



UNIVERSITY
OF HULL

Annual Report and Statement of Accounts 2020

1 AUGUST 2019 TO 31 JULY 2020



TEAM GB



OFFICIAL PARTNER

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Foreword

As one academic year like no other ends, another begins with the global COVID-19 pandemic continuing to dominate so many aspects of our lives. Nevertheless, it is a pleasure to highlight just some of the broad range of achievements that the University has enjoyed during 2019/20.

The University continues to play a significant role in developing the highly-skilled healthcare workforce of the future. We celebrated the graduation of our largest ever cohort of healthcare students in January 2020, with the majority of the three hundred plus graduating nurses, midwives, and other allied health students going on to work in local hospitals and health services. As the demands that COVID-19 would place on the NHS became apparent during the spring, we were extremely proud that over a hundred Hull York Medical School students were able to graduate early and take up interim posts at hospitals across the region, together with almost two hundred nursing and midwifery students who volunteered to extend their final year clinical placements and take up temporary roles within the NHS. This summer, three years after the University launched its Paramedic Science programme to help tackle a shortage of trained paramedics within our region and nationally, we were delighted that every member of our first cohort of newly-qualified paramedics was successful in securing a full-time role on the NHS frontline.

True to our vision of shaping a carbon neutral future, the University announced in November 2019 that we would work towards ensuring that our own campus is carbon neutral by our centenary year in 2027, one of the most ambitious carbon neutrality targets of universities globally. In partnership with Siemens Energy, work began in summer 2020 to undertake a rigorous evaluation of the University's energy consumption and develop a detailed roadmap for reducing emissions and implementing new, renewable ways to power the campus. Other projects are focusing on ways to reduce indirect carbon emissions, such as improving recycling rates, eradicating single-use plastics and reducing water consumption, as well as enhancing the levels of biodiversity on campus. Research and education are embedded in these initiatives, offering considerable opportunities for staff and students as the campus becomes 'a living lab.'

The global impact of our research continues to garner recognition. For the second year running, the University has been honoured by the prestigious Newton Prize, which celebrates the contribution of international research partnerships to economic and social development in developing countries. Joint research by the Department of Engineering and the University of Science and Technology of China on the development of a new generation of low-cost solar panels was nominated for the 2019 prize. In November 2020, a research team led by the Department of Chemistry and Biochemistry and Mount Kenya University were announced as winners of the 2020 prize, recognising their work in creating a device that enables rapid diagnosis of maternal infections responsible for high rates of childbirth complications in Kenya. The same team is currently developing point-of-care diagnostics for COVID-19. In October 2019, the collaboration between the Hull York Medical School's Wolfson Palliative Care Research Centre and the University of Technology Sydney was one of eight partnerships to receive funding from the Research England International Investment Initiative (I3) Fund. The award will support an expansion of the partnership's joint research tackling the challenges of meeting the social and healthcare needs of the worlds' rapidly ageing population.

Prior to lockdown, the University was pleased to welcome a number of inspirational visitors to campus. During Black History Month, Sir Lenny Henry addressed an audience of around four hundred students, staff, school pupils and members of our local community, calling for us all to do more to challenge discrimination and call out injustices. Inclusion campaigner, former head teacher and Hull graduate, Claire Birkenshaw, returned to campus in February 2020 to deliver an *Inspired in Hull* lecture on her reflections on a trans experience in education. In recognition of her significant achievements in shaping a fairer world, the University was delighted to dedicate a lecture theatre in Claire's honour during her visit. At the *Beyond Hull: Destination Inspiration* event in March, our students were able to hear recent Hull graduates discuss their careers in a diverse range of organisations, from the UK Space Agency to 10 Downing Street.

The impact of COVID-19 on the University, the higher education sector and society more broadly this year has, of course, been profound, but we are enormously proud of the way that our University community continues to respond with resilience, compassion and innovation. This Annual Report includes many example of the ways colleagues have contributed to the pandemic response, from the design and manufacture of PPE, to providing expert advice on delivering critical care nursing, to collaborating on international clinical trials of COVID-19 treatments. Equally, it has been inspiring to witness both the fortitude with which our students and staff adapted to lockdown, and the dedication and commitment with which colleagues have approached the even greater challenges of preparing for the new academic year. The health and wellbeing of our students and staff has been, and remains, our highest priority, and we will ensure that our students continue to receive excellent teaching and a supportive, safe and fulfilling experience, whatever the future trajectory of the pandemic.

Over the last two years, we have been pursuing an ambitious programme of transformation to enhance the University's competitive performance and assure a financially sustainable position. The successful progress of the transformation programme, which has been maintained throughout the year, is evident in the sustained increases in league table position and further improvements in NSS outcomes that we have achieved in 2019/20. It has also enabled the University to mitigate the most significant financial and operational challenges presented by the pandemic thus far.

During the first months of the new academic year, the University will finalise its new strategy for the next decade. In such uncertain times, it is more important than ever to focus on the enduring mission and purpose of our University. While COVID-19 remains one of the immediate challenges facing the higher education sector and society, it also throws into sharp relief those long-term, global challenges that provide the University's motivation—from the health, social and regional inequalities highlighted and exacerbated by the pandemic to the illustration provided during lockdown of the radical and innovative solutions that will be required to achieve carbon net zero targets and limit the threats of climate change. It is in tackling these challenges, among others, through intellectual leadership, outstanding education and impactful research, that the University will continue to transform lives and shape the fairer, brighter and carbon neutral future at the heart of our vision.

George Garlick OBE
Chair of Council

Professor Susan Lea
Vice-Chancellor

Our response to COVID-19

Our people do extraordinary things.

They change the world.

They overcome adversity.

The University of Hull community rises to new challenges, plays a significant role in fighting against global issues, and inspires the next generation.

Here, our people can take advantage of the support, knowledge and opportunities they need to thrive in their chosen field. We are incredibly proud of the way in which our community works together, which has been especially evident during the COVID-19 pandemic.



Students and staff on the frontline

Many members of our community are playing their part on the frontline. Following the call for former nurses and other healthcare professionals to rejoin the NHS workforce to provide expert patient care during the pandemic, our Faculty of Health Sciences stepped up to provide mandatory training on behalf of Health Education England for former NHS staff returning to practice.

Almost 200 of our final year nursing and midwifery students volunteered to take up temporary, paid roles to provide patient care to those affected by coronavirus, while many second year student nurses also volunteered to complete additional time in practice to support frontline care. Operating Department Practitioners and Paramedics carried out extended placements or commenced their employment earlier than normal—indeed, all of our Paramedic Science 2020 graduates have been offered jobs with ambulance services across the country at a time when these services have been more important than ever.



Caring for COVID-19 patients

Nicki Credland, Head of Paramedical, Perioperative and Advanced Practice, is playing a key role in making sure those affected by COVID-19 receive the highest quality care. Chair of the British Association of Critical Care Nurses, she was appointed as critical care nursing specialist advisor to NHS England and led the vital COVID-19 nursing training at Harrogate's Nightingale Hospital. In addition, she has appeared regularly in national media to share best practice in the fight against coronavirus and raise public awareness of the demands the outbreak has placed on NHS frontline services and how health staff are coping with the increased pressures.

Protecting healthcare workers

A dedicated team from across our Faculty of Science and Engineering, the Aura Innovation Centre and Hull University Business School worked in collaboration with NHS consultants and industrial partners to design, manufacture and distribute tens of thousands of innovative face shields for donation to our region's hospitals, hospices, residential homes, GP surgeries and charities. Having initially started making the shields using 3D printing technology, the team later switched to injection moulding, a process which enabled them to rapidly increase production. A crowdfunding campaign in support of the team raised more than £80,000 to fund additional materials. In total, over 1,000 donations from businesses, graduates, staff, students and friends of the University were secured.

The University also tested the efficacy of 80,000 face masks that had been donated to the NHS for use in hospitals in North Lincolnshire. Data from the University's tests on fluid resistance were presented to the Trust to inform its decision that the masks could be issued safely for use by NHS staff.

Several thousand face masks to protect NHS staff across East Yorkshire were donated by international alumni and the University's partner institution in Yangzhou, China. Deliveries of the vital face masks were coordinated with the support of Hull Alumni and the University's Chinese student council, before being distributed to hospitals in Hull and Cottingham.

World-leading research

Our academics are contributing to the world's understanding of coronavirus through cutting edge research. Acting quickly as the outbreak spread, our medical researchers, led by Professor Alyn Morice, initiated local strands in two international clinical trials investigating antiviral treatments to tackle the virus and lung inflammation, the main cause of mortality in COVID-19 patients. The trials are being led locally by our respiratory clinical trials unit, a collaboration between the University of Hull, Hull York Medical School and Hull University Teaching Hospitals NHS Trust, and have already shown encouraging results.

Virologist and lecturer Dr Cheryl Walter has shared her extensive experience working with viruses and virus host systems through a range of media interviews, helping to answer questions on the creation of a vaccine for COVID-19, the human trials process and how the spread of viruses can be slowed.

A simulator created by the University's Logistics Institute is helping people better understand the impact of lockdown measures on the future trajectory of the virus. The COVID-19 Resurgence Simulator models how adjustments to lockdown measures over different timescales could affect numbers of COVID-19 cases and the chances of future spikes. The simulator is being used as an educational tool and by healthcare partner organisations in Canada and Africa.

Drawing on its understanding of the impact of historical pandemics on vulnerable communities and its work with local and national partners, the Wilberforce Institute provided bulletins for academia, business, MPs and journalists on the current and projected impact of COVID-19 on those at risk of exploitation and the frontline services working to support them.

Together with partners at the universities of Sheffield and Leeds, the University is leading UKRI-funded research on the impact of volunteers during the pandemic. Exploring gaps in current systems, the research will recommend how volunteers can best be deployed to serve communities and support vulnerable people in future.



Supporting our community

The University's response to COVID-19 extended far beyond the boundaries of its campus.

At the start of lockdown, as supermarket supply issues and panic buying left foodbanks struggling to cope with heightened demand, the University donated surplus food supplies from its catering outlets to organisations such as Humbercare, which supports homeless adults and young people in need in our region.

To support disadvantaged children in Hull, the University's Fair Access office donated monthly Letterbox Parcels of educational material and activities to be distributed via the Children's University. Funding was also secured to donate laptops and wireless routers to children without access to the internet or a computer.

Youth Work and Community Development students have adapted to maintain connections to young people and our communities during the pandemic. While some activities transferred to online platforms, telephones, local radio, post and other creative means have also been used to address issues of digital exclusion. Initiatives include setting up a book exchange for older members of society, running an online youth club, working with Hull and East Yorkshire Mind to support people with mental health issues, and undertaking placements with the Goodwin Development Trust to support the work of its community food pantry.

With much community support suspended, the lockdown had a significant impact on refugees and asylum seekers and their efforts to integrate into local society. Working alongside other local ESOL providers, such as Welcome to English, final year education and TESOL students have continued to provide online English classes and opportunities for sanctuary seekers to practise their English and interact with others. Part of the University's Talking Hull project, a range of formal and informal classes have been offered, including an online murder mystery class and an innovative vocabulary lesson from a student's kitchen.



Adapting to new ways of teaching

In response to the national COVID-19 lockdown in March 2020, the University moved quickly to online teaching and assessment. We adapted our processes and regulations to support our students, including the adoption of a no-detriment approach to ensure that no student's progression was adversely affected by the pandemic.

Colleagues have since worked tirelessly to establish a blended learning offer which combines face-to-face and online teaching for the start of the 2020 academic year. We have remodelled curricula to be flexible to the changing situation, and we have reviewed every aspect of learning, teaching and student support to ensure that our blended approach will provide the same high-quality educational experience that we have always delivered, while protecting the health and safety of students and staff at all times.

These endeavours have been supported by colleagues across academic and professional service areas. For example, our Teaching Excellence Academy developed a primer for blended delivery, which provided colleagues with a pedagogic framework for this new approach. The team continue to provide outstanding support for digital skills development, delivering an innovative digital teacher course and drop-in help sessions. Colleagues in ICT accelerated the delivery of Microsoft Teams as an inclusive and accessible platform to support learning and teaching, help develop virtual communities and facilitate enhanced online collaboration between colleagues.

Supporting our students

As the number of coronavirus cases around the world began to grow rapidly early in 2020, the University established a dedicated ActionLine to provide a single point of contact for advice and support for students and staff. The ActionLine team coordinated incoming queries and responses from across all relevant services, such as student support, human resources, estates and health and safety.

During lockdown, the University launched a new fund to support students experiencing financial strain due to the pandemic. The Exceptional Circumstances Grant scheme helped those struggling to cover essentials such as food and travel home following the loss of a part-time job or a reduction in hours. We also deployed funding to address inequalities in students' access to digital resources and technology by providing access to broadband, an appropriate device or personalised packages of learning materials.

To support our alumni facing an uncertain job market as a result of the pandemic, we are funding a new programme for our recent graduates that offers 100 full-time, graduate-level paid internships within the University. The internships programme complements the existing careers support offered to our graduates and the scholarships available to support alumni progress to postgraduate study.

As the start of the new academic year approached, we launched the University of Hull Gateway virtual platform for applicants. The impact of the pandemic, and factors such as lack of access to digital technologies and the sudden curtailment of their studies in March, had increased the uncertainty and anxiety felt by many applicants around their progression to university—particularly among those groups who already face disadvantages in pursuing higher education. The Hull Gateway provided pre-enrolment study activity to connect applicants with their chosen subject and the University's support services and to help re-engage their study skills and academic interests.

Throughout, Personal Supervisors have remained students' first point of contact, whether studying online or on campus. The Central and Faculty Student Hubs, which ensure that students receive excellent advice, guidance and support throughout their studies, have continued to offer a full range of services online, with face-to-face appointments available for those requiring on campus support.

