



OFFICIAL UNIVERSITY PARTNER

# Annual Report and Statement of Accounts 2019

1 AUGUST 2018 TO 31 JULY 2019

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# Welcome

*from the Chair of the University Council*

**It is a great pleasure and a great honour to join the University of Hull as Chair of the Council. As a Hull graduate, I was inspired and developed by the experience of a challenging and innovative education in a warm and unique city, and I feel hugely privileged to be able to contribute to offering this opportunity to new generations of students.**

I am proud to introduce this review of the University’s many achievements over the last year. I join at a time when the higher education sector is facing numerous challenges and uncertainties, but I know that the University’s developing confident vision and ambitious programme of transformation will see it well placed to further its position as one of the country’s leaders in higher education.

Through my role with the University Council, I hope to be able to share my experiences of leading significant change in major, diverse organisations. I am excited to be working with my fellow members of Council and the University Leadership Team as we help shape the University’s future.

**George Garlick OBE**  
*Chair of Council*



## Introduction

*by the Vice-Chancellor*

**Amid the hectic activity at the start of a new academic year and the unpredictability of present times, this Annual Report provides a welcome opportunity to reflect on the University's many highlights from the last year.**

It was a pleasure to honour four of our highly successful alumnae in December 2018 at a University event celebrating women in leadership. With a long way still to go to achieve gender equality in the workplace, the event sought to inspire the next generation of women leaders, with Dame Jenni Murray DBE, Ayesha Hazarika MBE, The Rt Hon Lady Justice Eleanor King DBE and Indhu Rubasingham MBE participating in a panel discussion about their experience of leadership in their diverse careers, the challenges they have faced and their advice to young women entering the workplace today. Later in the year, to mark International Women's Day in March 2019, we were also delighted to welcome alumna Marcella Goligher, Governor of HMP Humber, back to the campus to deliver an Inspired in Hull lecture illustrating the leadership qualities required in the most challenging careers.

2018/19 saw the University enter innovative strategic relationships with Team GB and the Royal Philharmonic Orchestra, with both partnerships already providing exciting new opportunities for our students and staff. We also continued to strengthen existing partnerships and were pleased to support the renaming of Hull and East Yorkshire Hospitals NHS Trust as the Hull University Teaching Hospitals NHS Trust in March 2019. This change demonstrates our shared ambitions and the commitment of the Trust and the University to training a high-quality healthcare workforce for our region and undertaking the influential research which makes a real difference to the lives of patients.

In July 2019, the Wilberforce Institute was announced by the Prime Minister as one of the partners in a new Policy and Evidence Centre on Modern Slavery and Human Rights; the first of its kind in the world. The multidisciplinary research centre is working collaboratively with policy-makers, businesses and charities to build research-based legal and policy responses towards eliminating modern slavery.

We were delighted to welcome George Garlick OBE as the new Chair of the University Council in September 2019, and will also be welcoming five new lay members to the Council this year. George brings more than 25 years' experience of leading public sector organisations and a proven track record of delivering large-scale transformation. I look forward to working with George and the Council to steer the University's strategy over the coming year. I'd also like to take this opportunity on behalf of the University to offer sincere thanks to Dr Keith Hopkins for the exceptional leadership he has provided as interim Chair of Council between May 2018 and September 2019.

As thoughts turn to the 2019/20 academic year and beyond, the scale of change and uncertainty facing the higher education sector is undeniable, with Brexit, the Review of Post-18 Education and Funding, the highly competitive student recruitment market and unresolved questions around pensions among the most significant risks at the time of writing. These challenges are not new, however, and we have continued to work hard to adapt to the shifting landscape over the last year.

We have streamlined our faculty organisational structures, providing clearer and more effective delegation of accountabilities and responsibilities, removing duplication of effort and supporting more efficient processes. We have developed an Academic Careers Framework to enable us to work as one academic community with greater clarity of expectations and parity of esteem. We are transforming our programmes to ensure we continue to offer a world-class experience, high quality outcomes and excellent employment opportunities for our students. Furthermore, recognising that the continuing volatility within the sector demanded greater pace and scale of change, we have brought together existing and new work streams in a substantial strategic transformation programme through which we will enhance our competitive performance and assure a financially sustainable position from which the University can continue to flourish.

The challenges facing wider society are no less demanding, of course, and it is these challenges—the persistent inequalities within our society, the urgency of the threat from climate change, for example—that provide the motivation for the University's new vision, developed during 2018/19 through extensive engagement with our staff, students and stakeholders. Together with the vision, our new set of values and behaviours define a clear, proud identity and the framework for us to work together as one University to deliver the intellectual leadership, excellent education and impactful research that transforms lives and shapes a fairer, brighter and carbon-neutral future.

**Professor Susan Lea**  
*Vice-Chancellor*

# Our people do extraordinary things

**They change the world.  
They give others a voice.  
They overcome adversity.**

## **Dr Katharine Hubbard** outstanding impact on students

Dr Katharine Hubbard, Lecturer in Biological Sciences, has been awarded a National Teaching Fellowship in recognition of her student-centred approach to teaching and the support she provides her students as they enter a laboratory for the first time.

The National Teaching Fellowship (NTF) scheme celebrates and recognises individuals who have made an outstanding impact on student outcomes and the teaching profession in higher education. The awards are the highest honour the Higher Education Academy bestows, recognising significant input at departmental, institutional and national level.

The University of Hull is filled with people who are transforming lives, inspiring the next generation, and helping to make the world a better place.

We give them all the support, knowledge and opportunities they need to flourish in whatever they choose to do, and wherever in the world that takes them.



## **Lizi Perry and Rachael Abbey** taking the theatre world by storm

The Roaring Girls are a Hull-based theatre company making an impact on a national stage by creating work that is fierce, feminist, and fun. Set up by Drama and Theatre MA graduates Lizi Perry and Rachael Abbey in 2014, the company uses autobiographical narratives to create their work, tackling subjects that are often taboo, personal or difficult to discuss and presenting them in an engaging way that audiences can relate to.

Lizi and Rachael took their latest production Beach Body Ready to the Edinburgh Fringe for a month-long run with rave reviews and represent the continuing success of our drama graduates and the lively artistic community that they have come to create.

## **Professor Miriam Johnson** improving cancer care

A new study by Professor Johnson has major implications for thousands of cancer sufferers. It demonstrates that one in three people with advanced cancer admitted to hospices already have a blood clot in the legs, but these do not appear to be associated with serious symptoms or survival. This means that standard treatment with injections to prevent clots is unlikely to be needed, saving patients the distress of unnecessary treatment at this important time of their lives. Professor Johnson's research aims to drive improvements in healthcare practice.

## **Dr Magnus Johnson** championing environmental change

Taking advantage of the improved environmental conditions of the Humber in recent years, marine scientist Dr Magnus Johnson is collaborating with Dr James Wood of Yorkshire Wildlife Trust to help reintroduce thousands of native oysters to the Humber estuary for the first time in more than 60 years. Reef-building oysters perform a valuable function by filtering water, improving water quality and providing habitat for other marine species within the estuary.

## **Asa Green** fast tracking technology

Engineering student Asa won the automotive technology category of the Telegraph STEM Awards after impressing motoring bosses with his innovative idea of using bamboo parts to build high-performance sports cars. Asa has also secured a coveted placement at McLaren.

## **Jacqueline Gomes-Neves** promoting BAME rights

A unique placement year working in Westminster is creating fantastic opportunities for politics students at the University. As the first female youth mayor of Lambeth and just returning to Hull from her year-long placement, Jacqueline is even more passionate about promoting equality for BAME communities than she was before she set off. With ambitions to be an MP and improve social mobility, whilst in London Jacqueline threw herself into the role and took on the challenge of establishing a network for BAME women as well as the ParliREACH Intersectionality Forum, which is Parliament's first ever forum and network for promoting BAME equalities along with other intersections. In addition, Jacqueline is already established as a commentator of note having featured in Forbes, GQ and BBC News.

## **Adam Tunnicliffe** helping to shape the future of Microsoft

Computer Science student Adam is helping shape the future of Microsoft by working at the cutting edge of mixed reality technology for the global technology giant. He joined the Accelerator programme which uses the Microsoft HoloLens to develop and test new manufacturing processes for major brands like Audi, Centrica and AB InBev.

Such was the success of the project, Adam secured a job with Microsoft partner VISR, which is based on the University campus. He says: "It's really exciting to be right at the forefront. Hull gave me an opportunity that no-one else in the world has had."

# We are shaping a fairer, brighter and carbon-neutral future

The University's current Strategic Plan covers the period until 2020, but we have already begun work to lay the foundations for the next plan. To guide us through the challenges of a highly competitive and changing landscape, staff and students have developed a renewed, ambitious and distinctive vision for the University. Informed by the needs of our partners, it gives us a shared sense of direction and a clear purpose in which we can all be proud to play a part.

## Our vision

Motivated by society's challenges and inspired by the power of our global community, we are shaping a fairer, brighter and carbon-neutral future.

Our role in creating a fairer, brighter and carbon-neutral future informs our research priorities, our programmes and the way we operate as a socially responsible and sustainable organisation, from our commitment to inclusive and accessible education to our determination to develop an energy efficient estate.



## Values

Our core values define the nature and spirit of our University community. They reflect our vision, underpin the way we make key decisions and help us to deliver successful outcomes with pride and confidence.

**We are inclusive**

**We are empowering**

**We are progressive**



## Behaviours

Our behaviours define our organisational culture and encourage us to strive for excellence at an individual, team and institutional level.

- **Respect others**
- **Work collaboratively**
- **Communicate clearly**
- **Build trust**
- **Be proactive and purposeful**

The new vision, values and behaviours were agreed in April 2019 and form the starting point for our next Strategic Plan and five-year academic strategy.





# Raising aspirations and opening up educational opportunities

**Last year we welcomed nearly 16,000 students from more than 100 different countries and a variety of backgrounds and academic achievements. This diversity, and making everyone feel included, is part of who we are.**

The Universal Declaration of Human Rights stated in 1948 that higher education shall be equally accessible to all on the basis of merit, but barriers to this fundamental right persist. From our foundation in 1927 to serve the educational needs of our region, the University has been a champion of widening access to higher education, and we continue to seek ways to raise aspirations, remove barriers and give every individual the chance to achieve their potential in an inclusive and supportive learning environment.



**Diversity, and  
making everyone feel  
included, is part of  
who we are.”**

## Supporting forced migrants

As a recognised University of Sanctuary, we continue to collaborate with local organisations to make the city and our campus a welcoming and inclusive environment and offer support for refugees and asylum seekers to access and succeed in higher education. Our second cohort of Sanctuary Scholars joined the University in September 2019, each receiving a full tuition fee waiver, an annual £2,000 study grant and tailored personal support.

## Access and Participation

The University invests more than £3 million annually in studentships, scholarships and bursaries for undergraduate students, particularly those from low income backgrounds, and in 2018/19 allocated a further £3 million to support access and progression. The University performs strongly against national and regionally-adjusted benchmarks across a range of widening participation and access performance indicators, such as the proportion of our intake from areas of low participation in higher education. We continue to set challenging targets for continued improvement in our Access and Participation Plan approved by the Office for Students

We consider each application on its individual merits, looking not only at predicted or attained qualifications but also other experiences, skills and attributes. Above all, we are looking for students who can demonstrate the potential and motivation to succeed at the University of Hull. For the 2019 recruitment cycle, we introduced a new strategy to support participation from under-represented groups, making greater use of contextual data on an applicant's educational and socio-economic background to inform our admissions decisions and offers.

## Leading outreach

The University is the lead institution for the National Collaborative Outreach Programme for the Humber region. Working with eight partner institutions, we are leading outreach activity to improve higher education progression in those geographical areas where participation rates are lower than might be expected based on prior attainment. More broadly, in collaboration with our networks of schools, academies, partner colleges and other universities, we engage pupils from Year 5 through to Year 13 in activities designed to raise aspirations and awareness of higher education and graduate careers.

## Gateway to Medicine

Welcoming its first students in September 2019, Hull York Medical School's new Medicine with a Gateway Year is a widening participation initiative which aims to support those students who are keen to pursue a career in medicine but may not yet meet the entry requirements for the School's five-year MBBS Medicine programme.

The initial gateway year of the six-year programme focuses on facilitating students' transition from school or college to university, ensuring that they have the required level of scientific knowledge and study skills, as well as learning about professionalism and the NHS. Students are based in the new Allam Medical Building, at the heart of the University's Health Campus, where they study alongside other healthcare professionals in training, including nursing, physician associate and midwifery students.

Students undertake clinical placements in a GP and hospital setting, coming into contact with real patients from the very start of the programme and enabling them to develop the communication skills, confidence and empathetic approach to delivering care for which Hull York Medical School graduates are known. On successful completion of the gateway year students automatically progress to the School's five-year MBBS programme.

## Online learning

The University and Cambridge Education Group have collaborated to create and deliver new postgraduate taught programmes to a global student audience through online learning.

Launched in 2018 and available from the 2019/20 academic year, the initial portfolio comprises part-time Masters programmes in Logistics and Supply Chain Management, Creative Writing, Engineering Management and Dementia Studies, designed by Hull academics who are experts in their field. The programmes offer students flexibility on how and when they study, with 24/7 support available from specialist tutors.



# Delivering innovative solutions to tackle flood risk

Across the UK, 5.2 million homes and other properties (more than one sixth of the total) are at risk of flooding. The Humber region is the second most flood-prone area in the UK, with 205,000 properties, 32,500 businesses and 115,000 hectares of land at risk of tidal, fluvial or surface water flooding. Already a significant problem regionally, nationally and internationally, the global flood risk is set to double by 2050 as a result of climate change. The Environment Agency estimates that the UK alone will need to invest £1 billion annually in flood and coastal defences if global temperatures continue to rise in line with current trends.

Building on our strengths in flood research, geosciences, climate change, logistics, computer science and engineering, the University is leading the way in finding a long-term response to these challenges. Our new £3.4 million Flood Resilience Innovation Centre is helping Humber-based businesses to develop innovative solutions to mitigate flood risk, improve the response to flood events and increase resilience where complete flood prevention is impossible.

By significantly reducing the Humber's long-term flood risk, the University aims to mitigate against potential barriers to reinvestment, giving businesses the confidence to increase their financial investments and expand supply chains in the region. Their success will promote the Humber region as a safe and geographically advantageous location for business growth and attract future inward investment.



Across the UK, **5.2 million** homes and other properties are at risk of flooding.

Establishment of the Centre in May 2019 followed a successful bid for £1.9 million from the European Regional Development Fund (ERDF), one of a series of ERDF-funded projects at the University aimed at developing an 'innovation ecosystem' among businesses in the Humber region. Focusing initially on the Humber and other parts of England with European 'transition' area status, the Centre aims to broaden its scope in the future to support businesses nationally and internationally.

To help raise public awareness of flood risk, researchers in our Energy and Environment Institute have worked with Top Trumps to create a new version of the popular game. Launched in April 2019, the Top Trumps rivers edition was designed as an educational tool for schools, other organisations and the public. The cards contain a range of statistics on the world's great rivers, including how many people living near each river could be affected by a large flood. The new edition has already received very positive feedback when it was shared with children in the Mekong Delta in Vietnam, a region at significant risk of flooding and one of the areas of focus for the Institute's research.



# Leading the way on low-carbon ambitions

Recent reports by the world's foremost climate scientists say that if we do not take dramatic action within the next decade, we face irreversible damage to the natural world and our communities. Taking a leading role in shaping a carbon-neutral future is integral to the University's new vision, and we are working collectively with partners across our region and beyond to seek solutions to the challenges posed by climate change globally.



## Accelerating Clean Growth in the Humber

The Humber region is at the forefront of the clean-energy revolution. Firmly established as the UK's Energy Estuary, the Humber supplies a significant proportion of the country's energy, increasingly from renewable sources, and has ambitions to become the first industrial region to reduce its net carbon emissions to zero by 2040. It is also home to a major cluster of energy-intensive industries, including two of the UK's six oil refineries and one of the UK's largest concentrations of food manufacturing and cold storage.

The University has been closely involved in the development of the Humber Local Industrial Strategy, which places clean growth at its heart. The strategy aims to accelerate the region's transition to a net zero-carbon economy, providing leadership in decarbonisation and clean energy generation and supporting the long-term sustainability of its energy-intensive industries.

These ambitions received a boost in April 2019 after a consortium of Humber businesses, led by the University, received seed-corn funding from the UK Research and Innovation Strength in Places Fund, a multi-million pound regional economic regeneration funding programme. As part of this consortium, we are working towards establishing the Humber as the most energy resilient region of the UK, looking beyond just the production of clean energy to the development of a flexible and resilient ecosystem in which energy can be stored and mobilised intelligently to match production with demand. A programme of connected projects will utilise the entire Humber region as a living laboratory to test new and emerging technologies.

## Universities of the North unite behind the Northern Powerhouse

July 2019 saw senior leaders of all 28 universities in the north of England come together for the first time to agree a plan of action to drive forward the Northern Powerhouse agenda. Organised by the University of Hull, the unprecedented summit was convened in direct response to the call by the Northern Powerhouse Minister Jake Berry to create a network of Northern Powerhouse universities leading the country in science, research and innovation. The conference was also attended by representatives from the Department for Business, Energy and Industrial Strategy, Northern Powerhouse Partnership, Humber Local Enterprise Partnership, Connected Places Catapult and N8 Research Partnership.

Working towards the collective goal of shaping a dynamic, sustainable and clean-energy economy for the north, key topics explored during the conference included the economics of low-carbon cities, the role of partnerships in growing a sustainable and circular economy, the creation of an energy innovation cluster in the north and the development of the Humber as a low-carbon model for the UK.



## Shaping the future of offshore wind

Clean energy produced by offshore wind will be key in meeting the UK's ambitious targets for achieving net zero-carbon emissions by 2050. Offshore wind currently provides more than 10% of the UK's electricity and is growing at an unprecedented rate. The joint Government-industry Offshore Wind Sector Deal published in March 2019 predicts that by 2030 the industry will provide a third of British electricity and have tripled its workforce. Achieving such rapid growth in a sustainable manner brings significant challenges. Aura, a coalition between the University of Hull, Siemens Gamesa Renewable Energy, Ørsted, CATCH, the National Oceanography Centre, Humber Local Enterprise Partnership and the universities of Durham and Sheffield, combines cutting-edge research with industrial experience to support the offshore wind sector in addressing these challenges.

