

**Annual Report and
Financial Statements**

2019

2020

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

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Introduction from the Vice-Chancellor

Few years in the University's history can have been more challenging than 2019/20. However, it is important to remember that the year began on a positive note. I was particularly proud that Sheffield Hallam was named as the University of the Year for Teaching Quality by The Times and Sunday Times Good University Guide 2020. This was an outstanding achievement that reflects the hard work of staff and a consistent improvement in student satisfaction.

Despite this good news, our year has been dominated by the ongoing global pandemic. In March 2020, just over halfway through the academic year, Covid-19 required the University to transfer its teaching, research, innovation, student support and operational activities, all the things it does, from a face-to-face to a remote basis.

The University's city centre and suburban operations migrated to spare rooms and kitchen tables, and did so over an unprecedented 48 hours. This annual report tells the story of a quite exceptional year.

As Vice-Chancellor I thought I knew the University inside out. Over the weeks following the transition to remote operation, I learned a great deal more about the way Sheffield Hallam works. I learned about the resilience of the information technology networks – a tribute to the quiet improvements made over the last two years.

I learned more about the extraordinary inventiveness of our academic staff, who moved their teaching and research into a radically different mode. I learned about the exceptional commitment of our student support and academic support teams, who were supporting students from their homes. I learned about the imagination and commitment of staff right across the University, and I was humbled by it.

I learned too about our students, and especially about the digital and material poverty too many of them face.

Over just a few weeks the University was able to provide information technology resources and material support to students who faced new barriers to success. I learned too of our capacity to support the local and national Covid-19 response, graduating health workers immediately into practice, making facilities and staff available.

This is an annual report, then, like no other in our history. It tells a story of adaptation and resilience, of imagination and determination, of our ability to make changes at speed and to learn rapidly as we did so. Throughout the period of change the University sought to keep some important things in mind. That we are a university for our students, whose needs come first. That we are a university of place determined to use our resources to support our community, and most of all, that we are a university with enormous heart.

The past six months have been testing for the entire university community. The world in which we operate has changed, perhaps forever, but certainly profoundly. We have learned that we can do things quickly and effectively. We have learned that we can work together in ways we did not imagine were possible. Most of all, we have learned that we can face and navigate profound challenge in ways which are consistent with our values and mission.

It has been hard work for everyone, but it has also been an enormous privilege to lead the University through this period. This annual report tells a part of that story. I am enormously grateful to everyone whose commitment and hard work have made it all possible.

Professor Sir Chris Husbands
Vice-Chancellor
Sheffield Hallam University

Foreword by the Chair



In my note introducing last year's annual report, I concluded by observing that the external environment meant the future was uncertain for Sheffield Hallam and the entire higher education sector. However, no one could have predicted the daunting challenges that the 2019/20 academic year has presented our University with.

Our outstanding teaching, research and partnerships are all shaped by human interaction in classrooms, lecture theatres, workplaces, laboratories, and workshops. Covid-19 meant that all this had to change at an unprecedented scale and speed – every part of the University has had to adapt to the new world we find ourselves in. Yet many things that would have seemed impossible at the start of the academic year have been successfully delivered.

The Board of Governors and I have been deeply impressed to see how staff and the wider Sheffield Hallam community has risen to this challenge – putting the interests of students first and ensuring that they receive the best possible experience.

It has been a significant effort to maintain core business during a global pandemic, so it is remarkable that Sheffield Hallam has also played a key role in supporting the regional and national endeavour to mitigate the impact of Covid-19. This has included training the next generation of our NHS workforce, supporting teaching within schools and working with industry to innovate and find new ways to do business, while research is also being undertaken to find the best ways of helping people recover from the effects of 'long Covid'.

Amid all this disruption the University has continued to move forward and improve under the leadership of the Vice-Chancellor and the University Leadership Team. As is recognised within this annual report, the overall performance, profile and reputation of Sheffield Hallam is on an upward trajectory. The University also continues to play an increasingly important role within our region and is building on our international collaborations. We have taken a lead role nationally in the development of the Civic University Network to support the growing civic university movement. This is something which our whole University community should be proud of.

Last year I noted that Sheffield Hallam was well placed to go forward with confidence in its mission and ability to transform lives. The level of commitment we have witnessed from our University community over the course of 2019/20 convinces me that this is just as true today, despite all the challenges that we face in the months ahead. I have no doubt that we will overcome them together.

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

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Our University

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

We are one of the UK's largest and most diverse universities: a community of more than 30,000 students, 4,000 staff and more than 200,000 alumni around the world. We are proud of our reach, influence and achievements.

Our goal is to do more, better, for more people in a world that is being reshaped fundamentally by the effects of Covid-19. This report sets out our progress over the last year, shows how we have dealt with the effects of Covid-19 and signals our ambitions for the future.

Just like organisations across the globe, this year we have had to adapt and respond to the many challenges that Covid-19 has presented. The University switched rapidly to the provision of online teaching and assessments, with the majority of staff supported to work from home. And as well as ensuring that core business continues, the University committed to doing all it could to support our community in response to the crisis.

This report shows how we supported our region and partners through a whole host of initiatives, both in terms of the immediate response and navigating the longer-term social and economic implications of the pandemic on the path to recovery.

The University is at the heart of its region, woven into the fabric and culture of Sheffield and the surrounding area. The University continues to take a strong leadership role in the region – leading improvements in social justice, the quality of life and economic performance through the impact of our students, research and partnerships.

We are a university grounded in its city and region but with a global outlook, demonstrated in our growing number of international partnerships and worldwide community of international students and staff – from approximately 120 countries.

We make use of excellent learning and research spaces developed through careful long-term planning: our ambitious campus plan will see us overhaul our estate as an exceptional urban university at the heart of its city and region. Our committed staff provide award-winning teaching and student support for our diverse, global population of students; our teaching and learning plans will see us embed sector-leading thinking across our portfolio.

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

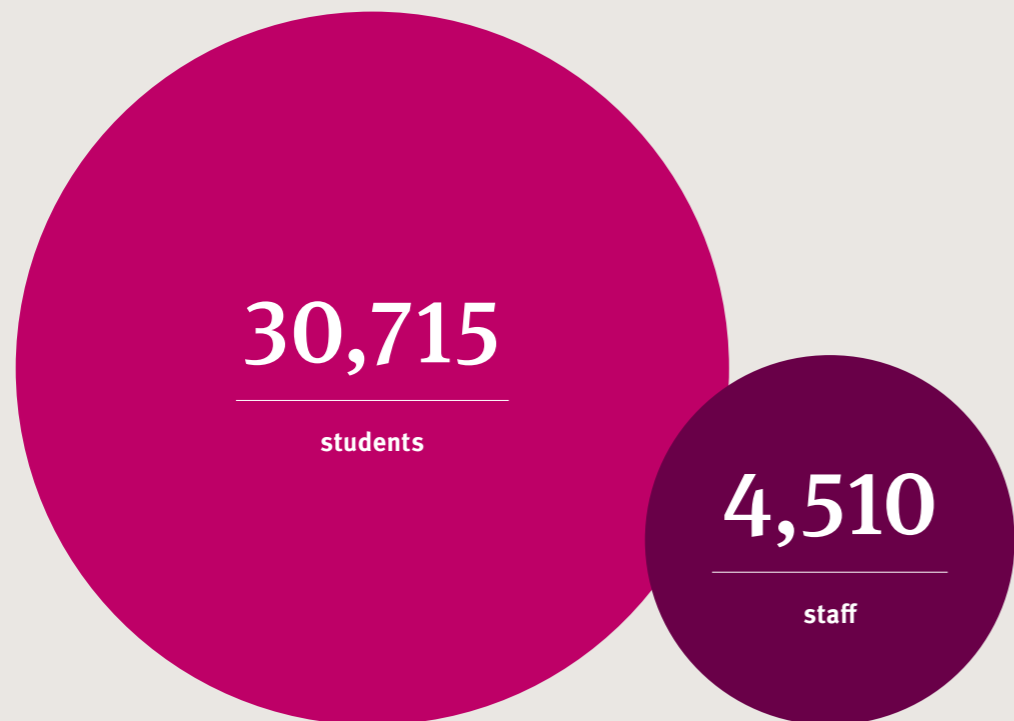
Our engaged and applied learning, close working with employers and our fabulous staff have secured good student satisfaction scores and strong post-graduation employment for students: our ambition is now to go further, faster despite all the challenges that Covid-19 presents.

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

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

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

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Over

15,000

placements and real-world projects delivered every year.

3,546

students from 84 countries worldwide

401

staff members from 71 countries worldwide

We welcomed 1,175 young students from the most disadvantaged backgrounds in the UK, more than any other university.



Up 8 places to 47th in The Guardian's annual league table of UK universities – up 8 places since 2019, and 4th year of improvement in a row.

96%

of our UK undergraduates in employment or further study 15 months after graduation.

88%

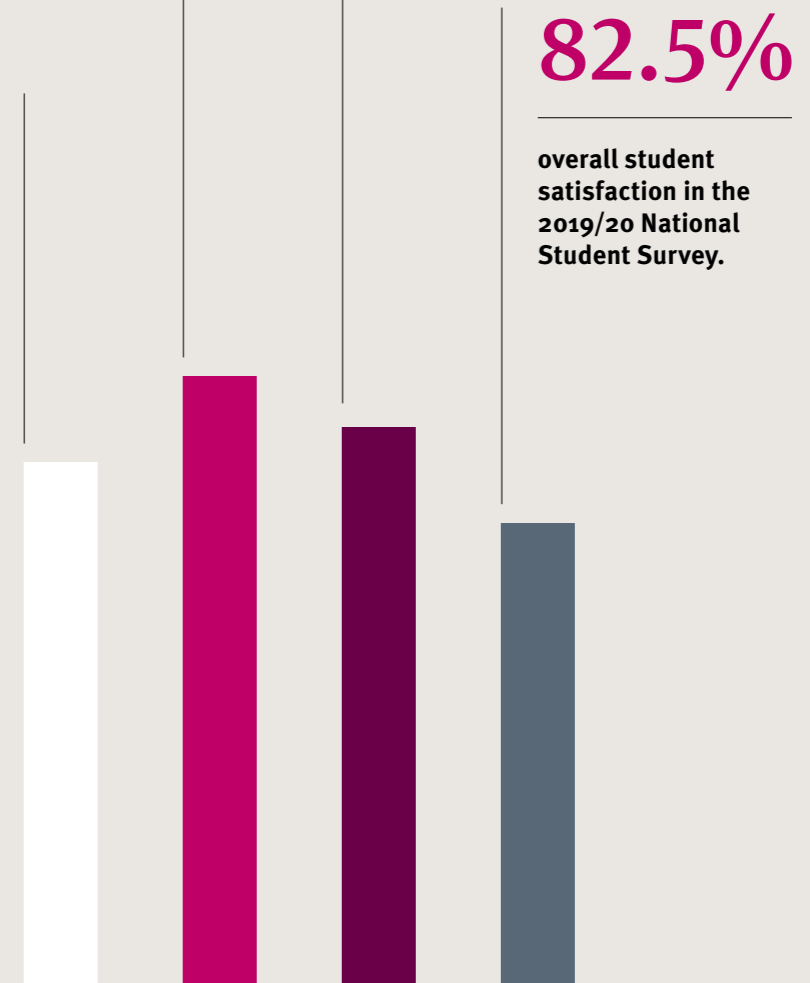
for satisfaction with learning resources, among the top quartile of universities in the UK.

82.5%

overall student satisfaction in the 2019/20 National Student Survey.

73%

of our UK undergraduates in highly skilled employment or further study 15 months after graduation.



Strategic review

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

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



Sheffield
Hallam
University

Highlights from 2019/20

Driving future economies

This year **Sheffield Innovation Programme**, a highly successful regional project which is stimulating business growth through bringing together SMEs and the city's two universities, received £1.8 million in funding to continue for another three years. As part of the programme, the universities have provided businesses with academic support for projects, workshop-based innovation guidance, student interns and their world-class facilities.



In early 2020 we celebrated the arrival of our **1,000th degree apprentice**, as part of a new partnership with a local digital care software provider. Yannick Loembet joined the programme as a software developer as part of the Servelec Digital Academy scheme and will be working towards a Digital and Technology Solutions Professional degree qualification.

Sheffield Business School received formal international accreditation from the Association to Advance Collegiate Schools of Business, marking it out as within the top five per cent of business schools globally.

We launched **ScaleUp 360**, a £3 million partnership project to support entrepreneurs from across the region to grow their business. It is a three-year project that brings together a group of business experts from Doncaster and East Midlands Chambers of Commerce and Barnsley Business and Innovation Centre. ScaleUp 360 will include an outreach and engagement programme of enterprise and entrepreneurship skills development activities delivered to a number of FE colleges across the region.



Enabling healthier lives

In January 2020 we formally opened the new home for our **Advanced Wellbeing Research Centre (AWRC)**, which has been supported by £14 million funding from the department of Health and Social Care and the European Regional Development Fund. The AWRC, which forms the centrepiece of the Sheffield Olympic Legacy Park, is dedicated to improving the health and wellbeing of the population through innovations that help people move. Its mission is to prevent and treat chronic disease through co-designed research into physical activity – while also attracting new jobs and investment to the region.



Over **600 of our final year nursing and allied health students** volunteered to join the NHS workforce to help battle the **Covid-19 pandemic**. The students were in the final six months of their degrees and they moved into posts to support key staff on the front line – including in nursing, midwifery, paramedic practice, operating department practice, radiotherapy and oncology, diagnostic radiography, physiotherapy, occupational therapy and end-of-life care. Sheffield Hallam is one of the largest providers of nursing, midwifery and allied health professions education in the UK.

In June 2020 we launched a **new research and innovation unit to support people to recover and rehabilitate from Covid-19**. Based at the AWRC, the RICOVR Unit will draw on academic expertise in various disciplines including behavioural science, engineering, the arts, software design, robotics and sport and exercise science to work alongside communities, the NHS and industry partners to produce scalable programmes and products to help people to recover physically, psychologically, socially and economically.

We welcomed the first start-up business to our **£900,000 wellbeing accelerator** at the AWRC, one of 20 University Enterprise Zones. Footfalls & Heartbeats, a Nottingham-based intelligent textiles business, will access state-of-the-art laboratories, business support packages and specialist facilities to help bring its products to market and improve people's quality of life. Selfit Medical Ltd, a digital therapy start-up which focuses on solutions to help ageing populations, was the first international business to join the programme.

Our Lab4Living research group rolled out **Life Cafes** as part of the first phase of the Design to Care programme, funded by Marie Curie, which seeks to rethink how palliative and end-of-life care can be provided equitably, efficiently and sustainably for future generations. The Life Cafe is a methodology to enable research to be gathered in an informal, comfortable manner within existing community groups and familiar environments.

In October 2019 we opened the new home for our **National Centre of Excellence for Food Engineering**, an industry-leading food engineering research centre based in Sheffield near the Olympic Legacy Park. It is at the centre of an expanding network of businesses, industry groups, academics and engineers, working together to solve specific business challenges across the sector, including challenging problems in the development of lower salt and lower fat food products.



Building stronger communities

This year we were appointed to lead the **Civic University Network**, receiving funding from the UPP Foundation and Carnegie UK Trust, the Department for Education and Arts Council England and working in partnership with the universities of Newcastle, Birmingham and Glasgow, QMUL and the National Centre for Public Engagement. The Civic University Network is a national network of universities which aims to identify and enhance ways in which universities and their communities can build mutually beneficial relationships for the public good to maximise the civic impact of universities in their place. The Civic University Network was one of the key recommendations from the Civic University Commission set up by the UPP Foundation and chaired by our Chair of Governors, Lord Kerlake.

We invited local people to share their views on how we can better support our communities as part of our **Heart of the Region campaign**. Target areas include helping local businesses adapt to technological change, boosting the health of local people, improving education for school pupils and adult learners, and training and developing new civic leaders in fields from politics to the arts.

Police officers from the Indian state of Madhya Pradesh visited the region to gain an insight into **grassroots policing**, facilitated by the Helena Kennedy Centre for International Justice in partnership with South Yorkshire Police. The work with Madhya Pradesh Police has developed out of the **'Justice for Her' project** to increase access to justice, rights and protection for women and girl victims in the states of Delhi, Haryana, Mahya Pradesh and Punjab through a specialist training programme for police officers.

Our Centre of Excellence in Terrorism, Resilience, Intelligence and Organised Crime Research (CENTRIC) collaborated with US company Secured Communications to help global businesses and organisations collaborate securely during the Covid-19 pandemic. The Sec3R Platform brings together the capabilities of the security research community to support global efforts to combat Covid-19. Through this **'security community alliance'** the platform provides knowledge and resources for public authorities, blue light services and researchers worldwide in their response to the pandemic.

