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# ANNUAL REPORT AND ACCOUNTS 2019/20

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UNIVERSITY OF LEEDS





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“By drawing on the sense of togetherness, cohesion and collaboration in this amazing community of academics, students, professional staff and alumni, and by working with our friends and partners at home and overseas, we can come out stronger and better placed for an exciting future.”

**Professor Simone Buitendijk**  
Vice-Chancellor

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I write this, my first foreword as Vice-Chancellor, in unprecedented times. The COVID-19 pandemic is a tragedy with great human and economic cost that has touched so many areas of our lives. It also sets a profound series of challenges for this university and for the higher education sector, and for society more generally. I am confident, though, that the University of Leeds can rise to those challenges.

For us, the immediate priority is clear: protecting the health and wellbeing of our entire University community throughout the crisis, while putting the education of our students, and our research, at the very heart of our response.

If we are to come out of this crisis – and it will end one day – not only intact, but thriving and even better placed both to foster the next generation of global citizens and to undertake research of true global impact and reach, we must maintain an unrelenting focus on our long term ambitions.

Those ambitions will be reflected in our new strategy, which is due to be published early in 2021. This is later than originally intended but, given the far-reaching implications of the COVID-19 pandemic, I wanted to take time to review and distil our strategic priorities following the wide process of consultation and reflection carried out over the past year.

I am clear that the dichotomy between the immediate and the long term will shape my first year leading this University. I am equally clear that, by drawing on the sense of togetherness, cohesion and collaboration in this amazing community of academics, students, professional staff and alumni, and by working with our friends and partners at home and overseas, we can come out stronger and better placed for an exciting future. And we will learn the longer term lessons as we fix the short term issues in front of us, whether that's being more innovative and ambitious in our use of digital innovation, or being a true civic partner, with a clear sense of our responsibilities to the wider communities in which we live.

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Looking back over the past year gives me the confidence to make this statement. The year has certainly been a difficult one, not only with the COVID-19 pandemic but also with issues such as Brexit and prolonged periods of industrial action. But the University community has achieved a huge amount in 2019/20 and has made a telling impact on the world around us – by adapting, evolving and growing through our response to each and every major issue we face.

As an example, we demonstrated how we can harness our expertise in digital learning and education to contribute to the nation's effort to adapt to the pandemic when in April six of our courses were adopted by the Department for Education to help people learn new digital skills from home during lockdown. And we should be particularly proud of the fact that online courses developed by the University's Digital Education Service and focusing on employment skills have seen a 2000% increase in uptake since February 2020, reaching half a million learners.

More generally in education, it was encouraging that University of Leeds students were among the top 10 most targeted by leading employers in the annual High Fliers Research survey; this will be more important than ever in such a difficult jobs market and suggests we continue to make good progress in preparing our graduates for the world.

While, as with so many other areas, our research activity has felt the effects of the pandemic, and particularly lockdown which started in March 2020, we nonetheless continue to make significant strides. Notable developments in the year included the opening of our National Pig Centre, which will enable our academics to help the industry lower the environmental footprint of pig farming, while ensuring that high welfare standards are maintained. And, as an example of working with partners to tackle key global challenges, in July we opened the Leeds Cancer Research Centre with Leeds Teaching Hospitals NHS Trust, which is bringing together outstanding scientists and clinicians across disciplines to deliver world-leading research to improve patient outcomes.

Our individual academics also achieved well deserved recognition for their achievements during the year. Among them were Professor Oliver Phillips of the School of Geography and Professor John Plane of the School of Chemistry, both elected to the prestigious Royal Society – the most significant honour given to UK scientists – and art historian Professor Griselda Pollock was awarded the Holberg Prize, often described as the Nobel Prize for academic disciplines not covered by that august award.

During the year the University also continued to cement its international standing and outlook. And, as tackling the global challenges is fundamental to our research, it was encouraging that we were ranked highly in the Times Higher Education Impact Rankings which assess performance across the 17 United Nations Sustainable Development Goals.

This continued focus on being a truly international university reflects our commitment to creating a diverse and inclusive environment that meets the needs and aspirations of students and staff from all backgrounds. To bring structure to this, during the course of the year, the University published its Equality and Inclusion Framework 2020-25 and is, as a priority, progressing work around race equality and inclusion. Nurturing an inclusive community, in which there is equality of opportunity for everyone, will be one of my personal priorities for the University.

One thing I think we can be particularly proud of in the last year, and which really highlights our commitment to the wider public good, is the University's contribution to the ongoing COVID-19 effort. This has ranged from our academics providing advice to the Government through membership of its Scientific Advisory Group for Emergencies (SAGE), to the involvement of the Leeds Institute for Data Analytics (LIDA) in Emer2gent – a new alliance of data analytics experts seeking to find new, faster ways to support the response to the pandemic and the subsequent global recovery. And, of course, our clinicians and medical students have played a key role on the NHS front line.

Continuing the theme of wider social responsibility, during the year we announced that we have fully divested from significant fossil fuel extractors and we set out seven bold principles we will adopt to tackle the climate crisis. These involve a combination of harnessing our academic expertise to support the global effort, and continuing to get our own house in order, with very stretching targets on emission reduction targets. Delivering on these principles is non-negotiable and we must not let the immediate COVID-19 challenges divert us.

From a financial perspective it goes without saying that, in common with other organisations in the higher education sector and beyond, we have felt the financial effects of the pandemic. Thanks to careful financial stewardship, we have maintained a robust balance sheet over recent years, while making investments in people and infrastructure to achieve our ambitions. This has put us in a good initial position to respond, and the steps we have already taken to manage cash and expenditure – including pausing much of our capital programme and staff recruitment – will help provide a buffer against further risk and provide some limited headroom to make strategically important investments in the future. The Chief Financial Officer says more about this elsewhere in this report.

Finally, I want to pay tribute to all the hard work, perseverance and ingenuity of our staff and students, without whom none of these achievements over the past year – including our response to the pandemic – would have happened. I also extend my appreciation to the University Executive Group, the Council and the Court for their wise counsel and to our huge body of alumni for their continuing friendship and support. And I warmly thank my predecessor, Sir Alan Langlands, who left the University in such a strong position and with a great legacy for our entire community to build on.

**Professor Simone Buitendijk**  
Vice-Chancellor





“As well as taking measures to protect the health, safety and wellbeing of all our students and staff, we were decisive in our financial response in order to protect the University as much as possible and mitigate the significant financial risks which the pandemic poses.”

**Jane Madeley**  
Chief Financial Officer

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# £794m

**Total Income (2018/19: £792m)**

### Overview

This year marks the end of the 2015-20 strategic plan period for the University but the year has been somewhat overshadowed by the global COVID-19 pandemic. The pandemic took hold in the UK in March 2020 and we experienced the early implications of this for the University in the latter 5 months of the year, though with the more significant financial impacts to be felt through 20/21 and potentially beyond. The pandemic has given an unprecedented shock to the global economy, and the higher education sector has not been immune to this. As well as taking measures to protect the health, safety and wellbeing of all our students and staff, we were decisive in our financial response in order to protect the University as much as possible and mitigate the significant financial risks which the pandemic poses.

Our immediate response from a financial perspective focused on prioritising efforts to maximise the student recruitment outcome for 2020 entry; investing as needed to support our response to the COVID-19 pandemic, both in terms of delivering high quality online education and enabling remote working at scale; and implementing cost saving actions. Alongside these measures we reviewed our financing strategy in order to ensure that we could protect our cash position throughout this period of unprecedented economic uncertainty.

The cost saving mitigations which we introduced from the end of March 2020 included a pause or deferral of new staff recruitment and new non staff expenditure commitments (unless critical to support our response to COVID-19), as well as pausing or deferring any new capital commitments that may have been in the pipeline.

This decisive financial response allowed the University to report an underlying operating surplus in 2019/20 of £22m (before the movement in the USS provision) representing 3% of total income. This surplus is lower than the equivalent prior year operating surplus of £38m and has been adversely impacted by reduced residences and research income as well as unplanned costs to support our response to the pandemic.



Total income of £794m was just £2m higher than in 2018/19 (0.3% growth), again affected adversely by early phase COVID-19 impacts. Excluding the impact of COVID-19 we estimate that total income would have grown by 6% compared to 2018/19. Tuition fee income grew year on year 8% to £432m, driven largely by 26% growth in international fee income. Research income was impacted by delays to research activity as a result of the COVID-19 restrictions, we therefore saw a reduction against 2018/19, from £151m to £140m. Without the impact of COVID-19, we estimate that research income would have increased by 9%. Other income also fell when compared to last year because of student residence rent rebates for the summer term and the fact that the prior year income figure benefited from a significant one off alumnus donation of £8m.

The increase in staff costs (before the movement in the USS provision) of 6% reflects wage inflation and planned investments to support growth in research and student education activity, together with increased pension costs. Other operating expenses have reduced by 3% as a direct result of the COVID-19 cost saving measures introduced.

# 26%

Growth in international fee income

Consolidated Financial Summary	2019/20 £000	2018/19 £000	Change %	Change £000
Summary				
Total income	794,051	791,850	0%	2,201
Expenditure (excluding movement on USS provision)	(772,293)	(754,049)	2%	(18,244)
<b>Underlying Surplus</b>	<b>21,758</b>	<b>37,801</b>	<b>(42%)</b>	<b>(16,043)</b>
USS provision movement <sup>1</sup>	90,366	(135,822)	(167%)	226,188
<b>Operating Surplus/(Deficit)</b>	<b>112,124</b>	<b>(98,021)</b>	<b>(214%)</b>	<b>210,145</b>
Other items	(1,519)	244	(723%)	(1,763)
<b>Surplus/(Deficit)</b>	<b>110,605</b>	<b>(97,777)</b>	<b>(213%)</b>	<b>208,382</b>
Actuarial loss	(82,686)	(29,999)	176%	(52,687)
<b>Total Comprehensive Income/(Expenditure)</b>	<b>27,919</b>	<b>(127,776)</b>	<b>(122%)</b>	<b>155,695</b>
Tuition fee and education contracts				
Home and EU students	205,745	208,915	(2%)	(3,170)
International students	196,253	155,576	26%	40,677
Other fees incl NHS teaching contract	30,315	35,691	(15%)	(5,376)
<b>Total</b>	<b>432,313</b>	<b>400,182</b>	<b>8%</b>	<b>32,131</b>
Research grants and contracts				
Research Councils, UK Charities and Government	112,030	117,447	(5%)	(5,417)
Industry, overseas and other	27,857	33,377	(17%)	(5,520)
<b>Total</b>	<b>139,887</b>	<b>150,824</b>	<b>(7%)</b>	<b>(10,937)</b>
Capital expenditure				
Externally funded	(13,130)	(16,860)	(22%)	3,730
University funded	(80,991)	(91,964)	(12%)	10,973
<b>Total</b>	<b>(94,121)</b>	<b>(108,824)</b>	<b>(14%)</b>	<b>14,703</b>
Cash and borrowings				
Cash and short-term investments	375,976	307,199	22%	68,777
Borrowings	(332,123)	(267,665)	24%	(64,458)
<b>Net funds</b>	<b>43,853</b>	<b>39,534</b>	<b>11%</b>	<b>4,319</b>

<sup>1</sup> As highlighted in last year's report, a significant decrease in the provision for the USS deficit recovery agreement following the finalisation of the 2018 actuarial valuation (discussed further in note 22).

“Notwithstanding the unexpected challenge that the COVID-19 pandemic brought us, the strength of our balance sheet, built up and protected over the years through deliberate and thoughtful financial management, means that we are well positioned to navigate our way through this difficult period.”

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Our capital projects that were close to completion were allowed to continue but, as a consequence of COVID-19 financial risk mitigations, no new significant commitments have been made even where business cases had previously been approved. During the year we invested £94m (2018/19: £109m) across a range of schemes which are highlighted in the balance sheet section of this report. The impact of the COVID-19 mitigation on capital investment will be felt most acutely in 2020/21.

In response to COVID-19 financial risks we reviewed our financing strategy and as part of a dual pronged approach to secure our cash position in the short term and to provide ourselves with some modest headroom to invest behind our new strategy when the conditions are right, we raised £69m in July 2020 by successfully executing a tap of our existing bond and we have now secured a new revolving credit facility.

We continue to monitor financial risks and are very alert to the fact that the more significant financial risks resulting from the COVID-19 pandemic are due to impact the University during the course of 2020/21. As described later in the risk management section of this report we are focused on taking action to mitigate the COVID-19 related risks as much as we can, recognising that they are not unique to Leeds; and, in developing our mitigation plans we remain vigilant to the course of actions that others are taking and we will introduce new measures if and when we believe they are necessary. Other financial risks that we are monitoring include those associated with the UK's exit from the EU, pension scheme developments, and the post-18 funding review. We are developing and implementing mitigating action plans as articulated within the strategic risk section of this report.

Notwithstanding the unexpected challenge that the COVID-19 pandemic brought us, the strength of our balance sheet, built up and protected over the years through deliberate and thoughtful financial management, means that we are well positioned to navigate our way through this difficult period. A balanced approach to income protection, cost savings and deferrals, accompanied by targeted strategic investments, will mean that we are able both to manage our way effectively through this period and to prepare ourselves for a successful post COVID-19 recovery. We continue to monitor the financial risks associated with the pandemic and will continue to keep the current mitigations in place, with more actions taken if required, until we are confident that we are able to relax them.

### **Funding Body Grants**

Funding Council grant income grew by 6% to £94m, but more than half of this is attributed to an accelerated payment of £2.8m from our 2020/21 quality related research (QR) funding allocation, which was a UK wide action by government to provide short-term cash support to universities in response to the impact of COVID-19. Since it was simply an accelerated payment from 2020/21 we will see a corresponding reduction in Funding Council grant income in 2020/21.



## Tuition fees and education contracts income over five years (£000)

Key

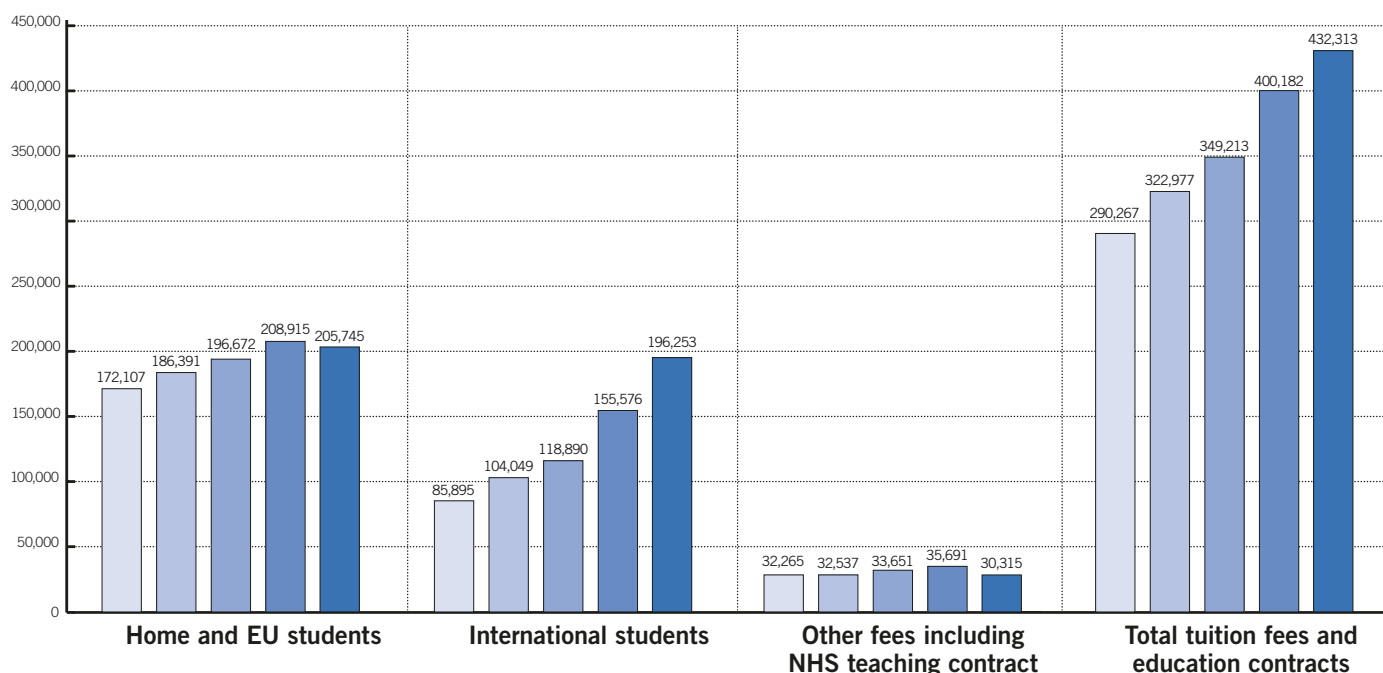
2015/16

2016/17

2017/18

2018/19

2019/20



### Tuition fees and education contracts

Tuition fee income and education contracts totalled £432m, an increase of £32m (8%) from 2018/19. This category now represents 54% of total income (2018/19: 51%).

Fee income from our Home/EU students reduced by £3m (2%) compared to last year, in line with our plans to de-risk our over-reliance on home undergraduate students, while increasing our recruitment of international students. Total Home/EU undergraduate student numbers reduced by c700 to just over 23,000. We have a further 3,000 post-graduate taught students and 1,700 post-graduate research students.

EU student recruitment has continued to be positive and total EU student numbers remain consistent with last year despite the decision of the UK to leave the EU and the associated political uncertainty that this has caused. The 2020 EU student intake will be the last cohort to be eligible for home fee status as a result of the UK exit from the EU at 31 December 2020 and therefore there is a significant risk of an adverse impact on EU student recruitment from 2021 entry onwards.

As mentioned above we have continued to focus on optimising our recruitment of high quality international students, and we recorded a further 26% increase in International fee income which grew to £196m. We now have over 11,400 International students, an increase of 21% in the year, with this level of growth seen across both undergraduate and post-graduate taught students.

International student recruitment and therefore fee income is one of the major financial risks resulting from COVID-19, with the impact likely to be most acute in 2020/21. Our approach to mitigating against this risk is covered in other parts of this report.

# Chief Financial Officer's report

## Research grants and contracts income over five years (£000)

Key

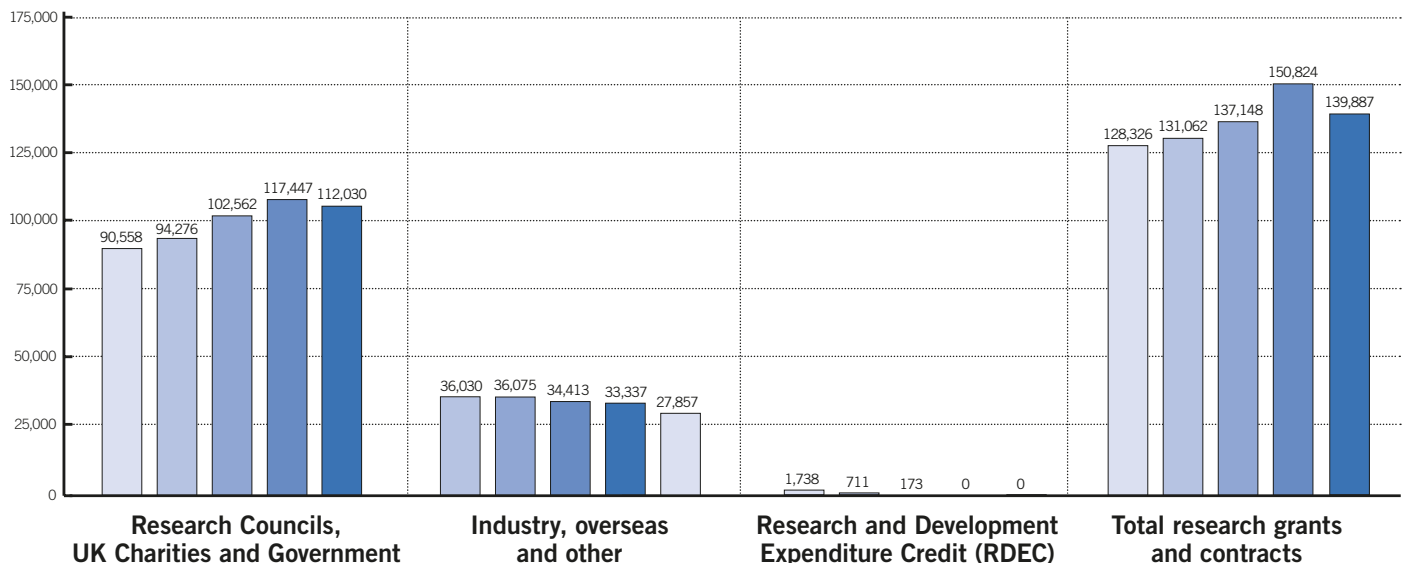
2015/16

2016/17

2017/18

2018/19

2019/20



# £149m

## Research grants and contracts new awards

### Research grants and contracts

Research income of £140m was £11m (7%) lower than prior year due to the delays in research activity caused by the COVID-19 pandemic. Prior to the COVID-19 lockdown we were reporting growth in research income compared to the prior year, and we would have expected to deliver full year growth of approximately 9%.

During 2019/20 UKRI launched a COVID-19 grant extension fund to mitigate the impact of COVID-19 on UKRI-funded research and fellowships, with the objectives of helping those researchers to deliver their outcomes, realise the value of their grants, and to sustain grant-funded research, skills and capability of UK research organisations that will be needed to underpin the post-pandemic national recovery. The University received an allocation of £4.8m from this fund, an allocation which has been recognised within our 2019/20 Research income.

In terms of the lead indicator measure of research performance, new awards, the level has also been adversely impacted by the COVID-19 lockdown and was recorded at £149m in 2019/20 compared to £196m in 2018/19. The prior year awards figure included a single award of £31m from the Natural Environment Research Council (NERC) to run the UK Government's large atmospheric research aircraft. The remaining variance of £16m compared to the prior year awards total is all due to the significant slowdown in new awards from April onwards, due to uncertainty for funders and disruption caused by COVID-19. Prior to April, our new awards had exceeded the equivalent 2018/19 year to date figures (excluding the large NERC award).

Our largest award this year was a £4.5m 6 year award from the Department for International Development (DfID) to the Faculty of Medicine and Health for work on urban health systems, with partners in Bangladesh, Ghana, Nepal and Nigeria.

Our next largest award was also to the Faculty of Medicine and Health with Transgene [a France-based biopharmaceutical company specialising in immunotherapeutics to treat cancer and infectious diseases] of £2.8m looking at the potential of a virus to treat some advanced cancers.

The Faculty of Engineering and Physical Sciences received an award of £2.3m from the Science and Technology Facilities Council (STFC) to fund a 3 year programme of Astrophysical Theory and Observation at Leeds. The programme principally addresses how stars and planets form from clouds of dust and gas.



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Our largest funder in 2019/20 was the Engineering and Physical Sciences Research Council (EPSRC); we were awarded £15.2m from a total of 36 projects across the faculties of Engineering and Physical Sciences, Environment, and Medicine and Health. In parallel, we have been promoting interdisciplinary research through targeted interventions to build new teams, including establishing a number of cross-campus networks. Notable successes have been around anti-microbial resistance (a £2m United Kingdom Research and Innovation (UKRI) Global Challenges Research Fund (GCRF) award to start in 20/21) and mental health (£500k award for Safeguarding Mental Health in India and pilot UKRI GCRF award in 19/20).

We are continuing to identify key ways the University can address important societal challenges and we have been engaging intensively with key national and international bodies (DFID, UN, etc.) to align our research with the 'demand' from stakeholders and funders.

