
ANNUAL REPORT AND ACCOUNTS 2020/21



UNIVERSITY OF LEEDS



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“as I look back on my first year as Vice-Chancellor... I feel immense pride at what our staff and students have achieved, in partnership with many others, against the backdrop of a once in a century pandemic.”

Professor Simone Buitendijk
Vice-Chancellor

The past year has been one of great change for the University and the wider world. None of us knew it, but back in September 2020, when I wrote last year's foreword, we were still in the relatively early days of the coronavirus pandemic. That pandemic has changed so much about the way we live our lives and go about our business. Some of those changes will remain, others won't.

For the University, there is much we can learn from the pandemic experience and apply for the future. The pivot to online learning, implemented at unprecedented speed to ensure the safety of our staff and students, is one example. Active learning – in which students are actively engaging in the classroom and are co-creators of their own educational experiences – is at the heart of our 10-year strategy Universal Values, Global Change. We published it midway through the last academic year. That strategy recognises the fundamental role that digital technology must play in student education, through supporting and enhancing in-classroom interactive teaching methods.

Whilst it may have been created in the cauldron of a global pandemic, we now have a tested model for how we can harness, at scale, digital technology to support our students' learning. There is no doubt we can – and will – significantly improve on the version we implemented in March 2020; it was far from perfect. And we would never have wanted to do it in such trying circumstances. But having now gone through that experience, it is essential we make the most of the invaluable insights and experience it has given us.

So, as I look back on my first year as Vice-Chancellor, this is just one example of why I feel immense pride at what our staff and students have achieved, in partnership with many others, against the backdrop of a once in a century pandemic.

One of my first priorities when I joined in September 2020 was to work with our community to chart a course for the University for the next 10 years. Our new strategy sets out a vision for an institution that is values-driven, and harnesses the expertise, creativity and collaborative potential of its people to drive change to help create a fairer future for our world; one that is more equitable and sustainable.

At its heart is a recognition of two things. First, that our planet faces unprecedented challenges right now, including the climate crisis, economic instability, poverty, and gender and racial inequality. There is huge disparity across nations in how well placed they are to respond to these challenges, the vast majority of which can only be addressed if we collaborate across national borders to drive change on a global scale.

“Our new strategy sets out a vision for an institution that is values-driven, and harnesses the expertise, creativity and collaborative potential of its people to drive change to help create a fairer future for our world; one that is more equitable and sustainable.”

Second, that these challenges need comprehensive, interdisciplinary, evidence-based solutions. None of them can be solved without the research, thinking and actions of universities, or the essential work we do to train the next generation of global citizens and leaders – the problem solvers, innovators, and critical thinkers of tomorrow. And, to really address these issues, universities, especially research-intensives, must collaborate as a group of highly networked institutions to leverage our influence on a global scale.

The strategy lays the foundations for how we can work with others to play a leading role in tackling the global challenges. It is based on three over-arching themes – community, culture, and impact:

- A true community of staff and students within the University, the wider region and beyond, including, essentially, our alumni and external partners.
- A culture in which collective endeavour is central, compassion and kindness are hardwired, and collaboration, rather than competition, is the norm.
- And impact, through a relentless focus on decreasing local and global inequality.

These themes run across the four pillars of our academic strategy – research, education, digital transformation and international:

- We will use our strength in research to tackle tough challenges in collaboration with colleague universities and partners in low and middle income countries, found mainly in the Global South and elsewhere, with a strong focus on open access and a change in research culture.
- In education we will review our curriculum and make it student-centred, digitally enhanced, and interactive, whilst treating our students as true partners and co-creators, preparing them to be graduates who give back to the world.
- Through digital transformation, we will make our research and education globally accessible, high quality and relevant, supporting a more open culture in research, education, and knowledge exchange.
- And we will do all of this through an increasingly international lens, with a strong emphasis on partnership.

This is an ambitious programme upon which to embark, but I am convinced it is the right one and will put Leeds at the vanguard of a new cadre of socially responsible, values-driven universities, who share a collective commitment to changing the world.

At Leeds, we are superbly placed to do this, and to do good, and to do well, but we need to be highly strategic in the choices we make.

The strategy also puts a premium on our internal community's wellbeing, fulfilment, and environment. This is fundamental for achieving our broader ambitions. Whilst there are many examples of good practice – and we have made progress on core issues, including equality, diversity and inclusion over the past years – we clearly have further to go in areas ranging from fair and secure employment practices, to promoting health and wellbeing, to getting our own house in order in relation to our carbon emissions, whilst our academics play a key role in addressing climate change on a global scale.

On the latter, our work on climate change is just one example of how we are harnessing our research strengths to tackle the global challenges. Once again, our climate researchers played a key part in the latest assessment report of the United Nations Intergovernmental Panel on Climate Change. And, as a specific example, during the past year our researchers – through innovative use of satellite data – established that the rate of ice loss from our planet has increased markedly over the past three decades.

“This is an ambitious programme... will put Leeds at the vanguard of a new cadre of socially responsible, values-driven universities, who share a collective commitment to changing the world”

We consistently look to marry up interdisciplinary strengths to realise life changing interventions for some of the planet's most vulnerable societies. One example from last year being the African SWIFT initiative, led by the University and the National Centre for Atmospheric Science, using weather data to give advance warning of conditions that are likely to trigger meningitis outbreaks, thereby enabling health agencies to target their resources in the right place in good time.

To return to digitally enabled learning, we continued to make great strides last year. The total number of learners on our online short courses (for example those we run via FutureLearn and Coursera) surpassed two million in the period between 2019 and 2021, with almost a quarter of these joining in the reporting year alone. These short courses enhance our reputation and enable us to share our research, particularly internationally. FutureLearn courses have made a strong impact on our widening participation goals, supporting students from educationally disadvantaged backgrounds onto University of Leeds degree programmes.

Developing our global reach and our expertise further will be a priority over coming years as we turn our attention to growing our fully online student population. Engaging a new, diverse cohort of online students with a University of Leeds education means learners across the globe will benefit from our leading research and pedagogical expertise. And we continue to strive to match up our education, research, and digital strengths with our agenda for global change. Just one example is a United Nations-backed e-learning programme we participated in during the past year, which shares ground-breaking research with leaders in the Asia-Pacific region to help stem the flow of plastic pollution.

Over the past year, and into the current one, the inspirational work of our colleagues has been recognised in myriad ways. There are simply too many to list here, but notable examples included our Chancellor, Professor Jane Francis, and Gregory Houseman, Emeritus Professor of Geophysics, both of whom were elected as Fellows of the prestigious Royal Society.

Adrian Favell, Professor in Sociology and Social Theory; David Hesmondhalgh, Professor of Media, Music and Culture; and Helen Steward, Professor of Philosophy and Mind Action; were elected to British Academy Fellowships, along with Simon Armitage, Poet Laureate and Professor of Poetry, who was named an Honorary Fellow. Cath Noakes, Professor of Environmental Engineering for Buildings, and a member of the Government's SAGE Covid advisory committee, was elected a Fellow of the Royal Academy of Engineering.

Professor Noakes was amongst three of our academics awarded OBEs in the Queen's Birthday Honours in October 2020, the other two being Professor Sheena Radford, former director of our internationally renowned Astbury Centre for Structural Molecular Biology, and Professor Jason Lowe, Chair in Interdisciplinary Climate Research at the University's Priestley Centre. Dr Jonathan Sheffield, former Chief Executive of the NIHR Clinical Research Network, was awarded a CBE in the Queens' Birthday Honours in June 2021. Professor Radford also received a prestigious Royal Society Research Professorship.

In education, Dr Alison Voice, Senior Lecturer in the School of Astrophysics and Astronomy, and Professor Paul Taylor, one of our three Deans for Student Education, became the latest of our many academics to be awarded a National Teaching Fellowship by Advance HE.

From a financial perspective, like many of our peer institutions, we have felt the effects of the pandemic. But, thanks to prudent financial stewardship, we entered it in a stable and secure position, having maintained a robust balance sheet over recent years. This placed us in a good initial position to respond, and the steps we have taken to manage cash and expenditure – including pausing much of our capital programme and staff recruitment – combined with a stronger than anticipated performance in recruitment for 2021 entry, mean we maintain a healthy cash position and can make important investments to deliver on our strategy. The Chief Financial Officer says more about the financial position in her report.

So, to return to where I started, it has been a period of great change and upheaval. But our university community – and in that I include our brilliant alumni and external partners – have shown great resilience, commitment, and perseverance, for which I give my sincerest thanks. I also extend my gratitude to the University Executive Group and the Council for their wise counsel, challenge, and support. I am confident that we can move forward as one community to implement a strategy that will ultimately help secure a fairer future for our staff, for our students and for the world.

Professor Simone Buitendijk
Vice-Chancellor



“We continued to prioritise measures to protect the safety, health and well-being of our students and staff, and made further investment in the delivery of high quality online education and remote working.”

Jane Madeley
Chief Financial Officer

£754m

Total Income (2019/20: £794m)

Overview

As anticipated in last year's report the pandemic had a more significant impact on the University in 2020/21 than in the prior year, with a major impact on both the operations and the financial results of the University. Whilst navigating our way through the different phases of the pandemic, the launch of the new 10 year strategy 'Universal Values, Global Change' was an important and exciting landmark for the University. We are now moving at pace with prioritisation and implementation planning for key initiatives within the strategic delivery plans.

Another significant milestone during the year has been the development of a new risk appetite framework, which is introduced in more detail later in my report. In summary the framework and appetite has been designed to support us in making good risk based decisions as we seek to implement and deliver the objectives of our new and ambitious strategy.

With regards to the scale of the impact of the pandemic on our financial results, we experienced a more significant reduction in income in 2020/21 compared to the previous financial year, estimated at £100m. The most significant impacts were lower numbers of International students, and therefore reduced fee income, and delays to Research activities. However the cost saving mitigations introduced in March 2020, which included restrictions on staff recruitment, tight control of non-staff expenditure and slower spend on strategic projects have continued to be effective throughout 2020/21 and did allow us to offset a significant proportion of the lost income.

Our decisive response to the pandemic included prioritising efforts to minimise the potential shortfall in international student recruitment. The most effective was our decision to offer a January 2021 start date for many postgraduate programmes to students who did not feel able to commit to registering in Autumn 2020, when there was so much uncertainty about the impact of the pandemic on travel and mode of education delivery. We continued to prioritise measures to protect the safety, health and well-being of our students and staff, and made further investment in the delivery of high quality online education and remote working.

Despite our financial response to the pandemic, the University has recorded an operating deficit (before USS provision movement) of £14m, compared to a surplus of £22m in 2019/20.

Total income of £754m was £40m below 2019/20, a reduction of 5% directly due to the impacts of COVID-19. Tuition fee income reduced by 6% to £407m, reflecting lower International student numbers. Research income was impacted by delays to research activity as a result of the COVID-19 restrictions, resulting in a reduction against 2019/20, from £140m to £130m. Other income also fell when compared to last year because of lower student residence rental income and reductions in other sources of commercial income.

Staff costs (before the movement in the USS provision) remained the same as in 2019/20. This reflected our response to the pandemic with no pay award in the year, and limited recruitment activity. Other operating expenses (including depreciation and impairment charges) reduced by 1% as a result of the COVID-19 cost saving measures.

Consolidated Financial Summary	2020/21 £000	2019/20 £000	Change %	Change £000
Summary				
Total income	754,093	794,051	(5%)	(39,958)
Expenditure (excluding movement on USS provision)	(768,557)	(772,293)	0%	3,736
Underlying (Deficit)/Surplus	(14,464)	21,758	(166%)	(36,222)
USS provision movement ¹	3,776	90,366	(96%)	(86,590)
Operating (Deficit)/Surplus	(10,688)	112,124	(110%)	(122,812)
Other items ²	10,373	(1,519)	(783%)	11,892
(Deficit)/Surplus	(315)	110,605	(100%)	(110,920)
Actuarial gain/(loss)	16,571	(82,686)	(120%)	99,257
Total Comprehensive Income	16,256	27,919	(42%)	(11,663)
Tuition fee and education contracts				
Home and EU students	217,312	205,745	6%	11,567
International students	163,669	196,253	(17%)	(32,584)
Other fees incl NHS teaching contract	25,536	30,315	(16%)	(4,779)
Total	406,517	432,313	(6%)	(25,796)
Research grants and contracts				
Research Councils, UK Charities and Government	104,197	112,030	(7%)	(7,833)
Industry, overseas and other	25,945	27,857	(7%)	(1,912)
Total	130,142	139,887	(7%)	(9,745)
Capital expenditure				
Externally funded	(6,886)	(13,130)	(48%)	6,244
University funded	(57,095)	(80,991)	(30%)	23,896
Total	(63,981)	(94,121)	(32%)	30,140
Cash and borrowings				
Cash and short-term investments	455,364	375,976	21%	79,388
Borrowings	(328,956)	(332,123)	(1%)	3,167
Net funds	126,408	43,853	188%	82,555

¹ 2019/20 included a significant decrease in the provision for the USS deficit recovery agreement following the finalisation of the 2018 actuarial valuation. The USS 2020 actuarial valuation was not concluded by 31 July 2021. As a consequence, this year's financial statements remain based on the 2018 actuarial valuation.

² Other items include: realised gain/(loss) on disposal of non-current assets, unrealised gain on investments, share of operating deficits in jointly controlled entities, share of operating (deficits)/surpluses in associates and taxation.

£164m

International Fee Income
(2019/20: £196m)

“... we have headroom at least in the short term to mitigate against ongoing economic risks arising from the pandemic and to commence investment in support of the most critical elements of our new strategy.”

Our approach to capital investment during the pandemic continued as determined in 2019/20, in that we only continued with a limited number of projects which were close to completion and we made no new significant commitments in order to protect the University's cash position in the short term. As a consequence we invested £64m (2019/20: £94m) across a limited number of schemes which are highlighted in the balance sheet section of this report.

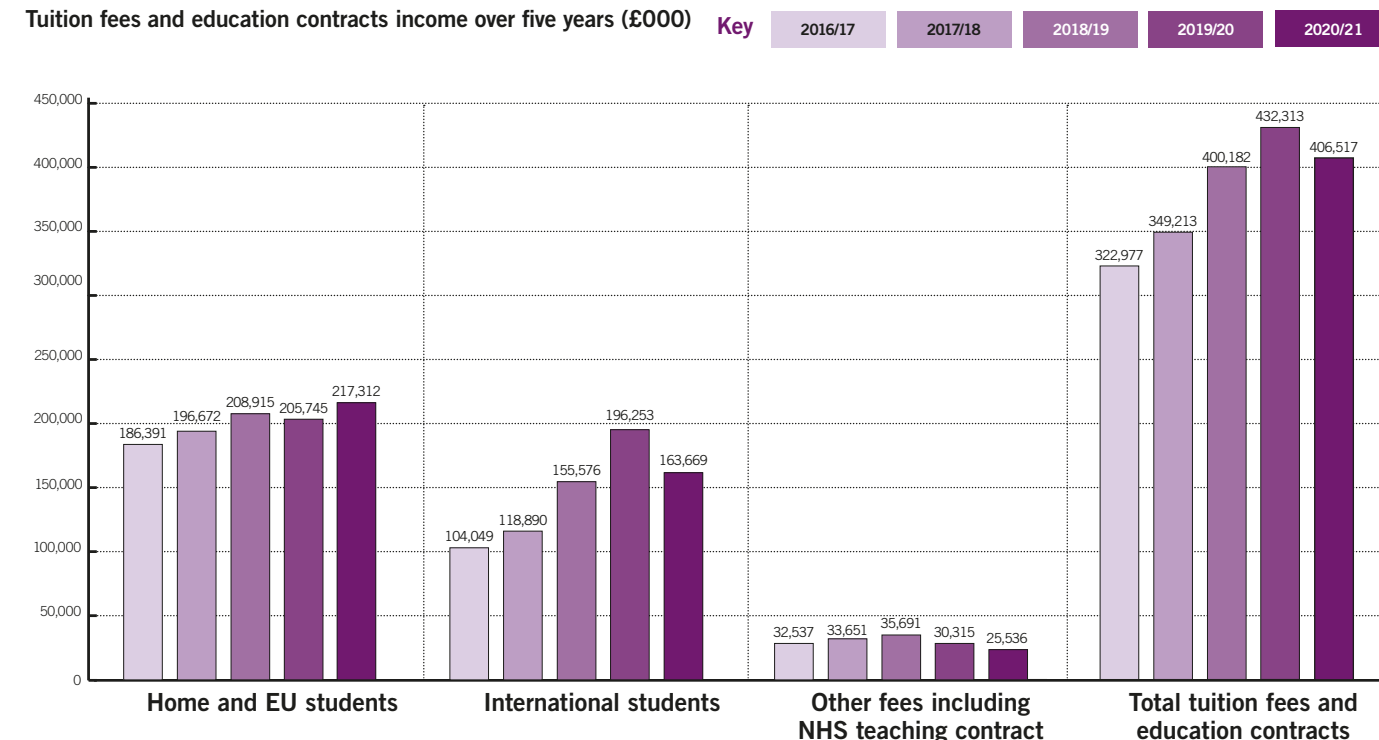
The combination of strategic and short term actions we have taken to mitigate the financial losses arising from the pandemic have been effective in protecting and indeed strengthening the University's cash position. This outcome means that we have headroom at least in the short term to mitigate against ongoing economic risks arising from the pandemic and to commence investment in support of the most critical elements of our new strategy.

Funding Body Grants

Funding Council grant income grew by 2% to £96m. A £3m allocation from UK Research & Innovation (UKRI) of additional funding from the National Productivity Investment Fund mitigated against lower quality-related research (QR) income in 2020/21 the result of an accelerated payment in 2019/20, an action taken by government to provide short-term cash support to the sector in response to the immediate impact of COVID-19.



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



Tuition fees and education contracts

Tuition fee income and education contracts totalled £407m, a reduction of £26m (6%) from 2019/20.

Fee income from our Home/EU students increased by £11m (6%) compared to last year. Our strategic objective remains to reduce our over-reliance on home undergraduate students, while increasing recruitment of international students. However, with the disruption to the A-level grading assessment in 2020, as a result of the pandemic, the resulting grade inflation meant that we recruited higher than planned home students in 2020. Total Home/ EU undergraduate student numbers increased by c100 to just over 23,100. We also saw strong growth in Home/EU postgraduate taught student recruitment and fee income, with student numbers increasing from 3,000 to 3,400. The number of post-graduate research students reduced slightly to just below 1,700.

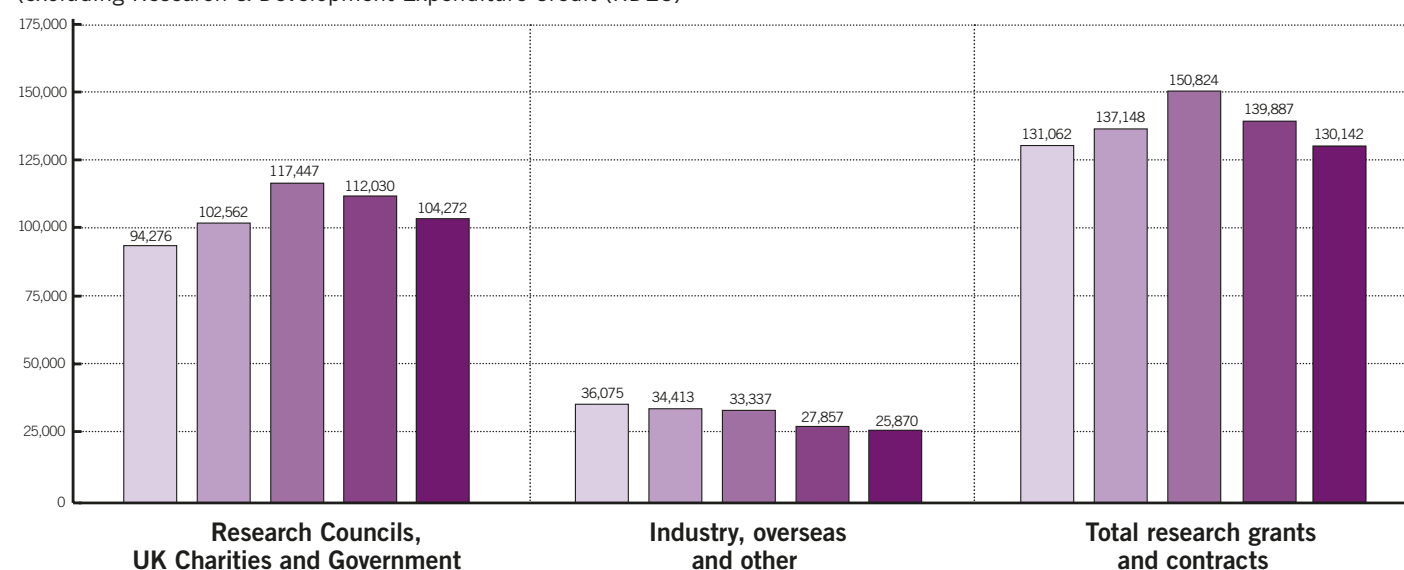
The 2020 EU student intake was the last cohort to be eligible for home fee status as a result of the UK's exit from the EU. Initial 2021 recruitment data indicates that the UK exit from the EU has had an adverse impact on EU student recruitment.

