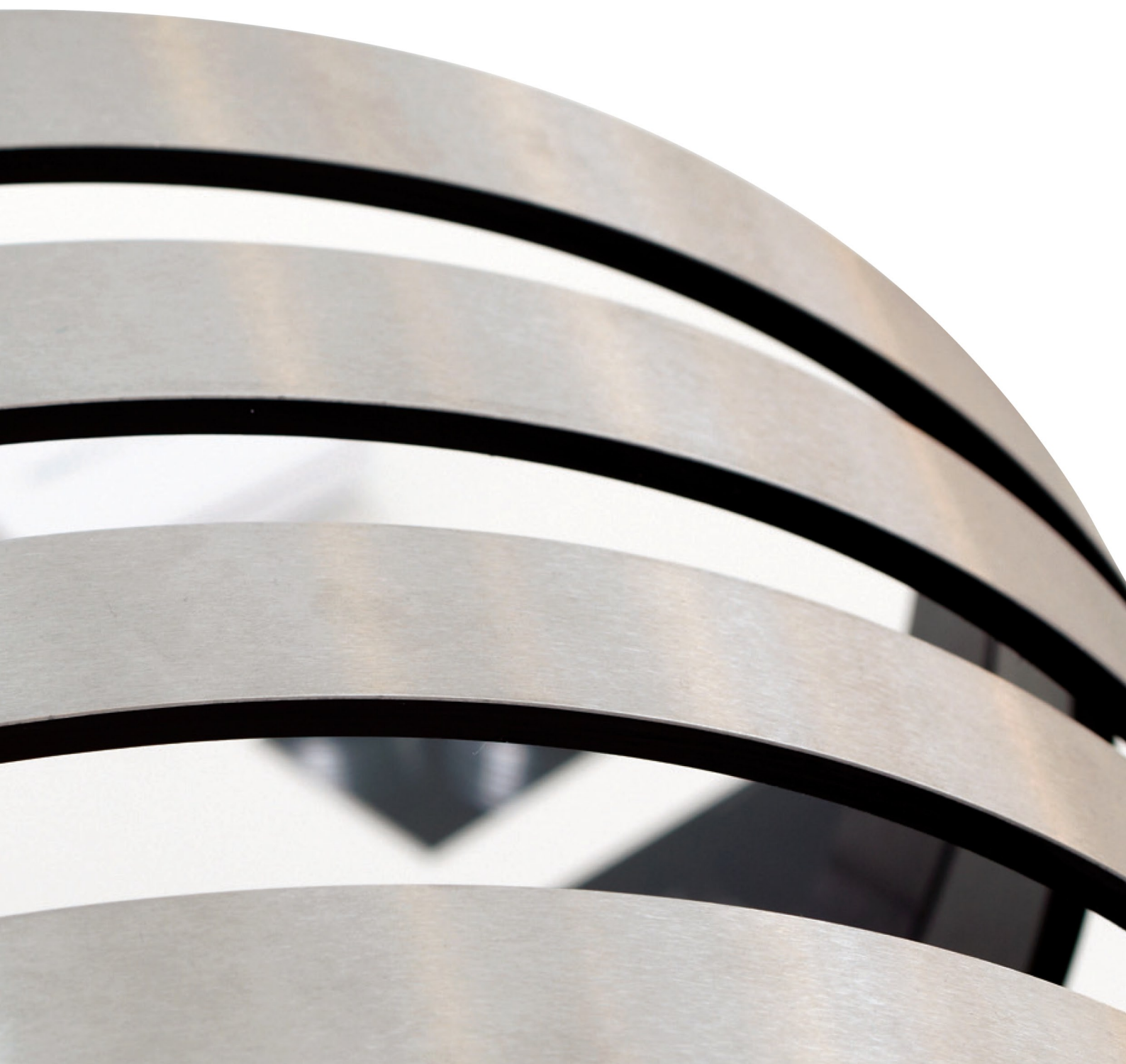


Operating and Financial Review
for the year ended 31 July 2011



Front cover image

Newborn by Chris Mesher, BA (Honours) Product Design: Furniture

This information can be made available in other formats.

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

Looking back, 2010/11 has been a successful year for Sheffield Hallam University. Our recruitment position has remained strong, with a higher increase in applications than the national average making us the fifth most popular University in the UK in terms of applications; our research position remains amongst the best for universities of our kind and we have had a range of accolades and external recognition for the success of individual projects.

However, we also face uncertainty for the future and have spent much of this year focussing on consolidating our position and on improving in key areas in order to build for the future.

One of our key focuses for the year has been on developing a strategy to ensure that we continue to offer our students an excellent experience at university, which offers the right balance of academic challenge and support and which prepares them for their future.

We have spent time clarifying the areas in which we already perform well, have identified areas for improvement and have also developed plans to ensure that we remain a leader in our field in aspects of the student experience.

A key tool has been asking students themselves about their opinion of the University and their expectations. We have used this work to inform our student experience strategy and will be unveiling a range of new initiatives in this area over the next twelve months. The National Student Survey (NSS) results this year have been mixed, with our overall satisfaction rate remaining static. We will be using the research of the past year and feedback from the NSS as a key diagnostic tool and hope to improve our ratings for next year.

A key part of the student experience is the relationship students have with their lecturers and tutors, and we have been developing strategies to ensure that teaching excellence is recognised and rewarded, with best practice then being embedded across the University. All of our teaching staff will be accredited with teaching qualifications by 2015 and this year we have progressed some way towards this aim.

We have also been looking at the best way to organise our research output, given the Research Excellence Framework (REF) in 2012. We are in the process of reorganising our research centres into eight Research Institutes and we are working on a new Research and Innovation Strategy which will be completed by winter 2011.

Our estates strategy has continued to develop and major new gains this year have been to secure planning permission for a new building on Charles Street, and the signing of a ten year lease that allows our students to use the English Institute of Sport. This gives us use of some of the best quality sports facilities in the world and will be used for both teaching and recreational sport.

A number of reviews have also taken place to ensure that our support service and processes are effective and deliver value for money. These have involved a great deal of work from the 1,000 staff involved and have now been rolled out successfully.

Of course, a review of this year would be incomplete without talking about the changes due in 2012. The University thought long and hard about the fee that it would set under the new arrangements, and looked for a figure that would allow us to continue to offer an excellent student experience, whilst continuing to invest in the facilities, top quality staff and new initiatives that students expect. We have set a fee of £8,500 and will be monitoring our position carefully over the next twelve months, to take into account the range of changes that have been put into place.

As always, I have been delighted by the commitment, enthusiasm and professionalism shown by Sheffield Hallam University staff during what has been at best an unsettling year. We have many successes to celebrate but have also managed a great deal of change and uncertainty. I remain optimistic that we are well prepared for the future and that Sheffield Hallam University will continue to be an excellent place to study and work.

Professor Philip Jones
Vice-Chancellor

Educational portfolio

We will ensure that we continuously develop and improve our curriculum to provide strong academic content, meet student demand and support the needs of employers and the professions.

The continued success in developing our portfolio is evidenced by strong trends in recruitment over the course of 2010/11.

There has been a further increase in applications to our full-time undergraduate courses. Applications were 9.7% higher than last year, which is ahead of the sector average. Applications to the University have now increased by 35.5% over the past two years.

Our postgraduate enrolments in 2010/11 have been similar to last year's levels. However, there has been a slight decrease in part-time postgraduate enrolments and there have also been fewer EU postgraduate enrolments. In light of this we have established a postgraduate recruitment strategy which is expected to have a positive impact upon applications for 2011/12 entry.

International recruitment student numbers were again above target for 2010/11 (by 24%) with strong growth in both undergraduates (up 25%) and postgraduates (14%). This follows five years of quite significant growth. Summer School recruitment through the arrangements with Tunku Abdul Rahman College, Malaysia has been very successful and as a result part-time undergraduate international enrolments were 20% above target.

We continue to progress well against our objective for the year of increasing direct recruitment of international students, and to develop high quality international partnerships, taking account of future market scale and sustainability.

Future developments

We will seek to 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 growing competition for places, and by managing returns and benefits from our contracts with Higher Education Funding Council for England (HEFCE), the Teacher Development Agency (TDA), and the Department of Health (DoH). We will particularly pursue subject areas in response to national policy drivers.

Student profile

At Sheffield Hallam University, students from Yorkshire and Humberside make up approximately 45% of the UK new full-time undergraduate student population, whilst 21% come from the East Midlands and 13% from the North West.

Our strong performance in widening participation is reflected again this year in our excellent engagement 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.

Partnership programmes

A successful regional programme has been delivered jointly between Sheffield Hallam University and the University of Sheffield called the City Regional Leadership Programme – this high profile partnership has established a multi-agency professional development programme for a range of public sector organisations throughout South Yorkshire.

The Universities are looking to embed the learning and success of the partnership into their operations to ensure the sustainability of the partnership and the programmes developed.

Improving the student experience

The student experience at Sheffield Hallam University is characterised by its commitment to inspiring students to achieve their potential, enhancing student employability for a wide range of professions, and developing its learners to be confident communicators, capable of effectively using digital tools and resources.

2010/11 has seen an intensification of the University's work on the student experience and the adoption of a strategy to produce a designed and managed student experience, the key features of which are:

- course focus and strong course leadership;
- adoption of a consistent set of Key Performance Indicators (KPIs) across all courses;
- additional personal academic support and advice in all faculties;
- individual professional advice for the development of career management skills, together with a wide ranging set of additional coaching opportunities;
- work-based learning or work-related learning on all University undergraduate courses;
- additional placement opportunities; and
- enhanced engagement of students and student feedback.