## Global leader in clean energy

In the Offshore Wind Sector Deal, Aura was hailed as an example of how a region can harness its industry, local enterprises, innovation providers and skills agencies to bring together the public and private sector to promote regeneration and grow capability. Aura's partners are collaborating on significant projects to sustain the UK as a global leader in clean energy, including the development of green hydrogen power and the creation of the Aura Innovation Centre to help businesses generate clean growth. Recently opened at the Bridgehead Business Park in Hessle, the Centre will work with businesses at each stage of their innovation process, from ideas generation to accessing funding support to implementation. The University has also partnered with Marketing Humber to launch The Waterline, an ambitious campaign aimed at promoting new economic models that demonstrate how decarbonisation can deliver both environmental sustainability and economic growth.



**Meet Tilly**, our giant sea turtle. This attention-grabbing sculpture was made from around 15,000 pieces of plastic waste collected from two local festivals and from recycling bins on campus over the space of only five weeks.

## Sustainable approach to plastics

Following on from our successful #myplasticpledge campaign launched in 2018, scientists at the University are developing and testing a range of new biodegradable biopolymers as part of a £1.1 million project investigating plastics in the economy and environment. The project is one of eight awarded funding in December 2018 through the first round of the Government's Plastics Research Innovation Fund, a £20 million fund supporting the UK move towards a sustainable approach to plastics.

The project is led by the University's Plastics Collaboratory, one of the largest interdisciplinary plastics research groups in the UK which brings together expertise across politics, chemistry, geography, logistics, environmental sciences, psychology, systems thinking, law, economics and engineering. The team of more than 25 academics is working with a wide range of organisations, including supermarkets, local government and recycling companies, to investigate how alternatives to plastics and new ways of recovering and recycling plastics can be adopted. Public attitudes and the potential social and environmental impacts of the new materials are also being investigated.



## Offshore wind scholarships

In February 2019, the Aura Centre for Doctoral Training was awarded funding of £5.5 million from the Engineering and Physical Sciences Research Council and Natural Environment Research Council to provide scholarships in offshore wind energy and the low-carbon economy. The scholarships will support more than 70 postgraduate research students across engineering, energy and the environment to drive innovation in the offshore wind sector, focused in particular on the Humber region. Our Energy and Environment Institute has also launched a new MSc programme in renewable energy, with scholarships funded by donors and alumni available to support students looking to develop research, analytical and professional skills relevant to a range of renewable energy technologies.



## #playyourpart

As part of Business Week 2019, the University asked guests to make a personal commitment to play their part in responding to the climate crisis. Whether it was pledging to switch to 100% renewable energy in homes or businesses, increasing conference calls to reduce air travel, switching from single-use plastic or reducing the amount of red meat eaten, each person was asked to make a personal pledge to reduce their own impact on the environment.

Business Week 2019



# Making a difference to the health of our region and beyond

**Thanks to advances in science and healthcare, people in the UK are living for longer than ever before and the age profile of our population is changing. As total life expectancy has outpaced growth in healthy life expectancy, however, more people are living longer with multiple conditions, such as cancer, heart disease and dementia, and the significant impact this has on their quality of life and that of their families and carers. Moreover, ill health disproportionately affects deprived sectors of the community, with areas of greatest income deprivation more likely to see conditions such as serious mental illness, obesity, diabetes and learning disabilities, and less likely to be able to access the best treatment and care.**

## Working to transform lives

The University is building on its long-established strength in health research to tackle these challenges and more. In spring 2019 we celebrated the launch of the interdisciplinary Institute of Clinical and Applied Health Research, a centre of excellence bringing together expertise from the Faculty of Health Sciences and Hull York Medical School to help shape an integrated response to the physical, mental and social needs of our region.

Working closely with NHS Trusts and other partners, patients, families and carers, the Institute seeks to address the factors that influence disease, such as poverty, obesity, smoking, alcohol and physical inactivity, as well as tackling health issues from the very start of life, helping women to enjoy healthy pregnancies, through to managing chronic illnesses and providing the best possible end-of-life care. Our focus is on transforming the lives of patients and their families by improving their health and wellbeing and reducing inequalities in care, especially those driven by socio-economic status.

## Specialist in perinatal health

Researchers in the Institute have worked in collaboration with Humber Teaching NHS Foundation Trust, Hull University Teaching Hospitals NHS Trust and patient representatives to develop an evidence-informed pathway of care to help women with tokophobia, which is a debilitating and overwhelming fear of giving birth. Hull and the East Riding is one of the first areas outside London to provide this dedicated support. Our perinatal mental health research featured in the UK's best breakthroughs list published by Universities UK in December 2018 as part of its national MadeAtUni campaign to bring to life the impact of universities on people, lives and communities.

## Early awareness on lung health

A series of short films that tell personal survivor stories as well as instructional films featuring radio presenters, comedian Lucy Beaumont and boxer Tommy Coyle were released in July 2019 to coincide with the first community event in the University's 'Check Your Lungs' campaign. The campaign is part of the PEOPLE Hull research programme (led by the Hull York Medical School and funded by Yorkshire Cancer Research) which is investigating lung health and attitudes to visiting the doctor. Over 2019, the campaign will be visiting locations throughout the region to help raise awareness of early signs of lung health problems.

## Reducing stigma of breathlessness

Breathlessness is a common symptom of cardiorespiratory diseases such as chronic obstructive pulmonary disease (COPD), cancer and heart failure. Globally, cardiorespiratory diseases cause approximately 21 million deaths per year, and the prevalence of many of these diseases is higher in Hull than for the UK as a whole. Drawing on ongoing research that demonstrates patients with breathlessness feel poorly understood, stigmatised and less able to participate in life, we have worked with patients in Hull to co-create a multimedia exhibition, 'Bringing Breathlessness into View'. The exhibition, which will be touring community venues, GP surgeries, health centres and support groups across the region over the coming year, aims to show what living with breathlessness is like and help clinicians provide patients with clear methods to better manage their symptoms.



## Training the next generation of healthcare professionals

As a major provider of medical, health and social care education, the University also makes a significant difference to the health of our region through our graduates, skilled professionals who improve outcomes for their patients on a daily basis. 2019 saw our largest ever cohort, with more than 250 nurses and other allied health students, such as midwives, operating department practitioners and associate practitioners, graduating in July, and over 70% going on to work for local health services and hospitals. More than 150 medical students graduated from Hull York Medical School, bringing the total number of doctors trained since the School was founded to more than 1,600.

Following its successful bid to the Department of Health to expand its undergraduate numbers, from 2019 Hull York Medical School will be training an additional 90 doctors per year. Responding to the specific request of local healthcare providers, the University is planning to introduce a new degree programme in physiotherapy from 2020 to meet a critical shortage of physiotherapists within our region. This follows the successful launch of the BSc Paramedic Science in 2017, which was designed in collaboration with Yorkshire Ambulance Service NHS Trust to meet a similar local shortage of paramedics.



## The first and only university to be an official partner of Team GB

In 2019, the University launched an innovative and exclusive six-year partnership with Team GB, becoming the Official University Partner of the British Olympic teams. The partnership reflects our shared belief that with hard work, the right opportunities and the support of a dedicated team, we can all achieve extraordinary things. This applies to staff, students and our wider community and partners.

The partnership spans the Tokyo 2020 and Paris 2024 Olympic Games and the Beijing 2022 Winter Olympic Games, and provides numerous benefits for our students, staff and communities, from opportunities to participate in Team GB events and engage with guest speakers, to CV-boosting activities such as work experience, internships and volunteering. As Team GB's only university partner, we plan to develop co-branded courses and joint research and enterprise projects.

The launch of the partnership was celebrated with a day of activities in January, including a mini Olympic Games for local primary schools with gold medallists Elinor Barker and Luke Campbell, an Olympic torch procession and a special dinner for staff, students and members of the local community.

Since the launch, the University has hosted further events on campus with Olympic champions and in June 2019 offered students a unique opportunity to attend a kitting-out event for the Minsk 2019 European Games.

# Building beneficial partnerships

**Working in collaboration with our valued partners brings mutual benefits in terms of education, research and enterprise, supports our vision and allows us to create new opportunities for our students and our communities.**

## Exploring the impact of music on stroke rehabilitation

October 2018 saw the University and the Royal Philharmonic Orchestra enter a new five-year strategic partnership, having worked closely together over the last two years while the Orchestra was a University of Hull Associate Artist.

As part of the partnership, colleagues from our Music Department are leading a three-year project exploring the impacts of the Orchestra's award-winning STROKESTRA® project on health and wellbeing, as the programme is rolled out across Hull to reach up to 300 new participants. Part of RPO Resound, the Orchestra's innovative community and engagement programme, STROKESTRA® is a pioneering stroke rehabilitation programme delivered in partnership with Hull and East Riding Community Stroke Services. The programme harnesses the power of group creative music-making alongside professional musicians and clinicians to support patient-led recovery in stroke patients.

The new partnership continues to provide benefits to music students at the University, with Royal Philharmonic Orchestra musicians leading masterclasses and offering career insight, advice and support, along with ensemble coaching, one-to-one tuition and opportunities to gain practical orchestral recording experiences at rehearsals and concerts. More broadly, students from across a range of arts, health and education programmes undertake work placements with the Orchestra as instrumentalists or vocalists, workshop practitioners or production staff on live music events and RPO Resound projects in and around Hull. Directed by a professional team of musicians and leaders, these opportunities provide students with invaluable insight into the creative sector and help them further develop their creative leadership, design and project management skills.

# The University of Hull

# 1927

Founded as  
University  
College Hull

## 4 Faculties

We offer taught and research programmes across four faculties:

- Faculty of Arts, Cultures and Education
- Faculty of Business, Law and Politics
- Faculty of Health Sciences
- Faculty of Science and Engineering

We also have a number of interdisciplinary research institutes linked to our key areas of strength

1: Student data: headcount as at 1 December 2018 census; standard provision excludes degree apprenticeships, distance taught, exchange programmes, short courses and collaborative or franchise provision delivered by partner institutions.

2: Student diversity data: population includes standard provision, exchange programmes and short courses; % mature students based on foundation/undergraduate population only; % students from POLAR quintiles based on population of foundation/undergraduate students with home fee status and a valid UK postcode for which POLAR data is available

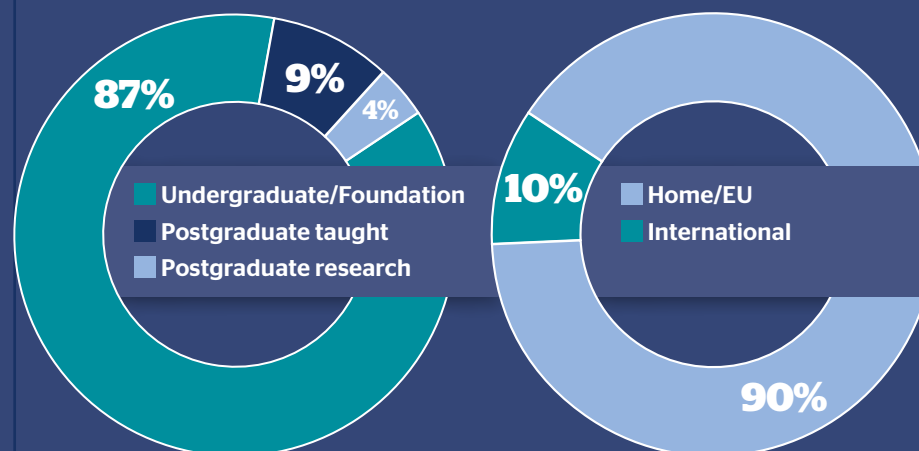
## Our students<sup>1</sup>

### Standard provision

Foundation, undergraduate, postgraduate taught and postgraduate research degrees

## 13,876

(2017/18: 14,603)



### Other provision

Degree apprenticeships, distance taught, exchange programmes and short courses

## 1,814

(2017/18: 1,884)

### Collaborative provision

Validated or franchise provision at partner institutions

## 3,404

(2017/18: 3,890)

## Student diversity<sup>2</sup>

## 36%

mature students  
(aged 21 or over)

## 18%

students of Black, Asian and  
minority ethnic origin

## 16%

students with a disability



## Key Performance Indicators

Progress at an institutional level is monitored by the University Council against Key Performance Indicators (KPIs) and associated targets which are aligned with the ambitions of our Strategic Plan

**83%** Overall satisfaction (Q27) in the 2019 National Student Survey (NSS)

We saw an improvement in our score on every section of the 2019 NSS, with the exception of Learning Community (which fell by -0.56 %)

The areas of greatest improvement were Student Voice (+5.16%) and Assessment & Feedback (+4.77%)

Our strongest scoring area remains Learning Resources, with the question on the University Library achieving a top quartile score of 90.09%

↑ Our ranking improved in all three of the major UK higher education league tables published in 2019, including rising by 26 places in the Times and Sunday Times Good University Guide 2020

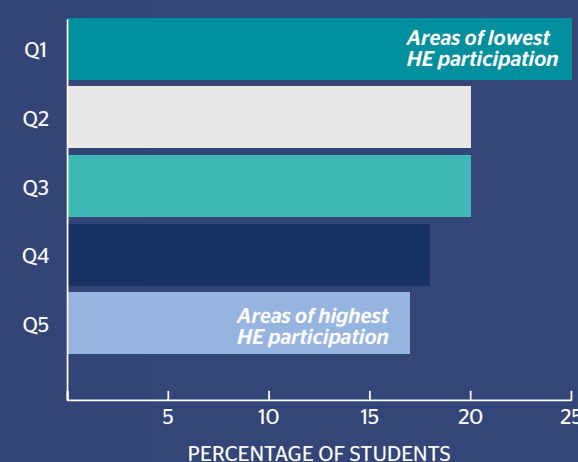
We are ranked among the **Top 500** institutions in the world in 15 disciplines, up from 12 disciplines in 2018, with Sports Science ranked in the top 150, Geography ranked in the top 200 and Earth Sciences, Ecology, Political Sciences, Law and Nursing ranked in the top 300\*

\*ShanghaiRanking Global Ranking of Academic Subjects 2019

In 2018/19, our research grants and contracts expenditure was **£11.5m**, up 15% on 2017/18

We also saw an increase of **34%** in the number of new postgraduate research students who joined the University in 2018/19

## Participation of Local Areas (POLAR) quintiles



## 0.1% other

## 43.5% Male

## 56.4% Female

# Risk environment

**The University operates an established approach to risk management underpinned by a policy and associated guidance. The Institutional Risk Register is updated regularly, has assigned University Leadership Team (ULT) owners and applies its risk appetite through a 5 x 5 scoring matrix. Risks above the appetite line are formally reviewed several times a year by ULT and by the Audit Committee, which has instigated a programme of ‘deep dives’ to enable structured discussion and challenge on focused areas.**

Directors of academic and professional service areas were engaged in work to refresh the institutional risks at the start of the year. From 2019/20 the new University Management Team (UMT) will review the Institutional Risk Register on a regular basis, providing opportunities for ongoing scrutiny and challenge and a clearer structure for connecting operational and strategic-level risks. UMT will also oversee the risk appetite framework currently under development.

During 2018/19 the University continued to apply its resilience planning framework to provide a dynamic approach to incident response and agile and robust management of risk and business continuity. The resilience framework continues to be developed, focusing currently on ensuring that operational-level response arrangements reflect and align with the strategic approach.

The electronic risk platform developed and piloted during 2018/19 will be implemented in full during 2019/20. The platform will increase visibility of risks across the institution, making it easier for interdependencies to be identified and managed, and will provide opportunities to streamline risk recording and refresh risk management principles.

**The key risks and uncertainties facing the University are set out below and are reflected in fuller detail in the Institutional Risk Register.**

### Political uncertainty

The external policy environment continues to present challenges to the higher education sector, with the Review of Post-18 Education and Funding, the ongoing pensions challenge, and the potential impact of Brexit among the principal uncertainties currently being modelled in the University’s scenario and contingency planning. A Brexit group chaired by the University Registrar and Secretary continues to monitor the implications of different outcomes of the UK’s exit from the EU on areas such as exchange programmes, arrangements for international staff and students and procurement supply chains. The group is drawing on sector knowledge, Universities UK guidance and tools in risk assessment and planning to identify mitigating actions.

### Competitiveness and sustainability

As the sector continues to experience the effect of a steep fall in the population of 18-year-olds in England, recruitment remains highly competitive, with reputation and league table position continuing to exert significant influence on an institution’s ability to attract students, staff and funding. Market data and insight and robust financial management underpin the University’s planning and decision making. Adapting to reflect the changing demands of students, businesses, research partners and other stakeholders, while remaining agile and able to respond to new opportunities, is critical to repositioning the University in what will be a growing market from 2020.

### Transformation

The University’s transformation programme seeks to explore and implement a wide range of opportunities to enhance the University’s education, research and enterprise and improve the way it operates. A governance structure has been put in place to oversee the transformation programme. A dedicated Transformation Team is providing a coordinated approach to implementation. The team reports to the Transformation Implementation Board, a sub-group of ULT, which reports in turn to a sub-committee of the University Council which meets monthly and is chaired by the Chair of Council. A transformation subgroup of the University Joint Consultative Committee has also been established to support engagement between the programme and the campus trade unions. The Institutional Risk Register has been updated to reflect risks associated with the transformation programme, and resilience activities to manage risks around service redesign are in place to support business continuity.

# Public benefit

The University of Hull is an independent corporation established by Royal Charter and an exempt charity within the meaning of the Charities Act 2011. The Office for Students is the principal regulator on behalf of the Charity Commission for English higher education institutions. In setting and reviewing the University’s objectives and activities, the University Council has had due regard to Office for Students Regulatory Advice 5: Exempt Charities, together with the Charity Commission’s guidance on charities and public benefit, public benefit and fee-charging and the advancement of education for the public benefit.

The University Council has a majority of members from outside the University (described as lay members), from whom its Chair must be drawn. Also included among its members are representatives of the staff of the University and the student body. Lay members receive no fees or payment for the work they do for the University, although reasonable travel expenses and certain training costs are met.

The University’s charitable purposes derive from its Royal Charter to “advance education, scholarship, knowledge and understanding”. Principal beneficiaries of our education, research, international outlook and civic engagement include current and potential students, alumni and society at large.

Examples of the public benefit arising from the University’s activities are provided throughout this annual report and statement of accounts.