International student recruitment was more significantly impacted by the pandemic in 2020/21, resulting in total international student numbers falling from over 11,400 in 2019/20 to below 10,700 in 2020/21. This translated into a reduction in International fee income from £196m to £164m. Another significant contributor to the reduction in income in 2020/21 is the requirement to allocate the fee income for postgraduate taught students commencing their courses in January 2021 between 2020/21 and 2021/22, which means that a proportion of their fee income will be recorded in the current financial year.

International undergraduate numbers remained strong, increasing by 3% to over 5,000, whereas postgraduate taught student numbers reduced from 5,400 to 4,600, with the majority of the 2020 intake opting to commence their courses in January 2021.

Research grants and contracts income over five years (£000)
(excluding Research & Development Expenditure Credit (RDEC))

Key 2016/17 2017/18 2018/19 2019/20 2020/21



£174m

Research grants and contracts new awards (2019/20: £149m)

Research grants and contracts

Research income of £130m was £10m (7%) lower than prior year due primarily to the delays in research activity caused by the COVID-19 pandemic. UK and global COVID-19 restrictions have impacted our activities for much of the year, including reduced time spent in laboratories and a significant impact on research activity requiring international travel. The reported income includes an adjustment to defer income where research staff have not been able to spend the planned amount of time working on research grants due to COVID-19 restrictions (£20m impact in 2020/21; £13m in 2019/20).

Despite this we have seen an encouraging performance in terms of the lead indicator measure of research performance, namely new awards. £174m of new awards were confirmed in the year, representing growth of 17% from 2019/20. This creates a strong pipeline of research grant income for future years.

Our largest award this year was a £4.55m award from Natural Environment Research Council (NERC) to continue the funding for National Centre for Atmospheric Science (NCAS) in the Faculty of Environment. Our next largest award was to the Faculty of Medicine and Health with Aventis Pharma Limited for £4m for a clinical trial for newly diagnosed multiple myeloma patients who are suitable for a stem cell transplant.

The Faculty of Medicine and Health has been awarded a total of £23m from the National Institute of Health Research including £3.4m for LOCOMOTION in Rehabilitation Medicine which aims to identify the best way to treat and support the one million people in the UK now living with long COVID-19 and £2.9m in Experimental Haematology on the optimisation of neo-adjuvant chemotherapy in high risk early colon cancer.

The Faculty of Engineering and Physical Sciences received an award of £3.6m, in collaboration with the University of Oxford, from the Biotechnology and Biological Sciences Research Council for “Deciphering the function of a five-year project which will lead to a better understanding of fundamental biochemical processes and will identify new research strategies for tackling cancer and other diseases.”

Our continued focus on support for our Early Career Researchers, has seen growing success in the UKRI Future Leaders Fellowships programme where we now have 14 Fellows, with 3 new appointments this year.

Disappointingly 2020/21 saw the Department for Business, Energy and Industrial Strategy and UKRI make large funding cuts to ongoing Global Challenges Research Fund (GCRF) and Newton funded projects as a direct consequence of the government's decision to cut the budget for Overseas Development Assistance 'ODA'. The University was able though to implement a proactive mitigation strategy using existing and new funding from alumni donors to significantly reduce the scale of the funding cut. This enabled us to maintain our partnerships with overseas institutions, ensuring that they did not face undue financial burden as a result of the cuts, allowing us to honour all contractual obligations, for employment and with overseas organisations.

Horizon Europe is an EU research and innovation programme that has replaced Horizon 2020. It has a budget of €95.5 billion and runs until 2027. In January, the government announced that the UK plans to associate to Horizon Europe, meaning that UK-based researchers can apply to all major Horizon Europe funding opportunities on the same terms as EU-based applicants. We are currently assessing levels of engagement with Horizon Europe and it is not yet clear to what extent activity levels have been affected by the UK's exit from the EU.

Other income

Other income including other operating income, investments, donations and endowments, was £6m lower than last year. This was mainly as a result of COVID-19 impacts through most of the year including unoccupied student accommodation, rent rebates to students when they were not able to be on Campus, and the loss of other sources of commercial income.

Following the successful completion of the Making a World of Difference Campaign in July 2020, this year has been a transitional one for philanthropy, preparing for new projects and more ambitious goals in the context of the University's new 10 year strategy.

Gifts of £9.3m (5-year value) were committed by 3,359 donors for a range of projects. The Footsteps Fund continued to attract gifts for scholarships and a range of projects contributing to the educational experience of our students.

The Clothworkers Company made an exceptional commitment to establish the Leeds Institute of Textile and Colour. This grant builds on nearly 150 years of related research and education at Leeds – supported from the outset by the Clothworkers – and the Institute will target its research to tackle global challenges, such as those created by fast fashion, and the need for advanced materials, manufacturing processes and sustainable products.

Other notable contributions have included:

- A commitment from the Laidlaw Foundation to support 75 Laidlaw Research and Leadership Scholarships over the next 3 years.
- Two significant gifts to help us continue international collaborative projects with partners in the Global South, following government cuts to the 'ODA' budget.
- Funds to enable the award of 123 undergraduate and 88 masters scholarships for students from less advantaged backgrounds.

Expenditure

Staff costs (before the movement in the USS provision) were broadly in line with last year at £435m (2019/20: £436m). This resulted from a zero pay award in 2020/21, together with only limited new staff recruitment, as key mitigations against the financial impacts of COVID-19. Pension costs increased by 4% reflecting revised actuarial assumptions for the University of Leeds Pension and Assurance Scheme (PAS) which have increased the ongoing service cost.

Other operating expenditure (including depreciation and impairment) reduced by 1%. This includes continued low levels of travel expenditure and reduced research expenditure as a result of COVID-19 related disruption, together with continuing restrictions on discretionary spend.

Investment in our major enabling programmes has continued, though at lower levels than originally planned, as activity and use of resources were re-planned in response to the pandemic pressures. New investment though was approved in year to start to address underlying IT infrastructure issues which will be critical for providing a more stable base upon which our ambitious digital transformation strategy will be reliant.

Pensions

The 2020 actuarial valuation for the Universities Superannuation Scheme (USS) was not concluded by 31 July 2021. As a consequence, this year's financial statements remain based on the 2018 actuarial valuation.

FRS 102 and the HE SORP require that universities recognise a provision for the present value of payments to be made under the existing deficit recovery agreement for USS. This provision has reduced to £103m (2019/20: £110m) due to deficit recovery payments of £4m and changes in assumptions of £3m. The total employer contribution rate has remained at 21.1% during the year.

The 2020 valuation, which has now been agreed with an effective date of 1 October 2021, shows a significant increase in the funding deficit from £3.6bn to £14.1bn despite reflecting a new and significant covenant support package from employers. The USS Trustee has agreed a new contribution rate of 21.4% from October 2021 reflecting the new covenant support package and in anticipation of proposed benefit changes, therefore averting the need to implement the 2018 valuation scheduled increase to the contribution rate to 23.7%. Based on this approach, the deficit recovery contribution rate will increase to 6.3% from April 2022 rather than an increase to 6% from October 2021 as per the current deficit recovery plan agreed following the 2018 valuation. Following the decision by the Joint Negotiating Committee (JNC) to support the employer proposals for benefit reform a member consultation commenced in November 2021, to consider the package of benefit changes scheduled to be implemented in April 2022. The University and College Union (UCU) is in dispute with employers over the proposed pensions changes. Without benefit reform employer and employee contributions will rise every 6 months from April 2022 reaching 57% in October 2025 (38.2% for employers and 18.8% for employees). The outcome of this consultation cannot be predicted, but once agreement is reached, it is expected to require a significant increase in the deficit recovery provision on the balance sheet (c. £209m) in the 2021/22 financial year; and this impact will be much greater (c. £382m) if the benefit reform is not implemented from April 2022.

The University of Leeds Pension and Assurance Scheme (PAS) reports a balance sheet deficit of £85m at 31 July 2021, representing an improvement of £6m from the prior year position. The gain is due to higher than expected returns on the Scheme assets, as a result of improved market conditions, which more than offset increases to the defined benefit obligations. The PAS scheme has completed its triennial valuation as at March 2020, when it showed a deficit of £66m, but which had returned to a surplus position in May 2021 when the valuation was signed. As a consequence it was agreed to maintain employer and employee contributions at the existing level for now but this will be reviewed at the next valuation.

Balance Sheet

Our Balance Sheet remains strong despite the impacts of the pandemic, since our mitigating actions and financing strategy enabled us to protect our asset base and high level of liquidity. This position provides us with a cushion if needed against further economic impacts as a consequence of the pandemic, headroom to commence investment behind critical elements of our new strategy; and the ability to absorb a further increase in our USS deficit recovery provision which is likely to be reflected in the 2021/22 financial year.

Year on year net assets increased by £16m from £716m to £732m. The change in net assets is largely explained by an increase in endowments of £8m, a £7m net reduction in the USS deficit recovery provision and a £6m reduction in the PAS pension provision.

The net book value of tangible fixed assets (including heritage assets) has decreased by £14m to £972m; this includes one-off impairment charges of £16m which are substantially offset by the release of a specific related provision of £15m. The University has invested £64m predominantly in new academic facilities and infrastructure improvements in the year (2019/20: £94m). We paused the commencement of new capital schemes as one of our responses to the COVID-19 financial impacts and the timing of any potential restart remains under review while we assess our strategic investment priorities as we come out of the pandemic, ensuring that new schemes are well-aligned to our new strategy.

Major capital schemes completed in 2020/21 or due for completion in 2021/22 include:

- £96m Sir William Henry Bragg building development; a major strategic investment to develop Engineering and Physical Sciences including the formation of a new research platform – the Bragg Centre for Materials Research.
- £29m refurbishment of the Faculty of Biological Sciences, part of an overarching programme of development of the Faculty estate, which includes reconfiguration of research and teaching laboratories.
- £34m Esther Simpson building, part of the expansion of the Leeds University Business School and School of Law buildings. These will provide technology-rich, flexible teaching spaces, lecture theatres and trading rooms, further advancing the delivery of world-class teaching solutions.

The University retained £455m of cash investments at 31 July 2021 of which £40m was held on deposit with remaining terms of up to 6 months, £284m was held in four separate sterling liquidity funds, £100m was held in a cash plus fund and the remaining £31m was held on-call. The University treasury policy determines that we focus on the most secure institutions and funds, with a deposit limit of £100m for AAA rated institutions or funds, of £30m for AA, and of £15m for A. In addition, we still hold a £100m revolving credit facility which was put in place during 2020 as part of our financing strategy to establish a liquidity risk buffer in the case of our worst case COVID-19 downside scenarios crystallising.

In February 2021 Moody's undertook a periodic review of the University and we retained a credit rating of A1 with stable outlook. The rating reflects our established market position as a large research intensive university, growing student enrolment despite an increasingly competitive environment for both domestic and international students, historically solid financial performance, and the strong regulatory framework of the English higher education sector.

After standard loan repayments of £4m this year, an increase in unrestricted reserves and an increase in endowments, the gearing ratio has reduced slightly at 31 July 2021 to 55% (2019/20: 56%).

At £90m, the value of the endowment portfolio has increased by £8m (2019/20: £82m) largely as a consequence of the appreciation in the value of global and UK equities; and the portfolio generated the planned income level of £2.5m.

£64m
Capital Expenditure
(2019/20: £94m)

“...investment which will be focused on transforming the way in which we deliver excellent research, education and student experience in a digitally transformed world, and ensuring that we strive to make a difference in the world.”

Conclusion

As anticipated in 2020/21 we experienced a significant impact from the COVID-19 pandemic across most aspects of University life, as did many sectors. The combination though of our dual pronged financing strategy and effective cost saving measures enabled us to navigate our way through this challenging year in a systematic and thoughtful way. The success of this provided us with the confidence to commence critical enabling projects which our ambitious strategy is dependent upon.

Whilst we recorded an in year operating deficit, as a direct result of the COVID-19 pandemic, our cash and balance sheet positions remain strong and we plan to generate an underlying surplus in 2021/22. Our long-term forecasts show a continued healthy liquidity position and incorporate investment in our new strategy.

That said there remain a number of risks and uncertainties which the sector faces, including the government response to the Post-18 Funding review, ongoing impacts of EU exit, the worsened USS financial position and longer term impacts from the pandemic.

Our financial plan seeks to deal with the potential impacts of these risks, to maintain our financial strength and provide ongoing capacity to invest. We will continue to carefully monitor the risks facing the University, including the longer-term impacts from COVID-19, and we will take action and adjust our plans where necessary.

Our new strategy and values will guide our plans over the next period as we embark on a new period of investment which will be focused on transforming the way in which we deliver excellent research, education and student experience in a digitally transformed world, and ensuring that we strive to make a difference in the world.

Jane Madeley
Chief Financial Officer



Risk Management

Effective risk management is synonymous with good management and good governance; and at the University it is one of the key institutional tools employed as we seek to meet our aims as set out in our new strategy.

During the year a new risk appetite framework has been developed and adopted by the University Council. We recognise that we will have to take some risks in order to deliver our ambitious strategic objectives and the framework provides guidance for staff and leaders where the University:

- Is prepared to take risks
- Needs to be cautious
- Should avoid taking risks

The University's approach will be to minimise our exposure to reputational, compliance and financial risk, whilst accepting and encouraging an increased degree of risk in pursuit of our strategic aims in student education, research & innovation, internationally and in digital transformation. It recognises that our appetite for risk varies according to the activity undertaken, and that our acceptance of risk is subject to ensuring that potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established. We have used a four-level approach to set risk appetite for each area as follows:

Risk appetite level	Risk philosophy
Averse	Avoidance of risk is a core objective
Cautious	Preference for safe delivery
Open	Willing to take reasonable risks, balanced against reward potential
Bold	Will take justified risks, and accept the possibility of failure

Process

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

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

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

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

We continue to benchmark ourselves against best practice and will be working on further enhancements to our process over the coming year, including further operationalising our risk appetite framework throughout the organisation.

Key risks

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

COVID-19 (Coronavirus)

From the outset, the University's response to the coronavirus outbreak was shaped by guidance from the Government, the National Health Service and in particular Public Health England. Our primary focus has been on the safety, health and wellbeing of staff and students, with due regard being paid also to institutional risks. We introduced a specific risk dashboard to help us prioritise the management of the substantial mitigations to manage the additional risks arising from the pandemic. Our risks and responses have been an integral element of our Audit and Risk Committee and Council focus during the reporting period. We continue to take action to mitigate the COVID-19 related risks and, following the initial period of uncertainty, have embedded these responses within our key strategic risks and integrated our operational responses into our new ways of working.

We have adapted our approach to teaching and learning for the 2021-22 academic year, with the delivery of student education being planned on the basis that, except for large-group activities (in particular lectures), face-to-face teaching and practical sessions will be the norm. We have also ensured that we remain in compliance with regulatory requirements in the resumption of these activities. Detailed risk assessments of our campus facilities have been undertaken, including assessing ventilation needs and capacity constraints, and we continue to take a cautious approach to re-opening individual areas. Our over-riding priority is to protect the health and wellbeing of staff and students.

Key Strategic Risks

We have aligned our risk register to our updated University strategy, and outline below the risks from our register which we believe are key to the effective delivery of our strategy and our responses to them.

Strategic objectives	Risk	Responses
Students		
The University wishes to stimulate students to develop a lifelong thirst for knowledge, and encourage a pioneering, innovative and independent attitude to their education at Leeds	Risk of failure to engage students as partners in their education, through active and inclusive approaches to learning, and research-based content	To mitigate this risk we have established a programme named "Curriculum Redefined", which will transform the curriculum and strengthen the portfolio, facilitating student choice and consistency of experience. We have also developed a new student engagement strategy through an expanded student communications and engagement team, covering strategic and tactical student communications plus key strategic projects such as Curriculum Redefined.
	Risk of failure to provide an outstanding education that is underpinned and enhanced by sector-leading pedagogies, digital resources and technologies	We are mitigating the risk by: <ul style="list-style-type: none"> • further investing in digital education, tools and content; • expanding our portfolio of accessible online education; • developing staff and student digital skills and competencies; and • investing in "smart campus" technology.
	Risk of inability to foster an engaged and lifelong community of students, staff, alumni and partners	As a fundamental part of our new Student Education strategy, we are focussing efforts on leveraging the global Leeds community and creating a positive and inclusive community with a sense of belonging. We are also enhancing our commitment to widening participation, retention and attainment. In partnership with our students, each school will undertake a fundamental review of their programmes and modules, to develop and maintain inclusive curricula that reflect the diversity of our student population.
	Risk of failure to embed a sustainable approach to delivering high-quality, research-based education	We are mitigating the risk by embedding a sustainable approach to delivering high-quality, research-based education, focussed on: <ul style="list-style-type: none"> • improving the student experience through digitally-enabled, consistent and streamlined processes across the student lifecycle; and • optimising our programme portfolio, modes of delivery and student cohort mix.

Strategic objectives	Risk	Responses
International		
The University continues to build a highly connected, inclusive global community; create high-impact global opportunities for students and staff, and continues to enhance its global reputation	Risk of inability to foster and embed a global mind-set throughout the University across all its activity	We are mitigating this risk by taking actions to further embed an international mind-set across the University community including: <ul style="list-style-type: none"> • promoting culture change to support, recognise and reward international activity which delivers positive impact, locally, nationally and globally; • increasing institutional capacity to identify, scope and undertake major internationally collaborative projects including key research and educational partnerships with the Global South; and • harnessing the insights, networks and influence of our global alumni to enhance our impact and grow the philanthropy which will help underpin our ambitions.
	Risk of inability to attract, and engage with, a globally connected community of staff, students and alumni	We are mitigating this risk by taking actions to continue to build a highly connected, inclusive global community including: <ul style="list-style-type: none"> • recruiting, supporting and retaining talented researchers and staff from diverse geographies and cultures; • building a balanced and sustainable cohort of diverse international and UK students online and on campus; • ensuring our portfolio and syllabus is globally informed and inclusive and our admissions and progression practices are flexible and equitable; and • extending the reach of our trans-national education (TNE) and on-line provision at all levels of study by embedding digital innovation into our international partnerships.
	Risk of failure to create global partnerships that provide international learning and research opportunities to develop engaged global citizens and world-changing research and innovation	To mitigate this risk we intend to deepen and broaden our research and educational partnerships globally, including those with the Global South, and increase societal impact and help achieve the UN Sustainable Development Goals. We are also creating a Leeds Curriculum and Doctorate, which are internationally relevant and provide a broad range of inclusive global study and flexible mobility opportunities.
	Risk of failure to enhance our international reputation by extending our worldwide reach and delivering global impact	We continue to mitigate this risk to enhance our global reputation by: <ul style="list-style-type: none"> • developing excellent graduates who, as engaged global citizens, will be well equipped to make a positive difference in the world; • encouraging, recognising and rewarding staff for internationally collaborative, high-quality and impactful student education, research and innovation; and • leading international networks of education and technology partners to drive digital transformation to meet the needs of diverse global learners. Our increased focus on enhancing our international reputation has led to an improved ranking of 127th in the 2022 Times Higher Education World University rankings (2021: 160th).
Research and Innovation		
The University aims to be an outstanding research-intensive university, recognised globally as collaborative, innovative, interdisciplinary and entrepreneurial	Risk of failure to support our researchers and research staff across their entire career to help them achieve their full potential	To aid the integration of research culture activities across the University we have appointed a Dean of Research Culture who chairs a newly formed Research Culture Committee. This will ensure the development of a culture of equality, ambition, confidence, and collaborative spirit across the institution. We also intend to embed the principles of San Francisco Declaration of Research Assessment (DORA), ensuring that we use research metrics in a responsible manner to support and develop our researchers.
	Risk of the failure to further our reputation for high quality challenge-led, interdisciplinary research underpinned by our disciplinary fundamental research strengths	We continue to focus on research quality, fully understanding the true cost of research and the value that it generates and to embed practices to ensure we have a sustainable, quality-focused research model for the future. We have recently appointed a Dean of Research Quality to support and enhance the overall research profile of the University on a sustained basis. We are also creating Futures Institutes, with the aim to remove further barriers for inter-faculty research and postgraduate education collaborations and develop recognised centres of excellence for tackling global challenges and driving world-changing research and education through impactful international partnerships.

