



LEEDS  
BECKETT  
UNIVERSITY

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
31 JULY 2019

[www.leedsbeckett.ac.uk](http://www.leedsbeckett.ac.uk)



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FINANCIAL STATEMENTS 2019

## About the University

1. We are a modern, professional University, based in the vibrant city of Leeds. With a 190-year history of education, which began with the founding of the Leeds Mechanics Institute in 1824, we are proud of our history and ambitious for our future. Our vision is to be an excellent, accessible, globally engaged University contributing positively to a thriving Northern economy.
2. Our aspiration is to create great graduates, 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 that lie ahead.
3. We have a diverse community of almost 24,000<sup>1</sup> students studying our programmes, of which 17,900 are in full-time study and 5,700 are pursuing flexible part-time study. There are an additional 1,700 students studying our programmes overseas. Our international students come to study with us in Leeds from 109 different countries.
4. Our University has 2,235<sup>2</sup> dedicated and talented members of staff based across our two campuses: the city centre site based in the civic quarter of Leeds and our Headingley campus adjacent to the Beckett Park area of the city. With an annual turnover of £216m, we contribute an estimated £500m to the regional economy. Around two-thirds of our graduates stay in the region, contributing their skills and talents to the regionaleconomy.

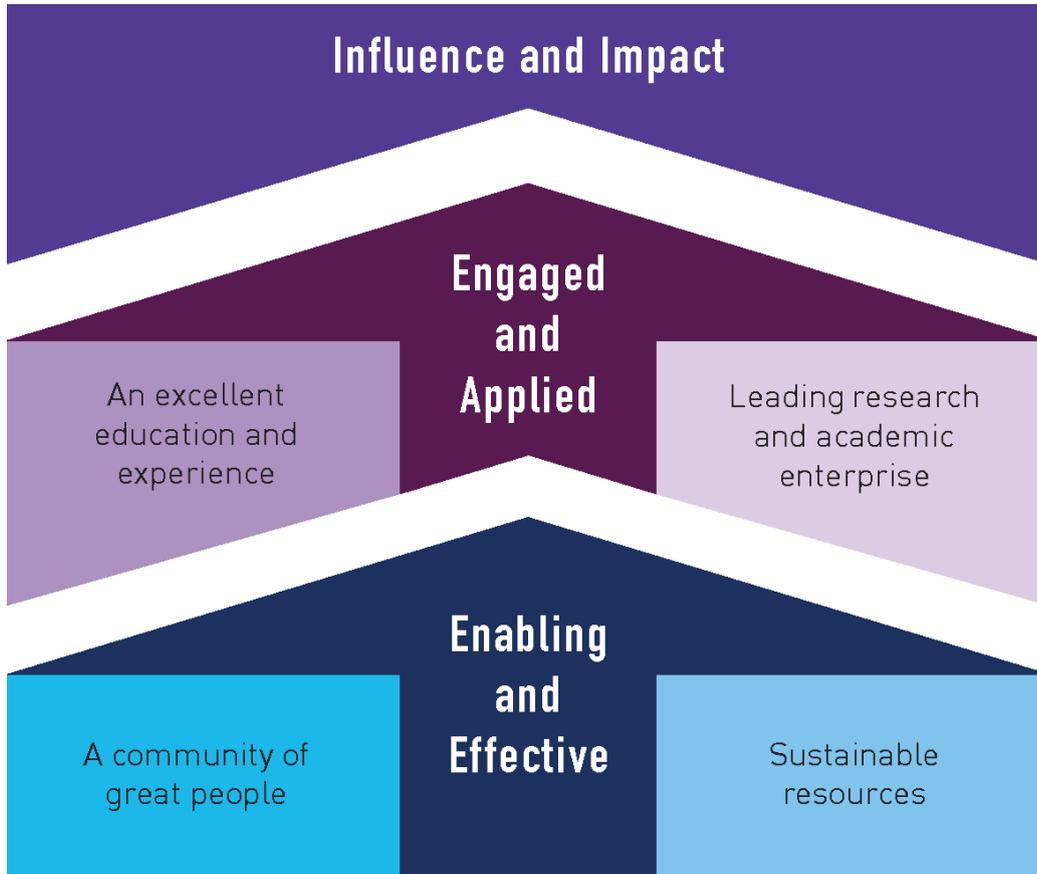
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<sup>1</sup> Taken from the HESA Student and Offshore Aggregate Return for 2017/18

<sup>2</sup> Staff number is the full time equivalent (FTE) at 31 July 2019



5. Our *Strategic Planning Framework 2016-2021* sets out our future ambitions and is underpinned by 12 key performance indicators to 2021.



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

## **An Excellent Education and Experience**

7. We have completed the third year of our *Education Strategy 2016-2021*, which provides the focus to ensure our students continue to have an excellent education and experience.

### ***Recognising Teaching Excellence***

8. Our Teaching Excellence Framework and Student Outcomes (TEF) award of 'silver' extended until summer 2021 reflects the TEF panel judgement that our University delivers high-quality teaching, learning and outcomes for students and consistently exceeds rigorous national quality requirements for UK higher education.
9. The TEF panel in the 2017 report commended our University for its course design and assessment practices, the opportunities for students to engage with professional practice through live project briefs and placements, our strategic focus on developing physical and digital learning resources and an institutional culture that facilitates, recognises and rewards excellent teaching.

10. The University was selected to participate in the national pilot in 2017/18 which informed the introduction of a subject level TEF. This and our work in 2018/19 provided an opportunity to evaluate our provision of teaching excellence and supported the implementation of our Education Strategy across all our subjects.
11. Through our Developing Excellent Academic Practice (DEAP) Framework we offer programmes accredited by the Higher Education Academy (HEA) enabling staff from across the institution to gain a category of HEA Fellowship as professional recognition for their commitment to teaching and supporting student learning.
12. Academic and professional practice is also supported through our Course Director and Head of Subject networks and Funded Teaching Excellence projects.
13. Our University's esteem in recognising teaching excellence is evidenced by:
  - The DVC Academic and colleagues from the Centre for Learning and Teaching (CLT) being asked to facilitate the Higher Education Academy's National Deans' Development Programme.
  - Our distinctive institutional approach is drawing interest from the sector as evidenced through an increasing number of invitations to provide consultancy. In 2018/19 these invitations included keynote addresses to the University of Liverpool, Solent University and to national bodies including the UK Staff and Educational Development Association (SEDA), as well as international consultancy on recognising teaching excellence to Eindhoven University of Technology and Utrecht University.
14. There is a pathway for outstanding teachers to achieve Professorships based on teaching excellence. In June 2019 Susan Smith, Professor of Learning and Teaching, delivered her professorial inaugural lecture at the University's Learning and Teaching Conference.
15. We launched a CLT Associate scheme to support our outstanding teachers to further develop their practice and their impact on others' practice through secondments and L&T leadership opportunities, appointing 7 Associates in 2019. It is already garnering interest from other areas of the University as an effective model of adopting and sharing practice.
16. To date, a total of 851 staff members have achieved a category of HEA fellowship, of which: 60 are Associate Fellows (AFHEA), 528 are Fellows (FHEA) and 254 are Senior Fellows (SFHEA) and with a further 9 staff members (including 1 Emeritus) having achieved Principal Fellowship (PFHEA) recognition. Our External Assessor on the scheme commented that: "The dialogue approach and the broader framework of processes at Leeds Beckett continues to be excellent. I am impressed by the developmental approach for applicants, mentors and assessors, but can also attest to the rigorous approach to judgements, which are thoughtful and appropriate. The organisation is also a strength, making it straightforward for me to do my job as external examiner".
17. We currently have 12 National Teaching Fellows (NTFs) across our academic community. In recognition of our commitment to teaching excellence, we were a finalist in the HEA (Higher Education Academy) Global Teaching Excellence Award 2017.
18. As one of 27 institutions from across the globe shortlisted for the award by an international panel of judges. The awards focus on the assessment of the 'preconditions for excellence'; excellence in the leadership of teaching and learning, excellence in teaching and excellence in student support.

## ***Enhancing Academic Quality***

19. In 2018/19 the government's revised external quality assessment regulations were operated under the transitional phase of the Office for Students (OfS) regulatory framework. This scrutiny and monitoring process, undertaken and regulated by the OfS, relies on an assessment relating to continuing to satisfy the ongoing conditions of registration applicable in the transition period to end of July 2019. Over 500 participants attended the University's 2018/19 DEAP Fora and Conference focused on Student Outcomes and Success which has enabled the sharing of excellent academic practice and promotes the embedding of this work designed to align with the implementation of our Education Strategy 2016-2021.
20. Significant strands of work have been undertaken in 2018/19 in support of this strategy implementation focused on inclusive learning and teaching practice and the further development of personalised support for students. This has enabled the introduction in 2019/20 of an inclusive learning, teaching and assessment framework, an Academic Adviser toolkit and the engagement of students to look specifically at Black, Asian and Minority Ethnic students' lived experience via an external Alterline project which is supporting our work on Access and Participation.
21. Our provision and practice are fully aligned to the revised 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 OfS and reflects our commitment to continuous enhancement of our academic quality, teaching standards and the student experience.

## ***Student Satisfaction***

22. Our recent outcome in the National Student Survey (NSS) recognises the quality of the student experience, as viewed by students, with our highest ever score of 84% for overall student satisfaction, which is slightly above the sector average, together with satisfaction with learning opportunities, academic support and learning resources in which we outperform the average. A range of our courses received a 100% satisfaction rating, including: Sport, Physical Activity & Health, Digital Journalism, Physiotherapy, Politics, Architectural Technology, Creative Media Technology and International Relations & Global Development. Many more courses achieved a 90% satisfaction rating or higher.

## ***Developing Academic Partnerships and Collaborations***

23. We continue to have a broad and diverse portfolio of collaborations and partnerships. In 2018/19, we had agreements with 25 collaborative partners, (11 domestic and 14 international) and 98 partnership arrangements.
24. We continue to work closely with overseas regulatory and quality assurance agencies including the Tertiary Education Commission in Mauritius, Malaysian Qualifications Agency, Education Bureau in Hong Kong and the Council for Private Education in Singapore.

## ***Graduate level employment***

25. The Business Engagement Services team has completed its second year of operation. During this period, we have integrated the Careers team from Student Services into Business Engagement to site all employability service functions in one department. We have introduced new student employability schemes focused on connecting students more directly with

industry. For example, our “Get Hired” student workshop programme has been expanded to involve circa 600 students. We launched “Women in Leadership” - an initiative aimed at encouraging 60 participating female students to aspire to senior industry roles, and introduced a scheme designed to give 40 students in non-tech subjects an introduction to coding and web page design called “Digital Leap”: using local digital companies to deliver an 8-week evening class programme. We have developed an Employability Improvement Framework which defines “gold standard” employability provision in the curriculum and provides the basis for identifying key areas for course enhancement to improve graduate-level employment outcomes.

26. We have established an External Engagement Advisory Group, comprised of 24 senior leaders from Private, Public and Third sectors, the City Council and the Institute of Directors. This group has met twice this year and is acting in an informal capacity to provide advice and guidance to help shape our University’s external engagement strategy, with particular focus on student employability.
27. The University continues to be the only Higher Education provider in the region offering Degree Apprenticeships to both levy-paying and non-levy paying organisations. The portfolio of Degree Apprenticeships continues to grow, with 21 degrees now approved. This continues to ensure greater access to our apprenticeship programmes for staff working within Small and Medium-sized Enterprises (SMEs), not-for-profit and charitable organisations who would not have previously had such an opportunity. Our first cohort of degree apprentices have graduated this year, and the number of apprentices studying with us has now reached over 500.

