

# **Sheffield Hallam University**

## **Operating and Financial Review**

### **2008–09**



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SHARPENS YOUR THINKING



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# Introduction from the Vice-Chancellor

# **When I was appointed as Vice-Chancellor of the University in 2007 I already knew of Sheffield Hallam University as an impressive institution. Some two years on, my experience of leading the University has only served to strengthen my belief that Sheffield Hallam has something special to offer.**

The University has had some real successes over the past year, and the quality of our provision is being recognised by students and businesses alike. Last year we were the ninth most popular university in the UK in terms of number of applicants, and amongst post-1992 universities we are consistently amongst the highest earners in terms of research income<sup>1</sup>.

The University excels in combining research of international standing with real world applications. We partner with a range of leading businesses and employers in terms of both teaching and research, working with household names such as Sony, Microsoft, the BBC, British Telecom, GlaxoSmithKline, the NHS and Network Rail.

Over the last year, the University has been actively engaged in building on our considerable achievements. We have developed an ambitious corporate plan to take us forward to 2013, and our primary focus has been on making progress with our strategic aims.

Our vision is to be recognised nationally and internationally for the excellence of our learning and teaching, the outstanding quality of our student experience, and the valuable contribution which our research and innovation makes to the development of businesses, professions and communities.

We will be outlining more details about the progress we have made in each of these areas throughout this report.

The commitment of our staff and the University's numerous areas of strength have provided a strong foundation for achieving our vision. However, over the last year the corporate plan has also served as a valuable reminder of the need to develop and implement effective strategies to enable us to adapt to the new challenges facing the sector. Major challenges are the need to adapt successfully to a much greater intensity of competition for students; strategies to manage rising costs during economic turbulence; and to secure our long term sustainability in the context of more fierce competition for resources.

While acknowledging these challenges, the reality is that 2008–09 has been a particularly successful year for Sheffield Hallam in recruiting students. This demonstrates that students regard Sheffield Hallam as a very attractive university. There has, of course, been increased demand for university places across the sector and this has undoubtedly been influenced by students' responses to the recession. However, Sheffield Hallam has surpassed the national average increase in applications by some way and it is perhaps not surprising that students are choosing to apply for a university with a strong professional and vocational orientation.

Another major priority is to ensure that we offer an outstanding student experience, and we have made good progress by further enhancing teaching standards, promoting active student engagement, improving responsiveness and feedback for students and by building on our already strong track record for student retention.

The possibility of a sustained recession was recognised in our corporate plan. Over the last year we have sought to strike an appropriate balance between ensuring that the recession does not disrupt the progress we need to make to realise our vision, and providing individuals and businesses with the support they need in these challenging times. With the support of HEFCE's Economic Challenge Investment Fund we have established a joint programme of support with the University of Sheffield. The aim here is to assist individuals, employers and communities in Sheffield and the local region who have been affected by the economic downturn. Specific activities include information and guidance on access to higher education, retraining and re-skilling, consultancy interventions with companies at risk and support for entrepreneurialism and social enterprise. This partnership complements a number of other high profile employer engagement initiatives which have been launched over the last year. These include Innovation Leaders, a joint programme of executive education for managers in the Sheffield area and Innovation Futures, a University-wide initiative focused on fostering innovation in priority sectors in order to drive forward the Regional Innovation Strategy.

The other key challenge identified in the corporate plan is that of adapting successfully to a more intense degree of competition for resources, particularly in the area of research funding. In common with the rest of the sector, 2008–09 was a critical year for Sheffield Hallam in relation to the viability and funding of its research. The outcome of the 2008 Research Assessment Exercise was positive. All units of assessment submitted by the University generated funding in recognition of the fact that research activity was of an international standard or above.

<sup>1</sup> The 2009 Universities and Colleges Admissions Service (UCAS) Digest shows that Sheffield Hallam received the ninth largest number of applications for entry in the 2008/09 academic year. Following the 2008 Research Assessment Exercise, Sheffield Hallam is ranked sixth in terms of the amount of associated funding awarded to post-1992 universities. In the previous three Research Assessment Exercises, Sheffield Hallam received the largest (or joint largest) amount of funding in comparison with post-1992 universities.

## Introduction from the Vice-Chancellor

The University's allocation of research funding for 2009–10 (£5.1m) is above the average for the sector, and represents a 30 per cent increase on income for the previous year. The University also continued to increase its success rate in securing research grants from high quality funding sources such as the Research Councils. This is clearly good news for the University. Nevertheless, the uncertain nature of the political and economic environment means that we cannot be complacent in assuming the continued sustainability of public funding for research.

This review of progress over the last year focuses in particular on the core academic themes which constitute the central focus of our corporate plan. However, I also want to take this opportunity to highlight the contribution made by our professional services staff. Their contribution is key to the success of the University, with key developments in the last year being the development of a new Estates Masterplan, a review of our professional services and the development of a new people strategy.

Since joining Sheffield Hallam, I have been taken aback by the extent of staff commitment and enthusiasm, and general appetite for success. Not every university is fortunate enough to have this and I consider this to be one of our major strengths.

The last year has been a demanding but successful one. I believe that through working together to provide the best possible experience to our students and business partners we can continue to meet the considerable challenges which lie ahead. In this way we will continue in our shared endeavour of positioning Sheffield Hallam as one of the highest achieving, sought after and exciting universities of its kind.





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# Education Portfolio

**With around 31,000 students, Sheffield Hallam is one of the largest universities in the country. Each year around 4,000 of our graduates enter employment or go on to further study in Yorkshire and the Humber, providing the advanced skills base which is so critical for the future prosperity of the region.**

Sheffield Hallam is also a university with a growing national and international reputation. Much of our provision has a strong professional or vocational orientation. Our reputation for relevant learning is underpinned by the fact that we are the largest provider of placement courses in England. International recruitment has doubled over the last five years and we now attract some 3,000 international students from more than 120 countries.

We have diversified the range of programmes we offer by renewing and actively managing the educational portfolio, for example in place of study, location and accessibility, developing into new areas by using existing strengths to exploit opportunities at the interfaces between traditional subject disciplines.

In developing the educational portfolio, we will continue to use evidence-based and market orientated planning processes. Uncertainty and volatility in the external environment increases the need for strong, forward looking business intelligence and risk management, effective marketing and careful evaluation of performance.

The success in our portfolio development can be evidenced through our strong recruitment.

- UCAS applications increased by 15.1 per cent, compared to a national average of 8.1 per cent
- international student applications for September enrolment increased by 17.8 per cent compared to last year
- postgraduate applications increased by 21 per cent compared to last year

Our portfolio focuses predominantly on programmes where students follow their course on campus, although a significant proportion of courses also include learning in other settings such as the workplace or study abroad. We will explore opportunities to grow employer engaged, work-based and flexible provision.

All programmes will incorporate e-learning resources and technologies that enhance the student learning experience, are responsive to the way they choose to learn and are relevant to the way that information and communication will be used by individuals and organisations in the future. We will also use e-learning to deliver programmes which need to be flexible, for example pace of study, location and accessibility where there is demand from students or employers.

## **Student profile**

Around 37 per cent of our students come from the local region. An increasing proportion of students are expected to study closer to home in the years ahead and therefore our strong regional roots offer strategic advantage.

One in five of our full-time undergraduate students are from low participation neighbourhoods. We are renowned for the quality of support which we provide to our students and consistently outperform comparable universities in terms of the proportion of students who successfully complete their studies.

## **Recent achievements**

The Sheffield Business School was launched in April 2009. The school brings together the subject areas of the former Faculty of Organisation and Management in order to achieve an exciting new vision – to be a national and regional leader in business innovation, enterprise and employer engagement.

The new Sheffield Business School will be distinguished by its reputation for a comprehensive platform of business engagement, leading expertise in sector services management and selected areas of excellence in individual subject areas such as coaching and mentoring. The distinctive education portfolio will include courses in the areas of accounting, banking and finance, business and management, food and nutrition, languages and tourism, hospitality and events management. The school will challenge the traditional business school model and turn it on its head by developing a relationship-based business school where there is a free flow of ideas and skills between businesses, employers and academics.

Another important development in 2008–09 was the establishment of the Sheffield Institute of Arts. The institute will increase the visibility and external recognition of the University's considerable strengths in teaching, research and industrial collaboration in art, design, communications and media. The institute will add a creative dimension and new perspectives to the wider University community, with a series of public lectures, events and a new gallery displaying important creative work from the region and national and international practitioners and groups.

Our programmes for the development of the public sector workforce have grown through a significant expansion of nursing and midwifery and other programmes for professions allied to medicine. Sheffield Hallam is now the second largest provider of nursing education and training in England. As well as providing training for an additional 2,500 pre-registration nurses, postgraduate and CPD programmes and research activity in health have all increased.

We have achieved a leading position in the provision of programmes for sport within an overall theme of wellbeing and healthy lifestyles. Taught programmes are complemented by a strengthening profile in sport research.

We have developed new programmes in creative practice at the interfaces between design, engineering, computing and communication. These courses are designed to correspond to the application of new technologies and design in the wider economy. This has counteracted the effect of the national decline in demand for traditional provision in engineering and computing and strengthened art and design by its applied dimension.

We will continue to take opportunities to increase direct recruitment of international students. Direct recruitment of international students is complemented by an increasing number of collaborative partnerships with overseas institutions, in particular in China, India and Malaysia, and we will continue to develop international partnerships to deliver the University's programmes and awards overseas, with the emphasis on building substantial relationships of high quality. All international recruitment and partnerships take into account the scale and sustainability of future overseas markets.

## Future development

We plan to grow student numbers to a level which is sustainable, supportable and sufficient to continue the momentum of our development.

In 2008–09 overall student numbers increased by five per cent, with the number of first year full-time sandwich degree students increasing by nine per cent.

We will sustain our core funding from HEFCE and continue to strengthen our ability to recruit successfully, while ensuring that the number of students does not compromise our ability to improve the quality of what we offer.

In July 2009 the government announced that it wished to create an additional 10,000 university places for the 2009–10 academic year, giving particular priority to science, technology, engineering and mathematics (STEM) subjects. In light of the strong demand from students to study at Sheffield Hallam, we accepted 355 of these additional student places.

The majority of our programmes will continue to be full-time and at undergraduate level, but the proportion of students studying on postgraduate programmes and flexibly will grow, continuing the trend from the last five years. We will particularly aim to expand provision for professional development, career enhancement and to meet the needs of employers.

## Challenges

Despite the continuing appeal of our education portfolio to students in 2008–09 we recognise that we face a number of challenges in the years ahead. The impact of the recession is a key consideration. The increased demand from students in 2008–09 may be seen as an unexpected positive consequence of the economic downturn. However, the prospect of significant cuts in public funding is clearly of great concern. In addition to the threat of direct reductions in the levels of higher education funding, the University is at risk of being affected by cuts in other parts of the public sector. Given the extensive scope of the University's health portfolio, a particular area of risk is in relation to possible cuts in NHS funding. Over the last year, the University's Executive Group has considered a range of scenarios and risks in relation to the possible impact of the recession. One of the outcomes of this work is a clear commitment to develop a more corporate approach to managing the whole of the education portfolio, particularly in relation to the risks presented by the recession.

We also face other challenges. It is widely recognised that students are developing a more consumer orientated approach to higher education. Our approach to this challenge is to focus on developing courses that are exciting and attractive to students and which offer the opportunity for in depth academic and personal development.

Another challenge arises from changes in the demographic profile of the UK. At the time of writing the corporate plan it was predicted that from 2009 there would be a significant decline in the number of 18–20 year olds entering higher education. The recent increase in demand would appear to offset the projected decline in students in the short term. However, in the longer term we will need to be increasingly student focused if we are to continue to be sustainable in the context of a predicted annual demographic decline of 1.5 per cent – 1.75 per cent over the eleven years between 2009–10 and 2020–21. We also recognise that the

challenge of recruiting undergraduates and postgraduates will be further exacerbated by increased competition from high prestige universities and the emergence of non-traditional private training providers.

## **Collaborative provision**

We collaborate with a range of partners to deliver teaching and learning. To date Sheffield Hallam has 51 collaborative partners – 37 in the UK and 14 overseas.

The range of collaborations across all four faculties is part of our commitment to a number of different objectives. For instance, we have over 30 agreements in place with colleges covering the offer of foundation degrees. Foundation degrees offer students the opportunity to take a two year course and then progress to top the qualification up to a degree with a named university provider. This is part of our commitment to widening participation and to partnership working.

Our relationship with colleges in the region is also significant in terms of community engagement and commitment to the city of Sheffield, and it has a significant business imperative. Students from local colleges represent approximately ten per cent of our recruitment and this is expected to rise further as the trend for students to study nearer to home increases.

Sheffield Hallam also delivers e-learning courses nationally, supported by partnerships with 12 colleges who are appointed as study centres. They offer facilities and pastoral support to students enrolled on University courses at a local college in their region.

Other collaborations support our international strategy. Working with selected partners in target markets assists in the enhancement of the University's reputation overseas and creates an environment for staff and student exchange and joint research, as well as student recruitment.

For example, this year we celebrated ten years of collaborative work in Malaysia.

There are now more than 5200 Sheffield Hallam graduates in Malaysia as a result of this partnership and the University now has relationships with two institutions in Malaysia and one in Sri Lanka.

The University has other smaller overseas partnerships in a number of other countries including Singapore, Hong Kong, China, India, Libya and the Czech Republic.

Our process for the evaluation and approval of international collaborative provision partnerships include risk assessment of prospective partners against strategic, business and academic criteria.

## **Associate School and College Partnerships**

Established in 2005–06 the objective of the Associate School and College Partnership (ASCP) is to create, build and maintain strong relationships between the University and local schools and colleges providing post-16 education.

Schools and colleges within a 50 mile radius of the University are invited to join the programme and there are now over 100 members.

This non-exclusive partnership offers partners a range of benefits including priority access to a range of outreach activities, student support via the University Compact Scheme and a single point of entry into the University. A bursary of £300 per year of taught undergraduate study is offered to all students progressing to Sheffield Hallam University from a partner institution.

The development of a regional Associate School and College Partnership is a key element of our UK recruitment strategy. Evidence suggests that there is a clear link between strong inter-institutional relationships and student recruitment. Between 2005–06 and 2008–09, the number of applicants from partner institutions has increased by approximately 28 per cent and enrolment by approximately 60 per cent.



# Improving the student experience

Sheffield Hallam's traditional strengths derive from putting students' interests first. The University is well known for its excellent academic standards and comprehensive student support, and for its achievements in promoting social inclusion by widening access to higher education.

We are highly regarded by the Quality Assurance Agency for Higher Education and by the many professional and statutory awarding bodies with which we work to promote academic learning linked to employment.

Our reputation continues to grow as a sought after place to study, and we continue to be recognised as a leading centre for innovation in learning and teaching and progressive academic development. We are the ninth most popular university in the UK according to application numbers, which reflects the high quality student experience that we offer.

Our league table performance has improved in the 2009 university league tables.

The table below shows how we have made significant advances in all of the four main league tables which are published nationally. Our ranking has improved by between seven and twelve places (out of a total of 117 institutions).

Year of publication	The Times	The Independent	The Guardian	The Sunday Times
2008	76	80	78	75
2009	69	68	67	64

Analysis of the data suggests that the improvements are attributable to higher good honours rates, better student/staff ratios and a lower than average decrease in graduate employment rates. We have also benefited from improved Research Assessment Exercise scores.

