



LEEDS
BECKETT
UNIVERSITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 JULY 2020

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FINANCIAL STATEMENTS 2020

VICE CHANCELLOR'S FOREWORD

I am pleased to present the University's financial statements for the year ended 31 July 2020. This is a most unusual year to be reporting, due to the Coronavirus (COVID-19) pandemic presenting the University and the global community with unprecedented and difficult circumstances.

I am incredibly proud of how our community of students and colleagues have risen to the challenges presented by the pandemic and how rapidly the University has been able to respond to changing circumstances and further demonstrate its key role and contribution to the city and build the strength of its partnership working with local stakeholders.

The pandemic has highlighted the importance of qualities such as teamwork and compassion and these have been evident across the University community with students in healthcare and related professions, as well as academic colleagues, volunteering their time, skills, energy and expertise to the NHS. The University has also offered its prime location and high-quality buildings, facilities and equipment to the NHS to support the national effort during 2020.

The hard work, efforts and determination of colleagues have enabled the University to continue to function with minimal disruption and fulfil its duties to students.

The Board has closely monitored the University's financial position throughout the year, mindful of the uncertainties presented by the pandemic and the many variables that can impact this position. The Board remains satisfied that its financial position is sustainable despite the disruptions.

Priorities for the year ahead are to continue to ensure that a high-quality and engaging educational experience is provided to students, supported by leading research and knowledge exchange, and to continue our progress in widening access, participation and success in higher education for those from underrepresented groups.

Professor Peter Slee, Vice Chancellor

November 2020



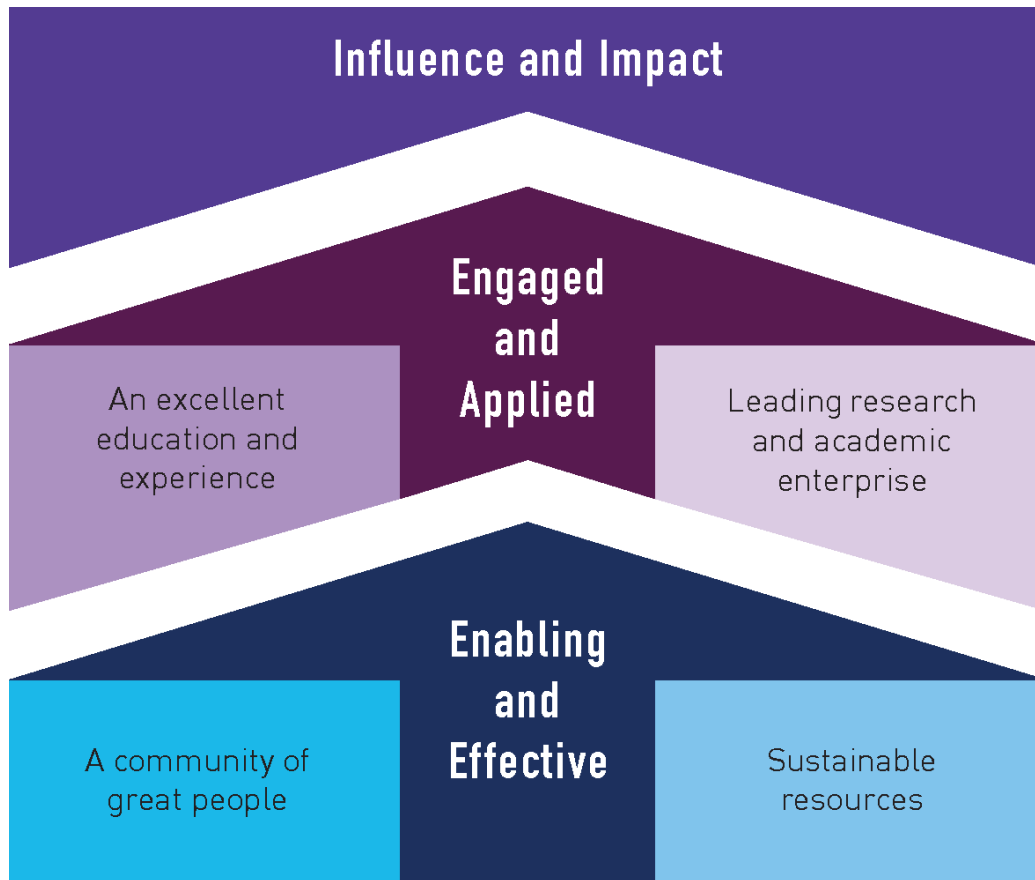
ABOUT THE UNIVERSITY

1. Leeds Beckett University is a modern, professional University with ambition. We are proud of our history of education, which began with the founding of the Leeds Mechanics Institute in 1824.
2. The year 2020 marks 50 years since Leeds Polytechnic was established. The Polytechnic brought together a number of specialist colleges to meet an increasing demand for professional and technical education in the city. It was the largest polytechnic in Yorkshire with 3,000 full-time students and 4,000 part-time students with around 450 full-time teaching colleagues.
3. Today, the University has 2,218¹ dedicated and talented members of staff who in normal circumstances are based across the University's two campuses; the City Campus in the civic quarter of Leeds and its leafy Headingley Campus. Due to the pandemic, many colleagues have adapted to working routinely from home when not teaching, supporting learning or research on campus whilst a number of colleagues provide a permanent presence on campus to make sure that critical infrastructure is maintained and that our premises are safe and secure.
4. Leeds Beckett University is a community of more than 23,500 students, of which 18,250 are in full time study and 5,250 study part-time. An additional 1,500 students study the University's programmes overseas and international students come to study in Leeds from 115 different countries.
5. With an annual turnover of £214m, we contribute an estimated £500m to the regional economy. Around two thirds of our graduates stay in the region, contributing their skills and talent to the regional economy.
6. Our vision is to be an excellent, accessible and globally engaged university, contributing positively to a thriving northern economy and our mission is to ensure that its knowledge and resources are used to make a decisive and positive difference to people, communities and organisations.
7. We aspire to create graduates who will become exceptional employees, dynamic citizens and enterprising leaders. We work closely with employers and partners to ensure that our graduates are ready for work, ready for life, and ready to seize the opportunities and challenges that lie ahead.
8. The University's crucial role as an anchor institution in Leeds has been highlighted during the COVID-19 pandemic with students, colleagues and the wider university community responding to the crisis. Some examples of this include:
 - The Rose Bowl and Portland buildings on the City Campus re-opening for the NHS to train 1,000 new recruits
 - Providing medical, protection and testing equipment to healthcare workers
 - Seventy-six final year student nurses joining the front-line early to provide valuable resources and support to the hospitals and community services
 - A team from the School of Clinical & Applied Sciences helping to prepare up to 500 health workers for their roles at the NHS Nightingale Hospital Yorkshire and the Humber Hospital in Harrogate.
 - Product Design students creating face shields for front-line healthcare workers, and Fashion students designed and distributed free face masks and scrubs.

¹ Staff number is the full time equivalent (FTE) at 31 July 2020



1. The University's *Strategic Planning Framework 2016-2021* sets out its future ambitions, underpinned by 12 key performance indicators (KPIs) to 2021.



2. The following review outlines our successes and challenges during the last financial year.

An Excellent Education and Experience

3. We have completed the fourth year of our *Education Strategy 2016-2021*, which underpins our commitment to ensuring our students continue to have an excellent education and experience.

Recognising Teaching Excellence

4. The University was awarded Silver under the Teaching Excellence Framework (TEF) and Student Outcomes in June 2017. This reflects the TEF panel's judgement that the University delivers high-quality teaching, learning and outcomes for students, and consistently exceeds rigorous national quality requirements for UK higher education.
5. The TEF panel report commended the University for its course design and assessment practices, the opportunities for students to engage with professional practice through live project briefs and placements, the strategic focus on developing physical and digital learning resources and an institutional culture that facilitates, recognises and rewards excellent teaching.
6. The University was selected to participate in the national pilot in 2017/18 which informed the introduction of a subject level Teaching Excellence and Student Outcomes Framework.

This, and our work since then provided an opportunity to evaluate our provision of teaching excellence and supported the implementation of our Education Strategy across all our subjects.

7. Through the University's Developing Excellent Academic Practice (DEAP) Framework, colleagues are offered programmes accredited by the Higher Education Academy (HEA), enabling them to gain a category of HEA Fellowship as professional recognition for their commitment to teaching and supporting student learning. The 2019/20 DEAP Fora series focused on inclusive practice, promoting and further embedding the implementation of our Education Strategy. The Fora were widely supported with excellent participation from across all Schools and Services. The DEAP20 Conference, in June 2020, focused on the emergent developmental challenges for colleagues pivoting to online and blended delivery. Colleague engagement was outstanding, with almost 500 colleagues involved for extended periods over the two days, with tremendously positive feedback.
8. The outbreak of the Coronavirus pandemic meant that significant changes were required to academic practice from March 2020. The Centre for Teaching & Learning developed clear guidance for all academic colleagues communicated through an Academic Continuity webpage that guided colleagues through articulating pedagogic requirements, selecting appropriate teaching and learning tools and engaging in associated development and training. Through leading the University's Digital Tools Group and the Digital Enhancement Network, colleagues have been empowered to make effective, efficient and timely changes to their practice for the 2020/21 academic year.
9. The University's internal CPD DEAP HEA Fellowship Scheme is now in its fourth iteration and has been newly accredited in 2020 to operate from 2020-2024. The Scheme has been running since its pilot in 2012, and in that time the University is proud to have awarded professional recognition to almost 900 colleagues in a wide variety of roles alongside those whose substantive role is in teaching. The new Scheme received excellent feedback from Advance HE, identifying many areas of good practice, in particular ***"The building of an engaged DEAP community of practice and the use of Fellows' expertise and energy to drive the DEAP Scheme embodies the underpinning concepts of reward, recognition and continuous professional development"***. In addition, we now have 13 active Principal Fellows and 10 National Teacher Fellows, all of whom contribute to the support and development of others.

Student Satisfaction

10. Student satisfaction is key to delivering an excellent education and experience. An important indicator of how the University is performing in this area are the results of the National Student Survey (NSS), an annual independent survey of final year undergraduate students on their experiences at university. The University is delighted to have recorded its best ever year for student satisfaction with an overall student satisfaction rating of 84.7%, which is above the sector average of 82.7%, and ranks it 36th out of 110 higher education institutions. Fifteen of the University's courses received a 100% overall satisfaction rating and a further 23 courses received an overall satisfaction rating of more than 90%.

Graduate-Level Employment

11. The 2019/20 academic year has seen the first publication of the new 15-month Graduate Outcomes Survey. The results have demonstrated good progress for the University in relation to our graduate destinations and progression into highly skilled employment which now stands at 72.8%. This result is seen within the context of the ongoing



development and enhancement of the Business Engagement Department, and the progress made in bringing together three critical strands of the student and graduate employability journey: central careers support, School-based careers provision and placements, all connected through an externally focused department. Through bringing these three elements together our objective is to ensure we develop a comprehensive and diverse employability and careers education offer for Leeds Beckett University students and graduates, which embrace key University strategic principles such as our position as an anchor institution, ensuring that our students are well equipped to contribute to society and the economy.

Central Provision

12. Our central programme of employer led-events and careers education has continued to grow both in terms of our employer partners and student engagement. Offering all students the chance to network, not only with external organisations but across the disciplines, driving an interdisciplinary culture in our services. Our Industry Development Programme for example, comprises a range of industry specific initiatives delivered in partnership with local employers, informed by regional skills shortages. As a result of our expansion of this programme, we have seen a 50% increase in student applications over the last year. The programme includes initiatives such as 'Digital Leap', a six week programme supporting non-tech students into digital careers; 'Make it in Marketing', 'Step into Sales', 'Code First Girls', and 'Explore Enterprise', a new collaboration with the Prince's Trust to support students considering self-employment. Leeds Beckett is the first northern university to embark upon such a collaboration with the Prince's Trust, and has received some high praise from our participating students:

*"The course gave me a starting point which made the idea of me owning a business develop from a dream into a realistic prospect. Without the partnership between the Princes Trust and Leeds Beckett University I wouldn't have had the confidence or knowledge needed to start up a business." **Dominic, L5 History student***

13. Our '**Get Hired**' programme, incorporates a series of workshops and employer-led events which are designed to help our students succeed in their transition into graduate level employment, through bespoke and tailored support to navigate graduate recruiter selection processes. Through a series of three annual fairs combined with a suite of bespoke workshops, we have engaged with over 2,507 students in the last two years and experienced a 23% year-on-year increase in engagement with our workshop activities in the 2019/20 academic year. Not only is our 'Get Hired' programme of benefit to our transitioning students, but the initiative has been a success in building stronger ties to our local employers and partnerships who are increasingly recruiting students as a direct result of their involvement. To date, employers partnering and recruiting through this programme have included: Leeds City Council, SkyBet, PwC, AO.com, Equifax, Eversheds Sutherland, IBM, ICAEW, Jet2.com, Covea, EY, IOPC, Think Ahead, Morrisons, Enterprise and TeachFirst.
14. Another of our central initiatives is the '**Women in Leadership**' (WIL) programme, a nine-month learning experience which aims to accelerate students' interest in leadership whilst growing their potential to create the next generation of female leaders. The concept draws on methodology used by employers as they develop their own internal talent, focusing on nurturing the attributes associated with leadership early and tackling the barriers that hold

(female) individuals back. Students participate in their second year, completing the programme by the start of the third. During that time, they progress through a series of workshops, networking events, a period of 1:1 mentoring and work-based learning. Incorporated throughout are career stories shared by females from diverse backgrounds. Over the last three years we have had 120 students participating and this year we welcomed 105 students at our Women in Leadership Conference, with all academic Schools represented, and approximately a third from underrepresented groups. Feedback suggested that 92% of participating students stated 'significant' progress in developing career thinking and leadership skills, with a significant increase in confidence.

"WIL gave me the belief in myself to push to do things I didn't think I was capable of." **Student WIL programme**

"Everyone's confidence skyrocketed by the end of the programme." **Student WIL programme**

School-Focused Provision

15. Within our Career Consultants team, we have worked in partnership with colleagues across all disciplines to develop a range of employability-led interventions. Our work across academic Schools has involved academic consultation in order to provide bespoke advice and support on the development of School-specific employability initiatives, and 'in-curricular' student facing delivery (lectures, workshops and events). Collaborating to build School-specific action plans has ensured that our support is flexible and adaptable according to the needs of our students and disciplines.
16. Our '**Career Cartographies**' module within the School of Cultural Studies & Humanities, is a demonstration of an outstanding collaboration which has gained local and national recognition. This co-designed, online, work-based learning module supports student career development, enabling students to diversify their perception of 'career' and explore the breadth of opportunities available to them. In 2019/20, the initiative has been shortlisted for an AGCAS national award for excellence and has been utilised in the AGCAS national best practice curriculum design toolkit. It has also been showcased at prestigious national conferences including the National Institute for Career Education and Counselling and the Advance HE Symposium.
17. Another successful collaboration demonstrating the University's commitment to community cohesion and role as an anchor institution is the 'Prison: Learning Together' module within the School of Social Sciences. This module brings prisoners and Leeds Beckett students together to learn alongside each other. The module has been delivered at HMP Full Sutton with students from the University's Criminology department. Business Engagement supported the initiative by creating and supporting the recruitment process to assess the required attitude and attributes of the students. The recruitment process used for both Leeds Beckett students and the prisoners was designed to reflect typical graduate scheme assessments such as video interviews and an assessment centre. Twenty-four of the University's students attended the University's assessment centre, from which 12 were selected. From this cohort, graduates have gone into a variety of roles, one of which is the prestigious Frontline - children's social work fast-track graduate programme - demonstrating the real impact of this collaboration.

Placement Provision

18. Our Placements and Work Experience team have continued to support Schools to provide students with opportunities for sandwich and modular placements, supporting approximately 1,400 students with placement opportunities and promoting over 1,200 placement opportunities across both campuses. The team continue to build new links with Schools across the University, diversifying the number of opportunities and disciplines in which students can gain direct experience with one of our employer partners. In the 2020/21 academic year we will be seeking to build on our placements provision through diversifying our offer to students and employers and integrating the benefits of placement education and support into the broader employability services of the Business Engagement Department.

Digital Provision

19. The 2019/20 academic year has seen us transition through some particularly challenging and unprecedented circumstances. We have successfully adapted our services to ensure that students and graduates continue to be able to access the support they need. We have offered a range of online support services – workshops, events and one-to-one support – which has provided us with a platform to extend our reach and engagement of our students and graduates. Our **'Beyond Beckett'** initiative, a series of online webinars all delivered in partnership with employer partners and our alumni, was a great success and clearly engaged with students who perhaps had not engaged with these services previously. The below comment, is feedback from one of our final year Film students who attended six sessions, with no prior engagement before this:

"Whenever I get stuck, I look back at what I learnt [from the sessions] to move me forward...I have taken plenty from those sessions and have applied some aspects to my career development. Thank you for these sessions, I always come out of these motivated and confident." **Tom, final year Film student**

20. Over the coming year, we expect to continue to capitalise on the new digital landscape to extend our reach, capacity and engagement with students and graduates. We are developing a new 'baseline' offer, which will ensure clarity of provision for colleagues across the Schools, and will be seeking to diversify our employer connections regionally and nationally, as we develop our partnerships to ensure we are both supporting the economic recovery regionally, whilst continuing to provide opportunity and growth for our students and graduates.

Inclusivity

21. The University is committed to fostering an inclusive environment. Significant strands of work have been undertaken to provide inclusive learning and teaching practices and further develop personalised support for students.
22. The University's Access and Participation Plan is published on our website and progress against targets is monitored and reviewed.
23. **'You Belong Here Racism Doesn't'** is a project which commenced in late 2019 and aims to create an environment where every individual feels respected and valued, whatever their background and ethnicity. It enables students to anonymously share their experiences of racism and to report hate incidents.

24. The University's '**Zero Tolerance to Sexual Harassment and Sexual Violence**' project established a dedicated website area with a confidential reporting system, and processes to support affected students, regardless of whether they intend to pursue further action or not.

Student Engagement

25. Student Engagement is a key focus of the University's Education Strategy. The University aims to support students to transition smoothly into university life and to succeed in their studies and beyond.
26. Student fora are run throughout the year and provide an opportunity for students to give feedback, which is considered by the School, and action plans are developed to address key issues.
27. The University works in partnership with the Students' Union to ensure that our higher education provision is informed, shaped and enhanced by students' engagement, representation and consultation to enable us to best support their learning needs.
28. The University and Students' Union work collaboratively in organising the annual 'Golden Robes Awards' which recognise and celebrate colleagues who have been nominated for making a positive difference to the University community. The most recent event in June 2020 was held via Microsoft Teams and had almost 500 colleagues watching the event live.

Developing Academic Partnerships and Collaborations

29. The University continues to have a broad and diverse portfolio of collaborations and partnerships, and currently has 21 collaborative partnership agreements under which academic awards of the University are delivered and 96 other partnerships are in place. Of the 117 institutions that the University collaborates with, or is in partnership with, 43 are in the UK and 74 are located overseas.
30. The University continues to work closely with overseas regulatory and quality assurance agencies including the Botswana Qualifications Authority (BQA), Education Bureau (EDB) in Hong Kong, Tertiary Education Commission (TEC) in Mauritius, Malaysian Qualifications Agency (MQA), Ministry of Education (MOE) in Nepal and the Council for Private Education (CPE) in Singapore.

Enhancing Academic Quality

31. The University has robust processes in place which provide assurance for the quality of teaching, standards, course design and the academic experience of all students.
32. An Academic Quality & Standards Committee meets throughout the year, overseeing the implementation and operation of the quality assurance framework and provides assurance to the Academic Board and the Board of Governors of the effectiveness of the framework.
33. Preservation of our students' learning experience and providing support to enable students to continue to study high-quality courses and maintaining academic standards and quality were priorities in the University's response to the COVID-19 pandemic.

34. Our provision and practice are fully aligned to the UK Quality Code expectations and core practices, and our track record in quality assurance makes us well placed to respond to future reviews by the Office for Students (OfS) and reflects our commitment to continuous enhancement of our academic quality, teaching standards and the student experience.

Leading Research and Academic Enterprise

Our Priorities

35. Building on our strengths, as evidenced in the REF2014 exercise, we continue to invest and focus our research in the units of assessment where we have a good track record of achievement and for which we can identify a critical mass in both colleague and research student engagement and achievement.
36. Our research strengths and interdisciplinary collaborations are framed into three distinct themes:
- **Health and Wellbeing** – relating to all aspects of health and wellbeing drawing on physical, mental, nutritional, and environmental elements
 - **Sustainability** – bringing together subject areas and Schools relating to the built environment, travel, tourism, engineering, business, technology and computing
 - **Culture** is interwoven across many areas, drawing predominately on the arts and humanities but also through a wider spectrum of architecture, business, technology and computing, creating and defining physical and social space and awareness
37. The themes reflect the University's history of engagement with 'grand challenges' in terms of the sustainability of our society and its economic, community, political and physical structures. We are developing our support across the University to ensure research has maximum impact.

Research Intensity

38. As part of our Research and Enterprise Strategy, we focus our improvement activity around preparations for the 2021 Research Excellence Framework (REF) submission. Impacts from the COVID-19 pandemic has extended the REF submission deadline from 27 November 2020 to 31 March 2021. In September 2019, the VC chaired a three-day REF event where the current submission across all units was fully reviewed. This led to a deep and detailed programme of enhancement activity involving colleague training, extensive external reviews and considerable editing to improve the current submission. A further audit was completed in June 2020 of all impact case studies and an updated improvement plan put in place. The REF Strategy Board met quarterly throughout the year to oversee the submission process.
39. Intensive work has taken place in Schools to encourage colleagues to engage in research led by the network of Directors of Research. As part of the Code of Practice, which governs the processes used to develop our submission, all colleagues were required to self-identify their REF status. Those who were deemed to have significant responsibility for research by a panel of their peers, and thus contributing to the REF, have been allocated a minimum of 20% FTE to further support their research activities.