# Trade Union facility time report

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the University to publish information annually on trade union facility time.

| For the period 1 April 2018 to 31 March 2019:                                                    |                                      |
|--------------------------------------------------------------------------------------------------|--------------------------------------|
| Number of employees who were relevant union officials during the relevant period                 | Full-time equivalent employee number |
| 27                                                                                               | 25.01                                |
|                                                                                                  |                                      |
| Total number of hours spent on paid facility time. This includes paid duties and paid activities | 9,568                                |
|                                                                                                  |                                      |
| Percentage of time spent on facility time                                                        | Number of Employees                  |
| 0%                                                                                               | 0                                    |
| 1-50%                                                                                            | 24                                   |
| 51-99%                                                                                           | 1                                    |
| 100%                                                                                             | 2                                    |
|                                                                                                  |                                      |
| Total cost of facility time                                                                      | £235,580                             |
| Total pay bill                                                                                   | £109,653,000                         |
| Percentage of total pay bill spent on facility time                                              | 0.21%                                |
|                                                                                                  |                                      |
| Time spent on paid trade union activities as a percentage of total paid facility time hours      | 0%                                   |

# Financial review

## Financial Review

### Scope of the Financial Statements

The Council of the University of Hull presents the financial results of the University for the year ended 31 July 2019. The financial statements comprise the consolidated results for the University and its subsidiary undertaking, Lampada Digital Solutions Ltd.

### Financial Performance

The University made a deficit of £30.6m before actuarial loss in respect of pension schemes (2018: £5.9m surplus). This was after accounting for a £24.2m increase in the USS pension provision (2018: £1.3m decrease), £3.8m on fundamental restructuring staff costs (2018: £1m) and £6.7m relating to the impairment and demolition of assets (2018: £0.8m). After allowing for these items the underlying financial performance of the University is a surplus of £4.1m (2018: £6.4m).

Total income before endowments and donations was £192.4m (2018: £193.6m).

Total expenditure for the year was £226.5m (2018: £189.7m). Pay costs before fundamental restructuring costs were £137.9m (2018: £105.7m). Operating expenses were £65.9m (2018: £64.9m).

Net assets were £194.8m after accounting for pension provisions (2018: £238.8m).

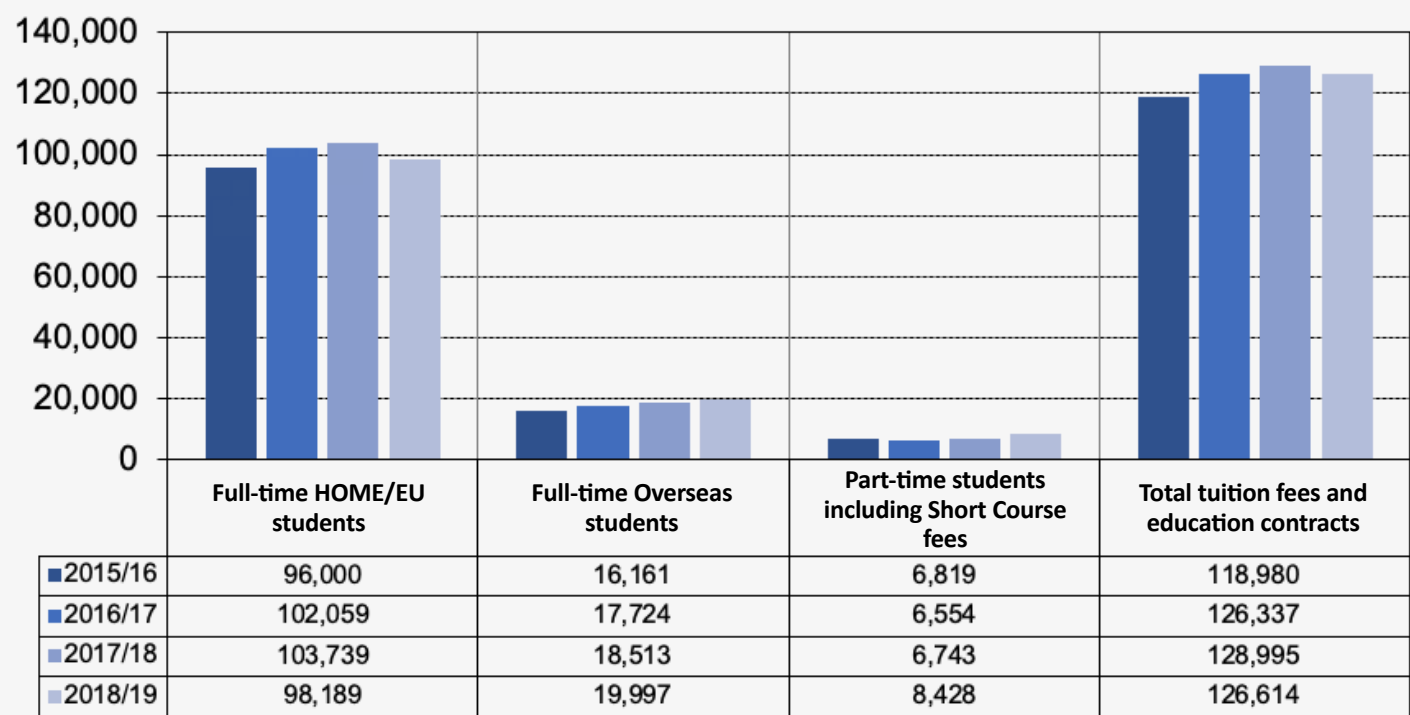
The following table shows the University’s Adjusted Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and Adjusted Net Operating Cash flow (ANOC) for the last four years.

| £m                             | 2018/19 | 2017/18 | 2016/17 | 2015/16 |
|--------------------------------|---------|---------|---------|---------|
| Adjusted EBITDA                | 30.2    | 13.3    | 28.1    | 27.2    |
| Adjusted EBITDA as % of income | 15.6%   | 6.9%    | 14.2%   | 14.7%   |
| ANOC                           | 2.3     | 18.5    | 35.1    | 16.6    |

EBITDA is a measure of operating performance, eliminating the effects of financing and accounting decisions to enable more meaningful comparison between organisations. This is then adjusted for revaluation gains/losses on endowment assets and pension provisions. ANOC is a measure of cash generation from normal business operations.

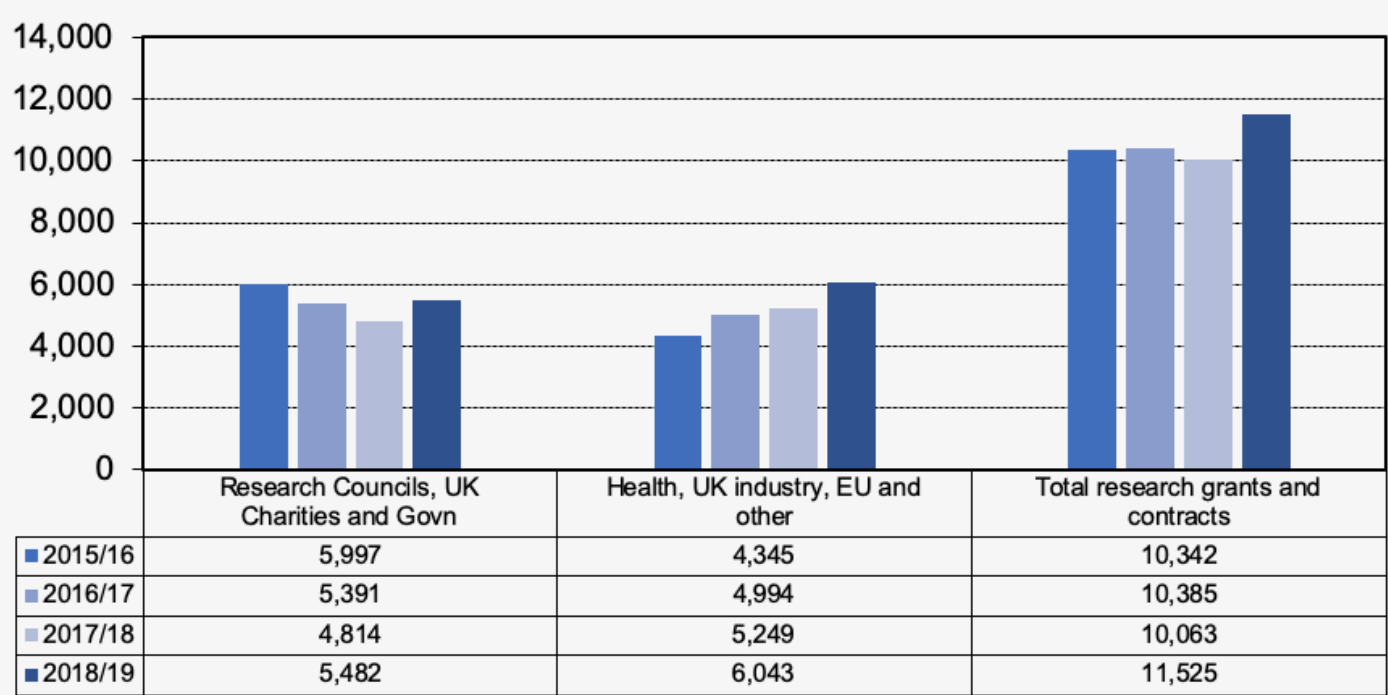
The following charts illustrate the University’s financial performance over the last four years.

Tuition fees and education contracts income (£000)



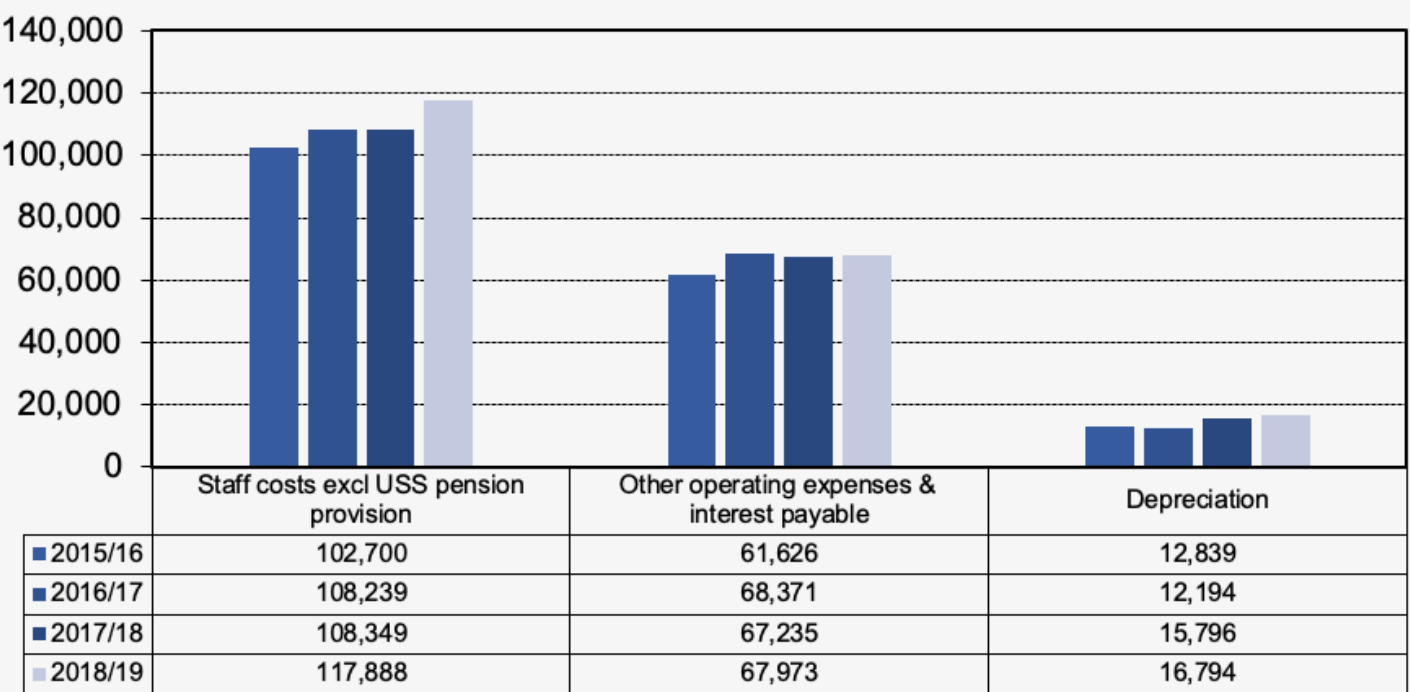
An overall reduction in tuition fees of less than 2% from 2017/18 is mainly attributable to full-time home/EU students. Income from full time overseas students rose by 8%, and from part time students and short courses by 25%.

Research grants and contracts income (£000)



Research grants and contracts income has increased by £1.5m, over 14% from 2017/18. Most of the increase is attributable to funding from UK government and the EU.

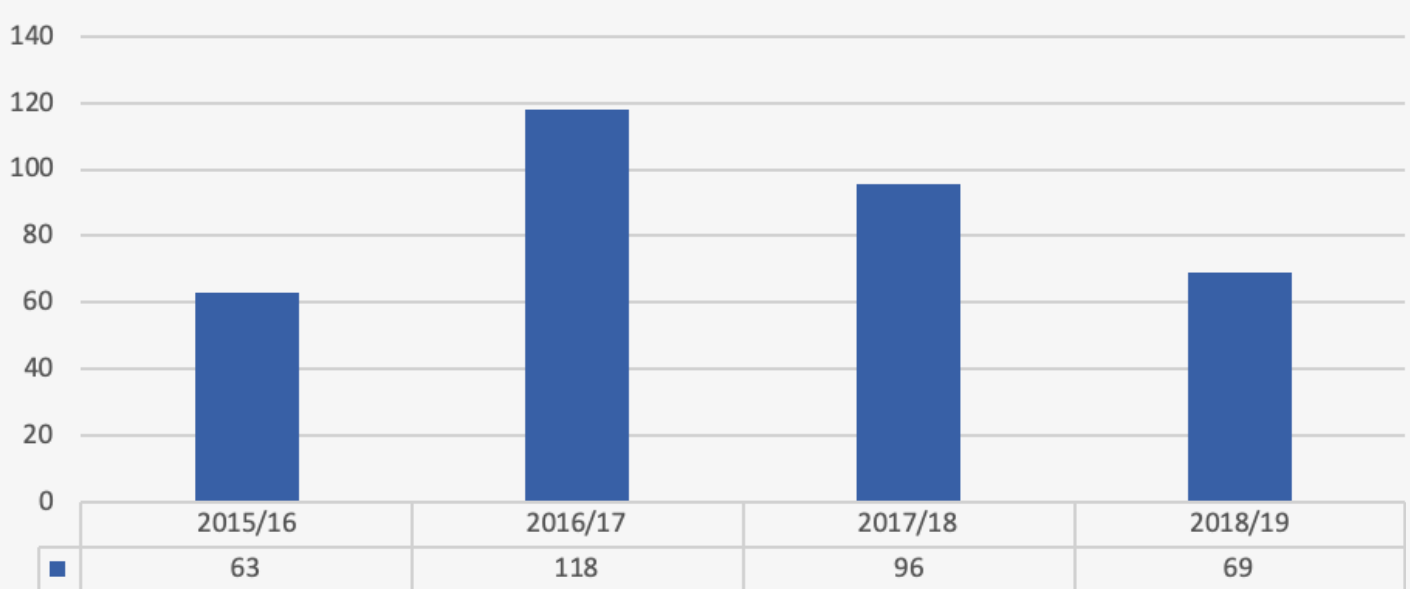
Total expenditure (£000)



Pay costs before fundamental restructuring costs and pension adjustments have increased by 9% from 2017/18. The University launched a transformation project in 2018/19 that has led to fundamental restructuring costs of £3.8m (2017/18: £1m). The provision in relation to the USS pension scheme increased by £24.2m in 2018/19.

Non pay costs increased by 1.1% in 2018/19. Depreciation increased by 6%, due to the completion of major capital projects included in the University's capital plan.

Liquidity



Liquidity (days cover) measures the number of days the University could meet its immediate obligations with the cash and short term investments it holds.

Cash Flow

The University generated £2.4m (2018: £18.7m) of cash from operating activities. Cash at bank and current asset investments totalled £38.5m (2018: £44.8m) at the year end.

Treasury Management

The University’s Treasury Management Policy balances risk against return, with the overriding imperative being to protect capital rather than maximise returns.

The University’s Finance Service is responsible for producing rolling cash flow forecasts, monitoring the daily cash position and ensuring ongoing cash requirements are met and surpluses appropriately invested.

Pensions

Pension liabilities have increased to £83.1m (2018: decreased to £46m):

- £42.7m USS agreed deficit recovery plan (2018: £18.4m);
- £37.6m University of Hull Pension and Assurance Scheme (UHPAS) (2018: £25.7m); and
- £2.8m North Yorkshire Pension Fund (NYPF) (2018: £1.8m)

Going Concern

At the end of the year the University was in breach of a lending covenant in respect of its borrowing from one its lenders. This was as a result of some changes in the measurement criteria. The University has subsequently negotiated a waiver of the covenant and the loan has returned to its original repayment profile.

The scale of change and uncertainty facing the higher education sector is undeniable, with Brexit, the Review of Post-18 Education and Funding, the highly competitive student recruitment market and unresolved questions around pensions are among the most significant risks. Recognising the continuing volatility within the sector demands a greater pace and scale of change, we have brought together a substantial strategic transformation programme through which we will enhance our competitive performance, tightly control our costs and assure a sustainable position from which the University can continue to flourish. The University has prepared a five year business plan which includes detailed forecasts for three years to July 2022. The forecasts show a requirement for significant medium term cost savings which the University is committed to delivering to ensure financial stability. The plans have been considered and approved by the Council with clear milestones in place. To mitigate the risk of non-delivery of the transformation programme, which would impact assumed savings, robust governance has been put in place to monitor regularly progress against the plan. Council will ensure appropriate action is taken if the planned milestones are not achieved.

Taking account of the analyses of sensitivities of the financial projections, the strategic transformation programme, the University’s ability to pay its debts as they fall due and to meet its ongoing financial covenants, the Council confirms that it is appropriate that these accounts are prepared on a Going Concern basis.



# Corporate governance statement

## Summary of the University’s Structure of Corporate Governance

The following statement is provided to enable readers of the Annual Report and Statement of Accounts to obtain a better understanding of the governance and legal structure of the University.

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee for Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and has formally adopted the Higher Education Code of Governance, published by the Committee of University Chairs (CUC) in 2014 and subsequently updated in 2018. The University periodically reviews its own effectiveness in accordance with CUC guidance.

The University is an independent corporation, whose legal status derives from a Royal Charter granted in 1954. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, which are approved by the Privy Council and the Office for Students (OfS).

The University is also an exempt charity as defined by the Charities Act 2011, with the OfS acting on behalf of the Charity Commission as the principal regulator for English higher education institutions.