South Yorkshire Futures, a social mobility partnership led by Sheffield Hallam and Trauma Informed Schools UK, produced and collated a range of **resources to support parents, carers, families and educators during the coronavirus pandemic**.

The resources included advice and guidance on how to support children to contain their emotions by being steady for them during a time of high anxiety, and covered a range of topics such how to talk to children about the pandemic, the importance of playing with your child during a time of high anxiety and mental health and wellbeing support.



Measuring our performance

The University's Transforming Lives strategy was launched in 2017, with initial three-year performance targets to be monitored against four strategic pillars.

Shaping futures

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

Creating knowledge

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

Leading locally and engaging globally

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

Building a great university

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

All KPIs are aligned to a pillar of the strategy and are designed to demonstrate a clear link to the aims and ambition of the University's mission and vision. Below we give an overview of our progress against these KPIs.

Shaping futures

Student retention

We are committed to supporting all students from all backgrounds to succeed at Sheffield Hallam University. Our performance for the retention of students from a range of backgrounds continues to be a strength. In the latest Higher Education Statistics Agency UK performance indicators, we performed above the sector average. However, 2018/19 retention (measured by returning numbers in 2019/20) was below our internal target at 92%, and down slightly from 93% last year, meaning around an additional 40 students withdrawing. We remain above the sector benchmark, following a drop in average performance across the UK. In-year withdrawals suggest that we may see an improvement in retention in 2020/21, but there remains great uncertainty related to Covid-19 and how that may affect the number of returning students.

KPI

Retention

Slight drop compared to previous year

Target	Score
95%	92%

Highly skilled employment

We have now received the first results from the new Graduate Outcomes survey which looks at activity 15 months after graduation. The first survey relates to 2018 graduates. The previous Destination of Leavers of Higher Education (DLHE) survey looked at activity six months after graduation. Our results mark a significant relative improvement in performance compared to previous DLHE scores.

73% of our 2017/18 graduates (Full-time, Home, Undergraduate) were in highly skilled employment or further study 15 months after graduation. This is above the sector average of 68.9% but outside the top quartile (76.5%).

Looking at the 131 providers who appear in the Sunday Times Good University Guide, our score for Highly Skilled employment ranks in 48th position (compared to 75th in the last DLHE survey). All but one of the top 40 scores came from pre-1992 institutions. Looking only at post-1992 institutions, Hallam ranks 9th out of 74.

KPI

Highly skilled employment

Big improvement in sector position for graduate employability

Target	Score
n/a	73%

Improving student satisfaction

Our consistent improvement in this area led to The Times naming us as the University of the Year for Teaching Quality 2020. However, student satisfaction as measured by the National Student Survey (NSS) has fallen in 2019/20, after reaching our highest ever level the year before (86%). This year, 82.5% of our 2018/19 final year undergraduates agreed that overall they were satisfied with the quality of their course. The sector average also fell, but this result moves us from top quartile to around the sector median. Despite a slight drop, we remained among the top 30 institutions in the country for satisfaction with learning resources and learning opportunities. We are developing an action plan in response to these results.

KPI

Student satisfaction

Fall towards the sector median

Target	Score
90%	82%

Closing the attainment gap

The gap between the proportion of White students and BAME students achieving first class or upper second degree classifications remained steady in 2018/19 at around 19%, compared to a sector average of around 11%. The 2019/20 position will be confirmed in autumn 2020. Work has continued around the University to address this performance gap, which was also included in our Access and Participation Plan.

KPI

BAME awarding gap

No change

Target	Score
-8%	-19%

Research income

Research income for 2019/20 is £10.5m, up from £8.7m in 2018/19, reflecting the increased bid success reported last year.

The amount awarded in 2019/20 however was down to £11.7m, from the exceptional total of £19.4m in 2018/19. The 2018/19 total was boosted by three very large awards, particularly £4m for the Lab4Living project. The 2019/20 figure is nonetheless higher than the 2017/18 total of £8.5m.

KPI

Research income

Increase in income of 21%

Target	Score
£9.3m	£10.5m

Overall bid submissions were similar to the previous year. However, grant applications increased by 33% compared with the previous year as academics responded to new Covid-19 opportunities. Rapid response mechanisms and grant prioritisation processes were implemented to help manage demand.

Knowledge transfer

Knowledge transfer income for 2019/20 remained level at £4.1m, after a 29% increase in the previous year, to come to its highest level for six years. Year one of the KPI saw a dip in performance followed by a strong recovery in 2018/19.

KPI

Knowledge transfer income

No change from prior year

Target	Score
£6.4m	£4.1m

Improving progression and access to education for all

We continue to be a lead university in apprenticeship delivery and by the end of 2019/20 had enrolled 702 new students on higher and degree apprenticeship courses, despite the difficulties around Covid-19 from March onwards. This compares to 539 in the prior year, and 97 in 2016/17 before this was set as a strategic aim as part of the Transforming Lives strategy.

KPI

Degree apprenticeships

Large increases over last three years

Target	Score
500	702

Covid-19 has meant that international experiences as measured by our KPI could not go ahead for much of the academic year. Work in this area was refocused and participation cannot be compared to previous years.

A KPI for the University was also to develop a strong international partnership which we have done with La Trobe University. Despite the inevitable difficulties arising from Covid-19, we have made further progress in 2019/20, developing a Joint Steering Committee and appointing leads across a number of work streams. A number of Collaborative Research Seed Grants were awarded in the early part of the year, providing funding for projects that will establish or enhance existing research collaboration between the two institutions.

Building a great university

Improving our service for students, staff and others

In 2018/19 we implemented a new operating model for our professional and support services with a view to making them more efficient, more agile and more flexible to the changing needs of the University. This brought our staff balance more in line with the rest of the sector, as monitored by our KPI. These structures and ways of working were embedded in 2019/20, but changes to the ratio of academic to professional services staff were minimal, with the number of professional services staff remaining stable after falling in the previous year. The ratio has moved from 1 member of academic staff for every 1.3 professional services staff, to a ratio of 1 to 1.2.

KPI

Academic to professional services staff ratio

Ratio stable after initial decrease

Target	Score
Reduce from 1:1.3	1:1.2

Inclusivity and diversity

We have continued to work towards achieving our equality and diversity ambitions in 2019/20. We have seen a positive shift in the proportion of our staff who are of BAME backgrounds.

KPI

Percentage of BAME staff

Increase of further 0.6% points

Target	Score
12%	9.0%

This figure continues to increase, now standing at 9.0%, up from 8.3% 12 months ago and 7.0% at the start of the three years. Relatively low levels of recruitment made the target rate of change difficult to achieve, but progress can be seen in the fact that BAME staff made up over 16% of new starters in 2019/20.

Our priorities for 2020/21

Three years on from launching our Transforming Lives strategy we have achieved a great deal in delivering the ambitions set out in our 10 immediate priorities. This year we have set a strategic steer and planning framework for the next three years, capitalising on the new structures and ways of working we have implemented and bringing further clarity to our level of ambition.

We continue to plan in uncertain times. Our Transforming Lives strategy remains our institutional framework for navigating this external context.

There are some significant shifts in national priorities on the horizon. The new government's agenda and overarching priority for a post-Brexit economy will bring both opportunities and challenges and, overall, are likely to create a significant policy reset for higher education. Covid-19 is likely to continue to present significant new and 'unprecedented' challenges as well as an opportunity to rethink how we operate. We will require institutional agility in our plans and approaches in order to work through and respond to this shifting external landscape.

We are also planning for the longer term and ensuring we can respond to some emerging trends in higher education. Technology will impact on delivery and student engagement, testing long-standing assumptions; student and societal expectations on the value of HE will continue; we will be working in an increasingly crowded and competitive space so strategic focus matters; and constrained resources require efficiency and clear priorities.

The strategic themes for 2020/21–2022/23 are

- **delivering our institutional vision and contributing to our overall strategic narrative**
- **achieving financial and operational sustainability**
- **building an inclusive culture and an engaged and high performing workforce**
- **embedding a distinctive curriculum through the Hallam Model and developing a sustainable portfolio of courses**
- **contribution to our civic and place agenda**

We have committed to delivery priorities across five areas of activity (a development of the four pillars that we had previously monitored against).

Student experience, learning and teaching

- Consistently excellent performance across the whole student lifecycle
- An excellent student experience
- Innovation in academic practice
- Delivering our access and participation targets and a strong TEF performance

Research and innovation

- A strong research and innovation culture that delivers excellent REF and KEF performance
- Sustainable growth of research and innovation income
- Research with economic, social and cultural impact

Business and enterprise

- Excellent graduate employment outcomes and entrepreneurship
- A strategic offer for business with a strong enterprise and employment focus

Global engagement and academic partnerships

- Developing the University's global engagement, profile and reach to internationalise our student experience and academic activity
- Strategic regional and national educational partnerships enabling collaboration and progression

Services, infrastructure and operations

- Making the University a smarter, more efficient organisation
- Future physical and digital environment

Our risk environment

The University regularly reviews its major risks as part of its strategic planning. The year began with a focus on understanding emerging risks associated with the UK withdrawing from the European Union, as well as the impact on teaching delivery from a sustained period of industrial action in response to both local and national disputes. Covid-19 has seen our risk landscape dramatically change as the pandemic fundamentally alters our internal and external working environments, as well as the huge personal impacts on each and every one of our expansive community.

Student recruitment

The University's primary source of income is UK full-time undergraduate students. As such, risks to our recruitment strategy are pivotal to the wider financial sustainability of the institution. A strong focus on student experience underlies the recruitment strategy to ensure that growth is sustainable and retains our exemplary teaching quality. This controlled approach to recruitment allows us to remain responsive to the ever-changing operating environment.

International student recruitment is significantly affected in 2020 due to the known impact of the pandemic on student mobility. Mitigations have been put in place which include all English language teaching and testing now delivered online, and an expanded and modified portfolio of undergraduate Level 6 and postgraduate taught courses available for a deferred start in January 2021.

Further work is being undertaken to review our student recruitment strategy following the pandemic.

Funding and finance

The risks around student recruitment have the potential to impact the University's funding and finance position. Any potential shortfall in recruitment will further impact on the difficulties of balancing a fixed income against annually increasing operating costs. Scenario modelling continues alongside a focused look at future sustainability options as part of the University's longer-term planning.

Higher education policy

The volatile nature of the external higher education policy environment has been recognised by including a risk in the corporate risk register which highlights the importance of anticipating and understanding policy changes and how they impact on the University, as well as our ability to react and respond to these changes. This will allow us to make pointed and proportionate changes to our operating environment, as often as is required, to remain competitive within the HE market.

Teaching quality

An abrupt shift to remote teaching delivery has seen the University embrace multi-modal delivery which by its nature has a high technological threshold for both lecturers and students. Longstanding and rehearsed delivery methods have had to be reimagined to fit the blended learning paradigm. All changes have been made with the intent of retaining the quality of the teaching as well as meeting the expectations of students. To mitigate this risk, a Quality Assurance Framework has been introduced to ensure review and revision of teaching materials to meet internally specified quality standards.

Student outcomes

We strive for outstanding outcomes for all students and have a clear focus on monitoring and reducing areas of differential attainment throughout the entirety of the student lifecycle, as evidenced by our comprehensive Access and Participation Plan as required by the Office for Students. Our Teaching Excellence Framework (TEF) rating will be directly impacted by our ability to evidence a student's 'progression to further study or highly skilled employment', one of the TEF Student Outcomes and Learning Gain criteria. Our focus on highly skilled employment directly targets improvements against this risk.

Developing our technology

A forced and fundamental shift to home working required many planned developments to be immediately deployed, reducing the time they spent in pre-release testing. End user needs, expectations, and the criticality of services had to be balanced to ensure that neither our technological capabilities, nor risk appetite were overwhelmed. The University is increasingly reliant on technology for teaching delivery and assessments, and developments need to keep pace with growing institutional requirements.

The global situation has also seen an increase in cyber attacks and phishing which, while managed centrally, becomes harder to control with a workforce using a range of University-provided and personal computer equipment. A cybersecurity programme is in place to increase technical defences for our systems, alongside staff training on best-practice behaviours to secure their own systems and workflows alongside increased provision of University equipment for home working.

Developing the estate

While the shift to blended learning and home working has reduced footfall across the estate, the risk profile of the estate has not reduced. We have commenced some highly disruptive maintenance work while the campus is empty, thereby limiting the impact on staff and students. However, any reduced risk exposure gained is balanced by the complications of ensuring that we provide a Covid-19 secure environment. While the changes made are not technically difficult (increased cleaning, additional signage, temperature scanners), the totality of these changes along with social distancing rules have a great impact on the efficiency of the estate. We will balance keeping the campus a welcoming, safe, useable environment with ensuring that the health of our community is not compromised. Future estate developments are being reviewed in light of the recent remote working experience and future requirements.

Supporting our staff

We do not downplay the impact that Covid-19 has had on our staff. All staff have experienced disruption, some have suffered with their own health, and others will have lost family or friends.

The University has taken into account not only the direct impact Covid-19 has had on our staff, but also the wider societal changes that have arisen during this time. A staff wellbeing programme has been developed and delivered to support the remote operation, and there has been regular engagement with trade unions to develop a Covid-secure campus ready for staff and students to return in September.

Financial performance

The University has maintained a strong financial performance over the year ended 31 July 2020, generating **cash from operating activities** of £17.7m (2019: £19.8m), representing 6.1% (2019: 6.9%) of income.

Despite reporting an overall deficit for the year, the underlying operating performance was positive.

	2020 £m	2019 £m
Underlying operating surplus	2.3	0.9
Pension adjustments	(10.8)	(17.0)
Impairment cost	-	(1.5)
(Loss) on disposal of fixed assets	-	(1.4)
Reported deficit	(8.5)	(19.0)

The University had budgeted a small operating deficit for the year, due to continued investment towards delivering its Transforming Lives Strategy. The impact of Covid-19 and the closure of the University campus in March 2020 meant that the year-end financial position was impacted in a number of ways. Commercial income was lost due to the closure of accommodation, catering and other campus services and substantial costs were incurred in relation to the move to remote working. However, the closed campus and restrictions on travel and other activities have led to significant cost reductions, particularly in non-pay expenditure (for example, premises costs including utilities, equipment costs and staff travel and expenses). The overall impact was to convert a small budgeted deficit to an operating surplus.

Despite reporting a surplus at operating level at the year end, the impact of Covid-19 is likely to have long-term effects on the future operating environment of the University and the wider higher education sector. Therefore we are taking a structured approach for developing and adapting our strategic focus post Covid-19 and a Future Strategy Group has been established with senior leaders from across the University to consider a number of key areas. The implications of any changes need to be considered carefully in the context of the financial sustainability of the University and work is ongoing to identify the changes to be made and to model their financial impacts.

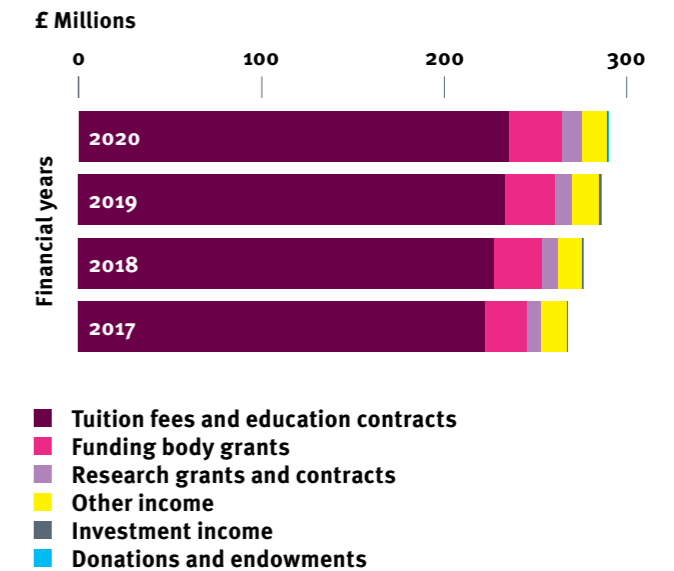
Cash and cash equivalents at 31 July 2020 are £129.9m (2019: £120.5m). The increase of £9.4m was after capital expenditure of £15.2m (2019: £40.5m), which was funded by cash generated from operating activities and capital grant receipts of £10.1m (2019: £16.7m).

Net funds (cash plus short-term deposits less borrowings) are £66.5m (2019: £56.0m).

The **Statement of Comprehensive Income** shows a deficit for the year of £8.5m (2019: a deficit of £19.0m) after accounting for non-cash pension adjustments of £10.8m. Total income for the year ended 31 July 2020 is £290.5m (2019: £286.5m) and overall expenditure is £299.0m (2019: £304.1m). **Total comprehensive expenditure** for the year is £50.5m (2019: £81.8m) and has again been heavily impacted by the Local Government Pension Scheme actuarial losses.