Research Environment

40. Work continues to grow both the quality and quantity of the Postgraduate research (PGR) cohorts. The Graduate School coordinates this on behalf of all Schools. In 2019/20, 86

completions were recorded, which is an increase of over 30% since the academic year 2016/17. This year we also improved the training offer for students and implemented a mandatory research development plan (RDP) delivered in blocks of sessions. This has been well received and we plan to enhance this offer in future.

41. Due to the recent COVID-19 pandemic, we have launched online examinations and supervisions, which have proven to be very successful and ensured that this situation did not adversely impact the studies of the research students.
42. This year also saw the implementation of the new Student Admin Management (SAM) system. This provides an online interface for all PGR activities and streamlines supervision, governance and reporting.

Research and Enterprise Prestige

43. Prior to March 2020, great progress was being made against all our objectives and we were projecting the highest ever income in both total HEBCIS amount and just for research. Most research and enterprise grants were put on hold in March 2020. From March to July, funders communicated about no cost/costed extensions and some stopped the funding completely. In July 2020, research was gradually restarted, and this is still an ongoing process.
44. Notwithstanding this, bidding for grants did not stop. Our Research Strategy requires a keen focus upon successfully bidding for grants and the research grants won this year over £100,000 are shown in Table 1 below:

| Project Title | Funder | Value | PI | School |
|---|------------------|----------|-----------------|--|
| iCoachKids Nike Coach Education Resource and Digital Community | NIKE | £190,691 | S. Lara-Bercial | Carnegie School of Sport |
| Global Doors - KTP | InnovateUK | £178,182 | C. Ashworth | Leeds Business School |
| Spaces to Connect: Learning and Evaluation Partnership | CO-OP Foundation | £167,395 | M.Gamsu | School of Health & Community Studies |
| Daletech - KTP | InnovateUK | £165,531 | O. Jones | Leeds Business School |
| Socially Innovative Interventions to Foster and to Advance Young Children's Inclusion and Agency in Society Through Voice and Story | ESRC | £154,793 | M. Beaton | Carnegie School of Education |
| Smart Adaptation Tools for Buildings | InnovateUK | £134,758 | A.Oyegoke | School of Built Environment, Engineering & Computing |
| Control of District-Heating Efficiency Through Smart Data-Driven Models | InnovateUK | £112,433 | J. Parker | School of Built Environment, Engineering & Computing |

STRATEGIC REVIEW 2019/20

| Project Title | Funder | Value | PI | School |
|---|---------------------|----------|-----------|--------------------------------------|
| Policy Development-Oriented Research Leading to Counter Human Trafficking Protection/Prevention Policies in Kenya | AHRC | £111,387 | R. Julian | Leeds School of Social Sciences |
| Diabetes and Cancer | NIHR | £110,767 | L. Ashley | Leeds School of Social Sciences |
| Supporting Care for People with Dementia in Hospital Settings | Alzheimer's Society | £104,376 | C. Surr | School of Health & Community Studies |
| Promoting Informed Choices for All Young People | EC | £103,883 | M. Beaton | Carnegie School of Education |

Table 1: Successful Grant Wins 2019/20

45. As a university we are known for our support for businesses, particularly SMEs, including:
- **Small Business Leadership Programme (SBLP):** led by a consortium of business schools accredited by the Small Business Charter (SBC) and is a £20m COVID-19 Government recovery package. We will deliver the programme to 40 businesses
 - **Small Business Charter:** this kitemark celebrates the University's expertise in support for business and student enterprise, and we gained re-accreditation in 2019
 - **Employment Hub:** a £9m programme across Leeds City Region supporting 6,000 young people to get into further learning, self-employment, employment or an apprenticeship

Looking Ahead

46. The significant event in the academic year 2020/21 for Research and Enterprise is the REF submission and preparations will further intensify for this. We will also submit our first Knowledge Exchange Framework (KEF) narratives and look forward to the publication of the outcomes in early 2021. We expect that these external reporting activities will enhance our growing reputation as a leading Research and Academic Enterprise institution.
47. As indicated by our strategy, further work will support our PGR community to improve numbers and enhance the student experience. In addition, we plan to build on our early successes in growing our research income, with efforts focused in themes where we know we have leading expertise, such as public health.

A Community of Great People

48. Our mission is to ensure we use our knowledge and resources to make a positive and decisive difference to people, communities and organisations. Our people are vital to our success and to ensuring our students learn from the most talented academics and have a great experience supported by our colleagues in professional support services.
49. We are a large, diverse organisation and pride ourselves on our friendly and supportive approach and our positive role within the city of Leeds. We employ around 2,800 colleagues who ensure we can deliver our commitment to student success, innovation and enterprise, and strong local impact.
50. The People Strategy was launched in September 2019 with the primary objective to

create a community of capable, committed colleagues who are proud to work for Leeds Beckett University identifying five strategic ambitions:

1. Attract, engage and retain a diverse community of capable and committed people
 2. Make our expectations clear and hold ourselves to account in meeting those expectations
 3. Seek feedback, reflect upon our individual and collective effectiveness and strive for improvement
 4. Support colleagues to be their best selves, contributing to the sustainability and success of a university to be proud of
 5. The HR Service puts colleagues at the heart of what it does
51. Our workforce is relatively stable. We have seen a reduction of 118 FTE (full time equivalent based on provisional HESA data) in overall staffing levels in the last year. We have focused on reducing our reliance on casual colleagues such as part time hourly paid lecturers and offering permanent fractional teaching and research contracts where these are appropriate. This has led to an overall reduction of 34.5 FTE teaching only academics, and an increase overall of 16.5 FTE teaching and research academics. Some strategic organisational changes have been completed: the sale of Cloth Hall Court, move of the Department of Languages to the Carnegie School of Education and the integration of all casual recruitment into HR have all resulted in reductions in FTE.
52. In March 2020 the University as with the rest of the UK went into lockdown as a result of the COVID-19 global pandemic. As we went into lockdown the University Executive team agreed three principles to guide our actions. These are:
- Looking after the health and wellbeing of colleagues and students, particularly those who are the most vulnerable
 - Maintaining essential services so we can minimise disruption and ensure continued provision and progression for our students
 - Playing a full and active role in helping slow the spread and mitigate the impact of the virus.
53. We supported the University community in the closure of our campuses and the move to remote working. We have worked within Public Health England and Government guidance throughout. The University successfully moved to remote working swiftly, with colleagues given early reassurance that pay at 100% would continue until the end of the year. The University accessed the Government's Job Retention Scheme and 144 colleagues were furloughed in June 2020.
54. Colleagues have worked tirelessly to ensure uninterrupted services and embrace remote working. Although not all our colleagues could work from home, and a significant number of vulnerable colleagues had to 'shield', the University has continued to financially support them and ensured that they remain in touch and connected with colleagues and the University through daily updates from the Vice Chancellor. We quickly adapted our wellbeing support so that colleagues working remotely had access to a range of resources to support their continued good mental and physical health.
55. Leeds Beckett University researchers, led by Professor Louisa Ells, have partnered with University College London, Leeds University and Public Health England to understand the impact of COVID-19 on weight management services, and to find solutions and best practices to support future services. Professor Claire Surr's work evaluates the most effective approaches to dementia training and education for the health and social care workforce.

56. We continue to be a safe, friendly and welcoming environment for everyone to work and learn. Whilst external recruitment has slowed, we continue to attract and welcome our new colleagues 'virtually'. We are committed to ensuring that the learning environment of the University reflects the richness of the diversity of our student and colleague body. Our inaugural TEDx event inspired discussion about our changing world. Brought together in the heart of Leeds our academics, Dr Oliver Bray, Professor Jayne Raisborough, Dr Daniel Kilvington and Dr Nasser Hussain shared transformative ideals and impactful research that explored prejudice, stereotypes, use of language and identity.
57. Jess Van Horssen, Senior Lecturer in History at LBU, claimed second prize in this year's Royal Historical Society annual awards for 'Innovation in Teaching'. She was recognised for inspiring students through approaches ranging from the use of music to explore controversial and societal issues, to pedagogies which develop digital literacy through the study of history.
58. Looking ahead, the industrial relations landscape is unsettled, with tensions around pay, pensions and the political context at a national level. The long-term financial impact of COVID-19 remains unclear. Pensions continue to be a cause for concern in the sector, with employers and employees alike facing increased contribution rates in respect of Universities Superannuation Scheme and employers facing significant increases in their rates of contribution to Teachers' Pension Scheme.
59. We have implemented the significant restructuring of our HR team in order to better align our people management expertise with our institution's strategic priorities. Our aim was, and is, a more focused and integrated service better able to meet organisational needs and provide support to all our colleagues by embedding new ways of working. We strengthened the leadership of HR with several key external appointments at the start of the year including the appointment of a new HR Director in February.

Equality, Diversity and Inclusion

60. Equality, diversity and inclusion (EDI) are integral to our culture and at the core of how we work with all members of our community. Drawing together our EDI vision, principles and objectives we ensure these are embedded within our policies, frameworks and university life. By promoting EDI we seek to embrace the rich diversity of our student, academic and professional services colleagues to develop further as a fully inclusive learning organisation and as the best possible place to work and study.
61. We monitor our progress in relation to our EDI framework through detailed action plans to support key activities, such as improving access to higher education for underrepresented groups as detailed in our Access and Participation Plan, work on our Athena SWAN and Race Equality Charter agendas including plans for reaccreditation in 2021, and Stonewall's Diversity Champions Programme. EDI considerations are an integral element for our institutional REF Code of Practice and this EDI team continues to support preparations for our REF2021 submission.
62. The University's Mean Gender Pay Gap reduced from 10.2% in 2017 to 9.2% in 2019. Our Mean Gender Pay Gap is lower than our benchmark universities, which is 13.5%, and lower than the 2019 HE sector average of 13.3%. This data informs our future EDI provisions and a strategic plan for all Schools and Services is to be developed to reflect our commitment to addressing the Gender Pay Gap and meeting Public Sector Equality Duty expectations.

Sustainable Resources

Our Estate

63. The new, state-of-the-art £45m Carnegie School of Sport building located on the Headingley Campus opened in September 2020 and houses several outstanding features, including a 60m indoor athletics track, a nutrition teaching kitchen, a high performance strength and conditioning facility, a human movement research laboratory, two environmental chambers, and a Performance Analysis Lab in partnership with Catapult. This investment creates a base for the University's undergraduate, postgraduate and research programmes, and will provide a hub for the elite athletes who use our sports performance expertise.
64. Work is nearing completion on the new £85m Leeds School of Arts building in the city, which will include a wealth of outstanding facilities, including TV, film and music recording studios, a performance theatre and a Dolby Atmos movie cinema and is expected to open early 2021.
65. The University's new Estates Masterplan has been formally approved by the Board of Governors along with the implementation plan covering the first five years' development. The Masterplan directly links to the delivery of our Academic and Research Strategy, providing detailed analysis of our estate needs based on directly supporting student learning and teaching and supporting our research and community-based activities.
66. Sitting alongside the Masterplan is a rolling programme of maintenance improvement works to address the condition of those areas of the estate which are not addressed by the Masterplan development in the short to medium term, and to ensure the timely replacement of assets in order to manage the risk of operational disruption.
67. As part of the implementation of the Masterplan we continue to consolidate our portfolio through the disposal of outlying, underutilised buildings and the renegotiation of various leasing arrangements across the city.

Sustainability

68. The University conducted its first environmental audit in September 1993 and has shown its commitment to protecting the environment ever since. In September 2003, the University achieved accreditation to the international environmental standard ISO 14001, making it the first English university at the time to gain the standard.
69. In recent years our focus has broadened from purely environmental sustainability to encompass social, economic and environmental sustainability with specific reference to the United Nations Sustainable Development Goals (UN SDG).
70. Over the last 20 years the University has put a number of bespoke plans in place, designed to meet specific objectives set in line with the University, city, regional and national strategies. These include our ISO 14001 environmental policy, objectives and targets, our Transport Strategy and our Carbon Management Strategy
71. The University has reduced its carbon emissions by 58% from a 2005 baseline taking us from 17,675 tCO₂e (tonnes of carbon-dioxide equivalent) to 7,400 tCO₂e. Example projects and funding used to achieve these savings include:

Revolving Green Fund 3

£482,000 secured to retrofit LED lighting across our Headingley Campus, delivering energy savings of £90,000 per annum.

Revolving Green Fund 4

£1m to replace three 1MW steam-generating boilers and its associated steam network to a low temperature hot water (LTHW) system by installing a 286 kW combined heat and power (CHP) unit. The scheme had a payback of four years and saved 24% (915 tonnes) of carbon emissions.

72. Investment in photovoltaic arrays and CHP units means 8% of our electricity is generated on-site, equating to 1.2 million kWh of electrical energy, enough to power 267 homes. For our remaining electrical consumption, we procured a renewable energy contract for 100% of our buildings.
73. Over the last 10 years we have strived for a zero waste to landfill contract. In a typical year, only 1% of our waste goes to landfill. Out of the 670 tonnes of non-residential waste generated 46% is recycled, 44% is used to create energy, 5% goes to anaerobic digestion, 2% is composted, and 1% is incinerated.
74. Our longstanding commitment to environmental sustainability includes:
 - Having the first halls of residence to achieve the prestigious Passivhaus standard for energy efficient buildings
 - Establishment of the VeloCampus bike hire scheme for students in partnership with the University of Leeds and initially funded by the National Lottery
 - Continued investment in cycling facilities and over 600 cycle parking spaces across both of the University's campuses
75. To support the objectives and targets set under our ISO 14001 certification, transport and carbon management strategies we have implemented the following behaviour change initiatives:

NUS Green Impact Scheme

Seventeen departments have signed up to the scheme, covering 61 colleagues who completed over 190 environmental actions last year. In December each year we ask students to audit these actions and in return provide IEMA approved environmental auditor training.

Student Placement

Every year the Sustainability team employs one Leeds Beckett student placement to work with them full-time, giving challenging and meaningful experience in the sustainability field.

Student Sustainability Conference

In November 2019 we ran our inaugural Student Sustainability Conference, an outlet for students to have their say about the state of the world we live in and present their ideas on how to improve it. The Conference promotes peer-to-peer debate, stimulates interdisciplinary learning and raises the profile of sustainability within the University. A desired output of the Conference is to develop a network of students that grows over the years who take sustainable literacy into their chosen fields of employment.

76. In March 2019 all aspects of our Environmental Management System were cross-referenced against the UN SDG and will be included in our certification from August 2021.



77. Our most recent Travel and Transport Survey (March 2020) shows that:
- Single occupancy car use at both sites has fallen by almost 5% since 2018; at Headingley Campus it has decreased by nearly 10%
 - Public transport use at the Headingley Campus has grown by over 7% since 2018, conversely bus use has fallen in the city. The change at City Campus is due to a growth in walking and car sharing
 - At both campuses, more than 20% of colleagues use active travel modes, either cycling, walking or running to work
 - Colleagues' inter-site car use is at an all-time low of 9% – A direct result of the colleague's shuttle bus service.
78. Photovoltaic arrays installed on the new Carnegie School of Sport and Creative Arts buildings will generate an estimated 68,400kWh with the newly installed CRI photovoltaic array generating an estimated 114,000kWh. These new arrays will increase our total on-site generation to 10% of all electrical energy consumed.
79. In terms of sustainable literacy, a recent audit of our curriculum showed that 8 out of 11 Schools deliver modules that deal with one or more of the UN SDG.
80. A desktop audit of the University's Research Repository identified circa 700 (13% of the total) pieces of research activity have links to the UN SDG.
81. The following initiatives will build on our successes and help us to continually improve our social, economic and environmental impacts in 2020/21:
- Our revised Sustainability Advisory Group, with representation across academic and support services, will consider, advise and determine the University's Sustainability Strategy, ensuring alignment with the University's Strategic Planning Framework, advise the University Executive team on integrating sustainability into the University's activities and promote social, economic and environmental sustainability across all university activities and governance
 - In 2019 we accepted a position on the Association for University Directors of Estates (AUDE) Sustainability Advisory Group and in May 2020 accepted a position on AUDE's Capital Development Sustainability Group. Both of which will provide guidance to the sector on integrating sustainability into day-to-day operations
 - Throughout the 2020/21 academic year, the Sustainability team will work with our Procurement team to support their sustainable procurement policy and the NetPositives work they are undertaking with suppliers
 - In 2019, we committed to complete the sector's Sustainability Leadership Scorecard run by AUDE, which benchmarks our performance against other institutions. Its criteria cover wellbeing, colleagues and student engagement, resource efficiency, biodiversity, climate change adaptation, community and public engagement, learning, teaching and research
 - We will use the Sustainability Leadership Scorecard as a framework to rationalise our ISO 14001, carbon and transport strategies into one overarching Sustainability Strategy for the University

Student Recruitment

82. The University derives 77% of its annual income from the recruitment of students. The sustainability of our resources is reliant on the accurate forecasting and successful recruitment of students at a range of levels:
- Degree Apprenticeships



- Undergraduate (home and overseas)
- Postgraduate Taught (home and overseas)

A new forecasting model was developed during 2019/20.

83. Home full-time undergraduate enrolment for 2020/21 is anticipated to be approximately 5,400. Whilst this is almost 5% less than the pre-COVID-19 forecast, it represents a positive outcome in a particularly challenging year which included: the lowest number of school-leavers in 10 years; an anticipated 15% reduction in enrolment as a result of COVID-19; the unconditional offer-making moratorium imposed by the DfE/OfS in March which impacted negatively on the University's offer-acceptance conversion rate; and the cancellation of Level 3 examinations and the resultant uncertainties surrounding the awarding of qualification grades.
84. Home full-time postgraduate recruitment has continued to perform well and is expected to deliver a similar enrolment outcome to 2019/20. The University strategy of gradually increasing fees to be comparable with key competitors, allied to highly targeted digital marketing and recruitment activity, has supported the realisation of a consistently strong outcome.
85. Following the significant improvements in enrolment processes last year, the University has continued to develop its pre-entry and start-up activity under the oversight of a group which brought together all enrolment, welcome and induction activity. This group has been able to not only further streamline processes where possible but has also ensured that all new and continuing students have been kept fully informed regarding COVID-19-related arrangements. This has enabled all students to be reassured regarding the arrangements made for a safe return to campus and to understand fully the benefits of the learning and teaching model the University will implement, which in turn has helped the University make an extremely strong start to the enrolment 'window'.
86. Building on its significant increase last year, international student recruitment continues to outperform expectations. Applications, offers and acceptances have all increased considerably for both the September 2020 and January 2021 intakes and the University is on-track to exceed its post-COVID-19 enrolment target. Further growth in international recruitment is anticipated over a five-year period.

Global Engagement

87. Early in 2019/20 the International Hub Plans were reviewed, and all student recruitment activities were brought under one section in order to engage with partners in each region, offering a range of courses and short programmes both in country and in Leeds. We have expanded the appointment of in-country colleagues in each region and this approach continues to have a very positive impact on recruitment; in 2019/20 international recruitment increased by 97% for the full year. Despite the COVID-19-related travel limitations, there has been a 60% increase in applications from international students to study in Leeds during 2020/21. During 2019/20 other objectives within the Global Engagement Strategy continued to gain strength with offers of short-term international outward mobility opportunities increasing. From March 2020 this activity was curtailed, and we have been working with a range of partners to offer virtual collaborative opportunities for students. Alumni engagement has continued to develop with in-country graduations and alumni events held in several hub regions.

FINANCIAL PERFORMANCE 2019/20

1. Despite the impact of COVID-19 causing a £9.8m reduction in group total income, a growth in tuition fee income during the year has partly offset reductions in accommodation and trading income. Together with corresponding expenditure reductions we have been able to deliver an underlying operating surplus of £8.6m, equivalent to 4.0% of income.
2. This is before taking into account £12.5m of non-cash pension adjustments that are sensitive to the performance of financial markets and so drive the discount rates used to determine the current service costs under our defined benefit pension schemes. It is also before taking into account £6.7m of exceptional charges including £5.1m of fixed asset diminution charges, £2.1m of restructuring costs and a £0.4m loss on the disposal of fixed assets. These charges are partly offset by a £0.9m diminution adjustment relating to the disposal of the Carnegie Pavilion.
3. A consequence of our operational surplus has been the generation of cash inflows from operations of £28.3m, equivalent to 13.2% of total income. Together with capital receipts, investment income and £20m drawn down under a new loan facility, our operating cash inflows funded £58.8m of capital investment on the development of new buildings and facilities and £8.5m of debt servicing costs. Cash and investment balances increased by £3.8m such that, at the end of July they were equivalent to 143 days' worth of recurrent expenditure.
4. Our balance sheet continues to be strong with net assets before pension liabilities growing to £288.7m, equivalent to 135% of income. However, a £98.5m increase in our pension liabilities has depressed the reported value of our net assets. This increase relates to an increase in the value of our deficit in the West Yorkshire Pension Fund, which is due to expected lower investment returns as well as the impact of the McCloud judgement and Guaranteed Minimum Pension equalisation and indexation changes. It also reflects the full actuarial valuation of the fund as at March 2019. This is partly offset by a small reduction in the value of our Universities Superannuation Scheme provision following the 2018 valuation.
5. We continue to show our student residences on balance sheet, a consequence of which is that our balance sheet includes £63.5m of long terms loans that are funded from our student residences income, rather than from our academic income. Loans funded from our academic income of £45.6m are equivalent to 21.3% of total income. It excludes £30m of a new £50m loan facility secured to support the completion of new 'academic homes' for the Leeds School of Arts and the Carnegie School of Sport, which was drawn down shortly after the end of the financial year.
6. Our financial performance and position, despite COVID-19, places us well to respond to continuing uncertainty and change in our funding and control environment and in the markets in which we operate. Our financial capacity is significant and through robust yet prudent planning our aim is to protect the University from any sudden adverse changes whilst simultaneously providing the experience and facilities that our students and stakeholders need and want.
7. Our financial statements are therefore prepared on a going concern basis following our assessment of our financial forecasts which we believe are based on reasonable assumptions and which demonstrate strong operating cash flows and reserves. Before taking into account a planned loan restructuring later this year, by July 2021 we forecast that our cash reserves will be equivalent to over 40% of income and to over 41% of income by July 2022. Our planned loan restructure will enhance our cashflows further. We are not reliant on the availability of any funds not already drawn and are in full compliance with all banking covenants.