The Global research portfolio has continued to grow to £65m incorporating funding from GCRF, the Newton Fund, the National Institute for Health Research (NIHR), and the Foreign, Commonwealth and Development Office (FCDO) and includes a £7.5m UKRI award for 50 PhD studentships to explore sustainable solutions to water and waste management with Global South partners. Our footprint covers 50 countries and 63 awards support 150 projects across sub-Saharan Africa. Research continues to span all Sustainable Development Goals but a clearer focus has emerged on goals that address climate action, food security and zero hunger, quality education and good health and wellbeing with the aim of building sustainable cities and communities; these awards account for more than 80% of the portfolio's income.

Over the last year, a significant amount of work has been undertaken to prepare for the institution's REF2021 submission. Due to the COVID-19 global pandemic, the final submission deadline has been extended by Research England to 31st March 2021.

### Other income

Other income including other operating income, investments, donations and endowments, was £24m lower than last year. This was mainly as a result of COVID-19 impacts including the release of students from Residences contracts for the summer term at a cost of £13m, and the loss of other sources of commercial income. In addition the 2018/19 income benefited from a one off major alumnus donation with a value of £8m. Other income included £5m of contributions from the Government's job retention scheme (JRS), towards the cost of staff whose roles were most significantly impacted by COVID-19 and consequently furloughed.

The University's 'Making a World of Difference' campaign was successfully completed, surpassing the £100m target with a total of £107m raised. This figure includes £8.4m pledged in 2019/20 through philanthropic gifts from 3,486 alumni and other donors. These gifts include:

- A commitment of £1m from a member of the University's Court of Benefactors which will fund the Michael Beverley Innovation Fellowships, a five-year programme to develop the next generation of entrepreneurial academics,
- A legacy with a total value of £1.4m (£0.75m pledged in 2019/20) which has brought an exceptional library of furniture history to the University of Leeds Special Collections,
- A £0.75m grant from the Wolfson Foundation to support the establishment of a high-speed high-resolution imaging facility, a partnership between the Astbury Centre for Structural Molecular Biology and the Bragg Centre for Materials Research, and the first of its kind in the UK.

Again donors have funded more than 200 undergraduate and postgraduate widening participation scholarships. Our Footsteps Fund donations have contributed to these scholarships and have been used to support a range of student experience projects for example the International Conference of Undergraduate Research, student volunteering, and bringing sport to disadvantaged groups from deprived areas of the city. In addition, more than £0.5m has been committed to COVID-19 projects, including student hardship and a new research project to inform infection prevention and control.

### Expenditure

The increase in staff costs (before the movement in the USS provision) of £24m (6%) includes planned investment to support research and student education activity, USS pension cost increases, and wage inflation and increments. The 2019/20 figure includes costs for furloughed staff who were unable to work during lockdown, which were partly funded by income from the JRS.

Other operating expenditure has reduced by £9m (3%) as a result of COVID-19 mitigating actions taken to limit expenditure due to the funding pressures posed by the COVID-19 pandemic. This includes significantly reduced travel and restrictions on discretionary spend. In addition, Research expenditure has been reduced as some planned research activity has been delayed or disrupted.

£11m was spent on our two major enabling projects, namely the Corporate Processes and Systems Programme (CPS) and the Student Lifecycle Programme (SLP) which aim to improve, streamline and harmonise business processes and introduce modern and future proofed technology through a £100m combined investment programme, and although re-profiled as a consequence of COVID-19 financial mitigations, will be delivered over a period of 5 years.

### Pensions

As highlighted in last year's report, the 2018 actuarial valuation for the Universities Superannuation Scheme (USS) was concluded in September 2019, and as this was after the July 31st year-end the new valuation was not reflected in the 2018/19 financial statements. The 2018 valuation resulted in a significant reduction in the funding deficit from £7.5bn to £3.6bn, and the resulting deficit recovery agreement significantly decreased the duration of payments but increased their magnitude.

FRS 102 and the HE SORP require that universities recognise a provision for the present value of payments to be made under the existing deficit recovery agreement for USS. Consequently, the deficit recovery provision has reduced to £110m (2019: £201m) equating to a one-off reduction in costs of £90m, which is comparable to the estimate included in last year's report.

This revised schedule of contributions required the total employer contribution rate to increase from 19.5% to 21.1% in October 2019, and there will be a further increase to 23.7% from October 2021 onwards.

The USS Trustee is carrying out a valuation as at March 2020 where the unprecedented market conditions have led to significant increases in liabilities and the cost of providing future benefits. The USS Trustee is currently consulting on the valuation, which will be followed by consideration of the strength of employers' covenant, schedule of contributions and deficit recovery plan. The Trustee has indicated that the deficit has increased from £3.6bn in the 2018 valuation to between £9.8bn and £17.9bn. The consultation also states that the cost of continuing to offer the current benefits plus anticipated deficit recovery payments could increase from the current level of 30.7% to between 40.8% and 67.9% of pensionable payroll. We continue to work with USS and UUK to find an affordable and sustainable solution which provides benefits that staff can rely on.

The University of Leeds Pension and Assurance Scheme (PAS) reports a Balance Sheet deficit of £91m at 31 July 2020, representing a deterioration of £90m from the prior year position. The main factor leading to the increase in the deficit is the lower discount rate applied following falls in corporate bond yields over the year. The return on the Scheme's investments has also been lower than expected and contributes £19m to the reported deficit. The PAS scheme is also carrying out its triennial valuation as at March 2020 and we will work with the Trustee to agree the valuation and determine a deficit recovery plan if necessary.

# £94m

### Capital expenditure

### Balance Sheet

Our Balance Sheet remains strong backed by a significant asset base and high levels of liquidity; it positions us well to manage our way through the significant financial risks that lay ahead, particularly in the short term as a consequence of the COVID-19 pandemic.



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Year on year net assets have increased by £28m from £688m to £716m. Large movements in 19/20 include a reduction to the USS deficit recovery of £91m which has been broadly offset by the deterioration in the PAS accounting valuation of £90m and following a bond tap issuance in July 20, cash increased by £69m which is offset by increased creditors > 1 year of an equal amount. The increased net assets, excluding these significant items is therefore largely explained as an increase in fixed assets of £37m, an increase in working capital of £6m and a reduction in creditors > 1 year of £5m offset in part by an increase in provisions of £20m.

The net book value of tangible fixed assets (including heritage assets) has increased by £37m to £986m. The University has invested £94m predominantly in new academic facilities and infrastructure improvements in the year (2018/19: £109m). Major capital schemes completed in 2019/20 or due for completion in 2020/21 include:

- £96m Sir William Henry Bragg building development,
- £29m refurbishment of the Faculty of Biological Sciences, the first phase of an overarching programme of development of the Faculty estate, which includes reconfiguration of research and teaching laboratories,
- £12m development of the Centre of Innovation Excellence in Livestock (CIEL) at the University farm to provide livestock research facilities,
- £34m Esther Simpson building, part of the expansion of the Leeds University Business School,
- £8m Acquisition of Cloth Hall Court, a conference and meeting venue in the city centre which provides a new base from which the University can build on its strong reputation for innovation and enterprise, and develop its provision of professional education.

Many of the major capital schemes under development or previously planned to begin in the next two years have been paused as part of our COVID-19 financial mitigations, with the timing of any potential restart highly dependent on external circumstances.

The University retained £374m of cash investments at 31 July 2020 of which £70m was held on deposit with remaining terms of up to 4 months, £213m was held in four separate sterling liquidity funds, £75m was held in a cash plus fund and the remaining £16m was held on-call. The University treasury policy determines that we focus on the most secure institutions and funds, with a deposit limit of £75m for AAA rated institutions or funds, of £30m for AA, and of £15m for A.

In response to COVID-19 risks we reviewed our financing strategy and agreed to put in place a £100m revolving credit facility to maintain a liquidity risk buffer in the case of downside scenarios crystallising, and agreed to issue a £50m addition to our existing £250m bond to support investment in our new strategy when the conditions are right. The bond issuance raised £69m at an effective interest rate of just over 1.5%. The existing bond was issued in February 2016, it had a 34 year term, maturing in 2050 with a coupon rate of 3.125% and is listed on the London Stock Exchange. There are no capital repayments to be made until the end of the term.

In October 2020 Moody's downgraded the Government of the United Kingdom's sovereign bond rating to Aa3 from Aa2 and changed the outlook to stable from negative. Subsequently it changed the rating of 58 sub-sovereign entities including the University of Leeds. The University's credit rating was downgraded from Aa3 with a negative outlook to A1 with stable outlook. The rating continues to reflect our strong market position as a large research-intensive University with a solid financial performance and positive student recruitment trends. The rating also incorporates Moody's view that despite challenges posed by COVID-19, the University will remain resilient over the medium term because of its strong profitability and manageable debt.

As a result of the bond tap issuance and after standard loan repayments of £4m this year, the gearing ratio has increased at 31 July 2020 to 56% (2018/19: 49%).

At £82m, the value of the endowment portfolio has remained constant year-on-year (2019: £82m) and generated the planned income level of £2m. Although there has been very little movement year-on-year this masks large movements as a result of COVID-19-related market volatility. The value of the portfolio dropped to £76m at the end of March, but recovered by the end of July 2020.

“...in the face of an unprecedented, challenging and uncertain operating environment, we have strong academic and financial foundations which have been built through the successful delivery of our most recent 2015-20 strategy and associated investment...”

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### Conclusion

The COVID-19 pandemic is set to have an unprecedented economic impact across all sectors and across the globe in all likelihood for the next few years. We have experienced some financial impacts during 2019/20 but have managed to deliver a modest underlying surplus, largely because of continued growth in high quality international student recruitment coupled with an immediate and decisive response to the COVID-19 pandemic in terms of cost control.

The financial impacts of COVID-19 are likely to be felt more acutely in 2020/21, particularly because of the expected adverse impact on international student recruitment for 2020 entry. In addition to protecting the health and wellbeing of our community we have sought to maximise our recruitment despite the challenging market conditions, to maintain a high quality educational experience for all our students, and to restore research activity back towards full capacity, whilst at the same time ensuring strong cost control to mitigate against the significant financial risks.

Whilst these are challenging times, with significant levels of uncertainty the University is in a strong position. We have a robust financial base, evidenced by a strong balance sheet and cash position, which has been further strengthened at the end of 2019/20 by the raising of additional funds through the extension of our bond.

Although we will continue with the current pause on new financial commitments in the short term to mitigate against the COVID-19 financial risks, in the medium term we do not envisage significant change to our 2020-30 ambitions for student education and research. Moreover, our focus on digital transformation, which will be at the heart of our new strategy, will be more important than ever.

In summary, in the face of an unprecedented, challenging and uncertain operating environment, we have strong academic and financial foundations which have been built through the successful delivery of our most recent 2015-20 strategy and associated investment. This, combined with our decisive COVID-19 response, gives us confidence in our ability both to overcome the immediate challenges presented by the global COVID-19 pandemic and to deliver against our new strategic objectives.

**Jane Madeley**  
Chief Financial Officer





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## Risk Management

Effective risk management is synonymous with good management and good governance; and at the University it is one of the key institutional tools employed as we seek to meet our aims as set out in our Strategic Plan. The University Council has also adopted a statement of risk appetite to provide a helpful point of reference for the executive team and the Council when considering strategic decisions as below:

“The creation, dissemination and application of knowledge are at the heart of all that we do at the University. We are committed to providing a wide range of opportunities for our students and staff; ensuring excellence in every aspect of student education, research and innovation; and promoting enterprise and creativity. We recognise that in pursuance of ground-breaking research and innovative teaching, we will need to take risks; and subject to their robust assessment, we will not shy away from doing so.

Similarly, and notwithstanding the possibility of reputational damage, the University has a significant appetite for risk in encouraging critical enquiry, free debate and freedom of expression within the law.

In striving to achieve a balanced academic portfolio of development in a more uncertain environment, the University remains mindful of its responsibilities as a charity, and a body in receipt of public funds. In particular, the University's approach to risk will be informed by the need to demonstrate responsible stewardship in all aspects of its business, especially in respect of institutional sustainability, governance, financial control, legal compliance, environmental sustainability and health and safety. Similarly, the University will also ensure that, in all matters it undertakes, the preservation of its reputation as a body committed to academic excellence, the fulfilment of its other values and the delivery of the best student experience possible under prevailing circumstances will all be paramount considerations.”

During the year we have been working on further operationalising this statement through a new risk appetite framework approach. The aim of this new framework is to provide clear and practical guidance to staff and leaders on areas where the University is prepared to take more risk, and areas where we wish to avoid risk. The University's approach will be to minimise its exposure to reputational, compliance and financial risk, whilst accepting and encouraging an increased degree of risk in pursuit of its strategic aims in student education, research and innovation, international strategy and in digital transformation. It recognises that its appetite for risk varies according to the activity undertaken, and that its acceptance of risk is subject to ensuring that potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established. We will use a five-level approach to set risk appetite for each area as follows:

Risk appetite level	Risk philosophy
<b>Averse</b>	Avoidance of risk is a core objective
<b>Minimalist</b>	Extremely conservative
<b>Cautious</b>	Preference for safe delivery
<b>Open</b>	Willing to take reasonable risks, balanced against reward potential
<b>Bold</b>	Will take justified risks

We will launch this new framework during 2021 together with the new Strategic Plan, to ensure clear alignment with each area of the updated strategy.

### Process

The University operates a systematic process of risk management which is both bottom up and top down, integrated into existing structures and aligned to its strategic aims. The approach is deliberately multi-faceted, to maximise the chances of successfully identifying risks and to ensure so far as possible that risks feature at the front of management thinking at all levels within the institution.

The Council is ultimately responsible for risk management arrangements, but the Audit and Risk Committee acts on behalf of the Council in overseeing those arrangements. At the executive level, risk management arrangements are the responsibility of the Chief Financial Officer, supported by the Director of Risk Management, whose office maintains an institutional risk register.

Risks are monitored in underlying committees and forums, with emerging and changing risks being brought to the attention of the University Executive Group throughout the year. The Audit and Risk Committee ensures that key risks are being actively managed with the appropriate strategies in place to address them.

Faculties and professional services risk registers ensure key operational risks are identified and managed by the appropriate functions within the University. All major programmes and projects have individual risk registers and risk assessment is incorporated into planning and decision-making processes. Internal Audit supports this process and undertakes reviews of key areas throughout the year according to a rolling audit plan.

We continue to benchmark ourselves against best practice and will be working on further enhancements to our process over the coming year, including a revised approach to risk appetite through a new framework.

### Key risks

The University Risk Register is formally reviewed and updated annually by the Audit and Risk Committee and approved by the University Council. In the analysis below we have extracted those risks from our register which we believe are key to the effective delivery of our strategy and our responses to them. In addition we have highlighted some key operational risks that require careful management across the institution.

### COVID-19 (Coronavirus)

From the outset, the University's response to the coronavirus outbreak has been shaped by guidance from the Government, the National Health Service and in particular Public Health England. Our primary focus has been on the safety, health and wellbeing of staff and students, with due regard being paid also to institutional risks. A specific risk dashboard has been introduced to help us prioritise the management of the substantial mitigations to manage the additional risks arising from the COVID-19 pandemic.

The key risks can be split into specific areas as listed below and are being managed on an ongoing basis with dedicated working groups:

Area	Risk	Key responses
<b>Recruitment and admissions</b>	The threats to recruitment and admissions for 2020-21, both as a result of a potential contraction in the international market and in consequence of home undergraduates deferring until 2021-22	<ul style="list-style-type: none"> <li>We have created dual entry admissions for postgraduate programmes, together with a recalibration of the academic timetable.</li> <li>We have launched a hybrid learning approach, ensuring a measured balance of online and on-campus teaching within the latest government guidance.</li> </ul>
<b>Student education and experience</b>	The challenges of delivering a high-quality education and student experience on campus in 2020-21 in the likely event that a significant measure of social distancing will be required well into the academic year	<ul style="list-style-type: none"> <li>The campus has been carefully redesigned for any on-campus teaching, or research, to meet our over-riding priority of ensuring the wellbeing, health and safety of our staff and students.</li> <li>Special attention has been given to provide students with the same level of education through hybrid learning, and to ensure students continue to enjoy social connections through a combination of online and in-person events, where restrictions allow.</li> </ul>
<b>Research projects</b>	The delays occasioned by lockdown to the execution and completion of a wide range of research projects	<ul style="list-style-type: none"> <li>We have ensured ongoing support to priority key research projects where there is any funding uncertainty.</li> <li>Research activities have been brought back onto campus, within COVID-19 risk protocols, where there is considered no remote solution and it has been deemed safe to do so.</li> </ul>
<b>Income and cost pressures</b>	The threats to income from the potential contraction in the international student market and possible undergraduate deferrals, and delays in research projects. The additional costs of re-entry onto campus, remote working and online education investments.	<ul style="list-style-type: none"> <li>Our financial mitigations, as addressed within the CFO Report, have focused on prioritising efforts to maximise the student recruitment outcome for 2020 entry, reviewing our financial strategy to protect our cash-holding position and implementing cost saving measures from the end of March 2020.</li> <li>We have also invested as needed to support our response to the COVID-19 pandemic, both in terms of delivering high quality online education and enabling remote working at scale.</li> </ul>
<b>Other income</b>	The loss of income from residences, conferences and other events	<ul style="list-style-type: none"> <li>Residences have been re-opened with clear social distancing and hygiene measures in place. Other events are following the same hybrid approach as student education with a measured balance of online and on-campus meetings.</li> </ul>
<b>Pensions</b>	The impact of the COVID-19 pandemic on financial markets and hence pension schemes	<ul style="list-style-type: none"> <li>As noted under “Operational risks”, we actively monitor the USS valuation position and continue to engage in employer consultations. A strong interaction is in place between the University and local PAS Trustees</li> </ul>



## Key Strategic Risks

Strategic objectives	Risk	Risk details and responses
<b>Students</b>		
<b>To provide an outstanding education which will attract, excite and retain high-quality students from diverse backgrounds, and equip them to succeed in a competitive global employment market and to make a difference</b>	Risk of failure to deliver an excellent research-based student experience	<p>We pride ourselves on delivering consistent outstanding teaching, learning and outcomes for our students, as recognised by our Teaching Excellence Framework (TEF) Gold status. Leeds achieved a score of 82% on overall satisfaction in the 2020 National Student Survey (NSS) (86% 2019) which positions Leeds =11th for overall student satisfaction within the Russell Group of research-intensive universities (=5th, 2019). Positive feedback was provided on the overall organisation and management of courses and timetabling.</p> <p>The education experience has been impacted both by industrial action and the pandemic situation in the short term. Multiple projects are ongoing to continue to enhance the experience of our students, including rethinking how education is delivered by schools and faculties, and how students are supported by our professional services. In addition we have embarked on a digital transformation strategy to further enhance the delivery of our online learning.</p>
	Risk that political, policy and funding uncertainty results in changes that reduce the competitiveness of the sector	<p>There remains a lot of uncertainty related to student fees and funding following the Post-18 Education and Funding Review, with the Government yet to decide how to address the recommendations of the review.</p> <p>Given the current uncertainty, we continue to monitor these risks with a strong focus on a range of potential mitigating options, including careful consideration in financial planning and strategic investment decisions. Our mitigations have included work to de-risk our over-reliance on home undergraduates, as well as streamlining our education portfolio offer and removing programme complexity.</p>
<b>International</b>		
<b>To increase the University's international reach, ensuring that the impact of our education research and alumni community is globally relevant</b>	Risk of failure to optimise student cohort mix to create sustainable income streams, as well as the potential inability to form a global community of students and staff	<p>Significant work has been undertaken to deliver a rebalanced and sustainable student cohort mix which will increase the proportion of international students and further develop our teaching excellence, enriching the student experience and ensure global relevance and employability.</p> <p>Enhancements to our International leadership structure and capacity are now embedded and our focus is on maximising recruitment of high quality international students to rebalance the student cohort mix and to mitigate the risk of over-dependency on the home undergraduate market and the Brexit risk to levels of EU student recruitment.</p> <p>We are also very conscious of keeping pace with the changing needs of this international community, and ensure our staff have a strong focus on the international agenda. Whilst we continue to perform well in the International Student Barometer rankings, we recognise the need to continually improve our curricula, processes and staff development to equip ourselves for the wider needs of this diverse community.</p> <p>The DVC: International leads the University's international academic strategy with an objective to boost our global profile and standing, while generating new research and educational opportunities with overseas partners. We have seen consistent levels of growth in international student recruitment over the last few years and are proud to be ranked within the top 100 in the QS World University Rankings, with a ranking of 91 in the 2021 report (2020: 93).</p>
	Risk of under-developed international academic and business links and collaborations	<p>We strive to form successful research partnerships with businesses in the public sector, facilitating staff exchange and sharing joint appointments between organisations. We need to continue to invest in infrastructure to support global collaborations and to drive cultural change internally to overcome perceived barriers to interdisciplinary working across our schools and faculties.</p> <p>Additionally, we continue to nurture a number of high quality international partnerships, particularly with Asia and EU-based institutions, but we recognise these collaborations take time to fully develop. We have established international offices with local expertise and are employing strategic funding initiatives to support staff mobility and encourage greater research collaborations with world-class global partners.</p>

Strategic objectives	Risk	Risk details and responses
<b>Research and Innovation</b>		
<b>To be an outstanding research university, securely placed in the UK's top ten and achieving significant increases in research quality, income and impact</b>	Risk of failure to deliver increase in research income, quality and impact	<p>We aim to be an outstanding research university, securely placed in the UK's top ten and achieving significant increases in research income, quality and impact. We need to continue to focus on high quality research outputs including academic citations, as well as non-academic impact case studies, to ensure we achieve a top ten Research Excellence Framework (REF) 2021 ranking in research power (we were ranked 10th in REF 2014).</p> <p>We continue to focus our attention on the outputs for the next REF and have implemented robust REF preparation processes and monitoring mechanisms to ensure the strongest return. This includes the establishment of: the REF Steering group, led by the DVC: Research and Innovation; of REF review sub groups for each Unit of Assessment; and of a University Impact Group.</p> <p>Our research and innovation delivery plan will concentrate even more on challenge-led research with a focus on collaboration, on building capacity and capability, on the impact of research, and on tackling global grand challenges systematically. We have developed a robust Research and Innovation Service (RIS) and a clear Business Engagement Framework (BEF) to enable us to drive our research agenda forwards.</p>
	Risk of the inability to create and enhance strategic partnerships and collaborations in education, research and innovation	Through our investment in the delivery of Major (market led) Research Initiatives we are developing new research and technology platforms, working in partnership across disciplines, institutions and continents; and building new relationships between academia and industry. For example, the Institute for High Speed Rail and System Integration at Leeds will ensure collaboration between the University, rail industry partners and the Leeds City Region Local Enterprise Partnership.
	Risk of failure to provide an integrated approach to enterprise which promotes creativity, innovation, enterprise and impact in the University and across the city region	<p>NEXUS, our new Innovation and Enterprise Centre, has been operational since early 2019 and along with our Corporate Engagement Strategy supports our drive to secure a step change in the volume and diversity of collaborative research and innovation activity.</p> <p>These will help us to improve research impact; to make mutually viable connections; to form research-led partnerships locally, nationally and internationally; and to understand and respond to external public and private sector funding opportunities.</p>
<b>Infrastructure and technology</b>		
<b>To ensure that our campus offers an exceptional student experience, providing leading-edge facilities for education, research and working with partners</b>	Risk of inability to deliver the required levels of investment in estates and IT infrastructure, and managing the related changes	<p>A long-term cash generation target has been established to provide a sufficient level of capital, equipment, IT and strategic investment on a recurrent basis. Whilst the ambition of our estates and capital equipment investment has been evident in recent years, we have also recognised the need to invest in our core underlying processes and systems to support the student lifecycle and our corporate back office services.</p> <p>To support this significant amount of change we have invested in dedicated programme management, including establishing standardised project management steering groups, boards and implementation groups, and enhancement of project management processes and gateway reviews to assist in coordination and leadership of projects and programmes. At an institutional level we have established a University Change Delivery Group (UCDG) to provide clear oversight and direction of these programmes and to allow the prioritisation of our resources when necessary.</p>
	Risk of failure to deliver an effective digital learning strategy	An effective digital learning strategy is essential to respond to the current and future needs of our students and staff. We are currently embarking on a revised digital transformation strategy and continue to invest in digital education technology at the University. We have ring-fenced a significant level of strategic funding to support the implementation of new technologies, supported by a newly appointed DVC: Digital Transformation and the Digital Education Services team.