These developments are currently being aligned with the development of our new learning, teaching and assessment strategy, the charter statement and the development of key information sets, and we expect all key policies to be approved in the academic session 2011/12.

The Changing to Improve corporate change programme has created a new centralised timetabling service within the Facilities Directorate. The new structure is more cost effective than the previous management arrangements and is charged with delivering an improved student experience in respect of timetabling.

Teaching, learning and professional development

The University is pushing ahead with plans for teaching improvements and the raising of professional standards by way of an extensive accreditation scheme, approved this year by the Higher Education Academy, for its existing staff, and the extension of its existing post-graduate certificate scheme for staff new to teaching.

Academic quality and enhancement

This year we underwent a Hybrid Institutional Audit by the Quality Assurance Agency. The audit team found that confidence could be placed in both the soundness of our current and likely future management of the academic standards of our work, and also in the soundness of our current and likely future management of the quality of the learning opportunities available to students.

Two particular areas of good practice highlighted by the audit team included our strategic use of employability as a driver for enhancement, and the use of the Institutional Research Team to inform institutional practice at strategic and operational levels.

Student retention and progression

During 2010/11 a detailed review and further research was undertaken by a cross-university improving student experience working group. Out of this work a Retention and Student Success Framework was developed. This framework was approved by the University's Academic Board in April 2011 and its implementation is in progress. The Framework's key features are:

- improved governance and accountability for student retention and success performance;
- improved monitoring and review arrangements with particular focus at course level; and
- clear set of core requirements and recommendations for all courses and students which underpin student success.

Student engagement

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

Results for 2011 show that we improved our position in 13 out of 22 measures and maintained our position in a further six. Notable progress was made in the areas of assessment and feedback and student support, and we are pleased to note continued and significant progress for evaluating our placement support in NHS courses. While these results demonstrate that our actions to continually improve the student experience are effective, and continue the momentum established in the improved 2010 results, our ambitions for an outstanding student experience require us to set and meet higher targets.

We significantly increased take-up on NSS this year, reaching our target of 70% of our final year undergraduate students. We will continue to use NSS as a key quality indicator to drive improvements and investments.

Sheffield Hallam University administers an online student engagement survey for all but final year undergraduates and we also participate in the Student Barometer and International Barometer, as well as surveying our taught postgraduates. These surveys are helpful as they allow the University to measure satisfaction against both engagement and expectations. In the course of 2011/12, we expect to rationalise our student survey tools into a comprehensive and effective framework so that we can maximise the benefits of such feedback and rationalise a university response into clearer and more specific action plans.

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. We have an extensive network of student course representation, extending to around 1,800 representatives.

Student support

Student support continues to be a key element of the student experience at Sheffield Hallam University, from first contact through to successful progression into graduate employment. This year we have implemented a number of successful initiatives to help our international students engage with the local community. Through a series of formal and informal projects, such as mentoring schemes, employability days, and other social interaction projects, our students have reported consistent benefits through building relationships with other students and with the wider community. Students also improve their language and intercultural skills, which leads to better academic results.

Graduate employability

Graduate employability is a key focus of our work across the academic portfolio and this year we have continued to build on the graduate employment work, through:

- the review and modernisation of key employment related services;
- the development of core minimum entitlements for incorporation in the Student Charter to be implemented from 2011/12; and
- the introduction of a set of graduate attributes.

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 UK graduates six months after completing their programme of study. Results for our 2009/10 cohort who participated in the survey earlier this year show that just under 65% of our leavers find graduate level employment or go on to postgraduate study. Around a third of our graduates went into the health or education sectors and the average leaver salary is £20,000–£25,000.

Student enterprise

We have a strong track record of supporting current students of Sheffield Hallam University and recent graduates up to five years after graduation who want to start their own business through our Enterprise Centre. We offer free one to one specialist advice from advisors in business, marketing, law, accountancy and intellectual property and funding opportunities through our Placement Year Entrepreneurship Scheme and Graduate Start-Up Grant, both of which offer a weekly bursary, monthly seminars and access to our office incubation space, the Hatchery. We also have Proof of Concept Funding which can be applied for and used on items such as marketing materials. In 2010/11 we have supported 368 individuals and 300 businesses with advisor appointments.

The Hatchery, based in Sheffield Technology Parks, is a pre-start business incubator and offers free hot desking facilities and access to computers, a printer and phone line for Sheffield Hallam University's student and graduate businesses. It also has a meeting room and creative space to develop new ideas and stimulate innovative thinking.

The University-wide, multi-disciplinary Venture Matrix scheme, which enables students to simulate setting up a business/social enterprise and trade in a safe environment, as an accredited part of their academic studies, grew by 58% from academic year 2009/10 to just under 1,100 students participating in 2010/11. The scheme provided students with over 130 work-related opportunities, allowing them to develop their employability skills, along with enhancing their enterprise and entrepreneurial capabilities.

Innovation, research and knowledge transfer

Our research strength will be concentrated in specific subject areas, but will be world class and designed to promote solutions that have a positive impact on the quality of life, solutions to questions of public policy, and contribute to the knowledge economy. We will be known for the quality and range of our partnerships with the professions, businesses, industry and government.

Research

The University received £4.9m from HEFCE in Quality-Related (QR) funding during 2010/11, which was allocated to Research Centres and Units where high quality work was undertaken. The focus on support of internationally excellent and world leading research activity will continue in 2011/12.

We continue to build on our research reputation, concentrating on the quality of outputs and, where appropriate, funding. There has been an increased focus on research areas where we can achieve international excellence, and on opportunities for cross-disciplinary and cross-institutional research initiatives.

Preparations for the 2014 Research Excellence Framework (REF) have continued in 2010/11, building on the detailed review and analysis of all REF Units of Assessment undertaken during 2009/10. Publication of details of the formal assessment framework and guidance on submissions by the four UK Higher Education Funding Councils in July 2011 has provided a structure which will shape the University's strategic and operational plans for REF 2014.

A high priority for REF Units of Assessment has continued to be the completion of high-quality research outputs for staff who are likely to be submitted and this will be an on going activity in 2011/12. Priorities for this coming year will include the development of the University's REF strategy and the preparation of an outline REF submission to assess processes and readiness, review data quality and evaluate performance.

The University is focussing on research students, aiming to increase the number of externally-funded studentships, and improve completion rates.

Knowledge transfer

A comprehensive review was undertaken of the quality of all knowledge transfer activity in the University's Research Centres, providing a detailed understanding of resources, priorities, client type and location, project management and quality systems, routes to engagement and approaches to client satisfaction and benefit. It is intended that this will inform the implementation of the University's Research and Innovation Strategy.

During 2010/11, the University received £1.9m from HEFCE's Higher Education Innovation Fund (HEIF) to invest in activities to support a range of knowledge transfer activities across the University. Since then HEFCE have reformed their policy for distributing HEIF for the period 2011–2015; funding will increasingly be influenced by external income, primarily from the private sector, this being used as a proxy for impact. This also reflects the Government's priority in getting universities and businesses working closely together, and rewarding those best at business engagement. The University's HEIF allocation has been reduced by 36% to £1.2m per annum. Activity under the new HEIF period will strongly focus on working with the private sector.

With the closure of the Regional Development Agencies, innovation is now managed on a national basis and the Technology Strategy Board is the national innovation agency. One change which will affect the University is the reduction in the Knowledge Transfer Partnership (KTP) budget which will reduce approved projects by around 40%. Proposals will also need to meet higher quality standards on impact, innovation and challenge, all making it more difficult for the University to secure the same number of KTPs in the near future.

Regional engagement

Within the region, the University was the leading university participant in Business Link Yorkshire's Innovation Vouchers Scheme, with 97 proposals for innovation, consultancy and research accepted by regional businesses during the year, generating more than £340,000 for the University. Whilst this scheme ended in March 2011, the University became a member of the Yorkshire Universities Yorkshire Innovation Fund consortium, to commence the development of a proposal to be supported by the European Regional Developments Fund. The Fund aims to support research and innovation collaborations with regional small and medium sized companies.

Recent programme highlights

The contribution and impact of the University's research and knowledge transfer is illustrated by some examples of projects over the past academic year:

The Materials and Engineering Research Institute has received funding from the Engineering and Physical Sciences Research Council (EPSRC) to design and investigate haptic communicational interfaces between a human agent and a mobile robot guide. The aim is to improve navigation and inspection of spaces under conditions of low visibility.

Researchers in the **Centre for Health and Social Care Research** are working with partners in three EU countries to investigate how remote 'e-health' should function to provide maximum benefit for patients and service providers. The programme aims to enhance and promote the study of new or promising clinical models of Information and Computer Technology, based in the field of home care, and applied to the management of chronic conditions.

A research initiative in the **Centre for Regional Economic and Social Research (CRESR)**, aims to explore increasing community diversity in the UK and the potential for community challenges, including tensions and conflict, to arise as a result of the process of change created by new immigration. The review, which is supported by the Arts and Humanities Research Council (AHRC), will also consider the potential for community-based approaches to effectively resolve the challenges that might emerge.

CRESR have also been awarded a £0.9m contract from the Department of Work and Pensions, in collaboration with the Institute of Fiscal Studies, to evaluate the initial impact on both landlords and claimants of the Government's reforms to the Local Housing Allowance.

Innovation Futures is a three year collaborative consultancy programme due to end June 2012 involving six of the University's research centres, funded by HEIF, the European Regional Development Fund (ERDF), Yorkshire Forward (the Yorkshire and Humber Regional Development Agency) and the University. In its first two years of operation, the programme has engaged with 140 clients and has delivered 60 outputs towards the contracted target of 81 small and medium sized companies.