Our corporate plan confirms that our foremost strategic priority is to improve the quality of the student experience. Our students are our most important asset and in order to maintain competitiveness it is crucial that we offer an excellent academic, social and pastoral experience.

We have identified a number of key external challenges which we must address over the next few years in order to achieve our goal of providing an outstanding experience for our students. These include rising student expectations regarding the quality of the learning experience, a renewed emphasis on graduate employment, the need to address the implications of globalisation and digital technologies, and the emergence of more flexible modes of delivery.

In being responsive to these broader challenges, we are also committed to addressing a number of specific local imperatives. There is a need for greater consistency across the University in student entitlement and the student experience more generally. A shared understanding is needed of what students may expect in terms of their academic experience. We have therefore committed ourselves to developing effective ways of embedding good practice and addressing areas of under performance. We also strive to enhance the sense of institutional pride which students and staff have in the University.

While we are confident in the strong academic reputation of Sheffield Hallam, we are far from complacent. We are committed to securing improvements in core University-wide processes which have a critical impact on the quality of the student experience. We have also identified a pressing need for the University to improve its standing in relation to the National Student Survey and to continue to improve its position in university league tables.

In order to provide an outstanding student experience, we have decided to focus our efforts in three broad areas over the next few years

- supporting student transition, progression and achievement
- providing excellent and inspirational learning and teaching
- developing a new approach to quality

A high level group has been established to provide strategic oversight and co-ordination of work within various themes associated with these three priorities.

## Standards of teaching

This theme focuses on the professional development of staff to ensure an outstanding learning experience for students. This work will produce a University-wide appraisal framework that supports the delivery of University and personal objectives, an effective, peer supported review framework and a framework for professional development of academic and learning support staff.

## **Student engagement**

Initial work on this theme has been focused on defining the parameters for improving student engagement and the student experience more generally and defining the attributes of the Sheffield Hallam graduate

## **Student retention**

The primary focus in 2008–09 has been on identifying areas of good practice in supporting the retention of students in each of the University's faculties. The University already has a good record on student retention and exceeds the benchmarks set by HEFCE.

## **Academic quality and enhancement**

The enhance project aims to change the culture of academic quality management at the University, shifting the balance from compliance to enhancement.

To date the project has focused on the definition and design principles in the quality enhancement processes that support the lifecycle of a course or programme, including curriculum planning, approval, review and ongoing development. The project will now focus on the delivery of the following outputs

- enhancement-led framework for course lifecycle
- changes to how courses are approved and reapproved
- changes to ongoing review, reflection and planning
- sharing good practice throughout the course lifecycle
- integrating technology into academic quality processes

## **Graduate employment**

The work within this theme has been focused on defining the scope of a graduate employment and employability programme which will be developed in 2009–10. One of the key issues for the programme will be to ensure that the University is able to build on the considerable knowledge and experience associated with the University's employability CETL.

## **National Student Survey**

There has been some improvement in several aspects of Sheffield Hallam's performance in the 2009 National Student Survey (NSS), including personal development and elements of learning resources and teaching. However, following a disappointing decline in students' overall satisfaction in 2009, the University executive is investigating a new approach to collecting, analysing and responding to student feedback. This will draw together NSS results alongside those of the University's own internal surveys, student progression, performance data and employability data.

## **Student enterprise**

The University continues to provide support for student and graduate entrepreneurs, and saw 186 new clients step through its doors during 2008–09. Incubation facilities for students and alumni who wish to form their own business are available in The Hatchery, located in the adjacent Sheffield Technology Park. The well-established and successful business start-up competition, Enterprise Challenge, is now in its ninth year. In the last three years, it has produced businesses that have gone on to win regional and national awards for entrepreneurship.

The Placement Year Entrepreneurship Scheme, aimed at students wishing to start up their own business as an alternative to a traditional work placement, is now in its second year. And the University also ran a pilot social enterprise project called Kanyekanye, which was funded by the regional graduate enterprise programme and was a unique collaboration with local schools and the students' union's volunteering team.

In a separate initiative, the Venture Matrix, which offers a wide range of opportunities for students from across the University to engage in enterprise-related projects as part of the curriculum, has continued to grow. For the first time, students have had the opportunity to work with external organisations on specific projects and it is planned to grow these numbers over the coming year.



Innovation, research and  
knowledge transfer

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

## Background

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

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

Research and knowledge transfer activities are primarily concentrated in institutes and centres within the four faculties, which were formed with interdisciplinary working in mind. This novel approach has contributed to an increasing number of externally funded grants and contracts in the past year. In addition there are a number of cross-faculty research networks to further develop multidisciplinary collaboration.

Two factors dominated the 2008–09 academic year. The first was the research assessment exercise, in which the University performed extremely well, both against its peers and compared to our previous performance. The results were released mid-year, along with the associated funding implications. The second was the impact of the global financial crisis. In relation to the latter, we focused attention on how we could sustain knowledge transfer activity with commercial and public sector organisations, but also how we could assist companies during the period of financial turbulence.

Throughout this year the University's research strategy has strived to

- maximise innovative capability through the integration of research and knowledge transfer
- support innovation through high quality research and increased competitiveness in knowledge transfer activity
- contribute to increasing national innovation capacity through training and education
- increase the commercialisation of intellectual capital developed within the University

## Centres and institutes

The majority of research and knowledge transfer is undertaken within centres and institutes, the latter containing a number of related centres. Other research is undertaken in smaller research groups. All are based with the faculties. In addition we have a small number of cross-University networks to develop research in evolving areas.

### Institutes

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

### Centres

- Advanced Composites and Coatings Research Centre
- Art and Design Research Centre
- Biomedical Research Centre
- Centre for Education and Inclusion Research
- Centre for Facilities Management Development
- Centre for Food Innovation
- Centre for Functional Materials and Devices
- Centre for Health and Social Care Research

- Centre for Individual and Organisational Development
- Centre for International Hospitality Management Research
- Centre for International Tourism Research
- Centre for Regional Economic and Social Research
- Centre for Robotics and Automation
- Centre for Science Education
- Centre for Sport and Exercise Science
- Communication and Computing Research Centre
- Hallam Centre for Community Justice
- Humanities Research Centre
- Sport Industry Research Centre
- Structural Materials and Integrity Research Centre

## Centres of industrial collaboration

- Design Futures Centre for Industrial Collaboration (CIC)
- Materials Analysis and Research Services Centre for Industrial Collaboration (MARS CIC)

## Research groups and networks

- Built Environment Division Research Group
- Centre for Voluntary Sector Research
- Education Research Network
- Health Technologies Research Network
- Social Science Research Network
- Sustainability Research Network

## Research Assessment Exercise

The recent Research Assessment Exercise in 2008 showed that research quality at Sheffield Hallam has increased since the last RAE in 2001.

The results show that

- ninety six per cent of all research activity was rated at a national standard or above
- sixty eight per cent of research activity at the University was rated at international quality or above
- eight per cent of research gained the top rating of 4\*, meaning that it is world leading
- 12 out of 15 units of assessment were judged to undertake some world leading research within their quality profile

As a result, a significant increase in Quality Related (QR) funding was received from HEFCE for 2009–10, £1.2m greater than 2008–09 and a 30 per cent increase. The University was placed 56th out of all 130 HEIs and 8th out of post 92 universities. The increase in QR allocation was well above the sector average.

The University submitted research in fifteen units of assessment – allied health professions and studies, metallurgy and materials, architecture and the built environment, town and country planning, business and management studies, law, psychology, education, sports related studies, English language and literature, history, art and design, and communication, cultural and media studies. There were submissions in two new areas – nursing and midwifery and library and information management, both of which achieved good results.

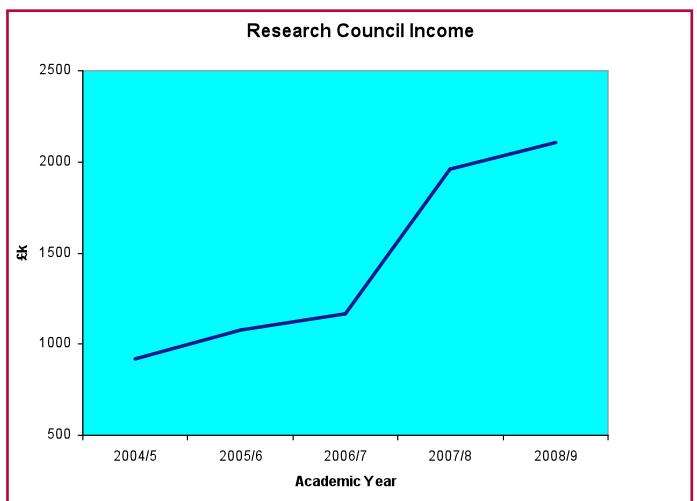


## Research funding

Sheffield Hallam is the sixth most successful higher education institution in the UK in terms of the success of funding applications to research councils. In the past year 32 per cent of the University's applications to research councils were successful.

These results reflect an increased focus on funding applications to higher quality funding sources, and demonstrate the high calibre of research happening in the University.

Total research and knowledge transfer income for 2008–09 has remained stable, despite the economic climate, with research council income continuing to increase. Income from Europe associated with the EU Research Framework programme has also continued to increase.



## Research income for Sheffield Hallam University from 2005–2009 (£000's)

Research Income Categories	05–06	06–07	07–08	08–09
BIS Research Council	1,080	1,164	1,963	2,105
UK based charities	735	722	630	500
UK government and health authorities	5,334	6,193	7,129	6,803
UK industry, commerce and public corporations	698	644	1,033	618
EU government	864	845	1,506	2,074
Other sources	551	446	207	331
<b>Total</b>	<b>9,162</b>	<b>10,014</b>	<b>12,468</b>	<b>12,431</b>

## Impact

Sheffield Hallam has always recognised the importance of the impact of research and we are pleased that it will have greater emphasis in the future when funding allocations are decided. We were therefore delighted that previous fundamental research conducted by Professor Roddis won three international innovation awards for the resultant product, a material called TTURA™. The initial research was on the use of 'waste glasses in open loop solutions', and was supported by a grant from the Arts and Humanities Research Council (AHRC). This work has been the subject of an impact study conducted by Price Waterhouse Cooper and is highlighted by the AHRC as an important example of the impact of basic research.

## Knowledge transfer

### Business and community interaction

In 2008–09 a total of £4.7m was reported for contract research and consultancy contracts, a year on year increase of 13 per cent. The cumulative patent portfolio increased 27 per cent to 71 and the number of graduate start-ups nearly doubled to 15.

### Knowledge Transfer Partnerships

Knowledge Transfer Partnerships (KTPs) are designed to help businesses increase their competitiveness and performance through partnerships between an organisation and a University. The University recognises the importance of KTPs to support partnership working with external organisations in both public and private sector and has increased its efforts in this area over the last academic year. Ten new KTPs have been awarded, with a value of just over £1m, a significant increase from previous academic years.

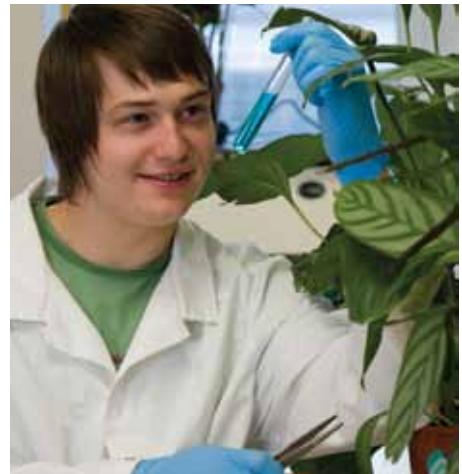
### Innovation Futures

Innovation Futures is a cross-faculty project which was developed to deliver R&D and consultancy services to businesses in the region, particularly small and medium sized enterprises. Its value is £2.7m and it is funded by Yorkshire Forward, European Regional Development Fund and the Higher Education Innovation Fund (HEIF4). We have adopted a sector based approach and will focus on advanced engineering and materials, creative and digital, food and drink, healthcare technologies, organisation development and sport engineering. It will deliver bespoke, in-depth, interdisciplinary interventions across priority industry sectors.

### Regional engagement

Regional engagement is core to many of our activities and we work closely with the regional development agency, Yorkshire Forward, on a number of initiatives. An example is the newly launched Innovation Voucher scheme which aims to assist more university-business interaction. This is run by Business Link and currently Sheffield Hallam is the most successful regional university in achieving the highest number of Innovation Vouchers as a supplier to local companies since the inception of the programme.

# Innovation, research and knowledge transfer



## Highlights

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

The University has secured £735K from EPSRC under their Bridging the Gap initiative. **The Engineering for Life Research Network** will create multidisciplinary teams within the University, bringing together expertise from art and design, sports engineering, biomedical sciences and communications and computing. It will foster mutual understanding and find pioneering ways to enhance peoples' lives in the areas of

- rehabilitation and assisted living
- sport, physical activity and medicine
- sustainability

### The Hallam Centre for Community Justice

**Justice** has had a particularly successful year with a growing portfolio of research, CPD and consultancy related to offender management, the probation service, prisons and youth justice sectors. It has recently secured an ERSC grant to work with Wakefield Prison on diversity in prison, and a Ministry of Justice evaluation on integrated offender management. It has

also secured major research contracts with the Ministry of Justice and the Department of Work and Pensions over the past year and its staff have a growing reputation locally, regionally and nationally.

**Lab4living** is a collaborative initiative between the Art and Design Research Centre and the Centre for Health and Social Care Research. Its aim is to propose, produce and test creative strategies for the development of future living environments for people of all ages and abilities. It draws on multi-disciplinary core team including occupational therapists, physiotherapists, mechanical engineers, biomechanical engineers, industrial designers, furniture designers, social scientists and, of course, the end user. One project is the Future Bathroom, funded by the EPSRC and supported by a major bathroom manufacturer.

In November, the **Odyssey** project was launched. It is a €3M EU Framework 7 funded project which aims to set up a pan-European 'ballistics intelligence platform', enabling anti-crime units across the continent to have shared access to appropriate evidence on gun crime and terrorism. Activities will include creating European standards for ballistics data collection, storage and sharing, setting up a secure interoperable platform for crime information management and use of ballistics intelligence, and mining data and extracting knowledge to tackle organised crime and terrorism across the EU.

**The Centre for Regional Economic and Social Research (CRESR)** has flourished with new research projects on tenant participation (with Department of Communities and Local Government), housing affordability in rural areas (Welsh Assembly Government), social housing and worklessness (with the Department of Work and Pensions), the economic development of British seaside towns, and the impact of the recession on the third sector (for Capacitybuilders). The centre was also successful in securing involvement in the Department of Work and Pensions Research and Evaluation Framework Agreement. CRESR staff have given high-level policy advice, including a report on the future regulation of social housing in England, and chairing and reporting on a public inquiry at regional level on the impact of the recession on housing.

**The Centre for Science Education (CSE)**, the largest UK university group working in STEM education, has continued to grow. CSE is the coordinator and main deliverer of the Department for Children, Schools and Families' (DCSF) national programme on STEM careers, and also the largest provider of research and knowledge transfer for Yorkshire Forward's STEM regional programme. Grants and contracts have been won from a range of sources including AstraZeneca, the Comino Foundation and the Spacelink Learning Foundation. The Regional Science Learning Centre contract was secured for a further three to five years.

The research of the **Nanotechnology Centre for Physical Vapour Deposition (PVD)** has continued to attract interest from a range of commercial companies as well as working with the Rutherford Appleton Laboratory for space satellite technology. The centre will develop materials used in cryogenic coolers generating very low temperatures of -100 °C to -240 °C (10-100K) used in telecommunications satellites.