Strategic objectives	Risk	Responses
Research and Innovation continued		
	Risk of the inability to remove institutional barriers and promote Leeds as a “University without walls” to support interdisciplinarity and effective external partnerships	<p>We continue to mitigate this risk through promoting Leeds as a university without walls by:</p> <ul style="list-style-type: none"> increasing the breadth and depth of partnerships with our key partners across business and the public sector; encouraging the flow of staff in and out of campus, between other venues and external opportunities, and promote joint appointments with external partners; and blending local and global activity to create a transformational approach for how we work with our partners and drive innovation and discovery in research and education. <p>A recent example of a key partnership with business has been the creation of the Leeds Institute of Textiles and Colour (LITAC) which will partner with industry to apply world-class research expertise to tackle global challenges, such as those created by fast fashion and the need for advanced materials, manufacturing processes and sustainable products.</p>
	Risk of failure to enhance and diversify our research income and the impact it generates	<p>To mitigate this risk we are taking actions including:</p> <ul style="list-style-type: none"> implementing agile commercial models for working with business. This will include dedicated staff with specialist skills, and a more structured and formal approach to consultancy and contract work; increasing sustainability of research through a value-based costing model; partnering with investors to create more start-up and grow-on space, including increasing the added value generated through interaction between our Nexus community members and academics; and embedding innovation and entrepreneurship through activities targeted at undergraduate and postgraduate programmes, academic staff, and local entrepreneurs, to boost the creation of innovation-driven start-ups.
Digital transformation		
The University has an ambitious strategy to use digital technologies, data and digital approaches to support and enhance student education, global lifelong learning, research and innovation and ways of working.	Risk of inability to enhance digital ways of working, campus facilities and operations	<p>We continue to mitigate this risk by taking actions including:</p> <ul style="list-style-type: none"> supporting all of our staff and students to harness the potential (and manage the challenges) of digital technologies, data and digital approaches through professional development, support and guidance; digitising and automating our processes, reducing paper use and manual processes, maximizing hybrid working practices and freeing up time for staff; transforming our physical campus to use digital technologies effectively to support education and research & innovation, and to provide a welcoming, social, efficient and sustainable physical environment; and using digital technology and digital approaches to develop and enhance our communication and relationships with students, alumni, and local, regional and global partners.
	Risk of failure to improve our digital capabilities to conduct high-quality, collaborative and globally impactful challenge-based research & innovation	<p>We are mitigating this risk by improving our digital capabilities by:</p> <ul style="list-style-type: none"> providing high-quality, flexible, secure, interoperable user-focused technology and development environments for postgraduate researchers, researchers and staff; providing secure environments in which our researchers and partners can use data sets, enabling sharing and effective data analysis; providing institutional platforms for extended realities, and artificial intelligence; increasing our use of open research practice, digital scholarship practices, and use of digital approaches for publication, dissemination and impact activities; and establishing and extending research capacity in evidence-based practice in digital pedagogies, new and emerging digital technologies, digital humanities, online education and digital transformation.
	Risk of failure to enhance our educational provision and grow our fully online education portfolio	<p>We have significantly enhanced our digital education provision during the pandemic, but to further address this risk we are:</p> <ul style="list-style-type: none"> exploring the opportunities of new and emerging digital technologies, and embedding these in our pedagogical practice; increasing the use of digital technologies, data and digital approaches to provide a high-quality student experience for our taught students and postgraduate researchers, and to support student success; and growing our fully online education portfolio of online degrees, sub-degree qualifications and online short courses for globally distributed online and professional learners.

Key operational risks

In addition to the risks to the delivery of the strategy, the following key operational risks require careful management across the institution.

Operational risk	Responses
Funding and cost pressures	
Risk of our inability to generate sufficient levels of cash to afford the scale of investment required to implement the new strategy and to respond to the funding risks and strong cost pressures from pensions and pay	<p>In addition to the long term COVID-19 impacts there remain several other potentially significant funding risks, including uncertainty related to student fees and funding following the Post-18 Education and Funding Review, with the Government yet to decide how to address the recommendations of the review, and the EU exit impact of student recruitment. Our mitigations have included work to de-risk our over-reliance on home undergraduates whilst increasing our international student recruitment, as well as streamlining our education portfolio offer and removing programme complexity. We made progress to de-risk the over-reliance on home undergraduates with the 2019/20 intake, but the 2020/21 and 2021/22 intakes have been higher than planned due to the pandemic.</p> <p>During the period of the pandemic the cost saving actions we have taken in response to the funding risks have been effective in protecting and strengthening the University's cash position, leaving us well placed in the short term to commence investment in critical enabling infrastructure on which successful delivery of our new strategy is reliant. In the medium term, our new strategic initiatives will be critical to increasing our levels of surplus and cash generation and hence allowing us to continue investing at the levels required.</p> <p>The 2020 USS pension valuation resulted in a significant increase in the funding deficit of the scheme, leading to the JNC proposing a number of changes to the way the USS pension builds up future benefits. Increased contributions from both the employer and employee were introduced in October 2021, with benefit changes planned from April 2022. We continue to contribute to the sector-wide discussions with USS and UUK, and we are engaging with staff internally to ensure there is a complete understanding of the implications of these changes and to promote the benefits of the employer proposal.</p>
Cyber security	
Risk of failure to properly secure the University's IT infrastructure leading to major data leaks, breaches and significant cyber security attacks	<p>Cyber security is a continually evolving challenge, both in terms of the technology landscape, and the types of industries or bodies that attackers have in their sights. The scale and sophistication of attacks are increasing. Following a recent cyber security review it is clear the protections and arrangements that the University of Leeds has in place need to transform to continue to provide the level of assurance that the University expects. It also needs to reflect the new hybrid ways of working that are likely to be embedded (at least to a large extent) post Coronavirus.</p> <p>To further mitigate this risk, we have made a significant investment in a 'Be Safe' programme, under the leadership of a newly established Chief Information Security Officer role. This programme will focus on maturing the Information and Cyber Security position, including establishing security function, developing a Security Operations Centre, developing cyber resilience capabilities, transforming and securing digital identity and redesigning network security.</p>
Information technology capabilities	
Risk of failure to improve our IT skills and capabilities to align with immediate and medium term needs	<p>Our IT services are falling short of expectations, and we need a fundamental shift in our approach and deployment of IT investment to tackle our considerable technical debt (aged systems and limited technology upgrades), modernise our technology and data infrastructure and deliver modern, high quality, customer services.</p> <p>To further mitigate this risk, we have invested in a 'Digital Enablement' programme which will ensure that the IT Services organisation, skills, ways of working and accountability are improved both to address the shortcomings of the service today and to prepare for future transformation. The programme includes a combination of restructuring, recruitment, managed services, process redesign, and enhanced governance. We will establish a new approach to management of enterprise data and integration and enable new digital services to be deployed flexibly building upon solid data foundations, technologies and governance practices.</p>
Delivery of strategic change programmes	
Risk of failure to lead and manage the substantial amount of technical, educational and people related change, agreed as a fundamental part of our 2020-2030 strategy	<p>As part of the University of Leeds 2020-2030 Strategy, a number of significant programmes are moving into the implementation phase, or are already underway (including the Corporate Processes and Systems programme, the Student Lifecycle Programme, the Digital Transformation strategy, the Curriculum Redefined programme and the specific IT programmes mentioned above).</p> <p>We have recognised the need to carefully manage these substantial investment programmes and to further mitigate our risks we have invested in a dedicated Transformation Office to support us with the breadth of change, in addition to the established Programme Management Offices. We have also appointed a third party digital assurance partner to provide independent assurance and practical support on the technical aspects of these programmes. Ongoing governance is provided by the University Executive Group, with a specific focus by the Audit and Risk Committee on assurance and risk management, and by the Strategy Investment Committee on programme delivery.</p>
Sustainable Development	
Risk of failure to enable the University to fully realise its place in, value to, and positive impact on society	<p>To mitigate this risk we are finalising our Climate Action plan, aligned to the 7 climate principles which are central to our University strategy. This plan will continue to be overseen by a steering group chaired by the Deputy Vice-Chancellor. We intend to further enable the University to fully realise its sustainable development goals by:</p> <ul style="list-style-type: none"> aligning with the framework of the UN Sustainable Development Goals (SDGs) to further embed a university-wide narrative which articulates the holistic nature of sustainability; revising the existing sustainability strategy leading to the timely publication of the new sustainability and community strategy and associated plans (including the climate plan) to support our seven climate principles; and fostering and embedding a sustainable mind-set throughout our core strategies and decision-making.

Jane Madeley
Chief Financial Officer

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

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

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

Students

In 2020/21, almost 35,400 students benefitted from the delivery of 1055 programmes; and more than 14,400 students graduated in the year. We pay close attention to the quality of our delivery of student education, taking into account external validation by the Quality Assurance Agency for Higher Education, as well as by our scores in the National Student Survey (NSS).

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

The University’s commitment to encourage students from all backgrounds to realise their potential includes investment in financial and non-financial support targeted at under-represented groups. Alongside government loans, UK and EU students from disadvantaged backgrounds can access non-repayable financial support, bursaries and scholarships; and the Leeds Hardship Fund is available to all students facing a specific financial need. Financial support is delivered in tandem with non-financial support to ease transition and maximise engagement through schemes such as the Plus Programme. In 2020/21, the University committed £18.1m towards financial support, access, disability and research and evaluation activities.

Due to COVID-19 our outreach work was delivered primarily online. Our online outreach engaged with more than 30,000 learners and over 300 schools to support progression to higher education as part of our commitment to recruiting the brightest and best students regardless of background. Our partnership with IntoUniversity provides intensive and targeted support to some of the most disadvantaged communities in the City, in Harehills and Beeston. As the lead partner for the Go Higher West Yorkshire partnership of twelve regional Higher Education (HE) providers, the University provides additional support for local schools and colleges by delivering a co-ordinated and collaborative programme of outreach to raise aspirations and aid decision-making at key transition points. This includes work targeted at students living in areas of social disadvantage, and care leavers. As part of our work on sustainability recorded on page 25, we also work closely with learners and their families to welcome them onto campus, enhancing their knowledge of sustainability for example, by planting student designs for biodiversity-rich flower beds on campus and interactive sessions in the Bike Hub.

Our contextual admissions schemes ensure that students can demonstrate their academic potential through more than grades alone. This has contributed to an increase in the number of entrants from widening participation and black and minority ethnic backgrounds. Work continues to support entrants through the Lifelong Learning Centre and the Plus Programme. This is achieved through development of networks, sense of belonging and bespoke opportunities to increase employability. Further information can be found in Notes 7 and 9 on pages 64–65, regarding Access and Participation expenditure.

Research

The University of Leeds is one of the largest research-intensive higher education institutions in the UK, employing over 8,700 staff, with over 38,000 students, including 10,000 postgraduate students.

As an anchor institution, we strive to ensure that our research brings economic, health, environmental and social benefits to our local communities. We place ourselves at the heart of the Leeds City Region, collaborating with local businesses, communities, public sector and third sector bodies to build a sustainable, inclusive and resilient economy.

Our researchers across all faculties work together in an interdisciplinary way to tackle major challenges facing society, delivering world-class research on topics including global health, water, culture, food and climate. Leeds operates as a ‘university without walls’, building effective external partnerships to maximise our impact, as is reflected in the Times Higher Education World Impact Rankings 2020 in which the University ranks 11th in the world and 3rd in the UK.

In 2020/21, the University attracted research grant income worth £130.1 million from a range of funders, allowing us to support a broad and deep research and innovation base that delivers transformational curiosity-driven fundamental and applied research, not only nationally but also in partnership with 40 countries around the globe.

In response to the COVID-19 pandemic, our researchers have been actively engaged in tackling the crisis, with academic experts from Leeds advising the government through the Scientific Advisory Group for Emergencies (SAGE); conducting research in relevant therapeutic areas such as anti-viral treatments and the management of long COVID; and ‘pivoting’ research from other areas to focus on tackling the pandemic. Our annual research open day, Be Curious, moved online in 2020 and 2021 in response to the pandemic. We successfully delivered a range of interactive, virtual events, and more than 20,000 members of the public across the world were able to join in via social media channels, enabling academics and members of the public to interact, share ideas and learn from each other.

The University has a successful track record in delivering commercial outputs from research, creating innovative spin-out companies and licencing new technologies. Our flagship innovation hub, Nexus, connects entrepreneurs, start-ups and SMEs to our academic research capability, generating impact and economic growth. This year the University of Leeds together with the Universities of Manchester and Sheffield co-founded Northern Gritstone. This new investment company is to become one of the largest investors into academic spin-outs in the UK dedicated to financing companies in some of the UK’s fastest growing sectors.

The University is committed to undertaking all its activities through the principles of honesty, rigour, transparency and open communication, and care and respect for all participants in research. The University fully complies with the Concordat to Support Research Integrity and has its own Policy on Research Integrity. In 2021, we appointed a dedicated Dean for Research Culture to lead on developing and delivering initiatives to support and enhance the research culture and environment of the University on a sustained basis. This will support the development of our staff and support delivery of research and innovation that makes a positive difference to the world.

Cultural activity

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

While closed in 2020/21, Leeds University Library Galleries provided a comprehensive digital offer including online exhibition, events and activities. Online events included talks and creative workshops, and garnered over 1800 attendees. We have delivered collaborative events with external partners, including the British Library and Furniture History society and taken part in University events such as Be Curious. Online exhibitions included the popular annual Friends of the University Art & Music (FUAM) Graduate Art Prize, and an exhibition of artworks selected by our digital visitors via social media. Online exhibitions and the associated assets achieved 12,296 views in 2020/21. New social media activities were also created, including a popular video series called Two Minute Treasure. The videos created by Special Collections and Galleries staff have been viewed over 14,491 times.

Recordings from the well-established International Concert Series' programme of classical and contemporary music were available online free of charge, including a Summer Season of livestreamed Friday Lunchtime Concerts. The University's licensed theatre stage@leeds's digital platform supports both student productions and professional companies to develop new work in the digital realm – such as Song of the Female Textile Workers, created and performed entirely online by British and Chinese creative teams, and accompanied by a public exhibition of the same name at Leeds Industrial Museum.

The University's Poetry Centre supports, celebrates and showcases poets to create new works, including through the Brotherton Poetry Prize which is open to anyone in the world over the age of 18. Shortlisted poets receive cash prizes and their works are published in a new volume, as well as bespoke creative development opportunities for the prize winner.

The University's students and staff contributed to the cultural life of the city and our community through our cultural participation and engagement, including the exhibition of work by Akeelah Bertram (Cultural Fellow in Contemporary Art) at Yorkshire Sculpture Park; events featuring University researchers at Ilkley Literature Festival and Leeds Digital Festival; and a new podcast Thinking with Opera, co-created with Opera North and featuring university academics in conversation with leading creative talents.

For the second year in a row, final-year students from the School of Fine Arts, History of Art and Cultural Studies curated an entirely digital graduate show. The University also continued to offer creative opportunities for young people through initiatives such as the National Saturday Art and Design Club; stage@leeds youth theatre; and the University's continued support for LeedsCEP, the local cultural education partnership chaired by the University's Dr Briony Thomas. In 2021, the University of Leeds published its first children's book as part of a wider creative programme by a research team studying modern British nature writing.

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

Sustainability and the community

The University is committed to developing positive economic, social, environmental and cultural impacts, locally, nationally and globally. Our approach is guided by the UN SDGs: as a signatory of the UN SDG Accord, we are committed to embedding the SDGs into our decision-making, operations, research and curriculum. Our approach to sustainability is articulated through four themes:

Embedding Sustainability through Collaboration places sustainability at the core of our University. This year we continued to develop our staff engagement programme, Blueprint, which brings together schools and services to develop bespoke sustainability action plans that link to the University's strategic aims. Our 34 active Blueprint teams work collaboratively on sustainability challenges. This is enhanced by our Staff and Student Sustainability Architects – a community of 45 individuals who work on sustainability objectives and projects within their areas of the University.

Building Knowledge and Capacity encompasses the University's core academic mission and the foundations for a sustainable society. All students are given the opportunity to integrate sustainability into their learning through our award-winning sustainable curriculum, and this year, over 40 students from a wide variety of disciplines, presented their work at our fifth annual Student Sustainability Research conference. Our world-class research builds knowledge through our Living Lab Programme, an approach to problem-solving which brings together research, education and operations, using the University as a test bed for sustainable solutions. In 2020/21, 20 new Living Lab projects led by staff and students were launched, bringing the total number of Living Lab projects since its inception in 2017 to 119.

Being a Positive Partner in Society embodies our approach to social and civic responsibility. Our Positive Impact Partners Scheme facilitates partnerships between the University and third sector organisations. Since the scheme began, staff have formed 69 partnerships, contributing over 3500 hours in support to the third sector. Our School Governors programme includes governors from across the University and the Alumni community, who have contributed over 47,000 hours of their time since the scheme began, equal to over £8 million in total financial support.

Our 'Sustainability into Schools' project is expanding every year and our Go Global and Intercultural Ambassador schemes enable international and UK students to co-produce a range of activities for community groups, schools and other students.

Although the pandemic has continued to have an effect in 2020/21, there are normally more than 200 volunteering opportunities with local charities and community groups available to students through our dedicated volunteering team, and more than 3,000 students typically engage in local community volunteering each year.

Our Placement Unit has transformed its partnership work with the third sector to co-create a range of digital placements and internships, including collaborations with the Thackray Museum of Medicine and Shift.ms (the social network and community for people with multiple sclerosis). In addition, a joint initiative between the Placement Unit and Educational Engagement Team has led to the creation of a number of paid summer internships in local third sector organisations exclusively for students on the University's Plus Programme. While the StudentsintoSchools programme was affected by restrictions to on-site visits in many local schools as a result of COVID-19, a smaller number of placements did proceed, both in-situ and through online learning platforms.

Our Student Citizenship programme supports students to be responsible and create positive social change. We run the Neighbourhood Helpline in partnership with the other universities and colleges in Leeds to help resolve neighbourhood issues involving our students and we work with the police and Leeds City Council to tackle inconsiderate behaviour. Since its introduction in 2019, we have supported 592 students by providing citizenship training where neighbourhood issues have occurred. In 2020/21 we provided an additional 267 students with additional training to prepare them for independent living.

Through our fourth theme, **Making the Most of Resources**, we manage our resources based on the principles of a circular economy. In 2020/21, despite largely being away from campus, we re-used over £65,000 of items on campus, through our reuse@leeds programme (or over 66 tonnes CO2e savings) and donated over £88,000 of items to local charities. We have also continued work towards our pledge to become single-use plastic-free by 2023. Our student Biodiversity Monitoring Ambassadors also won an International Sustainable Campus Network Award for their contribution to improving campus and engaging people in biodiversity both locally and internationally.

During 2020/21, we have continued to develop our response to our sector-leading [Seven Climate Principles](#), reflecting the University's ambitious approach to leading on tackling climate change, through adapting our approach towards research, curriculum, operations and outreach. Leeds is a founder member of the International Alliance to Accelerate Climate Action, which includes 40 of the world's leading climate research universities and provides a unified voice to communicate research on meeting the urgent global challenge of the climate crisis. The University convened a week of events in April 2021, gathering together voices from across sectors and geographies to build ambition for impactful climate action.

COVID-19

Our commitment to civic responsibility has also been demonstrated through our continued response to the COVID-19 pandemic. Many clinical staff have continued to support directly on the NHS front line, in addition to more than 20 Biological Science students who have undertaken final year project placements with Leeds Teaching Hospitals Trust (LTHT) to support their COVID-19 testing lab and also Point of Care testing in clinical areas. We continue to work closely with and to provide support for partners such as the LTHT and Leeds City Council, and to provide dedicated support to our staff and students. As the challenges posed by COVID-19 evolve, we continue to use our research to support the NHS. We have been working with local partners to create a "gold standard" approach for the treatment of long COVID, and to develop a ground-breaking mobile phone app and clinical website to monitor the symptoms of patients suffering from the debilitating effects of the illness.