Creating innovative online solutions

A range of other key activities have been adapted at pace to take place digitally. Virtual open days using a mix of live and pre-recorded elements ensured that prospective students and their families could get a taste of life here at Hull. Online graduation events provided an opportunity to mark the fantastic achievements of our 2020 graduates until we can celebrate with them in person in the summer of 2021.

Learning from COVID

The pandemic presents a unique opportunity for the University to reflect on its response to the crisis, what this reveals about pre-COVID 'business as usual' and what a different future might look like in light of what has been learned. Under the sponsorship of the Vice-Chancellor, two parallel projects were established to capture and analyse staff and student experiences of lockdown and the move to remote learning and working. The projects were designed to be inclusive, offering opportunities for all to contribute via student and staff surveys. There has been excellent engagement from our University community, and the valuable feedback on what worked well over the transition to online delivery as well as areas where we can develop further have informed recommendations that are feeding into recovery planning and the development of the new University strategy, due to be launched at the end of 2020.



A fairer, brighter and carbon-neutral future

While COVID-19 has formed the backdrop to much of 2020, our approach to the pandemic continues to be shaped by our vision, values and behaviours, creating new approaches to navigate the ever-changing situation and achieve a better future for all.

Our vision

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

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



Values

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

We are inclusive

We are empowering

We are progressive



Behaviours

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

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





A fairer, brighter future

Our foremost founding benefactor, Thomas Ferens, sought in 1927 to create a university for Hull that would be a ‘centre of light and culture’—a civic institution providing intellectual leadership, raising educational aspirations and supporting the social and economic development of the city, our region and beyond. This civic role and drive for social justice remains central to our vision and purpose, whether in our efforts to widen higher education access and participation, the skills and values we instil in our graduates or the impact of our research in challenging societal inequities.

Opening up educational opportunities

We are proud of our Hull community, with over 14,500 students from more than 100 different countries and a variety of backgrounds. The diversity this brings to our campus makes us who we are, as we strive for a fairer, brighter future for all.

In a region where 60% of neighbourhoods are classed as areas of low higher education participation, the University prides itself on its contribution to raising aspirations and removing barriers to empower individuals to continue their educational journey and achieve their potential. While we appreciate the importance of qualifications, we value the entire person when looking to offer a place to study with us. We understand the significance of experiences and skills and through the application process look for those students that have the motivation and determination to succeed whilst studying with us.

We have a wide range of studentships, scholarships and bursaries for undergraduate students, particularly those from low income backgrounds, as we invest in their future and enable them to achieve their potential. In 2019/20, the University invested over £3 million in financial support for individual students and allocated a further £3.3 million to support access, continuation and progression (see note 9 to the accounts for further details of access and participation spend).

As a University of Sanctuary, the University seeks to improve access to higher education for refugees and asylum seekers and works with local organisations to make the city and our campus a welcoming and inclusive environment for those seeking sanctuary in the region. We offer up to three Sanctuary Scholarships each year to fund the tuition fees and study costs of asylum seekers, who do not have recourse to student finance.

The University leads the Humber Outreach Programme, one of the 29 UniConnect Partnerships funded by the Office for Students which aim to reduce the gap in higher education participation between the most and least represented groups in target geographic areas. The Humber Outreach Programme is a partnership of higher education and further education institutions, schools, academies and colleges which provides targeted outreach with students in years 9 to 13, raising aspirations and providing impartial advice to support young people from less advantaged backgrounds make informed and confident decisions about higher education. The Programme works with our four local authorities, partners such as the Humber Local Enterprise Partnership and community groups to offer support to over 14,000 students and their parents, carers and teachers across the Humber region.

Tackling health inequalities

Much of the University’s research seeks to improve individual health and wellbeing, ensure equitable access to treatment and care, and reduce the impact of ill health on productivity. Working closely with the NHS and fundraising partner the Daisy Appeal, the University is developing a new Molecular Imaging Research Centre at Castle Hill Hospital. The Centre’s state-of-the-art imaging facilities will help to identify the early stages of the life-threatening illnesses, such as cancer, heart disease and dementia, that are major contributors to the city and the region’s high mortality rates. Despite project delays due to COVID-19, the work is on track for the Centre to be fully operational during the first quarter of 2021. The recruitment of specialist staff is ongoing and it is anticipated that approximately 25 will be working in the scanning and research centres and the associated University facility by the end of 2020.

Working in partnership with the University, East Riding Leisure has been able to roll out a range of award-winning HealthiER services—non-medical interventions underpinned by University research that enable its users to live healthier lives.

The Centre for Human Factors is working with our four regional local authorities to undertake a Government-funded study looking at the impact of staff working remotely during the COVID-19 pandemic, particularly the effects on individual health and wellbeing but also on efficiency and productivity in the delivery of services to the public.



Eliminating modern slavery

The Wilberforce Institute is a multidisciplinary centre which combines research into historical slavery and work with NGOs, businesses, charities and the academic community to raise awareness of modern-day slavery and exploitation. The Institute, which helped shape the Modern Slavery Act, is one of the six leading research organisations brought together in the Modern Slavery and Human Rights Policy and Evidence Centre founded in 2019, funded by the UKRI Strategic Priorities Fund in collaboration with the Home Office.

The International Labour Organisation estimates that 25 million people worldwide are trapped in forced labour. Exploitation and human trafficking remains prevalent within the private economy, concealed within the complex supply chains behind many household goods and services. In October 2019, the Wilberforce Institute launched a new training programme designed to help businesses tackle labour exploitation. Practical tools and example case studies equip businesses to identify human rights risks that may be hidden in their business operations and supply chains and develop solutions to eliminate these practices.



Inspiration through partnership with Team GB



Our University has been in partnership with Team GB since 2019 as the Official University Partner of the British Olympic Association. The partnership reflects our shared belief that with hard work, the right opportunities and the support of a dedicated team, we can all achieve extraordinary things.

The partnership provides numerous benefits for our students, staff and communities, from the chance to participate in Team GB events and engage with guest speakers, to CV-boosting activities such as taking part in real-life business challenges, research collaborations and volunteering opportunities. As Team GB's only university partner, we are working on co-branded courses and joint research and enterprise projects for the Tokyo 2020 Olympic Games taking place in 2021.

Moments that Made Me

Team GB and the University have launched 'The Moments that Made Me', a nine-part podcast series featuring the unique stories of the Olympians who make up Team GB, past and present.

Hosted by sports presenter Radzi Chinyanganya, the weekly podcast features ten Team GB athletes, including Becky Adlington, the Downie sisters, Denise Lewis and Ed Clancy, who share the moments in their lives that made them the athlete and person they are today.

The emotive themes of 'The Moments that Made Me' have also featured as part of the University's marketing campaign to raise awareness of the moments that have shaped the lives and career paths of current students and graduates.



Developing business skills

First-year students in our Business School had the opportunity to work with Team GB on an exclusive, real-life project during lockdown. During what would have been the countdown to the Tokyo 2020 Olympic Games, students put their marketing skills and academic study into practice to create a marketing strategy to keep fans engaged during the lead up to the next Games and through to Paris 2024.

Lockdown motivation: Workout Wednesdays

When our students, staff and the local community needed motivation more than ever during lockdown, we worked with our partner to develop a series of workout videos with Team GB athletes. Available to view on the University's YouTube channel, the eight-part series featured a different athlete each week. With routines ranging from exercises focusing on specific areas to full-body workouts, the series provided something for all abilities.



A carbon neutral future



We are collaborating with partners across our region and beyond to lead efforts to tackle the global challenges posed by climate change.

Carbon neutral by 2027

In November 2019 we outlined our plans to become carbon neutral by 2027, when the University will also celebrate 100 years since its foundation.

With some electricity already generated on campus through solar panels and combined heat and power plants, a high proportion of our carbon reduction will come from a transition to renewable sources of energy to power the campus and a reduction in our energy use through optimising the estate and campus infrastructure.

We are also continuing our work to eliminate single-use plastics, cut water consumption and increase biodiversity on campus, and encourage colleagues to consider sustainability when making travel choices.

To help us on this journey, we commissioned Siemens Energy to evaluate our energy consumption and recommend steps to reduce emissions and implement alternative renewable sources of power. Several postgraduate students will be trained by Siemens in energy engineering and will conduct research to support the creation and implementation of our carbon neutral masterplan. Embedding sustainability into our curricula, we will equip all students graduating from the University with the knowledge and understanding to support the global transition to net-zero carbon emissions.



Skills and knowledge to tackle climate change

During 2019/20, the University launched a new MSc in Renewable Energy in partnership with Siemens Gamesa Renewable Energy. The new programme is helping meet the huge demand for trained individuals to plan, implement and manage renewable energy projects, with 27,000 new jobs expected by 2030.

A second new course, an MSc in Flood Risk Management developed with key employers including the Environment Agency, is tackling the shortage of skilled specialists working in flood resilience. The programme equips students with vital knowledge and skills in areas such as flood dynamics, catchment management, flood risk reduction and flood incident management.

Driving low carbon innovation

The award in 2018 of a European Regional Development Fund (ERDF) grant of £4 million, supported by a further £2.5 million from Green Port Hull and £5.5 million match funding from the University, has delivered a new facility at the heart of the Humber to support clean growth. Opened in early 2020, the Aura Innovation Centre (AIC) connects businesses of all sizes and across all sectors to the research expertise of the University, providing support to accelerate carbon reduction initiatives which increase efficiency and productivity or open up access to new markets. To date, the AIC has already engaged with over 180 businesses and committed £260,000 of innovation support to projects, 21 of which are in progress, with a further 43 in the development pipeline.

Through collaboration with partner universities and industry, the AIC continues to support the University's contribution to delivering on the commitments of the joint Government-industry Offshore Wind Sector Deal. The Aura Centre for Doctoral Training (CDT) in Offshore Wind and the Environment will award a total of 75 PhD scholarships between 2019 and 2023. Offering taught courses with industry-based challenge-led projects across the first year, followed by three years of focused doctoral research, the Aura CDT is attracting exceptional graduates and training the leaders of the future in a pioneering renewable energy industry.

Based at the University, SparkFund is an ERDF-funded programme offering innovation support and R&D grants to SMEs in the Humber, York and North Yorkshire region. Since its launch in May 2017, SparkFund has engaged with more than 400 businesses and awarded more than 150 grants with a total value in excess of £5.5 million. The programme has supported regional SMEs to create over 130 new jobs and bring more than 60 new products to market. Together, beneficiary SMEs have seen a £34 million increase in sales, increased profitability of £9.2 million, operational efficiency savings of over £1.2 million and—reflecting the specific low carbon economy focus of one of the programme's funding streams—a decrease of 200 tonnes in CO2 emissions. SparkFund was recently shortlisted for the highly coveted KE Awards, an initiative organised by PraxisAuril, the UK's world-leading professional association for Knowledge Exchange practitioners.

Supporting flood resilience

The University's £3.4 million Flood Innovation Centre supports businesses to find new solutions to the challenges posed by flooding by bringing them together with our flood and climate researchers, experts who are recognised internationally for their work on understanding flooding and flood-prone places and who have made major contributions to UK flood resilience policy. Since its launch in April 2019, the Flood Innovation Centre has already supported more than 400 businesses through a range of tailor-made packages to develop new products or new approaches to flood resilience.

Working with Humberside Fire and Rescue Service the University is developing Ark, a £15 million National Flood Resilience Centre based in the Humber region. The bespoke research facility and test bed will simulate urban swift and still water flood events in a realistic, cost effective, safe and managed environment. Providing an innovation hot spot and technology demonstrator, the Centre will support development of a technology-driven flood resilient business sector in the Humber, the most flood-prone area in the UK after London, removing potential barriers to economic growth and investment. Ark will also provide emergency services with a controlled environment for simulated training.

Commissioned by the Living with Water Partnership, experts at the University led a major study this year into Hull's 2007 floods, which impacted 9,000 homes and businesses. The study, which surveyed 450 affected households in three Hull areas, gave many residents the chance to share their experiences for the first time. Finding that over a third of surveyed households had yet to take steps to better protect themselves from future flooding, the study has helped identify where engagement within communities is needed to support residents take further measures towards the protection of their homes.

The University of Hull

1927

Founded as University College Hull

4 Faculties

We offer taught and research programmes across four faculties:

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

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

¹ Student data: headcount as at 1 December 2019 census; standard provision excludes degree apprenticeships, distance taught, exchange programmes, short courses and collaborative or franchise provision delivered by partner institutions

² Student diversity data: population includes standard provision, exchange programmes and short courses; % mature students based on foundation/undergraduate population only; % students from POLAR4 quintiles based on population of foundation/undergraduate students with home fee status and a valid UK postcode for which POLAR4 data is available

³ ShanghaiRanking Global Ranking of Academic Subjects 2020

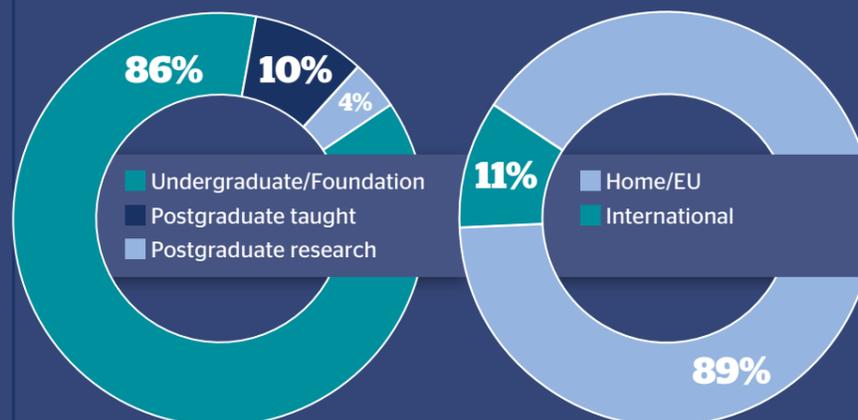
⁴ The Times & Sunday Times Good University Guide 2021 Graduate Prospects

Our students¹

Standard provision

Foundation, undergraduate, postgraduate taught and postgraduate research degrees

13,141



Other provision

Degree apprenticeships, distance taught, exchange programmes and short courses

1,483

Collaborative provision

Validated or franchise provision at partner institutions

2,834

Student diversity²

35.6%

mature students (aged 21 or over)

17.7%

students of Black, Asian and minority ethnic origin

16.5%

students with a disability

Key Performance Indicators

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

84.2% of students are satisfied with the quality of their course.

