



UNIVERSITY  
OF HULL

# Annual Report and Statement of Accounts

FOR THE YEAR ENDED 31 JULY 2018

## Professional Advisors

	University of Hull Cottingham Road Hull HU6 7RX
<b>External auditors</b>	Grant Thornton UK LLP 1 Whitehall Riverside Leeds LS1 4BN
<b>Internal auditors</b>	KPMG UK LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA
<b>Bankers</b>	Lloyds Bank 2nd Floor, Lisbon House 116 Wellington Street Leeds LS1 4LT

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## Introduction by the Vice-Chancellor

**It was my great privilege to join the University of Hull as Vice-Chancellor in August 2017, and I am pleased to introduce this review of the University's achievements over the last twelve months.**

Our Silver award in the 2018 Teaching Excellence and Student Outcomes Framework (TEF) confirmed the high quality education, supportive environment and excellent outcomes our students continue to enjoy.

In November, we were honoured to welcome Her Majesty the Queen to campus to open our award-winning Allam Medical Building. This investment has transformed the learning environment of our medical and health students and created a collaborative centre of excellence for our clinical and applied health research.

The major *Cultural Transformations* conference hosted by the University in March presented the evaluation of Hull UK City of Culture 2017 led by our Culture, Place and Policy Institute. A diverse range of delegates explored the impact of the year on arts and culture, the economy, society and wellbeing, and the lessons for legacy planning and for future cities of culture.

June saw the launch of our #MyPlasticPledge campaign to engage our students, staff, alumni and the wider community with the work the University is leading to tackle the environmental challenge of plastic waste.

Rounding off the year in spectacular fashion, the University was delighted to host the 2018 British Science Festival in September. Together with the fifth year of our own Hull Science Festival, lectures, films, discussions, arts installations, performances and interactive activities across six days engaged international, national and local audiences with an exceptional

showcase of exciting and thought-provoking science, including the work of many of the University's leading researchers.

As we look to the year in prospect, the higher education sector continues to face many and varied challenges. Student recruitment remains highly competitive, intensified by the fall in the population of 18 year olds and shifts in international higher education markets. The government review of post-18 education and funding and the Office for National Statistics review of the treatment of student loans in the national accounts raise the prospect of further significant change to the system of student finance, and popular discourse continues to question the integrity, governance and value of universities. But uncertainty and change is not unique to higher education, and we cannot allow preoccupation with the sector's own challenges to distract us from our purpose in society.

2017 marked ninety years since the University's foundation. In endowing a university for Hull, our foremost original benefactor, Thomas Ferens, sought to create a 'centre of light and culture' - an institution which would take a leading role in the intellectual life of the city and region, raising educational aspirations and supporting social and economic development. These founding ideals remain as relevant today as in 1927. Whether it is working with our NHS partners to develop programmes which equip future health professionals with the skills needed to care for our aging population, collaborating with researchers across Europe to mitigate



the impact of climate change on our rivers and coasts, or supporting industry to address the risks of modern slavery within increasingly complex and global supply chains, we continue to transform lives and tackle fundamental challenges posed by a changing world and changing society.

Our strategic and financial plans are designed to ensure that the University maintains a sustainable position from which we can continue to invest in excellence and opportunity. But it is the passion, commitment and talent of our students and staff - and our investment in them - which will ensure that the University thrives as a 'centre of light and culture'.

**Professor Susan Lea**  
Vice-Chancellor

### Chair of Council

On behalf of the University, I would like to take this opportunity to pay tribute to the life of Barry Dodd CBE, Pro-Chancellor and Chair of the University Council since 2013, whose tragic death in May 2018 was a significant loss to the University. The experience, expertise and leadership Barry brought to his role as Chair of Council was invaluable, and his commitment to public service across the region an inspiration. He will be much missed. The process to appoint a successor to Barry is underway, and I am grateful for the support of Dr Keith Hopkins, who is acting as Chair of Council during the interim.





# University profile

Founded as University College Hull in 1927, the University of Hull was established by Royal Charter in 1954 to “... advance education, scholarship, knowledge and understanding by teaching and research, for the benefit of individuals and society at large.”

Today our broad academic portfolio offers 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



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

Over **16,000** students in the UK and overseas representing more than **60** different countries

### POPULATION 2017/18

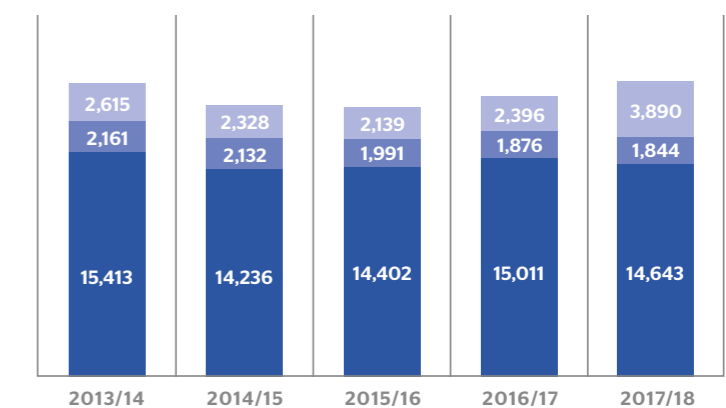
Foundation, undergraduate, postgraduate taught and postgraduate research degrees	<b>14,643</b>
Distance taught, exchange programmes and short courses	<b>1,844</b>
Collaborative or franchise provision at partner institutions	<b>3,890</b>

### INTAKE 2017/18

Undergraduate	<b>4,473</b>
Postgraduate Taught	<b>1,138</b>
Postgraduate Research	<b>178</b>
Home/EU	<b>4,918</b>
International	<b>871</b>

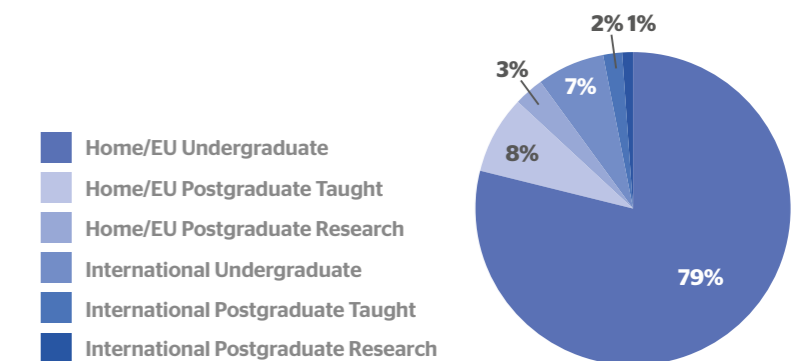
### TOTAL STUDENT POPULATION

■ STANDARD PROVISION ■ OTHER\* ■ COLLABORATIVE PROVISION



\*Other = distance taught, exchange programmes and short courses

### STANDARD PROVISION 2017/18



## Our staff<sup>2</sup>

<b>Population</b>	Headcount	<b>2,469</b>	<b>Gender</b>	Female	<b>57%</b>
		(2016/17: 2,440)		Male	<b>43%</b>
	FTE	<b>2,184</b>			
		(2016/17: 2,135)			
<b>Disability</b>	Disabled	<b>7%</b>	<b>Ethnicity</b>	BME	<b>6%</b>
	No known disability	<b>84%</b>		White	<b>88%</b>
	Not known/prefer not to say	<b>9%</b>		Not known/prefer not to say	<b>6%</b>

<sup>1</sup> Student data: headcount as at 1 December census; standard provision excludes distance taught, exchange programmes, short courses and collaborative or franchise provision delivered by partner institutions

<sup>2</sup> Staff data as at 31 July 2018



## Strategy and performance

As the higher education landscape continues to change at an unprecedented rate, our Strategic Plan 2016–2020 provides a flexible framework for the University's own transformation through targeted investment, renewal and enhancement. Our focus is on growth in quality, reputation and influence.

### Building sustainable foundations

To enable us to be adaptive and agile in the changing higher education environment we are:

- Investing in our staff, campus and infrastructure to attract high quality students, facilitate high quality research and continually improve student experience.
- Refining our academic strategy and provision to focus on areas of strength and opportunity which respond to the needs of our region and global challenges.
- Pursuing opportunities to diversify our provision, partnerships and income streams in ways which complement our core education and research.
- Reviewing our operating models to ensure we are working efficiently and effectively.

### Stimulating cultural change

To foster a culture founded on excellence, empowerment, partnership and sustainability, we are:

- Embedding an ethos of continuous improvement.
- Improving the way we communicate and connect.
- Seeking to enhance the inclusive and meaningful engagement of students and staff.

### Focusing on outcomes

To achieve the highest levels of quality in research, teaching and student experience, we are:

- Focusing on quality and targeted investment to deliver globally relevant transformative research.
- Reviewing our portfolio, pedagogy and regulations to ensure consistent delivery of high quality outcomes for students.

### Enabling and rewarding performance

To create the conditions which enable our staff and students to give their best, we are:

- Refining our academic structures to support a culture of subject identity, community and ownership which inspires initiative and accountability.
- Promoting integrated working and process improvement to deliver and celebrate academic and service excellence.
- Focusing on staff strengths, career development and progression to improve motivation, performance, productivity and personal fulfilment.

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.

Recruitment of students within a competitive market, nationally and internationally, remains one of the most significant challenges for the University and across the higher education sector. As the University focuses on quality, our overall student numbers have remained steady over the last four years. In 2017/18 we saw increases in home/EU undergraduate entry tariff and the proportion of good degrees (1st or 2:1) awarded.

Our strategy is designed to achieve an improvement in our overall academic performance which is recognised externally.

- The Times Higher Education World University Rankings published in September 2017 ranked the University in the top 500 globally (401-500 group). Improvements in teaching, research and citations scores resulted in the increase in our rank from 501-600 in 2016.
- In the QS World University Rankings published in June 2018, the University was ranked in the 591-600 group overall (up from 601-650 in 2017). The QS World University Subject Rankings published in February 2018 ranked the University among the world's top universities in Medicine (351-400).
- The University featured for the first time in the 2018 edition of the research-based Shanghai Global Ranking of World Universities, ranked in the 601-700 group. The Shanghai Ranking's Global Ranking of Academic Subjects published in July 2018 ranked the University in 12 subjects, an increase from six in the previous year, with notable successes in Ecology (ranked 201-300) and Human Biological Sciences (401-500).

- The Times Higher Education Student Experience Survey 2018, which measures student experience based on 22 attributes, placed the University within the top 50, with an increase in ranking for the second consecutive year, rising by 16 places from 64 to 48.

Nevertheless, we recognise that our progress against several measures of performance remains behind target and this is reflected in the disappointing fall in our position in the UK league tables published this year.

In the 2018 National Student Survey (NSS) we saw an improvement in our score for the Student Voice section, but a fall in performance on other sections. The University's score for Q27 Overall Satisfaction fell from 84.1% to 82.8% against a sector average of 83.9% and benchmark of 84%. Our KPI measure comprising the average of all questions fell from 78.1% to 77.1%. The strongest area for the University, achieving a score of 87.1%, remains Learning Resources, demonstrating continued student satisfaction with IT, equipment and library resources.

Following a period of sustained improvement over several years, graduate employability fell slightly in 2018, with the proportion of students in graduate-level employment or further study six months after graduation decreasing by 0.2% to 76.0%. The HESA Employment Performance Indicator—the percentage of full-time first degree graduates in employment or further study—also fell from 96.1% to 95.9%, though this remains above both our benchmark (95.2%) and the national average (94.4%).

2017/18 saw a 4.0% decrease in annual expenditure on research grants and contracts (RGC) and Knowledge Transfer Partnerships (KTP) compared to 2016/17. Enterprise income fell by 18.6% over the same period.

Recognising the need to increase the pace of change, a renewed

implementation plan for our strategy was developed during 2017/18. The implementation plan for the period 2018-2021 is structured into ten workstreams, each led by a member of the University Leadership Team. Clear objectives, key milestones and measures of success have been identified, and regular engagement with staff, students, trade unions and other key stakeholders will be a prominent part of each workstream. Some workstreams reflect a more focused continuation of activity already underway, while others involve entirely new programmes of work.

One such workstream, which has already progressed at pace, reviewed organisational effectiveness in our faculties. Responding to consistent feedback that the current academic structures were creating barriers to high performance, Faculty Leadership Teams worked collaboratively to develop proposals which would address these concerns. Following full staff consultation and further refinement, Senate approved revised academic structures in September 2018, removing the current school layer of management and devolving greater authority to a single 'academic unit' layer within faculties to bring greater clarity of responsibilities and accountability, streamline operating processes and strengthen the sense of identity and community at subject level. The revised structures will be implemented during 2018/19 according to locally-determined timescales. Working groups drawn from staff across each faculty will manage implementation, ensuring that we optimise ways of working in the new structures, minimise risks and disruption, and support a seamless transition in terms of student experience.

The other new strategic implementation workstreams will begin in earnest during the 2018/19 academic year. Autumn 2018 will also see significant engagement with staff to refresh the University's vision, values and behaviours.



## Investing in our strengths to tackle global and local challenges: Health campus

Opened by Her Majesty the Queen on 16 November 2017 - and winner of the 2018 Guardian University Award for 'Buildings that Inspire' - the Allam Medical Building is at the heart of the University's £28m health campus development, providing state-of-the-art teaching and research facilities for the Faculty of Health Sciences, including the Hull York Medical School (HYMS) and the Faculty's Institute for Clinical and Applied Health Research (ICAHR).

A strategic investment to establish the University of Hull as a centre of excellence for clinical and applied health research and to make a difference to the health of the local population, ICAHR is attracting leading researchers with expertise in areas such as primary care, addictions, perinatal mental health and palliative care. The Allam Medical Building provides a unique and vibrant environment where researchers can interact with methodological experts such as statisticians and epidemiologists, a health trials unit, visiting clinicians from local NHS providers and postgraduate research students. Researchers have already secured funding across several National Institute for Health Research (NIHR) programmes, and HYMS is a partner with the universities of Kent and Oxford and the London School of Hygiene and Tropical Medicine in a prestigious NIHR Policy Research Unit in Quality Safety and Outcomes of Health and Social Care.

During 2017/18, HYMS made a successful bid to the Department of Health to expand its undergraduate medical education by 70% - the largest single award of any existing publicly-funded medical school in England. The University's investment in the Allam Medical Building and the Academy of Primary Care (part of ICAHR) were important elements in the successful bid, which also showcased the Medical School's workforce impact and commitment to widening participation.