2010/11 was the first year of operation of the joint **Centre for HIPIMS** (High Power Impulse Magnetron Sputtering) which is a joint initiative between Sheffield Hallam University and the Fraunhofer IST Institute. Sheffield Hallam University is a pioneer in the field of vacuum technologies and in particular the new HIPIMS technology. The joint Centre is becoming recognised worldwide as the leader in the field of HIPIMS science, technology and applications.

Estate

Our Estates Master Plan has guided the development of an estates strategy that supports the refreshed Corporate Plan and has focused specifically on the key objective of providing a high quality estate that supports the development of our academic activities, enhances the student and staff experience and projects our academic identity.

Strategic initiatives

New governance arrangements have been established with respect to capital investment decisions covering land and property transactions together with funding for building infrastructure (including IT), refurbishments, minor works and equipment procurement. The Capital Expenditure Board provides clear and accountable governance for the management of such decisions and its contribution has now been formalised in the recently revised financial regulations for the institution. The Board reports into the University Executive Group.

Our recently approved estates strategy details the implications of the refreshed Corporate Plan on our future space needs. The strategy creates the link between the Estates Master Plan and the Estates Capital Programme for the institution setting out clear estates aims, objectives and performance targets.

The new University Sports Strategy contains proposals for the delivery of improved access to both internal and external sports facilities. A ten year lease with Sport England for use of the English Institute of Sport in Sheffield was agreed in August 2010 for the delivery of both teaching and recreational sport in this world class facility.

The strategic approach to the delivery of the institution's sustainability framework is currently under review. During this last financial year commitments have been made for the University to achieve the environmental system ISO14001 which applies to the environmental aspects which the organisation has control over and the energy management system BS EN 16001 which will form the building blocks of a new approach to our sustainability agenda.

Capital investments

The University regards the successful management of its estate as a core component in achieving the mission and vision presented in the refreshed Corporate Plan. It is essential that our estates infrastructure continues to meet the needs of our students, staff and the wider community, as well as adapting to meet new standards, statutory compliance and advances in ways of working.

In December 2010 the University gained planning permission for a development on its Charles Street site to create new academic, teaching and social spaces.

A number of projects have all been approved and are now either at development or implementation stage and include refurbishment, relocations, additional space and the Expression and Way Finding Project, a project to improve the ease by which people find their way around the University campuses. The projects focus on improving the student experience and include improving the availability of teaching space and improving the group study spaces in the Learning Centres.

Managing and developing our people

Our staff are vital for the delivery of our core aims and for ensuring our future success. Our People Strategy reflects our belief that business and people principles must go hand-in-hand if we are to be seen as an attractive employer who is able to successfully recruit, retain and develop our staff in an increasingly competitive market.

Developing a student and business focus means that the University's workforce must be aligned to changing expectations and demands. It is essential that our people processes deliver a high quality academic and professional workforce and that our approach to academic workforce planning takes account of changes in patterns of student and employer demand, the emergence of new markets and economic changes, the development of new forms of delivery and competition from other universities or employment sectors.

In this changing environment we will ensure that we articulate a clear rationale for any changes that need to take place and in doing so we will consult with our staff on all major changes that affect them as well as reaffirming our strong commitment to partnership working with our recognised Trade Unions.

People profile

People statistics 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.

The breakdown of our staff profile as at 31st July 2011 is:

- a year end headcount of 4,251 staff, with an average FTE for the year of 3,386 – this is compared with a previous year headcount of 4,360 and an average FTE of 3,388 last year;
- 1,522 academic staff at the year end, with an average FTE of 1,405, compared with 1,533 staff and an FTE of 1,379 last year;
- 663 associate lecturers, compared with 679 last year; and
- 58% of staff are female and 42% are male.

Our age profile for the same period is shown below:

Age band	Headcount	
	2010/11	2009/10
16-20	11	17
21-24	104	107
25-29	369	450
30-34	566	546
35-39	470	523
40-44	613	588
45-49	611	592
50-54	605	621
55-59	512	507
60-64	314	327
65+	76	82
Grand total	4,251	4,360

Change

Over the past year the University has delivered three major change programmes and many smaller change projects. The three major programmes of change in 2010/11 affected some 1,000 staff and were effective from 1 August 2011, these are briefly discussed below:

- Changing to Improve Professional Services is a change programme to ensure support services and processes best meet our needs, deliver value for money and contribute towards improving the student experience. Transitional arrangements are in place for the 2011/12 year to manage systems changes;
- Quality Enhancement and Student Support (QESS) is closely aligned with the professional services changes. QESS also provided a new focus for policy and strategy to deliver the required changes to service delivery; and
- Review of IT services is a programme aimed at improving IT related services and efficiency of provision.

During 2010/11 a number of smaller restructures took place, either as a direct result of the objectives of the refreshed Corporate Plan or in response to external factors.

A change support framework identifying the advisory, development and process support available to managers during change, with associated tools and templates has been developed. The framework will be subject to consultation and engagement with stakeholders in 2011.

To assist delivery of the change agenda, a suite of development initiatives have been developed to support staff through the process and equip managers to better implement and manage change.

People development

We have made significant steps towards developing leadership and management capability across the University. A leadership series for senior staff has been delivered closely linked to the refreshed Corporate Plan objectives and has been well received. Leading Beyond Boundaries, a programme for leaders with cross-cutting roles is underway using a blended learning approach. The Heads of Department development programme has been delivered and evaluated with a follow-up planned to take place in two years.

Online guidance has been developed for appraisal, keeping in touch meetings and mid-year reviews. The University achieved 100% completion (excluding Associate Lecturers) in 2010 and work has already commenced in ensuring this target is met in 2011/12.

Employee engagement

We conduct an Employee Opinion Survey (EOS) every three years, enabling staff to express their views and opinions on working here. The last survey was in November 2008 and senior managers in each faculty and directorate took responsibility for actions. This meant that plans were local to each business and therefore more directly relevant creating added accountability and ownership of the issues. It is clear that this has encouraged a proactive approach and ensured that local activity has been sustained over the last three years.

Planning for the 2011 EOS is underway with significant time taken to raise awareness across the University and engage managers and staff. The University Executive Group have agreed a target of 80% completion for the survey and are now engaged with delivering the EOS message to staff in preparation for its launch in late 2011.

Wellbeing

During 2010/11 we have reviewed our approach and determined that wellbeing activity should be embedded in existing plans and processes and not be a separate strategy for the University. Wellbeing is specifically identified in the refreshed Corporate Plan in the managing and developing our people section. Wellbeing activity is identified as good management practice, not an initiative or project, so that there is collective ownership by the University Executive Group, their leaders and managers and it is reflected appropriately in local plans. We continue to offer a range of activities to support individuals when they experience difficulties and to increase mental and physical wellbeing, prevent stress and improve engagement.

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.

There have been a number of significant external changes which have impacted on the area of equality and diversity over the past 12 months. The Equality Act 2010, which came into force in October last year has been the catalyst for this change and the University has been concerned with responding to the new requirements under the Act which relate to the Higher Education sector and public bodies as a whole. The University has developed a new approach to equality in line with the Act, which involves the alignment of equality to relevant Corporate Plan aims, objectives and KPIs. The approach also provides for the effective integration of equality analysis into the development and review of University policies.

In addition to the work the University has undertaken to meet new legislative requirements, there have been a number of other significant developments which have demonstrated the University's commitment to equality throughout the 2010/11 academic year.

Delivery of public benefit

Aims and objectives of Sheffield Hallam University

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

We are implementing our refreshed Corporate Plan. Over the last few years considerable achievements have been made to improve our offer to students, shape our academic portfolio, develop our research base and improve the efficiency of our operations. Through implementing our refreshed Corporate Plan and delivering the objectives that have been set, we are achieving our charitable purpose. We deliver this charitable purpose for the public benefit.

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 University 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 considerable 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. A comprehensive and progressive programme of engagement activity is developed and delivered each year. This includes in and outreach visits, and a range of both general higher education themed sessions and subject specific activities. We also run an evening programme where school or college students are joined by their parents/carers. Indicative figures suggest that contact has been made with over 57,000 prospective students, from primary to mature learners.

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

The University has a long history of delivering mentoring to students in schools and colleges across South Yorkshire. For the last two years this has taken the format of the national Aimhigher Associates Scheme which has seen effective mentoring relationships between 563 students in schools and colleges and 135 current Sheffield Hallam University students.

Collaboration in Sheffield city region

The University has acted as a lead partner and host of the Higher Futures Lifelong Learning Network and Aimhigher South Yorkshire. Both initiatives involved collaboration with the University of Sheffield and a number of further education colleges, local authorities and schools in the region to raise aspirations and awareness and promote progression to higher education. Since the funding for these initiatives ended, we are committed to continue partnership working and are instrumental in forming new partnership structures to sustain activity in the Sheffield city region into 2011/12 and beyond.

Associate School and College Partnership

The Associate School and College Partnership (ASCP) has achieved six years of successfully creating, building and maintaining strong relationships between the University and local schools and colleges providing post-16 education. This partnership of over 100 member school and colleges within the 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 2010/11, 26% of applications for 2011/12 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

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. The programme has been delivered to over 2,000 learners in the South Yorkshire region and feedback from sessions is consistently positive.

Care leavers

We are holders of the Frank Buttle Trust UK Kite Mark, recognising our commitment to support students who are or have been in care to progress successfully to higher education. 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 providing 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 University 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. From academic year 2012/13, this will include participation in the National Scholarship Programme, where the University will match government funds to provide a one-off financial support package to first year entrants from low income households worth £3,000, comprising a £2,000 fee waiver and £1,000 bursary. The University's priority is to target scholarships towards those students in greatest need.

