

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2021



# INTRODUCTION

**2020/21** was a challenging year for all staff and students as everyone responded to the Covid-19 pandemic.

This year's Annual Report reflects our community's resilience and adaptability, shown in the way our teaching and learning **successfully** moved online and our world-class research thrived despite access to laboratories and facilities being restricted for parts of the year.

The University welcomed the **2021/22 academic year** with a return to in-person teaching, increased research activity and the implementation of a new University strategy. Our commitment to public good will continue to motivate and inspire us in everything we do.

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# STRATEGY AND REVIEW

# STRATEGY

In October 2020 the University Council approved the strategic aims and principles for our new strategy, 'Vision for York'. Everything that we strive to achieve in this strategy is underpinned by an abiding commitment: the University of York exists for the public good.

Our strategy for the University of York sets out our aims expressing where we want to be in 2030 and the principles that guide our actions.

## STRATEGIC AIMS

### Curiosity-driven and action-oriented research

We embrace complexity and uncertainty that arise in an increasingly interconnected, rapidly changing world. By investing in people and systems to advance curiosity-driven research and its action-oriented applications, we are at the forefront of providing the evidence base and practice that are required for communities to flourish both at home and abroad.

### Education that empowers

We transform the whole student experience to create high-quality, flexible, inclusive and accessible lifelong learning journeys. The University of York nurtures and fulfils ambitions and prepares students for an ever-evolving world. We design innovative pedagogies and curricula underpinned by technology, widen access locally and globally, and eradicate achievement gaps.

### Community without limits

Our diverse community, which reflects both wider UK society and our principle of internationalism, fosters a sense of belonging and operates at the highest academic and ethical standards. By establishing an inclusive environment, removing barriers to progression for our staff and students, and creating physical, virtual and cultural spaces that facilitate rich exchanges, we transform perceptions and enable a culture of possibilities where new knowledge is generated and everyone can thrive.

### Local commitment on a global scale

We build strong partnerships to expand and share knowledge for local impact on a global scale. By promoting collaboration beyond disciplinary boundaries, and with diverse people and entities from across society, we combine relevant expertise and experiences, generate synergies for lasting benefit, and expand the reach of our research and education.

## GUIDING PRINCIPLES

### Inclusion

Freedom of enquiry and expression are central to intellectual advancement and to social and economic development. Upholding them is essential to ensure that every single member of our communities – whatever their heritage, creed or orientation – is treated with the respect we expect for ourselves, is afforded the same opportunities, and feels at ease with being in our midst.

### Environmental sustainability

Improving environmental conditions is a prerequisite for societies and economies to flourish and for people to live healthy and fulfilled lives. It is also a powerful driver for research, education and partnerships, because the complexity of the challenge requires distinctly new knowledge, fundamentally new ways of generating it, and radically new ways of acting on it.

### Collaboration

Through the partnerships we create in research, education and engagement, we put to rest the assumption that competition lies at the heart of progress in the teaching and research arena. Instead, it will be the collaboration across different disciplines, by people from different backgrounds and with different expertise and experiences, from York and around the world, that will bring in a new era of prosperity and health.

### Internationalism

We embrace global awareness and responsibility in all that we do. We seek partners with complementary skill sets, ambitions and networks, so that together we can address pressing and emerging environmental, social and economic challenges efficiently and effectively, wherever we are.

## ORGANISATION

How we best organise ourselves to pursue our goals, with a focus particularly on academic departments, is a fundamental part of our development over the next few years. A key aspect of the new strategy is organisational agility and therefore a 'programme for change' has been established, which includes:

- introduction of new teaching programme and semester structures from 2023
- decentralisation of financial planning to Faculties
- establishment of new Schools that combine the strengths of different departments to open up new opportunities in research and teaching.

Read more about our strategy at [york.ac.uk/about/mission-strategies/vision-for-york](https://york.ac.uk/about/mission-strategies/vision-for-york)



**Dr Michelle Rudden**, whose work into body odour and the science behind sweat featured in an exhibition at the Royal Society 2021 Summer Science showcase

# DEVELOPMENT AND PERFORMANCE

The University recovered strongly from the disruption caused by the Covid-19 pandemic, showing **resilience and resourcefulness** across a number of key areas to ensure progression and improvement.

**£45m**

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investment in our new  
Institute for Safe Autonomy

**£2m**

---

donated to students'  
emergency support fund

**9%**

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increase in number  
of students

## TEACHING AND LEARNING

Although teaching largely continued online in 2020/21 due to Covid-19, our academic community rose to the challenge of providing a full and enriching educational experience. Working with our Students' Unions, we responded to students' needs during the Covid-19 pandemic. We invested in a range of additional strategic areas including student-facing support teams, employability programmes, health and wellbeing programmes, sports coaching, and facilities to ensure that all our students gain the best possible experience from their time at York.

Students at York are welcomed into colleges on campus; a tenth college, the Anne Lister College, has been constructed and is due to receive its first intake of students in 2021/22.

Learn more about our teaching and learning at: [york.ac.uk/study](http://york.ac.uk/study)

## STUDENT RECRUITMENT

In spite of the effects of the Covid-19 pandemic on travel and study, applications and admissions to the University in 2020/21 increased, with many students coming from countries where we launched new international offices. In addition to this international student growth, there were increased numbers of applications from UK students. These applications were affected by changes in the UK examination regime and by demographic factors, particularly the increase in the number of young people in the UK.

## RESEARCH

Despite a challenging year, we enhanced our position as one of the world's premier institutions for inspirational and life-changing research. University research income increased by £2m in 2020/21 and we continue to invest in innovative research projects, in particular a new £45m robotics research centre on Campus East, the Institute for Safe Autonomy.

Learn more about our research at: [york.ac.uk/research](http://york.ac.uk/research)

## STAFF

All staff, whether research or teaching or support staff, came together as a community to deliver outstanding research and teaching throughout the year, within the context of significant change and unpredictability arising from the impact of Covid-19 on the UK. The wellbeing of our staff is a key priority. Webinars and resources to support physical and mental wellbeing were made available. All staff had, and continue to have, access to a free, independent employee assistance programme offering online, telephone and face-to-face counselling 24 hours a day, seven days a week.

## YORK UNLIMITED AND PHILANTHROPY

Our donor community was characteristically generous during 2020/21, giving more than £3m and 96,000 volunteer hours in response to the University's campaign, York Unlimited. A new partnership with the Ashinaga Association supports up to six undergraduate students annually from sub-Saharan Africa. The Guy and Eleanor Dodson research facility, offering advanced cryo-electron microscopy, was completed in 2020/21, with support from the Wolfson Foundation, the Wellcome Trust and alumnus Dr Anthony H Wild.

Alumni and other donors contributed more than £2m towards emergency support for students who were in financial difficulty as a consequence of the pandemic.

## ALUMNI

The University continues to provide support, benefits and services to our global alumni community. In 2020/21 we moved our alumni activity online and created a dedicated online events package, *York@Home*. We recruited 60 new international alumni volunteers to support our alumni communities; 30 new regional groups were set up thanks to their efforts. In addition, up to 1,300 alumni signed up to our alumni-to-student mentoring platform, York Profiles and Mentors. Our online offer is proving popular as a means of engaging international audiences, with participants from 151 different countries.

“We work to further social mobility by developing opportunities through education and supporting people to realise their aspirations.”

## INTERNATIONAL PARTNERSHIPS

During 2020/21 we maintained our international reach, reputation and impact through collaboration. Our offices in India, Malaysia and China assisted with student recruitment, worked with our international alumni groups and brokered partnerships for research collaborations, funding and student mobility.

Our partnership with the University of Maastricht – involving joint research and teaching programmes – developed further, opening up collaboration within the EU. Applications are open for the first programme to be delivered by both universities, an MSc in Sustainable Business.

We established a new Europe Campus in Greece after signing a major strategic alliance with CITY College which offers undergraduate, postgraduate, MBA and doctoral programmes leading to University of York degrees.

## WIDENING ACCESS

A large part of our widening access work is born out of the University’s strong foundation of social purpose and the sense of civic responsibility we have to our local communities. Our work supports the long-held ambition of overcoming decades of persistent inequality experienced through educational and socioeconomic hardship. We work specifically to further social mobility by developing opportunities through education and supporting people to realise their potential and aspirations. We signed up to the Social Mobility Pledge (the first Russell Group university to do so), committing the University to its key elements of outreach, access and recruitment.

## SUSTAINABILITY

The University of York has made a commitment to achieving net zero carbon emissions on campus by 2030. During 2020/21 we created the Environmental Sustainability Academy, launched in autumn 2021, a collaboration between research, teaching, policy and our campus operations.

## RISK MANAGEMENT

Throughout the pandemic, the University leadership has remained mindful of the changing risk environment within the higher education sector and remains active in seeking mitigations for key evolving risks. In addition to the financial challenges faced in 2020/21, the University Executive Board and Council, in these pandemic conditions, focused on the risks around providing a high-quality student experience, providing secure IT systems and facilities, delivering internationally renowned research and retaining a high calibre workforce.

In addition to those risks identified during the University’s response to the pandemic, the University is aware of increasing risks and new challenges arising from increasing competition for international and UK students, delivery of excellent research and funding the cost of increasing costs of staff pensions.

The University leadership regularly reviews and manages these and other significant risks which may impact on achievement of the University’s strategic objectives.



A visiting student from **South Africa** in the **Department of Physics**

# FINANCIAL REVIEW

2020/21 was a year in which the University demonstrated **real financial resilience** despite the negative effects of the Covid-19 pandemic. Our underlying performance ended the year closely in line with expectations and highlights the University's responsiveness in challenging times.

Focusing on our priorities of teaching, research, engagement and strengthening our reputation led to an overall increase in income of £38m. This increase, which arose mainly from increased tuition fees, was offset by increased costs incurred due to the Covid-19 pandemic; therefore, the University incurred a deficit of £9m in 2020/21.

**£414m**

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total income for 2020/21

**£192m**

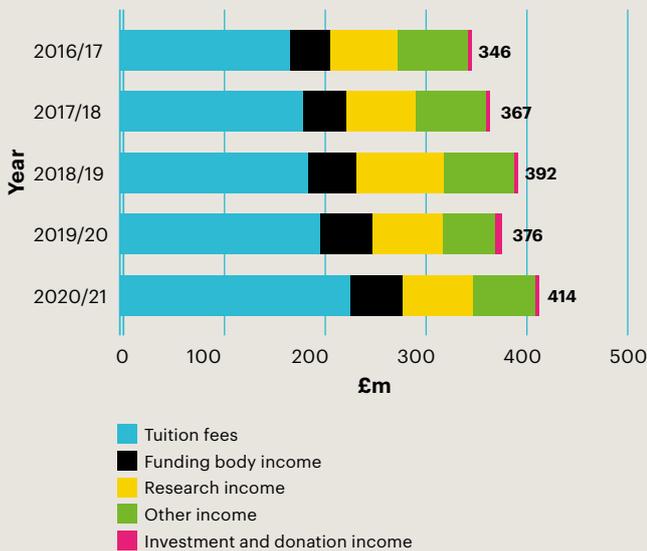
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cash balance at 31 July 2021

**£48m**

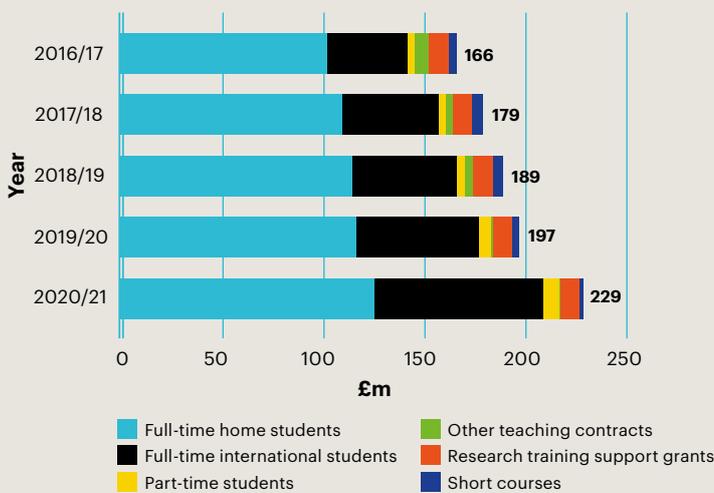
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free cash generated  
in 2020/21



## TOTAL INCOME

Total income increased by 10% to £414m. This growth was primarily driven by an increase in the tuition fees received by the University from both home students and international students. These increases were complemented by increases in research income and other income.

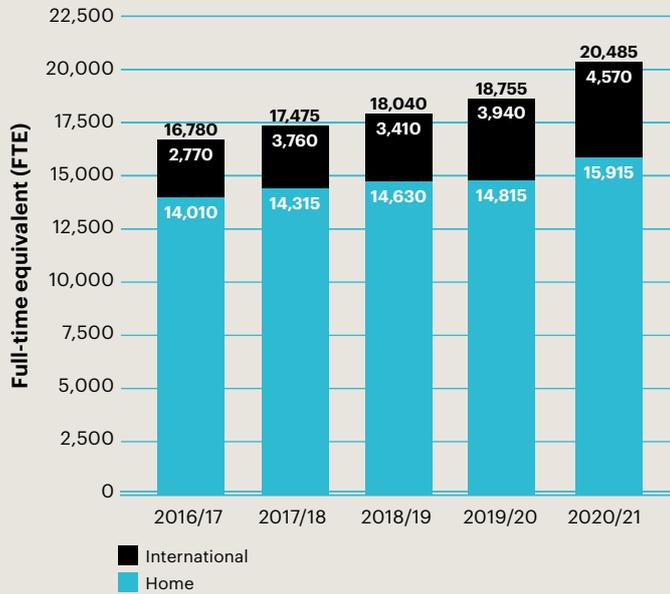


## TUITION FEES AND EDUCATION CONTRACTS

Tuition fee income increased by 16% in 2020/21 to £229m. This expansion occurred in the number of both full-time home and full-time international students paying tuition fees. In response to the pandemic, the University introduced an option for students to start studying in January 2021 to complement the traditional autumn start. This initiative generated £18m of income in 2020/21 and was particularly attractive to postgraduate international students on one-year courses. A further £6m arising from this initiative will be included in the 2021/22 accounts.

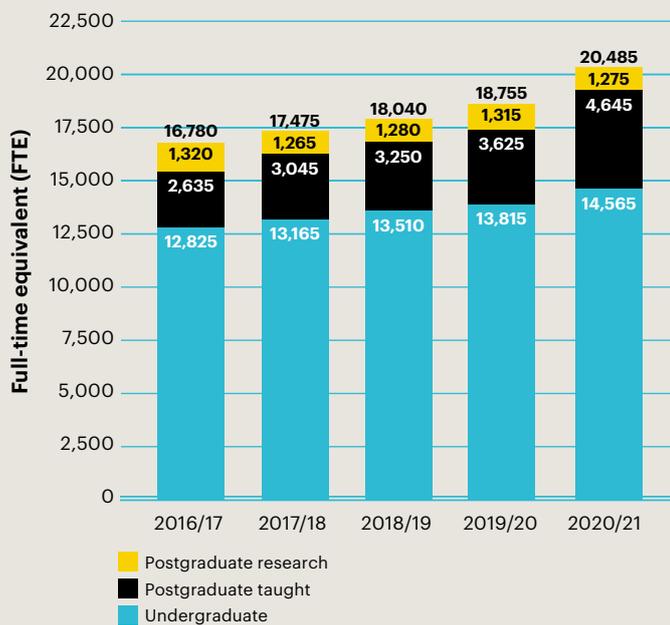
## STUDENT NUMBERS

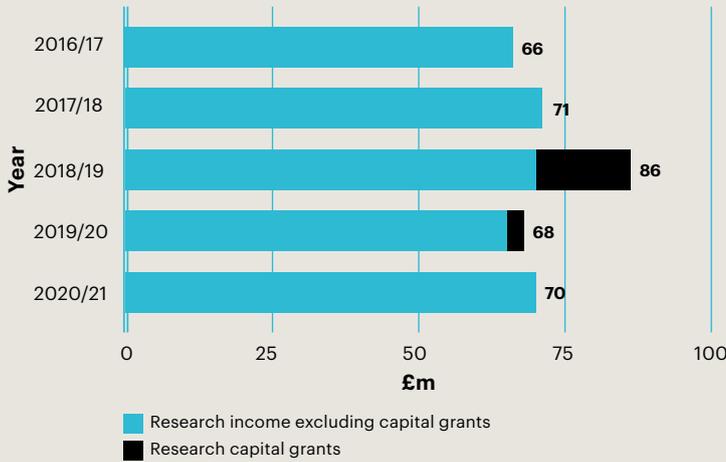
The growth in tuition fees was due to higher student numbers of 20,485 in 2020/21. This was an increase of 9% on the previous year, reflecting the high demand for University places despite the Covid-19 pandemic.



## STUDENT NUMBERS BY STUDY LEVEL

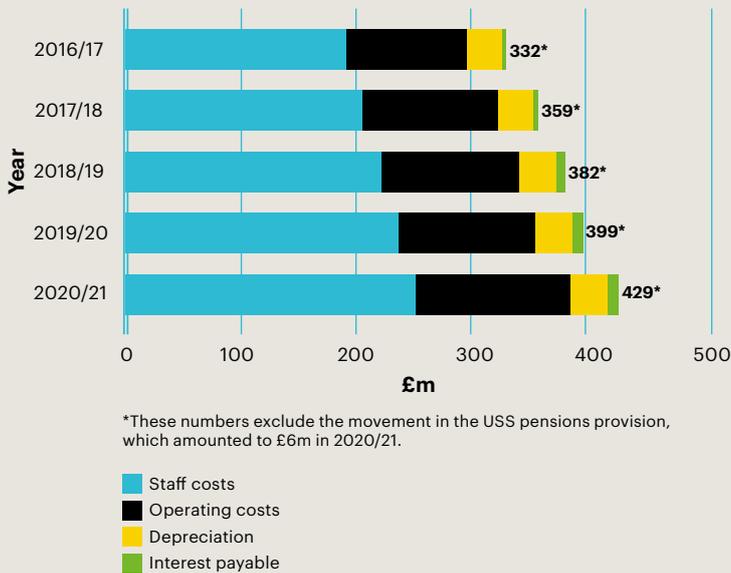
Growth in recent years was in numbers of undergraduate and postgraduate taught students, while the number of postgraduate research students remains constant.





## RESEARCH GRANTS AND CONTRACTS

Total research grant income increased by £2m in 2020/21. The University continues to be successful in obtaining research grants, especially from UK research councils, UK charities and UK governmental bodies, while maintaining income from international and EU sponsors. Research income for both 2019/20 and 2020/21 was adversely affected by the UK lockdowns and social distancing policies which restricted access to, and reduced the capacity of, the research laboratories and facilities.



\*These numbers exclude the movement in the USS pensions provision, which amounted to £6m in 2020/21.