As it expands, HYMS will be attracting over twenty new academic staff (including GPs and hospital speciality clinicians) to Hull. These positions will support curriculum innovation and the student experience, expand the Academy of Primary Care and enable further growth in clinical and applied health research and specialised areas of biomedical science. Its expansion will also enable HYMS to invest in a 'Gateway to Medicine' programme to support students from disadvantaged local backgrounds into the profession. Working closely with local NHS providers, commissioners and the Sustainability and Transformation Partnership, the Medical School is seeking to maximise its positive impact on local workforce challenges such as GP recruitment and retention.

The Faculty of Health Sciences works closely with its partners, including the Humber Teaching NHS Foundation Trust and Hull and East Yorkshire Hospitals NHS Trust, to ensure that curriculum developments respond to workforce needs and future skills development demands. Over the last two years, Assistant Practitioner (Health), Nursing (Adult) and Nursing Associate apprenticeships have been launched and degree apprenticeships in Operating Department Practice and Social Work are currently in development. Designed in collaboration with the Yorkshire Ambulance Service to meet a critical shortage of paramedics, the Faculty's BSc Paramedic Science programme

welcomed its second cohort in September 2018. A new BSc Forensic Science programme was launched in 2018, and planning is underway to expand postgraduate taught provision in areas such as Psychology and Sport Health and Exercise Science and to establish a pre-registration programme in Physiotherapy. The Faculty has also invested in a groundbreaking TNE partnership with Yangzhou University to co-deliver a dual-award nursing programme in China.





## Operational review

### Education

The University was pleased to receive a further three-year Silver award in the 2018 Teaching Excellence and Student Outcomes Framework, in recognition of the consistently excellent outcomes achieved by our students. In particular, the TEF Panel noted that full-time student satisfaction levels and rates for continuation and progression to employment, highly skilled employment or further study are consistent with our benchmarks, and highlighted evidence of:

- course design and assessment practices that provide scope for high levels of stretch, ensuring all students are significantly challenged in order to acquire knowledge, skills and understanding highly valued by employers;
- a strategic approach to learning and teaching enhancement, with an emphasis on achieving excellent student outcomes;
- the integration of pedagogy, subject knowledge and technology with curriculum design;
- investment in physical and digital infrastructure, including library and e-learning resources;
- a dedicated focus on student support for induction and transition, including the Academic Support Tutors scheme;
- a strategic approach to embedding employability and developing entrepreneurship across the curriculum, with wide ranging opportunities for students and recent graduates to undertake work opportunities.

The University's Annual Monitoring, Review and Enhancement of Programmes (AMREP) has been refreshed to ensure that easily accessible and comprehensive academic data is available to faculties and programme teams to support them in the continuous enhancement of learning and teaching. The monitoring, reporting and impact analyses of enhancement activities will also provide key information for future subject-level TEF submissions. To meet OfS expectations for the academic standards and quality of the student experience on programmes delivered by our academic partners, from 2018/19 the AMREP process will be replicated in all partner institutions delivering validated, franchised or dual award programmes.

To further improve the analysis and communication of academic data, we have also invested in a significantly enhanced version of the software (EvaSys) used to manage our Module Evaluation Questionnaire (MEQ) processes. While student feedback was previously accessible only at module level, the upgraded software has enabled us to aggregate feedback for analysis at subject level during 2017/18. From 2018/19, we will also be able to review feedback aggregated at programme level.

The Learning and Teaching Enhancement Directorate has developed an Academic and Professional Development Framework for 2018/19 to support the development of academic staff in strategically important areas related to learning and teaching. Additionally, uptake of the DARTE (Disciplinary Approaches

to Research and Teaching Excellence) scheme to support colleagues' applications for HEA fellowships remains very high and is currently exceeding targets.

To diversify our international recruitment partnerships, over half of which are with institutions in China, we have engaged with the British Council over the last two years to develop a range of new academic partnerships to support recruitment of international students from India, Malaysia, Indonesia and Vietnam. We have also reviewed our student exchange partnerships to ensure that the distribution of partners meets the needs of students wishing to study overseas as part of their degree programme.

Our transnational education (TNE) continues to be concentrated in a small but successful group of academic partners, such as Hong Kong University SPACE. This distant taught provision largely follows a 'flying-faculty' model where Hull academics deliver programmes wholly overseas or through joint teaching.

### Research and enterprise

The University continues to invest in advancing the quality and impact of its research. Excellent disciplinary research underpins the success of our institutes, which draw academics together to develop interdisciplinary solutions to complex global challenges.

The Wilberforce Institute works with Non-Governmental Organisations (NGOs), business and the academic community to raise awareness of modern-day slavery. In September 2017, the Institute held the inaugural Wilberforce World Freedom Summit, honouring His Excellency John Agyekum Kufuor, the former President of Ghana, with the first Wilberforce World Freedom Medal. Preparations are underway for the second summit to be held in September 2019. The Institute's Risk Assessment Service for Business Supply Chains is growing steadily, with plans to develop apps and online training packages aimed at a variety of stakeholders during 2018/19.

Building on our world-class reputation in Environment and Flood Risk Management, and working in Partnership with the Humberside Fire and Rescue Service, the University is investing in plans for ARK - The National Flood Resilience Centre. The economic cost of major flood events in the UK since 2007 is estimated at

almost £7bn. Flooding is recognised by the Government as a risk of national importance, and Hull and the Humber region are especially exposed. Yet there is no national facility for training and research into flood and flood resilience. ARK responds directly to this by establishing a regional and national multi-agency flood resilience facility which integrates training, research, testing and community engagement. Expected to open late in 2020, the innovative Centre will feature a real scale street scene containing residential, business and hotel premises that can be subjected to the full range of flooding scenarios, enabling the testing of innovative flood control measures and devices and allowing responders from multiple action agencies to exercise and train together.

Aura, the name for the University's collaboration with industry, academia and government to drive research, innovation and skills development in the offshore wind sector, continues to build a significant presence and is broadening its activities to lead the transition to the low-carbon economy in the Humber region. Through Aura, the University is a key partner in two major offshore wind research grants awarded this year.

A major focus of the research of our Risk Institute is stress and mental health amongst workers and the effect on business. In addition to Aura projects supporting technicians transiting to offshore wind farms, the Institute is currently working with areas as diverse as technicians and customer services operatives in a utility company and traders in an energy company.

Research in the Logistics Institute is driving economic growth and increasing productivity by improving transportation and freight connectivity, especially in the north of the UK. For example, the LHOFT (Liverpool-Humber Optimisation of Freight Transport) project funded by Innovate UK, for which the Logistics Institute is the academic lead, is bringing benefits to businesses in the North through increasing unitised travel through northern ports. The CAPITALS (Collaborative and Adaptive Integrated Transport Across Land and Sea) project is creating a platform to improve the coordination between land and water transport modes, thereby reducing congestion and improving delivery performance.

We continue to invest in strategic relationships with our key partners and influencers at regional and national levels. We have established bi-annual briefings with regional MPs, sponsored the All Party Parliamentary Group (APPG) for Yorkshire and Northern Lincolnshire, and contributed actively to Northern Powerhouse developments - leading to the University receiving Cabinet Office approval to become an official Northern Powerhouse partner institution. 2017/18 also saw the creation of an APPG for Friends of the University of Hull, in recognition of the significant number of Hull alumni currently working in the Palace of Westminster.





## Student lifecycle

### Recruitment

Over the past year, we have completely transformed our Student Recruitment communications, moving to a lead management strategy based on continuous engagement from initial enquiry through to enrolment. For both applicants and enquirers, we offer tailored communications which reflect their stage of the recruitment journey, providing a more personalised approach.

We have engaged with 125 schools and colleges, including exhibiting at careers and higher education fairs and open days, delivering talks to students and parents and hosting visits to campus.

The Student Recruitment Directorate has worked closely with faculty and professional service colleagues to review our open and applicant experience days to provide the best possible student experience. This work has been supported by the creation of a single student ambassador team to facilitate all recruitment and liaison activity across the Directorate, and a programme of personal development opportunities for staff to contribute to student retention and employability.

The migration of admissions to SITS, our new student information system, and a review of our processes have enabled us to significantly reduce average turnaround times for applicants.

### Supporting student success and wellbeing

We continue to innovate across our student services to ensure that we offer an exceptional personalised student experience, characterised by flexibility and the highest service standards.

Our Student Information Desk - the single point of contact for student enquiries - was rolled out successfully to Faculty Student Hubs in spring 2018. It will be extended to remaining key services, such as the University Library

and Admissions, by the end of 2018, enabling the seamless logging, tracking and monitoring of enquiries between all areas.

We have invested significantly in additional capacity in our student wellbeing team, and we continue to work closely with Let's Talk, our external NHS provider service for the assessment and treatment of student emotional and mental health needs - a model unique within the higher education sector. The University is committed to ensuring its campus is an inclusive and safe community. During 2017/18 we developed a new safe and healthy relationships strategy. We received White Ribbon accreditation in February 2018 in recognition of our commitment to ending male violence against women. We were awarded the Epilepsy Friendly Mark in July and committed to the Standalone Pledge to support estranged students in August 2018.

A new Student Experience and Engagement Strategy and revised Student Retention, Success and Achievement Strategy were approved during 2017/18. Work to support foundation year attainment and progression undertaken by the Faculty of Science and Engineering as part of a HEFCE Catalyst Fund grant is being extended across our other faculties. Other priority themes for 2018/19 identified by our Retention Steering Group include return to study and BME attainment.

We successfully implemented a new student attendance monitoring system during 2017/18, and work is underway to develop a range of dashboards using learning analytics to provide greater insights into student engagement and achievement. The dashboards will play a significant role in enhancing the work of Academic Support Tutors and colleagues in Student Services, providing greater opportunities to identify and support students who may be experiencing academic or

personal issues. A new student voice app has been developed to support collaboration and engagement with students, providing a platform for students to submit compliments, comments or concerns and receive immediate feedback. The app is due to be launched early in 2018/19.

NSS feedback confirms the continuing high levels of student satisfaction with the University Library. A new staffing model was implemented in the library during 2017/18 to ensure that an equally high quality service is available seven days a week. The Library and Hull History Centre websites have been redeveloped based on user experience research to enhance the accessibility of information about the services available. During 2018/19 we will continue to enhance the library experience, embedding digital tools and services into students' preferred patterns of study and reviewing processes to simplify student engagement with the library and better support their success.

Following a successful pilot during 2017/18, lecture capture technology Panopto will be rolled out fully during 2018/19, recording lectures in a format that is accessible to students and useful for revision purposes.

### Alumni

The Development and Alumni Relations Office (DARO) continues to expand its engagement with over 78,000 alumni, supporters and friends of the University. We delivered more than 40 engagement events and increased participation by 43% over 2017/18. A programme of alumni engagement in Asia was initiated with events in Hong Kong attracting over 80 participants from across the region. Our new online platform, Hull Alumni Connects, attracted almost 2,800 members in its first year. Supporting the professional development of our alumni and students is a particular focus. We have established alumni professional networks in Creative Industries, Law,

Business, Politics and Government, and engage alumni in careers-focused events, run jointly by DARO, our Careers service and the Hull University Union.

We have also worked successfully with our alumni on fundraising innovations including:

- the Wiseman Khuzwayo PhD Scholarship in migration, trafficking and refugees - our first participative fundraising initiative run by a group of sixteen alumni;
- a highly effective Telephone Fundraising Campaign focused on student wellbeing and mental health;
- experimenting with direct mail aimed at older alumni; and
- the launch of the Vice-Chancellor's Circle for alumni who have given or committed to giving at least £10,000.

## Equality, diversity and inclusion

The University's Equality Scheme published in 2017 sets out our commitment to building and maintaining an inclusive learning and working environment where equality is promoted, diversity is valued and discriminatory behaviour is not tolerated. Our four strategic objectives are:

- To embed equality and diversity across the campus
- To improve our response to external drivers
- To promote the values that will underpin a diverse and inclusive organisational culture
- To enhance the diversity and inclusion experience of staff and students

During 2017/18 we published a new University Equality, Diversity and Inclusion policy, reviewed the terms of reference and composition of the University Equality, Diversity and Inclusion Committee to provide strategic

oversight, and improved the leadership and management of the University's gender and race equality work.

The University is a Race Equality Charter member, and we successfully renewed our Athena SWAN bronze award in 2018. The Hull York Medical School was awarded a silver Athena SWAN award in 2017 and the University is continuing to work towards achieving an institution-level silver award.

During March 2018, we organised a week of events to celebrate International Women's Day and the centenary of women's suffrage, including guest lectures from several of the University's own pioneering researchers, scientists and alumni. We have dedicated six newly refurbished lecture theatres to women alumni who epitomise women's success. We have also dedicated lecture theatres to Mary Seacole and Walter Tull, two historic black figures who made a significant contribution and sacrifice to black British history.

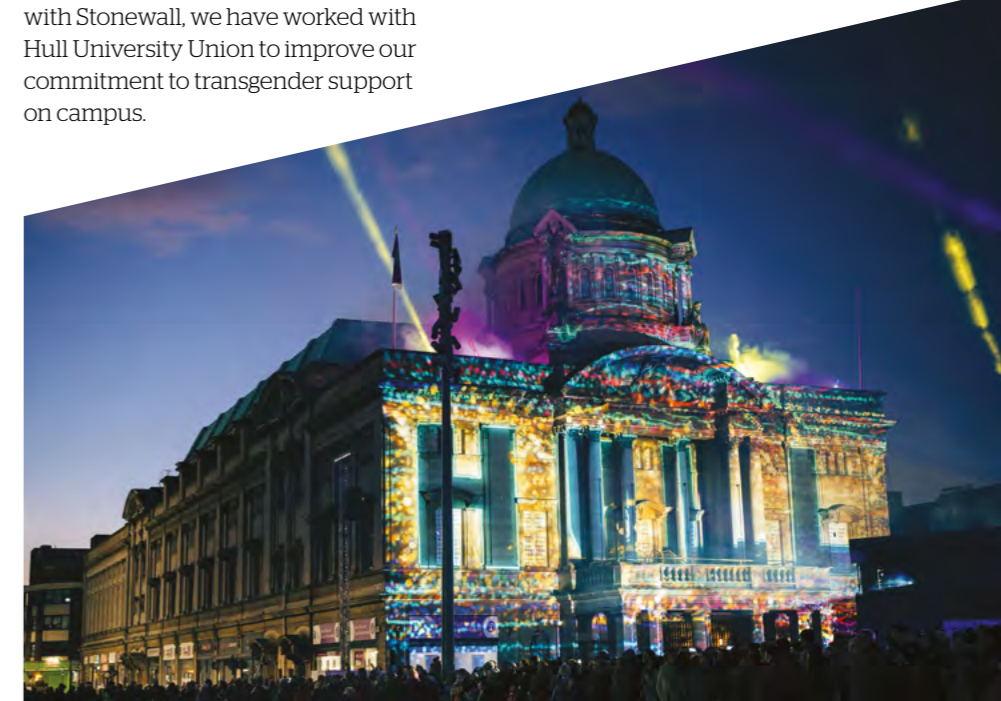
We supported and participated in the 2018 Hull Pride events in the city and on campus. Building on our partnership with Stonewall, we have worked with Hull University Union to improve our commitment to transgender support on campus.