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.

Refreshed Corporate Plan

The University's refreshed Corporate Plan for the period 2011–13 places improving the student experience at the heart of all of our activity and operations. As a large, modern university with a wide range of provision serving students in the region and nationally, 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, establishing broad equity in the student experience, providing accurate and enabling information about courses and student entitlements, and optimising student success. Graduate employability will continue to be a key area of focus over the forthcoming year and our new employability strategy sets out clear and ambitious objectives. In addition, we have worked this year on anticipating the processes, structures and operations that will be necessary to deliver the required outcomes in the changing environment for students to a high standard.

Our vision

By 2015 we will be an established top 50 university known for the quality of our teaching and learning and with a particular commitment to education for employment. Our research strength will be concentrated in specific subject areas, but will be world class and designed to promote solutions that have a positive impact on the quality of life, solutions to questions of public policy, and contribute to the knowledge economy. We will be known for the quality and range of our partnerships with the professions, business, industry and government.

Our academic aims

- to provide a high quality, vibrant and challenging learning experience to all our students;
- to provide academically strong, relevant and financially viable programmes that are responsive to changing market conditions; and
- to create an innovative research environment within the University and use our skills to support innovation externally, working with organisations and companies to achieve economic and social transformation.

Our enabling aims

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.

Financial review

Financial highlights of the year

- **operating surplus for the fourteenth consecutive year**
- **total income growth of 2.5% to £241.2m**
- **growth in expenditure constrained to an increase of 1.7%**
- **net operating cash inflow increased by 8.2% to £29.6m**
- **continued capital investment in the estate of £11.5m**
- **net assets of £132.8m**
- **staff costs (excluding restructuring) were 59.9% of total income (2010: 60.7%)**
- **net funds increased from £29.7m to £52.8m**

Income

The total income for the University has increased by £5.9m to £241.2m for the 2010/11 financial year.

Tuition fee and education contracts income accounts for 50.2% of the University's total income and has increased by £8.8m to £121.1m in 2010/11. The major increases result from overseas students, full time undergraduate students and the Department of Health contract. Overseas income has increased by £4.0m (19.5%) due to a continued increase in student numbers and an increase in pricing. Undergraduate student numbers have increased due to improved student retention and recruitment, resulting in an improvement of £3.3m to £55.0m in 2010/11. Income from the Department of Health has increased by £1.9m due to improved student retention and the inflationary uplift in benchmark prices.

Funding council grants have increased to £91.2m (2010: £89.6m). The major factors behind the improvement are an increase in the release of deferred HEFCE capital grants of £1.0m and an overall £0.7m increase in TDA funding largely due to increased funding from the Graduate and Registered Teacher Programmes. A decrease in the HEFCE recurrent grant of £0.8m has been offset by an overall £0.7m increase in HEFCE specific grant funding.

Research grants and contracts income has decreased by £3.9m in the year to £8.2m. There has been a reduction in partnership income where the University acted as the lead partner. This has had a corresponding reduction in expenditure. The challenging economic environment and increasingly competitive research bidding within the UK and EU has also affected the research income.

Other income has reduced by £0.8m to £20.1m in 2010/11. Income from residences, catering and conferences has reduced by £0.3m largely as a result of the closure of the Broomgrove Road residence and small reductions in a number of other income streams such as Educational grants, Erasmus grants and release of non HEFCE deferred capital grants.

The investment income has improved to £0.6m from £0.4m due to the increased balances on deposit.

Expenditure

Staff costs have increased by £4.6m to £148.0m. The increase is largely due to a £3.0m increase in restructuring costs incurred as a result of the change programs during the year. Average staff numbers and salary costs have been maintained at levels consistent with the prior year despite the pay award of 0.4% and the effect of pay progression through the salary increments. Pensions cost has increased by £1.0m due to a higher FRS17 staff costs charge however it should be noted that overall FRS17 costs including staff and interest costs reduced in the year. Staff costs (excluding restructuring costs and FRS17 pension charges) continue to show a reduction when measured as a percentage of total income (2010/11: 59.1%, 2009/10: 60.2%, 2008/09: 62.0%).

Other operating expenditure has increased by 1.7% to £59.5m (2010: £58.5m). 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 remained consistent with the prior year at £15.9m (2010: £15.8m).

Interest payable and other finance costs have reduced to £2.1m from £4.1m. Of this £1.9m relates to the FRS17 interest adjustment (2010: £3.9m). The interest payable on loans has remained low at £0.2m (2010: £0.2m) as the Barclays revolving loan facility was not utilised until the final quarter of 2010/11. The facility interest rate is linked to LIBOR which has remained low throughout the financial year.

Balance sheet

The net assets of the University Group have increased by £18.8m to £132.8m in the year. The University Group has net current assets of £101.4m against a previous year balance of £3.5m due to the draw down of the £74m Barclays borrowing facility and cash investment of the loan facility. The net funds position has improved by £23.1m to £52.8m this year highlighting the ability of the University to convert reported surplus to actual cash.

Tangible fixed assets have reduced to £163.1m (2010: £169.7m). This movement includes capital spend of £11.5m in the year, a depreciation charge of £15.9m and net book value disposals of £2.2m.

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 £3.7m. Actuarial gains and losses are charged to the Statement of Total Recognised Gains and Losses. For the year to 31 July 2011, there was an actuarial gain of £5.8m (2010: £8.5m). The total movement accounts for the decrease in the pension deficit to £55.4m from £57.5m.

Treasury management

The University increased the cash it generated from operating activities by 8.2% to £29.6m (2010: £27.4m). In the final quarter of 2010/11 the full £74m Barclays Loan Facility was drawn down to fund previous capital expenditure which had been funded by operating surpluses. This draw down has allowed the University to invest working capital to maximise financial return in the short term and has put the University in a strong position to deal with the impact of changes to Higher Education funding.

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 defines procedures to limit exchange rate exposure. The policy also sets minimum approved ratings and investment limits for counterparties in which the University can invest to safeguard the assets of the University.

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.

Risks and uncertainties

The University's Corporate Risk Register for 2011/12 covers ten strategic risks. These reflect the objectives and themes of the refreshed Corporate Plan. The scale and impact of higher education sector changes are recognised as a contributing factor in all risks. Furthermore, the dependency on student recruitment for achieving financial sustainability is reflected in a new overarching risk, Student Recruitment, which is linked to all other risks to a greater or lesser degree. A description of each strategic risk is summarised below.

Student recruitment

One consequence of the reductions in government's direct funding for higher education is that the University will become largely reliant on students as the primary source of income. Therefore if the University fails to attract, recruit and retain the number and type of students needed for sustainability, it may be unable to provide high quality services and environments that are attractive to students and staff, which may then result in a downward spiral of falling student and staff recruitment and reduced levels of investment. The impact of this risk may be amplified by an increasingly competitive higher education market during a recession.

The University's actions to mitigate this risk are mainly focused upon identifying the main drivers of student choice and the value of undertaking higher education, and aligning our offer and activities accordingly. However, it is recognised that our ability to counter any negative external influences on students' perception of the value of higher education study may be limited.

Portfolio

The University undertakes regular reviews of its portfolio to evaluate its attractiveness and relevance to students. However, the unpredictability of student demands and the turbulence within the higher education sector and the wider economy may limit our ability to develop, position and price our portfolio accordingly.

We are addressing this risk by analysing the available intelligence regarding likely student choices and undertaking portfolio reviews, and by analysing the external environment to evaluate the anticipated influences on our portfolio design.

Student experience

The provision of a distinctive student experience is at the heart of our refreshed Corporate Plan. The University recognises that failing to provide students with the experience that they expect or desire could damage its reputation and cause long-term difficulties with future recruitment.

Several actions are in progress to design and deliver a positive student experience and satisfy the higher student expectations that the new fee structure will bring. These include a clear definition of the offer, development of a Customer Relationship Management (CRM) strategy and introduction of professional development to support the quality of delivery and cultural and behavioural changes.

Student employment

Graduate employability is a topic of national interest, reflecting increasing pressure to prove the value of higher education study. Additionally, employers are demanding that graduates have a range of skills and competencies beyond technical/subject matter knowledge. The University recognises that failure to adopt a consistent, corporate approach to the development of students' employability could affect the student experience and our reputation.

Actions to mitigate this risk include the identification and implementation of a range of coordinated opportunities for students to prepare them for employment and the effective engagement of employer organisations.

Research and knowledge transfer

The University is known for the impact of research beyond its important contribution to the knowledge economy. This depends on creating an innovative research environment and using our skills to support innovation externally. The sustainability of research and knowledge transfer is under threat from significant changes in the external environment and particularly the reduction of funding from a number of sources.

In response, a planned internal restructuring is aimed at increasing engagement with, and income from, the private sector and ensuring that the quality of research outputs in focused areas is optimised.

People

Achievement of the University's corporate aims and objectives requires a workforce that is equipped and motivated to perform to the highest possible standards. However, necessary controls on staff costs combined with the internal reorganisation required by higher education sector changes may result in staff with misaligned skills, knowledge and behaviours. In addition, external factors such as changes to public sector pensions and pay constraints may contribute to a deterioration in employee relations and staff morale and the ability to recruit and retain good quality staff.

To mitigate this risk, the University is focusing its actions upon ensuring that staff are equipped with the academic and professional skills to respond to changing student expectations, maintaining the wellbeing of the University's workforce and managing employee relations.