The University strives to be an inclusive community that advances equality and opportunity for all. Our [Equality Scheme\\*](#) sets out our strategic aims. The University remains committed to providing a campus that is free from discrimination, harassment and inequality. Creating an environment in which our staff and students can flourish is at the heart of what this University is about. We recognise that different people bring different ideas, experiences, knowledge and culture. We value this diversity, which enhances our work to spread knowledge, unlock our potential and develop intellectual capital across the community and region.



The University’s Charter, Statutes and Ordinances require the University to have two separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities, as follows:

**The Council** is the governing body, responsible for the general business of the University and for setting its general strategic direction.

In accordance with the University Charter, the majority of Council members, including the Chair, are drawn from outside the University (the lay members). Also included in its membership are the Vice-Chancellor, a Pro-Vice-Chancellor and the Chief Finance Officer/Chief Operating Officer, and representatives of the staff of the University and the student body. The lay members receive no fees or payment for the work that they do for the University. During 2018/19 the Chair of Council was Dr Keith Hopkins. George Garlick OBE succeeded Dr Hopkins as the Chair of Council on 1 September 2019.

**The following individuals served on Council between 1 August 2018 and 31 July 2019:**

**Lay Members:**

|                     |                                    |
|---------------------|------------------------------------|
| Dr K Hopkins        | (Pro-Chancellor and Interim Chair) |
| Mrs E W Dame        | (until May 2019)                   |
| Mr J Fallon         | (until March 2019)                 |
| Mr D A Gibbons      |                                    |
| Mrs U Lidbetter OBE |                                    |
| Mr S W Lunt         |                                    |
| Mr G Mckenna        | (until May 2019)                   |
| Lady C M Roberts    |                                    |
| Mrs J Whittaker     |                                    |

**Non-Lay Members:**

|                                         |                                                                                           |
|-----------------------------------------|-------------------------------------------------------------------------------------------|
| Vice-Chancellor                         | Professor S Lea                                                                           |
| Chief Finance Officer                   | Mr S Willis (to 22 March 2019)                                                            |
| Interim Chief Operating Officer         | Mrs D McConnell (from 22 March 2019 to 30 June 2019) and<br>Mr J Duffy (from 1 July 2019) |
| A Pro-Vice-Chancellor                   | Professor P G Burgess                                                                     |
| Senate (a Dean)                         | Professor K Haynes                                                                        |
| Senate (a Head of Department or School) | Professor G Villalta Puig (to 15 April 2019)                                              |
| Senate (appointed member)               | Professor M Lorch                                                                         |
|                                         | Dr D Mundy (to 8 February 2019)                                                           |
| Non-academic staff                      | Mr M Dobson                                                                               |
| President, Students’ Union              | Ms O Otobo                                                                                |

**The Senate** has delegated authority from the Council to oversee the academic work of the University. It directs and regulates the learning, teaching, research, and enterprise work of the University, the enhancement of academic quality and assurance of academic standards, and the regulation of student discipline. It draws its membership from the academic staff and the students of the institution and is chaired by the Vice-Chancellor.

During 2018/19 a review of the University’s governance arrangements was conducted by AdvanceHE. They concluded that the standard of governance at the University was “good, with independent governors being committed and passionate about doing a thorough job.” AdvanceHE made a number of suggestions and recommendations that were designed to “support and maintain the current positive trajectory of governance and the ethos of continuous improvement.” The report, including recommendations, was submitted to Council on 28 March 2019. An action plan was subsequently approved by Council on 4 July 2019 and members will receive regular updates on its implementation.

Upon the University’s application for registration with the Office for Students, the Vice-Chancellor, Professor Susan Lea, was nominated as the Accountable Office of the University. The Vice-Chancellor is accountable to the Office for Students (as laid out in [Regulatory Advice 10: Accountable Officers\\*](#)) on behalf of the University Council and also has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University.

Council Committees

The Council normally meets four times each academic year, and much of its detailed work is delegated to committees; in particular during 2018-19, the Finance and Investment Committee (chaired by Dr K Hopkins), the Remuneration Committee (chaired by Mrs U Lidbetter), and the Audit Committee (chaired by Mr S Lunt).

These committees are formally constituted as committees of the Council with written terms of reference and specified membership, including a proportion of lay members of the University Council (from whom the Chair is selected), non-lay members, where appropriate, and co-opted members.

The Finance and Investment Committee provides recommendations to the Council, inter alia, on matters of estates, including the estates strategy and the estates portfolio (investments and disposals), and matters of finance, including the annual revenue and capital budgets and the finance strategy, and monitors performance in relation to the approved budgets and strategies. The Committee also reviews and recommends to the Council the University Financial Regulations, financial policies, and the draft audited financial statements.

The Remuneration Committee determines the annual remuneration of senior staff of the University, and the salaries, other benefits and emoluments of the Vice-Chancellor and the University Leadership Team (reviewing against national benchmarks). The University has formally adopted The Higher Education Senior Staff Remuneration Code, published by the Committee of University Chairs in June 2018. Element II, Principle E of this code states that the Remuneration Committee “must be chaired by a lay governor who is not Chair of the governing body”, in this case Mrs U Lidbetter. In line with the requirements of the Code, the University publishes its Senior Staff Remuneration and Severance Policy and Procedure, a Senior Staff Remuneration and Severance Annual Report and the agenda and minutes of the Remuneration Committee.

The Audit Committee considers internal audit reports and recommendations for the improvement of the University’s systems for internal control. The Committee meets with the internal auditors to monitor adherence with statutory and regulatory requirements and discuss the results of the external audit process with the auditors. The Committee advises the Council on the adequacy and effectiveness of the University’s arrangements for risk management control, governance, value for money (economy, efficiency and effectiveness) and for overseeing the University’s policy on fraud and irregularity, ensuring that any significant losses have been properly investigated.

The Honorary Awards Committee (chaired by the Vice-Chancellor) is a joint Committee of the Council and Senate. The Committee makes recommendations to the Council and Senate on nominations for honorary awards.

The University Ethics Committee (chaired by a Pro-Vice-Chancellor appointed by the Vice-Chancellor) is a joint committee of the Council and Senate. It is responsible for reviewing and monitoring the University Ethics Policy and for advising faculties and service areas on procedures and making recommendations to Council and Senate, as appropriate.

The University maintains a Register of Interests of Members of the Council and Senior Officers, which may be consulted by arrangement with the University Registrar and Secretary. The University also carries out regular checks to ensure Members of Council and those with senior management responsibilities are fit and proper persons as defined by the OfS’ Public Interest Governance Principles.

The University has a Risk Management Policy and a regularly reviewed and updated Risk Register. The Audit Committee monitors the risk management process. See also Risk environment (page 24).

The University complies with the OfS Regulatory Framework. The University Registrar and Secretary acts as Secretary of the Council. Any enquiries about the governance of the University should be addressed to the University Registrar and Secretary.

Responsibilities of the Council

In accordance with the University’s Charter and Statutes, the Council is responsible for the strategic direction, administration and management of the affairs of the University. It has published a Statement of Primary Responsibilities.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the University’s Charter and Statutes, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions and other relevant accounting standards.

The Council is required to prepare audited financial statements for each financial year, which give a true and fair view of the state of affairs of the University and of the surplus or deficit, and cash flows for that year.

In causing the financial statements to be prepared, the Council has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on a going-concern basis unless it is inappropriate to presume that the University will continue in operation.

The Council has taken reasonable steps to:

- ensure that funds received from the OfS or UK Research and Innovation (UKRI) were used only for the purposes for which they had been given and in accordance with the terms and conditions for financial support prescribed by the OfS or UKRI in accordance with Condition G2 of the University’s OfS registration ;
- ensure that there are appropriate financial and management controls in place to safeguard public funds from other sources;
- safeguard the assets of the University, and ensure that the University has a robust and comprehensive system of risk management, control and corporate governance, which includes the prevention and detection of corruption, fraud, bribery and irregularities; and
- secure the economical, efficient and effective management of the University’s resources and expenditure.

In so far as each of the members of the Council is aware:

- there is no relevant audit information of which the auditor is unaware; and
- the Council have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Statement of Internal Control

Scope of Responsibility

The Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible. This is in accordance with the responsibilities assigned to the governing body in the University’s Charter and Statutes and the conditions attached to the University’s registration with the OfS.

The purpose of the system of internal control

The system of internal control is designed to manage rather than eliminate risk; it can therefore only provide reasonable and not absolute assurance of effectiveness. This is supported by the strategy and operational plans created and delivered by the in-house Business Improvement and Assurance team (internal auditors). The University Leadership Team and the Audit Committee regularly receive updates against the plans, which were approved by Council.

Capacity to handle risk

The system of internal control is based on a number of ongoing processes designed to identify the principal risks to the achievement of objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The Council has responsibility for overseeing and reviewing the effectiveness of the system of internal control. See also Risk environment (page 24).

Review of Effectiveness

The Council’s review of the effectiveness of the system of internal control is informed by the University’s internal auditors who operate to defined professional standards. The internal auditors (as part of the University’s Business Improvement and Assurance team) deliver regular improvement and assurance reports to the University, the results of which are summarised in an annual report and opinion, provided to the Council via the Audit Committee. The annual report presents an independent opinion on the adequacy and effectiveness of the institution’s system of internal control. The Business Improvement and Assurance team deliver improvement and assurance reviews alongside internal and external partners.

The Audit Committee produces an annual report to Council, which details the internal audit annual opinion on the effectiveness of risk management, control, data quality and governance. There is a defined process to review implementation of agreed actions from reviews undertaken. The opinion also covers value for money observations and this aspect of work is currently being developed further through a specific Business Improvement infrastructure.

The Council’s review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the maintenance of the internal control framework, and by outcomes from external audit activity, which is summarised in their management letter and other reports.

George Garlick OBE (Chair of Council)  
26 November 2019

Professor Susan Lea (Vice-Chancellor)  
26 November 2019

# Statement of principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

## 1. Accounting convention

The financial statements are presented in Sterling, and have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (SORP 2015) 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 FRS 102 transition one off valuation to deemed cost of certain fixed assets).

## 2. Basis of consolidation

The consolidated financial statements consolidate the financial statements of the University and its subsidiary undertaking, Lampada Digital Solutions Ltd. Intra-group transactions are eliminated on consolidation.

## 3. Going concern

At the end of the year the University was in breach of a lending covenant in respect of its borrowing from one its lenders. This was as a result of some changes in the measurement criteria. The University has subsequently negotiated a waiver of the covenant and the loan has returned to its original repayment profile.

The scale of change and uncertainty facing the higher education sector is undeniable, with Brexit, the Review of Post-18 Education and Funding, the highly competitive student recruitment market and unresolved questions around pensions are among the most significant risks. Recognising the continuing volatility within the sector demands a greater pace and scale of change, we have brought together a substantial strategic transformation

programme through which we will enhance our competitive performance, tightly control our costs and assure a sustainable position from which the University can continue to flourish. The University has prepared a five year business plan which includes detailed forecasts for three years to July 2022. The forecasts show a requirement for significant medium term cost savings which the University is committed to delivering to ensure financial stability. The plans have been considered and approved by the Council with clear milestones in place. To mitigate the risk of non-delivery of the transformation programme, which would impact assumed savings, robust governance has been put in place to monitor regularly progress against the plan. Council will ensure appropriate action is taken if the planned milestones are not achieved.

Taking account of the analyses of sensitivities of the financial projections, the strategic transformation programme, the University's ability to pay its debts as they fall due and to meet its ongoing financial covenants, the Council confirms that it is appropriate that these accounts are prepared on a Going Concern basis.

## 4. Recognition of income

### (i) Grant funding

Revenue grant funding including funding council block grant, research grants from government sources and all grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and where 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.

### (ii) Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. 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.

### (iii) Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds, subject to any performance related conditions being met.

### (iv) Fee income

Tuition fees represent student fees received and receivable attributable to the current accounting period. Fee income is stated gross and credited to the Statement of Comprehensive Income and Expenditure (SOCI) 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 as gross expenditure and not deducted from income.

### (v) Investment income

Investment income is credited to the SOCI on a receivable basis. Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the individual endowment fund.

### (vi) Other income

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

## 5. Pensions

The two principal pension schemes for the University's staff are the Universities' Superannuation Scheme (USS) for academic and academic-related staff and the University of Hull Pension and Assurance Scheme for other staff. The schemes are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). Pension costs are assessed in accordance with the advice of the actuaries to each scheme, based on the latest actuarial valuations of the schemes. A small number of staff remain in other pension schemes.

### (i) 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 University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the SOCI represents contributions payable to the scheme. Since the University has entered into an agreement (the Recovery Plan)

that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised

### (ii) University of Hull Pension and Assurance Scheme

The difference between the fair value of the assets held in the University's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the University's Balance Sheet as a pension scheme asset or liability as appropriate.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the University are charged to the SOCI.

The scheme is closed to new entrants, with new staff able to join a defined contribution stakeholder scheme. Further details are included in note 25 to the financial statements.

## 6. Land and buildings

Land and Buildings are stated at historic or deemed cost. A one off valuation exercise as at 1 August 2014 was conducted under the transition to FRS 102 by an external chartered surveyor. Land is not depreciated as it is considered to have an indefinite useful life. New buildings are depreciated over their expected useful lives of 50 years, or the length of lease for leasehold properties.

New capital expenditure classed as mechanical & electrical works is depreciated over 10 - 25 years according to the type of work and the asset concerned. No depreciation is charged in the year of acquisition.

No depreciation is charged for assets under the course of construction. Where buildings are acquired with the aid of specific government grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to the SOCI over the expected useful life of the buildings.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Borrowing costs are recognised in the period in which they are incurred.

Where it is known that buildings are to be sold in the forthcoming year, their net book value is moved from non-current to current assets, and no depreciation is charged in that year.

## 7. Equipment

Equipment costing less than £20,000 per individual item, or group of related items, is written off in the year of acquisition. All other equipment is capitalised.

New capitalised non-IT equipment is depreciated over 5 - 25 years, according to the type of equipment. IT equipment is depreciated over 5 - 10 years, according to the type of equipment.

Equipment acquired for specific research projects is depreciated over the project life, by financial year, unless there will be a residual value to the equipment after the project has ended, in which case the economic useful life will be extended.

All motor vehicles, regardless of cost, are capitalised, and depreciated over 8 years.

No depreciation is charged in the year of acquisition.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grant is treated as a deferred capital grant and released to income over the expected useful life of the equipment (the period of the grant by financial year in respect of specific research projects).

## 8. Investment properties

Investment properties are buildings held for rental income rather than use in delivering services. Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the surplus or deficit. Properties are not depreciated, but revalued or reviewed annually according to market conditions at 31 July each year.

## 9. Heritage assets

Heritage assets are treated in line with the University’s capitalisation policy, i.e. those with a cost or value over £20,000 are capitalised. Where heritage assets have not been capitalised, details of the nature and age of these assets are disclosed.

## 10. Maintenance of premises

The cost of routine maintenance is charged to the SOCI in the period that it is incurred.

## 11. Provisions for liabilities

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

The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the Balance Sheet date. This is discounted to present value, if the time value of money is material.

## 12. Investments

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Changes in value arising on the valuation of fixed asset investments are credited/charged to the SOCI.

Investments that form part of endowments are included in the Balance Sheet at market value.

Increases/decreases in value arising on the revaluation or disposal of endowment assets are added to, or subtracted from, the funds concerned.

Current asset investments are included in the Balance Sheet at the lower of their original cost and net realisable value.

## 13. Stocks

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

## 14. 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.

## 15. Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. No investments, however liquid, are included as cash. Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, government securities and loan stock but exclude any such assets held as endowment asset investments. Current asset investments represent liquid resources held wholly as term deposits.

## 16. Taxation status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. 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) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) 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.

The University’s subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation.

## 17. Agency arrangements

Where the University receives and disburses funds as paying agent on behalf of a funding body for which the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction, then the related income and expenditure is excluded from the SOCI.

## 18. Financial instruments

A financial instrument is defined as a contract that gives rise to a financial asset in one entity and a financial liability in another entity. For the University this includes trade debtors and creditors, bank balances and bank loans.

Financial instruments have to be categorised as “basic” or “non-basic”, with basic instruments being accounted for at amortised cost and non-basic at fair value. All of the University’s financial instruments are classified as basic.

## 19. Reserves

Reserves are classified as endowment reserves or unrestricted reserves. Endowment reserves include balances which have been endowed to the University.

## 20. Significant judgements and estimates

Accounting judgements and estimates are made after consideration of facts and receipt of advice from external parties where relevant.

### (i) West Campus Residence Project (WCRP)

Judgements have been taken in accounting for amounts attributable to individual elements of the WCRP.

Subleases issued by UPP (Hull) Limited to the University on changing rooms, a shop, a café and car park spaces built by UPP (Hull) Limited also form part of the total consideration. The University is treating these leases as prepaid through a reduction in the total consideration received. Estimates of the value of the prepaid lease obligations are based on the market value of similar leased assets as provided by an external valuer. The fair value of these lease obligations has been accounted for as a prepayment in the financial statements and will be released over the 50-year life of the leases.

The WCRP agreement includes the refurbishment and management of student accommodation at Taylor Court by UPP (Hull) Limited . The University judged that the issuing of a 50-year lease for the land and buildings is in substance a disposal of the buildings to UPP (Hull) Limited , based on the assessment that the remaining useful economic life of the buildings is the total term of the lease. Furthermore, an estimate has been made of £17m for the fair value of the lease arrangement based on an assessment made by an external valuer. The fair value of the buildings has been estimated by management to be in line with the net book value of the buildings before the transaction of £5m. Thus the value of the lease obligations that UPP owes to the University for the rental of the land at Taylor Court has been estimated at £12m. This prepayment of rent has been accounted for as deferred income and will be released over the 50-year life of the lease.

Consideration from UPP includes a prepayment of lease obligations in respect of the lease of land from the University to UPP on the WCRP site. The value of the lease obligations has been estimated by reference to an external valuation of the market rent of the land. The total value of £3.7m has been accounted for as deferred income and will be released over the 50-year lease term.

The project includes 12 year contracts for security and maintenance of the WCRP site to be provided by the University. UPP have effectively prepaid the contract obligations in advance as part of total consideration for the project. These contracts have been valued within the agreement at £420k and £456k respectively, and the prepayment by UPP has been accounted for as deferred income and will be released over the 12-year term of the contracts.

The University holds 10% equity in UPP (Hull) Limited, the Special Purpose Vehicle set up to operate the residences. This investment is accounted for within non current investments (see note 13 to the financial statements).

### (ii) Pensions

FRS102 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 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) and the resulting expense in the SOCI in accordance with section 28 of FRS102. The University 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.

Pension provisions are calculated on the basis of assumptions agreed with scheme actuaries, in relation to future salary increases, mortality rates, discount rates and inflation rates. Changes to any of the assumptions could have a material impact on the valuation of the pension schemes. More details are included in note 25.