PUBLIC BENEFIT STATEMENT

Charitable Status

1. Leeds Beckett University is a not for profit organisation with the charitable purpose of advancing education for the public benefit. Delivery of its charitable purpose is at the heart of the University's Strategic Planning Framework 2016-2021 which sets out its vision, mission, values and KPIs that provide stretching targets to advance teaching, learning, research and enterprise. The University's students and colleagues are the charity's immediate beneficiaries, but its reach is extended further to a range of stakeholders including local, national and international charities, communities, schools, colleges, businesses and partners. Surpluses generated by the University are reinvested solely for the benefit of our students and our wider university and local community.
2. The University is an exempt charity within the definition of the Charities Act 2011 and its principal regulator is the Office For Students. The Board of Governors are the charity's trustees and they have due regard to the University's charitable purpose when developing and overseeing strategic matters. Membership of the Board for the financial year ending 31 July 2020 is provided in our Corporate Governance Statement on page 24.
3. The University's charitable status relies on ensuring its activities are in line with its charitable aims. In confirming this statement and in setting and reviewing the University's objectives and activities, the Board of Governors confirms that the trustees have complied with their duty of paying due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education. This statement has been included in conformance with the formal reporting requirement introduced by the OfS as the principal regulator of English higher education institutions under the Charities Act.

Advancing Higher Education

4. The University has a strong tradition of, and continuing commitment to, providing socially inclusive and life enhancing higher education opportunities for all our students, regardless of background. We invest in bursary schemes and progression activities to encourage students into higher education who traditionally would not have considered this as an option. These students are further supported, as are all our students, by our academic and student services who provide tailored support to give them every opportunity to realise their full potential.
5. We set our tuition fees to enable the University to provide the highest quality environment and to continuously enhance our academic and pastoral support to our students to promote their success and progression. The fee for all home/EU students beginning a full-time undergraduate Bachelors degree at the University in the academic year 2019/20 was £9,250. This same fee level was charged on a pro-rata basis for all home/EU students beginning a part-time undergraduate Bachelors degree.
6. We are committed to making higher education accessible to all those with the motivation and enthusiasm to commit to a higher education programme, regardless of background. We offer a range of financial support schemes for those students who need it in order to stay on track with their course. Examples of such schemes offered in 2019/20 were our Hardship Fund, Beckett Achievement Award and Leeds Beckett Care Leavers & Estranged Students Bursary. The Hardship Fund made 1,317 awards providing £716,260 of financial help to students towards their essential costs. During 2019/20, 49 care leavers and 88 estranged students received a combined bursary of £160,500. We awarded £282,500 in 2019/20 through our Beckett Achievement Award, supporting 565 of our



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students with a low household income, as they progress through university. The University spent £80,511 on supporting disabled students access a range of support, including Diagnostic testing and contributions towards the costs of a laptop through Disabled Student's Allowances.

7. We continue to evaluate the provision of financial support to our students as part of our commitment to ensuring we offer timely support when it is needed. We proactively promote a range of support services to our students through which they can seek part-time employment during their time with us. We have a dedicated team who provides financial advice and guidance to students, with a single dedicated contact for care leavers, students estranged from their families and students who are also carers for another adult.

Working with Schools and Colleges to Promote Access to Higher Education

8. The University has implemented an innovative and comprehensive programme of events for schools and colleges to raise awareness of higher education. Activities range from talks and workshops held in schools which cover subjects such as applying to university and preparing personal statements, student finances and student life. Some events are hosted on-campus including campus tours, and higher education experience days.
9. We believe longitudinal programmes of support are the most effective way to raise the attainment of individuals from disadvantaged or under-represented backgrounds. Our Junior Leadership Scheme, a long-term two-year programme, works with students in receipt of pupil premium from the Leeds City Region. This programme combines the expertise of our academic colleagues with guidance on meta-cognitive skills and resilience taught through Access and Widening Participation colleagues and ambassadors. Ongoing evaluation has demonstrated measurable success in raising confidence and motivation. The scheme was awarded the Educate North Award for Social Mobility in 2018.
10. We consistently recruit large numbers of students from state schools and from low participation neighbourhoods. Our long-standing programmes, Larkia and UJIMA, work with South Asian girls and Black African/Black Caribbean boys. We have achieved success in raising the confidence and attitudes of students attending this residential programme. While the COVID-19 pandemic prevented us from hosting an on campus residential experience in 2019/20, we are committed to reintroduce this life changing experience for young people in the next academic year.
11. We recruit an increasing number of mature students who are studying their first full time undergraduate programme and come to us with no previous higher education experience. One in six of our students are now classed as mature. We are increasing our access and attainment-raising activities across and beyond our region to reach more of these students, as well as those who may wish to study part-time to fit around their other commitments.
12. We welcome the diversity and drive these students bring to our community. Additionally, we continue to partner with Go Higher West Yorkshire (GHWY), established in 2011 by 13 HE providers in West Yorkshire (FE colleges with HE provision, and universities), representing a broad and diverse range of institutions offering a vast array of different courses, subjects, qualifications and modes of study. Through the GHWY partnership, we offer the Progression Module Plus, which in 2019/20 worked with more than 450 learners. This accredited programme enables students to prepare effectively for HE study by completing assignments linked to the application process. In addition, we have worked

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with GHWY to create a 'light' version of the programme to support students who have missed a significant amount of schooling and the impartial information, advice and guidance they would have received as a result of the pandemic.

13. We provide inclusive learning pathways combined with a flexible framework of student support. We monitor a student's engagement with their course of study so we can offer individualised support where a student is identified as being 'at risk' of early withdrawal. Student Services colleagues are dedicated to ensuring our students get the most from their time at the University and are the central delivery arm of our Student Support Framework strand of our Education Strategy. They provide specialist services to those with particular support needs and act as a signpost to other sources of help and information from across our academic Schools, professional services, the Students' Union and external agencies.

Anchor Institution

14. The University is a founding member of the Leeds Anchors Network. There are 14 member organisations who collectively employ 1:7 working people in Leeds and have around £2bn discretionary spend. The Leeds Anchors Network aims to increase the impact member organisations have on the Leeds economy, and in particular in promoting inclusive growth. The University has doubled its purchasing with local organisations, supported a prize winning scheme coordinated by St James' Hospital to increase employment among people in Lincoln Green, and identified some 350 examples of where our teaching and research are bringing direct benefit to local organisations and people. We are now working with the Council to try to increase "inclusive growth" in some of the most deprived wards in Leeds. Work is focused on problems defined by the local community and on co-creating effective solutions to them. This will be a feature of the University's future plans and strategic priorities identified in the year ahead.
15. Our students and the recipients of our research and knowledge transfer activities are our primary beneficiaries and, through them, we contribute to the cultural and economic enrichment of the UK.
16. The Carnegie Centre of Excellence for Mental Health in Schools was established by the University in 2017 to strengthen the mental health of the next generation by supporting schools to make a positive change at all levels of the UK's education system, thereby improving outcomes and life chances. The Grow Med-Tech partnership is a collaborative initiative involving six Yorkshire universities and has been created to enhance productivity and economic growth in the UK Med-tech sector, addressing the evolving health needs of the population.
17. The University's Neighbourhood and Community Planning cluster has been successful in supporting disadvantaged communities to take up the benefits of neighbourhood planning in Leeds. This programme of research has contributed to Leeds now having the highest number of deprived communities participating in neighbourhood plans of any metropolitan borough.
18. The University has a significant impact where it is able to align its teaching and research to the needs of our community. Examples include our innovative Legal, Physiotherapy, and Speech and Language Therapy clinics and the provision of business consultancy for small-and medium-sized businesses.



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Commitment to Corporate Social Responsibility

19. The University is committed to operating in an ethical manner and is involved in a range of activities that support the social wellbeing of the wider community.
20. The University actively encourages students and staff to volunteer, signposting them to opportunities to use their skills to give something back and shape the society in which they live. Local schemes range from helping school children with their reading to supporting a city or neighbourhood event.
21. Kirsty Bennett, Lecturer in the Leeds School of Social Sciences, is launching the cold case unit at LBU from September 2020 to help victims' families by potentially identifying new lines of enquiry. It will provide students with an opportunity to put the theory that they are taught in class into practice and learn additional investigative skills. Working alongside Locate International – a community interest company set up to help the families of missing people – students will be looking for opportunities to progress police investigations by reviewing long-term unsolved missing person cases. The University will essentially act as a hub for Yorkshire, also attracting specialists from their local communities to work in collaboration with students and Locate International to progress the cold cases.
22. The COVID-19 pandemic has presented unprecedented challenges and alongside the challenges have been opportunities to provide help and assistance. The University, its colleagues and students have shown great willingness and commitment to helping out during such difficult times. Some examples of this include:
 - Allowing the University's buildings to be used by the NHS.
 - The University offers support to Yorkshire businesses struggling during the pandemic via the Digital Learning Hub, a business support programme, funded by the European Regional Development Fund and developed by the University in partnership with AD:VENTURE. It offers free online resources for new businesses in North and West Yorkshire, including online masterclasses, tips and advice to businesses that want to improve their skills and knowledge.
 - Leeds Law School presented a free Law in Practice webinar on Coronavirus-related human resource and employment law issues.
 - Leeds Beckett Senior Lecturer, Casey Orr's participation in the photography collective TRACE has sold prints to raise money for the charities Crisis and Refuge in order to help some of those hardest hit by the current crisis.
 - Provision of hundreds of free face masks and scrubs to care homes, pharmacies, and nurses amid supply shortages during the Coronavirus pandemic.
 - Alumni of the Carnegie School of Sport completed a Lands End to John O'Groats challenge, clocking up 15,612 miles and raised almost £8,000 for the NHS.
 - The University's participation in the #WeAreTogether campaign, a multi-university project, in response to the ongoing COVID-19 situation with the aim of spreading as much positivity and togetherness as possible and staying connected to our international community.



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23. The University has increased its discretionary spend in Leeds from around 25% to almost 60% through a revised approach to procurement. 70% of university expenditure is with small and medium sized businesses, and 20% in the most deprived areas of Leeds.
24. The University works in partnership with the City Council and other universities and colleges in Leeds to run a Neighbourhood Helpline which assists in the resolution of issues in the wider community that involve students, including noise nuisance and antisocial behaviour, and promotes the importance of community and being a good neighbour.

Looking Ahead

25. In 2020/21 we plan to enrol 6,325 FTE undergraduate students, 3,450 FTE taught postgraduates, and 300 degree apprenticeships. Courses and research programmes are open to candidates with suitable academic qualifications and there is no geographical restriction on entry.
26. In 2020/21 we expect to invest £2.3m in financial scholarships and bursaries designed to enable students to experience a university education. In addition, we will provide a range of support services to help students support themselves financially by offering advice and guidance, and by providing practical support into paid part-time employment and internships.
27. We will continue to play a pivotal role in the region as a driver of economic, social and cultural development. Working with our partners across the region, we will continue to develop a flexible and skilled workforce which will meet these needs.



CORPORATE GOVERNANCE STATEMENT

1. Leeds Beckett University is a higher education corporation established under the Education Reform Act 1988 ('ERA').
2. The University is committed to upholding the principles of good corporate governance and public interest governance. The University considers that its Board of Governors has fully complied with the Higher Education Code of Governance during the financial year ended 31 July 2020.
3. The University is registered with and regulated by the Office for Students. As a registered provider of higher education, the University is subject to the general ongoing conditions of registration which include requirements relating to access and participation, quality and standards, student protection, financial viability and sustainability and governance and management in the public interest.
4. The University has exempt charitable status as defined in the Charities Act 2011. This means that it does not need to register with the Charity Commission and is accountable to the OfS. The charitable purpose of the University is the advancement of education for the public benefit. The Board of Governors, both collectively and individually as trustees, has complied with the duty to have due regard to the guidance on public benefit published by the Charity Commission and its supplementary public benefit guidance on the advancement of education. Further information on the delivery of the University's charitable objectives for the public benefit can be found in the Public Benefit Statement on page 19.

Corporate Governance

5. The University's framework of governance is set out in its Instrument and Articles of Government which are supplemented by Standing Orders and a Code of Conduct for Governors.
6. The Board of Governors is committed to maintaining the highest standards in all aspects of the University's governance. The University aims to conduct its business in accordance with the seven principles of Public Life (selflessness, integrity, objectivity, accountability, openness, honesty, and leadership) and during the financial year ended 31 July 2020, has complied with the seven primary elements of governance as set out in the Higher Education Code of Governance produced by the Committee of University Chairs.

Board of Governors

7. The Board of Governors is the governing body of the University and is chaired by Mr David Lowen.
8. In 2019/20, the board had 20 governors comprised of thirteen independent governors, two co-opted governors including one co-opted member of professional services staff, one governor who is a member of academic staff nominated by the Academic Board, two governors nominated by the Students' Union, and the Vice Chancellor, who is its only executive member.

Board Evaluation

9. The Board undertook a review of its effectiveness during the academic year 2018/19. The recommendations of its last independent review have been successfully implemented.

CORPORATE GOVERNANCE STATEMENT

10. An effectiveness action plan was developed for 2019/20 and its areas of focus were:
- The composition, skills and experience of the Board, with due consideration given to equality, diversity and inclusion and succession planning for the future.
 - Provision of suitable support for governors, equipping them with appropriate knowledge of developing issues in Higher Education to assist them in contributing effectively to Board discussions and providing constructive challenge and support to the executive.
 - Continuing to encourage and engage the contribution of students and the student voice to Board deliberations.
 - Ensuring the implementation of actions from the recent review of governance and demonstrating that the University's governance arrangements are in line with relevant standards, including the Committee of University Chairs' Higher Education Code of Governance;
 - Monitoring University compliance with the regulatory requirements of the Office for Students (OfS).
 - Close monitoring of the University's financial sustainability to ensure a flexible and fast response to increasing external financial pressures.
11. The Board has continued to operate effectively throughout the COVID-19 pandemic. It has met virtually and convened extraordinary meetings of committees where required to consider matters relating to the University's financial position in light of the pandemic and to consider the position of students struggling with their rental obligations and agree a package of measures to assist them. The Board has received frequent communication from management throughout the pandemic in relation to its impact on the University's operations in 2019/20 and plans and preparations for resuming on campus activity, subject to government guidelines in 2020/21. The Board has been pleased with and supportive of the measures taken by the University in its response to the pandemic

Board composition

12. During the academic year 2019/20 the changes to the Board's membership were as follows:
- Jo Fox resigned as an independent governor with effect from 17 February 2020.
 - Cielo Cartwright, Rob Purdy and Professor Christina Hughes were appointed to the Board as independent governors with effect from 20 March 2020. Cielo and Rob attended their first meeting on 20 March, with Christina formally joining the Board on 10 July 2020.
 - Charlie Hind stepped down as a student governor at the end of his term of office as Union Affairs Officer of the Students' Union on 30 June 2020.
 - Barbara Pereira joined the Board as a student governor on 1 July 2020 following her election as Union Affairs Officer of the Students' Union.
 - Sherry Iqbal continues as a student governor from 1 July 2020 following her re-election as Education Officer of the Students' Union.



CORPORATE GOVERNANCE STATEMENT

Membership of the Board during 2019/20 and up to the date of signing of the financial statements is set out in the table below:

BOARD OF GOVERNORS 2019/20

| | | |
|----------------------------|------------------------|-----------------------------|
| David Lowen (Chair) | Independent Governor | |
| Qari Asim | Independent Governor | |
| Ann Bishop | Independent Governor | Stood down 31 August 2020 |
| Andy Brown | Independent Governor | |
| Cielo Cartwright | Independent Governor | Appointed 20 March 2020 |
| Professor Andrew Cooper | Academic Board Nominee | |
| Jean Dent | Independent Governor | Stood down 31 August 2020 |
| Dr David Fletcher | Independent Governor | Stood down 31 August 2019 |
| Jo Fox | Independent Governor | Stood down 17 February 2020 |
| Alan Gay | Independent Governor | |
| Charlie Hind | Student Governor | Stood down 30 June 2020 |
| Professor Christina Hughes | Co-opted Governor | Appointed 20 March 2020 |
| Sherry Iqbal | Student Governor | |
| Professor Nicki Latham | Independent Governor | |
| Professor Peter Marsh | Co-opted Governor | Stood down 31 August 2020 |
| Jo Norry | Staff Governor | |
| Barbara Pereira | Student Governor | Appointed 01 July 2020 |
| Rob Purdy | Independent Governor | Appointed 20 March 2020 |
| Professor Peter Slee | Vice Chancellor | |
| Sharon Watson | Independent Governor | |
| Andrew West | Independent Governor | |
| Gill Webber | Independent Governor | Stood down 31 August 2020 |
| Nick Whitaker | Independent Governor | |

13. A tailored and comprehensive induction programme is offered to new governors, providing an overview of the higher education sector, details about how the University is governed and regulated as well as an overview of key strategic, financial and operational matters for the Board. New governors have the opportunity as part of their induction to meet with the Chair, the Vice Chancellor and members of the University Executive Team and offer the opportunity to pair with a longer standing independent member of the Board as part of a “buddy” scheme.

14. All governors are eligible to take part in relevant training and development at the University’s expense. In 2019/20 governors attended a variety of sessions run by



CORPORATE GOVERNANCE STATEMENT

AdvanceHE through its governor development programme, including an annual higher education governance conference.

15. The Chair of the Board attended Wonkfest 19 which was a two-day conference held in London offering a variety of topical debates, expert discussions and interactive workshops about the future of HE.
16. Governors are offered the opportunity to share their perspectives and experience with different Schools and Services of the University through a pairing scheme. This also affords them the chance to learn more about the area they are paired and familiarise themselves with different areas of the University's activity.
17. In line with the University's Instrument of Government, the Board of Governors is authorised to make payments to independent governors in acknowledgement of the services they perform for the University as:
 - (a) Chair of the Board
 - (b) Chairs of Board committees
18. A decision regarding payments is made by the Board following the completion of an annual review process for the chairs and on the recommendations made by the Governance and Nominations Committee which oversees and considers the outcomes of the annual review process. Note 9 to the financial statements shows the remuneration paid to governors in 2019/20 for the contribution of chairs in the financial year ended 31 July 2020. Following the Board evaluation, no change or uplift to the level of remuneration of governors, originally agreed in 2008, is proposed.
19. All governors are entitled to reimbursement of out of pocket expenses incurred in discharging their responsibilities and these amounts are published on our website on a quarterly basis.
20. The University maintains a register of interests of governors and senior managers which is available for inspection on request to the University Secretary.
21. Caroline Thomas is the University Secretary and Clerk to the Board of Governors, as defined in the Articles, and has held the position throughout 2019/20.

The work of the Board and its committees

22. The Board's responsibilities are set out in the University's Articles of Government and the Board has a Statement of Primary Responsibilities, in accordance with guidance set out in the Higher Education Code of Governance.
23. Responsibilities reserved for the Board's decision include:
 - Approving the mission and strategic direction of the University.
 - Ensuring the financial health, solvency and probity of the institution.
 - Safeguarding the good name, reputation and values of the University.
 - Making appropriate provision for the support, advice, guidance and welfare of students, in consultation with the Academic Board.
 - Appointing the Vice Chancellor of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
 - Appointing a Secretary to the governing body.



CORPORATE GOVERNANCE STATEMENT

24. In 2019/20, the Board met formally on 6 occasions and in addition an 'Away Day' was held, at which detailed consideration was given to reviewing KPIs and performance and priorities for the 19/20 academic year.
25. The Board also reviewed and endorsed two key decisions outlined below – one on the recommendation of Academic Board and one from the Finance, Staffing and Resources Committee in response to the pandemic.
26. This year the Board has continued to focus on the University's financial sustainability, assurance of academic quality and standards, compliance with the regulatory requirements, student recruitment, setting tuition fees and development of its Estate.
27. From March 2020, the Board has met remotely due to the Covid-19 pandemic and its core focus turned to the impact of the virus on its current operations. In particular the Board considered the principles and plans for the award of credit and progression under our academic regulations as recommended by Academic Board and endorsed the decision of the Finance, Staffing & Resources Committee to release students from the final instalment of their tenancy agreements for 2019/20. The Board continues to consider the outlook for the 2020/21 academic year, in the context of national and local public health measures to continue to respond to the pandemic during 2020/21 and the University's preparations for and response to the fast developing and-changing national economic and policy context for higher education.
28. The University's financial position and various scenarios informed by estimates for student recruitment and progression were considered by the Board and it remains satisfied that the University's financial position is stable for 2019/20 and remains sustainable despite the currently known disruptions caused by the pandemic.
29. In undertaking its responsibilities, the Board operates a committee structure which includes the following five committees:
 - Finance, Staffing and Resources Committee
 - Audit Committee
 - Governance and Nominations Committee
 - Senior Staff Remuneration Committee
 - Chairs Committee
30. These committees are formally constituted with terms of reference and are made up of predominantly independent members of the Board. Each committee chair reports to every meeting of the Board on the areas of activity delegated to the Committee and any matters for Board approval.