Equality and inclusion

The University is committed to advancing equality, diversity and inclusion (EDI) in respect of students and staff. This year saw the appointment of two EDI Deans and they have been tasked with developing a new EDI strategy. A wide range of EDI work is underway across the Faculties and Professional Services. This year's highlights include:

- Publicising our Disability Equality Framework (DEF). The DEF was developed through extensive consultation and reinforces a proactive and anticipatory approach to supporting disabled students and staff. It is aligned to the key themes of the existing Equality and Inclusion (E&I) Framework 2020-25 and sets out three priorities; reviewing the workplace adjustments process to identify areas for improvement; providing appropriate mental health support; and improving physical and digital access to University buildings and services. A Task and Finish group with representatives from across the University has been set up to take forward action on these priorities.
- Progressing action against the priorities identified in the Race Equality Framework and Race Action Plan, in particular, the need to better understand lived experiences of Black, Asian and Minority Ethnic staff and to improve the robustness of staff ethnicity data. The University is also a signatory to Business in the Community's Race at Work Charter, and this year took part in its national Race at Work Survey. The University has also committed to preparing a submission for the Advance HE Race Equality Charter.
- Gaining recognition of our work to advance gender equality by the achievement of an institutional Athena Swan Bronze Award and for the sixth time, through our Women of Achievement awards, celebrating 28 colleagues who had performed outstandingly in their fields. The University has also continued with initiatives, aligned with the broader EDI agenda, to reduce the gender pay gap. The gap has decreased to an average of 18.5% (from 18.9% in 2019). Further information can be found at <https://equality.leeds.ac.uk/equality-data/gender-pay-gap/gender-pay-gap-2019-2/>

- Raising awareness of equality in respect of gender identity through our engagement with external organisations such as Stonewall and Gendered Intelligence. Marking key diversity dates such as Black History Month, International Women's Day, LGBT+ History Month, Carers Week, Mental Health Awareness Week and many more. Much of this work has been led by our Staff Equality Networks.

The University continues to address areas of under-representation. Students from less advantaged backgrounds have the opportunity to progress through our Access to Leeds scheme, which supports the recruitment of the brightest and best students regardless of background; and the University's Plus Programme has been designed to promote their retention, academic success and employability. In 2020, 1214 Access to Leeds Students registered onto our undergraduate programmes. Work is also under way to provide more inclusive opportunities and support, alongside developing inclusive curricula and learning and teaching practices.

Detailed equality monitoring data are published at <https://equality.leeds.ac.uk/equality-data>: a snapshot of data for 2020/21 (at 1 December 2020 for student data and at 31 July 2021 for staff data) follows:

University of Leeds student diversity profile

Where information is known	Home and EU students	Overseas
Female	59%	50%
Mature student ⁺	15%	23%
Black and minority ethnic ⁺⁺	20%	95%
Disabled	15%	2%
Total student headcount	27,302 ¹	7,429 ¹

¹ Excludes certain students for diversity monitoring purposes.

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

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

Staff in post by protected characteristic

Characteristic	Protected characteristic	% where known
Gender	Female	55%
	Male	45%
Age	50-59	22%
	60+	9%
Ethnicity	Black and minority ethnic	12%
Disability	Disabled	6%
Caring responsibilities	Carers	27%
Sexual orientation	Bisexual	2%
	Gay man/woman	2%
Faith/belief	Christian	23%
	Muslim	2%
	Hindu	1%
	Jewish	1%
	No faith	39%
Total staff headcount	9,239	–

Maintaining standards

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

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

The University has a protocol for investigating and resolving allegations of misconduct in academic research. We emphasise the seriousness with which the University takes research misconduct during induction and training; encourage staff to bring forward concerns; and we are committed to ensuring that allegations are subject to full, fair and quick investigation. Of the four allegations lodged in session 2020/21, two were dismissed after preliminary investigation indicated that they had no substance; in one case, where the allegation was admitted, appropriate action was taken to address the complainant's concerns; and the remaining case is still under review.

Our Code of Practice on Whistleblowing sets out how we will handle complaints of suspected malpractice or impropriety. There were no allegations lodged under the code in 2020/21. This does not raise any immediate concerns for the University as there are other avenues open and accessible for issues to be raised, for example through the complaints procedure described in the next paragraph, which has seen a significant rise in cases. We intend to take steps during 2021/22 to enhance staff members' awareness of the code and how it can be invoked.

The University operates a complaints procedure which provides for both informal and formal resolution of concerns about any aspect of a student's academic or pastoral experience. During academic year 2020/21 the University received 346 formal student complaints (234 in 2019/20), which included complaints about academic provision, quality of supervision and teaching, failure to meet obligations and deficiencies in standards of service.

During the academic year 2020/21 the University also considered 281 appeals from taught students against academic judgements relating to results declared for the session (against 374 appeals in 2019/20). Of these, 41% were accepted into the appeals process, 37% were dismissed at initial review, 14% were deemed not eligible and 8% were withdrawn by the student. Of the appeals accepted into the process, 28% were withdrawn by the student, 17% were dismissed by the panel, 28% had concessions approved, 19% were upheld or partially upheld by Committee on Applications, 8% were rejected by Committee on Applications.

Fifty-two students lodged petitions with the Office of the Independent Adjudicator (OIA) during 2020/21 (38 in 2019/20), of these 13 cases were not accepted by the OIA as they were ineligible under its rules. Of the remaining 39 OIA cases, 17 were against academic appeals dismissed by the University, 15 were against decisions on complaints and 7 were based on the University's Procedure on Cheating, Plagiarism, Fraudulent or Fabricated Coursework and Malpractice in University Examinations and Assessments. In terms of outcome, 2 cases were withdrawn by the complainant; 16 cases have been dismissed by the OIA; 3 cases have been settled; 3 cases were partially justified and the remaining 15 cases were either currently suspended or still under review by the OIA at the end of the year.

Use of animals in research

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

Research involving animals is driving fundamental advances in understanding, treating and curing a range of health problems including cancer, heart disease, diabetes and mental illness, thus reducing unnecessary suffering. In addition, our researchers continue to develop new strands of thinking to tackle future issues. Research carried out at Leeds using small and large animal models has contributed to the development, commercialisation and clinical use of novel regenerative acellular biological scaffolds which enable tissue regeneration in the body by the patient's own cells. Use of animal models in Leeds also led to the first significant improvement in the recovery of voluntary control of movement in people with severe spinal cord injury. Some examples of projects that were approved in the past year include research relating to intestinal surgical procedures, the investigation of responses following arthropod-borne viral infections, the development of new treatment options for metastatic cancer, the enhancement of liver cancer therapy, and the study of brain tumours and the development of treatment options.

We use alternatives to animals wherever possible – including computer modelling, synthetic tissue culture, cell and molecular biology, and research with human subjects – and we are actively involved in developing alternatives to animal tissue use.

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

Data Protection and Freedom of Information

The University's arrangements for meeting its responsibilities under data protection legislation are set out in a detailed Code of Practice and associated guidance, which is also available online. In 2020/21, the University received 47 data subject access requests (DSARs) compared to 39 in the previous year. One trend is an increase in the number of repeat requests – where an individual submits a request after receiving data from the first.

During 2020/21, we received 501 valid Freedom of Information (FOI) requests – a 1.6% increase on the number (493) received in 2019/20. We continue to receive 'clusters' of requests associated with events or themes being explored in the media, and there is a persistent trend towards more sophisticated and complex requests. 28% of requests were from journalists. Common themes include admissions data and processes, student mental health and well-being, complaints from and about staff and students, and procurement statistics. Our response times were affected by the COVID-19 pandemic and extended staff absence; 78.25% of requests were responded to within the twenty-day period required by the FOI Act.

The ICO has issued one formal decision notice in respect of complaints it has received about the University in 2020/21: in that case the ICO upheld the University's use of section 40(2) of the FOI Act and required no steps to be taken.

Fundraising

The University raises funds from alumni, other individuals, trusts and foundations and companies to support its mission and impact. Activities include major gifts fundraising, which involves fundraisers engaging personally with potential donors through face-to-face or online meetings, small events and visits to campus, as well as grant applications to charitable trusts and foundations. Our annual direct marketing programme typically includes two fundraising appeals and three telephone fundraising appeals. Due to COVID-19 restrictions, no telephone fundraising has taken place this year, but our programme was supplemented by a crowdfunding appeal to support students impacted by COVID-19. We also raise awareness of legacy giving through a number of channels.

We do not use third parties to fundraise on our behalf but do use a third-party design and print agency for our direct mail appeals. Our work is supported by guidance on working with vulnerable people in a fundraising context, which specifies compliance with the Institute of Fundraising Code of Practice. All fundraisers are required to be knowledgeable about this guidance. We have paid the voluntary £1k levy to the Fundraising Regulator and have signed up to its Code of Fundraising Practice. We have not received any complaints about our fundraising activities.

As reported in last year's publication, a security incident affected Blackbaud (the third-party provider of our alumni customer relationship management system) in July 2020, which resulted in the University receiving five cases of threatened legal action, none of which were taken forward. We reported this incident to the ICO at the time, and received confirmation from the ICO in November 2020 that it had concluded that regulatory action against the University was not required, and that the University, acting as a data controller, had acted properly in selecting a third party in line with the requirements of Article 28 of the GDPR.

Trade Union Facility Time

In common with other public sector organisations, the University is required under regulation 8 of The Trade Union (Facility Time Publication Requirements) Regulations 2017 to publish, in a prescribed form, specific information regarding facility time for the recognised campus trade unions. That information is set out below, but note that the data are unaudited, and, as required by regulation, relate to the 12 month period ending 31 March 2021. The data are therefore not directly comparable to any other data presented within this report.

Table 1: relevant union officials

Total number of employees who were relevant union officials during the period 01.04.2020 to 31.03.2021.

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
28	9.05

Table 2: Percentage of time spent on facility time

The number of employees who were relevant union officials employed during the period 01.04.2020 to 31.03.2021, spent the following percentage of their working hours on facility time.

Percentage of time	Number of employees
0%	0
1%-50%	26
51%-99%	0
100%	2

Table 3: Percentage of pay bill spent on facility time

Information Requested	Figures
Provide the total cost of facility time	£395,552
Provide the total pay bill	£436,714,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) x 100	0.0905%

Table 4: Paid trade union activities

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

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (Total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility hours) x 100	21.82%
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This statement covers the period 1 August 2020 to 31 July 2021 and up to the date of approval of the audited financial statements.

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

The Council is satisfied that the University has had regard to, and materially complies with, the Higher Education Code of Governance published by the Committee of University Chairs (CUC), as revised in September 2020, and that it also complies with relevant provisions in the First (1995) and Second (1996) Reports of the Committee on Standards in Public Life. The University is in any case committed to upholding the highest standards of corporate governance and continues to work to secure best practice in all aspects of governance, with support from the Nominating and Governance Committee in particular (see below).

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

The Council reviews annually the membership and terms of reference of its committees, with a view to ensuring that they are appropriate and inclusive. In November 2021, informed by the outcome of the governance effectiveness review (see further below), it has approved a change to the appointment of Council members whereby, except for the ex-officio members, all members are appointed on the recommendation of the Nominating and Governance Committee.

In respect of the regularity and propriety in the use of public funding received by the University, there is in place a system of control (articulated in the University's financial policies and regulations, and through the Scheme of Delegation) which is subject to scrutiny by the external and internal auditors, whose reports are reviewed by the Audit and Risk Committee. (Further details can be found in the sections on Internal Control on page 33 and on Financial Control on page 33). Different aspects of corporate governance are reviewed annually by the Nominating and Governance Committee, by the Audit and Risk Committee and also as part of the internal audit plan. In addition, the University Secretary has a general responsibility to ensure compliance with the University's constitution and with the principles of propriety and good governance.

The Council

The Council is the governing body of the University. As such, it has a collective responsibility to promote the University's wellbeing and to ensure its sustainability. The specific responsibilities of the Council are outlined in its Statement of Primary Responsibilities as set out on page 37 but, in essence, it is responsible for approving corporate strategy and associated plans and budgets; for determining major business decisions and corporate policy; for the framework of governance and management; and for monitoring institutional and executive performance. The Council is also responsible for satisfying itself that the methodologies used to secure continuous improvement of the student academic experience and student outcomes are, to the best of its knowledge, robust and appropriate; and that the standards of the University's awards have been appropriately set and maintained. All of these responsibilities are 'reserved' to the Council and, as a general rule, cannot be delegated.

Other responsibilities have been delegated to committees and officers in accordance with a scheme of delegation. https://www.leeds.ac.uk/secretariat/documents/scheme_of_delegation.pdf

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

During 2020/21, the University commissioned a review of the effectiveness of its governance arrangements by Advance HE. The review found that overall corporate governance was broadly effective at the University, 'enabled by well-established practices and processes, and delivered through a Council and wider governance structure that is generally fit for purpose'. A number of recommendations for enhancements were also raised. In addition, the review identified a number of issues with regard to the University's academic governance arrangements, and made recommendations to improve the effectiveness and robustness of those processes. Work to address the matters highlighted by the governance review is under way.

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

As the (lay) Chair of the Council, the Pro-Chancellor, Mr David Gray, plays a key role in the governance of the institution while remaining outside the day-to-day executive management and is supported in this by two Deputy Pro-Chancellors, Mr Ed Anderson and Mrs Liz Barber. Members of the Council are listed in the table on page 35 which also shows their attendance at meetings. The University maintains a Register of Interests of members of the Council (and senior officers) which may be consulted by arrangement with the Secretary to the University.

In connection with Mr Anderson, the Council has exercised its discretion to extend his term of office beyond the maximum period of continuous service for members of Council of nine years. It was judged that the loss of his expertise would be detrimental to the University's best interests. He will, however, be stepping down from membership of the Council and his role as Deputy Pro-Chancellor at the end of the 2021/22 session after 15 years of service.

The Senate

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

Arising from the governance review mentioned above, the Council has agreed that the role of the Senate should focus on academic governance and the size of the Senate should be reduced. Precise proposals to effect those changes are to be discussed and implemented in 2021/22.

As mentioned above, work is under way to improve the University's academic governance arrangements, which will include reviewing the role, remit and membership of the Senate to ensure that it is able to discharge its academic governance responsibilities effectively.

University Committees

The principal committees of the Council include the following:

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

The Committee also:

- › reviews the control and quality assurance of data returned to external authorities and for meeting the compliance demands of various agencies;
- › reviews aspects of the University's financial statements, including the audit report, the statement of primary responsibilities of the Council and the statement of internal control;
- › provides the Council with assurances, including on compliance with the OfS's ongoing conditions of registration, the terms and conditions of funding of the OfS and of Research England as appropriate, and with other key regulatory demands; and
- › considers and advises the Council on the appointment of the internal and external auditors, and monitors annually their performance and effectiveness.

- The Strategy and Investment Committee (chaired by Mrs Liz Barber, a Deputy Pro-Chancellor) advises the Council on the development and implementation of the University strategy and on major investment, funding and borrowing decisions (including any significant changes to treasury policy). To enable it to advise the Council on the direction of strategy, the Committee receives regular reports from the executive, takes into account the University's current risk appetite, monitors agreed key performance indicators, undertakes periodic review of the external environment and comparative performance against benchmarks; and it reviews and helps to determine the investment envelope at any given time.
- The Nominating and Governance Committee (chaired by the Pro-Chancellor),
 - › brings forward to the Council nominations to fill vacancies for members of the Council and its Committees;
 - › is required in this respect to have regard to the need to draw members from a wide variety of backgrounds, and also to strike an appropriate balance between continuity and rotation in the membership of the governing body; and
 - › considers annually the potential for improvements in governance.
- The Health and Safety Committee (chaired by the Vice-Chancellor), maintains an overview of the University's arrangements for securing the health and safety of staff, students and visitors.
- The Remuneration Committee is chaired by Ms Helen Grantham, and its other members are the Pro-Chancellor, Ed Anderson, Seb Elsworth and Iain Moffatt (all of whom are lay members of Council). The Committee's main responsibility is to determine the salaries of the Vice-Chancellor and other members of the University Executive Group: in so doing, the Committee has regard to the CUC's Higher Education Senior Staff Remuneration Code. The Committee makes an annual report to the Council, which is publicly available.
- The Gift Acceptance Committee (chaired by the Pro-Chancellor), scrutinises and – after considering any strategic, financial, legal, ethical and reputational issues – approves or otherwise solicitation or acceptance of gifts with a value over £150,000.
- The Equality and Inclusion Board (chaired by the Vice-Chancellor), reviews the strategy and processes by which the University encourages good practice and innovation in securing equality and inclusion across all of its activities.
- The Animal Welfare and Ethical Review Committee promotes the welfare of animals held or used by the University under the Animals (Scientific Procedures) Act 1986 and monitors compliance with relevant legislation.

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

The Court

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

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

Senior officers and executive management

As the chief executive and senior academic officer of the University, the Vice-Chancellor, Professor Simone Buitendijk (from 1 September 2020)² exercises considerable influence on the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Vice-Chancellor is formally responsible to the Council – within a prescribed framework – for the operational management of all aspects of the University's work; and, under their respective terms and conditions of funding, is the 'accountable officer' who reports to the OfS and Research England on behalf of the University.

The University's Executive Group (UEG) consists of the Vice-Chancellor, the Deputy Vice-Chancellors³, the Chief Financial Officer, the Chief Operating Officer, the Executive Deans of Faculty and the Secretary⁴.

The Vice-Chancellor delegates responsibility for specific aspects of the University's management to colleagues on the UEG but retains ultimate responsibility for their work: executive deans and senior officers are responsible to the Council (through the Vice-Chancellor) for the leadership and overall management of the faculties and the professional services.

The UEG's formal terms of reference include protecting and promoting the interests of students; nurturing the wider University community in furtherance of the education and research mission of the institution; ensuring the academic development of the University and securing its academic and financial sustainability; formulating the University's Strategic Plan, and ensuring its implementation and the achievement of key objectives and performance targets; identifying and managing risks; and resource allocation. Members of the UEG are listed on page 36.

Internal control

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

The approach to internal control is risk-based. As described above (pages 17-21), there is an ongoing process designed to: identify the principal risks (whether business, operational, compliance or financial) to the achievement of policies, aims and objectives; to evaluate the nature and likelihood of principal risks becoming a reality, and the potential impact; to take steps to manage risks efficiently, effectively and economically; to review high-ranking risks (in terms of likelihood and impact) during the year; and to make regular reports on internal control and risk to the Council (as well as the University Executive Group and the Audit and Risk Committee) to assure it that procedures are in place for the identified risks to be managed. This process has been in place for the year ended 31 July 2021 and up to the date of the approval of the audited financial statements.

Detailed review and monitoring of the system of internal control is carried out on behalf of the Council by the Audit and Risk Committee, from which the Council receives periodic reports.

The Committee itself receives regular reports from the internal auditors; those reports include an independent opinion on the adequacy and effectiveness of the University's arrangements for risk management, governance, internal control, and securing value for money, with recommendations for improvement where appropriate. On the basis of the work they carried out during 2020/21, the internal auditors were of the opinion that the University's arrangements were generally satisfactory with some improvements required (the same opinion as the one provided in 2019/20).

In a similar vein, the Committee receives a report from the University's external auditors on the results of their audit, including whether there were any significant weaknesses in internal control observed through their procedures. There were no such significant weaknesses reported. Further information on the results of the external audit is included in the Auditor's report on Page 38.

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

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

Financial control

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

² As reported last year, Professor Buitendijk succeeded Professor Sir Alan Langlands who stepped down as Vice-Chancellor at the end of August 2020.

³ In September 2020, the Council approved the establishment of an additional role, Deputy Vice-Chancellor: Digital Transformation.

⁴ The UEG was reconstituted in March 2021, for details of its membership at the start of session 2020/21, see page 36

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

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

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

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

Risk management

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

An institutional risk register is maintained; annual risk returns are received from executive deans of faculty; and risk awareness training is provided from time to time.

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

As explained above (pages 17-21), we are continuing to embed more sophisticated risk management arrangements across the institution in response to current challenges posed by the environment and a greater level of scrutiny in higher education. Key risks which could directly threaten financial sustainability are described on pages 17-21 in the Chief Financial Officer's report.

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

In September 2021, the Council approved a new risk appetite framework, designed to align with the University's new strategic delivery plans. The framework will be used as a touchstone when making key risk-based decisions at the University.

Going concern

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

This assessment draws upon the strong financial position at July 2021, the bottom-up financial forecasts to 2026, and consideration of investment to support our ambitious strategic plan. Our forecasts, which show an underlying surplus in 2022 and continued healthy liquidity, include an assessment of the financial risks we face and we have carried out scenario analysis to scope risks and potential responses, including risk of inflationary cost pressures. We have considered the potential long-term effect of COVID, student fee reform following the Post-18 Education and Funding Review, the EU exit impact on student recruitment, and pension cost pressures. Through the last year in particular we have demonstrated our ability to protect income, and adapt our cost base.

