

**Sheffield
Hallam
University**

**Operating and Financial
Review**

2014/15

Sheffield Hallam University Operating and Financial Review 2014/15

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Introduction to the Operating and Financial Review from the Vice Chancellor

2014/15 marks the first year of delivering our University Strategy 2020 which sets out the University's ambitions for the next five years. All faculties and supporting services have been implementing plans to help us achieve our goals and ensure that we continue to place our students and high-quality teaching at the heart of what we do. The strategy is focussed on delivering an academically challenging and stimulating experience that allows our students to develop their full-potential, and become sought-after graduates.

This has been another successful year for Sheffield Hallam University. With over 33,000 students enrolled, we continue to be one of the largest universities in the county. Performance continues to be good in the University's well-established areas of strength, such as maintaining a balance between widening participation and access to higher education, responsible recruitment, and student retention and success. In the National Student Survey, satisfaction with teaching improved by one percentage point, to 87%, though overall satisfaction decreased by one percentage point, to 85%. Figures for the proportion of our employed graduates in professional or managerial work have shown significant improvement, to 67%.

We performed well in the 2014 Research Excellence Framework (REF), with 65% of the research submitted by Sheffield Hallam achieving the prestigious 4* or 3* ratings, as world-leading or internationally excellent. Every Unit of Assessment significantly improved its research quality compared with the Research Assessment Exercise (RAE) 2008, with world-leading research found in all submissions. Areas of particular strength for the University included Art and Design, Architecture and Planning, Education, Sport and History.

Over the past 10 years, we've invested around £110 million in our estate with the aim of creating spaces that are innovative, flexible, safe and sustainable. This investment has continued, with the following developments taking place throughout 2014/15:

- relocation of the Department of Maths, and the Materials Engineering Research Institute into new purpose-built laboratories and office space
- development of a brand new building at our City Campus that will house the Sheffield Institute of Education,
- refurbishment of a Grade 2 listed building in Sheffield City Centre, that will become the home to all disciplines within the Sheffield Institute of Arts, including fashion, metalwork and jewellery, as well as Art and Design
- creating the new National Centre for Excellence in Food Engineering in a newly acquired building at our City Campus

We have demonstrated strong financial performance, despite the continued level and pace of change in the higher education sector. The University generated a surplus of £7.7 million or 3.0% of our income in 2014/15, the 18th consecutive year of delivering an operating surplus. We continue to generate an appropriate level of income to enable us to invest in delivering our priorities.

These developments ensure that the University is placed on a firm and confident footing for the future, and that we are well placed to achieve our ambitions and respond to further challenges and opportunities.

Professor Phillip Jones
Vice Chancellor

Strategic Aims

2014/15 was the first year of implementing Sheffield Hallam University's new Strategy 2020. The strategy was developed with widespread involvement of staff and Governors and input from our partners and sector bodies.

Our vision

By 2020 we will be recognised as a leading UK university known for:

- the excellence of our teaching and student experience with highly satisfied students
- the value that we add to the futures of our students, partners and staff
- internationally recognised research with real world impact

Our ambitions

Delivering an excellent educational experience

We aspire to be one of the best universities for the quality of our teaching and learning, excelling in programmes that are academically challenging with an emphasis on professional practice. Our students will have an excellent educational experience. Through our learning and teaching they will be stimulated, presented with new challenges and perspectives and supported to succeed. Their student experience will be underpinned by excellent support services and facilities. Our students will experience digital resources and technologies that support their academic, professional and social development.

Expanding horizons

The value that we add to the futures of our students will be recognised as the distinguishing factor in the Sheffield Hallam experience. We will raise aspirations to participate in higher education and expand the horizons of our students as they progress through their studies and into their chosen careers. We will enable our graduates to realise their full potential and to make a positive contribution to a global society and economy. This will be underpinned by strong national and global partnerships.

Building on our strengths in research and innovation

Our research performance in our areas of strength will achieve the highest international standing. Through our research and innovation we will address important social and economic challenges and make contributions that have benefits in regional, national and international spheres. We will be sought after by partners in business, industry, the professions, government and charities to create and transfer knowledge, develop practical solutions, and add value to their activities.

Being a sustainable University

To achieve our vision and ambitions we must be a sustainable university - academically, financially, socially and environmentally. In order to flourish in a competitive and globalised higher education market we will exploit opportunities that the new environment for higher education may bring. This will require us to be agile and responsive and to be able to focus our efforts to maximise their impact.

Strategy Delivery

Underpinning the University Strategy we have developed a set of plans that are designed to drive the institution forward.

- Central to this are four faculty plans which set out how we will deliver the University's ambitions through the activities of the faculties.
- To support these are a set of University-wide strategy implementation plans that articulate the cross-University support and co-ordination required for the delivery of our ambitions. This includes a set of plans that respond to the sustainable university theme within the strategy.
- Directorate service plans have also been developed which set out how the directorates will support the delivery of the faculty plans and the University-wide plans.

To help the University to achieve its ambitions, adapt to a changing higher education environment and secure a long-term future we have developed the University Performance Framework which provides a consistent set of measures that support performance monitoring and inform decision-making.

Faculty Highlights

Faculty of Arts, Computing, Engineering and Sciences

The Faculty's focus on continuous improvement of teaching and learning has delivered improvements in the 2014/15 National Student Survey (NSS), with a rise of four percentage points for overall satisfaction, to 84%, for the Faculty as a whole. Satisfaction with teaching has improved by two percentage points to 85%. The Department of Art and Design has focussed in particular on improving assessment and feedback, including the introduction of grade-based assessment on all courses, and this has resulted in excellent progress in student satisfaction in this area.

We continue to ensure that our taught programmes are relevant to the workplace. A number of our courses achieved Professional, Statutory and Regulatory Body (PSRB) accreditation in 2014/15, with accreditations awarded by the Institute of Engineering and Technology (IET), the Institute of Mechanical Engineers (IMechE), the Independent Games developers Association (TIGA) and Chartered Society of Designers (CSD). A new PlayStation 4 Games Development Laboratory was opened during this year through our partnership with Sony Computer Entertainment Europe's (SCEE) academic development programme; PlayStation@First. This laboratory is now one of the largest PlayStation teaching facilities in the world. Students have used the facility to develop and commercially release a game 'PieceFall' through Steel Minions, which was set up to provide students with a channel through which to make their work commercially available.

Results for the Research Excellence Framework (REF) 2014 demonstrate research strengths across a number of disciplines in the faculty. Art and Design achieved a rank of 8th in the sector for Grade Point Average.

Faculty of Development and Society

Highlights for the faculty in 2014/15 have been research and innovation successes, with Architecture, Built Environment and Planning, Education and History performing particularly well in the REF. A range of other highly prestigious and substantial research initiatives took place this year. The Centre for Education and Inclusion Research (CEIR) led major studies for the Education Endowment Foundation Department for Education on topics including mathematics, literacy and latterly teaching assistants, and The Centre for Regional Economic and Social Research (CRESR) recently completed two of the major evaluations of the UK government's welfare reform programmes (Local Housing Allowance and Direct Payments Demonstrator Projects) for the Department of Work and Pensions. In academic departments high status research developments grew, too, with research staff from the Department of Psychology, Sociology and Politics part of a national team of researchers who have won a £2 million National Institute for Health Research Programme Grant for Applied Research to develop and evaluate an intervention to support treatment adherence in adults with Cystic Fibrosis, and Professors from the Department of Law and Criminology leading the first ever UK study of addiction recovery.

Other academic initiatives delivered this year have included the launch of the Helena Kennedy Centre for International Justice, the delivery of Social Justice Week and the development of the first British Psychological Society accredited overseas programme in MSc Psychology to be delivered in partnership with City University Hong Kong's School of Continuing and Professional Education, building on the longstanding collaborative Faculty delivery of an applied social sciences programme in Hong Kong.

Faculty of Health and Wellbeing

The Faculty's taught portfolio continues to develop to meet changing needs. In 2014/15 this has included new provision jointly approved by Sheffield Hallam University and PSRBs (Approved Mental Health Practitioner, Independent Prescribing, Youth and Community); and the development of a Postgraduate Diploma in Physician Associate Studies.

Technology-Enhanced Learning continues to be a priority. 'Digital by Design' is the faculty's approach to Continuing Professional Development (CPD) provision and has led to a successful tender to deliver CPD by distance learning to the NHS workforce across Greater London.

Partnership working with Further Education Colleges and progression of students from further education into the faculty is a high priority. There is a growing need in health education to enable new and more flexible routes into pre-registration education with a particular focus on developing staff already in the NHS workforce.

All academic departments in the faculty have performed well in the Destination of Leavers from Higher Education (DLHE) survey this year, with four out of five departments achieving the University's target of 95% of full-time first degree graduates in work or further study.

Sheffield Business School

The faculty celebrates the fact that it is Britain's largest modern business school. The Business School was shortlisted in the Times Higher Education Awards 2014 for Business School of the Year. A priority for the School is the International Programme Accreditation System operated by the European Foundation for Management Development (EFMD) and The Association to Advance Collegiate Schools of Business (AACSB) accreditation, and work is ongoing to achieve this, particularly in relation to academic rigour, partnerships, and staff qualifications.

In 2014/15, the faculty has achieved its goal of achieving 89% overall satisfaction in the NSS, representing the third consecutive year of improvement, with overall satisfaction improving by eight percentage points over the past three years. The 2015 Postgraduate Taught Experience Survey (PTES) results show a dip from their 2014 peak, but still show satisfaction with teaching across the faculty is 85%.

The Business School has implemented new initiatives that aim to strengthen retention such as embedding induction programmes and academic and professional advice into first year modules to encourage attendance and engagement.

The Business School focuses on enhancing students' skills for the workplace, and is one of the UK's largest placement suppliers. In 2014/15, 684 students secured 12 month paid placements with companies as diverse as Marks and Spencer, GlaxoSmithKline and Rolls Royce. The faculty's new Employability Hub gives students more ways to boost their career, from in-module consultancy projects, and student representation, to events and guest speakers. An advisory Board of senior industry figures provides support, advice, expertise and specialist teaching.

Delivering an Excellent Educational Experience

High quality and popular courses

We have a wide portfolio of undergraduate and postgraduate courses. We deliver full-time, part-time and distance learning courses at home and internationally. In 2014/15, we successfully delivered our first Massive Open Online Course (MOOC) to over 900 participants.

The University received almost 38,000 UCAS Home / EU applications for full-time undergraduate courses commencing in 2014/15. Our offer to acceptance conversion rate, at 27% was higher than the previous year. We also received over 7,000 applications for full-time postgraduate taught courses starting in 2014/15.

We continue to review and develop our taught portfolio. In 2014/15, we began a programme of detailed subject-based portfolio reviews and, to date, we have reviewed the portfolio in the Arts, Humanities, and Science, Technology, Engineering and Maths (STEM). This process has been informed by a robust set of market and quality indicators, and has been designed to take a medium to long-term view of the portfolio in a given subject area, and will inform planning for future years.

A key measure of the educational experience of our students and the quality of our courses is the National Student Survey (NSS), for which the University has a target to achieve an upper quartile position within the sector for overall satisfaction. Our results for 2014/15 show that overall satisfaction has decreased by one percentage point to 85%. This places the University four percentage points below our sector upper quartile goal of 89%. Satisfaction with teaching has increased by one percentage point to 87%, two percentage points below our sector upper quartile goal of 89%. These results relate to the first cohort of students who studied under the new higher education fees and funding regime.

We also participate in the Postgraduate Taught Experience Survey (PTES). Our results for 2014/15 show that overall satisfaction with the quality of postgraduate taught courses is 84%, an increase of two percentage points on the previous year's result. Overall satisfaction with the quality of teaching and learning is 83%, an increase of one percentage point on the previous year.

Outstanding teaching

2014/15 was the fifth year of the University's Inspirational Teaching Awards. Over 5,000 students nominated over 1,700 staff as being an inspirational teacher, an inspirational research supervisor, or for providing outstanding student support. The University awarded 23 Inspirational Teaching Awards, five Inspirational Research Supervisor Awards and three Awards for Outstanding Student Support. Planned developments for next year include the introduction of peer nominated awards.

In 2014/15, two members of the University's academic staff received National Teaching Fellowships from the Higher Education Academy (HEA) after demonstrating excellence in learning and teaching. The scheme aims to raise the status of teaching and to recognise and celebrate those staff that make an outstanding impact on the student learning experience.

In 2014/15, we successfully implemented a University-wide module evaluation system, following a pilot in autumn 2014. This provides increased assurance that teaching delivery is evaluated across the University in a consistent manner from a student perspective and enables us to continue to improve modules and courses.

The University has set a target to increase the proportion of teaching staff with academic teaching qualifications to 95%. In 2013/14, 71% of our teaching and research staff had a teaching qualification, such as a PGCE or HEA fellowship. Work is ongoing to improve qualification rates amongst our teaching staff. In 2014/15, we were successfully reaccredited by the HEA to deliver our professional recognition scheme. The new scheme, as well as supporting HEA awards at Fellow, Senior Fellow and Principal Fellow, embraces the other forms of professional recognition in place at Sheffield Hallam and highlights the importance placed on demonstrating the quality of learning and teaching, and on recognising the achievements of our staff as higher education teachers.