CORPORATE GOVERNANCE STATEMENT

Finance, Staffing and Resources Committee

| Membership 2019/20 |
|---------------------------|
| Jean Dent (Chair) |
| Ann Bishop |
| Andy Brown |
| Cielo Cartwright |
| Professor Andrew Cooper |
| Alan Gay |
| Charlie Hind |
| Professor Nicki Latham |
| Professor Peter Slee |
| Sharon Watson |

31. During the reporting period, the Finance, Staffing and Resources Committee met six times, four of which were ordinary meetings, one was an extraordinary meeting, and another was a joint meeting with the Audit Committee to consider the financial implications and strategic risks associated with the pandemic.
32. The FSR Committee advises the Board on matters including the University's financial strategy, the solvency of the institution and the safeguarding of its assets, its human resources strategy, estates, capital expenditure and compliance with any related legal and regulatory frameworks.
33. Key areas of focus for 2019/20 have been:
 - Annual financial statements
 - Progress and completion of two major estates projects
 - Residential portfolio and future strategy
 - Progress against the IT strategy
 - Annual TRAC return
 - Financial sustainability and the financial implications of the Covid-19 pandemic

Audit Committee

| Membership 2019/20 |
|---------------------------|
| Nick Whitaker (Chair) |
| Qari Asim |
| Professor Peter Marsh |
| Gill Webber |
| Rob Purdy |

34. The Audit Committee is responsible for reviewing the effectiveness of the University's system of risk management and internal control. It reviews the University's financial statements and makes recommendations to the Board for their approval or otherwise in accordance with the Office for Students Accounts Direction.
35. In the reporting period, the Audit Committee met on six occasions, four of which were ordinary meetings; one meeting was held jointly with the Finance, Staffing & Resources Committee; and one extraordinary meeting was held to discuss the appointment of the University's external auditor.
36. The Audit Committee met with the internal and external auditors separately and without the presence of management prior to three of the ordinary meetings. Each ordinary



CORPORATE GOVERNANCE STATEMENT

meeting was attended by representatives of the internal and external auditors.

37. The Committee considered 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. This year the internal audit programme comprised ten reviews, including: a review of the University's approach to Risk Management; compliance with the Office for Students regulatory requirements; Research Excellence Framework preparations; Student Engagement; Estates Maintenance; International Hubs; HE-BCI record; Income and Debt Management; and Admissions.
38. A further four reviews have commenced for 2020/21 to provide assurance of budget management and financial sustainability, risk management, GDPR and Information Governance and Academic Quality Governance.
39. The Committee considered 'deep dive' analysis reports on several different areas of the Corporate Risk and Assurance Framework in 2019/20 including Student Non-Continuation; Financial Sustainability; Business Engagement and its links to graduate-level employability; and the West Yorkshire Pension Fund.
40. At its meeting in November 2019, the Audit Committee endorsed changes to its Terms of Reference to be informed of the consideration of 'reportable events' under the OfS regulatory framework, this was approved by the Board of Governors 22 November 2019.
41. In May 2020, following a tender process, the Committee recommended the appointment of a new external auditor which was approved by the Board of Governors.
42. In 2020/21, the Audit Committee will conduct a review of its Terms of Reference in line with the recent publication of the CUC Higher Education Audit Committees Code of Practice.

Governance and Nominations Committee

| Membership 2019/20 |
|---------------------------|
|---------------------------|

| |
|-------------------------------|
| Professor Peter Marsh (Chair) |
| Ann Bishop |
| Tracey Lancaster |
| David Lowen |
| Sherry Iqbal |
| Jo Norry |
| Professor Peter Slee |
| Dr Andrew West |
| Nick Whitaker |

43. The Governance and Nominations Committee advises the Board on the appointment of governors, remuneration of chairs and best practice in governance, including recommendations from the Committee of University Chairs often issued as Illustrative Practice Notes. It also oversees compliance with regulatory requirements, in particular progress against the Access & Participation plan and other student related governance and regulatory matters such as reports from the University on student complaints and appeals and OIA referrals to gain assurance that the procedures for their management are operating satisfactorily. The Committee keeps a general overview on OfS regulatory notices and advice and the management of requests under the Freedom of Information Act 2000 and the Data Protection Act 2018.



CORPORATE GOVERNANCE STATEMENT

44. In 2019/20 the Governance and Nominations Committee met 3 times and its work included:
- Governor recruitments and appointments
 - Review of the Ethics Framework
 - Consideration of the University's compliance with UKVI requirements
 - Consideration of the outcomes of the Board Effectiveness review and progress against the associated action plan
 - Review of the consultation on the draft Higher Education Code of Governance 2020 and input into the University's response
 - Monitoring progress against the University's Access and Participation Plan targets

Chairs Committee

| Membership 2019/20 |
|---|
| Chair of the Board - David Lowen |
| Chair of the Senior Staff Remuneration Committee - Ann Bishop |
| Chair of the Finance, Staffing & Resources Committee - Jean Dent |
| Chair of the Governance and Nominations Committee - Professor Peter Marsh |
| Chair of the Audit Committee - Nick Whitaker |
| Vice Chancellor - Professor Peter Slee (ex-officio) |

45. The Chair's Committee has delegated authority to take decisions on matters of importance which would normally be referred to the Board of Governors (except those matters expressly reserved to the Board by the Articles of Government or by formal resolution of the Board), but which are agreed by the Chair, the University Secretary and the Vice Chancellor to require decisions as a matter of urgency.

Senior Staff Remuneration Committee

| Membership 2019/20 |
|---------------------------|
| Ann Bishop (Chair) |
| Andy Brown |
| Jean Dent |
| Nicki Latham |
| David Lowen |
| Dr Andrew West |
| Nick Whitaker |

46. The Senior Staff Remuneration Committee (SSRC) is responsible for agreeing the policy and framework for the remuneration of senior staff, reviewing and determining the salaries and terms and conditions of employment of senior staff within the agreed policy and framework and monitoring the performance of the Vice Chancellor, Deputy Vice Chancellors and the University Secretary as designated senior post holders.
47. The SSRC makes decisions in line with the Operating framework for Senior Pay which was approved by the Board of Governors in July 2020. The framework reflects a comprehensive review of the purpose, function and effectiveness of the Committee in 2018/19. The HR department provides the secretariat for the Committee.
48. In accordance with the Committee of University Chairs' Higher Education Senior Staff Remuneration Code, the University published an annual report, approved by the Board, summarising the work and key decisions made by the Senior Staff Remuneration



CORPORATE GOVERNANCE STATEMENT

Committee in November 2019. The details are included in the Annual Report on Senior Staff Remuneration on page 39. The University considers that it is fully compliant with the requirements of the Remuneration Code.

Academic Board

49. The Academic Board is the University's principal academic authority. Subject to the powers of the Board of Governors and the Vice Chancellor, it is responsible for overseeing the academic affairs of the University, the design and implementation of the academic regulatory framework, and for general issues relating to learning, teaching and research. It has thirty-eight members drawn entirely from staff and students and it is chaired by the Vice Chancellor.
50. The Academic Board provides a summary report of its proceedings to the Board of Governors after every meeting.
51. In addition to its routine business in 2019/20 the Academic Board considered:
 - Delivery of the academic year
 - Developments in Research & Enterprise Activity
 - The University's Access and Participation Plan
 - The National Student Survey 2019
 - Developments in Academic Regulation and Policy, informed by student feedback and liaison with the Students' Union
 - Feedback from student-led fora across each academic School
52. The Academic Board held an extraordinary meeting to consider how best to support students in the circumstances of the COVID-19 pandemic while ensuring academic and professional standards were appropriately maintained. In recognition of the difficult circumstances faced by students, all students were granted a 4-week extension on deadlines for the submission of assessed work; mitigation procedures were amended to accommodate and the academic regulations were changed to ensure that the best credits were used in calculating outcomes.
53. Members of the Board of Governors have a standing invitation to attend meetings of the Academic Board.
54. The terms of reference and membership of the Boards and their committees are reviewed annually.

Executive Management

55. Professor Peter Slee is the Vice Chancellor and as the Chief Executive Officer is responsible to the Board of Governors for the organisation, direction and executive management of the University.
56. The Vice Chancellor is the 'Accountable Officer' for the University under the regulatory framework of the OfS.

Public disclosure

57. The agendas and unreserved papers and minutes of the meetings of the Board of Governors and its committees are publicly available on the University's website.

CORPORATE GOVERNANCE STATEMENT

Modern Slavery

58. The University has a zero-tolerance approach to modern slavery and is committed to acting ethically and with integrity in its operations.
59. The University mitigates risks in this area by:
 - Promoting awareness and training to all key stakeholders including a communication on anti-slavery day.
 - Increasing the number of suppliers on our sustainability tool.
 - Working with the NEUPC Responsible Procurement Group to scope a supply chain mapping exercise for high risk suppliers.
 - Having a Whistleblowing policy in place that can be used which colleagues can use to raise a concern about wrongdoing by the University.
60. The Board of Governors has approved a statement in relation to modern slavery and human trafficking, in compliance with the Modern Slavery Act 2015, which is published on the University's website and reviewed and updated annually.

Financial Control

61. The Board is required to secure the economical, efficient, and effective management of the University's resources (value for money) in accordance with the terms and conditions of any funding and to safeguard its assets, including the prevention and detection of fraud.
62. The Board is responsible for ensuring the University's financial sustainability and it is an ongoing condition of registration with the OfS that the University is financially viable and sustainable, has the necessary financial resources to provide and fully deliver the higher education courses that it has advertised and is contracted to deliver to students and has the necessary financial resources to comply with all the conditions of registration.
63. Key elements of the University's financial control system include a comprehensive strategic planning process, underpinned by annual income, expenditure, capital, and cash flow budgets, and monthly reviews of financial performance. The Finance, Staffing and Resources Committee undertakes detailed reviews of financial planning and performance on behalf of the Board. The Board receives regular forecasts of financial out-turn. Comprehensive financial regulations and procedures are in place and define the system for approval and control of expenditure, including the responsibilities and levels of authority of managers. These are reviewed at least annually and are subject to Board approval. Capital investment is subject to rigorous appraisal and review. The system of financial control is also reviewed by the internal auditor which reports its findings to the Audit Committee.
64. The Board has placed significance on the annual report and opinion of the Audit Committee in relation to the University's risk management, control and governance and its value for money and the management and the quality assurance of data submitted to HESA, the Students Loans Company, the OfS and other bodies. In coming to its opinion, the Audit Committee and the Board has been mindful of the reports presented to it from both management and external assurance providers, in particular the work of the internal and external auditors.

David Lowen, Chair of the Board



RISK MANAGEMENT

1. The OfS Regulatory Framework sets out public interest principles which are applicable to all registered providers. Amongst these is the requirement for providers to operate comprehensive risk management (including academic risk) and control arrangements to ensure the sustainability of the provider's operations and its ability to comply with the conditions of registration.
2. In line with OfS requirements and the Higher Education Code of Governance, the Board of Governors has received assurance that an effective system for managing risk is in place across the University.
3. The Board has ultimate responsibility for risk management and internal control. The Audit Committee has delegated authority to monitor and review management of the University's framework for risk management and the effectiveness of its internal controls system. The Board and the University Executive set the tone for risk management across the University, through their respective oversight and ownership of strategic risks relating to the full range of business, financial, operational and compliance activities.
4. The University's approach to risk management is to be risk aware rather than risk averse and to operate on the understanding that risk can be minimised but not eliminated. A risk appetite statement was approved by the Board in November 2019 and its Risk Management Policy was last reviewed and approved by the Board in July 2019.
5. As part of the processes in place for managing risk, the Board approves the corporate strategy and budget, reviews progress against key performance indicators, and takes account of opportunities and risks in decision-making.
6. In line with the Risk Management Policy, a robust system for identifying, reporting, and managing risk is in place, and is considered as part of the University's strategic and annual planning process.
7. A corporate risk and assurance framework is maintained, and each School and Service has a local risk register which management review on a quarterly basis. Risks are linked to strategic priorities to ensure risks are appropriately focused on achieving the University's objectives. Maintenance of local risk registers across the University allows risks to be identified, managed, and escalated as appropriate.
8. The corporate risk and assurance register documents key strategic and governance risks and ensures that the latest sector insights inform the overall risk profile and understanding of the changing context that influence risk and related mitigations. It is considered by the University's Executive Team, presented at each meeting of the Audit Committee and considered by the Board of Governors on an annual basis. The register is also shared with Schools and Services so that they can ensure that their local risk registers are informed by and appropriately reflect the key risks.

Principal risks and uncertainties

9. The Higher Education sector and the global economy face increasingly uncertain times and the pandemic has heightened existing risks. The University's risk management framework and its system of internal controls is designed to mitigate the most significant risks to the greatest extent possible.
10. Following the outbreak of the pandemic, specific consideration was given to the impact on each risk area and this analysis was incorporated into the corporate risk register.



RISK MANAGEMENT

Regular virtual meetings were held by the University's Major Incident Team in order to co-ordinate the University's response to Covid-19 outbreak.

11. The University regularly reviews its principal risks as part of its strategic planning process. The table below sets out key strategic risk areas and explains, in brief, how each area is addressed.

| Risk Area | University's approach |
|---|---|
| <p><i>Student education and experience</i> Failure to provide a high-quality student experience will negatively impact our reputation, recruitment and retention.</p> | <p>The University strives to provide an outstanding education for all its students and to improve student outcomes, experience and satisfaction. The student voice informs various areas including the academic portfolio offering, use of technology, use of the estate and facilities and a range of other plans.</p> <p>During the pandemic, we moved academic support online and plans were made for the delivery of teaching and learning in the 2020/21 academic year to be delivered with a blended learning approach with a combination of online teaching and some face-to-face teaching with appropriate social distancing measures and due regard to government guidance.</p> <p>Investment has been made in digital tools.</p> <p>Clear course information and expectations for 2020/21 has been communicated to students.</p> <p>The most recent National Student Survey results are the best the University has received with 84% of students satisfied overall with the quality of their course.</p> |
| <p><i>Leading Research and academic enterprise</i> Failure to grow the University's research and enterprise activity and income in an increasingly competitive environment will negatively impact its reputation.</p> | <p>Significant resources and efforts continue to be invested in the preparation of the University's REF 2021 submission.</p> <p>There is a structured pathway for development and support for staff undertaking research.</p> <p>A Board approved research strategy in place and is monitored and reviewed.</p> |
| <p><i>A Community of Great People</i> Failure to provide a welcoming and empowering environment for all members of the University will negatively impact recruitment, retention and achievement of strategic objectives.</p> | <p>Wellbeing resources for managers and colleagues as well as practical support and advice provided for colleagues working from home during the pandemic.</p> <p>Regular communication from the Vice Chancellor.</p> <p>Provision of staff development activities which receive positive feedback.</p> <p>Regular dialogue with Trade Unions.</p> |

RISK MANAGEMENT

| Risk Area | University's approach |
|--|---|
| <p>Changes to government policy Reduction in income as a consequence of the government review of university funding and student finances.</p> | <p>Continued monitoring of the political landscape and scenario planning for changes to University funding.</p> |
| <p>Sustainable resources Failure to appropriately manage financial resources impacts long term financial sustainability.</p> | <p>Preparation of detailed assumptions underpinning the University's forecasts and associated mitigations to the risks considered by the University Executive and Board of Governors.</p> <p>Focus on optimal management of long-term financial sustainability.</p> <p>Budgets kept under review and monitored against actual costs.</p> |
| <p>Data breaches/Cyber security Failure to maintain sufficient cyber and information security leads to major data breach.</p> | <p>Increased investment in cyber resilience resources.</p> <p>IT Strategy, Information Security and Data Management policies in place.</p> <p>Appropriate training of colleagues on information and data security and management, supported by policies and procedures.</p> |
| <p>Governance, Legal and Compliance requirements Failure to monitor and manage compliance procedures result in an inability to operate or damaged reputation.</p> | <p>Suitable legal and regulatory compliance arrangements in place including skilled, experienced staff, routine horizon scanning undertaken to inform practice, professional development and training provided as well as maintaining clear policies, procedures and management systems to monitor compliance and provide assurance that thresholds are met, including via formal internal and external audits.</p> |

STATEMENT OF INTERNAL CONTROL

1. The Board of Governors is responsible for ensuring that the University has a sound system of internal control and a robust risk management framework in place and that it has reviewed and is assured of their effectiveness.
2. The University's system of internal control is designed to manage rather than eliminate risk and to provide reasonable, but not absolute, assurance of effectiveness. It supports the achievement of the University's aims and objectives and safeguards public and other funds and assets for which it is responsible.
3. The University's approach to internal control is risk-based and examines the likelihood and impact of risks materialising, and the impact on the University of risks that do materialise.
4. The Board has received assurance, through reports from the University Executive and Audit Committee, that the University's arrangements for risk management and internal control are robust and embedded in the University's ongoing operations.
5. The Audit Committee undertakes detailed review and monitoring of the system of internal controls on behalf of the Board. The Audit Committee is informed by a range of assurance sources, including meetings with and reports from its internal and external auditors and reports from the University Executive on risk and control matters.
6. The Audit Committee provides an annual report to the Board of Governors setting out how risks have been identified and managed and considers the arrangements in place for the detection of fraud, bribery and corruption and other irregularities.
7. The Audit Committee considered the Internal Audit opinion on risk management at its meeting on 6 November 2020 and was satisfied with the outcome.
8. Assessment of the effectiveness of the University's internal control and risk management is informed by a variety of supporting processes and reporting mechanisms which include:
 - Reports and recommendations provided by internal and external auditors.
 - An internal audit of risk management is undertaken annually focusing on different aspects of risk management.
 - Maintenance and monitoring of the risk management framework by the Executive and Audit Committee.
 - Observations of the internal and external auditors in the internal audit's annual opinion, the external audit's findings and other reports.
 - Board level review of the University's process for identifying, evaluating and managing the University's significant risks.
 - Regular reports to the Audit Committee about management of the University's business, compliance, financial and operational risks.
 - Audit Committee review of the adequacy of the University's policies and procedures in respect of fraud and irregularity, bribery, public interest disclosure ('whistleblowing') and compliance with the Prevent duty. The Audit Committee also received notification of any action taken in these areas.
 - Regulatory updates to the Board at each of its meetings. Interim updates are provided by correspondence where appropriate.
 - The Board of Governors receives reports from the Chair of the Audit Committee concerning internal controls and risk management and requires regular reports from managers on steps taken to manage the risks to delivery of objectives including progress reports on key strategies and initiatives.



STATEMENT OF INTERNAL CONTROL

9. The University's internal audit service in 2019/20 was provided by KPMG LLP. The University's internal audit function provides the Board of Governors and senior management with independent assurance on the adequacy and effectiveness of the University's risk management, control and governance, and value for money arrangements as well as informing the Board's review of the effectiveness of the system of internal control. It covers all the activities of the University's operations, resources, staff, services and responsibilities through an annual programme of work that is agreed between the Audit Committee, the University's Executive Team and the internal auditors. The internal auditors submit regular reports to the Audit Committee, which include an independent opinion on the adequacy and effectiveness of the system of internal control, together with any recommendations for improvement where identified. The Audit Committee's work is further informed by reports from management on the implementation and development of audit recommendations.
10. During 2019/20, a competitive tender process for the provision of the University's external audit service took place and BDO LLP were appointed as the University's external auditors in July 2020. Prior to that, Ernst & Young acted as the University's external auditors. Ernst & Young provided written confirmation at the end of their tenure that, in accordance with the OfS terms and conditions of funding in effect during their tenure, there were no associated circumstances that they wished to bring to the Board's attention. As outlined in the University's Financial Regulations, the primary role of external audit is to report on the University's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the financial statements and to report on the appropriate use of funds.
11. No significant internal controls weaknesses have been identified for the year ended 31 July 2020 and up until the date the Financial Statements were signed.



ANNUAL REPORT ON SENIOR STAFF REMUNERATION

1. The Senior Staff Remuneration Committee (SSRC) conducted its review of the pay and performance of Senior Postholders (the University's Vice Chancellor, Deputy Vice Chancellors and the University Secretary) at its meeting on 15 November 2019 in accordance with the Operating Framework which had been approved by the Board of Governors in July 2018 and reviewed annually.
2. The Operating Framework was produced following a review of SSRC's purpose, function and effectiveness in order to ensure transparency, best practice and alignment with the HE Sector's regulatory framework.
3. Membership of the Committee over the reporting period is set out on page 31 of the Corporate Governance Statement.
4. The Committee met on the following dates during the reporting period:
 - 15 November 2019

The VC attended for short sections of the meetings to provide insights regarding the performance of his direct reports but was not in attendance for the Committee's discussions across the wider agenda, review of the benchmarking data or discussions relating to his own remuneration.

5. The Committee has formal terms of reference that are reviewed, along with the Committee's membership on an annual basis.

Approach to Remuneration

6. When determining appropriate levels of remuneration for Senior Postholders, SSRC takes a range of factors into consideration including individual and organisational performance, market pay rates across the sector for comparable roles and current economic conditions.
7. The Committee received the following information at its meeting on 15 November 2019:
 - a. External benchmarking data provided by the 2018 UCEA Senior Staff Remuneration Survey. The following comparators were used to supply relevant context:
 - Pre-92 institutions with income between £106m and £202m
 - Pre-92 institutions with income between £202m and £400m
 - Post-92 institutions with income between £160m and £202m
 - Post-92 institutions with income between £202m and £400m
 - All institutions in England excluding London/SE with income between £70m and £202m
 - All institutions in England excluding London/SE with income over £202m
 - b. Further external reward data including an analysis of the CUC Salary Survey.
 - c. Current remuneration and salary history of Senior Postholders.
 - d. External positions held by Senior Postholders.
 - e. Current remuneration and salary history of senior staff earning over £100k.
 - f. A report from the Vice Chancellor in relation to the performance of the 3 Deputy Vice Chancellors and the University Secretary.
 - g. A report from the Chair of the Board of Governors in relation to the Vice Chancellor's performance.