The University has maintained a strong financial performance over the year ended 31 July 2020, generating cash from operating activities of £17.7m (2019: £19.8m), representing 6.1% (2019: 6.9%) of income.

Total income



Tuition fee income has shown a slight fall overall on home/EU undergraduate fees of £0.6m, when offset against the continued fall in NHS contract income, as nursing students move from contract to tuition loan funding. Postgraduate fees are up £1.4m and overseas student income has increased by £1.1m, following an increase in the numbers of students from India and sub-Saharan Africa, believed to be a result of the government's proposed introduction of the post-study work visa.

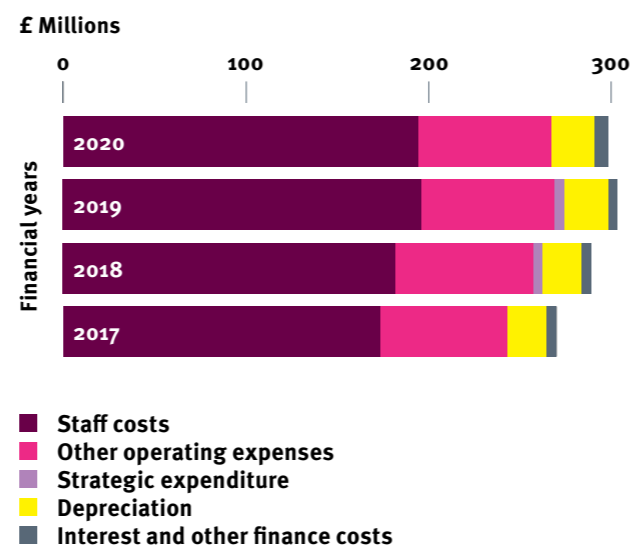
Recurring grant income from the Office for Students (OfS) has increased by £1.6m in relation to high cost subject funding (£0.9m) and research grants (£0.7m). This has been offset by a reduction in specific OfS grants of £1.4m, the majority of which relates to funding for the National Collaborative Outreach Project. Following the completion and opening of the Advance Wellbeing Research Centre and National Centre for Excellence in Food Engineering, there was an increase in income released from deferred capital grants of £1.7m compared to 2019.

Research income has increased by £1.3m from UK Research Councils and £0.4m from UK government and regional authority sources. The increase in Research Council income relates to Lab4Living, a multi-disciplinary research group, that has secured £4m of funding from Research England for a three-year project. An increase in research income from EU and other overseas sources has offset a reduction of income from UK industry and commerce of £0.4m.

These increases are offset by a reduction in other income of £1.4m and investment income of £0.2m. The fall in other income is due to Covid-19 forcing the closure of the University campus. This resulted in a fall in accommodation, catering and conference income of £1.9m, along with a reduction of £0.5m in other services affected by lockdown. This was offset by an increase in other revenue grants of £1.0m, which relates to claims through the government's furlough scheme. During the year £1.3m of income was recognised following agreement with a sub-tenant to settle exit costs relating to the Hallamshire Business Park lease, this has been offset by a reduction across a range of other income areas. Investment income is down on last year due to the reduction in the Bank of England base rate and subsequent fall in bank deposit rates as a result of the economic impact of Covid-19.

Total expenditure is down £5.1m on last year. This represents a £2.1m fall in staff costs, a £5.0m fall in other operating expenses and a reduction of £0.4m in depreciation costs, offset by an increase of £2.4m in interest costs.

Total expenditure



Wages and salaries, including social security costs, are static year on year at £156m. Restructuring costs are down £1.2m from 2019, due to the restructuring of professional and academic services undertaken over the last few years nearing completion.

Overall pension costs are lower by £0.7m, however there are some significant offsetting movements within the overall balance. The cost of the Teachers' Pension Scheme (TPS) is £5.6m higher than last year. This is in part due to the increased contribution rates from September 2019, but also includes a provision of £1.9m. The provision reflects additional contributions that may fall due as a result of members being entitled to additional pension benefits arising from pensionable service at the University (see note 26 for further details).

Contributions to the Universities Superannuation Scheme (USS) appear to be negative and are £6.8m lower than last year. This reflects a £3.0m reduction in the USS pension provision balance, which represents the University's obligation to fund the scheme deficit.

Local Government Pension Scheme (LGPS) costs are £0.3m lower than last year. This is the net effect of a small increase in employer contributions of £0.3m and a reduction in the adjustment made for current service costs of £0.6m. Current service costs represent the future service cost to the employer of one year's accrual of pension benefits for active members, based on the actuarial assumptions used at the start of the year for accounting purposes.

	Teacher's Pension Scheme (TPS) £000	Universities Superannuation Scheme (USS) £000	Local Government Pension Scheme (LGPS) £000	National Employment Savings Trust (NEST) £000	2020 £000	2019 £000
Employer contributions	15,922	1,566	10,862	106	28,456	23,622
Provision for TPS additional contributions	1,865	-	-	-	1,865	-
Creation/(release) of pension provision	-	(2,991)	-	-	(2,991)	3,850
Adjustment for current service cost	-	-	9,943	-	9,943	10,517
Total pension cost	17,787	(1,425)	20,805	106	37,273	37,989

The £5.0m fall in other operating expenses is the result of incurring lower costs across a wide variety of areas due to Covid-19 forcing the closure of the campus for more than three months. The key areas where expenditure has been lower than normal include premises costs and utilities, staff travel and expenses and the purchase of teaching and research equipment.

Interest costs are up £2.4m on last year, an additional £0.4m on bank loans, £0.8m interest on additional TPS contributions provided for (see note 26) and £1.2m higher interest charge related to the LGPS.

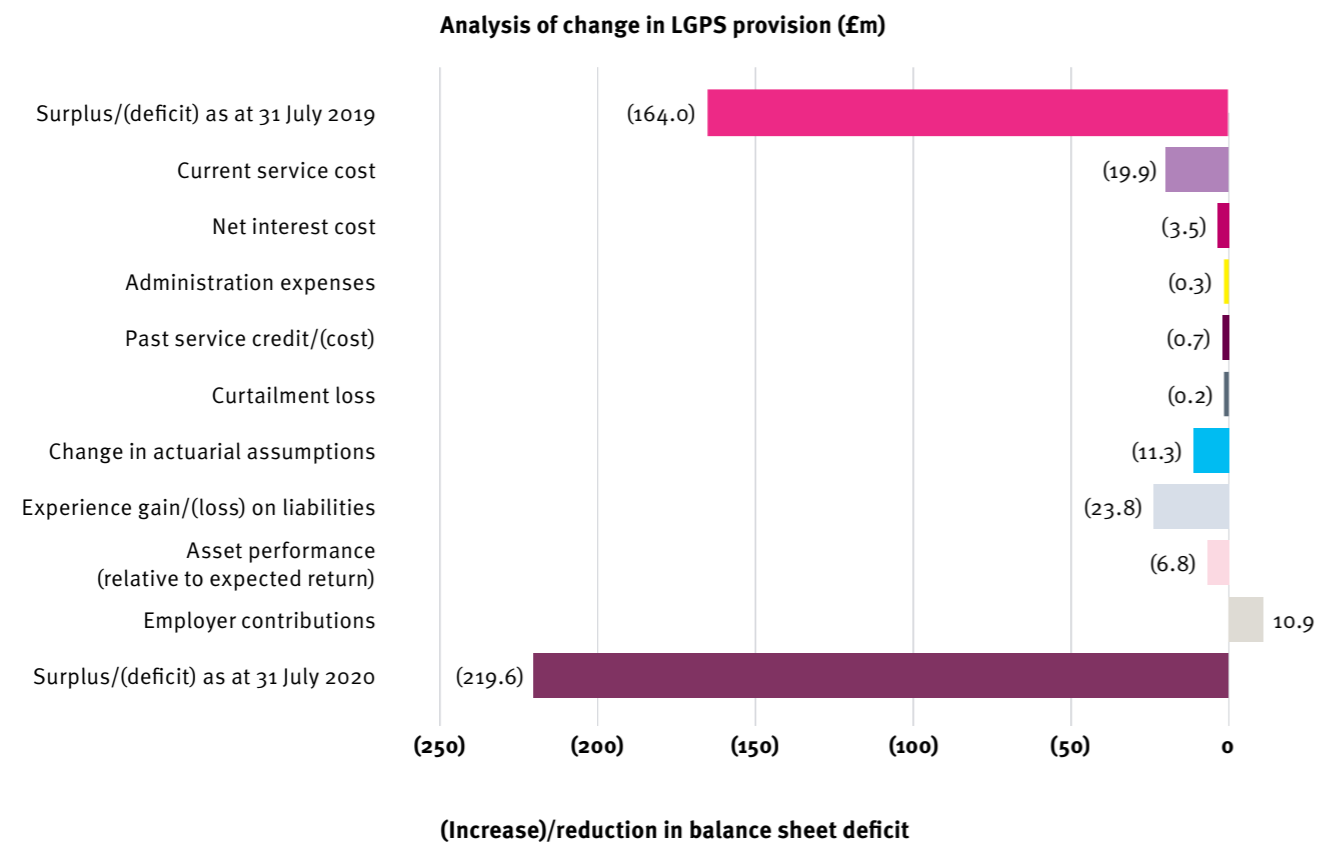
Capital expenditure for the year was £15.2m (2019: £40.5m), which is a significant reduction compared to last year and was considerably lower than planned for the year, as a direct result of the Covid-19 lockdown, which has resulted in significant delay in expenditure on the first phase of the Campus Masterplan. The re-phasing of the Campus Masterplan is being considered as part of the Future Strategy work that the University is undertaking.

The **Statement of Financial Position** at 31 July 2020 shows overall net assets of £86.2m (2019: 136.7m) a significant decrease of £50.5m.

The decrease is primarily due to a £55.6m increase in the LGPS provision to £219.6m. LGPS is a defined benefit scheme and as the actuaries are able to identify the University's share of the underlying assets and liabilities these are reflected as accounting adjustments in the financial statements. The LGPS pension provision represents the present value of the future obligations over and above the value of the fund's assets. For the year ended 31 July 2020 there was an actuarial loss on the pension scheme obligations of £41.9m, which resulted from changes in actuarial assumptions, asset performance relative to expectations and liabilities being calculated using the most recent membership data from the 31 March 2019 funding valuation.

Under FRS102, this loss is recorded as other comprehensive expenditure in the Statement of Comprehensive Income. In addition, there were finance costs of £3.8m and service costs in excess of contributions of £9.9m. £0.7m of the service costs relate to the past service cost adjustment for Guaranteed Minimum Pensions following the Lloyds Bank court judgement.

Local Government Pension Scheme provision



The pensions provision also includes a provision for the USS totalling £3.2m (2019: £6.1m). The USS provision represents the University's commitment to the Deficit Recovery Plan that was agreed following finalisation of the March 2018 valuation exercise.

The provision at 31 July 2019 was based on the Deficit Recovery Plan that was agreed following the March 2017 valuation, as the 2018 valuation was not agreed until September 2019. The reduction in the provision reflects the fact that the actuarial funding valuation as at March 2017 showed a £7.5bn funding deficit, whereas the valuation as at March 2018 showed a £3.6bn funding deficit.

It is worth noting that in September 2020 the Trustee of the USS launched a consultation with Universities UK on key aspects of the scheme's 2020 valuation. The scope of this exercise covers a wide range of potential outcomes and reflects issues still to be resolved on employer support, as well as uncertainties for the higher education sector and financial markets in general. Based on the proposals put forward, the Trustees have indicated that the fund's deficit at 31 March 2020 could range from £9.8bn to £17.9bn. This would represent a significant deterioration from the £3.6bn deficit established under the 2018 valuation (and against which the current recovery plan is set). The USS Trustees have until 30 June 2021 to conclude the valuation and so any impact will be reflected in the results for the 2020-21 financial year.

Fixed assets are £315.1m, £6.8m lower than at 31 July 2019. Fixed asset additions for the year are £17.0m (2019: £42.9m), but these have been offset by a depreciation charge for the year of £23.8m (2019: £22.7m).

Other provisions are £4.8m, £0.8m lower than last year. This is due to a reduction in the restructuring provision of £1.8m, offsetting a provision relating to TPS contributions of £2.6m.

The unsecured loan balance was £63.3m at 31 July 2020 (2019: £64.5m). The borrowings are to help finance the Campus Masterplan alongside internally generated funds. The loan facilities with Barclays and Santander each have financial covenants attached to them.

For the year ended 31 July 2020 Santander waived its right to pursue potential breaches of covenants recognising the impact that Covid-19 has had. At 31 July 2020 all financial ratios met the covenant requirements.

Going concern

Given the continuing uncertainty faced by the higher education sector, alongside the new uncertainty brought by Covid-19, the University has carried out detailed analysis and scenario planning to provide assurance in the ability of the University to continue to operate as a going concern by reviewing

- the 2020/21 budget, updated forecast and 2021/22 plan: the approved budget for 2020/21 has been updated with student recruitment numbers as at 31 October 2020 to provide a current view of income levels. This has been extrapolated into future years to inform the view taken in relation to the ability of the University to operate on a going concern basis
- cashflow forecasts, including monthly cash requirements, taking into account the peaks and troughs due to the timing of the Student Loan Company payments and the phasing of the current plan of capital expenditure
- compliance with covenants under the loan facilities
- sensitivity analysis, focusing primarily on covenant compliance and cash requirements – including the impact of changes to forecast student recruitment from both a home undergraduate and international student perspective. The approach taken is to assess available headroom in relation to each of the covenants and translate this into the key driver of financial performance being student recruitment numbers

· scenario planning based on potential impacts on student recruitment, accommodation fees and tuition fees relating to Covid-19

· the potential impact of Brexit: the University has reviewed, and continues to review, the outcomes and impacts of Brexit on the University so that it can better inform, guide and support affected staff and students. The University plans for business disruption caused by any of the Brexit outcomes, with actions to mitigate any risks

· the potential impact of a cyber attack: the University has adopted a 'defence in depth' approach to security, layering differing technologies from endpoints, through networks and services, to implementing University-wide security policies, online training and disaster recovery. A range of controls has been implemented to provide protection from attacks, and contingencies in the event that any attack is successful

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

Charitable status and public benefit

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

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

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

We have reiterated our commitment to the Sheffield City Region and to our critical role in the economic, social, cultural and environmental wellbeing of the communities and places that we serve. We have pledged to produce a **Civic University Agreement** in partnership with local government and other major institutions, as recommended by the Civic University Commission set up by the UPP Foundation and chaired by our Chair of Governors, Lord Kerlake.

In spring of 2020 we were delighted to be appointed to lead the **Civic University Network**, receiving funding from the UPP Foundation and Carnegie UK Trust, the Department for Education, Arts Council England, the National Coordinating Centre for Public Engagement and the Institute for Community Studies. The Civic University Network is a national network of universities which aims to identify and enhance ways in which universities and their communities can build mutually beneficial relationships for the public good to maximise the civic impact of universities in their place.

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

In 2018/19, we admitted the **largest number of students from low-participation neighbourhoods** (LPN) in the sector and we have supported more than 6,000 students from LPNs into university over the last five years. The **Social Market Foundation** and **NEON** have highlighted that we are one of the top performers in the sector for widening participation and we are playing a leading role in progress towards the government's social mobility goal to double the rate of participation in higher education for young students from disadvantaged backgrounds.

We continue to invest in and benefit from ongoing **long-term partnerships with almost 200 local schools and colleges** and other stakeholders across the region. This year we have further targeted our outreach activity by developing a school targeting matrix that enables us to ensure our work aligns with regional as well as institutional known gaps in participation. The **flexible outreach activity** is bespoke and tailored to the needs of pupils. Our programme of outreach activity includes

- campus tours
- University taster days
- introductions to higher education student life and student finance
- subject-specific roadshows, activities and masterclasses
- skills based sustained three-year development programme
- summer learning book clubs
- interview preparation workshops
- drop-in sessions to support students' applications to study with us

In response to school closures due to Covid-19 we have, where possible, pivoted to an **online support model** with the development of the online platform Uni4u@home.

In addition, we have enhanced our support for the most vulnerable students entering our University this year. In recognition that pupils from these groups are likely to **experience heightened impact from Covid-19**, we have made access to the programme open ended throughout the year and removed any external nomination requirements. In addition to the usual package of support, we have developed online transition events and allocated £30K of funding for students from this programme to receive a **'digital hardship package'** to support their transition to our University.