We are a Disability Confident Employer (Level 2) and continue to make progress in embedding the scheme's principles in our processes for recruitment and staff support and development. We have established a Disabilities Working Group which engages directly with our student and staff community, and in the coming year we will also be focusing on working with external partners to achieve continuous improvement in our disability support.

## Culture

The University was delighted to be announced as the winner of the Business/Industry Collaboration category at the 2018 Educate North Awards for our Principal Partnership with Hull UK City of Culture 2017. We have also been shortlisted for a THE Award in the Excellence and Innovation in the Arts category.

The University worked with the Hull 2017 team and wider arts industry to shape the highly successful programme of City of Culture events. We welcomed over 88,000 visitors to campus during the year, with the University Art Collection seeing an





800% increase in visitor numbers compared to 2016. The partnership also presented students, staff and alumni with unrivalled opportunities to gain valuable experience and showcase their research, expertise and creativity through the pivotal roles they played at events both on campus and in the wider city. 100% of staff surveyed as part of the Season 2 and 3 launch event agreed that our Principal Partnership made them feel proud to work at the University of Hull.

Our close partnership with Hull 2017 and with national, regional and local partners has helped to construct a platform on which the University will be able to build the legacy of 2017, with a continuing commitment to using culture as a key method for engaging with our community.

The University's Culture, Place and Policy Institute (CPPI) leads our research into the processes, impacts and legacies of UK City of Culture 2017. CPPI launched its preliminary report *Cultural Transformations: The Impacts of Hull UK City of Culture 2017* at a major two-day conference held at the

University in March 2018 that drew together delegates from local authorities, academia, business, arts and heritage organisations, central government, major funders of the cultural sector, as well as members of the local community. The report showed that, in a city that had previously had low participation in arts and culture, Hull 2017 attracted a total audience of 5.3 million, with over half of the audiences coming from Hull and almost all residents (over 95%) attending at least one cultural activity during the year. There was a significant impact on pride in the city, on its visibility nationally, and on the confidence of Hull people to participate in arts, community and volunteering activity. CPPI will deliver the final evaluation of the outcomes of City of Culture in early 2019, and will continue to track the long-term legacy impact of the year. CPPI is also applying its expertise in culture-led regeneration in a wider European context as a partner in a three-year research project funded by the European Joint Programming Initiative in Cultural Heritage and Global Change to examine the role of heritage assets and themes in cultural mega events.

## Infrastructure

### Campus development

By 2020/21, the University will have invested over £200m in projects such as the establishment of the health campus for our medical and health programmes and research, development of new student accommodation and sports facilities and the enhancement of infrastructure to support our science and engineering education and research.

Through our Academic Facilities Enhancement Programme (AFEP) model, faculties and the Estates Directorate work closely together to align estate developments with academic strategy and planning. A £1.3m refurbishment of the Leven Building was completed in August 2018, providing enhanced facilities for ONCAMPUS Hull international foundation year programmes delivered with Cambridge Education Group (CEG). A £2.6m refurbishment of the Larkin Lecture Theatres and ground floor improvements in Derwent were completed in September 2018, creating a variety of new formal and informal learning spaces. Current projects include the consolidation of underutilised space in the Faculty of Health Sciences to provide improved facilities for Psychology, and the

development of proposals for a new building to provide cutting-edge accommodation for Engineering.

Joint funding for the Aura Innovation Centre was approved in early 2018, and the state-of-the-art facility aimed at enabling local SMEs to enter the low-carbon supply chain will open at the Bridgehead business park by the end of 2019. The Centre will be located next to Ergo, a partnership between the East Riding of Yorkshire Council, the University and industry providing a regional hub for renewables and environmental technology businesses.

Part of the £155m partnership established in May 2017, UPP Group took over operation of the University's Taylor Court student residences at the start of the 2017/18 academic year and completed Phase One of Westfield Court (1,462 new single rooms and one-bedroom apartments arranged over nine blocks on the west campus) on schedule in August 2018. Phase Two is scheduled to be completed at the end of 2018, with the final phase due for completion in August 2019.

Through the University's relationship with local student accommodation provider Kexgill, the area of student houses around the campus has been established as the University Quarter. Following the sale of 87 University-owned houses to Kexgill in 2016/17, and the subsequent refurbishment of these properties, the sale of a further 91 University-owned student houses to Kexgill has been agreed. Refurbishment of these properties is due to be completed by Kexgill by October 2019. In addition, Kexgill provide 24-hour security and litter removal for the streets in the University Quarter and work closely with the University's ResLife Teams to support student welfare.

As we continue to pursue our strategy to consolidate our property portfolio on the main campus, we are currently marketing Thwaite Hall and will shortly

be developing proposals to market Ferens Hall, located on The Lawns site.

Following the development of a new Sports Pavilion, the creation of a new 3G artificial rugby pitch and the resurfacing of two existing artificial pitches and tennis courts completed in 2016/17, construction of a new twelve-court sports arena - The Beacon - was completed in September 2018. The final phase of the sports development programme is due to conclude in April 2019 with the refurbishment of the existing listed sports hall as a 120-station fitness centre.

### Digital technology

Recognising the significant opportunities to commercialise our digital intellectual property, the University has established a new wholly owned subsidiary company, Lampada Digital Solutions, with three distinct income-generating purposes:

- To build digital businesses and solutions
- To develop digital skills and capabilities
- To enable other organisations to access the high value assets of the University

The company has completed its first year of trading, which has seen it deliver a fully functional Virtual Reality (VR) training product to Humberside Fire and Rescue for training Incident Commanders. The company has also established the Hull Digital Delivery Academy (HUDDA), which is recruiting University of Hull graduates and providing them with accelerated training in software development.

During July and August 2018, we hosted the only Microsoft Mixed Reality Accelerator in the world this year. The event was staged in partnership with VISR and Microsoft. The event brought together six commercial organisations, including Audi, Centrica and ABInBev, with teams of University of Hull students

to develop prototype solutions using the Microsoft HoloLens spatial computing platform. The next programme is scheduled to run in June 2019.

Working in partnership with KCom and Hull College, the University is developing the Hull Data Centre, a multi-million-pound facility which will meet our future needs in data storage, high performance computing and related research, and new forms of digital education, while generating additional income to the University through the provision of data centre and IT services to other academic institutions and public and private organisations across the region.

### Risk management

The University operates an established risk management approach underpinned by a risk management policy and associated guidance. The Institutional Risk Register is updated regularly, has assigned owners and applies its risk appetite through a 5 x 5 scoring matrix. Faculty and Professional Service Directorate risk registers are contained within local plans and inform the Institutional Risk Register.

During 2017/18 the University refreshed its resilience planning framework to operate a dynamic proactive and reactive approach to incident response, providing greater agility and more robust management of risk and business continuity.

Areas for further development during 2018/19 include the creation of a comprehensive risk appetite framework and the more consistent embedding of risk management and formal consideration of opportunity risks across the University.





### Trade Union facility time report

As part of the Trade Union Act 2016, we are required to publish information on trade union facility time.

For the period 1 April 2017 to 31 March 2018:

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
<b>27</b>	<b>24.85</b>
<b>Total number of hours spent on paid facility time. This includes paid duties and paid activities</b>	
	<b>182.5</b>
<b>Percentage of time spent on facility time</b>	
<b>0%</b>	<b>0</b>
<b>1-50%</b>	<b>24</b>
<b>51-99%</b>	<b>1</b>
<b>100%</b>	<b>2</b>
<b>Total cost of facility time</b>	
	<b>£189,580.11</b>
<b>Total pay bill</b>	
	<b>£105,795,000</b>
<b>Percentage of total pay bill spent on facility time</b>	
	<b>0.18%</b>
<b>Time spent on paid trade union activities as a percentage of total paid facility time hours</b>	
	<b>0%</b>

## 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 2018. The financial statements comprise the consolidated results for the University and its subsidiary undertaking, Lampada Digital Solutions Ltd.

### Financial performance

The University made an operational surplus of £4.6m, representing 2.4% of turnover (2017: £8.4m, 4.3%).

Total income before endowments and donations increased by £4.6m from £189.0m in 2016/17 to £193.6m in 2017/18. £2.7m of this was due to increased tuition fee income.

Total expenditure for the year was £189.7m (2017: £188.9m). Pay costs at £105.7m were £0.1m less than the previous year, and fundamental restructuring costs at £1m were £1.5m less than 2017. Operating expenses increased by £0.7m to £64.9m (2017: £64.2m).

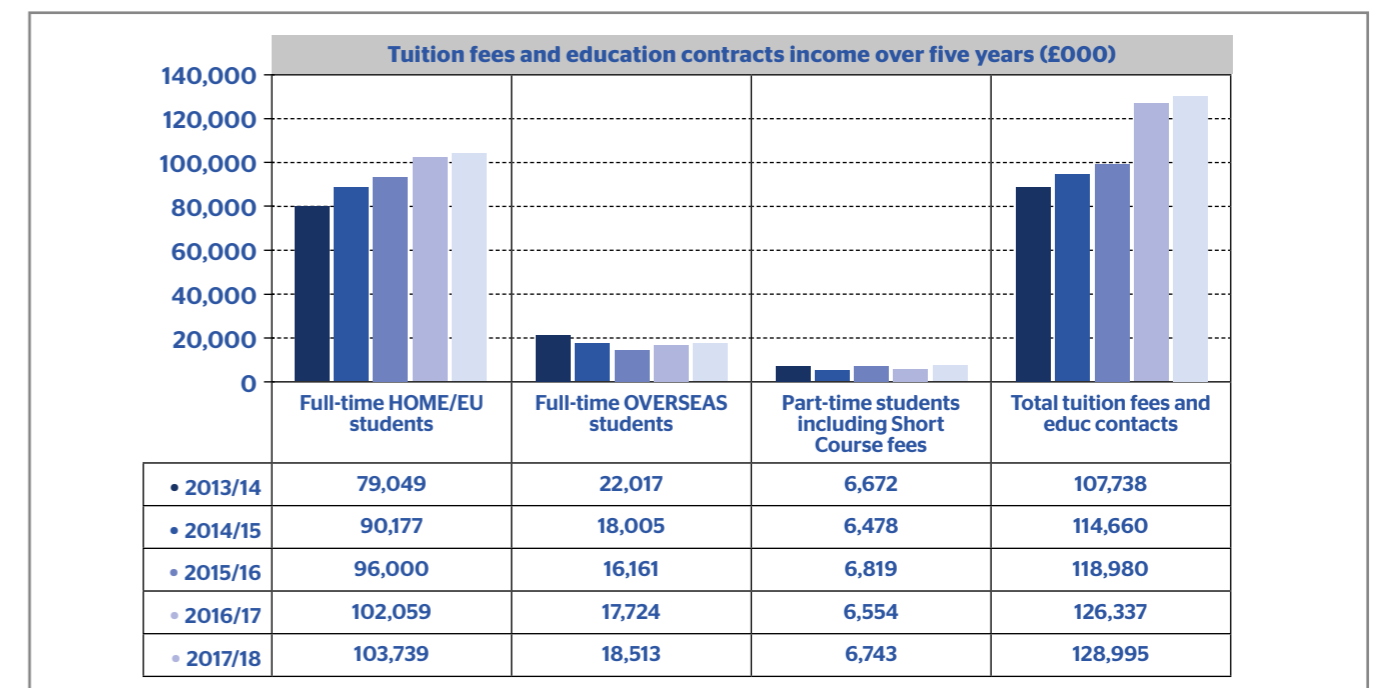
Net assets were £239m after accounting for pension provisions, up from £225m the prior year.

The following table shows the University's Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and Adjusted Net Operating Cash flow (ANOC) for the last five years (2014/15 restated for the transition to FRS102).

£m	2017/18	2016/17	2015/16	2014/15	2013/14
<b>EBITDA</b>	17.7	21.2	18.9	3.9	13.2
<b>EBITDA as % of income</b>	9.1%	10.8%	10.2%	2.2%	7.3%
<b>ANOC</b>	18.5	35.1	16.6	10.3	8.6

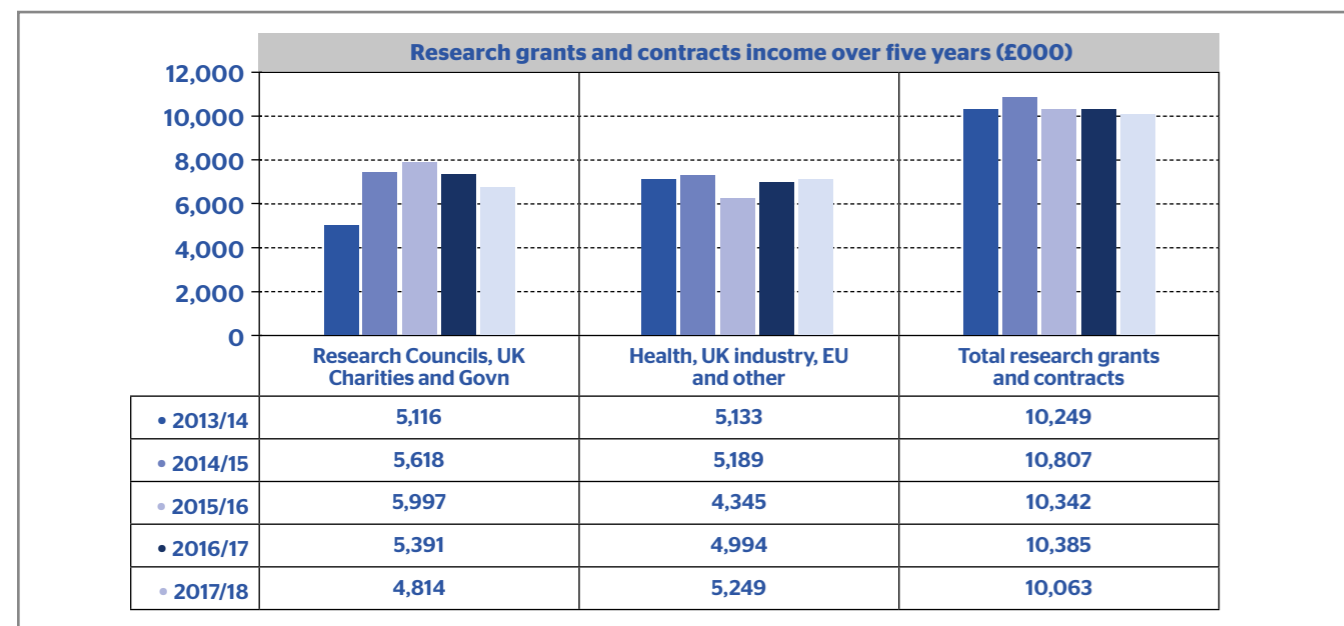
EBITDA is a measure of operating performance, eliminating the effects of financing and accounting decisions to enable more meaningful comparison between organisations. ANOC is a measure of cash generation from normal business operations.