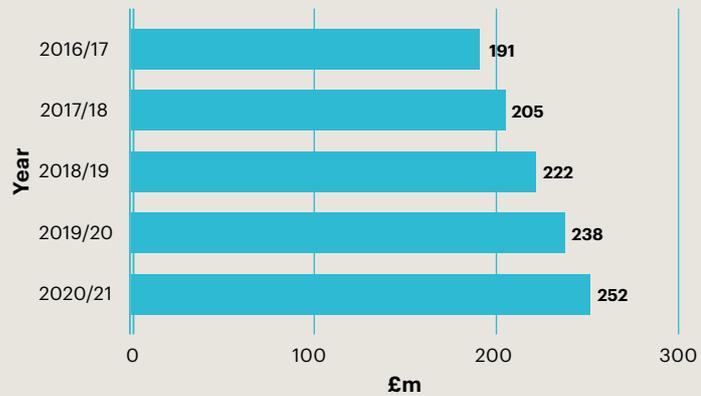
## TOTAL COSTS

During 2020/21 the University continued to operate a cost reduction scheme introduced in response to the Covid-19 pandemic; however, total costs, excluding USS pension provision movements and including Covid-19 costs, were greater than the University income for the year. Staff costs increased by £14m, due to inflationary and incremental pay rises and increases in employer’s national insurance and pension contributions.

Other operating costs increased by £16m as additional costs were incurred as a result of the Covid-19 pandemic. These included costs of online course delivery, payments for food and other supplies to support students through lockdowns and isolation, additional grants to our Students’ Unions, and payments to cover the costs of international students’ Covid-19 tests and higher commission fees paid to agents recruiting international students.

## STAFF COSTS

Staff costs, including employer's national insurance and pension contributions, but excluding USS pension provision movement, increased by £14m (6%). The University introduced a voluntary options programme as part of its response to the global pandemic, which resulted in increased early retirement and severance costs of £2m. Employer's pension contributions and the University of York Pension Fund service cost increased by £3m and employer's national insurance increased by £1m. The remaining increase in staff costs arose from inflationary and incremental pay rises, while total staff numbers remained unchanged.



## NUMBER OF STAFF

Academic staff increased by 29 in 2020/21, while professional services and other staff reduced by the same number.



|                | Contributions | Provision movement | Year end provision |
|----------------|---------------|--------------------|--------------------|
|                | £m            | £m                 | £m                 |
| <b>2016/17</b> | 19            | 2                  | 37                 |
| <b>2017/18</b> | 20            | (2)                | 35                 |
| <b>2018/19</b> | 23            | 74                 | 109                |
| <b>2019/20</b> | 27            | (44)               | 65                 |
| <b>2020/21</b> | 28            | (6)                | 59                 |

## UNIVERSITIES SUPERANNUATION SCHEME

The University is a member of the Universities Superannuation Scheme (USS). These financial statements include employer's pension contributions and movements in the pension provision which represents the University's share of the past service deficit. Over the last five years, employer's pension contributions to the scheme have increased in line with staff costs, while the pension provision movement has changed significantly, depending on the results of the scheme's triennial valuations.

The USS pension provision included in these accounts is based on the 31 March 2018 valuation. In September 2021 the valuation as at 31 March 2020 was finalised, which led to small increases in contribution rates for employees and employers from 1 October 2021. Further increases in contribution rates will be implemented together with changes to scheme benefits if the national Joint Negotiating Committee, which is responsible for changes to USS benefits and contributions, executes the Deed of Benefit Change by 28 February 2022.

|                | Service cost | Provision movement | Year end provision |
|----------------|--------------|--------------------|--------------------|
|                | £m           | £m                 | £m                 |
| <b>2016/17</b> | 7            | (13)               | 21                 |
| <b>2017/18</b> | 7            | (17)               | 4                  |
| <b>2018/19</b> | 6            | 31                 | 35                 |
| <b>2019/20</b> | 8            | 54                 | 89                 |
| <b>2020/21</b> | 10           | (24)               | 65                 |

## UNIVERSITY OF YORK PENSION FUND

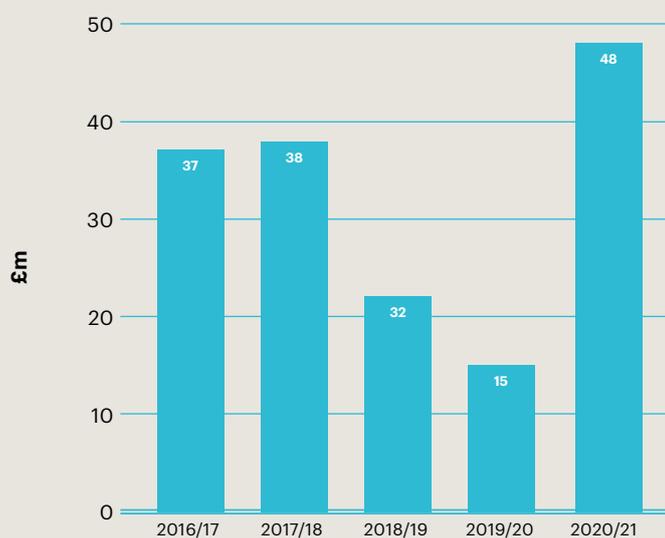
The University of York Pension Fund is a defined benefit scheme. These accounts include the annual service cost of members and a pension provision which has been calculated by the University's actuaries in line with the requirements of FRS 102.

The scheme's triennial valuation at 31 July 2020 has been finalised in October 2021. The scheme deficit is being addressed by implementing a recovery plan which includes a £9m payment to strengthen the Pension Fund in October 2021 by the University.

## FREE CASH GENERATED

Free cash is operating cash generated plus investment income received less interest paid and represents the cash that can be reinvested in University activities.

In 2020/21 the University generated £48m of free cash from its operations, an increase of £33m on the previous year. This was due to increased receipts for tuition fees exceeding the additional staff and operating costs incurred as part of the response to the Covid-19 pandemic and lockdowns. In particular, the introduction of January starting students increased free cash for 2020/21 significantly. The University uses the free cash to support strategic initiatives and invest in the capital programme.



## CASH BALANCE

The University holds cash to fund the capital programme, support the new University strategy as outlined on pages 5 and 6, and provide resilience against unexpected financial events. The cash balance at 31 July 2021 is £192m and represents 176 days' expenditure, compared to 163 days at 31 July 2020.



## CAPITAL PROGRAMME

During 2020/21 the University spent £37m on fixed assets, which included the following major capital developments:

- York Institute for Safe Autonomy, which is a new research facility to investigate the safety of robotics and autonomous systems
- Church Lane Building, which enhances facilities for the Management School and the Departments of Social Policy and Engineering
- expanding the Energy Centre to support Campus East and the wider district heating supply across the University
- purchasing the IT Centre on York Science Park to enhance the space available to technological and digital companies
- refurbishing Central Hall.

In addition, the University is working with Civitas, via a design, build and operate contract, to create 1,400 study bedrooms and associated social spaces for our new Anne Lister and David Cato Colleges. The first phase opened in September 2021, with additional rooms being available from January 2022.



## FINANCIAL OUTLOOK AND GOING CONCERN

The University has ended the year in a reasonable financial position, with cash balances amounting to 176 days' expenditure. The University has prepared five-year financial forecasts and these show that it has sufficient funds to conduct its teaching, research and other activities into 2021/22 and beyond. There are also cash reserves available to fund the capital programme and support the new University strategy which is outlined on pages 5 and 6.

Risks and their potential impact on University finances are considered when the five-year forecast is prepared, including changes to tuition fee income, research grants income, accommodation and commercial income.

We have also tested the forecasts' assumptions for increases in employer pension contributions which may arise from the results of the 31 March 2020 USS pension actuarial valuation. It is anticipated that although income may decline or staff costs increase, action can and will be taken to mitigate the impact through operating cost savings and exploring new income streams.

After reviewing and approving these forecasts, the Council is confident that the Group and University will have sufficient funds to meet their liabilities as they fall due over the period of at least 12 months from the date of approval of these financial statements and has therefore prepared these accounts on a going concern basis.

The University Council and Executive Board believe that the University is in a good position to develop and grow in line with its new strategy and has sufficient funds to provide resilience against emerging risks and unexpected financial events.

# GOVERNANCE

# CORPORATE GOVERNANCE

The University continues to maintain a sound system of internal control, which has been **essential in responding** to the far-reaching risks posed by the pandemic.

The University is an independent corporation with charitable status established by Royal Charter (Royal Charter Company Number: RC000679). The University's objects, powers and framework of governance are defined in the Charter and supporting Statutes. The Council, as the University's governing body and trustee board, is committed to promoting effective practice in all aspects of corporate governance through its own arrangements, its sub-committees and the University Executive Board (UEB) led by the Vice-Chancellor and President. The Council has formally adopted the core values and six key elements set out in the Committee of University Chairs (CUC) Higher Education Code of Governance (HE Code of Governance) (September 2020).

## STATEMENT OF INTERNAL CONTROL

The Council is responsible for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible.

The system of internal control is risk-based, and designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; providing reasonable rather than absolute assurance. The University's internal control environment comprises policies and procedures to ensure statutory compliance with the full range of obligations required of the University and specifically in relation to the prevention and detection of corruption, fraud, bribery and other irregularities. A core aspect of the University's internal control arrangements is the engagement of PwC to deliver an internal audit function.

The audit work carried out for the year ended 31 July 2021 comprised an extensive risk-based programme, based on 15 internal audit reviews lasting over 200 person-days. There were several in-year adjustments to the 2020/21 plan to reflect new and emerging priorities in the internal control environment, underscoring adoption of a dynamic and risk-based approach agreed in partnership with the internal auditors. The continuing implications of Covid-19 did not significantly impact on the delivery of the internal audit plan for 2020/21 in terms of schedule or budget. The assignments were conducted with the same degree of rigour and engagement as would be expected with physical on-site auditing.

The Council is of the view that the University was able to maintain a sound system of internal control during the continuing Covid-19 pandemic in 2020/21, based on strong business continuity planning, which understandably prioritised the health and safety of staff and students, and responded to government and public health policy and the ongoing requirements for the majority of staff working remotely. Remote working remained a feature for the majority of University staff, enabled by the introduction of two-factor authenticated access to IT networks. This facilitated safe and secure home working and business continuity. Financial internal control systems, as well as those for legal and governance-related approvals during this period were fully retained during remote working for the majority of staff. As a consequence of the introduction of a business critical only expenditure policy during the period, the value of expenditure and invoicing transactions was significantly reduced across 2020/21.

The Council is also of the view that an adequate framework for identifying, evaluating and managing the University's significant risks was in place for the year ended 31 July 2021, and up to the date of approval of this Annual Report and Financial Statements.

In 2020/21, work arising from the 2019/20 risk management framework review commissioned by the outgoing and incoming Chairs of Audit and Risk continued to be embedded in University activities. In May 2021, the Audit and Risk Committee supported proposed changes presented by the University Executive Board (UEB) to the governance of corporate risk, and these were subsequently approved by Council. They included setting out clearly the role of Council for setting the tone, direction, appetite and overall framework for corporate and strategic risk and for considering the key outcomes of this level of risk management, and the roles of Audit and Risk Committee in reviewing the adequacy of the framework for managing risk, UEB and its Risk Review Group (RRG). The RRG coordinates arrangements to ensure an effective system of risk management is embedded across the University.

A new cycle of reporting between these bodies was also agreed as part of this work. The RRG oversees and makes recommendations to UEB and onward to the Audit and Risk Committee on risk matters. In 2020/21 the RRG promoted the strengthening of the link between faculty, academic and professional support department risk registers, monitoring the effectiveness and completion of staff training programmes on risk. During 2020/21, senior management oversight of risk moved to the newly-titled Director of Planning and Risk (who is a member of UEB and also chairs RRG), with a new Risk Manager appointed within the team.

In July 2021 Council approved the University Strategy 2030; consequently in 2021/22 work is being undertaken to revise the University's suite of corporate risks as they relate to the delivery of the University's new strategic outcomes and objectives.

The Council is of the view for the period to the end of the 2020/21 financial year, and up to the approval and signing of the annual financial statements, that:

- a sound system of internal control was in place
- University management had a clear understanding of these risks and took appropriate mitigating actions where possible.

There were no significant financial control weaknesses that arose in the reporting period to 31 July 2021, or since the year end but before these financial statements were signed.

## CORPORATE GOVERNANCE STATEMENT

The Council is responsible for the administration of the revenue and property of the University, and, in accordance with the Charter, has "general control over the University and its affairs, purposes and functions". The Council also has overarching responsibility for ensuring that the University maintains a sound system of internal control and for reviewing its effectiveness. Since adopting the Committee of University Chairs (CUC) HE Code of Governance when it was first issued in November 2004, the Council has undertaken self-assessments against subsequent editions and remains satisfied that the governance of the University is consistent with its provisions, in particular the six key elements of the 2020 Code. In July 2021 the Halpin Partnership Ltd, an independent expert appointed to assist in a comprehensive governance review, concluded its Council Effectiveness Review by confirming that the University's "governance practice, principles, processes, and values comply with the CUC Code."

## THE UNIVERSITY COUNCIL

The Council's annually updated schedule of business is closely linked to its formal Statement of Primary Responsibilities:

1. To approve the mission, strategic vision, long-term academic and business plans and key performance indicators of the University.
2. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be benchmarked against other comparable institutions.
3. To delegate authority to the Vice-Chancellor as head of the University and to establish and keep under regular review the policies, procedures and limits within which such authority is exercised.
4. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment.
5. To ensure that an effective framework is in place to manage the quality of the student academic experience and the maintenance of standards.
6. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself, with a formal review at least once every five years.
7. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
8. To safeguard the reputation and values of the University.
9. To appoint the Vice-Chancellor (in consultation with the Senate), put in place suitable arrangements for monitoring his/her performance and set appropriate remuneration (through the Remuneration Committee).
10. To appoint a Secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.
11. To be the accountable financial and business authority of the University, to ensure that proper accounts are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
12. To ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
13. To receive assurance that adequate provision has been made for the general wellbeing of students.
14. To ensure that any property, legacy, endowment, bequest or gift made to the University is used to support its work.
15. To ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.

Council held five of its formal meetings virtually throughout 2020/21, with its sixth and final meeting of 2020/21 in July 2021 held as its first physical meeting since March 2020. Council also held a virtual strategic Away Day with the University Executive Board (UEB) at the start of the 2020/21 academic year. The enhanced strategic development, advisory and approval role of Council was further embedded in 2020/21. As well as prioritising strategic performance areas for the University on its formal meeting agenda, Council held deliberative and development sessions at and alongside these meetings; these included strategic topics with presentations from internal and external, national and international speakers on specific issues relevant to the University's strategy and change programme.

Following a competitive tender exercise, in April 2021 Halpin Partnership Ltd was engaged to coordinate a Council Effectiveness Review, in conjunction with the new University Secretary and Secretary to Council. The review concluded that the University's corporate governance arrangements were 'Good' or 'Leading Edge' mapped against Halpin's University Governance Maturity Framework. A range of helpful recommendations arose from the review, linked to the constitution, skills mix, equality and diversity, staff and student voice, and the Council sub-structure; these recommendations were accepted and endorsed by Council for implementation following consideration of the final review report at its July 2021 meeting.

Council considered and/or approved strategic reports on a range of matters in 2020/21, including:

- those from the Vice-Chancellor and President on a range of aspects of University planning and performance, including the University's response to the Covid-19 pandemic
- the new University Strategy 2030 strategic enablers, outcomes and objectives, and a developing strategic Key Performance Indicator (KPI) framework
- major capital/estates projects developments and a revised capital expenditure framework
- the University's five-year forecast and its 2019/20 annual report and financial statements
- several consultation exercises in relation to the Universities Superannuation Scheme 2020 valuation and the University of York Pension Fund
- corporate risk, in terms of a review of the governance framework and revised risk register, on the recommendation of the Audit and Risk Committee
- a new Scheme of Delegated Approvals
- the engagement of Halpin Partnership Ltd and the outcomes of the Council Effectiveness Review.

In addition, during the period 2020/21, Council considered and approved all required accountability returns and formal external submissions to satisfy the requirements of regulatory bodies, including the Office for Students (OfS).

## COUNCIL SUB-COMMITTEES

The **Senate** (Chair: Vice-Chancellor and President) sits at the apex of the academic governance of the University; it oversees and regulates the academic work of the University in both teaching and research, and approves policy, regulation and procedures governing this activity, including student discipline. The Senate is responsible for providing assurance to the Council in relation to all matters of academic quality and standards; the student academic experience and outcomes; ratifying the award of academic qualifications of the University; determining the criteria for student admissions; other matters delegated to it from the Council. In 2020/21, it was agreed that a Senate Effectiveness Review would be undertaken from the start of the 2021/22 academic year.

The **Nominations Committee** (Chair: Chair of Council) considers nominations for lay member vacancies on the Council and its sub-committees. It met on two occasions in 2020/21 to discuss a range of membership matters, including Chancellor succession and governing instruments review.

The **Audit and Risk Committee** (Chair: lay member of Council) comprises lay people not directly concerned with the financial management of the University and meets four times each year. At a joint annual meeting with the Finance Committee, it reviewed the Annual Report and Financial Statements, including the University's response to the external auditor's annual management letter. Advised by the internal audit service, the Committee also reviews the effectiveness of the system of internal control, and in 2020/21 it undertook significant work linked to the review of the University's risk management arrangements. The Committee also seeks assurance that arrangements are in place to promote value for money and data quality. The new Chair assumed office part-way through 2020/21, following the previous Chair's decision to step down upon completion of his term and agreeing to extend this term for a number of months to assist in a smooth handover. A wider effectiveness review of the Committee was undertaken within the year, following the more specific review of the University's risk management arrangements.

The **Remuneration Committee** (Chair: a Pro-Chancellor who is not the Chair of Council) determines the remuneration of the University's most senior staff, including the Vice-Chancellor (who is not a member of the Committee) and their direct reports. The Committee continues to strengthen its arrangements to ensure consistency with the Higher Education Senior Staff Remuneration Code published by the CUC in June 2018, and related OfS disclosure requirements, including strengthened internal reporting to the Council and external disclosure on matters of senior remuneration governance. At its May 2021 meeting it also considered the University implications of the Advance HE review of the CUC Higher Education Senior Staff Remuneration Code. See also the remuneration section of this Annual Report (pages 30 to 33).

The **Equality, Diversity and Inclusion Committee** (Chair: Chief Operating Officer) oversees the development and implementation of the University's equality strategy, including ensuring its alignment with other related strategies. It plays an important oversight role as regards the University's submissions for departmental and institutional Athena SWAN awards.

The **Finance Committee** (Chair: University Treasurer) considers the financial implications of the University's strategic plans as well as the annual budget and the medium-term financial forecast. It also reviews the University's borrowing strategy and the financial aspects of any projects deemed to have significant budgetary implications. It signed off a range of policy matters in 2020/21, including a new Treasury Management Policy, recommending the revised Statement on Responsible Investment to Council, and revisions to the University's Financial

Regulations. A Finance Committee Effectiveness Review was embarked on in 2020/21 and concluded in Autumn 2021.

The **Ethics Framework Governance Committee** (Chair: Chair of Council) has a focus on corporate (i.e. University-wide) and non-academic matters, covering aspects of responsible business, including conflicts and disclosures of interest, gifts and hospitality, responsible procurement and investment, fundraising and whistleblowing. The Committee's work paused in 2020/21, because of institutional priorities and pending the outcome of the Halpin Partnership Review.

The **Student Life Committee** (Co-Chairs: Academic Registrar and the President of the York University Students' Union) is a joint Committee of the Senate and Council and considers a range of business relating to the student experience at the University. This includes overseeing work to develop a Student Mental Health and Wellbeing Strategy and consideration of a range of annual reports, surveys and data, policy and regulation related to the non-academic aspects of the student experience.