Overall satisfaction (Q27) rose by 1.2% in the 2020 National Student Survey (NSS) and exceeds both our Office for Students benchmark and the sector average

We saw improved scores on every section of the 2020 NSS, with the exception of *Teaching on my course* (which fell by -0.11%) and *Assessment and feedback* (which fell back by -2.85% after a +4.77% increase the previous year). Both areas remain above the HEI sector average, however, with two questions within *Assessment and feedback* significantly above benchmark

The areas of greatest improvement were *Organisation and management* (+3.55%) and *Learning community* (+2.27%)

Our strongest scoring area remains *Learning Resources* (up +0.54% to 87.72%)

75% of our graduates are in high-skilled employment and/or graduate-level further study 15 months after graduation⁴

↑ Our ranking continued to improve in all three UK higher education league tables

| | |
|------------------------------------|-----------------|
| <i>Times Good University Guide</i> | 60 (+17) |
| <i>Complete University Guide</i> | 64 (+17) |
| <i>Guardian University Guide</i> | 72 (+23) |

published in 2020
In all three league tables, the University saw the largest improvement in rank of all institutions in the Yorkshire and Humber region. We are now ranked 5th within the region by the Times and Complete University Guide (and 6th by the Guardian)

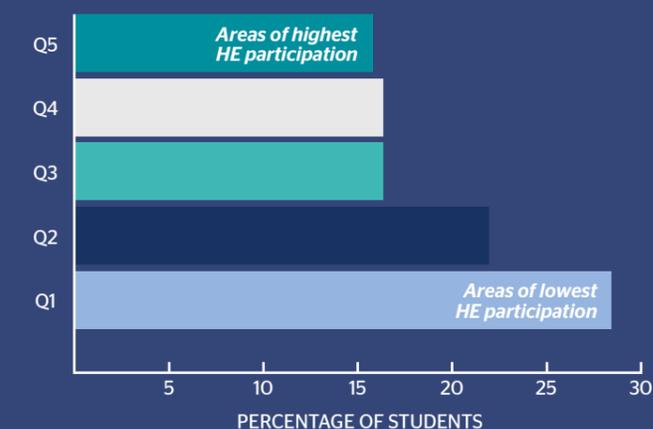
Top 500 internationally

Our research in 15 disciplines is ranked among the top 500 in the world, with Geography and Oceanography ranked in the top 150, Nursing ranked in the top 200 and Earth Sciences, Ecology, Political Sciences and Sports Science ranked in the top 300³

In 2019/20, our research grants and contracts income rose to **£12.0 million**, up 4.2% on 2018/19

Income from our enterprise activity increased by 30.5% to **£2.04 million**

Participation of Local Areas (POLAR4) quintiles



Risk management and future outlook

The University's approach to, and application of, risk management in 2019/20 has been defined largely by the internal and external challenges it continues to address through its transformation programme and, latterly, by its response to the impact of COVID-19. In successfully applying its established strategic resilience planning framework, the University has been able to respond with agility to the pandemic, protecting the health, safety and wellbeing of its students and staff and facilitating business continuity. The fundamental impact of COVID-19 on the way the University operates in the short, medium and longer term will influence its future business model, strategic objectives and consequently the key business risks and opportunities.

During the course of 2019/20, the University began the process of updating its strategy with the aim of agreeing a 10-year plan in 2020/21. The refreshed strategy will expand on the new University vision, which was developed with students and staff in 2019, and articulate the qualities and ambitions that will characterise the University's work to enrich lives and lead creative change at the forefront of environmental sustainability and social justice. The strategy will position the University as agile and responsive to the challenges and opportunities afforded by the external context and will inform the risk register. Current and anticipated challenges include, in addition to COVID-19, political uncertainty, the future funding of the pension schemes in which the University participates, the need to ensure that sufficient surplus revenues are generated to allow continued investment in talented staff and in infrastructure, and the need to address the security challenges which are manifest in an increasingly digital education and research environment.

The approach taken during 2019/20 and future plans to address key risks and uncertainties facing the University are set out below.

COVID-19

COVID-19 presents both short and medium term challenges. In the short term, significant work has been undertaken, and continues, to manage health and safety risks arising as a consequence of COVID-19. Moreover, the pandemic has necessarily, and positively, accelerated the development of resilience planning at service level aligned to the institutional-level strategic framework, part of which addresses programme development for online learning. These responses have enabled the University to ensure that it continues into 2020/21 to recruit a sustainable level of students and to provide them with a high quality education and student experience. In the medium term the University will use its transformation programme to adapt its operational model to consolidate the economies and working advantages for staff and students which have been foregrounded during the COVID-19 pandemic.

Financial sustainability

During 2019/20 the University continued to focus on financial sustainability. Market data and insight and robust financial management underpin the University's planning and decision-making around recruitment and business viability. Adapting to reflect the fluid demands of students, businesses, research partners and other stakeholders, while remaining safe, agile and able to respond to new opportunities, is critical in the context of future markets. The University will become increasingly focused on areas of strength which are supported by strong market demand and meet the needs of its region. This focus will affect investment and divestment decisions and the future capital programme. By the end of 2021/22 the University will operate in sustained surplus and will use these surpluses to generate headroom to re-capitalise the University. This re-capitalisation will involve investment in staff, facilities and infrastructure over the 10 years of the new strategic plan. Significant steps towards this have been taken in 2019/20.

Delivering the transformation programme

The University has introduced a two-year transformation programme with a clearly defined delivery structure and strong governance links to its Council. The purpose of the programme is to rebalance income and costs and to bring about significant improvements in operational performance. A substantial part of the cost rebalancing was undertaken in 2019/20. In 2020/21 the University will deliver the remaining cost adjustments and will drive through operational improvements which will generate future savings and provide staff and students with quality services which will allow them to concentrate on education and research. Delivery of the final phase of the programme is an important step towards re-investment in the University.

Political uncertainty

The external policy environment continues to present challenges to the higher education sector. Uncertainty remains about the future of the higher education admissions process, the role of widening participation versus an unregulated market, particularly in regard to institutions like Hull which have a key role in the local economy, and the implications of Brexit. The University, particularly through its Vice-Chancellor, is actively engaged in national policy discussions and in maintaining productive relations with local and national politicians. The University's Brexit group continues to respond to developments in relation to the UK's withdrawal from the European Union.

Pensions

The University participates in several pension schemes. During the course of 2019/20 and into 2020/21, much of the focus has been on USS and the proposed responses of its Trustees to its large deficit. The Council of the University is brought regularly up-to-date on pensions issues and, through its engagement with Trustees and national bodies, the University continues to emphasise the imperative to balance future affordability with appropriate retirement benefits for its staff.

Cyber security

Following a number of high-profile systems attacks in the UK Higher Education sector, and in the light of advice offered by the National Cyber Security Centre (NCSC), the University has undertaken a full review of its cyber defences and has reported on its findings to the Audit Committee. The University has in place many of the defences identified by the NCSC and has a programme to put in place the remainder. During 2020/21, the University will revise its approach to data governance, including security, to ensure that it has implemented best practice across the management of its IT assets and its data.

Public benefit

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

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

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

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

Trade Union facility time

The number of University employees who were relevant union officials during the year to 31 March 2020 was 32 (30.65 FTE). Of these, one employee spent 100% of their time working on facility time. One employee spent between 51% and 99%, 27 spent between 1% and 50% and three spent less than 1% of their time working on facility time. The percentage of the University's total pay bill spent on facility time was 0.19%. The percentage of time spent on paid trade union activities as a percentage of total paid facility time hours was 0%.

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 2020. The financial statements comprise the consolidated results for the University and its subsidiary undertaking, Lampada Digital Solutions Ltd.

Financial Performance

The University made a surplus of £12.2m before actuarial loss in respect of pension schemes (2019: £30.6m deficit). This was after accounting for a £16.9m decrease in the USS pension provision (2019: £24.2m increase), and £9.3m on fundamental restructuring staff costs (2019: £3.8m). After allowing for these items the underlying financial performance of the University is a surplus of £4.6m (2019: £4.1m, allowing for the above items and additionally for £6.7m impairment of assets and demolition costs).

Apart from the element due within the next 12 months, the bank loan has been reclassified as a long term creditor, following this year's achievement of the requirements of the bank covenants.

Total income before endowments and donations was £188.5m (2019: £192.4m).

Covid-19 caused a reduction in income to the University of £5.2m, relating to accommodation and catering, research and distance taught activities. However, this was offset by a £1.4m reduction in non pay costs in the those areas. A further £4.2m was saved in mitigating actions taken to reduce both pay and non pay spend across the University.

The University has accessed a number of Government support schemes relating to Covid-19. These specifically refer to the Coronavirus Job Retention Scheme (CJRS) and the HMRC time to pay schemes for PAYE/NI and VAT. The CJRS provided £1m of additional income and the HMRC time to pay schemes gave payment deferral benefit of £6m as at 31 July 2020. The HMRC time to pay schemes will be settled before 31 March 2021.

Total expenditure for the year was £177.3m (2019: £226.5m). Pay costs before fundamental restructuring costs were £87.9m (2019: £137.9m). Operating expenses were £57.9m (2019: £65.9m).

Net assets were £198.6m after accounting for pension provisions (2019: £194.8m).

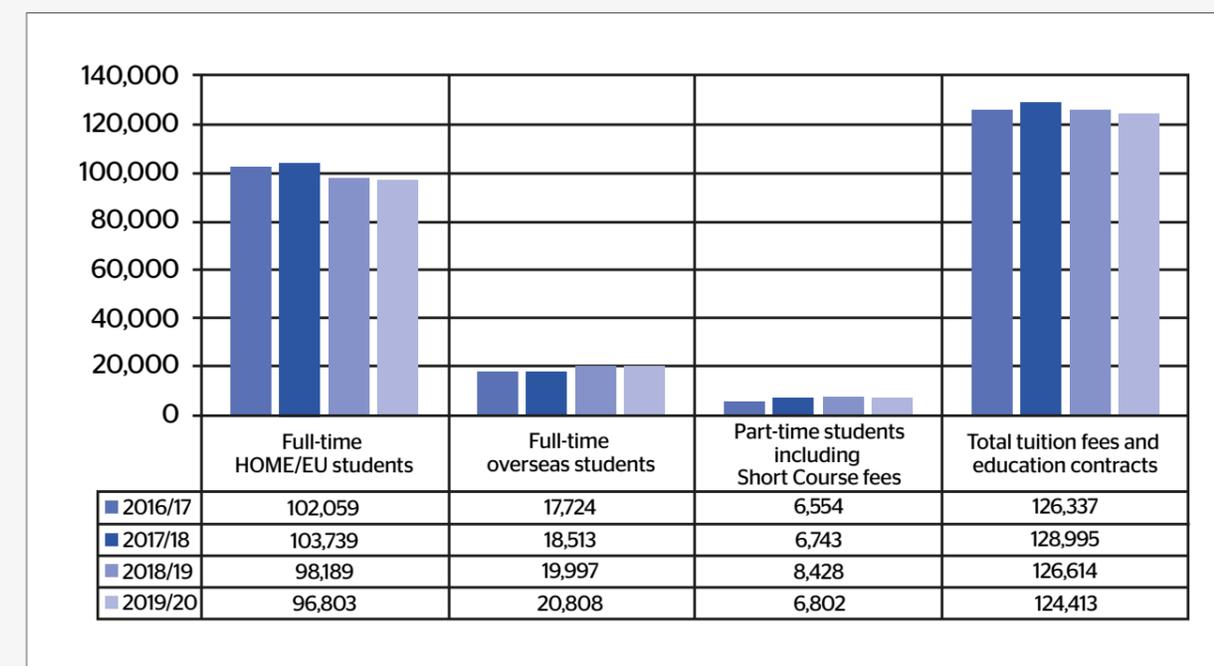
The following table shows the University's Adjusted Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and Adjusted Net Operating Cash flow (ANOC) for the last four years.

| £m | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---------------------------------------|---------|---------|---------|---------|
| Adjusted EBITDA | 23.9 | 30.2 | 13.3 | 28.1 |
| Adjusted EBITDA as % of income | 12.6% | 15.6% | 6.9% | 14.2% |
| ANOC | 6.5 | 2.3 | 18.5 | 35.1 |