## Leading Research and Academic Enterprise

28. This year we received £2.61m Higher Education Innovation Fund (HEIF) funding, and Quality-related Research (QR) funding of £2.41m to support our ambitions to drive research and knowledge exchange activities within the Government’s Industrial Strategy.
29. Research Excellence Framework (REF) preparations have intensified this year in readiness for submission in November 2020. The 2018/19 REF audit results were presented to the Research and Enterprise committee. In August 2019, the REF Code of Practice was approved by Research England pending confirmation for University and College Union (UCU) of consultation.
30. Over the last few years QR has been used to fund the central R&E activity. Latterly some of this has been devolved to Directors of Research to manage locally. However, from financial year 2019/20 all QR is allocated to schools for strategic support. Accountability for the spend will be overseen by the R&E committee and allocated as below:
  - Automatic Allocation - 66% QR to schools in proportion to their latest REF performance.
  - Strategic Allocation – 33% QR available for Schools to bid to for strategic research.
31. In 2018/19 new business has been secured working in partnership with schools and centres with a total contract value of over £35m including but not limited to:
  - 600 New Degree Apprenticeship students (including 2019/20 intake) with income of £10.9m over 4 years (pan university);
  - RED WoLF Research Interreg project £3.5m (School of Computing & Engineering);
  - Construction Industry Training Board CPD £500k (School of Built Env and Engineering);
  - GambleAware research evaluation £600k (schools of Social Sciences and Sport);

- Increased contracts for Carnegie Great Outdoors +£1m (School of Sport);
- 18m of new contracts for subsidiary Morelife in Integrated Healthy Lifestyle Services.

32. In value of the successful grants has risen from £2.9m to £5.3m in 2018/19, mostly to the successful RED WoLF EU bid (£3.3m). A change in focus to support larger bids with high chance of success aligning with the R&E service strategy of pursuing “bigger and better” bids led to a decrease of 37% in the number of external funding applications submitted compared with the previous year. Whilst the level of research income received in year slowed slightly from £3.7m to £3.2m, we expect research income to increase in 2019/20 as our new strategy bears fruit and the newly awarded projects commence delivery.

### A Community of Great People

33. Following the appointment of the new Director of Human Resources in March 2018, a refreshed People Strategy was approved by our Board of Governors in October 2018, establishing a roadmap for the delivery of our University’s commitment to recruiting, retaining and developing a community of great people. The People Strategy has been accompanied by a significant restructuring of our HR team in order to better align our people management expertise with our University’s strategic people priorities.

34. A particular focus this year of the University’s work to ensure that we create an environment in which our people can thrive and succeed, has been the launch of our institutional Wellbeing Framework which is structured around four pillars of wellbeing: mental health, physical health, financial health and community. The programme of work to educate colleagues and embed this framework is being undertaken in collaboration between HR and Student Services.

35. Our University has continued to progress its commitment to modernisation through the streamlining of our systems and services to ensure that our resources are focused on activities which add most value to the achievement of our strategic goals. To this end, several professional services have reviewed their structures and provision during the course of the year, generating significant savings.

36. Our people continue to make a significant positive impact on and beyond the community of Leeds. For example, we played a key role in the Leeds International Festival which ran between 2 May and 12 May 2019. The university was proud to be involved as a festival partner, presenting a series of thought-provoking events and coordinating student participation in the delivery of the festival. Curated by Chris Hudson from the School of Health & Community Studies, the overarching theme was ‘What does it mean to be human?’ and was supported by wrap-around programme of fringe events on related topics presented by Leeds Beckett University academics.

37. In May 2019, Leeds Beckett University’s Professor Jonathan Glazzard was named as one of the Nation’s Lifesavers by Universities UK for his transformational work improving mental health in schools and in July 2019 Professor Sue Backhouse, Director of Research for Sport and Exercise Science, Leisure and Tourism lectured at the prestigious Royal Society’s Summer Science Exhibition.

38. The innovative work of our Marketing and Communications team was recognised this year when they won four awards at the annual HE Sector HEIST Awards including an award for their university-wide research campaign, Transform, which focused on real people as a key component of building institutional pride.

39. These and other contributions from our people also align with our continued commitment to be an 'Anchor Institution' for the city region of Leeds. Our Vice Chancellor (VC) chairs the Anchor Institution Network which is an active alliance of large employers in Leeds including the universities, trusts, council and some large private sector employers. The shared commitment is to ensure that these organisations collaborate to greater economic and social effect, with a view to making Leeds the best place in the UK to work and live. The employer workstream includes development of a wellbeing pledge for the city and focused collaborative interventions to ensure our workforces are increasingly diverse and reflective of our social context.
40. Equality and Inclusion remains a continued priority for the University with our 2019 Gender Pay Report indicating a further reduction in our gender pay gap to 9.5% from 10.2% the previous year which is significantly below the HE Sector average of 16.1%. Work on our University's Athena Swan and Race Equality Charter agendas continues with submissions for reaccreditation and accreditation respectively planned for 2020. The commitments established through these respective action plans also feed into the delivery of our University's 2019/20 Access and Participation Plan. Equality considerations have also formed an integral part of our institutional REF Code of Practice which establishes the basis for our preparations for our submission to the REF 2021 exercise.
41. Looking ahead, the industrial relations landscape is unsettled, with tensions around pay, pensions and the political context at a national level. Pensions continue to be a cause for concern in the sector, with employers and employees alike facing increased contribution rates in respect of USS and employers facing significant increases in their rates of contribution to TPS. In addition, LGPS is consulting over proposed changes to introduce more flexibility which may be viewed as contentious by UNISON.

### Sustainable Resources

#### *Student recruitment*

42. The University derives 74% 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)
43. Working closely with Deans, the Director of Finance, University Recruitment and Registry the University completed a successful forecasting exercise to inform budgets for 2019/20. This forecasting model was examined by Internal Audit in 2018/19 and is subject to a robust testing process.
44. Undergraduate enrolment for 2019/20 is expected to be within 1% of the forecast, despite another particularly competitive year in which the University consistently performed better than the aggregation of its nearest competitors, in terms of growth in applications. In large part, the continued focus on developing productive relations with regional schools and colleges is enabling the University to maintain market share.
45. University Enrolment processes have improved significantly this year enabling both an early 'end of cycle' review of the forecasting model and the swift enrolment of new and continuing students to optimize their academic experience and the institution's first draw-down of fees.

46. Home postgraduate recruitment has exceeded targets, in the same year as more focused resource was invested in recruitment and marketing activities. The University usually performs well in this market in comparison to peer institutions, and this is a further improvement.
47. Degree Apprentice recruitment has increased over the course of this year, albeit that this activity is largely replacing 'continuing professional development' style provision.
48. International student recruitment has improved this year, including a significant increase in our recruitment of three-year undergraduate students. This creates a sound basis on which to continue to grow the University's international numbers closer to those achieved by our peer institutions.

### ***Global engagement***

49. During 2018/19 we have made further progress towards meeting the commitments outlined in the Global Engagement Strategy (agreed in 2017). The International Hub Plans for each of the seven global regions outline our current work in these areas and provide specific recruitment targets and objectives for partnership working and alumni engagement. Regional Managers have been confirmed for each hub and in-country staff have been appointed in all regions. The adoption of a hub strategy has had a positive impact on international recruitment for 2019/20 resulting in an increase of 46% for the first semester, exceeding whole year targets.

### ***Our Estate***

50. We continued with our capital development programme and are about to complete construction on the £45m Carnegie School of Sport Building and expect completion of the £90m Leeds School of Arts building on City Campus in July 2020 ready for our student intake in September. Both new buildings will provide leading, state of the art facilities for our students and staff.
51. We are also completing work on development of a Masterplan which will see our estate directly linked to the delivery of our academic and research strategy. It will provide detailed analysis of our needs based on directly supporting student learning and teaching and supporting our research and community-based activities.
52. We have also continued to develop and upgrade our existing estate through the provision of new facilities all with improvements to our overall infrastructure and IT resilience.
53. As part of our estate review we are also looking to consolidate our portfolio through the disposal of outlying, underutilized buildings and the renegotiation of various leasing arrangements across the city.
54. Through our sustainability strategy we have introduced initiatives, such as our inter-campus shuttle bus service, in order to reduce our carbon footprint. We have also invested in the provision of alternative energy sources in order to reduce our demand on carbon-based fuels. We continue to exceed our carbon reduction targets, achieving a 55% reduction against our 2005 baseline. This is a demonstration of our continued commitment to lowering our carbon footprint through developing our campus environment and working practices to be more sustainable for future generations.

1. 2018/19 has been another successful year for our university. Before £14.9m of non-cash pension adjustments and £15.6m of exceptional charges we returned an underlying operating surplus of £13.1m. Equivalent to 6.0% of income, it was ahead of our strategic target.
2. As in every year, our non-cash pension adjustments are sensitive to the discount rates used to determine the current service cost of staff who are members of the Local Government Pension Scheme (LGPS) and Universities Superannuation Scheme (USS). A reduction in gilt and AAA corporate bond yields through the year has led to a lower discount rate and therefore a higher current service cost. In 2018/19 they are additionally subject to two recent court judgements (the McCloud case and Guaranteed Minimum Pension) that result in improved member benefits and therefore an additional past service cost of £5.5m which we have recognised in full in our statement of comprehensive income and expenditure. Exceptional charges reflect a £2.4m investment in staff restructuring and £13.2m of diminutions in fixed assets that recognise the adjustment to market value of redundant property.
3. A consequence of our operational surplus was the generation of cash inflows from operations of £30.5m, equivalent to 14.1% of total income. This compares favourably to the forecast sector average for 2018/19 of 6.2%. Over the last five years, our average operating cash inflows have been equivalent to 15.7% of income. Together with £1.5m of capital grants received in the year, £26.1m of existing cash reserves and £0.7m of investment income, our operating cash inflows funded £49.9m of capital investment on the development of new buildings and facilities and £8.6m of debt servicing costs. At the end of July, our cash and investment balances were equivalent to 127 days' worth of recurrent expenditure.
4. Our balance sheet continues to be strong with net assets continuing to grow during the year. Before pension liabilities, they grew by £8.9m to £301.8m, equivalent to 4.1% of income. However, the impact of the change in gilt and AAA corporate bond yields, which FRS102 prescribes must be used as a proxy for future investment returns when valuing pension liabilities for accounting purposes, together with the outcomes of the McCloud and Guaranteed Minimum Pension cases, have led to a £55.6m increase in our pension liabilities. This has depressed the reported value of our net assets. Whilst £53.6m of this increase relates to our membership of the West Yorkshire Pension Fund, our local provider under the LGPS, indications are that the full actuarial valuation of the fund as at March 2019, which is expected to report soon and on which future employer contributions will be based, will report a much healthier position. The fund has already announced that our future contribution rate will be based on a much higher discount rate and that our future contribution rate as a consequence will remain unchanged.
5. We continue to show our student residences on balance sheet, a consequence of which is that our balance sheet includes £64.3m 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 £27.1m are equivalent to 12.6% of total income and as such are less than the sector average. None of a new £50m loan facility provided by HSBC, which was secured in 2017/18 to support the completion of new 'academic homes' for the Leeds School of Arts and the Carnegie School of Sport, has yet been drawn down and so continues to remain available. Whilst this new loan facility will help spread the cost of these developments over a small number of years, our underlying financial strategy is to generate enough surplus to fund the University's long-term investment requirements, whilst ensuring that our liquidity levels adequately meet our working capital requirements.