The **Health, Safety and Welfare Committee** (Chair: senior academic – Head of the Department of Physics) maintains oversight of the University's compliance with health and safety legislation and other relevant statutory reporting requirements, such as the government's counter-terrorism 'Prevent' duty agenda. It submits an annual assurance report to the Council on all aspects of its remit.

The **Honorary Associations Committee** (Co-Chairs: Vice-Chancellor and Chair of Council) considers nominations for the award of honorary degrees and membership of the University Court, making recommendations to the Council against agreed criteria. The Committee has developed a rigorous approach to the due diligence of considering proposed honorary degree nominees.

The **Urgent Decisions Group** (Chair: Chair of Council) met on several occasions through the year, with delegated authority to transact pressing matters for decision outside the scheduled Council meeting cycle. In 2020/21 it focused mainly on the round of consultations on the Universities Superannuation Scheme 2020 valuation.

A review of the Council sub-committee structure is a key recommendation of the Halpin Council Effectiveness Review and will be delivered in 2021/22.

## PUBLIC BENEFIT STATEMENT

The University of York is an exempt charity under the terms of Schedule 3 of the Charities Act 2011, and is regulated by the Office for Students (OfS) as 'principal regulator' for this purpose. During the reporting period, the Council as the trustee board of the University has had regard to the Charity Commission's guidance on public benefit and is of the view that the University's charitable purposes are delivered for the public benefit, as required by the Charities Act 2011, Regulatory Advice Note 5 of the OfS and Charity Commission guidance. The University delivers public benefit principally through the charitable purpose of the 'advancement of education' through teaching of undergraduate and postgraduate students, as well as outreach activities such as public lectures and the York Festival of Ideas.

The primary beneficiaries of delivering the University's charitable purposes are the students who are directly engaged in learning at the University. Students are offered places on the basis of academic merit. The University attracts large numbers of students from non-traditional backgrounds, and is committed to supporting students financially on the basis of need. It provides an extensive range of bursaries and scholarships, as well as a financial hardship fund for students, including targeted support during the Covid-19 pandemic.

The University's research supports a spectrum of charitable purposes through its research. Other beneficiaries include companies, public bodies and charities which employ York graduates; members of the local community who make use of University facilities, participate in continuing education courses and attend lectures, concerts and other events; and the wider public, which benefits from the University's world-leading contribution to research in the sciences, social sciences and humanities.

In the reporting period, under the unique circumstances of the Covid-19 pandemic, the University continued to lever its charitable purposes for public benefit in multiple ways, including offering a Covid-19 testing facility accessible for the wider community; providing access to staff for City of York Council and other groups; providing space, surplus supplies and equipment to the York and Scarborough NHS Trust; and the University's nursing students and medical graduates and clinical staff played a major contribution on the frontline. The Council as the trustees of the University recognises that the use of the University's resources in this regard is for secondary or incidental charitable purposes to the University's primary educational purpose, including the 'advancement of health and the saving of lives' or the 'relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage'. In its fundraising activities, the University adheres to the Charities (Protection and Social Investment) Act 2016.

## University Council membership 2020/21

| NAME   | POSITION/MEMBERSHIP CATEGORY                                | EXPIRY OF CURRENT TERM      |
|--|---|-----------------------------|
| <b>Pro-Chancellors and other senior office holders</b> |   |                             |
| Ms Denise Jagger                                       | Pro-Chancellor and Chair of Council                         | July 2022                   |
| Mr Philip Carpenter                                    | Pro-Chancellor  | July 2023                   |
| Mr Chris Thompson                                      | Pro-Chancellor, Treasurer and Senior Independent Lay Member | July 2022                   |
| Professor Charlie Jeffery                              | Ex-officio: Vice-Chancellor and President                   | N/A                         |
| Professor Saul Tendler                                 | Ex-officio: Deputy Vice-Chancellor and Provost              | N/A                         |
| <b>Other external/lay members</b>                      |   |                             |
| Ms Lindsey Fussell                                     | Co-opted lay member (Deputy Treasurer)                      | July 2024 <sup>1</sup>      |
| Professor John Loughhead                               | Co-opted lay member   | October 2021                |
| Dr Simon Best  | Co-opted lay member   | October 2021                |
| Professor Dame Vicki Bruce                             | Co-opted lay member   | January 2023 <sup>2</sup>   |
| Ms Amanda Nevill                                       | Co-opted lay member   | October 2021                |
| Ms Judith McNicol                                      | Co-opted lay member   | October 2021                |
| Ms Briana Pegado                                       | Co-opted lay member   | June 2022 <sup>3</sup>      |
| Mr Richard Sommers                                     | Appointed by Court  | January 2021 <sup>4</sup>   |
| Dr Philip Rycroft                                      | Appointed by Court  | February 2022               |
| Mr David Watson  | Appointed by Court  | January 2023 <sup>5</sup>   |
| <b>Academic and professional support staff members</b> |   |                             |
| Professor John Robinson                                | Pro-Vice-Chancellor elected by Senate                       | September 2020              |
| Professor Kiran Trehan                                 | Pro-Vice-Chancellor elected by Senate                       | September 2022 <sup>6</sup> |
| Professor Neil Audsley                                 | Academic staff member elected by Senate                     | July 2021 <sup>7</sup>      |
| Professor Kieran Gibson                                | Academic staff member elected by Senate                     | January 2024 <sup>8</sup>   |
| Professor Duncan Petrie                                | Academic staff member elected by Senate                     | July 2021                   |
| Professor Jo Swaffield                                 | Academic staff member elected by Senate                     | July 2022 <sup>9</sup>      |
| Mr Andy Durrant  | Elected by Professional Support staff                       | December 2023 <sup>10</sup> |
| Dr Rachel Curwen                                       | Elected by Professional Support staff                       | July 2021                   |
| <b>Student Representative Bodies members</b>           |   |                             |
| Mr Patrick O'Donnell                                   | President of the Students' Union                            | July 2021                   |
| Dr Pürnur Altay  | President of the Graduate Students' Association             | August 2021                 |
| <b>Officers to Council</b>                             |   |                             |
| Ms Jo Horsburgh  | Registrar and Secretary (Secretary to Council)              | September 2020              |
| Dr Adam Dawkins  | University Secretary (Secretary to Council)                 | N/A <sup>11</sup>           |
| <b>Other Senior Officers in permanent attendance</b>   |   |                             |
| Mr Jeremy Lindley                                      | Director of Finance   | N/A                         |
| Dr Joss Ivory  | Chief Operating Officer                                     | N/A                         |

<sup>1</sup> Re-appointed by Council for a four-year term from 1 August 2020

<sup>2</sup> Appointed by Council from 1 February 2021

<sup>3</sup> Six-month leave of absence granted on 1 July 2021

<sup>4</sup> Resigned on 18 March 2021, subsequent to an agreed extension to the initial January 2021 term end

<sup>5</sup> Appointed on 1 February 2021

<sup>6</sup> Appointed as Senate Pro-Vice-Chancellor nominee to replace Professor John Robinson with effect from 1 October 2020

<sup>7</sup> Resigned from Council in January 2021 ahead of taking up an external senior management appointment

<sup>8</sup> Appointed as Senate nominee to replace Professor Neil Audsley on 2 February 2021

<sup>9</sup> Resigned on 31 August 2021 due to forthcoming departure from the University to take up a new post

<sup>10</sup> Elected on 14 December 2020

<sup>11</sup> Appointed by Council as Secretary to Council on 16 December 2020, following a period as Acting Secretary after the resignation of Ms Jo Horsburgh



# REMUNERATION

This report outlines the responsibilities of the Remuneration Committee and the approach used to **determine remuneration** of senior University staff.

This report has been prepared to comply with Element III (Transparency and accountability) of The Higher Education Senior Staff Remuneration Code published by the Committee of University Chairs (CUC) in June 2018. It covers the period 1 August 2020 to 31 July 2021 to align with the financial reporting period and disclosures made within this Annual Report and Financial Statements.

## ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is a formal sub-committee of the University Council and determines the remuneration of senior post-holders of the University as noted below:

- Vice-Chancellor and President
- Deputy Vice-Chancellor and Provost
- Chief Operating Officer
- Director of Finance
- Pro-Vice-Chancellor Research
- Pro-Vice-Chancellor Teaching, Learning and Students
- Pro-Vice-Chancellor Partnerships and Engagement
- Dean of the Faculty of Arts and Humanities
- Dean of the Faculty of Sciences
- Dean of the Faculty of Social Sciences
- Special Advisor to the Vice-Chancellor (Research)<sup>1</sup>

Members of the Remuneration Committee are nominated by the University Nominations Committee and appointed by Council. The Chair of Council is a member of the Remuneration Committee, but is not the Chair of the Committee. In addition to the Council members, a further external member is also recruited to provide relevant knowledge.

The Vice-Chancellor and President is not a member of the Remuneration Committee. However, he attends to present a paper on the performance of, and remuneration proposals for, his direct reports, namely the senior post-holders noted above. He also attends for any matters where it is appropriate for the Vice-Chancellor and President to provide the perspective of the University Executive Board. No individual is in attendance when their own remuneration is discussed.

The Terms of Reference, membership, meeting schedule, attendance and minutes for the Remuneration Committee are published on the University website and reflect the guidance provided by the Higher Education Senior Staff Remuneration Code.

## APPROACH TO SENIOR REMUNERATION

### Higher education context

The University of York is a member of the Russell Group of 24 leading UK universities which are committed to maintaining the very best research, an outstanding teaching and learning experience and unrivalled links with the corporate and public sector. The University has over 20,000 students on its programmes, employs over 4,400 staff and has a turnover of £414m, making it a major employer in the local area.

Even before Covid-19, the University, in common with other institutions in the sector, was experiencing significant challenges in an increasingly competitive environment both in the UK and internationally, uncertainties about student funding policy, concerns about the sustainability of the Universities Superannuation Scheme (USS) and the lack of clarity surrounding Brexit and immigration policy, all of which have a very direct impact on the University of York's operation.

Since Covid-19 the financial volatility of the University income streams has become much more evident, with government announcements heavily affecting commercial income, tuition fee income and research income.

<sup>1</sup> This role was a temporary position and ceased on 31 December 2020.

## Remuneration strategy and governance

Against this context, the Remuneration Committee recognises that the University needs to offer sufficiently competitive remuneration to attract and retain the most talented staff, including senior leadership and academic staff. It is committed to ensuring that its decisions are informed by relevant and robust external market data, and are cognisant of gender pay considerations and of relativities of any remuneration increases to those received by other staff at the University, and of the current and future position of the University.

The University of York has Strategic Remuneration Principles that set out the University of York approach to managing remuneration decisions for all staff outside the National Pay Framework. These principles acknowledge the importance and challenge of attracting and retaining the talent required to deliver the University Strategy, the importance of rigour and transparency in relation to remuneration decisions and the need to reflect the Higher Education Senior Staff Remuneration Code.

The four principles are:

- attracting and retaining talent
- recognising performance and contribution
- delivering value for money
- fairness, equality and transparency.

In addition, the University has an agreed protocol set out in a Remuneration Governance Framework that defines accountabilities for decisions on senior remuneration. In particular, the Remuneration Committee oversees all decisions relating to individuals where remuneration is over £100,000.

## Links between remuneration and institutional performance

The Vice-Chancellor's remuneration package reflects the level of responsibility and skills required to maintain the reputation of a dynamic institution such as the University of York and is commensurate with the leadership strengths required to sustainably guide the University through what has been the most uncertain and turbulent period in our history. Overseeing the continued success and development of the University while addressing the complex set of challenges posed by Covid-19 are factors in determining the salary of the Vice-Chancellor.

## Strategy 2030 – Vision for York

Despite the need to introduce wide-ranging measures to help the University adapt and thrive both academically and financially, the Vice-Chancellor has set in motion a strategy for the next ten years.

## Programme for change

The Vice-Chancellor has overseen the introduction of an ambitious programme of changes aimed at simplifying and improving the current academic structure up to 2023.

## Financial stability

The University has been financially impacted by the Covid-19 pandemic and despite the difficulties has demonstrated financial resilience. The University has reported a surplus for 2020/21 of £6m (2019/20 £23m) which was achieved in an extremely challenging financial environment.

## Sustainability

The University recognises that sustainability is one of the main challenges for at least the next ten years. The Vice-Chancellor has overseen development of a new Sustainability Strategy which aims to target those areas where the University can deliver the biggest positive impacts, building on the excellent work it has already undertaken.

## Teaching and research successes

The University continues to score highly for teaching excellence and receive awards demonstrating our commitment to world-leading research.

## Pay multiples

The following tables show the relationship between the remuneration of the Vice-Chancellor and President and the median value for all other staff at the University.

|                           | 2020/21 | 2019/20 |
|---------------------------|---------|---------|
| <b>Basic salary</b>       | 9.8     | 10.9    |
| <b>Total remuneration</b> | 9.4     | 11.3    |

Professor Jeffery voluntarily elected to take a 20% pay cut for 6 months from 1 August 2020. The total reduction in the 2020/21 financial year was £28,500. The figures in the above table do not incorporate this reduction, in accordance with guidance issued by the Office for Students.

## SOURCES OF MARKET INFORMATION

The Remuneration Committee receives information from the following sources to support remuneration decisions for senior members of staff:

- the Korn Ferry Hay Russell Group Pay Survey which compares remuneration data for the 23 institutions that participate in the survey
- the Universities and Colleges Employers Association's Senior Staff Remuneration Survey
- internal analysis of pay relativities and gender pay considerations
- expert searches which may be commissioned to support recruitment to specific roles.

## OTHER REMUNERATION

### Bonus

The University of York does not operate a performance-related bonus scheme for any staff, other than administering awards made under the NHS scheme for some senior clinicians.

### Grading

The University operates a grading system for all staff at the University; the grading for senior post-holders is underpinned by the Korn Ferry Hay job evaluation methodology.

### Pension

Senior post-holders have access to the same employer pension scheme as other employees, namely the Universities Superannuation Scheme and, if relevant, the NHS Pension Scheme.

### Other benefits

No other benefits are provided.

## EXTERNAL APPOINTMENTS

The University of York policy on work by University staff for outside bodies is provided on the University website.

## EXPENSES POLICY

The University has a stated expenses policy that applies to all staff including senior post-holders and lay members of Council. Details of expenses claimed by senior post-holders and other members of the University Executive Board are provided on the University website.

# ACCOUNTS

# COUNCIL'S ACCOUNTING RESPONSIBILITIES

The University Council is responsible for preparing the Annual Report and Financial Statements in accordance with the requirements of the Office for Students and Research England's terms and conditions of funding and applicable law and regulations.

## ACCOUNTING RESPONSIBILITIES

The Council is required to prepare Group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education and the requirements of the Accounts Direction issued by the Office for Students. The Council is required to prepare financial statements which give a true and fair view of the state of affairs of the Group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the Group and parent University financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent University, to cease operations, or have no realistic alternative but to do so.

The University Council is responsible for keeping proper accounts and financial records. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. It also has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The University Council is also responsible for:

- ensuring that funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation
- ensuring that funds provided by the Office for Students and UK Research and Innovation (including Research England) have been applied in accordance with the terms and conditions attached to them
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- securing the economical, efficient and effective management of the University's resources and expenditure.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE UNIVERSITY OF YORK

## Report on the audit of the financial statements

### OPINION

We have audited the financial statements of the University of York ("the University") for the year ended 31 July 2021 which comprise the consolidated and University statement of comprehensive income and expenditure, consolidated and University statement of changes in reserves, consolidated and University balance sheets, consolidated cash flow statement and related notes, including the statement of principal accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2021, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended, and

- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### GOING CONCERN

The Council has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Council's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Council's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the University will continue in operation.

## **FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT**

### **Identifying and responding to risks of material misstatement due to fraud**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of governors and inspection of policy documentation as to the University's high-level policies and procedures to prevent and detect fraud, and the public interest disclosure "whistleblowing" policy, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Council and Audit Committee minutes;
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from research contracts, commercial operations (residences, retail, conferencing and catering) and other operating income is recorded in the wrong period. We also assess the risk that Group/University management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, year end journals supporting University of York Pension Fund (UoYPPF) balances and unusual combinations between revenue and balance sheet codes;

- evaluating the business purpose and assessment made by the University for the treatment of the UPP accommodation contracts recognising associated income and expenditure in the statement of consolidated income;
- assessing the underlying assumptions and estimates made in reaching significant USS and UoYPPF pension fund balances.

### **Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with Council members and other management (as required by auditing standards), and discussed with the management the policies and procedures regarding compliance with laws and regulations.

As the University is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group/University is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), taxation legislation, pensions legislation and specific disclosures required by higher education legislation and regulation, charities legislation and related legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group/University is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: GDPR compliance, Health and Safety legislation, Employment and Social Security legislation, Fraud corruption and bribery, Money laundering, and recognising the regulated nature of the University's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the governors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### **Context of the ability of the audit to detect fraud or breaches of law or regulation**

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **OTHER INFORMATION**

The Council is responsible for the other information, which comprises the sections of this Annual Report headed Strategy and Review and Governance. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the sections of this Annual Report headed Strategy and Review and Governance is consistent with the financial statements.

## **COUNCIL RESPONSIBILITIES**

As explained more fully in their statement set out on page 35, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [frc.org.uk/auditorsresponsibilities](http://frc.org.uk/auditorsresponsibilities).

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ("the Accounts Direction").

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;

- income has been applied in accordance with the University's Statutes;
- funds provided by the Office for Students, 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
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 11 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income as disclosed in Note 3 to the financial statements has been materially misstated.

We have nothing to report in these respects.

## THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

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**Clare Partridge**  
**(Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP,**  
**Statutory Auditor**

Chartered Accountants  
 1 Sovereign Square, Leeds LS1 4DA  
 13 December 2021

# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

## 1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of derivative financial instruments, investment properties, and joint ventures).

The financial statements have been prepared on a going concern basis, which the Council considers to be appropriate for the reasons set out below.

The University has prepared five-year financial forecasts and these show that it has sufficient funds to conduct its teaching, research and other activities into 2021/22 and beyond. There are also cash reserves available to fund the capital programme and future strategic initiatives.

Several going concern scenarios were considered as part of the forecasting process, covering optimistic, realistic, pessimistic and worst case outcomes. As parameters have tightened, the extremes covered by the optimistic and worst case scenarios have significantly reduced in probability, and therefore represent the outer bounds of likelihood. The high level assessment covered associated risks under the following headings:

- Student tuition and accommodation fee income
- Research funding
- Partnerships and related income
- Infrastructure and maintenance services suppliers
- Employees – access to right quality and numbers of staff
- Financing
- Regulation.

Tuition fee, research, residential and commercial income, together with pay and operating expenditure, were all subject to stress testing. Under our pessimistic scenario with mitigations, cash remains above our own treasury minimum of 90 days' expenditure. Consequently, the Council is confident that the Group and University will have sufficient funds to continue to meet liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## 2. BASIS OF CONSOLIDATION

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2021. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation. The consolidated financial statements do not include the income and expenditure of the Students' Union and the Graduate Students' Association as the University does not exert control or dominant influence over policy decisions. Associated companies and joint ventures are accounted for using the equity method.