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

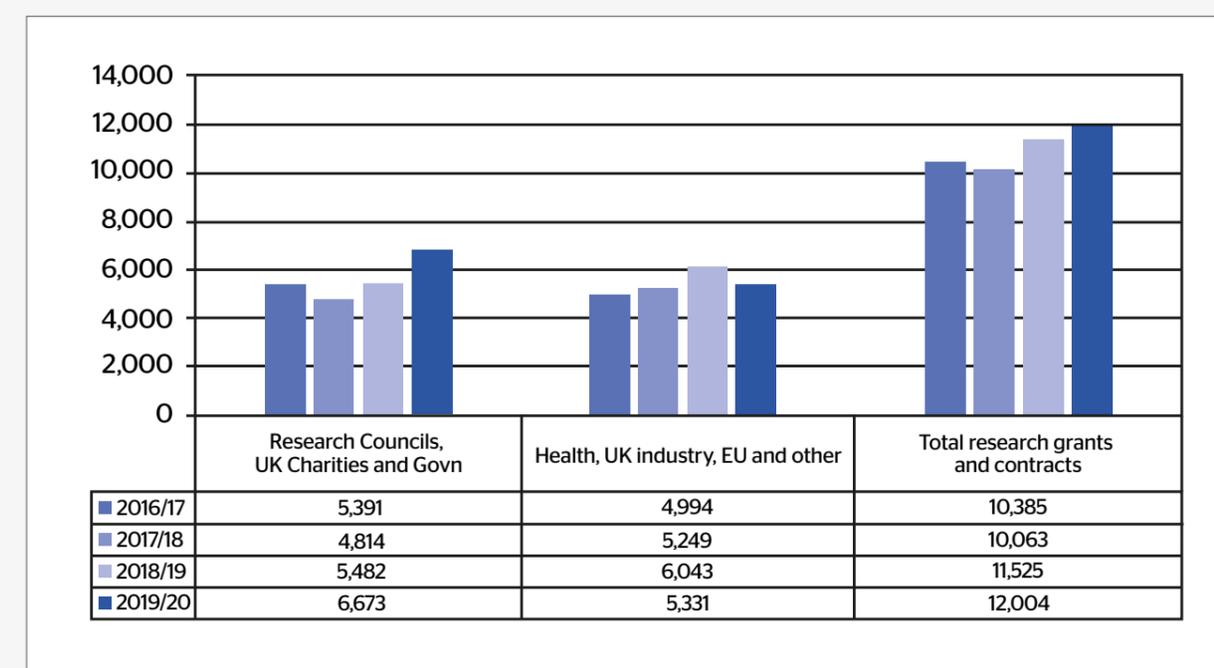
The following charts illustrate the University's financial performance over the last four years:

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



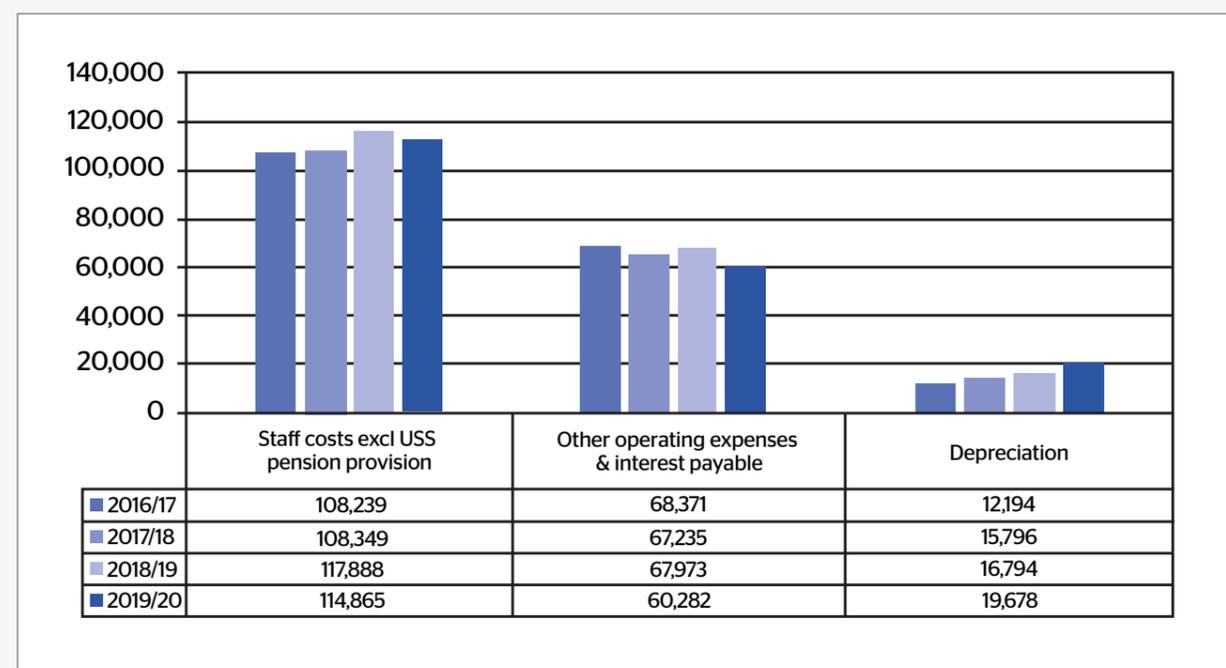
Overall tuition fees have reduced by 1.7%, attributable to both full-time home/EU students and part time students. Income from full time overseas students rose by 4%.

Research grants and contracts income over four years (£000)



Research grants and contracts income has risen by £479k, a 4% increase from 2019. An increase of £1.191m from Research Councils, UK charities and government was set against a decrease of £712k from other types of funders.

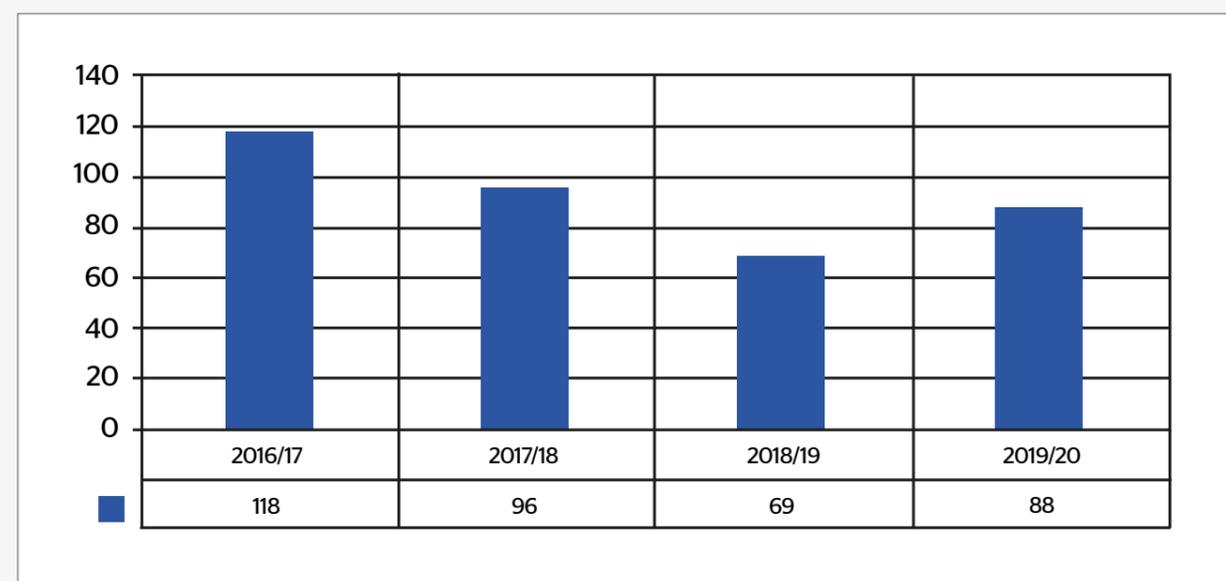
Total expenditure over four years (£000)



Pay costs before fundamental restructuring costs and pension adjustments have decreased by 7.5% from 2019. The University launched a transformation project in 2019 that has led to fundamental restructuring costs of £9.3m (2019: £3.8m) and overall reduction in staff costs. The provision in relation to the USS pension scheme decreased by £17.6m in 2020.

Non pay costs decreased by 11.3% in 2020, as a result of the transformation project and because of mitigating actions during the Covid-19 pandemic. Depreciation increased by over 17%, due to the continued completion of major capital projects included in the University's capital plan.

Liquidity



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

The University accessed a Government support scheme relating to Covid-19 in order to support liquidity. These specifically refer to the HMRC time to pay schemes for PAYE/NI and VAT. The HMRC time to pay schemes gave payment deferral benefit of £6m as at 31 July 2020. The HMRC time to pay schemes will be settled before 31 March 2021.

Cash Flow

The University generated £6.8m (2019: £2.4m) of cash from operating activities. Cash at bank and current asset investments totalled £35.0m (2019: £38.5m) 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 Office 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 decreased to £72.7m (2019: increased to £83.1m):

- £25.8m USS agreed deficit recovery plan (2019: £42.7m);
- £43.7m University of Hull Pension and Assurance Scheme (UHPAS) (2019: £37.6m); and
- £3.2m North Yorkshire Pension Fund (NYPF) (2019: £2.8m)

Going Concern

The challenges facing the University and the UK Higher Education sector are numerous and include, in addition to COVID-19, political uncertainty, the future funding of the pension schemes in which the University participates and the need to ensure that sufficient surplus revenues are generated to allow continued investment in talented staff, in physical plant and in infrastructure.

Over the last two years, we have been pursuing an ambitious programme of transformation to enhance the University's competitive performance and assure a financially sustainable position. The successful progress of the transformation programme enables the University to mitigate the most significant financial and operational challenges presented by the pandemic. In addition to this, we have also evidenced sustained increases in league table position and further improvements in NSS outcomes during 2019/20.

The University has prepared a five year business plan, approved by Council, which includes a detailed budget and forecasts to July 2025. The first two years of these plans have been used as a base case scenario to stress test with a range of risk scenarios against our cash flows and our banking covenants to support the going concern assertions. These include:

- the ongoing and potential future impact of Covid-19 including periods of lockdown
- reduced student numbers of both home and international students,
- Brexit,
- cyber-attacks, and
- non-delivery of targeted transformation savings.

A worst case scenario has also been produced to fully inform the sensitivity of the analyses although this is considered to be highly unlikely.

Mitigating actions of cost reductions sufficient to provide adequate cover to our cash flows and banking covenants were identified in our analysis. In addition, and in support of the going concern assertions the University has been able to renew its existing revolving credit facility in November 2020.

Robust governance has been maintained throughout to regularly monitor progress against the plan and will continue to do so going forward especially in such uncertain times. Taking account of the analyses of sensitivities of the financial projections, the renewal of its revolving credit facility, the continued work on its strategic transformation programme, the University's ability to pay its debts as they fall due and to meet its ongoing financial covenants for the foreseeable future (being a period to the end of July 2022), the Council confirms that it is appropriate that these financial statements are prepared on a Going Concern basis.

Corporate governance statement

Summary of the University's Structure of Corporate Governance

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

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee for Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and has formally adopted the Higher Education **Code of Governance**, published by the Committee of University Chairs (CUC) in 2014 and subsequently updated in 2018. A further version of the Code was published in September 2020 and the Council will work to implement this during 2020/21. The University periodically reviews its own effectiveness in accordance with CUC guidance.

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

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

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



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

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

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

The following individuals served on Council between 1 August 2019 and 31 July 2020:

Lay Members:

| | |
|---------------------|--|
| Dr K Hopkins | (Pro-Chancellor and Interim Chair to September 2019) |
| Mr G Garlick OBE | (Pro-Chancellor and Chair from September 2019) |
| Mr D A Gibbons | (to December 2019) |
| Mrs U Lidbetter OBE | |
| Mrs J Whittaker | |
| Ms V Lee | |
| Mr M Jukes | (from September 2019) |
| Ms R Schofield | (from September 2019) |
| Mr M Swindells | (from September 2019) |
| Mr R Thompson | (from September 2019) |
| Ms D Wilson | (from September 2019) |

Non-Lay Members:

| | |
|----------------------------|-----------------------------------|
| Vice-Chancellor | Professor S Lea |
| Chief Operating Officer | Mr J Duffy |
| A Pro-Vice-Chancellor | Professor B Huxley-Binns |
| Senate (appointed member) | Professor M Lorch |
| Non-academic staff | Mrs F Hanson (from November 2019) |
| President, Students' Union | Ms I Hall (to May 2020) |
| | Ms P Bastiani (from July 2020) |

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.

In compliance with the University's OfS registration, the Vice-Chancellor, Professor Susan Lea, is the Accountable Officer of the University and has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University.

Council Committees

The Council normally meets five times each academic year, and much of its detailed work is delegated to committees; in particular during 2019/20, the Finance and Investment Committee (chaired by Ms V Lee), the Remuneration Committee (chaired by Mrs U Lidbetter), the Audit Committee (chaired by Ms R Schofield) and the Transformation Sub-Committee (chaired by Mr G Garlick).

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, non-lay members, where appropriate, and co-opted members. During the COVID-19 pandemic the committees continued to meet on a remote basis.

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

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

The Audit Committee advises the Council on the adequacy and effectiveness of the University’s arrangements for risk management control, governance, value for money (economy, efficiency and effectiveness) and for overseeing the University’s policy on fraud and irregularity, ensuring that any significant losses have been properly investigated. The Committee receives internal audit reports and agrees the audit approach and schedule with the external auditors.

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 degrees.

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

The **Transformation Sub-Committee** is a Sub-Committee of Council (chaired by the Chair of Council). The Sub-Committee meets monthly to oversee the University’s Transformation Programme which commenced in 2018/19.

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

The University has a Risk Management Policy and a regularly reviewed and updated Risk Register. The Audit Committee monitors the risk management process. See also *Risk management and future outlook* (page 18).

The University complies with the OfS Regulatory Framework. Following the departure of the University Registrar and Secretary in December 2019, the Chief Operating Officer has acted as Secretary of the Council pending a review of the area. Any enquiries about the governance of the University should be addressed to the Chief Operating Officer.

Responsibilities of the Council

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

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

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

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

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

The Council has taken reasonable steps to:

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

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

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

Statement of Internal Control

Scope of Responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage rather than eliminate risk; it can therefore only provide reasonable and not absolute assurance of effectiveness. This is supported by the strategy and operational plans created and delivered by the in-house Business Improvement and Assurance team (internal auditors). The University Leadership Team and the Audit Committee regularly receive updates against the plans, which were approved by Council. From 2020/21, the University has appointed RSM to support its internal audit activity to provide additional external assurance and resilience.

Capacity to handle risk

The system of internal control is based on a number of ongoing processes designed to identify the principal risks to the achievement of objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The Council has responsibility for overseeing and reviewing the effectiveness of the system of internal control. See also *Risk management and future outlook* (page 18).