## Chief Financial Officer's report

### Key operational risks

The following operational risks have a key impact on everything we do at the University, and careful management of them is essential.

Operational risk	Risk details and responses
<b>Cost pressures</b>	
<b>Risk of failure to respond to the strong cost pressures on pensions and pay</b>	<p>As outlined in the Chief Financial Officer's Report, the USS Trustee is carrying out a valuation as at March 2020 where the unprecedented market conditions have led to significant increases in liabilities. We continue to work with USS and UUK to find an affordable and sustainable solution which provides benefits that staff can rely on.</p> <p>The PAS scheme is also carrying out its triennial valuation as at March 2020, and we continue to work with the Trustee to agree the valuation and determine a deficit recovery plan if necessary.</p> <p>With regards to pay cost pressures we continue to be committed to national employer-side bargaining and we actively engage with UCEA, participating in their consultations on pay, as well as other remuneration and reward matters.</p>
<b>Cyber security</b>	
<b>Risk of failure to properly secure the University's IT infrastructure leading to major data leaks, breaches and significant cyber security attacks</b>	<p>Data breaches or IT security attacks could affect the University's IT services, its ability to operate and damage its reputation. The requirement for short term remote working for most staff as a result of the COVID-19 pandemic has increased the potential threats of email scams, more sophisticated phishing attacks and the need to bolster Virtual Private Network (VPN) connectivity and security.</p> <p>We are currently in Phase 2 of an ongoing Information Security Management programme and continue to enhance our IT security policy, training, protection software and systems.</p>
<b>Change management and leadership development</b>	
<b>Risk of not responding to the significant amount of change ongoing at the University, and have leaders inadequately prepared to lead and manage this change</b>	<p>Change management and leadership development have become major topics for us given the significant amount of change we are undertaking in transforming processes, systems and ways of working. The organisation has recognised the need to do more on how we manage change and our leaders are supported by a dedicated Business Change team and by our Human Resources (HR) team.</p> <p>Our Business Change team continue to introduce a number of initiatives to support leaders in managing change, including a recently introduced Practical Guide for Delivering Change. Our HR team provides leadership development support through our management development and leadership programmes, which include specific modules on change management. The revised HR structure provides more senior support to leaders of change at the local level through the introduction of a business partnering model, and the allocation of dedicated HR resource to major change projects.</p>
<b>Brexit</b>	
<b>Risk of not adequately preparing ourselves for changes in EU research funding, student recruitment and mobility, and the impact of Brexit on our EU staff and students</b>	<p>We have been carefully planning for Brexit with a dedicated Brexit Strategy Group focused on the key strands of research funding, student recruitment and mobility, and the wellbeing and immigration impacts for staff and students. This has enabled us to develop an institutional approach to understanding and mitigating the impact of Britain's exit from the EU, following the transition period. In addition to this forum, senior colleagues directly input into Russell Group and Universities UK advisory groups to ensure that the sector continues to convey clear priorities for the Government's negotiations. At the time of writing we are also actively developing contingency plans in case the transition period ends without the UK and the EU reaching any agreement on trade and other matters. We continue to liaise with DfE, UKRI, UUK and RG colleagues to ensure the completeness of our plans for both the immediate departure date and beyond.</p> <p>The University continues to work with the sector to lobby for continued access to future platforms for research collaboration (Horizon and FP9) and student mobility (Erasmus 2021-2027). We also continue to lobby for a reformed post-Brexit immigration policy that encourages talented international students and staff to choose to come to the UK.</p> <p>We have significantly de-risked our financial plans to reflect the risk to EU income streams, but we also have plans to mitigate against this by growing research income from other sources and to recruit international students from outside the EU.</p>

**Jane Madeley**  
Chief Financial Officer







“...we undertake research not just to improve our understanding of the world but also to have a positive impact on global society.”

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The work of the University – a charity – is by its nature directed to the public benefit. We educate students so that they can fulfil their personal potential and so that they can make a better contribution to society; and we undertake research not just to improve our understanding of the world but also to have a positive impact on global society.

The way in which public benefit is achieved is illustrated more explicitly in the following sections, which go on to exemplify the University’s commitment to accountability, openness and transparency.

### Students

In 2019/20, almost 39,200 students benefited from the delivery of some 1,200 programmes; and more than 13,700 students graduated in the year. Our confidence in the quality of our delivery of student education is underpinned by external validation by the Quality Assurance Agency for Higher Education, as well as by our scores in the 2020 National Student Survey (NSS).

Like all other universities, the University of Leeds charges tuition fees to students. In 2012/13 the annual tuition fee for most full-time undergraduates was capped at £9,000. The Higher Education and Research Act 2017 permitted institutions that participated successfully in year 1 of the Teaching Excellence Framework to apply a 2.8% inflationary fee uplift. At Leeds, this uplift means new Home/EU undergraduate entrants have been paying £9,250 since 2017/18.

The University’s commitment to encourage students from all backgrounds to realise their potential includes investment in financial and non-financial support targeted at under-represented groups. Alongside government loans, UK and EU students from disadvantaged backgrounds can access non-repayable financial support, bursaries and scholarships; and the Leeds Hardship Fund is available to all students facing a specific financial need. Financial support is delivered in tandem with non-financial support to ease transition and maximise engagement through schemes such as the Plus Programme. In 2019/20, the University committed £19.44 million towards financial support, access, student success and progression activity.

We engage with communities, families, more than 96,400 learners and over 1,000 schools to support progression to higher education as part of our commitment to recruiting the brightest and best students regardless of background. Our partnership with IntoUniversity provides intensive and targeted support to some of the most disadvantaged communities in the City, in Harehills and Beeston. As the lead partner for the Go Higher West Yorkshire partnership of twelve regional Higher Education (HE) providers, the University provides additional support for local schools and colleges by delivering a co-ordinated and collaborative programme of outreach to raise aspirations and aid decision-making at key transition points. This includes work targeted at students living in areas of social disadvantage, and care leavers. As part of our work on sustainability recorded on page 26, we also work closely with learners and their families to welcome them onto campus, enhancing their knowledge of sustainability for example, by planting student designs for biodiversity-rich flower beds on campus and interactive sessions in the Bike Hub.

Our contextual admissions schemes ensure that students can demonstrate their academic potential through more than grades alone. This has contributed to an increase in the number of entrants from widening participation and black and minority ethnic backgrounds. Work continues to support entrants through the Lifelong Learning Centre and the Plus Programme. This is achieved through development of networks, sense of belonging and bespoke opportunities to increase employability. Further information can be found in Notes 7 and 9 on pages 63-67, regarding Access and Participation expenditure.

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## Research

The University is a major research-intensive institution, and its research benefits the public directly or indirectly. Our medical researchers are investigating new drugs and surgical robots to help to tackle 21st century healthcare needs; our engineers and scientists are pushing back the boundaries of scientific knowledge; our research into the arts continues to enrich the nation's cultural life; and our social scientists are addressing key political, social, environmental and economic issues. In the 2014 assessment of research – the REF – nearly 83% of research at Leeds during the review period was rated as 'world-leading' or 'internationally excellent'. Leeds was ranked 9th within the sector for the impact of its research. The depth and reach of our research activities and relationships means that the University was well-placed to re-focus resources on responding to the COVID-19 pandemic see pages 6, 26 and 27.

Once concluded, and unless contractual restrictions apply, research completed by our staff is placed in the public domain via refereed journals and other print or online publications and via an institutional repository. Where our research has commercial applications, we ensure that the benefits that accrue from the intellectual property are divided fairly between staff and the University.

## Cultural activity

The University plays an active role in the cultural life of the City, facilitated through the work of our Cultural Institute, which aims to increase pioneering research collaborations with creative-sector partners, to widen cultural engagement and participation and to build the skills of our students.

The University made a major contribution to the cultural life of Leeds during 2019/20. In October 2019, Leeds Light Night provided the backdrop for six free public events including performances, family-friendly workshops, installations and public artworks. Between August 2019 and March 2020, The Stanley and Audrey Burton Art Gallery, the Treasures of the Brotherton Gallery and the Marks & Spencer Company Archive welcomed 22,500 visitors to our on-campus galleries, museums and archives.

After the University campus closed in March because of the COVID-19 crisis, we provided cultural and creative opportunities for staff, students and the wider community remotely throughout the lockdown period. Our Leeds University Library Galleries programme of online events, exhibitions, and digital content shared insights into our outstanding art collections. Recordings from the well-established International Concert Series' programme of classical and contemporary music were available online free of charge, while the University's licensed theatre stage@leeds launched a digital platform to support both student productions and professional companies to develop new work in the digital realm.

Final-year students from the School of Fine Arts, History of Art and Cultural Studies curated an entirely digital graduate show which attracted national press coverage and international engagement. The University also continued to offer creative opportunities for young people through initiatives such as the National Saturday Art and Design Club; stage@leeds youth theatre; and the University's continued support for the Leeds Local Cultural Education Partnership.

We have strengthened our cultural partnerships with Leeds City Council and other organisations, particularly through support for the Leeds Arts, Health and Wellbeing Network which has been championing the role of culture and the arts during the public health crisis. We also have long-standing partnerships with cultural organisations that include Leeds Museums and Galleries, Yorkshire Dance, Northern Ballet, Leeds Playhouse, Ilkley Literature Festival, Leeds Digital Festival and Yorkshire Sculpture International. We are the principal partner of the world-renowned Leeds International Piano Competition; and our long-standing collaboration with Opera North (through DARE) continues to deliver benefit.

We support the Manifesto for Public Engagement and our work here has been enhanced by catalyst seed funding from Research Councils UK (RCUK).



### Sustainability and the community

The University is committed to developing positive economic, social, cultural and environmental impacts, locally, nationally and globally. Our approach to this is guided by the UN Sustainable Development Goals (SDGs): as a signatory of the UN SDG Accord, we are committed to embedding the SDGs into our decision-making, operations, research and curriculum. This year, we ranked joint 3rd in the UK and joint 11th globally in the Times Higher Education Impact Rankings, which grades universities against their contribution towards the SDGs second goal for implementing local and global partnerships for sustainable development. Overall, our approach is driven by our Sustainability Strategy which is articulated through the four interconnected themes outlined below.

*Embedding Sustainability through Collaboration* places sustainability at the core of our infrastructure. This year we continued to develop and implement our staff engagement programme, Blueprint, which brings together schools and services to develop bespoke sustainability action plans that link with the University's strategic aims. Over 40 active Blueprint teams now work collaboratively on sustainability challenges. This is enhanced by our Staff and Student Sustainability Architects – a community of about 45 individuals who work on sustainability objectives and projects within their areas of the University. Work with the Purchasing team has strengthened our approach to sustainable procurement.

*Building Knowledge and Capacity* encompasses both the University's core academic mission and the foundations for a sustainable society. This year, over 6,600 students took up opportunities to study sustainability as part of their formal curriculum through our *Creating Sustainable Futures* modules. Students are also given the chance to develop sustainable research projects through their studies and share their ideas at our annual Student Sustainability Research Conference. Our world-class research builds knowledge through our Living Lab Programme, an approach to problem-solving which brings together research, education and operations, using the University as a test bed for sustainable solutions. In 2019-20, 26 new Living Lab projects led by staff and students brought sustainable solutions to life, bringing the total number of Living Lab projects since its inception to 97.

The *Being a Positive Partner in Society* theme is underpinned by partnership-focused initiatives and embodies our approach to social and civic responsibility. Our Positive Impact Partners Scheme facilitates partnerships between the University and third sector organisations. Since the scheme began, staff contributions have totaled almost 1,530 hours, contributing over £164k to the third sector. Our School Governors programme now includes 212 governors from across the University and the Alumni community, who in 2019-20 supported local schools through over 16,850 hours.

Our 'Sustainability into Schools' collaborative project is expanding every year and our Go Global and Intercultural Ambassador schemes enable international and UK students to co-produce a range of activities for community groups, schools and other students. Generous support from our alumni and Santander Universities has now funded 670 student-led projects since the Leeds for Life Foundation began in 2008, enabling students to make a positive, worldwide contribution to society.

Although the pandemic has had an effect in 2019/20, there are normally upwards of 200 distinct volunteering opportunities with local charities and community groups available to students at any one time through our dedicated volunteering team, and more than 3,000 students typically engage in local community volunteering each year. The University's commitment to serving the community is reflected in the response of students and staff to the COVID-19 crisis: many student societies realigned their activity during lockdown to support vulnerable groups across the city and beyond. Leeds Student Community First Responders committed over 1,000 hours between February and April to help Yorkshire Ambulance Service with increased demand, and Chinese students and staff collaborated to raise over £5,000 to buy PPE supplies for care homes; over 2,700 face masks were also donated by students.

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Our Placement unit has transformed its partnership work with the third sector to co-create a range of digital placements and internships, including new exclusive collaborations with NHSX and Shift.ms. Our undergraduate and postgraduate students continue to offer both in situ and online educational support through the StudentsintoSchools programme. This scheme remains a key part of our commitment to widen access to Higher Education throughout West Yorkshire and has provided the equivalent of more than £2m in classroom support since its initiation.

Our Student Citizenship programme supports students to be responsible citizens and create positive social change. We run the Neighbourhood Helpline in partnership with the other universities and colleges in Leeds to help resolve neighbourhood issues involving our students and we work with the police and Leeds City Council to tackle inconsiderate behaviour. This year we introduced training for students where neighbourhood issues have occurred and supported over 220 students with good citizenship and responsible ways of living in the community.

Through our fourth theme, *Making the Most of Resources*, we manage our resources based on the principles of a circular economy. In 2019-20 we re-used over £195k of items through our reuse@leeds programme (or over 140 tonnes CO2e savings) and donated over £290k of items to local charities.

Carbon reduction remains one of the key drivers for the University in tackling the climate crisis. Last year, the University Council approved [seven principles to tackle the climate crisis](#), reflecting the University's aim to mobilise its combined knowledge, influence, assets and community to help the world transition to a net-zero carbon future. These principles include targets for a net-zero carbon footprint by 2030 and working towards no direct carbon emissions by 2050. Work during 2019-20, therefore, included developing a new holistic and integrated Climate Plan.

Our investment portfolio supports decarbonisation: we have fully divested from significant fossil fuel extractors. We also continue to develop and deliver projects to reduce plastics from our operations: this year, we celebrated removing over 1 million pieces of single use plastic from our waste stream. We have pledged to be single-use plastic-free by 2023. Leeds is a founder member of the International Alliance to Accelerate Climate Action, which includes 40 of the world's leading climate research universities and provides a unified voice to communicate research on meeting the urgent global challenge of the climate crisis.

### **COVID-19 pandemic**

Our commitment to civic responsibility has also been demonstrated through our response to the COVID-19 pandemic. Our world-leading research community has contributed to research supporting efforts to tackle this global challenge. We have supported the NHS with expertise and equipment for national and regional screening initiatives and with hardware for producing ventilator parts; joint working on IT and security; and use of our car parks and accommodation. The University's 200+ clinical academic staff, jointly funded with the Leeds Teaching Hospitals Trust, have been prioritising front-line activity over research and academic duties, thus increasing the capacity of local NHS services. More than 130 skilled technical staff, usually employed on research contracts, have also volunteered to help run local and national COVID-19 diagnostic testing facilities. We continue to work closely with and to provide support for partners such as the LTHT and Leeds City Council.

### **Equality and inclusion**

This year, we published our new Equality and Inclusion (E&I) Framework 2020-25. Consistent with our standing as an international, research-intensive university with a strong commitment to student education, this focuses on creating an inclusive environment that attracts, develops and retains the best students and staff from all backgrounds from across the world. This supports individuals to attain their ambitions while also supporting the University's strategic aims. The Framework comprises five E&I commitments alongside five E&I themes: changing culture and behaviours; developing staff and the working environment; supporting students and student education; developing an inclusive research culture; and providing an accessible infrastructure.

A series of individual frameworks and action plans support the Framework overall. The Race Equality Framework and Race Action Plan have been published, and the University has signed the Race at Work Charter, committing to five calls to action. In relation to sexual orientation and gender identity, the University has joined the Stonewall Diversity Champions programme and is developing an LGBT+ Equality Framework and a supporting LGBT+ Action Plan. A Disability Equality Framework and a supporting Disability Action Plan are in development. All the frameworks share the five common themes, to allow for intersectional work and consistency between protected characteristics; and all will be made available publicly once finalised.

Progress in gender equality means that the University now holds 11 Athena SWAN Charter awards, including a Gold award in the School of Medicine – the first for a medical school in England; and a decrease in the Gender Pay Gap to an average of 18.9% from 20.1% (median 12.5%). Consistent with statutory requirements, information on our Gender Pay Gap and a plan of action to continuously reduce our gap overall can be found at

[//equality.leeds.ac.uk/equality-data/gender-pay-gap/gender-pay-gap-2019/](https://equality.leeds.ac.uk/equality-data/gender-pay-gap/gender-pay-gap-2019/)

New guidance and policy documents have been prepared and shared publicly, including deaf awareness guidance and guidance for individuals experiencing domestic abuse. These documents include advice and resources from specialist organisations.

Key dates marked and celebrated throughout the year – often in conjunction with city, region or national organisations – included Black History Month; Windrush Day; International Women’s Day; the International Day Against Homophobia, Transphobia and Biphobia; LGBT+ History Month; Deaf Awareness Week; Carers Week; Mental Health Awareness Week; and Pride and National Inclusion Week. Much of this work has involved our Staff Equality Networks, which have increased this year from five to six.

The University continues to address areas of under-representation. Students from less advantaged backgrounds have the opportunity to progress through our Access to Leeds scheme, which supports the recruitment of the brightest and best students regardless of background; and the University’s Plus Programme has been designed to promote their retention, academic success and employability. In 2019, 880 Access to Leeds Students registered onto our undergraduate programmes. Work is also under way to provide more inclusive opportunities and support, alongside developing inclusive curricula and learning and teaching practices.

Detailed equality monitoring data are published at <https://equality.leeds.ac.uk/equality-data>: a snapshot of data for 2019/20 (at 1 December 2019 for student data and at 31 July 2019 for staff data) follows:

### University of Leeds student diversity profile

Where information is known	Home and EU students	Overseas
Female	60%	58%
Mature student+	17%	27%
Black and minority ethnic++	19%	96%
Disabled	14%	2%
Total student headcount	37,739*	–

\* Excludes certain students for diversity monitoring purposes.

+ 21 and 25 years and over at undergraduate and postgraduate level respectively.

++ Some students do not disclose their ethnicity: this information is from known student data.



## Staff in post by protected characteristic

Characteristic	Protected characteristic	% where known
Gender	Female	54%
	Male	46%
Age	50-59	21%
	60+	9%
Ethnicity	Black and minority ethnic	11%
Disability	Disabled	4%
Caring responsibilities	Carers	24%
Sexual orientation	Bisexual	2%
	Gay man/woman	2%
Faith/belief	Christian	23%
	Muslim	2%
	Hindu	1%
	Jewish	1%
	No faith	37%
Total staff headcount	9,302	–

### Maintaining standards

As part of our commitment to maintaining and supporting the highest standards in research, the University supports and upholds the principles articulated in the Concordat to Support Research Integrity. Our Research Ethics Policy and ethical review procedures seek to protect all groups involved in research – including participants, researchers, funders and the University itself – and to ensure that ethical issues are appropriately addressed. Developmental support and training for researchers includes dedicated research ethics training provision for both staff and students, comprising workshops and supplementary online resources. Following a review of ethics structures and processes, we are developing an electronic application and management system to support the faculty-facing research ethics structure.

We have an established University Research Ethics Committee (UREC), supported by a network of faculty-level research ethics committees that engage staff and students. UREC has oversight of matters of general policy and principle on research; approval of proposals for research with significant ethical dimensions (including research involving human subjects or their data); and consideration of the impact of research upon the natural environment. A proportion of projects is audited each year to ensure that work is being conducted in accordance with ethical review outcomes.

The University has a protocol for investigating and resolving allegations of misconduct in academic research. We emphasise the seriousness with which the University takes research misconduct during induction and training; encourage staff to bring forward concerns; and we are committed to ensuring that allegations are subject to full, fair and quick investigation. A panel established formally to investigate an allegation lodged in session 2018/19 upheld the substance of the complaint and disciplinary action was taken against the respondent. Arising on a research misconduct allegation dismissed as being without substance in 2018/19, we will be reviewing the operation of some of our procedures, including those for research misconduct, particularly how they work in practice. An allegation lodged in 2019/20 related primarily to staff at another, overseas, institution.

Our Code of Practice on Whistleblowing sets out how we will handle complaints of suspected malpractice or impropriety. One anonymous allegation lodged under the code in 2019/20 respecting falsification of details within a staff reference resulted in the initiation of disciplinary proceedings.

Similarly, the University operates a complaints procedure which provides for both informal and formal resolution of concerns about any aspect of a student's academic or pastoral experience. During 2019/20 the University received 234 formal student complaints (87 in 2018/19), which included complaints about deficiencies in standards of service and failure to meet obligations in terms of advertised provision and contractual requirements for academic and support services. Complaints relating specifically to the impact on students of the UCU industrial action, COVID-19, or both numbered 96, 12 and seven respectively.

During the year the University also considered 366 appeals from taught students against academic judgements relating to results declared for the session (against 274 last year). Of these, 27% were conceded by their school or upheld (in full or in part), 51% were rejected and 21% of appeals were withdrawn by the student. One per cent of appeals are ongoing. A further eight appeals were submitted by postgraduate researchers (10 in 2018/19): of these, six have been conceded by their school or upheld (in full or in part); and two were rejected.

Thirty-eight students lodged petitions with the OIA during 2019/20 (9 in 2018/19), 19 against academic appeals dismissed by the University; 13 against decisions on complaints; two arising on the University's Fitness to Study Procedure; and four arising on the University's Procedure on Cheating, Plagiarism, Fraudulent or Fabricated Coursework and Malpractice in University Examinations and Assessments. Four cases were withdrawn by the complainant; seven cases were not accepted by the OIA as they were ineligible under its rules; 15 cases have been dismissed; six cases have been settled; and the remaining six were either currently suspended or still under review by the OIA at the end of the year.

### **Use of animals in research**

The University of Leeds carries out research using animals to improve the health and welfare of human beings and animals, to provide a better understanding of the animals themselves and for educational purposes. It uses animals only when there are no alternatives, and is firmly committed to the replacement, reduction and refinement of the use of animals in research ('the 3Rs').