**Design Futures** is one of the consortium members of Appetizing Innovations that has won substantial three year funding from Yorkshire Forward. Design Futures will work with a number of companies through packaging surgeries and packaging design projects. A new Packaging Innovation Resource Centre will be situated within the new Furnival Building and will house samples and information relating to new technologies and innovations within the packaging sector.

**The Biomedical Research Centre (BMRC)** has continued to pursue research themes in disease mechanisms, bioanalytical science, molecular microbiology and pharmacology. This includes basic as well as applied research, working with local and national businesses to expand commercial service and consultancy activity. Major new projects this year have been supported by the Biotechnology and Biological Sciences Research Council (BBSRC) and the European Cosmetics Agency (COLIPA).

The University's **Centre for Voluntary Sector Research**, which brings together staff from across the University, celebrated its tenth anniversary this year. It is the leading University in the north of England for research on the third sector and its work has had a major influence on government policy.

The two research centres in sport, **Sport Industry Research Centre (SIRC)** and the **Centre for Sport and Exercise Science (SCES)** have continued to flourish. The major international sporting events to be held in the UK, in particular the London Olympiad, offer an increase in opportunities. SIRC's status as a Collaborating Research Centre for Sport and the Economy has been renewed with Sport England and the Sports Engineering Research Group were awarded UK Sport 'Centre of Excellence for Innovation' status for the period leading up to London 2012.

### External partnerships

The University is actively engaged in a wide range of activities with external organisations both in the private and public sector. Over the last two years the phrase 'employer engagement' has been used to describe some aspects of this activity. Generally employer engagement is used to describe the provision of higher level skills but we recognise that the provision of services to customer organisations is likely to incorporate research and knowledge transfer in addition to learning and teaching to support the skills agenda. Our emphasis is to support business transformation in its widest sense.

In addition to the large number of individual employer or specific customer focused activities, we have also been successful in developing large-scale programmes, and acquiring funding, to support a wide range of external activities which would support engagement with the wide range of external partners.

### Yorkshire Concept – Proof of Commercial Concept Fund

Sheffield Hallam has taken on responsibility for this £6m fund, which includes a £2.97m contract with Yorkshire Forward to help the region's universities commercialise technologies and services from the research and knowledge base. In addition to the regional universities, it has been agreed that the Food and Environment Research Agency will join as a partner.

### CLAHRC

Staff from the University supported and led a South Yorkshire application to the National Institute of Health Research (NIHR) for a Collaboration in Leadership for Applied Health Research and Care (CLAHRC).

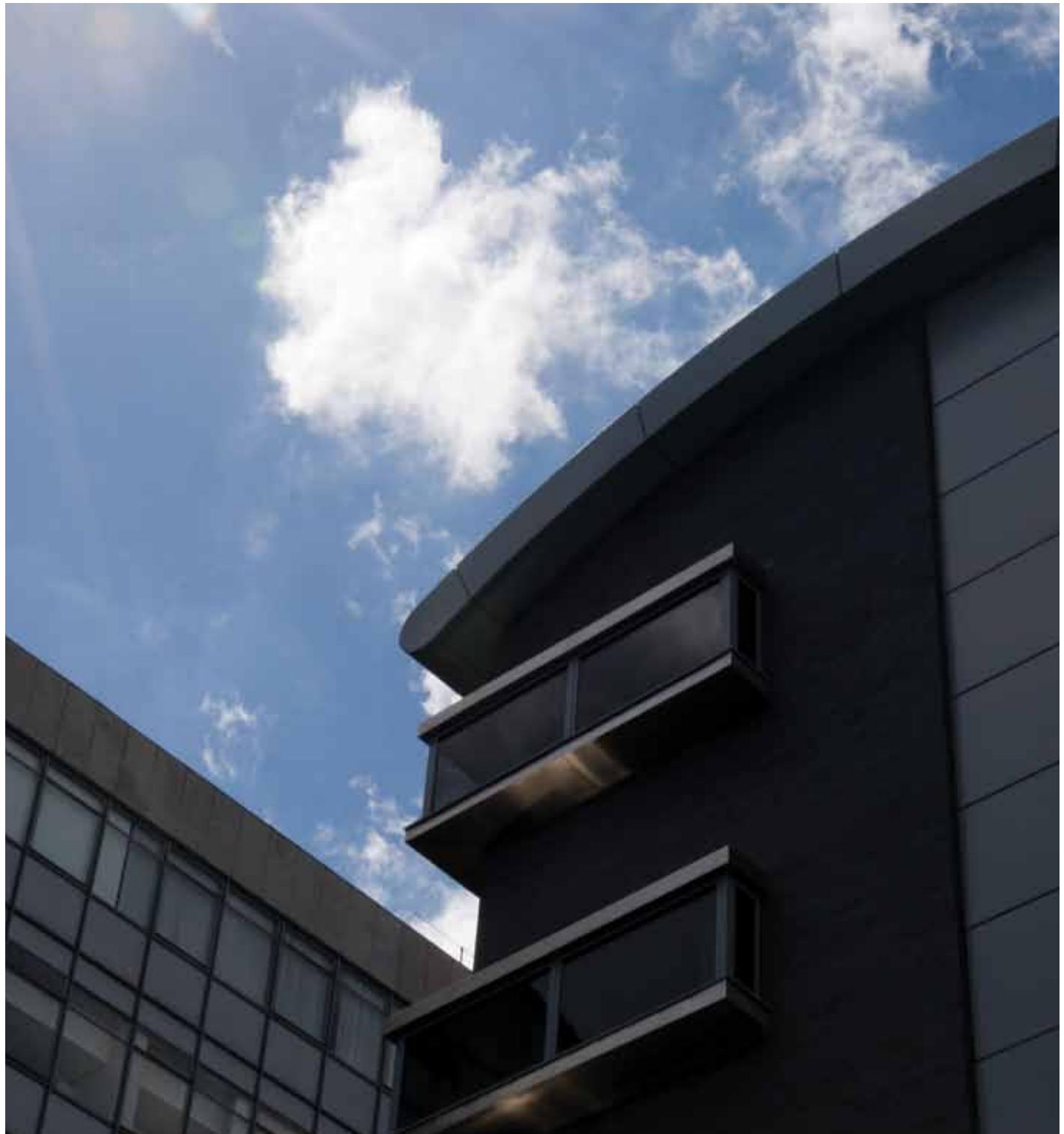
This £20m programme brings together NHS organisations from across South Yorkshire with academic partners in Sheffield Hallam University and the University of Sheffield. The focus of the project is the systematic integration of research on the self-management of long term health conditions into clinical and organisational practice.

### Innovation Leaders

This project, which is funded by HEFCE as part of their employer engagement initiative and is managed by Sheffield Business School, is a new partnership with the University of Sheffield, the aim of which is to establish innovative models of engagement between higher education and employers, particularly small and medium size enterprises, in the Sheffield city region. The focus is on delivering collaborative learning in the areas of problem solving, specific sector skills and leadership and management development in order to boost business performance and strengthen the overall economic performance of the region.

### Economic Challenge Investment Fund

Sheffield's universities, led by Sheffield Hallam, and working with the Life-Long Learning Network and further education colleges, have been awarded £800k by HEFCE, with £800k matched funding from Yorkshire Forward, to help businesses and individuals struggling with the economic downturn. It will provide professional support and guidance, access to training and new skills, and expert consultancy and academic advice. Funding will also help support student entrepreneurs and aid those wanting to start up a social enterprise.



## Estates

# **Sheffield Hallam University is recognised across the sector for the high standard of its estate. The team which delivers this were recently awarded 'Estates Team of the Year' at the 2009 Times Higher Awards.**

The estates master plan was launched towards the end of 2008 and will guide investment in the University's estate over the next 25 years. The master plan provides a strategy for growth and rejuvenation of the estate to improve the student experience.

The master plan will provide the physical environment to enable the University to achieve its mission and key objective to deliver world-class, affordable learning environments that offer flexibility of use for the future. The main thrust of the estates strategy is to enhance the quality and effectiveness of the staff and student experience. Estate changes have been aligned with key academic developments and have been designed to ensure that new spaces offer flexibility for the future.

The estate implementation plan builds upon the master plan by delivering a programme of projects that address the short to medium term priorities in line with both the corporate plan and the long term picture. The current priorities to address are

- providing sufficient space for recent and future growth
- completing the co-location of the Faculty of Development and Society and addressing the poor quality of the faculty's space
- creating high quality learning, social and work environments that make Sheffield Hallam University first choice for students and staff
- creating a supportive learning environment through improvements to the learning centres
- improving workplace environments
- ensuring the high quality of the estate overall
- removing accommodation that is not fit for purpose
- increasing data centre capacity to accommodate continuing growth in IT use.

The estate is in good condition, with a high percentage of build in very good condition, and a variety of new build and refurbishments over recent years puts us in a strong position to further develop our estate in the future.

The University has the most space efficient estate in the UK. Space efficiency must be carefully balanced with the increase in student numbers and the quality of the student experience, therefore new spaces are constantly being designed and older buildings refurbished. These new spaces are designed to be flexible and allow for dynamic and changing teaching and learning practices. This means moving away from spaces with only one use and towards social learning spaces that allow for individual working as well as group interaction.

Over the past year significant progress has been made in realising the master plan, delivering a number of projects which will allow us to continue to offer top class teaching facilities for students, and suitable accommodation for our staff.

The major project this year has been moving our professional services staff to a newly refurbished building on Arundel Gate, which extends the footprint of City Campus. This has freed up additional teaching and learning space at the heart of the campus, and has also provided additional space for staff in the Faculty of Development and Society, who are currently spread across two campuses.

Other major estates projects completed this year are

## **New ACES complex**

The new ACES complex brought the Faculty of Arts, Computing, Engineering and Sciences onto one campus for the first time, and involved a major new build, along with refurbishment of two existing buildings.

The £25m investment supports greater synergies and cross-disciplinary working at the heart of ACES' vision. New workshops,

state-of-the-art laboratories, studios and editing suites are shared by art, design, engineering and computing students. These facilities support our strong traditional courses, research and business development, and boost the growing demand for creative media practice courses born of a digital age.

## **Furnival Building**

The new building on Furnival Street houses elements of the Faculty of Arts, Computing, Engineering and Sciences, as well as other campus facilities. It houses over 240 staff and provides teaching space for more than 1600 students including a working gallery.

## **Harmer and Sheaf refurbishment**

These two buildings underwent a major refurbishment programme in 2008 and now provide modern facilities for research and teaching across art, design, computing, science and engineering. Together with the Furnival Building they form the new ACES complex.

## **Adsets Learning Centre extension**

Due to the movement of significant numbers of the student population to City Campus, the Adsets Centre was expanded and reorganised to meet increasing demand. This also provided an opportunity to anticipate changing user needs and styles of learning, with particular emphasis placed on anticipating the future learning needs of students.

## **Owen Building level 6 refurbishment**

The redevelopment of Owen Building level 6 continued in 2008 with a re-creation of the catering areas on that level. The project turned traditional canteens into accessible meeting spaces for staff and students to interact, reflecting modern teaching and learning methods which focus on group work.



## Refurbishment to Pearson Building

The Pearson Building was refurbished during 2008 in order to improve the recreational and academic sporting facilities we offer to staff and students.

### The Mews

The Mews is a post-experience centre which provides the University with a dedicated building in which to conduct standard and non-standard teaching and help it better meet the needs of these customers. It is the first University building with a green roof.

## Refurbishment of the Victorian villas at Collegiate Crescent

A programme of work was put in place to refurbish the seven Victorian villas at Collegiate Crescent campus.

## Future developments

Future developments include creating a new building on Charles Street at City Campus. This building will provide much needed teaching and learning space for staff from the Faculty of Development and Society, and will bring the entire faculty onto the City Campus in 2012. This, in turn, will free up more space on the Collegiate Campus for staff and students in the Faculty of Health and Wellbeing.

## Sustainability and the community

The breadth and extent of the University's activities are such that they have a considerable impact on the environment and the local community. The University aims to minimise adverse environmental effects through initiatives which are compatible with effective and efficient operation. All staff and students are encouraged to recognise their potential contribution to the achievement of the University's sustainability aims.

The key achievements and developments during the year were

- fourth lowest water consumption among UK universities per FTE student. Water consumption was reduced by 630,000 litres or 0.8 per cent.
- total amount of energy used for heating was reduced by 8 per cent
- electricity consumption fell by 2.9 per cent between 2005–06 and 2008–09
- approximately 3.5 per cent of the University's electricity is from renewable sources which currently power thirty small properties around the University estate
- less than 5 per cent of the University's waste goes to landfill. The remainder is either being recycled or goes to the city heat recovery plant from which we then use the energy to heat over 50 per cent of our estate.
- total carbon dioxide emissions associated with the overall use of energy to operate the estate fell by 198 tonnes or 1.5 per cent. The University was recognised by being presented with a certificate of achievement from the Carbon Trust and has set challenging targets for a further 15 per cent carbon reduction over the next five years.
- in May, Sheffield Hallam was one of only two universities to join the Carbon Action Yorkshire's carbon trading scheme. The purpose is to make the best preparations possible in readiness for the new mandatory carbon trading scheme being introduced nationally in April 2010. We also continue to work closely with the local and regional authorities on strategic carbon management, climate change reduction and adaptation strategies for the city and region.
- the latest addition to our estate, the new Furnival Building, has given us first hand experience of new energy saving and creation technologies, which includes solar panels, ground source heat pumps, photovoltaic panels, intelligent lighting and building management systems



Left to right – The Mews, Furnival Building reception, HallamView restaurant, Adsetts extension, Collegiate Crescent Campus

- the University is working on numerous infrastructure projects with partner organisations. For example improving facilities for pedestrians and cyclists and greening parts of our estate.
- the University and Students' Union achieved re-accreditation of Fair Trade Status
- the University achieved a gold status in the Business in the Environment public benchmarking and was awarded a 'first' in the People and Planet Green League Table
- a gold award was presented to us by Yorkshire in Bloom. As well as recognising outstanding estate management, the award assesses our environmental and community impacts.
- to reduce any negative environmental impacts caused by or affecting our students, the University supports numerous community and residential forums and groups.
- the University works with local and regional partners to enhance the regeneration impact of our activities and mitigate any potentially negative dimensions.



Managing our people

# We recognise that in order to continue to succeed, our people strategy must go hand in hand with our business strategy. In this increasingly competitive market it is crucial that we can recruit, retain and develop highly skilled and motivated staff.

The University's people strategy aims to

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

In 2008–09 we developed a human resources strategy designed to underpin the people strategy and ensure that we deliver the objectives of the corporate plan and continue to be seen as an attractive employer in an increasingly competitive market.

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

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

- a requirement for improved people related processes which enable the HR Directorate to work in partnership with faculties and departments

The human resources strategy sets out strategic objectives, implementation principles and associated actions that will be delivered during 2009–10 and 2010–11 onwards.

## Professional services review

In 2008 the University commissioned a scoping study of professional services in the University. The overall objective was to review processes and functions with a view to identifying improvements in efficiency, effectiveness and affordability. The review took into account the relationship between faculties, and the work of departments in corresponding areas and processes were examined on an end-to-end basis.

The key message from the scoping study's findings and recommendations is that we to change in order to improve, because the best efforts and commitment of staff are not able to deliver the best results due to weaknesses and constraints in the current arrangements.

As a result of this study, the University is now undergoing a review of its professional services. This will review current provision and ensure that all of the University's support services and processes best meet the organisation's needs.