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

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

George Garlick OBE (Chair of Council)
10 December 2020

Professor Susan Lea (Vice-Chancellor)
10 December 2020

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 (2019 edition) and in accordance with Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the FRS 102 transition one off valuation to deemed cost of certain fixed assets).

2. Basis of consolidation

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

3. Going concern

The challenges facing the University and the UK Higher Education sector are numerous and include, in addition to COVID-19, political uncertainty, the future funding of the pension schemes in which the University participates and the need to ensure that sufficient surplus revenues are generated to allow continued investment in talented staff, in physical plant and in infrastructure.

Over the last two years, we have been pursuing an ambitious programme of transformation to enhance the University's competitive performance and assure a financially sustainable position. The successful progress of the transformation programme enables the University to mitigate the most significant financial and operational challenges presented by the pandemic. In addition to this, we have also evidenced sustained increases in league

table position and further improvements in NSS outcomes during 2019/20.

The University has prepared a five year business plan, approved by Council, which includes a detailed budget and forecasts to July 2025. The first two years of these plans have been used as a base case scenario to stress test with a range of risk scenarios against our cash flows and our banking covenants to support the going concern assertions. These include:

- the ongoing and potential future impact of Covid-19 including periods of lockdown
- reduced student numbers of both home and international students,
- Brexit,
- cyber-attacks, and
- non-delivery of targeted transformation savings.

A worst case scenario has also been produced to fully inform the sensitivity of the analyses although this is considered to be highly unlikely.

Mitigating actions of cost reductions sufficient to provide adequate cover to our cash flows and banking covenants were identified in our analysis. In addition, and in support of the going concern assertions the University has been able to renew its existing revolving credit facility in November 2020. Robust governance has been maintained throughout to regularly monitor progress against the plan and will continue to do so going forward especially in such uncertain times. Taking account of the analyses of sensitivities of the financial projections, the renewal of its revolving credit facility, the continued work on its strategic transformation programme, the University's ability to pay its debts as they fall due and to meet its ongoing financial covenants for the foreseeable future (being a period to the end of July 2022), the Council confirms that it is appropriate that these financial statements are prepared on a Going Concern basis.

4. Recognition of income

(i) Grant funding

Revenue grant funding including funding council block grant, research grants from government sources and all grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and where performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors, on the Balance Sheet, and released to income as the conditions are met.

(ii) Donations and endowments

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

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

(iii) Capital grants

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

(iv) Fee income

Tuition fees represent student fees received and receivable attributable to the current accounting period. Fee income is stated gross and credited to the Statement of Comprehensive Income and Expenditure (SOCl) 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 SOCl 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 SOCl when the goods or services are supplied to the external customers or when the terms of the contract have been satisfied.

5. Pensions

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

(i) Universities' Superannuation Scheme

The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other

institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the SOCl represents contributions payable to the scheme. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

(ii) University of Hull Pension and Assurance Scheme

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

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

The scheme is closed to new entrants, with new staff able to join a defined contribution stakeholder scheme. Further details are included in note 26 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 SOCl over the expected useful life of the buildings.

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

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

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

7. Equipment

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

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

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

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

No depreciation is charged in the year of acquisition.

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

8. Investment properties

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

9. Heritage assets

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

10. Maintenance of premises

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

11. Provisions for liabilities

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

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

12. Investments

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

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

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

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

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

13. Stocks

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

14. Cash and cash equivalents

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

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

15. Cash flows and liquid resources

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

16. Taxation status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

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

17. Agency arrangements

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

18. Financial instruments

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

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

19. Reserves

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

20. Significant judgements and estimates

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

(a) Accounting judgements

(i) West Campus Residence Project (WCRP)

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

Subleases issued by UPP (Hull) Limited to the University on changing rooms, a shop, a café and car park spaces built by UPP (Hull) Limited also form part of the total consideration. The University is treating these leases as prepaid through a reduction in the total consideration received. Estimates of the value of the prepaid lease obligations are based on the market value of similar leased assets as provided by an external valuer. The fair value of these

lease obligations has been accounted for as a prepayment in the financial statements and will be released over the 50-year life of the leases.

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

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

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

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

(ii) Impairment of assets

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

(iii) Investment property

The University owns an investment property that has been valued at the financial year end by an external expert using the Red Book basis. The gain has been credited to the SOCI and the carrying value of the asset in the balance sheet increased.

(b) Accounting estimates

(i) 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 26.

Within the North Yorkshire scheme, details for which are set out in note 26, the Valuers have reported the property fund's valuation as subject to 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently,

less certainty and a higher degree of caution should be attached to the valuation of property funds than would normally be the case. Management have concluded that, on the basis that the value of pension assets held in property at 31 July 2020 is not material in the context of overall pension assets and the fact that pension assets, including property, are invested for long-term gains, the uncertainty reported by property valuers does not have a material impact on these financial statements.

(ii) 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.

(iii) Debtors

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

21. Termination of employment benefits

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

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

Opinion

We have audited the financial statements of University of Hull (the 'parent university') and its subsidiaries (the 'group') for the year ended 31 July 2020, which comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent university's affairs as at 31 July 2020, and of the group's and the parent university's income and expenditure, gains and losses, changes in reserves and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in October 2018.

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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

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.

In our evaluation of the council's conclusions, we considered the risks associated with the group's and parent university's business model, including effects arising from Brexit, and analysed how those risks might affect the group's and parent university's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group and parent university will continue in operation.

Other information

The council are responsible for the other information. The other information comprises the information included in the annual report set out on pages 3 to 27, 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') accounts direction (issued October 2019)

In our opinion, in all material respects:

- funds from whatever source administered by the parent university for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS UK Research and Innovation (including Research England)
- have been applied in accordance with the the relevant terms and conditions, and any other terms and conditions attached to them, and
- the requirements of the OfS's accounts direction (issued October 2019) have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the OfS accounts direction (issued October 2019) requires us to report to you where:

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

Responsibilities of the Council for the financial statements

As explained more fully in the Statement of responsibilities of the Council set out on page 26, the Council/Court 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. This description forms part of our auditor's report.

Use of our report

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

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

Statement of Comprehensive Income and Expenditure

for the year ended 31 July 2020

| | NOTE | 2020 | | 2019 | |
|--|------|-----------------------|---------------------|-----------------------|---------------------|
| | | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Income | | | | | |
| Tuition Fees and Education Contracts | 1 | 124,413 | 124,413 | 126,614 | 126,614 |
| Funding Council Grants | 2 | 25,590 | 25,590 | 25,722 | 25,722 |
| Research Grants and Contracts | 3 | 12,004 | 12,004 | 11,525 | 11,525 |
| Other Income | 4 | 26,647 | 25,965 | 27,826 | 27,750 |
| Investment Income | 5 | 487 | 498 | 814 | 814 |
| Total income before endowments and donations | | 189,141 | 188,470 | 192,501 | 192,425 |
| Donations and endowments | 6 | 540 | 540 | 755 | 755 |
| Total income | | 189,681 | 189,010 | 193,256 | 193,180 |
| Expenditure | | | | | |
| Staff Costs | 7 | 88,104 | 87,957 | 138,341 | 137,929 |
| Fundamental restructuring costs | 7 | 9,347 | 9,347 | 3,779 | 3,779 |
| Other Operating Expenses | 9 | 58,525 | 57,894 | 65,940 | 65,884 |
| Depreciation | 9 | 19,693 | 19,678 | 16,808 | 16,794 |
| Interest Payable | 8 | 2,388 | 2,388 | 2,089 | 2,089 |
| Total expenditure | | 178,057 | 177,264 | 226,957 | 226,475 |
| Surplus/(deficit) before other gains and losses | | 11,624 | 11,746 | (33,701) | (33,295) |
| Gain on disposal of fixed assets | | 135 | 135 | 8,942 | 8,942 |
| Gain on investment property | | 952 | 952 | - | - |
| Impairment of assets | | - | - | (6,034) | (6,034) |
| Costs of demolition | | - | - | (720) | (720) |
| (Loss)/Gain on investments | | (646) | (646) | 479 | 479 |
| Surplus/(deficit) before taxation | | 12,065 | 12,187 | (31,034) | (30,628) |
| Taxation | | - | - | - | - |
| Surplus/(deficit) for the year | | 12,065 | 12,187 | (31,034) | (30,628) |
| Actuarial (loss) in respect of pension schemes | | (8,338) | (8,338) | (13,343) | (13,343) |
| Total comprehensive income/(expense) for the year | | 3,727 | 3,849 | (44,377) | (43,971) |
| Represented by: | | | | | |
| Endowment comprehensive (expense)/income for the year | 19 | (593) | (593) | 525 | 525 |
| Restricted comprehensive income for the year | | - | - | - | - |
| Unrestricted comprehensive income/(expense) for the year | | 4,320 | 4,442 | (44,902) | (44,496) |
| | | 3,727 | 3,849 | (44,377) | (43,971) |

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 2020

| Consolidated | Income and expenditure account | | | Total £'000 |
|---|--------------------------------|---------------------|-----------------------|-----------------|
| | Endowment £'000 | Restricted £'000 | Unrestricted £'000 | |
| Balance at 1 August 2018 | 14,644 | - | 223,975 | 238,619 |
| Surplus/(deficit) from the income and expenditure statement | 525 | - | (31,559) | (31,034) |
| Other comprehensive expense | - | - | (13,343) | (13,343) |
| Total comprehensive income/(expense) for the year | 525 | - | (44,902) | (44,377) |
| Balance at 31 July 2019 | 15,169 | - | 179,073 | 194,242 |
| (Deficit)/surplus from the income and expenditure statement | (593) | - | 12,658 | 12,065 |
| Other comprehensive expense | - | - | (8,338) | (8,338) |
| Total comprehensive (expense)/income for the year | (593) | - | 4,320 | 3,727 |
| Balance at 31 July 2020 | 14,576 | - | 183,393 | 197,969 |
| University | | | | |
| | Income and expenditure account | | | Total £'000 |
| | Endowment £'000 | Restricted £'000 | Unrestricted £'000 | |
| Balance at 1 August 2018 | 14,644 | - | 224,120 | 238,764 |
| Surplus/(deficit) from the income and expenditure statement | 525 | - | (31,153) | (30,628) |
| Other comprehensive expense | - | - | (13,343) | (13,343) |
| Total comprehensive income/(expense) for the year | 525 | - | (44,496) | (43,971) |
| Balance at 31 July 2019 | 15,169 | - | 179,624 | 194,793 |
| (Deficit)/surplus from the income and expenditure statement | (593) | - | 12,780 | 12,187 |
| Other comprehensive expense | - | - | (8,338) | (8,338) |
| Total comprehensive (expense)/income for the year | (593) | - | 4,442 | 3,849 |
| Balance at 31 July 2020 | 14,576 | - | 184,066 | 198,642 |

Balance Sheet as at 31 July 2020

Balance Sheet as at 31 July 2020

| | Note | 2020 | | 2019 | |
|--|------|-----------------------|---------------------|-----------------------|---------------------|
| | | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| NON CURRENT ASSETS | | | | | |
| Intangible assets | 10 | 13,156 | 13,156 | 13,736 | 13,736 |
| Fixed assets | 11 | 303,417 | 303,596 | 312,483 | 312,653 |
| Investment property | 12 | 4,225 | 4,225 | 3,273 | 3,273 |
| Investments | 13 | 14,011 | 14,011 | 14,681 | 14,681 |
| | | 334,809 | 334,988 | 344,173 | 344,343 |
| CURRENT ASSETS | | | | | |
| Properties for sale | 14 | 2,186 | 2,186 | 2,440 | 2,440 |
| Stocks | | 30 | 30 | 43 | 43 |
| Trade and other receivables | 15 | 24,400 | 24,836 | 22,022 | 22,490 |
| Investments | 16 | - | - | 24,050 | 24,050 |
| Cash and cash equivalents | 17 | 35,402 | 35,020 | 14,600 | 14,490 |
| | | 62,018 | 62,072 | 63,155 | 63,513 |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | | | | |
| | 18 | (46,037) | (45,597) | (78,292) | (78,269) |
| NET CURRENT ASSETS/(LIABILITIES) | | | | | |
| | | 15,981 | 16,475 | (15,137) | (14,756) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | | |
| | | 350,790 | 351,463 | 329,036 | 329,587 |
| CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | | | | | |
| | 19 | (78,129) | (78,129) | (50,278) | (50,278) |
| PROVISIONS | | | | | |
| Pension provisions | 20 | (72,690) | (72,690) | (83,168) | (83,168) |
| Other provisions | 20 | (2,002) | (2,002) | (1,348) | (1,348) |
| TOTAL NET ASSETS | | | | | |
| | | 197,969 | 198,642 | 194,242 | 194,793 |
| Restricted reserves | | | | | |
| I&E reserve - endowment reserve | 21 | 14,576 | 14,576 | 15,169 | 15,169 |
| I&E reserve - restricted reserve | | - | - | - | - |
| Unrestricted reserves | | | | | |
| I&E reserve - unrestricted | | 183,393 | 184,066 | 179,073 | 179,624 |
| | | 197,969 | 198,642 | 194,242 | 194,793 |

The financial statements were approved by the University Council on 10 December 2020, and signed on its behalf by:

George Garlick OBE (Chair of Council)

Professor Susan Lea (Vice-Chancellor)