## 3. INCOME RECOGNITION

Income from the sale of goods or services is credited to the 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.

Fee income is stated gross of any expenditure which is not a discount and credited to the statement of comprehensive income and expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Investment income is credited to the statement of 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.

Grant funding, including teaching grants from the Office for Students, research grants from government sources and grants (including research grants) from non-government sources, is recognised as income when the University is entitled to the income and performance-related conditions have been met. 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.

Donations and endowments with donor-imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions, at which point 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 appreciation of endowments are recorded in income in the year in which they arise and as either restricted or unrestricted income according to the terms applied to the individual endowment fund. Four main types of donations and endowments may be identified within reserves.

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

## 4. CAPITAL GRANTS

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

## 5. ACCOUNTING FOR RETIREMENT BENEFITS

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the University of York Pension Fund (UoYPF) and the People's Pension Scheme. The USS is a hybrid scheme being defined benefit up to a salary cap and defined contribution above the cap. The UoYPF is a defined benefit scheme. The People's Pension Scheme is a defined contribution scheme.

### Defined contribution schemes

A defined contribution scheme is a post-employment benefit scheme under which the University 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 schemes are recognised as an expense in the income statement in the periods during which services are rendered by employees.

### Defined benefit schemes

Under defined benefit schemes, 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 University recognises a liability for its obligations under defined benefit schemes net of scheme 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 scheme 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 scheme.

### **Universities Superannuation Scheme**

The University participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members) up to a salary cap as well as defined contribution benefits for contributions above the salary cap. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set.

The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 Employee Benefits, the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the statement of comprehensive income and expenditure represents the contributions payable to the scheme.

Currently, the scheme's liabilities are greater than its assets. As a result, the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit. The University recognises a liability for the future contributions payable that arise from the agreement (to the extent that they relate to the deficit). The University will continue to account for the existing agreement until a new agreement is in place.

## **6. EMPLOYMENT BENEFITS**

Short-term employment benefits such as salaries and compensated absences (i.e. holiday pay) 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.

## **7. FINANCE LEASES**

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## **8. 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.

## **9. FOREIGN CURRENCY**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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 the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in surplus or deficit.

## **10. FIXED ASSETS**

Fixed assets are stated at cost/ deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 Further Education and Higher Education Statement of Recommended Practice are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

### Land and buildings

Land and buildings are measured using the cost/deemed cost model. Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University. Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful lives (maximum 50 years). Temporary buildings are depreciated over 10 years on a straight-line basis. Leasehold land and buildings are depreciated over the life of the lease up to a maximum of 50 years. The various components of buildings are depreciated over their useful life. No depreciation is charged on assets in the course of construction.

### Equipment

Equipment, including computers and software, costing less than £20,000 per individual item is recognised as expenditure. Capitalised equipment costing more than £20,000 per individual item is stated at cost and depreciated over its expected useful life as follows:

- Equipment 2–10 years
- Mechanical and electrical installations 15–40 years
- Vehicles 3–20 years

### Heritage assets

Works of art and other valuable artefacts have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Heritage assets are regularly revalued and are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

## 11. INVESTMENTS

Investments in 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.

## 12. STOCK

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

## 13. CASH AND CASH EQUIVALENTS

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

## 14. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in the financial statements when:

- the University has a present obligation (legal or constructive) as a result of a past event
- it is probable that an outflow of economic benefits will be required to settle the obligation
- 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.

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

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

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

## 15. ACCOUNTING FOR JOINT OPERATIONS, JOINTLY CONTROLLED ASSETS AND JOINTLY CONTROLLED OPERATIONS

The University accounts for its share of joint ventures using the equity method in preparing the consolidated accounts. The University accounts for its share of transactions from joint operations and jointly controlled assets in the statement of comprehensive income and expenditure.

## 16. TAXATION

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010 and, accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 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 (VAT). 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 any other commercial organisation. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law.

## 17. RESERVES

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through an endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity. 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.

## 18. ACCOUNTING CURRENCY

The University is based in the United Kingdom. The financial statements are prepared in GBP, the currency of the United Kingdom. The amounts have been rounded to the nearest thousand pounds.

## 19. FINANCIAL INSTRUMENT RISKS

The University has chosen to apply the provisions of Sections 11 and 12 of FRS 102 in full. Financial assets and financial liabilities are recognised in the University's balance sheet when the University becomes a party to the contractual provisions of the instrument. A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and intention either to settle the asset on a net basis, or to realise the asset and settle the liability simultaneously.

The University's financial assets and liabilities meet the criteria for basic financial instruments prescribed within FRS 102 and are measured as stated below.

### Investments

Investments within the scope of Section 11 of FRS 102 (therefore excluding investments in subsidiaries, associates and joint ventures) are recognised initially at fair value which is normally the transaction price. Subsequently, they are measured at fair value if the investment is publicly traded or their fair value can otherwise be measured reliably with the changes in fair value recognised in the statement of comprehensive income. All other investments are measured at cost less impairment.

### 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.

## Loans

Loans are basic financial instruments that are initially recorded at the transaction price, net of transaction costs. Subsequently, they are measured at the transaction price, net of transaction costs.

Other financial instruments are measured as stated below.

## Price and interest rate risk

Price risk arises on financial instruments because of changes, for example, in commodity prices or equity prices. Listed investments are exposed to price risk but this exposure is within the University's risk appetite. Bank deposits are subject to variable interest rates and the University is exposed to financial risk on these assets. The University does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

## Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the University. The credit risk on liquid funds and financial instruments is limited because the counterparties are banks with high credit ratings which have been assigned by international credit rating agencies. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Finance Committee. Trade receivables consist of a large number of customers, spread across diverse sectors, populations and geographical areas.

## Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University Council. The University manages liquidity risk by maintaining adequate cash balances, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of certain financial assets and liabilities.

# 20. ACCOUNTING ESTIMATES

Key estimates included in these accounts are stated below.

## Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme (USS). In accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education, the University currently recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme. A deficit recovery plan was put in place as part of the 2018 valuation, and this is reflected in the pension liability provision at 31 July 2021. Details of this provision, which has been discounted at a rate of 0.89% as at 31 July 2021, are included in Note 31 to the accounts.

Sensitivity analysis is provided below, based on possible changes of the assumptions occurring at 31 July 2021. The sensitivities have been derived in the same manner as the defined benefit obligation as at 31 July 2021. The sensitivities are calculated by changing each assumption with all other things held constant.

- A decrease in discount rate by 0.5% per annum from 0.89% per annum to 0.39% per annum leads to an increase in the provision of £1.2m at 31 July 2021.
- An increase in the combined growth in future payroll costs for inflation, pay rises or additional staff by 0.5% per annum leads to an increase in the provision of £1.2m at 31 July 2021.

It is acknowledged that presuming all other assumptions remain constant has inherent limitations, given that it is more likely to be a combination of changes, but highlights the value of each individual risk and is therefore a suitable basis for providing this analysis.

## University of York Pension Fund

The University of York Pension Fund is accounted for as a defined benefit scheme. Pension costs under FRS 102 and the amount of the provision in the balance sheet are based on the actuarial valuation, and on assumptions, including the appropriate discount rate, agreed by management following actuarial advice. These assumptions are detailed in Note 31 to the accounts.

The following sensitivity analysis has been calculated for changes to the assumptions underlying the pension provision.

- If the discount rate assumption decreases by 0.5% per annum then the pension provision at 31 July 2021 increases by £28.7m.
- If the salary increase assumption is 0.5% per annum higher, then the pension provision increases by £5.5m.
- If the inflation assumption is 0.5% per annum higher (which impacts on the salary increases, deferred revaluation and pension increase assumptions), then the pension provision increases by £26.1m.

It is acknowledged that presuming all other assumptions remain constant has inherent limitations, given that it is more likely to be a combination of changes, but highlights the value of each individual risk and is therefore a suitable basis for providing this analysis.

### **Goodwill**

In 2018/19 the University purchased 50% of Student Accommodation Provision Three LLP. The goodwill relating to the acquisition is being amortised over 10 years which is the estimated useful life of the goodwill.

### **Holiday pay**

The University estimates the cost of the holiday that has not been taken by members of staff at the year end. The estimated cost of accrued holiday is based on the available holiday records and current salary costs.

### **Doubtful debt provision**

At the end of the year the University reviews the amounts that it is owed and makes an estimate of the debts that are not likely to be paid. The review covers all debts over three months old and over £5,000.

### **Fixed assets**

The University estimates the useful economic life of tangible fixed assets based on the type of asset, expected life of similar buildings and equipment and experience.

## **21. ACCOUNTING JUDGEMENTS**

Key judgements used in the preparation of the accounts are as follows.

### **Universities Superannuation Scheme**

The University participates in the Universities Superannuation Scheme (USS). The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. 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 the Universities Superannuation Scheme. 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). The resulting expense is recorded in the statement of comprehensive income and expenditure in accordance with section 28 of FRS 102. The Council is satisfied that the Universities Superannuation Scheme 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.

In the judgement of the University, as the 2020 valuation was finalised after the year end in September 2021 and there remain various stages of consultation still to be completed, around key factors relating to the level of contributions and benefits, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2018 actuarial valuation.

### **Impairment of land and buildings**

The University estate is valued on a historical cost basis. The University is not planning to significantly alter its portfolio of properties and buildings. The values of the properties have been reviewed and assessed as reasonable.



International students performing in the **Cultural Performance Night**, the highlight of the University's **Global Week**

## Consolidated and University statement of comprehensive income and expenditure

|   | Notes | Consolidated                       |                                    | University                         |                                    |
|---|-------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|   |       | Year ended<br>31 July 2021<br>£000 | Year ended<br>31 July 2020<br>£000 | Year ended<br>31 July 2021<br>£000 | Year ended<br>31 July 2020<br>£000 |
| <b>Income</b>   |       |                                    |                                    |                                    |                                    |
| Tuition fees and education contracts  | 1     | 229,082                            | 196,656                            | 229,082                            | 196,656                            |
| Funding body grants   | 2     | 47,471                             | 48,415                             | 47,471                             | 48,415                             |
| Research grants and contracts   | 4     | 69,810                             | 67,805                             | 69,810                             | 67,805                             |
| Other income  | 5     | 63,351                             | 59,933                             | 51,823                             | 48,740                             |
| Investment income   | 6     | 908                                | 1,610                              | 2,134                              | 3,339                              |
| Donations and endowments  | 7     | 3,230                              | 2,063                              | 3,230                              | 2,063                              |
| <b>Total income</b>   |       | <b>413,852</b>                     | <b>376,482</b>                     | <b>403,550</b>                     | <b>367,018</b>                     |
| <b>Expenditure</b>  |       |                                    |                                    |                                    |                                    |
| Staff costs – excluding Universities Superannuation Scheme provision                                  |       | 252,256                            | 238,401                            | 242,872                            | 228,482                            |
| Staff costs – Universities Superannuation Scheme provision movement                                   | 21    | (6,132)                            | (44,868)                           | (6,130)                            | (44,762)                           |
| <b>Total staff costs</b>  | 8     | <b>246,124</b>                     | <b>193,533</b>                     | <b>236,742</b>                     | <b>183,720</b>                     |
| Other operating expenses  |       | 133,948                            | 117,890                            | 135,110                            | 119,904                            |
| Depreciation  | 14    | 32,334                             | 32,230                             | 29,282                             | 28,748                             |
| Interest and other finance costs  | 9     | 10,276                             | 11,098                             | 8,707                              | 9,474                              |
| <b>Total expenditure</b>  | 10    | <b>422,682</b>                     | <b>354,751</b>                     | <b>409,841</b>                     | <b>341,846</b>                     |
| <b>Surplus/(deficit) before other gains/(losses) and share of operating surplus of joint ventures</b> |       | <b>(8,830)</b>                     | <b>21,731</b>                      | <b>(6,291)</b>                     | <b>25,172</b>                      |
| Gain on disposal of fixed assets  |       | 34                                 | -                                  | 34                                 | -                                  |
| Revaluation of heritage assets  |       | 2,579                              | -                                  | 2,579                              | -                                  |
| Gain on investments   |       | 883                                | 207                                | 883                                | 207                                |
| Amortisation of goodwill  | 13    | (341)                              | (341)                              | (341)                              | (341)                              |
| Share of operating surplus in joint ventures  | 17    | 11,375                             | 1,667                              | -                                  | -                                  |
| <b>Surplus/(deficit) before tax</b>   |       | <b>5,700</b>                       | <b>23,264</b>                      | <b>(3,136)</b>                     | <b>25,038</b>                      |
| Taxation  | 12    | -                                  | -                                  | -                                  | -                                  |
| <b>Surplus/(deficit) after tax</b>  |       | <b>5,700</b>                       | <b>23,264</b>                      | <b>(3,136)</b>                     | <b>25,038</b>                      |
| Pension scheme actuarial gains/(losses)   | 31    | 31,134                             | (48,734)                           | 31,134                             | (48,734)                           |
| Purchase of non-controlling interest  |       | (500)                              | -                                  | -                                  | -                                  |
| <b>Total comprehensive income for the year</b>  |       | <b>36,334</b>                      | <b>(25,470)</b>                    | <b>27,998</b>                      | <b>(23,696)</b>                    |
| <b>Represented by</b>   |       |                                    |                                    |                                    |                                    |
| Endowment comprehensive income for the year   |       | 811                                | 85                                 | 811                                | 85                                 |
| Restricted donations comprehensive income for the year  |       | 1,326                              | 334                                | 1,326                              | 334                                |
| Restricted grants comprehensive income for the year   |       | (12,219)                           | (2,065)                            | (12,219)                           | (2,065)                            |
| Unrestricted comprehensive income for the year  |       | 46,963                             | (23,751)                           | 38,080                             | (22,050)                           |
| Attributable to the University  |       | 36,881                             | (25,397)                           | 27,998                             | (23,696)                           |
| Attributable to the non-controlling interest  |       | (547)                              | (73)                               | -                                  | -                                  |
|   |       | <b>36,334</b>                      | <b>(25,470)</b>                    | <b>27,998</b>                      | <b>(23,696)</b>                    |

All items of income and expenditure relate to continuing activities.

The table below does not form part of the financial statements.

|   |              |                 |                |                 |
|---|--------------|-----------------|----------------|-----------------|
| <b>Surplus/(deficit) for the year</b>                                 | <b>5,700</b> | 23,264          | <b>(3,136)</b> | 25,038          |
| Universities Superannuation Scheme provision movement                 | (6,132)      | (44,868)        | (6,130)        | (44,762)        |
| <b>Surplus/(deficit) for the year excluding USS pension provision</b> | <b>(432)</b> | <b>(21,604)</b> | <b>(9,266)</b> | <b>(19,724)</b> |

The accompanying notes form an integral part of the financial statements.

## Consolidated and University statement of changes in reserves

|   | Income and expenditure account |                      |                           |                 | Total excluding non-controlling interest<br>£000 | Non-controlling interest<br>£000 | Total<br>£000   |
|---|--------------------------------|----------------------|---------------------------|-----------------|--|----------------------------------|-----------------|
|   | Endowments                     | Restricted donations | Restricted capital grants | Unrestricted    |  |                                  |                 |
|   | £000                           | £000                 | £000                      | £000            |  |                                  |                 |
| <b>Consolidated</b>   |                                |                      |                           |                 |  |                                  |                 |
| <b>Balance at 1 August 2019</b>                             | <b>7,055</b>                   | <b>8,629</b>         | <b>16,946</b>             | <b>287,902</b>  | <b>320,532</b>                                   | <b>620</b>                       | <b>321,152</b>  |
| Surplus/(deficit) from the income and expenditure statement | 85                             | 334                  | 2,878                     | 20,040          | 23,337   | (73)                             | 23,264          |
| Pension scheme actuarial (losses)                           | -                              | -                    | -                         | (48,734)        | (48,734)   | -                                | (48,734)        |
| Release of restricted funds spent in year                   | -                              | -                    | (4,943)                   | 4,943           | -  | -                                | -               |
| <b>Total comprehensive income for the year</b>              | <b>85</b>                      | <b>334</b>           | <b>(2,065)</b>            | <b>(23,751)</b> | <b>(25,397)</b>                                  | <b>(73)</b>                      | <b>(25,470)</b> |
| <b>Balance at 1 August 2020</b>                             | <b>7,140</b>                   | <b>8,963</b>         | <b>14,881</b>             | <b>264,151</b>  | <b>295,135</b>                                   | <b>547</b>                       | <b>295,682</b>  |
| Surplus/(deficit) from the income and expenditure statement | 811                            | 1,326                | -                         | 3,610           | 5,747  | (47)                             | 5,700           |
| Pension scheme actuarial gains                              | -                              | -                    | -                         | 31,134          | 31,134   | -                                | 31,134          |
| Purchase of non-controlling interest                        | -                              | -                    | -                         | -               | -  | (500)                            | (500)           |
| Release of restricted funds spent in year                   | -                              | -                    | (12,219)                  | 12,219          | -  | -                                | -               |
| <b>Total comprehensive income for the year</b>              | <b>811</b>                     | <b>1,326</b>         | <b>(12,219)</b>           | <b>46,963</b>   | <b>36,881</b>                                    | <b>(547)</b>                     | <b>36,334</b>   |
| <b>Balance at 31 July 2021</b>                              | <b>7,951</b>                   | <b>10,289</b>        | <b>2,662</b>              | <b>311,114</b>  | <b>332,016</b>                                   | <b>-</b>                         | <b>332,016</b>  |

|   | Income and expenditure account |                      |                           |                 | Total excluding non-controlling interest<br>£000 | Non-controlling interest<br>£000 | Total<br>£000   |
|---|--------------------------------|----------------------|---------------------------|-----------------|--|----------------------------------|-----------------|
|   | Endowments                     | Restricted donations | Restricted capital grants | Unrestricted    |  |                                  |                 |
|   | £000                           | £000                 | £000                      | £000            |  |                                  |                 |
| <b>University</b>   |                                |                      |                           |                 |  |                                  |                 |
| <b>Balance at 1 August 2019</b>                             | <b>7,055</b>                   | <b>8,629</b>         | <b>16,946</b>             | <b>252,575</b>  | <b>285,205</b>                                   | <b>-</b>                         | <b>285,205</b>  |
| Surplus from the income and expenditure statement           | 85                             | 334                  | 2,878                     | 21,741          | 25,038   | -                                | 25,038          |
| Pension scheme actuarial (losses)                           | -                              | -                    | -                         | (48,734)        | (48,734)   | -                                | (48,734)        |
| Release of restricted funds spent in year                   | -                              | -                    | (4,943)                   | 4,943           | -  | -                                | -               |
| <b>Total comprehensive income for the year</b>              | <b>85</b>                      | <b>334</b>           | <b>(2,065)</b>            | <b>(22,050)</b> | <b>(23,696)</b>                                  | <b>-</b>                         | <b>(23,696)</b> |
| <b>Balance at 1 August 2020</b>                             | <b>7,140</b>                   | <b>8,963</b>         | <b>14,881</b>             | <b>230,525</b>  | <b>261,509</b>                                   | <b>-</b>                         | <b>261,509</b>  |
| Surplus/(deficit) from the income and expenditure statement | 811                            | 1,326                | -                         | (5,273)         | (3,136)  | -                                | (3,136)         |
| Pension scheme actuarial gains                              | -                              | -                    | -                         | 31,134          | 31,134   | -                                | 31,134          |
| Release of restricted funds spent in year                   | -                              | -                    | (12,219)                  | 12,219          | -  | -                                | -               |
| <b>Total comprehensive income for the year</b>              | <b>811</b>                     | <b>1,326</b>         | <b>(12,219)</b>           | <b>38,080</b>   | <b>27,998</b>                                    | <b>-</b>                         | <b>27,998</b>   |
| <b>Balance at 31 July 2021</b>                              | <b>7,951</b>                   | <b>10,289</b>        | <b>2,662</b>              | <b>268,605</b>  | <b>289,507</b>                                   | <b>-</b>                         | <b>289,507</b>  |

The accompanying notes form an integral part of the financial statements.