6. Our financial performance and position 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.



## Charitable status

1. Leeds Beckett University is a not for profit organisation with the charitable purpose of advancing education for the public benefit. Our Strategic Planning Framework 2016-2021 sets out a clear vision, mission, values and key performance indicators (KPIs) that provide stretching targets to advance teaching, learning, research and enterprise. Students and staff of our University are the immediate beneficiaries. However, our strong regional engagement and international reach means that a range of local, national and international charities, communities, schools, colleges, businesses and partners also benefit from our expertise and activities. 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 OfS. Our Board of Governors are charity trustees. Membership of the Board for the financial year ending 31 July 2019 is provided in our Corporate Governance Statement on page 15.
3. Our charitable status relies on ensuring our activities are in line with our charitable aims and thereby the integrity with which we undertake them. In confirming this statement and in setting and reviewing our University's objectives and activities, our 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. Our 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 our 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 bachelor's degree at our University in the academic year 2018/19 was £9,250. This same fee level was charged on a pro-rata basis for all home/EU students beginning a part-time undergraduate bachelor's degree.
6. In 2018/19, if a course includes a placement year there is no charge to the student for this year, as we wish to encourage them to invest in this beneficial experience. This is priced as 20% of the full-time fee, in line with external requirements, and is then waived. We believe this pricing structure is simple to understand and has a neutral impact on students who choose to transfer courses.
7. 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 2018/19 were our Hardship Fund and Leeds Beckett Care Leavers & Estranged Students Bursary. The Hardship Fund made 1,008 awards providing £461,074 additional financial help towards the essential costs associated with being a student. During 2018/19 45 care leavers and 59 estranged students received a combined bursary of £129,500. 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. We have developed an integrated programme of activities which support targeted cohorts of school and college students from aspiration and attainment raising access programmes, support throughout their University career and into planning for graduate success.
9. In 2018/19 we worked with over 20,000 students across 330 schools and colleges through our outreach programme aimed at raising young people's aspirations and their attainment in education. We believe these 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 staff with guidance on meta-cognitive skills and resilience taught through Access and Widening Participation staff and ambassadors. On-going 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. Those stating that they would be more likely to apply to higher education as a result of the programme stands at over 80% with a baseline increase in confidence pre and post-event measured at 42%.
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. On this metric we perform ahead of sector-wide averages. 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. Examples of these programmes include the Festival of Learning, hosted in partnership with the School of Health and Community Studies which supports students returning to study through taster sessions and tailored information advice and guidance.
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 12 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, 1,211 students took part in the Progression Module Plus in 2018/19. This accredited programme enables students to prepare effectively for HE study by completing assignments linked to the application process.



## PUBLIC BENEFIT STATEMENT

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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 our 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.

### **Education and Research Benefiting Society**

14. 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.

15. The Carnegie Centre of Excellence for Mental Health in Schools was established 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.

16. Over the last three years, our 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.

### **Commitment to Corporate Social Responsibility**

17. In the past, the University's volunteering programmes have provided support to communities in need across the world as well as providing our volunteers with a unique global perspective. We continue to actively encourage our 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.

18. Our sports volunteering programme works in partnership with Sport England and British Universities & Colleges Sport (BUCS). Together, we are committed to providing volunteers with opportunities to develop and to gain qualifications. Opportunities involve volunteering in local schools and sports clubs who require more help in delivering, managing or promoting sport to their participants or wider community. The University also works in partnership with 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 anti-social behaviour and promotes the importance of community and being a good neighbour.

### **Looking Ahead**

19. In 2019/20 we plan to enrol 16,380 full-time equivalent (FTE) undergraduate students, 2,674 FTE taught postgraduates, 419 research postgraduates and 324 Degree apprenticeships. Courses and research programmes are open to candidates with suitable academic qualifications and there is no geographical restriction on entry.

## PUBLIC BENEFIT STATEMENT

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20. In 2019/20 we expect to invest £0.85m 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.
21. We will continue to play a pivotal role in the region as a driver of economic, social and cultural development, contributing an estimated £500m to our economy. 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

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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 2019.

## Regulatory Framework

3. The University's principal regulator is the OfS. The regulatory framework was published in February 2018 but took effect from 1 August 2019. A transitional period where the university has been governed by a combination of powers and duties carried forward from previous legislation under the Further and Higher Education Act 1992 and the Higher Education Act 2004 together with the new powers and duties under the Higher Education and Research Act 2017 has been in place during the University's financial year ended 31 July 2019.
4. In August 2018, the University submitted its application to register with the OfS as an Approved (fee cap) provider and was successfully entered onto the Register of Higher Education Providers without any additional conditions being imposed.
5. As a registered provider of higher education, the University remains subject to the initial and 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.
6. 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 11.

## Corporate Governance

7. 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.
8. 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 2019, 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.



# CORPORATE GOVERNANCE STATEMENT

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## Board of Governors

9. The Board of Governors is the governing body of the University and is chaired by Mr. David Lowen.
10. The Board currently has 18 governors comprised of twelve independent governors, two co-opted governors (including one member of professional services staff), one governor nominated by the Academic Board, two governors nominated by the Students' Union, and the VC, who is its only executive member.

## Board Evaluation

11. The Board has undertaken an internally facilitated review of its effectiveness during the academic year 2018/19. The Board reviews its effectiveness on a three-year cycle with the internal review process alternating with independent, externally-facilitated reviews. The last independent review took place in 2014/15 with the next planned for the 2022/23 academic year.
12. The area of focus in 2018/19 were the recruitment of a diverse range of new independent governors and ensuring the role and remit of the committees of the Board were best configured to meet future governance requirements and enable the Board to have appropriate oversight of issues of strategy, risk and performance, particularly in a changing and increasingly challenging and competitive higher education sector.
13. The review concluded that the Board has strong governance arrangements in place, with some areas of improvement identified in an action plan for 2019/20, approved by the Board in July 2019.
14. The Board's committee structure will remain largely the same, but the remit of the Governance & Nominations Committee has been expanded to include oversight and advice to the Board on compliance with some of the newer requirements and expectations of the regulatory framework introduced by the OfS.
15. A new Code of Governance for higher education is expected to be published during 2019/20 which the Board will discuss and take account of in its operations.

## Board composition

16. During the academic year 2018/19 the changes to the Board's membership were as follows:
  - Jo Norry, Director of Libraries & Learning Innovation at Leeds Beckett, was appointed to the Board of Governors as a co-opted governor on 23 November 2018.
  - Les Everett resigned as an independent governor with effect from 17 May 2019.
  - Alan Gay was appointed to the Board as an independent governor with effect from 22 May 2019.
  - Jack Harrison stepped down as a student governor at the end of his term as President of the Students' Union on 30 June 2019.
  - Qari Asim, Jo Fox, Dr Andrew West and Sharon Watson were appointed to the Board as independent governors on 01 July 2019.
  - Charlie Hind continues as a student governor following his election as Union Affairs Officer (previously the role of President of the Students' Union) in July 2019.



# CORPORATE GOVERNANCE STATEMENT

- Sherry Iqbal joined the Board as a student governor in July 2019 following her election as Education Officer (formerly the role of Vice President Education in the Students' Union).

17. Membership of the Board during 2018/19 and up to the date of signing of the financial statements is outlined below:

BOARD OF GOVERNORS 2019/20		
David Lowen (Chair)	Independent Governor	
Qari Asim	Independent Governor	Appointed 01 July 2019
Ann Bishop	Independent Governor	
Andy Brown	Independent Governor	
Professor Andrew Cooper	Academic Board Nominee	
Jean Dent	Independent Governor	
Les Everett	Independent Governor	Stood down 17 May 2019 due to ill health
Dr David Fletcher	Independent Governor	
Jo Fox	Independent Governor	Appointed 01 July 2019
Alan Gay	Independent Governor	Appointed 22 May 2019
Jack Harrison	Student Governor	Stood down 30 June 2019
Charlie Hind	Student Governor	
Sherry Iqbal	Student Governor	Appointed 01 July 2019
Professor Nicki Latham	Independent Governor	
Professor Peter Marsh	Co-opted Governor	
Jo Norry	Co-opted Governor	Appointed 23 November 2018
Jenny Ryatt	Independent Governor	Stood down on 31 August 2018
Professor Peter Slee	Vice Chancellor	
Sharon Watson	Independent Governor	Appointed 01 July 2019
Andrew West	Independent Governor	Appointed 01 July 2019
Gill Webber	Independent Governor	
Nick Whitaker	Independent Governor	

18. 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 for a guided tour of the University's estate and

# CORPORATE GOVERNANCE STATEMENT

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meet with the Chair, the VC and members of the University Executive Team.

19. All governors are eligible to take part in relevant training and development at the University's expense. In 2018/19 governors attended a variety of sessions run by AdvanceHE through its governor development programme, including an annual higher education governance conference which offered regulatory updates and offered workshops on student safeguarding, the Committee of University Chairs (CUC) Remuneration Code, higher education governance and policy and engaging the student voice at Board level.
20. The Chair of the Board actively represents the University at the wider sector level. He is the Deputy Chair of CUC and chairs its northern sub-group and is also Chair of the UCAS Council. During 2018/19, the Chair attended a wide range of sector events, meetings and conferences, taking part in topical debates, expert discussions and interactive workshops about the sector and its future.
21. 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.
22. 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.
23. 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 7 to the financial statements shows the remuneration paid to governors in 2017/18 for the contribution of chairs in the financial year ended 31 July 2018. Following the Board evaluation, no change or uplift to the level of remuneration of governors, originally agreed in 2008, is proposed.
24. 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.
25. The University maintains a register of interests of governors and senior managers which is available for inspection on request to the University Secretary.
26. Caroline Thomas is the University Secretary and Clerk to the Board of Governors, as defined in the Articles and has held the position throughout 2018/19.

## The work of the Board and its committees

27. 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.
28. Responsibilities reserved for the Board's decision include:



# CORPORATE GOVERNANCE STATEMENT

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- 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 VC 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.
29. In 2018/19, the Board met formally on five occasions and in addition held two strategic 'Away Days'.
30. This year the Board has given continued consideration to the University's financial sustainability, student recruitment, setting tuition fees, assurance of academic quality and standards, the development of the estate and measuring the University's performance against agreed KPIs.
31. Board Away Days provided an opportunity for the Board to consider and discuss in detail how to approach the challenges and opportunities ahead through the TEF, the next REF submission and to consolidate and enhance our position in the higher education market against competition. Other matters considered and debated were the University's approach to the Mental Health and Wellbeing of both its staff and students and how the University can maximise its impact in the region as an 'anchor institution'.
32. In undertaking its responsibilities, the Board also operates a committee structure which includes the following four committees:
- Finance, Staffing and Resources Committee
  - Audit Committee
  - Governance and Nominations Committee
  - Senior Staff Remuneration Committee
33. 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. Where there is urgent business in between formal meetings, the Chairs' Committee will meet and take any required action. This Committee met on one occasion in 2018/19.

## **Finance, Staffing and Resources Committee**

34. The Finance, Staffing and Resources Committee meets four times a year. It 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.
35. Key areas of focus for 2018/19 have been:
- Monitoring, and planning for, the University's continued financial sustainability.
  - Development of the University's Estates Masterplan and review of its residential portfolio.
  - Monitoring implementation of the IT Strategy.
  - Changes to staff grievance and disciplinary policies and procedures.
  - Development of the University's Mental Health & Wellbeing Framework.