Research involving animals is driving fundamental advances in understanding, treating and curing a range of health problems including cancer, heart disease, diabetes and mental illness, thus reducing unnecessary suffering. In addition, our researchers continue to develop new strands of thinking to tackle future issues. Research carried out at Leeds using small and large animal models has contributed to the development, commercialisation and clinical use of novel regenerative acellular biological scaffolds which enable tissue regeneration in the body by the patient's own cells. Use of animal models in Leeds also led to the first significant improvement in the recovery of voluntary control of movement in people with severe spinal cord injury.

We use alternatives to animals wherever possible – including computer modelling, synthetic tissue culture, cell and molecular biology, and research with human subjects – and we are actively involved in developing alternatives to animal tissue use. However, these alternatives cannot yet properly reproduce the complex biological characteristics of human beings and animals, and nor can they replicate the study of animals in their natural environment. Whenever animals do have to be used as part of a study, they are treated with dignity, and cared for by professionally qualified staff. All research programmes using animals are carried out to high standards and with recognition that living species are involved. Research programmes using animals operate within a strict framework of legal controls. Projects must also be approved by an ethical review committee, and researchers are trained in the ethical dimensions of their work and in standards of animal care, welfare and accommodation.

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## Data Protection and Freedom of Information

The University's arrangements for meeting its responsibilities under data protection legislation are set out in a detailed Code of Practice and associated guidance, which is also available online. During 2019/20 the University received 37 data subject access requests (DSARs) compared to 28 in the previous year, most of which were submitted by former students.

During 2019/20 we received 493 requests explicitly under the Freedom of Information Act (FOI) – a 0.4% increase on the number (491) received in 2018/19. We continue to receive 'clusters' of requests associated with events or themes being explored in the media, and there is a persistent trend towards more sophisticated and complex requests. 20% of requests were from journalists. Common themes include admissions data and processes, student mental health and well-being, complaints from and about staff and students, and procurement statistics. In some cases, our response times were impacted by the COVID-19 pandemic but we responded nonetheless to the vast majority (92%) of requests within the twenty-day period required by the Act.

Four complaints were made to the Information Commissioner (ICO) concerning GDPR or data protection during 2019/20. One case was not upheld. Of the two complaints that related to delayed responses to DSARs, one was upheld, in which connection the University is implementing the ICO's recommendations on reviewing technical support and staff training. The ICO noted our apology in connection with the other case but recommended no further action. A response is awaited on one case.

## Fundraising

The University fundraises from alumni, companies, trusts and foundations and other individuals. Activities include major gifts fundraising, which involves fundraisers engaging personally with potential donors through face-to-face or online meetings, small events and visits to campus and grant applications to charitable trusts and foundations. Our direct marketing programme typically includes two direct mail fundraising appeals and three telephone fundraising appeals annually. This activity was been curtailed in the latter part of the year due to COVID-19. We also circulate occasional legacy appeals. We raise funds via crowdfunding, which this year included a special COVID-19-related student support appeal, and by projects in partnership with Leeds University Union.

We do not use third parties to fundraise on our behalf but do use a third-party design and print agency for our direct mail appeal. Calling is undertaken on campus by a team of trained and supervised student callers. Our work is supported by guidance on working with vulnerable people in a fundraising context, which specifies compliance with the Institute of Fundraising Code of Practice. All fundraisers are required to be knowledgeable about this guidance.

We have paid the voluntary £1k levy to the Fundraising Regulator and have signed up to its Code of Fundraising Practice. We received one complaint regarding information used during a telephone fundraising call, which the recipient considered should not have been available to the caller. After reviewing our processes, we determined that the information concerned was not essential to the quality of our calls and have changed our practices accordingly.

In July, Blackbaud – the third-party service provider that supplies the customer relationship management system we use for alumni – alerted us to a security incident. A ransomware attack on Blackbaud's systems had compromised some data, affecting a number of universities, including Leeds. We alerted all our alumni to the situation and reported the matter to the ICO. We continue to work closely with Blackbaud to determine the precise nature of the compromised data and will contact affected alumni again to provide further information.



### Trade Union Facility Time

In common with other public sector organisations, the University is required under regulation 8 of The Trade Union (Facility Time Publication Requirements) Regulations 2017 to publish, in a prescribed form, specific information regarding facility time for the recognised campus trade unions. That information is set out below, but note that the data are unaudited, and, as required by regulation, relate to the 12 month period ending 31 March 2020. The data are therefore not directly comparable to any other data presented within this report.

**Table 1: relevant union officials**

Total number of employees who were relevant union officials during the period 01.04.2019 to 31.03.2020.

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
24	7.9

**Table 2: Percentage of time spent on facility time**

The number of employees who were relevant union officials employed during the period 01.04.2019 to 31.03.2020, spent the following percentage of their working hours on facility time.

Percentage of time	Number of employees
0%	0
1%-50%	22
51%-99%	0
100%	2

**Table 3: Percentage of pay bill spent on facility time**

Information Requested	Figures
Provide the total cost of facility time	£299,744.63
Provide the total pay bill	£419,399,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) x 100	0.0714%

**Table 4: Paid trade union activities**

The number of hours spent by employees, who were relevant union officials, during the relevant period on paid trade union activities.

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (Total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility hours) x 100	25.22%
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## Corporate governance

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This statement covers the period 1 August 2019 to 31 July 2020 and up to the date of approval of the audited financial statements.

The University is an independent corporation established by Royal Charter 'as a teaching and examining body... to cultivate and promote arts, science and learning'. These objects, and its powers and framework of governance, are set out in the Charter and the supporting Statutes, amendments to which must be approved by the Privy Council. The University receives substantial public funding and, by virtue of the educational nature of its objectives, is an exempt charity under Schedule 3 of the Charities Act 2011.

The Council is satisfied that the University has had regard to, and materially complies with, the Higher Education Code of Governance published by the Committee of University Chairs (CUC) in December 2014 (and updated in 2018), and that it also complies with relevant provisions in the First (1995) and Second (1996) Reports of the Committee on Standards in Public Life. During 2020-21, the Council will be reflecting on its governance arrangements in the light of the CUC's publication of its revised Code of Governance in September 2020. The University is in any case committed to upholding the highest standards of corporate governance and continues to work to secure best practice in all aspects of governance, with support from the Nominating and Governance Committee in particular (see below).

The University strives to ensure that its corporate governance arrangements are transparent. As described below, the University has in place a committee structure for considering and reporting key decisions. Specifically, the Council receives the minutes of the meetings of the Senate and regular reports of the business conducted by its committees. As a general rule, the papers and minutes of the meetings of the Council are available online for scrutiny by members of the University. The Council reviews annually the membership and terms of reference of its committees, with a view to ensuring that they are appropriate and inclusive.

In respect of the regularity and propriety in the use of public funding received by the University, there is in place a system of control (articulated in the University's financial policies and regulations, and through the Scheme of Delegation) which is subject to scrutiny by the external and internal auditors, whose reports are reviewed by the Audit and Risk Committee. (Further details can be found in the sections on Internal Control on page 35 and on Financial Control on page 35.) Different aspects of corporate governance are reviewed annually by the Nominating and Governance Committee, by the Audit and Risk Committee and also as part of the internal audit plan. In addition, the University Secretary has a general responsibility to ensure compliance with the University's constitution and with the principles of propriety and good governance.

### The Council

The Council is the governing body of the University. As such, it has a collective responsibility to promote the University's wellbeing and to ensure its sustainability. The specific responsibilities of the Council are outlined in its Statement of Primary Responsibilities as set out on page 39 but, in essence, it is responsible for approving corporate strategy and associated plans and budgets; for determining major business decisions and corporate policy; for the framework of governance and

management; and for monitoring institutional and executive performance. The Council is also responsible for satisfying itself that the methodologies used to secure continuous improvement of the student academic experience and student outcomes are, to the best of its knowledge, robust and appropriate; and that the standards of the University's awards have been appropriately set and maintained. All of these responsibilities are 'reserved' to the Council and, as a general rule, cannot be delegated. Other responsibilities have been delegated to committees and officers in accordance with a scheme of delegation.

[www.leeds.ac.uk/secretariat/documents/scheme\\_of\\_delegation.pdf](http://www.leeds.ac.uk/secretariat/documents/scheme_of_delegation.pdf)

The Council, both directly and through the Audit and Risk Committee and the Nominating and Governance Committee, is responsible for ensuring the adequacy and effectiveness of arrangements for corporate governance, risk management and oversight of any statutory and other regulatory responsibilities (including compliance with the OfS's ongoing conditions of registration, any terms and conditions of funding as well as any other relevant regulatory responsibilities). There is an annual cycle of reporting on those matters to the Audit and Risk Committee and the Council.

The Council normally has six business meetings a year and two away-days. It has 23 members, the majority of whom are lay. (Lay members are those who are neither employees nor students of the University.) Also included in its membership are representatives of staff and students. For the purposes of charity law, members of the Council are the trustees of the University and, in this connection, they have had regard to the Charity Commission's guidance on public benefit. They do not receive fees or other remuneration for serving as members or trustees.

As the (lay) Chair of the Council, the Pro-Chancellor, Mr David Gray, plays a key role in the governance of the institution while remaining outside the day-to-day executive management and is supported in this by two Deputy Pro-Chancellors, Mr Ed Anderson and Mrs Liz Barber. Members of the Council are listed in the table on page 37, which also shows their attendance at meetings. The University maintains a Register of Interests of members of the Council (and senior officers) which may be consulted by arrangement with the Secretary to the University, Mr Roger Gair.

### The Senate

The Senate is responsible to the Council for academic governance, and especially for regulating the admission of students; the curriculum and assessment; maintenance and enhancement of academic standards; and the award of degrees and other qualifications. The Senate consists of some 160 members of the academic staff and 19 student members; slightly over half of the staff members are elected.

In addition to its responsibility for academic governance, the Senate has an advisory role extending across most aspects of the University's work.

It also serves as a two-way channel of communication, thus underpinning collegiality; and is responsible in particular for advising the Council on academic and related strategies.

## Corporate governance

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The Senate may discuss and declare an opinion on any matter whatsoever relating to the University, and is given the opportunity to comment on policy questions and other matters (including the allocation of general revenue) affecting the academic work of the University.

### University Committees

The principal committees of the Council include the following.

- The Audit and Risk Committee (chaired by Mr Ed Anderson, a Deputy Pro-Chancellor), which meets five times a year, has a significant role in reviewing the effectiveness of the systems of internal control, including financial procedures and risk management (see below), taking into account advice from the University's auditors.

The Committee also

- › reviews the control and quality assurance of data returned to external authorities and for meeting the compliance demands of various agencies
- › reviews aspects of the University's financial statements, including the audit report, the statement of primary responsibilities of the Council and the statement of internal control
- › provides the Council with assurances, including on compliance with the OfS's ongoing conditions of registration, the terms and conditions of funding of the OfS and of Research England as appropriate, and with other key regulatory demands
- › considers and advises the Council on the appointment of the internal and external auditors, and monitors annually their performance and effectiveness
- The Strategy and Investment Committee (chaired by Mrs Liz Barber, a Deputy Pro-Chancellor) monitors the development and implementation of the University's strategy and advises the Council on major investment decisions.

The work of the Committee includes

- › annually reviewing progress with the student education, research and innovation, and international strategies, staffing plans, the capital plan, and the five-year financial forecasts
- › considering, at least annually, reports from members of the executive, and on the Integrated Planning Exercise
- › maintaining an overview of changes in the strategic landscape
- › considering at each meeting the capital programme monitoring dashboard
- › reviewing, as necessary, the implementation of specific strategic initiatives
- › advising the Council on major funding and borrowing decisions, including any significant changes to treasury policy
- The Nominating and Governance Committee (chaired by the Pro-Chancellor),
  - › brings forward to the Council nominations to fill vacancies for lay members of the Council and its Committees;
  - › is required in this respect to have regard to the need to draw members from a wide variety of backgrounds, and also to strike an appropriate balance between continuity and rotation in the membership of the governing body; and
  - › considers annually the potential for improvements in governance
- The Health and Safety Committee (chaired by the Vice-Chancellor), maintains an overview of the University's arrangements for securing the health and safety of staff, students and visitors.

- The Remuneration Committee is chaired by Mrs Liz Barber, and its other members are the Pro-Chancellor, Ed Anderson, Helen Grantham and Iain Moffatt (all of whom are lay members of Council).  
The Committee's main responsibility is to determine the salaries of the Vice-Chancellor and other members of the University Executive Group: in so doing, the Committee has regard to the CUC's Higher Education Senior Staff Remuneration Code. The Committee makes an annual report to the Council, which is publicly available.
- The Gift Acceptance Committee (chaired by the Pro-Chancellor), scrutinises and – after considering any strategic, financial, legal, ethical and reputational issues – approves or otherwise solicitation or acceptance of gifts with a value over £150,000.
- The Equality and Inclusion Board<sup>1</sup> (chaired by the Vice-Chancellor), reviews the strategy and processes by which the University encourages good practice and innovation in securing equality and inclusion across all of its activities.
- The Animal Welfare and Ethical Review Committee promotes the welfare of animals held or used by the University under the Animals (Scientific Procedures) Act 1986 and monitors compliance with relevant legislation.

Committees of the Senate include the Taught Student Education Board, the Graduate Board; the International Strategy Board and the Research and Innovation Board.

### The Court

The University Court, which has some 80 members (the majority lay) and which meets at least twice a year, stands beyond the University's main decision-making machinery. The Court serves as a symbol of – and indeed a mechanism for – the University's accountability to the wider community and to different constituencies of stakeholder: it is empowered to ask questions about, and express an opinion on, any matter whatsoever concerning the University; and to convey such opinions to the Council.

The Court is responsible for the appointment of the Chancellor and for the award of honorary degrees.

### Senior officers and executive management

As the chief executive and senior academic officer of the University, the Vice-Chancellor, Sir Alan Langlands<sup>2</sup>, until 31 August 2020, exercises considerable influence on the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Vice-Chancellor is formally responsible to the Council – within a prescribed framework – for the operational management of all aspects of the University's work; and, under their respective terms and conditions of funding, is the 'accountable officer' who reports to the OfS and Research England on behalf of the University.

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- 1 In November 2019, the Council approved the reconstitution of the Equality and Inclusion Committee to become the Equality and Inclusion Board.
  - 2 Professor Simone Buitendijk, from 1 September 2020.

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The University's Executive Group (UEG) consists of the Vice-Chancellor, the Deputy Vice-Chancellors, the Chief Operating Officer, the faculty executive deans, the Chief Financial Officer, the Marketing Director, the Director of Human Resources, the Director of Campus Development and the Secretary<sup>3</sup>. The Vice-Chancellor delegates responsibility for specific aspects of the University's management to colleagues on the UEG but retains ultimate responsibility for their work: executive deans and senior officers are responsible to the Council (through the Vice-Chancellor) for the leadership and overall management of the faculties and the professional services.

The UEG's formal terms of reference include protecting and promoting the interests of students; nurturing the wider University community in furtherance of the education and research mission of the institution; ensuring the academic development of the University and securing its academic and financial sustainability; formulating the University's Strategic Plan, and ensuring its implementation and the achievement of key objectives and performance targets; identifying and managing risks; and resource allocation. Members of the UEG are listed on page 38.

#### **Internal control**

The Council is responsible for ensuring a sound and effective system of internal control that supports the fulfilment of the University's policies, aims and objectives whilst safeguarding public and other funds and assets. The system of internal control is designed to manage rather than eliminate these risks of failure: it can provide reasonable but not absolute assurance.

The approach to internal control is risk-based. As described above (pages 17-22), there is an ongoing process designed to: identify the principal risks (whether business, operational, compliance or financial) to the achievement of policies, aims and objectives; to evaluate the nature and likelihood of principal risks becoming a reality, and the potential impact; to take steps to manage risks efficiently, effectively and economically; to review high-ranking risks (in terms of likelihood and impact) during the year; and to make regular reports on internal control and risk to the Council (as well as the University Executive Group and the Audit and Risk Committee) to assure it that procedures are in place for the identified risks to be managed. This process has been in place for the year ended 31 July 2020 and up to the date of the approval of the audited financial statements.

Detailed review and monitoring of the system of internal control is carried out on behalf of the Council by the Audit and Risk Committee, from which the Council receives periodic reports. The Committee itself receives regular reports from the internal auditors; those reports include an independent opinion on the adequacy and effectiveness of the University's arrangements for risk management, governance, internal control, and securing value for money, with recommendations for improvement where appropriate. On the basis of the work they carried out during 2019/20, the internal auditors were of the opinion that the University's arrangements were generally satisfactory with some improvements required (the same opinion as the one provided in 2018/19).

In a similar vein, the Committee receives a report from the University's external auditors on the results of their audit, including whether there were any significant weaknesses in internal control observed through their procedures. There were no such significant weaknesses reported. Further information on the results of the external audit is included in the Auditor's report on Page 40.

The Committee also seeks assurance that the University has in place adequate and effective arrangements for the management and quality assurance of data provided to the Higher Education Statistics Agency, the OfS, Research England, the Student Loans Company and other bodies. It also receives assurances on the compliance with the OfS's ongoing conditions of registration.

Review of the system of internal control is informed too by the work of executive managers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

#### **Financial control**

The Council is required to secure the economical, efficient and effective management of the University's resources and expenditure and to safeguard its assets (including preventing and detecting corruption, fraud and bribery). In so doing, it has to ensure that funds from the OfS, Research England and as appropriate other funders are used only for the purposes for which they have been given and in accordance with the terms and conditions of funding of those bodies; and that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.

The University discharges these responsibilities through a system of internal financial control. Key elements of this system include a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets, together with monthly reviews of financial results involving variance reporting and updates of forecast out-turns.

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3 In September 2020, the Council approved the establishment of an additional role, Deputy Vice-Chancellor: Digital Transformation. Professor Neil Morris has been appointed to take on that role with effect from 1 October 2020 until a substantive appointment has been made. In addition, Ian Roberts was a member of the University Executive Group as Chief Information and Digital Officer from April to October 2020.



## Corporate governance

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Requirements for approval and control of expenditure are clearly defined and formalised, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council and recorded in the University's Scheme of Delegation. The Scheme of Delegation also includes clear definitions of the responsibilities of, and the authority delegated to, academic and administrative heads. This system is underpinned by comprehensive Financial Regulations which detail financial controls and procedures; and by professional internal and external audit teams whose annual programmes are approved by the Audit and Risk Committee.

The Council is also responsible for ensuring that proper accounting records are kept 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 University's Charter, the Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant law and UK Accounting Standards. In addition, within the terms and conditions of funding of the OfS and Research England, the Council, through its accountable officer, is required to ensure annually that financial statements are prepared, audited and presented which give a true and fair view of the state of affairs of the University at the end of the financial year, and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Council has ensured that suitable accounting policies are selected and applied consistently; applicable accounting standards have been followed (subject to any material departures disclosed and explained in the financial statements); and that judgements and estimates are made that are reasonable and prudent.

### **Risk management**

The management of risk is integral to the work of the Council and constitutes a significant part of the University's system of internal control. As part of this process, the Council regularly considers the strategic direction of the University and institutional plans, and receives regular reports on progress against key performance indicators (KPIs), strategic initiatives and other significant projects and risk factors. The Council also requires regular reports via the Audit and Risk Committee on the steps that executive leads are taking to manage the risks associated with the achievement of the University's strategic objectives. These reporting mechanisms are underpinned by a robust methodology for identifying and prioritising risks. An institutional risk register is maintained; annual risk returns are received from executive deans of faculty; and risk awareness training is provided from time to time.

This process, which accords with CUC guidance, was further tested during the year as part of the Audit and Risk Committee's rolling programme of risk review. The Committee reviewed the University's risk management arrangements and the institutional risk register. Overall, the Committee was content that an appropriate framework to identify, assess and manage risk was in place.

As explained above (pages 17-22), we are continuing to embed more sophisticated risk management arrangements across the institution in response to current challenges posed by the environment and a greater level of scrutiny in higher education. Key risks which could directly threaten financial sustainability are described on pages 17-22 in the Chief Financial Officer's report.

The Council has reviewed the reports of the strategic risks and their evaluation and management, and concurs with the view of the Audit and Risk Committee that the University's arrangements for identifying, evaluating and managing its significant risks are embedded into ongoing operations.

### **Going concern**

The Council is satisfied that the University has significant financial resources, a strong underlying financial performance, the flexibility to cope with reasonable financial pressures, and a longer-term financial forecast that underpins the delivery of a broader strategic plan.

The Council is satisfied therefore that the University has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the Annual Report and Accounts.