Our **SHU Progress Scheme** provides additional support such as visits to the University, a personal contact throughout the application process, interview preparation sessions and special consideration during the admissions process for pupils facing additional challenges in the year of their application. These include disabled students, mature students, pupils from families with low incomes, young carers, care-experienced pupils, pupils estranged from their parents or facing estrangement, and those at risk of homelessness.

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

We are investing significantly in **South Yorkshire Futures**, a social mobility partnership that we lead, which has backing from the Department for Education and which is driving long-term improvements in the educational health and aspirations of our region. We have developed a sector-leading infrastructure which supports raising attainment, regional collaboration and improved coordination of locally tailored initiatives. Our ambition is to support young people to identify and achieve their aspirations, whether that be progression to higher level skills, higher education, or employment.

We believe that every child in South Yorkshire should be able to become the very best they can be. Our vision is to develop a **South Yorkshire Children's University** (CU) based on the successful Sheffield CU model, to ensure that every school-age child in South Yorkshire, especially those from disadvantaged areas, can access high-quality extra-curricular learning activities that are tracked, rewarded and celebrated. Underpinned by extensive local and national research, the CU learning adventure gives children and young people the opportunity to enrich their childhoods, nurture a lifelong love of learning, unlock their skills and talents and develop their aspirations and confidence, regardless of their backgrounds.

Supported by Sheffield City Region, we have focused on the development of key partnerships across South Yorkshire, including establishing a brand-new **CU in Rotherham** led by the School Improvement Service. We have also engaged a key partner organisation to lead the development of a new **CU in Barnsley**. Together with existing CU centres in Doncaster and Sheffield, we have now formed a South Yorkshire CU strategic partnership which aims to share good practice and develop collaborative projects for the benefit of all children, young people and families in our region.

Tuition fees for undergraduate students and PGCE students from the UK and the EU are regulated by the government. We currently charge the maximum fee permitted by government. Our fee for 2019/20 was £9,250 for courses including

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

Fees are pro-rata for part-time students.

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

Our **Access and Participation Plan for 2020/21 to 2024/25** was approved by the Director for Fair Access and Participation in September 2019 with no conditions of registration. It came into force from August 2020 and sets targets to address the biggest disparities in access, continuation, attainment and progression to employment. Data released by the Office for Students during 2019/20 showed that we have made positive progress in five out of six of the targets where we have updated data. We have achieved an increase in the proportion of our new entrants who are Black and a reduction in the continuation gap for the most disadvantaged males. We have reduced attainment gaps for Black students, disadvantaged BAME students and the most disadvantaged males. The attainment gap for disabled students has widened by 0.5% meaning this now stands at 2.3 percentage points.

Although we are a fee-charging charity, we aim to ensure that access to the benefits of higher education is not restricted by the ability to pay fees or living costs during students' time studying with us. In 2019/20 we invested more than £4.92m through financial support including

- the **Student Success Scholarship** to support students from disadvantaged and under-represented groups, which includes an enhanced support package and a financial award of up to £2,000. Over 7,000 awards were made in 2019/20 with a total of £3.2m awarded overall
- the **Hallam Hardship Fund** which is focused on supporting immediate hardship caused by unexpected life events. Awards are typically up to £1,000. In 2019/20, over 4,000 awards were made with more than £1.1m awarded overall with the majority of funding supporting students experiencing digital poverty. We also provided over 2,000 food vouchers at the start of lockdown for those who were immediately vulnerable and we have continued to provide discretionary hardship support during Covid-19

- the **High Achievement Scholarship** provides bursaries of £1,000 to students from disadvantaged backgrounds who enter University with high entry grades. 845 students benefitted from this support
- the **Care Leavers Bursary** package guarantees £3,500 of funding per year of study for young students who have been in local authority care prior to coming to Sheffield Hallam University. We also provide support with the cost of graduation for care leaver students
- **Performance Athlete Support Programme** of up to £6,000 per year plus a support package
- an **emergency travel fund** for student carers and a discretionary transition fund for estranged students to assist with the costs of starting university
- two **Sanctuary Scholarships** to asylum seekers; in 2019/20 these were both offered to postgraduate students. We hope to extend the scheme to an undergraduate student in 2020/21
- **sandwich placement year fee waiver** to incentivise take-up and extend the positive impact of placement years on students' attainment and progression to highly skilled employment
- the **Transform Together Scholarships** for international and European Union students who can demonstrate excellent academic achievement

Many of our research centres and institutes deliver free seminars and public lectures, providing students, staff and members of the public with the opportunity to engage with cutting-edge research. These programmes, along with other social, community and cultural events that we host, are attended by over 6,500 members of the public each year.

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

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

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

Some of our research includes the participation of volunteers. Our Research Ethics Policy ensures that their needs are always put first and that our researchers do everything possible to fully inform people who have consented to take part. A risk assessment approach is encouraged to safeguard the physical and psychological wellbeing of participants and researchers. Members of the public serve on the University Research Ethics Committee and participate in ethics review to ensure that research participants are being properly informed and that unreasonable demands are not being made by researchers.

We are committed to making our research as widely available as possible and support the principles of open access to make the outputs of publicly funded research available through unrestricted online access. Our **Open Access Publications Policy** requires all staff to deposit their final research outputs into our institutional online repository, Sheffield Hallam University Research Archive, within three months of acceptance by the publisher. Our Data Management Policy encourages all staff to share their primary research data, for example via our institutional online research data repository, Sheffield Hallam University Research Data Archive, with as few restrictions as possible close to the publication date of any research outputs relying on the data.

The University continues to develop **fundraising programmes** in line with its charitable status, is registered with the Fundraising Regulator and abides by the Fundraising Code of Practice. The Development and Alumni Relations Office works with donors across the University to deliver agile impact for donor-sourced funds – benefiting students, academic researchers and contributing to our communities.

This year's **Hallam Fund** continues to be on target despite a reduction in potential income from public fundraising such as the cancellation of the Sheffield Half Marathon and annual student-led phonathon, due to the Covid-19 lockdown.

Within three months of lockdown the University launched an **emergency fundraising appeal** to provide additional support for student hardship during lockdown. Working with existing donors, donations were redirected to support student hardship needs and a further online appeal generated 328 new donors ensuring a total additional contribution of over £205K to hardship funds.

This year saw the successful completion of our first agreement with **Santander Universities** with confirmation that we will enter into a new three-year partnership in the next academic year, providing support for student mobility, enterprise support and internships with regional companies. In total Santander Universities has so far donated £214K since their initial donation in 2017 and has made recent additional contributions to support the University's response to Covid-19 including funding for student hardship and 'thank you' packages for final year nursing students.

Ongoing relationships with contributing donors continue to grow, including **AESSEAL** who are supporting the **Women into Engineering programme** and **Wipro** who are supporting newly qualified and mid-career teachers in science, technology, engineering and mathematics through the 'Wipro Teacher Fellowship' and 'Wipro Teacher Mentor' programmes. We have also had contributions from Europa Capital and Barratts who are funding scholarships.

Fundraising will continue in the coming year with opportunities to continue supporting **Sanctuary Scholarships**, students from less advantaged backgrounds and working with potential funders to match their interests with the strategic ambitions of the University, particularly in relation to what we have learned about our students and our communities since the onset of Covid-19. Our donor funds will be flexible to rapidly changing demands and priorities moving forward.

The Trade Union (Facility Time Publication Requirements) Regulations 2017

The University recognises UNISON, GMB, UNITE and UCU for the purposes of collective bargaining. The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the University to publish information on trade union facility time. The University has published its report on trade union facility time for the period 1 April 2019 to 31 March 2020. 79 employees (72.52 FTE) were trade union officials in the reporting period. The total cost of trade union facility time was £198,564.94, or 0.11% of the University's total pay bill.



Corporate governance

Constitution and powers

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

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

Public benefit

The Board of Governors has had due regard to the guidance on public benefit published by the Charity Commission. Further information on how the University delivers its charitable objectives for the public benefit can be found on pages 30 to 34.

Our approach to corporate governance

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

The Board of Governors commissioned an independent review of its effectiveness in 2015/16 in line with the Code's recommendation concerning reviews of Board effectiveness and it resulted in several recommendations and actions. By early 2020, except for the review and refresh of the Instrument (April 1993) and Articles (September 1994) of Government, all recommendations and actions had been implemented. This review of the constitutional documents is based on the University's experience of applying the Articles since 1992 and the objective is to remove ambiguity to ensure clarity of responsibilities and operation. The review is being progressed with a view to submitting amended constitutional documents to the OfS which took responsibility for approving such documents from the Privy Council from 1 August 2019.

In July 2020, the Board of Governors approved work to commission the next independent review of its effectiveness. The review will take place in 2020/21 and is expected to report its outcomes to the July 2021 meeting.

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

- Statement of Primary Responsibilities, as derived from the Instrument and Articles of Government
- the Standing Orders of the Board
- the Scheme of Delegation

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

The Board of Governors has responsibility for maintaining a sound system of internal control that supports the achievement of its objectives, while 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

Arrangements are in place for the Board to review the effectiveness of the systems of internal control. The 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 (January 2009) of the Institute of Internal Auditors (IIA) and that organisation's position statement on the role of internal audit in enterprise-wide risk management (January 2009). The internal auditors, KPMG, have a key role in helping the University to identify and address weaknesses in relation to its control environment and assessing the University's performance in the delivery of value for money. They provide an opinion annually on the adequacy and effectiveness of the organisation's framework of risk management, control and governance and on arrangements in place to promote economy, efficiency and effectiveness. In response to the challenges presented by Covid-19, the University reviewed its internal audit programme with KPMG to ensure that the work undertaken in 2019/20 enabled the internal auditors to meet regulatory requirements including providing the necessary opinions.

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

- the work of executive managers within the University, who have responsibility for the development and maintenance of the internal control framework and for managing risk using a risk-based approach
- the work of the external audit service

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, efficiently and economically. The University's risk management process encompasses all types of risk including business, operational, compliance and financial risk. The Board of Governors is of the view that there is a process for identifying, evaluating and managing the University's significant risks that has been in place for the year ended 31 July 2020 and up to the date of approval of the Financial Statements; that it is regularly reviewed by the Board of Governors; and that it accords with OfS guidance.

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

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

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

- a risk management policy and process which identifies risks to the University's strategy from the strategic to the operational level
- a risk rating system to ensure that the likelihood and impact of each risk is analysed using a consistent methodology
- an agreed risk appetite statement
- a reporting system which ensures risks are shared and reviewed throughout the organisation and escalated in a standardised format to the University Leadership Team for discussion and agreement ahead of sharing with the Audit and Risk Committee and Board of Governors

Risk management processes have operated successfully throughout the year, adapting to the streamlined internal governance model put in place in response to Covid-19. Risk reviews have taken place more frequently since March 2020 to assist the University Leadership Team in navigating the volatile external environment, and to allow timely identification and implementation of appropriate mitigations to ensure our future sustainability.

The University's internal control environment has been adapted in response to Covid-19. The following measures have been put in place to respond and ensure that there were no significant control weaknesses or failures arising.

- We have streamlined our internal governance processes, groups and committees to ensure clarity of decision making, with delineation between critical incident, executive oversight and long-term strategic development.
- We have embedded risk identification and escalation processes into our streamlined governance structure and procedures.
- We have revised guidance and resources for all committees and have developed these to ensure assurance and governance pathways are specifically highlighted.
- We have increased the frequency of risk reporting to the University Leadership Team during the current period.
- Critical incident reporting has been a standing item of assurance and oversight at University Leadership Team meetings.
- We have engaged with the Academic Board on areas of significance relating to academic and awarding matters as appropriate. The Academic Board continues to report to the Academic Assurance Committee and the Board of Governors on the discharge of its scrutiny responsibilities.

The University also has an assurance framework in place which allows it to identify how its management and governance of risk overlays its strategic objectives, institutional processes and controls and the ongoing conditions of registration with the OfS. This ensures that the University understands and monitors the adequacy and effectiveness of arrangements for the oversight of compliance with the OfS's ongoing conditions of registration.

The Board is of the view that there are no significant internal control weaknesses or failures that have arisen during the financial year ended 31 July 2020 and up to the date of approval of the Financial Statements.

The University complies with OfS Terms and Conditions of Funding. The University has a robust financial control process in place which enables it to ensure that funds provided by the OfS are used for the purposes intended. In addition, assurance concerning the use of public funds is provided through the work of the external auditors. Further details of the remit and opinion of the external auditors can be found in the independent auditor's report to the governing body on pages 50 to 53.

Remuneration

The University has had regard to the Committee of University Chairs' Higher Education Senior Staff Remuneration Code, published in June 2018, and in particular the Board resolved to adopt the Code at its meeting in July 2018. Further work, led by the Remuneration Committee, has taken place to ensure that the Code is implemented. Further details concerning the work of the Committee can be found in the Annual Report on Senior Remuneration on pages 44 to 47.

Note 10 of the financial statements sets out

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

Summary of the University's structure of corporate governance

Board of Governors

The University's Board of Governors comprises lay, staff and student members appointed under the Instrument of Government of the University. The roles of chair and deputy chair of the Board of Governors are separate from the role of the Vice-Chancellor. Members during 2019/20 were

Andrew Adegbola
(student nominee July 2019–June 2021)

Joanna Allen

Professor Jeff Bale

David Bradley

Elaine Buckley

Dan Bye
(staff nominee)

Angela Foulkes
(from 17 March 2020)

Karen Finlayson

Dr Karen Grainger
(staff nominee)

Professor Sir Chris Husbands
(Vice-Chancellor)

Praise Ishola
(student nominee July 2020–June 2021)

Christopher Kenny

Rt Hon The Lord Kerlake
(Chair)

Professor Christopher Kinsella

Neil MacDonald

Dr Julie Morrissy

Sheriff Muhammed
(student nominee July 2019–June 2020)

Meg Munn
(Deputy Chair of the Board)

Professor Julietta Patnick

Kevin Taylor
(staff nominee)

Penny Thompson

Dr Stephen Timothy
(to 31 July 2020)

Professor Paul Wiles

The matters specifically referred to the Board of Governors for decision are set out in the Articles of Government of the University, and the Board meets six times a year for this purpose. In addition, the Board held a special briefing meeting in April 2020 concerning the University's response to Covid-19. The Board also holds discussions on the strategic development of the University via separate events.

Under the Office for Students (OfS) Regulatory Framework, including its terms and conditions of funding for higher education institutions, the Board of Governors has responsibilities for the ongoing strategic direction of the University, approval of major developments, and the receipt of regular reports from executive officers on the day-to-day operations of its business and its subsidiary companies.

The President of the Students' Union is a member of the Board ex officio, and reports to each meeting on student matters.

New governors participate in an induction programme, including finance training. All members of the Board are offered opportunities to develop their knowledge of the University and aspects of their responsibilities as a governor. An update and development day in January 2020 covered the political context for higher education following the General Election (in December 2019), cyber awareness, the University's branding and positioning and the University's approach to equality, diversity and inclusion. In addition, a programme of talks by external speakers to the Board has continued, the Board received a briefing from the College Deans following the implementation of the College structure in January 2020, and there have been tours of the University's clearing operations.

The Board of Governors operates with a committee structure comprising

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

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

The Vice-Chancellor and Clerk to the Board of Governors held regular meetings with the Board officers (chair and deputy chair of the Board and the chair of each of its subcommittees) throughout the year in order to coordinate 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 digital capital programmes, and human resource and employment matters on behalf of the Board of Governors. The Committee considers, and from time to time reviews, the University's Financial, Estates and Human Resources plans and monitors the implementation of these plans.

The Committee also approves the policy framework and associated regulations for

- the investment of surplus funds and borrowing requirements
- tenders, quotations and contracts for items of expenditure above the limits stated in the University's Financial Regulations
- the write-off of irrecoverable debts
- insurance arrangements
- arrangements for the execution of estate, building, digital and other capital programmes within the strategic framework and annual capital budgets approved by the Board
- 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, digital and other capital programmes within the strategic framework approved by the Board
- annual revenue and capital budgets and longer-term projections
- employment policies within the strategic framework approved by the Board

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

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

Remuneration Committee

This Committee has responsibility for determining salaries and conditions of service for Board appointments and advises the Vice-Chancellor on the salaries and conditions of service of key senior staff (specifically those holding the most senior management positions, currently members of the University Leadership Team). It considers and approves the University's policy and/or approach to the reward of senior staff extending to all Senior Staff grade employees.

It also considers the appropriateness of severance arrangements with respect to individual cases and other issues as they arise, and makes recommendations to the Board for approval on those arrangements, in line with the regulators' accounts direction.

Further details can be found in the Annual Report on Senior Remuneration on pages 44 to 47.