# CORPORATE GOVERNANCE STATEMENT

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- The Gender Pay Gap.
- Monitoring student recruitment.
- Monitoring financial and capital expenditure.
- Safety, Health and Wellbeing.

36. During 2018/19 the formal Committee meetings have been preceded by an informal session where different areas of the business have had the opportunity to give more detailed updates on strategic matters which included:

- The University's People Strategy
- Preparations for REF2021 from a resource perspective
- Use of innovative technology for Education programmes
- The development of the Estates Masterplan

## Audit Committee

37. The Audit Committee is responsible for reviewing the effectiveness of the University's system of risk management and internal control.

38. The Audit Committee meets four times annually and has the opportunity to meet with the auditors separately and without the presence of management before each meeting. The University's internal auditors were in attendance at all four meetings of the Committee in 2018/19 and the external auditors at the November, February and April meetings.

39. The Committee considers detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's response and implementation plans. This year the internal audit programme comprised 9 reviews, including a review of the University's approach to Fire Safety, Student Loan Company ledger reconciliation and data management, financial controls, IT Project Governance, UKVI Tier 4, risk management, and preparation for the TEF and two advisory reviews focussing on fraud management and student number forecasting.

40. The Committee continued to consider 'deep dive' analysis reports on several different areas of the Corporate Risk and Assurance Framework in 2018/19, including Cyber Security, the TEF, the REF, compliance with Competition and Markets Authority guidance on published information and compliance with OfS regulations.

## Governance and Nominations Committee

41. The Governance and Nominations Committee advises the Board on the appointment of governors and best practice in governance, including recommendations from the Committee of University Chairs often issued as Illustrative Practice Notes ('IPN'). It also oversees compliance with regulatory requirements such as dealing with requests under the Freedom of Information Act 2000 and the Data Protection Act 2018. The Committee receives reports from the University on its handling of students' complaints and appeals to gain assurance that these procedures are operating satisfactorily. The Committee also receives assurances on the effectiveness of the Academic Board.

42. The Committees work in 2018/19 has included:

- Oversight of the Board Effectiveness Review.
- Managing the search process and appointment of several new governors.
- Review of compliance with the Modern Slavery Act 2015 and approval of associated published statement.



# CORPORATE GOVERNANCE STATEMENT

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- Oversight of the conduct of the Students' Union Elections.
- Review of UKVI compliance.
- Development of the University's Access and Participation Plan to 2024.
- Monitoring the University's compliance with OfS conditions of registration as delegated for its oversight.

## Senior Staff Remuneration Committee

43. 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, monitoring performance of the VC, Deputy Vice Chancellors (DVC) and the University Secretary as designated senior post holders.
44. The SSRC makes decisions in relation to senior pay in line with the Operating framework for Senior Pay which was approved by the Board of Governors in July 2018. The framework was produced following a review of the purpose, function and effectiveness of the Committee. The Secretary to SSRC is the Director of Human Resources.
45. 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 Committee in April 2019. The details are included in the Annual Report on Senior Staff Remuneration at page 24. The University considers that it is fully compliant with the requirements of the Remuneration Code.

## Academic Board

46. The Academic Board is the University's principal academic authority. Subject to the powers of the Board of Governors and the VC, it is responsible for 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 forty members drawn entirely from staff and students and it is chaired by the VC.
47. The Academic Board reports to the Board of Governors after every meeting as part of the VC's report. In addition to its routine business in 2018/19 the Academic Board considered:
- The Student Consultation Framework.
  - The University's Access and Participation Plan.
  - The National Student Survey 2018.
  - Policy for Academic Assurance and Enhancement.
  - Developments in Academic Regulation and Policy.
  - Feedback from the Students' Union and each meeting of student-led fora across each academic School.
48. Members of the Board of Governors have a standing open invitation to attend meetings of the Academic Board.
49. The terms of reference and membership of the Boards and their committees are reviewed annually.



# CORPORATE GOVERNANCE STATEMENT

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## Executive Management

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

## Risk Management and Statement of Internal Control

52. The OfS Regulatory Framework sets out public interest principles which are applicable to all registered providers. Amongst these is risk management and the requirement for providers to operate a comprehensive corporate risk management and control arrangements (including academic risk) to ensure the sustainability of the providers operations and its ability to comply with the conditions of registration.
53. The Board has overall responsibility for risk management. A risk appetite statement was approved by the Board in July 2016 as part of the University's risk management framework. Additionally, a Risk Management Policy is in place and was last reviewed with proposed updates approved by the Board in July 2019. 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. A robust system for identifying, reporting, and managing risk is in place, and is considered as part of the University's strategic planning process. A corporate risk and assurance framework is maintained, and each school and service has a local risk register and these are reviewed by management on a quarterly basis. The corporate risk and assurance framework documents key strategic and governance risks. It is considered regularly by the University's Executive Team, at each meeting of the Audit Committee and annually by the Board of Governors. It is also shared with Schools and Services.
54. The Board is responsible for instituting and maintaining a sound system of internal controls that support the achievement of the University's aims and objectives and safeguards public and other funds and assets for which it is responsible.
55. 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. The Board is satisfied that an adequate system of internal control has been in place for the year ended 31 July 2019 and up until the date the financial statements were signed. The VC is responsible for implementing the system of internal control. The Audit Committee undertakes detailed review and monitoring of the system of internal control on behalf of the Board. The University's internal audit service was provided by KPMG LLP. 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 the system of internal control and by comments from the external auditors in their management letter and other reports.

## Financial Control

56. 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.



# CORPORATE GOVERNANCE STATEMENT

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57. 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.
58. 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.
59. 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

Caroline Thomas, University Secretary



# ANNUAL REPORT ON SENIOR STAFF REMUNERATION

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1. The Senior Staff Remuneration Committee (SSRC) conducted its review of the pay and performance of Senior Postholders (the University's VC, DVCs and the University Secretary) at its meeting on 23 November 2018 in accordance with the Operating Framework which had been approved by the Board of Governors in July 2018.
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 was as follows:
  - Ann Bishop, Independent Governor and Chair of the Committee.
  - Jean Dent, Independent Governor.
  - Andy Brown, Independent Governor.
  - David Lowen, Independent Governor and Chair of the Board.
  - Nick Whitaker, Independent Governor and Chair of Audit Committee (w.e.f. the beginning of the 2018/19 academic year).
  - In attendance: Natalie Saunders, HR Director acting as Secretary to the Committee.

The VC was invited, by SSRC to provide insights regarding the performance of his direct reports but was not involved in discussions across the wider agenda, review of the benchmarking data, his own remuneration or the decision made about pay.

4. The Committee met on the following dates during the reporting period:
  - 5 June 2018
  - 23 November 2018
5. The Committee's terms of reference and membership were updated and approved by the Board of Governors on 4 May 2018.

## Approach to Remuneration

6. When determining appropriate levels of remuneration for Senior Postholders, SSRC takes a range of factors in to 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 23 November 2018:
  - (a) External benchmarking data provided by the 2017 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.



## ANNUAL REPORT ON SENIOR STAFF REMUNERATION

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- (b) Further external reward data including the Times Higher listing of VCs' Remuneration and 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 VC in relation to the performance of the four DVCs and the University Secretary.
  - (g) A report from the Chair of the Board of Governors in relation to the VC's performance.
8. Indicators of organisational performance which were taken in to consideration when assessing the performance of Senior Post Holders included the following:
- Confirmation from the OfS of the University's successful entry on to the Register of Higher Education Providers without any additional conditions;
  - Achievement of a silver award overall in the TEF subject level pilot exercise;
  - Significant progress across the research and enterprise agenda including a continued increase in the University's research and enterprise income, which was over £20m in 2018 combined with a growth in our research active academic community to its highest level to date;
  - Key progress in terms of the student experience as indicated by the University's NSS scores which rose by 3% in 2018 placing Leeds Beckett higher than the national average for the first time since the NSS began in 2005;
  - Continued confidence in the University's financial management with the University meeting its financial sustainability KPI in 2018;
  - Early achievement of the University's Customer Service Excellence KPI – with the 2021 target being delivered by 2018 indicating an embedded culture of high-quality service delivery to our staff, students and partners;
  - The University featured in The Times Higher Education Supplement Top 200 European Universities, in which performance was based on learning, teaching, research, engagement with employers and perception in Europe; and
  - The successful development and ongoing delivery of an integrated programme of activities in partnership with schools, colleges and other agencies to promote attainment and access to higher education for individuals from disadvantaged or under-represented backgrounds. For example, our Junior Leadership Scheme was awarded the Educate North Award for Social Mobility in 2018.

### Remuneration of the Vice Chancellor

9. The Committee reviewed the VC'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 2017/18. The Committee also noted that the VC is paid substantially less than the median benchmark. However, in the light of continued economic and market uncertainty for the sector, SSRC agreed that it would be appropriate to exercise continued pay restraint in the reward for senior postholders and concluded that a 3% pay increase to the VC was merited.
10. Subsequently, members of the Committee decided to reduce this pay increase with the support of the VC (who expressed concern over receiving an increase that was more than the nationally agreed 2% being received by many other colleagues). It was agreed that the proposed 3% increase be revised down to 2% and this outcome was agreed by SSRC by correspondence after the meeting. This increase generated a revised salary of £230,725 with effect from 1 September 2018.



11. The VC's basic salary in 2017/18 is 6.2 times the median pay of basic salary of staff where the median pay is calculated on a full-time equivalent basis (not including atypical and agency workers due to a lack of the necessary data being available in an accessible format). In terms of total remuneration, the VC's total remuneration in 2017/18 is 6.4 times the median total remuneration of staff where the median is calculated on a full-time equivalent basis. The recently published report from the OfS on Pay Ratios in Higher Education Institutions in England 2017-2018 places the VC below the lowest quartile of the range which measures VCs salaries as a multiple of the median salary of their HEI which is a further indicator of continued senior level pay restraint in a period of continued economic and market uncertainty.
12. The VC 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 four DVCs 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 University 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 3% for them with effect from 1 September 2018.

### Other Payments and External Positions

14. The Committee did not receive any recommendations or make any awards for non-consolidated honoraria to Senior Postholders.
15. SSRC were not asked to consider any severance arrangements for Senior Postholders during the period of this report.

# RESPONSIBILITIES OF THE BOARD OF GOVERNORS

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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 present 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 the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the OfS and HERA 2017 during the transition period to 31 July 2019.
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 prevent and detect fraud;
  - 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

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## 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 parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2019 which comprise Consolidated Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Reserves, Consolidated and University Balance sheets, Consolidated Cash Flow Statement and the related notes 1 to 33, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ▶ give a true and fair view of the group's and of the parent institution's state of affairs as at 31 July 2019, and of the Group's and parent institution's income and expenditure, gains and losses and changes in reserves and of the Group's cash flows for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation.

### 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 below. We are independent of the group and parent institution 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 parent institution'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.



# INDEPENDENT AUDITOR'S REPORT

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## Other information

The other information comprises the information included in the annual report set out on pages 1 to 27, other than the financial statements and our auditor's report thereon. The Board of Governors is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## Opinion on other matters prescribed by the OfS Terms and conditions of funding for higher education institutions

In our opinion, based on the work undertaken in the course of the audit, in all material respects:

- ▶ funds from whatever source administered by Leeds Beckett University have been properly applied to those purposes and managed in accordance with relevant legislation;
- ▶ funds provided by the OfS and Research England have been applied in accordance with the applicable Terms and conditions attached to them; and
- ▶ the requirements of the OfS accounts direction for the current year's financial statements have been met.