Consolidated Cash Flow for the year ended 31 July 2020

| | 2020 £'000 | 2019 £'000 |
|--|----------------|----------------|
| Cash flow from operating activities | | |
| Surplus/(deficit) for the year | 12,065 | (31,034) |
| Adjustment for non-cash items | | |
| Depreciation | 17,676 | 16,064 |
| Amortisation of intangibles | 2,017 | 744 |
| Loss/(gain) on endowment investments | 583 | (543) |
| (Gain) on investment property | (952) | - |
| Decrease in stock | 13 | 12 |
| (Increase) in debtors | (2,411) | (1,393) |
| (Decrease)/Increase in creditors | (249) | 1,036 |
| (Decrease)/Increase in pension provision | (10,478) | 37,214 |
| Actuarial (loss) in respect of pension schemes | (8,338) | (13,343) |
| Increase in other provisions | 654 | 677 |
| Impairment of assets | - | 6,034 |
| Adjustment for investing or financing activities | | |
| Investment income | (498) | (814) |
| Interest payable | 897 | 957 |
| Endowment income | (27) | (41) |
| (Profit) on the sale of fixed & current assets | (135) | (8,942) |
| Loss on disposal of non-current asset investments | 50 | - |
| Capital grant income | (4,035) | (4,217) |
| Net cash inflow from operating activities | 6,832 | 2,411 |
| Cash flows from investing activities | | |
| Proceeds from sales of fixed and current assets | 135 | 12,147 |
| Proceeds from sales of non-current investments | 37 | - |
| Capital grants receipts | 3,306 | 4,704 |
| Decrease in deposits | 24,050 | 1,200 |
| Investment income | 498 | 814 |
| Payments made to acquire fixed assets | (9,636) | (21,243) |
| Payments made to acquire intangible assets | (1,437) | (1,966) |
| | 16,953 | (4,344) |
| Cash flows from financing activities | | |
| Interest paid | (897) | (957) |
| Endowment cash received | 27 | 41 |
| Repayments of amounts borrowed | (2,113) | (2,113) |
| | (2,983) | (3,029) |
| Increase/(decrease) in cash and cash equivalents in the year | 20,802 | (4,962) |
| Cash and cash equivalents at beginning of the year | 14,600 | 19,562 |
| Cash and cash equivalents at end of the year | 35,402 | 14,600 |

Notes to the Accounts

1. TUITION FEES AND EDUCATION CONTRACTS

| | 2020 | | 2019 | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Full-time home and EU students | 96,803 | 96,803 | 98,189 | 98,189 |
| Full-time international students | 20,808 | 20,808 | 19,997 | 19,997 |
| Part-time students | 4,053 | 4,053 | 5,600 | 5,600 |
| Research Training Support Grants | 525 | 525 | 408 | 408 |
| Short course fees | 2,224 | 2,224 | 2,420 | 2,420 |
| | 124,413 | 124,413 | 126,614 | 126,614 |

2. FUNDING COUNCIL GRANTS

| | 2020 | | 2019 | |
|---|---------------|---------------|---------------|---------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Recurrent grant | | | | |
| Office for Students(OFS) | 10,078 | 10,078 | 10,201 | 10,201 |
| Research England(RE) | 8,302 | 8,302 | 7,693 | 7,693 |
| Capital grant - Office for Students | 2,351 | 2,351 | 2,594 | 2,594 |
| Capital grant - Research England | 980 | 980 | 986 | 986 |
| Specific grants | | | | |
| OFS-National Collaborative Outreach Programme | 1,587 | 1,587 | 2,150 | 2,150 |
| RE-Higher Education Innovation Fund | 1,371 | 1,371 | 1,694 | 1,694 |
| RE-THYME | 537 | 537 | - | - |
| RE-Global Challenge Research Fund | 147 | 147 | 301 | 301 |
| RE-Other | 201 | 201 | 30 | 30 |
| Department of Education(previously NCTL) | 36 | 36 | 73 | 73 |
| | 25,590 | 25,590 | 25,722 | 25,722 |

Income from capital grants includes £3,331k(2019: £3,580) in respect of capital grants released in the year. Where grant performance milestones have not yet been met the funds are held as grant in advance in the University Balance Sheet.

3. RESEARCH GRANTS AND CONTRACTS

| | 2020 | | 2019 | |
|----------------------------|---------------|---------------|---------------|---------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Research Councils | 3,357 | 3,357 | 1,610 | 1,610 |
| UK charities | 1,973 | 1,973 | 1,655 | 1,655 |
| UK central government | 1,343 | 1,343 | 2,217 | 2,217 |
| Local authorities | 149 | 149 | 312 | 312 |
| Health & hospitals | 1,031 | 1,031 | 801 | 801 |
| UK industry | 857 | 857 | 1,293 | 1,293 |
| EU | 2,680 | 2,680 | 3,004 | 3,004 |
| Overseas and other sources | 614 | 614 | 633 | 633 |
| | 12,004 | 12,004 | 11,525 | 11,525 |

Notes to the Accounts

4. OTHER INCOME

| | 2020 | | 2019 | |
|--|---------------|---------------|---------------|---------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Residences, Catering and Conferences | 10,830 | 10,830 | 14,358 | 14,358 |
| Other services rendered | 4,081 | 4,081 | 3,372 | 3,372 |
| Health authorities | 3,204 | 3,204 | 2,874 | 2,874 |
| Released from deferred capital grants | 337 | 337 | 337 | 337 |
| Rents receivable and Facilities income | 1,605 | 1,605 | 1,453 | 1,453 |
| ERASMUS grants | 120 | 120 | 315 | 315 |
| Other Government grants (Coronavirus Job Retention Scheme) | 1,048 | 1,031 | - | - |
| Other revenue grant and departmental income | 2,581 | 2,581 | 2,395 | 2,395 |
| Other income | 2,841 | 2,176 | 2,722 | 2,646 |
| | 26,647 | 25,965 | 27,826 | 27,750 |

5. INVESTMENT INCOME

| | 2020 | | 2019 | |
|---------------------------------|--------------|------------|--------------|------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Investment income on endowments | 234 | 234 | 295 | 295 |
| Interest on inter-company loan | - | 11 | - | - |
| Other investment income | 253 | 253 | 519 | 519 |
| | 487 | 498 | 814 | 814 |

6. DONATIONS AND ENDOWMENTS

| | 2020 | | 2019 | |
|------------------------|--------------|------------|--------------|------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| New endowments | 27 | 27 | 41 | 41 |
| Unrestricted donations | 513 | 513 | 714 | 714 |
| | 540 | 540 | 755 | 755 |

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

| | 2020 | | 2019 | |
|-----------------|----------------|----------------|----------------|----------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| OFS | 14,016 | 14,016 | 14,945 | 14,945 |
| Other bodies | 11,574 | 11,574 | 10,777 | 10,777 |
| Research awards | 12,004 | 12,004 | 11,525 | 11,525 |
| Non-qualifying | 2,749 | 2,749 | 2,828 | 2,828 |
| Taught | 121,664 | 121,664 | 123,786 | 123,786 |
| Total | 162,007 | 162,007 | 163,861 | 163,861 |

Notes to the Accounts

7. STAFF

| | 2020 | | 2019 | |
|---|---------------|---------------|----------------|----------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Staff Costs: | | | | |
| Wages & Salaries | 76,515 | 76,438 | 87,075 | 86,703 |
| Social Security Costs | 8,246 | 8,187 | 8,694 | 8,660 |
| Movement on USS provision | (17,561) | (17,561) | 23,820 | 23,820 |
| Other Pension Costs | 23,650 | 23,639 | 19,833 | 19,827 |
| Other pension adjustments | (2,746) | (2,746) | (1,081) | (1,081) |
| | 88,104 | 87,957 | 138,341 | 137,929 |
| Fundamental restructuring costs (2020: 411 individuals; 2019:165 individuals) | 9,347 | 9,347 | 3,779 | 3,779 |
| | 97,451 | 97,304 | 142,120 | 141,708 |

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 (2020: £5,770k; 2019: £5,565k).

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

| | 2020 | 2019 |
|--|------------|------------|
| | University | University |
| Emoluments of the Vice-Chancellor: | | |
| Salary before salary sacrifice arrangements | 229 | 251 |
| Salary sacrificed | (20) | (7) |
| Salary after salary sacrifice arrangements | 209 | 244 |
| Employers pension contributions | 47 | 4 |
| Pension contributions made under salary sacrifice arrangements | 20 | 7 |
| Total pension contributions | 67 | 11 |
| Non taxable benefits in kind | - | 4 |
| Total | 276 | 259 |

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 6.8 times (2019: 7.3 times) the median pay of all University staff.
The Vice-Chancellor's total remuneration is 6.6 times (2019: 6.6 times) the median total remuneration of all University staff.

The University of Hull employs almost 1,900 people and had a turnover of c.£190m in 2019/20. 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 14,500 students from over 100 countries 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 University's Remuneration Committee is a committee of the University Council and acts within the remit of Council, and within the delegations given to it by Council and the University Charter. It provides assurance to Council regarding senior staff remuneration.

Notes to the Accounts

The terms of reference of Remuneration Committee, including the names of members of the committee, who are appointed by Council, are available from the University's Governance Team.

Remuneration Committee makes decisions affecting the emoluments (including severance payments) of members of the University Leadership Team. The role of Remuneration Committee also covers the oversight and monitoring of the remuneration and severance payments made to other senior staff earning over £100,000 per annum.

The Remuneration Committee is required to meet at least one time per academic year and ordinarily meets in October. Details of the meetings, including the dates of meetings, members' attendance and minutes are published on the University's website.

The University will ordinarily determine the market rate of a role with reference to the UCEA Senior Salary Remuneration Survey and a standard, local definition of the market within which the University operates. When considering reward the University primarily takes into account an individual's performance and their impact on the achievement of the University's goals. The University also takes into account changes in the market, measures necessary to effectively manage equality issues, the need to recognise developmental progression and retain staff and substantial changes to roles.

The demands on the Vice-Chancellor are complex, operating within a highly competitive environment both nationally and internationally, where student demand for places both at subject and institutional level is increasingly volatile. The Vice-Chancellor's performance is judged through an annual appraisal process of objective setting and monitoring performance against those objectives. Performance is reported to the University's Remuneration Committee annually and this committee is responsible for ensuring the annual remuneration package is commensurate with the Vice-Chancellor's performance and responsibilities.

The past year has been particularly challenging due to the impact of Covid-19 and the impact on University operations and students. The Vice-Chancellor has personally led the University's response to Covid-19 whilst still delivering transformation objectives for the year.

During the current reporting year the Vice-Chancellor joined the Universities Superannuation Scheme. The reduction in salary shown in the table is due to the associated removal of the payment in lieu of pension contributions previously paid under the University's Pension Cash Supplement Policy.

| | 2020 | 2019 |
|---|---------------------|---------------------|
| | Consolidated Number | Consolidated Number |
| Average Staff Numbers by Major Category | | |
| Academic departments | 1,103 | 1,185 |
| Central Student Services | 98 | 135 |
| Central Administration | 475 | 613 |
| Premises | 161 | 230 |
| | 1,837 | 2,163 |

Notes to the Accounts

Remuneration of Higher Paid Staff

(excluding employers pension contributions), excluding the Vice-Chancellor

The number of staff with a basic salary over £100,000 pa has been included below. Payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment are not included within the remuneration.

| | 2020 | 2019 |
|---------------------|--------------|--------------|
| | Consolidated | Consolidated |
| | No. of Staff | No. of Staff |
| £170,000 - £174,999 | 1 | - |
| £165,000 - £169,999 | - | 1 |
| £160,000 - £164,999 | - | - |
| £155,000 - £159,999 | - | 2 |
| £150,000 - £154,999 | - | 1 |
| £145,000 - £149,999 | 1 | - |
| £140,000 - £144,999 | 1 | - |
| £135,000 - £139,999 | - | 1 |
| £130,000 - £134,999 | 2 | 1 |
| £125,000 - £129,999 | - | 1 |
| £120,000 - £124,999 | 3 | 1 |
| £115,000 - £119,999 | 1 | 1 |
| £110,000 - £114,999 | 2 | - |
| £105,000 - £109,999 | - | 2 |
| £100,000 - £104,999 | 1 | 2 |

Key management personnel

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

| | 2020 | 2019 |
|--------------------------|--------------|--------------|
| | Consolidated | Consolidated |
| | £'000 | £'000 |
| Key management personnel | 1,331 | 1,402 |

Access and Participation

| | 2020 |
|---|--------------|
| | Consolidated |
| | £'000 |
| Access Investment | 764 |
| Financial Support | 66 |
| Disability Support (excluding expenditure included in the two categories above) | 727 |
| Research and Evaluation | 46 |
| | 1,603 |

Notes to the Accounts

8. INTEREST PAYABLE

| | 2020 | | 2019 | |
|--|--------------|--------------|--------------|--------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Bank and other Loans repayable within 1 year | - | - | - | - |
| Bank and other Loans wholly or partly repayable in more than 5 years | 897 | 897 | 957 | 957 |
| Net charge on pension scheme | 1,491 | 1,491 | 1,132 | 1,132 |
| | 2,388 | 2,388 | 2,089 | 2,089 |

9a. ANALYSIS OF EXPENDITURE BY ACTIVITY

| Consolidated | Staff Costs | Amortisation/Depreciation | Other Operating Expenditure | Interest Payable | 2020 Total | 2019 Total |
|--------------------------------------|---------------|---------------------------|-----------------------------|------------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Academic Departments | 68,177 | 1,434 | 9,717 | - | 79,328 | 83,569 |
| Academic Services | 9,971 | 4,774 | 7,377 | - | 22,122 | 24,481 |
| Research Grants and Contracts | 5,672 | 368 | 3,085 | - | 9,125 | 8,877 |
| Residences, Catering and Conferences | 5,980 | 766 | 9,964 | - | 16,710 | 11,334 |
| Premises | 703 | 12,303 | 6,311 | 2,388 | 21,705 | 24,726 |
| Administration | 5,915 | 33 | 3,679 | - | 9,627 | 14,589 |
| Services Rendered | 1,289 | - | 302 | - | 1,591 | 1,656 |
| Movement in pension costs | (17,561) | - | - | - | (17,561) | 23,820 |
| Other Expenses | 7,958 | 15 | 18,090 | - | 26,063 | 30,126 |
| | 88,104 | 19,693 | 58,525 | 2,388 | 168,710 | 223,178 |
| Fundamental restructuring costs | 9,347 | - | - | - | 9,347 | 3,779 |
| | 97,451 | 19,693 | 58,525 | 2,388 | 178,057 | 226,957 |