Expanding Horizons

Raising aspirations and supporting success

The University continues to be successful across a range of long-term outreach initiatives to raise aspirations, awareness and applications to higher education.

We recruit a large proportion of our students from South Yorkshire, which has one of the lowest rates of participation in higher education in the UK. We are committed to raising aspirations, attainment and progression of young people and adults in under-represented communities. Our Access Agreement 2016/17, recently approved by the Office for Fair Access (OFFA), includes aims to be recognised for the participation and performance of students from a wide range of backgrounds and to provide a supportive, challenging and inclusive learning experience which expands students' horizons and enables all learners to realise their potential and progress into their chosen careers or further study. We work in partnership with a range of stakeholders, including the University of Sheffield, Sheffield City Council, employers, schools and colleges in the Sheffield City Region to ensure our success.

In 2013/14, of our new, young (aged 21 or under on entry), full-time undergraduate UK-domiciled students:

- 96% were from state schools or colleges (compared to 97% the previous year) against external benchmark of 94%
- 39% were from National Statistics Socio-Economic Classification (NS-SEC) social classes 4-7 (compared to 40% the previous year) against benchmark of 38%
- 18% were from low-participation neighbourhoods (compared to 17% in the previous year) against benchmark of 13%

The University consistently performs above benchmarks set by the Higher Education Funding Council England (HEFCE), and the sector average for all of indicators shown above.

Student progression through to successful attainment of learning outcomes and qualification has improved significantly over the last 10 years. The proportion of full-time first-degree entrants expected to go on to achieve their degree is 84%, four percentage points above the HEFCE benchmark. This further illustrates the University's strong reputation of maintaining an inclusive student community whilst supporting good rates of academic achievement.

The University provides many support services to students, including a Matrix-accredited Student Services Centre on our City and Collegiate sites, a multi-faith chaplaincy, a free University English Scheme, a Distance-Learner Support Scheme, a Matrix-accredited disabled student support and Autism Centre, and an OFSTED-registered nursery. An integrated approach to retention and student success means that inclusive approaches to learning, teaching and support have become embedded into standard practice and are available to all students. Next year, we will build on the introduction of course-based academic advice to foster a sense of belonging and ensure all students are successfully integrated into the University and their course academically, socially and culturally.

Opening up opportunities

Employability is at the heart of the University's mission and vision. The University's employability offer is focused around four inter-connected elements comprising:

- Planned and supported work-related or work-based learning as an accredited module core/mandatory component of their course of study or placement year.
- Development of high-level employability-related transferable attributes embedded within the curriculum.
- Integrated and timetabled career planning and preparation for employment.
- Personal and professional development planning and personalised professional support to monitor progress and support transition to the world of work.

We have a strong track record of employer involvement in course design and delivery. In 2014/15, we welcomed students onto the country's first ever food engineering degree programme, developed in conjunction with the Food and Drink Federation and the National Skills Academy for Food and Drink, which will be located in the new National Centre for Excellence in Food Engineering at Sheffield Hallam University. The four year Masters-level programme is dedicated entirely to the needs of the food and drink manufacturing sector, with many leading food manufacturing companies involved in work placements, mentoring students and guest lectures.

A key measure of the employability of our graduates is the Destination of Leavers from Higher Education (DLHE) survey, which asks graduates about their employment situation six months after they graduate and for which the University has a target to achieve an upper quartile position for the proportion of our graduates in professional or managerial employment. Our results for 2015 (which reflect the outcomes for 2013/14 graduates) show that:

- 93% of our full-time first degree graduates were in work or further study, compared to 94% in 2014
- 67% of our full-time first degree graduates who were in work were in professional/managerial employment compared to 58% in 2014
- 8% of our full-time first degree graduates were in further study only, the same proportion as in 2014
- Of all our graduates in employment who declared their salary, the largest proportion (31%) said they were earning £20,000 - £24,999, the same proportion as in 2014.

Building on our Strengths in Research and Innovation

World-leading and internationally excellent research

In the 2014 Research Excellence Framework (REF), 65% of the research submitted by Sheffield Hallam University received the prestigious 4* or 3* ratings as world-leading and internationally excellent, moving the University up 25 places in the national research league tables. The Times Higher Education ranked the University as 5th best Modern University for research quality. Our REF submissions emphasise the real-world impact of our researchers work, and are testament to the quality of research being undertaken at the University and the impact this research has on the economy and society.

Every Unit of Assessment submitted by the University significantly improved its research quality compared with the Research Assessment Exercise (RAE) 2008, with world-leading research found in all submissions. Areas of particular research strength included Art and Design, Architecture, Built Environment and Planning, Education, Sport and History.

A culture of ambition and achievement

This year we were successful in regaining the HR Excellence in Research Award. Presented by the European Commission, the award demonstrates a university's commitment to improving the working conditions and career development of research staff which will in turn, improve the quality, quantity and impact of research for the benefit of UK society and the economy.

The University approved research data management and open access policies this year demonstrating our commitment to the principle of open access; making the outputs of publicly-funded research, and associated data, available to a global audience through unrestricted online access.

In 2014/15 we set up our Postgraduate Research (PGR) School, with new academic leadership to improve our strategic overview of PGR activity, development and management across the University and to help strengthen our thriving postgraduate research student community.

The University, in collaboration with other universities from the University Alliance, is launching a doctoral training partnership. The Doctoral Training Alliance in Applied Biosciences for Health will accept its first cohort of students in the 2015/16 academic year. It has been developed in response to industry needs and aims to deliver highly employable researchers with knowledge, expertise and skills in a growth sector for the UK.

Research Funding

In 2014/15, we received £3.9m from HEFCE in quality-related (QR) research funding which has been used to support areas of research excellence. QR funding from REF 2014 will be invested in our areas of strength in line with Unit of Assessment strategic plans whilst recognising new areas of emerging capability. We will also support the development of cross-University research partnerships to respond to external 'grand challenges' such as food, health and wellbeing, and social inclusion and justice.

We were awarded 31 research grants during 2014/15 with an income value of £3.1m, a 4.4% increase on the previous year.

In 2014/15, the University was awarded its first two European Horizon 2020 grants. The Centre of Excellence in Terrorism, Resilience and Organised Crime Research has secured over £0.5m in the area of security research.

Knowledge Exchange

The University has a portfolio of 14 Knowledge Transfer Partnerships (KTPs) as at 31st July 2015, generating income of £0.9m, an increase of £0.3m from last year. During 2014/15, projects have included enabling the creation of modular control systems software and develop non-invasive diagnostics and configuration capability, and developing an innovative cloud based business management system for the construction industry through the embedding of advanced user experience techniques.

In 2014/15, we received £1.2m Higher Education Innovation Fund (HEIF) funding from HEFCE. The current HEIF-funded Innovation Futures programme came to an end this year. The project has worked with 181 companies including 150 SMEs.

The government has committed to a one-year settlement for HEIF for 2015/16, but funding beyond this time is uncertain. In response, we have reviewed performance against our 2011-2015 HEIF strategy and are actively developing a new Knowledge Exchange strategy which will focus on investing in those areas in which the University demonstrates excellent knowledge exchange, robust external partnerships, external impact and financial viability.

Partnerships

We have a history of working to support the economic and cultural prosperity of the region and this continues to be central to our mission and vision. The University represents the HE sector on the Local Enterprise Partnership (LEP) Board and the Business Growth Board. We have also played an active role in establishing the Innovation Centre of Expertise as part of the City Region Growth Hub, and developing the innovation strategy of the Growth Hub.

The University has worked closely with local partners in drafting the first innovation calls for the European Investment and Structural Funds programme.

This year we established, in partnership with the University of Sheffield, the Sheffield Universities' Managing Directors Club as a means to raise the profile of our researchers with regional businesses and develop opportunities for university and business collaboration. We have also been identifying key corporate strategic partnerships with a range of external partners in the UK at local and national levels.

The Government announced £14m of funding to develop Sheffield Hallam University's Advanced Wellbeing Research Centre (AWRC) as part of the Northern Powerhouse in the March 2015 Budget. The AWRC is set to become the most advanced research and development centre for physical activity in the world and will create and develop innovative solutions to meet national public health challenges caused by inactivity. Toshiba are a major partner, investing £1.5m in the AWRC.

This year, we successfully acquired premises to develop the new National Centre for Excellence in Food Engineering, specifically to support growth in the food industry through improvements in manufacturing technology and staff capability.

Sustainable University

Size and shape

In 2013/14 we were the fourth largest university in the UK, with 33,100 enrolled students, of which 79% were undergraduates, and 21% were postgraduates, 72% were full-time and 28% were part-time.

In 2013/14, our average UCAS tariff score for new full-time first degree students with A-Levels was 308, compared to 315 the previous year. The average tariff score for all new young full-time first degree students was 316. The tariff set for our courses is continually balanced against changes in the sector as a whole, ensuring that the tariff reflects the ability of students to achieve on their course of study and the need to recruit adequate numbers of students to meet our targets and ensure the sustainability of the University.

In 2014/15, our home full-time undergraduate tuition fee was £9,000. Our arrangements for fees and bursaries are approved by the Office for Fair Access, and ensure that access to higher education is not restricted by the ability to pay fees or living costs.

Student profile

We have a diverse student body. In 2013/14:

- 54% of our students were female and 46% were male
- 87% of our home UK students were White and 12% were BME
- 11% of our students declared that they had a disability
- 87% of our students were home / EU and 12% were from overseas
- 69% of our new, full-time undergraduates were young (aged under 21 on entry) and 31% were mature
- 46% of our home UK students were from the Yorkshire and Humber region

International

In 2013/14, we had 2,255 new international students (compared to 2,931 in 2012/13). 1,047 (47%) were from Malaysia, 655 (29%) were from China, and 103 (5%) were from India.

We continue to put actions in place to diversify our international student body, both in terms of their country of origin and the subjects studied. This diversification is now being demonstrated by increases in the number of students from Nigeria, India and Malaysia in 2014/15 compared with 2013/14 and a reduction in the proportion of new students from China.

Partnerships

In 2014/15, we had 70 collaborative partnerships, including 20 overseas partners, four UK universities and 10 Further Education Colleges. This year we have worked on developing and implementing a strategy for Further Education Colleges that supports our own ambitions. This work will continue into 2015/16 through the work of a new Directorate for Employer and Educational Partnerships.

Digital

In 2015, we developed ambitious new digital and IT strategies to support the delivery of the University Strategy. The Digital Strategy aims to enhance digital capability across the University and to optimise new technology in learning, teaching, research and working methods.

The IT Strategy defines the development and transformation of the University's digital and technology services to improve the University's IT provision and support high quality learning and teaching, research and student support services.

Estates

Throughout 2014/15 we have been implementing our refreshed estates strategy, the aim of which is to provide a high quality sustainable estate that supports the development of academic activities, enhances the student and staff experience and projects our academic identity.

In April 2015, the University's new £27 million Heart of the Campus building which is home to the departments of Psychology, Sociology and Politics, and Law and Criminology and includes the new Helena Kennedy Centre for International Justice, won a prestigious Royal Association of British Architects (RIBA) Yorkshire award for architecture, one of only eight awards from the hundreds of submissions RIBA received.

Capital projects that have been taking place throughout 2014/15 include:

- Relocation of the Department of Maths, and the Materials Engineering Research Institute (MERI) into new purpose-built laboratories and office space designed specifically to support their research activities and enhance student learning opportunities. The £6m investment was completed in June 2015.
- The brand new £34m Charles Street development at our City Campus. The project will conclude during the next academic year and will house the Sheffield Institute of Education.
- Enabling the Sheffield Institute of Arts to move into a new home from the beginning of 2016. The Grade 2 listed, former Head Post Office building in Sheffield City Centre, is currently being restored and sympathetically refurbished. The redeveloped building will provide teaching and studio space as well as a new gallery for exhibitions. It will be home to all disciplines within the Sheffield Institute of Arts including fashion, metalwork and jewellery as well as art and design.
- Creating the new National Centre for Excellence in Food Engineering in a newly acquired building at our City Campus. Development work is expected to continue through to 2017 when the teaching and research facility will be fully operational.

This year, we made a successful bid for HEFCE STEM Teaching Capital Funding. The £5 million award will be match-funded by the University, and will be used to invest in new STEM teaching facilities, to create new engineering provision, additional laboratory space to accommodate increased numbers studying Chemistry, and a publicly accessible STEM environment as a resource for nurturing enterprising, work-ready students. Work will commence on this initiative in 2015/16.

Environmental Sustainability

This year, we implemented a refreshed sustainability framework for 2014/15 with targets relating to carbon reduction, water use, municipal waste, fleet emissions, commuting and business travel, biodiversity, sustainable procurement and Fairtrade status. Progress and performance against our targets is reported in our Annual Sustainability Report which is considered by the University Executive Group and Board of Governors, and is publicly accessible on our website.