The following charts illustrate the University's financial performance over the last five years (2013/14 reported under UK GAAP, 2014/15 restated for the transition to FRS102, 2015/16 onwards reported under FRS102):

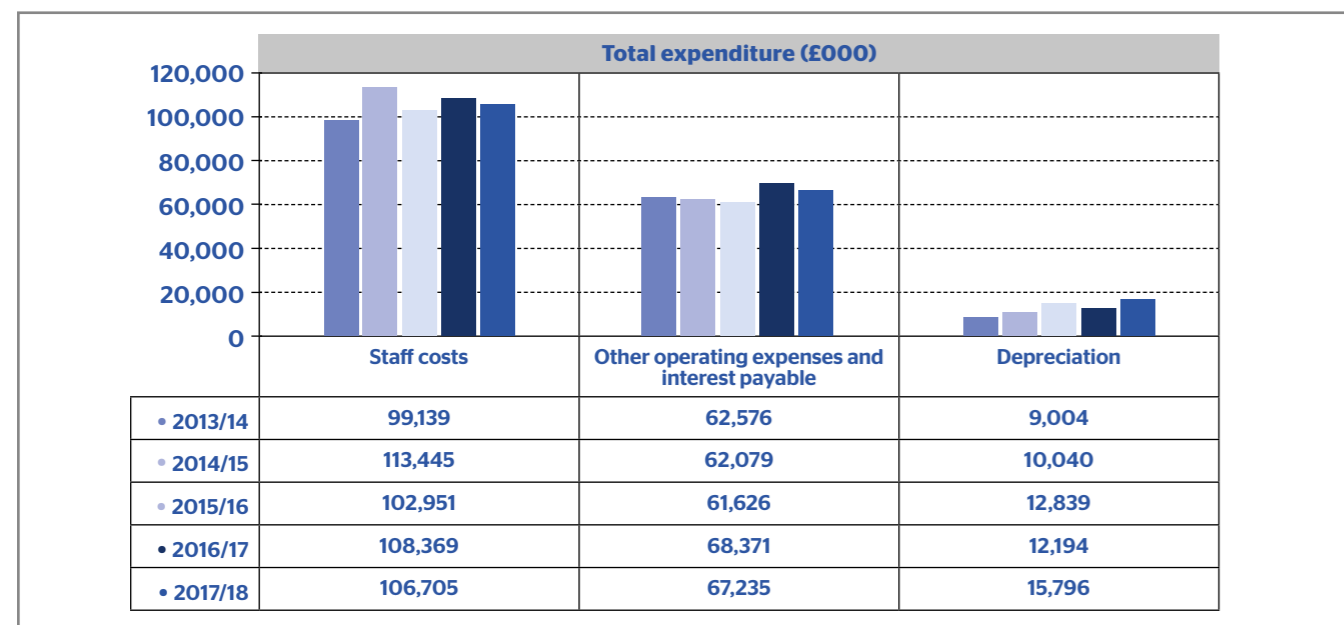


Tuition fee income has risen again this year, mainly attributable to a £1.7m increase in relation to full-time home/EU students.



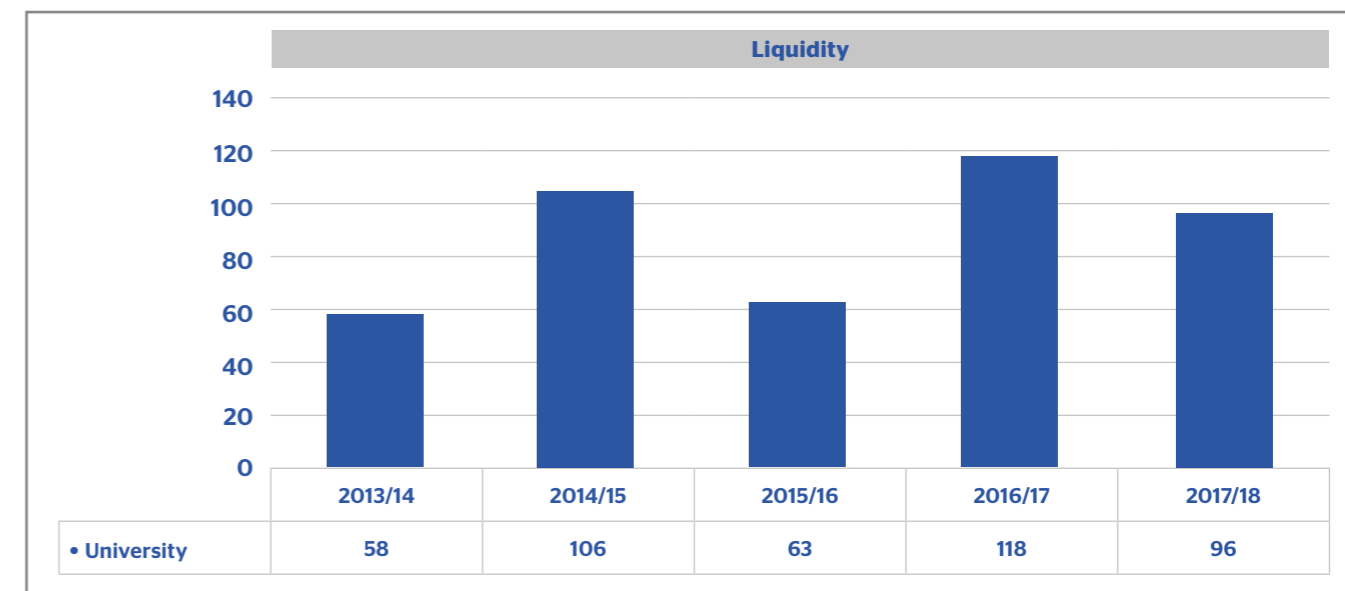


Research grants and contracts income is broadly similar to previous years. A reduction in Research Councils funding has been partially compensated for by an increase in Local Authority and EU funding.



Staff costs have decreased by £1.7m and other operating expenses by £1.1m.

The depreciation charge for the year increased by £3.6m to £15.8m, reflecting the completion of projects undertaken as part of recent capital planning activity.



Liquidity (days cover) measures the number of days the University could meet its immediate obligations with the cash and short term investments it holds. Liquidity has reduced from 118 days in 2016/17 to 96 days this year. Liquidity was high in 2016/17 due to a large cash receipt shortly before the year end relating to the West Campus Residence Project.

### Cash flow

The University generated £18.7m of cash from operating activities. Cash at bank and current asset investments totalled £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 fallen to £46m (2017: £56.6m):

- £18.4m USS agreed deficit recovery plan (2017: £19.7m);
- £25.7m University of Hull Pension and Assurance Scheme (UHPAS) (2017: £33.8m); and
- £1.8m North Yorkshire Pension Fund (NYPF) (2017: £3.1m).

### Going concern

The University successfully generated a positive EBITDA again this year, and as at 31 July 2018 had a strong balance sheet - cash at bank and current asset investments of £44.8m, net current assets of £23.3m and total net assets of £238.8m. The financial focus for the next few years will be on cash generation and achievement of annual positive EBITDAs, albeit at lower levels than in recent years as we are planning on recruiting fewer home/EU students. This is due to the continued decline in the size of that market, increased competition and the likely impact of Brexit. Simultaneously, we will be investing more in enhancing our academic performance.

Based on a review of forecasts and sensitivity analysis, it is considered that the University has adequate resources to continue in operational existence for the foreseeable future and is a going concern.



# Statement of 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.

From April 2018, the Office for Students (OfS) took over from the Higher Education Funding Council for England (HEFCE) as 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 OfS Regulatory Advice 5: Exempt Charities, HEFCE guidance on Reporting on the delivery of public benefit and Public benefit and education, 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.

## Education and outreach

We are committed to ensuring that our students derive a lifetime's benefit from their education. As participants in an academic community that is intellectually stimulating, diverse, culturally vibrant, safe and supportive, our students develop the talent, knowledge, skills and values that enable them to compete and make a difference to the world. In turn, employers, the economy and wider society benefit, as University of Hull graduates leave equipped to support economic growth, social cohesion, culture and improved quality of life.

The University applies an integrated approach to providing support across the entire student lifecycle, addressing outreach, access, retention, progression and completion. To aid diversity and encourage academic excellence, we offer studentships, scholarships and bursaries for undergraduate and postgraduate students. In 2017/18 we funded awards totalling in excess of £3.54m to provide financial support to over 1,590 undergraduate students, particularly those from low income backgrounds.

As the only university in the city of Hull (and situated in a recognised higher education 'cold spot'), we play an important role in serving the specific educational needs of our region. Of our UK-based students, 43% come from the local Hull, East Yorkshire, North Lincolnshire and North East Lincolnshire area. In collaboration with our networks of schools, academies, partner colleges and universities, our widening participation and outreach work engages with pupils from Year 5 through to Year 13. Activities range from large events on campus to raise awareness, confidence and aspirations, to smaller targeted initiatives focusing, for example, on attainment raising, progression pathways and awareness of graduate level careers and professions.

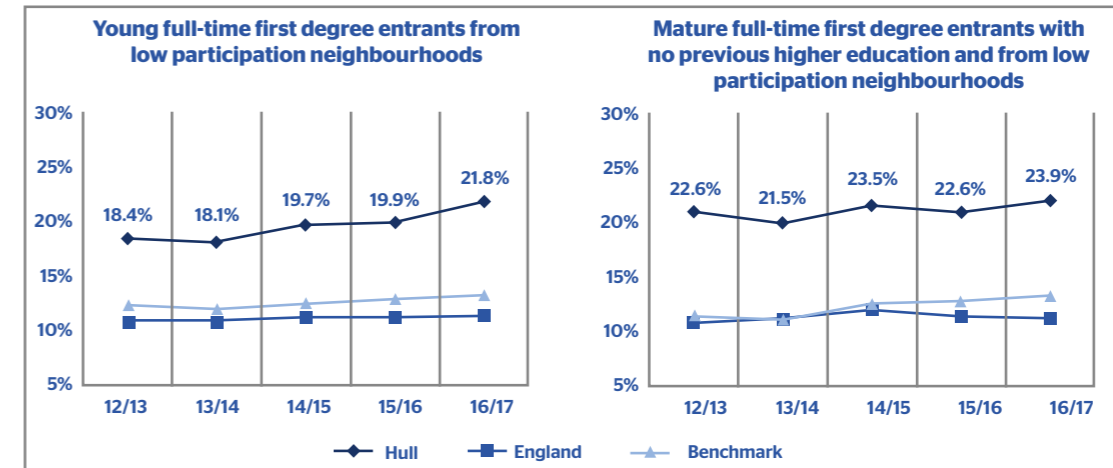
The University works with both the Hull and East Yorkshire Children's University and the Children's University Scarborough.

The University is the lead institution for the National Collaborative Outreach Programme (NCOP) for the Humber region. Working collaboratively with eight partner institutions, we are leading outreach activity to improve progression rates into higher education, targeted in particular in those geographical areas where participation rates are lower than might be expected based on prior attainment. We are working in partnership with the universities of York and York St John on a programme designed to raise the aspirations of children in secondary schools on the North Yorkshire Coast.

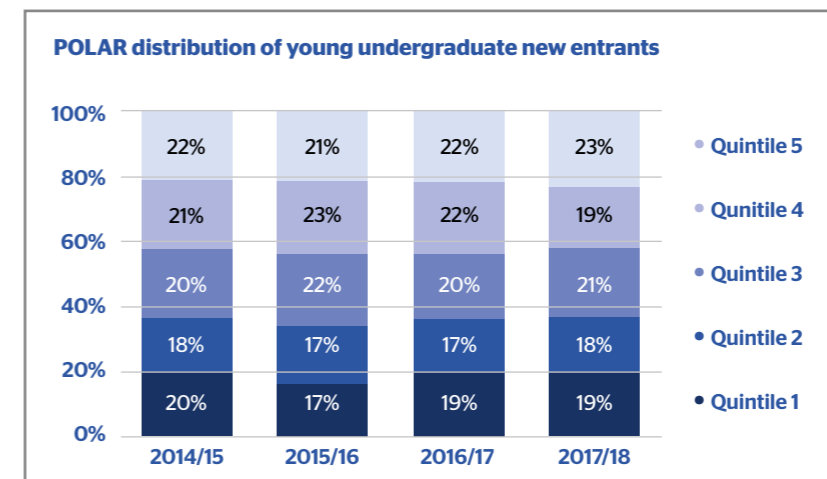
The University is the sponsor of University Technical Colleges (UTCs) in Hull, Scunthorpe and Scarborough, and we work closely with local further education colleges through our Federation of Colleges. This partnership was the recipient of the award for Academic Cooperation at the 2015 Educate North Awards, recognising our achievements in supporting institutions to work together for the greater good of students, the community, the economy and the environment.

The retention and progression of our students was supported by the investment of £1.72m in funds for travel, childcare and care leavers, additional pastoral support for widening participation students, and to provide careers advice and internships for underrepresented groups. In addition, we offer students a comprehensive learning and welfare support package, including academic study skills, health and wellbeing services, advice and support for students with disabilities, mature student advisors, careers advice and sports and exercise facilities.

The University performs strongly against national averages and regionally-adjusted benchmarks across a range of widening participation and access performance indicators and continues to set itself challenging targets for continued improvement in its Access and Participation Plans approved by the OfS.