## Members of the University Council 2019/20

Member of Council	Brief pen-portrait	Attendance (7 Business meetings and 1 Away Day)
David Gray	Pro-Chancellor and Chair of Council since 2013; former CEO and Chairman of Eversheds International; consultant to Eversheds Sutherland LLP; former member of the DWF LLP Board	7 + 1
Sir Alan Langlands	Vice-Chancellor 2013-20; former Chief Executive of the HEFCE (2009-13); previously Principal and Vice-Chancellor of the University of Dundee; former Chief Executive of the NHS in England	7 + 1
Ed Anderson	Deputy Pro-Chancellor, Chair of National Savings and Investments; Lord Lieutenant of West Yorkshire; Board member, Opera North; former Managing Director of Leeds Bradford International Airport; former Chair of the Airport Operators Association; former Chair of Yorkshire Building Society;	7 + 1
Liz Barber	Deputy Pro-Chancellor, Chief Executive Officer of Yorkshire Water since September 2019, previously Chief Finance Officer from November 2010. She was part of KCom from 2016 to 2019 and A4S from 2013 to 2019	7 + 1
Victoria Blake	Student Talent Spotting Officer, Educational Engagement; Immediate Past President, UCU, University of Leeds Branch	4 + 0
Rachael Brown	Athena SWAN Project Officer; Member-nominated Director of Pension and Assurance Scheme – PAS Trustee; non-Executive Director for the British Sub-Aqua Club	7 + 1
Tom Clark	Group Chief Architect and Chief Technology Officer, Lowell Group; previously Chief Information Officer at Leeds Building Society; previously IT Director for HSBC Global IT Operations and Vice President for IT for HSBC Global Software Delivery in Chicago	6 + 0
Seb Elsworth	Chief Executive of Access – the Foundation for Social Investment	6 + 1
Helen Grantham	Group Secretary and General Counsel at the Co-op Group; previously held similar roles at Dixons, William Hill, Chubb and Boots; involved with the University Law School Mentoring Programme	7 + 1
Michael Howell	Engineer and Business Executive; Non-Executive Director of Wabtec Inc.; Non-Executive Director of Gama Aviation plc; Court member and former Master of the Clothworkers' Company of London; and former Chairman of the City and Guilds of London Institute	7 + 1
Lauren Huxley	Union Affairs Officer, Leeds University Union	6 + 1
Pam Jones	Professor of Biomedical Research, Director of Leeds Institute of Medical Research, Faculty of Medicine and Health	7 + 1
Robert Kelsall	Head, School of Electronic and Electrical Engineering	7 + 1
Abiha Khan	Education Officer, Leeds University Union	5 + 1
Roger Marsh	Chartered Accountant; business recovery specialist; Chair, Leeds City Region Enterprise Partnership and NP11; Rail Review Expert Challenge Panel; member, West Yorkshire Combined Authority; Transport for the North Partnership Board; Chair of Strategic Oversight Board, Northern Powerhouse Investment Fund; Chair, Piece Hall Trust; Council Member, Institute of Directors; former Senior Partner for Yorkshire and The Humber, PricewaterhouseCoopers	4 + 1
Iain Moffatt	Chartered accountant and a non-executive director of a number of companies. He was formerly a partner with KPMG, a member of the Executive Committee and head of the National Market and Public Sector business, from 2012 until his retirement in 2019	6 + 1
Yvette Oade	Medical Director Nightingale Hospital Yorkshire and Humber; recently retired Chief Medical Officer and Deputy Chief Executive of Leeds Teaching Hospitals NHS Trust; formerly Chief Medical Officer of Hull and East Yorkshire Hospitals NHS Trust; former Deputy Chief Executive, and Consultant Paediatrician in Calderdale and Huddersfield Foundation NHS Trust	6 + 0
Leyla Okhai	Director, Diverse Minds UK Ltd – providing workplaces with training, coaching and consultancy on mental health, wellbeing and inclusion	5 + 0
Martin Pelan	Senior Student Support Officer, School of Politics and International Studies	5 + 1
Geoff Potter	Director and founder, Avebury Public Relations Ltd; Senior Partner with Instinctif Partners (to November 2019); formerly responsible for worldwide Corporate Communications for Glaxo/Glaxo Wellcome/GlaxoSmithKline; Deputy Chairman, Ryedale Festival; Trustee Director, Quadram Institute (from May 2020)	5 + 0
Janet Sheriff	Head Teacher, Prince Henry's Grammar School Specialist Language College, Otley; CEO, Collaborative Learning Trust	6 + 1
Tim Smith	Chair of the Trade and Agriculture Commission. Holds a number of non-executive directorships, including at Pret A Manger and at Cranswick plc; Board Member of Farm Africa. Previously chief executive at Arla Foods, the Food Standards Agency and Group Quality Director of Tesco plc	7 + 1
Mark Taylor-Batty	Senior Lecturer in Theatre Studies, School of English; Committee member, UCU, University of Leeds Branch	6 + 0

## Members of the University Executive Group 2019/20

<b>Sir Alan Langlands</b> Vice-Chancellor (Chair) <sup>5</sup>	<b>Professor Jeremy Higham</b> (to 31 December 2019)
<b>Francesca Fowler</b> Director of Human Resources	<b>Professor Alastair Mullis (Interim Executive Dean from 1 January 2020)</b> Executive Dean, Faculty of Social Sciences <sup>6</sup>
<b>Roger Gair</b> University Secretary	<b>Professor John Ladbury</b> (to 30 November 2019)
<b>Martin Holmes</b> Marketing Director	<b>Karen Birch (from 1 December 2019)</b> Executive Dean, Faculty of Biological Sciences
<b>Dennis Hopper</b> Director of Campus Development	<b>Professor Peter Moizer</b> (to 31 December 2019)
<b>Jane Madeley</b> Chief Financial Officer	<b>Professor Julia Bennell (from 1 January 2020)</b> Executive Dean, Faculty of Business
<b>Tim Peakman</b> Chief Operating Officer	<b>Professor Stephen Scott</b> (to 31 December 2019)
<b>Professor Lisa Roberts</b> Deputy Vice-Chancellor: Research and Innovation <sup>6</sup>	<b>Professor Nora de Leeuw</b> (from 1 January 2020) Executive Dean, Faculty of Engineering and Physical Sciences
<b>Professor Tom Ward</b> <sup>4</sup> Deputy Vice-Chancellor: Student Education	<b>Professor Paul Stewart</b> Executive Dean, Faculty of Medicine and Health
<b>Professor Hai-Sui Yu</b> Deputy Vice-Chancellor: International <sup>7</sup>	
<b>Professor Andy Dougill</b> Executive Dean, Faculty of Environment	
<b>Professor Frank Finlay</b> (to 31 December 2019)	
<b>Professor Andrew Thorpe</b> (from 1 January 2020) Executive Dean, Faculty of Arts, Humanities and Cultures	

Two Officers and Trustees of LUU (Lauren Huxley (Union Affairs Officer) and Abiha Khan (Education Officer)) were members from 1 July 2019 to 30 June 2020. They were replaced, respectively, on 1 July 2020 by Isobel Walter and Carolina Hall-Rodriguez. Michael Howell, Geoff Potter and Pam Jones stepped down from the Council's membership on 31 July 2020; the latter two were replaced, respectively on 1 August 2020 by Edward Ziff and Peter Jimack.

4 Professor Ward stepped down from the role on 5 November 2020 to pursue some research opportunities. Professor Peter Jimack has been appointed interim Deputy Vice-Chancellor: Student Education with immediate effect until a permanent appointment to the role is made. Professor Jimack has stepped down from membership of the Council; Professor Pam Jones has been appointed to fill that vacancy.

5 Professor Simone Buitendijk took up the post on 1 September 2020.

6 Professor Roberts stepped down from the role on 31 July 2020 to take up the position of Vice-Chancellor of the University of Exeter. Professor Nick Plant has been appointed Deputy Vice-Chancellor: Research Innovation with effect from 1 August 2020.

7 In September 2020, Professor Hai-Sui Yu's role was changed to include deputising as necessary for the Vice-Chancellor personally. His title has therefore been revised to Deputy Vice-Chancellor (without a suffix).

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## Statement of Primary Responsibilities of the Council

Within the framework laid down by the Charter and Statutes, the primary responsibilities of the Council are as follows:

### Corporate strategy

Having regard to the interests of stakeholders:

- to approve or modify the University's mission and objectives, the strategic and operational plans designed to secure those objectives (including academic, financial, physical, staffing and capital strategies), and the underlying values and principles that shape the work of the University;
- to approve the University's annual general revenue budget and the main features of the mechanisms for allocating resources within that budget; and to ensure that the University remains solvent and that, taking one accounting period with another, its total expenditure is not greater than its total income;
- to take steps to ensure that all individuals within the University are treated fairly, with dignity and respect; that the opportunities the University provides are open to all; and that the University provides a safe, supportive and welcoming environment for staff, students and visitors; to make such provision as it thinks fit for the general welfare of students, in consultation with the Senate; and to initiate remedial action in the event of a systematic failure within the institution to respond adequately to a deterioration in the University's performance, management or reputation.

### Corporate policies

To exercise overall responsibility for the well-being of staff and students, for the education of students, and for the University's assets, property and estate, and specifically:

- as the employing authority for all staff within the institution, to approve or modify the main features of the University's employment policies and procedures;
- to approve or modify the University's policy on health and safety, and other significant University policies and to satisfy itself that arrangements are in place for the implementation of those policies; to review annually a report from the Senate on the assurance of the quality of the education provided to the University's students;
- to approve major projects and business proposals, including in particular any projects or proposals with a value of over £3m (or £5m in respect of the University's estate) and any proposals for educational provision overseas;
- to approve the annual statement of accounts; and to act as trustees for, or to make appropriate alternative arrangements for the trusteeship of, any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.

### Operational management and systems

To approve or modify the main features of the University's overall governance and management structures, its systems of risk management, internal financial management and control and accountability, and its financial regulations and procedures; and in that regard:

- to approve or modify the overall constitutional and organisational structure and shape of the University, including, subject to the approval of the Privy Council, amendments to the Charter and Statutes;

- to ensure that systems are in place for meeting all of the University's legal obligations, including those arising from contracts and other commitments made in the University's name;
- to direct the form, use and custody of the common seal;
- to appoint the Vice-Chancellor; and, when necessary, to propose his or her removal from office in accordance with the provisions of Statute VII;
- to make nominations to the office of Chancellor;
- to appoint the Pro-Chancellor and Deputy Pro-Chancellors;
- to appoint – and where appropriate, remove from office – deputy vice-chancellors and pro-vice-chancellors;
- to appoint – and where appropriate, remove from office – a secretary to the Council, to safeguard the secretary's ability to carry out the responsibilities of that office, and, having regard to any other managerial responsibilities undertaken by the secretary, to ensure an appropriate separation in the lines of accountability;
- to appoint lay members of the Council;
- to remove members of the Council on the basis set out in Statute II;
- to ensure that University business is conducted in accordance with best practice in corporate governance within higher education, and with the principles of public life laid down by the Committee on Standards in Public Life;
- to ensure that funds provided by the Office for Students and Research England are used in accordance with their respective terms and conditions;
- to ensure that reasonable arrangements are in place to safeguard the good name and values of the University, to ensure compliance with the University's constitution and to manage risk;
- to ensure that proper books of accounts are kept, to appoint the University's external and internal auditors and the University's bankers, and to approve the University's banking mandates;
- to establish, and as necessary review, procedures for handling internal grievances and for managing conflicts of interest;
- to approve or to amend, as necessary, the terms of the Trust Deeds of any University trusts; and
- to determine the basis on which any of the Council's functions shall be delegated to committees and individuals, and thereafter to satisfy itself as to the proper and effective discharge of any delegated functions.

### Monitoring of institutional performance

To monitor and evaluate the performance and effectiveness of the University against approved plans, key performance indicators agreed by the Council and benchmarking data for comparable institutions, and also:

- to monitor the progress of major business projects;
- to confirm that the performance of the Vice-Chancellor and other executive officers is systematically monitored against institutional objectives and plans; and likewise
- to establish processes to monitor and evaluate the performance and effectiveness of the Council itself.



## Report on the audit of the financial statements

### 1. Opinion

In our opinion, the financial statements of the University of Leeds (the 'university') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and university's affairs as at 31 July 2020 and of the group's and the university's income and expenditure, gains and losses and changes in reserves and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: Accounting for Further and Higher Education.

We have audited the financial statements which comprise:

- the consolidated and university statements of comprehensive income and expenditure;
- the consolidated and university statements of change in reserves;
- the consolidated and university balance sheets;
- the consolidated statement of cash flows;
- the statement of accounting policies; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019).

### 2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the university in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and the university for the year are disclosed in note 9 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the university.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3. Summary of our audit approach

<b>Key audit matters</b>	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"><li>• COVID-19 adjustments to research grant income; and</li><li>• Capitalisation of expenditure.</li></ul> <p>Within this report, key audit matters are identified as follows:</p> <ul style="list-style-type: none"><li>! Newly identified</li><li>⬆ Increased level of risk</li><li>⬅ Similar level of risk</li><li>⬇ Decreased level of risk.</li></ul>
<b>Materiality</b>	<p>The materiality that we used for the group financial statements was £7.94m (2019 £7.92m) which was determined on the basis of 1% of income (2019 1% of income).</p>

<b>Scoping</b>	Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of misstatement at the group level.
<b>Significant changes in our approach</b>	In the current year, valuation of defined benefit obligations and cut off on deferred research income recognition are no longer considered key audit matters, based on our risk assessment and our understanding of these balances. As a result of COVID-19, we have introduced a new key audit matter in respect of the COVID-19 adjustment to research grant income. More details are provided within 5.1.

#### 4. Conclusions relating to going concern

<p>We are required by ISAs (UK) to report in respect of the following matters where:</p> <ul style="list-style-type: none"> <li>the Council's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or</li> <li>the Council has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the university's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.</li> </ul>	<b>We have nothing to report in respect of these matters.</b>
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#### 5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### 5.1. COVID-19 adjustments to research grant income

<b>Key audit matter description</b>	<p>The university's research function carries out a significant number of research projects and programmes which are funded by various donors, including Research Councils and charities. Some of these research grants are subject to performance conditions, which, if not met, would result in the grant being repaid to the grant payer.</p> <p>We have identified a key audit matter in relation to the COVID-19 adjustment posted through research grant income totalling £13m at the year-end (2019: £0m). There is a risk that the judgemental adjustment posted through research grant income could be misstated. Due to the high level of judgements involved, we have determined that there is a potential for fraud through possible manipulation of this balance.</p> <p>Key judgements include whether the activity in relation to research projects have been delayed / re-phased, if the expenditure in relation to the grant is valid expenditure and the recognition of the income in respect of research grants.</p> <p>Details of the accounting policies applied are set out on page 55 and page 60.</p>
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<p><b>How the scope of our audit responded to the key audit matter</b></p>	<p>We obtained an understanding of relevant controls relating to the risk.</p> <p>We have discussed the methodology used by the university and assessed the reasonableness of this approach in line with the HE SORP and FRS 102.</p> <p>We challenged the judgements surrounding the adjustment and reviewed the assumptions used by the university when performing the calculation by reviewing correspondence and expenditure reports. We have obtained an understanding of how the university gained assurance that applying those assumptions would not result in a material error.</p> <p>For a sample of research grants that were affected by the adjustment, we have obtained copies of the grant certificate and payment plan, and made enquiries of faculty personnel to understand the nature of the research grants. We have also enquired with management regarding whether the grantor had made any amendments to terms and conditions.</p> <p>We challenged the judgements surrounding income and expenditure recognition by agreeing a sample of transactions that have been recognised in the Comprehensive Income and Expenditure ("I&amp;E") account in the year back to supporting documentation such as third party invoices, grant agreements and bank statements.</p> <p>We also assessed whether that grants marked as re-phased/ delayed were included within the original pre-adjustment deferred income balance.</p>
<p><b>Key observations</b></p>	<p>Based on the work performed, we are satisfied that the balances recognised in relation to the COVID-19 adjustment to research grant income, are satisfactory.</p>
<p><b>5.2. Capitalisation of expenditure</b> </p>	
<p><b>Key audit matter description</b></p>	<p>In the current year, we noted the capitalised costs and additions for the university were £94m (2019: £109m), as disclosed within Note 12 of the accounts, compared to the £125m forecast, owing to the fact that projects were paused as a result of COVID-19. There is judgement over whether items included in capital spend meet the conditions for capitalisation under FRS 102 and a consequent risk that items may have been inappropriately capitalised. Due to the judgements involved, we have determined that there is a potential for fraud through possible manipulation of this balance. In the current year we have expanded this risk to be in relation to all property, plant and equipment, rather than just assets under construction.</p> <p>There are a number of judgements involved in the accounting for capital projects, in order to meet the requirements set out in the 'Property, Plant and Equipment' section of the HE SORP.</p> <p>Key judgements include whether costs incurred in the early stage of a capital project are recoverable, the treatment of overheads including own labour costs, the treatment of expenditure on existing fixed assets which may be of a maintenance nature, and treatment of costs which relate to a capital project but which are themselves of a revenue nature.</p> <p>The accounting policies adopted have been disclosed on page 57 of the accounts.</p>



<b>How the scope of our audit responded to the key audit matter</b>	<p>We have discussed the major capital projects with members of estates management to gain a thorough understanding of the projects where significant expenditure has been incurred in the year, including the range of activities involved in the project, any issues arising (for example additional claims by the contractor) and the current status of the project.</p> <p>We have obtained an understanding of the relevant controls in place to mitigate the risk that costs have been capitalised that should not have been.</p> <p>We have challenged management's judgements in relation to a sample of assets capitalised in the year, agreeing through to supporting documentation and physical verification of the asset. Our selection was profiled to take account of the results of our upfront discussion with the estates team.</p>
<b>Key observations</b>	Based on the work performed, we are satisfied that the balances recognised in relation to the capitalisation of expenditure, are satisfactory.

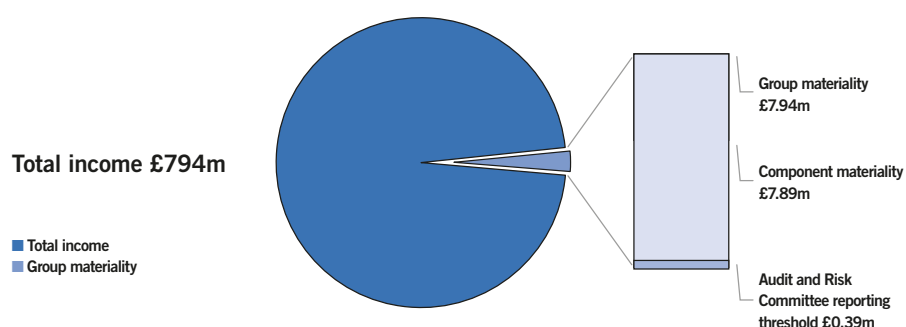
## 6. Our application of materiality

### 6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	University financial statements
<b>Materiality</b>	£7.94m (2019: £7.92m)	£7.89m (2019: £7.84m)
<b>Basis for determining materiality</b>	1% of total income (2019: 1%)	
<b>Rationale for the benchmark applied</b>	We continue to use total income as the benchmark for determining materiality as we deem this reflects the underlying performance of the business and is a key metric for users of the financial statements.	



## 6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 65% of group materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

- a. our risk assessment, including our assessment of the group's overall control environment;
- b. the low number of corrected and uncorrected misstatements identified in previous audits; and
- c. the change to remote working and impact on group operations as a result of COVID-19.

## 6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £0.39m (2019: £0.38m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## 7. An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risk of material misstatement at the group level. The group audit, including audit of the consolidation, the university, the subsidiaries, joint ventures and associates, is performed primarily at the University of Leeds.

At the group level, we also tested the consolidation process, including carrying out procedures on the joint venture and associate entities which were not subject to audit. Our scoping decisions were made to ensure that all significant balances were covered by our audit procedures. Specifically, our full scope audit procedures covered 99% (2019: 100%) of group income, and 100% (2019: 100%) of group net assets.

At the group level, our work also included the involvement of specialists from pensions, Information Technology and financial instrument specialists. We used computer aided audit techniques to analyse the journals population.

## 8. Other information

The Council (as governing body) is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

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

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

**We have nothing to report in respect of these matters.**

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## 9. Responsibilities of the Council

As explained more fully in the Council's statement of primary responsibilities, the Council 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 Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## 10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the [FRC's website](#). This description forms part of our auditor's report.

## 11. Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

### 11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for Vice Chancellor's remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the Audit and Risk Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - › identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - › detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - › the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists, including pensions and Information Technology, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: COVID-19 adjustments to research grant income and capitalisation of expenditure. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Higher Education Act and Office for Students regulatory notices and the 2019 Accounts Direction.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. This included the group's conditions of registration with the Office for Students.

### 11.2. Audit response to risks identified

As a result of performing the above, we identified COVID-19 adjustments to research grant income and capitalisation of expenditure as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant regulatory authorities, including the Office for Students; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

## Report on other legal and regulatory requirements

### 12. Opinions on other matters prescribed by the Office for Students (OfS) "Regulatory Advice 9: Accounts Direction"

In our opinion, in all material respects:

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



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## 13. Matters on which we are required to report by exception

### 13.1. Matters required under the OfS Accounts Direction

Under the OfS Regulatory Advice 9: Accounts Direction, we are required to report in respect of the following matters if, in our opinion:

- the provider's grant and fee income, as disclosed in note 6 to the accounts, has been materially misstated; or
- the provider's expenditure on access and participation activities for the financial year 2020, as disclosed in note 7 and 9 to the accounts, has been materially misstated.

**We have nothing to report in respect of these matters.**

## 14. Other matters

### 14.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the Council in April 2004 to audit the financial statements for the year ending 2005 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 16, covering the years ending 2005 to 2020.

### 14.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

## 15. Use of our report

This report is made solely to the Council in accordance with the Accounts Direction issued by the Office for Students dated 25 October 2019. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the board of governors as a body, for our audit work, for this report, or for the opinions we have formed.

**Nicola Wright (Senior statutory auditor)**

**For and on behalf of Deloitte LLP**

**Statutory Auditor**

**Newcastle upon Tyne, United Kingdom**

**Date:.....**

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# ANNUAL ACCOUNTS

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# Consolidated and University Statement of Comprehensive Income and Expenditure

for the year ended 31 July 2020

	Notes	2019/20		2018/19	
		Consolidated £000	University £000	Consolidated £000	University £000
<b>Income</b>					
Tuition fees and education contracts	1	432,313	431,479	400,182	398,849
Funding body grants	2	94,226	94,226	89,203	89,203
Research grants and contracts	3	139,887	139,887	150,824	150,824
Other income	4	118,119	114,490	130,362	124,727
Investment income	5	4,860	4,905	6,097	6,213
Donations and endowments	6	4,646	4,646	15,182	15,182
<b>Total income</b>		<b>794,051</b>	<b>789,633</b>	<b>791,850</b>	<b>784,998</b>
<b>Expenditure</b>					
Staff costs excluding movement in USS deficit funding liability	7	436,093	432,453	411,991	407,816
Movement on USS provision	22	(90,366)	(90,366)	135,822	135,822
<b>Total staff costs</b>		<b>345,727</b>	<b>342,087</b>	<b>547,813</b>	<b>543,638</b>
Other operating expenses	9	265,418	263,486	274,600	272,163
Depreciation and amortisation	11, 12	57,996	57,473	56,215	55,621
Interest and other finance costs	8	12,786	12,786	11,243	11,243
<b>Total expenditure</b>	9	<b>681,927</b>	<b>675,832</b>	<b>889,871</b>	<b>882,665</b>
<b>Operating surplus / (deficit)</b>		<b>112,124</b>	<b>113,801</b>	<b>(98,021)</b>	<b>(97,667)</b>
Realised loss on disposal of non current assets		(2,051)	(2,051)	(2,166)	(2,150)
Unrealised gain on investments		855	1,330	4,114	3,639
Share of operating (deficits)/surpluses in jointly controlled entities		(428)	–	34	–
Share of operating surpluses/(deficits) in associates		226	–	(1,741)	–
<b>Surplus / (deficit) before tax</b>		<b>110,726</b>	<b>113,080</b>	<b>(97,780)</b>	<b>(96,178)</b>
Taxation	10	(121)	–	3	–
<b>Surplus / (deficit) for the year</b>		<b>110,605</b>	<b>113,080</b>	<b>(97,777)</b>	<b>(96,178)</b>
Actuarial loss in respect of pension schemes	29	(82,686)	(82,686)	(29,999)	(29,999)
<b>Total comprehensive income/(expense) for the year</b>		<b>27,919</b>	<b>30,394</b>	<b>(127,776)</b>	<b>(126,177)</b>
Represented by:					
Endowment comprehensive (expense)/income for the year		(179)	(179)	5,148	5,148
Restricted comprehensive income for the year		1,743	1,743	8,617	8,617
Unrestricted comprehensive income/(expense) for the year		26,355	28,830	(141,541)	(139,942)
		<b>27,919</b>	<b>30,394</b>	<b>(127,776)</b>	<b>(126,177)</b>

All items of income and expenditure relate to continuing activities.