In 2014/15, we were successfully recertified for ISO 14001 and 5001, and Sheffield Hallam remains one of only two universities in the UK to be externally certified in international standards in both environmental and energy management systems across all of our UK operations. In 2014/15, we were again awarded a First Class honours degree from People and Planet Green League, and a 'Gold' standard in the Business in the Community Environmental Index. This external recognition of our commitment to sustainability complements Green Gown, Yorkshire in Bloom, Breastfeeding Friendly, and Business in the Community Climate Change and Fair Trade awards.

It is our intention to increase the scope and impact of our sustainability work by developing a University-wide social responsibility framework. This will improve partner relationships both internally and externally, increase cross-University collaboration, increase our positive impact on the Sheffield City-Region, ensure continual improvement in environmental management, and more widely, in the wellbeing of our students, staff and the wider community.

People

As the University adapts to the changing external environment, we recognise that we need to ensure that our staff are engaged and deliver an excellent educational experience for our students. We are committed to retaining talented and highly qualified staff, and are increasing our focus on attracting and recruiting the highest calibre workforce to help deliver the ambitions of the University Strategy. We recognise that it is important that everyone can see and understand their individual contribution to the University's strategic priorities and University life. We provide development opportunities so that staff can develop their skills and enhance their professional and academic careers.

As at 31st July 2015, we had 4,679 staff, of which 2,260 (48%) were academic staff. 58% of our staff were female and 42% were male. 86% were White and 6% were Black and Minority Ethnic (BME). Work is ongoing to improve disclosure rates relating to disability, religion or belief and sexual orientation in order that the University can fully understand the characteristics of its workforce.

Our Employee Opinion Survey was carried out in autumn 2014. At a University level, the improvements achieved in 2011 have been consolidated, with a small amount of incremental improvement: a positive result given the increasingly challenging external environment. 83% of our staff said that they are proud to work at Sheffield Hallam. This is an increase of one percentage point from the 2011 survey and an increase of seven percentage points from the 2008 survey. Faculties and directorates are implementing actions to respond to any issues raised by the responses from staff in their areas. In addition, the University Executive Group has agreed actions that respond to the University-wide themes of change, process, senior leadership and workload.

Work on Academic Workforce Development has progressed this year, including the development and dissemination of a University statement on academic standards, which will in future be used in academic staff appraisal. We have designed and implemented a clear progression route to Reader based on academic merit which complements earlier work on the Professor role. We are developing a new corporate framework for academic work planning and this work will continue into 2015/16.

Equality and Diversity

The University's refreshed Equality Priorities set out Sheffield Hallam University's ambitions relating to equality and diversity and were approved by the Board of Governors in February 2015. The priorities are focused on:

- delivering an excellent and inclusive educational experience
- attracting, retaining, supporting and developing a diverse workforce
- to integrating and embedding equality into our business processes
- providing an inclusive and supportive University culture

The Equality Priorities form part of the suite of strategy implementation plans which act as enablers to the University Strategy. Progress against each of the ambitions of the Equality Priorities is reported to the University's Equality and Diversity Board, which in turn, reports annually to the University Executive Group and Board of Governors.

Key achievements for 2014/15

Four academic departments across the University now have Athena SWAN awards which recognise excellence in science, engineering and technology employment for women in higher education, along with an institutional 'Bronze' award:

- Biosciences
- Engineering and Maths
- Natural and Built Environment
- Psychology, Sociology and Politics

The University is working towards awards for the departments of Nursing and Midwifery, Allied Health Professions, Computing the Academy of Sport and Physical Activity, and the Centre for Health and Social Care Research.

To measure the University's efforts in tackling discrimination and creating an inclusive place to study and work, we continue to participate in external benchmarking activities, and in 2014/15 have achieved:

- a silver award for the BME Race for Opportunity workplace charter which celebrates race equality and inclusion in the workplace
- a 10 out of 10 score for Stonewall's Gay by Degree charter, identifying the University as LGBT-friendly to current and prospective students
- our first entry into the Stonewall Workplace Equality Index which identifies the UK's gay-friendly workplaces

A BME experience and success steering group has been established to provide oversight and co-ordination of work on BME attainment that is taking place across the University. The purpose is to evaluate and research existing work and to propose new activity. The group will co-ordinate actions to raise awareness of BME attainment and address the current under-performance of this group of students relative to the sector.

Unconscious bias training, aimed at removing any unconscious inclination or prejudice that may be affecting workplace interactions and decisions has been offered across the University this year, following pilot activity in 2013/14.

A leadership forum event attended by senior leaders across the University focusing on the role of inclusive leadership in implementing the Equality Priorities and University Strategy was held in July 2015.

Priorities for 2015/16 include the development of Equality Priorities Performance Reviews which will enable faculties and departments to analyse their performance and determine local equality and diversity priorities and governance arrangements, and the development of a new equality analysis framework and toolkit.

Monitoring Performance

The University Performance Framework provides a set of indicators and associated targets that are used to measure progress towards the strategy and drive decision making and action. The framework identifies a set of University Key Performance Indicators or KPIs (provided below) which are designed to communicate the desired high level outcomes we are trying to achieve within the University Strategy. The framework translates these measures down through the organisation to faculty, academic departments, services areas and courses but isn't prescriptive about what will be delivered, how, and by when, providing faculties and departments with autonomy to deliver the business of the University at the same time as providing a 'golden thread' that links individual academics working at the course level or in a research centre, and staff working in directorates, to the University Strategy and ambitions.

Performance against the University KPIs, Faculty performance indicators and a range of operational in-year indicators is reported to the University Executive Group and Board of Governors four times per year. The statuses of the University's corporate risks are also reported alongside this performance information.

Key Performance Indicators

Our vision

By 2020, we will be recognised as a leading UK university known for:

- the excellence of our teaching and student experience with highly satisfied students
- the value that we add to the futures of our students, partners and staff
- internationally recognised research with real-world impact

Key Performance Indicator	2012/13	2013/14	2014/15
Top 50 rank in the Guardian League Table	72	73	74
Top 50 rank in the Times League Table	77	62	72

Our ambitions

- Delivering an excellent educational experience

Key Performance Indicator	2012/13	2013/14	2014/15
Overall satisfaction in the NSS	83%	86%	85%
Overall teaching satisfaction in the NSS	84%	86%	87%
Teaching satisfaction in PTES	76%	82%	83%
% of academic staff with teaching qualifications	61%	71%	Not available
Full-time Degree progression and completion rates: Year 1 to 2	85%	84%	Not available
Year 2 to 3	91%	89%	Not available
Year 3 to 4	89%	90%	Not available
Year 4+	95%	96%	Not available

- Expanding horizons

Key Performance Indicator	2012/13	2013/14	2014/15
% of full-time degree graduates in professional / managerial employment	59%	58%	67%
% of full-time degree graduates in work or further study	89%	94%	93%

- Building on our strengths in research and innovation

Key Performance Indicator	2012/13	2013/14	2014/15
% of 3* or 4* rated submissions in REF and number of submitted staff	32%** 286 FTE**	N/A	65%*** 226 FTE***
Total research income (£000)	7,894	8,499	7,455
HEFCE QR research grant (£000)	4,108	3,912	3,910
Total knowledge transfer income (£'000)	3,821	4,514	4,148

**RAE 2008

***REF 2014

- Sustainable university

Key Performance Indicator	2012/13	2013/14	2014/15
Student numbers vs target (new Year 1 students)	+563	+544	+781
Retained surplus	5.8%	4.8%	3.0%
Cash generation from operating activities (£m)*	23.9	22.8	21.3
Staff costs as a % of income	61%	61%	63%
% of staff who recommend Sheffield Hallam as a good place to work	80%**	N/A	75%

* cash generation from operating activities is the operating surplus before exceptional items, depreciation, FRS17 and the release of deferred capital grant income.

** 2011

Risks and Uncertainties

Our 2014/15 Corporate Risk Register was compiled in July 2014 and initially covered twelve areas of risk. An emerging risk was added at the start of the academic year 2014/15 in relation to student visas and immigration issues and their impact on international student recruitment.

Student experience, learning and teaching

The University aims to deliver an excellent educational experience that is both academically challenging and underpinned by excellent support services. If we fail to improve the quality of our education, and ensure academic standards and levels of student satisfaction, we will not deliver our mission and our reputation will be damaged. This will weaken our ability to recruit future students. The actions to manage the risks to student experience, learning and teaching throughout the year have involved targeted NSS action plans and a focus on professional development for academic staff.

Graduate employment

We recognise that if we fail to achieve graduate employment levels then our reputation may be damaged. This will weaken our ability to recruit future students and develop relationships with employers. Actions to address this risk have included an employability action plan focused on creating opportunities for work experience and placements, improved careers advice, enterprise/entrepreneurship initiatives and greater support for postgraduate and research students. An indication that these measures are effectively reducing the risk was received via our Destination of Leavers from Higher Education (DLHE) Survey results whereby a high proportion of our 2013/14 full-time first degree graduates obtained professional/managerial jobs. There was a small reduction in the proportion of graduates in work or further study, but this was not significant and the latest figure remains above the five-year average.

Research and Innovation

The University undertakes high impact research with an applied emphasis that is enhanced by our connections to business and the professions. If the University is unable to develop and assure a thriving and sustainable research and innovation base (compounded by ongoing competitiveness in the research funding environment) then there may be threats to staff recruitment and retention, our ability to recruit and graduate postgraduate research students and our ability to produce a high quality submission for REF 2020. The subsequent damage to our reputation arising from a weakened benchmark position and profile could threaten our ability to secure external income to invest in our research and innovation activities.

The actions to manage the risk include the implementation of a PGR School and Office to increase numbers of PGR students, submission and completion rates, a new strategy for growing external research income in faculties, institutes and research centres and collaborative working with marketing to grow research and knowledge transfer income and PGR numbers. In addition, building on the University's success in REF 2014, a REF Implementation Group has begun planning for REF 2020. The actions underway to support increased research activity across the University should result in an improved position in future years, but this may be a challenge in light of competitor behaviour and potential changes in government policy.

Student recruitment: full-time undergraduate, postgraduate taught part-time and international

Student number targets for 2014/15 have been exceeded in a number of areas, notably home/EU full-time undergraduates and Department of Health funded provision. However, the ongoing uncertainty within the higher education sector reinforces the need to sustain levels of student recruitment across all parts of our provision. The removal of student number controls from 2015/16 brings opportunities for growth but increased uncertainty around how other providers in the higher education 'market' will respond to the new student numbers policy. Volatility in the overseas student market also presents challenges for student recruitment.

If we fail to recruit to target, our levels of income will reduce and our sustainability will be threatened. We will fail to attract students if we do not have an attractive academic portfolio that is marketed effectively. The controls to manage the risk have included close monitoring of performance indicators through the University Performance Framework and operational information throughout the recruitment cycle, performance reviews at academic department level, improved management information for faculty portfolio planning, and the subject-based portfolio review process currently being implemented.

Contract provision (healthcare and teacher education)

If we fail to assure the quality of our contract provision (including that of the partners on whom we are dependent) to the commissioners' satisfaction, our ability to maintain allocations/commissions will be severely threatened. If we do not achieve the optimal level of student number allocations/commissions from the National College for Teaching and Leadership (NCTL) and Department of Health (DoH), and if we fail to recruit to target, our ability to maintain allocations/commissions and recruit future students will be threatened.

Reputation

A strong competitive position and the best possible reputation have tangible advantages in the attraction of students and staff in an increasingly competitive HE market. If we fail to maintain, protect, and / or improve external perceptions of the University through improving our performance, maintaining our research profile and developing positive stakeholder relationships, then our ability to attract students and staff, and therefore, our sustainability will be threatened. The actions to manage the risks to our reputation have included a programme to develop a responsive web presence for all our stakeholders, developing a media relations strategy that forecasts our media activity, establishing targets for our media profile, and delivering a suite of corporate reputation events, material and messaging associated with the University Strategy.

Visa and Immigration

Students are sponsored by the institution at which they are going to study in order to obtain a necessary student visa. Like other universities, the University has Sponsor status with UK Visas and Immigration (UKVI). If we fail to evidence systematic and consistent compliance with UKVI requirements, our sponsor licence may be suspended or revoked. Without this, the University will be unable to enrol students from outside the European Economic Area (EEA), our income will be severely affected, and our reputation will be damaged. In response to the risk, a programme of work has focused on ensuring compliance.

Sustainable University

Corporate risks that relate to the sustainability of the University's operations, and which were addressed throughout 2014/15, are:

- *Financial sustainability.* If we do not continue to align the University's income and costs then we will be unable to fund the University's activities or invest appropriately; this will weaken our ability to develop and sustain the University as a successful higher education provider and ultimately damage our reputation. The risk may materialise if we fail to recruit student numbers to target or to achieve other income targets, or to manage costs at the agreed level.
- *People.* The combination of two key factors could damage staff engagement and therefore the student experience as well as the reputation of the University as an employer. The two factors are a) continued pressure on staffing costs may mean that we won't attract and retain the right staff with the right skills with the capacity to deliver on the University Strategy and b) challenges associated with our ability to deliver changes to our academic portfolio, academic structures, and Professional Support services may limit our capacity to deliver our objectives around the University Strategy.