## Responsibilities of the Board of Governors

As explained more fully in the Statement of the Board of Governors' Responsibilities set out on page 27, 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 the Board of Governors 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's and the parent institution'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 parent institution 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

# INDEPENDENT AUDITOR'S REPORT

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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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Board of Governors of the Leeds Beckett University, as a body, in accordance with the Statutes and Articles of Association of the University. 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 Leeds Beckett University and the Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

**Ernst & Young LLP**  
**Birmingham**  
**November 2019**

## Notes:

1. The maintenance and integrity of the Leeds Beckett University web site is the responsibility of the Board of Governors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 JULY 2019

	Notes	Consolidated		University	
		31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
<b>Income</b>					
Tuition fees and education contracts	1	160,143	161,847	160,143	161,847
Funding body grants	2	14,426	15,955	14,426	15,955
Research grants and contracts	3	3,224	3,660	3,234	3,675
Other income	4	37,495	36,313	29,627	28,660
Investment income		664	734	689	734
Endowments & donations	5	11	24	11	24
<b>Total income</b>		<b>215,963</b>	<b>218,533</b>	<b>208,130</b>	<b>210,895</b>
<b>Expenditure</b>					
Staff costs	6	130,627	121,894	122,673	113,739
Fundamental restructuring expenses	6	2,394	1,007	2,369	1,007
Other operating expenses	8	59,768	62,756	60,479	63,751
Depreciation	12,13	31,857	18,903	31,832	18,873
Interest and other finance costs	9	8,427	8,490	8,402	8,462
<b>Total expenditure</b>	10	<b>233,073</b>	<b>213,050</b>	<b>225,755</b>	<b>205,832</b>
<b>Surplus/(deficit) before taxes, gains and losses</b>		<b>( 17,110)</b>	<b>5,483</b>	<b>( 17,625)</b>	<b>5,063</b>
Gain/(loss) on disposal of fixed assets		43	( 569)	43	( 569)
<b>Surplus/(deficit) for the year before tax</b>		<b>( 17,067)</b>	<b>4,914</b>	<b>( 17,582)</b>	<b>4,494</b>
Taxation	11	( 94)	( 118)	-	-
<b>Surplus/(deficit) for the year</b>		<b>( 17,161)</b>	<b>4,796</b>	<b>( 17,582)</b>	<b>4,494</b>
Actuarial (loss)/gain in respect of pension schemes	24	( 42,791)	15,572	( 42,791)	15,572
<b>Total comprehensive income/(expense) for the year</b>		<b>( 59,952)</b>	<b>20,368</b>	<b>( 60,373)</b>	<b>20,066</b>
<b>Represented by:</b>					
Endowment comprehensive income for the year		( 7)	2	( 7)	2
Restricted comprehensive income for the year		66	405	66	405
Unrestricted comprehensive income for the year		( 60,212)	19,797	( 60,432)	19,659
Attributable to the University		( 60,153)	20,204	( 60,373)	20,066
Attributable to the non-controlling interest		201	164	-	-
		<b>( 59,952)</b>	<b>20,368</b>	<b>( 60,373)</b>	<b>20,066</b>
<b>Surplus/(deficit) for the year after tax attributable to:</b>					
Non-controlling interest		201	164	-	-
University		( 17,362)	4,632	( 17,582)	4,494
<b>Total comprehensive income for the year after tax attributable to:</b>		<b>201</b>	<b>164</b>	<b>-</b>	<b>-</b>
Non-controlling interest		201	164	-	-
University		( 60,153)	20,204	( 60,373)	20,066

All items of income and expenditure relate to continuing activities.



# CONSOLIDATED STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2019

Consolidated	Endowments	Restricted	Unrestricted	Total excluding Non- controlling interest	Non- controlling interest	Total
<b>Balances at 1 August 2017</b>	<b>80</b>	<b>5,946</b>	<b>168,405</b>	<b>174,431</b>	<b>643</b>	<b>175,074</b>
Surplus/(deficit) from the income and expenditure statement	2	534	4,125	4,661	163	4,824
Other comprehensive income	-	-	15,572	15,572	-	15,572
Transfers between reserves	-	-	73	73	(113)	(40)
Released to unrestricted reserves	-	(129)	129	-	-	-
<b>Balances at 1 August 2018</b>	<b>82</b>	<b>6,351</b>	<b>188,304</b>	<b>194,737</b>	<b>693</b>	<b>195,430</b>
Surplus/(deficit) from the income and expenditure statement	(7)	208	(17,563)	(17,362)	201	(17,161)
Other comprehensive income	-	-	(42,791)	(42,791)	-	(42,791)
Released to unrestricted reserves	-	(142)	142	-	-	-
<b>Balances at 31 July 2019</b>	<b>75</b>	<b>6,417</b>	<b>128,092</b>	<b>134,584</b>	<b>894</b>	<b>135,478</b>

University	Endowments	Restricted	Unrestricted	Total excluding Non- controlling interest	Non- controlling interest	Total
<b>Balances at 1 August 2017</b>	<b>80</b>	<b>5,946</b>	<b>167,402</b>	<b>173,428</b>	<b>-</b>	<b>173,428</b>
Surplus/(deficit) from the income and expenditure statement	2	534	3,958	4,494	-	4,494
Other comprehensive income	-	-	15,572	15,572	-	15,572
Transfers between reserves	-	-	53	53	-	53
Released to unrestricted reserves	-	(129)	129	-	-	-
<b>Balances at 1 August 2018</b>	<b>82</b>	<b>6,351</b>	<b>187,114</b>	<b>193,547</b>	<b>-</b>	<b>193,547</b>
Surplus/(deficit) from the income and expenditure statement	(7)	208	(17,783)	(17,582)	-	(17,582)
Other comprehensive income	-	-	(42,791)	(42,791)	-	(42,791)
Transfers between reserves	-	-	99	99	-	99
Released to unrestricted reserves	-	(142)	142	-	-	-
<b>Balances at 31 July 2019</b>	<b>75</b>	<b>6,417</b>	<b>126,781</b>	<b>133,273</b>	<b>-</b>	<b>133,273</b>



# CONSOLIDATED BALANCE SHEET AS AT 31 JULY 2019

	Notes	Consolidated		University	
		31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
<b>Non-current assets</b>					
Intangible assets	12	7,779	6,475	7,779	6,475
Fixed assets	13	352,196	333,998	351,524	333,298
Investments	14	37	37	37	37
		<b>360,012</b>	340,510	<b>359,340</b>	339,810
<b>Current assets</b>					
Stock		60	54	52	53
Trade and other receivables	18	14,263	12,663	15,174	13,897
Investments	17	39,516	60,237	39,516	60,237
Cash and cash equivalents		30,546	35,953	26,541	32,550
		<b>84,385</b>	108,907	<b>81,283</b>	106,737
Less: Payables: amounts falling due within one year	19	( 39,635)	( 37,710)	( 38,066)	( 36,866)
<b>Net current assets</b>		<b>44,750</b>	71,197	<b>43,217</b>	69,871
<b>Total assets less current liabilities</b>		<b>404,762</b>	411,707	<b>402,557</b>	409,681
Payables: amounts falling due after more than one year	20	( 113,772)	( 116,896)	( 113,772)	( 116,753)
Provisions:					
Pension provisions	24	( 153,080)	( 97,453)	( 153,080)	( 97,453)
Other provisions	25	( 2,432)	( 1,928)	( 2,432)	( 1,928)
<b>Total net assets</b>		<b>135,478</b>	195,430	<b>133,273</b>	193,547
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment	26	75	82	75	82
Income and expenditure reserve – restricted	27	6,417	6,351	6,417	6,351
<b>Unrestricted Reserves</b>					
Income and expenditure reserve - unrestricted		128,092	188,304	126,781	187,114
		<b>134,584</b>	194,737	<b>133,273</b>	193,547
Non-controlling interest		894	693	-	-
<b>Total Reserves</b>		<b>135,478</b>	195,430	<b>133,273</b>	193,547

The financial statements on pages 31 to 55 were approved by the Board of Governors on 22 November 2019 and were signed on its behalf by:

D LOWEN  
Chair of the Board

P SLEE  
Vice Chancellor

P HARRISON  
Director of Finance

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2019

	Notes	Year Ended 31 July 2019	Year Ended 31 July 2018
		£'000	£'000
<b>Cash flow from operating activities</b>			
Surplus/(deficit) for the year		( 17,161)	4,796
<b>Adjustment for non-cash items</b>			
Depreciation		31,857	18,903
(Increase)/decrease in stock		( 6)	20
(Increase)/decrease in receivables		( 1,210)	541
Increase/(decrease) in payables		1,009	( 2,009)
Increase/(decrease) in pension provisions		10,221	2,880
Increase/(decrease) in other provisions		504	374
<b>Adjustments for investing and financing activities</b>			
Interest receivable		( 664)	( 734)
Interest payable		8,427	8,490
(Gain)/loss on disposal of fixed assets		( 43)	569
Capital grant income		( 2,351)	( 2,624)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>30,583</b>	<b>31,206</b>
<b>Cash flows from investing activities</b>			
Proceeds from the disposal of assets		( 368)	3
Capital grants received		1,465	1,743
Movement on deposits		20,721	3,915
Investment income		685	713
Purchase of fixed assets		( 48,200)	( 23,699)
Purchase of intangible assets		( 1,695)	( 2,381)
Subsidiaries		-	17
Dividends paid to non-controlling interests		( 25)	( 29)
		<b>( 27,417)</b>	<b>( 19,718)</b>
<b>Cash flows from financing activities</b>			
Interest paid		( 5,777)	( 6,519)
New finance leases		517	145
Repayment of amounts borrowed		( 1,859)	( 1,749)
Capital element of finance lease rental payments		( 1,193)	( 649)
Other interest-bearing loans repaid		( 8)	( 8)
Other interest-free loans repaid		( 253)	( 404)
		<b>( 8,573)</b>	<b>( 9,184)</b>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<b>( 5,407)</b>	<b>2,304</b>
Cash and cash equivalents at beginning of year		35,953	33,649
Cash and cash equivalents at end of year		30,546	35,953



# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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## 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 (2014) 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 32.

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.

## 2. 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.



# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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**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.

### 3. Accounting for retirement benefits

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

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.

## 4. 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.

## 5. 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.

### Freehold buildings

Freehold buildings are depreciated on a straight-line basis over their expected remaining useful lives. 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.

# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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## **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.

## **6. 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.

## **7. 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.

## **8. 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.

## **9. 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.

## **10. 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.



# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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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.

## 11. 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.

## 12. Inventories

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

## 13. 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.

## 14. 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 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.

## 15. 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.

## 16. Associated and Subsidiary companies

Subsidiary 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.



# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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## 17. 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.

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

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.