Operational effectiveness

The progressive competitiveness of the higher education market will increase the pressures on the University to maximise efficiency, improve services and processes and reduce operating costs. There is a risk that the University will be unable to deliver the required adjustments and improvements to the operating structures, business and academic processes and information systems to keep pace with business and external demands, achieve strategic development objectives or cope with the effects of a major disruption.

The University has initiated a range of corporate change programmes with objectives to optimise the efficiency in which the University's professional services are delivered and to improve the performance of the University's core business processes and management information systems. Additionally, the University's incident and continuity plans are being developed to provide an appropriate response to a variety of threats.

Estates

The delivery of positive student and staff experiences relies upon a high quality, safe and sustainable estate. As the portfolio is modified in response to changing student requirements, so too will the demands upon our estate. Failure to develop and maintain our estate therefore represents a threat to the achievement of a number of our corporate objectives.

The Estates Implementation Plan is central to the mitigating actions for this risk and includes plans to increase teaching space along with a range of refurbishment and improvement projects.

Financial sustainability

The maintenance of an appropriate level of financial reserves is essential in order to allow the University to take opportunities for investment and growth, ensure there is sufficient cash to meet liabilities when they fall due, and create financial resilience and flexibility. The creation of surplus depends on our ability to generate income and manage our cost base. The University recognises that changing market conditions and the global economic downturn present significant threats to a number of income sources and will continue to exert downward pressures on costs.

We are managing the threats to our financial sustainability by undertaking financial modelling around the University's 2012 offer and exploring new operating models for income growth, cost reduction and resource allocation.

Reputation

Reputation is a key factor in student choice and therefore has a marked influence on student recruitment in the increasingly competitive higher education market. It is also important for attracting income from a range of sources which helps us to achieve our corporate objectives.

The University's reputation is influenced by a range of factors including league table positions, the quality of research outputs and the experiences of current students. There is a risk that the necessity to respond to higher education sector changes could divert attention and resources away from delivering the high levels of performance that are necessary to maintain and improve our reputation. The actions to address this risk are therefore focused upon maintaining and improving the quality of our delivery and academic activities.

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 has complied with its 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 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 Committee of University Chairmen (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 is formally undertaking its five yearly review of effectiveness.

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 2011 and up to the date of approval of the Operating and Financial Review, 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 receives regular reports on risk management which are summarised for the Board of Governors. The Board of Governors receives an annual report on risk management following the Executive Group's annual risk review;
- 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 research and academic development;
- a register of corporate risks, compiled by the University Executive Group in light of information derived from local business 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 undertakes an annual risk review to consider the applicability of the current corporate risks and refresh the Corporate Risk Register accordingly for the coming academic year;
- a Risk Management Group, that 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 register, 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 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 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 significant changes in the external environment, particularly the measures put in place by the coalition government to address the funding deficit and the radical reforms to the funding and structure of higher education. These changes in the external environment present a number of income and recruitment related risks for the coming academic years.

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 2010 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 and 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 (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 and Employment 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 and human resource and employment matters. The Committee considers and from time to time reviews the University's Financial, Estates and Human Resources strategies and monitors the implementation of these strategies. 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, arrangements for the execution of estate, building and other capital programmes within the strategic framework and annual capital budgets approved by the board and major agreements entered into with Trades Unions. It recommends to the Board of Governors financial policies within the strategic framework approved by the board, financial regulations, the sale or acquisition of property or land within the strategic framework approved by the board above the limits stated in the financial regulations, estate, building and other capital programmes within the strategic framework approved by the board, annual revenue and capital budgets and longer term projections and employment policies within the strategic framework approved by the Board and in accordance with relevant external requirements. Finally, it advises management on finance and personnel operating procedures, staffing strategies and human resources development and receives reports on the activities of University companies.

The Remuneration Committee determines salaries and conditions of service of board appointments which are the Vice-Chancellor, the Deputy 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 HEFCE 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 3 to 27. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 17 to 18.

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. 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.



Geoff Dawson
Chairman of the Board of Governors
29 November 2011



P A Jones
Vice-Chancellor

Key Performance Indicators

Improving the student experience

Goal

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.

KPI	2009/10	2010/11
Overall % Student Satisfaction	79.0%	79.0%
% satisfaction with teaching and learning: staff have made the subject interesting	77.0%	77.0%
% satisfaction with academic support: I have received sufficient advice and support with my studies	72.0%	74.0%

Source: NSS

Excelling in innovation

Goal

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.

KPI	2009/10	2010/11
HEFCE Research Grant	£5.1m	£4.9m
High Quality Research Income	£10.8m	£7.4m
Knowledge Transfer Income	£5.4m	£6.0m

Source: Financial Statements

Research income in general has decreased in the year. This reduction is due to the challenging economic environment and the increasing competitive research bidding within both the UK and the EU.

Raising our profile

Goal

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.

KPI	2009/10	2010/11
League Table position: The Guardian	71	65
League Table position: The Times	72	71
League Table position: The Sunday Times	58	72

Source: Newspaper publications

Maintaining financial sustainability

Goal

To Ensure that the University continues to operate in a way that is financially sustainable.

KPI	2009/10	2010/11
Surplus as a proportion of total income	5.7%	6.5%
Staff costs as a proportion of total income	61.0%	61.4%

* note, these include FRS17 and restructuring costs

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 2011 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated statement of Historical Cost Surpluses and Deficits, the Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 38. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the Board of Governors in accordance with the financial memorandum effective August 2010. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the board of governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Governors and auditor

As explained more fully in the Board of Governor's Responsibilities Statement, the Board of Governors is responsible for the preparation of the financial statements that give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2011 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Opinion on other matters prescribed by the Higher Education Funding Council for England Audit Code of Practice

In our opinion:

- 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 2011 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2011 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum, with the funding council.

Matter on which we are required to report by exception

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice requires us to report to you if, in our opinion:

- the Statement of Internal Control is inconsistent with our knowledge of the University.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds
30 November 2011

SHEFFIELD HALLAM UNIVERSITY
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 July 2011

	Note	2011 £000	2010 £000
INCOME			
Funding body grants	2	91,203	89,598
Tuition fees and education contracts	3	121,107	112,278
Research grants and contracts	4	8,200	12,076
Other income	5	20,068	20,901
Endowment and investment income	6	605	439
		<hr/>	<hr/>
Total income		241,183	235,292
		<hr/>	<hr/>
EXPENDITURE			
Staff costs	7	148,047	143,450
Depreciation	8	15,857	15,771
Other operating expenses	9	59,536	58,545
Interest and other finance costs	10	2,098	4,110
		<hr/>	<hr/>
Total expenditure	11	225,538	221,876
		<hr/>	<hr/>
Surplus after depreciation of tangible fixed asset at valuation and before tax		15,645	13,416
		<hr/>	<hr/>
Taxation		-	-
		<hr/>	<hr/>
Surplus after depreciation of assets at valuation and tax		15,645	13,416
		<hr/>	<hr/>
Surplus for the year retained within general reserves		15,645	13,416
		<hr/>	<hr/>
All results are from continuing operations			

SHEFFIELD HALLAM UNIVERSITY
CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
for the year ended 31 July 2011

	Note	2011 £000	2010 £000
Surplus on continuing operations before tax		15,645	13,416
Revaluation surpluses realised on sale of properties	25	90	-
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	25	350	351
		<hr/>	<hr/>
Historical cost surplus for the year before taxation		16,085	13,767
		<hr/>	<hr/>
Historical cost surplus for the year after taxation		16,085	13,767
		<hr/>	<hr/>

SHEFFIELD HALLAM UNIVERSITY
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 July 2011

	Note	2011 £000	2010 £000
Surplus on continuing operations after depreciation of assets valuation, disposal of assets and tax		15,645	13,416
New endowments	16	311	6
Endowment income retained for the year	16	(7)	(14)
Actuarial gain in respect of the pension scheme	24	5,815	8,522
		<hr/>	<hr/>
Total recognised gains relating to the year		21,764	21,930
		<hr/>	<hr/>
Reconciliation			
Opening reserves and endowments		71,575	49,645
Total recognised gains for the year		21,764	21,930
		<hr/>	<hr/>
Closing reserves and endowments		93,339	71,575
		<hr/>	<hr/>

SHEFFIELD HALLAM UNIVERSITY
CONSOLIDATED BALANCE SHEET
as at 31 July 2011

	Note	2011 £000	2011 £000	2010 £000	2010 £000
FIXED ASSETS					
Tangible assets	12	163,112		169,676	
Investments	15	42		42	
			163,154		169,718
ENDOWMENT ASSETS	16		550		246
CURRENT ASSETS					
Stocks		150		168	
Debtors	17	17,834		19,521	
Short term deposits		125,316		29,236	
Cash at bank and in hand		945		254	
		144,245		49,179	
CREDITORS – amounts falling due within one year	18	(42,895)		(45,689)	
NET CURRENT ASSETS			101,350		3,490
TOTAL ASSETS LESS CURRENT LIABILITIES			265,054		173,454
CREDITORS – amounts falling due after more than one year	20	(74,000)		-	
PROVISION FOR LIABILITIES	21	(2,855)		(1,843)	
			(76,855)		(1,843)
NET ASSETS EXCLUDING PENSION LIABILITY			188,199		171,611
PENSION LIABILITY	24		(55,371)		(57,534)
TOTAL NET ASSETS			132,828		114,077
DEFERRED CAPITAL GRANTS	22		39,490		42,503
ENDOWMENTS – expendable	16		550		246
RESERVES					
Income and expenditure account excluding pension reserve	23	127,728		107,963	
Pension reserve	24	(55,371)		(57,534)	
Revaluation reserve	25	19,829		20,269	
Capital reserve	26	602		630	
			92,788		71,328
TOTAL NET ASSETS			132,828		114,077