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

Members of the University Council 2020/21

Member of Council	Brief pen-portrait	Attendance (6 Business meetings and 3 Away Days)
David Gray	Pro-Chancellor and Chair of Council since 2013; former CEO and Chairman of Eversheds International; consultant to Eversheds Sutherland LLP; former member of the DWF LLP Board	6+3
Professor Simone Buitendijk	Vice-Chancellor from 1 September 2020. Previously Vice-Provost (Education) and Professor of Maternal and Child Health at Imperial College London	6+3
Ed Anderson	Deputy Pro-Chancellor, Chair of National Savings and Investments; Lord Lieutenant of West Yorkshire; Board member, Opera North; former Managing Director of Leeds Bradford International Airport; former Chair of the Airport Operators Association; former Chair of Yorkshire Building Society;	6+3
Liz Barber	Deputy Pro-Chancellor, Chief Executive Officer of Yorkshire Water since September 2019, previously Chief Finance Officer from November 2010. She was part of KCom from 2016 to 2019 and A4S from 2013 to 2019. Liz has also been a non-executive director of Cranswick plc since May 2021 and Chair of the Yorkshire and Humber Climate Commission since March 2021	4+3
Victoria Blake	Student Talent Spotting Officer, Educational Engagement; Immediate Past President, UCU, University of Leeds Branch	4+2
Tom Clark	Chief Information Officer, Lowell Group; previously Chief Information Officer at Leeds Building Society; previously IT Director for HSBC Global IT Operations and Vice President for IT for HSBC Global Software Delivery in Chicago	5+2
Seb Elsworth	Chief Executive of Access – the Foundation for Social Investment	6+2
Helen Grantham	Group Secretary and General Counsel at the Co-op Group; previously held similar roles at Dixons, William Hill, Chubb and Boots; involved with the University Law School Mentoring Programme	6+3
Carolina Hall-Rodriguez	Union Affairs Officer, Leeds University Union	6+3
Peter Jimack	Professor of Scientific Computing in the School of Computing; former Executive Dean of the Faculty of Engineering (2010-19)	1+0 ⁵
Pam Jones	Professor of Biomedical Research, Director of Leeds Institute of Medical Research, Faculty of Medicine and Health	5+2 ⁵
Robert Kelsall	Head, School of Electronic and Electrical Engineering	6+3
Roger Marsh	Chartered Accountant; business recovery specialist; Chair, Leeds City Region Enterprise Partnership and NP11; Rail Review Expert Challenge Panel; member, West Yorkshire Combined Authority; Transport for the North Partnership Board; Chair of Strategic Oversight Board, Northern Powerhouse Investment Fund; Chair, Piece Hall Trust; Council Member, Institute of Directors; former Senior Partner for Yorkshire and The Humber, PricewaterhouseCoopers	5+1
Iain Moffatt	Chartered accountant and a non-executive director of a number of companies. He was formerly a partner with KPMG, a member of its Executive Committee and head of the National Market and Public Sector business, from 2012 until his retirement in 2019	5+3
Yvette Oade	NHSEI Clinical Lead Covid 19 Vaccination Programme North East & Yorkshire; recently retired Chief Medical Officer and Deputy Chief Executive of Leeds Teaching Hospitals NHS Trust; formerly Chief Medical Officer of Hull and East Yorkshire Hospitals NHS Trust; former Deputy Chief Executive, and Consultant Paediatrician in Calderdale and Huddersfield Foundation NHS Trust	6+2
Leyla Okhai	Director, Diverse Minds UK Ltd – providing workplaces with training, coaching and consultancy on mental health, wellbeing and inclusion	5+3
Martin Pelan	Faculty Student Support Officer, Faculty of Medicine and Health; former Student Support Officer in the School of Politics and International Studies	4+3
Janet Sheriff	Head Teacher, Prince Henry's Grammar School Specialist Language College, Otley; CEO, Collaborative Learning Trust	6+2
Tim Smith	Chair of the Trade and Agriculture Commission. Holds a number of non-executive directorships, including at Pret A Manger and at Cranswick plc; Board Member of Farm Africa. Previously chief executive at Arla Foods, the Food Standards Agency and Group Quality Director of Tesco plc	6+2
Mark Taylor-Batty	Senior Lecturer in Theatre Studies, School of English; Committee member, UCU, University of Leeds Branch	5+2
Simon Thompson	Client Assurance and Administration specialist, IT – University of Leeds	3+2 ⁶
Isobel Walter	Education Officer, Leeds University Union	6+3
Edward Ziff	Chair and Chief Executive, Town Centre Securities	4+1 ⁷

Two Officers and Trustees of Leeds University Union (LUU) (Carolina Hall-Rodriguez (Union Affairs Officer) and Isobel Walter (Education Officer)) were members from 1 July 2020 to 30 June 2021. They were replaced, respectively, on 1 July 2021 by Aysa Burton and Megan Hodgkinson.

- Professor Jimack stepped down from membership of the Council in November 2020 following his appointment as interim Deputy Vice-Chancellor: Student Education. Professor Jones was appointed to fill his vacancy that same month.
- Mr Thompson took up his seat on the Council in November 2020.
- Mr Ziff resigned from his membership of the Council in April 2021.

Members of the University Executive Group 2020/21⁸

Professor Simone Buitendijk Vice-Chancellor (Chair)	Professor Julia Bennell Executive Dean, Faculty of Business
Roger Gair University Secretary ⁹	Professor Karen Birch Executive Dean, Faculty of Biological Sciences
Jane Madeley Chief Financial Officer	Professor Nora de Leeuw Executive Dean, Faculty of Engineering and Physical Sciences
Tim Peakman Chief Operating Officer ¹⁰	Professor Andy Dougill Executive Dean, Faculty of Environment ¹¹
Francesca Fowler Director of Human Resource ¹²	Professor Alastair Mullis Interim Executive Dean, Faculty of Social Sciences ¹¹
Martin Holmes Director of Marketing	Professor Paul Stewart Executive Dean, Faculty of Medicine and Health ¹³
Dennis Hopper Interim Chief Operating Officer	Professor Andrew Thorpe Executive Dean, Faculty of Arts, Humanities and Cultures
Professor Hai-Sui Yu Deputy Vice-Chancellor	
Professor Nick Plant Deputy Vice-Chancellor: Research and Innovation	
Professor Tom Ward (to 5 November 2020) Peter Jimack (from 6 November 2020) ¹⁴ Deputy Vice-Chancellor: Student Education	
Professor Neil Morris Deputy Vice-Chancellor: Digital Transformation ¹⁵	

⁸ In March 2021, the membership of the University Executive Group was reconstituted and now consists of the Vice-Chancellor, the Deputy Vice-Chancellors, the Secretary, the Chief Financial Officer, the Chief Operating Officer, and the Executive Deans of Faculties.

⁹ Mr Gair retired as the University Secretary at the end of December 2021; Ms Jennifer Sewel has been appointed to take up the role of University Secretary from January 2022.

¹⁰ Dr Peakman left the University at the end of March 2021; Mr Dennis Hopper was appointed as interim Chief Operating Officer with effect from 1 April 2021 until a permanent replacement is found.

¹¹ Professors Dougill and Mullis stepped down from their roles at the end of December 2021. They were replaced, respectively, by Professors Selina Stead and Paul Johnson, both with effect from 1 January 2022.

¹² Mrs Fowler left the University at the end of January 2021.

¹³ Professor Stewart was appointed as the Vice-Chancellor's Adviser on Health Policy with effect from 11 March 2021; Professor Mark Kearney was appointed as interim Executive Dean of the Faculty of Medicine and Health with effect from that date.

¹⁴ Professor Jimack stepped down from the role at the end of July 2021 following the appointment of Professor Jeff Grabill as Deputy Vice-Chancellor: Student Education with effect from 1 August 2021.

¹⁵ Professor Morris left the University at the end of October 2021.

Statement of Primary Responsibilities of the Council

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

Corporate strategy

Having regard to the interests of stakeholders:

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

Corporate policies

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

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

Operational management and systems

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

- to approve or modify the overall constitutional and organisational structure and shape of the University, including, subject to the approval of the Privy Council, amendments to the Charter and Statutes;
- to ensure that systems are in place for meeting all of the University's legal obligations, including those arising from contracts and other commitments made in the University's name;

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

Monitoring of institutional performance

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

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

Report on the audit of the financial statements

1. Opinion

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

- give a true and fair view of the state of the Group's and University's affairs as at 31 July 2021 and of the Group's and the University's income and expenditure, gains and losses and changes in reserves and cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: Accounting for Further and Higher Education.

We have audited the financial statements which comprise:

- the consolidated and University statement of comprehensive income and expenditure;
- the consolidated and University statement of changes in reserves;
- the consolidated and University balance sheet;
- the consolidated statement of cash flows;
- the statement of accounting policies;
- the related notes 1 to 31; and
- the Supplemental Schedule (note 32), being required by reference to the University of Leeds accepting students under the US Department of Education student financial assistance programs.

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





2. Basis for opinion

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

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

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

3. Summary of our audit approach

Key audit matters	<p>The key audit matter that we identified in the current year was:</p> <ul style="list-style-type: none"> • Covid-19 adjustment to research grant income. <p>Within this report, key audit matters are identified as follows:</p> <ul style="list-style-type: none">  Newly identified  Increased level of risk  Similar level of risk  Decreased level of risk.
Materiality	<p>The materiality that we used for the Group financial statements was £7.54m (2020: £7.94m) which was determined on the basis of 1% of total income (2020: 1% of total income).</p>

Scoping	Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of misstatement at the Group level.
Significant changes in our approach	In the current year, capitalisation of expenditure was no longer considered to be a key audit matter based on our risk assessment and our understanding of this balance. Our assessment reflected that the overall spend on capital projects has reduced, with limited new projects commenced in year due to the impact of Covid-19.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Council's assessment of the Group's and University's ability to continue to adopt the going concern basis of accounting included:

- review and challenge of the forecast prepared by management by considering the historical accuracy of previous forecasts, and by assessing whether their assumptions are reasonable given the continued disruption of Covid-19 on the University's operations, including student numbers and occupancy of halls of residence;
- analysis of the University's financial position, including the size and liquidity of its investment portfolio;
- evaluation of forecast loan covenant compliance and the amount of headroom thereon; and
- assessment of reasonably possible downside scenarios, the potential mitigations which could be utilised should these occur and the impact that these scenarios would have on the University's liquidity.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Council with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

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

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

5.1. Covid-19 adjustment to research grant income

Key audit matter description	<p>The University's research function carries out a significant number of research projects and programmes which are funded by various donors, including research councils and charities. Revenue is recognised in line with performance of these projects and programmes in accordance with the terms of the contract with the donor.</p> <p>Covid-19 has delayed the timetable of some of these projects and programmes, for instance through inability to access University facilities. The revenue recognised in year for these projects and programmes has therefore been reduced to reflect the impact of these delays. We have identified a key audit matter in relation to this Covid-19 revenue adjustment posted to reduce research grant income totalling £20m in relation to the year (2020: £13m). This adjustment has the impact of reducing the research grant income recognised in year in the statement of comprehensive income and expenditure, and increasing by £33m (2020: £13m) the deferred balance held on the statement of financial position. There is a risk that the judgemental adjustment posted through research grant income could be misstated. Due to the high level of judgements involved, we have determined that there is a risk of material misstatement due to fraud or errors.</p> <p>Key judgements include whether the activity in relation to research projects has been delayed or re-phased, if the expenditure in relation to the grant is valid expenditure, and the recognition of the income in respect of research grants.</p> <p>Details of the accounting policies applied are set out on pages 53 and 58. The impact of this adjustment is within the Research grants and contracts income shown in the consolidated and University statement of income and expenditure as £130m.</p>
How the scope of our audit responded to the key audit matter	<p>We obtained an understanding of relevant controls relating to the calculation of this adjustment.</p> <p>We have discussed the methodology used by the University and assessed the reasonableness of this approach in line with the HE SORP and FRS102.</p> <p>We challenged the judgements surrounding the adjustment and reviewed the assumptions used by the University when performing the calculation by reviewing correspondence and expenditure reports.</p> <p>For a sample of research grants that were affected by the adjustment, we have obtained and reviewed copies of the grant certificate and payment plan, and made enquiries of faculty personnel to understand the nature of the research grants. We have also enquired with management regarding whether the grantor had made any amendments to terms and conditions and reviewed any updated grant correspondence.</p> <p>We challenged the judgements surrounding income and expenditure recognition by agreeing a sample of transactions that have been recognised in the statement of comprehensive income and expenditure in the year back to supporting documentation such as third party invoices, grant agreements and bank statements.</p> <p>We also assessed whether that grants marked as re-phased or delayed were included within the original pre-adjustment deferred income balance.</p>
Key observations	<p>Based on the work performed, we are satisfied that the balances recognised in relation to the Covid-19 adjustment to research grant income, are appropriate.</p>

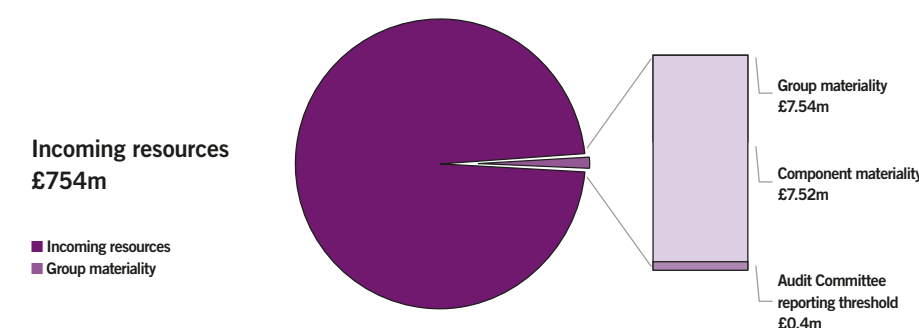
6. Our application of materiality

6.1. Materiality

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

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

	Group financial statements	University financial statements
Materiality	£7.54m (2020: £7.94m)	£7.52m (2020: £7.89m)
Basis for determining materiality	1% of total income (2020: 1% of total income)	
Rationale for the benchmark applied	We continue to use total income as the benchmark for determining materiality as we deem this reflects the underlying performance of the business and is a key metric for users of the financial statements.	



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	University financial statements
Performance materiality	65% (2020: 65%) of Group materiality	65% (2020: 65%) of University materiality
Basis and rationale for determining performance materiality	<p>In determining performance materiality, we considered the following factors:</p> <ul style="list-style-type: none"> a. our risk assessment, including our assessment of the Group's overall control environment; b. the low number of corrected and uncorrected misstatements identified in previous audits; and c. the ongoing impact on working arrangements and Group operations as a result of Covid-19. 	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £375k (2020: £390k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

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

At the Group level, we also tested the consolidation process, including carrying out procedures on the joint venture and associate entities which were not subject to audit. A full scope audit was performed on the University covering 99% of the Group's total income (2020: 99%), and 100% of the Group's total net assets (2020: 100%) by the Group audit team. There have been no significant changes in our scoping compared to prior year.

At the Group level, our work also included the involvement of specialists from pensions, Information Technology and financial instrument specialists.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Council is responsible for the other information contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements. 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.

9. Responsibilities of the Council

As explained more fully in the statement of primary responsibilities of the Council, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

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

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

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

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Higher Education Act, Office for Students Regulatory Advice 9: Accounts Direction and the relevant provisions of the code of financial regulations relating to the supplemental schedule.

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

11.2. Audit response to risks identified

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

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

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

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

Report on other legal and regulatory requirements

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

In our opinion, in all material respects:

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

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

13.1. Matters required under the OfS Accounts Direction

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

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

We have nothing to report in respect of these matters.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the Council in April 2004 to audit the financial statements for the year ending 31 July 2005 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 17 years, covering the years ending 2005 to 2021.

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

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

15. Use of our report

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

Nicola Wright (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Newcastle upon Tyne, United Kingdom

Date:

ANNUAL ACCOUNTS

Consolidated and University Statement of Comprehensive Income and Expenditure

for the year ended 31 July 2021

	Notes	2020/21		2019/20	
		Consolidated £000	University £000	Consolidated £000	University £000
Income					
Tuition fees and education contracts	1	406,517	405,712	432,313	431,479
Funding body grants	2	96,239	96,239	94,226	94,226
Research grants and contracts	3	130,142	130,142	139,887	139,887
Other income	4	112,868	111,258	118,119	114,490
Investment income	5	2,893	2,951	4,860	4,905
Donations and endowments	6	5,434	5,434	4,646	4,646
Total income		754,093	751,736	794,051	789,633
Expenditure					
Staff costs excluding movement in USS deficit funding liability	7	435,662	432,741	436,093	432,453
Movement on USS provision	22	(3,776)	(3,776)	(90,366)	(90,366)
Total staff costs		431,886	428,965	345,727	342,087
Other operating expenses	9	242,812	241,332	265,418	263,486
Depreciation and amortisation	11, 12	61,197	60,673	57,996	57,473
Impairment of tangible assets	12	16,502	16,502	–	–
Interest and other finance costs	8	12,384	12,364	12,786	12,786
Total expenditure	9	764,781	759,836	681,927	675,832
Operating (deficit)/surplus		(10,688)	(8,100)	112,124	113,801
Realised gain/(loss) on disposal of non current assets		3,520	3,520	(2,051)	(2,051)
Unrealised gain on investments		6,942	6,150	855	1,330
Share of operating deficits in jointly controlled entities		(14)	–	(428)	–
Share of operating (deficits)/surpluses in associates		(83)	–	226	–
(Deficit)/surplus before tax		(323)	1,570	110,726	113,080
Taxation	10	8	–	(121)	–
(Deficit)/surplus for the year		(315)	1,570	110,605	113,080
Actuarial gain/(loss) in respect of pension schemes	29	16,571	16,571	(82,686)	(82,686)
Total comprehensive income for the year		16,256	18,141	27,919	30,394
Represented by:					
Endowment comprehensive income/(expense) for the year		8,314	8,314	(179)	(179)
Restricted comprehensive (expense)/income for the year		(4,210)	(4,210)	1,743	1,743
Unrestricted comprehensive income for the year		12,152	14,037	26,355	28,830
		16,256	18,141	27,919	30,394

All items of income and expenditure relate to continuing activities.

Consolidated and University Statement of Changes in Reserves

for the year ended 31 July 2021

	Notes	Income and expenditure account			Total £000
		Endowment £000	Restricted £000	Unrestricted £000	
Consolidated					
Balance at 1 August 2019		82,322	16,243	589,460	688,025
(Deficit)/surplus from the statement of comprehensive income		(179)	1,743	109,041	110,605
Other comprehensive expense	29	–	–	(82,686)	(82,686)
Total comprehensive (expense)/income for the year		(179)	1,743	26,355	27,919
Balance at 31 July 2020		82,143	17,986	615,815	715,944
University					
Surplus/(deficit) from the statement of comprehensive income		8,314	(4,210)	(4,419)	(315)
Other comprehensive income	29	–	–	16,571	16,571
Total comprehensive income/(expense) for the year		8,314	(4,210)	12,152	16,256
Balance at 31 July 2021		90,457	13,776	627,967	732,200

	Notes	Income and expenditure account			Total £000
		Endowment £000	Restricted £000	Unrestricted £000	
University					
Balance at 1 August 2019		82,322	16,207	590,433	688,962
(Deficit)/surplus from the statement of comprehensive income		(179)	1,743	111,515	113,079
Other comprehensive expense	29	–	–	(82,686)	(82,686)
Total comprehensive (expense)/income for the year		(179)	1,743	28,829	30,393
Balance at 31 July 2020		82,143	17,950	619,262	719,355
Surplus/(deficit) from the statement of comprehensive income		8,314	(4,210)	(2,534)	1,570
Other comprehensive income	29	–	–	16,571	16,571
Total comprehensive income/(expense) for the year		8,314	(4,210)	14,037	18,141
Balance at 31 July 2021		90,457	13,740	633,299	737,496

Consolidated and University Balance Sheet

for the year ended 31 July 2021

	Notes	2020/21		2019/20	
		Consolidated £000	University £000	Consolidated £000	University £000
Non-current assets					
Intangible assets	11	2,037	2,037	1,947	1,947
Fixed assets	12	941,827	933,636	955,877	947,562
Heritage assets	13	30,045	30,045	29,832	29,832
Investments	15	89,356	100,901	78,388	91,082
Investments in jointly controlled entities	16	218	–	225	–
Investments in associates	17	546	–	985	–
		1,064,029	1,066,619	1,067,254	1,070,423
Current assets					
Stock		1,053	1,029	780	750
Trade and other receivables	18	91,714	98,895	94,862	99,821
Investments	19	40,445	40,445	70,017	70,017
Cash and cash equivalents		414,919	413,494	305,959	304,265
		548,131	553,863	471,618	474,853
Less: Creditors: amounts falling due within one year	20	(320,406)	(322,393)	(222,329)	(226,015)
Net current assets		227,725	231,470	249,289	248,838
Total assets less current liabilities		1,291,754	1,298,089	1,316,543	1,319,261
Creditors: amounts falling due after more than one year	21	(356,342)	(358,054)	(360,375)	(360,346)
Provisions					
Pension provisions	22	(187,509)	(187,509)	(200,845)	(200,845)
Other provisions	22	(15,703)	(15,030)	(39,379)	(38,714)
Total net assets		732,200	737,496	715,944	719,356

Consolidated and University Balance Sheet

for the year ended 31 July 2021

	Notes	2020/21		2019/20	
		Consolidated £000	University £000	Consolidated £000	University £000
Restricted Reserves					
Income and expenditure reserve – endowment reserve	23	90,457	90,457	82,143	82,143
Income and expenditure reserve – restricted reserve	24	13,776	13,740	17,986	17,950
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		627,967	633,299	615,815	619,262
Total Reserves		732,200	737,496	715,944	719,355

The financial statements were approved by Council on 27 January 2022 and were signed on its behalf by:

Professor Simone Buitendijk
Vice-Chancellor

Date:.....