Nominations Committee

The Nominations Committee considers succession planning for the Board of Governors' membership and appointments to fill vacancies under the University's Instrument of Government, as well as succession planning for memberships of the Board's committees.

Audit and Risk Committee

The Audit and Risk Committee meets four times each year, with external and internal auditors in attendance. In addition, in 2019/20 the Committee held an additional meeting in January 2020 to confirm compliance with the existing TRAC (Transparent Approach to Costing) validation processes and approve the return for submission to the OfS.

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. In relation to risk, it considers the Corporate Risk Register and the Assurance Framework, and provides assurance to the Board of Governors that the executive's identification and assessment of key strategic risks is appropriate and in line with the Board's appetite for risk. The Committee receives presentations on the University's significant strategic risks and their management.

It also receives and considers reports from the OfS as they affect the University's corporate governance and assurance processes, and monitors adherence with the regulatory requirements. It reviews the University's annual financial statements including the external auditor's formal opinion, the statement of members' responsibilities and the corporate governance statement.

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

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

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

Academic Assurance Committee

The Academic Assurance Committee receives and tests assurances from the Academic Board around the effectiveness of academic governance in order to

- give an annual assurance to the Board of Governors around the overall quality and standards of academic provision and the effectiveness of academic governance arrangements, including the effectiveness of the Academic Board
- advise the Board of Governors on the University's regulatory requirements including compliance with the OfS Conditions of Registration, as they relate to academic matters
- advise the Board of Governors on key academic risks and keep under review progress against those risks
- advise the Board of Governors on issues relating to academic inspection and audit

The Committee meets four times per year with senior academic leaders and managers in attendance.

Annual report on senior remuneration

Introduction

The disclosures on senior remuneration levels at Sheffield Hallam University, as required by the Office for Students' Accounts Direction, are provided in note 9 of the financial statements. The following report provides details of the policy and processes in place to set and monitor the levels of senior remuneration within the University.

Terms of Reference

Acting on behalf of the Board of Governors and within the employment framework recommended by the Finance and Employment Committee, the Remuneration Committee has the responsibility

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

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

Membership of the Remuneration Committee

At the start of the 2019/20 academic year the membership of the Committee was as follows.

Meg Munn

Chair, Deputy Chair of the Board of Governors

Rt Hon The Lord Kerslake

Chair of the Board of Governors

Professor Christopher Kinsella

External Member of the Board and Chair of the Audit and Risk Committee

Neil MacDonald

External Member of the Board and Chair of the Finance and Employment Committee

Penny Thompson

External Member of the Board

The Committee has expressed a desire to recruit an additional independent co-opted member of the Committee, with experience of the oversight or setting of senior remuneration and a search process is underway.

Approach to remuneration

Context

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

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

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

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

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

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

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

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

- the annual review of the performance of the Vice-Chancellor undertaken by the Chair of the Board of Governors
- the KPIs set by the Board as monitored via the Performance report
- the delivery of targets in respect of key external measures e.g. Teaching Excellence Framework, Research Excellence Framework, National Student Survey

Approach to senior pay and performance

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

Performance-related pay

In addition, senior staff who demonstrate they are exceeding expectations in their role are usually eligible for a non-consolidated bonus payment. The parameters for bonus payments are reviewed each year to take into account the current financial climate. This approach ensures that reward is focused on the highest performers. However, for 2019/20, the University Leadership Team have reflected on the wider financial context and suspended this element of the scheme.

Benchmarking performance against comparator institutions and roles

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

Institutional performance

In overall terms, on the basis of the reports it has received, the Remuneration Committee recognised that the Vice-Chancellor with the support of the University Leadership Team made a significant contribution. The University's performance had improved, in line with strategic expectations, and in particular

- significant progress on teaching (top 20 student satisfaction, University of the Year for Teaching Quality)
- progress on research with a new research structure and major successes
- strengthened Hallam influence locally, regionally and nationally through policy interventions, publications and engagement so that the University is seen as leading debate
- greater institutional resilience with a clearer curriculum model and embedded employability in every programme
- stronger performance in league tables

However, acknowledging the tighter financial constraints on the University, and the high profile of issues and ongoing public concern in relation to senior pay, the University had not brought forward any recommendations for performance awards over the 2019/20 year.

Retention of income generated from external bodies

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

Retained income from external bodies

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

Expenses policy

The University introduced greater transparency for the expenses received by senior leaders in 2019 through the publication of the expenses incurred by members of the University Leadership Team. The information is published on the website within the section that profiles members of the Senior Team.

Responsibilities of the University's Board of Governors

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

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

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

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- it is appropriate for the financial statements to be prepared on the going concern basis. In particular, at its meeting on 2 February 2021, the Board confirmed that it was appropriate for the financial statements to be prepared on a going concern basis

The Board of Governors has taken reasonable steps to

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

Insofar as the Board of Governors is aware

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

The Annual Report on pages 3 to 49 was approved by the Board of Governors on 2 February 2021.



Rt Hon The Lord Kerlake

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



Professor Sir Chris Husbands

Professor Sir Chris Husbands,
Vice-Chancellor

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

Opinion

We have audited the financial statements of Sheffield Hallam University (the 'parent university') and its subsidiaries (the 'group') for the year ended 31 July 2020, which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Balance Sheet, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent university's affairs as at 31 July 2020 and of the group's and parent university's income and expenditure, gains and losses, changes in reserves and group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in October 2018.

Basis for opinion

We have been appointed as auditor under the Education Reform Act 1988 and report in accordance with regulations made under those Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the governing body and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the University's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the University's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a university associated with these particular events.

Conclusions relating to going concern

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

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

In our evaluation of the governing body's conclusions, we considered the risks associated with the University's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the group's and parent university's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group and parent university will continue in operation.

Other information

The governing body are responsible for the other information. The other information comprises the information included in the annual report set out on pages 3 to 49, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Student's ('OfS') accounts direction (issued October 2019)

In our opinion, in all material respects:

- funds from whatever source administered by the parent university for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds from the OfS, UK Research and Innovation (including Research England), Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them, and
- the requirements of the OfS's accounts direction (issued October 2019) have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the OfS accounts direction (issued October 2019) requires us to report to you where:

- the University's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- the University's expenditure on access and participation activities for the financial year, as disclosed in the note to the accounts, has been materially misstated.

Responsibilities of Governing Body for the financial statements

As explained more fully in the Statement of responsibilities of the Governing Body set out on page 48 to 49, the Governing Body is responsible for the preparation of the financial statements and for being satisfied they give a true and fair view, and for such internal control as the Governing Body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

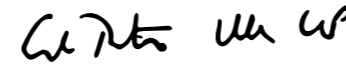
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

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

Use of our report

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



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield

Financial Statements for the year ended 31 July 2020

Consolidated and University Statement of Comprehensive Income for the year ended 31 July 2020

	Note	Consolidated		University	
		2020 £000	2019 £000	2020 £000	2019 £000
Income					
Tuition fees and education contracts	3	235,602	233,747	235,602	233,747
Funding body grants	4	28,942	27,166	28,942	27,166
Research grants and contracts	5	11,058	9,333	10,962	9,068
Other income	7	13,575	14,938	10,424	10,878
Investment income	8	786	1,014	786	1,014
Donations and endowments	9	497	346	497	346
Total income		290,460	286,544	287,213	282,219
(excludes share of joint venture £7.5m, 2019: £7.9m)					
Expenditure					
Staff costs	10	(194,622)	(196,730)	(192,360)	(194,243)
Other operating expenses	11	(73,053)	(78,079)	(71,671)	(76,241)
Depreciation and impairment	14/15	(23,792)	(24,150)	(23,789)	(24,147)
Interest and other finance costs	12	(7,560)	(5,189)	(7,560)	(5,189)
Total expenditure	13	(299,027)	(304,148)	(295,380)	(299,820)
Deficit before other gains, losses and share of operating surplus of joint ventures and associate companies					
		(8,567)	(17,604)	(8,167)	(17,601)
Surplus/(loss) on disposal of fixed assets		12	(1,358)	12	(1,358)
Share of operating surplus/(deficit) in joint ventures and associates	17	-	-	-	-
Deficit before tax		(8,555)	(18,962)	(8,155)	(18,959)
Taxation		-	-	-	-
Deficit for the year		(8,555)	(18,962)	(8,155)	(18,959)
Other comprehensive income/(expenditure)					
Actuarial loss in respect of pension scheme	27	(41,908)	(62,806)	(41,908)	(62,806)
Total comprehensive income/(expenditure) for the year		(50,463)	(81,768)	(50,063)	(81,765)
Represented by:					
Endowment comprehensive income/(expenditure) for the year	28	(6)	1	(6)	1
Restricted comprehensive income/(expenditure) for the year	29	(7)	(9)	(7)	(9)
Unrestricted comprehensive income/(expenditure) for the year		(50,450)	(81,760)	(50,050)	(81,757)
		(50,463)	(81,768)	(50,063)	(81,765)

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

Consolidated Statement of Changes in Reserves for the year ended 31 July 2020

	Income and expenditure reserve			Total £000
	Endowment reserve £000	Restricted reserve £000	Unrestricted reserve £000	
Balance as at 1 August 2018	32	29	218,412	218,473
Deficit for the year	-	-	(18,962)	(18,962)
Other comprehensive expenditure	-	-	(62,806)	(62,806)
Release of restricted funds spent in year	(6)	(9)	15	-
New restricted funds in year	7	-	(7)	-
Total comprehensive income/ (expenditure) for the year	1	(9)	(81,760)	(81,768)
Balance as at 1 August 2019	33	20	136,652	136,705
Deficit for the year	-	-	(8,555)	(8,555)
Other comprehensive expenditure	-	-	(41,908)	(41,908)
Release of restricted funds spent in year	(6)	(7)	13	-
Total comprehensive income/(expenditure) for the year	(6)	(7)	(50,450)	(50,463)
Balance as at 31 July 2020	27	13	86,202	86,242

University Statement of Changes in Reserves for the year ended 31 July 2020

	Income and expenditure reserve			Total £000
	Endowment reserve £000	Restricted reserve £000	Unrestricted reserve £000	
Balance as at 1 August 2018	32	29	218,410	218,471
Deficit for the year	-	-	(18,959)	(18,959)
Other comprehensive expenditure	-	-	(62,806)	(62,806)
Release of restricted funds spent in year	(6)	(9)	15	-
New restricted funds in year	7	-	(7)	-
Total comprehensive income/ (expenditure) for the year	1	(9)	(81,757)	(81,765)
Balance as at 1 August 2019	33	20	136,653	136,706
Deficit for the year	-	-	(8,155)	(8,155)
Other comprehensive expenditure	-	-	(41,908)	(41,908)
Release of restricted funds spent in year	(6)	(7)	13	-
Total comprehensive income/(expenditure) for the year	(6)	(7)	(50,050)	(50,063)
Balance as at 31 July 2020	27	13	86,603	86,643

Consolidated and University Statement of Financial Position for the year ended 31 July 2020

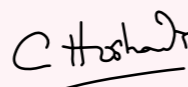
Note	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Non-current assets				
Fixed assets	14,15	321,826	315,062	321,818
Investments	16	42	45	45
Investment in associate companies and joint ventures	17	-	-	-
		<u>321,868</u>	<u>315,107</u>	<u>321,863</u>
Current assets				
Stock	18	113	106	75
Trade and other receivables	19	20,670	25,579	19,863
Investments	20	30,000	-	30,000
Cash and cash equivalents		<u>90,503</u>	<u>129,752</u>	<u>90,391</u>
		<u>141,286</u>	<u>155,437</u>	<u>140,329</u>
Less: Creditors: amounts falling due within one year	21	<u>(50,303)</u>	<u>(50,820)</u>	<u>(49,340)</u>
Net current assets		<u>90,983</u>	<u>104,617</u>	<u>90,989</u>
Total assets less current liabilities		<u>412,851</u>	<u>419,724</u>	<u>412,852</u>
Creditors: amounts falling due after more than one year	22	<u>(102,022)</u>	<u>(105,439)</u>	<u>(102,022)</u>
Provisions				
Pension provisions	25	<u>(170,117)</u>	<u>(222,845)</u>	<u>(170,117)</u>
Other provisions	26	<u>(4,007)</u>	<u>(4,797)</u>	<u>(4,007)</u>
Total net assets		<u>136,705</u>	<u>86,643</u>	<u>136,706</u>
Restricted reserves				
Income and expenditure reserve – endowment reserve	28	33	27	33
Income and expenditure reserve – restricted	29	20	13	20
Unrestricted reserves				
Income and expenditure reserve – unrestricted		<u>136,652</u>	<u>86,603</u>	<u>136,653</u>
Total reserves		<u>136,705</u>	<u>86,643</u>	<u>136,706</u>

The accompanying notes and policies form part of these Financial Statements.

The Financial Statements on pages 54 to 101 were approved on behalf of the Board of Governors on 2 February 2021.



RT Hon The Lord Kerslake
Chair of the Board of Governors



Professor Sir Chris Husbands
Vice-Chancellor

Consolidated Statement of Cash Flows for the year ended 31 July 2020

Note	2020 £000	2019 £000
Cash flow from operating activities		
Deficit for the year	(8,555)	(18,962)
Adjustment for non-cash items:		
Depreciation and impairment	14	23,792
(Increase) in stock	18	(23)
(Increase)/decrease in trade and other receivables (excluding items adjusted below)		(5,110)
Increase/(decrease) in creditors (excluding items adjusted below)		(1,569)
Increase in pension provision	25	10,820
Increase/(decrease) in other provisions	26	790
Investment income receivable	8	(783)
Interest receivable	8	(3)
Endowments receivable	28	-
Endowments payable	28	6
Interest payable	12	2,908
(Gain)/loss on the disposal of fixed assets		(12)
Capital grant income	22	(4,535)
Net cash inflow from operating activities	17,726	19,799
Cash flows from investing activities		
Proceeds from sales of fixed assets	12	2,500
Capital grants receipts	22	10,069
Investment income received		953
Interest received		3
Payment of loan to associate company	19	(96)
Payments made to acquire fixed assets		(15,189)
	(4,248)	(20,293)
Cash flows from financing activities		
Interest paid	(2,904)	(2,352)
New unsecured loans	-	29,650
Repayments of amounts borrowed	(1,198)	(29,229)
Endowments received	-	7
Endowment payments	(6)	(6)
	(4,108)	(1,930)
Increase/(decrease) in cash and cash equivalents in the year	9,370	(2,424)
Cash and cash equivalents at beginning of the year	120,503	122,927
Cash and Cash equivalents at the end of the year	129,873	120,503
Cash and cash equivalents at the end of the year consists of:		
Cash and cash equivalents	129,873	90,503
Short-term deposits maturing within three months of the Statement of Financial Position date	20	-
	129,873	120,503

The accompanying notes and policies form part of these Financial Statements.

Notes to the Financial Statements

1. Statement of principal accounting policies

Entity information

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

Basis of preparation

The financial statements have been prepared under the historical cost convention (modified by the revaluation of certain financial assets and liabilities at fair value).

The financial statements have been prepared in accordance with the applicable United Kingdom Accounting Standards, including the Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 SORP). The financial statements have also been prepared in accordance with the Accounts Direction issued by the Office for Students. The University is a public benefit entity and therefore has applied the relevant public benefit requirements of the applicable United Kingdom Accounting Standards.

The financial statements have adopted the disclosure exemption set out in Section 3.3 of 2019 SORP and do not include a parent university's Statement of Cash Flows.

The financial statements are presented in sterling (£).

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the University and all its subsidiary undertakings for the financial year to 31 July 2020. 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.

Investments in associates and joint ventures are accounted for using the equity method.

Recognition of income

Tuition fee income is credited to income over the period in which students are studying. Bursaries and scholarships are accounted for as expenditure and not deducted from income.

Government revenue grants, including funding council block grant and research grants, are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors on the Statement of Financial Position and allocated between creditors due within one year and due after more than one year, as appropriate.

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

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

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

Research contracts are recognised in income when the University is entitled to the income. Where no specific milestones or deliverables occur, the related costs for which the contract is intended to compensate are used to approximate the level of service supplied and amount of income to recognise.

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

All income from short-term deposits is credited to income on a receivable basis.

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

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

Donations and endowments

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

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

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

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

There are two main types of donations and endowments identified within reserves.

- a) Restricted donations – the donor has specified that the donation must be used for a particular objective.
- b) Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets and the University has the power to use the capital.

Retirement benefits

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

The USS is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set.

The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 'Employee benefits', the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to expenditure represents the contributions payable to the scheme. Since the University has entered into an agreement (the 'Recovery Plan') that determines how each employer within the USS will fund the overall deficit, the University recognises a provision for the contributions payable that arise from the agreement (to the extent that they relate to the deficit).