# Consolidated and University Statement of Changes in Reserves

for the year ended 31 July 2020

	Notes	Income and expenditure account			Total £000
		Endowment £000	Restricted £000	Unrestricted £000	
<b>Consolidated</b>					
<b>Balance at 1 August 2018</b>		<b>77,174</b>	<b>7,626</b>	<b>731,001</b>	<b>815,801</b>
Surplus/(deficit) from the statement of comprehensive income		5,148	8,617	(111,542)	(97,777)
Other comprehensive expense	29	–	–	(29,999)	(29,999)
<b>Total comprehensive income/(expense) for the year</b>		<b>5,148</b>	<b>8,617</b>	<b>(141,541)</b>	<b>(127,776)</b>
<b>Balance at 31 July 2019</b>		<b>82,322</b>	<b>16,243</b>	<b>589,460</b>	<b>688,025</b>
(Deficit)/surplus from the statement of comprehensive income		(179)	1,743	109,041	110,605
Other comprehensive expense	29	–	–	(82,686)	(82,686)
<b>Total comprehensive (expense)/income for the year</b>		<b>(179)</b>	<b>1,743</b>	<b>26,355</b>	<b>27,919</b>
<b>Balance at 31 July 2020</b>		<b>82,143</b>	<b>17,986</b>	<b>615,815</b>	<b>715,944</b>

	Notes	Income and expenditure account			Total £000
		Endowment £000	Restricted £000	Unrestricted £000	
<b>University</b>					
<b>Balance at 1 August 2018</b>		<b>77,174</b>	<b>7,590</b>	<b>730,375</b>	<b>815,139</b>
Surplus/(deficit) from the statement of comprehensive income		5,148	8,617	(109,943)	(96,178)
Other comprehensive expense	29	–	–	(29,999)	(29,999)
<b>Total comprehensive income/(expense) for the year</b>		<b>5,148</b>	<b>8,617</b>	<b>(139,942)</b>	<b>(126,177)</b>
<b>Balance at 31 July 2019</b>		<b>82,322</b>	<b>16,207</b>	<b>590,433</b>	<b>688,962</b>
(Deficit)/surplus from the statement of comprehensive income		(179)	1,743	111,516	113,080
Other comprehensive expense	29	–	–	(82,686)	(82,686)
<b>Total comprehensive (expense)/income for the year</b>		<b>(179)</b>	<b>1,743</b>	<b>28,830</b>	<b>30,394</b>
<b>Balance at 31 July 2020</b>		<b>82,143</b>	<b>17,950</b>	<b>619,263</b>	<b>719,356</b>



# Consolidated and University Balance Sheet

for the year ended 31 July 2020

	Notes	2019/20		2018/19	
		Consolidated £000	University £000	Consolidated £000	University £000
<b>Non-current assets</b>					
Intangible assets	11	1,947	1,947	1,300	1,300
Fixed assets	12	955,877	947,562	918,966	910,253
Heritage assets	13	29,832	29,832	29,732	29,732
Investments	15	78,388	91,082	79,057	91,231
Investments in jointly controlled entities	16	225	–	226	–
Investments in associates	17	985	–	714	–
		<b>1,067,254</b>	<b>1,070,423</b>	1,029,995	1,032,516
<b>Current assets</b>					
Stock		780	750	555	518
Trade and other receivables	18	94,862	99,821	97,141	100,306
Investments	19	70,017	70,017	114,135	114,135
Cash and cash equivalents		305,959	304,265	193,064	191,744
		<b>471,618</b>	<b>474,853</b>	404,895	406,703
Less: Creditors: amounts falling due within one year	20	(222,329)	(226,015)	(230,090)	(231,476)
<b>Net current assets</b>		<b>249,289</b>	<b>248,838</b>	174,805	175,227
<b>Total assets less current liabilities</b>		<b>1,316,543</b>	<b>1,319,261</b>	1,204,800	1,207,743
Creditors: amounts falling due after more than one year	21	(360,375)	(360,346)	(296,103)	(298,348)
<b>Provisions</b>					
Pension provisions	22	(200,845)	(200,845)	(201,503)	(201,503)
Other provisions	22	(39,379)	(38,714)	(19,169)	(18,930)
<b>Total net assets</b>		<b>715,944</b>	<b>719,356</b>	688,025	688,962

# Consolidated and University Balance Sheet

for the year ended 31 July 2020

	Notes	2019/20		2018/19	
		Consolidated £000	University £000	Consolidated £000	University £000
<b>Restricted Reserves</b>					
Income and expenditure reserve – endowment reserve	23	82,143	82,143	82,322	82,322
Income and expenditure reserve – restricted reserve	24	17,986	17,950	16,243	16,207
<b>Unrestricted Reserves</b>					
Income and expenditure reserve – unrestricted		615,815	619,263	589,460	590,433
<b>Total Reserves</b>		<b>715,944</b>	<b>719,356</b>	688,025	688,962

The financial statements were approved by Council on 26 November 2020 and were signed on its behalf by:

**Professor Simone Buitendijk**

Vice-Chancellor

Date:.....

**David Gray**

Pro-Chancellor and Chair of Council

Date:.....

**Jane Madeley**

Chief Financial Officer

Date:.....

# Consolidated Statement of Cash Flows

for the year ended 31 July 2020

	Notes	2019/20 £000	2018/19 £000
<b>Cash flow from operating activities</b>			
Surplus/(deficit) before tax		110,726	(97,780)
<b>Adjustment for non-cash items</b>			
Depreciation	12	57,084	55,248
Amortisation of intangibles	11	912	967
Donated heritage assets		(35)	(93)
Gain on investments		(855)	(4,114)
Defined benefit pension adjustment		7,339	5,407
(Increase)/decrease in stock		(225)	86
Decrease/(increase) in debtors		2,693	(7,400)
(Decrease)/increase in creditors		(7,538)	27,204
(Decrease)/increase in pension provision		(93,988)	132,058
Increase in other provisions		19,783	11,028
Share of operating deficits/(surpluses) in jointly controlled entities		428	(34)
Share of operating (surpluses)/deficits in associates		(226)	1,741
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(4,860)	(6,097)
Interest and other finance costs	8	12,786	11,243
Endowment income	6	(68)	(187)
Loss on disposal of fixed assets		2,051	2,166
Capital grant income		(13,685)	(24,859)
<b>Net cash inflow from operating activities</b>		<b>92,322</b>	<b>106,584</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of non-current assets		–	14
Capital grant receipts		13,715	16,559
Disposal of non-current asset investments		1,504	1,013
Withdrawal/(addition) of deposits		44,118	(10,296)
Investment income		5,121	5,783
Payments made to acquire fixed assets	12	(94,021)	(107,817)
Payments made to acquire intangible assets	11	(1,559)	(371)
Payments made to acquire heritage assets	13	(65)	(159)
New non-current asset investments	15, 17	(2,050)	(1,279)
<b>Net cash outflow from investing activities</b>		<b>(33,237)</b>	<b>(96,553)</b>

# Consolidated Statement of Cash Flows

for the year ended 31 July 2020

	Notes	2019/20 £000	2018/19 £000
<b>Cash flows from financing activities</b>			
Interest paid		(8,420)	(8,630)
Interest element of service concession payments	14	(1,094)	(1,128)
Endowment cash received	6	68	187
Increase in borrowings		68,819	–
Repayments of amounts borrowed		(4,420)	(4,330)
Capital element of service concession payments		(1,190)	(970)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>53,763</b>	<b>(14,871)</b>
<b>Tax received</b>		<b>47</b>	<b>20</b>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<b>112,895</b>	<b>(4,820)</b>
Cash and cash equivalents at beginning of the year		193,064	197,884
Cash and cash equivalents at end of the year		305,959	193,064
<b>Analysis of net funds</b>			
Cash and cash equivalents		305,959	193,064
Investments		70,017	114,135
Unsecured fixed rate public bond		(316,671)	(247,793)
Secured loans		(15,452)	(19,872)
<b>Net funds at 31 July</b>		<b>43,853</b>	<b>39,534</b>



# Statement of Accounting Policies

for the year ended 31 July 2020

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## 1. University Information

The University is an independent corporation established by Royal Charter in 1904 'as a teaching and examining body... to cultivate and promote arts, science and learning'. These objects, and its powers and framework of governance, are set out in the Charter and its supporting Statutes, amendments to which must be approved by the Privy Council. It receives substantial public funding and, by virtue of the educational nature of its objectives, is an exempt charity under Schedule 3 of the Charities Act 2011.

**Address: University of Leeds, Woodhouse Lane, Leeds, England LS2 9JT**  
**Royal Charter Number: RC000658**

## 2. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition) 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 as modified by the revaluation of endowment asset investments, listed fixed asset investments, heritage assets and certain other fixed assets.

The University has adopted Amendments to FRS 102 – Triennial Review 2017, and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition) for the first time in the year ended 31 July 2020. There has been no material impact in the financial statements.

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

As set out in the going concern section of the Corporate Governance report and the Chief Financial Officer's report, the University continues to adopt the going concern basis in preparing the Annual Report and Accounts.

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

## 3. Exemptions under FRS 102

The University has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the University in its separate financial statements.

## 4. Basis of consolidation

The consolidated financial statements combine the financial statements of the University, its subsidiary undertakings with a 31 July year-end, and one subsidiary undertaking, University of Leeds Farms Limited, with a 30 April year-end. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income and Expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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

Associated companies and jointly controlled entities are accounted for using the equity method.

## 5. Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive 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 gross of any expenditure and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the Consolidated Statement of Comprehensive Income and Expenditure on a receivable basis.

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

The University had no significant income or operating surplus from activities other than its principal activity or from activities outside of the United Kingdom and as a result, no segmental reporting is presented.

### Grant funding

Grant funding including funding council block grant, research grants from government sources, income received under the Government's Job Retention Scheme (JRS), grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as the conditions are met.

### Capital grants

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met. Where grant funded assets are in the course of construction, we consider on a case by case basis whether their construction constitutes a performance related condition. In the event that it does, income will be recognised as the expenditure to complete the asset is incurred.

# Statement of Accounting Policies

for the year ended 31 July 2020

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## Donations and endowments

Donations and endowments are non-exchange transactions without performance related conditions. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. The income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

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

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

There are four main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University may spend the endowment in full.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

## 6. Total return

The University operates a total return endowment investment management policy for permanent endowments and an associated total return accounting policy. Total return accounting allows the spending of permanent endowment investment gains regardless of whether they are realised/unrealised capital gains or dividend/interest income. Investment gains on permanent endowment assets are recognised in the Statement of Comprehensive Income as accrued. The gains are recorded within the University's permanent endowment reserves as unapplied return. For permanent endowments unapplied return is transferred to unrestricted reserves as expenditure is incurred against the charitable purposes of each endowment.

UK charity law requires the University to maintain the charitable benefit of all permanent endowments in perpetuity. The University has adopted a policy of indexing brought forward permanent endowment capital by the Consumer Price Index (CPI) to maintain the original capital value in real terms. To achieve this, a transfer is made on an annual basis from unapplied return to an indexation reserve (a subset of permanent endowment capital).

## 7. Accounting for retirement benefits

The principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and, for support staff, there is a choice between the University of Leeds Defined Contribution Plan (DC Plan) and the University of Leeds Pension and Assurance Scheme (PAS). Under auto enrolment regulations the DC Plan is the default scheme for support staff. USS and PAS are defined-benefit schemes which are externally funded and contracted out of the State Second Pension Scheme. The funds are valued every three years by actuaries using the Projected Unit Method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to institutional members due to the mutual nature of the Scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme, as required by Section 28 of FRS 102 "Employee benefits". As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the University has entered into a deficit recovery agreement, a liability is recognised for the discounted present value of the contributions payable that arise from the agreement to the extent that they relate to the deficit. For the other defined benefit scheme, PAS, the cost of providing benefits is determined using the Projected Unit Method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The pension deficit recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and the pension asset represents the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refund and reductions in future contributions to the scheme.

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### Defined benefit plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

### Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

## 8. Employment benefits

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

## 9. Service concession arrangements

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

## 10. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

## 11. Foreign currency

Transactions in foreign currencies are translated to Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit.

## 12. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Residential buildings have been revalued to fair value prior to the date of transition to FRS 102 and the 2019 FE HE SORP, and are measured on the basis of deemed cost, being the revalued amount. Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets. Land is not depreciated as it is considered to have an indefinite useful life. Buildings under construction are not depreciated until they are completed.

Buildings are depreciated in equal instalments over their expected useful lives as follows:

Academic buildings	50 years
Residences	30 years
Laboratories, lecture theatres and other major building refurbishment	30 years
Other building refurbishment	10 years

### Equipment

In the accounts of the University, but not the subsidiary undertakings, individual items or groups of related items costing less than £25,000 are written off in the year of acquisition. All other equipment is capitalised.

In the accounts of the University, capitalised equipment is stated at cost and depreciated in equal instalments over its expected useful life as follows:

Computing equipment	4 years
Equipment acquired for specific research projects	project life
Other equipment	10 years
Motor vehicles	4 years
Furniture	5 years

# Statement of Accounting Policies

for the year ended 31 July 2020

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## Impairment

A review for impairment of property, plant and equipment is carried out if events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable.

## Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred and are not separately identified and capitalised.

## 13. Heritage assets

Works of art and other valuable artefacts valued at over £25,000 have been capitalised and recognised at their cost or value where reasonably obtainable.

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material. The assets are subject to an annual impairment review in accordance with applicable accounting standards.

## 14. Intangible assets

Intangible assets which cost more than £25,000 are capitalised at cost and are amortised over four years representing the estimated economic life of the assets.

Intangible assets are subject to periodic impairment reviews as appropriate.

## 15. Investments

Non current asset investments are held on the Balance Sheet at amortised cost less impairment where the shares are unlisted and hence the fair value cannot be reliably determined. Listed investments are held at fair value with movements recognised as surplus or deficit.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's accounts. Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

## 16. Stock

Except for farming stock which is professionally valued, stock is stated at the lower of cost and net realisable value.

Cost is determined on a first in first out basis and includes all direct costs incurred. Net realisable value is based on estimated selling price allowing for all further costs.

## 17. Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits, either repayable on demand or with a maturity of up to three months from the initial investment. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

## 18. Financial assets and liabilities

Financial assets and liabilities are recognised when the University becomes a party to the contractual provision of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Balance Sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when:

- a) the contractual rights to the cash flows from the financial asset expire or are settled,
- b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or
- c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.



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## Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment. In the University Balance Sheet, investments (including investments in associates) are measured at cost less impairment. For investments in subsidiaries acquired for consideration, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

## Loans

Loans which are basic financial instruments (as defined in paragraph 11.9 of FRS 102) are initially recorded at the transaction price, net of any transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method and are subject to an annual impairment review. Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

## Public bonds

Bonds are initially measured at the proceeds of issue less all transaction costs directly attributable to the issue. After initial recognition, the bonds are measured at amortised cost using the effective interest rate method. Under this method the discount at which the bonds were issued and the transaction costs are accounted for as an additional interest expense over the term of the bonds.

## Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

## Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

## 19. Provisions

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.

## 20. Taxation

The University is an exempt charity within the meaning of Chapter 1 Section 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of Section 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 inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiaries are liable to Corporation Tax in the same way as other commercial organisations.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

The University's principal activities are exempt from VAT but certain ancillary supplies and services are liable to VAT at various rates. Expenditure includes irrecoverable VAT charged by suppliers to the University. The University does not have to pay Stamp Duty Land Tax when buying and leasing a property.

Deferred tax is provided in full on timing differences that exist at the Balance Sheet date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the Balance Sheet date. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against future taxable profits. Deferred tax assets and liabilities are not discounted.

## 21. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a restricted fund which the University invest to generate a return.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

# Statement of Accounting Policies

for the year ended 31 July 2020

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## 22. Significant estimates and judgements

Significant estimates and judgements used in the preparation of the financial statements are as follows:

### Significant estimation uncertainties

#### Retirement benefits obligations

The University operates its own defined benefit scheme, the University of Leeds Pension and Assurance Scheme (PAS), and participates in the Universities Superannuation Scheme (USS). Actuarial valuations are carried out as determined by the trustees at intervals of not more than three years.

PAS pension costs under FRS 102 are calculated by the University's actuary based upon the latest actuarial valuation and assumptions agreed by management following actuarial advice. These assumptions are documented in note 29.

The USS scheme is accounted for as a defined contribution scheme as insufficient information is available to use defined benefit accounting. FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The USS deficit recovery plan defines the deficit payment required as a percentage of future salaries until 2028.

These deficit contributions will be reassessed with each triennial valuation of the scheme. The provision is sensitive to the salary inflation and the size of the University's membership, and these assumptions are established by management with reference to the University's agreed strategic plan. Further detail on these assumptions and the sensitivity can be found in note 22.

The deficit recovery plan agreed after the 2018 actuarial valuation has been used to calculate the provision in these accounts.

The 2020 valuation is currently being undertaken and is likely to complete in 2021 at which point a new deficit recovery plan will be agreed.

### Significant judgements

#### Assets under construction

The University is undergoing a period of significant capital expenditure. A judgement must be made as to when an asset ceases to be classified as under construction and is available for use. Assets under construction are held at cost and depreciation commences once the asset is available to use. This judgement therefore affects both the classification of the asset in note 12 and the depreciation charge for the year.

#### Research grant income

In order to recognise research grant income in line with performance conditions, income is recognised in line with expenditure. At the year-end, costs allocated to research grants are reviewed to ensure they accurately represent completion of the performance conditions and income is adjusted for any unproductive time.

## Notes to the accounts

for the year ended 31 July 2020

### 1 Tuition fees and education contracts

	2019/20		2017/18	
	Consolidated £000	University £000	Consolidated £000	University £000
Full-time Home/EU students	199,904	199,904	203,537	203,537
Full-time Students from outside the EU	195,567	195,567	154,984	154,984
Part-time Home/EU students	5,841	5,841	5,378	5,378
Part-time Students from outside the EU	686	686	592	592
Research Training Support Grants	13,137	13,137	13,774	13,774
Short Course Fees	14,387	13,553	15,331	13,998
NHS Teaching Contract	2,791	2,791	6,586	6,586
	<b>432,313</b>	<b>431,479</b>	400,182	398,849

### 2 Funding body grants

Recurrent grants:

OfS	26,287	26,287	25,669	25,669
UKRI	48,881	48,881	44,166	44,166
OfS Capital	1,747	1,747	2,006	2,006
UKRI Capital	5,776	5,776	5,336	5,336

Specific grants:

Higher Education Innovation Fund	4,916	4,916	4,112	4,112
Widening Participation	1,634	1,634	1,499	1,499
Collaborative Outreach	2,321	2,321	3,691	3,691
Global Challenges Research Fund	1,393	1,393	1,585	1,585
Other (less than £0.5m each)	1,271	1,271	1,139	1,139
	<b>94,226</b>	<b>94,226</b>	89,203	89,203

### 3 Research grants and contracts

Research Councils (UK)	72,663	72,663	70,882	70,882
UK Based Charities	20,054	20,054	24,294	24,294
UK Government	19,313	19,313	22,271	22,271
UK Industry	5,464	5,464	8,257	8,257
European Commission	12,767	12,767	17,954	17,954
Other Grants and Contracts	9,626	9,626	7,166	7,166
	<b>139,887</b>	<b>139,887</b>	150,824	150,824

## Notes to the accounts

for the year ended 31 July 2020

### 4 Other income

	2019/20		2018/19	
	Consolidated £000	University £000	Consolidated £000	University £000
Residences, Catering and Conferences	45,302	42,212	62,764	58,178
Health Authorities	12,816	12,816	12,996	12,996
Subscriptions	1,902	1,902	2,921	2,921
Grants	10,783	10,783	7,064	7,064
Other Services Rendered	16,102	16,102	16,307	16,307
National Institute for Health Research (NIHR)	19,058	19,058	16,321	16,321
Other Income	12,156	11,617	11,989	10,940
	<b>118,119</b>	<b>114,490</b>	130,362	124,727

### 5 Investment income

Income from expendable endowments	135	135	54	54
Income from permanent endowments	2,314	2,314	2,591	2,591
Income from short-term investments	2,426	2,426	2,638	2,638
Other investment income	(15)	30	814	930
	<b>4,860</b>	<b>4,905</b>	6,097	6,213

### 6 Donations and endowments

New endowments	68	68	187	187
Donations with restrictions	3,014	3,014	13,412	13,412
Unrestricted donations	1,564	1,564	1,583	1,583
	<b>4,646</b>	<b>4,646</b>	15,182	15,182

The source of grant and fee income, included in notes 1 to 3 is as follows:

#### Grant and Fee income

Grant income from the OfS	28,034	28,034	27,675	27,675
Grant income from other bodies	66,192	66,192	61,528	61,528
Fee income for research awards (exclusive of VAT)	139,887	139,887	150,824	150,824
Fee income from non-qualifying courses (exclusive of VAT)	27,524	26,690	29,105	27,772
Fee income for taught awards (exclusive of VAT)	404,789	404,789	371,077	371,077
	<b>666,426</b>	<b>665,592</b>	640,209	638,876



## 7 Staff costs

	Consolidated	
	2019/20 Number	2018/19 Number
<b>Average staff numbers (full-time equivalents) by major category</b>		
Academic/Teaching	2,327	2,268
Research	1,104	1,091
Management/Professional	1,483	1,409
Support	2,980	2,969
	<b>7,894</b>	<b>7,737</b>

	2019/20		2018/19	
	Consolidated £000	University £000	Consolidated £000	University £000
<b>Staff costs</b>				
Wages and salaries	339,993	336,673	323,981	320,108
Social security costs	32,871	32,649	31,920	31,700
Movement on USS provision due to changes in deficit recovery plan and assumptions	(90,366)	(90,366)	135,822	135,822
Other pension costs	60,087	59,989	51,800	51,718
Apprenticeship levy	1,522	1,522	1,475	1,475
Severance payments	1,620	1,620	2,815	2,815
	<b>345,727</b>	<b>342,087</b>	<b>547,813</b>	<b>543,638</b>

Severance payments were payable to 172 individuals (2019: 174).

	2019/20 £000	2018/19 £000
<b>Emoluments of the Vice-Chancellor</b>		
Salary	281	281
Employer contributions to defined benefit scheme	13	13
Benefits in kind	–	–
Total	<b>294</b>	<b>294</b>

The Remuneration Committee met in July 2020 in line with usual practice. However, given that the then existing Vice Chancellor, Sir Alan Langlands, was known to be leaving the University's employment at the end of August 2020 (salary review date 1st August annually), it was not considered appropriate to review the remuneration package and as such no changes were made. The Committee had met earlier in the year to consider the remuneration package of the incoming Vice Chancellor, Professor Simone Buitendijk (wef 1st September 2020). Data relating to the remuneration packages of VC roles across Russell Group Universities of comparable size and complexity were reviewed to benchmark the remuneration package of Professor Simone Buitendijk.

It was confirmed that the Vice-Chancellor, Sir Alan Langlands continued to hold a number of external appointments (see link), but received no income from these positions.

[http://www.leeds.ac.uk/secretariat/documents/council\\_register\\_of\\_interests\\_2019-20.pdf](http://www.leeds.ac.uk/secretariat/documents/council_register_of_interests_2019-20.pdf).

The Office for Students requires the University to publish two key ratios to show the relationship of the remuneration of the Vice-Chancellor to that of employees within the institution. These ratios are prepared in accordance with paragraph 12 of the OfS Accounts Direction issued October 2019; the University chose to adopt the provisions early in accordance with paragraph 6 and as such comparisons of this year's data with 18/19 ratios are valid.

The Office for Students requires the University to publish two key ratios to show the relationship of the remuneration of the Vice Chancellor to that of employees within the institution. The methodology as determined by the Office for Students is structured to include all employees and all workers but excludes agency staff that have undertaken work for the University during the year.

## Notes to the accounts

for the year ended 31 July 2020

The Vice Chancellor's basic salary is 10.2 times the median pay of staff (2019: 10.4), where the median pay is calculated on a full time equivalent basis for the salaries provided by the University to its staff.

The Vice Chancellor's total remuneration is 9.5 times the median total remuneration of staff (2019: 9.9), where the median total remuneration is calculated on a full time equivalent basis for the total remuneration of its staff.

In the interests of transparency, the University provides two further ratios to show the relationship of the remuneration of the Vice Chancellor to that of employees within the institution (a calculation that excludes those individuals who are engaged on worker contracts):

The Vice Chancellor's basic salary is 7.8 times the median pay of employees (2019: 8.2), where the median pay is calculated on a full time equivalent basis for the salaries provided by the University to its employees.

The Vice Chancellor's total remuneration is 7.1 times the median total remuneration of employees (2019: 7.4), where the median is calculated on a full time equivalent basis for the total remuneration of its employees.