We are also very proud to have been ranked first in the Higher Education Policy Institute (HEPI) Policy Note 'Benchmarking widening participation: how should we measure and report progress?' published in April 2018. The POLAR (Participation of Local Areas) classification groups postcodes into quintiles depending on how likely young people are to participate in higher education. Using POLAR data from the 2016 UCAS cycle, the report ranked institutions based on how equally their intake was distributed between the POLAR quintiles. Reflecting our commitment to equality, diversity and inclusion and our support for under-represented groups, our students continue to be evenly distributed across the POLAR quintiles.



Our Hull Employability Awards recognise success in developing the skills and attributes characteristic of University of Hull graduates and stand as an endorsement of excellent employability. The attributes can be gained by students through engagement in any area of university life, from volunteering to part-time work, from academic study to being a member of a committee or sports team. We work in partnership with employers and organisations across the local region and internationally to provide students and alumni with opportunities to undertake paid internships or volunteering placements.

Our alumni benefit from a lifelong relationship with the University through membership of the Hull Alumni Association. This network provides access to services such as careers support and advice, library resources and discounts for further study. It provides a point of contact between graduates and the University, and holds regular networking events and careers workshops for alumni across the globe.





### Research and enterprise

Identifying and solving some of the world's most pressing challenges is central to the University's mission. Our research tackles questions which are relevant globally but also address the specific needs of our region.

The University's Wolfson Palliative Care Research Centre brings together a team of leading researchers focusing on improving quality of life for people with life-limiting illness and reducing current inequalities in access to palliative care. Large disparities exist across the UK in terms of cancer incidence, mortality rates and attitudes, and Hull and East Yorkshire has more individuals developing and dying from cancer than anywhere else in the UK. We are working with Yorkshire Cancer Research on a £1.3m four-year programme of research to improve both the quality of palliative care for Yorkshire patients living with advanced cancer and the support for their families. Marie Curie has funded crucial research to improve the care of those with chronic lung conditions. A £72m

investment from the Daisy Foundation, the University of Hull, and Hull and East Yorkshire Hospitals NHS Trust will create a pioneering research centre at Castle Hill Hospital providing state-of-the-art facilities for imaging the early stages of key life-threatening illnesses such as cancer, dementia and heart disease.

Funded by the British Skin Foundation and Innovate UK, the University's wound healing group is developing new technology for the targeted management of biofilms in human chronic wounds, such as diabetic ulcers. This work is responding directly to the health strategy of our region, which identified diabetes as one of the top three priority areas. Further, cross-disciplinary research between the University's School of Engineering and clinicians at Castle Hill Hospital has developed an alternative to the current industry-standard speech valve device used in patients who have had a laryngectomy as a result of cancer, for instance.

The University continues to make significant contributions to research and debates in the area of renewable energy and environmental sustainability, building on our work with the region on creating a low-carbon, green Humber Estuary. Funded by the Department for Business, Energy and Industrial Strategy, we are working on developing a low-carbon heating system for public buildings. Together with partners at the University of York and Teesside University, we have secured funding from Research England for a £5m project to develop the bio-economy across Yorkshire, the Humber region and the Tees Valley. The aim is to create greener products for the future, reducing our reliance on fossil resources and minimising waste.



## Working together to make a difference: Tackling plastic waste

**Our rivers and oceans are our lifeblood – a resource that connects us all and provides us with food, travel, trade, recreation, inspiration and beauty. But climate change and pollution are threatening to destroy our aquatic environments.**

Over the last 50 years, plastic has revolutionised the way we live and is now an essential part of our lives. An estimated 10 million tonnes<sup>3</sup> of plastic waste enters the oceans each year. Despite our best efforts to keep plastic from our waterways with bans and recycling plants, there is only one way to stop it altogether: cutting our dependence on plastic.

Hull is rising to this challenge. Our Vice-Chancellor has established a working group that brings together key players across the University to nurture a more sustainable approach to the way we do business.

### #MyPlasticPledge

Designed to inspire staff, students, alumni and partners to make a small everyday change that collectively will have a significant impact on our oceans, we launched our #MyPlasticPledge campaign in honour of World Oceans Day in June 2018. The campaign began during Humber Business Week, galvanising support amongst business leaders in the region, and continues to feature prominently at University Open Days and graduation ceremonies.

Over 7,500 people have taken the Plastic Pledge, and organisations including RB, ABP, The Deep and several schools have asked the University to work with them on reducing their plastic waste.

### Reducing plastic waste on campus

As a University we have a responsibility to take a lead and make sure we are doing everything we can to minimise plastic waste on campus.



#### So far we have:

- Converted the Arts Café to a fully 'Plastic Free' outlet
- Sold over 1,000 reusable cups
- Dispensed 26,100 hot drinks into reusable cups
- Replaced all plastic straws with a biodegradable alternative
- Replaced all 8oz plastic beakers used on campus with biodegradable paper cups
- Replaced plastic disposable cutlery with a sustainable wooden alternative.

#### Our research is helping to address environmental challenges

- Research led by Professor Jeanette Rotchell has demonstrated that contamination of the marine environment by microplastics is impacting wildlife, and its entry into the food chain is providing a pathway

for the waste that we dispose of to be returned to us through our diet. Previous research led by Dr Cath Waller, in collaboration with colleagues at the British Antarctic Survey, has shown that levels of microplastic particles accumulating in the Southern Ocean around Antarctica are five times higher than expected.

- The Director of our Energy and Environment Institute, Professor Dan Parsons, has been selected to chair a NERC scoping group for research into tackling the mounting global issue of plastic pollution in the environment.
- Dr Pauline Deutz is leading a €3.8m European-wide research project to explore how to create a more sustainable and economically robust environment with the minimisation of waste generation at its heart.

### Civic engagement

An independent study of the economic impact of the University published in 2015 demonstrated that the University supports over 4,000 jobs in Hull and over 5,000 in the Humber LEP area. In addition to direct employment, the University supports economic growth through factors such as its students working and spending in the local economy, the companies created in the University's Enterprise Centre (many of which are now rooted in the city of Hull employing graduate-level staff), additional graduate earnings and tourism from visitors and open days.

As a principal partner to Hull UK City of Culture 2017, we have established deeper cultural connections with the city and the region, and these continue to form a significant conduit for our community engagement. We contribute to many of the city's major events, such as the annual Freedom Festival and Hull Pride, and we are working in partnership with Opera North to enhance cultural activity and support regeneration in Hull. The research of our Culture, Place and Policy Institute on the impact of Hull 2017 will inform the development of legacy strategies and help make Hull an exemplar for cities considering cultural investment as a tool for urban development.

Following its redevelopment in 2016, the University Library incorporates a purpose-built art gallery and an exhibition hall. Both are designed so that members of the public can access and engage with the University's art collection and temporary exhibitions. We also work in partnership with Hull City Council to operate the Hull History Centre, which brings together – and makes accessible – material from the Local Studies Library and the city and University archives.

Through our OpenCampus programme, we offer a variety of public engagement activities for adult lifelong learners in the region, including 'Culture Café' sessions (a regular series of talks for those interested in culture, the arts and humanities), public lectures and seminars, concerts, performances, reading groups and tea-time talks.

Members of the University community participate in a range of volunteering and fundraising activities which deliver benefits locally. In July 2018 we were formally recognised as a University of Sanctuary for our work in supporting access to higher education for refugees and asylum seekers and our collaborations with local organisations to make the city and our campus a welcoming and inclusive environment for forced migrants. The first three recipients of our new Sanctuary Scholarships commenced their studies at the University in September 2018.

The University of Hull's Legal Advice Centre provides free, confidential and independent legal advice to the local community, while giving law students the opportunity to gain practical experience under the supervision of qualified staff.

A working group led by the University Registrar and Secretary focuses on ensuring that our campus is a safe environment and fostering good community relations. The group includes representatives from among the University staff, the students' union, Humberside police and Hull City Council. Our partnership with Kexgill to regenerate student housing around the campus is creating a welcoming, vibrant and secure University Quarter. Our sports facilities are available for use by all members of the local community.

Members of the University community serve as directors and members of local and regional organisations, such as The Deep, Green Port Hull, the City Leadership Board, the Humber LEP and the boards of our University Technical Colleges in Hull, Scarborough and Scunthorpe.

<sup>3</sup> Source: National Environment Research Council (NERC)



## Modern Slavery Act 2015: Slavery and human trafficking statement

The University of Hull does not tolerate modern slavery and is proud of the steps it has taken to combat slavery and human trafficking. The University is committed to improving its practices further and implementing and enforcing effective systems and controls to minimise the risk of modern slavery taking place anywhere in the University, its activities, its supply chains or through its collaborative partners.

### About the University of Hull

The University of Hull is a charitable higher education institution incorporated by Royal Charter which provides a wide range of teaching, research and related activities. The University is based in Hull but involved across the globe. More than 16,000 students are registered on courses in the UK and world-wide. The University employs around 2,500 people and had an income of more than £194m for the financial year ending 31 July 2018. The University Council oversees the strategic development of the University and ensures the effective use of resources and the general solvency of the institution. Council members are also the University's charitable trustees.

More information about the University is available here: [www.hull.ac.uk](http://www.hull.ac.uk)

The University has been at the forefront of the drive to raise awareness of the need to combat slavery and human trafficking since 2006 when it established the Wilberforce Institute for the study of Slavery and Emancipation. This interdisciplinary institute aims to ensure that the world recognises that slavery is not just an evil of the past, through raising public awareness of issues relating to slavery, emancipation, social justice and human rights, past and present.

The Wilberforce Institute has campaigned nationally and internationally for an end to contemporary slavery, working with key partners, including the United Nations, EU, UK Government, Anti-

Slavery International, Walk Free Foundation, Oxfam, Joseph Rowntree Foundation, Free The Slaves, Beecher House Center for the Study of Equal Rights, Windrush Foundation and the International Slavery Museum. As well as shaping policy, the Wilberforce Institute has produced learning resources on contemporary slavery and set up a Business Supply Chains Risk Assessment department, working with cross functional teams of researchers, ethical trade experts, social auditors and business advisers to help businesses identify and address modern slavery risks in their supply chains.

More information about the Wilberforce Institute is available here:

[www.hull.ac.uk/wilberforce](http://www.hull.ac.uk/wilberforce)

### Our supply chains

The University of Hull purchases works, goods and services from a wide range of suppliers and across a number of categories and is committed to acquiring these in a responsible manner. The University is not aware of any modern slavery activities within its operations or supply chain but if any were discovered then it would act to ensure compliance with legislation and its own policies to prevent further abuse. The University will continue to work with sector colleagues and others to share best practice and keep up to date on slavery and human trafficking considerations within the supply chain.

A review of procurement documentation and processes to align them with the Modern Slavery Act 2015 is underway and will continue to ensure that they keep pace with developments in this area.

### Our policies on slavery and human trafficking

The University of Hull is committed to ensuring that there is no modern slavery or human trafficking in its supply chains or in any part of its business. As part of this commitment the University has adopted an Anti-Slavery and Human Trafficking Policy. The University will assess any instances of non-compliance with its Anti Modern Slavery and Human Trafficking Policy on a case by case basis and will then tailor remedial action appropriately.

The University has a zero-tolerance approach to modern slavery and is determined to behave ethically and with integrity in all business dealings and relationships. The University of Hull is committed to transparency and expects the same from its contractors, suppliers and other business partners, and their supply chains.

The University has updated its terms and conditions of business to require compliance with this policy and the Modern Slavery Act 2015. During 2018/19, the University will continue to review its contractual templates to address modern slavery where necessary.

### Training

To ensure a high level of understanding of the risks of modern slavery and human trafficking in the University of Hull's supply chains and its business, the University will be providing training to relevant staff. Guidance on slavery and human trafficking for internal purchasers and staff involved in purchasing from high risk categories is in preparation.

The University will also publicise the Anti-Slavery and Human Trafficking Policy and Procedures (the Policy) and the requirement to produce this statement on an annual basis to all staff.

### Our effectiveness in combating slavery and human trafficking

The University of Hull will review the effectiveness of the Policy, training and other measures taken to combat slavery and human trafficking on a periodic basis.

*This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the University of Hull's Slavery and Human Trafficking Statement for the financial year ending 31 July 2018. This Statement will be reviewed and updated on an annual 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 of the University 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 in 2014. The University periodically reviews its own effectiveness in accordance with CUC guidance and is compliant with all areas of the code.

The University is an independent corporation, whose legal status derives from a Royal Charter originally 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, as of 1 April 2018, the Office for Students.

The University of Hull is also an exempt charity under the terms of the Charities Act 2011, with the Higher Education Funding Council for England (HEFCE) acting on behalf of the Charity Commission as the principal regulator for English higher education institutions until 31 March 2018. As of 1 April 2018, the Office for Students is acting as the principal regulator for the University.

The University of Hull strives to be an inclusive community that advances equality and opportunity for all. Our Equality Scheme sets out our strategic aims ([www.hull.ac.uk/equalityscheme](http://www.hull.ac.uk/equalityscheme)).

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.

During 2017/18, the University's Charter, Statutes and Ordinances required the University to have two separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities, as follows:

(i) **The Council** is the governing body, responsible for the general business of the University, and for setting the general strategic direction of the institution.

In accordance with the University Charter, the Council has a majority of members from outside the University (described as lay members), from whom its Chair must be drawn. Also included in its membership are the Vice-Chancellor, a Pro Vice-Chancellor and the Chief Finance 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. The Interim Chair of Council is Dr Keith Hopkins.

The following members served during the period 1 August 2017 to 31 July 2018:

### Lay members:

**Mr B J Dodd CBE**  
(Chair) (to 30 May 2018)

**Dr K G G Hopkins**  
(Pro-Chancellor and Interim Chair from 31 May 2018)

**Mr A J Eavis**  
**Mr J Fallon**  
**Mr D A Gibbons**  
**Sir P Grant**  
**Mrs U Lidbetter MBE**  
**Mr S W Lunt**  
**Mr G McKenna**

**Lady C M Roberts**  
**Mrs E W Dame**  
**Mrs R Vincent**  
**Mrs J Whittaker**

### Non-lay members:

Vice-Chancellor  
**Professor P G Burgess**  
(Acting Vice-Chancellor until 20 August 2017)

**Professor S Lea**  
(from 21 August 2017)

Chief Finance Officer  
**Mr S Willis**

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**

Senate (appointed member)  
**Professor M Lorch**  
**Dr D Mundy**

Non-academic staff  
**Mr M Dobson**

President, Students' Union  
**Ms O Otobo**

(ii) **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.