- *Estates.* If our estate is not of sufficient quality, quantity and type to match our current and future activities, then there will be a negative impact on the student and staff experience, which may have a negative impact on our reputation, ability to recruit future students and produce internationally excellent research.
- *Operational effectiveness - Information Systems and Technology.* There are three elements to this risk; that the physical and logical IT environment may fail or be damaged; that if we fail to prioritise IT developments then this may constrain our ability to support academic activities and exploit IT to achieve our ambitions which could ultimately damage the University's reputation; and that if we fail to manage current service delivery effectively then this may lead to student and staff dissatisfaction.
- *Operational effectiveness - service continuity.* If we do not improve organisational resilience, then should a major incident occur, we may experience severe disruption to our processes. This would have a negative impact on the student and staff experiences and/or lead to contractual failures which could damage our reputation.
- *Operational effectiveness - processes.* If planned process improvements are not implemented effectively, then the University will be unable to achieve the planned benefits and competitive advantage, costs will be too high and the quality of services will not meet expectations.

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 to 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 (now consolidated into the Charities Act 2011).

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 (now consolidated into the Charities Act 2011). See the Delivery of Public Benefit section on page 26 for details of how we deliver our aims for the public benefit.

Our approach to corporate governance

We are committed to best practice in all aspects of corporate governance. We aim to conduct our business in accordance with the principles identified in the Committee on Standards in Public Life (Nolan Committee) and the Committee of University Chairs (CUC) Higher Education Code of Governance. The Board of Governors adopted the previous CUC's Governance Code of Practice as included in the CUC's Guide for Members of Higher Education Governing Bodies in the UK and intends to adopt the new CUC Higher Education Code of Governance, published in December 2014.

The Board of Governors formally undertakes reviews of its effectiveness and the most recent review was completed in autumn 2011. In line with the recommendation in the CUC Higher Education Code of Governance that Board effectiveness should be reviewed every four years, the University is due to commence a review of Board effectiveness in 2015/16. As part of this review the Board will formally review compliance with the revised CUC Higher Education Code of Governance.

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

Internal control

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

The review of the effectiveness of internal control is also informed by the work of Executive Managers within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Our systems of internal control are based on an ongoing process designed to identify the principal risks, to evaluate the nature and extent of those risks; and to manage them effectively and economically. The Board of Governors is of the view that there is a process for identifying, evaluating and managing the University's significant risks that has been in place for the year ended 31 July 2015 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 following mechanisms are in place to support the University's overall system of internal control:

- The Audit Committee receives regular reports on how the University's corporate risks are being managed and requires regular reports from managers on steps they are taking to manage risks in their areas of responsibility to ensure that risk management processes are embedded and effective. The Board of Governors receives an annual report on risk management following the Executive Group's annual risk review.
- The Audit Committee receives reports from Internal Audit, which include an independent opinion on the adequacy and effectiveness of the University's system of internal control, together with any recommendations for improvement.
- The Board of Governors receives periodic reports from the chair of the Audit Committee concerning internal control and requires regular reports from managers on steps they are taking to manage risks to delivery of objectives in their areas of responsibility including progress reports on key strategies and initiatives.

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

- A risk management policy.
- A statement of the University's risk appetite. In common with other organisations, we are involved in a wide range of activities and therefore do not have a generic tolerance for risk. In some areas we have to be risk averse, such as matters of finance. In others we would be regarded as a risk taking University, for example in areas of research and academic development.
- A Risk Management Group, a body that has overall responsibility for overseeing and monitoring risk mitigation and prevention within the University and for managing the Corporate Risk Register of strategic risks. Strategic risks are those that are associated with achievement of the University's ambitions. In addition to being managed by the Risk Management Group, the University Executive Group reviews these risks as part of the University Performance Framework, four times a year. One of these reviews serves as the annual review of corporate risks and the point at which the Corporate Risk Register is updated for the coming academic year.
- Proximate risks which require urgent attention are managed by the University Executive Group.
- A risk management handbook, containing details of our risk management framework and a toolkit to provide operational guidance for identifying, assessing and managing risks at all levels.
- Risk management processes that are embedded within our business planning processes. Faculties and directorates are required to identify and record risks associated with delivery of their strategic and operating priorities and to implement and monitor the effectiveness of any actions put in place to mitigate these risks. Faculties and directorates are able to escalate risks that are rising rapidly to the Risk Management Group for consideration.
- Risk management processes that are embedded in our approach to the management of change and, specifically, in the governance of corporate programmes and projects.

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 the strategic development of the University.

By custom and under the Memorandum of Assurance and Accountability 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 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 2014 induction and finance training events were held for new members of the Board in advance of the first board meeting of the year. During this year members of the Board were offered opportunities to develop their knowledge of the University with: a visit to the Sheffield Hallam Students' Union and a tour of the University's estate including the Heart of the Campus building on the Collegiate Campus which opened to students in autumn 2014.

The Board of Governors operates with a committee structure comprising:

- Finance and Employment Committee
- Remuneration Committee
- Nominations Committee
- 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.

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

Finance and Employment Committee

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

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

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

Remuneration Committee

This committee has responsibility for determining salaries and conditions of service for 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 the salaries and conditions of service of senior managers.

Nominations Committee

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

Audit Committee

The Audit Committee meets 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 our 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 Memorandum of Assurance and Accountability 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 National College for Teaching and Leadership (NCTL), 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.

In so far as the Board of Governors is aware:

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

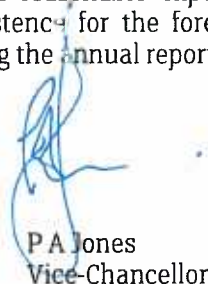
Going concern

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 31. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 28 to 31.

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
Chair of the Board of Governors



P A Jones
Vice-Chancellor

Delivery of Public Benefit

Aims and objectives of Sheffield Hallam University

Sheffield Hallam University's charitable purpose is the advancement of education. We deliver this charitable purpose for the public benefit by delivering the ambitions of the University Strategy. Students of the University are the immediate beneficiaries; however we also seek to improve our offer to potential and former students, and to the wider Sheffield City Region. Beneficiaries of our learning and teaching, and research and innovation activities also include local, national and international businesses, charities, public sector organisations and community groups and in turn, their clients and customers.

Improving access and providing opportunities to participate in higher education

We take steps to ensure that all those who are eligible on grounds of academic ability and potential to succeed can be considered for a place at Sheffield Hallam University through a fair and transparent application and admissions process. We have a strong track record in widening access and participation in higher education for under-represented groups, clearly evidenced by our performance against HEFCE Performance Indicators. We combine recruitment of students from a broad range of social backgrounds with high rates of retention and positive outcomes for our students.

We have been successful across a range of long-term outreach initiatives to raise aspirations, awareness and applications to higher education.

The University's Associate School and College Partnership (ASCP) network of almost 100 schools and colleges within a 50 mile radius of the University was in its ninth year of operation in 2014/15. 64% of the schools and colleges in the partnership are located in areas with the lowest rates of higher education participation. Consistently, around 43% of the University's undergraduate entrants are from schools and colleges within the partnership, demonstrating its continuing impact.

The Higher Education Progression Partnership (HEPP) is a partnership between Sheffield Hallam University, the University of Sheffield, colleges, schools, employers and local authorities in the Sheffield City Region. The aim of the partnership is to provide impartial information, advice and guidance and to raise aspirations and appetite for higher education within the local community. Since the partnership's inception in 2012, the HEPP team has engaged over 23,000 students and 4,800 parents at more than 450 events across the Sheffield City Region.

Our outreach work with looked-after children and care leavers (LAC) continues to develop, through long-term strategic partnerships with local authorities. A programme of inspirational taster visits and summer schools from Year 10-12 is now well established, supported by LAC Champions (current HE students from a care background). The impact of this work can be seen in the growth in LAC students enrolling at the University.

The University's Compact Scheme for learners facing multiple disadvantages is now well-established and supports potential students throughout their application to Sheffield Hallam. In 2013/14, 242 students were supported in this way, with 129 (53%) enrolling at the University in September 2014, a five percentage point increase in the rate of progression to the University from the previous year.

Our arrangements for fees and bursaries are set out in our Access Agreement 2016/17 which has been approved by the Office for Fair Access (OFFA). These arrangements ensure that access to higher education is not restricted by the ability to pay fees or living costs. In 2014/15, we also introduced a new financial hardship fund valued at £900,000 to support those students in greatest financial need.

Research and knowledge transfer

The University is committed to carrying out research with real-world impact. Through our research and innovation activity we extend existing knowledge, address important social and economic challenges and make contributions that have benefits in regional, national and international spheres.

Any private benefit arising from our research and innovation activity is incidental to our principal charitable purpose of the advancement of education. The arrangements for the diversion of any revenue arising from the successful exploitation of our ideas are set out in the University's Intellectual Property Policy.

A principle of public benefit is that benefits must be balanced against any harm or detriment. To this end, all university research undergoes scrutiny to ensure that it is conducted to the highest ethical standards and to protect the integrity of our research. The University has a Research Ethics Policy which is regularly reviewed to ensure that these high standards are met.

Some of our research involves the participation of volunteers, often sourced from the general public. Our Research Ethics Policy ensures that their interests are put first at all times and that researchers do everything possible to fully inform people who have consented to take part. Care is always taken to provide confidentiality and anonymity.

The Research Ethics Policy is also concerned with the quality of the research process. Maintaining the highest standards of integrity, impartiality and respect for research data is essential. A risk assessment approach is encouraged to safeguard the physical and psychological wellbeing of participants and researchers.

Financial Review

The results for the year ended 31 July 2015 show the University had another successful year generating a surplus of £7.7m (2014: £12.4m), demonstrating a continued strong financial performance, despite the ongoing change and uncertainty in the Higher Education environment. This reflects the first year of the new University Strategy 2020 which sets out to achieve financial sustainability.

Surplus



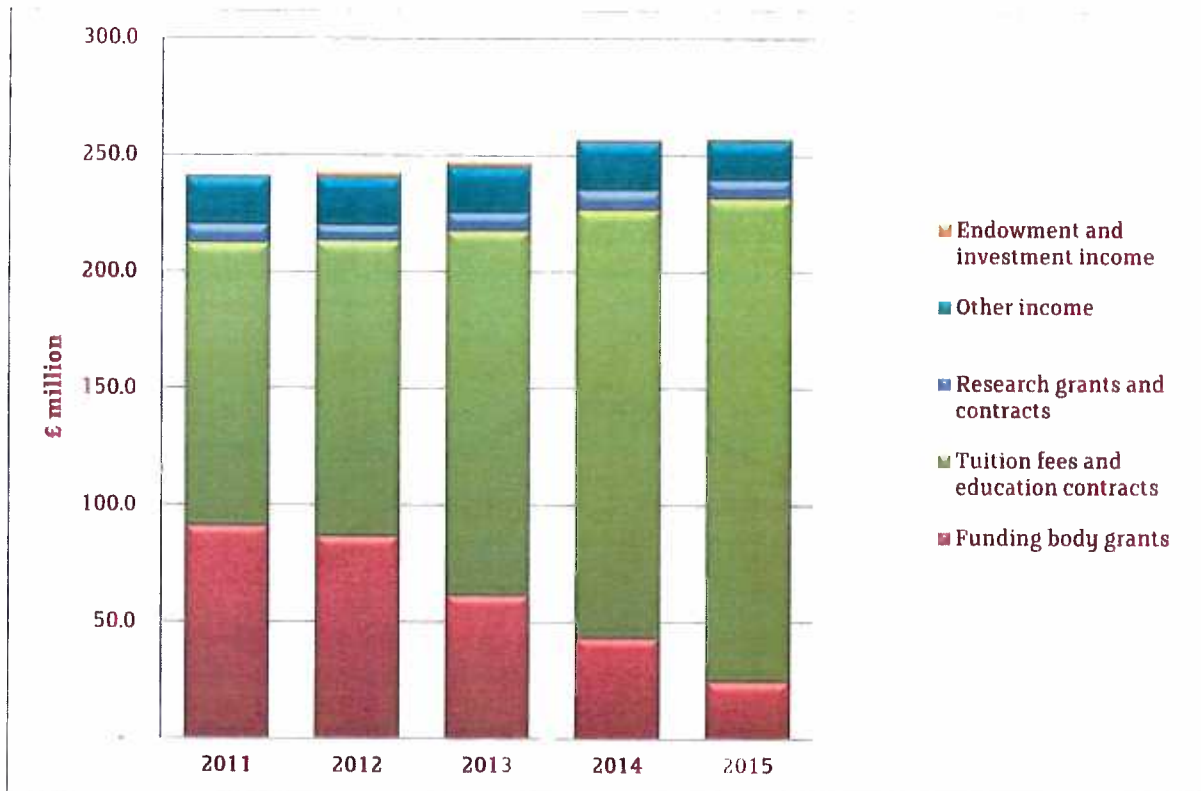
The surplus for the year of £7.7m represents 3.0% of turnover. The University has generated surpluses consecutively for the last eighteen years.