### 7 Staff costs (continued)

	Consolidated	
	2019/20 Number	2018/19 Number
<b>Basic salary of other higher paid staff calculated on a full-time equivalent basis</b>		
£100,000 – £104,999	22	23
£105,000 – £109,999	51	53
£110,000 – £114,999	15	13
£115,000 – £119,999	12	9
£120,000 – £124,999	14	16
£125,000 – £129,999	8	10
£130,000 – £134,999	10	9
£135,000 – £139,999	4	4
£140,000 – £144,999	3	5
£145,000 – £149,999	2	2
£150,000 – £154,999	3	2
£155,000 – £159,999	3	4
£160,000 – £164,999	3	–
£165,000 – £169,999	–	1
£170,000 – £174,999	2	1
£175,000 – £179,999	3	2
£180,000 – £184,999	2	2
£185,000 – £189,999	–	1
£190,000 – £194,999	–	1
£195,000 – £199,999	1	–
£200,000 – £204,999	–	1
£205,000 – £209,999	1	2
£210,000 – £214,999	1	1
£215,000 – £219,999	1	–
£220,000 – £224,999	–	1
	<b>161</b>	<b>163</b>

Prepared in accordance with paragraph 12 of the OfS Accounts Direction issued October 2019.

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University and are represented by the University's Executive Group (UEG). UEG consists of the Vice Chancellor, Chief Operating Officer, Deputy Vice Chancellors, Executive Deans, Chief Financial Officer, Marketing Director, Director of Human Resources, Director of Campus Development, Chief Information and Digital Officer and the University Secretary. Staff costs include compensation paid to key management personnel including any employer's pension contribution during the period they have been in this role.

	2019/20 Consolidated £000	2018/19 Consolidated £000
<b>Key management personnel compensation</b>	<b>3,455</b>	<b>3,588</b>

<b>Access and Participation</b> Included within Staff Costs	2019/20
Access Investment	2,413
Financial Support	–
Disability Support (excluding expenditure included in the two categories above)	960
Research and Evaluation	37
	<b>3,410</b>

2019/20 is the first year of disclosure and therefore no comparative information is able to be provided.

Any variance against the OfS agreed plan is as a consequence of either student number variations and/or the move to online delivery as a result of the COVID-19 pandemic

## 8 Interest and other finance costs

	2019/20		2018/19	
	Consolidated £000	University £000	Consolidated £000	University £000
Interest payable on bank loans	520	520	834	834
Interest payable on bond	7,865	7,865	7,835	7,835
Pension scheme charges	3,307	3,307	1,446	1,446
Service concessions finance charge	1,094	1,094	1,128	1,128
	<b>12,786</b>	<b>12,786</b>	<b>11,243</b>	<b>11,243</b>

## Notes to the accounts

for the year ended 31 July 2020

### 9 Analysis of total expenditure by activity

	2019/20		2018/19	
	Consolidated £000	University £000	Consolidated £000	University £000
Academic departments	299,158	299,158	303,404	303,404
Research grants and contracts	145,753	145,753	146,960	146,960
<b>Total teaching and research</b>	<b>444,911</b>	<b>444,911</b>	450,364	450,364
Admin and Corporate Services	134,435	132,211	120,591	118,499
Premises	101,815	101,815	97,626	97,715
Residences, catering and conferences	69,689	65,753	76,380	71,953
Other expenses	21,418	21,483	9,088	8,312
Pensions provisions not allocated to departments	(90,341)	(90,341)	135,822	135,822
	<b>681,927</b>	<b>675,832</b>	889,871	882,665

#### Other Operating Expenditure

Equipment purchases and maintenance	19,645	19,573	23,461	23,315
Estate repairs and maintenance	23,966	23,684	20,335	19,725
Consumables and laboratory expenditure	19,754	19,731	26,568	26,525
Printed materials, books and periodicals	10,659	10,659	10,800	10,800
Printing, stationary and office expenses	4,073	3,857	4,785	4,689
Travel and subsistence	9,407	9,349	16,017	15,927
Fellowships, scholarships and prizes	53,194	53,194	53,936	53,936
Heat, light, water and power	14,700	14,517	14,617	14,356
Rent, rates and insurance	21,617	21,730	22,576	22,880
Grants to Student Union	3,840	3,840	3,518	3,518
Fees and expenses	74,643	75,246	67,945	68,823
Recruitment, training and welfare	3,415	3,382	5,617	5,597
Auditors remuneration in respect of audit	132	106	135	95
Auditors remuneration in respect of audit related services	9	9	47	47
Other expenses	6,364	4,609	4,243	1,930
	<b>265,418</b>	<b>263,486</b>	274,600	272,163

Fees and expenses include contracted internal audit fees of £159k (2019: £190k).

In addition to the amounts disclosed above, fees of £132k were paid to the auditors in respect of other reporting accountant services relating to the new bond issue. The FRC granted a waiver to Deloitte LLP in respect of £120k to £168k for these services to support the University of Leeds in fundraising in response to the impact on its business of the COVID-19 pandemic. These fees are included in the amortised cost of the bond liability and will be amortised over the remaining term.

## Trustees

During the year, no trustee received or waived any remuneration for serving as a trustee.

The total expenses paid to four trustees was £3k (2018/19: £6k to five trustees). This represents travel and subsistence expenses incurred in attending Council meetings, conferences and events in their official capacity as Council members.

## Access and Participation

Included within Other Operating Expenditure

	2019/20	
	Consolidated	University
	£000	£000
Access Investment	1,229	1,229
Financial Support	12,658	12,658
Disability Support	245	245
Research and Evaluation	240	240
	14,372	14,372

An additional £3.4m of staff costs are already included in the overall staff costs figures included in the financial statements and are disclosed separately see note 7.

2019/20 is the first year of disclosure and therefore no comparative information is able to be provided.

The access and participation plan can be found at [https://www.leeds.ac.uk/downloads/download/93/access\\_and\\_participation\\_plan](https://www.leeds.ac.uk/downloads/download/93/access_and_participation_plan)

Any variance against the OfS agreed plan is as a consequence of either student number variations and/or the move to online delivery as a result of the COVID-19 pandemic.

## 10 Taxation

	2019/20		2018/19	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
<b>Recognised in the statement of comprehensive income</b>				
<b>Current Tax</b>				
UK Corporation tax on profit for the year	–	–	–	–
Malaysian Corporation tax on profits for the period	16	–	12	–
Adjustment in respect of previous years	(1)	–	(25)	–
	15	–	(13)	–
<b>Deferred Tax</b>				
Origination and reversal of timing differences	167	–	28	–
Adjustment in respect of prior period	(54)	–	(18)	–
Effects of changes in tax rate	(7)	–	–	–
	106	–	10	–
<b>Total tax charge/(credit) in the year</b>	121	–	(3)	–

Where profits are generated in the UK based subsidiary entities, these are gifted to the University on agreement by the Board therefore are not liable to corporation tax. The Group has an unrecognised deferred tax asset of £452k due to losses in the subsidiary entities.



## Notes to the accounts

for the year ended 31 July 2020

### 11 Intangible Assets

	2019/20		2018/19	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
<b>Software</b>				
Opening balance	1,300	1,300	1,896	1,896
Additions in the year	1,559	1,559	371	371
Amortisation charge for the year	(912)	(912)	(967)	(967)
Closing balance	1,947	1,947	1,300	1,300

## 12 Fixed Assets

	Freehold land and buildings	Equipment	Assets under construction	Service concession arrangement land and buildings (Note 14)	Heritage assets	Total
	£000	£000	£000	£000	£000	£000
<b>Consolidated</b>						
<b>Cost or valuation</b>						
At 1 August 2019	1,008,083	169,097	142,890	38,375	29,732	<b>1,388,177</b>
Additions	21,420	13,182	58,871	548	100	<b>94,121</b>
Disposals	–	(1,157)	–	–	–	<b>(1,157)</b>
Transfers	18,491	–	(18,491)	–	–	<b>–</b>
<b>At 31 July 2020</b>	<b>1,047,994</b>	<b>181,122</b>	<b>183,270</b>	<b>38,923</b>	<b>29,832</b>	<b>1,481,141</b>
<b>Depreciation</b>						
At 1 August 2019	323,611	106,738	–	9,130	–	<b>439,479</b>
Charge for the year	41,218	13,945	–	1,921	–	<b>57,084</b>
Disposals	–	(1,131)	–	–	–	<b>(1,131)</b>
<b>At 31 July 2020</b>	<b>364,829</b>	<b>119,552</b>	<b>–</b>	<b>11,051</b>	<b>–</b>	<b>495,432</b>
<b>Net book value</b>						
<b>At 31 July 2020</b>	<b>683,165</b>	<b>61,570</b>	<b>183,270</b>	<b>27,872</b>	<b>29,832</b>	<b>985,709</b>
At 1 August 2019	684,472	62,359	142,890	29,245	29,732	<b>948,698</b>
<b>University</b>						
<b>Cost or valuation</b>						
At 1 August 2019	995,693	164,138	142,890	38,375	29,732	<b>1,370,828</b>
Additions	21,420	13,057	58,871	548	100	<b>93,996</b>
Disposals	–	(1,156)	–	–	–	<b>(1,156)</b>
Transfers	18,491	–	(18,491)	–	–	<b>–</b>
<b>At 31 July 2020</b>	<b>1,035,604</b>	<b>176,039</b>	<b>183,270</b>	<b>38,923</b>	<b>29,832</b>	<b>1,463,668</b>
<b>Depreciation</b>						
At 1 August 2019	318,541	103,172	–	9,130	–	<b>430,843</b>
Charge for the year	40,993	13,647	–	1,921	–	<b>56,561</b>
Disposals	–	(1,130)	–	–	–	<b>(1,130)</b>
<b>At 31 July 2020</b>	<b>359,534</b>	<b>115,689</b>	<b>–</b>	<b>11,051</b>	<b>–</b>	<b>486,274</b>
<b>Net book value</b>						
<b>At 31 July 2020</b>	<b>676,070</b>	<b>60,350</b>	<b>183,270</b>	<b>27,872</b>	<b>29,832</b>	<b>977,394</b>
At 1 August 2019	677,152	60,966	142,890	29,245	29,732	<b>939,985</b>

Included in consolidated freehold land and buildings is land valued at £34.2m which is not depreciated (2019: £34.2m).  
 Included in University freehold land and buildings is land valued at £32.9m (2019: £32.9m) which is not depreciated.

## 13 Heritage Assets

The University has been fortunate to receive donations of a variety of cultural items and collections for over 100 years. Many items have also been purchased to augment existing collections and/or add to the variety of items within a special area of interest. Most of these purchases have been funded by benefaction.

Heritage Assets are held at market value established by specialist University personnel. Heritage Assets include many unique items (and collections), such as hand-written manuscripts and original art works, the current value of which can only be estimated, as they cannot be matched to identical items available on the market. Many other items are extremely rare, though not unique, and identical items may not appear on the market for decades.

Heritage Assets are classified into three main categories: Special collections, Art collections and University of Leeds International Textile Archive (ULITA).

### Special collections

The Special collections contain individual items and constituent collections consisting primarily of books and manuscripts. Constituent collections are characterised as such when their contents are acquired together from a single source or when they are generally used in association with each other, for example, the 'archive' of an organisation or person.

### Art collections

The Art collections consist of individual paintings and drawings, collections of drawings, and sculptures.

### ULITA

This category consists of tapestries, pattern books, stencils and fibre collections.

### Preservation and management

The custodianship of these items has been given to specific areas and persons for their care and maintenance.

All the collections are valued for insurance purposes at £32m. In addition, collections are held for other organisations for custodial purposes, notably Ripon Cathedral's heraldry collection, and these are insured separately.

	Consolidated and University				2018/19 Total £000
	Special collections £000	Art collections £000	ULITA £000	2019/20 Total £000	
At 1 August	22,563	6,644	525	29,732	29,480
Additions	65	35	–	100	1,007
Disposals	–	–	–	–	(755)
<b>At 31 July</b>	<b>22,628</b>	<b>6,679</b>	<b>525</b>	<b>29,832</b>	<b>29,732</b>

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
<b>Purchases</b>					
Special collections	65	–	72	–	185
Art collections	–	159	–	–	–
<b>Donations</b>					
Special collections	–	848	–	35	1,500
Art collections	35	–	805	755	–
<b>Total additions</b>	<b>100</b>	<b>1,007</b>	<b>877</b>	<b>790</b>	<b>1,685</b>

Additions during the year are represented by a donated painting (£65k) and a collection of papers (£35k).

## 14 Service Concession Arrangements

### Movement in service concession arrangement assets

The asset value of the service concession included in the Balance Sheet as at 31 July 2020 is £27,872k (2019: £29,245k). The reduction of £1,373k is as a result of depreciation £1,921k less additions of £548k.

### Movement in service concession arrangement liabilities

The total liabilities relating to the service concession included in the Balance Sheet as at 31 July 2020 were £30,071k (2019: £31,261k). The sum of £2,832k was repaid during the year (2019: £2,754k).

	Consolidated and University	
	2019/20 £000	2018/19 £000
At 1 August	31,261	32,231
Additions in the year	548	656
Interest charge for the year	1,094	1,128
Repayments made during the year	(2,832)	(2,754)
At 31 July	30,071	31,261

### Future commitments

The following table analyses the University and the Group's future commitments in relation to service concession arrangements.

	Payable in 1 year £000	Payable in 2–5 years £000	Payable in 6+ years £000	Total £000
Liability repayments	1,850	6,240	21,981	30,071
Finance charge	1,053	3,643	4,170	8,866
	2,903	9,883	26,151	38,937

On 8 July 2002 the University entered into a 30 year contract with a third-party provider for the provision and maintenance of James Baillie Park, providing accommodation to 563 students. The assets and liabilities relating to this scheme are recognised on the University's Balance Sheet.

Service commenced on 20 September 2003 and the contract will finish on 19 September 2033. The University has an annual occupancy guarantee amounting to committed occupancy of 80% (100% occupancy has been agreed for 2020/21) recorded within other operating expenses.

# Notes to the accounts

for the year ended 31 July 2020

## 15 Non-current investments

	2019/20			2018/19		
	Subsidiary companies £000	Other fixed asset investments £000	Total £000	Subsidiary companies £000	Other fixed asset investments £000	Total £000
<b>Consolidated</b>						
Cost or valuation at 1 August 2019	–	79,057	79,057	–	77,271	77,271
Additions	–	1,407	1,407	–	749	749
Disposals	–	(1,314)	(1,314)	–	(962)	(962)
Revaluation of listed investments	–	(762)	(762)	–	1,999	1,999
Cost or valuation at 31 July 2020	–	78,388	78,388	–	79,057	79,057
<b>University</b>						
Cost or valuation at 1 August 2019	8,044	83,187	91,231	8,044	81,346	89,390
Additions	–	2,177	2,177	–	1,278	1,278
Disposals	–	(1,314)	(1,314)	–	(962)	(962)
Revaluation of listed investments	–	(762)	(762)	–	1,999	1,999
Revaluation of other investments	–	(250)	(250)	–	(474)	(474)
Cost or valuation at 31 July 2020	8,044	83,038	91,082	8,044	83,187	91,231

Included in the University's balance sheet are investments in associates and joint ventures amounting to £4,650k (2019: £4,130k).

### Listed investments

Name of company	Nature of business
Tissue Regenix Plc	International medical technology company
Tracsis Plc	A technology provider to the rail industry
Xeros Plc	Laundering systems and cleaning technologies
Avacta Group Plc	Provides analytical and diagnostic technology, consumables and reagents to the drug development and healthcare sectors
IP Group Plc	Commercial development of research generated intellectual property
Getech Group Plc	Provider of geoscience and geospatial products and services to de-risk exploration programmes and improve management of natural resources
Gunsynd Plc	Investing in the natural resources sector

In addition to the above investments the University also has a mixed portfolio of listed investments which is managed to support the endowment funds of £75.3m (2019: £74.4m).



## Subsidiary companies

Details of the trading companies, all registered in England (except where stated), in which the University held directly or indirectly more than 50% of the voting rights are as follows:

Name of company	Percentage voting rights	Nature of business
Bright Beginnings Childcare Centre Leeds	100%	Childcare facilities and services
Leeds Innovation Centre Ltd	100%	Business accommodation and facilities management
Leeds Ventures Ltd	100%	Advisory services for the University's customers in China
Leeds Ventures Malaysia Sdn Bhd	100%	Advisory services for the University's customers in Malaysia
Mimetrik Solutions Ltd	100%	Research and development company
Nexus Leeds Ltd	100%	Business accommodation and facilities management
University of Leeds Farms Ltd	100%	Farming
University of Leeds IP Ltd	100%	Intellectual property management
Weetwood Hall Ltd	100%	Hotel and conference centre

Leeds Ventures Malaysia Sdn Bhd, registered in Malaysia, is a wholly owned subsidiary of Leeds Ventures Ltd. All other subsidiaries are directly owned by the University.

## 16 Investments in jointly controlled entities

The University holds shares of jointly controlled entities as follows:

Name of company	Percentage voting rights	Nature of business
Stem Learning Ltd	25%	Continuous professional development for science teachers and technicians
Leeds Boathouse Ltd	25%	Rowing club partnership
N8 Ltd	13%	Enabling northern businesses to access world-class knowledge to gain a significant competitive advantage
Worldwide Universities Network	4%	Collaboration of Universities to achieve international objectives in research and graduate education

### Jointly controlled entities' financial summary – University share

	2019/20 £000	2018/19 £000
<b>Income and Expenditure Account</b>		
Income	106	92
Surplus/(deficit) before tax	274	(9)
<b>Balance Sheet</b>		
Non-current assets	203	212
Current assets	112	70
<b>Total Assets</b>	<b>315</b>	<b>282</b>
Creditors: amounts falling due within one year	(90)	(56)
Creditors: amounts falling due after more than one year	–	–
<b>Total Creditors</b>	<b>(90)</b>	<b>(56)</b>
Share of net assets	225	226

The investment in Stem Learning has been derecognised, in accordance with Section 15 of FRS 102. This is due to the company recognising liabilities relating to USS, which has resulted in the University's share of their net losses exceeding the investment value.

## Notes to the accounts

for the year ended 31 July 2020

### 17 Investment in Associates

Details of the other trading companies, all registered in England, in which the University holds directly or indirectly 20% or more of the voting rights are as follows:

Name of company	Percentage voting rights	Nature of business
Acuity Robotics Ltd	50.0%	Software developer for the robotics industry
Redbrick Molecular Ltd	50.0%	Provision of chemical building blocks and fragments
Petriva Ltd	49.9%	Software to analyse and visualise petrophysical data for the oil and gas industry
Keracol Ltd	49.8%	Functional, natural, sustainable cosmetics
Optimus Vitrum	47.9%	Engineering company
Slingshot Simulations	45.7%	Provision of scalable simulation solutions for businesses
Dietary Assessment Ltd	40.4%	Data processing, hosting and related activities
Cell Lane Ltd	36.7%	Mammalian cell separation
SatSense Ltd	36.4%	Provision of near real time satellite data to provide ground deformation information
Celltron Network Ltd	30.0%	Ultrafast communications in optical networks
Edgetic Ltd	29.3%	Artificial Intelligence Software for management of Data Centre Infrastructures
Relitect Ltd	27.8%	Development of new biotechnology for the analysis of proteins and small molecules
Creavo Ltd	22.3%	Medical magnetometry
LUNAC Therapeutics Ltd	20.0%	Developing next generation anticoagulant for the treatment and prevention of life-threatening thrombotic events

#### Movement in share of net assets in the year

	Consolidated	
	2019/20 £000	2018/19 £000
Balance at 1 August	714	1,925
Additional investment in associates	205	150
Investment in new associates	550	380
Dissolution of companies	(361)	–
Share of loss in year	(123)	(1,741)
Balance at 31 July	985	714

## 18 Trade and Other Receivables

	2019/20		2018/19	
	Consolidated £000	University £000	Consolidated £000	University £000
<b>Amounts falling due within one year</b>				
Research grant receivables	19,393	19,393	29,224	29,224
Other trade receivables	29,985	29,816	34,333	33,972
Prepayments and accrued income	45,484	44,899	33,559	33,601
Amounts due from subsidiary companies	–	5,713	–	3,509
Deferred tax asset	–	–	8	–
Corporation tax	–	–	17	–
	<b>94,862</b>	<b>99,821</b>	97,141	100,306

Amounts owed by subsidiary undertakings and undertakings in which the company has a participating interest include trading balances which are non-interest bearing, unsecured and repayable on demand, and loans receivable at a market interest rate of 2.0% and repayable over a period of 6 years. Included within the University's amounts due from subsidiary companies is £4.0m which is due after more than one year (2019: £2.9m).

## 19 Current Investments

Short term deposits	<b>70,017</b>	<b>70,017</b>	114,135	114,135
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At 31 July 2020 the weighted average interest rate of these fixed rate deposits was 0.8% per annum and the remaining weighted average period for which the interest rate was fixed on these deposits was 63 days. The fair value of these deposits was not materially different to the book value.

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with up to four months maturity remaining at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

## 20 Creditors: amounts falling due within one year

Secured loans	<b>2,747</b>	<b>2,747</b>	4,420	4,420
Unsecured fixed rate public bond	<b>1,025</b>	<b>1,025</b>	975	975
Service concession arrangements (note 14)	<b>1,850</b>	<b>1,850</b>	1,739	1,739
Trade payables	<b>26,255</b>	<b>25,626</b>	36,978	36,094
Social security and other taxation payable	<b>16,993</b>	<b>16,969</b>	15,101	14,913
Amounts owed to subsidiary undertakings	–	<b>4,992</b>	–	2,549
Corporation tax	<b>22</b>	–	–	–
Deferred tax liability	<b>121</b>	–	–	–
Accruals and deferred income	<b>173,316</b>	<b>172,806</b>	170,877	170,786
	<b>222,329</b>	<b>226,015</b>	230,090	231,476

### Deferred income

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

Research grants received on account	<b>91,513</b>	<b>91,513</b>	81,177	81,177
Grant income and donations	<b>18,404</b>	<b>18,404</b>	17,810	17,810
	<b>109,917</b>	<b>109,917</b>	98,987	98,987

21 Creditors: amounts falling due after more than one year

	2019/20		2018/19	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Deferred income	3,803	3,773	4,311	6,556
Service concession liabilities due after one year (note 14)	28,221	28,221	29,522	29,522
Secured loans	12,705	12,706	15,452	15,452
Unsecured fixed rate public bond	315,646	315,646	246,818	246,818
	<b>360,375</b>	<b>360,346</b>	296,103	298,348

Analysis of secured and unsecured loans:

<b>Due within one year or on demand (Note 20)</b>	<b>3,772</b>	<b>3,772</b>	5,395	5,395
Due between one and two years	2,260	2,260	3,042	3,042
Due between two and five years	5,695	5,695	5,936	5,936
Due in five years or more	320,396	320,396	253,292	253,292
<b>Due after more than one year</b>	<b>328,351</b>	<b>328,351</b>	262,270	262,270
<b>Total secured and unsecured loans</b>	<b>332,123</b>	<b>332,123</b>	267,665	267,665

In February 2016 an unsecured fixed rate public bond was issued for the sum of £250 million over a 34 year term with a coupon rate of 3.125%. It is listed on the London Stock Exchange. There are no capital repayments to be made over the term, with the bond maturing in 2050. The bond transaction costs of £3.4m are being amortised over the life of the bond and charged to interest and other finance costs.

In July 2020 a tap issue of the unsecured fixed rate public bond was made for the sum of £50 million with a coupon rate of 1.533%. There are no capital repayments over the term with maturity in 2050. The value of the differential coupon rate of £19.5m was received on issue to be repaid over the remaining life of the bond of 29 years and seven months. The transaction costs of £0.7m are being amortised over the remaining life of the bond and charged to interest and other finance costs.

Bank loans at commercial rates are repayable by instalments falling due between 1 August 2020 and 10 February 2030 and are secured either on a portion of the freehold land and buildings of the Group or by a negative pledge over the University's assets.