## 18. 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 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 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
<b>HE course fees</b>				
<b>Home and EC domicile students</b>				
Full-time undergraduate	132,011	134,417	132,011	134,417
Full-time postgraduate	8,654	8,289	8,654	8,289
Part-time undergraduate	4,252	3,380	4,252	3,380
Part-time postgraduate	4,194	4,397	4,194	4,397
<b>Overseas (non-EC) domicile students</b>				
Overseas students	8,574	9,106	8,574	9,106
<b>Sub-total HE course fees</b>	<b>157,685</b>	<b>159,589</b>	<b>157,685</b>	<b>159,589</b>
Research Studentships	-	17	-	17
Short course fees	1,486	1,124	1,486	1,124
Education contracts UK	517	522	517	522
Education contracts overseas	455	595	455	595
	<b>160,143</b>	<b>161,847</b>	<b>160,143</b>	<b>161,847</b>

## Note 2. Funding body grants

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
<b>Recurrent grants:</b>				
Office for Students	6,975	8,100	6,975	8,100
Research England	5,100	5,152	5,100	5,152
<b>Specific grants:</b>				
National College for Teaching and Leadership	-	79	-	79
Capital grants	2,351	2,624	2,351	2,624
	<b>14,426</b>	<b>15,955</b>	<b>14,426</b>	<b>15,955</b>

## Note 3. Research grants and contracts

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
Research councils	262	474	262	474
UK based charities	570	509	570	509
UK central government, local, health and hospital authorities	900	1,141	900	1,141
UK industry, commerce, public corporations	608	612	608	612
EU government bodies	497	357	497	357
EU other	115	123	115	123
Other overseas	196	285	196	285
Other	76	159	86	174
	<b>3,224</b>	<b>3,660</b>	<b>3,234</b>	<b>3,675</b>

## Note 4. Other income

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
Knowledge services	9,418	9,060	9,298	8,902
Other grants receivable	574	377	574	377
Residences, catering and conferences	24,915	24,495	24,462	23,938
Remaining other income	2,588	2,381	(4,707)	(4,557)
	<b>37,495</b>	<b>36,313</b>	<b>29,627</b>	<b>28,660</b>

## Note 5. Endowments and donations

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
New endowments	-	-	-	-
Income from restricted donations	5	7	5	7
Income from unrestricted donations	6	17	6	17
	<b>11</b>	<b>24</b>	<b>11</b>	<b>24</b>

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



# NOTES TO THE FINANCIAL STATEMENTS

## Note 6. Staff costs

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
<b>Staff costs</b>				
Wages and salaries	95,502	94,457	87,910	86,597
Social security costs	9,758	9,698	9,647	9,591
Pension costs - WYPF	15,921	10,201	15,921	10,201
Pension costs - Teachers Pension Scheme	7,036	6,998	7,036	6,998
Pension costs - USS	2,158	352	2,158	352
Pension costs - NEST	252	188	1	-
	<b>130,627</b>	<b>121,894</b>	<b>122,673</b>	<b>113,739</b>

### Average full-time equivalent

	FTE	FTE
Academic staff	973	993
Support staff	1,363	1,398
	<b>2,336</b>	<b>2,391</b>

### Senior staff pay

The number of staff with a basic salary of over £100,000 per annum is as follows. 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.

	Year Ended 31 July 2019 Number	Year Ended 31 July 2018 Number
£100,000 - £104,999	1	2
£105,000 - £109,999	1	1
£120,000 - £124,999	2	1
£125,000 - £129,999	2	3
£130,000 - £134,999	3	-
£145,000 - £149,999	4	4
£225,000 - £229,999	-	1
£230,000 - £234,999	1	-
	<b>14</b>	<b>12</b>

### Emoluments of the Vice-Chancellor

	£'000	£'000
Basic salary	231	226
University's pension contributions to the Teachers' Pensions Agency	38	37
Total emoluments of the office of Vice-Chancellor.	<b>269</b>	<b>263</b>

The Vice Chancellor's basic salary is 6.7 times the median pay of basic salary of staff as at 31 July 2019 (2018: 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 7.9 times the median total remuneration of staff as at 31 July 2019 (2018: 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 each year and includes people employed on a variable hours contract whether or not they were working on his 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 and agency workers are included who were paid in the period 01 August 2018 to 31 July 2019 with the exception of less than 10% 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.

### Justification of the Vice-Chancellor

The Vice Chancellor's salary is benchmarked annually against UCEA benchmark data for institutions with a similar turnover operating outside London, with particular reference to other post-92 institutions. It is also considered against other external comparative data provided by the Times Higher Education vice-chancellors' pay survey and CUC 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), chaired by an independent governor who is not Chair of the Board, in November each year. The recommendation is accompanied by a written report which reflects on a performance and development review discussion and includes an assessment of the Vice Chancellor's performance and the achievement of institutional objectives.

A 2% increase to basic salary was awarded to the Vice Chancellor in 2018/19 in recognition of his hard work and 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.

### Severance payments

Compensation for loss of office, including pension costs and provisions for terminations agreed but not completed before 31 July 2019, paid to former employees during the year amounted to £2.4m (2018: £1.0m). The number of people to whom this was payable to as at 31 July 2019 was 160 (2018: 73).



# NOTES TO THE FINANCIAL STATEMENTS

## Note 7. 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 2017/18, are as follows:

	Year Ended 31 July 2019	Year Ended 31 July 2018
	£	£
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	-	7,500
David Fletcher, Chair of Governance and Nominations Committee	7,500	7,500
Les Everett, Chair of Finance, Staffing and Resources Committee	-	7,500
Nick Whitaker, Chair of Audit Committee	7,500	-
Ann Bishop, Chair of Senior Staff Remuneration Committee	7,500	-
<b>Total Remuneration</b>	<b>45,000</b>	<b>45,000</b>

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

## 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 2019	Year Ended 31 July 2018
	£	£
Andrew West	129	-
Jack Harrison	23	-
Jenny Ryatt	-	204
David Fletcher	990	1,015
David Lowen	281	376
Peter Marsh	321	347
Nicki La Ham	401	-
Charlie Hind	29	-
Gill Webber	1,399	1,017
Nick Whitaker	4,052	3,960
<b>Total reimbursement</b>	<b>7,625</b>	<b>6,919</b>

## Note 8. Other operating expenses

	Consolidated		University	
	31 July 2019	31 July 2018	31 July 2019	31 July 2018
	£'000	£'000	£'000	£'000
Student support	5,142	5,095	5,142	5,095
Teaching support	5,664	4,365	5,768	5,765
Staff support	4,549	4,971	8,200	6,057
Rents & rates	14,119	13,804	14,116	13,798
Other facilities management	7,945	8,902	7,941	8,890
Utilities	3,740	3,181	3,728	3,166
Equipment	4,839	5,218	4,839	5,218
Consumables	1,946	2,540	1,945	2,539
Catering	2,824	2,780	1,924	2,284
Travel and subsistence	2,622	2,510	2,470	2,389
Professional services	1,743	5,143	1,599	5,460
Advertising and marketing	2,593	2,713	2,513	2,664
Insurance and financial expenses	1,112	619	(552)	(426)
Other expenses	930	915	846	852
	<b>59,768</b>	<b>62,756</b>	<b>60,479</b>	<b>63,751</b>

The following costs are included within the above figures:

External auditors' remuneration for:

University audit services	66	66	66	66
Subsidiaries audit services	23	23	-	-
Non-audit work	17	13	17	13
Internal auditors' remuneration	135	136	135	136
Operating lease rentals - buildings	11,553	11,007	11,553	11,007
Operating lease rentals - plant & equipment	100	156	100	156
Student Union grant	1,350	1,194	1,350	1,194



# NOTES TO THE FINANCIAL STATEMENTS

## Note 9. Interest and other finance costs

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
Finance charges in respect of Service Concession Agreements and finance leases	4,456	4,483	4,456	4,483
Finance charges in respect of pension provisions	2,615	2,681	2,615	2,681
Bank loans not wholly repayable within 5 years	997	1,107	997	1,107
Other interest payable	359	219	334	191
	<b>8,427</b>	<b>8,490</b>	<b>8,402</b>	<b>8,462</b>

Service Concession Agreements are secured on residential properties

## Note 10. Analysis by activity Consolidated

	Staff Costs £'000	Re- organisation costs £'000	Other Operating Expenses £'000	Depreciation £'000	Interest Payable £'000	Total £'000
<b>2018/19 Activity</b>						
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
<b>Total</b>	<b>130,627</b>	<b>2,394</b>	<b>59,768</b>	<b>31,857</b>	<b>8,427</b>	<b>233,073</b>

Intangible asset depreciation [Note 12]

391

Fixed asset depreciation [Note 13]

31,466

31,857

## 2017/18 Activity

Academic departments	65,293	519	9,575	1,734	-	77,121
Academic services	20,354	264	6,238	3,418	-	30,274
Research grants and contracts	2,606	-	2,943	72	-	5,621
Residences, catering and conferences	2,140	-	14,538	16	4,460	21,154
Premises	4,598	28	13,417	13,230	-	31,273
Administration	22,284	140	8,423	353	4,002	35,202
Other services rendered	2,337	56	6,302	50	-	8,745
Other	2,282	-	1,320	30	28	3,660
<b>Total</b>	<b>121,894</b>	<b>1,007</b>	<b>62,756</b>	<b>18,903</b>	<b>8,490</b>	<b>213,050</b>

Intangible asset depreciation [Note 12]

504

Fixed asset depreciation [Note 13]

18,399

18,903

## Note 11. Taxation

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
<b>Recognised in the statement of comprehensive income</b>				
<b>Current tax</b>				
Current tax expense	117	89	-	-
Adjustment in respect of previous years	(23)	29	-	-
<b>Current tax expense</b>	<b>94</b>	<b>118</b>	<b>-</b>	<b>-</b>



# NOTES TO THE FINANCIAL STATEMENTS

## Note 12. Intangible assets Consolidated and University

	Software purchased £'000	Assets under development £'000	Total £'000
<b>Cost</b>			
At 1 August 2018	2,611	5,568	8,179
Assets brought into use	4,517	(4,517)	-
Additions at cost	1,293	402	1,695
Disposals and transfers in year	-	-	-
At 31 July 2019	<b>8,421</b>	<b>1,453</b>	<b>9,874</b>
<b>Accumulated depreciation</b>			
At 1 August 2018	(1,704)	-	(1,704)
Charge for year	(391)	-	(391)
Eliminated on disposals and transfers	-	-	-
At 31 July 2019	<b>(2,095)</b>	<b>-</b>	<b>(2,095)</b>
<b>Net book value at 31 July 2019</b>	<b>6,326</b>	<b>1,453</b>	<b>7,779</b>
Net book value at 31 July 2018	907	5,568	6,475