## Consolidated and University balance sheets

|  | Notes | Consolidated         |                      | University           |                      |
|--|-------|----------------------|----------------------|----------------------|----------------------|
|  |       | 31 July 2021<br>£000 | 31 July 2020<br>£000 | 31 July 2021<br>£000 | 31 July 2020<br>£000 |
| <b>Assets</b>  |       |                      |                      |                      |                      |
| <b>Non-current assets</b>                                  |       |                      |                      |                      |                      |
| Intangible assets  | 13    | 2,439                | 2,780                | 2,439                | 2,780                |
| Fixed assets   | 14    | 531,237              | 526,737              | 442,689              | 437,839              |
| Heritage assets  | 15    | 3,857                | 1,278                | 3,857                | 1,278                |
| Investments  | 16    | 7,406                | 7,032                | 51,251               | 51,576               |
| Investments in joint ventures                              | 17    | 29,507               | 19,464               | 5,817                | 5,817                |
|  |       | <b>574,446</b>       | 557,291              | <b>506,053</b>       | 499,290              |
| <b>Current assets</b>                                      |       |                      |                      |                      |                      |
| Stock  |       | 537                  | 544                  | 177                  | 56                   |
| Trade and other receivables                                | 18    | 58,640               | 70,788               | 68,111               | 78,237               |
| Cash and cash equivalents                                  | 24    | 191,566              | 164,525              | 176,384              | 150,710              |
|  |       | <b>250,743</b>       | 235,857              | <b>244,672</b>       | 229,003              |
| Less: Creditors: amounts falling due within one year       | 19    | (134,075)            | (108,167)            | (129,126)            | (104,966)            |
| <b>Net current assets</b>                                  |       | <b>116,668</b>       | 127,690              | <b>115,546</b>       | 124,037              |
| <b>Total assets less current liabilities</b>               |       |                      |                      |                      |                      |
| Creditors: amounts falling due after more than one year    | 20    | (234,972)            | (235,879)            | (208,032)            | (208,465)            |
| <b>Provisions</b>  |       |                      |                      |                      |                      |
| Pension provisions   | 21    | (124,126)            | (153,420)            | (124,060)            | (153,353)            |
| <b>Total net assets</b>                                    |       | <b>332,016</b>       | 295,682              | <b>289,507</b>       | 261,509              |
| <b>Reserves</b>  |       |                      |                      |                      |                      |
| <b>Restricted reserves</b>                                 |       |                      |                      |                      |                      |
| Income and expenditure reserve – endowments                | 22    | 7,951                | 7,140                | 7,951                | 7,140                |
| Income and expenditure reserve – restricted donations      | 23    | 10,289               | 8,963                | 10,289               | 8,963                |
| Income and expenditure reserve – restricted capital grants | 23    | 2,662                | 14,881               | 2,662                | 14,881               |
| <b>Unrestricted reserves</b>                               |       |                      |                      |                      |                      |
| Income and expenditure reserve – unrestricted              |       | 311,114              | 264,151              | 268,605              | 230,525              |
|  |       | <b>332,016</b>       | 295,135              | <b>289,507</b>       | 261,509              |
| Non-controlling interest                                   |       | -                    | 547                  | -                    | -                    |
| <b>Total reserves</b>                                      |       | <b>332,016</b>       | 295,682              | <b>289,507</b>       | 261,509              |

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Council on 8 December 2021 and were signed on its behalf by:

Professor Charlie Jeffery, Vice-Chancellor and President

Ms Denise Jagger, Chair of Council

Mr Jeremy Lindley, Director of Finance

# Consolidated cash flow statement

|  | Year ended<br>31 July 2021<br>£000 | Year ended<br>31 July 2020<br>£000 |
|--|------------------------------------|------------------------------------|
| <b>Cash flow from operating activities</b>               |                                    |                                    |
| Surplus for the year                                     | 5,700                              | 23,264                             |
| <b>Adjustment for non-cash items</b>                     |                                    |                                    |
| Depreciation   | 32,334                             | 32,230                             |
| Goodwill amortisation                                    | 341                                | 341                                |
| Gain on investments                                      | (883)                              | (207)                              |
| Decrease in stock  | 7                                  | 46                                 |
| (Increase)/decrease in debtors                           | (3,784)                            | 572                                |
| Increase in creditors                                    | 26,383                             | 5,146                              |
| Increase/(decrease) in pension provisions                | 1,840                              | (38,205)                           |
| Share of operating (surplus) in joint ventures           | (11,375)                           | (1,667)                            |
| Revaluation of heritage assets                           | (2,579)                            | -                                  |
| Amortisation of residences receipt                       | (448)                              | -                                  |
|  | <b>41,836</b>                      | <b>(1,744)</b>                     |
| <b>Adjustment for investing or financing activities</b>  |                                    |                                    |
| Investment income  | (908)                              | (1,610)                            |
| Interest payable   | 8,609                              | 8,651                              |
| Donations and endowments                                 | (3,230)                            | (2,063)                            |
| Profit on sale of fixed assets                           | (34)                               | -                                  |
| Capital grant income                                     | (888)                              | (7,231)                            |
|  | <b>(3,549)</b>                     | <b>(2,253)</b>                     |
| <b>Net cash inflow from operating activities</b>         | <b>51,085</b>                      | <b>19,267</b>                      |
| <b>Cash flows from investing activities</b>              |                                    |                                    |
| Proceeds from sales of fixed assets                      | 34                                 | -                                  |
| Capital grant receipts                                   | 16,812                             | 8,583                              |
| (Disposal)/acquisition of non-current asset investments  | 509                                | (22)                               |
| Receipt from residences transaction                      | -                                  | 22,833                             |
| Receipts from joint ventures                             | 1,332                              | 2,695                              |
| Investment income  | 916                                | 1,627                              |
| Purchase of non-controlling interest                     | (500)                              | -                                  |
| Payments made to acquire fixed assets                    | (37,273)                           | (25,772)                           |
| <b>Total investing activities</b>                        | <b>(18,170)</b>                    | <b>9,944</b>                       |
| <b>Cash flows from financing activities</b>              |                                    |                                    |
| Interest paid  | (8,645)                            | (10,279)                           |
| Endowment cash received                                  | 3,230                              | 2,063                              |
| Repayments of amounts borrowed                           | (459)                              | (338)                              |
| <b>Total financing activities</b>                        | <b>(5,874)</b>                     | <b>(8,554)</b>                     |
| <b>Increase in cash and cash equivalents in the year</b> | <b>27,041</b>                      | <b>20,657</b>                      |
| Cash and cash equivalents at beginning of the year       | 164,525                            | 143,868                            |
| Cash and cash equivalents at end of the year             | 191,566                            | 164,525                            |
| <b>Increase in cash balances</b>                         | <b>27,041</b>                      | <b>20,657</b>                      |

The accompanying notes form an integral part of the financial statements.

# Notes to the accounts

## 1. Tuition fees and education contracts

|                                     | Consolidated               |                            | University                 |                            |
|-------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                     | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|                                     | £000                       | £000                       | £000                       | £000                       |
| Full-time home and EU students      | 125,385                    | 116,021                    | 125,385                    | 116,021                    |
| Full-time international students    | 83,462                     | 60,984                     | 83,462                     | 60,984                     |
| Part-time students                  | 8,334                      | 5,953                      | 8,334                      | 5,953                      |
| Other teaching contract course fees | 910                        | 1,277                      | 910                        | 1,277                      |
| Research training support grant     | 9,262                      | 9,728                      | 9,262                      | 9,728                      |
| Short courses and other fees        | 1,729                      | 2,693                      | 1,729                      | 2,693                      |
|                                     | <b>229,082</b>             | 196,656                    | <b>229,082</b>             | 196,656                    |

## 2. Funding body grants

|                     | Consolidated               |                            | University                 |                            |
|---------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                     | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|                     | £000                       | £000                       | £000                       | £000                       |
| Office for Students | 9,112                      | 9,588                      | 9,112                      | 9,588                      |
| Research England    | 26,254                     | 25,823                     | 26,254                     | 25,903                     |
| Specific grants     | 12,105                     | 13,004                     | 12,105                     | 12,924                     |
|                     | <b>47,471</b>              | 48,415                     | <b>47,471</b>              | 48,415                     |

## 3. Grant and fee income

The source of grant and fee income included in Note 1 and Note 2 above is as follows:

|  | Consolidated               |                            | University                 |                            |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
|  | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|  | £000                       | £000                       | £000                       | £000                       |
| Grant income from the OfS                                | 9,112                      | 9,588                      | 9,112                      | 9,588                      |
| Specific grant income from the OfS                       | 12,105                     | 13,004                     | 12,105                     | 13,004                     |
| <b>Total grant income from the OfS</b>                   | <b>21,217</b>              | 22,592                     | <b>21,217</b>              | 22,592                     |
| Grant income from other bodies                           | 26,254                     | 25,823                     | 26,254                     | 25,823                     |
| Fee income for research awards (exclusive of VAT)        | 18,645                     | 18,748                     | 18,645                     | 18,748                     |
| Fee income for non-qualifying courses (exclusive of VAT) | 1,729                      | 2,693                      | 1,729                      | 2,693                      |
| Fee income for taught awards (exclusive of VAT)          | 208,708                    | 175,215                    | 208,708                    | 175,215                    |
|  | <b>276,553</b>             | 245,071                    | <b>276,553</b>             | 245,071                    |

## 4. Research grants and contracts

|  | Consolidated               |                            | University                 |                            |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
|  | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|  | £000                       | £000                       | £000                       | £000                       |
| UK-based research councils   | 27,424                     | 28,073                     | 27,424                     | 28,073                     |
| UK-based charities   | 11,801                     | 9,656                      | 11,801                     | 9,656                      |
| UK government bodies, local authorities, health and hospital authorities | 17,391                     | 16,764                     | 17,391                     | 16,764                     |
| UK industry and commerce   | 729                        | 716                        | 729                        | 716                        |
| EU government bodies and similar organisations                           | 9,618                      | 9,471                      | 9,618                      | 9,471                      |
| Overseas bodies  | 2,847                      | 3,125                      | 2,847                      | 3,125                      |
|  | <b>69,810</b>              | 67,805                     | <b>69,810</b>              | 67,805                     |

The University has recognised £Nil (2019/20 £2.6m) of capital grants for research equipment and property. In line with the requirements of FRS 102, these have been recognised in the year when the grants have been announced rather than in the year when the capital expenditure is incurred.

## 5. Other income

|   | Consolidated               |                            | University                 |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
|   | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|   | £000                       | £000                       | £000                       | £000                       |
| Residences, catering, conferences and retail activities | 60,734                     | 57,252                     | 49,206                     | 46,059                     |
| Other income  | 2,617                      | 2,681                      | 2,617                      | 2,681                      |
|   | <b>63,351</b>              | <b>59,933</b>              | <b>51,823</b>              | <b>48,740</b>              |

## 6. Investment income

|  | Notes | Consolidated               |                            | University                 |                            |
|--|-------|----------------------------|----------------------------|----------------------------|----------------------------|
|  |       | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|  |       | £000                       | £000                       | £000                       | £000                       |
| Investment income on endowments          | 22    | 123                        | 129                        | 123                        | 129                        |
| Investment income on restricted reserves | 23    | 52                         | 48                         | 52                         | 48                         |
| Other investment income                  |       | 733                        | 1,433                      | 1,959                      | 3,162                      |
|  |       | <b>908</b>                 | <b>1,610</b>               | <b>2,134</b>               | <b>3,339</b>               |

## 7. Donations and endowments

|                             | Notes | Consolidated               |                            | University                 |                            |
|-----------------------------|-------|----------------------------|----------------------------|----------------------------|----------------------------|
|                             |       | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|                             |       | £000                       | £000                       | £000                       | £000                       |
| Donations with restrictions | 23    | 3,114                      | 2,029                      | 3,114                      | 2,029                      |
| Unrestricted donations      |       | 116                        | 34                         | 116                        | 34                         |
|                             |       | <b>3,230</b>               | <b>2,063</b>               | <b>3,230</b>               | <b>2,063</b>               |

## 8. Staff costs

|  | Notes | Consolidated               |                            | University                 |                            |
|--|-------|----------------------------|----------------------------|----------------------------|----------------------------|
|  |       | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|  |       | £000                       | £000                       | £000                       | £000                       |
| Salaries   |       | 191,226                    | 183,736                    | 182,622                    | 174,203                    |
| Social security costs                                    |       | 18,583                     | 17,763                     | 18,020                     | 17,452                     |
| Pension costs  | 31    | 38,949                     | 35,776                     | 38,746                     | 35,711                     |
| Early retirement and severance costs                     |       | 3,498                      | 1,126                      | 3,484                      | 1,116                      |
| Movement in Universities Superannuation Scheme provision | 21    | (6,132)                    | (44,868)                   | (6,130)                    | (44,762)                   |
|  |       | <b>246,124</b>             | <b>193,533</b>             | <b>236,742</b>             | <b>183,720</b>             |

|   | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|---|----------------------------|----------------------------|
|   | £                          | £                          |
| <b>Vice-Chancellor and President, Professor Charlie Jeffery (from 1 September 2019)</b> |                            |                            |
| Salary  | 285,000                    | 261,250                    |
| Voluntary salary reduction  | (28,500)                   | -                          |
| Taxable benefits in kind  | -                          | 37,550                     |
| Non-taxable benefits in kind  | -                          | 8,000                      |
| <b>Total remuneration</b>   | <b>256,500</b>             | <b>306,800</b>             |

Professor Jeffery has not joined the salary sacrifice scheme operated by the University and is not a member of a pension scheme.

Professor Jeffery voluntarily elected to take a 20% pay cut for 6 months from 1 August 2020. The total reduction in the 2020/21 financial year was £28,500.

## Notes to the accounts (continued)

|   | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|---|----------------------------|----------------------------|
|   | £                          | £                          |
| <b>Acting Vice-Chancellor and President, Professor Saul Tendler (from 1 November 2018 until 31 August 2019)</b> |                            |                            |
| Salary before salary sacrifice arrangements   | -                          | 17,012                     |
| Salary sacrificed   | -                          | (1,497)                    |
| <b>Salary after salary sacrifice arrangements</b>   | -                          | 15,515                     |
| Employer's pension contributions  | -                          | 3,317                      |
| Pension contributions made under salary sacrifice arrangements  | -                          | 1,497                      |
| <b>Total pension contributions</b>  | -                          | 4,814                      |
| <b>Total remuneration</b>   | -                          | 20,329                     |

### Remuneration

The Vice-Chancellor's and the Acting Vice-Chancellor's remuneration is determined by the Remuneration Committee. The remuneration package reflects:

- external comparator data including those for the Russell Group
- individual performance against strategic objectives that encompass all aspects of the role
- the level of responsibility and skills required to maintain the reputation of a dynamic institution such as the University of York
- the leadership strengths and qualities required to guide the University through the turbulent and unpredictable future facing the UK higher education sector
- the scale, complexity and success of the institution.

Further details of the remuneration of the Vice-Chancellor, Acting Vice-Chancellor and other staff can be found in the remuneration report on pages 30 to 33.

### Pensions

The Vice-Chancellor, Charlie Jeffery, is not a member of a pension scheme.

### Salary sacrifice arrangements

The Vice-Chancellor, Charlie Jeffery, has no salary sacrifice arrangements.

### Benefits in kind

The Vice-Chancellor, Charlie Jeffery, received no benefits in kind in 2020/21. In 2019/20 he relocated to York and was paid relocation costs of £45,550 which has been taxed in accordance with HMRC regulations.

The Acting Vice-Chancellor, Saul Tendler, had no benefits in kind in 2019/20.

### Pay ratios

The Office for Students requires the University to publish the following ratios regarding the Vice-Chancellor's remuneration.

1. Basic salary ratio: this is the Vice-Chancellor's basic salary as a ratio of the median basic salary of all staff expressed as full-time equivalents.
2. Total remuneration ratio: this is the Vice-Chancellor's total remuneration as a ratio of the median total remuneration of all staff expressed as full-time equivalents.

Professor Jeffery voluntarily elected to take a 20% pay cut for 6 months from 1 August 2020. The total reduction in the 2020/21 financial year was £28,500. The figures in the table below do not incorporate this reduction, in accordance with guidance issued by the Office for Students.

|   | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|---|----------------------------|----------------------------|
| <b>Vice-Chancellor and President, Professor Charlie Jeffery (from 1 September 2019)</b>                         |                            |                            |
| Basic salary ratio  | 9.8                        | 10.9                       |
| Total remuneration ratio  | 9.4                        | 11.3                       |
| <b>Acting Vice-Chancellor and President, Professor Saul Tendler (from 1 November 2018 until 31 August 2019)</b> |                            |                            |
| Basic salary ratio  | -                          | 7.8                        |
| Total remuneration ratio  | -                          | 8.4                        |

### Remuneration of other higher paid staff

The number of staff (FTE), excluding the Vice-Chancellor, who have a full-time-equivalent base salary of £100,000 or greater is given below. Salary used is gross of any voluntary pay reduction taken during the Covid-19 pandemic. The figures exclude bonus payments, allowances, clinical excellence awards and other such payments, employer's pension contributions, employer's national insurance and compensation for loss of office. They include any market supplements that are paid.

- Salary bandings are based on salaries at the end of the financial year.
- Salary bandings exclude any person starting or leaving in the year.

As a leading research-intensive university, the organisation aims to recruit high quality academic and research staff in line with its strategic objectives.

| Bands                | Number of employees     |                   |           |                         |                   |           |
|----------------------|-------------------------|-------------------|-----------|-------------------------|-------------------|-----------|
|                      | Year ended 31 July 2021 |                   |           | Year ended 31 July 2020 |                   |           |
|                      | Academic                | Senior Management | Total     | Academic                | Senior Management | Total     |
| £100,000 to £104,999 | 16                      | 1                 | 17        | 19                      | 5                 | 24        |
| £105,000 to £109,999 | 8                       | -                 | 8         | 10                      | 6                 | 16        |
| £110,000 to £114,999 | 6                       | 4                 | 10        | 8                       | 2                 | 10        |
| £115,000 to £119,999 | 5                       | 1                 | 6         | 3                       | -                 | 3         |
| £120,000 to £124,999 | 5                       | 3                 | 8         | 5                       | 3                 | 8         |
| £125,000 to £129,999 | 3                       | 1                 | 4         | 4                       | 1                 | 5         |
| £130,000 to £134,999 | 2                       | 1                 | 3         | 2                       | 1                 | 3         |
| £135,000 to £139,999 | 4                       | -                 | 4         | 3                       | 1                 | 4         |
| £140,000 to £144,999 | 2                       | 1                 | 3         | 2                       | 2                 | 4         |
| £145,000 to £149,999 | 1                       | 2                 | 3         | -                       | -                 | -         |
| £150,000 to £154,999 | 2                       | -                 | 2         | 2                       | -                 | 2         |
| £155,000 to £159,999 | -                       | 1                 | 1         | -                       | -                 | -         |
| £160,000 to £164,999 | -                       | -                 | -         | -                       | 2                 | 2         |
| £185,000 to £189,999 | -                       | 1                 | 1         | -                       | 1                 | 1         |
| £190,000 to £194,999 | -                       | 1                 | 1         | -                       | 1                 | 1         |
| £285,000 to £289,999 | -                       | 1                 | 1         | -                       | -                 | -         |
| <b>Total</b>         | <b>54</b>               | <b>18</b>         | <b>72</b> | <b>58</b>               | <b>25</b>         | <b>83</b> |

#### Key management personnel

Key management personnel are members of the University Executive Board; these people have the responsibility for planning, organising and directing the activities of the University.