David Gray
Pro-Chancellor and Chair of Council

Date:.....

Jane Madeley
Chief Financial Officer

Date:.....

Consolidated Statement of Cash Flows

for the year ended 31 July 2021

	Notes	2020/21 £000	2019/20 £000
Cash flow from operating activities			
(Deficit)/surplus before tax		(323)	110,726
Adjustment for non-cash items			
Depreciation	12	60,893	57,084
Amortisation of intangibles	11	304	912
Impairment of tangible assets	12	16,502	–
Donated heritage assets		–	(35)
Gain on investments		(6,942)	(855)
Defined benefit pension adjustment		9,246	7,339
Increase in stock		(273)	(225)
(Increase)/decrease in debtors		(6,219)	2,693
Increase/(decrease) in creditors		97,866	(7,538)
Decrease in pension provisions		(8,173)	(93,988)
(Decrease)/increase in other provisions		(23,683)	19,783
Share of operating deficits in jointly controlled entities		14	428
Share of operating deficits/(surpluses) in associates		83	(226)
Adjustment for investing or financing activities			
Investment income	5	(2,893)	(4,860)
Interest and other finance costs	8	12,384	12,786
Endowment income	6	(19)	(68)
(Profit)/loss on disposal of fixed assets		(3,520)	2,051
Capital grant income		(6,886)	(13,685)
Net cash inflow from operating activities		138,361	92,322
Cash flows from investing activities			
Proceeds from sales of non current assets		282	–
Capital grant receipts		16,578	13,715
Disposal of non-current asset investments		1,855	1,504
Withdrawal of deposits		29,572	44,118
Investment income		3,342	5,121
Payments made to acquire fixed assets		(63,768)	(94,021)
Payments made to acquire intangible assets	11	(394)	(1,559)
Payments made to acquire heritage assets	13	(213)	(65)
New non-current asset investments	15, 17	(2,004)	(2,050)
Net cash outflow from investing activities		(14,750)	(33,237)

Consolidated Statement of Cash Flows

for the year ended 31 July 2021

	Notes	2020/21 £000	2019/20 £000
Cash flows from financing activities			
Interest paid		(9,494)	(8,420)
Interest element of finance lease and service concession payments	8	(1,067)	(1,094)
Endowment cash received	6	19	68
Additions to service concession and new finance leases		576	548
Increase in borrowings		-	68,819
Repayments of amounts borrowed		(2,748)	(4,420)
Capital element of finance lease and service concession payments		(1,897)	(1,738)
Net cash (outflow)/inflow from financing activities		(14,611)	53,763
Tax (paid)/received		(40)	47
Increase in cash and cash equivalents in the year		108,960	112,895
Cash and cash equivalents at beginning of the year		305,959	193,064
Cash and cash equivalents at end of the year		414,919	305,959
Analysis of net funds			
Cash and cash equivalents		414,919	305,959
Investments		40,445	70,017
Unsecured fixed rate public bond		(316,251)	(316,671)
Secured loans		(12,705)	(15,452)
Net funds at 31 July		126,408	43,853

Statement of Accounting Policies

for the year ended 31 July 2021

1. University Information

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

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

2. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition) and in accordance with Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of endowment asset investments, listed fixed asset investments, heritage assets and certain other fixed assets.

These financial statements have also been prepared in accordance with the Office for Students Accounts Direction as published in October 2019.

As per the going concern section of the Corporate Governance report, the University continues to adopt the going concern basis in preparing the Annual Report and Accounts.

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

3. Exemptions under FRS 102

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

4. Basis of consolidation

The consolidated financial statements combine the financial statements of the University and its subsidiary undertakings. The results of subsidiaries acquired or disposed of during the period are included in the Statement of Comprehensive Income and Expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation. The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions. Associated companies and jointly controlled entities are accounted for using the equity method.

5. Income recognition

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

Tuition fee income is stated gross of any expenditure and credited to the Statement of Comprehensive Income and Expenditure over the period in which students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

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

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

Grant funding

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

Statement of Accounting Policies

for the year ended 31 July 2021

Donations and endowments

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

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

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

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

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

Capital grants

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

6. Total return

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

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

7. Accounting for retirement benefits

The principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and, for support staff, there is a choice between the University of Leeds Defined Contribution Plan (DC Plan) and the University of Leeds Pension and Assurance Scheme (PAS). Under auto enrolment regulations the DC Plan is the default scheme for support staff. USS and PAS are defined-benefit schemes which are externally funded and contracted out of the State Second Pension Scheme. The funds are valued every three years by actuaries using the Projected Unit Method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to institutional members due to the mutual nature of the Scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme, as required by Section 28 of FRS102 "Employee benefits". As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the University has entered into a deficit recovery agreement, a liability is recognised for the discounted present value of the contributions payable that arise from the agreement to the extent that they relate to the deficit. For the other defined benefit scheme, PAS, the cost of providing benefits is determined using the Projected Unit Method, with actuarial valuations being carried out at each Balance Sheet date.

Actuarial gains and losses are recognised in full in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The pension deficit recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and the pension asset represents the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refund and reductions in future contributions to the scheme.

Defined benefit plan

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

Defined contribution plan

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

8. Employment benefits

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

9. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

10. Service concession arrangements

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

11. Operating leases

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

12. Foreign currency

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

13. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Residential buildings have been revalued to fair value prior to the date of transition to FRS 102 and the 2019 FE HE SORP, and are measured on the basis of deemed cost, being the revalued amount.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land is not depreciated as it is considered to have an indefinite useful life. Buildings under construction are not depreciated until they are completed.

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

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

Statement of Accounting Policies

for the year ended 31 July 2021

Equipment

In the accounts of the University, individual items or groups of related items costing less than £25,000 are written off in the year of acquisition. All other equipment is capitalised. On a similar basis, the University's subsidiaries apply limits of £1,000 or less, commensurate with their lower asset values.

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

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

Impairment

A review for impairment of property, plant and equipment is carried out if events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable. Where indicators of impairment are identified, the asset is written down to its recoverable amount.

Borrowing costs

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

14. Heritage assets

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

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

The assets are subject to an annual impairment review in accordance with applicable accounting standards.

15. Intangible assets

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

Intangible assets are subject to periodic impairment reviews as appropriate.

16. Investments

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

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

17. Stock

Except for farm livestock, which is valued as biological assets at fair value less selling costs, stock is stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes all direct costs incurred. Net realisable value is based on estimated selling price allowing for all further costs.

18. Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits, either repayable on demand or with a maturity of up to three months from the initial investment.

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

19. Financial assets and liabilities

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

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

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

Financial assets are derecognised when and only when:

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

Investments

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

Loans

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

Public bonds

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

Short-term debtors and creditors

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

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

Fair value measurement

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

20. Provisions

Provisions are recognised in the financial statements when:

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

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

21. Taxation

The University is an exempt charity within the meaning of Chapter 1 Section 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of Section 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

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

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

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

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

Statement of Accounting Policies

for the year ended 31 July 2021

22. Reserves

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

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

23. Significant estimates and judgements

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

Significant estimation uncertainties

Retirement benefits obligations

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

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

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

The USS deficit recovery plan defines the deficit contributions required as a percentage of future salaries until 2028. These deficit contributions will be reassessed with each triennial valuation of the scheme. The provision is sensitive to the salary inflation and the size of University's membership, and these assumptions are established by management with reference to the University's agreed strategic plan. Further detail on these assumptions and the sensitivity can be found in note 22.

The deficit recovery plan agreed after the 2018 actuarial valuation has been used to calculate the provision in these accounts. Since the year end the 2020 valuation and associated deficit recovery plan has been agreed but a member consultation on benefit reform is ongoing. The new recovery plan is likely to have a significant impact on the provision in the next financial year as disclosed in note 31.

Research income

In applying the University's accounting policy for research grant income, an estimate is made as to the progress against performance conditions on individual grants. The estimate takes into account expenditure to date, combined with overall progress against the performance conditions; the latter based on surveys from the Principal Investigators. In the current year, additional income has been deferred as a result of delays during the COVID-19 pandemic. This reduction in income is expected to unwind in the coming years as research activity returns to normal levels.

Judgements

Assets under construction

The University is undergoing a period of significant capital expenditure. A judgement must be made as to when an asset ceases to be classified as under construction and is available for use. Assets under construction are held at cost and depreciation commences once the asset is available for use.

This judgement therefore affects both the classification of the asset in note 12 and the depreciation charge for the year.

Notes to the accounts

for the year ended 31 July 2021

1 Tuition fees and education contracts

	2020/21		2019/20	
	Consolidated £000	University £000	Consolidated £000	University £000
Full-time Home/EU students	210,828	210,828	199,904	199,904
Full-time Students from outside the EU	162,833	162,833	195,567	195,567
Part-time Home/EU students	6,484	6,484	5,841	5,841
Part-time Students from outside the EU	836	836	686	686
Research Training Support Grants	13,823	13,823	13,137	13,137
Short Course Fees	9,866	9,061	14,387	13,553
NHS Teaching Contract	1,847	1,847	2,791	2,791
	406,517	405,712	432,313	431,479

2 Funding body grants

Recurrent grants:

OfS	24,620	24,620	26,287	26,287
UKRI	47,336	47,336	48,881	48,881
OfS Capital	2,677	2,677	1,747	1,747
UKRI Capital	5,714	5,714	5,776	5,776

Specific grants:

Higher Education Innovation Fund	4,687	4,687	4,916	4,916
Widening Participation	782	782	1,634	1,634
Collaborative Outreach	2,906	2,906	2,321	2,321
Global Challenges Research Fund	2,200	2,200	1,393	1,393
Hardship	1,444	1,444	–	–
Other (less than £0.5m each)	3,873	3,873	1,271	1,271
	96,239	96,239	94,226	94,226

3 Research grants and contracts

Research Councils (UK)	62,494	62,494	72,663	72,663
UK Based Charities	21,761	21,761	20,054	20,054
UK Government	19,942	19,942	19,313	19,313
UK Industry	5,204	5,204	5,464	5,464
European Commission	11,671	11,671	12,767	12,767
Other Grants & Contracts	9,070	9,070	9,626	9,626
	130,142	130,142	139,887	139,887

Notes to the accounts

for the year ended 31 July 2021

4 Other income

	2020/21		2019/20	
	Consolidated £000	University £000	Consolidated £000	University £000
Residences, Catering and Conferences	42,425	40,711	45,302	42,212
Health Authorities	12,886	12,886	12,816	12,816
Subscriptions	1,331	1,331	1,902	1,902
Grants	10,487	10,487	10,783	10,783
Other Services Rendered	13,774	13,774	16,102	16,102
National Institute for Health Research (NIHR)	22,461	22,461	19,058	19,058
Other Income	9,504	9,608	12,156	11,617
	112,868	111,258	118,119	114,490

5 Investment income

	2020/21	2019/20
	Consolidated £000	University £000
Income from expendable endowments	168	135
Income from permanent endowments	2,306	2,314
Income from short-term investments	395	2,426
Other investment income/(expense)	24	(15)
	2,893	4,905

6 Donations and endowments

	2020/21	2019/20
	Consolidated £000	University £000
New endowments	19	68
Donations with restrictions	3,533	3,014
Unrestricted donations	1,882	1,564
	5,434	4,646

6a The sources of grant and fee income included in notes 1 to 3 are as follows:

Grant and Fee income

	2020/21	2019/20
	Consolidated £000	University £000
Grant income from the OfS	30,203	28,034
Grant income from other bodies	66,036	66,192
Fee income for research awards (exclusive of VAT)	130,142	139,887
Fee income from non-qualifying courses (exclusive of VAT)	23,689	26,690
Fee income for taught awards (exclusive of VAT)	382,828	404,789
	632,898	665,592

7 Staff costs

	Consolidated	
	2020/21 Number	2019/20 Number
Average staff numbers (full-time equivalents) by major category		
Academic/Teaching	2,314	2,327
Research	1,088	1,104
Management/Professional	1,535	1,483
Support	2,909	2,980
	7,846	7,894

	2020/21		2019/20	
	Consolidated £000	University £000	Consolidated £000	University £000
Staff costs				
Wages and salaries	337,114	334,482	339,993	336,673
Social security costs	31,234	31,040	32,871	32,649
Movement on USS provision due to changes in deficit recovery plan and assumptions	(3,776)	(3,776)	(90,366)	(90,366)
Other pension costs	62,694	62,599	60,087	59,989
Apprenticeship levy	1,515	1,515	1,522	1,522
Severance payments	3,105	3,105	1,620	1,620
	431,886	428,965	345,727	342,087

Severance payments were payable to 194 individuals (2019/20: 172).

	2020/21 £000	2019/20 £000
Emoluments of the Vice-Chancellor Professor Simone Buitendijk From 1st September 2020		
Salary	302	–
Employer contributions to defined benefit scheme	–	–
Benefits in kind	–	–
Total	302	–

	2020/21 £000	2019/20 £000
Emoluments of the Vice-Chancellor Sir Alan Langlands From 1st August 2020 to 31st August 2020		
Salary	33	281
Employer contributions to defined benefit scheme	1	13
Benefits in kind	–	–
Total	34	294

The emoluments of the Vice-Chancellor represent in year earnings.

7 Staff costs (continued)

The Remuneration Committee assessed the remuneration package of the Vice-Chancellor at its meeting in July 2021. The Committee reflected on the Vice-Chancellor's performance since taking up post in September 2020 and considered feedback gathered by the Chair of Council from members of Council, the Vice-Chancellor's direct reports, and some other members of the University community alongside the ambitious University Strategy. The Committee concluded that the Vice-Chancellor was performing at an extremely high level during a period of significant challenge for the HE sector.

Taking into account the external environment, the CUC Higher Education Senior Staff Remuneration Code, and the policy for the remuneration of senior staff at the University of Leeds, the Remuneration Committee agreed that the Vice-Chancellor's current remuneration package remained appropriate. No increase was therefore applied.

The Vice-Chancellor, Professor Simone Buitendijk, and her predecessor Sir Alan Langlands (until August 2020), continued to hold a number of external appointments (see link), but received no income from those positions.

https://www.leeds.ac.uk/secretariat/documents/council_register_of_interests.pdf

The Office for Students requires the University to publish two key ratios to show the relationship of the remuneration of the Vice-Chancellor to that of employees within the institution. These ratios are prepared in accordance with paragraph 12 of the Office for Students (OfS) Accounts Direction issued in October 2019.

Vice Chancellor – Simone Buitendijk (September 2020 – July 2021)

The Vice Chancellor's basic salary (on a full-time equivalent basis) is 11.7 times the median pay of staff (2019/20: n/a), where the median pay is calculated on a full time equivalent basis for the salaries provided by the University to its staff.

The Vice Chancellor's total remuneration (on a full-time equivalent basis) is 10.3 times the median total remuneration of staff (2019/20: n/a), where the median total remuneration is calculated on a full time equivalent basis for the total remuneration of its staff.

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

The Vice Chancellor's basic salary (on a full-time equivalent basis) is 9.2 times the median pay of employees (2019/20: n/a), where the median pay is calculated on a full time equivalent basis for the salaries provided by the University to its employees.

The Vice Chancellor's total remuneration (on a full-time equivalent basis) is 7.8 times the median total remuneration of employees (2019/20: n/a), where the median is calculated on a full time equivalent basis for the total remuneration of its employees.

Vice-Chancellor – Sir Alan Langlands (August 2020)

The Vice Chancellor's basic salary (on a full-time equivalent basis) is 9.9 times the median pay of staff (2019/20: 10.2), where the median pay is calculated on a full time equivalent basis for the salaries provided by the University to its staff.

The Vice Chancellor's total remuneration (on a full-time equivalent basis) is 9.2 times the median total remuneration of staff (2019/20: 9.5), where the median total remuneration is calculated on a full time equivalent basis for the total remuneration of its staff.

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

The Vice Chancellor's basic salary (on a full-time equivalent basis) is 7.8 times the median pay of employees (2019/20: 7.8), where the median pay is calculated on a full time equivalent basis for the salaries provided by the University to its employees.

The Vice Chancellor's total remuneration (on a full-time equivalent basis) is 7 times the median total remuneration of employees (2019/20: 7.1), where the median is calculated on a full time equivalent basis for the total remuneration of its employees.

7 Staff costs (continued)

	Consolidated	
	2020/21 Number	2019/20 Number
Basic salary of other higher paid staff calculated on a full-time equivalent basis		
£100,000 - £104,999	28	22
£105,000 - £109,999	14	51
£110,000 - £114,999	51	15
£115,000 - £119,999	11	12
£120,000 - £124,999	14	14
£125,000 - £129,999	7	8
£130,000 - £134,999	12	10
£135,000 - £139,999	4	4
£140,000 - £144,999	4	3
£145,000 - £149,999	1	2
£150,000 - £154,999	6	3
£155,000 - £159,999	2	3
£160,000 - £164,999	3	3
£170,000 - £174,999	1	2
£175,000 - £179,999	4	3
£180,000 - £184,999	4	2
£185,000 - £189,999	2	–
£195,000 - £199,999	2	1
£205,000 - £209,999	1	1
£210,000 - £214,999	1	1
£215,000 - £219,999	1	1
£300,000 - £305,000	1	–
	174	161

Prepared in accordance with paragraph 12 of the OfS Accounts Direction issued in October 2019. 2020/21 includes Head of Provider, the Vice-Chancellor.

Key management personnel

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

	2020/21 University £000	2019/20 University £000
Key management personnel compensation	3,556	3,455

7a Staff costs – Access and participation

	2020/21		2019/20	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Access Investment	1,942	1,942	2,413	2,413
Financial Support	–	–	–	–
Disability Support (excluding expenditure included in the two categories above)	944	944	960	960
Research and Evaluation	207	207	37	37
	3,093	3,093	3,410	3,410

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

8 Interest and other finance costs

	2020/21	University	2019/20	University
	£'000	£'000	£'000	£'000
Interest payable on bank loans	139	139	520	520
Interest payable on bond	8,957	8,957	7,865	7,865
Pension scheme charges	2,162	2,162	3,307	3,307
Finance lease interest (including service concession finance charge)	1,067	1,052	1,094	1,094
Other interest	59	54	–	–
	12,384	12,364	12,786	12,786

9 Analysis of total expenditure by activity

	2020/21	University	2019/20	University
	£'000	£'000	£'000	£'000
Academic departments	285,085	285,085	299,158	299,158
Research grants and contracts	151,524	151,524	145,753	145,753
Total teaching and research	436,609	436,609	444,911	444,911
Admin and corporate services	148,753	146,647	134,435	132,211
Premises	94,117	94,117	101,815	101,815
Residences, catering and conferences	69,457	66,511	69,689	65,753
Other expenses	19,444	19,551	21,418	21,483
Pensions provisions not allocated to departments	(3,599)	(3,599)	(90,341)	(90,341)
	764,781	759,836	681,927	675,832

9 Analysis of total expenditure by activity (continued)

	2020/21		2019/20	
	Consolidated £000	University £000	Consolidated £000	University £000
Other operating expenses				
Equipment purchases and maintenance	23,204	23,135	19,645	19,573
Estate repairs and maintenance	16,355	15,915	23,966	23,684
Release of estates provisions	(15,300)	(15,300)	–	–
Consumables and laboratory expenditure	18,609	18,586	19,754	19,731
Printed materials, books and periodicals	11,287	11,287	10,659	10,659
Printing, stationery and office expenses	2,929	2,683	4,073	3,857
Travel and subsistence	1,090	1,063	9,407	9,349
Fellowships, scholarships and prizes	53,471	53,471	53,194	53,194
Heat, light, water and power	12,924	12,767	14,700	14,517
Rent, rates and insurance	25,654	26,014	21,617	21,730
Grants to Student Union	4,338	4,338	3,840	3,840
Fees and expenses	80,050	80,540	74,643	75,246
Recruitment, training and welfare	2,510	2,487	3,415	3,382
Auditor's remuneration in respect of audit	175	141	132	106
Auditor's remuneration in respect of audit related services	3	3	9	9
Other expenses	5,513	4,202	6,364	4,609
	242,812	241,332	265,418	263,486

Fees and expenses include contracted internal audit fees of £159k (2019/20: £159k).

In the year ended 31 July 2020, in addition to the amounts disclosed above, fees of £132k were paid to the auditor in respect of other reporting accountant services relating to the new bond issue. The FRC granted a waiver to Deloitte LLP in respect of £120k to £168k for these services to support the University of Leeds in fundraising in response to the impact on its business of the COVID-19 pandemic. These fees are included in the amortised cost of the bond liability and will be amortised over the remaining term.