### (iii) Fixed assets

Following the one off valuation of certain land and buildings as at 1 August 2014, on transition to FRS 102, estimates were made of remaining useful economic life of the assets and the proportion of each asset’s total value to be attributed to its constituent components. These estimates were determined after consideration by the Estates management team and the external valuer. Both estimates are used as the basis for calculating annual depreciation.

### (iv) Impairment of assets

All assets are review on an annual basis to identify whether the carrying value of the assets exceeds their recoverable amount. This review is carried out by Estates staff with knowledge of the asset values and their planned uses, and who consult with external experts as required.

### (v) Debtors

The University makes an estimate of the recoverable value of debtors. When assessing the provision for bad debt required, consideration is given to the aged profile of debtors and historical experience.

## 21. Termination of employment benefits

Termination benefits are disclosed as fundamental restructuring costs and are recognised when there is an agreement with employees to make payments to them on termination of employment.

# Independent auditor's report to the Council of University of Hull

## Opinion

We have audited the financial statements of University of Hull (the 'parent university') and its subsidiary (the 'group') for the year ended 31 July 2019, which comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent university's affairs as at 31 July 2019, and of the group's and the parent university's income and expenditure, gains and losses, changes in reserves and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

## Other information

The Council are responsible for the other information. The other information comprises the information included in the annual report set out on pages 6 to 35, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinion on other matters prescribed by the Office for Student's ('OfS') Terms and conditions of funding for higher education institutions (issued March 2018) and the OfS's accounts direction (issued June 2018)

In our opinion, in all material respects:

- funds from whatever source administered by the parent university for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS and Research England have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them, and
- the requirements of the OfS's accounts direction (issued June 2018) have been met.
- Responsibilities of the Council for the financial statements
- As explained more fully in the Statement of responsibilities of the Council set out on page 34, the Council is responsible for the preparation of the financial statements and for being satisfied they give a true and fair view, and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

## Use of our report

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

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds

# Statement of Comprehensive Income and Expenditure

for the year ended 31 July 2019

|                                                          | NOTE | 2019                  |                     | 2018                  |                     |
|----------------------------------------------------------|------|-----------------------|---------------------|-----------------------|---------------------|
|                                                          |      | Consolidated<br>£'000 | University<br>£'000 | Consolidated<br>£'000 | University<br>£'000 |
| <b>Income</b>                                            |      |                       |                     |                       |                     |
| Tuition Fees and Education Contracts                     | 1    | 126,614               | 126,614             | 128,995               | 128,995             |
| Funding Council Grants                                   | 2    | 25,722                | 25,722              | 26,026                | 26,026              |
| Research Grants and Contracts                            | 3    | 11,525                | 11,525              | 10,063                | 10,063              |
| Other Income                                             | 4    | 27,826                | 27,750              | 27,879                | 27,879              |
| Investment Income                                        | 5    | 814                   | 814                 | 591                   | 591                 |
| <b>Total income before endowments and donations</b>      |      | <b>192,501</b>        | <b>192,425</b>      | <b>193,554</b>        | <b>193,554</b>      |
|                                                          |      |                       |                     |                       |                     |
| Donations and endowments                                 | 6    | 755                   | 755                 | 765                   | 765                 |
| <b>Total income</b>                                      |      | <b>193,256</b>        | <b>193,180</b>      | <b>194,319</b>        | <b>194,319</b>      |
| <b>Expenditure</b>                                       |      |                       |                     |                       |                     |
| Staff Costs                                              | 7    | 138,341               | 137,929             | 105,752               | 105,676             |
| Fundamental restructuring costs                          | 7    | 3,779                 | 3,779               | 1,029                 | 1,029               |
| Other Operating Expenses                                 | 9    | 65,940                | 65,884              | 65,009                | 64,946              |
| Depreciation                                             | 9    | 16,808                | 16,794              | 15,802                | 15,796              |
| Interest Payable                                         | 8    | 2,089                 | 2,089               | 2,289                 | 2,289               |
| <b>Total expenditure</b>                                 |      | <b>226,957</b>        | <b>226,475</b>      | <b>189,881</b>        | <b>189,736</b>      |
| (Deficit)/surplus before other gains and losses          |      | (33,701)              | (33,295)            | 4,438                 | 4,583               |
| Gain on disposal of fixed assets                         |      | 8,942                 | 8,942               | 1,890                 | 1,890               |
| Impairment of assets                                     |      | (6,034)               | (6,034)             | (768)                 | (768)               |
| Costs of demolition                                      |      | (720)                 | (720)               | -                     | -                   |
| Gain on investments                                      |      | 479                   | 479                 | 277                   | 277                 |
| <b>(Deficit)/surplus before taxation</b>                 |      | <b>(31,034)</b>       | <b>(30,628)</b>     | <b>5,837</b>          | <b>5,982</b>        |
| Taxation                                                 |      | -                     | -                   | -                     | -                   |
| <b>(Deficit)/surplus for the year</b>                    |      | <b>(31,034)</b>       | <b>(30,628)</b>     | <b>5,837</b>          | <b>5,982</b>        |
| Actuarial (loss)/gain in respect of pension schemes      |      | (13,343)              | (13,343)            | 8,002                 | 8,002               |
| <b>Total comprehensive (expense)/income for the year</b> |      | <b>(44,377)</b>       | <b>(43,971)</b>     | <b>13,839</b>         | <b>13,984</b>       |
| Represented by:                                          |      |                       |                     |                       |                     |
| Endowment comprehensive income for the year              | 21   | 525                   | 525                 | 269                   | 269                 |
| Restricted comprehensive income for the year             |      | -                     | -                   | -                     | -                   |
| Unrestricted comprehensive (expense)/income for the year |      | (44,902)              | (44,496)            | 13,570                | 13,715              |
|                                                          |      | <b>(44,377)</b>       | <b>(43,971)</b>     | <b>13,839</b>         | <b>13,984</b>       |

All amounts recognised in the Statement of Comprehensive Income and Expenditure relate to continuing activities

# University Statement of Changes in Reserves

for the year ended 31 July 2019

| Consolidated                                                | Income and expenditure account |                     |                       | Total           |
|-------------------------------------------------------------|--------------------------------|---------------------|-----------------------|-----------------|
|                                                             | Endowment<br>£'000             | Restricted<br>£'000 | Unrestricted<br>£'000 | £'000           |
| <b>Balance at 1 August 2017</b>                             | <b>14,375</b>                  | <b>-</b>            | <b>210,405</b>        | <b>224,780</b>  |
| Surplus from the income and expenditure statement           | 269                            | -                   | 5,568                 | 5,837           |
| Other comprehensive income                                  | -                              | -                   | 8,002                 | 8,002           |
| <b>Total comprehensive income for the year</b>              | <b>269</b>                     | <b>-</b>            | <b>13,570</b>         | <b>13,839</b>   |
| <b>Balance at 1 August 2018</b>                             | <b>14,644</b>                  | <b>-</b>            | <b>223,975</b>        | <b>238,619</b>  |
| Surplus/(deficit) from the income and expenditure statement | 525                            | -                   | (31,559)              | (31,034)        |
| Other comprehensive expense                                 | -                              | -                   | (13,343)              | (13,343)        |
| <b>Total comprehensive income/(expense) for the year</b>    | <b>525</b>                     | <b>-</b>            | <b>(44,902)</b>       | <b>(44,377)</b> |
| <b>Balance at 31 July 2019</b>                              | <b>15,169</b>                  | <b>-</b>            | <b>179,073</b>        | <b>194,242</b>  |
| University                                                  | Income and expenditure account |                     |                       | Total           |
|                                                             | Endowment<br>£'000             | Restricted<br>£'000 | Unrestricted<br>£'000 | £'000           |
| <b>Balance at 1 August 2017</b>                             | <b>14,375</b>                  | <b>-</b>            | <b>210,405</b>        | <b>224,780</b>  |
| Surplus from the income and expenditure statement           | 269                            | -                   | 5,713                 | 5,982           |
| Other comprehensive income                                  | -                              | -                   | 8,002                 | 8,002           |
| <b>Total comprehensive income for the year</b>              | <b>269</b>                     | <b>-</b>            | <b>13,715</b>         | <b>13,984</b>   |
| <b>Balance at 1 August 2018</b>                             | <b>14,644</b>                  | <b>-</b>            | <b>224,120</b>        | <b>238,764</b>  |
| Surplus/(deficit) from the income and expenditure statement | 525                            | -                   | (31,153)              | (30,628)        |
| Other comprehensive expense                                 | -                              | -                   | (13,343)              | (13,343)        |
| <b>Total comprehensive income/(expense) for the year</b>    | <b>525</b>                     | <b>-</b>            | <b>(44,496)</b>       | <b>(43,971)</b> |
| <b>Balance at 31 July 2019</b>                              | <b>15,169</b>                  | <b>-</b>            | <b>179,624</b>        | <b>194,793</b>  |

# Balance Sheet as at 31 July 2019

|                                       |    | 2019            |                 | 2018           |                |
|---------------------------------------|----|-----------------|-----------------|----------------|----------------|
|                                       |    | Consolidated    | University      | Consolidated   | University     |
|                                       |    | £'000           | £'000           | £'000          | £'000          |
| Note                                  |    |                 |                 |                |                |
| NON CURRENT ASSETS                    |    |                 |                 |                |                |
| Intangible assets                     | 10 | 13,736          | 13,736          | -              | -              |
| Fixed assets                          | 11 | 312,483         | 312,653         | 331,320        | 331,499        |
| Investment property                   | 12 | 3,273           | 3,273           | -              | -              |
| Investments                           | 13 | 14,681          | 14,681          | 14,138         | 14,138         |
|                                       |    | <b>344,173</b>  | <b>344,343</b>  | <b>345,458</b> | <b>345,637</b> |
| CURRENT ASSETS                        |    |                 |                 |                |                |
| Properties for sale                   | 14 | 2,440           | 2,440           | 4,796          | 4,796          |
| Stocks                                |    | 43              | 43              | 55             | 55             |
| Trade and other receivables           | 15 | 22,022          | 22,490          | 20,596         | 20,565         |
| Investments                           | 16 | 24,050          | 24,050          | 25,250         | 25,250         |
| Cash and cash equivalents             | 17 | 14,600          | 14,490          | 19,562         | 19,544         |
|                                       |    | 63,155          | 63,513          | 70,259         | 70,210         |
| CREDITORS: AMOUNTS FALLING            |    |                 |                 |                |                |
| DUE WITHIN ONE YEAR                   | 18 | (78,292)        | (78,269)        | (46,961)       | (46,946)       |
| NET CURRENT (LIABILITIES)/ASSETS      |    | <b>(15,137)</b> | <b>(14,756)</b> | <b>23,298</b>  | <b>23,264</b>  |
| TOTAL ASSETS LESS CURRENT LIABILITIES |    |                 |                 |                |                |
|                                       |    | 329,036         | 329,587         | 368,756        | 368,901        |
| CREDITORS: AMOUNTS FALLING            |    |                 |                 |                |                |
| DUE AFTER MORE THAN ONE YEAR          | 19 | (50,278)        | (50,278)        | (83,512)       | (83,512)       |
| PROVISIONS                            |    |                 |                 |                |                |
| Pension provisions                    | 20 | (83,168)        | (83,168)        | (45,954)       | (45,954)       |
| Other provisions                      | 20 | (1,348)         | (1,348)         | (671)          | (671)          |
| <b>TOTAL NET ASSETS</b>               |    | <b>194,242</b>  | <b>194,793</b>  | <b>238,619</b> | <b>238,764</b> |
| Restricted reserves                   |    |                 |                 |                |                |
| I&E reserve - endowment reserve       | 21 | 15,169          | 15,169          | 14,644         | 14,644         |
| I&E reserve - restricted reserve      |    | -               | -               | -              | -              |
| Unrestricted reserves                 |    |                 |                 |                |                |
| I&E reserve - unrestricted            |    | 179,073         | 179,624         | 223,975        | 224,120        |
|                                       |    | <b>194,242</b>  | <b>194,793</b>  | <b>238,619</b> | <b>238,764</b> |

The financial statements were approved by the University Council on 26 November 2019, and signed on its behalf by:

George Garlick OBE (Chair of Council)

Professor Susan Lea (Vice-Chancellor)

# Consolidated Cash Flow for the year ended 31 July 2019

|                                                           | 2019           | 2018            |
|-----------------------------------------------------------|----------------|-----------------|
|                                                           | £'000          | £'000           |
| Cash flow from operating activities                       |                |                 |
| (Deficit)/surplus for the year                            | (31,034)       | 5,837           |
| Adjustment for non-cash items                             |                |                 |
| Depreciation                                              | 16,064         | 15,802          |
| Amortisation of intangible assets                         | 744            | -               |
| (Gain) on endowment investments                           | (543)          | (318)           |
| Decrease in stock                                         | 12             | 9               |
| (Increase)/decrease in debtors                            | (1,393)        | 5,469           |
| Increase/(Decrease) in creditors                          | 1,036          | (1,011)         |
| Increase/(Decrease) in pension provision                  | 37,214         | (10,641)        |
| Actuarial (loss)/gain in respect of pension schemes       | (13,343)       | 8,002           |
| Increase/(Decrease) in other provisions                   | 677            | (24)            |
| Impairment of assets                                      | 6,034          | 768             |
| <b>Adjustment for investing or financing activities</b>   |                |                 |
| Investment income                                         | (814)          | (591)           |
| Interest payable                                          | 957            | 990             |
| Endowment income                                          | (41)           | (41)            |
| (Profit) on the sale of fixed & current assets            | (8,942)        | (1,890)         |
| Capital grant income                                      | (4,217)        | (3,662)         |
| <b>Net cash inflow from operating activities</b>          | <b>2,411</b>   | <b>18,699</b>   |
| <b>Cash flows from investing activities</b>               |                |                 |
| Proceeds from sales of fixed and current assets           | 12,147         | 2,633           |
| Proceeds from sales of non-current investments            | -              | 107             |
| Capital grants receipts                                   | 4,704          | 1,798           |
| Decrease/(Increase) in deposits                           | 1,200          | (5,250)         |
| Investment income                                         | 814            | 591             |
| Payments made to acquire fixed assets                     | (21,243)       | (29,149)        |
| Payments made to acquire intangible assets                | (1,966)        | (1,297)         |
| New non-current asset investments                         | -              | (438)           |
|                                                           | <b>(4,344)</b> | <b>(31,005)</b> |
| <b>Cash flows from financing activities</b>               |                |                 |
| Interest paid                                             | (957)          | (990)           |
| Endowment cash received                                   | 41             | 41              |
| Endowment shares converted to cash                        | -              | (6)             |
| Repayments of amounts borrowed                            | (2,113)        | (2,113)         |
|                                                           | <b>(3,029)</b> | <b>(3,068)</b>  |
| (Decrease) in cash and cash equivalents in the year       | (4,962)        | (15,374)        |
| <b>Cash and cash equivalents at beginning of the year</b> | <b>19,562</b>  | <b>34,936</b>   |
| <b>Cash and cash equivalents at end of the year</b>       | <b>14,600</b>  | <b>19,562</b>   |

# Notes to the Accounts

## 1. TUITION FEES AND EDUCATION CONTRACTS

|                                  | 2019           |                | 2018           |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | Consolidated   | University     | Consolidated   | University     |
|                                  | £'000          | £'000          | £'000          | £'000          |
| Full-time home and EU students   | 98,189         | 98,189         | 103,739        | 103,739        |
| Full-time international students | 19,997         | 19,997         | 18,513         | 18,513         |
| Part-time students               | 5,600          | 5,600          | 3,714          | 3,714          |
| Research Training Support Grants | 408            | 408            | 539            | 539            |
| Short course fees                | 2,420          | 2,420          | 2,490          | 2,490          |
|                                  | <b>126,614</b> | <b>126,614</b> | <b>128,995</b> | <b>128,995</b> |

## 2. FUNDING COUNCIL GRANTS

|                                              | 2019          |               | 2018          |               |
|----------------------------------------------|---------------|---------------|---------------|---------------|
|                                              | Consolidated  | University    | Consolidated  | University    |
|                                              | £'000         | £'000         | £'000         | £'000         |
| Recurrent grant                              | 17,894        | 17,894        | 17,827        | 17,827        |
| Specific grants                              |               |               |               |               |
| National College for Teaching & Leadership   | 73            | 73            | 60            | 60            |
| Higher Education Innovation Fund             | 1,694         | 1,694         | 2,135         | 2,135         |
| JISC                                         | -             | -             | 1             | 1             |
| NCOP                                         | 2,150         | 2,150         | 2,552         | 2,552         |
| GCRF                                         | 301           | 301           | 219           | 219           |
| Other                                        | 30            | 30            | 39            | 39            |
| Deferred capital grants released in the year | 3,580         | 3,580         | 3,193         | 3,193         |
|                                              | <b>25,722</b> | <b>25,722</b> | <b>26,026</b> | <b>26,026</b> |

Funding Council Grants represent grants from the Office for Student, Research England and the National College for Teaching & Leadership.