#### Key management personnel compensation

Key management personnel compensation includes salary, employer's national insurance, and benefits in kind for the period where members were part of the University Executive Board.

|                                       | Year ended<br>31 July 2021<br>£000 | Year ended<br>31 July 2020<br>£000 |
|---------------------------------------|------------------------------------|------------------------------------|
| Key management personnel compensation | 2,312                              | 2,291                              |

|   | Year ended<br>31 July 2021<br>Number | Year ended<br>31 July 2020<br>Number |
|---|--------------------------------------|--------------------------------------|
| Members of University Executive Board (FTE) | 13.71                                | 12.61                                |

#### Severance costs

The amount of compensation for loss of office or severance (including amounts payable under the voluntary options scheme) paid across the University Group and the number of people (headcount) to whom this was payable are as follows:

|                         | Year ended<br>31 July 2021<br>£000 | Year ended<br>31 July 2020<br>£000 |
|-------------------------|------------------------------------|------------------------------------|
| University              | 3,484                              | 1,116                              |
| Subsidiary undertakings | 14                                 | 10                                 |
|                         | <b>3,498</b>                       | <b>1,126</b>                       |

|                         | Year ended<br>31 July 2021<br>Number | Year ended<br>31 July 2020<br>Number |
|-------------------------|--------------------------------------|--------------------------------------|
| University              | 200                                  | 98                                   |
| Subsidiary undertakings | 2                                    | 2                                    |
|                         | <b>202</b>                           | <b>100</b>                           |

## Notes to the accounts (continued)

### Average staff numbers (FTE) by major category

|              | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|--------------|----------------------------|----------------------------|
|              | Number                     | Number                     |
| Academic     | 1,914                      | 1,885                      |
| Support      | 2,572                      | 2,601                      |
| <b>Total</b> | <b>4,486</b>               | <b>4,486</b>               |

### 9. Interest and other finance costs

|  | Notes | Consolidated               |                            | University                 |                            |
|--|-------|----------------------------|----------------------------|----------------------------|----------------------------|
|  |       | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|  |       | £000                       | £000                       | £000                       | £000                       |
| Loan interest  |       | 8,609                      | 8,651                      | 7,041                      | 7,029                      |
| Net charge from University of York Pension Fund              |       |                            |                            |                            |                            |
| – benefit interest costs                                     | 21    | 3,461                      | 4,474                      | 3,461                      | 4,474                      |
| – interest income  | 21    | (2,265)                    | (3,728)                    | (2,265)                    | (3,728)                    |
| Net charge from Universities Superannuation Scheme provision | 21    | 471                        | 1,701                      | 470                        | 1,699                      |
|  |       | <b>10,276</b>              | <b>11,098</b>              | <b>8,707</b>               | <b>9,474</b>               |

### 10. Analysis of total expenditure by activity

|  | Notes | Consolidated               |                            | University                 |                            |
|--|-------|----------------------------|----------------------------|----------------------------|----------------------------|
|  |       | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|  |       | £000                       | £000                       | £000                       | £000                       |
| Academic and related expenditure                         |       | 152,866                    | 152,034                    | 152,866                    | 152,034                    |
| Academic Services  |       | 33,863                     | 28,610                     | 33,863                     | 28,610                     |
| Administration and central services                      |       | 64,962                     | 59,762                     | 64,962                     | 59,762                     |
| Premises (including service concession cost)             |       | 29,493                     | 27,090                     | 30,072                     | 28,282                     |
| Residences, catering and conferences                     |       | 36,576                     | 29,644                     | 33,922                     | 27,083                     |
| Research grants and contracts                            |       | 45,695                     | 45,716                     | 45,695                     | 45,716                     |
| Other expenses   |       | 65,359                     | 56,763                     | 54,591                     | 45,121                     |
|  |       | <b>428,814</b>             | <b>399,619</b>             | <b>415,971</b>             | <b>386,608</b>             |
| Movement in Universities Superannuation Scheme provision | 21    | (6,132)                    | (44,868)                   | (6,130)                    | (44,762)                   |
|  |       | <b>422,682</b>             | <b>354,751</b>             | <b>409,841</b>             | <b>341,846</b>             |

|  | Consolidated               |                            |
|--|----------------------------|----------------------------|
|  | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|  | £000                       | £000                       |
| <b>Other operating expenses include:</b>                               |                            |                            |
| External auditor's remuneration in respect of statutory audit services | 160                        | 209                        |
| External auditor's remuneration in respect of non-audit services       | 50                         | 49                         |
| Internal auditor's remuneration in respect of internal audit services  | 151                        | 148                        |
| Operating lease rentals  |                            |                            |
| – Land and buildings   | 825                        | 897                        |
| – Other  | 289                        | 257                        |

## 11. Access and participation expenditure

|                               | Consolidated               |                            | University                 |                            |
|-------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                               | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|                               | £000                       | £000                       | £000                       | £000                       |
| Access investment             | 1,860                      | 1,707                      | 1,860                      | 1,707                      |
| Financial support             | 7,347                      | 6,805                      | 7,347                      | 6,805                      |
| Support for disabled students | 636                        | 630                        | 636                        | 630                        |
| Research and evaluation       | 185                        | 250                        | 185                        | 250                        |
|                               | <b>10,028</b>              | <b>9,392</b>               | <b>10,028</b>              | <b>9,392</b>               |

The amount spent on access and participation includes staff costs amounting to £1,773,000 (2019/20 £1,529,000).

The University of York's Access and Participation Plan 2020/21 to 2024/25 contains information about the nature of the University's investment in access provision and the support available to students. For details, see: [york.ac.uk/schools-and-colleges/plans-policies](http://york.ac.uk/schools-and-colleges/plans-policies)

## 12. Taxation

The University does not have a tax charge in 2020/21 or 2019/20.

## 13. Intangible assets

|                  | Consolidated               |                            | University                 |                            |
|------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                  | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|                  | £000                       | £000                       | £000                       | £000                       |
| At 1 August 2020 | 2,780                      | 3,121                      | 2,780                      | 3,121                      |
| Amortisation     | (341)                      | (341)                      | (341)                      | (341)                      |
| At 31 July 2021  | <b>2,439</b>               | <b>2,780</b>               | <b>2,439</b>               | <b>2,780</b>               |

In 2018/19 the University purchased 50% of Student Accommodation Three LLP from the external joint venture partner. This increased the University's shareholding and Student Accommodation Three LLP is now a 100% subsidiary of the University. The goodwill on acquisition is being amortised over 10 years.

## 14. Fixed assets

|                          | Freehold land<br>and buildings | Leasehold<br>land and<br>buildings | Equipment      | Assets in the<br>course of<br>construction | Total          |
|--------------------------|--------------------------------|------------------------------------|----------------|--|----------------|
|                          | £000                           | £000                               | £000           | £000                                       | £000           |
| <b>Consolidated</b>      |                                |                                    |                |  |                |
| <b>Cost or valuation</b> |                                |                                    |                |  |                |
| At 1 August 2020         | 485,318                        | 125,811                            | 132,890        | 18,564                                     | 762,583        |
| Additions                | 15,996                         | -                                  | 6,908          | 13,930                                     | 36,834         |
| Disposals                | -                              | -                                  | (23)           | -  | (23)           |
| Transfers                | 10,785                         | -                                  | 4,592          | (15,377)                                   | -              |
| <b>At 31 July 2021</b>   | <b>512,099</b>                 | <b>125,811</b>                     | <b>144,367</b> | <b>17,117</b>                              | <b>799,394</b> |
| <b>Depreciation</b>      |                                |                                    |                |  |                |
| At 1 August 2020         | 118,247                        | 21,081                             | 96,518         | -  | 235,846        |
| Disposals                | -                              | -                                  | (23)           | -  | (23)           |
| Charge for the year      | 22,515                         | 3,683                              | 6,136          | -  | 32,334         |
| <b>At 31 July 2021</b>   | <b>140,762</b>                 | <b>24,764</b>                      | <b>102,631</b> | <b>-</b>                                   | <b>268,157</b> |
| <b>Net book value</b>    |                                |                                    |                |  |                |
| <b>At 31 July 2021</b>   | <b>371,337</b>                 | <b>101,047</b>                     | <b>41,736</b>  | <b>17,117</b>                              | <b>531,237</b> |
| At 31 July 2020          | 367,071                        | 104,730                            | 36,372         | 18,564                                     | 526,737        |

## Notes to the accounts (continued)

|                          | Freehold land and buildings<br>£000 | Leasehold land and buildings<br>£000 | Equipment<br>£000 | Assets in the course of construction<br>£000 | Total<br>£000  |
|--------------------------|-------------------------------------|--------------------------------------|-------------------|--|----------------|
| <b>University</b>        |                                     |                                      |                   |  |                |
| <b>Cost or valuation</b> |                                     |                                      |                   |  |                |
| At 1 August 2020         | 403,481                             | 126,476                              | 105,774           | 17,631                                       | 653,362        |
| Additions                | 15,261                              | -                                    | 5,685             | 13,186                                       | 34,132         |
| Transfers                | 10,563                              | -                                    | 5,309             | (15,872)                                     | -              |
| <b>At 31 July 2021</b>   | <b>429,305</b>                      | <b>126,476</b>                       | <b>116,768</b>    | <b>14,945</b>                                | <b>687,494</b> |
| <b>Depreciation</b>      |                                     |                                      |                   |  |                |
| At 1 August 2020         | 111,371                             | 21,736                               | 82,416            | -  | 215,523        |
| Charge for the year      | 18,362                              | 3,682                                | 7,238             | -  | 29,282         |
| <b>At 31 July 2021</b>   | <b>129,733</b>                      | <b>25,418</b>                        | <b>89,654</b>     | <b>-</b>                                     | <b>244,805</b> |
| <b>Net book value</b>    |                                     |                                      |                   |  |                |
| <b>At 31 July 2021</b>   | <b>299,572</b>                      | <b>101,058</b>                       | <b>27,114</b>     | <b>14,945</b>                                | <b>442,689</b> |
| At 31 July 2020          | 292,110                             | 104,740                              | 23,358            | 17,631                                       | 437,839        |

### 15. Heritage assets

|                         | Consolidated               |                            | University                 |                            |
|-------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                         | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|                         | £000                       | £000                       | £000                       | £000                       |
| At 1 August 2020        | 1,278                      | 1,278                      | 1,278                      | 1,278                      |
| Movement in fair values | 2,579                      | -                          | 2,579                      | -                          |
| <b>At 31 July 2021</b>  | <b>3,857</b>               | <b>1,278</b>               | <b>3,857</b>               | <b>1,278</b>               |

Heritage assets comprise works of art and library acquisitions which were revalued at 31 July 2021 on an open market basis using specialist external valuers.

### 16. Investments

|                                 | Subsidiary companies<br>£000 | Other fixed assets<br>£000 | Total<br>£000 |
|---------------------------------|------------------------------|----------------------------|---------------|
| <b>Consolidated</b>             |                              |                            |               |
| At 1 August 2020                | -                            | 7,032                      | 7,032         |
| Movement in fair values         | -                            | 374                        | 374           |
| <b>At 31 July 2021</b>          | <b>-</b>                     | <b>7,406</b>               | <b>7,406</b>  |
| <b>University</b>               |                              |                            |               |
| At 1 August 2020                | 44,546                       | 7,030                      | 51,576        |
| Addition                        | 500                          | -                          | 500           |
| Reduction in investment         | (1,480)                      | -                          | (1,480)       |
| Change in value of subsidiaries | 281                          | 374                        | 655           |
| <b>At 31 July 2021</b>          | <b>43,847</b>                | <b>7,404</b>               | <b>51,251</b> |

Other fixed asset investments are a portfolio of equities and similar investments held by the University. The funds support University endowments.

The subsidiary companies (all of which are registered in England and Wales), wholly-owned or effectively controlled by the University, are as follows:

| Company                                  | Status     | Principal activity  |
|--|------------|---|
| PCMIS Health Technologies Ltd            | 100% owned | Provision of software, training and conferences services to the health sector |
| The Biorenewables Development Centre Ltd | 100% owned | Development of biorefinery technology and letting of accommodation            |
| York Commercial Ltd                      | 100% owned | Provision of vacation conference facilities and retail activities             |
| York Health Economics Consortium Ltd     | 100% owned | Consultancy and research in the health sector                                 |
| York Science Park Ltd                    | 100% owned | Letting of accommodation  |
| York Sports Village LLP                  | 100% owned | Provision of sports facilities  |
| York University Property Company Ltd     | 100% owned | Letting of accommodation and investment activities                            |
| York University Energy Company Ltd       | 100% owned | Supply of utilities   |
| Student Accommodation Three LLP          | 100% owned | Letting of accommodation  |

During 2020/21 the University purchased the remaining share capital of York Science Park Ltd from the minority shareholder for £0.5m. Also in 2020/21 Stodham Investments Limited and York Development Company Limited were dissolved, and the process was started to wind up Amaethon Ltd.

## 17. Investments in joint ventures

|   | 31 July 2021  | 31 July 2020  |
|---|---------------|---------------|
|   | £000          | £000          |
| <b>Consolidated</b>                         |               |               |
| <b>Share of net assets</b>                  |               |               |
| At 1 August 2020                            | 19,464        | 20,492        |
| Distribution of profits from joint ventures | (1,332)       | (2,695)       |
| Share of operating profit                   | 11,375        | 1,667         |
| <b>At 31 July 2021</b>                      | <b>29,507</b> | <b>19,464</b> |

|                        | 31 July 2021 | 31 July 2020 |
|------------------------|--------------|--------------|
|                        | £000         | £000         |
| <b>University</b>      |              |              |
| At 1 August 2020       | 5,817        | 5,817        |
| Movement               | -            | -            |
| <b>At 31 July 2021</b> | <b>5,817</b> | <b>5,817</b> |

The following undertakings are joint ventures at 31 July 2021:

| Undertaking  | Status               | Principal activity                            |
|--|----------------------|---|
| STEM Learning Ltd                                    | 25% owned            | Operation of National Science Learning Centre |
| Student Accommodation Provision LLP                  | 50% owned            | Provision of student accommodation            |
| Student Accommodation Provision Two LLP              | 50% owned            | Provision of student accommodation            |
| N8 Ltd   | 13% owned            | Provision of education and research           |
| Biovale Ltd  | Limited by guarantee | Promotion and development of biorenewables    |
| University of York International Pathway College LLP | 55% owned            | Provision of education                        |

All undertakings are incorporated in the United Kingdom with shares or equivalent held by the University of York or a wholly owned subsidiary of the University. The University of York International Pathway College LLP is not considered to be a subsidiary entity because of the voting and other rights assigned to each partner under the partnership agreement.

## Notes to the accounts (continued)

### 18. Trade and other receivables

|   | Consolidated  |               | University    |               |
|---|---------------|---------------|---------------|---------------|
|   | 31 July 2021  | 31 July 2020  | 31 July 2021  | 31 July 2020  |
|   | £000          | £000          | £000          | £000          |
| <b>Amounts falling due after more than one year</b> |               |               |               |               |
| Prepayments and accrued income                      | 7,119         | 7,127         | 7,119         | 7,127         |
| <b>Amounts falling due within one year</b>          |               |               |               |               |
| Research grants receivables                         | 14,449        | 11,215        | 14,449        | 11,215        |
| Other trade receivables                             | 12,993        | 9,457         | 12,161        | 8,653         |
| Amounts due from subsidiary companies               | -             | -             | 12,349        | 9,443         |
| Prepayments and accrued income                      | 24,079        | 42,989        | 22,033        | 41,799        |
|   | <b>58,640</b> | <b>70,788</b> | <b>68,111</b> | <b>78,237</b> |

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

|  | Consolidated   |                | University     |                |
|--|----------------|----------------|----------------|----------------|
|  | 31 July 2021   | 31 July 2020   | 31 July 2021   | 31 July 2020   |
|  | £000           | £000           | £000           | £000           |
| Unsecured loans                            | 460            | 460            | (15)           | (15)           |
| Trade payables                             | 20,039         | 12,572         | 18,675         | 11,462         |
| Social security and other taxation payable | 5,793          | 5,639          | 5,990          | 5,685          |
| Accruals and deferred income               | 107,783        | 89,496         | 104,190        | 85,764         |
| Amounts due to subsidiary companies        | -              | -              | 286            | 2,070          |
|  | <b>134,075</b> | <b>108,167</b> | <b>129,126</b> | <b>104,966</b> |

The negative value for unsecured loans represents the amortisation of the costs incurred with the 2007 Loan Notes. Included within accruals and deferred income are the following items which have been deferred until specific performance-related conditions have been met.

|                                     | Consolidated  |               | University    |               |
|-------------------------------------|---------------|---------------|---------------|---------------|
|                                     | 31 July 2021  | 31 July 2020  | 31 July 2021  | 31 July 2020  |
|                                     | £000          | £000          | £000          | £000          |
| <b>Deferred income</b>              |               |               |               |               |
| Research grants received on account | 53,484        | 47,931        | 53,484        | 47,931        |
| Specific grant income               | 16,707        | 14,538        | 16,707        | 14,538        |
|                                     | <b>70,191</b> | <b>62,469</b> | <b>70,191</b> | <b>62,469</b> |

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

|                                    | Consolidated   |                | University     |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 31 July 2021   | 31 July 2020   | 31 July 2021   | 31 July 2020   |
|                                    | £000           | £000           | £000           | £000           |
| Other long-term creditors          | 22,385         | 22,833         | 22,385         | 22,833         |
| Loans                              | 212,587        | 213,046        | 185,647        | 185,632        |
|                                    | <b>234,972</b> | <b>235,879</b> | <b>208,032</b> | <b>208,465</b> |
| <b>Analysis of loans</b>           |                |                |                |                |
| Due within one year                | 460            | 460            | (15)           | (15)           |
| Due between one and two years      | 460            | 460            | (15)           | (15)           |
| Due between two and five years     | 1,778          | 1,551          | (46)           | (46)           |
| Due in five years or more          | 210,349        | 211,035        | 185,708        | 185,693        |
| Total due after more than one year | <b>212,587</b> | <b>213,046</b> | <b>185,647</b> | <b>185,632</b> |
| <b>Total loans</b>                 | <b>213,047</b> | <b>213,506</b> | <b>185,632</b> | <b>185,617</b> |

The negative value for loans represents the amortisation of the costs incurred with the 2007 Loan Notes. In 2019/20 the University entered into an agreement to procure new student accommodation. This has been done under a design, build and operate arrangement. As a result, the University has received £23m and is due to receive a further £6m on completion of the construction. The amount received (£23m) is being amortised over the life of the arrangement.