## Note 13. Fixed assets Consolidated

	Land £'000	Freehold Buildings £'000	Leasehold Buildings £'000	Equipment £'000	Assets under construction £'000	Total £'000
<b>Cost</b>						
At 1 August 2018	38,650	394,300	32,364	50,592	18,264	534,170
Assets brought into use	-	2,358	-	-	(2,358)	-
Additions at cost	-	1,783	-	6,051	41,832	49,666
Disposals and transfers in year	-	-	-	(618)	-	(618)
At 31 July 2019	<b>38,650</b>	<b>398,441</b>	<b>32,364</b>	<b>56,025</b>	<b>57,738</b>	<b>583,218</b>
<b>Accumulated depreciation</b>						
At 1 August 2018	-	(159,998)	(8,922)	(31,252)	-	(200,172)
Charge for year	-	(11,442)	(1,006)	(5,812)	-	(18,260)
Diminution of fixed asset values	-	(13,206)	-	-	-	(13,206)
Eliminated on disposals and transfers	-	-	-	616	-	616
At 31 July 2019	-	<b>(184,646)</b>	<b>(9,928)</b>	<b>(36,448)</b>	-	<b>(231,022)</b>
<b>Net book value at 31 July 2019</b>	<b>38,650</b>	<b>213,795</b>	<b>22,436</b>	<b>19,577</b>	<b>57,738</b>	<b>352,196</b>
Net book value at 31 July 2018	38,650	234,302	23,442	19,340	18,264	333,998
<b>University</b>						
<b>Cost</b>						
At 1 August 2018	38,650	393,412	32,364	50,578	18,264	533,268
Assets brought into use	-	2,358	-	-	(2,358)	-
Additions at cost	-	1,783	-	6,051	41,832	49,666
Disposals and transfers in year	-	-	-	(617)	-	(617)
At 31 July 2019	<b>38,650</b>	<b>397,553</b>	<b>32,364</b>	<b>56,012</b>	<b>57,738</b>	<b>582,317</b>
<b>Accumulated depreciation</b>						
At 1 August 2018	-	(159,800)	(8,922)	(31,248)	-	(199,970)
Charge for year	-	(11,419)	(1,006)	(5,809)	-	(18,234)
Diminution of fixed asset values	-	(13,206)	-	-	-	(13,206)
Eliminated on disposals and transfers	-	-	-	617	-	617
At 31 July 2019	-	<b>(184,425)</b>	<b>(9,928)</b>	<b>(36,440)</b>	-	<b>(230,793)</b>
<b>Net book value at 31 July 2019</b>	<b>38,650</b>	<b>213,128</b>	<b>22,436</b>	<b>19,572</b>	<b>57,738</b>	<b>351,524</b>
Net book value at 31 July 2018	38,650	233,612	23,442	19,330	18,264	333,298

# 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 22]. 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 £93,818,000 [2018: £93,818,000] and the net book value is £50,537,000 [2018: £52,701,000].

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.

## Note 14. Non-current investments

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
CVCP Properties plc	37	37	37	37
	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>

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 15. Subsidiary undertakings

**Leeds Beckett University Enterprises Limited** 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 2019 based on unaudited financial statements up to that date.

**MoreLife 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 2019 based on management accounts at that date.

The University is a member of the Northern Universities Consortium for Credit Accumulations and Transfer (NUCCAT). NUCCAT is involved in promoting and sharing best practice, staff development, undertaking projects with regards to modularity, credit frameworks and related academic matters. The potential liability of the University is limited to £1 in the event of bankruptcy of NUCCAT.

## Note 16. 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 are now considering its long term future given the dormant nature of its activities.

## Note 17. Current asset investments

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
Fixed interest deposits	39,516	60,237	39,516	60,237
	<b>39,516</b>	<b>60,237</b>	<b>39,516</b>	<b>60,237</b>

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

## Note 18. Trade and other receivables

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	9,136	8,275	8,181	7,575
Prepayments and accrued income	4,975	4,170	6,841	6,104
Due in more than one year	152	218	152	218
	<b>14,263</b>	<b>12,663</b>	<b>15,174</b>	<b>13,897</b>

## Note 19. Payables: amounts falling due within one year

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
Trade creditors	5,173	5,365	5,173	5,366
Loans due in less than one year (Note 21)	2,651	2,953	2,507	2,928
Other taxation and social security	3,757	5,096	3,134	4,742
Accrued liabilities	20,683	16,838	22,263	18,802
Deferred income	7,055	7,202	4,698	4,772
Interest accrued	291	256	291	256
Other creditors	25	-	-	-
	<b>39,635</b>	<b>37,710</b>	<b>38,066</b>	<b>36,866</b>



# NOTES TO THE FINANCIAL STATEMENTS

## Note 20. Payables: amounts falling due after more than one year

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
Loans due in more than one year (Note 21)	88,759	91,002	88,759	90,859
Other creditors due after more than one year	25,005	25,886	25,005	25,886
Taxation due in more than one year	8	8	8	8
	<b>113,772</b>	<b>116,896</b>	<b>113,772</b>	<b>116,753</b>

## Note 21. Borrowings

### (a) Bank loan

The bank loan is repayable as follows:

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
In one year or less	1,451	1,861	1,307	1,844
Between one and two years	1,129	1,320	1,129	1,320
Between two and five years	3,600	3,534	3,600	3,534
In five years or more	19,917	21,241	19,917	21,097
	<b>26,097</b>	<b>27,956</b>	<b>25,953</b>	<b>27,795</b>

The above bank loan includes £0.209m repayable by instalments falling due between the year-end and 2020, secured on a portion of the freehold land and buildings of the University and £0.144m repayable by instalments falling due between the year-end and 2039, secured on a portion of the freehold land and buildings of a subsidiary.

The remaining £25.744m represents amounts drawn down under various terms, on a fixed interest basis, repayable between the year-end and 2035.

The University has secured a £50m loan facility with HSBC repayable by November 2027. At 31 July 2019, no amounts had been drawn down.

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
<b>(b) Finance Lease</b>				
The net obligations to which the University is committed are:				
In one year or less	118	154	118	154
Between one and two years	98	22	98	22
Between two and five years	213	2	213	2
	<b>429</b>	<b>178</b>	<b>429</b>	<b>178</b>

These leases principally relate to office equipment and vehicles.

### (c) Service Concession Arrangements

The net obligations to which the University is committed are:

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
In one year or less	828	677	828	677
Between one and two years	1,027	828	1,027	828
Between two and five years	4,543	3,865	4,543	3,865
In five years or more	57,905	59,609	57,905	59,609
	<b>64,303</b>	<b>64,979</b>	<b>64,303</b>	<b>64,979</b>

These loans are repayable between the year-end and 2035 and are secured on the University's student accommodation [see Note 22].

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
<b>(d) Other interest-bearing loans</b>				
The net obligations to which the University is committed are:				
In one year or less	-	8	-	-
	<b>-</b>	<b>8</b>	<b>-</b>	<b>-</b>

These loans are to a subsidiary from its shareholders and have been fully repaid.

	Consolidated		University	
	31 July 2019 £'000	31 July 2018 £'000	31 July 2019 £'000	31 July 2018 £'000
<b>(e) Other interest-free loans</b>				
The net obligations to which the University is committed are:				
In one year or less	254	253	254	253
Between one and two years	127	254	127	254
Between two and five years	-	127	-	127
In five years or more	200	200	200	200
	<b>581</b>	<b>834</b>	<b>581</b>	<b>834</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## Note 22. 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 13], as the buildings are on land owned by the University, with a corresponding liability shown as borrowings [see Note 21(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		Consolidated and University	
	Gross Payments		Maintenance costs	
	31 July 2019	31 July 2018	31 July 2019	31 July 2018
	£'000	£'000	£'000	£'000
In one year or less	9,002	8,798	3,811	3,714
Between two and five years	37,581	36,624	15,242	14,854
In five years or more	150,983	159,289	52,770	55,315
Total payable	<b>197,566</b>	204,711	<b>71,823</b>	73,883
less future Facility Maintenance costs	( 71,823)	( 73,883)		
less future Financing costs	( 61,440)	( 65,849)		
Net borrowing [Note 21c]	<b>64,303</b>	64,979		

## Note 23. Pension costs

This note deals primarily with the cost of pensions. Note 24 below explains the pension provisions held in the Balance Sheet. 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 institutional 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	Year Ended
	31 July 2019	31 July 2018
	£'000	£'000
Costs of TPS	( 7,036)	( 6,998)
Costs of USS	( 2,158)	( 352)
Costs of WYPF (See below)	( 15,921)	( 10,201)
Other pension costs and accruals	( 252)	( 188)
Total pension cost (Note 6)	<b>( 25,367)</b>	<b>( 17,739)</b>

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

	Number	Number
TPS	1,457	1,235
USS	53	58
WYPF	1,458	1,489
	<b>2,968</b>	<b>2,782</b>

### Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (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.



# NOTES TO THE FINANCIAL STATEMENTS

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%. The employees' contribution rate is based on earnings and ranged from 7.4% to 11.7%. There was a balance of £0 owing by the University as at 31 July 2019 (2018: £920,000 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 institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the 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) and therefore an expense is recognised.

In accordance with the requirements of the SORP, the University currently recognises a provision for its obligation to fund past deficits arising within the USS. The recovery plan in the 2014 actuarial valuation requires employers to contribute 2.1% of salaries and 18.0% contribution level, towards repairing the deficit over a period of 17 years, of which 13 years remain. Details of this provision, which has been discounted at a rate of 1.58% as at 31 July 2019, are included in note 24 to the financial statements.

The total cost charged to the Consolidated Statement of Comprehensive Income and Expenditure is £1.557 million (2018: £0.253 million).

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2017 ("the valuation date"), which was carried out using the projected unit method. As at the year end a valuation as at 31 March 2018 was underway but not yet complete.

Since the University cannot identify its share of Retirement Income Builder section of the scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2017 valuation was the fourth valuation for USS 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 £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Discount rate (forward rates)	Years 1-10: CPI - 0.53% reducing linearly to CPI - 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21+: CPI + 1.7%
Pension increase (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

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 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	<b>2017 valuation</b>
	<u>Pre-retirement</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.
	<u>Post-retirement</u> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.
Future improvements to mortality	CMI_2016 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:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

# NOTES TO THE FINANCIAL STATEMENTS

The funding position of the scheme has since been updated on an FRS 102 basis:

	2019	2018
Scheme assets	£67.4bn	£63.6bn
Total scheme liabilities	£79.2bn	£72.0bn
FRS 102 total scheme deficit	£11.8bn	£8.4bn
FRS 102 total funding level	85%	88%

Key assumptions used are:

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

A new deficit recovery plan was put in place as part of the 2017 valuation and is set out in the new Schedule of Contributions dated 28 January 2019. This requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit. In the prior year, the deficit payments were 2.1% of salaries up to March 2031.

This significant increase in deficit contributions has given rise to a substantial increase in the deficit provision which has increased from £0.916 million to £2.473 million. £1.557 million of this increase is attributable to the change in the deficit contributions contractual commitment. See also note 6 in respect of significant one-off pension costs / gains.

The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. 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 at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £1.476 million, a decrease of £0.997 million from the current year end provision.

## West Yorkshire Pension Fund (WYPF)

The actuaries to the WYPF completed a valuation of the Fund as at 31 March 2016 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 2017. Based on that valuation, the required employer contribution rate for the University was set at 13.1% (previously 11.8%) of pensionable remuneration per annum, from 1 April 2017 to 31 March 2020. In addition an additional sum of £1,024,000 in 2017/18, increasing annually to £1,091,600 in 2019/20, is to be paid and additional contributions will be required in respect of the costs arising from non-ill health early retirements prior to age 60 occurring in the period of the Rates and Adjustments Certificate. The 2016 valuation was carried out using the projected unit actuarial method.

During the year, the University's contribution rate was 13.1% (13.10% to 31 March 2018). The employees' contribution rate ranged from 5.5% to 12.5%. The expected current service cost for 2018/19 is £10.462m. There was a balance of £0 owing by the University as at 31 July 2019 (2018: £671,000).