Other operating expenses include:

| | | |
|---|----|----|
| External auditors remuneration in respect of audit services | 91 | 54 |
| External auditors remuneration in respect of non audit services | 6 | 4 |

Non audit services comprised assurance work in relation to specific returns

Notes to the Accounts

| University | Staff Costs | Amortisation/ Depreciation | Other Operating Expenditure | Interest Payable | 2020 Total | 2019 Total |
|--------------------------------------|---------------|-------------------------------|-----------------------------------|---------------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Academic Departments | 68,177 | 1,434 | 9,717 | - | 79,328 | 83,569 |
| Academic Services | 9,971 | 4,774 | 7,377 | - | 22,122 | 24,481 |
| Research Grants and Contracts | 5,672 | 368 | 3,085 | - | 9,125 | 8,877 |
| Residences, Catering and Conferences | 5,980 | 766 | 9,964 | - | 16,710 | 11,334 |
| Premises | 703 | 12,303 | 6,311 | 2,388 | 21,705 | 24,726 |
| Administration | 5,915 | 33 | 3,679 | - | 9,627 | 14,589 |
| Services Rendered | 1,289 | - | 302 | - | 1,591 | 1,656 |
| Movement in pension costs | (17,561) | - | - | - | (17,561) | 23,820 |
| Other Expenses | 7,811 | - | 17,459 | - | 25,270 | 29,644 |
| | 87,957 | 19,678 | 57,894 | 2,388 | 167,917 | 222,696 |
| Fundamental restructuring costs | 9,347 | - | - | - | 9,347 | 3,779 |
| | 97,304 | 19,678 | 57,894 | 2,388 | 177,264 | 226,475 |

Other operating expenses include:

| | | |
|---|----|----|
| External auditors remuneration in respect of audit services | 87 | 51 |
| External auditors remuneration in respect of non audit services | 6 | 4 |

Non audit services comprised assurance work in relation to specific returns

9b. ACCESS AND PARTICIPATION

| | 2020 |
|-------------------------|--------------|
| | £'000 |
| Access Investment | 1,262 |
| Financial Support | 2,705 |
| Disability Support | 793 |
| Research and Evaluation | 46 |
| | 4,806 |

£1,603k of these costs are already included in the overall staff costs figures included in the financial statements, see note 7.

The University's Access and Participation Plan, approved by the OfS, can be found at <https://www.hull.ac.uk/choose-hull/study-at-hull/money/docs/access-and-participation-plan-2019-20.pdf>.

Notes to the Accounts

10. INTANGIBLE ASSETS

Cost

At 1 August 2019

Additions

At 31 July 2020

Amortisation

At 1 August 2019

Charge

At 31 July 2020

Net Book Value

At 31 July 2020

Net Book Value

At 31 July 2019

| Software | |
|---------------|---------------|
| Consolidated | University |
| £'000 | £'000 |
| 14,925 | 14,925 |
| 1,437 | 1,437 |
| 16,362 | 16,362 |
| 1,189 | 1,189 |
| 2,017 | 2,017 |
| 3,206 | 3,206 |
| 13,156 | 13,156 |
| 13,736 | 13,736 |

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

11. FIXED ASSETS

| | Land & Buildings | | Mechanical & electrical | Equipment | Work in progress | Total |
|--------------------------------------|------------------|--------------|-------------------------|---------------|------------------|----------------|
| | Freehold | Leasehold | | | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Consolidated | | | | | | |
| Cost: | | | | | | |
| At 1 August 2019 | 252,596 | 1,085 | 87,641 | 34,779 | 9,401 | 385,502 |
| Additions | - | - | - | 332 | 9,271 | 9,603 |
| Transfers to intangible assets | - | - | - | - | (1,403) | (1,403) |
| Transfers from WIP | 7,681 | - | 3,841 | 3,611 | (15,133) | - |
| Reclassification from current assets | 462 | - | 1,190 | - | - | 1,652 |
| Reclassification to current assets | (944) | - | - | - | - | (944) |
| At 31 July 2020 | 259,795 | 1,085 | 92,672 | 38,722 | 2,136 | 394,410 |
| Depreciation: | | | | | | |
| At 1 August 2019 | 32,705 | 901 | 16,277 | 23,136 | - | 73,019 |
| Charge for the year | 6,516 | 7 | 6,205 | 4,948 | - | 17,676 |
| Reclassification from current assets | 257 | - | 547 | - | - | 804 |
| Reclassification to current assets | (506) | - | - | - | - | (506) |
| At 31 July 2020 | 38,972 | 908 | 23,029 | 28,084 | - | 90,993 |
| Net Book Value | | | | | | |
| At 31 July 2020 | 220,823 | 177 | 69,643 | 10,638 | 2,136 | 303,417 |
| Net Book Value | | | | | | |
| At 1 August 2019 | 219,891 | 184 | 71,364 | 11,643 | 9,401 | 312,483 |

Notes to the Accounts

| | Land & Buildings | | Mechanical & electrical | Equipment | Work in progress | Total |
|--------------------------------------|------------------|--------------|-------------------------|---------------|------------------|----------------|
| | Freehold | Leasehold | | | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| University | | | | | | |
| Cost | | | | | | |
| At 1 August 2019 | 252,596 | 1,085 | 87,641 | 34,737 | 9,593 | 385,652 |
| Additions | - | - | - | 327 | 9,270 | 9,597 |
| Transfers to intangible assets | - | - | - | - | (1,403) | (1,403) |
| Transfers from WIP | 7,681 | - | 3,841 | 3,611 | (15,133) | - |
| Reclassification from current assets | 462 | - | 1,190 | - | - | 1,652 |
| Reclassification to current assets | (944) | - | - | - | - | (944) |
| At 31 July 2020 | 259,795 | 1,085 | 92,672 | 38,675 | 2,327 | 394,554 |
| Depreciation: | | | | | | |
| At 1 August 2019 | 32,705 | 901 | 16,277 | 23,116 | - | 72,999 |
| Charge for the year | 6,516 | 7 | 6,205 | 4,933 | - | 17,661 |
| Reclassification from current assets | 257 | - | 547 | - | - | 804 |
| Reclassification to current assets | (506) | - | - | - | - | (506) |
| At 31 July 2020 | 38,972 | 908 | 23,029 | 28,049 | - | 90,958 |
| Net Book Value | | | | | | |
| At 31 July 2020 | 220,823 | 177 | 69,643 | 10,626 | 2,327 | 303,596 |
| Net Book Value | | | | | | |
| At 1 August 2019 | 219,891 | 184 | 71,364 | 11,621 | 9,593 | 312,653 |

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

Heritage assets

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

At 31 July 2020, freehold land and buildings included £23,782k (2019: £23,782k) in respect of freehold land and is not depreciated.

12. INVESTMENT PROPERTY

| | 2020 | | 2019 | |
|---------------------------|--------------|--------------|--------------|--------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Investment property value | 4,225 | 4,225 | 3,273 | 3,273 |

The valuation is based on an equated yield of 10.5% and a vacancy rate of 9% of floor space. Annual budgets for the property are set according to existing vacancies, information on potential new tenants, and upcoming contract renewal dates. Rental agreements are reviewed at break points specified in contracts, and inflationary increases applied to service charges.

Notes to the Accounts

| 13. NON CURRENT INVESTMENTS | 2020 | | 2019 | |
|-----------------------------|---------------|---------------|---------------|---------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Endowment investments | 10,975 | 10,975 | 11,558 | 11,558 |
| UPP (Hull) Limited | 2,736 | 2,736 | 2,736 | 2,736 |
| ERGO Centre | 300 | 300 | 300 | 300 |
| CHeMTriX/Kingston Chemicals | - | - | 87 | 87 |
| | 14,011 | 14,011 | 14,681 | 14,681 |

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

All of the above undertakings operated entirely in their country of incorporation. CHeMTriX was wound up in 2020. The University continues to hold an investment of £180 in Kingston Chemicals.

14. PROPERTIES FOR SALE

One traditional hall of residence and one other property are to be sold in 2020/21. The net book value has been moved from fixed assets to current assets, and no depreciation charged in the year.

15. TRADE AND OTHER RECEIVABLES

| | 2020 | | 2019 | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Trade, student and research debtors | 16,173 | 16,180 | 14,637 | 14,660 |
| Amounts owed by subsidiary companies | - | 547 | - | 473 |
| Prepayments and Accrued Income | 8,227 | 8,109 | 7,385 | 7,357 |
| | 24,400 | 24,836 | 22,022 | 22,490 |

Amounts fall due within one year except for £3,220k relating to sub-leases in the WCRP.

16. CURRENT INVESTMENTS

| | 2020 | | 2019 | |
|---------------------------------------|--------------|------------|---------------|---------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Deposits maturing in one year or less | - | - | 24,050 | 24,050 |

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

17. CASH AND CASH EQUIVALENTS

| | 2020 | | 2019 | |
|------------------------|---------------|---------------|---------------|---------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Endowments | 3,601 | 3,601 | 3,611 | 3,611 |
| ST investments < 3mths | 27,655 | 27,655 | 5,407 | 5,407 |
| Cash at bank | 4,146 | 3,764 | 5,582 | 5,472 |
| | 35,402 | 35,020 | 14,600 | 14,490 |

Notes to the Accounts

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 | | 2019 | |
|--|---------------|---------------|---------------|---------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Grants and Donations Received in Advance | 7,585 | 7,585 | 6,801 | 6,801 |
| Bank Loan (note 19) | 2,057 | 2,057 | 33,363 | 33,363 |
| Creditors | 10,147 | 9,950 | 10,934 | 10,937 |
| Amounts owed to subsidiary companies | - | 145 | - | 116 |
| Social Security and other Taxation Payable | 8,887 | 8,866 | 2,601 | 2,601 |
| Accruals and Other Deferred Income | 13,191 | 12,824 | 20,635 | 20,508 |
| Deferred capital grants | 4,170 | 4,170 | 3,943 | 3,943 |
| | 46,037 | 45,597 | 78,292 | 78,269 |

As at 31 July 2019 the University was in breach of a lending covenant in respect of its borrowing from a lender. As a result the loan was presented as all due within one year. For the year ended 31 July 2020 the University met all its bank covenants and the loan has been reclassified as due within one year and also due after more than one year in accordance with the original repayment profile.

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

| | 2020 | | 2019 | |
|-----------------------------------|---------------|---------------|---------------|---------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Bank Loans Repayable 2015 to 2036 | 29,250 | 29,250 | 57 | 57 |
| Other deferred income | 14,964 | 14,964 | 15,349 | 15,349 |
| Deferred Capital Grants | 33,915 | 33,915 | 34,872 | 34,872 |
| | 78,129 | 78,129 | 50,278 | 50,278 |

The bank loans are repayable as follows:

| | 2020 | | 2019 | |
|----------------------------|---------------|---------------|---------------|---------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Less than one year | 2,057 | 2,057 | 33,363 | 33,363 |
| Between one and two years | 2,000 | 2,000 | 57 | 57 |
| Between two and five years | 6,000 | 6,000 | - | - |
| In five years or more | 21,250 | 21,250 | - | - |
| | 31,307 | 31,307 | 33,420 | 33,420 |

The bank loan was drawn in two equal tranches - the first at an interest rate of 2.637% is repayable to 2035, the second at an interest rate of 2.843% repayable to 2036. The loan is unsecured.

20. PROVISION FOR LIABILITIES AND CHARGES

| | Consolidated and University | | | |
|------------------|-----------------------------|---------------------------|------------------|---------------|
| | USS provision | Pension scheme provisions | Other provisions | Total |
| | £'000 | £'000 | £'000 | £'000 |
| At 1 August 2019 | 42,672 | 40,496 | 1,348 | 84,516 |
| Movements | (16,887) | 6,409 | 654 | (9,824) |
| At 31 July 2020 | 25,785 | 46,905 | 2,002 | 74,692 |

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 both the University's own pension scheme and its part of the N Yorkshire pension scheme deficit. Further details are included in the Statement of Principal Accounting Policies and note 25 to the financial statements.

Other provisions include £720k provision for demolition costs, and £700k for costs relating to an unfinished project. In addition £581k partly represents the present value of future pension enhancements in respect of former University College Scarborough employees who have taken early retirement (£575k) plus an amount of £6k for former University of Hull employees where the pension is paid directly by the University.

Notes to the Accounts

21. ENDOWMENT RESERVES

| | Consolidated and University | | | | | 2020 Total | 2019 Total |
|---|-----------------------------|-----------------------|----------------------|----------------|------------------|---------------|---------------|
| | Unrestricted Permanent | Restricted Expendable | Restricted Permanent | CMRI endowment | Restricted Total | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Capital Value | 8,182 | 849 | 4,118 | - | 4,967 | 13,149 | 12,637 |
| Accumulated income | - | 50 | 1,938 | 32 | 2,020 | 2,020 | 2,007 |
| At 1 August 2019 | 8,182 | 899 | 6,056 | 32 | 6,987 | 15,169 | 14,644 |
| New endowments | - | - | 26 | - | 26 | 26 | 41 |
| (Decrease)/Increase in market value of investment | (383) | - | (200) | - | (200) | (583) | 543 |
| Investment Income | 145 | 13 | 75 | - | 88 | 233 | 295 |
| Expenditure | (145) | (25) | (89) | (10) | (124) | (269) | (354) |
| Total endowment comprehensive (expense)/income for the year | (383) | (12) | (188) | (10) | (210) | (593) | 525 |
| At 31 July 2020 | 7,799 | 887 | 5,868 | 22 | 6,777 | 14,576 | 15,169 |
| Represented by: | | | | | | | |
| Capital | 7,799 | 849 | 3,903 | 22 | 4,774 | 12,573 | 13,149 |
| Accumulated income | - | 38 | 1,965 | - | 2,003 | 2,003 | 2,020 |
| | 7,799 | 887 | 5,868 | 22 | 6,777 | 14,576 | 15,169 |
| Analysis by type of purpose: | | | | | | | |
| Fellowships and scholarships | - | 612 | 2,377 | - | 2,989 | 2,989 | 2,964 |
| Prize funds | - | 41 | 499 | - | 540 | 540 | 511 |
| Chair and lectureship funds | - | - | 1,566 | - | 1,566 | 1,566 | 1,582 |
| Other | 7,799 | 234 | 1,426 | 22 | 1,682 | 9,481 | 10,112 |
| | 7,799 | 887 | 5,868 | 22 | 6,777 | 14,576 | 15,169 |
| Analysis by asset: | | | | | | | |
| Current and non current asset investments | | | | | | 10,975 | 11,558 |
| Cash and cash equivalents (note 17) | | | | | | 3,601 | 3,611 |
| | | | | | | 14,576 | 15,169 |

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

22. CAPITAL COMMITMENTS

| | 2020 | | 2019 | |
|---------------------------------------|--------------|------------|--------------|--------------|
| | Consolidated | University | Consolidated | University |
| | £000 | £000 | £000 | £000 |
| Commitments Contracted for at 31 July | 191 | 191 | 3,318 | 3,318 |

These commitments will be funded by operating cash flows.