Details of the loans are set out below:

|   | Interest             | Period<br>Years | Expected<br>end date | 31 July 2021<br>£000 |
|---|----------------------|-----------------|----------------------|----------------------|
| <b>University</b>                           |                      |                 |                      |                      |
| Loan notes – 2007                           | Fixed at 5.14%–5.16% | 40              | February 2047        | <b>66,000</b>        |
| Loan notes – 2018                           | Fixed at 3.00%       | 30              | January 2049         | <b>120,000</b>       |
| Capitalisation of costs of 2007 loan notes  | -                    | 40              | February 2047        | <b>(368)</b>         |
| <b>University total</b>                     |                      |                 |                      | <b>185,632</b>       |
| Aviva SAP 3 loan                            | Fixed at 5.79%       | 36              | September 2049       | <b>27,698</b>        |
| Capitalisation of costs of Aviva SAP 3 loan | -                    | 36              | September 2049       | <b>(283)</b>         |
| <b>Consolidated total</b>                   |                      |                 |                      | <b>213,047</b>       |

## 21. Provisions for liabilities

|  | Universities<br>Superannuation<br>Scheme<br>£000 | University<br>of York<br>Pension Fund<br>£000 | Total pensions<br>provisions<br>£000 |
|--|--|---|--------------------------------------|
| <b>Consolidated</b>                    |  |   |                                      |
| At 1 August 2020                       | 64,507   | 88,913  | <b>153,420</b>                       |
| Change in provision                    | (6,132)  | -   | <b>(6,132)</b>                       |
| Interest                               | 471  | 1,196   | <b>1,667</b>                         |
| Contributions or benefits payable      | -  | (4,062)                                       | <b>(4,062)</b>                       |
| Current service cost                   | -  | 9,749   | <b>9,749</b>                         |
| Past service cost                      | -  | 175   | <b>175</b>                           |
| Other finance charges                  | -  | 443   | <b>443</b>                           |
| Movement in defined benefit obligation | -  | (31,134)                                      | <b>(31,134)</b>                      |
| <b>At 31 July 2021</b>                 | <b>58,846</b>                                    | <b>65,280</b>                                 | <b>124,126</b>                       |

|  | Universities<br>Superannuation<br>Scheme<br>£000 | University<br>of York<br>Pension Fund<br>£000 | Total pensions<br>provisions<br>£000 |
|--|--|---|--------------------------------------|
| <b>University</b>                      |  |   |                                      |
| At 1 August 2020                       | 64,440   | 88,913  | <b>153,353</b>                       |
| Change in provision                    | (6,130)  | -   | <b>(6,130)</b>                       |
| Interest                               | 470  | 1,196   | <b>1,666</b>                         |
| Contributions or benefits payable      | -  | (4,062)                                       | <b>(4,062)</b>                       |
| Current service cost                   | -  | 9,749   | <b>9,749</b>                         |
| Past service cost                      | -  | 175   | <b>175</b>                           |
| Other finance charges                  | -  | 443   | <b>443</b>                           |
| Movement in defined benefit obligation | -  | (31,134)                                      | <b>(31,134)</b>                      |
| <b>At 31 July 2021</b>                 | <b>58,780</b>                                    | <b>65,280</b>                                 | <b>124,060</b>                       |

Details of the pension schemes and their provisions can be found in Note 31.

## Notes to the accounts (continued)

### Universities Superannuation Scheme

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual agreement with the pension scheme for total payments relating to benefits arising from past performance. Management have considered the future salary payments for future and current employees in assessing the fair value of the Universities Superannuation Scheme provision. The provision has been estimated using a sector-wide modeller provided by the British Universities Finance Directors Group which uses discount rates and employer contributions to calculate the provision.

### University of York Pension Fund

The University of York Pension Fund (UoYPF) is a defined benefit scheme and the provision has been assessed by independent actuaries. Further details are set out in Note 31.

## 22. Endowment reserves

|  | Restricted permanent endowments<br>£000 | Unrestricted permanent endowments<br>£000 | 2021 Total<br>£000 | 2020 Total<br>£000 |
|--|---|---|--------------------|--------------------|
| <b>Consolidated and University</b>                       |   |   |                    |                    |
| <b>Balances at 1 August 2020</b>                         |   |   |                    |                    |
| Capital  | 5,441                                   | 1,015                                     | 6,456              | 6,260              |
| Accumulated income                                       | 684                                     | -   | 684                | 795                |
|  | 6,125                                   | 1,015                                     | 7,140              | 7,055              |
| New endowments   | 82                                      | -   | 82                 | -                  |
| Investment income  | 105                                     | 18  | 123                | 129                |
| Expenditure  | (124)                                   | (18)                                      | (142)              | (216)              |
| Increase in market value of investments                  | 748                                     | -   | 748                | 172                |
| <b>Total endowment comprehensive income for the year</b> | 811                                     | -   | 811                | 85                 |
| <b>At 31 July 2021</b>                                   | <b>6,936</b>                            | <b>1,015</b>                              | <b>7,951</b>       | <b>7,140</b>       |
| <b>Represented by</b>                                    |   |   |                    |                    |
| Capital  | 6,271                                   | 1,015                                     | 7,286              | 6,456              |
| Accumulated income                                       | 665                                     | -   | 665                | 684                |
|  | 6,936                                   | 1,015                                     | 7,951              | 7,140              |

|                                    | Restricted permanent endowments<br>£000 | Unrestricted permanent endowments<br>£000 | 31 July 2021<br>£000 | 31 July 2020<br>£000 |
|------------------------------------|---|---|----------------------|----------------------|
| <b>Analysis by type of purpose</b> |   |   |                      |                      |
| Scholarships and bursaries         | 5,364                                   | -   | 5,364                | 4,695                |
| Research support                   | 208                                     | -   | 208                  | 192                  |
| Prize funds                        | 1,160                                   | -   | 1,160                | 1,054                |
| General                            | 204                                     | 1,015                                     | 1,219                | 1,199                |
|                                    | 6,936                                   | 1,015                                     | 7,951                | 7,140                |

|                               | 31 July 2021<br>£000 | 31 July 2020<br>£000 |
|-------------------------------|----------------------|----------------------|
| <b>Analysis by asset</b>      |                      |                      |
| Non-current asset investments | 7,338                | 6,457                |
| Cash and cash equivalents     | 613                  | 683                  |
|                               | 7,951                | 7,140                |

## 23. Restricted reserves

|   | Restricted<br>donations<br>£000 | Unspent<br>capital grants<br>£000 | 2021<br>Total<br>£000 | 2020<br>Total<br>£000 |
|---|---------------------------------|-----------------------------------|-----------------------|-----------------------|
| <b>Consolidated and University</b>                        |                                 |                                   |                       |                       |
| <b>Balances at 1 August 2020</b>                          | 8,963                           | 14,881                            | <b>23,844</b>         | 25,575                |
| New grants  | -                               | -                                 | -                     | 2,878                 |
| New donations   | 3,114                           | -                                 | <b>3,114</b>          | 2,029                 |
| Investment income   | 52                              | -                                 | <b>52</b>             | 48                    |
| Expenditure   | (1,840)                         | -                                 | <b>(1,840)</b>        | (1,743)               |
| Capital grants utilised                                   | -                               | (12,219)                          | <b>(12,219)</b>       | (4,943)               |
| <b>Total restricted comprehensive income for the year</b> | 1,326                           | (12,219)                          | <b>(10,893)</b>       | (1,731)               |
| <b>At 31 July 2021</b>                                    | <b>10,289</b>                   | <b>2,662</b>                      | <b>12,951</b>         | 23,844                |

|  | 31 July 2021<br>£000 | 31 July 2020<br>£000 |
|--|----------------------|----------------------|
| <b>Analysis of restricted donations by type of purpose</b> |                      |                      |
| Lectureships   | 82                   | 57                   |
| Scholarships and bursaries                                 | 6,015                | 4,709                |
| Research support   | 3,596                | 3,687                |
| Prize funds  | 151                  | 178                  |
| General  | 445                  | 332                  |
|  | <b>10,289</b>        | 8,963                |

## 24. Cash and cash equivalents

|                        | Consolidated         |                      |
|------------------------|----------------------|----------------------|
|                        | 31 July 2021<br>£000 | 31 July 2020<br>£000 |
| At 1 August 2020       | 164,525              | 143,868              |
| Movement               | 27,041               | 20,657               |
| <b>At 31 July 2021</b> | <b>191,566</b>       | 164,525              |

## 25. Reconciliation of net debt

|                                       | Consolidated         |                      |
|---------------------------------------|----------------------|----------------------|
|                                       | 31 July 2021<br>£000 | 31 July 2020<br>£000 |
| Net (debt) at 1 August 2020           | (48,981)             | (69,976)             |
| Movement in cash and cash equivalents | 27,041               | 20,657               |
| Loans repaid                          | 459                  | 338                  |
| Change in net debt                    | 27,500               | 20,995               |
| <b>Net (debt) at 31 July 2021</b>     | <b>(21,481)</b>      | (48,981)             |

|   | Consolidated         |                      |
|---|----------------------|----------------------|
|   | 31 July 2021<br>£000 | 31 July 2020<br>£000 |
| <b>Analysis of net debt</b>                             |                      |                      |
| Cash and cash equivalents                               | 191,566              | 164,525              |
| Creditors: amounts falling due within one year          | (460)                | (460)                |
| Creditors: amounts falling due after more than one year | (212,587)            | (213,046)            |
| <b>Net (debt) at 31 July 2021</b>                       | <b>(21,481)</b>      | (48,981)             |

## Notes to the accounts (continued)

### 26. Financial instruments

|   | Consolidated     |                  | University       |                  |
|---|------------------|------------------|------------------|------------------|
|   | 31 July 2021     | 31 July 2020     | 31 July 2021     | 31 July 2020     |
|   | £000             | £000             | £000             | £000             |
| <b>Financial assets</b>                 |                  |                  |                  |                  |
| Other Investments at fair value         | 7,406            | 7,032            | 7,404            | 7,030            |
| Joint venture investments at fair value | 29,507           | 19,464           | -                | -                |
| Investments at cost                     | -                | -                | 5,817            | 5,817            |
| Trade and other receivables at cost     | 27,442           | 9,457            | 26,610           | 8,653            |
| Cash and cash equivalents at cost       | 191,566          | 164,525          | 176,384          | 150,710          |
|   | <b>255,921</b>   | <b>200,478</b>   | <b>216,215</b>   | <b>172,210</b>   |
| <b>Financial liabilities</b>            |                  |                  |                  |                  |
| Trade payables at cost                  | (20,039)         | (12,572)         | (18,675)         | (11,462)         |
| Loans at cost                           | (213,047)        | (213,506)        | (185,632)        | (185,617)        |
|   | <b>(233,086)</b> | <b>(226,078)</b> | <b>(204,307)</b> | <b>(197,079)</b> |

### 27. Capital and other commitments

|  | Consolidated  |               | University    |               |
|--|---------------|---------------|---------------|---------------|
|  | 31 July 2021  | 31 July 2020  | 31 July 2021  | 31 July 2020  |
|  | £000          | £000          | £000          | £000          |
| Provision has not been made for the following capital commitments: |               |               |               |               |
| Commitments contracted for   | 21,870        | 13,189        | 13,140        | 10,874        |
| Authorised but not contracted for                                  | 19,425        | 36,940        | 19,280        | 29,175        |
|  | <b>41,295</b> | <b>50,129</b> | <b>32,420</b> | <b>40,049</b> |

### 28. Contingent assets and liabilities

There were no contingent liabilities as at 31 July 2021.

The University has given written undertakings to support the subsidiary companies listed in Note 16 for 12 months from the date of approval of these financial statements.

### 29. Lease obligations

|   | Land and buildings | Plant and machinery | 2021 Total    | 2020 Total    |
|---|--------------------|---------------------|---------------|---------------|
|   | £000               | £000                | £000          | £000          |
| <b>Total rentals payable under operating leases</b> |                    |                     |               |               |
| Payable during the year                             | 846                | 289                 | 1,135         | 1,154         |
| <b>Future minimum lease payments due</b>            |                    |                     |               |               |
| Not later than one year                             | 846                | 289                 | 1,135         | 1,154         |
| Later than one year and not later than five years   | 2,819              | 285                 | 3,104         | 3,260         |
| Later than five years                               | 67,557             | -                   | 67,557        | 72,977        |
| <b>Total lease payments due</b>                     | <b>71,222</b>      | <b>574</b>          | <b>71,796</b> | <b>77,391</b> |

The minimum lease payments due on one of the University's leases are uncertain and depend upon levels of student recruitment in 10–15 years' time.

### 30. Events after the reporting period

#### Universities Superannuation Scheme

After the year end, the Universities Superannuation Scheme 2020 valuation was signed and filed with The Pensions Regulator with an effective date of 1 October 2021. The 2020 Valuation introduced debt monitoring arrangements for each employer and a dual rate schedule of contributions:

- leg 1 includes a small increase in contribution rates from the 2018 Valuation and a longer deficit recovery period, as a result of the decision to proceed with benefit change by the Joint Negotiating Committee (JNC), subject to member consultation
- leg 2 includes more significant increases in contribution rates from the 2018 Valuation and a shorter deficit recovery period, and only becomes applicable if the JNC recommended Deed on Benefit Changes has not been executed by 28 February 2022.

If the agreement had been completed before 31 July 2021, the year end provision (£59m Note 21) would increase to £162m as a result of leg 1.

Leg 2 is contingent on the benefit changes being effected by JNC. If these changes do not come into force, the year end provision (£59m Note 21) would increase to £265m.

### 31. Pension schemes

The University operates two defined benefit pension schemes, the University of York Pension Fund (UoYPF) and the Universities Superannuation Scheme (USS). In addition, the University operates a defined contribution scheme (The People's Pension) and contributes to the NHS pension scheme for some members of the Hull York Medical School.

|   | Consolidated   |              | University     |              |
|---|----------------|--------------|----------------|--------------|
|   | 31 July 2021   | 31 July 2020 | 31 July 2021   | 31 July 2020 |
|   | £000           | £000         | £000           | £000         |
| <b>Total pension cost for the University and its subsidiaries</b> |                |              |                |              |
| Universities Superannuation Scheme contributions                  | <b>28,332</b>  | 27,406       | <b>28,276</b>  | 27,354       |
| University of York Pension Fund service cost                      | <b>9,924</b>   | 7,824        | <b>9,924</b>   | 7,824        |
| NHS Pension Scheme contributions                                  | <b>134</b>     | 140          | <b>134</b>     | 140          |
| The People's Pension contributions                                | <b>559</b>     | 406          | <b>412</b>     | 393          |
|   | <b>38,949</b>  | 35,776       | <b>38,746</b>  | 35,711       |
| Universities Superannuation Scheme change in provision            | <b>(6,132)</b> | (44,868)     | <b>(6,130)</b> | (44,762)     |
|   | <b>32,817</b>  | (9,092)      | <b>32,616</b>  | (9,051)      |

### Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme. 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 profit and loss account 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) and therefore an expense is recognised.

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. The USS pension provision included in these accounts is based on the 31 March 2018 valuation. In September 2021 the valuation as at 31 March 2020 was finalised, which led to small increases in contribution rates for employees and employers from 1 October 2021. Further increases in contribution rates will be implemented together with changes to scheme benefits if the national Joint Negotiating Committee, which is responsible for changes to USS benefits and contributions, executes the Deed of Benefit Change by 28 February 2022.

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

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

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

**Pension increases (CPI)** Term-dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% per annum

**Discount rate (forward rates)** Years 1–10: CPI + 0.14% reducing linearly to CPI – 0.73%  
Years 11–20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21  
Years 21+: CPI + 1.55%

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

**Mortality base table** Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females  
Post-retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.

**Future improvements to mortality** CMI 2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% per annum for males and 1.6% per annum for females.

## Notes to the accounts (continued)

|  | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|--|----------------------------|----------------------------|
| <b>Current life expectancy on retirement at age 65</b> |                            |                            |
| Males currently aged 65                                | <b>24.6 years</b>          | 24.4 years                 |
| Females currently aged 65                              | <b>26.1 years</b>          | 25.9 years                 |
| Males currently aged 45                                | <b>26.6 years</b>          | 26.3 years                 |
| Females currently aged 45                              | <b>27.9 years</b>          | 27.7 years                 |

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%, until 31 March 2028. The 2021 deficit recovery liability reflects this plan.

In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit, using the assumptions below.

|                                | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|--------------------------------|----------------------------|----------------------------|
| <b>Significant assumptions</b> |                            |                            |
| Discount rate                  | <b>0.89%</b>               | 0.73%                      |
| Pensionable salary growth      | <b>2.46%</b>               | 2.73%                      |

Sensitivity analysis is provided below, based on possible changes of the assumptions occurring at 31 July 2021.

The sensitivities have been derived in the same manner as the defined benefit obligation as at 31 July 2021. The sensitivities are calculated by changing each assumption with all other things held constant.

A decrease in discount rate by 0.5% per annum from 0.89% to 0.39% leads to an increase in the provision of £1.2m at 31 July 2021.

An increase in the combined growth in future payroll costs for inflation, pay rises or additional staff by 0.5% per annum leads to an increase in the provision of £1.2m at 31 July 2021.

It is acknowledged that presuming all other assumptions remain constant has inherent limitations, given that it is more likely to be a combination of changes, but highlights the value of each individual risk and is therefore a suitable basis for providing this analysis.