The University undertook a comprehensive review of the Council, Senate and their committees in

summer 2016. The purpose of the review was to improve governance processes within the University and to promote a more agile decision-making structure. The review generated a number of recommendations following which an overarching project was developed. Phase 1, to improve governance processes within the University was implemented between January and July 2017. Phase 2, a full review of committee terms of reference, the Schedule of Delegated Authority, the Charter, Statutes and Ordinances, and the implementation of a policy framework was implemented between July 2017 and August 2018.

From 1 August 2017 to 31 March 2018, under the terms of the Memorandum of Assurance and Accountability between the University and the Higher Education Funding Council for England, the Vice-Chancellor was the designated officer of the University and in that capacity could be summoned to appear before the Public Accounts Committee of the House of Commons.

Upon the University's application for registration with the Office for Students, the Vice-Chancellor, Professor S Lea, was nominated as the Accountable Officer of the University. The Vice-Chancellor is accountable to the Office for Students on behalf of the University's governing body, and they have a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University.

The Vice-Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Pro-Vice-Chancellors and the senior administrative officers all contribute in various ways to these aspects of the work, but the ultimate responsibility for what is done rests with the Vice-Chancellor.

## Council committees

Although the Council normally meets four times each academic year, committees initially handle much of its detailed work. In particular during 2017/18, the Finance and Investment Committee (chaired by Dr K Hopkins), the Nominations Committee (chaired by the Chair of Council, Mr B Dodd CBE (to 30 May 2018) then Dr K Hopkins from 31 May 2018), the Remuneration Committee (chaired by the Chair of Council, Mr B Dodd CBE (to 30 May 2018) then Mrs U Lidbetter from 21 June 2018), and the Audit Committee (chaired by Mr S Lunt). The decisions of these committees are formally reported to the Council.

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 Nominations Committee reviews the membership of the Council and advises the Council on appointments to the Council and its committees, taking into account skills and experience of the current composition of the Council and its committees whilst seeking to ensure the promotion of equality and diversity.

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 now 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". This led to the appointment of Mrs U Lidbetter, a Lay Member of Council, as the Chair of the Remuneration Committee from 21 June 2018.

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 and the Business Improvement and Assurance Manager 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 institution's policy on fraud and irregularity, ensuring that all significant losses have been properly investigated. The Audit Committee produces an annual report, which, once approved by the Council, is sent to the Office for Students as part of the Annual Accountability Return.

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 the 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 regarding procedures and recommending matters 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 Council has adopted a Risk Management Policy and agreed a Risk Register. The Vice-Chancellor reports to the Council and the Audit Committee monitors the risk management process. The Council's practice complied with the guidance from the Higher Education Funding Council for England. This practice now complies with the Regulatory Framework from the Office for Students.

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 of the University of Hull

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, which is reproduced at the end of this statement. One of its responsibilities is to present audited financial statements for each financial year.

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 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 the funds from the OfS, Research England and the Department for Education, grants and income for specific purposes, and from other restricted funds administered by the University have been applied only for the purposes for which they have been given and in accordance with the relevant terms and conditions and/or funding agreements and any other conditions attached to them;
- 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 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

As the governing body of the University of Hull, 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, until 31 March 2018, the Memorandum of Assurance and Accountability with HEFCE, and from the 1 April 2018, the Terms and Conditions of Funding for HEIs with the Office for Students, for which we are compliant by the terms of registration.

### 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 risk and control framework

As the governing body, the Council has responsibility for overseeing and reviewing the effectiveness of the system of internal control. The following processes exist:

- The plans and strategic direction of the institution are reviewed at regular intervals;
- The University Leadership Team, chaired by the Vice-Chancellor, takes responsibility for risk identification, evaluation and management;
- An institution-wide risk register, maintained by the University Leadership Team and annually approved by Council, is revised 'in year' as the result of emergent risks. Risks are monitored regularly, at least quarterly, by the University Leadership Team and reported to the Audit Committee;
- The internal auditors' annual assurance plan is driven by, and aligned to, the institutional risk register. The plan also builds in contingency time to consider emergent risks;
- Council receives regular updates from the Audit Committee around the internal control framework;
- Risk assessment is an integral part of the planning and budgeting processes. Each academic and professional service area is required to compile a risk register, to manage and review regularly the identified risks;
- A 5 x 5 risk prioritisation methodology (incorporating risk appetite levels) is used based on the probability and likely impact of the risk materialising;
- At its November meeting, the Audit Committee receives data quality reports, the purpose of which are to ensure the Audit Committee is compliant with its responsibility to ensure the University has adequate and effective arrangements for the management and quality assurance of data submitted to the Office for Students, Higher Education Statistics Agency, the Student Loans Company and other bodies;

- As a standing item at each meeting, the Audit Committee receives an Information and Cyber Security Report, which would include any breaches under the auspices of GDPR and the Data Protection Act 2018; and
- Council, via the Audit Committee, receives a report on fraud and attempts at fraud as a standing item at every meeting.

An internal audit of risk management maturity was undertaken, from which the University was adjudged to be 'risk defined', which describes a context of an established and communicated strategy and policies with a defined risk appetite. However, there are areas for further improvement to consistently embed risk management across the institution and to formally consider opportunity risks and revisit risk appetite(s).

### 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 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 the Council, which details the internal audit annual opinion on the effectiveness of risk management, control, data quality and governance. There is a defined follow-up 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.

### Council - Statement of primary responsibilities

The principal responsibilities of the Council of the University of Hull are as follows:

1. To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders;
2. To delegate authority to the Vice-Chancellor, as chief executive, for the academic, corporate, financial, estate and personnel management of the University. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice-Chancellor;
3. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest;
4. To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions;
5. To establish processes to monitor and evaluate the performance and effectiveness of the Council itself;
6. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life;
7. To safeguard the good name and values of the University;
8. To appoint the Vice-Chancellor as chief executive, and to put in place suitable arrangements for monitoring his/her performance;
9. To appoint a secretary to the Council and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability;
10. To be the employing authority for all staff in the University and to be responsible for establishing a human resources strategy;
11. To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate;
12. To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name;
13. To ensure that appropriate provision is in place for the general welfare of students, in consultation with the Senate;
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University; and
15. To ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.

**Dr K G G Hopkins**  
Interim Chair of Council  
27 November 2018

**Professor S Lea**  
Vice-Chancellor  
27 November 2018



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

## Opinion

We have audited the financial statements of the University of Hull (the 'parent university') and its subsidiary (the 'group') for the year ended 31 July 2018 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the 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 2018, and of the group's and the parent university's income and expenditure, gains and losses, changes in reserves and the group's and parent university'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.

## Who we are reporting to

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.

## 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 Strategic Review set out on pages 8 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 HEFCE, 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 35, 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.

**Grant Thornton UK LLP**  
Statutory Auditor, Chartered Accountants  
Leeds



## 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, for the financial year to 31 July 2018. Intra-group transactions are eliminated on consolidation.

This is the first year of consolidation. For the prior financial year to 31 July 2017 the University and the consolidated accounts are the same.

Lampada Digital Solutions Ltd commenced trading in October 2017.

### 3. Going concern

The financial statements are prepared on a going concern basis, with forecasts approved by the University Council and as per the Operating and Financial Review (OFR), which includes details of the activities of the University and factors likely to affect its future development and performance. The financial position of the University,

including its cash flow, liquidity and borrowings is considered in both the OFR and the Financial Statements and accompanying notes.

### 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 (SOCIE) 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 SOCIE 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 SOCIE 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.





**(vii) 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.

**(viii) 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 23 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. 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.

**9. Maintenance of premises**

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

**10. 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.

**11. 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.

**12. Stocks**

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

**13. Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

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

**14. 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.

**15. 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.

**16. 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.

**17. 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.

**18. Reserves**

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

**19. Significant judgements and estimates**

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

**(i) WCRP**

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

Subleases issued by UPP (Hull) Ltd to the University on changing rooms, a shop, a café and car park spaces built by UPP (Hull) Ltd 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) Ltd. 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) Ltd, 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 12 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 23.

#### (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) 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.





## Statement of comprehensive income and expenditure for the year ended 31 July 2018

	NOTE	2018	2018	2017	2017
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Income</b>					
Tuition fees and education contracts	1	128,995	128,995	126,337	126,337
Funding council grants	2	26,026	26,026	24,049	24,049
Research grants and contracts	3	10,063	10,063	10,385	10,385
Other income	4	27,879	27,879	27,850	27,850
Investment income	5	591	591	434	434
<b>Total income before endowments and donations</b>		<b>193,554</b>	<b>193,554</b>	<b>189,055</b>	<b>189,055</b>
Donations and endowments	6	765	765	8,319	8,319
<b>Total income</b>		<b>194,319</b>	<b>194,319</b>	<b>197,374</b>	<b>197,374</b>
<b>Expenditure</b>					
Staff costs	7	105,752	105,676	105,795	105,795
Fundamental restructuring costs	7	1,029	1,029	2,574	2,574
Other operating expenses	9	65,009	64,946	64,220	64,220
Depreciation	9	15,802	15,796	12,194	12,194
Interest payable	8	2,289	2,289	4,151	4,151
<b>Total expenditure</b>		<b>189,881</b>	<b>189,736</b>	<b>188,934</b>	<b>188,934</b>
<b>Surplus before other gains and losses</b>		<b>4,438</b>	<b>4,583</b>	<b>8,440</b>	<b>8,440</b>
Gain on disposal of fixed assets		1,890	1,890	10,681	10,681
Gain on WCRP		-	-	18,339	18,339
Impairment of assets		(768)	(768)	(300)	(300)
Gain on investments		277	277	987	987
<b>Surplus before taxation</b>		<b>5,837</b>	<b>5,982</b>	<b>38,147</b>	<b>38,147</b>
Taxation		-	-	-	-
<b>Surplus for the year</b>		<b>5,837</b>	<b>5,982</b>	<b>38,147</b>	<b>38,147</b>
Actuarial gain in respect of pension schemes		8,002	8,002	6,510	6,510
<b>Total comprehensive income for the year</b>		<b>13,839</b>	<b>13,984</b>	<b>44,657</b>	<b>44,657</b>
Represented by:					
Endowment comprehensive income for the year	19	269	269	813	813
Unrestricted comprehensive income for the year		13,570	13,715	43,844	43,844
		<b>13,839</b>	<b>13,984</b>	<b>44,657</b>	<b>44,657</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 2018

Consolidated	Income and expenditure account			Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000
<b>Balance at 1 August 2016</b>	<b>18,762</b>	-	<b>166,810</b>	<b>185,572</b>
Surplus from the income and expenditure statement	813	-	37,334	38,147
Other comprehensive income	-	-	6,510	6,510
<b>Total comprehensive income for the year</b>	<b>813</b>	-	<b>43,844</b>	<b>44,657</b>
Endowment	-	-	(249)	(249)
Distribution of CMRI endowment	(5,200)	-	-	(5,200)
<b>Balance at 1 August 2017</b>	<b>14,375</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>13,570</b>	<b>13,839</b>
<b>Balance at 31 July 2018</b>	<b>14,644</b>	-	<b>223,975</b>	<b>238,619</b>

University	Income and expenditure account			Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000
<b>Balance at 1 August 2016</b>	<b>18,762</b>	-	<b>166,810</b>	<b>185,572</b>
Surplus from the income and expenditure statement	813	-	37,334	38,147
Other comprehensive income	-	-	6,510	6,510
<b>Total comprehensive income for the year</b>	<b>813</b>	-	<b>43,844</b>	<b>44,657</b>
Endowment	-	-	(249)	(249)
Distribution of CMRI endowment	(5,200)	-	-	(5,200)
<b>Balance at 1 August 2017</b>	<b>14,375</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>13,715</b>	<b>13,984</b>
<b>Balance at 31 July 2018</b>	<b>14,644</b>	-	<b>224,120</b>	<b>238,764</b>



## Balance sheet as at 31 July 2018

	NOTE	2018	2018	2017	2017
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
<b>NON CURRENT ASSETS</b>					
Fixed assets	10	331,320	331,499	322,241	322,241
Investments	11	14,138	14,138	13,482	13,482
		<b>345,458</b>	<b>345,637</b>	<b>335,723</b>	<b>335,723</b>
<b>CURRENT ASSETS</b>					
Properties for sale	12	4,796	4,796	743	743
Stocks		55	55	64	64
Trade and other receivables	13	20,596	20,565	26,065	26,065
Investments	14	25,250	25,250	20,000	20,000
Cash and cash equivalents	15	19,562	19,544	34,936	34,936
		70,259	70,210	81,808	81,808
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
	16	(46,961)	(46,946)	(47,278)	(47,278)
<b>NET CURRENT ASSETS</b>		<b>23,298</b>	<b>23,264</b>	<b>34,530</b>	<b>34,530</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>368,756</b>	<b>368,901</b>	<b>370,253</b>	<b>370,253</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>					
	17	(83,512)	(83,512)	(88,183)	(88,183)
<b>PROVISIONS</b>					
Pension provisions	18	(45,954)	(45,954)	(56,595)	(56,595)
Other provisions	18	(671)	(671)	(695)	(695)
<b>TOTAL NET ASSETS</b>		<b>238,619</b>	<b>238,764</b>	<b>224,780</b>	<b>224,780</b>
<b>Restricted reserves</b>					
Restricted - endowment reserve	19	14,644	14,644	14,375	14,375
<b>Unrestricted reserves</b>					
Unrestricted I&E reserve		223,975	224,120	210,405	210,405
		<b>238,619</b>	<b>238,764</b>	<b>224,780</b>	<b>224,780</b>

The financial statements were approved by the Council on 27 November 2018 and signed on its behalf by:

Dr K G G Hopkins (Interim Chair of Council)

Professor S Lea (Vice-Chancellor)