The financial statements on pages 30 to 62 were approved on behalf of the Board of Governors on 29 November 2011

Geoff Dawson, Chairman of the Board of Governors

P A Jones, Vice-Chancellor

SHEFFIELD HALLAM UNIVERSITY
BALANCE SHEET UNIVERSITY BALANCE SHEET
as at 31 July 2011

	Note	2011 £000	2011 £000	2010 £000	2010 £000
FIXED ASSETS					
Tangible assets	13	154,580		161,610	
Investments	15	15,807		15,807	
			170,387		177,417
ENDOWMENT ASSETS	16		550		246
CURRENT ASSETS					
Stocks		150		168	
Debtors	17	17,209		18,935	
Short term deposits		125,316		29,236	
Cash at bank and in hand		802		203	
		143,477		48,542	
CREDITORS – amounts falling due within one year	18	(42,111)		(45,031)	
NET CURRENT ASSETS			101,366		3,511
TOTAL ASSETS LESS CURRENT LIABILITIES			272,303		181,174
CREDITORS – amounts falling due after more than one year	19	(89,765)		(15,765)	
PROVISION FOR LIABILITIES	21	(2,855)		(1,843)	
			(92,620)		(17,608)
NET ASSETS EXCLUDING PENSION LIABILITY			179,683		163,566
PENSION LIABILITY	24		(55,371)		(57,534)
TOTAL NET ASSETS			124,312		106,032
DEFERRED CAPITAL GRANTS	22		39,490		42,503
ENDOWMENTS – expendable	16		550		246
RESERVES					
Income and expenditure account excluding pension reserve	23	119,212		99,918	
Pension reserve	24	(55,371)		(57,534)	
Revaluation reserve	25	19,829		20,269	
Capital reserve	26	602		630	
			84,272		63,283
TOTAL NET ASSETS			124,312		106,032

The financial statements on pages 30 to 62 were approved on behalf of the Board of Governors on 29 November 2011

Geoff Dawson, Chairman of the Board of Governors

P A Jones, Vice-Chancellor

SHEFFIELD HALLAM UNIVERSITY
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 July 2011

	Note	2011 £000	2010 £000
Net cash inflow from operating activities	30	29,636	27,394
Return on investments and servicing of finance	31	353	186
Capital expenditure and financial investment	32	(6,914)	(6,227)
		<hr/>	<hr/>
Net cash inflow before use of liquid resources and financing		23,075	21,353
Management of liquid resources		(96,384)	5,425
Financing	33	74,000	(27,000)
		<hr/>	<hr/>
Increase/(Decrease) in cash in the year		691	(222)
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds			
Increase/(Decrease) in cash in the year		691	(222)
Increase/(Decrease) in cash in liquid resources		96,384	(5,425)
Change in debt	33	(74,000)	27,000
		<hr/>	<hr/>
Increase in net funds		23,075	21,353
Net funds at 1 August		29,736	8,383
		<hr/>	<hr/>
Net funds at 31 July	34	52,811	29,736
		<hr/>	<hr/>

SHEFFIELD HALLAM UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of principal 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 United Kingdom 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 2011. 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 25.

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 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.

Notes to the financial statements

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 purchase cost greater than £5,000. The life of the asset is dependent on its categorisation within 16 categories, ranging from two to ten 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; and
- 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.

Notes to the financial statements

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

	2011 £000	2010 £000
Higher Education Funding Council for England		
Recurrent grant	70,696	71,479
Specific grants	4,029	3,351
Training and Development Agency		
Recurrent grant	7,189	7,384
Specific grants	2,490	1,629
Deferred capital grants released in year (Note 22)		
Buildings	1,984	1,616
Equipment	4,815	4,139
	91,203	89,598

3. Tuition fees and education contracts

	2011 £000	2010 £000
Full-time undergraduate home and EU students	54,992	51,696
Full-time postgraduate home and EU students	3,703	3,521
Part-time undergraduate home and EU students	3,909	3,806
Part-time postgraduate home and EU students	4,041	3,907
Overseas students	24,518	20,505
Fees from NHS contracts	28,486	26,605
Other fees and support grants	1,458	2,238
	121,107	112,278

4. Research grants and contracts

	2011 £000	2010 £000
Research Councils	1,247	1,688
UK based charities	597	609
UK central government bodies, local authorities and health authorities	4,438	5,945
UK industry, commerce and public corporations	458	875
EU government bodies	1,198	2,734
EU other	175	100
Other overseas	49	67
Other sources	38	58
	8,200	12,076

5. Other income

	2011 £000	2010 £000
Residences, catering and conferences	4,615	4,895
Other services rendered	6,058	6,297
Release of deferred capital grants (Note 22)	227	309
Other income	9,168	9,400
	20,068	20,901

6. Endowment and investment income

	2011 £000	2010 £000
Income from restricted expendable endowments (Note 16)	9	16
Income from short term investments	596	423
	605	439

7. Staff costs

Staff costs	2011 £000	2010 £000
Wages and salaries	118,596	118,160
Social security costs	9,401	9,230
Pension costs (Note 27)	16,365	15,356
Restructuring costs (Note 21)	3,685	704
	148,047	143,450

Emoluments of the Vice-Chancellor	2011 £000	2010 £000
Salary	223	215
Other benefits	2	1
	225	216
Pension contributions	25	34
	250	250

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. Due to length of service in the pension scheme, the Vice-Chancellor agreed with the University that it should cease making contributions and instead make a payment to him in lieu. This has not affected the total amount of remuneration he gets from the University.

7. Staff costs (continued)

Remuneration of other higher paid staff, excluding employer pension contributions, fall within the following bands:	2011 Number	2010 Number
£100,000 - £109,999	3	3
£110,000 - £119,999	2	3
£120,000 - £129,999	3	2
£130,000 - £139,999	3	3
£140,000 - £149,999	2	2
£150,000 - £159,999	-	-
£160,000 - £169,999	1	1
Average number of staff employed during the year was made up as follows:	2011 Number of FTE's	2010 Number of FTE's
Faculty/Research Institute based	2,108	2,151
Academic support departments	322	297
Administration	713	696
Other	243	244
	3,386	3,388
Compensation for loss of office payable to senior post holders	2011 £000	2010 £000
Compensation payable	60	176

During the year, compensation was paid to one senior post-holder (2010: two senior post-holders). The severance pay was agreed in accordance with the Institutions Remuneration Committee.

8. Depreciation

	2011 £000	2010 £000
The depreciation charge has been funded by:		
Deferred capital grants released (Note 22)	7,026	6,064
General income	8,481	9,356
Revaluation reserve released (Note 25)	350	351
	15,857	15,771

9. Other operating expenses

	2011 £000	2010 £000
Premises costs	9,543	8,669
Furniture and supplies	1,780	1,571
Equipment and consumables	2,546	2,343
Operating lease expenditure	1,168	1,175
Books and periodicals	2,786	2,542
Staff development and training	1,068	1,116
Staff travel expenses	2,490	2,415
Other staff costs	229	444
Students grants and expenses	9,414	10,174
Grants to Sheffield Hallam University Union of Students	1,900	1,691
Computers and IT	6,190	3,758
Printing and stationery	1,683	1,681
Marketing and publicity	3,449	2,837
Hospitality	289	330
Postage and communications	955	1,004
Professional services	6,592	10,541
External auditors' remuneration in respect of audit services	55	52
External auditors' remuneration in respect of non-audit services	54	83
Internal audit services	99	95
Course and exam expenses	4,309	3,582
Bad debts	334	292
Agency staff	643	460
Other expenses	1,960	1,690
	59,536	58,545

10. Interest and other finance costs

	2011 £000	2010 £000
Loans not wholly repayable within five years	154	184
Pension finance costs (Note 27)	1,944	3,926
	2,098	4,110

11. Analysis of total expenditure by activity

	2011 £000	2010 £000
Academic departments	108,750	110,846
Academic services	22,313	21,471
Administration and central services	42,709	37,997
Premises	21,457	21,724
Residences, catering and conferences	4,598	4,674
Research grants and contracts	9,989	11,689
Other expenses	15,722	13,475
	225,538	221,876

12. Tangible fixed assets – Consolidated

	Land and Buildings			Assets under construction	Equipment	Heritage assets	Total
	Freehold	Long lease hold	Short lease hold				
	£000	£000	£000	£000	£000	£000	£000
Valuation/cost							
At 1 August 2010							
Valuation	26,266	-	-	-	-	515	26,781
Cost	176,680	556	1,951	2,666	61,363	-	243,216
Additions at cost	55	-	-	10,916	569	-	11,540
Transfer at cost	6,386	-	-	(10,429)	4,043	-	-
Disposals at:							
– Valuation	(113)	-	-	-	-	-	(113)
– Cost	(3)	-	-	-	(13,098)	-	(13,101)
At 31 July 2011							
Valuation	26,153	-	-	-	-	515	26,668
Cost	183,118	556	1,951	3,153	52,877	-	241,655
Depreciation							
At 1 August 2010	66,527	196	1,951	-	31,647	-	100,321
Charge for year	6,703	33	-	-	9,121	-	15,857
Eliminated in disposals	(27)	-	-	-	(10,940)	-	(10,967)
At 31 July 2011	73,203	229	1,951	-	29,828	-	105,211
Net Book Value							
At 31 July 2011	136,068	327	-	3,153	23,049	515	163,112
At 1 August 2010	136,419	360	-	2,666	29,716	515	169,676