The professional services review encompasses a number of projects designed to meet the challenges outlined above. These are

- integrating student processes
- timetabling
- management information and planning
- managing and supporting quality
- faculty professional services
- structure and management of professional services, including supporting professional and career development

## Staff statistics

The following numbers are correct as at 31 July 2009.

The University has a headcount of 4,502 staff, with an FTE of 3,284. There are 1,500 academic staff at the University, with an FTE of 1,372. The University also has 853 associate lecturers.

## Gender breakdown

57 per cent female and 43 per cent male (based on headcount and not including casual staff).

## Age breakdown

**16-20** 17

**21-24** 111

**25-29** 475

**30-34** 534

**35-39** 549

**40-44** 616

**45-49** 625

**50-54** 618

**55-59** 547

**60+** 410

## Equality and diversity

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

Our aim is to bring equality and diversity to the heart of the University ensuring all potential and current staff, students and other stakeholders are treated fairly, and are not discriminated against on grounds of sex, marital status, gender reassignment, racial group, disability, sexual orientation, religion or belief, age, socio-economic background, family circumstances, or any other irrelevant distinction.

The University is committed to promoting equality of opportunity and supporting all staff and students in achieving their full potential, contributing fully, and deriving maximum benefit and enjoyment from their involvement in the life of the University. It believes that diversity and inclusivity, of and for both students and staff, will help to encourage the dynamism, enterprise and excellence necessary to continue to be a leading university.

During the 2008–09 academic year, the University has developed an integrated approach to monitoring and reporting, promotion, advice, support and co-ordination of activity relating to equality and diversity.

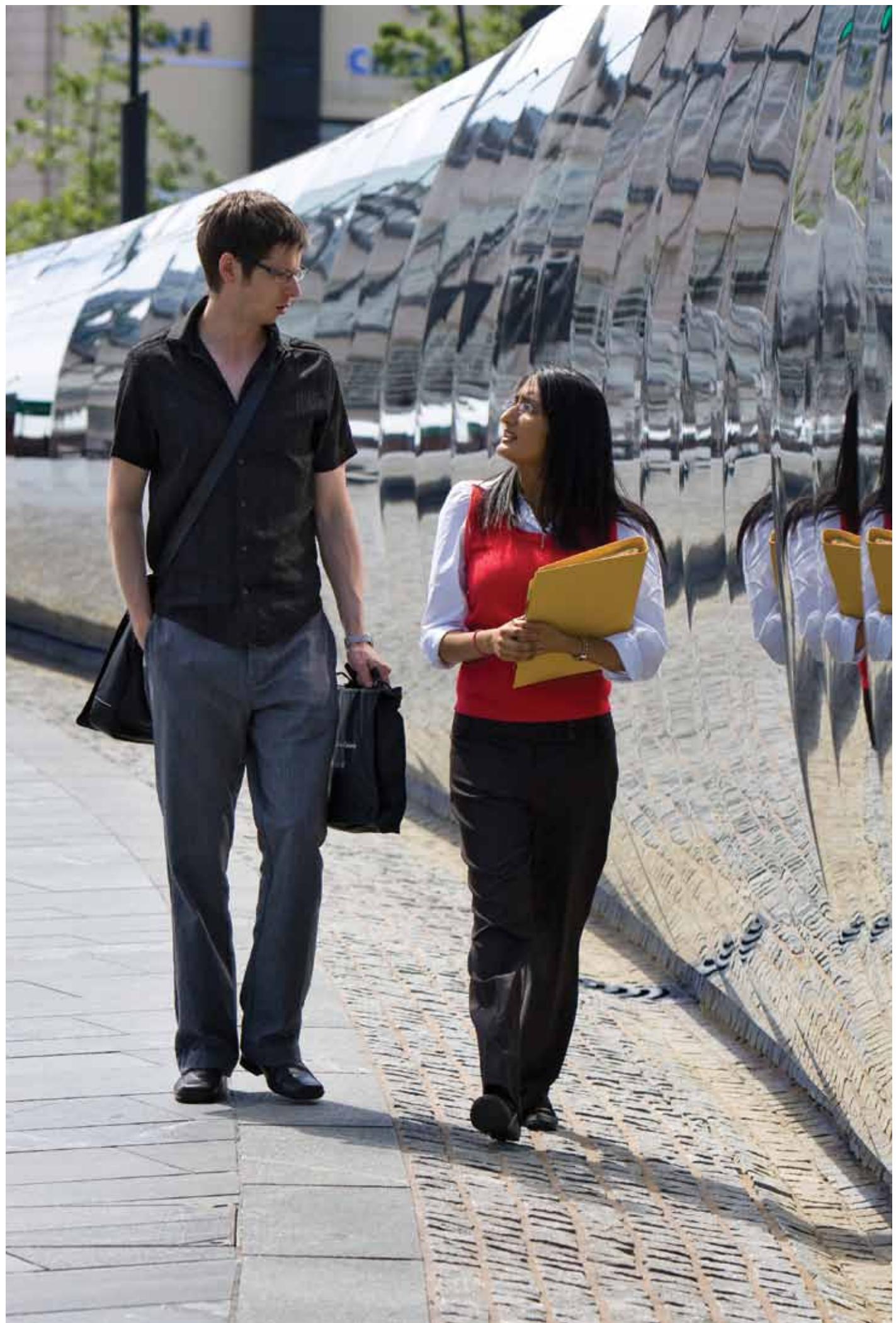
The equality and diversity team will continue to play a significant role in ensuring that we develop and implement equality and diversity policies and plans that meet the new requirements of the Equality Bill, and that further work takes place to embed equality and diversity into the planning process across faculties and departments.

## Employee involvement

We are committed to developing our staff so that they have the skills, expertise and enterprise necessary to meet our challenging goals. Investors in People recognition has been achieved by a number of areas in the University and other quality benchmarks are used to monitor the excellence of the organisation.

We continue to build on our approaches to partnership and problem resolution, developing positive employment relationships at all levels between managers, staff and their representatives. The introduction of Information and Consultation Committee (ICC) representatives and the continuing success of the monthly ICC forum support this approach.

The Corporate Communications Department is responsible for maintaining and developing existing tools and processes to help engage staff and strengthen internal communications. A measure of the value placed on internal communications is reflected in the appointment of internal communication managers in the faculties of Health and Wellbeing and Development and Society. These appointments are in addition to the existing internal communications manager post in the Faculty of Arts, Computing, Engineering and Sciences (ACES) and the recent introduction of dedicated internal communication managers in the Facilities Directorate, Student and Learning Services and Finance. The University has various tools and channels it uses to keep staff informed. These include a staff intranet, a fortnightly electronic newsletter, a monthly core briefing for managers and a quarterly staff magazine.

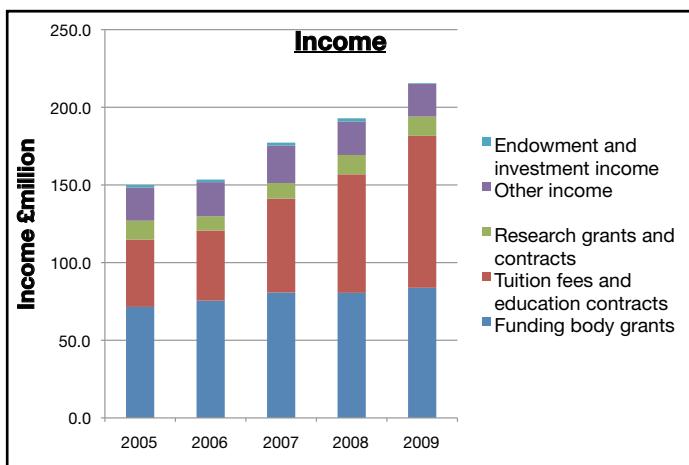




## Financial review

## Financial highlights of the year

- operating surplus for the twelfth consecutive year
- total income growth of 11.7 per cent to £215.5m
- total expenditure increase of 11.8 per cent to £213.6m
- net operating cash inflow increased by 12.1 per cent to £15.4m
- continued capital investment in the estate of £24.6m
- net assets of £91.2m



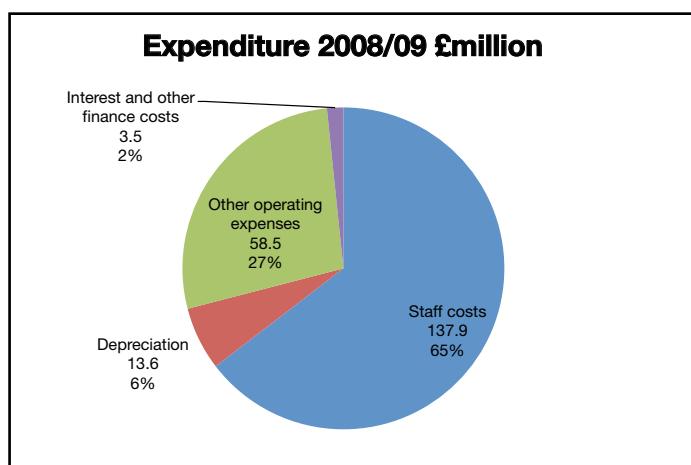
The total income for the University has increased by £22.6m to £215.5m for the 2008–09 financial year.

Tuition fee and education contracts income accounts for 45.4 per cent of the University's total income and has increased by £21.5m to £97.8m in 2008–09. The third year impact of the introduction of variable fees and increased student numbers resulted in an increase in income from full time undergraduate home and EU students of £10.0m. International fee income has increased by 33.0 per cent in the year due to continued efforts to grow international recruitment. NHS educational income increased by £6.4m largely due to the phased increase in income from the nursing and midwifery contract awarded in 2005.

Funding council grants have increased to £83.8m (2008 – £80.5m). The University performed well in the Research Assessment Exercise (RAE 2008), the results of which were published in December 2008. The HEFCE research funding for 2009–10 will therefore increase by 30 per cent to £5.1m.

Research grants and contracts income is consistent with the prior year at £12.4m. Income from the New Deal in the Communities by £1.2m as this significant contract is coming to an end, income from other projects increased by 12 per cent to cover this.

Other income has reduced by 2.4 per cent to £21.1m (2008 – £21.6m). The main reason for the reduction is the phased transfer of the nursing and midwifery contract from the University of Sheffield, reducing by £1.1m the amount invoiced for seconded staff to teach students already studying at the time the contract transferred.



The investment income has reduced significantly to £0.4m (2008 – £2.0m) due to the reduction in interest rates offered as a result of the low Bank of England base rate.

## Expenditure

Staff costs have increased by £11.7m to £137.9m. This is the result of a 4.6 per cent increase in the staff numbers, the 5.0 per cent pay award in October 2008 and a full year impact of pay modernisation. Staff costs as a percentage of income has reduced to 64.0 per cent (2008 – 65.4 per cent).

Other operating expenditure has increased by £5.0m to £58.5m. The movement is due to the increase in student bursaries and grants due to both higher student numbers and the phased introduction of the bursary scheme (£1.5m), premises costs including significant electricity and rates increases (£0.7m), increased bad debt provision (£0.8m) and other expenses (£1.2m).

Depreciation has increased from £9.9m to £13.6m due to the completion of the £22m Furnival Building in October 2008 and other significant capital expenditure in 2007–08 which has had a full year's depreciation charge in 2008–09.

Interest payable and other finance costs have increased by £2.1m to £3.5m as a result of a £2.9m FRS17 interest adjustment (2008 – £0.6m). The interest payable on loans has reduced as the interest rate is linked to the LIBOR rate, which has been much lower due to the economic environment. The low interest rates have also meant interest receivable of cash deposits has fallen significantly during the year.

# Financial review

## Balance sheet

The net assets of the University Group have increased by £10.3m to £91.2m in the year. The University Group has net current assets of £10.6m against a previous year net current liability of £12.8m. The change in the net current assets is due to the reclassification of the Psalter Lane assets to assets held for resale, the repayment of the £6.3m term loan classed as due under one year with a long term loan, and an increase in the cash deposits due to the requirement to maintain a minimum cash liquidity level.

Tangible fixed assets have increased by £9.2m to £171.0m. The University has continued its investment in the estate, spending £24.6m on capital in the year. This includes £5.0m to purchase the Oneleven building to bring together the administrative support departments, releasing space for teaching in the main campus buildings. The Psalter Lane campus was vacated in August 2008 and the net book value of £1.7m has been reclassified from tangible fixed assets to assets held for resale.

The University participates in the Local Government Pension Scheme (LGPS), Universities Superannuation Scheme (USS) and Teachers Pension Scheme (TPS). The USS and TPS are accounted for on a contributions basis, whereas LGPS is accounted for under FRS17. The FRS17 accounting has resulted in a charge to the operating surplus of £5.1m, principally due to a lower opening real discount rate used in the FRS17 calculations and a full year impact of improvements to benefits introduced in April 2008. Actuarial gains and losses are charged to the Statement of Total Recognised Gains and Losses. For the year to 31 July 2009, there was an actuarial gain of £4.6m (2008 – loss of £30.0m). The total movement accounts for the increase in the pension deficit to £61.0m from £60.4m.

## Treasury management

On 5 November 2008, the University repaid the remaining £13.1m outstanding on existing loans using the Barclays facility arranged on 31 July 2007. This facility is a seven year revolving credit facility for up to £74m, followed by the option to convert to a 23 year term loan for up to £74m. This facility will provide funding for the capital programme. As at 31 July 2009, £27m had been drawn down from the facility to refinance existing loans and fund capital expenditure in the year.

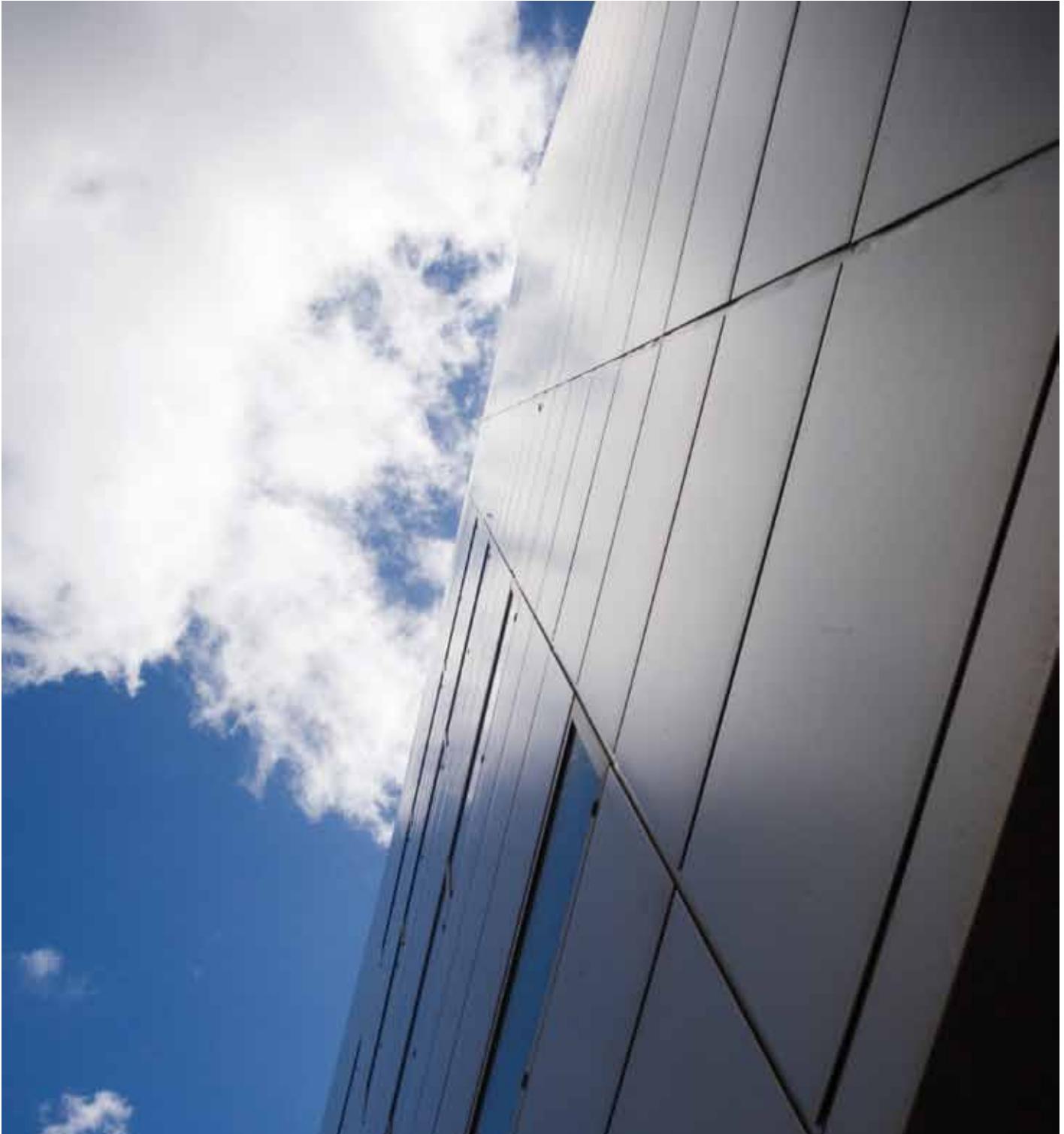
The University increased the cash it generated from operating activities by 12.1 per cent to £15.4m (2008 – £13.7m). Along with deferred capital grants of £8.2m (2008 – £7.0m), the cash generated allowed the University to continue to invest in the estate.