## Consolidated cash flow for the year ended 31 July 2018

	2018	2017
	£'000	£'000
Cash flow from operating activities		
Surplus for the year	5,837	38,147
<b>Adjustment for non-cash items</b>		
Depreciation	15,802	12,194
(Gain) on endowment investments	(318)	(987)
Decrease in stock	9	3
Decrease/(Increase) in debtors	5,469	(13,031)
(Decrease)/Increase in creditors	(1,011)	19,287
(Decrease) in pension provision	(10,641)	(6,978)
Actuarial gain in respect of pension schemes	8,002	6,510
(Decrease) in other provisions	(24)	(32)
Impairment of assets	768	300
<b>Adjustment for investing or financing activities</b>		
Investment income	(591)	(434)
Interest payable	990	2,819
Endowment income	(41)	(39)
CMRI disposal	-	71
(Decrease) endowment invests	-	(5,519)
(Profit) on the sale of fixed & current assets	(1,890)	(10,681)
Capital grant income	(3,662)	(4,188)
<b>Net cash inflow from operating activities</b>	<b>18,699</b>	<b>37,442</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales of fixed and current assets	2,633	26,183
Proceeds from sales of non-current investments	107	5,519
Capital grants receipts	1,798	1,643
(Increase) in deposits	(5,250)	(5,000)
Investment income	591	434
Payments made to acquire fixed assets	(30,446)	(47,739)
New non-current asset investments	(438)	(2,736)
	<b>(31,005)</b>	<b>(21,696)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(990)	(2,819)
Endowment cash received	41	39
Endowment shares converted to cash	(6)	-
New unsecured loans	-	20,453
Repayments of amounts borrowed	(2,113)	(11,182)
	<b>(3,068)</b>	<b>6,491</b>
(Decrease)/Increase in cash and cash equivalents in the year	(15,374)	22,237
Cash and cash equivalents at beginning of the year	34,936	12,699
<b>Cash and cash equivalents at end of the year</b>	<b>19,562</b>	<b>34,936</b>



## Notes to the accounts

	2018		2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
<b>1 TUITION FEES AND EDUCATION CONTRACTS</b>				
Full-time home and EU students	103,739	103,739	102,059	102,059
Full-time international students	18,513	18,513	17,724	17,724
Part-time students	3,714	3,714	3,407	3,407
Research Training Support Grants	539	539	316	316
Short course fees	2,490	2,490	2,831	2,831
	<b>128,995</b>	<b>128,995</b>	<b>126,337</b>	<b>126,337</b>
<b>2 FUNDING COUNCIL GRANTS</b>				
Recurrent grant	17,827	17,827	18,479	18,479
Specific grants				
National College for Teaching & Leadership	60	60	144	144
Higher Education Innovation Fund	2,135	2,135	1,127	1,127
JISC	1	1	35	35
NCOP	2,552	2,552	-	-
GCRF	219	219	-	-
Other	39	39	492	492
Deferred capital grants released in the year	3,193	3,193	3,772	3,772
	<b>26,026</b>	<b>26,026</b>	<b>24,049</b>	<b>24,049</b>
Funding Council Grants represent grants from the Higher Education Funding Council for England and the National College for Teaching & Leadership.				
<b>3 RESEARCH GRANTS AND CONTRACTS</b>				
Research Councils	2,029	2,029	2,387	2,387
UK charities	1,274	1,274	1,817	1,817
UK central government	1,511	1,511	1,187	1,187
Local authorities	456	456	171	171
Health & hospitals	928	928	1,238	1,238
UK industry	1,068	1,068	1,255	1,255
EU	2,090	2,090	1,641	1,641
Overseas and other sources	707	707	689	689
	<b>10,063</b>	<b>10,063</b>	<b>10,385</b>	<b>10,385</b>

## Notes to the accounts

	2018		2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
<b>4 OTHER INCOME</b>				
Residences, catering and conferences	15,272	15,272	16,517	16,517
Other services rendered	3,650	3,650	3,740	3,740
Health authorities	2,690	2,690	2,831	2,831
Released from deferred capital grants	337	337	337	337
Rents receivable and Facilities income	1,101	1,101	668	668
ERASMUS grants	261	261	260	260
Other revenue grant and departmental income	1,566	1,566	1,452	1,452
Other income	3,002	3,002	2,045	2,045
	<b>27,879</b>	<b>27,879</b>	<b>27,850</b>	<b>27,850</b>
<b>5 INVESTMENT INCOME</b>				
Investment income on endowments	285	285	290	290
Other investment income	306	306	144	144
	<b>591</b>	<b>591</b>	<b>434</b>	<b>434</b>
<b>6 DONATIONS AND ENDOWMENTS</b>				
New endowments	41	41	39	39
Unrestricted donations	724	724	8,280	8,280
	<b>765</b>	<b>765</b>	<b>8,319</b>	<b>8,319</b>



## Notes to the Accounts

	2018		2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
7 STAFF				
Staff costs:				
Wages & salaries	82,741	82,676	80,967	80,967
Social security costs	8,259	8,249	8,032	8,032
Movement on USS provision	(1,644)	(1,644)	130	130
Other pension costs	18,689	18,688	18,596	18,596
Other pension adjustments	(2,293)	(2,293)	(1,930)	(1,930)
	105,752	105,676	105,795	105,795
Fundamental restructuring costs (2018: 48 individuals; 2017: 153 individuals)	1,029	1,029	2,574	2,574
	106,781	106,705	108,369	108,369

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 (2018: £5,242k; 2017: £5,162k).

Emoluments of the Vice-Chancellors:

Vice-Chancellor:

Salary	239	-
Employer contributions to USS	11	-
Total	250	-

Outgoing Vice-Chancellor:

Salary	-	125
Accrued annual leave	-	15
Benefits in kind as assessed for HMRC purposes	-	9
	-	149

Employer contributions to USS

Total	-	22
	-	171

Acting Vice-Chancellor (1 - 20 August 2018):

Salary	9	173
Benefits in kind as assessed for HMRC purposes	-	-
	9	173
Employer contributions to USS	2	31
Total	11	204

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 7.65 times the median pay of all University staff. The Acting Vice-Chancellor's basic salary is 5.38 times the median pay of all University staff.

The Vice-Chancellor's total remuneration is 6.86 times the median total remuneration of all University staff. The Acting Vice-Chancellor's total remuneration is 5.5 times the median total remuneration of all University staff.

The ratios exclude agency and hourly workers. These groups were excluded due to the difficulty in obtaining and analysing the data on earnings to establish FTE salary. Prior year comparatives have not been calculated due to similar difficulties in obtaining data.

The University employs more than 2,100 people and had a turnover of c.£194m in 2017/18. The University makes a valuable contribution to the social and cultural life of the city and region as lead partner in City of Culture, acting as an anchor institution in the region, 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.

## Notes to the accounts

	2018		2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Average staff numbers by major category				
Academic departments	1,182		1,206	
Central student services	135		152	
Central administration	572		487	
Premises	241		253	
	2,130		2,098	

During 2017/18 a number of administrative services within faculties were centralised, leading to the apparent increase in numbers within the Central Administration category.

### Remuneration of higher paid staff (excluding employers pension contributions):

	2018		2017	
	Consolidated	University	Consolidated	University
	No. of staff	No. of staff	No. of staff	(restated)
£200,000 - £204,999	1	-	-	-
£195,000 - £199,999	-	-	-	-
£190,000 - £194,999	-	-	-	-
£185,000 - £189,999	-	-	-	-
£180,000 - £184,999	-	-	-	1
£175,000 - £179,999	-	-	-	-
£170,000 - £174,999	-	-	-	-
£165,000 - £169,999	2	-	-	-
£160,000 - £164,999	-	-	-	-
£155,000 - £159,999	1	-	-	-
£150,000 - £154,999	1	-	-	-
£145,000 - £149,999	-	-	-	2
£140,000 - £144,999	-	-	-	-
£135,000 - £139,999	-	-	-	1
£130,000 - £134,999	1	-	-	-
£125,000 - £129,999	1	-	-	2
£120,000 - £124,999	2	-	-	1
£115,000 - £119,999	2	-	-	2
£110,000 - £114,999	3	-	-	4
£105,000 - £109,999	2	-	-	1
£100,000 - £104,999	2	-	-	1

### 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 Executive group. Staff costs in note 7 includes compensation paid to key management personnel.

	2018		2017	
	£'000	£'000	£'000	£'000
Key management personnel	1,416		1,418	

	2018		2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
8 INTEREST PAYABLE				
Bank and other loans repayable within 1 year	-	-	-	-
Bank and other loans wholly or partly repayable in more than 5 years	990	990	2,819	2,819
Net charge on pension scheme	1,299	1,299	1,332	1,332
	2,289	2,289	4,151	4,151



## Notes to the accounts

9 ANALYSIS OF EXPENDITURE BY ACTIVITY						
	Staff Costs	Depreciation	Operating Expenditure	Interest Payable	2018 Total	2017 total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Consolidated</b>						
Academic departments	65,855	1,346	12,338	-	79,539	76,996
Academic services	12,289	2,714	9,573	-	24,576	20,684
Research grants and contracts	3,935	132	3,319	-	7,386	8,341
Residences, catering and conferences	3,296	894	5,550	-	9,740	9,522
Premises	5,064	10,688	7,706	2,289	25,747	26,410
Administration	7,551	22	3,080	-	10,653	15,530
Services rendered	1,143	-	495	-	1,638	1,694
Movement in pension costs	(1,644)	-	-	-	(1,644)	130
Other expenses	8,263	6	22,948	-	31,217	27,053
	105,752	15,802	65,009	2,289	188,852	186,360
Fundamental restructuring costs	1,029	-	-	-	1,029	2,574
	106,781	15,802	65,009	2,289	189,881	188,934
Other operating expenses include:						
External auditors remuneration in respect of audit services					55	49
External auditors remuneration in respect of non audit services					7	2
External auditors remuneration in respect of pension audit					10	-
<b>University</b>						
Academic departments	65,855	1,346	12,338	-	79,539	76,996
Academic services	12,289	2,714	9,573	-	24,576	20,684
Research grants and contracts	3,935	132	3,319	-	7,386	8,341
Residences, catering and conferences	3,296	894	5,550	-	9,740	9,522
Premises	5,064	10,688	7,706	2,289	25,747	26,410
Administration	7,551	22	3,067	-	10,640	15,530
Services rendered	1,143	-	495	-	1,638	1,694
Movement in pension costs	(1,644)	-	-	-	(1,644)	130
Other expenses	8,187	-	22,898	-	31,085	27,053
	105,676	15,796	64,946	2,289	188,707	186,360
Fundamental restructuring costs	1,029	-	-	-	1,029	2,574
	106,705	15,796	64,946	2,289	189,736	188,934
Other operating expenses include:						
External auditors remuneration in respect of audit services					51	49
External auditors remuneration in respect of non audit services					7	2
External auditors remuneration in respect of pension audit					10	-

## Notes to the accounts

10 FIXED ASSETS						
	Land & buildings		Mechanical & electrical	Equipment	Work in progress	Total
	Freehold	Leasehold				
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Consolidated</b>						
Cost						
At 1 August 2017	264,317	1,085	63,589	27,766	12,909	369,666
Additions	4,794	-	-	320	25,332	30,446
Transfers from WIP	4,159	-	1,352	5,364	(10,875)	-
Impairment of assets	(768)	-	-	-	-	(768)
Reclassification to current assets	(9,404)	-	(13)	-	-	(9,417)
At 31 July 2018	263,098	1,085	64,928	33,450	27,366	389,927
Depreciation:						
At 1 August 2017	25,333	887	7,217	13,988	-	47,425
Charge for the year	6,634	7	4,513	4,648	-	15,802
Reclassification to current assets	(4,620)	-	-	-	-	(4,620)
At 31 July 2018	27,347	894	11,730	18,636	-	58,607
Net book value						
At 31 July 2018	235,751	191	53,198	14,814	27,366	331,320
Net Book Value						
At 1 August 2017	238,984	198	56,372	13,778	12,909	322,241
<b>University</b>						
Cost						
At 1 August 2017	264,317	1,085	63,589	27,766	12,909	369,666
Additions	4,794	-	-	301	25,524	30,619
Transfers from WIP	4,159	-	1,352	5,364	(10,875)	-
Impairment of assets	(768)	-	-	-	-	(768)
Reclassification to current assets	(9,404)	-	(13)	-	-	(9,417)
At 31 July 2018	263,098	1,085	64,928	33,431	27,558	390,100
Depreciation:						
At 1 August 2017	25,333	887	7,217	13,988	-	47,425
Charge for the year	6,634	7	4,513	4,642	-	15,796
Reclassification to current assets	(4,620)	-	-	-	-	(4,620)
At 31 July 2018	27,347	894	11,730	18,630	-	58,601
Net book value						
At 31 July 2018	235,751	191	53,198	14,801	27,558	331,499
Net book value						
At 1 August 2017	238,984	198	56,372	13,778	12,909	322,241

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 and 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.



## Notes to the accounts

NON-CURRENT INVESTMENTS		2018	2017
11		£'000	£'000
	Endowment investments	11,015	10,659
	UPP (Hull) Ltd	2,736	2,736
	ERGO Centre	300	-
	CHEMTriX Kingston Chemicals	87	87
		<b>14,138</b>	<b>13,482</b>

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held %	Nature of business
Abiquest Limited	England & Wales	Ordinary	100	Dormant
Lampada Digital Solutions Limited	England & Wales	Ordinary	100	Digital technology
Vertual Limited	England & Wales	Ordinary	36	Virtual Radiography
Kingston Chemicals Limited	England & Wales	Ordinary	21	Liquid Crystals
CHEMTriX Limited	England & Wales	Ordinary	39	Micro reactor systems
UPP (Hull) Ltd	England & Wales	Ordinary	10	Student accommodation
ERGO Centre	England & Wales	Ordinary	13.63	Renewable technology hub

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.

### 12 Properties for sale.

Student houses and a traditional hall of residence are to be sold in 2018/19. The net book value has been moved from fixed assets to current assets, and no depreciation charged in the year. See note 22 for events after the reporting period.

	2018	2018	2017	2017
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
13 TRADE AND OTHER RECEIVABLES				
Trade, student and research debtors	13,587	13,556	18,847	18,847
Prepayments and accrued income	7,009	7,009	7,218	7,218
	<b>20,596</b>	<b>20,565</b>	<b>26,065</b>	<b>26,065</b>

Amounts fall due within one year except for an amount of £986k due from the Grimsby Institute Group as consideration for the purchase of the Scarborough campus in June 2017, and an amount of £3,287k relating to sub-leases in the WCRP.