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

The LGPS is a defined benefit scheme. The University is able to identify its share of assets and liabilities of the LGPS and therefore accounts for this scheme as a defined benefit plan. Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risks (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the

University. The University recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets.

The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net liability (a deficit) this is reflected in full in the Statement of Financial Position.

The NEST is a defined contribution scheme. As a result, the amount charged to expenditure represents the contributions payable to the scheme.

Other employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

Termination benefits

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

Foreign currencies

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

Operating leases

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

Fixed assets

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

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

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

Individual equipment items or groups of related items costing less than £10,000 are recognised in expenditure in the year of acquisition. All other items are capitalised.

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

Depreciation

Freehold land and buildings

Freehold land is not depreciated.

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

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

Leased buildings

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

Equipment

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

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

Depreciation methods, useful economic lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

Maintenance of assets

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

Impairment of assets

In line with FRS 102 Section 27 an assessment is carried out at each reporting date to determine if there is any indication that any assets, within scope, may be impaired. If there is such an indication the asset's recoverable amount is estimated. Where the carrying value of an asset is above its recoverable amount (the higher of an assets fair value less sale costs and its value in use) the asset is impaired and an impairment loss is recognised in expenditure.

Investments

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

Investments in associates

Associates are any entities over which the University has significant influence that is neither a subsidiary or an interest in a joint venture. Associates are accounted for using the equity method of accounting, where the associate is in a net asset position. The initial investment is recorded at cost, with subsequent changes made to reflect the University's share of the profit or loss, other comprehensive income and equity of the associate where the associate is in a net asset position.

Jointly controlled entities

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

Stocks

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

Cash and cash equivalents

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

Financial instruments

The University applies the provisions of FRS 102 Sections 11 and 12 to all its financial instruments.

Basic financial instruments (within the scope of FRS 102, Section 11) include cash, demand and fixed-term deposits with banks, loans receivable and payable and trade payables/receivables.

This type of financial asset or liability is recognised when the University becomes a party to the contractual provisions of the instrument. They are initially recognised at the transaction price, adjusted for transaction costs, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts/payments discounted at a market rate of interest. Such assets/liabilities are subsequently carried, at the end of each reporting period, at amortised cost using the effective interest rate method.

Financial instruments are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised immediately in expenditure.

Financial instruments are derecognised when the contractual rights to the cash flows from the asset expire or are settled, substantially all of the risks and rewards of the ownership of the asset are transferred to another party or when the liability is discharged, cancelled, or expires.

Provisions

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

The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects risks specific to the liability.

Taxation status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income, or capital gains received within categories covered by sections 478-488 CTA 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the cost of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

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

Reserves

Reserves are classified as restricted or unrestricted. Restricted reserves in the Statement of Financial Position include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

2. Significant accounting estimates and judgements

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

Going concern

The going concern assessment and disclosure is an area of significant judgement, due to the ongoing uncertainties faced by the higher education sector around student recruitment, funding and government policy. Given the additional uncertainties at the current time resulting from Covid-19 and Brexit there is an even higher level of judgement required.

The University has carried out detailed forecasting and scenario planning each year around its future financial performance, based on assumptions around external factors and internal operating policies, in order to assess its financial sustainability. A paper setting out the results of this work is prepared for the Finance and Employment Committee (FEC) to consider. This year the FEC concluded that there is a reasonable expectation that there will be adequate resources for the University to continue in operational existence for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements. Their recommendation to the Board of Governors to adopt the going concern basis in preparing the financial statements was accepted.

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

Estimates, assumptions and judgements in pension costs and provisions

The University has obligations to pay pension benefits to certain employees who are members of the Local Government Pension Scheme, a scheme accounted for as a defined benefit plan. The cost of these benefits and the present value of the obligation depend on a number of factors including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors, using external professional advice and internal knowledge, to determine the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends.

The University has obligations to pay pension benefits to certain employees, who are members of the Universities Superannuation Scheme (USS), which is accounted for as a defined contribution scheme.

The University has committed to contribute to a Deficit Recovery Plan for the scheme and, in accordance with the requirements of the SORP, management has calculated a provision for these costs in the Statement of Financial Position. Details of this provision which has been discounted at 0.73% as at 31 July 2020, are included in note 25 to the financial statements. Management have taken professional advice around the discount rate to use and have used the salary increases and staff numbers in USS as per the University's 2020/21 budget for calculating the provision.

Judgements in fixed asset additions

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

Judgements in classifying leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leases in which the University does not assume substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. Management exercises judgement in classifying its leases for accounting purposes, by looking at the substance of the leasing arrangement as well as the actual lease agreement itself.

Estimates and judgements in accruals

Short-term employee benefits are charged to the Statement of Comprehensive Income as the employee service is received. An accrual is made for the cost of paid annual leave that has not been used at the financial year-end.

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

Judgements in recognising income

Judgement is applied in determining the value and timing of certain research-related income to be recognised in the financial statements, where there are no specific milestones or deliverables that can be identified. The revenue that is recognised is based on reviewing the details of the contract, the phasing of cost budget agreed and the level of costs incurred during the financial year to determine an approximation of the level of service provided.

Judgements on the impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss as a result of any indications. If there is an indication of impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount (net book value). If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in the period it arises.

If an impairment loss subsequently reverses, the net book value of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit in the period it arises.

3. Tuition fees and education contracts

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Full-time and undergraduate home and EU students	174,884	168,384	174,884	168,384
Full-time and postgraduate home and EU students	15,723	14,848	15,723	14,848
Part-time undergraduate home and EU students	11,566	10,116	11,566	10,116
Part-time postgraduate home and EU students	4,699	4,196	4,699	4,196
Overseas students	23,130	22,011	23,130	22,011
Fees from NHS contracts	5,048	13,577	5,048	13,577
Other fees and support grants	552	615	552	615
	235,602	233,747	235,602	233,747

4. Funding body grants

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Recurrent grant				
Office for Students	19,121	17,520	19,121	17,520
Department for Education	286	203	286	203
Deferred capital grants released in year	2,073	2,118	2,073	2,118
Specific grants				
Office for Students	3,913	5,284	3,913	5,284
Education and Skills Funding Agency	1,087	1,157	1,087	1,157
Department for Education	-	85	-	85
Deferred capital grants released in year	2,462	799	2,462	799
	28,942	27,166	28,942	27,166

Specific deferred capital grants released in year includes £438,000 (2019: £nil) in respect of the £14 million grant from the Department of Health and Social Care towards the construction of the Advanced Wellbeing Research Centre.

5. Research grants and contracts

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Research councils	2,351	1,020	2,351	1,020
UK based charities	1,219	1,244	1,257	1,216
UK central government bodies, local authorities and health authorities	3,909	3,577	3,802	3,404
UK industry, commerce and public corporations	390	659	371	638
EU government bodies	2,653	2,427	2,653	2,427
EU other	138	60	132	17
Overseas-based charities	31	53	31	53
Other overseas	239	191	239	191
Other sources	128	102	126	102
	11,058	9,333	10,962	9,068

6. Grant and Fee income

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Grant income from the OfS	27,570	25,721	27,570	25,721
Grant income from other bodies	9,668	7,963	9,561	7,807
Fee income for taught awards (exclusive of Vat)	230,389	228,474	230,389	228,474
Fee income for research awards (exclusive of Vat)	7,800	7,631	5,574	4,937
Fee income from non-qualifying courses (exclusive of Vat)	3,383	3,739	3,383	3,739
	278,810	273,528	276,477	270,678

7. Other income

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Residences, catering and conferences	2,681	4,566	2,341	3,801
Consultancy	2,375	2,568	173	-
Other revenue grants	1,783	732	1,633	626
Rental income	1,074	634	1,073	571
Nursery income	324	439	-	-
Other income	5,338	5,999	5,204	5,880
	13,575	14,938	10,424	10,878

8. Investment income

	Consolidated and University	
	2020 £000	2019 £000
Interest on short-term investments	783	1,014
Interest on loan	3	-
	786	1,014

9. Donations and endowments

	Consolidated and University	
	2020 £000	2019 £000
Unrestricted donations	497	339
Expendable endowments	-	7
	497	346

10. Staff Costs

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Wages and salaries	140,846	140,982	138,984	138,808
Social security costs	15,091	15,150	14,960	15,032
Pension costs (note 27)	37,273	37,989	37,004	37,794
Restructuring costs	1,412	2,609	1,412	2,609
	194,622	196,730	192,360	194,243

Included in the above are costs relating to access and participation (see note 33):

	Consolidated and University 2020 £000
Access investment	1,802
Financial support	-
Disability support (excluding expenditure included in the two categories above)	2,497
Research and evaluation	336
	4,635

Average number of staff employed during the year:

	Consolidated and University	
	2020 Number of FTE	2019 Number of FTE
College/research based	1,756	2,025
Academic services	918	744
Central services	601	559
Projects and central initiatives	27	47
Facilities support	234	252
	3,536	3,627

The headings have been amended this year to reflect the new structure in place from 2019/20 and the 2019 figures have been realigned accordingly.

Number of staff with a full-time equivalent, annual basic salary of more than £100,000 excluding starters and leavers:

	Consolidated and University	
	2020 Number	2019 Number
£100,000 - £104,999	-	-
£105,000 - £109,999	1	1
£110,000 - £114,999	-	1
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	-	1
£130,000 - £134,999	-	-
£135,000 - £139,999	3	2
£140,000 - £144,999	1	2
£145,000 - £149,999	1	1
£150,000 - £154,999	1	1
£155,000 - £159,999	1	1
	8	10

Based on the OFS Accounts Direction 2019/20, this table includes staff with a full-time equivalent basic salary of over £100,000 per annum. It does not include staff who joined or left part-way through a year but who would have received salary in these bands in a full year.

In 2019, staff who joined or left part-way through the year and earned more than £100,000 in the year are included under the banding for their annual basic salary.

Number of staff with a full-time equivalent, annual basic salary of more than £100,000:

	Consolidated and University	
	2020 Number	2019 Number
£100,000 - £104,999	2	1
£105,000 - £109,999	1	1
£110,000 - £114,999	-	1
£115,000 - £119,999	-	-
£120,000 - £124,999	1	-
£125,000 - £129,999	2	1
£130,000 - £134,999	-	-
£135,000 - £139,999	3	2
£140,000 - £144,999	1	2
£145,000 - £149,999	1	2
£150,000 - £154,999	1	1
£155,000 - £159,999	1	1
	13	12

This table includes all staff with a full-time equivalent, annual basic salary over £100,000 regardless of whether they were at the University for a full year.

Total remuneration of the Vice-Chancellor

	Consolidated and University	
	2020 £000	2019 £000
Salary	240	240
Other remuneration	-	-
Other taxable benefits	-	-
	240	240
Pension contributions	17	33
	257	273

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

The Vice-Chancellor's fees for chairing the Teaching Excellence Framework Committee during 2019/20 and 2018/19 and his per-diem allowance for his role on the Quality Assurance Council of the University Grants Committee in Hong Kong were donated directly to the University's Hallam Fund.

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

	Consolidated and University	
	2020	2019
Basic salary	7.10	7.02
Total remuneration (including pension contributions) *	7.38	7.10

The 2019 ratio is based on the OfS Accounts Direction OfS 2018.26 and reports the relationship between the head of provider's remuneration and that for all other employees, expressed as a pay multiple. The 2020 ratio is based on the OfS Accounts Direction OfS 2019.41 and reports the relationship between the head of provider's remuneration and that for all other employees (employed in the reporting year and who are required to be included in real-time reporting (RTI) to HMRC), expressed as a pay multiple. The 2020 ratio excludes pension payments to a select group of retired ex-local authority staff who transferred to the University from the Council and payments under IR35 regulations (to personal service companies). We have not restated the 2019 ratio as it follows the OfS guidance in force at the time.

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

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

- Objectives for the Vice-Chancellor, aligned to the University strategy are agreed and an annual review of the performance against those objectives is undertaken by the Chair of the Board of Governors and provided to the Remuneration Committee.
- KPIs set by the Board, as monitored via the performance report.
- The delivery of targets in respect of key external measures e.g. Teaching Excellence Framework, Research Excellence Framework, National Student Survey.
- Benchmarking of the salary for the Vice-Chancellor, which was undertaken on appointment and is conducted on a routine basis.

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

Compensation for loss of office

	Consolidated and University	
	2020	2019
Compensation paid (£000)	1,481	2,327
Number of staff	173	103

The compensation payments include any payments made to any level of staff, as per the OfS Accounts Direction 2019/20. The number of staff receiving compensation payments during the year ended 31 July 2020 reflects the final stages of the restructuring exercise that the University has been undertaking over the last two years and an exercise to reduce the number of Associate Lecturers who were no longer required but who held permanent contracts and were therefore entitled to statutory redundancy payments upon termination.

* In line with the definition of 'total remuneration' in the OfS guidance

Key management personnel compensation

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

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

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

During the year ended 31 July 2020 there were 11 (2019: 12) members of the ULT, however two were only members for a short time.

	Consolidated and University	
	2020 £000	2019 £000
Key management personnel compensation payable	1,894	2,270

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

Payments to members of the Board of Governors

Members of the Board of Governors are trustees of the University as an exempt charity. The University publishes in its audited financial statements information about payments to or on behalf of trustees, including payments to trustees for serving as trustees (and waivers of such payments), and payments for services provided to the University by its trustees. This information is disclosed in note 36.

11. Other operating expenses

Other operating expenses include:	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Operating lease expenditure – land and buildings	1,048	1,605	1,048	1,605
Operating lease expenditure – equipment	270	233	270	233
External auditor's remuneration in respect of audit services	82	68	66	54
External auditor's remuneration in respect of non-audit services:				
- Grant audits	11	12	11	12
- Tax	10	1	9	-
- Other	5	4	5	4
Internal audit services	143	216	143	216

12. Interest and other finance costs

	Consolidated and University	
	2020 £000	2019 £000
Bank loans	2,908	2,522
Unwinding of USS pension provision discount (note 25)	97	48
Net interest charge on pension scheme (note 27)	3,771	2,619
Other interest	784	-
	7,560	5,189

13. Analysis of total expenditure by activity

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Academic departments	122,482	126,828	121,698	126,408
Academic services	61,294	62,603	61,294	62,603
Administration and central services	43,111	41,413	42,327	40,917
Premises	35,878	33,946	35,847	33,914
Residences, catering and conferences	2,981	3,792	2,806	3,119
Research grants and contracts	12,847	10,651	12,449	10,264
Other expenses	20,434	24,915	18,960	22,595
	299,027	304,148	295,380	299,820

14. Tangible fixed assets – Consolidated

	Land and Buildings		Assets under Construction	Equipment	Total
	Freehold £000	Long leasehold £000	£000	£000	£000
Cost					
As at 1 August 2019	340,589	8,972	28,457	50,792	428,810
Additions	590	340	13,200	2,903	17,033
Disposals	-	-	-	(40)	(40)
Transfers	28,117	63	(29,948)	1,768	-
As at 31 July 2020	369,296	9,375	11,709	55,423	445,803
Depreciation					
As at 1 August 2019	74,350	2,713	-	29,921	106,984
Charge for the year	16,699	536	-	6,557	23,792
Disposals	-	-	-	(40)	(40)
As at 31 July 2020	91,049	3,249	-	36,438	130,736
Net Book Value					
As at 31 July 2020	278,247	6,126	11,709	18,985	315,067
As at 31 July 2019	266,239	6,259	28,457	20,871	321,826

As at 31 July 2020, freehold land and buildings included £25,325,000 (2019: £25,230,000) in respect of freehold land that is not depreciated.

15. Tangible fixed assets – University

	Land and Buildings		Assets under Construction	Equipment	Total
	Freehold £000	Long leasehold £000	£000	£000	£000
Cost					
As at 1 August 2019	340,589	8,972	28,457	50,766	428,784
Additions	590	340	13,200	2,903	17,033
Disposals	-	-	-	(40)	(40)
Transfers	28,117	63	(29,948)	1,768	-
As at 31 July 2020	369,296	9,375	11,709	55,397	445,777
Depreciation					
As at 1 August 2019	74,350	2,713	-	29,903	106,966
Charge for the year	16,699	536	-	6,554	23,789
Disposals	-	-	-	(40)	(40)
As at 31 July 2020	91,049	3,249	-	36,417	130,715
Net Book Value					
As at 31 July 2020	278,247	6,126	11,709	18,980	315,062
As at 31 July 2019	266,239	6,259	28,457	20,863	321,818

As at 31 July 2020, freehold land and buildings included £25,325,000 (2019: £25,230,000) in respect of freehold land that is not depreciated.