The surplus before exceptional items was £8.5m (2014: £14.4m), a reduction of £5.9m compared to the previous year. Income levels are consistent with the prior year but higher staff costs, depreciation and interest charges have contributed to reducing the surplus, despite a slight fall in other operating costs.

The surplus for the year, after exceptional items, has reduced by £4.7m in comparison to the prior year, to £7.7m (2014: £12.4m). In the current year exceptional items represent the loss on fixed asset disposals of £0.8m, compared to the previous year loss on disposal of £2.0m.

Operating surpluses are used to fund the investment programme defined by the University's Strategy 2020.

Income



Income has remained fairly static at £257.5m (2014: £257.1m).

This is the third year since the change to the student funding regime, resulting in a continued reduction in funding body grants and an increase in tuition fees. Tuition fee income has increased by 12.8% to £206.9m compared to 2013/14, and by 63.5% since the change was introduced in 2011/12. Tuition fees now represent 80% of the University's total income.

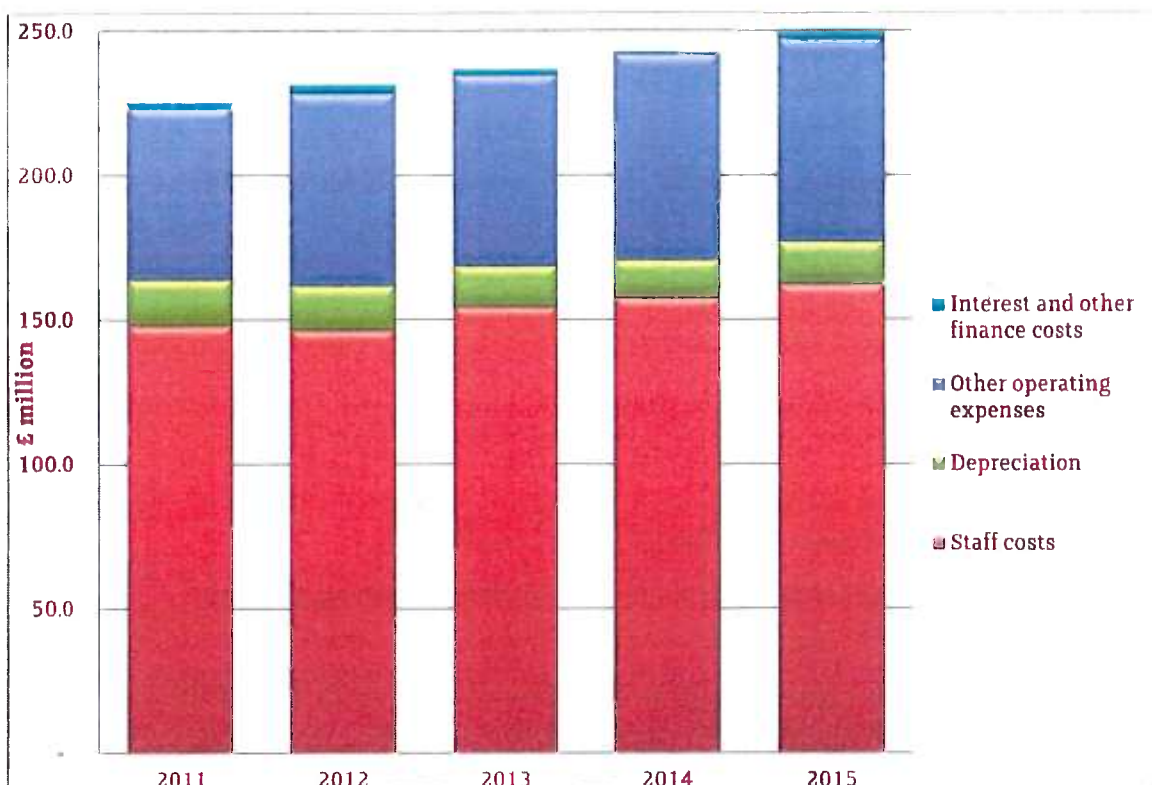
Overall student numbers have fallen by 4% compared to the previous year, mainly due to a 16% reduction in overseas student numbers. Tuition fee income has increased despite the fall in student numbers because of the change in student funding.

Overseas income has reduced by 5.5% to £27.7m (2014: £29.3m), largely due to a reduction in students from Tunku Abdul Rahman University College (TARUC) but the University is continuing to put actions in place to address this and to diversify its international student body.

Research income for the year has reduced by 5.9% to £8.0m due to a reduction in research funded by UK government & local authorities, research councils and UK charities.

Other income (excluding the share of joint venture income) has decreased by 19.9% to £16.5m (2014: £20.6m). This represents a reduction in income from residences of £1.1m due to reduced summer school income from TARUC students, other service income of £0.8m and other income of £2.1m.

Expenditure



Expenditure increased during the year by 2.6% to £249.1m (2014: £242.7m).

Staff costs have increased by 2.8% from £157.6m to £162.2m. Of the overall increase, £2.3m reflects incremental progression and national pay awards, £2.1m results from increased employer pension contribution rates and £1.6m is due to higher restructuring costs. These upward cost pressures were partially offset by a £1.5m reduced adjustment for pension liabilities (FRS17). Staff costs excluding FRS17 and restructuring costs represent 62.1% of total income, an increase from 60.6% in the previous year. The University Strategy acknowledges the need to reduce the staff cost percentage despite upward cost pressures to ensure continued financial sustainability and further work is being done in this area to counteract the external cost pressures.

Depreciation for the year has increased by £1.6m to £14.7m, due to the completion of the £27m Heart of the Campus project in autumn 2014 and other estate developments.

Interest and other finance costs are £1.8m which is £1.0m higher than last year. Loan interest has increased by £2.0m as a fixed rate interest hedge negotiated in 2007 became effective. The hedge applies to £40m which amortises over 23 years from July 2014. The remaining loan balance interest rate is linked to bank base rate which has remained at a historic low throughout the year. The loan interest increase has been partially offset by a £0.9m pension finance gain as measured under FRS17.

Other operating costs have reduced slightly by 1.3% to £70.4m (2014: £71.3m). This is due to reductions across a number of expense types, the most significant of which are professional services and computers & IT. These are offset by an increase in premises costs due to dilapidation costs and an increase in student grants & expenses, reflecting the requirement for the University to now fund the Access to Learning Fund (ALF).

Capital expenditure

During the year, the University has undertaken a number of significant capital projects, spending £36.2m (2014: £34.1m). Key projects include the Heart of Campus teaching and learning facility at Collegiate Campus completed in autumn 2014, the relocation of the Materials Engineering Research Institute (MERI) and the development of the Sheffield Institute of Education at Charles Street, due to conclude during the 2015/16 academic year.

The capital expenditure has been funded by internally generated funds and £3.7m of capital grants received in the year.

Cash and borrowing

The University continues to generate significant cash from its operating activities with net cash inflow of £21.7m (2014: £17.8m). These cash surpluses have been used to fund the University's capital program.

In 2014/15, the capital cash payments of £34.2m were funded by the current year surplus and cash deposits. This has reduced the net funds (cash deposits less borrowing) from £55.9m to £43.8m.

The unsecured loan balance is £71.6m (2014: £74.0m). Interest is charged at a fixed rate on £39.0m (2014: £40.0m) and at a variable rate on the remaining £32.6m (2014: £34.0m).

Short term deposits have reduced by £17.2m to £113.6m due to the capital expenditure.

Balance sheet

The University balance sheet remains strong with net assets of £138.1m (2014: £148.7m). An increase of £20.7m in tangible fixed assets, due to the capital investment program, was offset by a reduction in net funds to finance this capital investment and a £19.5m increase in the pension liability from £71.6m to £91.1m.

The pension liability relates to the Local Government Pension Scheme (LGPS) which is treated as a defined benefit scheme, where the assets and liabilities are recognised in the balance sheet. The increase in the pension liability is as a result of changes in actuarial assumptions and so is reflected in the Statement of Total Recognised Gains and Losses (STRGL). A fall in the discount rate to 3.8%, compared to 4.3% last year has driven this increase and reflects the falling market yield of high quality corporate bonds. The pension liability represents the present value of the future obligations over and above the value of the fund's assets.

The University also participates in the Teacher's Pension Scheme and Universities Superannuation Scheme but is not required to report its share of the assets and liabilities in these schemes.

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

We have audited the financial statements of Sheffield Hallam University (the 'University') for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheet, 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. 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).

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

Respective responsibilities of the governing body and auditor

As explained more fully in the Governing Body's Responsibilities Statement set out on page 24, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the University's affairs as at 31 July 2015 and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

Opinion on other matters prescribed by HEFCE's Memorandum of assurance and accountability dated June 2014 and the funding agreement with the National College for Teaching and Leadership

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation; and
- the requirements of HEFCE's accounts direction have been met.

Grant Thornton UK LLP

David Barnes
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

26 November 2015

SHEFFIELD HALLAM UNIVERSITY
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 July 2015

	Note	2015 £000	2014 £000
INCOME			
Funding body grants	2	24,957	43,488
Tuition fees and education contracts	3	206,913	183,401
Research grants and contracts	4	7,963	8,521
Other income	5	16,542	20,613
Endowment and investment income	6	1,115	1,119
		<hr/>	<hr/>
Total income (excludes share of joint ventures £2.9m (2014: £3.3m))		257,490	257,142
		<hr/>	<hr/>
EXPENDITURE			
Staff costs	7	162,224	157,582
Depreciation	8	14,670	13,050
Other operating expenses	9	70,410	71,345
Interest and other finance costs	10	1,776	744
		<hr/>	<hr/>
Total expenditure	11	249,080	242,721
		<hr/>	<hr/>
Surplus after depreciation of tangible fixed assets at valuation and before tax		8,410	14,421
Share of operating profit in joint venture	16	50	-
Taxation		-	-
		<hr/>	<hr/>
Surplus after depreciation of assets at valuation and tax		8,460	14,421
		<hr/>	<hr/>
Surplus before exceptional items		8,460	14,421
Exceptional items:			
Disposals of fixed assets		(769)	(1,994)
		<hr/>	<hr/>
Surplus after depreciation of assets at valuation and disposal of fixed assets and tax		7,691	12,427
		<hr/>	<hr/>
Surplus for the year retained within general reserves		7,691	12,427
		<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 2015

	Note	2015 £000	2014 £000
Surplus on continuing operations before taxation		7,691	12,427
Revaluation surpluses realised on disposal of properties	26	451	451
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	26	315	329
		<hr/>	<hr/>
Historical cost surplus for the year before taxation		8,006	13,207
		<hr/>	<hr/>
Historical cost surplus for the year after taxation		8,006	13,207
		<hr/>	<hr/>

SHEFFIELD HALLAM UNIVERSITY
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 July 2015

	Note	2015 £000	2014 £000
Surplus on continuing operations after depreciation of assets at valuation, disposal of fixed assets and tax		7,691	12,427
New endowments	17	19	1
Endowment income retained for the year	17	(44)	(20)
Actuarial loss in respect of the pension scheme	28	(20,152)	(8,673)
		<hr/>	<hr/>
Total recognised (losses)/gains relating to the year		(12,486)	3,735
		<hr/>	<hr/>
Reconciliation			
Opening reserves and endowments		124,357	120,622
Total recognised (losses)/gains for the year		(12,486)	3,735
		<hr/>	<hr/>
Closing reserves and endowments		111,871	124,357
		<hr/>	<hr/>

SHEFFIELD HALLAM UNIVERSITY
CONSOLIDATED BALANCE SHEET
as at 31 July 2015

	Note	2015 £000	2015 £000	2014 £000	2014 £000
FIXED ASSETS					
Tangible assets	12	204,937		184,197	
Investments	15	45		45	
Investments in joint ventures	16	50		-	
			205,032		184,242
ENDOWMENT ASSETS	17		521		546
CURRENT ASSETS					
Stocks		114		90	
Debtors	18	20,746		20,172	
Short term deposits		113,581		130,833	
Cash at bank and in hand		1,256		591	
		135,697		151,686	
CREDITORS – amounts falling due within one year	19	(39,788)		(43,984)	
NET CURRENT ASSETS			95,909		107,702
TOTAL ASSETS LESS CURRENT LIABILITIES			301,462		292,490
CREDITORS – amounts falling due after more than one year	20	(69,132)		(71,594)	
PROVISION FOR LIABILITIES	22	(3,111)		(625)	
			(72,243)		(72,219)
NET ASSETS EXCLUDING PENSION LIABILITY			229,219		220,271
PENSION LIABILITY	25		(91,089)		(71,595)
TOTAL NET ASSETS			138,130		148,676
DEFERRED CAPITAL GRANTS	23		26,259		24,319
ENDOWMENTS – expendable	17		521		546
RESERVES					
Income and expenditure account excluding pension reserve	24	186,546		179,169	
Pension reserve	25	(91,089)		(71,595)	
Revaluation reserve	26	15,406		15,721	
Capital reserve	27	487		516	
			111,350		123,811
TOTAL NET ASSETS			138,130		148,676

The financial statements on pages 33 to 66 were approved on behalf of the Board of Governors on 24 November 2015.