ANNUAL REPORT ON SENIOR STAFF REMUNERATION

8. Indicators of organisational performance which were taken into consideration when assessing the performance of Senior Post Holders included the following:
- Confirmation from the Office for Students of the University's successful entry on to the Register of Higher Education Providers without any additional conditions.
 - Successful approval of the Access and Participation Plan.
 - Exceeding Home UG, PGT and International student recruitment targets and implementing improved clearing, admissions and enrolment processes and a new marketing strategy.
 - Significant progress across the research and enterprise agenda achieving £20m income target and with preparations for the REF; UKRI approved our Code of Practice, every School is involved in a research submission and impact case studies support the submission of all eligible staff; most staff are research active.
 - Maintained progress in terms of the student experience; although our NSS score fell by 0.4% for only the second time the University's overall score is above the national average and consolidates a positive performance which has been improved from 3% below the national average at the start of the strategy.
 - Continued confidence in the University's financial management with the University achieving a surplus and maintaining cash flow in 2020.
 - Completed the Estate Master Plan and agreed disposal of surplus property.

Remuneration of the Vice Chancellor

9. The Committee reviewed the Vice Chancellor's performance in relation to the objectives agreed with the Chair of the Board of Governors and noted his significant contribution to the University's performance in 2018/19. SSRC agreed that it would be appropriate to exercise continued pay restraint in the reward for senior postholders and concluded that a 1.8% pay increase to the Vice Chancellor was merited.
10. This increase generated a revised salary of £234,878 with effect from 1 September 2019.
11. The Vice Chancellor's basic salary is 6.7 times the median pay of basic salary of staff as at 31 July 2020 where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff. In terms of total remuneration, the VC's total remuneration is 8.0 times the median total remuneration of staff as at 31 July 2020 where the median is calculated on a full-time equivalent basis for the total remuneration paid by the provider to its staff.
12. The Vice Chancellor does not receive any additional remuneration or non-standard benefits in addition to base salary and standard employer pension contributions.

Remuneration of other Senior Postholders

13. The Committee also considered the performance of the 3 Deputy Vice Chancellors and University Secretary in conjunction with the benchmark pay data. The DVCs are paid at an equivalent level to comparable roles across the sector when considering the median salaries in the UCEA datasets. The Secretary, recently appointed, is paid below the benchmark. All these Senior Postholders were assessed as performing effectively in their roles. In considering all these factors, the Committee agreed a pay increase of 1.8% with effect from 1 September 2019.

ANNUAL REPORT ON SENIOR STAFF REMUNERATION

Other Payments and External Positions

14. The Committee approved a request for payment in lieu of pension contributions from a Senior Postholder under the Policy on Pension Scheme Membership Opt-Out for Senior Postholders. The Committee did not receive any recommendations or make any awards for non- consolidated honoraria to Senior Postholders.



RESPONSIBILITIES OF THE BOARD OF GOVERNORS

1. In accordance with the Articles of Association, the Board of Governors of Leeds Beckett University is responsible for the administration and management of the affairs of the University and is required to prepare and publish audited financial statements for each financial year. The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy, at any time, the financial position of the University and which ensure that the financial statements are prepared in accordance with applicable UK accounting standards and statutory requirements.
2. Due regard has been given to applicable laws and accounting standards including the 'Statement of Recommended Practice: Accounting for further and higher education' (SORP), the OfS Accounts Direction and FRS102.
3. In the preparation of the financial statements, the Board has taken reasonable steps to ensure that:
 - suitable accounting policies are selected and applied consistently;
 - judgments 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.
4. The Board of Governors has taken reasonable steps to:
 - 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 University and to prevent and detect fraud and other irregularities;
 - ensure that funds, grants and income for specific purposes are used only for the purposes for which they have been given; and
 - secure the economical, efficient and effective management of the University and the group's resources and expenditure.
5. In so far as the Board of Governors is aware:
 - there is no relevant audit information of which the auditor is unaware; and
 - the Board of Governors have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

David Lowen
Chair of the Board

Professor Peter Slee
Vice Chancellor



INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF LEEDS BECKETT UNIVERSITY

Opinion

We have audited the financial statements of Leeds Beckett University ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2020 which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Statement of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2020 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Board of Governors is responsible for the other information. Other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to

INDEPENDENT AUDITOR'S REPORT

be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters required by the Office for Students (“OfS”) and Research England

In our opinion, in all material respects:

- Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation
- Funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.
- The requirements of the OfS’s Accounts Direction (OfS 2019.41) have been met

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

- The University’s grant and fee income, as disclosed in the notes to the accounts, has been materially misstated.
- The University’s expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Board of Governors

As explained more fully in the Statement of the Board of Governors’ Responsibilities statement set out on page 42, the Board of Governors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Governors is responsible for assessing the Group and the University’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Governors either intend to liquidate the Group or the University or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

In addition, we also report to you 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 Terms and Conditions of Funding with the OfS and Research England.

Use of our report

This report is made solely to the Board of Governors, as a body, in accordance with Section 75 of the Higher Education and Research Act 2017. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham

Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2020

| | Notes | Consolidated | | University | |
|--|-------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 31 July 2020 £'000 | 31 July 2019 £'000 | 31 July 2020 £'000 | 31 July 2019 £'000 |
| Income | | | | | |
| Tuition fees and education contracts | 1 | 165,926 | 160,143 | 165,926 | 160,143 |
| Funding body grants | 2 | 14,565 | 14,426 | 14,565 | 14,426 |
| Research grants and contracts | 3 | 3,711 | 3,224 | 3,721 | 3,234 |
| Other income | 4 | 29,411 | 37,495 | 18,367 | 29,627 |
| Investment income | 5 | 562 | 664 | 662 | 689 |
| Donations and endowments | 6 | 38 | 11 | 38 | 11 |
| Total income | | 214,213 | 215,963 | 203,279 | 208,130 |
| Expenditure | | | | | |
| Staff costs | 8 | 131,235 | 130,627 | 123,422 | 122,673 |
| Fundamental restructuring expenses | 8 | 2,072 | 2,394 | 2,072 | 2,369 |
| Other operating expenses | 10 | 59,314 | 59,768 | 56,927 | 60,479 |
| Depreciation | 12 | 22,629 | 31,857 | 22,626 | 31,832 |
| Interest and other finance costs | 11 | 8,933 | 8,427 | 8,920 | 8,402 |
| Total expenditure | 12 | 224,183 | 233,073 | 213,967 | 225,755 |
| (Deficit)/Surplus before taxes, gains and losses | | (9,970) | (17,110) | (10,688) | (17,625) |
| (Loss/Gain) on disposal of fixed assets | | (438) | 43 | (373) | 43 |
| (Deficit)/Surplus for the year before tax | | (10,408) | (17,067) | (11,061) | (17,582) |
| Taxation | 14 | (173) | (94) | - | - |
| (Deficit)/Surplus for the year | | (10,581) | (17,161) | (11,061) | (17,582) |
| Actuarial (loss)/gain in respect of pension schemes | 29 | (87,770) | (42,791) | (87,770) | (42,791) |
| Total comprehensive (Expense/Income) for the year | | (98,351) | (59,952) | (98,831) | (60,373) |
| Represented by: | | | | | |
| Endowment comprehensive income for the year | | (5) | (7) | (5) | (7) |
| Restricted comprehensive income for the year | | (77) | 66 | (77) | 66 |
| Unrestricted comprehensive income for the year | | (98,447) | (60,212) | (98,749) | (60,432) |
| Attributable to the University | | (98,529) | (60,153) | (98,831) | (60,373) |
| Attributable to the non-controlling interest | | 178 | 201 | - | - |
| | | (98,351) | (59,952) | (98,831) | (60,373) |
| Surplus/(deficit) for the year after tax attributable to | | | | | |
| Non-controlling interest | | 178 | 201 | - | - |
| University | | (10,759) | (17,362) | (11,061) | (17,582) |
| Total comprehensive income for the year after tax attributable to | | | | | |
| Non-controlling interest | | 178 | 201 | - | - |
| University | | (98,529) | (60,153) | (98,831) | (60,373) |

All items of income and expenditure relate to continuing activities.

The accompanying notes and policies on pages 50 to 73 form part of these financial statements.

CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2020

| Consolidated | Endowments | Restricted | Unrestricted | Total excluding non-controlling interest | Non-controlling interest | Total |
|----------------------------------|------------|--------------|----------------|--|--------------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balances at 1 August 2018 | 82 | 6,351 | 188,304 | 194,737 | 693 | 195,430 |
| Surplus/(deficit) for the year | (7) | 208 | (17,563) | (17,362) | 201 | (17,161) |
| Other comprehensive income | - | - | (42,791) | (42,791) | - | (42,791) |
| Transfers between reserves | - | - | - | - | - | - |
| Release to unrestricted reserves | - | (142) | 142 | - | - | - |
| Balances at 1 August 2019 | 75 | 6,417 | 128,092 | 134,584 | 894 | 135,478 |
| Surplus/(deficit) for the year | (5) | 65 | (10,819) | (10,759) | 178 | (10,581) |
| Other comprehensive income | - | - | (87,770) | (87,770) | - | (87,770) |
| Transfers between reserves | - | - | - | - | - | - |
| Release to unrestricted reserves | - | (142) | 142 | - | - | - |
| Balances at 31 July 2020 | 70 | 6,340 | 29,645 | 36,055 | 1,072 | 37,127 |

| University | Endowments | Restricted | Unrestricted | Total excluding non-controlling interest | Non-controlling interest | Total |
|----------------------------------|------------|--------------|----------------|--|--------------------------|----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Balances at 1 August 2018 | 82 | 6,351 | 187,114 | 193,547 | - | 193,547 |
| Surplus/(deficit) for the year | (7) | 208 | (17,783) | (17,582) | - | (17,582) |
| Other comprehensive income | - | - | (42,791) | (42,791) | - | (42,791) |
| Transfers between reserves | - | - | 99 | 99 | - | 99 |
| Release to unrestricted reserves | - | (142) | 142 | - | - | - |
| Balances at 1 August 2019 | 75 | 6,417 | 126,781 | 133,273 | - | 133,273 |
| Surplus/(deficit) for the year | (5) | 65 | (11,121) | (11,061) | - | (11,061) |
| Other comprehensive income | - | - | (87,770) | (87,770) | - | (87,770) |
| Transfers between reserves | - | - | 29 | 29 | - | 29 |
| Release to unrestricted reserves | - | (142) | 142 | - | - | - |
| Balances at 31 July 2020 | 70 | 6,340 | 28,061 | 34,471 | - | 34,471 |

CONSOLIDATED AND UNIVERSITY STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 JULY 2020

| | Notes | Consolidated | | University | |
|---|-------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 31 July 2020 £'000 | 31 July 2019 £'000 | 31 July 2020 £'000 | 31 July 2019 £'000 |
| Non-current assets | | | | | |
| Intangible assets | 15 | 8,878 | 7,779 | 8,878 | 7,779 |
| Tangible assets | 16 | 378,339 | 352,196 | 378,300 | 351,524 |
| Investments | 17 | 37 | 37 | 37 | 37 |
| Trade and other receivables | | 18 | 152 | 18 | 152 |
| | | <u>387,272</u> | <u>360,164</u> | <u>387,233</u> | <u>359,492</u> |
| Current assets | | | | | |
| Stock | | 1 | 60 | 1 | 52 |
| Trade and other receivables | 20 | 11,628 | 14,111 | 12,960 | 15,022 |
| Investments | 21 | 15,791 | 39,516 | 15,791 | 39,516 |
| Cash and cash equivalents | 22 | 58,088 | 30,546 | 54,096 | 26,541 |
| | | <u>85,508</u> | <u>84,233</u> | <u>82,848</u> | <u>81,131</u> |
| Less: Creditors: amounts falling due within one year | 23 | (40,937) | (39,635) | (40,894) | (38,066) |
| Net current assets/(liabilities) | | <u>44,571</u> | <u>44,598</u> | <u>41,954</u> | <u>43,065</u> |
| Total assets less current liabilities | | 431,843 | 404,762 | 429,187 | 402,557 |
| Creditors: amounts falling due after more than one year | 24 | (140,609) | (113,772) | (140,609) | (113,772) |
| Provisions | | | | | |
| Pension provisions | 29 | (251,594) | (153,080) | (251,594) | (153,080) |
| Other provisions | 30 | (2,513) | (2,432) | (2,513) | (2,432) |
| Total net assets | | <u>37,127</u> | <u>135,478</u> | <u>34,471</u> | <u>133,273</u> |
| Restricted Reserves | | | | | |
| Income and expenditure reserve - endowment reserve | 31 | 70 | 75 | 70 | 75 |
| Income and expenditure reserve - restricted reserve | 32 | 6,340 | 6,417 | 6,340 | 6,417 |
| Unrestricted Reserves | | | | | |
| Income and expenditure reserve - unrestricted reserve | | 29,645 | 128,092 | 28,061 | 126,781 |
| | | <u>36,055</u> | <u>134,584</u> | <u>34,471</u> | <u>133,273</u> |
| Non-controlling interest | | 1,072 | 894 | - | - |
| Total Reserves | | <u>37,127</u> | <u>135,478</u> | <u>34,471</u> | <u>133,273</u> |

The financial statements on pages 46 to 73 were approved by the Board of Governors on 20 November 2020 and were signed on its behalf by:

D LOWEN
Chair of the Board

P SLEE
Vice Chancellor

P HARRISON
Director of Finance



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2020

| | Notes | Year ended 31 July 2020 £'000 | Year ended 31 July 2019 £'000 |
|---|-------|-------------------------------------|-------------------------------------|
| Cash flow from operating activities | | | |
| (Deficit)/Surplus for the year before taxation | | (10,408) | (17,067) |
| Adjustment for non-cash items | | | |
| Depreciation | 12 | 22,629 | 31,857 |
| (Increase)/decrease in stock | | 59 | (6) |
| (Increase)/decrease in debtors | 20 | 2,617 | (1,210) |
| Increase/(decrease) in creditors | 23 | (926) | 1,009 |
| Increase/(decrease) in pension provisions | 29 | 7,483 | 10,221 |
| Increase/(decrease) in other provisions | 30 | 81 | 504 |
| Adjustments for investing or financing activities | | | |
| Interest receivable | | (562) | (664) |
| Interest payable | 11 | 8,933 | 8,427 |
| (Gain)/loss on sale of tangible assets | | 438 | (43) |
| Capital grant income | | (1,860) | (2,351) |
| Cash flows from operating activities | | 28,484 | 30,677 |
| Taxation | 14 | (173) | (94) |
| Net cash inflow/(outflow) from operating activities | | 28,311 | 30,583 |
| Cash flows from investing activities | | | |
| Proceeds from the sale of tangible assets | | 8,669 | (368) |
| Capital grants receipts | | 979 | 1,465 |
| Movement on deposits | | 23,725 | 20,721 |
| Investment income | | 562 | 685 |
| Payments made to acquire tangible assets | | (56,719) | (48,200) |
| Payments made to acquire intangible assets | | (2,129) | (1,695) |
| Acquisition of subsidiaries | | - | - |
| Disposal of subsidiaries | | - | - |
| Dividends paid to non-controlling interests | | (100) | (25) |
| Dividends received from associated companies | | - | - |
| Lease Premium | | 12,500 | - |
| | | (12,513) | (27,417) |
| Cash flows from financing activities | | | |
| Interest paid | | (5,723) | (5,777) |
| New finance leases | | 442 | 517 |
| Repayment of amounts borrowed | | 18,549 | (1,859) |
| Capital element of finance lease rental payments | | (1,270) | (1,193) |
| Other interest-bearing loans repaid | | - | (8) |
| Other interest-free loans repaid | | (254) | (253) |
| | | 11,744 | (8,573) |
| Increase/(Decrease) in cash and cash equivalents in the year | 22 | 27,542 | (5,407) |
| Cash and cash equivalents at beginning of the year | 22 | 30,546 | 35,953 |
| Cash and cash equivalents at end of the year | 22 | 58,088 | 30,546 |



STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1. Basis of preparation and consolidation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2019 and in accordance with Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention and following the Governors' review of our long-term sustainability. Judgements made by management in the application of these accounting policies that have a significant effect on the financial statements are detailed in note 37.

These financial statements have also been prepared in accordance with the Office for Students Accounts Direction dated October 2019.

The consolidated financial statements combine the financial statements of the University and all its subsidiaries for the current financial year. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Income and Expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation. Associated companies and joint ventures are accounted for using the equity accounting method.

The consolidated financial statements accounts do not include the income and expenditure of the Students' Union as the University does not have the power or ability to exert control or dominant influence over policy decisions.

The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

2. Going Concern

In preparing the financial statements, the Governors have considered whether the going concern basis of preparation is appropriate. This involved the preparation and review of forecasts and scenario testing covering a period of at least 12 months from the date of these accounts. These scenarios considered the impact of an unexpected reduction in income or the need to delay a planned refinancing.

The scenarios modelled clearly demonstrate that the University has sufficient liquid resources and existing facilities to meet its obligations as they fall due. In addition, that all covenant requirements can be met.

Given the unprecedented nature of the COVID-19 events, it is difficult to predict future performance and cash flows with certainty. The actual scenarios which materialise in the period ahead will undoubtedly be different to the scenarios modelled. In the event that the actual position is worse than that modelled in the forecasts, the University has significant headroom in liquid assets and facilities to managed the position and this is without considering the full extent of available mitigations to reduce costs.

Taking into account the above, the cash reserves and the undrawn credit facility, the Board believe that whilst uncertainty exists, this does not pose a material uncertainty that would cast doubt on the University's ability to continue as a going concern for the foreseeable future, which is a period of at least 12 months from the signing of the accounts and audit report. The Board therefore considers it appropriate for the accounts to be prepared on a going concern basis.



STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

3. Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Tuition fee income is stated net of any discount or waiver and credited to the Consolidated Statement of Income and Expenditure over the period in which students are studying. Related payments such as bursaries and scholarships are accounted for as expenditure and not deducted from income.

Government grants are recognised within the Consolidated Statement of Income and Expenditure when any performance related conditions have been met, except for grants given to create a specific fixed asset, which are recognised within the Consolidated Statement of Income and Expenditure over the period that the asset is expected to be used.

Research grants and contracts are recognised within the Consolidated Statement of Income and Expenditure when any performance related conditions have been met, except where the income is from a government source for a specific capital equipment, in which case income is recognised over the expected life of the equipment. Performance conditions mean that income is recognised according to a specified level of service, which could be one single occasion in the middle or end of the work required. Where there are no conditions the income is recognised as soon as it is reasonably certain to be received.

Other non-exchange income, including grants and income from non-government sources are recognised within the Consolidated Statement of Income and Expenditure when any performance related conditions have been met.

Donations and endowments are recognised within the Consolidated Statement of Income and Expenditure when any performance conditions have been met or restrictions lifted. Endowments are donations where usually only the income generated by the gift can be used or where the donation is for a specific purpose and may be repayable if the funds cannot be utilised for that purpose.

Investment income and dividends or other returns from investment assets are recognised as they become receivable, either as restricted or unrestricted income, according to the terms of the restriction applied to the individual endowment fund. Gains or losses in the value of the holdings are not income or expenditure but are shown separately in the Consolidated Statement of Income and Expenditure as realised or unrealised gains or losses as appropriate.

Restricted Reserves record all non-exchange income that has been given for a specific purpose within the University's usual range of activity to the extent that the income has not been applied for the use specified.

Agency Funds where funds are received but disbursed as paying agent on behalf of a third party are excluded from both income and expenditure.

4. Accounting for retirement benefits

The University provides retirement benefits for most of its employees by making contributions to the Teachers' Pension Scheme (TPS), Universities Superannuation Scheme (USS) and the West Yorkshire Pension Fund (WYPF).

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

The **TPS** is a defined benefit multi-employer scheme but due to its mutual nature, it is not possible to identify the assets and liabilities of individual members and therefore it is accounted for as a defined contribution retirement benefit scheme. The cost of providing pensions is the contributions payable in the period. There is no obligation on employers to fund any deficit in the scheme.

The **USS** is a defined benefit multi-employer scheme where, due to its mutual nature, it is not possible to identify the assets and liabilities of individual members and therefore it is accounted for as a defined contribution retirement benefit scheme. The cost of providing pensions is therefore the basic contribution rate payable in the period. There is an agreement to fund a share of any deficit in the scheme by paying a higher rate of

contributions for a period of time, which is reviewed triennially. The estimated cost of this, discounted at an appropriate rate, is recognised as a liability within Pension Provisions.

The **WYPF** is a defined benefit multi-employer scheme where the assets and liabilities of members are identified. The charge in the Consolidated Statement of Income and Expenditure is the estimated cost of providing a pension benefit for the additional years' service. The net liability to provide future pension benefits, discounted at an appropriate rate, less the fair value of assets in the fund are shown in the Balance Sheet as a provision. Any changes in assumptions and valuations are shown as an Actuarial Gain or Loss in the Consolidated Statement of Income and Expenditure. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

5. Employment benefits

Employment benefits are recognised as an expense in the year in which the services have been rendered. The difference between services rendered and the payments made are recognised as an asset or liability.

6. Tangible fixed assets

Fixed assets are stated at cost or, in case of freehold land and buildings at 1 August 2014, deemed cost, less accumulated depreciation and accumulated impairment losses. The deemed cost represents the fair value as at 1 August 2014.

Staff costs are capitalised only when incurred in direct consequence of specific fixed asset projects.

Borrowing costs are not capitalised.

Where parts of a fixed asset have different remaining useful lives, they are accounted for as separate items.