As at 31 July 2020, freehold land and buildings cost included £14,565,000 (2019: £13,123,000 in assets under construction) in respect of the construction of the Advanced Wellbeing Research Centre. The Department of Health and Social Care provided a £14 million grant towards this project.

16. Non-current investments

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Investments in subsidiaries	-	-	3	3
Investments in indirect holdings	42	42	42	42
	42	42	45	45

Subsidiaries

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

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

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

Indirect holdings

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

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

The University holds a 0.88% shareholding in CVCP Properties PLC.

This company owns and manages Woburn House, a major office and conference centre facility. All the shareholders are UK universities in membership of Universities UK, plus Universities UK itself.

* This company is exempt from an audit by virtue of s480 of the Companies Act 2006.

** These companies are limited by guarantee and Sheffield Hallam University is the sole member.

*** The results and net assets of this company are not material to the University and are therefore excluded from the University's consolidated financial statements. At 30 June 2020 net assets were £5,647.

17a. Investments in associate companies

Sonnet Advisory and Impact CIC

The University holds a 35% shareholding in Sonnet Advisory and Impact CIC. The company provides specialist impact-focused advisory and consultancy services to socially minded clients, to create positive social, environmental and economic impacts.

Based on the Management Accounts as at 30 June 2020, Sonnet Advisory and Impact CIC had net liabilities of £43,000, due to the disruption caused by Covid-19 in its first six months of trading. The company was incorporated in February 2020 and its first set of financial statements will be an extended accounting period to 31 March 2021.

The University's investment in the associate company is therefore nil and will not be recognised until the entity is in a net asset position.

Sonnet Advisory and Impact is a Community Interest Company (CIC) limited by shares. The University holds 350 £0.01 U shares in the company and has no further legal or contractual obligation to settle the liabilities of the company.

17b. Investments in joint ventures

STEM Learning Limited

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

Since 31 July 2018 STEM Learning Limited's balance sheet has shown a net liabilities position. This was caused by an accounting adjustment in respect of its pension scheme. The company has remained in a net liabilities position and indications are that the company was in a net liabilities position as at 31 July 2020 based on its draft results. We do not anticipate that this situation will change when its financial statements for the year are published. The University's investment in the jointly controlled entity is therefore nil (2019: nil).

The University's 25% share of the turnover of £7,458,000 (based on draft figures) (2019: £7,932,000 draft and £6,265,000 published) is excluded from the University's consolidated income. The University's 25% share of operating surplus/(deficit) in the joint venture will not be recognised until the entity returns to a net asset position.

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

18. Stock

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Stock	136	113	106	75
	136	113	106	75

19. Trade and other receivables

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Other trade receivables	8,383	8,026	8,026	7,335
Prepayments	8,537	7,158	8,524	7,138
Accrued Income	8,690	5,486	8,319	5,128
Amounts due from group undertakings	-	-	613	262
Loan to associate company	97	-	97	-
	25,707	20,670	25,579	19,863

Amounts due after more than one year included above are:

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Loan to associate company	90	-	90	-
	90	-	90	-

In February 2020, a working capital loan of up to £150,000 with a repayment date of 31 March 2026 (or earlier) was agreed with Sonnet Advisory and Impact CIC. £96,000 of the loan was drawn down immediately. The loan is at commercial rates and unsecured. The loan is held at amortised cost.

20. Current asset investments

	Consolidated and University	
	2020 £000	2019 £000
Short-term deposits maturing within three months of the Statement of Financial Position date	-	30,000
	-	30,000

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity but less than 12 months at the acquisition date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

There were no fixed rate deposits held at 31 July 2020. In 2019, the weighted average interest rate on the fixed rate deposits was 0.90% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 15 days. The fair value of these deposits was not materially different from the book value.

21. Creditors – amounts falling due within one year

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Unsecured loans (note 23)	2,130	1,198	2,130	1,198
Trade payables	6,983	9,429	6,945	9,407
Social security and other taxation payable	4,155	4,156	4,155	4,156
Accruals and deferred income	22,356	20,751	22,122	20,196
Payments received on account	15,878	14,769	15,468	14,383
	51,502	50,303	50,820	49,340

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

	Consolidated and University	
	2020 £000	2019 £000
Capital grant income	3,629	3,616

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

	Consolidated and University	
	2020 £000	2019 £000
Unsecured loans (note 23)	61,195	63,298
Accruals and deferred income	44,244	38,724
	105,439	102,022

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

	Consolidated and University	
	2020 £000	2019 £000
Capital grant income	44,244	38,723

Capital Grants

	Consolidated and University	
	2020 £000	2019 £000
Balance as at 1 August	42,339	28,604
Cash receivable	10,069	16,652
Released to statement of comprehensive income (note 4)	(4,535)	(2,917)
Balance as at 31 July	47,873	42,339

At 31 July 2020, capital grants included £13,562,000 (2019: £7,078,000) in respect of a grant from the Department of Health and Social Care. This money is part of a £14 million grant from the Department of Health and Social Care towards the construction of the Advanced Wellbeing Research Centre. £438,000 of the grant received has been released to the Statement of Comprehensive Income during the year.

23. Borrowings

	Consolidated and University	
	2020 £000	2019 £000
Analysis of unsecured loans at amortised cost:		
Due within one year	2,130	1,198
Due between one and two years	3,093	2,103
Due between two and five years	9,709	9,481
Due in five years or more	48,393	51,714
	63,325	64,496

Included in borrowings are the following:

	Term	Interest rate	Consolidated and University Balance at amortised cost	
			2020 £000	2019 £000
Barclays term loan	July 2037	Fixed	33,646	34,844
Santander term loan	March 2029	Variable	29,679	29,652
			63,325	64,496

In March 2019 a term loan of £50m and revolving credit facility of £20m was agreed with Santander. £30m of the Santander term loan was drawn down immediately and the balance of £20m has to be drawn down by March 2021, however an extension to the draw-down period is being negotiated. The Santander and Barclays facilities are at commercial rates and are unsecured.

24. Financial instruments

All of the University's financial instruments have been assessed as basic financial instruments and are held at amortised cost.

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Financial assets				
Trade receivables	8,186	7,982	7,829	7,294
Amounts due from group undertakings	-	-	613	262
Loan to associate company	97	-	97	-
Accrued income	8,690	5,486	8,319	5,128
Short-term deposits	-	30,000	-	30,000
Financial liabilities				
Trade payables	6,983	9,429	6,945	9,407
Accruals	15,480	14,487	15,245	13,931
Payments received on account	15,878	14,769	15,468	14,383
Unsecured loans	63,325	64,496	63,325	64,496

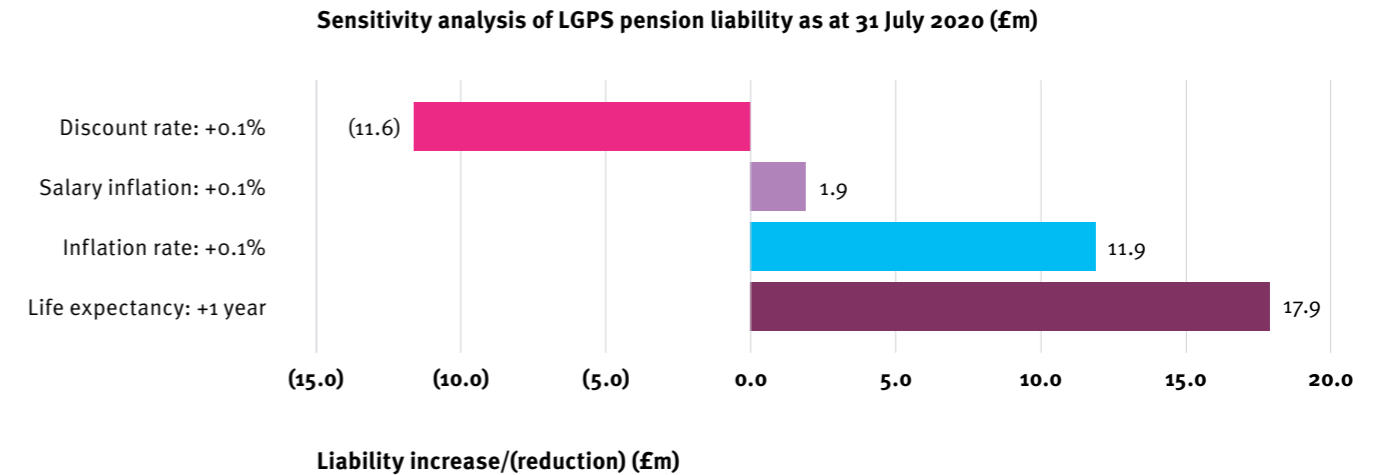
25. Pension provisions

	Consolidated and University			
	LGPS pension provision 2020 £000	USS pension provision 2020 £000	Total pension provisions 2020 £000	Total pension provisions 2019 £000
As at 1 August	163,986	6,131	170,117	90,277
Amounts charged to pension costs: non-cash items				
Current service cost	19,902	-	19,902	15,165
Past service cost	234	-	234	406
McCloud past service cost adjustment	-	-	-	5,769
GMP past service cost adjustment	744	-	744	-
Change in expected contributions	-	(2,866)	(2,866)	3,963
	20,880	(2,866)	18,014	25,303
Less				
Employer contributions	(10,937)	-	-	-
Deficit contributions	-	(125)	(11,062)	(10,936)
	9,943	(2,991)	6,952	14,367
Amounts charged to Interest and other finance costs: non-cash items				
Unwinding of USS pension provision discount	-	97	97	48
Net interest charge on pension scheme	3,771	-	3,771	2,619
	3,771	97	3,868	2,667
Total charged to expenditure	13,714	(2,894)	10,820	17,034
Actuarial loss/(gain) charged to other comprehensive expenditure	41,908	-	41,908	62,806
As at 31 July	219,608	3,237	222,845	170,117

LGPS pension provision

The LGPS pension provision represents an estimate of the University's net liability in respect of the Local Government Pension Scheme (accounted for as a defined benefit scheme) and is explained further in note 27.

The sensitivity of the LGPS pension provision to the principal assumptions used is set out below:



USS pension provision

The USS pension provision represents an estimate of additional contributions to be paid to the Universities Superannuation Scheme as part of an agreed deficit recovery plan. The obligation to fund the past deficit on the USS arises from the contractual obligation with the pension scheme for total payments relating to past performance. Management has assessed future employees within the USS Scheme and salary payments over the period of the contracted obligation in assessing the value of this provision. The provision assumes a discount rate of 0.73% (2019: 1.58%) and an average pensionable salary growth of 2.2% (2019: 2.2%)

The USS pension provision as at 31 July 2020 was calculated to be £3.237m (2019: £6.131m). The reduction in the provision reflects the improvement of the funding position formally disclosed at the time of balance sheet reporting. The provision of £6.131m calculated as at 31 July 2019 reflected the results of the actuarial funding valuation as at 31 March 2017 (where a £7.5bn funding deficit had been disclosed). The provision calculated as at 31 July 2020 reflects the valuation as at 31 March 2018 (where a £3.6bn funding deficit was disclosed). Note the 2018 actuarial funding valuation was not completed until September 2019.

The actuarial funding valuation as at 31 March 2020 is currently underway. At this stage, the Trustees have indicated that the funding deficit at 31 March 2020 could be between £9.8bn and £17.9bn. This would represent a significant deterioration from the £3.6bn deficit established under the 31 March 2018 valuation and against which the current deficit recovery plan is set. An outcome is far from agreed and the USS Trustee has until 30 June 2021 to conclude the valuation.

We have carried out sensitivity analysis based on movements of +/- 1% of each of the principal assumptions used to measure the USS deficit provision and there was no material impact on the provision.

26. Other provisions

	Consolidated and University					
	Pension enhancement on termination £000	Teachers' Pension Scheme Contributions £000	Restructuring £000	Asbestos removal £000	Dilapidations £000	Total other provisions £000
As at 1 August 2019	187	-	1,926	1,852	42	4,007
Created in year	271	2,648	139	-	13	3,071
Utilised in year	(87)	-	(1,792)	(266)	-	(2,145)
Released in year	(2)	-	(134)	-	-	(136)
As at 31 July 2020	369	2,648	139	1,586	55	4,797

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

The University has reviewed a number of individual member records during the year in light of forthcoming changes to the Teachers' Pension Scheme (TPS), in particular

- the introduction of the 'Member Contribution Reconciliation' ('MCR') data collection process (this new process will enable TPS to perform contribution reconciliation to a member level, as well as introduce a number of changes to the data validation and contribution payment processes that will take effect once MCR submissions commence)
- the introduction of the 'Full Checklist' (this is a data cleanse activity that will be used by TPS to rectify any service and/or salary gaps dating back to April 2014)

Based on our findings, the University has decided to make a provision in relation to members participating in the TPS to reflect additional contributions that may fall due in respect of members being entitled to additional pension benefits in the TPS, arising from pensionable service at the University. The provision relates to £1.865m of pension costs and £0.783m of interest on contribution arrears.

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 operations. This is expected to be utilised over the coming year.

The asbestos provision relates to the removal of asbestos from the University's estate. It will be utilised over the year ended 31 July 2021.

The dilapidations provision relates to decommissioning costs for a leased property and will be utilised at the end of the lease. The increase in the provision reflects an updated assessment of the liability.

27. Pension costs

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

Amounts charged to pension costs by pension scheme:	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Teachers' Pension Scheme	17,787	11,466	17,640	11,407
Universities Superannuation Scheme	(1,425)	5,340	(1,425)	5,313
Local Government Pension Scheme	20,805	21,083	20,683	20,975
NEST Pension Scheme	106	100	106	99
Total pension cost (note 10)	37,273	37,989	37,004	37,794

National Employment Savings Trust

The University has employees in the NEST Pension Scheme. This is a defined contribution scheme which was introduced to offer a choice in pension options to employees. For employee contributions of 1% of salary the University will contribute 7%. Employee contributions can be increased to 4% of salary and employer contributions will increase on an equivalent basis to 10%. Employees can contribute more than 4% of salary but the University will not contribute more than 10% of salary. The cost recognised within the Statement of Comprehensive Income represents contributions payable by the employer to the scheme for the year.

There was a balance of £nil owing by the University at 31 July 2020 (2019: £nil).

Teachers' Pension Scheme

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

The total TPS pension cost charged to the Statement of Comprehensive Income is made up as follows:

	Consolidated and University	
	2020 £000	2019 £000
Employer contributions	15,922	11,466
Provision for contribution arrears (see note 26)	1,865	-
	17,787	11,466

There was a balance of £1,933,000 owing by the University at 31 July 2020 (2019: £1,542,000).

The TPS is split into three distinct sections.

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

Employee contributions are levied on a tiered basis dependent upon salary. While employee contribution rates remain static for the year ended 31 March 2021 there is an increase in band width for each salary band, in line with the change in the Consumers Prices index.

Year ended 31 March 2021

£1-£28,168	7.4%
£28,169-£37,918	8.6%
£37,919-£44,960	9.6%
£44,961-£59,587	10.2%
£59,588-£81,254	11.3%
£81,255 or more	11.7%

Year ended 31 March 2020

£1-£27,697	7.4%
£27,698-37,284	8.6%
£37,285-£44,208	9.6%
£44,209-£58,590	10.2%
£58,591-£79,895	11.3%
£79,896 or more	11.7%

Employer contributions increased in September 2019 to 23.60% (previously 16.4%). Employers pay an administration levy of 0.08%, in addition, to cover administration expenses.

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

The last formal actuarial assessment was as at 31 March 2016. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data for financial reporting purposes. The amounts recognised in the 2018/19 TPS Accounts were prepared using full membership data as at 31 March 2016.

The TPS Accounts for 2019/20 are not yet signed and published and so the information provided in this note relates to the 2018/19 TPS Accounts.

The funding valuation uses a different set of assumptions than those used to inform the IAS 19 valuation. Since the University cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

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

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

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

Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme, which is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Due to the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 'Employee benefits', the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) as set out in note 25.

The total USS pension cost charged to the Statement of Comprehensive Income is made up as follows:

	Consolidated and University	
	2020 £000	2019 £000
Employer contributions	1,566	1,490
Less deficit contributions (see note 25)	(125)	(113)
Change in expected contributions (see note 25)	(2,866)	3,963
	(1,425)	5,340

There was a balance of £197,000 owing by the University at 31 July 2020 (2019: £198,000).

The latest completed actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since the University cannot identify its share of the USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion, indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21+: CPI + 1.55%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	Pre-retirement: 71% of AMCoo (duration 0) for males and 112% of AFCoo (duration 0) for females Post retirement: 97.6% of SAPS S1NMA 'light' for males and 102.7% of RFVoo for females
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2018 Valuation	2017 Valuation
Males currently aged 65 years	24.4	24.6
Females currently aged 65 years	25.9	26.1
Males currently aged 45 years	26.3	26.6
Females currently aged 45 years	27.7	27.9

During 2019/20 a new deficit recovery plan was put in place as the result of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021, at which point the rate will increase to 6%. In accordance with FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit. The details and the impacts of the changes can be seen in note 25.