### University of York Pension Fund

|  | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|--|----------------------------|----------------------------|
|  | £000                       | £000                       |
| <b>Analysis of the amount shown in the balance sheet</b>                                   |                            |                            |
| Scheme assets  | <b>213,887</b>             | 175,242                    |
| Scheme liabilities   | <b>(279,167)</b>           | (264,155)                  |
| <b>Deficit in the scheme – net pension liability recorded within pension provisions</b>    | <b>(65,280)</b>            | (88,913)                   |
| <b>Analysis of the amount shown in the statement of comprehensive income</b>               |                            |                            |
| Current service cost   | <b>9,749</b>               | 7,824                      |
| Past service cost  | <b>175</b>                 | -                          |
| Administration expenses  | <b>443</b>                 | 363                        |
| <b>Total operating charge</b>  | <b>10,367</b>              | 8,187                      |
| <b>Analysis of the amount charged to interest payable/credited to other finance income</b> |                            |                            |
| Interest cost  | <b>3,461</b>               | 4,474                      |
| Interest income  | <b>(2,265)</b>             | (3,728)                    |
| <b>Net charge to other finance income</b>  | <b>1,196</b>               | 746                        |
| <b>Total income and expenditure charge</b>   | <b>11,563</b>              | 8,933                      |
| <b>Analysis of other comprehensive income/(expenditure)</b>                                |                            |                            |
| Actual return of assets less interest  | <b>38,399</b>              | (13,797)                   |
| Actuarial (losses)/gains on defined benefit obligation                                     | <b>(7,265)</b>             | (34,937)                   |
| <b>Total other comprehensive income/(expenditure)</b>                                      | <b>31,134</b>              | (48,734)                   |

|   | Year ended<br>31 July 2021<br>£000 | Year ended<br>31 July 2020<br>£000 |
|---|------------------------------------|------------------------------------|
| <b>Cumulative actuarial loss recognised as other comprehensive income</b> |                                    |                                    |
| Cumulative actuarial (losses) recognised at the start of the year         | (66,644)                           | (17,910)                           |
| Cumulative actuarial (losses) recognised at the end of the year           | (35,510)                           | (66,644)                           |
| <b>Analysis of movement in (deficit)</b>                                  |                                    |                                    |
| (Deficit) at beginning of year  | (88,913)                           | (35,217)                           |
| Contributions or benefits paid by the University                          | 4,062                              | 3,971                              |
| Current service cost  | (9,749)                            | (7,824)                            |
| Past service cost   | (175)                              | -                                  |
| Other finance charge  | (443)                              | (363)                              |
| Net interest income/cost  | (1,196)                            | (746)                              |
| Gain/(loss) recognised in other comprehensive income                      | 31,134                             | (48,734)                           |
| <b>(Deficit) at end of year</b>   | <b>(65,280)</b>                    | <b>(88,913)</b>                    |
| <b>Analysis of movement in the present value of liabilities</b>           |                                    |                                    |
| Present value of liabilities at the start of the year                     | (264,155)                          | (222,697)                          |
| Current service cost (net of member contributions)                        | (9,749)                            | (7,824)                            |
| Past service cost   | (175)                              | -                                  |
| Interest cost   | (3,461)                            | (4,474)                            |
| Actual member contributions (including notional contributions)            | (229)                              | (227)                              |
| Actuarial (gain)  | (7,265)                            | (34,937)                           |
| Insurance premiums for risk benefits                                      | 100                                | 72                                 |
| Actual benefit payments   | 5,767                              | 5,932                              |
| <b>Present value of liabilities at the end of the year</b>                | <b>(279,167)</b>                   | <b>(264,155)</b>                   |
| <b>Analysis of movement in the fair value of scheme assets</b>            |                                    |                                    |
| Fair value of assets at the start of the year                             | 175,242                            | 187,480                            |
| Interest income   | 2,265                              | 3,728                              |
| Actual gain/(loss) on assets  | 38,399                             | (13,797)                           |
| Actual contributions paid by the University                               | 4,062                              | 3,971                              |
| Actual member contributions (including notional contributions)            | 229                                | 227                                |
| Administration expenses   | (443)                              | (363)                              |
| Insurance premiums for risk benefits                                      | (100)                              | (72)                               |
| Actual benefit payments   | (5,767)                            | (5,932)                            |
| <b>Fair value of scheme assets at the end of the year</b>                 | <b>213,887</b>                     | <b>175,242</b>                     |
| <b>Fair values of the assets of the fund</b>                              |                                    |                                    |
| Equities  | 153,795                            | 116,994                            |
| Bonds   | 19,685                             | 19,494                             |
| Infrastructure  | 7,345                              | 5,691                              |
| Property and ground rents   | 29,914                             | 28,888                             |
| Cash  | 3,148                              | 4,175                              |
| <b>Total</b>  | <b>213,887</b>                     | <b>175,242</b>                     |
| <b>Return on assets</b>   |                                    |                                    |
| Interest income   | 2,265                              | 3,728                              |
| Return on assets less interest income                                     | 38,399                             | (13,797)                           |
| <b>Total</b>  | <b>40,664</b>                      | <b>(10,069)</b>                    |

## Notes to the accounts (continued)

|   | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|---|----------------------------|----------------------------|
| <b>History of experience gains and losses</b>                         |                            |                            |
| <b>Difference between actual and expected return on scheme assets</b> |                            |                            |
| Amount (£000)   | <b>38,399</b>              | (13,797)                   |
| % of assets at end of year  | <b>18.0%</b>               | -7.9%                      |
| <b>Experience gains/losses on scheme liabilities</b>                  | <b>7,216</b>               | -                          |

|  | Year ended<br>31 July 2021  | Year ended<br>31 July 2020  |
|--|---|---|
| <b>Significant actuarial assumptions</b>               |   |   |
| Discount rate  | <b>1.50%</b>  | 1.30%   |
| Rate of salary increases                               | <b>3.70%</b>  | 4.00%   |
| Rate of price inflation (CPI)                          | <b>2.80%</b>  | 2.25%   |
| Rate of pension increases                              | <b>2.80%</b>  | 2.25%   |
| Post-retirement mortality assumption                   | S3NMA/S3NFA base table with a +1 year age rating, CMI 2020 projection model with a long-term improvement rate of 1.25% p.a. | S2NMA/S2NFA base table with a +1 year age rating, CMI 2019 projection model with a long-term improvement rate of 1.25% p.a. |
| <b>Assumed life expectancy on retirement at age 65</b> |   |   |
| Male aged 65   | <b>21.3 years</b>   | 20.9 years  |
| At age 65 a male aged 45                               | <b>22.6 years</b>   | 22.3 years  |
| Female aged 65   | <b>23.7 years</b>   | 23.0 years  |
| At age 65 a female aged 45                             | <b>25.1 years</b>   | 24.5 years  |

The University has updated its approach to setting the RPI inflation assumption in light of the RPI reform proposals published on 4 September 2019 by the UK Chancellor and UK Statistics Authority. However, as the proposed change to the RPI has been known for some time, it is reasonable to assume that it has been priced into the market implied rate of RPI inflation, at least to the extent it is believed it will happen. The University has therefore continued to set the RPI inflation assumption in line with the market break-even expectations less an inflation risk premium. The inflation risk premium has been maintained at 0.25% per annum at 31 July 2020 and 31 July 2021. For the CPI inflation assumption, the University has reduced the assumed difference between the RPI and CPI inflation assumptions by 0.15% per annum, from 0.65% per annum to 0.50% per annum, to reflect the expected future differences between RPI and CPI inflation.

The following sensitivity analysis has been calculated for changes to the assumptions underlying the pension provision:

- If the discount rate assumption is decreased by 0.5% per annum then the pension provision at 31 July 2021 increases by £28.7m.
- If the salary increase assumption is 0.5% per annum higher, then the pension provision increases by £5.5m.
- If inflation is 0.5% per annum higher (which impacts on the salary increases, deferred revaluation and pension increase assumptions), then the pension provision increases by £26.1m.

It is acknowledged that presuming all other assumptions remain constant has inherent limitations, given that it is more likely to be a combination of changes, but highlights the value of each individual risk and is therefore a suitable basis for providing this analysis.

### NHS Pensions

The University participates in the NHS Pension Scheme. Details of the benefits payable and rules of the scheme can be found on the NHS Pensions website at [nhsbsa.nhs.uk/pensions](https://nhsbsa.nhs.uk/pensions).

The scheme is an unfunded defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. The scheme is not designed to be run in a way that would enable NHS and other bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly.

### The People's Pension

The University of York has a defined contribution scheme as its main auto-enrolment pension scheme for its staff. The investment of scheme contributions is managed by The People's Pension. The contributions payable by the University during the year ended 31 July 2021 were at a rate of 2% of pensionable salary.

## 32. Trading with joint ventures and subsidiaries

The University has taken advantage of the exemption with FRS 102 and has not disclosed transactions with other group entities where the University holds 100% of the voting rights. The following organisations are either joint ventures or subsidiaries in which the University does not have 100% of the voting rights:

### University of York International Pathway College LLP

The University of York International Pathway College LLP is a joint venture between the University of York and Kaplan Financial Ltd which offers undergraduate and postgraduate courses to international students.

### Student Accommodation Provision LLP and Student Accommodation Provision Two LLP

Student Accommodation Provision LLP and Student Accommodation Provision Two LLP are joint ventures of the University and are responsible for providing accommodation to students in Goodricke and Langwith Colleges.

### Biovale Ltd

Biovale Ltd is a joint venture of the University. The University has staff members on Biovale's Board of Directors.

### STEM Learning Ltd

STEM Learning Ltd operates the National Science Learning Centre as a joint venture between the University of York, University of Leeds, University of Sheffield and Sheffield Hallam University.

### N8 Ltd

The N8 research partnership is a collaboration between the Universities of Durham, Lancaster, Leeds, Liverpool, Manchester, Newcastle, Sheffield and York. The University of York has a 13% share of the company.

Transactions during the year and balances at 31 July 2021 with these organisations and the University are summarised below:

|  | Income to the University | Expenditure incurred by the University | Balance due to the University | Balance due from the University |
|--|--------------------------|--|-------------------------------|---------------------------------|
|  | £000                     | £000                                   | £000                          | £000                            |
| University of York International Pathway College LLP | 2,696                    | -                                      | -                             | 1,135                           |
| Student Accommodation Provision LLP                  | 437                      | 3,847                                  | 11                            | -                               |
| Student Accommodation Provision Two LLP              | 757                      | 4,759                                  | 26                            | -                               |
| Biovale Ltd  | -                        | 3                                      | -                             | -                               |
| STEM Learning Ltd                                    | 295                      | 98                                     | 34                            | 8                               |
| N8 Ltd   | 38                       | 60                                     | -                             | -                               |

## 33. Related parties

### Council members

The University Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

### Graduate Students' Association

The Graduate Students' Association represents and supports postgraduate students. The association has close links to the University and the University contributes significant sums towards the Graduate Students' Association's running costs. One member of Council is the Graduate Students' Association President.

### Halifax Estates

The University leases the land of Campus East from Halifax Estates. One member of the Council is related to the 3rd Earl of Halifax who has an interest in Halifax Estates.

### Institute of Physics

The Institute of Physics is the professional body and learned society for physics in the United Kingdom. Its subsidiary, Institute of Physics Publishing, produces a wide range of journals, a website and magazines for the scientific community. One member of the University Executive Board is a trustee of the Institute of Physics. One member of the University Executive Board and one member of Council are non-executive directors of Institute of Physics Publishing.

### Maastricht University

Maastricht University is a public research university located in Maastricht, Netherlands. The University of York and Maastricht University are in a partnership. One member of the University Executive Board and Council is a director of this partnership. One member of the University Executive Board and Council is a Board Member of the partnership. One member of the Council is a board member of the partnership.

## Notes to the accounts (continued)

### Make it York

Make it York is the destination marketing organisation for the city of York. The University works with Make it York to develop shared marketing and communications in relation to economic development, city stakeholder engagement and other profile-raising activities. One member of the University Executive Board is a director of Make it York.

### PWC UK

PWC provides audit, assurance, taxation, advisory, corporate finance and legal services to its clients. The University Council has appointed PWC as the University internal auditor to the University. One member of the Council is an independent non-executive director of PWC UK.

### Royal Academy of Engineering

The Royal Academy of Engineering is the UK's national academy for engineering. It brings together the most successful and talented engineers from across the engineering sectors to advance and promote excellence in engineering. One member of Council is a trustee of the Royal Academy of Engineering.

### Russell Group

The Russell Group is an association of 24 public research universities in the United Kingdom with a shared focus on research and a reputation for academic achievement. One member of the University Executive Board and Council is a director of the Russell Group.

### University of York in America

The University of York in America is a non-profit organisation. With the help of alumni and friends, it supports the increase of educational opportunity and quality of education and research at the University of York and other institutions. One member of the University Executive Board and Council is the president of the University of York in America.

### Worldwide Universities Network

The Worldwide Universities Network is a higher education and research network that provides support to establish collaborative research. The University of York is one of 23 members. One member of the University Executive Board and Council is a director of the Worldwide Universities Network.

### York St John University

York St John is a public university located in York. One member of Council is related to a senior employee of that University.

### York University Students' Union

York University Students' Union represents and supports undergraduate students. York University Students' Union has close links to the University, and the University contributes significant sums towards York University Students' Union's running costs. One member of Council is the York University Students' Union President.

The transactions between the University and the above organisations are summarised below:

|                                 | Income<br>£000 | Expenditure<br>£000 | Balance due to<br>the University<br>£000 | Balance due from<br>the University<br>£000 |
|---------------------------------|----------------|---------------------|--|--|
| Graduate Students' Association  | 5              | 73                  | -  | 25   |
| Halifax Estates                 | -              | 598                 | -  | 127  |
| Institute of Physics            | 50             | 85                  | -  | -  |
| Maastricht University           | 3              | -                   | -  | -  |
| Make it York                    | -              | 4                   | -  | -  |
| PWC UK                          | -              | 228                 | -  | 5  |
| Royal Academy of Engineering    | 35             | 9                   | -  | -  |
| Russell Group                   | -              | 80                  | -  | -  |
| University of York in America   | 112            | -                   | -  | -  |
| Worldwide Universities Network  | 10             | -                   | -  | -  |
| York St John University         | 23             | 6                   | 10                                       | -  |
| York University Students' Union | 103            | 2089                | 41                                       | 36   |

No expenses were paid in 2020/21. In 2019/20 ten Council members received a total of £6,724. This represents travel and subsistence expenses incurred in attending Council and meetings in their official capacity.

No fees or other forms of remuneration are paid to lay members of Council.

### 34. US Department of Education Financial Responsibility Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the University of York is required, by the US Department of Education, to present the following Supplemental Schedule.

The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

|  | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|--|----------------------------|----------------------------|
|  | £000                       | £000                       |
| <b>Primary Reserve ratio</b>   |                            |                            |
| <b>Expendable net assets</b>   |                            |                            |
| Net assets without donor restrictions<br>[Balance sheet total (£332,016) less Net assets with donor restrictions (below)]  | <b>312,129</b>             | 265,713                    |
| Net assets with donor restrictions<br>[Note 22 line 17 (£6,936) plus Note 23 line 20 (£12,951)]  | <b>19,887</b>              | 29,969                     |
| Property, plant and equipment – pre-implementation<br>[Note 14 line 11, Freehold land and buildings (£367,071) and Leasehold land and buildings (£104,730) and Equipment (£36,372)]  | <b>(508,173)</b>           | (527,671)                  |
| Property, plant and equipment – post-implementation<br>[Note 14 Freehold land and buildings line 2 (£15,996) plus Freehold land and buildings line 4 (£10,785) plus Equipment line 2 (£6,908) plus Equipment line 3 (-£23) plus Equipment line 4 (£4,592) less Equipment line 7 (£23) less Total line 8 (£32,334)] | <b>(5,947)</b>             | 19,498                     |
| Construction in progress<br>[Note 14 line 10 (£17,117)]  | <b>(17,117)</b>            | (18,564)                   |
| Goodwill, intangible assets<br>[Balance sheet line 1 Intangible assets]  | <b>(2,439)</b>             | (2,780)                    |
| Post-employment and pension liabilities<br>[Balance sheet line 15 Pension provisions]  | <b>124,126</b>             | 153,420                    |
| Note payable and Line of credit for long-term purposes (both current and long-term) and Line of credit for Construction in progress pre-implementation<br>[Note 19 line 1 (£460) plus Note 20 line 2 (£212,587)]   | <b>213,047</b>             | 213,506                    |
| Note payable and Line of credit for long-term purposes (both current and long-term) and Line of credit for Construction in progress post-implementation<br>[Note 20 line 1 (£22,385)]  | <b>22,385</b>              | 22,833                     |
| Perpetual funds with donor restrictions<br>[Note 22 line 9 (£6,936)]   | <b>(6,936)</b>             | (6,125)                    |
| <b>Total expendable net assets</b>   | <b>150,962</b>             | <b>149,799</b>             |

## Notes to the accounts (continued)

|   | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|---|----------------------------|----------------------------|
|   | £000                       | £000                       |
| <b>Primary Reserve ratio</b>  |                            |                            |
| <b>Total expenses and losses</b>  |                            |                            |
| Total operating expenses without donor restrictions<br>[Note 10 line 9 (£422,682) less Note 9 line 5 (£10,276) less Note 22 line 6 (£124) less Note 23 line 5 (£1,840) less Note 23 line 6 (£12,219)]   | <b>398,223</b>             | 336,771                    |
| Non-operating investment return appropriated for spending, Investments, net of annual spending gain, Other components of net periodic pension costs, Pension-related changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss)<br>[SOCi* line 5 (£908), less Note 22 line 5 (£105), less Note 23 line 4 (£52), plus SOCi* line 16 (£34) plus SOCi* line 17 (£2,579) plus SOCi* line 18 (£883) plus SOCi* line 19 (-£341) plus SOCi* line 20 (£11,375) plus SOCi* line 24 (£31,134) plus SOCi* line 25 (-£500), less Note 22 line 7 (£748), less Note 9 line 5 (£10,276)] | <b>34,891</b>              | (57,018)                   |
| Investment return appropriated for spending and Investments, net of annual spending, gain/(loss)<br>[SOCi* line 5 (£908) plus line 16 (£34) plus line 17 (£2,579) plus line 18 (£883) less Note 22 line 5 (£105) less Note 22 line 7 (£748) less Note 23 line 4 (£52)]  | <b>(3,499)</b>             | (1,488)                    |
| Pension-related changes other than periodic pension<br>[SOCi* line 24 (£31,134)]  | <b>(31,134)</b>            | 48,734                     |
| <b>Total expenses and losses</b>  | <b>398,481</b>             | <b>326,999</b>             |

\*SOCi – Statement of comprehensive income

|   | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|---|----------------------------|----------------------------|
|   | £000                       | £000                       |
| <b>Equity ratio</b>   |                            |                            |
| <b>Modified net assets</b>  |                            |                            |
| Net assets without donor restrictions. Balance sheet  | <b>312,129</b>             | 265,713                    |
| Net assets with donor restrictions<br>[Note 22 line 17 (£6,936) plus Note 23 line 20 (£12,951)]                     | <b>19,887</b>              | 29,969                     |
| Goodwill, intangible assets<br>[Balance sheet line 1 Intangible assets]   | <b>(2,439)</b>             | (2,780)                    |
| <b>Total modified net assets</b>  | <b>329,577</b>             | <b>292,902</b>             |
| <b>Modified assets</b>  |                            |                            |
| Total assets<br>[Balance sheet line 6 Fixed assets (£574,446) plus Balance sheet line 10 Current assets (£250,743)] | <b>825,189</b>             | 793,148                    |
| Goodwill, intangible assets<br>[Balance sheet line 1 Intangible assets]   | <b>(2,439)</b>             | (2,780)                    |
| <b>Total modified assets</b>  | <b>822,750</b>             | <b>790,368</b>             |

|  | Year ended<br>31 July 2021 | Year ended<br>31 July 2020 |
|--|----------------------------|----------------------------|
| <b>Net Income ratio</b>  | <b>£000</b>                | <b>£000</b>                |
| Change in Net assets without donor restrictions<br>[SOCl* line 33 (£36,334) less total of: (Note 22 line 5 (£105) plus Note 23 line 4 (£52) plus Note 22 line 7 (£748)<br>plus Note 22 line 4 (£82) plus Note 23 line 4 (£3,114) less Note 23 line 5 (£1,840) plus Note 23 line 6 (£12,219) plus<br>Note 22 line 6 (£124)] | <b>46,416</b>              | (23,824)                   |
| Total operating revenues<br>[SOCl* line 7 Total income (£413,852) less SOCl* Investment income line 5 (£908), less Note 22 line 3 (£3,114) less<br>Note 22 line 4 (£82)]   | <b>409,748</b>             | 369,965                    |

\*SOCl – Statement of comprehensive income



## WITH THANKS

Thank you to the entire community  
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