Depreciation methods, remaining useful lives and residual values are reviewed at each balance sheet date and all assets are subject to periodic impairment reviews when appropriate.

Freehold land

Freehold land is not depreciated as it is considered to have an indefinite useful life.



STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Freehold buildings

Freehold buildings are depreciated on a straight-line basis over their expected remaining useful lives to the University, this can range from 10 years to 80 years. Subsequent additions to buildings are depreciated on a straight-line basis over the expected useful life of those changes. Depreciation is not charged on assets in the course of construction.

Leasehold land and buildings

Leasehold land and buildings are depreciated over the life of the lease up to a maximum of 50 years. Where leasehold land and buildings are modified, the cost is depreciated over shorter of the expected useful life of the modifications or the remaining lease period.

The estimated cost of restoring the asset to the condition required by the lease is recognised in the Consolidated Statement of Income and Expenditure on a straight-line basis over the remaining period of the lease and the accumulated liability is recorded as a provision for dilapidations.

Leased equipment, furniture & fittings

Leased equipment, furniture & fittings are depreciated over the life of the lease. Where the lease permits modifications to the asset but the asset needs to be returned to its original state at the end of the lease, a provision is created for the expected cost of these dilapidations over the remaining life of the lease.

Equipment, furniture & fittings

Items or groups of items that together cost £5,000 or more (incl. VAT) and with an expected useful life exceeding 2 years are accounted for as fixed assets and depreciated on a straight line basis over their expected useful lives of between 3 and 10 years for IT equipment and 3 and 25 years for all other equipment.

7. Heritage assets

Individual works of art and other valuable artefacts valued at over £5,000 (including VAT) are capitalised and recognised at their cost or value where reasonably obtainable. Assets initially received as donations are initially recognized at fair value. Heritage assets are not depreciated.

8. Intangible assets

Initial costs of acquiring rights to software and the costs of creating corporate information systems, including consultancy services and essential staff recruited specifically for that purpose, are capitalised and depreciated over the expected useful life of the systems. Intangible assets, including any goodwill, are subject to periodic impairment reviews when appropriate.

9. Impairment

Where there is reasonable evidence that the net book value of any asset may exceed its net realisable value, the fair value is determined, and an impairment charge is made to reduce the asset value to its net realisable value. If in any subsequent period it is identified that the realisable value of any asset exceeds its carrying value, the carrying value can be increased, but only to the extent of any previous impairment charges, less any depreciation that would have been charged if no impairment charge had been made.



STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

10. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases and recognised as a fixed asset and as a liability. The asset is valued initially at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, depreciated over the shorter of the lease term and the estimated useful lives and subject to an impairment test where appropriate.

The minimum lease payments are accounted for as a reduction of the liability and a finance charge. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease.

Where the lease permits modifications to the asset but the asset needs to be returned to its original state at the end of the lease, a provision is created for the expected cost of these dilapidations over the remaining useful life of the lease.

11. Service Concession Arrangements

Buildings held under service concession arrangements are recognised in the Balance Sheet at the present value of the minimum lease payments when the building was brought into use, with a corresponding financial liability. Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to zero over the life of the arrangement.

12. Operating leases

Operating lease payments are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Where the lease permits modifications to the asset but the asset needs to be returned to its original state at the end of the lease, a provision is created for the expected cost of these dilapidations over the remaining life of the lease.

13. Inventories

Stocks and work in progress are stated at the lower of cost and net realisable value.

14. Investments

Non-current investments are held on the Balance Sheet at amortised cost less impairment.

Current asset investments are held at fair value with movements recognised in the Consolidated Statement of Income and Expenditure.

Investments in associate companies and subsidiaries are carried at cost less impairment.

15. Cash and cash equivalents

Cash at bank and in hand includes cash in hand and deposits repayable within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. Therefore, an investment

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Bank overdrafts are normally considered financing activities similar to borrowings. However, if they are repayable on demand and form an integral part of an entity's cash management, bank overdrafts are a component of cash and cash equivalents.

16. Foreign currency

Transactions in foreign currencies are translated into sterling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are dealt with in the determination of income and expenditure for the financial year.

17. Associated companies

Associated companies' results are consolidated under the equity accounting method. Any increase or decrease in the share of each associated company's net assets is added to or deducted from the value of the investment.

18. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability. The University recognises provisions for ex-gratia pensions, with the cost charged to the Consolidated Statement of Income and Expenditure in the period the pension was agreed and for the expected cost of dilapidations, where a lease requires that the asset needs to be returned to its original state at the end of the lease.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

19. Tax

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010



STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on purchases is included in the cost of such purchases. Any irrecoverable VAT incurred on fixed assets is included in their cost.

The University's subsidiaries are liable to Corporation Tax and VAT in the same way as any other commercial organisation.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences

arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Tuition fees and education contracts

| | Consolidated | | University | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 July 2020 £'000 | 31 July 2019 £'000 | 31 July 2020 £'000 | 31 July 2019 £'000 |
| HE course fees | | | | |
| <i>Home and EC domicile students</i> | | | | |
| Full-time undergraduate | 134,133 | 132,011 | 134,133 | 132,011 |
| Full-time postgraduate | 9,504 | 8,654 | 9,504 | 8,654 |
| Part-time undergraduate | 4,795 | 4,252 | 4,795 | 4,252 |
| Part-time postgraduate | 4,834 | 4,194 | 4,834 | 4,194 |
| <i>Overseas (non-EC) domicile students</i> | | | | |
| Overseas students | 11,355 | 8,574 | 11,355 | 8,574 |
| Sub-total HE course fees | 164,621 | 157,685 | 164,621 | 157,685 |
| Research Studentships | 22 | - | 22 | - |
| Short course fees | 645 | 1,486 | 645 | 1,486 |
| Education contracts UK | 255 | 517 | 255 | 517 |
| Education contracts overseas | 383 | 455 | 383 | 455 |
| | 165,926 | 160,143 | 165,926 | 160,143 |

Note 2. Funding body grants

| | Consolidated | | University | |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 July 2020 £'000 | 31 July 2019 £'000 | 31 July 2020 £'000 | 31 July 2019 £'000 |
| Recurrent grants: | | | | |
| Office for Students | 7,219 | 6,975 | 7,219 | 6,975 |
| Research England | 5,409 | 5,100 | 5,409 | 5,100 |
| Specific grants: | | | | |
| Office for Students | 77 | - | 77 | - |
| Capital grants | 1,860 | 2,351 | 1,860 | 2,351 |
| | 14,565 | 14,426 | 14,565 | 14,426 |

Note 3. Research grants and contracts

| | Consolidated | | University | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 July 2020 £'000 | 31 July 2019 £'000 | 31 July 2020 £'000 | 31 July 2019 £'000 |
| Research councils | 424 | 262 | 424 | 262 |
| UK based charities | 638 | 570 | 638 | 570 |
| UK central government, local, health and hospital authorities | 1,214 | 900 | 1,214 | 900 |
| UK industry, commerce, public corporations | 456 | 608 | 456 | 608 |
| EU government bodies | 608 | 497 | 608 | 497 |
| EU other | 110 | 115 | 110 | 115 |
| Other overseas | 192 | 196 | 192 | 196 |
| Other | 69 | 76 | 79 | 86 |
| | 3,711 | 3,224 | 3,721 | 3,234 |

Note 4. Other income

| | Consolidated | | University | |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 July 2020 £'000 | 31 July 2019 £'000 | 31 July 2020 £'000 | 31 July 2019 £'000 |
| Knowledge services | 9,236 | 9,418 | 7,448 | 9,298 |
| Other grants receivable | 594 | 574 | 594 | 574 |
| Residences, catering and conferences | 17,843 | 24,915 | 17,800 | 24,462 |
| Other income | 1,738 | 2,588 | (7,475) | (4,707) |
| | 29,411 | 37,495 | 18,367 | 29,627 |

A government grant of £0.3m was received in the year in respect of employees placed on furlough under the Job Retention Scheme.

Note 5. Investment income

| | Consolidated | | University | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 July 2020 £'000 | 31 July 2019 £'000 | 31 July 2020 £'000 | 31 July 2019 £'000 |
| Investment income on endowments | (8) | (5) | (8) | (5) |
| Investment income from short-term investments | 477 | 619 | 477 | 619 |
| Other investment income | 93 | 50 | 193 | 75 |
| | 562 | 664 | 662 | 689 |



NOTES TO THE FINANCIAL STATEMENTS

Note 6. Donations and endowments

| | Consolidated | | University | |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 July 2020 £'000 | 31 July 2019 £'000 | 31 July 2020 £'000 | 31 July 2019 £'000 |
| Donations with restrictions | 34 | 5 | 34 | 5 |
| Unrestricted donations | 4 | 6 | 4 | 6 |
| | 38 | 11 | 38 | 11 |

Donations are primarily to provide bursaries and prizes for University students.

Note 7. Grant and fee income

The source of grant and fee income, included in notes 1 to 2 is as follows:

| | Consolidated | | University | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 July 2020 £'000 | 31 July 2019 £'000 | 31 July 2020 £'000 | 31 July 2019 £'000 |
| Grant income from the OfS | 9,156 | 9,326 | 9,156 | 9,326 |
| Grant income from other bodies | 5,409 | 5,100 | 5,409 | 5,100 |
| Fee income for research awards (exclusive of Vat) | 1,810 | 1,698 | 1,810 | 1,698 |
| Fee income from non-qualifying courses (exclusive of Vat) | 1,305 | 2,459 | 1,305 | 2,459 |
| Fee income for taught awards (exclusive of Vat) | 162,811 | 155,986 | 162,811 | 155,986 |
| | 180,491 | 174,569 | 180,491 | 174,569 |

Note 8. Staff costs

| Staff costs | Consolidated | | University | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 July 2020 £'000 | 31 July 2019 £'000 | 31 July 2020 £'000 | 31 July 2019 £'000 |
| Wages and salaries | 96,074 | 95,502 | 88,551 | 87,910 |
| Social security costs | 9,739 | 9,758 | 9,470 | 9,647 |
| Pension costs - WYPPF | 16,012 | 15,921 | 16,012 | 15,921 |
| Pension costs - TPS | 10,042 | 7,036 | 10,042 | 7,036 |
| Pension costs - USS | (653) | 2,158 | (653) | 2,158 |
| Pension costs - NEST | 21 | 252 | - | 1 |
| | 131,235 | 130,627 | 123,422 | 122,673 |

A further breakdown of pension costs has been included in Note 28.

| Average full-time equivalent | FTE | FTE |
|------------------------------|--------------|--------------|
| Academic staff | 817 | 834 |
| Professorial and Research | 128 | 139 |
| Support staff | 1,273 | 1,363 |
| | 2,218 | 2,336 |

Senior staff pay

The number of staff with a basic salary of over £100,000 per annum has been included below. Figures do not include staff who joined or left part-way through a year but would have received a salary in these bands in a full year. Where staff are on reduced pay due to parental, maternity or sickness leave, these have been disclosed on a full-time equivalent basis, as for other staff in accordance to paragraph 12(a) of the Office for Students (OfS) Accounts Direction issued in October 2019.

| Basic salary per annum | Year ended 31 July 2020 | Year ended 31 July 2019 |
|------------------------|----------------------------|----------------------------|
| | Number of staff | Number of staff |
| £100,000 - £104,999 | 1 | 1 |
| £105,000 - £109,999 | 2 | 1 |
| £120,000 - £124,999 | 1 | 2 |
| £125,000 - £129,999 | 1 | 2 |
| £130,000 - £134,999 | 1 | 3 |
| £135,000 - £139,999 | 4 | - |
| £145,000 - £149,999 | 1 | 4 |
| £150,000 - £154,999 | 3 | - |
| £230,000 - £234,999 | 1 | 1 |
| | 15 | 14 |

Emoluments of the Vice-Chancellor

| | £'000 | £'000 |
|---|------------|------------|
| Basic salary | 235 | 231 |
| University's pension contributions to the Teachers' Pensions Agency | 54 | 38 |
| Total emoluments of the office of Vice-Chancellor. | 289 | 269 |



NOTES TO THE FINANCIAL STATEMENTS

Rationale for Vice-Chancellor's pay

The Vice Chancellor's salary is benchmarked annually against UCEA benchmark data for Universities with a similar turnover operating outside London, with particular reference to other post-92 Universities. It is also considered against other external comparative data provided by the CUC pay survey and internally against the salaries of the senior management group. It currently sits in the lower quartile of the externally benchmarked datasets.

The Vice Chancellor's performance is reviewed annually by the Chair of the Board of Governors within a framework agreed by the full Board each year. A recommendation for any uplift in the Vice Chancellor's pay is made by the Chair of the Board to the Senior Staff Remuneration Committee (SSRC) in November each year. The SSRC is chaired by an independent governor who is not Chair of the Board. The recommendation is accompanied by a written report which reflects the Performance Development Review discussion and includes an assessment of the Vice Chancellor's performance and the achievement of University objectives.

A 1.8% increase to basic salary was awarded to the Vice Chancellor in 2019/20 in recognition of his considerable contribution to the University in a challenging competitive environment and with reference to the national pay settlement for all staff. The Vice Chancellor does not receive any additional remuneration or non standard benefits in addition to base salary and standard employer pension contributions.

Further information can be found in the Annual Report on Senior Staff Remuneration on page 40.

Pay ratios

The Office for Students requires Universities to publish two key ratios to show the relationship of the remuneration of the Vice-Chancellor to that of employees within the University. This has been prepared in accordance with paragraph 12(d) of the OfS Accounts Direction issued in October 2019.

The Vice Chancellor's basic salary is 6.7 times the median pay of basic salary of staff as at 31 July 2020 (2019: 6.7 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The Vice Chancellor's total remuneration is 8.0 times the median total remuneration of staff as at 31 July 2020 (2019: 7.9 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

The data has been provided for all colleagues in post on 31 July 2020 and includes people employed on a variable hours contract whether or not they were working on this date i.e. part-time lecturers, disability support workers. It is based on the median pay of each position where colleagues have more than one job rather than on a headcount basis. All atypical workers are included who were paid in the period 01 August 2019 to 31 July 2020 with the exception of 103 atypical colleagues (6% of the atypical total) for whom we don't have enough information to calculate a salary. For atypical colleagues it is based on an average salary derived from the amount paid divided by the amount of hours worked, potentially across multiple positions due to the variable nature of the work. Total remuneration has been calculated in line with OfS guidance.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University and are represented by the University Executive Team (UET). UET consists of the Vice-Chancellor, Deputy Vice-Chancellors, Pro Vice-Chancellors, Director of Finance, Director of Human Resources (left January 2020), Director of Strategic Insight and Business Analysis (joined January 2020) and the University Secretary. Staff costs include compensation paid to key management personnel including any employer's pension contributions.

| | Year ended 31 July 2020 | Year ended 31 July 2019 |
|---------------------------------------|------------------------------------|----------------------------|
| | £000 | £000 |
| Key management personnel compensation | 1,670 | 1,596 |

Severance payments

Compensation for loss of office, including pension costs and provisions for terminations agreed but not completed before 31 July 2020, paid to former employees during the year amounted to £2.1m (2019: £2.4m). The number of people to whom this was payable to as at 31 July 2020 was 90 (2019: 160).

Note 9. Governor remuneration

In accordance with the Instrument of Government, the Board of Governors has the power to remunerate independent governors who either Chair the Board or one of the Board committees. Remuneration is offered on the basis of an annual review of contribution to the Board. The review is undertaken retrospectively each year in relation to the previous year's service. The amounts paid and waived in the period, for contributions to the Board in 2019/20, are as follows:

| | Year ended 31 July 2020 | Year ended 31 July 2019 |
|---|------------------------------------|----------------------------|
| | £ | £ |
| David Lowen, Chair of the Board | 15,000 | 15,000 |
| Jean Dent, Chair of Finance, Staffing and Resources Committee | 7,500 | 7,500 |
| Steven Webb, Chair of Senior Staff Remuneration Committee | - | - |
| David Fletcher, Chair of Governance and Nominations Committee | 7,500 | 7,500 |
| Les Everett, Chair of Finance, Staffing and Resources Committee | - | - |
| Nick Whitaker, Chair of Audit Committee | 7,500 | 7,500 |
| Ann Bishop, Chair of Senior Staff Remuneration Committee | 7,500 | 7,500 |
| Total Remuneration | 45,000 | 45,000 |

No governors waived their entitlements to all or part of their remuneration



NOTES TO THE FINANCIAL STATEMENTS

Reimbursement of expenses

All Governors are entitled to reimbursement of expenditure incurred directly in attending meetings, provided that the claim is in accordance with the requirements that all senior employees have to meet in order to reclaim expenditure, for example, the production of relevant receipts.

| | Year ended 31 July 2020 | Year ended 31 July 2019 |
|---------------------|----------------------------|----------------------------|
| | £ | £ |
| Andrew West | 627 | 129 |
| Jack Harrison | - | 23 |
| Ann Bishop | 240 | - |
| Jo Fox | 364 | - |
| Sherry Iqbal | 1,023 | - |
| David Fletcher | - | 990 |
| David Lowen | 2,803 | 281 |
| Peter Marsh | 520 | 321 |
| Nicki Latham | - | 401 |
| Charlie Hind | - | 29 |
| Gill Webber | 810 | 1,399 |
| Nick Whitaker | 1,595 | 4,052 |
| Total reimbursement | 7,982 | 7,625 |

Note 10. Other operating expenses

| | Consolidated | | University | |
|----------------------------------|---------------|---------------|---------------|---------------|
| | 31 July 2020 | 31 July 2019 | 31 July 2020 | 31 July 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| Student support | 5,259 | 5,142 | 5,259 | 5,142 |
| Teaching support | 5,283 | 5,664 | 5,376 | 5,768 |
| Staff support | 4,196 | 4,549 | 8,030 | 8,200 |
| Rents & rates | 13,302 | 14,119 | 12,777 | 14,116 |
| Other facilities management | 7,005 | 7,945 | 7,003 | 7,941 |
| Utilities | 3,512 | 3,740 | 3,510 | 3,728 |
| Equipment | 5,337 | 4,839 | 5,337 | 4,839 |
| Consumables | 1,574 | 1,946 | 1,573 | 1,945 |
| Catering | 1,262 | 2,824 | 1,257 | 1,924 |
| Travel and subsistence | 1,498 | 2,622 | 1,401 | 2,470 |
| Professional services | 2,122 | 1,743 | 1,792 | 1,599 |
| Advertising and marketing | 2,596 | 2,593 | 2,566 | 2,513 |
| Insurance and financial expenses | 4,565 | 1,112 | 10 | (552) |
| Other expenses | 1,135 | 930 | 368 | 846 |
| Exceptional expenses | 668 | - | 668 | - |
| | 59,314 | 59,768 | 56,927 | 60,479 |

The following costs are included within the above figures:

External auditors' remuneration for:

| | | | | |
|---|--------|--------|--------|--------|
| University audit services | 108 | 66 | 108 | 66 |
| Subsidiaries audit services | 23 | 23 | - | - |
| Non-audit work | 12 | 17 | 12 | 17 |
| Internal auditors' remuneration | 155 | 135 | 155 | 135 |
| Operating lease rentals - buildings | 11,820 | 11,553 | 11,820 | 11,553 |
| Operating lease rentals - plant & equipment | 71 | 100 | 71 | 100 |
| Student Union grant | 1,349 | 1,350 | 1,349 | 1,350 |

The exceptional expenses are due to rental rebates for students in relation to Covid 19.

Note 11. Interest and other finance costs

| | Consolidated | | University | |
|--|--------------|--------------|--------------|--------------|
| | 31 July 2020 | 31 July 2019 | 31 July 2020 | 31 July 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| Finance charges in respect of Service Concession Agreements and finance leases | 4,358 | 4,456 | 4,358 | 4,456 |
| Finance charges in respect of pension provisions | 3,261 | 2,615 | 3,261 | 2,615 |
| Bank loans not wholly repayable within 5 years | 909 | 997 | 909 | 997 |
| Other interest payable | 405 | 359 | 392 | 334 |
| | 8,933 | 8,427 | 8,920 | 8,402 |

Service Concession Agreements are secured on residential properties.



NOTES TO THE FINANCIAL STATEMENTS

Note 12. Analysis by activity

Consolidated

| 2019/20 Activity | Staff Costs | Re-organisation costs | Other Operating Expenses | Depreciation | Interest Payable | Total |
|--------------------------------------|----------------|-----------------------|--------------------------|---------------|------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Academic departments | 70,118 | 793 | 9,041 | 428 | - | 80,380 |
| Academic services | 16,221 | 204 | 7,071 | 2,121 | - | 25,617 |
| Research grants and contracts | 3,596 | 6 | 2,707 | 12 | - | 6,321 |
| Residences, catering and conferences | 2,217 | 234 | 13,533 | 48 | 4,460 | 20,492 |
| Premises | 4,721 | 339 | 11,719 | 15,132 | - | 31,911 |
| Administration | 28,629 | 496 | 8,727 | 4,842 | 4,460 | 47,154 |
| Other services rendered | 2,476 | - | 4,887 | 43 | - | 7,406 |
| Other | 3,257 | - | 1,629 | 3 | 13 | 4,902 |
| Total | 131,235 | 2,072 | 59,314 | 22,629 | 8,933 | 224,183 |

Intangible asset depreciation [Note 15]

1,030

Tangible asset depreciation [Note 16]

21,599

22,629

2018/19 Activity

| | | | | | | |
|--------------------------------------|----------------|--------------|---------------|---------------|--------------|----------------|
| Academic departments | 67,513 | 806 | 9,005 | 1,531 | - | 78,855 |
| Academic services | 18,322 | 322 | 6,517 | 3,922 | - | 29,083 |
| Research grants and contracts | 2,778 | 1 | 2,526 | 57 | - | 5,362 |
| Residences, catering and conferences | 2,356 | - | 13,780 | 39 | 4,460 | 20,635 |
| Premises | 4,936 | 82 | 13,288 | 21,945 | - | 40,251 |
| Administration | 29,773 | 1,158 | 7,122 | 4,298 | 3,942 | 46,293 |
| Other services rendered | 2,610 | - | 6,167 | 40 | - | 8,817 |
| Other | 2,339 | 25 | 1,363 | 25 | 25 | 3,777 |
| Total | 130,627 | 2,394 | 59,768 | 31,857 | 8,427 | 233,073 |

Intangible asset depreciation [Note 15]

391

Tangible asset depreciation [Note 16]

31,466

31,857

Note 13. Access and participation expenditure

| | 31 July 2020 | | |
|--|--------------|-----------------------------|--------------|
| | £'000 | £'000 | £'000 |
| | Staff | Other Operating Expenditure | Total |
| Access investment | 1,065 | 539 | 1,604 |
| Financial support provided to students | 354 | 1,293 | 1,647 |
| Support for disabled students | 2,028 | 81 | 2,109 |
| Research and evaluation | 28 | 29 | 57 |
| | 3,475 | 1,942 | 5,417 |

As set out in the Accounts Direction (OfS 2019.41 paragraph 36), no comparative figures have been given as the prior year expenditure relates to the Widening Participation Plan and the amounts are not comparable.