Local Government Pension Scheme

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

Every April employee contribution pay bands are reviewed in line with cost of living to take account of inflationary increases. For the year ending 31 March 2021, the employee rates are on a sliding scale based on earnings, the rate varying between 5.5% and 12.5% (year ending 31 March 2020: between 5.5% and 12.5%). The pay bands and contribution rates are reviewed periodically to maintain an average employee contribution of 6.5%.

The employer contribution rate for the year ending 31 March 2021 is 15.3% (year ending 31 March 2020: 19.43%). The previous year's contribution rate included an uplift for the deficit recovery amount to be paid by the University. The current rate does not include an uplift for the deficit recovery amount (this is now paid by fixed monthly payments), however it does include an uplift for the estimated costs of the McCloud ruling (further details can be found below).

There was a balance of £1,029,000 owing by the University at 31 July 2020 (2019: £1,228,000).

The SYPF is valued every three years by a qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the actuary with the approval of the administering authority. The last full actuarial valuation was carried out at 31 March 2019.

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

The following information is based upon a full actuarial valuation of the fund at 31 March 2019, updated to 31 July 2020 by a qualified independent actuary.

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

	2020	2019
Rate of increase in salaries	3.35%	3.45%
Rate of increase in pensions in payment	2.20%	2.30%
Discount rate	1.60%	2.20%
Inflation assumption	2.10%	2.20%

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

	31 July 2020	31 July 2019
Retiring today		
Males	21.8	23.1
Females	25.0	25.9
Retiring in 20 years		
Males	22.6	25.3
Females	26.3	28.3

Scheme assets

The assets in the LGPS were:

	2020 Fund value £000	2019 Fund value £000
Equities	170,636	191,030
Government bonds	57,618	52,232
Other bonds	32,872	26,664
Property	31,025	31,778
Cash/liquidity	15,143	11,688
Other	62,050	51,867
	369,344	365,259

Analysis of the amount shown in the Statement of Financial Position

	2020 £000	Consolidated and University 2019 £000
Total fair value of assets	369,344	365,259
Present value of funded scheme liabilities	(588,879)	(529,178)
Present value of unfunded scheme liabilities	(73)	(67)
Deficit in scheme – net pension liability	(219,608)	(163,986)

Amounts charged to staff costs

	2020 £000	Consolidated and University 2019 £000
Current service cost	(19,902)	(15,165)
Past service cost	(744)	(5,769)
Settlements and curtailments	(234)	(406)
Total operating charge	(20,880)	(21,340)

Amounts charged to interest payable and other finance costs

	2020 £000	Consolidated and University 2019 £000
Interest on pension scheme assets	8,069	9,757
Interest on pension scheme liabilities	(11,557)	(12,154)
Administration expenses	(283)	(222)
Net interest cost	(3,771)	(2,619)

Amounts recognised in other comprehensive (expenditure)/income

	2020 £000	Consolidated and University 2019 £000
Remeasurements (pension scheme assets)	(6,756)	16,642
Experience (loss)/gain (pension scheme liabilities)	(23,818)	-
Loss on assumptions (pension scheme liabilities)	(11,334)	(79,448)
Actuarial loss in respect of the pension scheme	(41,908)	(62,806)

Movement in deficit in the year

	2020 £000	Consolidated and University 2019 £000
Deficit in the scheme at 1 August	(163,986)	(88,044)
Current service costs	(19,902)	(15,165)
Past service costs	(978)	(6,175)
Contributions	10,937	10,823
Other finance costs	(3,771)	(2,619)
Actuarial loss	(41,908)	(62,806)
Deficit in the scheme provided at 31 July (note 25)	(219,608)	(163,986)

Analysis of the movement in the present value of scheme liabilities

	2020 £000	Consolidated and University 2019 £000
Liabilities at 1 August	529,245	421,879
Current service cost	19,902	15,165
Past service cost	744	5,769
Interest on pension liabilities	11,557	12,154
Employee contributions	3,765	3,710
Actuarial loss on assumptions	11,334	79,448
Experience loss	23,818	-
Benefits paid	(11,647)	(9,286)
Settlements and curtailments	234	406
Liabilities at 31 July	588,952	529,245

Analysis of the movement in the market value of scheme assets

	2020 £000	Consolidated and University 2019 £000
Assets at 1 August	365,259	333,835
Interest income on plan assets	8,069	9,757
Actuarial (loss)/gain on assets	(6,756)	16,642
Administration expenses	(283)	(222)
Employer contributions	10,937	10,823
Employee contributions	3,765	3,710
Benefits paid	(11,647)	(9,286)
	369,344	365,259
Assets at 31 July		

McCloud ruling

The decisions of the Court of Appeal in the Sargeant/McCloud cases (generally referred to as 'McCloud') have ruled that the transitional protections afforded to older members when the Public Service Pension Schemes were amended constituted unlawful age discrimination. The government has accepted that remedies relating to the McCloud judgement will need to be made in relation to all public service pension schemes.

LGPS carried out some costings of the potential effect of McCloud as at 31 July 2019, based on individual member data as supplied for the 31 March 2016 actuarial valuation. The approach to the calculations was as instructed by the administering authority after consideration of the categories of members potentially affected. Applying the calculations to the University's estimated active member liabilities and service cost at 31 July 2019 resulted in additional past service liabilities as at 31 July 2019 of £5,769,000.

LGPS have undertaken further calculations on the potential effect of McCloud as at 31 July 2020. These calculations are based on the proposals contained within the consultation released by Ministry of Housing, Communities and Local Government on 16 July 2020. In particular the calculations of the additional liabilities and service costs have been done in line with the proposed underpin in the consultation. Any difference between this calculation of the additional liabilities and the calculation undertaken last year (as at 31 July 2019) will emerge as an experience gain/loss.

GMP equality

Lloyds Bank court judgement – 26 October 2018

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

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

Post-retirement increases on GMPs

At present, the public service pension schemes, including LGPS, are required to provide full CPI pension increases on GMP benefits for members who reach state pension age between 5 April 2016 and 5 April 2021. No decision has been taken by the government to extend this to include members reaching state pension age from 6 April 2021 onwards.

Therefore, in due course there may be a further cost to the LGPS and its employers when the government confirms their overall approach to equalisation/indexation. In particular, there is a possibility that all public service pension schemes will be required to index-link GMP benefits in respect of those members who reach state pension age after April 2021.

LGPS have calculated the University's additional past service liabilities arising in these circumstances to be £795,000. These additional liabilities have been included in the past service liabilities as a past service cost.

Goodwin ruling

In July 2020 HM Treasury issued a statement confirming that, following a successful case against the Teachers' Pension Scheme, it accepted that historical widowers' pensions in public service pension schemes were discriminatory. LGPS do not anticipate there will be material impact and an allowance has not been made for any additional liabilities at this stage.

28. Endowment reserve

Restricted net assets relating to expendable endowments are as follows:

	2020 £000	Consolidated and University 2019 £000
Balance as at 1 August	33	32
New endowments	-	7
Investment income	-	-
Expenditure	(6)	(6)
	(6)	1
Total endowment comprehensive (expenditure)/income for the year		
Balance as at 31 July	27	33

Analysis by type of purpose:

Scholarships and bursaries	27	33
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Analysis by asset:

Current assets – investments	27	33
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29. Restricted reserve

Restricted net assets relating to restricted donations are as follows:

	2020 £000	Consolidated and University 2019 £000
Balance as at 1 August	20	29
New donations	-	-
Expenditure	(7)	(9)
	(7)	(9)
Total restricted comprehensive expenditure for the year		
Balance as at 31 July	13	20

Analysis by type of purpose:

Prize funds	10	10
Art fund	2	9
Scholarships and bursaries	1	1

Analysis by asset:

Current assets – investments	13	20
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30. Consolidated reconciliation of net funds

	At 1 August 2019 £000	Cash Flows £000	Non-cash changes £000	At 31 July 2020 £000
Cash and cash equivalents				
Cash	120,503	9,370	-	129,873
Borrowings				
Amounts falling due within one year	(1,198)	1,198	(2,130)	(2,130)
Amounts falling due after more than one year	(63,298)	-	2,103	(61,195)
	(64,496)	1,198	(27)	(63,325)
Net funds	56,007	10,568	(27)	66,548

31. Lease obligations

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

	Consolidated and University	
	2020 £000	2019 £000
Buildings		
Within one year	1,118	1,144
Between one and five years	4,121	4,245
Over five years	25,366	26,395
Equipment		
Within one year	145	189
Between one and five years	172	153
Over five years	8	-
	30,930	32,126

32. Capital commitments

Provision has not been made for the following capital commitments:

	2020 £000	Consolidated and University 2019 £000
Commitments contracted not provided at 31 July	7,519	9,689
Authorised not contracted for at 31 July	119,680	27,016
	127,199	36,705

The capital commitment includes £778,000 (2019: £3,736,000) of spend which will be grant funded.

33. Access and participation expenditure

	Consolidated and University 2020 £000
Access investment	1,946
Financial support	6,292
Disability support	2,718
Research and evaluation	364
	11,320

£4,635,000 of these costs are included in the overall staff costs figures in the financial statements: see note 10.

For the year ended 31 July 2020, we are unable to disclose the comparative figures for the prior year as required by FRS102 as access and participation plans were not in place prior to 1 August 2019.

Access Investment costs of £1,946,000 compare to £1,237,000 in the original Access and Participation Plan (APP) for 2019/20 agreed with the OfS. The additional £709,000 relates to costs funded by the student premium that were not required to be included in the APP. Financial support costs of £6,292,000 compare to £5,780,000 in the APP. The additional £512,000 relates to financial support provided to students to enable them to access teaching online and complete assignments when the campus closed and to support students facing hardship due to Covid-19. Disability support costs of £2,718,000 and research and evaluation costs of £364,000 were not included in the original APP.

A copy of the University's published access and participation plan for 2019/20 is published at www.shu.ac.uk and further information can

be found in the Charitable Status and Public Benefit report.

34. Amounts disbursed as agent of Department for Education

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

	2020 £000	Consolidated and University 2019 £000
Initial teacher training bursaries		
Funds received	4,673	3,778
Disbursed to students	(4,844)	(4,286)
Balance (overspent)/unspent as at 31 July	(171)	508

35. Related party transactions

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

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

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

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

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

During the year the group entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and balances outstanding at 31 July, are listed below. There were no amounts written off and no amounts provided for during the year 2019/20. None of the outstanding balances are secured.

Related Party		Income received from £000	Expenditure incurred £000	Amounts due from £000	Amounts due to £000
PriceWaterhouseCoopers	2020	-	11	-	-
	2019	-	11	-	-
Yorkshire Universities	2020	1	21	-	-
	2019	-	16	-	-
HESA	2020	-	201	-	-
	2019	1	144	-	-
Universities UK	2020	-	40	-	40
	2019	33	82	-	-
The Sheffield College	2020	264	199	1	-
	2019	281	213	13	-
Peabody Trust	2020	5	-	-	-
	2019	5	-	-	-
Sheffield Theatres Trust	2020	-	-	-	-
	2019	-	6	-	-
Sheffield Galleries and Museum Trust	2020	-	31	-	-
	2019	-	39	-	-
Yorkshire Artspace	2020	-	-	-	-
	2019	-	7	-	-
Sheffield City Region LEP	2020	93	-	-	-
	2019	83	-	12	-
St Lukes Hospice	2020	3	-	-	-
	2019	12	12	-	-
Sheffield Springs Academy	2020	-	3	-	-
	2019	-	3	-	-
Sheffield Hallam University Union of Students	2020	361	2,580	30	1
	2019	345	2,598	1	3
Legacy Park Ltd	2020	Note 1	Note 1	Note 1	Note 1
	2019	24	13	1	-
Sheffield Science Park Company Ltd	2020	-	9	-	-
	2019	-	9	-	-
Element Society	2020	-	-	-	-
	2019	1	-	-	-
Voluntary Action Sheffield	2020	-	8	-	-
	2019	-	7	-	-
STEM Learning Limited	2020	-	-	-	-
	2019	7	-	-	-
The Sino-British College	2020	255	-	255	-
	2019	-	-	-	-
Sheffield UTC Academy Trust	2020	-	50	-	-
	2019	-	4	-	-
Sheffield Futures	2020	1	-	-	-
	2019	Note 2	Note 2	Note 2	Note 2
Sonnet Advisory and Impact CIC	2020	3	114	2	-
	2019	Note 3	Note 3	Note 3	Note 3

Note 1: Deborah Harry resigned as a Director of the Board in 2018/19 and therefore transactions were not considered this year.

Note 2: Angela Foulkes joined the Board of Governors in 2019/20 and therefore transactions were not considered last year.

Note 3: Sonnet Advisory and Impact CIC was incorporated and started trading in 2019/20.

Ms Karen Finlayson, a governor, is a partner at PriceWaterhouseCoopers. Expenditure incurred relates to treasury consultancy services.

Professor Sir Chris Husbands, Vice-Chancellor and member of the Board of Governors, was a Director of Yorkshire Universities. This relationship ended 1 July 2020. Expenditure incurred relates to subscription fees. Income received relates to a Freshers Fair.

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

Professor Sir Chris Husbands is a Director of Universities UK. Expenditure incurred relates to subscription fees and conferences.

Richard Calvert, Deputy Vice-chancellor (Strategy and Operations), is a governor of The Sheffield College since 2018/19. Ms Angela Foulkes is the Chief Executive and Principal of The Sheffield College. Expenditure incurred relates to student placements, work related to the National Collaborative Outreach Programme, extended degree course costs and engineering NVQ fees. Income received relates to course fees, NVQ management fee and room hire.

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

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

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

Mr Neil MacDonald was a trustee of Yorkshire Artspace until 15 October 2019. Expenditure incurred relates to room hire and speakers fees.

Mr Neil MacDonald is a Board Member of Sheffield City Region LEP. Professor Sir Chris Husbands is a member of the Board of Sheffield City Region LEP. Income received relates to consultancy on travel strategy, the secondment of an individual and the provision of research.

Mr Neil MacDonald is the chair of trustees of St Luke's Hospice. Expenditure incurred relates to room hire and the YH Tariff payment. Income received relates to the evaluation of a patient security and dependency tool and tuition fee sponsorship.

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

The following executive officers of Sheffield Hallam University Union of Students were members of the Board of Governors during the 2019/20 financial year:

- Mr A Adegbola
- Mr S Muhammed
- Mr P Ishola

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

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

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

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

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

The University holds a 25% shareholding in the joint venture company STEM Learning Limited, which operates the National Science Learning Centre as a centre for excellence for science teachers' continuing professional development: see note 17 for further details. Professor Chris Wigginton, Pro Vice-Chancellor for Global and Academic Partnerships, is a director of STEM Learning Ltd. Income received relates to the delivery of specialist teacher training.

Professor Chris Wigginton is a board member of The Sino-British College. Income received relates to tuition fees.

Professor Chris Wigginton was a director of Sheffield UTC Academy Trust until 31 August 2019. Ms Angela Foulkes, a governor, is a director of Sheffield UTC Academy Trust. Expenditure incurred relates to student placements and Trust Fund monies for HeppSY.

Ms Angela Foulkes joined the Sheffield Hallam University Board of Governors on 7 March 2020. Ms Angela Foulkes is a board member of Sheffield Futures. Income received relates to room hire.

Sonnet Advisory and Impact CIC delivers consultancy and advisory services and is an associate company of Sheffield Hallam University. The University's Centre for Social and Economic Research has two employees on the Board of Directors. Expenditure incurred relates to consultancy work and a loan. Income received relates to interest on the loan. See notes 17 and 19 for further information.

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

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

36. Transactions with trustees

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

Professor Sir Chris Husbands, Vice-Chancellor, is a governor of the University. Professor Sir Chris Husbands received remuneration in connection with his employment and this is disclosed in note 10. He did not receive supplementary payment in relation to his membership of the Board of Governors.

Mr Dan Bye, a governor, is 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 2020. Dr Karen Grainger and Mr Kevin Taylor are 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 2020. Ms Elaine Buckley is a member of academic staff of the University appointed as a governor from the membership of the Academic Board for the year ended 31 July 2020. As such they were paid by the University in connection with their employment but received no supplementary payment for their membership of the Board of Governors.

During 2019/20, expenses in relation to travel, subsistence, accommodation, training and subscriptions totalling £8,000 (2018/19: £13,000) were paid to or on behalf of 15 (2018/19: 14) 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 35.

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