## 3. RESEARCH GRANTS AND CONTRACTS

|                            | 2019          |               | 2018          |               |
|----------------------------|---------------|---------------|---------------|---------------|
|                            | Consolidated  | University    | Consolidated  | University    |
|                            | £'000         | £'000         | £'000         | £'000         |
| Research Councils          | 1,610         | 1,610         | 2,029         | 2,029         |
| UK charities               | 1,655         | 1,655         | 1,274         | 1,274         |
| UK central government      | 2,217         | 2,217         | 1,511         | 1,511         |
| Local authorities          | 312           | 312           | 456           | 456           |
| Health & hospitals         | 801           | 801           | 928           | 928           |
| UK industry                | 1,293         | 1,293         | 1,068         | 1,068         |
| EU                         | 3,004         | 3,004         | 2,090         | 2,090         |
| Overseas and other sources | 633           | 633           | 707           | 707           |
|                            | <b>11,525</b> | <b>11,525</b> | <b>10,063</b> | <b>10,063</b> |

# Notes to the Accounts

## 4. OTHER INCOME

|                                             | 2019          |               | 2018          |               |
|---------------------------------------------|---------------|---------------|---------------|---------------|
|                                             | Consolidated  | University    | Consolidated  | University    |
|                                             | £'000         | £'000         | £'000         | £'000         |
| Residences, Catering and Conferences        | 14,358        | 14,358        | 15,272        | 15,272        |
| Other services rendered                     | 3,372         | 3,372         | 3,650         | 3,650         |
| Health authorities                          | 2,874         | 2,874         | 2,690         | 2,690         |
| Released from deferred capital grants       | 337           | 337           | 337           | 337           |
| Rents receivable and Facilities income      | 1,453         | 1,453         | 1,101         | 1,101         |
| ERASMUS grants                              | 315           | 315           | 261           | 261           |
| Other revenue grant and departmental income | 2,395         | 2,395         | 1,566         | 1,566         |
| Other income                                | 2,722         | 2,646         | 3,002         | 3,002         |
|                                             | <b>27,826</b> | <b>27,750</b> | <b>27,879</b> | <b>27,879</b> |

## 5. INVESTMENT INCOME

|                                 | 2019         |            | 2018         |            |
|---------------------------------|--------------|------------|--------------|------------|
|                                 | Consolidated | University | Consolidated | University |
|                                 | £'000        | £'000      | £'000        | £'000      |
| Investment income on endowments | 295          | 295        | 285          | 285        |
| Other investment income         | 519          | 519        | 306          | 306        |
|                                 | <b>814</b>   | <b>814</b> | <b>591</b>   | <b>591</b> |

## 6 DONATIONS AND ENDOWMENTS

|                        | 2019         |            | 2018         |            |
|------------------------|--------------|------------|--------------|------------|
|                        | Consolidated | University | Consolidated | University |
|                        | £'000        | £'000      | £'000        | £'000      |
| New endowments         | 41           | 41         | 41           | 41         |
| Unrestricted donations | 714          | 714        | 724          | 724        |
|                        | <b>755</b>   | <b>755</b> | <b>765</b>   | <b>765</b> |

## 7. STAFF

|                                                                                | 2019           |                | 2018           |                |
|--------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                                | Consolidated   | University     | Consolidated   | University     |
|                                                                                | £'000          | £'000          | £'000          | £'000          |
| Staff Costs:                                                                   |                |                |                |                |
| Wages & Salaries                                                               | 87,075         | 86,703         | 82,741         | 82,676         |
| Social Security Costs                                                          | 8,694          | 8,660          | 8,259          | 8,249          |
| Movement on USS provision                                                      | 23,820         | 23,820         | (1,644)        | (1,644)        |
| Other Pension Costs                                                            | 19,833         | 19,827         | 18,689         | 18,688         |
| Other pension adjustments                                                      | (1,081)        | (1,081)        | (2,293)        | (2,293)        |
|                                                                                | 138,341        | 137,929        | 105,752        | 105,676        |
| Fundamental restructuring costs 2019:165 individuals;<br>(2018:48 individuals) | 3,779          | 3,779          | 1,029          | 1,029          |
|                                                                                | <b>142,120</b> | <b>141,708</b> | <b>106,781</b> | <b>106,705</b> |

In May 2009 the University introduced a pension salary sacrifice scheme for most staff. From that date, employee pension contributions, effectively paid over by the University on behalf of employees, are included within other pension costs as employer contributions (and are construed as such) with a corresponding reduction in the wages and salaries heading which formerly included employee contributions (2019: £5,565k; 2018: £5,242k).

During the year the University offered a compensation scheme for voluntary leavers as part of its ongoing transformation work to restructure the organisation. Costs and numbers of individuals accounted for in the current and previous financial years are shown above.

Notes to the Accounts

|                                                                | 2019       | 2018                     |
|----------------------------------------------------------------|------------|--------------------------|
|                                                                | University | University<br>(restated) |
|                                                                | £'000      | £'000                    |
| Emoluments of the Vice-Chancellors:                            |            |                          |
| Vice-Chancellor:                                               |            |                          |
| Salary before salary sacrifice arrangements                    | 251        | 238                      |
| Salary Sacrificed                                              | (7)        | (6)                      |
| Salary after salary sacrifice arrangements                     | 244        | 232                      |
| Employers pension contributions                                | 4          | 1                        |
| Pension contributions made under salary sacrifice arrangements | 7          | 6                        |
| Total pension contributions                                    | 11         | 7                        |
| Non-taxable benefits in kind                                   | 4          | 4                        |
| Total remuneration                                             | 259        | 243                      |
| Acting Vice-Chancellor (1-20 August 2017):                     |            |                          |
| Salary                                                         | -          | 9                        |
| Benefits in kind as assessed for HMRC purposes                 | -          | -                        |
|                                                                | -          | 9                        |
| Employer contributions to USS                                  | -          | 2                        |
| Total                                                          | -          | 11                       |

The emoluments for 2018 have been restated due to the pension contributions being incorrectly stated.

The University employs more than 2,100 people and has turnover of over £190m. The University makes a valuable contribution to the social and cultural life of the city and region, acting as an anchor institution, working alongside public sector and commercial organisations in driving productivity and creating a sense of place. The University inspires over 16,000 students every year and conducts world-renowned research, operating as a global business, recruiting international students and providing teaching internationally, notably in Hong Kong and China, and partnering with a range of international organisations.

In recruiting and retaining a Vice-Chancellor, the University is affected by the global market for talent, particularly since significantly higher levels of remuneration available in the US and Australia make it harder to recruit and retain key staff. It is critical the University of Hull is able to attract, recruit and retain the best possible academic and professional leadership. The demands on the Vice-Chancellor are complex, operating within a highly competitive environment both nationally and internationally, where student demand for places both at subject and institutional level is increasingly volatile.

The Vice-Chancellor’s performance is judged through an annual appraisal process of objective setting and monitoring performance against those objectives. Performance is reported to the University’s Remuneration Committee annually and this committee is responsible for ensuring the annual remuneration package is commensurate with the Vice-Chancellor’s performance and responsibilities.

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff and the employer contributions to USS are paid at the same rate as for other academic staff.

The Vice-Chancellor’s basic salary is 7.3 times (2018: 7.3 times) the median pay of all University staff.

The Vice Chancellor’s total remuneration is 6.6 times (2018: 6.5 times) the median total remuneration of all University staff.

The issue of pay for University Vice-Chancellors remains contentious and continues to attract the attention of Government, the Office for Students, the media and trade unions. However reports of ‘excessive’ pay have declined since the publication and implementation of the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code (the Code).

The University of Hull has fully implemented the Code and published its first annual remuneration report earlier in the year. The report, along with the University’s Senior Staff Remuneration and Severance Policy and Procedure and agendas and minutes of Remuneration Committee are all now published on the University’s website.

In February 2019 the Office for Students published data and analysis around senior pay and identified “signs of pay restraint at some Universities”. Analysis across the most recent reporting period (2017/18) showed the following:

- The proportion of all staff paid a basic salary of £100,000 or more across all providers was 1.5%. The University of Hull reports a lower proportion at 0.6% for 2019 (2018: 0.8%).
- The average salary for the head of provider was £253,000 and the average total remuneration was £299,000. The University of Hull reports for 2019 £251,000 basic salary (2018: £238,000 (49 weeks)) and £259,000 total remuneration (2018: £243,000 (49 weeks)).
- Basic pay ratios (Head of Institution against other employees) across the sector ranged from 3.0 to 13.4. The University of Hull reports a basic pay ratio of 7.3 (second quartile)
- Total remuneration ratios ranged from 2.9 to 12.8. The University of Hull reports total remuneration ratio of 6.6 (second quartile)

These figures show that the University of Hull continues to demonstrate pay restraint, increased transparency and good governance of senior staff remuneration.

Notes to the Accounts

|                                         | 2019         | 2018         |
|-----------------------------------------|--------------|--------------|
|                                         | Consolidated | Consolidated |
|                                         | Number       | Number       |
| Average Staff Numbers by Major Category |              |              |
| Academic departments                    | 1,185        | 1,182        |
| Central Student Services                | 135          | 135          |
| Central Administration                  | 613          | 572          |
| Premises                                | 230          | 241          |
|                                         | 2,163        | 2,130        |

Remuneration of Higher Paid Staff  
(excluding employers pension contributions), excluding the Vice-Chancellor

|                   | 2019         | 2018                       |
|-------------------|--------------|----------------------------|
|                   | Consolidated | Consolidated               |
|                   | No. of Staff | No. of Staff<br>(restated) |
| £200,000-£204,999 | -            | 1                          |
| £195,000-£199,999 | -            | -                          |
| £190,000-£194,999 | -            | -                          |
| £185,000-£189,999 | -            | -                          |
| £180,000-£184,999 | -            | -                          |
| £175,000-£179,999 | -            | -                          |
| £170,000-£174,999 | -            | -                          |
| £165,000-£169,999 | 1            | 2                          |
| £160,000-£164,999 | -            | -                          |
| £155,000-£159,999 | 2            | 1                          |
| £150,000-£154,999 | 1            | 1                          |
| £145,000-£149,999 | -            | -                          |
| £140,000-£144,999 | -            | -                          |
| £135,000-£139,999 | 1            | -                          |
| £130,000-£134,999 | 1            | 1                          |
| £125,000-£129,999 | 1            | 1                          |
| £120,000-£124,999 | 1            | 2                          |
| £115,000-£119,999 | 1            | 2                          |
| £110,000-£114,999 | -            | 3                          |
| £105,000-£109,999 | 2            | 2                          |
| £100,000-£104,999 | 2            | 2                          |

Key management personnel  
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University, the Vice Chancellor and the University Leadership Team. Staff costs in note 7 includes compensation paid to key management personnel.

|                          | 2019         | 2018         |
|--------------------------|--------------|--------------|
|                          | Consolidated | Consolidated |
|                          | £'000        | £'000        |
| Key management personnel | 1,402        | 1,416        |

# Notes to the Accounts

## 8. INTEREST PAYABLE

|                                                                      | 2019                  |                     | 2018                  |                     |
|----------------------------------------------------------------------|-----------------------|---------------------|-----------------------|---------------------|
|                                                                      | Consolidated<br>£'000 | University<br>£'000 | Consolidated<br>£'000 | University<br>£'000 |
| Bank and other Loans repayable within 1 year                         | -                     | -                   | -                     | -                   |
| Bank and other Loans wholly or partly repayable in more than 5 years | 957                   | 957                 | 990                   | 990                 |
| Net charge on pension scheme                                         | 1,132                 | 1,132               | 1,299                 | 1,299               |
|                                                                      | <b>2,089</b>          | <b>2,089</b>        | <b>2,289</b>          | <b>2,289</b>        |

## 9. ANALYSIS OF EXPENDITURE BY ACTIVITY

| Consolidated                                                    | Staff Costs    | Amortisation/<br>Depreciation | Other<br>Operating<br>Expenditure | Interest<br>Payable | 2019 Total     | 2018 Total     |
|-----------------------------------------------------------------|----------------|-------------------------------|-----------------------------------|---------------------|----------------|----------------|
|                                                                 | £'000          | £'000                         | £'000                             | £'000               | £'000          | £'000          |
| Academic Departments                                            | 68,507         | 1,481                         | 13,581                            | -                   | 83,569         | 79,539         |
| Academic Services                                               | 11,545         | 3,454                         | 9,482                             | -                   | 24,481         | 24,576         |
| Research Grants and Contracts                                   | 5,033          | 300                           | 3,544                             | -                   | 8,877          | 7,386          |
| Residences, Catering and Conferences                            | 3,107          | 782                           | 7,445                             | -                   | 11,334         | 9,740          |
| Premises                                                        | 4,784          | 10,754                        | 7,099                             | 2,089               | 24,726         | 25,747         |
| Administration                                                  | 8,951          | 23                            | 5,615                             | -                   | 14,589         | 10,653         |
| Services Rendered                                               | 1,355          | -                             | 301                               | -                   | 1,656          | 1,638          |
| Movement in pension costs                                       | 23,820         | -                             | -                                 | -                   | 23,820         | (1,644)        |
| Other Expenses                                                  | 11,239         | 14                            | 18,873                            | -                   | 30,126         | 31,217         |
|                                                                 | <b>138,341</b> | <b>16,808</b>                 | <b>65,940</b>                     | <b>2,089</b>        | <b>223,178</b> | <b>188,852</b> |
| Fundamental restructuring costs                                 | 3,779          | -                             | -                                 | -                   | 3,779          | 1,029          |
|                                                                 | <b>142,120</b> | <b>16,808</b>                 | <b>65,940</b>                     | <b>2,089</b>        | <b>226,957</b> | <b>189,881</b> |
| Other operating expenses include:                               |                |                               |                                   |                     |                |                |
| External auditors remuneration in respect of audit services     |                |                               |                                   |                     | 54             | 55             |
| External auditors remuneration in respect of non audit services |                |                               |                                   |                     | 4              | 7              |
| External auditors remuneration in respect of pension audit      |                |                               |                                   |                     | -              | 10             |

# Notes to the Accounts

| University                                                      | Staff Costs    | Amortisation/<br>Depreciation | Other<br>Operating<br>Expenditure | Interest<br>Payable | 2019 Total     | 2018 Total     |
|-----------------------------------------------------------------|----------------|-------------------------------|-----------------------------------|---------------------|----------------|----------------|
|                                                                 | £'000          | £'000                         | £'000                             | £'000               | £'000          | £'000          |
| Academic Departments                                            | 68,507         | 1,481                         | 13,581                            | -                   | 83,569         | 79,539         |
| Academic Services                                               | 11,545         | 3,454                         | 9,482                             | -                   | 24,481         | 24,576         |
| Research Grants and Contracts                                   | 5,033          | 300                           | 3,544                             | -                   | 8,877          | 7,386          |
| Residences, Catering and Conferences                            | 3,107          | 782                           | 7,445                             | -                   | 11,334         | 9,740          |
| Premises                                                        | 4,784          | 10,754                        | 7,099                             | 2,089               | 24,726         | 25,747         |
| Administration                                                  | 8,951          | 23                            | 5,615                             | -                   | 14,589         | 10,640         |
| Services Rendered                                               | 1,355          | -                             | 301                               | -                   | 1,656          | 1,638          |
| Movement in pension costs                                       | 23,820         | -                             | -                                 | -                   | 23,820         | (1,644)        |
| Other Expenses                                                  | 10,827         | -                             | 18,817                            | -                   | 29,644         | 31,085         |
|                                                                 | <b>137,929</b> | <b>16,794</b>                 | <b>65,884</b>                     | <b>2,089</b>        | <b>222,696</b> | <b>188,707</b> |
| Fundamental restructuring costs                                 | 3,779          | -                             | -                                 | -                   | 3,779          | 1,029          |
|                                                                 | <b>141,708</b> | <b>16,794</b>                 | <b>65,884</b>                     | <b>2,089</b>        | <b>226,475</b> | <b>189,736</b> |
| Other operating expenses include:                               |                |                               |                                   |                     |                |                |
| External auditors remuneration in respect of audit services     |                |                               |                                   |                     | 51             | 51             |
| External auditors remuneration in respect of non audit services |                |                               |                                   |                     | 4              | 7              |
| External auditors remuneration in respect of pension audit      |                |                               |                                   |                     | -              | 10             |

## 10. INTANGIBLE ASSETS

|                            | Software              |                     |
|----------------------------|-----------------------|---------------------|
|                            | Consolidated<br>£'000 | University<br>£'000 |
| Cost                       |                       |                     |
| At 1 August 2018           | -                     | -                   |
| Transfer from fixed assets | 12,959                | 12,959              |
| Additions                  | 1,966                 | 1,966               |
| At 31 July 2019            | <b>14,925</b>         | <b>14,925</b>       |
| Amortisation               |                       |                     |
| At 1 August 2018           | -                     | -                   |
| Transfer from fixed assets | 445                   | 445                 |
| Charge                     | 744                   | 744                 |
| At 31 July 2019            | <b>1,189</b>          | <b>1,189</b>        |
| Net Book Value             |                       |                     |
| At 31 July 2019            | <b>13,736</b>         | <b>13,736</b>       |
| Net Book Value             |                       |                     |
| At 31 July 2018            | -                     | -                   |

The additions during the year relate to the purchase of software.  
The amortisation period is 7 years.