Included above are staff costs of £3,475k which are already reflected in the overall staff cost figures included in the financial statements (see note 8).

The University has an access and participation plan that has been approved by the OfS's director of fair access and participation. This can be located on the University's web page under public information.

https://www.leedsbeckett.ac.uk/-/media/files/our-university/access-and-participation-plan/access_and_participation_plan-1920.pdf

Note 14. Taxation

| | Consolidated | | University | |
|--|--------------|--------------|--------------|--------------|
| | 31 July 2020 | 31 July 2019 | 31 July 2020 | 31 July 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| Recognised in the statement of comprehensive income | | | | |
| Current tax | | | | |
| Current tax expense | 159 | 117 | - | - |
| Adjustment in respect of previous years | 14 | (23) | - | - |
| Current tax expense | 173 | 94 | - | - |



NOTES TO THE FINANCIAL STATEMENTS

Note 15. Intangible assets

Consolidated and University

| | Software purchased | Assets under development | Total |
|---------------------------------------|-----------------------|-----------------------------|-----------------|
| | £'000 | £'000 | £'000 |
| Cost | | | |
| At 1 August 2019 | 8,421 | 1,453 | 9,874 |
| Assets brought into use | 826 | (826) | - |
| Additions at cost | 1,493 | 636 | 2,129 |
| Disposals and transfers in year | - | - | - |
| At 31 July 2020 | 10,740 | 1,263 | 12,003 |
| Accumulated depreciation | | | |
| At 1 August 2019 | (2,095) | - | (2,095) |
| Charge for year | (1,030) | - | (1,030) |
| Eliminated on disposals and transfers | - | - | - |
| At 31 July 2020 | (3,125) | - | (3,125) |
| Net book value at 31 July 2020 | 7,615 | 1,263 | 8,878 |
| Net book value at 31 July 2019 | 6,326 | 1,453 | 7,779 |

Note 16. Tangible assets

Consolidated

| | Land | Freehold Buildings | Leasehold Buildings | Equipment | Assets under construction | Total |
|---|---------------|-----------------------|------------------------|------------------|------------------------------|-------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | | |
| At 1 August 2019 (Restated) | 38,650 | 397,824 | 32,981 | 56,025 | 57,738 | 583,218 |
| Assets brought into use | - | 901 | - | - | (901) | - |
| Additions at cost | - | 99 | - | 8,508 | 48,242 | 56,849 |
| Disposals and transfers in year | (1,020) | (17,975) | - | (3,451) | - | (22,446) |
| At 31 July 2020 | 37,630 | 380,849 | 32,981 | 61,082 | 105,079 | 617,621 |
| Accumulated depreciation | | | | | | |
| At 1 August 2019 (Restated) | - | (174,073) | (20,501) | (36,448) | - | (231,022) |
| Charge for year | - | (11,280) | (1,155) | (5,011) | - | (17,446) |
| Diminution of fixed asset values | - | (5,098) | 945 | - | - | (4,153) |
| Eliminated on disposals and transfers | - | 10,154 | - | 3,185 | - | 13,339 |
| At 31 July 2020 | - | (180,297) | (20,711) | (38,274) | - | (239,282) |
| Net book value at 31 July 2020 | 37,630 | 200,552 | 12,270 | 22,808 | 105,079 | 378,339 |
| Net book value at 31 July 2019 (Restated) | 38,650 | 223,751 | 12,480 | 19,577 | 57,738 | 352,196 |

University

| | Land | Freehold Buildings | Leasehold Buildings | Equipment | Assets under construction | Total |
|---|---------------|-----------------------|------------------------|------------------|------------------------------|-------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | | |
| At 1 August 2019 (Restated) | 38,650 | 396,936 | 32,981 | 56,012 | 57,738 | 582,317 |
| Assets brought into use | - | 901 | - | - | (901) | - |
| Additions at cost | - | 99 | - | 8,472 | 48,242 | 56,813 |
| Disposals and transfers in year | (1,020) | (17,087) | - | (3,451) | - | (21,558) |
| At 31 July 2020 | 37,630 | 380,849 | 32,981 | 61,033 | 105,079 | 617,572 |
| Accumulated depreciation | | | | | | |
| At 1 August 2019 (Restated) | - | (173,852) | (20,501) | (36,440) | - | (230,793) |
| Charge for year | - | (11,280) | (1,155) | (5,008) | - | (17,443) |
| Diminution of fixed asset values | - | (5,098) | 945 | - | - | (4,153) |
| Eliminated on disposals and transfers | - | 9,932 | - | 3,185 | - | 13,117 |
| At 31 July 2020 | - | (180,298) | (20,711) | (38,263) | - | (239,272) |
| Net book value at 31 July 2020 | 37,630 | 200,551 | 12,270 | 22,770 | 105,079 | 378,300 |
| Net book value at 31 July 2019 (Restated) | 38,650 | 223,084 | 12,480 | 19,572 | 57,738 | 351,524 |

NOTES TO THE FINANCIAL STATEMENTS

All assets are valued at cost but for freehold land and buildings at 1 August 2014, the costs used were based on the 2014 valuation taken as deemed cost. Subsequent additions are at cost. Leasehold buildings relate to buildings on land not owned by the University and are valued at original cost.

Freehold buildings includes the capital cost of buildings that are the subject of two Service Concession Agreements [see Note 26]. This is because the buildings are on land that is owned by the University and the buildings will become the property of the University when the agreement ends. The cost of the asset is £95,332,000 [2019: £95,332,000] and the net book value is £44,308,000 [2019: £51,660,000].

A £5.1m diminution charge has been recognised in the year in respect of certain property held by the University. This charge is reflected within 'accumulated depreciation' in the Consolidated and University Statement of Financial Position and within the 'depreciation' in the Consolidated and University Statement of Comprehensive Income.

Equipment includes two heritage assets which comprises of a painting "The Golden Trees" by Joash Woodrow, this is valued at £25,000 being the purchase cost and a 'Rob Ward' sculpture, purchase cost of £8,500. As these are heritage assets, they are not depreciated.

Figures for freehold building and leasehold building have been reclassified from what had been reported in the financial statements for the year ended 31 July 2019. This was due to the diminution figure for Carnegie Pavilion which had been categorised as Freehold Buildings and should have been Leasehold Building. This reclassification did not affect the total net book value at 31 July 2019.

| Consolidated | Freehold Buildings £'000 | Leasehold Buildings £'000 |
|--|---|--|
| Cost | | |
| At 31 July 2019 | 398,441 | 32,364 |
| Assets brought into use | - | - |
| Additions at cost | - | - |
| Disposals and transfers in year | (617) | 617 |
| At 31 July 2019 (Restated) | 397,824 | 32,981 |
| Accumulated depreciation | | |
| At 31 July 2019 | (184,646) | (9,928) |
| Charge for year | - | - |
| Diminution of fixed asset values | 10,384 | (10,384) |
| Eliminated on disposals and transfers | 189 | (189) |
| At 31 July 2019 (Retstated) | (174,073) | (20,501) |
| Net book value at 31 July 2019 | 213,795 | 22,436 |
| Net book value at 31 July 2019 (Restated) | 223,751 | 12,480 |

Note 17. Non-current investments

| | Consolidated | | University | |
|---------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| | 31 July 2020 £'000 | 31 July 2019 £'000 | 31 July 2020 £'000 | 31 July 2019 £'000 |
| CVCP Properties plc | 37 | 37 | 37 | 37 |
| | 37 | 37 | 37 | 37 |

CVCP Properties plc is an unquoted company, originally set up by the members of Universities UK to finance property acquisition, and the shares are stated at cost. In the Governor's opinion, the market value of the investment is not materially different from the cost at the balance sheet date.

Note 18. Subsidiary undertakings

Leeds Beckett University Enterprises Limited [LBUEL] is a wholly owned company limited by guarantee which undertakes consultancy, applied research and conference letting activities. It prepares financial statements to 31 July.

MyPeakPotential Limited [MPP] is a company registered in England & Wales which provides accommodation facilities for outdoor activities and its base is in Germany. It prepares financial statements to 31 July and the University owns a 51% holding. MPP has been consolidated as at 31 July 2020 based on unaudited financial statements up to that date. For year ending 31 July 2020, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. During the period the financial statements were prepared, the company received notification that the main customer would be terminating its contract with effect from June 2019. After consideration of the impact of this on the operation of the company and consideration of options, the directors have decided to cease trading and close the company. On this basis, the company is not considered to be a going concern and the financial statements have been prepared on a break up basis.

MoreLife (UK) Limited [MoreLife] is a company registered in England & Wales which provides services to tackle childhood obesity. It prepares financial statements to 31 March and the University owns a 50% holding. The results of MoreLife have been consolidated as at 31 July 2020 based on management accounts at that date.

Note 19. Associated company

The University acquired 40 shares out of 99 £1 ordinary shares issued, a 40% holding, in **Rhodes Beckett Limited (Rhodes Beckett)**, a company registered in England & Wales. Rhodes Beckett provides services to advise organisations and their employees on health and wellbeing matters. The Directors of the company have considered its long term future given the dormant nature of its activities and it was dissolved on 4 February 2020.



NOTES TO THE FINANCIAL STATEMENTS

Note 20. Trade and other receivables

| | Consolidated | | University | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 July 2020 £'000 | 31 July 2019 £'000 | 31 July 2020 £'000 | 31 July 2019 £'000 |
| Amounts falling due within one year | | | | |
| Trade receivables | 7,226 | 9,136 | 5,990 | 8,181 |
| Prepayments and accrued income | 4,402 | 4,975 | 6,970 | 6,841 |
| | 11,628 | 14,111 | 12,960 | 15,022 |

Note 21. Current asset investments

| | Consolidated | | University | |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 July 2020 £'000 | 31 July 2019 £'000 | 31 July 2020 £'000 | 31 July 2019 £'000 |
| Fixed interest deposits | 15,791 | 39,516 | 15,791 | 39,516 |
| | 15,791 | 39,516 | 15,791 | 39,516 |

The Governors believe that the carrying value of the investments is supported by the underlying net assets.

Note 22. Cash and cash equivalents

| | Consolidated | | |
|---------------------------|---------------------------|---------------------|--------------------------|
| | At 1 August 2019 £'000 | Cash Flows £'000 | At 31 July 2020 £'000 |
| Cash and cash equivalents | 30,546 | 27,542 | 58,088 |
| | 30,546 | 27,542 | 58,088 |

Note 23. Creditors amounts falling due within one year

| | Consolidated | | University | |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 July 2020 £'000 | 31 July 2019 £'000 | 31 July 2020 £'000 | 31 July 2019 £'000 |
| Trade creditors | 5,268 | 5,173 | 5,268 | 5,173 |
| Loans and obligations (Note 25) | 6,035 | 2,651 | 6,035 | 2,507 |
| Other taxation and social security | 4,320 | 3,757 | 3,646 | 3,134 |
| Accruals | 15,543 | 20,683 | 18,079 | 22,263 |
| Deferred income | 9,406 | 7,055 | 7,626 | 4,698 |
| Interest accrued | 240 | 291 | 240 | 291 |
| Other creditors | 125 | 25 | - | - |
| | 40,937 | 39,635 | 40,894 | 38,066 |

Note 24. Creditors amounts falling due after more than one year

| | Consolidated | | University | |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 July 2020 £'000 | 31 July 2019 £'000 | 31 July 2020 £'000 | 31 July 2019 £'000 |
| Loans and obligations (Note 25) | 103,051 | 88,759 | 103,051 | 88,759 |
| Deferred income | 37,550 | 25,005 | 37,550 | 25,005 |
| Taxation | 8 | 8 | 8 | 8 |
| | 140,609 | 113,772 | 140,609 | 113,772 |

Note 25. Borrowings

| | Consolidated | | University | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 July 2020 £'000 | 31 July 2019 £'000 | 31 July 2020 £'000 | 31 July 2019 £'000 |
| (a) Bank loan | | | | |
| The bank loan is repayable as follows: | | | | |
| In one year or less | 4,700 | 1,451 | 4,700 | 1,307 |
| Between one and two years | 8,307 | 1,129 | 8,307 | 1,129 |
| Between two and five years | 24,194 | 3,600 | 24,194 | 3,600 |
| In five years or more | 7,445 | 19,917 | 7,445 | 19,917 |
| | 44,646 | 26,097 | 44,646 | 25,953 |

The above bank loan includes £24.646m in respect of a fixed rate loan provided by Lloyds Bank that is repayable over 15 years. It is in two tranches with interest charged at 5.3% and 1.458% respectively.

The University has secured a £50m loan facility with HSBC repayable by November 2027. At 31 July 2020, £20m had been drawn down.



NOTES TO THE FINANCIAL STATEMENTS

| | Consolidated | | University | |
|---|--------------|--------------|--------------|--------------|
| | 31 July 2020 | 31 July 2019 | 31 July 2020 | 31 July 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| (b) Obligations under finance leases | | | | |
| The net obligations to which the University is committed are: | | | | |
| In one year or less | 181 | 118 | 181 | 118 |
| Between one and two years | 181 | 98 | 181 | 98 |
| Between two and five years | 276 | 213 | 276 | 213 |
| | 638 | 429 | 638 | 429 |

These leases principally relate to office equipment and vehicles.

| | Consolidated | | University | |
|---|---------------|---------------|---------------|---------------|
| | 31 July 2020 | 31 July 2019 | 31 July 2020 | 31 July 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| (c) Service Concession Arrangements | | | | |
| The net obligations to which the University is committed are: | | | | |
| In one year or less | 1,027 | 828 | 1,027 | 828 |
| Between one and two years | 1,297 | 1,027 | 1,297 | 1,027 |
| Between two and five years | 5,135 | 4,543 | 5,135 | 4,543 |
| In five years or more | 56,016 | 57,905 | 56,016 | 57,905 |
| | 63,475 | 64,303 | 63,475 | 64,303 |

These loans are repayable between the year-end and 2035 and are secured on the University's student accommodation [see Note 26].

| | Consolidated | | University | |
|---|--------------|--------------|--------------|--------------|
| | 31 July 2020 | 31 July 2019 | 31 July 2020 | 31 July 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| (d) Other interest-free loans | | | | |
| The net obligations to which the University is committed are: | | | | |
| In one year or less | 127 | 254 | 127 | 254 |
| Between one and two years | - | 127 | - | 127 |
| Between two and five years | - | - | - | - |
| In five years or more | 200 | 200 | 200 | 200 |
| | 327 | 581 | 327 | 581 |

These are interest-free, unsecured loans to support improving the University's sustainable use of resources.

Note 26. Service Concession Arrangements

The University has two contracts in respect of student accommodation which are reported as Service Concession Arrangements. These have always been shown as a fixed asset included under freehold land & buildings [see Note 16], as the buildings are on land owned by the University, with a corresponding liability shown as borrowings [see Note 25(c)]. The contract also provides for a facilities management charge which is subject to annual adjustment in respect of inflation. The total payments are scheduled to increase each year reflecting expected increases in the University's income.

During 2005/06 the University entered into a finance lease agreements with UPP Leeds Metropolitan Limited covering three student halls of residence comprising 1,559 bedrooms, which provided additional finance for the University's development. The company is responsible for managing and operating the halls of residence in close co-operation with the University. Under the terms of the leases, the University retains the freehold interest and the three properties revert back to the University at the end of the thirty year term.

In 2009/10 the University entered into a 35 year lease agreement with UPP Leeds Metropolitan 2 Limited to finance the building of the Carnegie Village student accommodation comprising 475 beds on the Headingley campus. This also included a similar arrangement to manage and operate the residences in close co-operation with the University.

The total amounts committed under the agreement and the maintenance commitment are shown below. These exclude inflation on the maintenance costs, which depends on the RPI index and is reviewed annually.

| | Consolidated and University | | | |
|--|-----------------------------|----------------|-------------------|---------------|
| | Gross Payments | | Maintenance costs | |
| | 31 July 2020 | 31 July 2019 | 31 July 2020 | 31 July 2019 |
| | £'000 | £'000 | £'000 | £'000 |
| In one year or less | 9,167 | 9,002 | 3,829 | 3,811 |
| Between two and five years | 38,151 | 37,581 | 15,317 | 15,242 |
| In five years or more | 141,851 | 150,983 | 49,473 | 52,770 |
| Total payable | 189,169 | 197,566 | 68,619 | 71,823 |
| less future facility maintenance costs | (68,619) | (71,823) | | |
| less future financing costs | (57,075) | (61,440) | | |
| Net borrowing [Note 25c] | 63,475 | 64,303 | | |

NOTES TO THE FINANCIAL STATEMENTS

Note 27. Consolidated reconciliation of net debt

| | At 31 July 2020 £'000 |
|--|--------------------------------------|
| Net debt 1 August 2019 | 60,864 |
| Movement in cash and cash equivalents | 27,542 |
| Acquisition of subsidiaries | - |
| Disposal of subsidiaries | - |
| New finance leases | 442 |
| Other non-cash changes | (37,850) |
| Changes in market value and exchange rates | - |
| Net debt 31 July 2020 | 50,998 |
| Change in net debt | (9,866) |

| | 31 July 2020 £'000 | 31 July 2019 £'000 |
|--|-------------------------------|-----------------------|
| Cash and cash equivalents | 58,088 | 30,546 |
| Borrowings amounts falling due within one year | | |
| Secured loans | 4,700 | 1,451 |
| Obligations under finance leases | 181 | 118 |
| Service Concession Arrangements | 1,027 | 828 |
| Unsecured loans | 127 | 254 |
| | 6,035 | 2,651 |
| Borrowings amounts falling due after more than one year | | |
| Secured loans | 39,946 | 24,646 |
| Obligations under finance leases | 457 | 311 |
| Service Concession Arrangements | 62,448 | 63,475 |
| Unsecured loans | 200 | 327 |
| | 103,051 | 88,759 |
| Net debt | 50,998 | 60,864 |

Note 28. Pension schemes

The three principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS), the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS) which are externally funded.

The LGPS is regulated by statute, with separate regulations for (a) England & Wales and (b) Scotland. The benefits of the LGPS are determined nationally by regulation and meets the definition of a defined benefit scheme. The LGPS is a funded scheme, with some 100 separate funds administered locally by administering authorities. Each fund has many employing authorities. The City of Bradford Metropolitan District Council is the administering authority for the West Yorkshire Pension Fund (WYPF), i.e. the LGPS local fund. The metropolitan councils in West Yorkshire, and other bodies, for example the University, are employing bodies within the WYPF. The WYPF is a funded defined benefit scheme.

The University reports pension costs in accordance with Financial Reporting Standard 102 (FRS102): Retirement Benefits requiring detailed disclosures for defined benefit schemes. The TPS and USS are multi-employer schemes for which it is not possible to identify assets and liabilities to University members and are therefore accounted for as if they were defined contribution schemes.

The total pension cost for the University, and its subsidiary companies, was:

| | Year ended 31 July 2020 £'000 | Year ended 31 July 2019 £'000 |
|------------------------------------|--|-------------------------------------|
| Costs of TPS | (10,042) | (7,036) |
| Costs of USS | 653 | (2,158) |
| Costs of WYPF (See below) | (16,012) | (15,921) |
| Other pension costs and accruals | (21) | (252) |
| Total pension cost (Note 8) | (25,422) | (25,367) |

The number of staff who are members of the various schemes are as follows:

| | Year ended 31 July 2020 Number | Year ended 31 July 2019 Number |
|------|---|--------------------------------------|
| TPS | 1,294 | 1,457 |
| USS | 51 | 53 |
| WYPF | 1,403 | 1,458 |
| | 2,748 | 2,968 |



NOTES TO THE FINANCIAL STATEMENTS

Teachers' Pension Scheme (TPS)

The TPS is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These apply to teachers in schools and other educational establishments in England & Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. All eligible academics are contractually enrolled into the scheme on appointment. They then have the option to opt out.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. The teachers' contributions and employers' contributions are credited to the Exchequer under arrangements governed by the above Act.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

With effect from 1 April 2015 the scheme changed to a career average basis with some protection for employees who were active before 1 April 2012. During the year, the University's contribution rate was 16.48% to 31 August 2019, increasing to 23.68% effective from September 2019. The employees' contribution rate is based on earnings and ranged from 7.4% to 11.7%.

There was a balance of £436 owing by the University as at 31 July 2020 (2019: £0 owed by the University).