Geoff Dawson, Chair of the Board of Governors

P A Jones, Vice-Chancellor

SHEFFIELD HALLAM UNIVERSITY
UNIVERSITY BALANCE SHEET
as at 31 July 2015

	Note	2015 £000	2015 £000	2014 £000	2014 £000
FIXED ASSETS					
Tangible assets	13	204,919		184,168	
Investments	15	42		42	
			204,961		184,210
ENDOWMENT ASSETS					
	17		521		546
CURRENT ASSETS					
Stocks		86		90	
Debtors	18	19,680		19,270	
Short term deposits		113,581		130,833	
Cash at bank and in hand		1,165		479	
		134,512		150,672	
CREDITORS – amounts falling due within one year					
	19	(38,584)		(42,940)	
NET CURRENT ASSETS					
			95,928		107,732
TOTAL ASSETS LESS CURRENT LIABILITIES					
			301,410		292,488
CREDITORS – amounts falling due after more than one year					
	20	(69,132)		(71,594)	
PROVISION FOR LIABILITIES					
	22	(3,111)		(625)	
			(72,243)		(72,219)
NET ASSETS EXCLUDING PENSION LIABILITY					
			229,167		220,269
PENSION LIABILITY					
	25		(91,089)		(71,595)
TOTAL NET ASSETS					
			138,078		148,674
DEFERRED CAPITAL GRANTS					
	23		26,259		24,319
ENDOWMENTS – expendable					
	17		521		546
RESERVES					
Income and expenditure account excluding pension reserve	24	186,494		179,167	
Pension reserve	25	(91,089)		(71,595)	
Revaluation reserve	26	15,406		15,721	
Capital reserve	27	487		516	
			111,298		123,809
TOTAL NET ASSETS					
			138,078		148,674

The financial statements on pages 33 to 66 were approved on behalf of the Board of Governors on 24 November 2015.

Geoff Dawson, Chair of the Board of Governors

P A Jones, Vice-Chancellor

SHEFFIELD HALLAM UNIVERSITY
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 July 2015

	Note	2015 £000	2014 £000
Net cash inflow from operating activities	31	19,706	17,759
Return on investments and servicing of finance	32	(1,378)	1,067
Capital expenditure and financial investment	33	(30,419)	(32,318)
		<hr/>	<hr/>
Net cash outflow before use of liquid resources and financing		(12,091)	(13,492)
Management of liquid resources		17,277	(25,445)
Financing	34	(2,406)	37,000
Increase/(Decrease) in cash in the year		<hr/> 2,780 <hr/>	<hr/> (1,937) <hr/>
 Reconciliation of net cash flow to movement in net funds			
Increase/(Decrease) in cash in the year		2,780	(1,937)
(Decrease)/Increase in cash in liquid resources		(17,277)	25,445
Change in debt	34	2,406	(37,000)
		<hr/>	<hr/>
Decrease in net funds		(12,091)	(13,492)
Net funds at 1 August		55,855	69,347
		<hr/>	<hr/>
Net funds at 31 July	35	43,764	55,855
		<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 2015. 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.

All other income is credited to the Income and Expenditure Account in the period in which it is earned.

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. Foreign exchange gains/losses are dealt with in the Income and Expenditure Account for the financial year.

Leases

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets on the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

Land and buildings

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

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

Equipment

Designated equipment financed from Funding Council grants and other equipment is capitalised on the basis of nature. Equipment is capitalised if it is tangible, has a life of more than one year and has a purchase cost greater than £10,000. The life of the asset is dependent on its categorisation within 16 categories, ranging from 2 to 10 Years.

Subsequent expenditure on existing fixed assets

Expenditure incurred on tangible fixed assets 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.

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.

Assets held for resale

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

Stocks

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

Cash flows and liquid resources

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

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

Provisions

Provisions are recognised when the University has a present legal or constructive obligation where, as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Taxation status

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993) and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

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.

Joint venture entities and associates

The institution's share of income and expenditure in joint venture entities is recognised in the institution's income and expenditure account in accordance with FRS 9. Similarly the institution's share of assets and liabilities in associate entities is recognised in the institution's balance sheet in accordance with FRS 9.

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

	2015	2014
	£000	£000
Higher Education Funding Council for England		
Recurrent grant	18,667	34,156
Specific grants	2,461	3,241
National College for Teaching and Leadership		
Recurrent grant	234	1,248
Specific grants	371	150
Deferred capital grants released in year (Note 23)		
Buildings	1,159	1,759
Equipment	2,065	2,934
	24,957	43,488

3. Tuition fees and education contracts

	2015	2014
	£000	£000
Full-time undergraduate home and EU students	132,763	109,413
Full-time postgraduate home and EU students	8,585	8,088
Part-time undergraduate home and EU students	6,299	5,246
Part-time postgraduate home and EU students	2,854	2,722
Overseas students	27,686	29,281
Fees from NHS contracts	27,823	27,493
Other fees and support grants	903	1,158
	206,913	183,401

4. Research grants and contracts

	2015	2014
	£000	£000
Research Councils	483	614
UK based charities	529	672
UK central government bodies, local authorities and health authorities	3,239	3,489
UK industry, commerce and public corporations	427	455
EU government bodies	2,811	2,842
EU other	127	120
Other overseas	171	200
Other sources	176	129
	7,963	8,521

5. Other income

	2015 £000	2014 £000
Residences, catering and conferences	3,762	4,872
Other services rendered	3,725	4,472
Release of deferred capital grants (Note 23)	64	113
Other income	8,991	11,156
	<hr/>	<hr/>
	16,542	20,613

6. Endowment and investment income

	2015 £000	2014 £000
Income from restricted expendable endowments (Note 17)	46	23
Income from short term investments	1,069	1,096
	<hr/>	<hr/>
	1,115	1,119

7. Staff costs

Staff costs	2015 £000	2014 £000
Wages and salaries	130,551	128,304
Social security costs	10,593	10,331
Occupational pension scheme costs (Note 28)		
Employer contributions	18,878	16,838
FRS17 adjustments	(130)	1,399
Restructuring costs	2,332	710
	<hr/>	<hr/>
	162,224	157,582

Emoluments of the Vice-Chancellor

	2015 £000	2014 £000
Salary	252	247
Bonus	45	10
Other benefits	3	3
	<hr/>	<hr/>
	300	260
Pension contributions	-	-
	<hr/>	<hr/>
	300	260

Due to length of service in the USS 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 receives from the University.

7. Staff costs (continued)

Remuneration of other higher paid staff, excluding employer pension contributions, fall within the following bands:	2015 Number	2014 Number
£100,000 - £109,999	1	1
£110,000 - £119,999	1	2
£120,000 - £129,999	4	5
£130,000 - £139,999	3	3
£140,000 - £149,999	1	1
£150,000 - £159,999	1	-

Average number of staff employed during the year was made up as follows:	2015 Number of FTE's	2014 Number of FTE's
Faculty/Research Institute based	2,045	2,052
Academic support departments	342	316
Project and Central initiatives	40	59
Administration	877	899
Other	246	244
	<hr/>	<hr/>
	3,550	3,570

Compensation for loss of office payable to senior post holders	2015 £000	2014 £000
Compensation payable	-	-
	<hr/>	<hr/>

During the year, no compensation was paid to any senior post-holder (2014: no compensation paid). Any severance pay is agreed in accordance with the Institutions' Remuneration Committee.

8. Depreciation

The depreciation charge has been funded by:	2015 £000	2014 £000
Deferred capital grants released (Note 23)	3,288	4,806
General income	11,067	7,915
Revaluation reserve released (Note 26)	315	329
	<hr/>	<hr/>
	14,670	13,050

9. Other operating expenses

	2015	2014
	£000	£000
Premises costs	11,647	10,684
Furniture and supplies	1,845	2,035
Equipment and consumables	4,109	4,767
Operating lease expenditure - Land and buildings	1,788	1,751
Operating lease expenditure - Equipment	304	281
Books and periodicals	3,252	3,712
Staff development and training	1,162	1,188
Staff travel expenses	3,161	3,446
Other staff costs	575	438
Students grants and expenses	10,889	9,537
Grants to Sheffield Hallam University Union of Students	2,604	2,465
Computers and IT	10,016	9,395
Printing and stationery	1,636	1,530
Marketing and publicity	3,813	4,190
Hospitality	264	215
Postage and communications	733	874
Professional services	6,421	7,801
External auditor's remuneration in respect of audit services	54	58
External auditor's remuneration in respect of non-audit services	9	53
Internal audit services	188	143
Course and exam expenses	2,963	3,628
Bad debts	74	245
Agency staff	924	858
Other expenses	1,979	2,051
	70,410	71,345

10. Interest and other finance costs

	2015	2014
	£000	£000
Loans not wholly repayable within five years	2,304	334
Pension finance (gains)/costs (Note 28)	(528)	410
	1,776	744

11. Analysis of total expenditure by activity

	2015	2014
	£000	£000
Academic departments	117,346	115,259
Academic services	40,138	40,633
Administration and central services	43,640	41,375
Premises	27,061	24,871
Residences, catering and conferences	3,509	4,752
Research grants and contracts	9,046	9,080
Other expenses	8,340	6,751
	249,080	242,721

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 2014							
Valuation	22,262	-	-	-	-	515	22,777
Cost	197,627	1,025	1,951	37,471	58,314	-	296,388
Additions at cost	3,219	-	-	23,262	9,753	-	36,234
Transfer at cost	21,485	-	-	(30,083)	8,598	-	-
Disposals at:							
– Valuation	-	-	-	-	-	-	-
– Cost	(34,106)	(205)	-	-	(6,375)	-	(40,686)
At 31 July 2015							
Valuation	22,262	-	-	-	-	515	22,777
Cost	188,225	820	1,951	30,650	70,290	-	291,936
Depreciation							
At 1 August 2014	93,074	322	1,951	-	39,621	-	134,968
Charge for year	8,767	17	-	-	5,886	-	14,670
Eliminated in disposals	(34,061)	(205)	-	-	(5,596)	-	(39,862)
At 31 July 2015	67,780	134	1,951	-	39,911	-	109,776
Net Book Value							
At 31 July 2015	142,707	686	-	30,650	30,379	515	204,937
At 31 July 2014	126,815	703	-	37,471	18,693	515	184,197

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 2014	22,262	-	-	-	-	515	22,777
Valuation	197,627	1,025	1,951	37,471	58,248	-	296,322
Cost							
Additions at cost	3,219	-	-	23,262	9,753	-	36,234
Transfer at cost	21,485	-	-	(30,083)	8,598	-	-
Disposals at:							
– Valuation	-	-	-	-	-	-	-
– Cost	(34,106)	(205)	-	-	(6,335)	-	(40,646)
At 31 July 2015							
Valuation	22,262	-	-	-	-	515	22,777
Cost	188,225	820	1,951	30,650	70,264	-	291,910
Depreciation							
At 1 August 2014	93,074	322	1,951	-	39,584	-	134,931
Charge for year	8,767	17	-	-	5,883	-	14,667
Transfers	-	-	-	-	-	-	-
Eliminated in disposals	(34,061)	(205)	-	-	(5,564)	-	(39,830)
At 31 July 2015	67,780	134	1,951	-	39,903	-	109,768
Net Book Value							
At 31 July 2015	142,707	686	-	30,650	30,361	515	204,919
At 31 July 2014	126,815	703	-	37,471	18,664	515	184,168

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	
	2015	2014	2015	2014
	£000	£000	£000	£000
Other investments	45	45	42	42
	45	45	42	42

Name of company	Principal Activity	Percentage of Ordinary Shares Held
Collegiate Properties Ltd	Dormant	100
Sheffield Hallam Innovation and Enterprise Ltd	Holding company	100
Sheffield Hallam University Enterprises Ltd	Trading activities	100
Sheaf Innovations Limited	Research	24.9
Barrcoat AB	Research	20.6
Xeracarb Limited	Research	7.2

16. Investments in joint ventures

The University holds a 25% shareholding in the joint venture company Myscience.co Limited, which operates the National Science Learning Centre as a centre for excellence for science teachers' continuing professional development. This joint venture has not previously been recognised in the accounts.