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

## Payment of creditors

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





## Risks and uncertainties

# The University's Corporate Risk Register covers seven strategic risks. These reflect the objectives and themes of the 2008-13 corporate plan.

Additionally, the scale and impact of the global recession has been recognised as a contributing factor in all risks. More specifically, we recognise the risks associated with possible reductions in government funding and have considered a number of possible scenarios. A description of each strategic risk is summarised below.

## Appetite for study/student recruitment

The current global recession may lead to the demand for study either rising (as a means of improving employment opportunities or skills) or falling (due to the perceived low value of study in an uncertain job market). The University faces the challenge of balancing its response to these conflicting outcomes to optimise revenue and protect quality. We are managing this risk by strengthening our ability to understand the effects of the various external influences on demand and develop our portfolio accordingly. Operational measures include closely monitoring recruitment trends.

## Student experience

A further possible consequence of a deepening economic recession is that external circumstances could negatively affect our ability to offer a positive and satisfying student experience. Additionally, any major reduction in the number of international students will damage the experience of all students. Ultimately these circumstances may damage the University's strong reputation.

We are managing this risk by evaluating the different scenarios that might emerge and considering future models of support for the student experience.

## Research and knowledge transfer positioning and performance

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

We are managing this risk by monitoring and responding to research performance and opportunities. We are also reviewing the experience of research students and improving the management of relationships with our research and knowledge transfer clients and partners.

## Employer engagement

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

We intend to develop a quality driven, corporate approach to the management of all our employer relationships.

## People

In pressurised and uncertain conditions there is a risk of significant deterioration in employee relations, morale and motivation. Contributing factors include changes in employment policies and practices, pressure for cost reduction and the pace of change.

In response to this risk we are implementing workforce development plans and people strategies for all our faculties and departments, along with responding to developments which influence employment terms and conditions. We are aiming to prioritise the organisational change to help manage the impact on staff.

## Operating effectiveness

We recognise that the pace of change in an increasingly competitive environment underlines the need for access to reliable, relevant information for decision-making and to provide effective services to students and staff. Pressures to maximise efficiency and reduce operating costs may undermine our ability to fund improvements to keep pace with business demands or cope if there is a major business disruption. The recently heightened threat from pandemic flu has highlighted the risk that a major incident will significantly reduce the University's ability to operate normally. We are introducing a five year programme of core system development and we are continuing to develop and refine business continuity plans.

## Financial sustainability

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



# Corporate governance

# **Sheffield Hallam University is a higher education corporation (HEC) as defined under the Education Reform Act 1988.**

## **Constitution and powers**

The powers of the HEC are defined in Section 124 of the 1988 Act as amended by the Further and Higher Education (FHE) Act 1992, and subject thereto any relevant regulations, orders or directions made by the Secretary of State or Privy Council. These powers include the power to provide higher and further education and to carry out research and to publish the results of such research.

The corporation has exempt charitable status by virtue of the 1988 Act.

## **The University's approach to corporate governance**

The University is committed to best practice in all aspects of corporate governance. It aims to conduct its business in accordance with the principles identified in the committee on Standards in Public Life (Nolan) and the CUC Guide for Members of Higher Education Governing Bodies in the UK. The Board of Governors has adopted the CUC's Governance Code of Practice and work is ongoing to ensure that governance practice remains consistent with the principles of the Code. In line with the recommendation in the CUC Governance Code of Practice, the Board of Governors will formally undertake its five yearly review of compliance with the Code during 2009–10.

The Board of Governors has responsibility for maintaining a sound system of internal control that supports the achievement of its objectives, whilst safeguarding the public and other funds and assets for which it is responsible. Such a system is designed to manage rather than eliminate the risk of failure to achieve objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The Board of Governors has responsibility for reviewing the system of internal control (including the effectiveness of the University's risk management processes). The system of internal control is based on an ongoing process designed to identify the principal risks; to evaluate the nature and extent of those risks; and to manage them effectively and economically. The Board of Governors is of the view that there is a process for identifying, evaluating and managing the University's significant risks that has been in place for the year ended 31 July 2009 and up to the date of approval of the annual report and financial statements, that it is regularly reviewed by the Board of Governors and that it accords with HEFCE guidance and the internal control guidance for directors on the Combined Code as deemed appropriate for higher education.

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

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

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

- the Audit Committee and Board of Governors receive regular reports on risk management
- the Audit Committee receives reports from the head of internal audit, which include internal audit's independent opinion on the adequacy and effectiveness of the University's system of internal control, together with any recommendations for improvement
- the Board of Governors receives periodic reports from the Chair of the Audit Committee concerning internal control and requires regular reports from managers on steps they are taking to manage risks in their areas of responsibility including progress reports on key strategies and initiatives

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

- a risk management policy
- a statement of the University's risk appetite. In common with other organisations, the University is involved in a wide range of activities and therefore does not have a generic risk appetite; in some areas it has to be risk averse, such as matters of finance; in others it would be regarded as a risk taking University, for example in areas of new and ground breaking research.
- a register of corporate risks, compiled by the University executive group in light of information from local business planning activities, the objectives of the new corporate plan and any additional, emerging external factors; this provides a central point of collation for information relevant to corporate risks and a good basis for monitoring changing trends. However an opportunity exists to introduce a formal mechanism to enable escalation of faculty or department level risks for inclusion in the corporate risk register.
- a risk management group, which is responsible for the continuing development of the risk management process and for progressing and developing the actions arising from the corporate risk register
- risk management processes that are embedded within the business planning process with the aim of engaging all levels of managerial staff. The University's business planning process requires faculties and departments to identify and record risks (both threats and opportunities) associated with their annual operating plans, including the local implications of any key issues arising from their analysis of the external context, with

reference to the University's PEST analysis. Actions are monitored on a monthly basis by faculty/department senior management teams/executives.

- risk management processes that are embedded in the University's approach to the management of change and, specifically, in the governance of corporate projects

No formal risk management training/workshops were provided during 2008–09 but guidance on risk management is available to relevant staff and the risk management and business continuity officer is on hand to provide advice.

Alongside the planned approach to risk management, emerging risks often require that the University takes prompt and appropriate action. Examples include the current economic and financial climate and generally uncertain environment and the increased threat of pandemic flu. The University is working to its pandemic flu plan in respect of core University-wide processes and all faculties and departments have local business continuity plans, which they are now being asked to review and update.

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

New governors participate in an induction programme and each year all governors are given the opportunity to attend training and development activities on various aspects of their responsibilities. In November 2008 a workshop was held for members of the employment committee to consider the remit of the employment committee and to review the schedule of business for the coming year. The committee was seeking to align its work with the aims and objectives with the University's corporate plan. Members of the employment and finance committees attended a joint workshop on pensions in April 2009 to consider a

review of the University's pension schemes by independent actuaries and building future pension costs into the long term financial forecasts. In addition, members of the Board visited the Faculty of ACES in December 2008 to see the co-location of the ACES subjects at City Campus following the closure of the Psalter Lane site in Summer 2008.

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

The University's Board of Governors comprises lay, staff and student members appointed under the Instrument of Government of the University, all but one of whom are non executive. The roles of chair and deputy chair of the Board of Governors are separate from the role of the Vice-Chancellor. The matters specifically referred to the Board of Governors for decision are set out in the Articles of Government of the University and the Board meets six times a year for this purpose. In addition, discussions are held on issues of strategic development to the University.

By custom and under the Financial Memorandum with the Higher Education Funding Council for England, the Board of Governors holds to itself the responsibilities for the ongoing strategic direction of the University, approval of major developments and the receipt of regular reports from executive officers on the day-to-day operations of its business and its subsidiary companies.

The policy implications of strategic developments in higher education as they affect the experience of University students are kept under review through a University/Students' Union Liaison Group. The President of the Students' Union is a member of the Board ex officio, and reports to each meeting on student matters.

The Board of Governors operates with a committee structure comprising a finance committee, an employment committee, a remuneration committee, a nominations

committee and an audit committee. All of these committees are formally constituted with terms of reference and comprise mainly lay members of the Board of Governors, one of whom is designated to chair meetings. Governors are also represented on the Academic Board's Honorary Awards Committee.

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

The finance committee monitors progress in respect of the strategic development of the University on behalf of the Board of Governors in the areas of finance, estate and capital programmes. The committee approves the policy framework and associated regulations for the investment of surplus funds and borrowing requirements; tenders, quotations and contracts for items of expenditure above the limits stated in the Financial Regulations; the write-off of irrecoverable debts; insurance arrangements and arrangements for the execution of estate, building and other capital programmes within the strategic framework and annual capital budgets approved by the Board. It recommends to the Board of Governors – financial policies within the strategic framework approved by the Board; Financial Regulations; the sale or acquisition of property or land within the strategic framework approved by the Board above the limits stated in the Financial Regulations; estate, building and other capital programmes within the strategic framework approved by the Board and annual revenue and capital budgets and longer term projections. Finally, it advises management on finance operating and receives reports on the activities of University companies.

The employment committee monitors progress in respect of the strategic development of the University on behalf of the Board of Governors in the areas of human resource and employment

matters. It makes recommendations to the Board on the human resources strategy and employment policies. The committee approves major agreements entered into with trades unions and advises management on personnel operating procedures, staffing strategies and human resources development.

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

The nominations committee considers nominations for filling vacancies in the Board of Governors membership under the Instrument of Government. Such nominations are subject to the formal approval of the Board of Governors.

The audit committee meets normally four times annually, with the external and internal auditors in attendance. The committee considers detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's response and implementation plans. It oversees the University's risk management process on behalf of the Board of Governors. It also receives and considers reports from the Higher Education Funding Council for England as they affect the University's corporate governance and assurance processes and monitors adherence with the regulatory requirements. It reviews the University's annual financial statements together with the accounting policies. Whilst senior executives attend meetings of the audit committee as necessary, they are not members of the committee. The committee has the formal opportunity to meet with the auditors in private without University management to enable them to raise any issues and concerns at one meeting each year and may raise urgent matters at any time via the committee chair.

## Responsibilities of the University's Board of Governors

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

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable it to ensure that the financial statements are prepared in accordance with the University's Articles of Government, the Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Board of Governors of the University, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Board of Governors has ensured that

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- it is appropriate for the financial statements to be prepared on the going concern basis

The Board of Governors has taken reasonable steps to

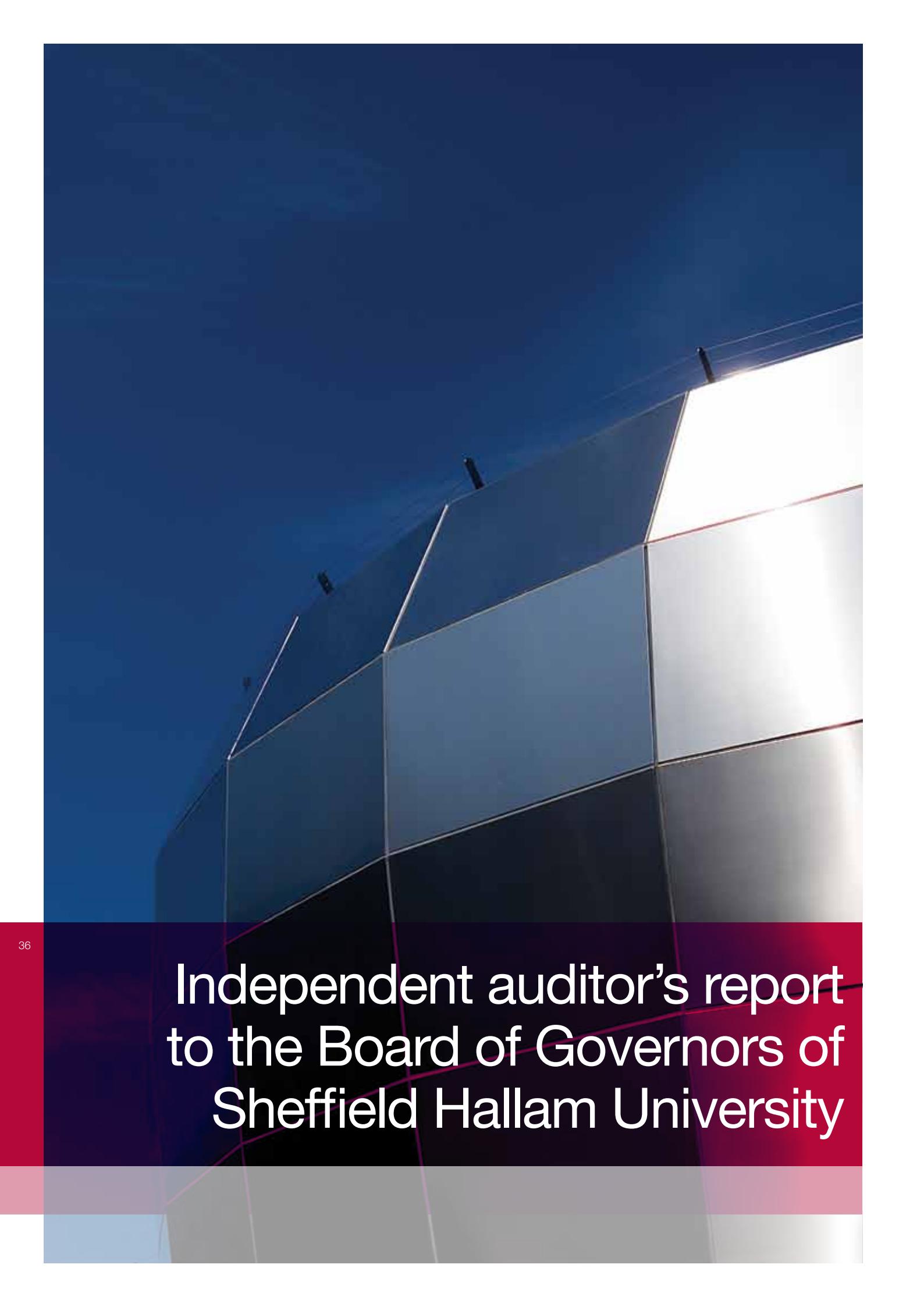
- ensure that funds from the Higher Education Funding Council for England and the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by Sheffield Hallam University have been applied only for the purposes for which they were received and in accordance with the Financial Memoranda with the funding councils and any other conditions which the funding councils may from time to time prescribe
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the Group and prevent and detect fraud and other irregularities
- secure the economical, efficient and effective management of the Group's resources and expenditure.