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS, not less than every four years. The aim of the review is to specify the level of future contributions. The last valuation of the TPS was at 31 March 2016 and can be found on the Teacher Pensions website at: www.teacherspensions.co.uk. The GA's report published in March 2019 revealed a deficit of £22.0 billion as the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £218.1 billion and the value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £196.1 billion. The assumed real rate of return is 2.8% in excess of prices (using the CPI measure). Pensions increases are assumed at CPI + 2%, while earnings growth is assumed to be CPI + 2.2%. The 2016 valuation amended the 'Corrected employer contribution rate' from 16.4% to 22.8% of pensionable pay, however that increase was deferred until September 2019. As a consequence of this delay, an additional 0.8% of pay will be payable until 31 March 2023 (resulting in total employer contributions of 23.68% (including the administration levy of 0.08% payable for the period 1 September 2019 to 31 March 2023).

Universities Superannuation Scheme (USS)

The University participates in USS which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

Because of the mutual nature of the scheme, the assets are not attributed to individual University's and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other University's employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Consolidated Statement of Comprehensive Income.

The total cost charged to the Consolidated Statement of Comprehensive Income and Expenditure is £1.260 million (2019: £1.557 million).

Deficit recovery contributions due within one year are £640,725 (2019: £684,240)

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. As at the year end, a valuation as at 31 March 2020 was underway but not yet complete.

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

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

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)

Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

Discount rate (forward rates)

Years 1-10: CPI + 0.14% reducing linearly to CPI - 0.73%
Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21
Years 21 +: CPI + 1.55%



NOTES TO THE FINANCIAL STATEMENTS

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

| | 2018 valuation |
|----------------------------------|---|
| Mortality base table | <p><u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.</p> <p><u>Post-retirement:</u> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.</p> |
| Future improvements to mortality | CML_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females. |

The current life expectancies on retirement at age 65 are:

| | 2018 valuation | 2017 valuation |
|-----------------------------------|---------------------------|---------------------------|
| Males currently aged 65 (years) | 24.4 | 24.6 |
| Females currently aged 65 (years) | 25.9 | 26.1 |
| Males currently aged 45 (years) | 26.3 | 26.6 |
| Females currently aged 45 (years) | 27.7 | 27.9 |

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

| | 2020 | 2019 |
|---------------------------|-------------|-------------|
| Discount rate | 0.73% | 1.58% |
| Pensionable salary growth | 0.00% | 2.00% |

In the year ended 31 July 2019, the liability was based on the previous deficit recovery plan, which required payment of 5% of salaries over the period 1 April 2020 to 30 June 2034.

The reduction in the term of the deficit recovery plan has given rise to a substantial reduction in the deficit provision which has decreased from £2.473 million to £1.213 million as set out in note 29. £1.247 million of this decrease is attributable to the change in the deficit contributions contractual commitment. See also staff costs note 8 in respect of significant one-off pension costs / gains.

In September 2020, the Trustee of the Universities Superannuation Scheme (USS) launched a consultation with Universities UK on key aspects of the scheme's 2020 valuation. The scope of this exercise covers a wide range of potential outcomes - reflecting issues still to be resolved on employer support as well as uncertainties for the higher education sector and financial markets in general - but, based on the proposals put forward, the Trustees have indicated that the fund's deficit at 31 March 2020 could range from between £9.8bn and £17.9bn. This would represent a significant deterioration from the £3.6bn deficit established under the 2018 valuation (and against which the current recovery plan is set) and a return to the levels of shortfall experienced under the previous 2017 valuation (£11.8bn).

The USS Trustee has until 30 June 2021 to conclude the valuation. It has been estimated that the cost of continuing to offer current benefits in this context could reach between 40.8% to 67.9% of payroll. This range is purely illustrative and is before any other measures are considered to reduce the deficit: options to address the deficit are still being widely debated across the sector and by the Trustee of the Pension Scheme.

West Yorkshire Pension Fund (WYPF)

The actuaries to the WYPF completed a valuation of the Fund as at 31 March 2019 in accordance with the Regulations governing the LGPS. The results of the valuation were set out in the Rates and Adjustments Certificate dated 31 March 2020. Based on that valuation, the required employer contribution rate for the University was set at 16.4% (previously 13.1%) of pensionable remuneration per annum, from 1 April 2020 to 31 March 2021. However, agreed additional amounts paid to the fund (£1,024,000 in 2017/18, increasing annually to £1,091,600 in 2019/20) ceased with effect from 1 April 2020. Further additional contributions will be required in respect of the costs arising from non-ill health early retirements prior to Normal Pension Age occurring in the period of the Rates and Adjustments Certificate. The 2019 valuation was carried out using the projected unit actuarial method.

During the year, the University's contribution rate was 13.1% to 31 March 2020 and 16.4% thereafter. The employees' contribution rate ranged from 5.5% to 12.5%. The expected current service cost for 2019/20 is £16.263m. There was a balance of £181 owing by the University as at 31 July 2020 (2019: £0).

| Reconciliation of funded status to balance sheet | | |
|---|--|--|
| | Value as at 31 July 2020 £m | Value as at 31 July 2019 £m |
| Fair value of assets | 248,690 | 262,135 |
| Present value of liabilities | (484,795) | (398,334) |
| Net pension asset / (liability) (Note 29) | (236,105) | (136,199) |



NOTES TO THE FINANCIAL STATEMENTS

| Analysis of income and expenditure charges | | |
|--|-----------------------------------|-----------------------------------|
| | Year ending 31 July 2020 £m | Year ending 31 July 2019 £m |
| Current service cost | (16.263) | (10.462) |
| Past service cost charged in staff costs | (1.103) | (6.122) |
| Total included under Staff costs | (17.366) | (16.584) |
| less contributions already charged | 6.859 | 5.916 |
| Payroll accrual to maintain current service costs per FRS102 | (10.507) | (10.668) |
| Interest cost | (8.704) | (9.012) |
| Expected return on assets | 5.792 | 6.796 |
| Interest expense recognised | (2.912) | (2.216) |
| Total (charge)/credit | (13.419) | (12.884) |

| Analysis of gains and losses recognised in Consolidated Statement of Comprehensive Income and Expenditure | | |
|---|-----------------------------------|-----------------------------------|
| | Year ending 31 July 2020 £m | Year ending 31 July 2019 £m |
| Asset (losses)/gains | (21.317) | 11.522 |
| Liability (losses)/gains | (65.989) | (53.295) |
| Total (loss)/gain in SOCI | (87.306) | (41.773) |

| Changes to the present value of liabilities during the accounting year | | |
|--|-----------------------------------|-----------------------------------|
| | Year ending 31 July 2020 £m | Year ending 31 July 2019 £m |
| Current service cost | 16.263 | 10.462 |
| Interest cost | 8.704 | 9.012 |
| Contributions by participants | 2.726 | 2.793 |
| Actuarial (losses)/gains on liabilities | 65.989 | 53.295 |
| Net benefits paid out | (8.324) | (7.396) |
| Past service cost | 1.103 | 6.122 |
| Net increase/(decrease) in liabilities | 86.461 | 74.288 |
| Opening present value of liabilities | 398.334 | 324.046 |
| Closing present value of liabilities | 484.795 | 398.334 |

| Changes to the fair value of assets during the accounting year | | |
|--|-----------------------------------|-----------------------------------|
| | Year ending 31 July 2020 £m | Year ending 31 July 2019 £m |
| Expected return on assets | 5.792 | 6.796 |
| Actuarial (losses)/gains on assets | (21.317) | 11.522 |
| Actual return on assets | (15.525) | 18.318 |
| Contributions by the employer | 7.678 | 6.985 |
| Contributions by participants | 2.726 | 2.793 |
| Net benefits paid out | (8.324) | (7.396) |
| Net (decrease)/increase in assets | (13.445) | 20.700 |
| Opening fair value of assets | 262.135 | 241.435 |
| Closing fair value of assets | 248.690 | 262.135 |

| Asset allocation | | |
|------------------|---------------------------------------|---------------------------------------|
| | Asset split at 31 July 2020 (%) | Asset split at 31 July 2019 (%) |
| Equities | 77.7 | 78.6 |
| Property | 4.3 | 4.3 |
| Government bonds | 10.0 | 9.9 |
| Corporate bonds | 5.0 | 3.6 |
| Cash | 1.6 | 2.1 |
| Other | 1.4 | 1.5 |
| Total | 100.0 | 100.0 |



NOTES TO THE FINANCIAL STATEMENTS

Assumptions

The latest actuarial valuation of the University's liabilities took place as at 31 March 2019. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the Fund for FRS102 purposes were:

| Principal financial assumptions | | |
|--|--------------|--------------|
| | 31 July 2020 | 31 July 2019 |
| Percentage rates per annum: | | |
| Discount rate | 1.40% | 2.20% |
| CPI inflation | 2.10% | 2.20% |
| Pension increases | 2.10% | 2.20% |
| Pension accounts revaluation rate | 2.10% | 2.20% |
| Salary increases | 3.25% | 3.45% |
| The assumed life expectations of members are as follows: | | |
| Members aged 65 at accounting date: | | |
| Males | 20.7 | 22.2 |
| Females | 23.7 | 25.4 |
| Members aged 45 at accounting date: | | |
| Males | 23.0 | 23.2 |
| Females | 25.9 | 27.2 |

Note 29. Pension provisions

| | Consolidated and University | | | Total |
|--|-----------------------------|-------------------|----------------------|----------------|
| | Defined Benefit Pensions | Unfunded Pensions | USS Deficit payments | |
| | £'000 | £'000 | £'000 | £'000 |
| At 1 August 2018 | 82,611 | 13,926 | 916 | 97,453 |
| Charged under Staff Costs | 10,462 | 3 | 1,584 | 12,049 |
| Charged under Reorganisation Costs | 6,122 | - | - | 6,122 |
| Expenditure in year | (6,985) | (918) | (47) | (7,950) |
| Charged under Finance Costs (Note 11) | 2,216 | 379 | 20 | 2,615 |
| Charged under Actuarial (gains)/losses | 41,773 | 1,018 | - | 42,791 |
| At 31 July 2019 | 136,199 | 14,408 | 2,473 | 153,080 |
| Charged under Staff Costs | 16,263 | 21 | (1,247) | 15,037 |
| Charged under Reorganisation Costs | 1,103 | - | - | 1,103 |
| Expenditure in year | (7,678) | (927) | (52) | (8,657) |
| Charged under Finance Costs (Note 11) | 2,912 | 310 | 39 | 3,261 |
| Charged under Actuarial (gains)/losses | 87,306 | 464 | - | 87,770 |
| At 31 July 2020 | 236,105 | 14,276 | 1,213 | 251,594 |

The Defined Benefit Pension provision relates to benefits provided by our LGPS, which is administered by the WYPF. Details of this provision and the other Defined Benefit Schemes that the University offers to staff are set out in Note 28.

Unfunded pensions are provided for where the University agrees to pay a pension in addition to the normal scheme entitlements at the time, for example in certain instances of redundancy. The provision estimate is calculated by our actuaries, Aon Hewitt, based on the expected life of the obligation and discounted at a rate appropriate to this year. The assumptions used are similar to those used in calculating the LGPS provision and are set out in Note 28.

The obligation to fund the past deficit on the USS arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are provided in Note 28.

Following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in Note 28. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As a consequence, the deficit provision has decreased significantly from the prior year of which £1.247m is due to the change in the deficit contributions contractual commitment.

The major assumptions used to calculate the obligation are:

| | | |
|---------------------------|-------------|-------|
| | 2020 | 2019 |
| Discount rate | 0.73% | 1.58% |
| Pensionable salary growth | 0.00% | 2.00% |

Sensitivity analysis

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

- 0.5% decrease in discount rate increases the liability by £0.029 million to £1.242 million
- 0.5% increase in salary inflation over duration increases the liability by £0.029 million to £1.242 million
- 0.5% increase in salary inflation year 1 only increases the liability by £0.006 million to £1.219 million
- 0.5% increase in staff changes over duration increases the liability by £0.029 million to £1.242 million
- 0.5% increase in staff changes year 1 only increases the liability by £0.006 million to £1.219 million
- 1% increase in deficit contributions increases the liability by £0.226 million to £1.439 million



NOTES TO THE FINANCIAL STATEMENTS

Note 30. Other provisions

| | Consolidated and University | |
|--|-----------------------------|-----------------------|
| | 31 July 2020 £'000 | 31 July 2019 £'000 |
| Liability for costs of restoration of leasehold properties | | |
| At 1 August | 2,432 | 1,928 |
| Expenditure in the year | - | - |
| Charged in income and expenditure account | 81 | 504 |
| At 31 July 2020 | 2,513 | 2,432 |

Note 31. Income and expenditure reserve - endowment reserves

| | Consolidated and University | | |
|-----------------------------|-------------------------------|--------------------------------|----------------|
| | Permanent Restricted £'000 | Expendable Restricted £'000 | Total £'000 |
| At 1 August 2018 | 28 | 54 | 82 |
| New endowments | 7 | (1) | 6 |
| Investment income | - | - | - |
| Direct expenditure for year | (3) | (10) | (13) |
| At 31 July 2019 | 32 | 43 | 75 |
| New endowments | 1 | - | 1 |
| Investment income | - | (1) | (1) |
| Direct expenditure for year | - | (5) | (5) |
| At 31 July 2020 | 33 | 37 | 70 |

Endowment funds are held with the University's current investments. Their purpose is primarily to provide bursaries and prizes for University students.

Note 32. Income and expenditure reserve - restricted reserves

| | Consolidated and University | | | |
|-----------------------------------|-----------------------------|-------------------------|--------------------|----------------|
| | Capital grants £'000 | Revenue grants £'000 | Donations £'000 | Total £'000 |
| At 1 August 2018 | 4,723 | 1,597 | 31 | 6,351 |
| New grants and donations | - | 291 | 13 | 304 |
| Investment income | - | - | (2) | (2) |
| Direct expenditure for year | - | (92) | (2) | (94) |
| Released to unrestricted reserves | (142) | - | - | (142) |
| At 31 July 2019 | 4,581 | 1,796 | 40 | 6,417 |
| New grants and donations | - | (51) | 12 | (39) |
| Investment income | - | - | - | - |
| Direct expenditure for year | 1 | 100 | 3 | 104 |
| Released to unrestricted reserves | (142) | - | - | (142) |
| At 31 July 2020 | 4,440 | 1,845 | 55 | 6,340 |

Note 33. Related Party Disclosures

The University has taken advantage of the disclosure exemption under FRS102, which applies to transactions and balances between wholly-owned subsidiaries.

Members of the Board of Governors are required to declare any outside interests that they held during the year. When an item arises in which a member has a pecuniary, business, family, or other personal interest, it must be declared and the member concerned may not take part in the consideration of the matter nor vote on it.

Due to the nature of the University's operations and the composition of the Board of Governors (many of whom are involved with other local public and private sector organisations), there are transactions with organisations in which a member of the Board of Governors or senior staff, or those closely connected to them, may have an interest. All such transactions are conducted at arm's length and in accordance with the University's Financial Regulations.

Two members of the University's staff are spouses of the University's Senior Management, and are paid on salary ranges in keeping with their peers for equivalent grades. One daughter and one son of the University's Senior Management are students at the University. These are at arm's length transactions and no additional discounts are given on the standard University fees.

All transactions totalling more than £1,000 are summarised below by organisation and the relevant governor or staff member:



NOTES TO THE FINANCIAL STATEMENTS

| Organisation | Name and position held | University Income | | University Expenditure | | Balance owed to/(owing by University) £'000 |
|---|---|-------------------|---|------------------------|--|--|
| | | £'000 | in respect of | £'000 | in respect of | |
| Association of Graduate Careers Advisory Services (AGCAS) | Mr M Stow - Advocacy Director | - | - | 4 | Corporate Membership | - |
| Bettys & Taylors | Mr A Brown - Managing Director | 14 | Tuition Fees | (2) | - | - |
| Leeds Beckett Students' Union | Ms B Pereira - Officer Trustee | 9 | Facilities Hire | 1,372 | Grants, Venue Hire, Hospitality, Merchandise | 2 |
| | Mr C Hind - Officer Trustee | | | | | |
| | Ms S Iqbal - Officer Trustee | | | | | |
| | Ms C Thomas - Returning Officer | | | | | |
| | Ms K Everest - Trustee | | | | | |
| Leeds Rugby Foundation | Mr P Mackreth - Trustee | - | - | 50 | Sponsorship and Partnership Activities | - |
| Northern Consortium (NCUK) | Professor J Keay - Trustee | - | - | 121 | Rent, Management Fees, Employee Recharge, Agent Commission | - |
| Sky | Jo Fox - Marketing Director | 52 | Tuition Fees, Course Fees, Hospitality, Facilities Hire | - | - | - |
| The Batley Multi Academy Trust | Professor D Page - Board Member | 10 | Academic Services, Tuition Fees | 49 | Educational Services Contracts | (1) |
| The Universities' Chaplaincy in Leeds Trust | Professor P Cardew - Trustee | - | - | 21 | Support Services Contracts | - |
| Unipol Student Homes | Mr D Collett - Director | - | - | 104 | Advertising, Rents and Leases | - |
| | Ms P Preston - Director & Charitable Trustee | | | | | |
| | Ms C Thomas - Director & Charitable Trustee | | | | | |
| University Alliance | Professor P Slee - Director | - | - | 89 | Corporate Subscriptions | (48) |
| University of Kent | Professor C Hughes - Interim Deputy Vice-Chancellor | - | - | 8 | Corporate Subscriptions | (8) |
| Yorkshire Universities | Professor P Slee - Director | - | - | 25 | Corporate Subscriptions | - |

NOTES TO THE FINANCIAL STATEMENTS

Note 34. National College for Teaching and Leadership training bursaries

Training bursaries have been provided in the year in order that eligible post-graduate trainee teachers can receive their entitlement to a tax-free bursary whilst they train.

| | Consolidated and University | |
|---|------------------------------------|--------------|
| | 31 July 2020 | 31 July 2019 |
| | £ | £ |
| Amount held in creditors due within one year at 1 August | 23,800 | 52,500 |
| Funding body grants | 1,222,200 | 797,800 |
| Expenditure | (1,171,800) | (826,500) |
| Amount held in (debtors)/creditors due within one year at 31 July | 74,200 | 23 800 |

Note 35. Capital and other commitments

Provision has not been made for the following capital commitments at 31 July:

| | Consolidated and University | |
|---------------------|------------------------------------|--------------|
| | 31 July 2020 | 31 July 2019 |
| | £'000 | £'000 |
| Capital commitments | 22,765 | 74,208 |

Note 36. Lease obligations

At 31 July the University had future minimum lease payments due under operating leases as follows:

| | Consolidated and University | |
|--|------------------------------------|---------------|
| | 31 July 2020 | 31 July 2019 |
| | £'000 | £'000 |
| Land and buildings | | |
| Not later than 1 year | 10,637 | 11,088 |
| Later than 1 year and not later than 5 years | 39,388 | 40,051 |
| Later than 5 years | <u>32,527</u> | <u>42,283</u> |
| | 82,552 | 93,422 |
| Other | | |
| Not later than 1 year | 19 | 38 |
| Later than 1 year and not later than 5 years | 2 | 6 |
| Later than 5 years | <u>-</u> | <u>-</u> |
| | 21 | 44 |

Note 37. Accounting estimates and judgements

The material accounting estimates and judgements applied in these financial statements relate principally to the pension provisions made and also to amounts provided for bad debts, reinstatement of alterations to leasehold properties on termination and the lives estimated for fixed assets.

Assumptions relating to the pension provisions made and, in particular, in respect of the funded LGPS scheme with WYPF, are set out in Note 28. In making these judgements the University has taken note of advice from Aon Hewitt Limited, who prepared calculations of the provisions. The calculations of the WYPF provision is sensitive to the choice of discount rate and the estimate of changes to salaries, pensions and mortality. A change of 0.1% in discount rate would change the provision made by around £11.2m; a change in the rate of salary increase of 0.1% would change the provision made by around £1.5m; a change in the rate of pension increase of 0.1% would change the provision made by around £9.7m; and a change one year in mortality would change the provision made by around £17.9m. Changes in these assumptions would also affect the projected annual service cost by up to £0.9m in the case of the mortality assumptions.

The Governors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme, which under Section 28 of FRS102 means that we have recognised the discounted fair value of our contractual contributions under the deficit funding plan in existence at the date of approving the financial statements.

Debtors are reviewed annually and amounts which are deemed to be irrecoverable are written off, subject to approval of the Board of Governors. Remaining balances at the year-end are then reviewed on the basis that amounts that appear to be more than twelve months overdue are provided for. This is adjusted for in specific circumstances, including adding in accounts that are less than twelve months overdue but are demonstrably not recoverable, and reduced by a percentage estimated to be recoverable for some groups of overdue debt.

Where leases of property require that property to be handed over in a certain condition at the end of the lease, the value of alterations made is estimated and a proportion of this is used as the amount likely to be required for reinstatement. This provision is then built up evenly over the life of the lease but is reviewed annually and re-estimated as properties approach the end of each lease, with advice provided by the University's estates management team and their professional advisors.

Depreciation is based on the estimated life of the asset and, additionally buildings are depreciated based on their individual components, both for new buildings and where a valuation was used as deemed cost for the conversion to FRS102. The information used to identify different components and their costs is based on advice from the University's professional advisors. For alterations to existing buildings and other assets the colleagues who are responsible for proposing and managing the project provide the relevant advice and estimates.

Note 38. Post Balance Sheet Event

The surrender of the lease for Carnegie Pavilion was executed on 14th August 2020. This surrender of the lease will be reflected in the University's financial statements for the year ended 31 July 2021. This will result in a reduction in net book value as set out in note 16 under leasehold buildings of £4.208m and the release of a deferred capital grant from Yorkshire Forward of £3.478m, together with a new loan agreement with Yorkshire County Cricket Club of £0.945m.