Share of net assets	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
At 1 August 2014	-	-	-	-
Share of operating profit	50	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	50	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets comprised of:				
Share of gross assets	999	-	-	-
Share of gross liabilities	(949)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	50	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

17. Endowment assets

Restricted expendable endowments:	Consolidated and University	
	2015 £000	2014 £000
At 1 August	546	565
Income for year	2	3
New endowments invested	19	1
Transferred to Income and Expenditure account	(46)	(23)
	<hr/>	<hr/>
At 31 July	521	546
	<hr/>	<hr/>
Representing:		
Prize funds	218	244
Other funds	303	302
	<hr/>	<hr/>
	521	546
	<hr/>	<hr/>

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

18. Debtors

Amounts falling due within one year:	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Debtors	13,108	13,335	12,157	12,455
Prepayments	3,200	3,524	3,201	3,524
Accrued income	4,438	3,313	4,322	3,185
Amounts owed by group undertakings	-	-	-	106
	20,746	20,172	19,680	19,270

19. Creditors – amounts falling due within one year

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Payments received on account	11,640	12,289	11,254	12,053
Trade creditors	5,990	7,511	5,984	7,493
Social security and other taxation payable	3,661	3,622	3,661	3,622
Accruals and deferred income	16,035	16,041	15,133	15,251
Unsecured loans (Note 21)	2,462	2,406	2,462	2,406
Bank overdraft	-	2,115	-	2,115
Amounts owed to group undertakings	-	-	90	-
	39,788	43,984	38,584	42,940

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

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Unsecured loans (Note 21)	69,132	71,594	69,132	71,594
	69,132	71,594	69,132	71,594

21. Borrowings

	Consolidated and University	
	2015 £000	2014 £000
Analysis of unsecured loans:		
Due within one year	2,462	2,406
Due between one and two years	2,497	2,462
Due between two and five years	7,858	7,679
Due in five years or more	58,777	61,453
	<hr/>	<hr/>
	71,594	74,000
	<hr/>	<hr/>

The University had a revolving credit facility arranged with Barclays Bank Plc from 31 July 2007 to 31 July 2014. On 31 July 2014, the University opted to convert the £74m revolving credit facility to a term loan for 23 years to 2037. The interest is charged at a fixed rate on £39.0m (2014: £40.0m) and a variable rate on the remaining £32.6m (2014: £34.0m). The facility is unsecured.

22. Provisions for liabilities

	Consolidated and University			
	Pensions £000	Restructuring £000	Other £000	Total £000
At 1 August 2014	281	344	-	625
Created in year	337	605	2,030	2,972
Utilised in year	(136)	(307)	-	(443)
Released in year	(6)	(37)	-	(43)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	476	605	2,030	3,111
	<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 is expected to be utilised during 2015/16.

The other provision relates to dilapidation costs arising from leased properties. It is expected that this will be utilised over the next two years. The provision is net of anticipated reimbursement of costs from sub-tenants.

23. Deferred capital grants

	Funding Councils	Consolidated and University Other Grants	Total
	£000	£000	£000
At 1 August 2014			
Buildings	20,866	703	21,569
Equipment	2,568	182	2,750
Total	23,434	885	24,319
Cash receivable			
Buildings	2,737	-	2,737
Equipment	2,481	10	2,491
Total	5,218	10	5,228
Released to Income and Expenditure account			
Buildings	1,159	42	1,201
Equipment	2,065	22	2,087
Total	3,224	64	3,288
At 31 July 2015			
Buildings	22,444	661	23,105
Equipment	2,984	170	3,154
Total	25,428	831	26,259

24. Income and expenditure reserve

	Consolidated		University	
	2015	2014	2015	2014
	£000	£000	£000	£000
As at 1 August	179,169	164,124	179,167	154,664
Surplus retained for the year	7,691	12,427	7,641	21,885
Release from revaluation reserve	315	780	315	780
Release from capital reserve	29	29	29	29
(Deduct) / add back pension reserve	(658)	1,809	(658)	1,809
As at 31 July	186,546	179,169	186,494	179,167

25. Pension reserve

	Consolidated and University	
	2015 £000	2014 £000
As at 1 August	(71,595)	(61,113)
Actuarial loss in respect of the pension scheme deficit	(20,152)	(8,673)
Surplus/(Deficit) retained within reserves	658	(1,809)
As at 31 July	(91,089)	(71,595)

26. Revaluation reserve

	Consolidated and University	
	2015 £000	2014 £000
As at 1 August	15,721	16,501
Release to Income and Expenditure reserve equivalent to depreciation on revaluation	(315)	(329)
Release to Income and Expenditure reserve revaluation surpluses realised on disposal of properties		(451)
As at 31 July	15,406	15,721

27. Capital reserve

	Consolidated and University	
	2015 £000	2014 £000
As at 1 August	516	545
Release to Income and Expenditure reserve	(29)	(29)
As at 31 July	487	516

28. Pension costs

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

Total pension cost for the year	2015 £000	2014 £000
Contributions paid:		
Teachers' Pension Scheme	8,737	8,301
Universities Superannuation Scheme	1,384	1,395
Local Government Pension Scheme	8,757	7,142
	<hr/>	<hr/>
	18,878	16,838
FRS17 charge:		
Local Government Pension Scheme	(130)	1,399
	<hr/>	<hr/>
Total pension cost	18,748	18,237

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.

Following the recommendations of Lord Hutton on public sector pensions, a valuation as at 31 March 2012 has been undertaken by the Government Actuary's Department in line with the revised valuation directions determined by Her Majesty's Treasury.

The report confirms that the employer contribution rate for the Teachers' Pension Scheme will increase from 14.1% to 16.48% and that the employer cost cap (the mechanism by which the scheme costs are managed in the long term) is 10.9%. The new rates will come into effect from 1 September 2015.

The employer contribution rate is expected to be reassessed at the next actuarial valuation to be carried out as at 31 March 2016 (and each subsequent 4 years). The next revision to the employer contribution rate is expected to take effect from 1 April 2019.

Latest actuarial valuation	31 March 2012
Discount rate per annum (real)	3.00%
Long term salary increases per annum	4.75%
Pension increases per annum	2.00%
Value of notional assets at date of last valuation	£176,600m
Value of liabilities at date of last valuation	£191,500m
Notional past service deficit	£15,000m

As at 31 March 2015 the scheme had net liabilities of £275.5bn (2014: £250.3bn).

A new scheme ("the 2015 Scheme") was introduced from 1 April 2015. The 2015 Scheme is based on career average, rather than final salary.

28. Pension costs (continued)

From 1 April 2012 tiered employee contribution rates have been used. The rates applied for each salary band:

2014/15		2015/16	
£1 - £14,999	6.4%	£1 - £25,999	7.4%
£15,000 - £25,999	7.2%	£26,000 - £34,999	8.6%
£26,000 - £31,999	8.3%	£35,000 - £41,499	9.6%
£32,000 - £39,999	9.5%	£41,500 - £54,999	10.2%
£40,000 - £44,999	9.9%	£55,000 - £74,999	11.3%
£45,000 - £74,999	11.0%	£75,000 or more	11.7%
£75,000 - £99,999	11.6%		
£100,000 or more	12.4%		

There was a balance of £1,253,000 owing by the University at 31 July 2015 (2014: £1,211,000).

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 latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which has been signed off by the Scheme Actuary, but remains unaudited. The valuation was carried out using the projected unit method.

The University is required to contribute a percentage of payroll costs to the pension scheme to fund the benefits payable to staff enrolled in the pension scheme. In 2015 the percentage was 16% (2014: 16%). The contribution rate for final salary members has been 7.5% and for career average members 6.5%

Based on the 2014 valuation, currently being audited by the scheme auditor, it is expected that employer contributions will increase to 18% from 1 April 2016.

The total cost charged to the Income & Expenditure Account is £1,384,000 (2014: £1,395,000) as shown in notes 7 and 28. There was a balance of £177,000 owing by the University at 31 July 2015 (2014: £Nil).

Latest actuarial valuation	31 March 2014 (unaudited)
Value of assets of the scheme at date of last valuation	£41,600m
Value of the scheme's technical provisions	£46,900m
Indicating a shortfall of	£5,300m

The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Using the FRS17 formula, as if USS was a single employer scheme and an AA bond discount rate of 3.3% per annum based on spot yields, a pensionable salary growth of 3.5% in the first year and 4.0% thereafter and price inflation of 2.2%, the actuary estimated that the funding level was 72%.

The 2014 valuation is under consultation in order to agree a recovery plan which will likely include a reduction in future benefits and an increase in employer contributions.

28. Pension costs (continued)

Correcting the shortfall

Based on the previous scheme valuation as at March 2011 the current recovery plan to pay off the shortfall by 31 March 2021 is as follows:

Periods up to 31 March 2017

The Employers' deficit contributions in the first six years of the recovery plan will amount to 16% p.a. of salaries less the blended Employer future service cost of accrual.

Periods after 31 March 2017 until 31 March 2021

The Employers will pay an additional 2% of salaries (in excess of the blended Employer future service cost of accruals).

Based on data, models and assumptions used by the Trustee for the purposes of the 31 March 2011 actuarial valuation, the estimated blended joint member/employer future service rates are expected to be approximately:

Date	Year	Contribution rate
31/3/2011 - 31/3/2012	1	20.1%
31/3/2012 - 31/3/2013	2	19.9%
31/3/2013 - 31/3/2014	3	19.6%
31/3/2014 - 31/3/2015	4	19.3%
31/3/2015 - 31/3/2016	5	19.0%
31/3/2016 - 31/3/2017	6	18.7%
31/3/2017 - 31/3/2018	7	18.4%
31/3/2018 - 31/3/2019	8	18.1%
31/3/2019 - 31/3/2020	9	17.8%
31/3/2020 - 31/3/2021	10	17.5%

This table will be updated at each triennial valuation.

28. Pension costs (continued)

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 2010.

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

The total contributions paid for the year ended 31 July 2015 was £12,284,000 of which employers contributions totalled £8,931,000 and employees contributions totalled £3,353,000. The current contribution rates are 17.6% (2014: 18.0%) for employers and employees are on a sliding scale based on earnings, the rate varying between 5.5% and 7.5% (2014: between 5.5% and 7.5%).

The following information is based upon a full actuarial valuation of the fund at 31 March 2010 updated to 31 July 2013 by a qualified independent actuary.

There was a balance of £1,005,000 owing by the University at 31 July 2015 (2014: £1,043,000).

The material assumptions used by the actuary for FRS 17 at 31 July 2015 were:

	2015	2014
Rate of increase in salaries	3.95%	4.05%
Rate of increase in pensions in payment	2.2%	2.3%
Discount rate	3.8%	4.3%
Inflation assumption	2.2%	2.3%
Proportion of employees opting to take a commuted lump sum	50.0%	50.0%

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 2015	At 31 July 2014
Retiring today		
Males	23.0	22.9
Females	25.6	25.5
Retiring in 20 years		
Males	25.3	25.2
Females	28.4	28.3

The estimated contribution to the defined benefit scheme for the year 2014/15 is £8,182,000.

28. Pension costs (continued)

Scheme assets

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

	Long term return %	2015 Fund value £000	Long term return %	2014 Fund value £000	Long term return %	2013 Fund value £000
Equities	6.5%	141,908	7.0%	130,049	7.0%	118,030
Government Bonds	2.5%	34,163	3.2%	27,838	3.3%	26,790
Other Bonds	3.6%	14,095	4.1%	14,025	4.3%	12,813
Property	6.1%	27,474	6.2%	22,950	5.7%	18,442
Cash/Liquidity	0.5%	4,300	0.5%	3,825	0.5%	3,883
Other	6.5%	16,962	7.0%	13,813	7.0%	14,171
		238,902		212,500		194,129

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	2015 £000	2014 £000
Total fair value of assets	238,902	212,500
Present value of funded scheme liabilities	(329,903)	(284,010)
Present value of unfunded scheme liabilities	(88)	(85)
	(91,089)	(71,595)
Amounts charged to operating surplus	2015 £000	2014 £000
Current service cost	(8,508)	(8,571)
Settlements and curtailments	(293)	(51)
	(8,801)	(8,622)
Amounts charged to interest payable	2015 £000	2014 £000
Expected return on pension scheme assets	12,864	11,476
Interest on pension scheme liabilities	(12,336)	(11,886)
	528	(410)

28. Pension costs (continued)

Amounts recognised in statement of total recognised gains and losses	2015 £000	2014 £000
Actual return less expected return on pension scheme assets	7,543	1,931
Change in financial and demographic assumptions underlying the scheme liabilities	(27,695)	(10,604)
	<hr/>	<hr/>
Total actuarial loss recognised in the statement of total recognised gains and losses	(20,152)	(8,673)
	<hr/>	<hr/>
Movement in deficit in the year	2015 £000	2014 £000
Deficit in scheme at 1 August	(71,595)	(61,113)
Current service costs	(8,508)	(8,571)
Contributions	8,931	7,223
Past service costs	(293)	(51)
Other finance gains/(costs)	528	(410)
Actuarial loss	(20,152)	(8,673)
	<hr/>	<hr/>
Deficit in scheme at 31 July	(91,089)	(71,595)
	<hr/>	<hr/>
Analysis of the movement in the present value of scheme liabilities	2015 £000	2014 £000
Liabilities at 1 August	284,095	255,242
Service cost	8,508	8,571
Interest cost	12,336	11,886
Employee contributions	3,353	3,172
Actuarial loss	27,695	10,604
Benefits paid	(6,289)	(5,431)
Settlements and curtailments	293	51
	<hr/>	<hr/>
Liabilities at 31 July	329,991	284,095
	<hr/>	<hr/>
Analysis of the movement in the market value of scheme assets	2015 £000	2014 £000
Assets at 1 August	212,500	194,129
Expected return on assets	12,864	11,476
Actuarial gain	7,543	1,931
Employer contributions	8,931	7,223
Employee contributions	3,353	3,172
Benefits paid	(6,289)	(5,431)
	<hr/>	<hr/>
Assets at 31 July	238,902	212,500
	<hr/>	<hr/>