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 lease hold	Short lease hold				
	£000	£000	£000	£000	£000	£000	£000
Valuation/cost							
At 1 August 2010							
Valuation	26,266	-	-	-	-	515	26,781
Cost	160,915	16,321	1,951	2,666	61,313	-	243,166
Additions at cost	55	-	-	10,916	569	-	11,540
Transfer at cost	6,386	-	-	(10,429)	4,043	-	-
Disposals at:							
– Valuation	(113)	-	-	-	-	-	(113)
– Cost	(3)	-	-	-	(13,087)	-	(13,090)
At 31 July 2011							
Valuation	26,153	-	-	-	-	515	26,668
Cost	167,353	16,321	1,951	3,153	52,838	-	241,616
Depreciation							
At 1 August 2010	61,168	13,597	1,951	-	31,621	-	108,337
Charge for year	6,387	821	-	-	9,117	-	16,325
Eliminated in disposals	(27)	-	-	-	(10,931)	-	(10,958)
At 31 July 2011	67,528	14,418	1,951	-	29,807	-	113,704
Net Book Value							
At 31 July 2011	125,978	1,903	-	3,153	23,031	515	154,580
At 1 August 2010	126,013	2,724	-	2,666	29,692	515	161,610

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	
	2011	2010	2011	2010
	£000	£000	£000	£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
	42	42	15,807	15,807

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

Restricted expendable endowments:	Consolidated and University	
	2011 £000	2010 £000
At 1 August	246	254
Income for year	2	2
New endowments invested	311	6
Transferred to Income and Expenditure account	(9)	(16)
	<hr/>	<hr/>
At 31 July	550	246
	<hr/>	<hr/>
Representing		
Prize funds	253	231
Other funds	297	15
	<hr/>	<hr/>
	550	246
	<hr/>	<hr/>

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

17. Debtors

Amounts falling due within one year:	Consolidated		University	
	2011 £000	2010 £000	2011 £000	2010 £000
Debtors	12,835	12,678	12,123	11,806
Prepayments	2,103	2,216	2,102	2,194
Accrued income	2,783	4,514	2,645	4,306
Loans	113	113	113	113
Amounts owed by group undertakings	-	-	226	516
	<hr/>	<hr/>	<hr/>	<hr/>
	17,834	19,521	17,209	18,935
	<hr/>	<hr/>	<hr/>	<hr/>

18. Creditors – amounts falling due within one year

	Consolidated		University	
	2011	2010	2011	2010
	£000	£000	£000	£000
Payments received on account	17,829	17,723	17,744	17,513
Trade creditors	7,714	7,461	7,714	7,461
Social security and other taxation payable	3,740	4,267	3,701	4,233
Accruals and deferred income	13,612	16,238	12,952	15,824
	42,895	45,689	42,111	45,031

19. Creditors – amounts falling due after more than one year

	Consolidated		University	
	2011	2010	2011	2010
	£000	£000	£000	£000
Unsecured loans (Note 20)	74,000	-	74,000	-
Obligation under finance leases	-	-	15,765	15,765
	74,000	-	89,765	15,765

	Consolidated		University	
	2011	2010	2011	2010
	£000	£000	£000	£000
Analysis of finance leases:				
Due between two and five years	-	-	15,765	15,765
	-	-	15,765	15,765

20. Borrowings

	Consolidated and University	
	2011	2010
	£000	£000
Analysis of unsecured loans:		
Due in five years or more	74,000	-
	<hr/>	<hr/>
	74,000	-
	<hr/>	<hr/>

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.

21. Provisions for liabilities

	Pensions	Restructuring	Consolidated and University	
	£000	£000	Funding	Total
	£000	£000	£000	£000
At 1 August 2010	720	335	788	1,843
Created in year	620	1,765	-	2,385
Utilised in year	(233)	(334)	(788)	(1,355)
Released in year	(16)	(2)	-	(18)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2011	1,091	1,764	-	2,855
	<hr/>	<hr/>	<hr/>	<hr/>

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 2011/12.

The funding provision was in respect of findings from an audit of the University's HEFCE grant funding which has now been finalised and paid.

22. Deferred capital grants

	Funding Councils £000	Consolidated and University Other Grants £000	Total £000
At 1 August 2010			
Buildings	28,360	1,256	29,616
Equipment	12,715	172	12,887
Total	41,075	1,428	42,503
Cash received			
Buildings	-	-	-
Equipment	3,998	15	4,013
Total	3,998	15	4,013
Released to Income and Expenditure account			
Buildings	(1,984)	(158)	(2,142)
Equipment	(4,815)	(69)	(4,884)
Total	(6,799)	(227)	(7,026)
At 31 July 2011			
Buildings	26,376	1,098	27,474
Equipment	11,898	118	12,016
Total	38,274	1,216	39,490

23. Income and expenditure reserve

	2011 £000	Consolidated 2010 £000	2011 £000	University 2010 £000
As at 1 August	107,963	89,116	99,918	81,546
Surplus retained for the year	15,645	13,416	15,174	12,941
Release from revaluation reserve	440	351	440	351
Release from capital reserve	28	29	28	29
Add back pension reserve	3,652	5,051	3,652	5,051
As at 31 July	127,728	107,963	119,212	99,918

24. Pension reserve

	Consolidated and University	
	2011	2010
	£000	£000
As at 1 August	(57,534)	(61,005)
Actuarial gain in respect of the pension scheme deficit	5,815	8,522
Deficit retained within reserves	(3,652)	(5,051)
	<hr/>	<hr/>
As at 31 July	(55,371)	(57,534)
	<hr/>	<hr/>

25. Revaluation reserve

	Consolidated and University	
	2011	2010
	£000	£000
As at 1 August	20,269	20,620
Release to Income and Expenditure reserve equivalent to depreciation on revaluation	(350)	(351)
Release to Income and Expenditure reserve revaluation surpluses realised on disposal of properties	(90)	-
	<hr/>	<hr/>
As at 31 July	19,829	20,269
	<hr/>	<hr/>

26. Capital reserve

	Consolidated and University	
	2011	2010
	£000	£000
As at 1 August	630	659
Release to Income and Expenditure reserve	(28)	(29)
	<hr/>	<hr/>
As at 31 July	602	630
	<hr/>	<hr/>

27. 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	2011 £000	2010 £000
Teachers Pension Scheme: contributions paid	7,887	7,486
Universities Superannuation Scheme: contributions paid	1,258	1,251
Local Government Pension Scheme: FRS17 charge	7,220	6,619
	<hr/>	<hr/>
Total pension cost	16,365	15,356
	<hr/>	<hr/>

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 contributions rate during the year was 14.1% (2010: 14.1%).

27. Pension costs (continued)

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.

27. Pension costs (continued)

The total contributions made for the year ended 31 July 2011 was £8,565,000 of which employers contributions totalled £5,798,000 and employees contributions totalled £2,767,000. The current contribution rates are 13.30% (2010: 13.05%) for employers and employees are on a sliding scale based on earnings, the rate varying between 5.5% and 7.2% (2010: 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 2011 by a qualified independent actuary.

The material assumptions used by the actuary for FRS 17 at 31 July 2011 were:

	2011	2010
Rate of increase in salaries	4.65%	4.8%
Rate on increase in pensions in payment	2.9%	2.8%
Discount rate	5.3%	5.5%
Inflation assumption	2.9%	2.8%
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 was included in the financial statements as an actuarial gain in the prior year.

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 2011	At 31 July 2010
Retiring today		
Males	21.4	20.4
Females	24.1	23.2
Retiring in 20 years		
Males	22.8	21.3
Females	25.7	24.1

Scheme assets

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

	Long term return %	2011 Fund value £000	Long term return %	2010 Fund value £000	Long term return %	2009 Fund value £000
Equities	7.0%	100,213	7.5%	90,072	7.5%	71,635
Government Bonds	3.9%	24,088	4.2%	19,006	4.5%	18,803
Other Bonds	4.9%	11,118	5.1%	12,671	5.8%	9,344
Property	6.0%	15,132	6.5%	13,910	6.5%	10,382
Other	0.5%	3,860	0.5%	2,066	0.5%	5,190
		154,411		137,725		115,354

Notes to the financial statements

27. Pensions costs (continued)

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	2011 £000	2010 £000
Total fair value of assets	154,411	137,725
Present value of scheme liabilities	(209,782)	(195,259)
	<hr/>	<hr/>
Deficit in scheme – Net pension liability	(55,371)	(57,534)
	<hr/>	<hr/>
Amounts charged to operating surplus	2011 £000	2010 £000
Current service cost	(6,914)	(6,467)
Settlements and curtailments	(592)	(408)
	<hr/>	<hr/>
Total operating charge	(7,506)	(6,875)
	<hr/>	<hr/>
Amounts charged to interest payable	2011 £000	2010 £000
Expected return on pension scheme assets	8,892	7,324
Interest on pension scheme liabilities	(10,836)	(11,250)
	<hr/>	<hr/>
Net charge	(1,944)	(3,926)
	<hr/>	<hr/>
Amounts recognised in statement of Total Recognised Gains and Losses	2011 £000	2010 £000
Actual return less expected return on pension scheme assets	5,382	11,325
Change in financial and demographic assumptions underlying the scheme liabilities	433	(2,803)
	<hr/>	<hr/>
Total actuarial gain recognised in the Statement of Total Recognised Gains and Losses	5,815	8,522
	<hr/>	<hr/>

27. Pension costs (continued)

Movement in deficit in the year	2011 £000	2010 £000
Deficit in scheme at 1 August	(57,534)	(61,005)
Current service costs	(6,914)	(6,467)
Contributions	5,798	5,750
Past service costs	(592)	(408)
Other finance costs	(1,944)	(3,926)
Actuarial gain	5,815	8,522
	<hr/>	<hr/>
Deficit in scheme at 31 st July	(55,371)	(57,534)
	<hr/>	<hr/>
Analysis of the movement in the present value of scheme liabilities	2011 £000	2010 £000
Liabilities at 1 August	195,259	176,359
Service cost	6,914	6,467
Interest cost	10,836	11,250
Employee contributions	2,767	2,799
Actuarial (gain)/loss	(433)	2,803
Benefits paid	(6,153)	(4,827)
Curtailments and settlements	592	408
	<hr/>	<hr/>
Liabilities at 31 July	209,782	195,259
	<hr/>	<hr/>
Analysis of the movement in the market value of scheme assets	2011 £000	2010 £000
Assets at 1 August	137,725	115,354
Expected return on assets	8,892	7,324
Actuarial gain/(loss)	5,382	11,325
Employer contributions	5,798	5,750
Employee contributions	2,767	2,799
Benefits paid	(6,153)	(4,827)
	<hr/>	<hr/>
Assets at 31 July	154,411	137,725
	<hr/>	<hr/>

The estimated contribution to the defined benefit scheme for the year 2011/12 is £5,555,000.