## Going concern

The University's academic activities, together with the factors likely to affect its future development, performance and position are set out in the *Operating and Financial Review* on pages 3-31. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 27-28.

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

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



# **Independent auditor's report to the Board of Governors of Sheffield Hallam University**

**We have audited the financial statements of Sheffield Hallam University for the year ended 31 July 2009 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the statement of consolidated historical cost surpluses and deficits, the consolidated and University balance sheets, the consolidated cash flow statement and the related notes 1 to 38. These financial statements have been prepared under the accounting policies set out therein.**

This report is made solely to the Board of Governors of the University, as a body, in accordance with the Financial Memorandum dated June 2008. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board and the Board's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Board of Governors and auditors**

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education. We also report whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

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

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

### **Basis of opinion**

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

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

### **Opinion**

In our opinion

(a) the financial statements give a true and fair view of the state of affairs of the University and the Group as at 31 July 2009 and of the surplus of the Group for the year then ended

(b) the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions

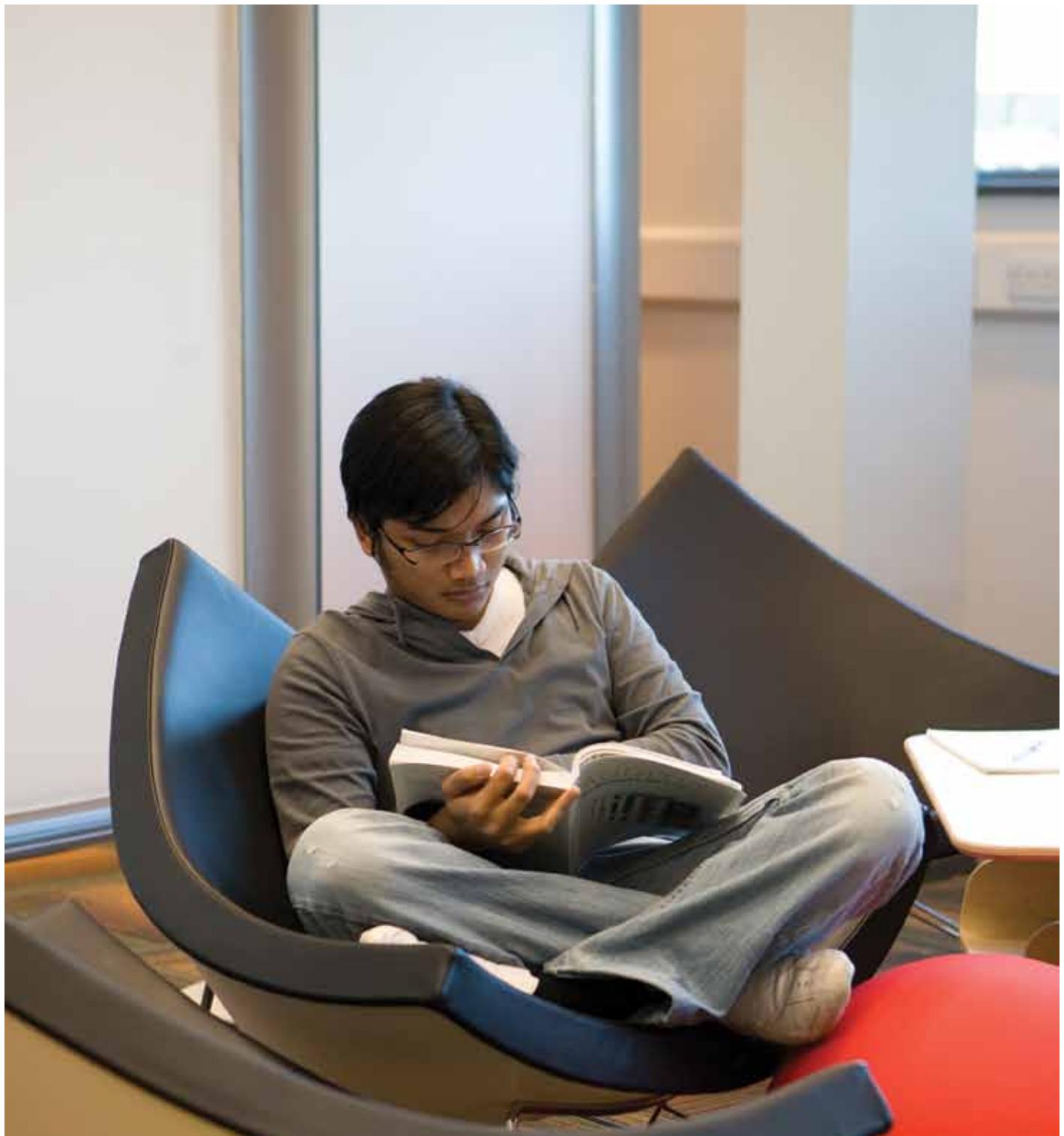
(c) in all material respects income from Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received

(d) in all material respects income has been applied in accordance with the University's statutes and, where appropriate, with the Financial Memorandum, dated June 2008 with the Higher Education Funding Council for England.

Deloitte LLP

Chartered Accountants and Statutory Auditors

Leeds, 27 November 2009



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# Sheffield Hallam University Key Performance Indicators

## Teaching and learning indicators

**KPI** – Overall completion rate on full-time degree programmes

**Measuring** – Success in supporting students in their learning experience

Year	Percentage successfully completing	Benchmark
2007	81%	75.0%
2006	79%	75.3%

Source – HEFCE Performance Indicators – Projected outcomes

**KPI** – National Student Survey percentage ratings of each quality dimension at institutional level

**Measuring** – Student satisfaction with quality of teaching and learning

Year	Percentage of respondents satisfied							Overall, I am satisfied with the quality of the course
	The teaching on my course	Assessment and feedback	Academic support	Organisation and management	Learning resources	Personal development		
2008–09	80%	59%	70%	60%	81%	82%	76%	
2007–08	80%	63%	70%	65%	80%	79%	80%	
2006–07	79%	59%	69%	63%	80%	79%	80%	

Source – NSS

## Research indicator

**KPI** – Research income growth

**Measuring** – Success in growing research income

Year	Actual
2008–09	£12.4m
2007–08	£12.5m
2006–07	10.0m

## Internationalisation indicator

**KPI** – Student numbers from overseas as percentage total number of students excluding taught abroad

**Measuring** – Internationalisation of the University's student population

Year	Percentage of full-time equivalent student numbers
2008–09	10%
2007–08	10%
2006–07	9%

Source – Enrolment Statistics (SI)

## Diversity indicator

**KPI** – Percentage of students from widening participation target populations

**Measuring** – Success in attracting under-represented groups in higher education to study at undergraduate level at Sheffield Hallam (young full-time undergraduates)

Year	From state schools or college	Benchmark	From NS-SEC Classes 4, 5, 6 and 7	Benchmark	From low participation neighbourhoods	Benchmark
2007	95.7%	91.4%	32.1%	35.7%	17.9%	11.5%
2006	95.7%	92.0%	33.9%	35.1%	17.0%	10.5%
2005	95.5%	92.7%	33.1%	33.7%	19.4%	15.5%

Source – HEFCE Performance Indicators



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# Financial Statements for the year ended 31 July 2009

## CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 July 2009

	Note	2009 £000	2008 £000
<b>INCOME</b>			
Funding body grants	2	83,846	80,526
Tuition fees and education contracts	3	97,754	76,305
Research grants and contracts	4	12,431	12,468
Other income	5	21,088	21,592
Endowment and investment income	6	421	2,025
<b>Total income</b>		<b>215,540</b>	<b>192,916</b>
<b>EXPENDITURE</b>			
Staff costs	7	137,944	126,166
Depreciation	8	13,602	9,883
Other operating expenses	9	58,547	53,578
Interest and other finance costs	10	3,468	1,419
<b>Total expenditure</b>	<b>11</b>	<b>213,561</b>	<b>191,046</b>
<b>Surplus after depreciation of tangible fixed assets at valuation and before tax</b>		<b>1,979</b>	<b>1,870</b>
Taxation		-	-
<b>Surplus after depreciation of assets at valuation and tax</b>		<b>1,979</b>	<b>1,870</b>
<b>Surplus for the year retained within general reserves</b>		<b>1,979</b>	<b>1,870</b>

All results are from continuing operations.

# Financial Statements for the year ended 31 July 2009

## **CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS**

for the year ended 31 July 2009

	Note	2009 £000	2008 £000
Surplus on continuing operations before taxation		1,979	1,870
Realisation of property revaluation gains of previous years	26	-	8,814
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	26	350	351
<b>Historical cost surplus for the year before taxation</b>		<b>2,329</b>	<b>11,035</b>
<b>Historical cost surplus for the year after taxation</b>		<b>2,329</b>	<b>11,035</b>

## **CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

for the year ended 31 July 2009

	Note	2009 £000	2008 £000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		1,979	1,870
New endowments	16	7	5
Endowment repaid	16	(323)	-
Endowment income retained for the year	16	2	17
Revaluation of Heritage Assets	26	-	515
Actuarial gain/(loss) in respect of the pension scheme	25	4,574	(30,049)
<b>Total recognised gains/(losses) relating to the year</b>		<b>6,239</b>	<b>(27,642)</b>
<b>Reconciliation</b>			
Opening reserves and endowments		43,406	71,048
Total recognised gains/(losses) for the year		6,239	(27,642)
<b>Closing reserves and endowments</b>		<b>49,645</b>	<b>43,406</b>

# Financial Statements for the year ended 31 July 2009

## CONSOLIDATED BALANCE SHEET

as at 31 July 2009

	Note	2009 £000	2009 £000	2008 £000	2008 £000
FIXED ASSETS					
Tangible assets	12	170,957		161,728	
Investments	15	42		42	
			170,999		161,770
ENDOWMENT ASSETS	16		254		568
CURRENT ASSETS					
Assets held for resale	17	1,735		-	
Stocks		199		196	
Debtors	18	17,021		16,337	
Short term deposits		34,653		22,380	
Cash at bank and in hand		476		211	
		54,084		39,124	
CREDITORS – amounts falling due within one year	19	(43,438)		(51,937)	
NET CURRENT ASSETS/(LIABILITIES)			10,646		(12,813)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>181,899</b>		<b>149,525</b>
CREDITORS – amounts falling due after more than one year	20	(27,000)		(6,810)	
PROVISIONS FOR LIABILITIES	22	(2,654)		(1,308)	
			(29,654)		(8,118)
NET ASSETS EXCLUDING PENSION LIABILITY			152,245		141,407
PENSION LIABILITY	25		(61,005)		(60,430)
<b>TOTAL NET ASSETS</b>			<b>91,240</b>		<b>80,977</b>
DEFERRED CAPITAL GRANTS	23		41,596		37,572
ENDOWMENTS – expendable	16		254		568
RESERVES					
Income and expenditure account excluding pension reserve	24	89,116		81,610	
Pension reserve	25	(61,005)		(60,430)	
Revaluation reserve	26	20,620		20,970	
Capital reserve	27	659		687	
			49,390		42,837
<b>TOTAL NET ASSETS</b>			<b>91,240</b>		<b>80,977</b>

The financial statements on pages 41 to 69 were approved on behalf of the Board of Governors on 24 November, 2009.  
F Eul, Chairman of the Board of Governors , P A Jones, Vice Chancellor

# UNIVERSITY BALANCE SHEET

as at 31 July 2009

	Note	2009 £000	2009 £000	2008 £000	2008 £000
FIXED ASSETS					
Tangible assets	13	163,359		154,621	
Investments	15	15,807		15,807	
			179,166		170,428
ENDOWMENT ASSETS	16		254		568
CURRENT ASSETS					
Assets held for resale	17	1,735		-	
Stocks		200		196	
Debtors	18	16,647		16,768	
Short term deposits		34,653		22,380	
Cash at bank and in hand		367		56	
		53,602		39,400	
CREDITORS – amounts falling due within one year	19	(42,928)		(52,272)	
NET CURRENT ASSETS/(LIABILITIES)			10,674		(12,872)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>190,094</b>		<b>158,124</b>
CREDITORS – amounts falling due after more than one year	20	(42,765)		(22,575)	
PROVISIONS FOR LIABILITIES	22	(2,654)		(1,308)	
			(45,419)		(23,883)
NET ASSETS EXCLUDING PENSION LIABILITY			144,675		134,241
PENSION LIABILITY	25		(61,005)		(60,430)
<b>TOTAL NET ASSETS</b>			<b>83,670</b>		<b>73,811</b>
DEFERRED CAPITAL GRANTS	23		41,596		37,572
ENDOWMENTS – expendable	16		254		568
RESERVES					
Income and expenditure account excluding pension reserve	24	81,546		74,444	
Pension reserve	25	(61,005)		(60,430)	
Revaluation reserve	26	20,620		20,970	
Capital reserve	27	659		687	
			41,820		35,671
<b>TOTAL NET ASSETS</b>			<b>83,670</b>		<b>73,811</b>

The financial statements on pages 41 to 69 were approved on behalf of the Board of Governors on 24 November, 2009.  
F Eul, Chairman of the Board of Governors , P A Jones, Vice Chancellor

# Financial Statements for the year ended 31 July 2009

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 July 2009

	Note	2009 £000	2008 £000
Net cash inflow from operating activities	31	15,420	13,748
Return on investments and servicing of finance	32	(329)	1,386
Capital expenditure and financial investment	33	(16,669)	(22,107)
<b>Net cash outflow before use of liquid resources and financing</b>		<b>(1,578)</b>	<b>(6,973)</b>
Management of liquid resources		(11,959)	9,483
Financing	34	13,856	(2,190)
<b>Increase in cash in the year</b>		<b>319</b>	<b>320</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the year		319	320
Increase/(Decrease) in liquid resources		11,959	(9,483)
Change in debt	34	(13,856)	2,190
<b>Decrease in net funds</b>		<b>(1,578)</b>	<b>(6,973)</b>
Net funds at 1 August		9,961	16,934
<b>Net funds at 31 July</b>	<b>35</b>	<b>8,383</b>	<b>9,961</b>

# Notes to the financial statements

## 1. Statement of principal accounting policies

### Accounting convention

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

### Basis of consolidation

The consolidated financial statements consolidate the financial statements of the University and all its subsidiary undertakings for the financial year to 31 July 2009. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include those of the University's Union of Students as it is a separate legal entity over which the University does not exercise control or significant influence over policy decisions.

### Going concern

The consolidated and University accounts are prepared on a going concern basis as per the Operating and Financial Review report on page 35.

### Recognition of income

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

All income from short-term deposits is credited to the Income and Expenditure Account on a receivable basis.

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

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

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

### Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

### Leases

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

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

### Land and buildings

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

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

### Equipment

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

### Subsequent expenditure on existing fixed assets

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

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

# Notes to the Financial Statements

## Heritage assets

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

## Depreciation

### Land

Land is not depreciated.