# Notes to the Accounts

| 11. FIXED ASSETS                   | Land & Buildings |              | Mechanical & electrical | Equipment     | Work in progress | Total          |
|------------------------------------|------------------|--------------|-------------------------|---------------|------------------|----------------|
|                                    | Freehold         | Leasehold    |                         |               |                  |                |
|                                    | £'000            | £'000        | £'000                   | £'000         | £'000            | £'000          |
| <b>Consolidated</b>                |                  |              |                         |               |                  |                |
| <b>Cost:</b>                       |                  |              |                         |               |                  |                |
| <b>At 1 August 2018</b>            | 263,098          | 1,085        | 64,928                  | 33,450        | 27,366           | 389,927        |
| Additions                          | 251              | -            | 94                      | 891           | 18,662           | 19,898         |
| Transfers to intangible assets     | -                | -            | -                       | (2,976)       | (9,983)          | (12,959)       |
| Transfers to investment property   | (3,273)          | -            | -                       | -             | -                | (3,273)        |
| Transfers from WIP                 | 448              | -            | 22,782                  | 3,414         | (26,644)         | -              |
| Disposals                          | (3)              | -            | -                       | -             | -                | (3)            |
| Impairment of assets               | (6,273)          | -            | (163)                   | -             | -                | (6,436)        |
| Reclassification to current assets | (1,652)          | -            | -                       | -             | -                | (1,652)        |
| <b>At 31 July 2019</b>             | <b>252,596</b>   | <b>1,085</b> | <b>87,641</b>           | <b>34,779</b> | <b>9,401</b>     | <b>385,502</b> |
| <b>Depreciation:</b>               |                  |              |                         |               |                  |                |
| <b>At 1 August 2018</b>            | 27,347           | 894          | 11,730                  | 18,636        | -                | 58,607         |
| Charge for the year                | 6,522            | 7            | 4,590                   | 4,945         | -                | 16,064         |
| Transfers to intangible assets     | -                | -            | -                       | (445)         | -                | (445)          |
| Reclassification to current assets | (804)            | -            | -                       | -             | -                | (804)          |
| Impairment of assets               | (358)            | -            | (43)                    | -             | -                | (401)          |
| Eliminated on Disposal             | (2)              | -            | -                       | -             | -                | (2)            |
| <b>At 31 July 2019</b>             | <b>32,705</b>    | <b>901</b>   | <b>16,277</b>           | <b>23,136</b> | <b>-</b>         | <b>73,019</b>  |
|                                    |                  |              |                         |               |                  |                |
| Net Book Value                     |                  |              |                         |               |                  |                |
| <b>At 31 July 2019</b>             | <b>219,891</b>   | <b>184</b>   | <b>71,364</b>           | <b>11,643</b> | <b>9,401</b>     | <b>312,483</b> |
| Net Book Value                     |                  |              |                         |               |                  |                |
| <b>At 1 August 2018</b>            | <b>235,751</b>   | <b>191</b>   | <b>53,198</b>           | <b>14,814</b> | <b>27,366</b>    | <b>331,320</b> |

# Notes to the Accounts

| 11. FIXED ASSETS (cont)            | Land & Buildings |              | Mechanical & electrical | Equipment     | Work in progress | Total          |
|------------------------------------|------------------|--------------|-------------------------|---------------|------------------|----------------|
|                                    | Freehold         | Leasehold    |                         |               |                  |                |
|                                    | £'000            | £'000        | £'000                   | £'000         | £'000            | £'000          |
| <b>University</b>                  |                  |              |                         |               |                  |                |
| <b>Cost:</b>                       |                  |              |                         |               |                  |                |
| <b>At 1 August 2018</b>            | 263,098          | 1,085        | 64,928                  | 33,431        | 27,558           | 390,100        |
| Additions                          | 251              | -            | 94                      | 868           | 18,662           | 19,875         |
| Transfers to intangible assets     | -                | -            | -                       | (2,976)       | (9,983)          | (12,959)       |
| Transfers to investment property   | (3,273)          | -            | -                       | -             | -                | (3,273)        |
| Transfers from WIP                 | 448              | -            | 22,782                  | 3,414         | (26,644)         | -              |
| Disposals                          | (3)              | -            | -                       | -             | -                | (3)            |
| Impairment of assets               | (6,273)          | -            | (163)                   | -             | -                | (6,436)        |
| Reclassification to current assets | (1,652)          | -            | -                       | -             | -                | (1,652)        |
| <b>At 31 July 2019</b>             | <b>252,596</b>   | <b>1,085</b> | <b>87,641</b>           | <b>34,737</b> | <b>9,593</b>     | <b>385,652</b> |
| <b>Depreciation:</b>               |                  |              |                         |               |                  |                |
| <b>At 1 August 2018</b>            | 27,347           | 894          | 11,730                  | 18,630        | -                | 58,601         |
| Charge for the year                | 6,522            | 7            | 4,590                   | 4,931         | -                | 16,050         |
| Transfers to intangible asset      | -                | -            | -                       | (445)         | -                | (445)          |
| Reclassification to current assets | (804)            | -            | -                       | -             | -                | (804)          |
| Impairment of assets               | (358)            | -            | (43)                    | -             | -                | (401)          |
| Eliminated on Disposal             | (2)              | -            | -                       | -             | -                | (2)            |
| <b>At 31 July 2019</b>             | <b>32,705</b>    | <b>901</b>   | <b>16,277</b>           | <b>23,116</b> | <b>-</b>         | <b>72,999</b>  |
|                                    |                  |              |                         |               |                  |                |
| Net Book Value                     |                  |              |                         |               |                  |                |
| <b>At 31 July 2019</b>             | <b>219,891</b>   | <b>184</b>   | <b>71,364</b>           | <b>11,621</b> | <b>9,593</b>     | <b>312,653</b> |
| Net Book Value                     |                  |              |                         |               |                  |                |
| <b>At 1 August 2018</b>            | <b>235,751</b>   | <b>191</b>   | <b>53,198</b>           | <b>14,801</b> | <b>27,558</b>    | <b>331,499</b> |

Transfers have been made for investment property (note 12) and intangible fixed assets (note 10). These balances were previously held as tangible fixed assets.

As permitted by FRS 102, the University conducted a one-off valuation of some of its land and buildings as at 1 August 2014 and adopted these valuations as deemed cost. The valuation was conducted by Clark Weightman Chartered Surveyors in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Professional Standards 2014 and consistent with the requirements of FRS 102 and the SORP.

### Heritage assets

Virtually no heritage assets are held on the Balance Sheet, having been acquired through donation or historically expensed through the income & expenditure account (ie non capitalisation in previous periods). It is not considered that analysis of past accounting records to determine cost and/or an appropriate value to place on the University's Balance Sheet would provide any additional benefit to the users of the University's accounts. Purchased heritage assets are treated in line with the University's capitalisation policy.

### 12. INVESTMENT PROPERTY

|                           | 2019                  |                     | 2018                  |                     |
|---------------------------|-----------------------|---------------------|-----------------------|---------------------|
|                           | Consolidated<br>£'000 | University<br>£'000 | Consolidated<br>£'000 | University<br>£'000 |
| Investment property value | <b>3,273</b>          | <b>3,273</b>        | -                     | -                   |

# Notes to the Accounts

## 13. NON CURRENT INVESTMENTS

|                             | 2019         |            | 2018         |            |
|-----------------------------|--------------|------------|--------------|------------|
|                             | Consolidated | University | Consolidated | University |
|                             | £'000        | £'000      | £'000        | £'000      |
| Endowment investments       | 11,558       | 11,558     | 11,015       | 11,015     |
| UPP (Hull) Limited          | 2,736        | 2,736      | 2,736        | 2,736      |
| ERGO Centre                 | 300          | 300        | 300          | 300        |
| CHeMTriX/Kingston Chemicals | 87           | 87         | 87           | 87         |
|                             | 14,681       | 14,681     | 14,138       | 14,138     |

| Name of undertaking               | Country of incorporation or registration | Description of shares held | Proportion of nominal value of issues shares held % | Nature of business       |
|-----------------------------------|------------------------------------------|----------------------------|-----------------------------------------------------|--------------------------|
| Lampada Digital Solutions Ltd     | England and Wales                        | Ordinary                   | 100                                                 | Digital technology       |
| Vertual Ltd                       | England and Wales                        | Ordinary                   | 36                                                  | Virtual Radiography      |
| Kingston Chemicals Ltd            | England and Wales                        | Ordinary                   | 21                                                  | Liquid Crystals          |
| CHeMTriX Ltd                      | England and Wales                        | Ordinary                   | 39                                                  | Micro reactor systems    |
| UPP (Hull) Limited                | England and Wales                        | Ordinary                   | 10                                                  | Student accommodation    |
| ERGO Centre                       | England and Wales                        | Ordinary                   | 13.63                                               | Renewable technology hub |
| University Campus Scarborough Ltd | England and Wales                        | Ordinary                   | 100                                                 | Dormant                  |
| Aura Management Ltd               | England and Wales                        | Ordinary                   | 100                                                 | Dormant                  |

All of the above undertakings operated entirely in their country of incorporation except for CHeMTriX Ltd. The investment in CHeMTriX represents an underlying 24% holding in the company CHeMTriX BV expressed as two thirds equity, one third subordinate loan.

## 14. PROPERTIES FOR SALE

Traditional halls of residence and a student house are to be sold in 2019/20. The net book value has been moved from fixed assets to current assets, and no depreciation charged in the year. See note 23 for events after the reporting period.

## 15. TRADE AND OTHER RECEIVABLES

|                                      | 2019         |            | 2018         |            |
|--------------------------------------|--------------|------------|--------------|------------|
|                                      | Consolidated | University | Consolidated | University |
|                                      | £'000        | £'000      | £'000        | £'000      |
| Trade, student and research debtors  | 14,637       | 14,660     | 13,587       | 13,536     |
| Amounts owed by subsidiary companies | -            | 473        | -            | 20         |
| Prepayments and Accrued Income       | 7,385        | 7,357      | 7,009        | 7,009      |
|                                      | 22,022       | 22,490     | 20,596       | 20,565     |

Amounts fall due within one year except for £3,287k relating to sub-leases in the WCRP.

## 16. CURRENT INVESTMENTS

|                                       | 2019         |            | 2018         |            |
|---------------------------------------|--------------|------------|--------------|------------|
|                                       | Consolidated | University | Consolidated | University |
|                                       | £'000        | £'000      | £'000        | £'000      |
| Deposits maturing in one year or less | 24,050       | 24,050     | 25,250       | 25,250     |

Deposits are held with banks and building societies in accordance with the University's Treasury Management Policy, with more than 3 months maturity at the Balance Sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement

# Notes to the Accounts

## 17. CASH AND CASH EQUIVALENTS

|                        | 2019         |            | 2018         |            |
|------------------------|--------------|------------|--------------|------------|
|                        | Consolidated | University | Consolidated | University |
|                        | £'000        | £'000      | £'000        | £'000      |
| Endowments             | 3,611        | 3,611      | 3,629        | 3,629      |
| ST investments < 3mths | 5,407        | 5,407      | 14,113       | 14,113     |
| Cash at bank           | 5,582        | 5,472      | 1,820        | 1,802      |
|                        | 14,600       | 14,490     | 19,562       | 19,544     |

## 18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                            | 2019         |            | 2018         |            |
|--------------------------------------------|--------------|------------|--------------|------------|
|                                            | Consolidated | University | Consolidated | University |
|                                            | £'000        | £'000      | £'000        | £'000      |
| Grants and Donations Received in Advance   | 6,801        | 6,801      | 7,658        | 7,658      |
| Bank Loan (note 19)                        | 33,363       | 33,363     | 2,113        | 2,113      |
| Creditors                                  | 10,934       | 10,937     | 12,869       | 12,764     |
| Amounts owed to subsidiary companies       | -            | 116        | -            | 98         |
| Social Security and other Taxation Payable | 2,616        | 2,601      | 2,439        | 2,436      |
| Accruals and Other Deferred Income         | 20,635       | 20,508     | 17,911       | 17,906     |
| Deferred capital grants                    | 3,943        | 3,943      | 3,971        | 3,971      |
|                                            | 78,292       | 78,269     | 46,961       | 46,946     |

## 19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|                                   | 2019         |            | 2018         |            |
|-----------------------------------|--------------|------------|--------------|------------|
|                                   | Consolidated | University | Consolidated | University |
|                                   | £'000        | £'000      | £'000        | £'000      |
| Bank Loans Repayable 2015 to 2035 | 57           | 57         | 33,420       | 33,420     |
| Other deferred income             | 15,349       | 15,349     | 15,735       | 15,735     |
| Deferred Capital Grants           | 34,872       | 34,872     | 34,357       | 34,357     |
|                                   | 50,278       | 50,278     | 83,512       | 83,512     |

The bank loans are repayable as follows:

|                            | 2019         |            | 2018         |            |
|----------------------------|--------------|------------|--------------|------------|
|                            | Consolidated | University | Consolidated | University |
|                            | £'000        | £'000      | £'000        | £'000      |
| Less than one year         | 33,363       | 33,363     | 2,113        | 2,113      |
| Between one and two years  | 57           | 57         | 2,113        | 2,113      |
| Between two and five years | -            | -          | 6,057        | 6,057      |
| In five years or more      | -            | -          | 25,250       | 25,250     |
|                            | 33,420       | 33,420     | 35,533       | 35,533     |

As at 31 July 2019, the University was in breach of a lending covenant in respect of its borrowing from one its lenders. This was as a result of some changes in the measurement criteria. As a result, the bank loan has been presented in these financial statements as due within one year. The University has subsequently negotiated a waiver of the covenant and the loan has returned to its original repayment profile.

# Notes to the Accounts

## 20. PROVISION FOR LIABILITIES AND CHARGES

|                  | Consolidated and University |                           |                  |               |
|------------------|-----------------------------|---------------------------|------------------|---------------|
|                  | USS provision               | Pension scheme provisions | Other provisions | Total         |
|                  | £'000                       | £'000                     | £'000            | £'000         |
| At 1 August 2018 | 18,448                      | 27,506                    | 671              | 46,625        |
| Movements        | 24,224                      | 12,990                    | 677              | 37,891        |
| At 31 July 2019  | <b>42,672</b>               | <b>40,496</b>             | <b>1,348</b>     | <b>84,516</b> |

Pension scheme provisions relate to the University's liability in relation to its share of the agreed deficit recovery plan for the scheme, and the deficits on both the University's own pension scheme and its part of the N Yorkshire pension scheme deficit. Further details are included in the Statement of Principal Accounting Policies and note 25 to the financial statements.

Other provisions of £1,348k partly represents the present value of future pension enhancements in respect of former University College Scarborough employees who have taken early retirement (£622k) plus an amount of £6k for former University of Hull employees where the pension is paid directly by the University. The remaining other provision is for the future demolition of assets impaired in 2018/19.

# Notes to the Accounts

## 21. ENDOWMENT RESERVES

|                                                   | Consolidated and University |                       |                      |                |                  |               |               |
|---------------------------------------------------|-----------------------------|-----------------------|----------------------|----------------|------------------|---------------|---------------|
|                                                   | Unrestricted Permanent      | Restricted Expendable | Restricted Permanent | CMRI endowment | Restricted Total | 2019 Total    | 2018 Total    |
|                                                   | £'000                       | £'000                 | £'000                | £'000          | £'000            | £'000         | £'000         |
| Capital Value                                     | 7,816                       | 892                   | 3,929                | -              | 4,821            | 12,637        | 12,331        |
| Accumulated income                                | -                           | 48                    | 1,927                | 32             | 2,007            | 2,007         | 2,044         |
| At 1 August 2018                                  | 7,816                       | 940                   | 5,856                | 32             | 6,828            | 14,644        | 14,375        |
| New endowments                                    | -                           | 30                    | 11                   | -              | 41               | 41            | 41            |
| Increase in market value of investments           | 366                         | -                     | 177                  | -              | 177              | 543           | 318           |
| Investment Income                                 | 166                         | 6                     | 123                  | -              | 129              | 295           | 285           |
| Expenditure                                       | (166)                       | (77)                  | (111)                | -              | (188)            | (354)         | (375)         |
| Total endowment comprehensive income for the year | 366                         | (41)                  | 200                  | -              | 159              | 525           | 269           |
| At 31 July 2019                                   | <b>8,182</b>                | <b>899</b>            | <b>6,056</b>         | <b>32</b>      | <b>6,987</b>     | <b>15,169</b> | <b>14,644</b> |
| Represented by:                                   |                             |                       |                      |                |                  |               |               |
| Capital                                           | 8,182                       | 849                   | 4,118                | -              | 4,967            | 13,149        | 12,637        |
| Accumulated income                                | -                           | 50                    | 1,938                | 32             | 2,020            | 2,020         | 2,007         |
|                                                   | <b>8,182</b>                | <b>899</b>            | <b>6,056</b>         | <b>32</b>      | <b>6,987</b>     | <b>15,169</b> | <b>14,644</b> |
| Analysis by type of purpose:                      |                             |                       |                      |                |                  |               |               |
| Fellowships and scholarships                      | -                           | 624                   | 2,340                | -              | 2,964            | 2,964         | 2,955         |
| Prize funds                                       | -                           | 41                    | 470                  | -              | 511              | 511           | 507           |
| Chair and lectureship funds                       | -                           | -                     | 1,582                | -              | 1,582            | 1,582         | 1,601         |
| Other                                             | 8,182                       | 234                   | 1,664                | 32             | 1,930            | 10,112        | 9,581         |
|                                                   | <b>8,182</b>                | <b>899</b>            | <b>6,056</b>         | <b>32</b>      | <b>6,987</b>     | <b>15,169</b> | <b>14,644</b> |
| Analysis by asset:                                |                             |                       |                      |                |                  |               |               |
| Current and non current asset investments         |                             |                       |                      |                |                  | 11,558        | 11,015        |
| Cash and cash equivalents (note 17)               |                             |                       |                      |                |                  | 3,611         | 3,629         |
|                                                   |                             |                       |                      |                |                  | <b>15,169</b> | <b>14,644</b> |

The unrestricted permanent endowment fund is the founding bequest to the University made in 1927 by Mr Thomas Ferens with all income generated available for use by the University in supporting its recurrent activities. This is reflected in the SOCI.

Restricted expendable endowments have specific usage requirements, but allow capital as well as interest generated to be used for that requirement.

Restricted permanent endowments consist of 130 individual bequests, all with different specified uses and of varying size. Income generated within the year is used to support students in accordance with the terms of the endowment, generally through scholarships, bursaries and prizes, and staff through academic sponsorship.

The CMRI endowment represents funds provided by Yorkshire Cancer Research (YCR), with investment income used to fund research activities as approved by YCR.

# Notes to the Accounts

## 22. CAPITAL COMMITMENTS

|                                       | 2019         |            | 2018         |            |
|---------------------------------------|--------------|------------|--------------|------------|
|                                       | Consolidated | University | Consolidated | University |
|                                       | £000         | £000       | £000         | £000       |
| Commitments Contracted for at 31 July | 3,318        | 3,318      | 5,987        | 5,987      |

These commitments will be funded by operating cash flows.

## 23. EVENTS AFTER THE REPORTING PERIOD

The sale of one student house, shown in the balance sheet as a current asset rather than fixed assets at 31 July 2019, was completed in August 2019.

As set out in note 25 in respect of the USS pension scheme, a new schedule of contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £17.8m in the provision for the obligation to fund the deficit on the USS pension which would instead be £25m. This adjustment will be reflected in the University's financial statements for the year ended 31 July 2020.

## 24. FINANCIAL INSTRUMENTS

|                                       | 2019         |            | 2018         |            |
|---------------------------------------|--------------|------------|--------------|------------|
|                                       | Consolidated | University | Consolidated | University |
|                                       | £'000        | £'000      | £'000        | £'000      |
| <b>Financial assets:</b>              |              |            |              |            |
| Held at fair value:                   |              |            |              |            |
| Non current asset investments         | 11,558       | 11,558     | 11,015       | 11,015     |
| Current asset investments             | 24,050       | 24,050     | 25,250       | 25,250     |
| Bank and cash                         | 14,600       | 14,490     | 19,562       | 19,544     |
| Trade and other debtors               | 14,637       | 14,660     | 13,587       | 13,556     |
| Accrued income                        | 3,287        | 3,287      | 3,354        | 3,354      |
|                                       | 68,132       | 68,045     | 72,768       | 72,719     |
| <b>Financial liabilities:</b>         |              |            |              |            |
| Creditors falling due within one year | 64,932       | 64,808     | 32,890       | 32,881     |
| Creditors falling due after one year  | 57           | 57         | 33,420       | 33,420     |
|                                       | 64,989       | 64,865     | 66,310       | 66,301     |

## 25. PENSION SCHEMES

### (a) Universities Superannuation Scheme ("USS")

The total cost charged to the SOCI is £12,478,007 (2018: £11,663,819).

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

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

The 2017 valuation was the fourth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion, indicating a shortfall of £7.5 billion and a funding ratio of 89%.

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

# Notes to the Accounts

### Pension increases (CPI)

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

|                               |                                                                     |
|-------------------------------|---------------------------------------------------------------------|
| Discount rate (forward rates) |                                                                     |
|                               | Years 1-10: CPI - 0.53% reducing linearly to CPI - 1.32%            |
|                               | Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 |
|                               | Years 21+: CPI + 1.7%                                               |

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table 2017 valuation  
Pre-retirement: 71% of AMCOO (duration 0) for males and 112% of AFCCO (duration 0) for females.  
Post-retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.