27. Pension costs (continued)

History of experience gains and losses	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Actual return less expected return on pension scheme assets	5,382	11,325	(14,564)	(15,703)	6,209
% of scheme assets	3.5%	8.2%	12.6%	13.3%	5.1%
Experience gains and losses arising on scheme liabilities	433	(2,803)	19,138	(14,346)	2,266
% of present value of scheme liabilities	0.2%	1.4%	10.9%	8.2%	1.6%
Total amount recognised in statement of total recognised gains and losses	5,815	8,522	4,574	(30,049)	8,475
% of present value of scheme liabilities	2.8%	4.4%	2.6%	16.8%	5.7%

28. Lease obligations

	Consolidated		University	
Annual rentals under operating lease commitments as at 31 July expiring:	2011 £000	2010 £000	2011 £000	2010 £000
Buildings				
Within one year	256	16	256	16
Between one and five years	840	192	840	192
Over five years	494	848	494	848
Equipment				
Within one year	71	108	71	108
Between one and five years	119	161	119	161
	1,780	1,325	1,780	1,325

29. Capital commitments

	Consolidated		University	
	2011 £000	2010 £000	2011 £000	2010 £000
Commitments contracted at 31 July	1,884	6,425	1,884	6,425
Authorised but not contracted at 31 July	4,103	6,213	4,103	6,213
	5,987	12,638	5,987	12,638

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

	2011 £000	2010 £000
Operating surplus	15,645	13,416
Depreciation	15,857	15,771
Deferred capital grants released income	(7,026)	(6,064)
Investment income	(605)	(439)
Interest payable	154	184
Decrease in stocks	18	31
Decrease/(Increase) in debtors	1,931	(2,429)
(Decrease)/Increase in creditors	(2,947)	2,236
Increase/(Decrease) in provisions	1,012	(811)
Loss on sale of fixed assets	1,945	13
Loss on demolition of Psalter Lane	-	435
Pension costs less contributions payable	3,652	5,051
	<hr/>	<hr/>
Net cash inflow from operating activities	29,636	27,394
	<hr/>	<hr/>

31. Returns on investments and servicing of finance

	2011 £000	2010 £000
Income from endowments	2	2
Income from short term investments	352	353
Interest paid	(1)	(169)
	<hr/>	<hr/>
	353	186
	<hr/>	<hr/>

32. Capital expenditure and financial investment

	2011 £000	2010 £000
Tangible assets acquired	(11,540)	(13,204)
Receipts from sale of fixed assets	302	-
Deferred capital grants received	4,013	6,971
Endowments received	311	6
	<hr/>	<hr/>
	(6,914)	(6,227)
	<hr/>	<hr/>

33. Financing

	2011 £000	2010 £000
New loans	74,000	-
Capital repayments	-	(27,000)
	<hr/>	<hr/>
Net amount received/(repaid) in year	74,000	(27,000)
	<hr/>	<hr/>

34. Analysis of changes in net funds

	At 1 August 2010 £000	Cash Flows £000	At 31 July 2011 £000
Cash at bank and in hand	254	691	945
Endowment bank balance	246	304	550
	<hr/>	<hr/>	<hr/>
	500	995	1,495
	<hr/>	<hr/>	<hr/>
Debt due in more than five years	-	(74,000)	(74,000)
Short term deposits	29,236	96,080	125,316
	<hr/>	<hr/>	<hr/>
	29,736	23,075	52,811
	<hr/>	<hr/>	<hr/>

35. Access funds

	2011 £000	2010 £000
Funding Council Access grants	623	637
Interest earned	2	2
	<hr/>	<hr/>
	625	639
	<hr/>	<hr/>
Disbursed to students	(588)	(583)
	<hr/>	<hr/>
Grants to be disbursed	37	56
	<hr/>	<hr/>

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.

36. Training and Development Agency

	2011 £000	2010 £000
Initial Teacher Training Bursaries		
Funds received	3,825	4,287
Disbursed to students	(3,566)	(4,094)
	<hr/>	<hr/>
Unspent funds to be recovered	259	193
	<hr/>	<hr/>
Secondary Shortage Subjects Scheme		
Funds received	4	6
Disbursed to students	(4)	(21)
	<hr/>	<hr/>
Funds carried forward to be disbursed in the following year	-	-
	<hr/>	<hr/>

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.

Notes to the financial statements

37. 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 £16,120 (2009/10: £17,313) in relation to membership subscriptions. Professor Jones was a member of the Board of the National Science Learning Centre which made payments to the University of £731,989 (2009/10: £343,137) 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. Mr Longden did not provide any of the services commissioned by the University from Irwin Mitchell. 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 £21,065 (2009/10: £34,938). In addition, the University received payments of £525 (2009/10: £2,070) from Irwin Mitchell in relation to fees for IT training provided by the University.

Ms Janet Dean, a Governor, was a non executive director of Yorkshire and the Humber Strategic Health Authority which made payments of £22,334,400 (2009/10: £22,212,370) to the University in relation to tuition fees for courses provided by the University and payments related to the programmes and courses provided by the University; and for consultancy. Ms Dean was also the Chair of Sheffield Homes which made payments of £12,433 (2009/10: £4,960) to the University in relation to course fees for courses provided by the University; fees for IT training courses provided by the University and catering, room and AV hire.

The following Executive Officers of Sheffield Hallam University Union of Students were members of the Board of Governors during the 2010/11 financial year:

Ms C Dowd was a member of the Board of Governors from July 2010 to June 2011;

Mr C Leung was a member of the Board of Governors from July 2010 to July 2011 (period of office continues until June 2012); and

Mr J Kitchiner was a member of the Board of Governors from July 2011 (period of office due to continue until June 2012).

Sheffield Hallam University made payments to the Sheffield Hallam University Union of Students of £2,041,036 (2009/10: £1,823,094) in relation to the yearly grant made to the Students' Union by the University, Sport Hallam subscriptions and other sports charges, estates and facilities charges and administrative charges. Sheffield Hallam University received payments from the Sheffield Hallam University Union of Students of £345,977 (2009/10: £338,427) in relation to estates and facilities charges and administrative charges.

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

38. 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 Dr 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 2010/11, expenses in relation to travel and subsistence were paid to seven (2009/10: seven) members of the Board of Governors for a total amount of £6,000 (2009/10: £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 37.

BOARD OF GOVERNORS FOR THE YEAR ENDED 31 JULY 2011

Matt Borg
Stuart Britland
Geoff Dawson (Chair)
Janet Dean
Caroline Dowd (student nominee July 2010 – June 2011)
Rosemary Downs
Dr Philip Drury
Prof Philip Jones (Vice-Chancellor)
Dr Steve Jones
Jake Kitchiner (student nominee July 2011 – June 2012)
Colan Leung (student nominee July 2010 – June 2012)
Michael Longden
James Newman (Deputy Chair)
Dr Christine O'Leary
Beryl Seaman CBE
Prof Judy Simons
Chris Welsh

Adeeba Malik was appointed to the Board of Governors from 1 August 2011 and was a member of the Board on the date at which the Operating and Financial Review was formally approved.

MEMBERSHIP OF BOARD OF GOVERNORS' COMMITTEES FOR YEAR ENDED 31 JULY 2011

FINANCE AND EMPLOYMENT COMMITTEE

Stuart Britland
Geoff Dawson
Janet Dean
Prof Philip Jones (Vice-Chancellor)
James Newman
Chris Welsh (Chair)

NOMINATIONS COMMITTEE

Caroline Dowd
Geoff Dawson (Chair)
Prof Philip Jones (Vice-Chancellor)
Mark O'Hara
Dr Christine O'Leary
Beryl Seaman
Prof Judy Simons (Deputy Chair)
James Newman

REMUNERATION COMMITTEE

Geoff Dawson (Chair)
James Newman
Prof Philip Jones (Vice-Chancellor)
Chris Welsh
Janet Dean
Michael Longden

AUDIT COMMITTEE

Rosemary Downs
Michael Longden (Deputy Chair)
Prof Judy Simons
Beryl Seaman CBE (Chair)
Jenny Brown (external co-option)
Rick Plews (external co-option)

PROVIDERS OF FINANCIAL SERVICES

External auditors

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Leeds

LS1 2AL

Internal auditors

KPMG LLP

1 The Embankment

Neville Street

Leeds

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