### Buildings

Depreciation on new and existing buildings is provided on a straight line basis over their expected useful lives, generally 50 years. It is provided on structural additions over the remaining useful life and on major refurbishments over 10 years.

### Leased buildings

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

### Other tangible fixed assets

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

- motor vehicles and office equipment – three years
- computers – four to five years
- furniture – five years
- scientific equipment – two to ten years

### Assets under construction

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

### Heritage assets

Heritage assets are not depreciated since their long economic life and high residual

value mean that any depreciation would not be material.

## Assets held for resale

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

## Stocks

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

## Cash flows and liquid resources

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

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

## Provisions

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

## Maintenance of premises

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

## Taxation status

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

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

## Investments

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

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

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

## Retirement benefits

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

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

## 2. Funding body grants

	2009 £000	2008 £000
Higher Education Funding Council for England		
Recurrent grant	68,705	66,683
Specific grants	3,406	3,361
Training and Development Agency		
Recurrent grant	7,309	7,127
Specific grants	496	454
Deferred capital grants released in year (Note 23)		
Buildings	2,174	1,977
Equipment	1,756	924
	<b>83,846</b>	<b>80,526</b>

## 3. Tuition fees and education contracts

	2009 £000	2008 £000
Full-time undergraduate home and EU students	44,223	34,254
Full-time postgraduate home and EU students	3,236	2,862
Part-time undergraduate home and EU students	3,556	3,179
Part-time postgraduate home and EU students	3,883	3,616
Overseas students	17,126	12,879
Fees from NHS contracts	23,578	17,149
Other fees and support grants	2,152	2,366
	<b>97,754</b>	<b>76,305</b>

# Notes to the Financial Statements

## 4. Research grants and contracts

	2009 £000	2008 £000
Research councils	2,124	1,963
UK based charities	500	622
UK central government bodies, local authorities and health authorities	6,696	7,131
UK industry, commerce and public corporations	706	1,039
EU government bodies	2,074	1,506
EU other	147	53
Other overseas	59	59
Other sources	125	95
	<b>12,431</b>	<b>12,468</b>

## 5. Other income

	2009 £000	2008 £000
Residences, catering and conferences	4,955	4,706
Other services rendered	6,235	7,206
Release of deferred capital grants (Note 23)	259	(33)
Other income	9,639	9,713
	<b>21,088</b>	<b>21,592</b>

## 6. Endowment and investment income

	2009 £000	2008 £000
Income from restricted expendable endowments (Note 16)	6	7
Income from short term investments	415	2,018
	<b>421</b>	<b>2,025</b>

## 7. Staff costs

<b>Staff costs</b>	<b>2009 £000</b>	<b>2008 £000</b>
Wages and salaries	110,933	101,528
Social security costs	8,932	8,189
Pension costs (Note 28)	16,057	15,431
Restructuring costs	2,022	1,018
	<b>137,944</b>	<b>126,166</b>

<b>Emoluments of the Vice-Chancellor</b>	<b>2009 £000</b>	<b>2008 £000</b>
Salary	215	190
Other benefits	1	1
	<b>216</b>	<b>191</b>
Pension contributions	30	27
	<b>246</b>	<b>218</b>

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

<b>Remuneration of other higher paid staff, excluding employer's pension contributions, fall within the following bands</b>	<b>2009 Number</b>	<b>2008 Number</b>
£100,000 – £109,999	1	5
£110,000 – £119,999	4	1
£120,000 – £129,999	1	4
£130,000 – £139,999	4	2
£140,000 – £149,999	1	1
£190,000 – £199,999	-	1

<b>Average number of staff employed during the year was made up as follows</b>	<b>2009 Number of FTEs</b>	<b>2008 Number of FTEs</b>
Faculty/Research Institute based	2,085	1,902
Academic support departments	295	276
Administration	655	638
Other	249	234
	<b>3,284</b>	<b>3,050</b>

<b>Compensation for loss of office payable to senior post-holders</b>	<b>2009 £000</b>	<b>2008 £000</b>
Compensation payable	-	74

During the year, compensation was not paid to any senior post-holders (2008 – 2 senior post-holders). The severance pay in the prior year was in accordance with the Institution's remuneration committee.

# Notes to the Financial Statements

## 8. Depreciation

	2009 £000	2008 £000
<b>The depreciation charge has been funded by</b>		
Deferred capital grants released (Note 23)	4,189	2,868
General income	9,063	6,664
Revaluation reserve released (Note 26)	350	351
	<b>13,602</b>	<b>9,883</b>

## 9. Other operating expenses

	2009 £000	2008 £000
Premises costs	7,988	7,289
Furniture and supplies	1,625	1,572
Equipment and consumables	2,741	2,617
Operating lease expenditure	1,114	1,095
Books and periodicals	2,475	2,254
Staff development and training	1,082	974
Staff travel expenses	2,668	2,346
Other staff costs	694	602
Students grants and expenses	10,315	8,794
Grants to Sheffield Hallam University Union of Students	1,223	1,300
Computers and IT	3,866	3,381
Printing and stationery	1,123	1,269
Marketing and publicity	2,743	2,376
Hospitality	348	467
Postage and communications	1,124	1,176
Professional services	9,943	10,293
External auditors' remuneration in respect of audit services	62	47
External auditors' remuneration in respect of non-audit services	70	30
Internal audit services	200	85
Course and exam expenses	2,706	2,542
Bad debts	1,138	311
Agency staff	1,625	2,268
Other expenses	1,674	490
	<b>58,547</b>	<b>53,578</b>

## **10. Interest and other finance costs**

	<b>2009 £000</b>	<b>2008 £000</b>
Loans not wholly repayable within five years	617	857
Pension finance costs (Note 28)	2,851	562
	<b>3,468</b>	<b>1,419</b>

## **11. Analysis of total expenditure by activity**

	<b>2009 £000</b>	<b>2008 £000</b>
Academic departments	107,680	93,019
Academic services	20,978	18,201
Administration and central services	35,374	32,074
Premises	19,016	17,829
Residences, catering and conferences	4,821	4,497
Research grants and contracts	11,494	12,908
Other expenses	14,198	12,518
	<b>213,561</b>	<b>191,046</b>

# Notes to the Financial Statements

## 12. Tangible fixed assets – Consolidated

	Land and Buildings			Assets under construction	Equipment	Heritage assets	Total
	Freehold	Long leasehold	Short leasehold				
	£000	£000	£000	£000	£000	£000	£000
<b>VALUATION/COST</b>							
<b>At 1 August 2008</b>							
Valuation	27,966	-	-	-	-	515	28,481
Cost	135,535	556	1,951	34,973	33,829	-	206,844
Additions at cost	5	-	-	18,726	5,857	-	24,588
Transfer at cost	35,656	-	-	(49,160)	13,504	-	-
Transfers to assets held for resale							
– at valuation	(3,000)	-	-	-	-	-	(3,000)
– at cost	(696)	-	-	-	-	-	(696)
Disposals at cost	-	-	-	-	(28)	-	(28)
<b>At 31 July 2009</b>							
Valuation	24,966	-	-	-	-	515	25,481
Cost	170,500	556	1,951	4,539	53,162	-	230,708
<b>DEPRECIATION</b>							
<b>At 1 August 2008</b>	55,903	132	1,951	-	15,611	-	73,597
Charge for year	6,081	32	-	-	7,489	-	13,602
Transfer to assets held for resale							
– at valuation	(1,700)	-	-	-	-	-	(1,700)
– at cost	(261)	-	-	-	-	-	(261)
Eliminated in disposals	-	-	-	-	(6)	-	(6)
<b>At 31 July 2009</b>	60,023	164	1,951	-	23,094	-	85,232
<b>NET BOOK VALUE</b>							
<b>At 31 July 2009</b>	135,443	392	-	4,539	30,068	515	170,957
<b>At 1 August 2008</b>	107,598	424	-	34,973	18,218	515	161,728

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

## 13. Tangible fixed assets – University

	Land and Buildings			Assets under construction	Equipment	Heritage assets	Total
	Freehold £000	Long leasehold £000	Short leasehold £000	£000	£000	£000	£000
<b>VALUATION/COST</b>							
At 1 August 2008							
Valuation	27,966	-	-	-	-	515	28,481
Cost	119,770	16,321	1,951	34,973	33,803	-	206,818
Additions at cost	5	-	-	18,726	5,833	-	24,564
Transfers at cost	35,656	-	-	(49,160)	13,504	-	-
Transfers to assets held for resale							
– At valuation	(3,000)	-	-	-	-	-	(3,000)
– At cost	(696)	-	-	-	-	-	(696)
Disposals at cost	-	-	-	-	(28)	-	(28)
At 31 July 2009							
Valuation	24,966	-	-	-	-	515	25,481
Cost	154,735	16,321	1,951	4,539	53,112	-	230,658
<b>DEPRECIATION</b>							
At 1 August 2008	51,174	11,955	1,951	-	15,598	-	80,678
Charge for year	5,766	821	-	-	7,482	-	14,069
Transfers to assets held for resale							
– At valuation	(1,700)	-	-	-	-	-	(1,700)
– At cost	(261)	-	-	-	-	-	(261)
Eliminated in disposals	-	-	-	-	(6)	-	(6)
At 31 July 2009	54,979	12,776	1,951	-	23,074	-	92,780
<b>NET BOOK VALUE</b>							
At 31 July 2009	124,722	3,545	-	4,539	30,038	515	163,359
At 1 August 2008	96,562	4,366	-	34,973	18,205	515	154,621

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

# Notes to the Financial Statements

## 14. Heritage assets

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

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

## 15. Investments

	Consolidated		University	
	2009 £000	2008 £000	2009 £000	2008 £000
Investment in subsidiary companies at cost	-	-	9,750	9,750
Loan to Collegiate Properties (2) Limited	-	-	6,015	6,015
Other investments	42	42	42	42
	<b>42</b>	<b>42</b>	<b>15,807</b>	<b>15,807</b>

Group undertakings	Principal activity	Percentage of ordinary shares held
3D Imaging Technology Ltd	Dormant	100
Collegiate Library Services Ltd	Provision of library services	100
Collegiate Properties Ltd	Dormant	100
Collegiate Properties (2) Ltd	Contracting and property leasing	100
Collegiate Properties (3) Ltd	Equipment leasing	100
Hallam Biotechnology Ltd	Dormant	100
Hallam Immunotech Ltd	Dormant	100
Hallam Proteonics Ltd	Dormant	100
O&N Contracting Ltd	Property leasing	100
Sheffield Hallam Innovation and Enterprise Ltd	Holding company	100
Sheffield Hallam Property Company Ltd	Dormant	100
Sheffield Hallam University Enterprises Ltd	Trading activities	100
Virtual Learning Systems Ltd	Web based learning services	100
Yorkshire and Humberside Science Ltd	Science training	25
Sheaf Innovations Limited	Research	24.9

The University also consolidates the Collegiate Charitable Trust. The Trust's financial statements are prepared to 31 July 2009.

## 16. Endowment assets

	Consolidated and University	
	2009 £000	2008 £000
<b>Restricted expendable endowments</b>		
At 1 August	568	546
Income for year	8	24
New endowments invested	7	5
Endowment repaid	(323)	-
Transferred to Income and Expenditure account	(6)	(7)
<b>At 31 July</b>	<b>254</b>	<b>568</b>
Representing		
Prize funds	21	231
Other funds	233	337
	<b>254</b>	<b>568</b>

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

## 17. Assets held for resale

Assets with a net book value of £1,735,000 were reclassified from tangible fixed assets to current assets on 31 July 2009. These assets relate to the Psalter Lane campus land and buildings which have been vacated and are to be disposed of.

## 18. Debtors

	Consolidated		University	
	2009 £000	2008 £000	2009 £000	2008 £000
<b>Amounts falling due within one year</b>				
Debtors	11,206	10,855	10,436	10,125
Prepayments	2,846	1,363	2,845	1,357
Accrued income	2,856	4,006	2,803	5,173
Loans	113	113	113	113
Amounts owed by group undertakings	-	-	450	-
	<b>17,021</b>	<b>16,337</b>	<b>16,647</b>	<b>16,768</b>

# Notes to the Financial Statements

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

	Consolidated		University	
	2009 £000	2008 £000	2009 £000	2008 £000
Bank overdraft	-	54	-	54
Secured loans (Note 21)	-	6,333	-	6,333
Payments received on account	17,415	15,236	17,202	15,037
Trade creditors	5,728	8,164	5,728	8,164
Social security and other taxation payable	3,901	3,374	3,870	3,369
Accruals and deferred income	16,394	18,776	16,128	18,503
Amounts owed to group undertakings	-	-	-	812
	43,438	51,937	42,928	52,272

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

	Consolidated		University	
	2009 £000	2008 £000	2009 £000	2008 £000
Secured loans (Note 21)	-	6,810	-	6,810
Unsecured loans (Note 21)	27,000	-	27,000	-
Obligation under finance leases	-	-	15,765	15,765
	27,000	6,810	42,765	22,575

	2009 £000	2008 £000	2009 £000	2008 £000
<b>Analysis of finance leases</b>				
Due between two and five years	-	-	15,765	-
Due in five years or more	-	-	-	15,765
	-	-	15,765	15,765

## 21. Borrowings

	Consolidated and University	
	2009 £000	2008 £000
<b>Analysis of secured loans</b>		
Due in one year or less	-	6,333
Due between one and two years	-	6,810
<b>Analysis of unsecured loans</b>		
Due in five years or more	27,000	-
	<b>27,000</b>	<b>13,143</b>

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

## 22. Provisions for liabilities

	Consolidated and University			
	Pensions £000	Restructuring £000	Funding £000	Total £000
At 1 August 2008	478	330	500	1,308
Created in year	422	879	561	1,862
Utilised in year	(164)	(312)	-	(476)
Released in year	(22)	(18)	-	(40)
<b>At 31 July 2009</b>	<b>714</b>	<b>879</b>	<b>1,061</b>	<b>2,654</b>

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

The restructuring provision is in respect of redundancy payments and other one-off costs arising from the reorganisation of various elements of the University's academic and administrative portfolio. This will be utilised during 2010-2012

The funding provision is in respect of findings from an audit of the University's HEFCE grant funding which has now been finalised. The clawback for 2007-08 and 2008-09 has been agreed as £1,061,000 and therefore the provision has been increased by £561,000 in 2008-09. This will be paid to HEFCE during 2009-10.