23. EVENTS AFTER THE REPORTING PERIOD

In September 2020, the Trustee of the USS Pension Scheme (USS) launched a consultation with Universities UK on key aspects of the scheme's 2020 valuation. The scope of this exercise covers a wide range of potential outcomes - reflecting issues still to be resolved on employer support as well as uncertainties for the higher education sector and financial markets in general. Based on the proposals put forward, the Trustee has indicated that the fund's deficit at 31 March 2020 could range from between £9.8bn and £17.9bn.

This would represent a significant deterioration from the £3.6bn deficit established under the 2018 valuation (and against which the current recovery plan is set) and a return to the levels of shortfall experienced under the previous 2017 valuation (£11.8bn).

At this stage, an outcome is far from agreed and the USS Trustee has until 30 June 2021 to conclude the valuation. As an early indication of the scale of impact, it has been estimated that the cost of continuing to offer current benefits in this context could be between 40.8% to 67.9% of payroll. However, this range is purely an illustration and is before any other measures are considered to reduce the deficit; it is still being widely debated across the sector and by the Trustee. For the 2019-20 financial year however, this is considered a non-adjusting event.

24. FINANCIAL INSTRUMENTS

| | 2020 | | 2019 | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| | Consolidated | University | Consolidated | University |
| | £'000 | £'000 | £'000 | £'000 |
| Financial assets: | | | | |
| Held at fair value: | | | | |
| Non current asset investments | 10,975 | 10,975 | 11,558 | 11,558 |
| Current asset investments | - | - | 24,050 | 24,050 |
| Held at amortised cost: | | | | |
| Bank and cash | 35,402 | 35,020 | 14,600 | 14,490 |
| Trade and other debtors | 16,173 | 16,180 | 14,637 | 14,660 |
| Accrued income | 3,220 | 3,220 | 3,287 | 3,287 |
| | 65,770 | 65,395 | 68,132 | 68,045 |
| Financial liabilities: | | | | |
| Creditors falling due within one year | 25,394 | 24,831 | 64,932 | 64,808 |
| Creditors falling due after one year | 29,250 | 29,250 | 57 | 57 |
| | 54,644 | 54,081 | 64,989 | 64,865 |

Notes to the Accounts

25. CONSOLIDATED RECONCILIATION OF NET DEBT

| | 2020 |
|---------------------------------------|-----------------|
| | £'000 |
| Net debt 1 August 2019 | 18,820 |
| Movement in cash and cash equivalents | (20,802) |
| Other non-cash changes | (2,113) |
| Net debt 31 July 2020 | (4,095) |
| Change in net debt | (22,915) |

Analysis of net debt:

| | 2020 | 2019 |
|---|----------------|---------------|
| | £'000 | £'000 |
| Cash and cash equivalents | 35,402 | 14,600 |
| Borrowings: amounts falling due within one year | | |
| Unsecured loans | 2,057 | 33,363 |
| | 2,057 | 33,363 |
| Borrowings: amounts falling due after more than one year | | |
| Unsecured loans | 29,250 | 57 |
| | 29,250 | 57 |
| Net debt | (4,095) | 18,820 |

26. PENSION SCHEMES

(a) Universities Superannuation Scheme ("USS")

The total cost charged to the SOCI is £13,180,368 (2019: £12,478,007).

Deficit recovery contributions due within one year are £1,119,443 (2019: £1,069,871).

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

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

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

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

Pension increases (CPI)

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

Discount rate (forward rates)

Years 1-10: CPI + 0.14% reducing linearly to CPI - 0.73%

Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21

Years 21+: CPI + 1.55%

Notes to the Accounts

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

Mortality base table 2018 valuation

Pre-retirement: 71% of AMCOO (duration 0) for males and 112% of AF000 (duration 0) for females.

Post-retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.

Future improvements to mortality: CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

| | 2018 valuation | 2017 valuation |
|---------------------------------|----------------|----------------|
| Males currently aged 65 years | 24.4 | 24.6 |
| Females currently aged 65 years | 25.9 | 26.1 |
| Males currently aged 45 years | 26.3 | 26.6 |
| Females currently aged 45 years | 27.7 | 27.9 |

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

| | 2020 | 2019 |
|---------------------------|-------|-------|
| Discount rate | 0.73% | 1.58% |
| Pensionable salary growth | 3% | 3% |

(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 £249,031 with effect from 1 July 2020.

The total pension contributions paid by and charged to the University were £2,922,762 (2019: £2,827,008).

Notes to the Accounts

(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 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 £998,271 (2019: £1,219,581).

(d) Other Pension Schemes

A small number of staff remain in other pension schemes. Employer contributions to such schemes totalled £649,587 during the year (2019: £564,055).

(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:

| | 2020 | 2019 |
|---|------------|------------|
| | University | University |
| Rate of increase in salaries | 2.90% | 3.20% |
| Rate of increase in pensions in payment | 2.90% | 3.20% |
| Discount rate | 1.40% | 2.10% |
| RPI Inflation assumption | 2.90% | 3.20% |
| CPI Inflation assumption | 2.30% | 2.20% |

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

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

| | | |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.1 | 22 |
| Females | 24 | 23.9 |
| Retiring in 20 years | | |
| Males | 23.5 | 23.4 |
| Females | 25.5 | 25.5 |

The assets in the scheme were:

| | 2020 | 2019 |
|------------------|----------------|----------------|
| | £'000 | £'000 |
| Equities | 55,764 | 75,098 |
| Bonds | 39,877 | 23,439 |
| LDI pooled funds | 34,244 | 20,701 |
| Cash/Other | 179 | 500 |
| | 130,064 | 119,738 |

Note: In 2020 the equity element includes £26,457k invested in hedge and absolute return funds (2019: £30,500k).

Notes to the Accounts

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

| | 2020 | 2019 |
|---|-----------------|-----------------|
| | £'000 | £'000 |
| Total market value of assets | 130,064 | 119,738 |
| Present value of scheme liabilities | (173,723) | (157,334) |
| Deficit in the scheme | (43,659) | (37,596) |
| Past service cost | - | 1,418 |
| Total operating charge | - | 1,418 |
| Expected return on pension scheme assets | 2,492 | 3,146 |
| Interest on pension scheme liabilities | (3,250) | (3,825) |
| Net charge to other finance income | (758) | (679) |
| Gain on assets | 10,336 | 5,550 |
| (Loss) on liabilities | (18,284) | (17,777) |
| Changes in assumptions re present value of scheme liabilities | - | - |
| Actuarial (loss) | (7,948) | (12,227) |

History of experience gains and losses

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|----------|----------|--------|-------|----------|
| Differences between the expected and actual return on scheme assets: | | | | | |
| Amount (£'000) | 10,336 | 5,550 | 2,004 | 3,268 | 9,281 |
| Percentage of scheme assets | 8% | 5% | 2% | 3% | 9% |
| Experience gains and losses on scheme liabilities: | | | | | |
| Amount (£'000) | (18,284) | (17,777) | 4,661 | 471 | (11,858) |
| Percentage of the present value of the scheme liabilities | 11% | 11% | (3.4%) | 0% | 8% |

Analysis of movement in deficit

| | 2020 | 2019 |
|---|-----------------|-----------------|
| | University | University |
| | £'000 | £'000 |
| Deficit in scheme at beginning of the year | (37,596) | (25,707) |
| Movement in the year: | | |
| Current service cost | (379) | (486) |
| Contributions by employer | 3,022 | 2,921 |
| Past service costs | - | (1,418) |
| Other financial charges | (758) | (679) |
| (Loss) recognised as other comprehensive income | (7,948) | (12,227) |
| Deficit in scheme at end of year | (43,659) | (37,596) |

Notes to the Accounts

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

| | 2020 | 2019 |
|--|----------------|----------------|
| | University | University |
| | £'000 | £'000 |
| At beginning of the year | 157,334 | 138,857 |
| Current service cost | - | - |
| Interest on liabilities recorded within other comprehensive income | 3,250 | 3,825 |
| Contributions by employee | - | - |
| Past service costs | - | 1,418 |
| Pensions paid | (5,145) | (4,543) |
| Actuarial losses | 18,284 | 17,777 |
| At end of year | 173,723 | 157,334 |

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

| | 2020 | 2019 |
|---------------------------|----------------|----------------|
| | University | University |
| | £'000 | £'000 |
| At beginning of the year | 119,738 | 113,150 |
| Expected return on assets | 2,492 | 3,146 |
| Total contributions | 3,022 | 2,921 |
| Pensions paid | (5,145) | (4,543) |
| Administration costs | (379) | (486) |
| Actuarial gain | 10,336 | 5,550 |
| At end of year | 130,064 | 119,738 |

(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 2019 and financial assumptions updated 31 July 2020 by a qualified actuary. The major assumptions used by the actuary were:

| | 2020 | 2019 |
|---|------------|------------|
| | University | University |
| Rate of increase in salaries | 3.55% | 3.45% |
| Rate of increase in pensions in payment | 2.30% | 2.20% |
| Discount rate | 1.4% | 2.10% |
| Inflation assumption RPI | 2.90% | 3.20% |
| Inflation assumption CPI | 2.30% | 2.20% |

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

| | 2020 | 2019 |
|----------------------|------------|------------|
| | University | University |
| Retiring today | | |
| Males | 21.8 | 21.9 |
| Females | 23.9 | 25.1 |
| Retiring in 20 years | | |
| Males | 23.5 | 23.6 |
| Females | 25.7 | 26.9 |

Notes to the Accounts

The assets in the scheme were:

| | 2020 | 2019 |
|---------------------|---------------|---------------|
| | University | University |
| | £'000 | £'000 |
| Equities | 8,174 | 7,521 |
| Bonds | 2,762 | 2,481 |
| Property/Cash/Other | 2,872 | 2,987 |
| | 13,808 | 12,989 |

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

| | 2020 | 2019 |
|---|----------------|----------------|
| | University | University |
| | £'000 | £'000 |
| Total market value of assets | 13,808 | 12,989 |
| Present value of scheme liabilities | (17,054) | (15,889) |
| Deficit in the scheme | (3,246) | (2,900) |
| Current service cost | 71 | 45 |
| Past service cost | - | 45 |
| Total operating charge | 71 | 90 |
| Expected return on pension scheme assets | 270 | 343 |
| Interest on pension scheme liabilities | (329) | (392) |
| Net charge | (59) | (49) |
| Gain on assets | 798 | 470 |
| (Loss) on liabilities | (1,188) | (1,586) |
| Changes in assumptions re present value of scheme liabilities | - | - |
| Actuarial (loss) | (390) | (1,116) |

History of experience gains and losses

| Differences between the expected and actual return on scheme assets: | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|---------|---------|--------|--------|---------|
| Amount (£'000) | 1,996 | 470 | 1154 | 1703 | 559 |
| Percentage of scheme assets | 13% | 4% | 9% | 15% | 6% |
| Experience gains and losses on scheme liabilities: | | | | | |
| Amount (£'000) | (1,188) | (1,586) | 183 | 1,068 | (2,725) |
| Percentage of the present value of the scheme liabilities | 7.0% | 10.0% | (1.3%) | (7.5%) | 18.4% |

Notes to the Accounts

Analysis of movement in deficit

| | 2020 | 2019 |
|---|----------------|----------------|
| | University | University |
| | £'000 | £'000 |
| Deficit in scheme at beginning of the year | (2,900) | (1,799) |
| Movement in the year: | | |
| Current service cost | (71) | (45) |
| Employer contributions | 174 | 154 |
| Past service costs | - | (45) |
| Other financial income | (59) | (49) |
| (Loss) recognised as other comprehensive income | (390) | (1,116) |
| Deficit in scheme at end of year | (3,246) | (2,900) |

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

| | 2020 | 2019 |
|--|---------------|---------------|
| | University | University |
| | £'000 | £'000 |
| At beginning of the year | 15,889 | 14,147 |
| Current service cost | 71 | 45 |
| Interest on liabilities recorded within other comprehensive income | 329 | 392 |
| Employee contributions | 11 | 9 |
| Past service costs | - | 45 |
| Pensions paid | (434) | (335) |
| Actuarial loss | 1,188 | 1,586 |
| At end of year | 17,054 | 15,889 |

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

| | 2020 | 2019 |
|---------------------------|---------------|---------------|
| | University | University |
| | £'000 | £'000 |
| At beginning of the year | 12,989 | 12,348 |
| Expected return on assets | 270 | 343 |
| Total contributions | 185 | 163 |
| Pensions paid | (434) | (335) |
| Actuarial gain | 798 | 470 |
| At end of year | 13,808 | 12,989 |

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