Reconciliation of funded status to balance sheet		
	Value as at 31 July 2019 £m	Value as at 31 July 2018 £m
Fair value of assets	262.135	241.435
Present value of liabilities	(398.334)	(324.046)
Net pension asset / (liability) (Note 24)	<u>(136.199)</u>	<u>(82.611)</u>

Analysis of income and expenditure charges		
	Year ending 31 July 2019 £m	Year ending 31 July 2018 £m
Current service cost	(10.462)	(10.589)
Past service cost charged in staff costs	(6.122)	(0.334)
Total included under Staff costs	(16.584)	(10.923)
less contributions already charged	5.916	5.862
Payroll accrual to maintain current service costs per FRS102	<u>(10.668)</u>	<u>(5.061)</u>
Interest cost	(9.012)	(8.121)
Expected return on assets	6.796	5.825
Interest Expense recognised	<u>(2.216)</u>	<u>(2.296)</u>
Total credit/(charge)	<u>(12.884)</u>	<u>(7.357)</u>

Analysis of gains and losses recognised in Consolidated Statement of Comprehensive Income and Expenditure		
	Year ending 31 July 2019 £m	Year ending 31 July 2018 £m
Asset gains/(losses)	11.522	10.314
Liability gains/(losses)	(53.295)	5.259
Total gain/(loss) in SOCI	<u>(41.773)</u>	<u>15.573</u>



# NOTES TO THE FINANCIAL STATEMENTS

Changes to the present value of liabilities during the accounting year		
	Year ending 31 July 2019 £m	Year ending 31 July 2018 £m
Current service cost	10,462	10,589
Interest cost	9,012	8,121
Contributions by participants	2,793	2,757
Actuarial (gains) / losses on liabilities	53,295	(5,259)
Net benefits paid out	(7,396)	(6,754)
Past service cost	6,122	0,334
Net increase/(decrease) in liabilities	74,288	9,788
Opening present value of liabilities	324,046	314,258
Closing present value of liabilities	398,334	324,046

Changes to the fair value of assets during the accounting year		
	Year ending 31 July 2019 £m	Year ending 31 July 2018 £m
Expected return on assets	6,796	5,825
Actuarial gains / (losses) on assets	11,522	10,314
Actual return on assets	18,318	16,139
Contributions by the employer	6,985	6,633
Contributions by participants	2,793	2,757
Net benefits paid out	(7,396)	(6,754)
Net increase/(decrease) in assets	20,700	18,775
Opening fair value of assets	241,435	222,660
Closing fair value of assets	262,135	241,435

Asset allocation		
	Asset split at 31 July 2019 (%)	Asset split at 31 July 2018 (%)
Equities	78.6	74.6
Property	4.3	4.2
Government bonds	9.9	10.8
Corporate bonds	3.6	3.5
Cash	2.1	2.2
Other	1.5	4.7
Total	100.0	100.0

## Assumptions

The latest actuarial valuation of the University's liabilities took place as at 31 March 2016. 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 2019	31 July 2018
Percentage rates per annum:		
Discount rate	2.20%	2.80%
RPI inflation	3.20%	3.20%
CPI inflation	2.20%	2.10%
Rate of increase to pensions in payment	2.20%	2.10%
Rate of increase to deferred pensions	2.20%	2.10%
Rate of general increase in salaries (Based on an average over expected working lives)	3.45%	3.35%
The assumed life expectations of members are as follows:		
Members aged 65 at Accounting Date:		
Males	22.2	22.1
Females	25.4	25.3
Members aged 45 at Accounting Date:		
Males	23.2	23.1
Females	27.2	27.1



# NOTES TO THE FINANCIAL STATEMENTS

## Note 24. Pension provisions

	Consolidated and University			Total
	Defined Benefit Pensions	Unfunded Pensions	USS Deficit payments	
	£'000	£'000	£'000	£'000
At 1 August 2017	91,598	14,698	1,169	107,465
Charged under Staff Costs	10,589	( 183)	( 202)	10,204
Charged under Reorganisation Costs	334	-	-	334
Expenditure in year	( 6,633)	( 954)	( 73)	( 7,660)
Charged under Finance Costs (Note 9)	2,296	364	22	2,682
Charged under Actuarial (gains)/losses	( 15,573)	1	-	( 15,572)
At 31 July 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 9)	2,216	379	20	2,615
Charged under Actuarial (gains)/losses	41,773	1,018	-	42,791
<b>At 31 July 2019</b>	<b>136,199</b>	<b>14,408</b>	<b>2,473</b>	<b>153,080</b>

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 23.

Unfunded pensions are provided 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 23.

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 has estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 23.

The adoption of the new deficit recovery plan following the 2017 actuarial valuation has given rise to a significant increase in the deficit provision which has increased from £0.916 million to £2.473 million. £1.557 million of this increase is attributable to the change in the deficit contributions contractual commitment. See also note 6 in respect of significant one-off pension costs / gains. More details on the 2017 actuarial valuation are set out in note 23.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 23. As at 31 July 2019 and with all other assumptions used to calculate the provision unchanged, this would have resulted in a revised provision of £1.476 million, a decrease of £0.997 million from the current year end provision.

The major assumptions used to calculate the obligation are:

	2019	2018
Discount rate	1.58%	2.16%

### 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% increase in salary inflation over duration increases the liability by £0.104 million to £2.577 million
- 0.5% increase in salary inflation year 1 only increases the liability by £0.012 million to £2.485 million
- 0.5% increase in staff changes over duration increases the liability by £0.106 million to £2.579 million
- 0.5% increase in staff changes year 1 only increases the liability by £0.013 million to £2.486 million
- 1% increase in deficit contributions from April 2020 increases the liability by £0.486 million to £2.959 million
- 1 year increase in term decreases the liability by £0.044 million to £2.429 million

## Note 25. Other Provisions

	Consolidated and University	
	31 July 2019	31 July 2018
	£'000	£'000
Liability for costs of restoration of leasehold properties on termination:		
At 1 August	1,928	1,554
Expenditure in the year	-	-
Charged in income and expenditure account	504	374
<b>At 31 July</b>	<b>2,432</b>	<b>1,928</b>



# NOTES TO THE FINANCIAL STATEMENTS

## Note 26. Income and expenditure reserve - endowment reserves

	Consolidated and University		
	Permanent Restricted £'000	Expendable Restricted £'000	Total £'000
At 1 August 2018	28	52	80
New endowments	-	-	-
Interest for year	-	2	2
Direct expenditure for year	-	-	-
At 31 July 2019	28	54	82
New endowments	7	(1)	6
Interest for year	-	-	-
Direct expenditure for year	(3)	(10)	(13)
<b>At 31 July 2019</b>	<b>32</b>	<b>43</b>	<b>75</b>

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

## Note 27. Income and expenditure reserve - restricted reserves

	Consolidated and University			
	Capital grants £'000	Revenue grants £'000	Donations £'000	Total £'000
At 1 August 2018	4,865	1,052	29	5,946
New grants and donations	-	2,070	-	2,070
Interest for year	-	-	2	2
Direct expenditure for year	-	(1,538)	-	(1,538)
Released to unrestricted reserves	(142)	13	-	(129)
At 31 July 2018	4,723	1,597	31	6,351
New grants and donations	-	291	13	304
Interest for year	-	-	(2)	(2)
Direct expenditure for year	-	(92)	(2)	(94)
Released to unrestricted reserves	(142)	-	-	(142)
<b>At 31 July 2019</b>	<b>4,581</b>	<b>1,796</b>	<b>40</b>	<b>6,417</b>

## Note 28. 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. Four members of University staff are spouses of University Senior Management, and are paid on salary ranges in keeping with their peers for equivalent grades. The great-niece of a member of the Board of Governors along with two daughters and a son of University 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:

Organisation	Name and position held	University Income		University Expenditure		Balance owed to/(owing by University) £'000
		£'000	in respect of	£'000	in respect of	
Council for the Advancement and Support of Education (CASE)	Professor P Slee Trustee	-	-	2	Corporate Subscriptions	(2)
Fulneck School	Dr B El-Haddadeh - Governor	4	Academic Services	-	-	-
Leeds Beckett Students' Union	Mr J Harrison - President & Trustee Ms C Thomas - Returning Officer	9	Facilities Hire	1,375	Grants, Venue Hire, Hospitality, Merchandise	(2)
Leeds Rugby Union Football Club	Professor P Smith - Director	-	-	239	Sponsorship and Partnership Activities, Physiotherapy Services	-



# 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	
Leeds Rugby Foundation	Mr P Mackreth - Trustee	-	-	50	Sponsorship and Partnership Activities	-
Northern Consortium (NCUK)	Professor J Keay - Trustee	-	-	70	Publicity and Advertising, Agent Commission	-
Project Space Leeds	Ms J Dent - Director & Trustee	-	-	3	Venue Hire, Hospitality	-
Sky	Jo Fox - Marketing Director	-	6 Lettings of Student Based Facilities, Hospitality	-	-	-
Society of College, National & University Libraries (SCONUL)	Ms J Norry - Northern Collaboration - Treasurer/Chair	-	-	3	Corporate Subscriptions	-
SS Peter and Paul Catholic Primary School, Yeadon	Ms N Saunders - Governor	5	Tuition Fees	-	-	-
The Batley Multi Academy Trust	Professor D Page - Board Member	9	Academic Services	41	Educational Services Contracts	-
The Rose Learning Trust	Professor D Page - Board Member	2	Events	-	-	-
Unipol Student Homes	Mr D Collett - Director Ms P Preston - Director & Charitable Trustee Ms C Thomas - Director & Charitable Trustee	-	-	180	Subscription and Membership Fees, Advertising, Rents and Leases	-
Yorkshire County Cricket Club	Professor P Smith - Board Member	191	Lettings of Student Based Facilities, Tuition Fees, Short Course Fees	54	Sponsorship and Partnership Activities, Hire of Sports Facilities	52
Yorkshire Universities	Professor P Slee Director	-	-	16	Corporate Subscriptions	-

## Note 29. 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 2019	31 July 2018
	£	£
Amount held in creditors due within one year at 1 August	52,500	( 17,000)
<b>Funding body grants</b>	<b>797,800</b>	1,014,236
<b>Expenditure</b>	<b>( 826,500)</b>	( 944,736)
Amount held in (debtors)/creditors due within one year at 31 July	<u>23,800</u>	<u>52,500</u>

## Note 30. Capital commitments

	Consolidated and University	
	31 July 2019	31 July 2018
	£'000	£'000
Commitments contracted at 31 July but not provided for	<u>74,208</u>	<u>73,889</u>



# NOTES TO THE FINANCIAL STATEMENTS

## Note 31. Financial commitments

	<b>Consolidated and University</b>	
	<b>31 July 2019</b>	31 July 2018
	<b>£'000</b>	£'000
At 31 July the University had future minimum lease payments due under operating leases as follows:		
<b>Land and buildings</b>		
In one year or less	11,088	5,145
Between one and five years	40,051	15,375
In five years or more	<u>42,283</u>	<u>26,030</u>
	<b><u>93,422</u></b>	<b><u>46,550</u></b>
<b>Other</b>		
In one year or less	38	25
Between one and five years	6	18
In five years or more	<u>-</u>	<u>-</u>
	<b><u>44</u></b>	<b><u>43</u></b>

## Note 32. 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 23. 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 £8.2m; a change in the rate of salary increase of 0.1% would change the provision made by around £2.1m; a change in the rate of pension increase of 0.1% would change the provision made by around £6.24m; and a change one year in mortality would change the provision made by around £12.9m. Changes in these assumptions would also affect the projected annual service cost by up to £0.6m in the case of the mortality assumption.

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 33. Post Balance Sheet Event

As set out in Note 24 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £0.997m in the provision for the Obligation to fund the deficit on the USS pension which would instead be £1.476m. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2020.