# Notes to the Financial Statements

## 23. Deferred capital grants

	Consolidated and University		
	Funding Councils £000	Other grants £000	Total £000
As at 1 August 2008			
Buildings	32,700	1,574	34,274
Equipment	3,247	51	3,298
<b>Total</b>	<b>35,947</b>	<b>1,625</b>	<b>37,572</b>
Cash received			
Buildings	-	-	-
Equipment	7,842	371	8,213
<b>Total</b>	<b>7,842</b>	<b>371</b>	<b>8,213</b>
Released to Income and Expenditure account			
Buildings	(2,174)	(157)	(2,331)
Equipment	(1,756)	(102)	(1,858)
<b>Total</b>	<b>(3,930)</b>	<b>(259)</b>	<b>(4,189)</b>
As at 31 July 2009			
Buildings	30,526	1,417	31,943
Equipment	9,333	320	9,653
<b>Total</b>	<b>39,859</b>	<b>1,737</b>	<b>41,596</b>

## 24. Income and expenditure reserve

	Consolidated		University	
	2009 £000	2008 £000	2009 £000	2008 £000
As at 1 August	81,610	66,459	74,444	60,068
Surplus retained for the year	1,979	1,870	1,575	1,095
Release from revaluation reserve	350	351	350	351
Release in respect of assets sold in year	-	8,814	-	8,814
Release from capital reserve	28	29	28	29
Add back pension deficit	5,149	4,087	5,149	4,087
<b>As at 31 July</b>	<b>89,116</b>	<b>81,610</b>	<b>81,546</b>	<b>74,444</b>

## 25. Pension reserve

	Consolidated and University	
	2009 £000	2008 £000
As at 1 August	(60,430)	(26,294)
Actuarial gain/(loss) in respect of the pension scheme deficit	4,574	(30,049)
Deficit retained within reserves	(5,149)	(4,087)
<b>As at 31 July</b>	<b>(61,005)</b>	<b>(60,430)</b>

## 26. Revaluation reserve

	Consolidated and University	
	2009 £000	2008 £000
As at 1 August	20,970	29,620
Revaluation of heritage assets	-	515
Release in respect of assets sold in year	-	(8,814)
Release to Income and Expenditure reserve equivalent to depreciation on revaluation	(350)	(351)
<b>As at 31 July</b>	<b>20,620</b>	<b>20,970</b>

## 27. Capital reserve

	Consolidated and University	
	2009 £000	2008 £000
As at 1 August	687	716
Release to Income and Expenditure reserve	(28)	(29)
<b>As at 31 July</b>	<b>659</b>	<b>687</b>

# Notes to the Financial Statements

## 28. Pension costs

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

Total pension cost for the year	2009 £000	2008 £000
Teachers Pension Scheme contributions paid	6,984	6,489
Universities Superannuation Scheme – contributions paid	1,031	1,010
Local Government Pension Scheme – FRS17 charge	8,042	7,932
<b>Total pension cost</b>	<b>16,057</b>	<b>15,431</b>

### Teachers' Pension Scheme (TPS)

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

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

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

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

### Universities Superannuation Scheme (USS)

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

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

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

The actuary also valued the scheme on a number of other bases

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

The contribution rate payable is 14.0% (2008 – 14.0%). On advice of the actuary, the trustee company agreed to increase the institution contribution rate to 16.0% of pensionable salaries from October 2009.

## **Local Government Pension Scheme (LGPS)**

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

The SYPF is valued every three years by a qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the actuary with the approval of the administering authority. The last full actuarial valuation was carried out at 31 March 2007.

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

The total contributions made for the year ended 31 July 2009 was £8,422,000 of which employers contributions totalled £5,591,000 and employees contributions totalled £2,831,000. The current contribution rates are 13.05% (2008 – 13.05%) for employers and employees are on a sliding scale based on earnings, the rate varying between 5.5% and 7.2% (2008 – between 5.5% and 7.2%).

The following information is based upon a full actuarial valuation of the fund at 31 March 2007 updated to 31 July 2009 by a qualified independent actuary.

The material assumptions used by the actuary for FRS 17 at 31 July 2009 were

	<b>2009</b>	<b>2008</b>
Rate of increase in salaries	5.2%	5.3%
Rate of increase in pensions in payment	3.7%	3.8%
Discount rate	6.3%	5.9%
Inflation assumption	3.7%	3.8%
Proportion of employees opting to take a commuted lump sum	50.0%	50.0%

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

	<b>At 31 July 2009</b>	<b>At 31 July 2008</b>
<b>Retiring today</b>		
Males	20.3	20.3
Females	23.2	23.1
<b>Retiring in 20 years</b>		
Males	21.3	21.3
Females	24.1	24.0

# Notes to the Financial Statements

## Scheme assets

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

	2009		2008		2007	
	Long term return %	Fund value £000	Long term return %	Fund value £000	Long term return %	Fund value £000
Equities	7.50%	71,635	7.50%	73,117	7.50%	79,705
Government Bonds	4.50%	18,803	4.80%	17,403	4.90%	17,928
Other Bonds	5.80%	9,344	5.90%	8,877	5.80%	7,631
Property	6.50%	10,382	6.50%	12,498	6.50%	14,173
Other	0.50%	5,190	5.00%	4,906	5.75%	1,696
		<b>115,354</b>		<b>116,801</b>		<b>121,133</b>

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

Analysis of the amount shown in the balance sheet	2009 £000	2008 £000
Total fair value of assets	115,354	116,801
Present value of scheme liabilities	(176,359)	(177,231)
<b>Deficit in the scheme – Net pension liability</b>	<b>(61,005)</b>	<b>(60,430)</b>

Amounts charged to the operating surplus	2009 £000	2008 £000
Current service cost	(7,931)	(6,041)
Past service cost	-	(1,803)
Settlements and curtailments	(517)	(88)
<b>Total operating charge</b>	<b>(8,448)</b>	<b>(7,932)</b>

Amounts charged to interest payable	2009 £000	2008 £000
Expected return on pension scheme assets	7,815	8,130
Interest on pension scheme liabilities	(10,666)	(8,692)
<b>Net charge</b>	<b>(2,851)</b>	<b>(562)</b>

<b>Amounts recognised in the Statement of Total Recognised Gains and Losses</b>	<b>2009 £000</b>	<b>2008 £000</b>
Actual return less expected return on pension scheme assets	(14,564)	(15,703)
Change in financial and demographic assumptions underlying the scheme liabilities	19,138	(14,346)
<b>Total actuarial loss recognised in the Statement of Total Recognised Gains and Losses</b>	<b>4,574</b>	<b>(30,049)</b>

<b>Movement in deficit in the year</b>	<b>2009 £000</b>	<b>2008 £000</b>
Deficit in scheme at 1 August	(60,430)	(26,294)
Current service costs	(7,931)	(6,041)
Contributions	6,150	4,407
Past service costs	(517)	(1,891)
Other finance costs	(2,851)	(562)
Actuarial gain/(loss)	4,574	(30,049)
<b>Deficit in scheme at 31 July</b>	<b>(61,005)</b>	<b>(60,430)</b>

<b>Analysis of the movement in the present value of scheme liabilities</b>	<b>2009 £000</b>	<b>2008 £000</b>
Liabilities at 1 August	177,231	147,427
Service cost	7,931	6,041
Interest cost	10,666	8,692
Employee contributions	2,831	2,212
Actuarial (gain)/loss	(19,138)	14,346
Benefits paid	(3,679)	(3,378)
Past service cost	-	1,803
Curtailments and settlements	517	88
<b>Liabilities at 31 July</b>	<b>176,359</b>	<b>177,231</b>

<b>Analysis of the movement in the market value of scheme assets</b>	<b>2009 £000</b>	<b>2008 £000</b>
Assets at 1 August	116,801	120,895
Expected return on assets	7,815	8,143
Actuarial gain/(loss)	(14,564)	(15,478)
Employer contributions	6,150	4,407
Employee contributions	2,831	2,212
Benefits paid	(3,679)	(3,378)
<b>Assets at 31 July</b>	<b>115,354</b>	<b>116,801</b>

The estimated contribution to the defined benefit scheme for the year 2009–10 is £5,698,000.

# Notes to the Financial Statements

<b>History of experience gains and losses</b>	<b>2009 £000</b>	<b>2008 £000</b>	<b>2007 £000</b>	<b>2006 £000</b>	<b>2005 £000</b>
Actual return less expected return on pension scheme assets	(14,564)	(15,703)	6,209	6,307	10,806
Percentage of scheme assets	12.60%	13.30%	5.10%	6.00%	11.90%
Experience gains and losses arising on scheme liabilities	19,138	(14,346)	2,266	(7,628)	(18,347)
Percentage of present value of scheme liabilities	10.90%	8.21%	1.55%	5.50%	15.00%
Total amount recognised in Statement of Total Recognised Gains and Losses	4,574	(30,049)	8,475	(1,321)	(7,541)
Percentage of present value of scheme liabilities	2.60%	16.80%	5.70%	0.95%	6.17%

## 29. Lease obligations

<b>Annual rentals under operating lease commitments as at 31 July expiring</b>	<b>Consolidated</b>		<b>University</b>	
	<b>2009 £000</b>	<b>2008 £000</b>	<b>2009 £000</b>	<b>2008 £000</b>
<b>Buildings</b>				
Over five years	840	771	840	1,344
<b>Equipment</b>				
Within one year	31	16	31	16
Between one and five years	234	278	234	278
	<b>1,105</b>	<b>1,065</b>	<b>1,105</b>	<b>1,638</b>

## 30. Capital commitments

	<b>Consolidated</b>		<b>University</b>	
	<b>2009 £000</b>	<b>2008 £000</b>	<b>2009 £000</b>	<b>2008 £000</b>
Commitments contracted at 31 July	3,415	8,806	3,415	8,806
Authorised but not contracted at 31 July	15,422	7,240	15,422	7,240
	<b>18,837</b>	<b>16,046</b>	<b>18,837</b>	<b>16,046</b>

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

	2009 £000	2008 £000
Operating surplus	1,979	1,870
Depreciation	13,602	9,883
Deferred capital grants released to income	(4,189)	(2,868)
Investment income	(421)	(2,025)
Interest payable	617	857
(Increase)/Decrease in stocks	(3)	33
(Increase) in debtors	(736)	(2,354)
(Decrease)/Increase in creditors	(1,924)	4,039
(Decrease)/Increase in provisions	1,346	226
Pensions costs less contributions payable	5,149	4,087
<b>Net cash inflow from operating activities</b>	<b>15,420</b>	<b>13,748</b>

## 32. Returns on investments and servicing of finance

	2009 £000	2008 £000
Income from endowments	8	24
Income from short term investments	469	2,264
Interest paid	(806)	(902)
	<b>(329)</b>	<b>1,386</b>

## 33. Capital expenditure and financial investment

	2009 £000	2008 £000
Tangible assets acquired	(24,588)	(40,670)
Receipts from sale of fixed assets	22	11,526
Deferred capital grants received	8,213	7,032
Endowments received	(316)	5
	<b>(16,669)</b>	<b>(22,107)</b>

## 34. Financing

	2009 £000	2008 £000
New loans	27,000	-
Capital repayments	(13,144)	(2,190)
<b>Net amount received/(repaid) in year</b>	<b>13,856</b>	<b>(2,190)</b>

## 35. Analysis of changes in net funds

	At 1 August 2008 £000	Cash Flows £000	At 31 July 2009 £000
Cash at bank and in hand	157	319	476
Endowment bank balance	568	(314)	254
	<b>725</b>	<b>5</b>	<b>730</b>
Debt due in less than 1 year	(13,144)	13,144	-
Debt due in more than 5 years	-	(27,000)	(27,000)
Short term deposits	22,380	12,273	34,653
	<b>9,961</b>	<b>(1,578)</b>	<b>8,383</b>

## 36. Access funds

	2009 £000	2008 £000
Funding Council Access grants	746	899
Interest earned	8	20
	<b>754</b>	<b>919</b>
Disbursed to students	(722)	(845)
<b>Grants to be disbursed</b>	<b>32</b>	<b>74</b>

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

## 37. Training and Development Agency

	2009 £000	2008 £000
<b>Initial Teacher Training Bursaries</b>		
Funds received	3,563	4,167
Disbursed to students	(3,563)	(4,006)
<b>Unspent funds to be recovered</b>	–	<b>161</b>
<b>Secondary Shortage Subjects Scheme</b>		
Funds received	–	101
Disbursed to students	(11)	(75)
<b>Funds carried forward to be disbursed in following year</b>	<b>15</b>	<b>26</b>

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

## 38. Related party transactions

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

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

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

Professor Philip Jones, Vice-Chancellor and member of the Board of Governors, was a director of Yorkshire Universities which received payments of £18,347.42 (2008 – £32,267.25) in relation to membership subscriptions, payments arising from membership and re-chargeable costs associated with payments related to a member of staff whose role transferred from Yorkshire Universities to Sheffield Hallam University. In addition, Professor Jones was a member of the Board of the National Science Learning Centre

which made payments to the University of £191,064.72 (2008 – £nil) in relation to the running of the Yorkshire and the Humber Science Learning Centre.

Mr Michael Longden, a Governor, was an associate director at Irwin Mitchell, Solicitors, which provided professional services for the University. All such services were unconnected with Mr Longden and were undertaken by a different part of the firm. Mr Longden had no involvement in the University's arrangements for selection of, instructions to or payment of the University's various lawyers. Payments during the year in respect of such services amounted to £70,244.09 (2008 – £122,811.69).

Mr Chris Welsh, a Governor, was the Chair of Yorkshire South Tourism which made payments of £25,000 (2008 – £24,527) to the University in relation to funding for the Sheffield Area Restaurant Forum and Eat Sheffield. Mr Welsh was not involved in the negotiation, scoping, placing or approval of the contract.

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

# Board of Governors for the year ended 31 July 2009

## BOARD OF GOVERNORS FOR THE YEAR ENDED 31 JULY 2009

Dani Beckett (student nominee July 2009 – June 2010)

Matt Borg

Stuart Britland

Geoff Dawson

Janet Dean

Rosemary Downs

Dr Philip Drury

Frank Eul

Samantha Gill (student nominee July 2008 – June 2010)

Nicholas Jeffrey (Chair)

Prof Philip Jones (Vice-Chancellor)

Daniel Khan OBE

John Lambert (Deputy Chair)

Michael Longden

James Newman

Christine O'Leary

Beryl Seaman CBE

Marion Simon MBE

Russell Swannack (student nominee July 2008 – June 2009)

Chris Welsh

Peter Westland

## FINANCE COMMITTEE

Geoff Dawson (Deputy Chair)

Rosemary Downs

Frank Eul (Chair)

Nicholas Jeffrey

Prof Philip Jones (Vice-Chancellor)

John Lambert

James Newman (from 1 January 2009)

Marion Simon MBE

Chris Welsh

## EMPLOYMENT COMMITTEE

Stuart Britland

Rosemary Downs

Dr Philip Drury

Frank Eul

Prof Philip Jones (Vice-Chancellor)

John Lambert

Michael Longden

Beryl Seaman CBE (Deputy Chair)

Marion Simon MBE (Chair)

## NOMINATIONS COMMITTEE

Lorna Daly

Geoff Dawson

Dr Philip Drury

Prof Philip Jones (Vice-Chancellor)

Nicholas Jeffrey (Chair)

John Lambert (Deputy Chair)

Christine O'Leary

Marion Simon MBE

Russell Swannack

## REMUNERATION COMMITTEE

Dr Philip Drury (from 1 January 2009)

Frank Eul

Nicholas Jeffrey (Chair)

John Lambert (Deputy Chair)

James Newman (until 31 December 2008)

Marion Simon MBE

Prof Philip Jones (Vice-Chancellor)

## AUDIT COMMITTEE

Stuart Britland

Janet Dean

Dr Philip Drury (Deputy Chair until 31 December 2008 and Chair from 1 January 2009)

Michael Longden

James Newman (Chair until 31 December 2008)

Beryl Seaman CBE (Deputy Chair from 1 January 2009)

Jenny Brown (external co-option)

# Providers of financial services

## **External auditors**

Deloitte LLP  
1 City Square  
Leeds  
LS1 2AL

## **Internal auditors**

Uniac (1 August 2008 to 31 December 2008)  
Suite 1D

Armstrong House  
Oxford Road  
Manchester  
M1 7ED

KPMG LLP (1 January 2009 to 31 July 2009)  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

## **Bankers**

HSBC  
49-63 Fargate  
Sheffield  
S1 2HD

## **Insurers**

Universities Mutual Association Limited  
Woburn House  
20 Tavistock Place  
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