Future improvements to mortality: CMI\_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

### The current life expectancies on retirement at age 65 are:

|                                 | 2019       | 2018       |
|---------------------------------|------------|------------|
|                                 | University | University |
| Males currently aged 65 years   | 24.6       | 24.5       |
| Females currently aged 65 years | 26.1       | 26.0       |
| Males currently aged 45 years   | 26.6       | 26.5       |
| Females currently aged 45 years | 27.9       | 27.8       |

### The funding position of the scheme has since been updated on an FRS102 basis:

|                             | 2019       | 2018       |
|-----------------------------|------------|------------|
|                             | University | University |
| Scheme assets               | £67.4b     | £63.6b     |
| Total scheme liabilities    | £79.2b     | £72.0b     |
| FRS102 total scheme deficit | £11.8b     | £8.4b      |
| FRS102 total funding level  | 85%        | 88%        |

### Key assumptions used are:

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

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. In accordance with the requirements of FRS102 and the SORP the University has made provision for this contractual commitment to fund the past deficit. In the prior year the deficit payments were 2.1% of salaries up to March 2031.

This significant increase in deficit contributions has given rise to a substantial increase in the deficit provision, from £18.4m to £42.7m as set out in note 19.

The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6b and a funding ratio of 95%.

Since the year end, following completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation schedule of contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £24.9m, a decrease of £17.8m from the current year end provision and a corresponding improvement to the face of the SOCI.

# Notes to the Accounts

## (b) University of Hull Pension and Assurance Scheme (“UHPAS”)

The University operates a funded pension scheme providing benefits based on the final pensionable pay. The assets of the scheme are held separately from those of the University and are invested in a segregated fund.

The University operates a Salary Sacrifice Scheme for which members of this scheme could and do participate.

On the 31 December 2011, the University closed the Final Salary Defined Benefit scheme to new entrants and launched a new Defined Contribution Stakeholder scheme for new support staff on 1 January 2012. With effect from 1 April 2016 the University utilises Friends Life as the support vehicle for this scheme.

The contributions to the final salary scheme are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The last declared actuarial valuation was carried out at 6 April 2015. The market value of the scheme assets as at the 2015 date, excluding additional voluntary contributions, was £92 million. The value placed on the scheme liabilities was £129.9m, resulting in a shortfall of £37.9m. On this basis the scheme was funded at 71%.

The key assumptions are the rate of return assumed on the scheme’s investments and the rate of price inflation. The assumptions for the various pension increases payable by the scheme and the assumption for pensionable salary increases are all built up from the assumption for price inflation with pensionable salary increases assumed to be 0.5% p.a. above retail prices inflation. The valuation assumes that the scheme’s assets will be invested such that the scheme holds higher returning assets to fund members’ benefits up to the point of retirement, but that at the point of retirement the assets will be switched into bonds to fund the pension payments. The investment return assumed up to the point of retirement is 6.5% p.a. The assumed rate of return on bonds and the rate of price inflation are assumed to vary with the duration of each projected cash flow out of the scheme. The assumed rates of retail prices inflation applying in future years are assumed to be in line with the Bank of England inflation curve. The assumed rates of return on the scheme’s bond investments are assumed to be 1% p.a. above the Bank of England gilt yield curve.

Following the previous actuarial valuation at 6 April 2012, and in order to meet the agreed recovery plan, the University revised its contribution rate to 16.40% of pensionable salaries plus an additional monthly sum, which would increase annually in line with a formula linked to inflation increases. The monthly lump sum increased to £242,470 with effect from 1 July 2019.

The total pension contributions paid by and charged to the University were £2,827,008 (2018: £2,689,955).

## (c) Friends Life Defined Contribution Stakeholder Scheme

On the 31 December 2011, the University closed the Final Salary Defined Benefit scheme to new entrants and launched a new Defined Contribution Stakeholder scheme for new support staff on 1 January 2012. With effect from 1 April 2016 the University changed to Friends Life (from Scottish Widows) as the main support vehicle.

Employer contributions to the scheme during the year, including those staff members who participate in the Salary Sacrifice arrangement, totalled £1,219,581 (2018: £1,252,230).

## (d) Other Pension Schemes

A small number of staff remain in other pension schemes. Employer contributions to such schemes totalled £564,055 during the year (2018: £529,967).

# Notes to the Accounts

## (e) (i) University of Hull Pension and Assurance Scheme

A full actuarial valuation of this scheme was carried out at 6 April 2015. The financial assumptions used to calculate scheme liabilities under FRS102 are:

|                                         | 2019       | 2018       |
|-----------------------------------------|------------|------------|
|                                         | University | University |
| Rate of increase in salaries            | 3.20%      | 3.15%      |
| Rate of increase in pensions in payment | 3.20%      | 3.15%      |
| Discount rate                           | 2.10%      | 2.80%      |
| RPI Inflation assumption                | 3.20%      | 3.15%      |
| CPI Inflation assumption                | 2.20%      | 2.05%      |

The CPI inflation assumption only applies to the pre-February 2005 deferred pension element which is linked to statutory increases under Scheme rules.

The most significant non-financial assumption is the assumed level of longevity:

|                      |      |      |
|----------------------|------|------|
| Retiring today       |      |      |
| Males                | 22   | 22.6 |
| Females              | 23.9 | 24.7 |
| Retiring in 20 years |      |      |
| Males                | 23.4 | 24.3 |
| Females              | 25.5 | 26.6 |

## The assets in the scheme were:

|                  | 2019           | 2018           |
|------------------|----------------|----------------|
|                  | University     | University     |
|                  | £’000          | £’000          |
| Equities         | 75,098         | 73,003         |
| Bonds            | 23,439         | 21,042         |
| Property         | -              | -              |
| LDI pooled funds | 20,701         | 18,955         |
| Cash/Other       | 500            | 150            |
|                  | <b>119,738</b> | <b>113,150</b> |

Note: In 2019 the equity element includes £30,500k invested in hedge and absolute return funds (2018: £30,158k).

The following amounts at 31 July each year were measured in accordance with the requirements of FRS102:

|                                                               |                 |                 |
|---------------------------------------------------------------|-----------------|-----------------|
| Total market value of assets                                  | 119,738         | 113,150         |
| Present value of scheme liabilities                           | (157,334)       | (138,857)       |
| Deficit in the scheme                                         | <b>(37,596)</b> | <b>(25,707)</b> |
| Past service cost                                             | 1,418           | -               |
| Total operating charge                                        | <b>1,418</b>    | <b>-</b>        |
| Expected return on pension scheme assets                      | 3,146           | 2,851           |
| Interest on pension scheme liabilities                        | (3,825)         | (3,700)         |
| Net charge to other finance income                            | <b>(679)</b>    | <b>(849)</b>    |
| Gain on assets                                                | 5,550           | 2,004           |
| (Loss)/gain on liabilities                                    | (17,777)        | 4,661           |
| Changes in assumptions re present value of scheme liabilities | -               | -               |
| Actuarial (loss)/gain                                         | <b>(12,227)</b> | <b>6,665</b>    |

# Notes to the Accounts

## History of experience gains and losses

Differences between the expected and actual return on scheme assets:

|                                                           | 2019     | 2018  | 2017   | 2016     | 2015     |
|-----------------------------------------------------------|----------|-------|--------|----------|----------|
| Amount (£'000)                                            | 5,550    | 2,004 | 3,268  | 9,281    | 8,941    |
| Percentage of scheme assets                               | 5%       | 2%    | 3%     | 9%       | 10%      |
| Experience gains and losses on scheme liabilities:        |          |       |        |          |          |
| Amount (£'000)                                            | (17,777) | 4,661 | 471    | (11,858) | (11,553) |
| Percentage of the present value of the scheme liabilities | 11%      | (3%)  | (0.3%) | 8%       | 9%       |

## Analysis of movement in deficit

|                                                      | 2019       | 2018       |
|------------------------------------------------------|------------|------------|
|                                                      | University | University |
|                                                      | £'000      | £'000      |
| Deficit in scheme at beginning of the year           | (25,707)   | (33,809)   |
| Movement in the year:                                |            |            |
| Current service cost                                 | (486)      | (488)      |
| Contributions by employer                            | 2,921      | 2,774      |
| Past service costs                                   | (1,418)    | -          |
| Other financial charges                              | (679)      | (849)      |
| (Loss)/gain recognised as other comprehensive income | (12,227)   | 6,665      |
| Deficit in scheme at end of year                     | (37,596)   | (25,707)   |

## Analysis of the movements in the present value of the scheme liabilities

|                                                                    | 2019       | 2018       |
|--------------------------------------------------------------------|------------|------------|
|                                                                    | University | University |
|                                                                    | £'000      | £'000      |
| At beginning of the year                                           | 138,857    | 144,731    |
| Current service cost                                               | -          | -          |
| Interest on liabilities recorded within other comprehensive income | 3,825      | 3,700      |
| Contributions by employee                                          | -          | -          |
| Past service costs                                                 | 1,418      | -          |
| Pensions paid                                                      | (4,543)    | (4,913)    |
| Actuarial losses/(gains)                                           | 17,777     | (4,661)    |
| At end of year                                                     | 157,334    | 138,857    |

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

|                           | 2019       | 2018       |
|---------------------------|------------|------------|
|                           | University | University |
|                           | £'000      | £'000      |
| At beginning of the year  | 113,150    | 110,922    |
| Expected return on assets | 3,146      | 2,851      |
| Total contributions       | 2,921      | 2,774      |
| Pensions paid             | (4,543)    | (4,913)    |
| Administration costs      | (486)      | (488)      |
| Actuarial gain            | 5,550      | 2,004      |
| At end of year            | 119,738    | 113,150    |

# Notes to the Accounts

## (e) (ii) North Yorkshire Pension Fund (within “other pensions schemes” at (d) above)

The assumptions used in this scheme are different to those used in respect of the University of Hull Pension and Assurance Scheme because the University has no control over the assumptions adopted by the actuary to this scheme.

A full actuarial valuation of this scheme was carried out at 31 March 2016 and financial assumptions updated 31 July 2019, by a qualified actuary. The major assumptions used by the actuary were:

|                                         | 2019       | 2018       |
|-----------------------------------------|------------|------------|
|                                         | University | University |
| Rate of increase in salaries            | 3.45%      | 3.35%      |
| Rate of increase in pensions in payment | 2.20%      | 2.10%      |
| Discount rate                           | 2.10%      | 2.80%      |
| Inflation assumption RPI                | 3.20%      | 3.20%      |
| Inflation assumption CPI                | 2.20%      | 2.10%      |

## The most significant non-financial assumption is the assumed level of longevity:

|                      | 2019       | 2018       |
|----------------------|------------|------------|
|                      | University | University |
| Retiring today       |            |            |
| Males                | 21.9       | 22.9       |
| Females              | 25.1       | 26.4       |
| Retiring in 20 years |            |            |
| Males                | 23.6       | 25.1       |
| Females              | 26.9       | 28.7       |

## The assets in the scheme were:

|                     | 2019       | 2018       |
|---------------------|------------|------------|
|                     | University | University |
|                     | £'000      | £'000      |
| Equities            | 7,521      | 7,458      |
| Bonds               | 2,481      | 2,013      |
| Property/Cash/Other | 2,987      | 2,877      |
|                     | 12,989     | 12,348     |

# Notes to the Accounts

The following amounts at 31 July each year were measured in accordance with the requirements of FRS102:

|                                                               | 2019       | 2018       |
|---------------------------------------------------------------|------------|------------|
|                                                               | University | University |
|                                                               | £'000      | £'000      |
| Total market value of assets                                  | 12,989     | 12,348     |
| Present value of scheme liabilities                           | (15,889)   | (14,147)   |
| Deficit in the scheme                                         | (2,900)    | (1,799)    |
|                                                               |            |            |
| Current service cost                                          | 45         | 65         |
| Past service cost                                             | 45         | 69         |
| Total operating charge                                        | 90         | 134        |
|                                                               |            |            |
| Expected return on pension scheme assets                      | 343        | 285        |
| Interest on pension scheme liabilities                        | (392)      | (364)      |
| Net charge                                                    | (49)       | (79)       |
|                                                               |            |            |
| Gain on assets                                                | 470        | 1,154      |
| (Loss)/gain on liabilities                                    | (1,586)    | 183        |
| Changes in assumptions re present value of scheme liabilities | -          | -          |
| Actuarial (loss)/gain                                         | (1,116)    | 1,337      |

## History of experience gains and losses

|                                                                      |         |        |        |         |         |
|----------------------------------------------------------------------|---------|--------|--------|---------|---------|
| Differences between the expected and actual return on scheme assets: | 2019    | 2018   | 2017   | 2016    | 2015    |
| Amount (£'000)                                                       | 470     | 1,154  | 1,703  | 559     | 734     |
| Percentage of scheme assets                                          | 4%      | 9%     | 15%    | 6%      | 9%      |
| Experience gains and losses on scheme liabilities:                   |         |        |        |         |         |
| Amount (£'000)                                                       | (1,586) | 183    | 1,068  | (2,725) | (1,399) |
| Percentage of the present value of the scheme liabilities            | 10.0%   | (1.3%) | (7.5%) | 18.4%   | 11.7%   |

|                                                      |            |            |
|------------------------------------------------------|------------|------------|
| Analysis of movement in deficit                      | 2019       | 2018       |
|                                                      | University | University |
|                                                      | £'000      | £'000      |
| Deficit in scheme at beginning of the year           | (1,799)    | (3,152)    |
| Movement in the year:                                |            |            |
| Current service cost                                 | (45)       | (65)       |
| Employer contributions                               | 154        | 229        |
| Past service costs                                   | (45)       | (69)       |
| Other financial income                               | (49)       | (79)       |
| (Loss)/gain recognised as other comprehensive income | (1,116)    | 1,337      |
| Deficit in scheme at end of year                     | (2,900)    | (1,799)    |

# Notes to the Accounts

Analysis of the movements in the present value of the scheme liabilities

|                                                                    | 2019       | 2018       |
|--------------------------------------------------------------------|------------|------------|
|                                                                    | University | University |
|                                                                    | £'000      | £'000      |
| At beginning of the year                                           | 14,147     | 14,184     |
| Current service cost                                               | 45         | 65         |
| Interest on liabilities recorded within other comprehensive income | 392        | 364        |
| Employee contributions                                             | 9          | 13         |
| Past service costs                                                 | 45         | 69         |
| Pensions paid                                                      | (335)      | (365)      |
| Actuarial loss/(gain)                                              | 1,586      | (183)      |
| At end of year                                                     | 15,889     | 14,147     |

Analysis of the movements in the fair value of the scheme assets

|                           | 2019       | 2018       |
|---------------------------|------------|------------|
|                           | University | University |
|                           | £'000      | £'000      |
| At beginning of the year  | 12,348     | 11,032     |
| Expected return on assets | 343        | 285        |
| Total contributions       | 163        | 242        |
| Pensions paid             | (335)      | (365)      |
| Actuarial gain            | 470        | 1,154      |
| At end of year            | 12,989     | 12,348     |

## 26. NATIONAL COLLEGE FOR TEACHING & LEADERSHIP BURSARY FUNDS

|                                     | 2019       | 2018       |
|-------------------------------------|------------|------------|
|                                     | University | University |
|                                     | £'000      | £'000      |
| Balance brought forward at 1 August | 101        | 198        |
| NCTL Grants                         | 1,520      | 1,748      |
|                                     | 1,621      | 1,946      |
| Disbursed to students               | (1,573)    | (1,845)    |
| Balance unspent at 31 July          | 48         | 101        |

NCTL bursary funds are available solely for students: the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

## Notes to the Accounts

## 27. RELATED PARTY DISCLOSURES

Details of investments are given in Note 13.  
All transactions with related parties are conducted at arms length.

**The University of Hull Maritime History Trust Limited**

The University of Hull Maritime History Trust Limited (excluding the International Journal of Maritime History) is a company limited by guarantee which has charitable status. It has been formed for the advancement of the education of the public by promotion of maritime historical studies at the University of Hull and the provision and facilitation of research in all aspects of maritime history. The Trust has nine trustees, of whom two are employees of the University.

**The Ferens Education Trust**

The Ferens Education Trust is constituted by a deed of trust and is registered as a charitable body. It has been formed to promote the advancement of liberal, technical and professional education and knowledge in the East Riding of Yorkshire and to assist the University of Hull in the furtherance of the objects for which it was founded. The Trust has eight trustees, of whom five are employees of the University.

**Hull University Union**

The Hull University Union is the official students' union for the University of Hull. The University provides a grant towards the running costs of the students' union, as well as other payments regarding goods and services rendered. Income received from the students' union is in respect of facilities recharges.

**EMIH Limited**

EMIH Limited has charitable status with a Board of eight directors, three of whom are nominees of the University. The University has links with the research and educational activity of EMIH Ltd at The Deep, in Hull.

**Kingston Chemicals Limited**

Kingston Chemicals Limited is a manufacturer of other organic basic chemicals. The University of Hull has a 21% shareholding in the company.

**CHeMTriX BV**

CHeMTriX BV engages in contract research and the manufacture and sale of industrial reactors. The University of Hull has a 39% shareholding in CHeMTriX Ltd which is a holding company for shares in CHeMTriX BV.

**Vertual Limited**

Virtual Limited provides other information technology service activities. The University of Hull has a 36% shareholding in the company.

|                                                       | Income | Expenditure | Balance due to the University | Balance due from the University |
|-------------------------------------------------------|--------|-------------|-------------------------------|---------------------------------|
|                                                       | £000   | £000        | £000                          | £000                            |
| The University of Hull Maritime History Trust Limited | 3      | 10          | -                             | 7                               |
| The Ferens Education Trust                            | 49     | 49          | -                             | -                               |
| Hull University Union                                 | 216    | 1,697       | -                             | 3                               |
| EMIH Limited                                          | -      | 70          | -                             | -                               |
| Kingston Chemicals Limited                            | -      | -           | -                             | -                               |
| CHeMTriX BV                                           | 11     | -           | -                             | -                               |
| Virtual Limited                                       | 109    | -           | -                             | -                               |

## 28. EXPENSE PAYMENTS TO TRUSTEES

In the context of the University as a charity, Trustees are taken as Council members representing the governing body of the University and comprise both University officers and lay members.

The total expenses paid to or on behalf of three trustees was £2,821 (2018: £3,107 to eight trustees). This represents travel and subsistence expenses incurred in attending Council, meetings and events in their official capacity.

## Notes