At 31 July 2021, a £15.3m provision was released as it relates to a building that has now been impaired due to a permanent diminution in value.

Trustees

During the current and prior years, no trustee received or waived any remuneration for serving as a trustee.

No expenses were paid to trustees during the current year (2019/20: £3k to four trustees). This represents travel and subsistence expenses incurred in attending Council meetings, conferences and events in their official capacity as Council members.

9a Other operating expenses - Access and participation

	2020/21	University	2019/20	University
	£'000	£'000	£'000	£'000
Access Investment	1,126	1,126	1,229	1,229
Financial Support	13,552	13,552	12,658	12,658
Disability Support	298	298	245	245
Research and Evaluation	13	13	240	240
	14,989	14,989	14,372	14,372

An additional £3.1m of staff costs are already included in the overall staff costs shown in the financial statements and are disclosed separately in note 7.

The access and participation plan (APP) can be found at https://www.leeds.ac.uk/downloads/download/93/access_and_participation_plan

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

Financial support spend includes undergraduate financial support within the APP. In addition, expenditure on progression re post graduate scholarships in both financial years has been £0.3m.

10 Taxation

	2020/21		2019/20	
	Consolidated £000	University £000	Consolidated £000	University £000
Recognised in the statement of comprehensive income				
Current Tax				
Malaysian Corporation tax on profits for the period	–	–	16	–
Adjustment in respect of previous years	–	–	(1)	–
	–	–	15	–
Deferred Tax				
Origination and reversal of timing differences	(38)	–	167	–
Adjustment in respect of prior period	–	–	(54)	–
Effects of changes in tax rate	30	–	(7)	–
	(8)	–	106	–
Total tax (credit)/charge in the year	(8)	–	121	–

Where profits are generated in the UK based subsidiary entities, these are gifted to the University on agreement by the Board and are therefore not liable to corporation tax. The Group has an unrecognised deferred tax asset of £657k (2019/20: £452k) due to losses in the subsidiary entities.

11 Intangible assets

	2020/21		2019/20	
	Consolidated £000	University £000	Consolidated £000	University £000
Software				
Opening balance	1,947	1,947	1,300	1,300
Additions in the year	394	394	1,559	1,559
Amortisation charge for the year	(304)	(304)	(912)	(912)
Closing balance	2,037	2,037	1,947	1,947

12 Fixed assets

	Freehold land and buildings	Equipment	Assets under construction	Service concession arrangement land and buildings (Note 14)	Heritage assets	Total
	£000	£000	£000	£000	£000	£000
Consolidated						
Cost or valuation						
At 1 August 2020	1,047,994	181,122	183,270	38,923	29,832	1,481,141
Additions	23,294	13,334	26,846	294	213	63,981
Disposals	(1,192)	(3,597)	–	–	–	(4,789)
Transfers	108,027	27	(108,054)	–	–	–
At 31 July 2021	1,178,123	190,886	102,062	39,217	30,045	1,540,333
Depreciation						
At 1 August 2020	364,829	119,552	–	11,051	–	495,432
Charge for the year	44,902	13,939	–	2,052	–	60,893
Impairment charge	10,238	–	6,264	–	–	16,502
Disposals	(1,192)	(3,174)	–	–	–	(4,366)
At 31 July 2021	418,777	130,317	6,264	13,103	–	568,461
Net book value						
At 31 July 2021	759,346	60,569	95,798	26,114	30,045	971,872
At 1 August 2020	683,165	61,570	183,270	27,872	29,832	985,709
University						
Cost or valuation						
At 1 August 2020	1,035,604	176,039	183,270	38,923	29,832	1,463,668
Additions	23,294	12,933	26,846	294	213	63,580
Disposals	(1,192)	(3,593)	–	–	–	(4,785)
Transfers	108,027	27	(108,054)	–	–	–
At 31 July 2021	1,165,733	185,406	102,062	39,217	30,045	1,522,463
Depreciation						
At 1 August 2020	359,534	115,689	–	11,051	–	486,274
Charge for the year	44,677	13,640	–	2,052	–	60,369
Impairment charge	10,238	–	6,264	–	–	16,502
Disposals	(1,192)	(3,171)	–	–	–	(4,363)
At 31 July 2021	413,257	126,158	6,264	13,103	–	558,782
Net book value						
At 31 July 2021	752,476	59,248	95,798	26,114	30,045	963,681
At 1 August 2020	676,070	60,350	183,270	27,872	29,832	977,394

Included in consolidated freehold land and buildings is land valued at £34.2m (2019/20: £34.2m) which is not depreciated. Included in University freehold land and buildings is land valued at £32.9m (2019/20: £32.9m) which is not depreciated.

Included in consolidated equipment are assets held under finance leases with a net book value of £0.3m (2019/20: £Nil). The related depreciation charge for the year was £Nil (2019/20: £Nil).

13 Heritage assets

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

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

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

Special collections

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

Art collections

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

ULITA

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

Preservation and management

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

All the collections are valued for insurance purposes at £33m. In addition, collections are held for other organisations for custodial purposes, notably Ripon Cathedral's heraldry collection, and these are insured separately.

	Consolidated and University				
	Special collections	Art collections	ULITA	2020/21 Total	2019/20 Total
	£000	£000	£000	£000	£000
At 1 August	22,628	6,679	525	29,832	29,732
Additions	–	213	–	213	100
At 31 July	22,628	6,892	525	30,045	29,832

	2021	2020	2019	2018	2017
	£000	£000	£000	£000	£000
Purchases					
Special collections	–	65	–	72	–
Art collections	213	–	159	–	–
Donations					
Special collections	–	–	848	–	35
Art collections	–	35	–	805	755
Total additions	213	100	1,007	877	790

Additions during the year comprises two purchased sculptures.

14 Service concession arrangements

Movement in service concession arrangement assets

The asset value of the service concession included in the Balance Sheet as at 31 July 2021 is £26,114k (2019/20: £27,872k). The reduction of £1,758k is as a result of depreciation £2,052k less additions of £294k.

Movement in service concession arrangement liabilities

The total liabilities relating to the service concession included in the Balance Sheet as at 31 July 2021 were £28,515k (2019/20: £30,071k). The sum of £2,902k was repaid during the year (2019/20: £2,832k).

	Consolidated and University	
	2020/21 £000	2019/20 £000
At 1 August	30,071	31,261
Additions in the year	294	548
Interest charge for the year	1,052	1,094
Repayments made during the year	(2,902)	(2,832)
At 31 July	28,515	30,071

Future commitments

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

	Liability repayments	Finance charge	Total
	£000	£000	£000
Payable in 1 year	1,948	998	2,946
Payable in 2-5 years	6,640	3,391	10,031
Payable in 6+ years	19,927	3,368	23,295
	28,515	7,757	36,272

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

Service commenced on 20 September 2003 and the contract will finish on 19 September 2033. The University has an annual occupancy guarantee amounting to committed occupancy of 80% (100% occupancy has been agreed for 2021/22) recorded within other operating expenses.

15 Non-current investments

	2020/21			2019/20		
	Subsidiary companies £000	Other fixed asset investments £000	Total £000	Subsidiary companies £000	Other fixed asset investments £000	Total £000
Consolidated						
Cost or valuation at 1 August	–	78,388	78,388	–	79,057	79,057
Additions	–	2,154	2,154	–	1,407	1,407
Disposals	–	–	–	–	(1,314)	(1,314)
Fair value gains/(losses) on listed investment recognised in the CSCI	–	8,814	8,814	–	(762)	(762)
Cost or valuation at 31 July	–	89,356	89,356	–	78,388	78,388
University						
Cost or valuation at 1 August	8,044	83,038	91,082	8,044	83,187	91,231
Additions	–	2,004	2,004	–	2,177	2,177
Disposals	–	(206)	(206)	–	(1,314)	(1,314)
Impairment	(793)	–	(793)	–	(250)	(250)
Fair value gains/(losses) on listed investment recognised in the CSCI	–	8,814	8,814	–	(762)	(762)
Cost or valuation at 31 July	7,251	93,650	100,901	8,044	83,038	91,082

Included in the University's balance sheet are investments in associates and joint ventures amounting to £4,294k (2019/20: £4,650k).

Listed investments

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

In addition to the above investments the University also has a mixed portfolio of listed investments of £85.3m (2019/20: £75.3m), which is managed to support the endowment funds.

15 Non-current investments (continued)

Subsidiary companies

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

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

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

16 Investments in jointly controlled entities

The University holds shares of jointly controlled entities as follows:

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

Jointly controlled entities' financial summary – University share

	2020/21 £000	2019/20 £000
Income and Expenditure Account		
Income	91	106
Deficit before tax	(9)	–
Balance Sheet		
Non-current assets	195	203
Current assets	73	112
Total Assets	268	315
Creditors: amounts falling due within one year	(50)	(90)
Total Creditors	(50)	(90)
Share of net assets	218	225

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

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17 Investments in associates

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

Name of company	Percentage voting rights	Nature of business
Acuity Robotics Ltd	50.0%	Software developer for the robotics industry
Cell Lane Ltd	36.7%	Mammalian cell separation
Celltron Network Ltd	30.0%	Ultrafast communications in optical networks
Creavo Medical Technologies Ltd	22.3%	Medical magnetometry
Dietary Assessment Ltd	32.0%	Data processing, hosting and related activities
Edgetic Ltd	29.3%	Artificial intelligence software for management of data centre infrastructures
Keracol Ltd	49.8%	Functional, natural, sustainable cosmetics
Optimus Vitrum	47.9%	Engineering company
Petriva Ltd	49.9%	Software to analyse and visualise petrophysical data for the oil and gas industry
Redbrick Molecular Ltd	50.0%	Provision of chemical building blocks and fragments
SatSense Ltd	32.1%	Provision of near real time satellite data to provide ground deformation information
Slingshot Simulations Ltd	45.7%	Provision of scalable simulation solutions for businesses
Mimetrik Solutions Ltd	42.3%	Robotics, data analytics and asset inspections
Ultracell Networks Ltd	50.0%	Data processing, hosting and related activities
Cavero Quantum Ltd	49.9%	Information technology consultancy activities
4-XTRA Technologies Ltd	50.0%	Research and experimental development in natural sciences and engineering

Movement in share of net assets in the year	Consolidated	
	2020/21 £000	2019/20 £000
Balance at 1 August	985	714
Additional investment in associates	–	205
Investment in new associates	150	550
Dilution of shareholdings	(416)	–
Dissolution of companies	–	(361)
Share of loss in year	(173)	(123)
Balance at 31 July	546	985

18 Trade and other receivables

	2020/21		2019/20	
	Consolidated £000	University £000	Consolidated £000	University £000
Amounts falling due within one year				
Research grant receivables	29,445	29,445	19,393	19,393
Other trade receivables	34,226	33,954	29,985	29,816
Prepayments and accrued income	28,043	27,590	45,484	44,899
Amounts due from subsidiary companies	–	7,906	–	5,713
	91,714	98,895	94,862	99,821

Amounts owed by subsidiary undertakings include trading balances which are non-interest bearing, unsecured and repayable on demand, a concessionary loan repayable in 20 years and a further loan receivable with a market interest rate of 2.0% and repayable over a period of 6 years. Included within the University's amounts owed by subsidiary undertakings is £5.0m which is due after more than one year (2020: £4.0m).

19 Current investments

	2020/21 £000	2019/20 £000
Short term deposits	40,445	70,017

At 31 July 2021 the weighted average interest rate of these fixed rate deposits was 0.2% per annum and the remaining weighted average period for which the interest rate was fixed on these deposits was 151 days. The fair value of these deposits was not materially different to the book value.

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

20 Creditors: amounts falling due within one year

	2020/21 £000	2019/20 £000
Secured loans	1,965	2,747
Unsecured fixed rate public bond	1,570	1,025
Service concession arrangements (note 14)	1,948	1,850
Trade payables	46,997	26,255
Social security and other taxation payable	12,583	16,993
Amounts owed to subsidiary undertakings	–	–
Corporation tax	8	22
Deferred tax liability	87	121
Accruals and deferred income	255,189	173,316
Obligations under finance leases (note 26)	59	–
	320,406	222,329

Deferred income

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

	2020/21 £000	2019/20 £000
Research grants received on account	121,912	91,513
Grant income and donations	20,992	18,404
	142,904	109,917

21 Creditors: amounts falling due after more than one year

	2020/21		2019/20	
	Consolidated £000	University £000	Consolidated £000	University £000
Amounts owed to subsidiary undertakings	–	1,917	–	–
Accruals and deferred income	4,178	4,149	3,803	3,773
Obligations under finance leases (note 26)	176	–	–	–
Service concession liabilities due after one year (note 14)	26,567	26,567	28,221	28,221
Secured loans	10,740	10,740	12,705	12,706
Unsecured fixed rate public bond	314,681	314,681	315,646	315,646
	356,342	358,054	360,375	360,346

Analysis of secured and unsecured loans:

Due between one and two years	2,260	2,260	2,260	2,260
Due between two and five years	4,730	4,730	5,695	5,695
Due in five years or more	318,431	318,431	320,396	320,396
Due after more than one year	325,421	325,421	328,351	328,351
Due within one year or on demand (Note 20)	3,535	3,535	3,772	3,772
Total secured and unsecured loans	328,956	328,956	332,123	332,123

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

The University has utilised the bond to fund the capital investment programme since inception with £Nil being spent in 2020/21 (2019/20: £44.9m). All funds from the initial bond issue of £250m are now utilised.

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

Bank loans at commercial rates are repayable by instalments falling due between 1 August 2021 and 10 February 2030 and are secured by a negative pledge over the University's assets.

Included in the above are the following:

Lender	Amount (£000)	Term	Interest rate (%)	Borrower
Barclays	3,618	25 years to 2025	0.3	University of Leeds
Barclays	8,750	20 years to 2030	1.0	University of Leeds
	12,368			

22 Provisions for liabilities

	Consolidated				
	Obligation to fund deficit on USS Pension £000	Defined Benefit Obligations (Note 29) £000	Total Pensions Provisions £000	Other Provisions £000	Total £000
At 1 August 2019	200,672	831	201,503	19,169	220,672
Utilised in year	(3,622)	–	(3,622)	(2,177)	(5,799)
Released owing to changes in the recovery plan	(90,366)	–	(90,366)	–	(90,366)
Actuarial loss	–	82,686	82,686	–	82,686
Additions	3,211	7,433	10,644	22,387	33,031
At 1 August 2020	109,895	90,950	200,845	39,379	240,224
Utilised in year	(4,397)	–	(4,397)	(4,798)	(9,195)
Released owing to changes in the recovery plan	(3,776)	–	(3,776)	–	(3,776)
Actuarial gain	–	(16,571)	(16,571)	–	(16,571)
Released as not utilised	–	–	–	(21,784)	(21,784)
Additions	824	10,584	11,408	2,906	14,314
At 31 July 2021	102,546	84,963	187,509	15,703	203,212

	University				
	Obligation to fund deficit on USS Pension £000	Defined Benefit Obligations (Note 29) £000	Total Pensions Provisions £000	Other Provisions £000	Total £000
At 1 August 2019	200,672	831	201,503	18,930	220,433
Utilised in year	(3,622)	–	(3,622)	(2,177)	(5,799)
Released owing to changes in the recovery plan	(90,366)	–	(90,366)	–	(90,366)
Actuarial loss	–	82,686	82,686	–	82,686
Additions	3,211	7,433	10,644	21,961	32,605
At 1 August 2020	109,895	90,950	200,845	38,714	239,559
Utilised in year	(4,397)	–	(4,397)	(4,798)	(9,195)
Released owing to changes in the recovery plan	(3,776)	–	(3,776)	–	(3,776)
Actuarial gain	–	(16,571)	(16,571)	–	(16,571)
Released as not utilised	–	–	–	(21,784)	(21,784)
Additions	824	10,584	11,408	2,898	14,306
At 31 July 2021	102,546	84,963	187,509	15,030	202,539

Other provisions comprise restructuring and early retirement costs. The provisions are expected to be utilised over 5-10 years.

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22 Provisions for liabilities (continued)

USS deficit

The provision in respect of the obligation to fund the deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to make deficit payments in accordance with the deficit recovery plan. In calculating this deficit recovery provision, management has estimated future staff levels, salaries and pay inflation within the USS for the duration of the contractual obligation.

A new deficit recovery plan was put in place as part of the 2018 actuarial 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 2021 deficit recovery provision reflects this plan. The provision been produced using the following key assumptions:

	2020/21	2019/20
Discount rate	0.88%	0.75%
Pensionable salary growth over duration	3.10%	2.80%
Headcount growth duration	0.80%	0.80%

The deficit recovery provision has decreased from £109.9m to £102.6m. £3.8m of this decrease is attributable to the changes in the assumptions used to calculate the provision.

Details on the 2018 actuarial valuation are set out in note 29. Since the year-end, the USS 2020 valuation has been agreed with an effective date of 1 October 2021. Details on the 2020 actuarial valuation are included in note 31.

Sensitivity analysis

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the deficit recovery provision. The sensitivities of the principal assumptions used to calculate the provision are set out below:

Change in assumptions at 31 July 2021	Approximate increase to provision
0.5% pa decrease in discount rate	£2.1m
0.5% pa increase in salary inflation over duration	£2.0m
0.5% pa increase in salary inflation year 1 only	£0.5m
0.5% increase in staff changes over duration	£2.0m
0.5% increase in staff changes year 1 only	£0.5m

23 Endowment reserves

Permanent endowments

	Consolidated and University						
	Unrestricted			Restricted			Total
	Capital	Unapplied return	Total	Capital	Unapplied return	Total	
£000	£000	£000	£000	£000	£000	£000	
Capital	19,061	–	19,061	41,957	–	41,957	61,018
Unapplied return	–	5,410	5,410	–	10,848	10,848	16,258
Balance as at 31 July 2020	19,061	5,410	24,471	41,957	10,848	52,805	77,276
Reclassify as expendable	(1,126)	–	(1,126)	–	–	–	(1,126)
Investment income	–	738	738	–	1,568	1,568	2,306
Indexation	479	–	479	442	–	442	921
Market value gains	–	1,987	1,987	–	4,578	4,578	6,565
Released to unrestricted reserves	–	(700)	(700)	–	(1,386)	(1,386)	(2,086)
Balance as at 31 July 2021	18,414	7,435	25,849	42,399	15,608	58,007	83,856
Represented by:							
Capital	18,414	–	18,414	42,399	–	42,399	60,813
Unapplied return	–	7,435	7,435	–	15,608	15,608	23,043
	18,414	7,435	25,849	42,399	15,608	58,007	83,856

23 Endowment reserves (continued)

Restricted expendable endowments

	£000
Balance as at 31 July 2020	4,867
New endowments	19
Reclassify from permanent unrestricted	1,126
Investment income	168
Expenditure	(282)
Market value gains	703
Balance as at 31 July 2021	6,601

Endowment analysis by purpose:

	Consolidated and University				
	Restricted permanent	Unrestricted permanent	Restricted expendable	2020/21 Total	2019/20 Total
	£000	£000	£000	£000	£000
Chairs	10,184	–	31	10,215	9,245
Lectureships	4,207	–	1,277	5,484	4,935
Fellowships	9,835	204	3,115	13,154	11,934
Scholarships	18,384	2,169	554	21,107	19,302
Prizes	6,542	474	88	7,104	6,382
Specific funds	15	–	890	905	959
General funds	8,840	23,002	646	32,488	29,386
	58,007	25,849	6,601	90,457	82,143
Analysis by asset:					
Non current investments				85,320	75,277
Cash and cash equivalents				5,137	6,866
				90,457	82,143

24 Restricted reserves

	2020/21		2019/20	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Balances at 1 August	17,986	17,950	16,243	16,207
New restricted grants and donations	6,887	6,887	3,915	3,915
Expenditure	(11,097)	(11,097)	(2,172)	(2,172)
Balances at 31 July	13,776	13,740	17,986	17,950

25 Capital commitments

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

	2020/21	2019/20
Commitments contracted for	24,967	61,238

Capital commitments at 31 July 2021 principally comprise contracted work in respect of the Sir William Henry Bragg building (£8m), Bodington sports development (£8m) and expansion of the Business School (£3m).