28. Pension costs (continued)

History of experience gains and losses	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Actual return less expected return on pension scheme assets	7,543	1,931	17,687	(3,725)	5,382
% of scheme assets	3.2%	0.9%	9.1%	2.3%	3.5%
Experience gains and losses arising on scheme liabilities		(1,817)			(1,910)
% of present value of scheme liabilities	0%	0.6%	0%	0%	0.9%
Total amount recognised in statement of total recognised gains and losses	(20,152)	(8,673)	12,569	(11,039)	5,815
% of present value of scheme liabilities	6.1%	3.1%	4.9%	4.7%	2.8%

29. Lease obligations

Annual rentals under operating lease commitments as at 31 July expiring:	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Buildings				
Within one year	1,008	202	1,008	202
Between one and five years	114	1,122	114	1,122
Over five years	594	594	594	594
Equipment				
Within one year	94	32	94	32
Between one and five years	207	287	207	287
	2,017	2,237	2,017	2,237

During the year, the University signed an agreement to enter into a lease of a building once refurbishment works have been completed to an accepted standard. The annual lease commitment will be £990,000.

30. Capital commitments

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Commitments contracted at 31 July	11,835	29,728	11,835	29,728
Authorised but not contracted at 31 July	23,142	9,264	23,142	9,264
	34,977	38,992	34,977	38,992

The capital commitment includes £4,160,000 of spend which will be grant funded.

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

	2015	2014
	£000	£000
Operating surplus	8,410	14,421
Depreciation	14,670	13,050
Deferred capital grants released income	(3,288)	(4,806)
Investment income	(1,115)	(1,119)
Interest payable	2,304	334
(Increase)/Decrease in stocks	(24)	9
Decrease/(Increase) in debtors	1,057	(1,054)
Decrease in creditors	(4,136)	(3,482)
Increase/(Decrease) in provisions	2,486	(1,403)
Pension costs less contributions payable	(658)	1,809
	<hr/>	<hr/>
Net cash inflow from operating activities	19,706	17,759
	<hr/>	<hr/>

32. Returns on investments and servicing of finance

	2015	2014
	£000	£000
Income from endowments	2	3
Income from short term investments	924	1,385
Interest paid	(2,304)	(321)
	<hr/>	<hr/>
	(1,378)	1,067
	<hr/>	<hr/>

33. Capital expenditure and financial investment

	2015	2014
	£000	£000
Tangible assets acquired	(34,234)	(34,123)
Receipts from sale of fixed assets	54	125
Deferred capital grants received	3,742	1,682
Endowments received	19	1
Financial investment acquired	-	(3)
	<hr/>	<hr/>
	(30,419)	(32,318)
	<hr/>	<hr/>

34. Financing

	2015	2014
	£000	£000
New loans	-	37,000
Repayments	(2,406)	-
	<hr/>	<hr/>
	(2,406)	37,000
	<hr/>	<hr/>

35. Analysis of changes in net funds

	At 1 August 2014 £000	Cash Flows £000	Non-Cash Changes £000	At 31 July 2015 £000
Cash at bank and in hand	591	665	-	1,256
Endowment bank balance	546	(25)	-	521
Bank overdraft	(2,115)	2,115	-	-
	(978)	2,755	-	1,777
Debits due within one year	(2,406)	2,406	(2,462)	(2,462)
Debits due after one year	(71,594)	-	2,462	(69,132)
Short term deposits	130,833	(17,252)	-	113,581
	55,855	(12,091)	-	43,764

36. Access funds

	2015 £000	2014 £000
Funding Council Access grants	-	610
Interest earned	-	1
	-	611
Disbursed to students	-	(611)
Grants to be disbursed	-	-

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 received income towards the cost of administering these funds and both this income and the related expenditure are included within the Income and Expenditure Account. This programme ceased on 31 July 2014.

37. National College for Teaching and Leadership

	2015 £000	2014 £000
Initial Teacher Training Bursaries		
Funds received	2,995	2,866
Disbursed to students	(2,838)	(2,819)
	157	47
Unspent funds to be recovered		

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

38. Related party transactions

The Governors have considered the requirements of FRS8 – Related Party Disclosures which apply to these financial statements. The standard requires disclosure of inter alia, transactions with related parties of the University.

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

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

Professor Philip Jones, Vice-Chancellor and member of the Board of Governors, was a director of Yorkshire Universities which received payments from the University of £16,120 (2013/14: £31,120) in relation to the membership subscription. Professor Jones was a member of the Board of the National Science Learning Centre which made payments to the University of £383,924 (2013/14: £842,658) in relation to the running of the Science Learning Centre Derbyshire, Yorkshire and the Humber North East, the provision of courses by the Science Learning Centre, conferences and course development. In addition, the University made payments of £7,169 (2013/14: £4,481) to the National Science Learning Centre for events catering and staffing, course attendance, course development and design and print.

Mr Geoff Dawson, a Governor, was a director of the University and Colleges Employers Association (UCEA) which received payments of £12,407 (2013/14: £12,182) in relation to the annual subscription to UCEA, room hire, catering, staff development and the UCEA Senior Staff Remuneration Survey. Mr Geoff Dawson was a member of the Board of the Leadership Foundation for Higher Education which received payments from the University of £71,054 (2013/14: £23,145) in relation to annual membership fees (for 2014/15 and 2015/16) and the provision of training and staff/governor development.

Mr Neil MacDonald, a Governor, was a director of Sheffield Children's Hospital Foundation Trust which made payments to the University of £54,822 (2013/14: £97,773) in relation to consultancy services, collaborative research, collaborative provision, tuition fees, room hire and catering. In addition, the University made payments of £49,544 (2013/14: £32,575) to Sheffield Children's Hospital Foundation Trust in relation to teaching and staff secondment.

Mr Stuart Britland, a Governor, was a director of Sheffield International Venues Limited which received payments of £340,541 (2013/14: £296,208) in relation to provision of sporting facilities and sports mentoring, events/conferences, facilities for University Graduation, estates charges, advertising boards and athletics memberships for University athletics club. In addition, the University received payments of £7,934 (2013/14: £6,092) from Sheffield International Venues Limited in relation to Athletics Unlimited income. Payments to Stuart Britland Advisory Services, a business owned by Mr Stuart Britland, a Governor, are detailed in note 39.

Dr Julie Morrissy, a Governor, was a partner at Irwin Mitchell LLP which received payments of £143,619 (2013/14: £148,013) in relation to professional fees and disbursements. In addition, Irwin Mitchell made payments of £500 (2013/14: £1,710) in relation to sponsorship of awards.

Ms Rosemary Downs, a Governor, was a member of the Board of Museums Sheffield which received payments of £47,466 (2013/14: £9,012) in relation to lectures and workshops, sponsorship for an exhibition, a fundraising dinner and room and equipment hire.

Mr Christopher Kinsella, a Governor, was a member of the Board of Trustees of the Chartered Management Institute which received payments of £25,502 (2013/14: £1,548) in relation to the annual approved centre fee, course fees and the use of an information services portal.

38. Related party transactions (continued)

Mr Steve Jones, a Governor, was an elected member of Sheffield City Council which received payments (excluding council tax and rates payments) of £322,032 (2013/14: £264,277) in relation to estates and facilities charges, catering, placement fees, staff costs, charges related to car park management, marketing and sponsorship, training, conference costs, transport costs, provision of data about schools, contribution to Sheffield First Partnership, contribution to the bid costs for redevelopment of the public realm adjacent to city campus and contribution to the costs of the RISE graduate internship scheme. The University received payments from Sheffield City Council of £168,262 (2013/14: £251,522) in relation to course fees, training and development, sponsorship of tuition fees, car park income, sponsorship of an award, room hire and catering, equipment, consultancy and contract research.

The following Executive Officers of Sheffield Hallam University Union of Students were members of the Board of Governors during the 2014/15 financial year:

- Mr D Adaramewa was a member of the Board of Governors from July 2015 and his period of office continues to June 2016;
- Ms E Connor was a member of the Board of Governors from July 2014 to June 2015;
- Mr E Cleaver was a member of the Board of Governors from July 2014 to June 2015; and
- Mr H El Zafar was a member of the Board of Governors from July 2015 and his period of office continues to June 2016.

Sheffield Hallam University made payments to the Sheffield Hallam University Union of Students of £2,750,553 (2013/14: £2,628,425) in relation to the yearly grant made to the Students' Union by the University, Sport Hallam subscriptions and other sports-related activities and charges, estates and facilities charges, catering and hospitality, security and DJ fees, event tickets, printing, marketing and merchandising, uniforms and clothing, technical support/services, Sports Ball sponsorship, reimbursement of SHUcard sales, funding for Nightline, and distribution of grant funds to partners on a project funded by UnLtd. Sheffield Hallam University received payments from the Sheffield Hallam University Union of Students of £375,725 (2013/14: £393,653) in relation to estates and facilities charges, catering, printing, workshop, sponsorship, charges for IT support and sports charges.

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

39. Transactions with trustees

Members of the Board of Governors are trustees of the University as an exempt charity. The University is required under the Memorandum of Assurance and Accountability between HEFCE and Institutions 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 Dan Bye, a Governor, was a member of staff of the University elected as a governor by and from the professional services staff of the University for the year ended 31 July 2015. 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 for the year ended 31 July 2015. 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.

Mr Stuart Britland, a Governor, was the owner of Stuart Britland Advisory Services, which received payments of £4,992 (2013/14: £4,992) in relation to provision of specialist management advice.

During 2014/15, expenses in relation to travel, subsistence, training, THES subscriptions and sundry items totalling £13,000 (2013/14: £12,000) were paid to or on behalf of sixteen (2013/14: sixteen) members of the Board of Governors.

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

BOARD OF GOVERNORS FOR THE YEAR ENDED 31 JULY 2015

Dapo Adaramewa (student nominee July 2015 - June 2016)
David Bradley
Stuart Britland
Dan Bye
Emmet Cleaver (student nominee July 2014 - June 2015)
Emily Connor (student nominee July 2014 - June 2015)
Geoff Dawson (Chair)
Janet Dean (Deputy Chair of the Board until 10 February 2015)
Rosemary Downs
Hassun El Zafar (student nominee July 2015 - June 2016)
Prof Philip Jones (Vice-Chancellor)
Dr Steve Jones
Christopher Kenny
Christopher Kinsella
Neil MacDonald
Dr Julie Morrissy
Dr Christine O'Leary
Prof Judy Simons (Deputy Chair of the Board from 10 February 2015)
Dr Stephen Timothy
Prof Paul Wiles

The following were appointed to the Board of Governors from 1 August 2015 and were members of the Board on the date at which the Operating and Financial Review was formally approved:

Meg Munn
Peter Jones

MEMBERSHIP OF BOARD OF GOVERNORS' COMMITTEES FOR YEAR ENDED 31 JULY 2015

FINANCE AND EMPLOYMENT COMMITTEE

David Bradley
Stuart Britland (Deputy Chair)
Geoff Dawson
Janet Dean (Chair)
Prof Philip Jones (Vice-Chancellor)
Neil MacDonald
Dr Stephen Timothy

NOMINATIONS COMMITTEE

Geoff Dawson (Chair)
Emily Connor
Prof Philip Jones (Vice-Chancellor)
Neil MacDonald
Dr Christine O'Leary
Dr Toni Schwarz appointed 9 October 2014
Prof Judy Simons (Deputy Chair)

REMUNERATION COMMITTEE

Geoff Dawson (Chair)
Janet Dean (Deputy Chair of the Board until 10 February 2015)
Prof Philip Jones (Vice-Chancellor)
Christopher Kinsella
Prof Judy Simons (Deputy Chair of the Board from 10 February 2015)
Prof Paul Wiles

AUDIT COMMITTEE

Rosemary Downs
Christopher Kenny
Christopher Kinsella
Prof Judy Simons (Chair)
Rick Plews (external co-option)
Dr Julie Morrissy
John Warner (external co-option)
Prof Paul Wiles (Deputy Chair)

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Grant Thornton LLP
No 1 Whitehall Riverside
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LS1 4BN

Internal auditor
KPMG LLP
1 The Embankment
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Insurer
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