Downs

Janet Dean

Frank Eul (resigned 10 January 2010)

Prof Philip Jones (Vice-Chancellor)

James Newman

Chris Welsh (Deputy Chair)

## EMPLOYMENT COMMITTEE

Stuart Britland

Rosemary Downs

Prof Philip Jones (Vice-Chancellor)

John Lambert (Chair)

Michael Longden

Beryl Seaman CBE (Deputy Chair)

## NOMINATIONS COMMITTEE

Dani Beckett

Lorna Daly

Geoff Dawson (Chair from 23 March 2010)

Dr Philip Drury

Frank Eul (Chair until resignation 10 January 2010)

Prof Philip Jones (Vice-Chancellor)

Christine O'Leary

Beryl Seaman (Deputy Chair)

James Newman (Acting Chair only from 10 January 2010 until 23 March 2010)

## REMUNERATION COMMITTEE

Geoff Dawson (Chair from 23 March 2010)

Frank Eul (Chair until resignation 10 January 2010)

James Newman

Prof Philip Jones (Vice-Chancellor)

Chris Welsh

Janet Dean

Michael Longden

## AUDIT COMMITTEE

Stuart Britland

John Lambert

Dr Philip Drury (Chair)

Prof Judy Simons

Beryl Seaman CBE (Deputy Chair)

Jenny Brown (external co-option)

# Providers of financial services

## External auditors

Deloitte LLP  
1 City Square  
Leeds  
LS1 2AL

## Internal auditors

KPMG LLP  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

## Bankers

HSBC  
49-63 Fargate  
Sheffield  
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## Insurers

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