**Included in the above are the following:**

Lender	Amount (£000)	Term	Interest rate (%)	Borrower
Barclays	4,583	25 years to 2025	0.3	University of Leeds
Barclays	9,750	20 years to 2030	1.3	University of Leeds
RBS	782	25 years to 2021	9.4	University of Leeds
	<b>15,115</b>			

## 22 Provisions for liabilities

	Consolidated				
	Obligation to fund deficit on USS Pension £000	Defined Benefit Obligations (Note 29) £000	Total Pensions Provisions £000	Other Provisions £000	Total £000
At 1 August 2018	66,329	–	66,329	8,185	74,514
Utilised in year	(2,925)	–	(2,925)	(4,803)	(7,728)
Additions	137,268	831	138,099	15,787	153,886
At 1 August 2019	200,672	831	201,503	19,169	220,672
Utilised in year	(3,622)	–	(3,622)	(2,177)	(5,799)
Released as not utilised	(90,366)	–	(90,366)	–	(90,366)
Additions	3,211	90,119	93,330	22,387	115,717
<b>At 31 July 2020</b>	<b>109,895</b>	<b>90,950</b>	<b>200,845</b>	<b>39,379</b>	<b>240,224</b>

	University only				
	Obligation to fund deficit on USS Pension £000	Defined Benefit Obligations (Note 29) £000	Total Pensions Provisions £000	Other Provisions £000	Total £000
At 1 August 2018	66,329	–	66,329	7,903	74,232
Utilised in year	(2,925)	–	(2,925)	(4,760)	(7,685)
Additions	137,268	831	138,099	15,787	153,886
Transfer to asset	–	–	–	–	–
At 1 August 2019	200,672	831	201,503	18,930	220,433
Utilised in year	(3,622)	–	(3,622)	(2,177)	(5,799)
Released as not utilised	(90,366)	–	(90,366)	–	(90,366)
Additions	3,211	90,119	93,330	21,961	115,717
<b>At 31 July 2020</b>	<b>109,895</b>	<b>90,950</b>	<b>200,845</b>	<b>38,714</b>	<b>239,559</b>

### USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to fund deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 29.

The adoption of the new deficit recovery plan following the 2018 actuarial valuation has given rise to a significant decrease in the deficit provision which has decreased from £200.7m to £109.9m. £90.4m of this decrease is attributable to the changes in the assumptions used to calculate the provision, primarily due to the new schedule of contributions following the 2018 valuation. More details on the 2018 actuarial valuation are set out in note 29.

The March 2020 valuation is currently in progress which may result in a new deficit recovery plan. The valuation is expected to complete during 2021 at which point a new deficit recovery plan will be agreed. The amount of this is still uncertain, however it is generally anticipated that there will be a significant increase in the deficit provision as at 31 July 2021 (assuming the valuation is completed by then).

### 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:

Change in assumptions at 31 July 2020	Approximate increase to provision
0.5% pa decrease in discount rate	£3m
0.5% pa increase in salary inflation over duration	£3m
0.5% pa increase in salary inflation year 1 only	£1m
0.5% increase in staff changes over duration	£3m
0.5% increase in staff changes year 1 only	£1m

Other provisions comprise restructuring, early retirement and other items expected to be utilised within the next three years.



## 23 Endowment Reserves

### Permanent Endowments

	Consolidated and University						Total £000
	Unrestricted			Restricted			
	Capital £000	Unapplied return £000	Total £000	Capital £000	Unapplied return £000	Total £000	
Capital	18,875	–	18,875	43,549	–	43,549	62,424
Unapplied return	–	5,718	5,718	–	12,065	12,065	17,783
<b>Balance as at 31 July 2019</b>	<b>18,875</b>	<b>5,718</b>	<b>24,593</b>	<b>43,549</b>	<b>12,065</b>	<b>55,614</b>	<b>80,207</b>
Reclassify as expendable	–	–	–	(2,767)	–	(2,767)	(2,767)
Investment income	–	768	768	–	1,547	1,547	2,315
New endowments	–	–	–	170	–	170	170
Withdrawals	–	–	–	(116)	–	(116)	(116)
Indexation	186	–	186	1,121	–	1,121	1,307
Market value losses	–	(323)	(323)	–	(1,413)	(1,413)	(1,736)
Released to unrestricted reserves	–	(753)	(753)	–	(1,351)	(1,351)	(2,104)
<b>Balance as at 31 July 2020</b>	<b>19,061</b>	<b>5,410</b>	<b>24,471</b>	<b>41,957</b>	<b>10,848</b>	<b>52,805</b>	<b>77,276</b>
<b>Represented by:</b>							
Capital	19,061	–	19,061	41,957	–	41,957	61,018
Unapplied return	–	5,410	5,410	–	10,848	10,848	16,258
	19,061	5,410	24,471	41,957	10,848	52,805	77,276

### Restricted expendable endowments

	£000
<b>Balance as at 31 July 2019</b>	<b>2,115</b>
New endowments	14
Reclassify from permanent restricted	2,767
Investment income	135
Expenditure	(163)
Decrease in market value of investments	(1)
<b>Balance as at 31 July 2020</b>	<b>4,867</b>

Endowment analysis by type of purpose:

	Consolidated and University			2019/20 Total £000	2018/19 Total £000
	Restricted permanent £000	Unrestricted permanent £000	Restricted expendable £000		
	Chairs	9,218	–		
Lectureships	3,809	1,126	–	4,935	4,978
Fellowships	8,914	184	2,836	11,934	11,812
Scholarships	16,898	1,962	442	19,302	19,495
Prizes	5,875	429	78	6,382	6,315
Specific funds	13	–	946	959	977
General funds	8,078	20,770	538	29,386	29,507
	52,805	24,471	4,867	82,143	82,322
<b>Analysis by asset:</b>					
Non current investments				75,277	74,416
Cash and cash equivalents				6,866	7,906
				82,143	82,322

## 24 Restricted Reserves

	2019/20		2018/19	
	Consolidated £000	University £000	Consolidated £000	University £000
Balances at 1 August	16,243	16,207	7,626	7,590
New restricted grants and donations	3,915	3,915	8,954	8,954
Expenditure	(2,172)	(2,172)	(337)	(337)
<b>Balances at 31 July</b>	<b>17,986</b>	<b>17,950</b>	16,243	16,207

## 25 Capital Commitments

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

Commitments contracted for	61,238	61,238	92,576	92,576

Capital commitments in the year principally comprise contracted work in respect of the expansion of the Business School (£30m), the Sir William Henry Bragg building (£12m) and the expansion of the Biological Science building (£7m).

## 26 Lease Obligations

Total rentals payable under operating leases:

	Consolidated and University			
	Buildings £000	Equipment £000	2019/20 Total £000	2018/19 Total £000
<b>Expenditure during the year</b>	17,588	574	<b>18,162</b>	18,366
<b>Future minimum lease payments due:</b>				
Not later than 1 year	17,274	449	<b>17,723</b>	15,170
Later than 1 year and not later than 5 years	24,773	218	<b>24,991</b>	27,378
Later than 5 years	7,801	–	<b>7,801</b>	11,344
<b>Total lease payments due</b>	<b>49,848</b>	<b>667</b>	<b>50,515</b>	53,892

## 27 Connected Charitable Institutions

Bright Beginnings Childcare Centre Leeds is a connected charitable company of the University. Its charitable objects are the advancement of education, nursery education and childcare facilities for the staff and students of the University of Leeds.

	2019/20 £000	2018/19 £000
<b>Bright Beginnings Childcare Centre Leeds:</b>		
Member's funds at 1 August	686	562
Income	1,355	1,665
Expenditure	(1,483)	(1,541)
<b>Member's funds at 31 July</b>	<b>558</b>	686

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## 28 Financial instruments

	2019/20		2018/19	
	Consolidated £000	University £000	Consolidated £000	University £000
<b>Financial assets</b>				
<b>Financial assets at fair value through Statement of Comprehensive Income</b>				
Listed investments	76,806	76,806	77,311	77,311
<b>Financial assets that are equity instruments measured at cost less impairment</b>				
Other investments	1,582	6,232	1,746	5,876
<b>Financial assets that are debt instruments measured at amortised cost</b>				
Cash and cash equivalents	305,959	304,265	193,064	191,744
Other investments	70,017	70,017	114,135	114,135
Other debtors	66,370	71,914	78,306	81,456
	<b>442,346</b>	<b>446,196</b>	385,505	387,335
<b>Financial liabilities</b>				
<b>Financial liabilities measured at amortised cost</b>				
Secured and unsecured loans	331,123	332,123	267,665	267,665
Service concessions	30,071	30,071	31,261	31,261
Trade creditors	26,255	25,626	37,042	36,094
Other creditors	79,856	83,992	86,987	89,309
	<b>468,305</b>	<b>471,812</b>	422,954	424,328

Financial assets held at fair value through Statement of Comprehensive Income comprise listed investments which are measured at their quoted market price.

## 29 Pension Schemes

The principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and, for support staff, there is a choice between The University of Leeds Defined Contribution Plan (DC Plan) or the University of Leeds Pension and Assurance Scheme (PAS). The assets of the schemes are held in separate trustee-administered funds. USS is a hybrid scheme, comprised of a mixture of defined benefit and defined contribution benefits. PAS is a defined-benefit scheme. Both are externally funded and are valued every three years by actuaries, the rates of contribution payable being determined by the trustees on the advice of the actuaries.

The DC Plan, which was introduced from 1 March 2013, is the main auto-enrolment vehicle for University support staff. The investment of scheme contributions for the DC Plan is managed by The People's Pension.

The University also contributes to the Teachers' Pension Scheme (TPS) which has 9 members, and the National Health Service (NHS) Pension Scheme which has 186 members, both multi-employer schemes.

### Total pension costs for the University and its subsidiary undertakings (excluding USS provision movement)

	2019/20 £000	2018/19 £000
USS	41,637	35,754
PAS	15,666	13,491
DC Plan	1,573	1,346
Other pension schemes	1,211	1,209
<b>Total pension cost</b>	<b>60,087</b>	<b>51,800</b>

### The Universities Superannuation Scheme

The institution participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff and Professional Staff of all pre-1992 UK Universities and some other employers. 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 institution 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 institution 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 institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Consolidated Statement of Comprehensive Income.

As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period, except for payments under the agreed deficit recovery plan. The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees. In 2020 the percentage was 19.5 up to 30 September 2019 and 21.1 thereafter (2019: 18% up to 31 March 2019 and 19.5% thereafter). A provision is held for the estimated present value of the amounts expected to be payable under the agreed deficit recovery plan (see note 22).

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

Deficit recovery contributions due within one year for the institution are £4.6m (2019: £3.6m).

The latest available complete actuarial valuation of the scheme is at 31 March 2018 ("the valuation date") which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

The appointment of directors to the board of the trustee is determined by the Company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2018 valuation was the fifth 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 £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%. These figures will be revised following the 2020 Scheme Valuation.

## Notes to the accounts

for the year ended 31 July 2020

### 29 Pension Schemes (continued)

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2020	2019
Discount rate	2.59%	2.44%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	4.20%	2.11%

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

	2020	2019
Mortality base table	<p><b>Pre-retirement:</b> 71% of AMCO0 (duration 0) for males and 112% of AFC00 (duration 0) for females.</p> <p><b>Post retirement:</b> 97.6 of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.</p>	<p><b>Pre-retirement:</b> 71% of AMCO0 (duration 0) for males and 112% of AFC00 (duration 0) for females.</p> <p><b>Post retirement:</b> 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.</p>
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	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:

	2020	2019
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9



## 29 Pension schemes (continued)

### University of Leeds Pension and Assurance Scheme (PAS)

PAS is a defined benefit scheme for support and technical staff within the University. Triennial valuations are carried out by professionally qualified independent actuaries. The last valuation took place as at 31 March 2017. The results of the PAS valuation showed a funding level of 107% and a surplus of £31.0m.

PAS contributions	Final salary		Career Revalued Benefit	
	Employee	Employer	Employee	Employer
Pre 1 April 2016	7.50%	18.15%	6.50%	18.15%
Post 1 April 2016	7.50%	16.00%	6.50%	16.00%

A contribution rate of 0.5% applies to provide death in service cover within PAS for members of the DC Plan. The University will continue to pay the PPF levy, the cost of benefit augmentations and the cost of any ill health early retirements.

PAS final salary members who are promoted to a USS eligible grade are now permitted, under USS rules, and with the agreement of the University, to remain in PAS. Members are made aware of this choice.

#### Assumptions

The financial assumptions used to calculate scheme liabilities under FRS 102 are:

	At 31 July 2020 %p.a.	At 31 July 2019 %p.a.
Price Inflation (RPI)	2.85	3.15
Price Inflation (CPI)	2.15	2.15
Rate of increase in salaries	3.15	3.90
Rate of increase of pensions in payment	2.15	2.15
Discount rate	1.40	2.10
Mortality assumption (pre and post retirement)	<b>S2PA rated by +1 year CMI 2019 with a long term rate of 1.5% pa for both males and females</b>	S2PA rated by +1 year CMI 2018 with a long term rate of 1.5% pa for both males and females

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 60.

	2020	2019
Male Pensioner	25.5	25.4
Male Non-pensioner (currently aged 40 in 2019)	27.4	27.2
Female Pensioner	27.7	27.5
Female Non-pensioner (currently aged 40 in 2019)	29.6	29.4

#### Scheme assets

The assets in the scheme were:

	Fair value as at	
	31 July 2020 £000	31 July 2019 £000
Equities	340,360	355,665
Property	32,114	57,741
Bonds and cash	142,398	112,022
<b>Total</b>	<b>514,872</b>	<b>525,428</b>

# Notes to the accounts

for the year ended 31 July 2020

## 29 Pension schemes (continued)

	Fair value as at	
	31 July 2020 £000	31 July 2019 £000
<b>Analysis of the amount shown in the balance sheet for PAS</b>		
Scheme assets	514,872	525,428
Scheme liabilities	(605,822)	(526,259)
<b>(Deficit) in the scheme – net pension liability recorded within pension provisions (Note 22)</b>	<b>(90,950)</b>	<b>(831)</b>
Current service cost	17,808	15,229
Past service cost	–	461
Non-investment expenses	657	654
Total operating charge	18,465	16,344
<b>Analysis of the amount charged to interest payable/(credited) to other finance income</b>		
Net interest	94	(839)
<b>Net charge/(credit) to other finance income</b>	<b>94</b>	<b>(839)</b>
<b>Total charge before deduction for tax</b>	<b>18,559</b>	<b>15,505</b>
<b>Analysis of other comprehensive income</b>		
Actuarial loss on defined benefit obligation	(63,899)	(49,343)
Actuarial (loss)/gain on assets	(18,787)	19,344
<b>Amount recognised in Other Comprehensive Income</b>	<b>(82,686)</b>	<b>(29,999)</b>

## 29 Pension schemes (continued)

	2019/20 £000	2018/19 £000
<b>Analysis of movement in (deficit)/surplus</b>		
<b>(Deficit)/surplus at beginning of year</b>	<b>(831)</b>	33,736
Contributions or benefits paid by the University	<b>11,126</b>	10,937
Current service cost	<b>(17,808)</b>	(15,229)
Past service cost	–	(461)
Non-investment expenses	<b>(657)</b>	(654)
Net interest (charge)/credit	<b>(94)</b>	839
Loss recognised in other comprehensive income	<b>(82,686)</b>	(29,999)
<b>Deficit at end of year</b>	<b>(90,950)</b>	(831)

### Analysis of movement in the present value of liabilities

<b>Present value of liabilities at the start of the year</b>	<b>526,259</b>	460,585
Current service cost (net of member contributions)	<b>17,808</b>	15,229
Past service cost	–	461
Actual member contributions	<b>254</b>	273
Interest cost	<b>11,099</b>	12,487
Actuarial loss	<b>63,899</b>	49,343
Actual benefit payments	<b>(13,497)</b>	(12,119)
<b>Present value of liabilities at the end of the year</b>	<b>605,822</b>	526,259

### Analysis of movement in the fair value of scheme assets

<b>Fair value of assets at the start of the year</b>	<b>525,428</b>	494,321
Interest income on assets	<b>11,005</b>	13,326
Non-investment expenses	<b>(657)</b>	(654)
Actuarial (loss)/gain on assets	<b>(18,787)</b>	19,344
Actual contributions paid by University	<b>11,126</b>	10,937
Actual member contributions	<b>254</b>	273
Actual benefit payments	<b>(13,497)</b>	(12,119)
<b>Fair value of scheme assets at the end of the year</b>	<b>514,872</b>	525,428

PAS assets do not include any of the University's own financial instruments, or any property occupied by the University.

### Actual return on Scheme assets

Interest income on assets	<b>11,005</b>	13,326
Asset (loss)/gain	<b>(18,787)</b>	19,344
	<b>(7,782)</b>	32,670

### University of Leeds Defined Contribution Pension Plan (DC Plan)

To comply with Pensions Automatic Enrolment legislation, from 1 March 2013 the University introduced a new defined contribution plan, the University of Leeds Defined Contribution Plan (DC Plan). This is the default scheme for all new eligible support staff employees, although they can still opt to join the CARE section of PAS within 12 months of joining the University.

The DC Plan had 1,264 contributing members at 31 July 2020 (2019: 1,129). The default contribution rate is 3% member and 6% employer. Some members pay a higher contribution rate and this is matched by the University, up to a maximum 10% employer contribution.

**Notes to the accounts**  
for the year ended 31 July 2020

**30 Related Parties**

Due to the nature of the University's operations it is inevitable that transactions will take place with organisations, from the public and private sectors, in which a University member of staff may have an interest. Any such transactions are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

Related party transactions during the year and outstanding balances at the year end are detailed below:

Related Party	Income		Expenditure		Balance due to the University		Balance payable by the University	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Association of MBAs <sup>11</sup>	-	-	5	10	-	-	-	-
British Heart Foundation <sup>15</sup>	3,129	4,748	-	-	1,635	852	-	-
Clothworkers Company <sup>7</sup>	20	20	-	-	-	20	-	-
Eversheds Sutherlands LLP <sup>2</sup>	-	-	80	-	-	-	1	-
Kcom <sup>5</sup>	-	-	73	94	-	-	5	-
Kelda Group Limited <sup>5</sup>	29	57	-	-	-	14	-	-
KPMG <sup>3</sup>	15	-	553	-	-	-	167	-
Leeds Community Healthcare NHS Trust <sup>13</sup>	14	132	5	46	9	8	-	-
Leeds International Pianoforte Competition <sup>4,1</sup>	2	30	65	72	-	-	-	-
Leeds Teaching Hospitals NHS Trust <sup>6,15</sup>	16,038	16,358	6,872	7,116	3,033	3,593	486	369
Leeds Trinity University <sup>4</sup>	70	68	89	146	10	42	4	-
Leeds University Union <sup>15</sup>	1,145	935	841	882	14	370	4	10
Marks & Spencer <sup>12</sup>	-	15	-	-	-	12	-	-
Medical Research Council <sup>14</sup>	77	-	5	-	-	-	-	-
Medical Schools Council <sup>14</sup>	1	3	27	23	-	-	-	-
N8 Ltd <sup>1</sup>	2	-	60	60	-	-	-	-
NCUK <sup>9</sup>	-	-	685	372	-	-	-	3
Northern Health Science Alliance <sup>15</sup>	-	-	18	22	-	-	-	-
Opera North <sup>4</sup>	39	-	102	87	1	-	-	-
Royal Northern College of Music <sup>1</sup>	25	-	-	-	-	-	-	-
Russell Group of Universities <sup>1</sup>	-	-	80	80	-	-	-	-
Southern Universities Management Services <sup>10</sup>	-	-	42	40	-	-	-	-
Three Sixty Water <sup>5</sup>	-	-	-	7	-	-	-	-
UCU <sup>8</sup>	39	-	-	-	11	-	-	-
UKRI <sup>13</sup>	121,545	114,768	4	-	-	15	4	-
Universities UK <sup>1</sup>	-	6	154	72	-	-	76	-
White Rose Consortium <sup>1</sup>	-	-	-	7	-	-	-	-
Worldwide Universities Network <sup>1</sup>	70	38	-	50	38	36	-	-
Yorkshire Cancer Research <sup>6</sup>	3,786	3,430	-	164	702	748	-	-
Yorkshire Universities <sup>1</sup>	3	13	32	21	-	-	-	-
Yorkshire Water <sup>5</sup>	151	227	408	362	1	-	-	-

<sup>1</sup>Sir Alan Langlands, Vice-Chancellor until July 2020, was a board member of the following organisations which had transactions with the University during the year: Yorkshire Universities, N8 Ltd, Worldwide Universities Network, Russell Group of Universities, White Rose Consortium, Royal Northern College of Music, Universities UK. He is also a trustee of Leeds International Pianoforte Competition.

<sup>2</sup>David Gray, Pro-Chancellor and Chair of Council, is a Consultant for Eversheds Sutherlands LLP.

<sup>3</sup>Iain Moffatt, a member of Council receives remuneration from KPMG and holds Directorships on a number of their related companies.

<sup>4</sup>Ed Anderson, member of Council and Chair of the Audit and Risk Committee, is a former Chair of Governors (and currently Pro-Chancellor) at Leeds Trinity University. He is also a director of Opera North and a trustee of Leeds International Pianoforte Competition.

<sup>5</sup>Liz Barber, member of Council, holds directorships at Kcom plc, Kelda Group Limited, Three Sixty Water and Yorkshire Water.

<sup>6</sup>Yvette Oade, member of Council, is a trustee of Yorkshire Cancer Research and Chief Medical Officer at Leeds Teaching Hospitals NHS Trust.

<sup>7</sup>Michael Howell, member of Council, is a member of Court for the Clothworkers Company.

<sup>8</sup>Dr Mark Taylor-Batty sits on the committee of UCU.

<sup>9</sup>Martin Holmes, Marketing Director, holds directorship of NCUK Ltd.

<sup>10</sup>Dennis Hopper, Director of Facilities Management, is a director of Southern Universities Management Services.

<sup>11</sup>Peter Moizer, Executive Dean of the Faculty of Business (Retired from the UEG in December 2019), is a Trustee for the Association of MBAs.

<sup>12</sup>Amanda Mellor, member of Council until 31st July 2019, is a director of Marks & Spencer Group plc.

<sup>13</sup>Jane Madeley, the Chief Financial Officer, is an independent member of the Audit Risk and Performance Committee of United Kingdom Research and Innovation (UKRI), an organisation which brings together the 7 Research Councils, Innovate UK and Research England. She is also a non-executive director and Chair of the Audit Committee for Leeds Community Healthcare NHS Trust.

<sup>14</sup>Paul Stewart, Executive Dean of the faculty of Medicine and Health, is a non-executive director of the Leeds Teaching Hospitals NHS Trust, Chair of the Chairs and Programme Grants Committee of the British Heart Foundation, a member of Council and the Executive for the Medical Schools Council and a Director of the Northern Health Science Alliance and a member of the Medical Research Council.

<sup>15</sup>Two Members of Council are officers of Leeds University Union (LUU): Lauren Huxley, Union Affairs Officer, served until 30 June 2020 before being succeeded by Isobel Walter. Abiha Khan, Education Officer, served until 30 June 2020 before being succeeded by Carolina Hall-Rodriguez.

## 31 Amounts Disbursed as Agent

### The National College for Teaching and Leadership (NCTL)

	2019/20 £000	2018/19 £000
At 1 August	–	88
Returns	–	(88)
At 31 July	–	–

The above training bursaries from the NCTL were available solely for students in Initial Teacher Training; the University acts only as a paying agent. The bursaries and related disbursements are therefore excluded from the Statement of Comprehensive Income and Expenditure. The contract with NCTL has now ended.



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