### 14 CURRENT INVESTMENTS

Deposits maturing in one year or less

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

### 15 CASH AND CASH EQUIVALENTS

Endowments	3,629	3,629	3,715	3,715
Short term investments (< 3mths to maturity)	14,113	14,113	26,235	26,235
Cash at bank	1,820	1,802	4,986	4,986
	<b>19,562</b>	<b>19,544</b>	<b>34,936</b>	<b>34,936</b>

## Notes to the accounts

	2018	2018	2017	2017
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
16 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR				
Grants and donations received in advance	7,658	7,658	9,396	9,396
Bank loan (note 17)	2,113	2,113	2,113	2,113
Trade creditors	12,869	12,862	13,006	13,006
Social security and other taxation payable	2,439	2,436	2,410	2,410
Accruals and other deferred income	17,911	17,906	16,691	16,691
Deferred capital grants	3,971	3,971	3,662	3,662
	<b>46,961</b>	<b>46,946</b>	<b>47,278</b>	<b>47,278</b>
17 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Bank loans repayable 2010 to 2035	33,420	33,420	35,533	35,533
Other deferred income	15,735	15,735	16,120	16,120
Deferred capital grants	34,357	34,357	36,530	36,530
	<b>83,512</b>	<b>83,512</b>	<b>88,183</b>	<b>88,183</b>
The bank loans are repayable as follows:				
Less than one year	2,113	2,113	2,113	2,113
Between one and two years	2,113	2,113	2,113	2,113
Between two and five years	6,057	6,057	6,170	6,170
In five years or more	25,250	25,250	27,250	27,250
	<b>35,533</b>	<b>35,533</b>	<b>37,646</b>	<b>37,646</b>

	USS provision	Consolidated and University		Total
		Pension scheme provisions	Other provision	
	£'000	£'000	£'000	£'000
18 PROVISION FOR LIABILITIES AND CHARGES				
At 1 August 2017	19,722	36,873	695	57,290
Utilised in year	-	-	(45)	(45)
Movements	(1,274)	(9,367)	21	(10,620)
At 31 July 2018	<b>18,448</b>	<b>27,506</b>	<b>671</b>	<b>46,625</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 the University's own pension scheme and its part of the North Yorkshire pension scheme deficit. Further details are included in the Statement of Principal Accounting Policies and note 23 to the financial statements.

Other provisions of £671k partly represents the present value of future pension enhancements in respect of former University College Scarborough employees who have taken early retirement (£665k) plus an amount of £6k for former University of Hull employees where the pension is paid directly by the University.



## Notes to the accounts

Consolidated and University								
19	ENDOWMENT RESERVES	Unrestricted Permanent £'000	Restricted Expendable £'000	Restricted Permanent £'000	CMRI endowment £'000	Restricted Total £'000	2018 Total £'000	2017 Total £'000
	Capital value	7,596	917	3,818	-	4,735	12,331	16,871
	Accumulated income at 1 August 2017	-	49	1,894	101	2,044	2,044	1,891
		7,596	966	5,712	101	6,779	14,375	18,762
	New endowments	-	31	10	-	41	41	39
	Disposal of investments	-	-	-	-	-	-	(5,200)
	Increase in market value of investments	220	-	98	-	98	318	987
	Investment Income	171	6	108	-	114	285	290
	Expenditure	(171)	(63)	(72)	(69)	(204)	(375)	(503)
	Total endowment comprehensive Income for the year	220	(26)	144	(69)	49	269	(4,387)
	At 31 July 2018	7,816	940	5,856	32	6,828	14,644	14,375
	Represented by:							
	Capital	7,816	892	3,929	-	4,821	12,637	12,331
	Accumulated income	-	48	1,927	32	2,007	2,007	2,044
		7,816	940	5,856	32	6,828	14,644	14,375
	Analysis by type of purpose:							
	Fellowships and scholarships	-	655	2,300	-	2,955	2,955	2,931
	Prize funds	-	41	466	-	507	507	501
	Chair and lectureship funds	-	-	1,601	-	1,601	1,601	1,619
	Other	7,816	244	1,489	32	1,765	9,581	9,324
		7,816	940	5,856	32	6,828	14,644	14,375
	Analysis by asset:							
	Current and non-current asset investments						11,015	10,660
	Cash and cash equivalents (note 15)						3,629	3,715
							14,644	14,375

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 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

20	CAPITAL COMMITMENTS	2018 £'000	2017 £'000
	Commitments contracted for at 31 July	5,987	2,993
	These commitments will be funded by operating cash flows.		
21	CONTINGENT LIABILITIES		
	(a) USS		
	The 2017 actuarial valuation of USS has been undertaken but not yet formally completed. In the judgement of the University, as there remains various stages of consultation around the key factors specifically relating to the funding of the past deficit, including level of contributions required, period of the recovery plan and level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation.		
	However, there is a significant risk that the yearend provision as calculated will not reflect the position following the final outcome of negotiations, potentially by a very significant amount depending on what is finally agreed as regards future deficit contributions and their duration. The University expects to have greater clarity in this respect during the next financial year.		
	(b) Guaranteed Minimum Pensions		
	A recent High Court ruling found Guaranteed Minimum Pensions (GMPs) must be equalised between men and women, and that past underpayments must be corrected. Employers, such as the University, with a defined benefit pension scheme and contracted out of the State Second Pension from 17 May 1990 to 5 April 1997 are covered by the ruling, and will be impacted by increased defined benefit pension obligations. The specific impact on the University is unknown.		
22	EVENTS AFTER THE REPORTING PERIOD		
	The sale of some student houses, shown in the balance sheet as current assets rather than fixed assets at 31 July 2018, was completed on 2 October 2018.		

23	FINANCIAL INSTRUMENTS	2018	2018	2017	2017
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
	Financial assets				
	Held at fair value:				
	Non current asset investments	11,015	11,015	10,659	10,659
	Current asset investments	25,250	25,250	20,000	20,000
	Held at amortised cost:				
	Bank and cash	19,562	19,544	34,936	34,936
	Trade and other debtors	13,587	13,556	18,847	18,847
	Accrued income	3,354	3,354	3,354	3,354
		72,768	72,719	87,796	87,796
	Financial liabilities:				
	Creditors falling due within one year	32,890	32,881	31,810	31,810
	Creditors falling due after one year	33,420	33,420	35,533	35,533
		66,310	66,301	67,343	67,343



## Notes to the accounts

### 24. Pension schemes

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

The total cost charged to the SOCI is £11,663,819 (2017: £11,239,442).

The latest available complete actuarial valuation of the Retirement Income Builder section of the scheme is at 31 March 2014 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2017 is 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 2014 valuation was the third 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 £41.6 billion and the value of the scheme's technical provisions was £46.9 billion, indicating a shortfall of £5.3 billion. These figures will be revised once the 2017 Scheme valuation is complete.

Defined benefit liability numbers for the scheme for accounting purposes have been produced using the following assumptions as at 31 March 2017 and 2018:

	2018	2017
Discount rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Pensions increases (CPI)	2.02%	2.41%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated 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

Pre-retirement: 71 % of AMCOO (duration O) for males and 112% of AFCOO (duration O) for females (2017: 98% of SAPS S1 NA "light" YOB unadjusted for males).

Post-retirement: 96.5% of SAPS S1 NMA "light" for males and 101.3% of RFV for females (2017: 99% of SAPS S1 NA "light" YOB with a -1 year adjustment 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 (2017: CMI\_2014 with a long-term rate of 1.5% pa).

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 years	24.5	24.4
Females currently aged 65 years	26.0	26.6
Males currently aged 45 years	26.5	26.5
Females currently aged 45 years	27.8	29.0

Scheme assets	£63.6bn	£60.0bn
Total scheme liabilities	£72.0bn	£77.5bn
FRS102 total scheme deficit	£8.4bn	£17.5bn
FRS102 total funding level	88%	77%

## 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 31st 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 1st 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 £234,958 with effect from 1 July 2018.

The total pension contributions paid by and charged to the University were £2,689,955 (2017: £3,367,608).

#### (c) Friends Life Defined Contribution Stakeholder Scheme

On the 31st 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 1st 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 £1,252,230 (2017: £654,143).

#### (d) Other Pension Schemes

A small number of staff remain in other pension schemes. Employer contributions to such schemes totalled £529,967 during the year (2017: £646,254).



## 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:

	2018	2017
Rate of increase in salaries	3.15%	3.15%
Rate of increase in pensions in payment	3.15%	3.15%
Discount rate	2.80%	2.60%
RPI inflation assumption	3.15%	3.15%
CPI inflation assumption	2.05%	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		
<i>Males</i>	22.6	22.5
<i>Females</i>	24.7	24.6
Retiring in 20 years		
<i>Males</i>	24.3	24.2
<i>Females</i>	26.6	26.5
The assets in the scheme were:		
	£'000	£'000
Equities	73,003	69,029
Bonds	21,042	20,809
Property	-	-
LDI pooled funds	18,955	20,895
Cash/Other	150	189
	113,150	110,922

Note: In 2018 the equity element includes £30,158k invested in hedge and absolute return funds (2017: £29,997k).

## Notes to the accounts

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

	2018	2017
Total market value of assets	113,150	110,922
Present value of scheme liabilities	(138,857)	(144,731)
Deficit in the scheme	(25,707)	(33,809)
Current service cost	-	1,528
Past service cost	-	-
Total operating charge	-	1,528
Expected return on pension scheme assets	2,851	2,489
Interest on pension scheme liabilities	(3,700)	(3,349)
Net charge to other finance income	(849)	(860)
Gain on assets	2,004	3,268
Gain on liabilities	4,661	471
Changes in assumptions re present value of scheme liabilities	-	-
Actuarial gain	6,665	3,739



## Notes to the accounts

<b>History of experience gains and losses</b>					
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Differences between the expected and actual return on scheme assets:					
Amount (£'000)	2,004	3,268	9,281	8,941	237
Percentage of scheme assets	2%	3%	9%	10%	0.3%
Experience gains and losses on scheme liabilities:					
Amount (£'000)	4,661	471	(11,858)	(11,553)	(10,002)
Percentage of the present value of the scheme liabilities	(3%)	(0.3%)	8%	9%	9%

	<b>2018</b>	<b>2017</b>
	£'000	£'000
<b>Analysis of movement in deficit</b>		
Deficit in scheme at beginning of the year	(33,809)	(38,515)
Movement in the year:		
Operating cost	(488)	(2,009)
Contributions by employer	2,774	3,890
Past service costs	-	-
Other financial charges	(849)	(914)
Gain recognised as other comprehensive income	6,665	3,739
Deficit in scheme at end of year	(25,707)	(33,809)
<b>Analysis of the movements in the present value of the scheme liabilities</b>		
At beginning of the year	144,731	144,753
Current service cost	-	1,528
Interest on liabilities recorded within other comprehensive income	3,700	3,349
Contributions by employee	-	10
Past service costs	-	-
Pensions paid	(4,913)	(4,438)
Actuarial (gains)	(4,661)	(471)
At end of year	138,857	144,731
<b>Analysis of the movements in the fair value of the scheme assets</b>		
At beginning of the year	110,922	106,184
Expected return on assets	2,851	2,489
Total contributions	2,774	3,900
Pensions paid	(4,913)	(4,438)
Administration costs	(488)	(481)
Actuarial gain	2,004	3,268
At end of year	113,150	110,922

## 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 2018 by a qualified actuary. The major assumptions used by the actuary were:

	<b>2018</b>	<b>2017</b>
Rate of increase in salaries	3.35%	3.25%
Rate of increase in pensions in payment	2.10%	2.00%
Discount rate	2.80%	2.60%
Inflation assumption RPI	3.20%	3.10%
Inflation assumption CPI	2.10%	2.00%

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

	<b>2018</b>	<b>2017</b>
Retiring today		
<i>Males</i>	22.9	22.8
<i>Females</i>	26.4	26.3
Retiring in 20 years		
<i>Males</i>	25.1	25
<i>Females</i>	28.7	28.6

The assets in the scheme were:

	<b>£'000</b>	<b>£'000</b>
Equities	7,458	7,237
Bonds	2,013	1,787
Property/Cash/Other	2,877	2,008
	<b>12,348</b>	<b>11,032</b>

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

	<b>2018</b>	<b>2017</b>
Total market value of assets	12,348	11,032
Present value of scheme liabilities	(14,147)	(14,184)
Deficit in the scheme	(1,799)	(3,152)
Current service cost	65	283
Past service cost	69	34
Total operating charge	<b>134</b>	<b>317</b>

## Notes to the accounts

	2018	2017
	£'000	£'000
Expected return on pension scheme assets	285	218
Interest on pension scheme liabilities	(364)	(353)
Net charge	(79)	(135)
Gain on assets	1,154	1,703
Gain on liabilities	183	1,068
Changes in assumptions re present value of scheme liabilities	-	-
Actuarial gain	1,337	2,771

History of experience gains and losses					
	2018	2017	2016	2015	2014
Amount (£'000)	1,154	1,703	559	734	158
Percentage of scheme assets	9%	15%	6%	9%	2%
Experience gains and losses on scheme liabilities:					
Amount (£'000)	183	1,068	(2,725)	(1,399)	-
Percentage of the present value of the scheme liabilities	(1.3%)	(7.5%)	18.4%	11.7%	-

Analysis of movement in deficit		
	2018	2017
	£'000	£'000
Deficit in scheme at beginning of the year	(3,152)	(5,803)
Movement in the year:		
Current service cost	(65)	(283)
Employer contributions	229	332
Past service costs	(69)	(34)
Other financial income	(79)	(135)
Gain recognised as other comprehensive income	1,337	2,771
Deficit in scheme at end of year	(1,799)	(3,152)

## Notes to the accounts

Analysis of the movements in the present value of the scheme liabilities		
	2018	2017
	£'000	£'000
At beginning of the year	14,184	14,839
Current service cost	65	283
Interest on liabilities recorded within other comprehensive income	364	353
Employee contributions	13	57
Past service costs	69	34
Pensions paid	(365)	(314)
Actuarial (gain)	(183)	(1,068)
At end of year	14,147	14,184

Analysis of the movements in the fair value of the scheme assets		
	2018	2017
	£'000	£'000
At beginning of the year	11,032	9,036
Expected return on assets	285	218
Total contributions	242	389
Pensions paid	(365)	(314)
Actuarial gain	1,154	1,703
At end of year	12,348	11,032

	2018	2017
	£'000	£'000
25 NATIONAL COLLEGE FOR TEACHING & LEADERSHIP BURSARY FUNDS		
Balance brought forward at 1 August	198	243
NCTL grants	1,748	2,320
	1,946	2,563
Disbursed to students	(1,845)	(2,365)
Balance unspent at 31 July	101	198

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

### 26. Related party disclosures

Details of investments are given in Note 12.

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.

#### Students' Union

The Students' 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 seven 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 the company.

#### Vertual Limited

Vertual 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	2	3	-	1
The Ferens Education Trust	111	30	-	-
University of Hull Students' Union	226	1,648	13	-
EMIH Limited	-	71	10	-
Kingston Chemicals Limited	1	-	-	-
CHeMTriX BV	11	-	3	-
VERTUAL LIMITED	118	-	19	-

### 27. 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 eight trustees was £3,107 (2017: £2,610 to six trustees). This represents travel and subsistence expenses incurred in attending Council, meetings and events in their official capacity.





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