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26 Lease obligations

Total rentals payable under operating leases:

	Consolidated and University			
	Buildings £000	Equipment £000	2020/21	2019/20
			Total £000	Total £000
Expenditure during the year	20,866	476	21,342	18,162
Future minimum lease payments due:				
Not later than 1 year	19,497	212	19,709	17,723
Later than 1 year and not later than 5 years	16,151	40	16,191	24,991
Later than 5 years	4,869	–	4,869	7,801
Total lease payments due	40,517	252	40,769	50,515

Amounts due under finance leases:

	Consolidated		
	Equipment £'000	2020/21	2019/20
		Total £'000	Total £'000
Future minimum lease payments due:			
Not later than 1 year	82	82	–
Later than 1 year and not later than 5 years	200	200	–
Total lease payments due	282	282	–
Less: finance charges allocated to future periods	(47)	(47)	–
	235	235	–

27 Connected charitable institutions

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

	2020/21 £000	2019/20 £000
Bright Beginnings Childcare Centre Leeds:		
Member's funds at 1 August	558	686
Income	1,230	1,355
Expenditure	(1,341)	(1,483)
Member's funds at 31 July	447	558

28 Financial instruments

	2020/21		2019/20	
	Consolidated £000	University £000	Consolidated £000	University £000
Financial assets				
Financial assets at fair value through Statement of Comprehensive Income and Expenditure				
Listed investments	86,806	86,806	76,806	76,806
Financial assets that are equity instruments measured at cost less impairment				
Other investments	2,550	6,844	1,582	6,232
Financial assets that are debt instruments measured at amortised cost				
Cash and cash equivalents	414,919	413,494	305,959	304,265
Other investments	40,445	40,445	70,017	70,017
Other debtors	77,860	85,041	66,370	71,914
	533,224	538,980	442,346	446,196
Financial liabilities				
Financial liabilities measured at amortised cost				
Secured and unsecured loans	328,956	328,956	331,123	332,123
Service concessions	28,515	28,515	30,071	30,071
Trade creditors	49,944	49,361	26,255	25,626
Other creditors	122,155	124,642	79,856	83,992
	529,570	531,474	468,305	471,812

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

29 Pension schemes

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

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

The University also contributes to the Teachers' Pension Scheme (TPS) which has 10 members, and the National Health Service (NHS) Pension Scheme which has 171 members, both multi-employer schemes.

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

	2020/21 £000	2019/20 £000
USS	41,995	41,637
PAS	17,310	15,666
DC Plan	1,670	1,573
Other pension schemes	1,718	1,211
Total pension cost	62,693	60,087

29 Pension schemes (continued)

The Universities Superannuation Scheme

The University participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff and Professional Staff of all pre-1992 UK Universities and some other employers. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The 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 Statement of Comprehensive Income and Expenditure represents the 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) with related expenses being recognised through the Consolidated Statement of Comprehensive Income and Expenditure.

As a result, the amount charged to the Statement of Comprehensive Income and Expenditure represents the contributions payable to the scheme in respect of the accounting period, except for payments under the agreed deficit recovery plan. The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees. In 2021 the percentage was 21.1% (2020: 19.5% up to 30 September 2019 and 21.1% thereafter). A provision is held for the estimated present value of the amounts expected to be payable under the agreed deficit recovery plan (see note 22).

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

Deficit recovery contributions due within one year for the University are £13.1m (2020: £4.6m).

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

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

Since the year-end, the USS 2020 valuation has been agreed with an effective date of 1 October 2021. Details on the 2020 actuarial valuation are included in note 31.

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

	2021	2020
Discount rate	2.59%	2.59%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	4.20%	4.20%

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:

	2021	2020
Mortality base table	<p>Pre-retirement: 71% of AMCOO (duration 0) for males and 112% of AFCOO (duration 0) for females.</p> <p>Post retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.</p>	<p>Pre-retirement: 71% of AMCOO (duration 0) for males and 112% of AFCOO (duration 0) for females.</p> <p>Post retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.</p>
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.	CMI_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.

29 Pension schemes (continued)

The current life expectancies on retirement at age 65 are:

	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

University of Leeds Pension and Assurance Scheme (PAS)

PAS is a defined benefit scheme for support and technical staff within the University. Triennial valuations are carried out by professionally qualified independent actuaries. The last valuation took place as at 31 March 2020. The results of the PAS valuation showed a funding level of 87% and a deficit of £66.2m.

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

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

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

Assumptions

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

	At 31 July 2021 %p.a.	At 31 July 2020 %p.a.
Price Inflation (RPI)	3.10	2.85
Price Inflation (CPI)	2.65	2.15
Rate of increase in salaries	3.65	3.15
Rate of increase of pensions in payment	2.65	2.15
Discount rate	1.60	1.40
Mortality assumption (pre and post retirement)	<p>111% S3PMA_All (males) 103% S3PFA_M (females) CMI 2020 with a long term rate of 1.5% pa and 7.5 smoothing parameter for both males and females</p>	S2PA rated by +1 year CMI 2019 with a long term rate of 1.5% pa for both males and females

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

	2021	2020
Male Pensioner	26.2	25.5
Male Non-pensioner (currently aged 45 in 2021)	28.1	27.4
Female Pensioner	28.7	27.7
Female Non-pensioner (currently aged 45 in 2021)	30.6	29.6

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29 Pension schemes (continued)

Scheme assets

The assets in the scheme were:

	Fair value as at	
	31 July 2021 £000	31 July 2020 £000
Equities	417,784	340,360
Property	149,560	32,114
Bonds and cash	34,018	142,398
Total	601,362	514,872

Analysis of the amount shown in the balance sheet for PAS

Scheme assets	601,362	514,872
Scheme liabilities	(686,325)	(605,822)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 22)	(84,963)	(90,950)
Current service cost	19,828	17,808
Past service cost	–	–
Non-investment expenses	605	657
Total operating charge	20,433	18,465

Analysis of the amount charged to interest payable to other finance income

Net interest	1,338	94
Net charge to other finance income	1,338	94
Total charge before deduction for tax	21,771	18,559

Analysis of other comprehensive income

Actuarial loss on defined benefit obligation	(64,511)	(63,899)
Actuarial gain/(loss) on assets	81,082	(18,787)
Amount recognised in other comprehensive income	16,571	(82,686)

Analysis of movement in deficit

Deficit at beginning of year	(90,950)	(831)
Contributions or benefits paid by the University	11,187	11,126
Current service cost	(19,828)	(17,808)
Non-investment expenses	(605)	(657)
Net interest charge	(1,338)	(94)
Gain/(loss) recognised in other comprehensive income	16,571	(82,686)
Deficit at end of year	(84,963)	(90,950)

Analysis of movement in the present value of liabilities

Present value of liabilities at the start of the year	605,822	526,259
Current service cost (net of member contributions)	19,828	17,808
Actual member contributions	241	254
Interest cost	8,534	11,099
Actuarial loss	64,511	63,899
Actual benefit payments	(12,611)	(13,497)
Present value of liabilities at the end of the year	686,325	605,822

29 Pension schemes (continued)

	Fair value as at	
	31 July 2021 £000	31 July 2020 £000
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	514,872	525,428
Interest income on assets	7,196	11,005
Non-investment expenses	(605)	(657)
Actuarial gain/(loss) on assets	81,082	(18,787)
Actual contributions paid by University	11,187	11,126
Actual member contributions	241	254
Actual benefit payments	(12,611)	(13,497)
Fair value of scheme assets at the end of the year	601,362	514,872

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

Actual return on Scheme assets

Interest income on assets	7,196	11,005
Asset gain/(loss)	81,082	(18,787)
	88,278	(7,782)

University of Leeds Defined Contribution Pension Plan (DC Plan)

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

The DC Plan had 1,205 contributing members at 31 July 2021 (2020: 1,264). The default contribution rate is 3% member and 6% employer. Some members pay a higher contribution rate and this is matched by the University, up to a maximum 10% employer contribution.

30 Related parties

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

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

Related Party	Income		Expenditure		Balance due to the University		Balance payable by the University	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Academy of Medical Sciences ¹³	-	-	16	-	-	-	-	-
Association of MBAs ¹¹	-	-	-	5	-	-	-	-
British Heart Foundation ^{13, 21}	4,119	3,129	-	-	1,061	1,635	-	-
Clothworkers Company ⁷	-	20	-	-	-	-	-	-
Co-Op Group ¹⁵	-	-	7	-	-	-	1	-
Diabetes UK ²¹	227	-	-	-	107	-	-	-
DWF LLP ²	25	-	19	-	-	-	7	-
Eversheds Sutherlands LLP ²	-	-	147	80	-	-	5	1
Glass Futures Ltd ¹⁶	58	-	-	-	5	-	-	-
Kcom Plc ⁵	-	-	-	73	-	-	-	5
Kelda Group Limited ⁵	-	29	-	-	-	-	-	-
KPMG ³	1	15	599	553	-	-	-	167
Leeds Community Healthcare NHS Trust ¹²	117	14	46	5	4	9	7	-
Leeds International Pianoforte Competition ^{1,4}	2	2	300	65	-	-	-	-
Leeds Teaching Hospitals NHS Trust ^{6,13}	16,606	16,038	5,850	6,872	1,672	3,033	312	486
Leeds Trinity University ⁴	36	70	39	89	15	10	6	4
Leeds University Union ¹⁴	698	1,145	686	841	13	14	81	4
Lowell Group ¹⁷	15	-	-	-	-	-	-	-
Medical Research Council ^{13, 21}	-	77	103	5	-	-	-	-
Medical Schools Council ¹³	-	1	14	27	-	-	-	-
N8 Ltd ¹	-	2	60	60	-	-	-	-
NCUK ⁹	-	-	397	685	-	-	-	-
Northern Health Science Alliance ¹³	-	-	18	18	-	-	-	-
Nottingham Trent University ¹⁸	15	-	78	-	(1)	-	-	-
Novartis ¹³	120	-	-	-	-	-	-	-
Opera North ⁴	6	-	96	102	-	1	-	-
Rosalind Franklin Institute ¹⁹	43	-	-	-	-	-	-	-
Russell Group of Universities ¹	-	-	80	80	-	-	-	-
Southern Universities Management Services ¹⁰	-	-	45	42	-	-	6	-
Taylor & Francis ¹⁸	4	-	5	-	-	-	-	-
UCU ^{8,20}	63	39	-	-	-	11	-	-
UKCRC ¹³	166	-	-	-	48	-	-	-
UKRI ¹²	115,544	121,545	4	4	31	-	-	4
Universities UK ^{1,13}	-	-	77	154	-	-	-	76
Worldwide Universities Network ¹	47	70	43	-	39	38	-	-
Yorkshire Cancer Research ⁶	3,246	3,786	29	-	563	702	-	-
Yorkshire Universities ¹	2	3	33	32	-	-	-	-
Yorkshire Water ⁵	108	151	295	408	14	1	-	-

30 Related parties (continued)

- ¹ Simone Buitendijk, Vice Chancellor (from 1 September 2020), was a board member of the following organisations which had transactions with the University of Leeds during the year: Yorkshire Universities, N8 Ltd, Worldwide Universities Network, Russell Group of Universities, Universities UK. She is also a trustee of Leeds International Pianoforte Competition. In the prior year, these positions were held by the previous Vice Chancellor, Sir Alan Langlands.
- ² David Gray, Pro-Chancellor and Chair of Council, is a Consultant for Eversheds Sutherlands LLP and DWF LLP.
- ³ Iain Moffatt, member of Council, received remuneration from KPMG and held Directorships on a number of their related companies.
- ⁴ Ed Anderson, member of Council and Chair of the Audit and Risk Committee, is a former Chair of Governors (and currently Pro-Chancellor) at Leeds Trinity University. He is also a director of Opera North and was a trustee of Leeds International Pianoforte Competition until January 2021.
- ⁵ Liz Barber, member of Council, held directorships and received remuneration from Kelda Group Limited and Yorkshire Water; and Kcom plc (2019/20 only).
- ⁶ Yvette Oade, member of Council, is a trustee of Yorkshire Cancer Research and was previously the Chief Medical Officer at Leeds Teaching Hospitals NHS Trust.
- ⁷ Michael Howell, member of Council (until July 2020), was a member of Court for the Clothworkers Company in the previous financial year.
- ⁸ Dr Mark Taylor-Batty, member of Council, is a committee member of UCU.
- ⁹ Martin Holmes (retired from UEG March 21), Marketing Director, holds a directorship of NCUK Ltd.
- ¹⁰ Dennis Hopper, interim Chief Operating Officer, is a director of Southern Universities Management Services.
- ¹¹ Peter Moizer, previously Executive Dean of the Faculty of Business (retired from the UEG in December 2019), was a Trustee for the Association of MBAs in the prior financial year.
- ¹² Jane Madeley, Chief Financial Officer, is an independent member of the Audit Risk and Performance Committee of UKRI. She is also a non-executive director and Chair of the Audit Committee for Leeds Community Healthcare NHS Trust (until March 21).
- ¹³ Paul Stewart, previously Executive Dean of the Faculty of Medicine and Health (retired from UEG 10 March 2021), is a non-executive director of the Leeds Teaching Hospitals NHS Trust, Chair of the Chairs & Programme Grants Committee of the British Heart Foundation, a member of Council and the Executive for the Medical Schools Council, a Director of the Northern Health Science Alliance and a member of the Medical Research Council, UKCRC, Novartis, Academy of Medical Sciences and Universities UK.
- ¹⁴ Two Members of Council are officers of Leeds University Union (LUU): Isobel Walter served until 30 June 2021 before being succeeded by Megan Hodgkinson. Carolina Hall-Rodriguez served until 30 June 2021 before being succeeded by Aysha Burton.
- ¹⁵ Helen Grantham, member of Council, receives remuneration as Group Secretary and General Counsel from Co-operative Legal Services Ltd part of the Co-op Group.
- ¹⁶ Professor Peter Jimack, DVC - Student Education and a member of the UEG from November 2020 is a director of Glass Futures Ltd.
- ¹⁷ Tom Clark a member of Council was the Chief Architect and Chief Information Officer for the Lowell Group.
- ¹⁸ Professor Nick Plant, DVC Research and Innovation, is an Associate Editor at Taylor & Francis and also received income from Nottingham Trent University where he provided consultancy.
- ¹⁹ Prof Nora De Leeuw, Executive Dean of the Faculty of Engineering and Physical Sciences, is a board member of the Rosalind Franklin Institute.
- ²⁰ Vicky Blake, member of Council, is President of UCU.
- ²¹ Prof Mark Kearney, interim Executive Dean, Faculty of Medicine & Health, is on the research committee of Diabetes UK, fellowship committees of the British Heart Foundation and is a member of the Medical Research Council, Experimental Medicine Panel.

31 Event after the balance sheet date

Since the year-end, the USS 2020 valuation has been agreed with an effective date of 1 October 2021. The scheme's deficit has increased significantly from £3.6bn to £14.1bn despite reflecting a new and significant covenant support package from employers. A member consultation on proposed benefit reform commenced in November 2021. The schedule of contributions agreed as part of the valuation will significantly increase the USS provision recognised in line with FRS 102.

Under the agreed schedule of contributions, there are two scenarios:

- Leg 1 applies if the Joint Negotiating Committee's (JNC) recommended deed on benefit changes is executed by 28 February 2022. This scenario results in total employer contributions of 21.4% from October 2021, which include a small increase in deficit recovery contribution rate to 6.3% from the 2018 valuation level of 6%. However, the new deficit recovery period extends to March 2038 compared to March 2028 in the 2018 valuation. If this leg applies it would result in an increase in liability of £208.7m giving a total provision of £311.3m at 31 July 2022.
- Leg 2 applies if the JNC's recommended deed on benefit changes is not executed by 28 February 2022. Without benefit reform the total employer contribution rate will increase every 6 months from April 2022 reaching 38.2% in October 2025 including a deficit recovery contribution rate of 20%. The deficit recovery plan extends to July 2032 in this scenario. If this leg applies it would result in an increase in liability of £381.5m giving a total provision of £484.0m at 31 July 2022.

The calculations above are based on a model using assumptions which are consistent with the provision for the year ended 31 July 2021, as disclosed in note 22.

32 Financial Responsibility Supplemental Schedule for the U.S. Department of Education

This schedule has been compiled from the Section 2 Example Financial Statements included in the Federal Register/Vol. 84, No. 184 / Monday, September 23, 2019 / Rules and Regulations. The numbers presented in the tables below are taken from the consolidated financial statements and therefore have been prepared in accordance with UK GAAP and presented in £ Sterling.

Description - Supplemental Schedule	Description – UK GAAP accounts	Notes	2020/21 £'000	2019/20 £'000
Primary Reserve Ratio				
Expendable Net Assets				
Net Assets Without Donor Restrictions	Income and expenditure reserve - unrestricted *	Balance sheet	627,967	615,815
Net Assets Without Donor Restrictions	Endowment reserves - unrestricted permanent endowments *	Note 23	25,849	24,471
Net Assets With Donor Restrictions	Endowment reserves - restricted expendable endowments **	Note 23	6,601	4,867
Net Assets With Donor Restrictions	Endowment reserves - restricted permanent endowments **	Note 23	58,007	52,805
Net Assets With Donor Restrictions	Income and expenditure reserve - restricted reserve **	Balance sheet	13,776	17,986
Pre-implementation Property, Plant and Equipment	Fixed assets consolidated net book value at 1 August 2019 less depreciation and disposals, excluding service concessions	Note 12	(651,872)	(721,374)
Post-implementation Property, Plant and Equipment with outstanding debt	Additions purchased with debt since 1 August 2019, excluding service concessions	Note 21	(44,926)	(44,926)
Construction in progress	Assets under construction	Note 12	(95,798)	(183,270)
Post-implementation Property, Plant and Equipment with no outstanding debt	Freehold land and buildings and equipment additions and transfers since 1 August 2019, excluding service concessions	Note 12	(153,162)	(8,267)
Lease right-of-use assets - pre-implementation	Service concession arrangements at 1 August 2019 less subsequent depreciation and disposals	Note 12	(25,272)	(27,324)
Lease right-of-use assets - post-implementation	Service concession arrangements - additions since 1 August 2019	Note 12	(842)	(548)
Intangible Assets	Software	Note 11	(2,037)	(1,947)
Post-employment and pension liability	Pension provisions	Note 22	187,509	200,845
Note payable for long-term purposes - pre-implementation	Borrowings used to purchase fixed assets at 1 August 2019	Note 21	205,074	205,074
Note payable for long-term purposes - post-implementation	Borrowings used to purchase fixed assets since 1 August 2019	Note 21	44,926	44,926
Lease right-of-use liability - pre-implementation	Service concession liabilities at 1 August 2019; less movements since 1 August 2019	Note 12	27,673	26,776
Lease right-of-use liability - post-implementation	Service concession liabilities movement since 1 August 2019	Note 12	842	548
Annuities	Endowment reserves - restricted expendable endowments	Note 23	(6,601)	(4,867)
Restricted in perpetuity	Endowment reserves - restricted permanent endowments	Note 23	(58,007)	(52,805)
Total Expendable Net Assets			159,707	148,785
Expenses and Losses without Donor Restrictions				
Total Operating Expenses and Other Deductions	Total expenditure	CSCI	764,781	681,927
Total Operating Expenses and Other Deductions	Restricted expendable endowments - expenditure	Note 23	(282)	(163)

32 Financial Responsibility Supplemental Schedule for the U.S. Department of Education (continued)

Description - Supplemental Schedule	Description – UK GAAP accounts	Notes	2020/21 £'000	2019/20 £'000
Total Operating Expenses and Other Deductions	Restricted reserves - expenditure	Note 24	(11,097)	(2,172)
Pension related changes other than net periodic costs	Obligation to fund deficit on USS pension: released in year as not utilised	Note 22	3,776	90,366
Other gains/(losses)	Share of operating deficits in jointly controlled entities	CSCI	14	428
Other gains/(losses)	Share of operating (deficits)/surpluses in associates	CSCI	83	(226)
Net assets restricted	Restricted expendable endowments - reclassified from permanent unrestricted	Note 23	1,126	-
Other gains/(losses)	Taxation charge	CSCI	-	121
Total Expenses and Losses without Donor Restrictions			758,401	770,281
Equity Ratio				
Modified Net Assets				
Net Assets Without Donor Restrictions	Items in expendable net assets above marked *		653,816	615,815
Net Assets With Donor Restrictions	Items in expendable net assets above marked **		78,384	100,129
Intangible Assets	Software	Note 11	(2,037)	(1,947)
Total Modified Net Assets			730,163	713,997
Modified Assets				
Total Assets	Non-current assets	Balance sheet	1,064,029	1,067,254
Total Assets	Current assets	Balance sheet	548,131	471,618
Lease right-of-use asset pre-implementation	Service concession arrangement at 1 August 2019 less subsequent depreciation and disposals	Note 12	(25,272)	(27,324)
Lease right-of-use liability pre-implementation	Service concession at 1 August 2019; less subsequent movements	Note 12	27,673	26,776
Intangible Assets	Software	Note 11	(2,037)	(1,947)
Total Modified Assets			1,612,524	1,536,377
Net Income Ratio				
Changes in Net Assets without Donor Restrictions	Unrestricted comprehensive income for the year	CSCI	12,152	26,355
Changes in Net Assets without Donor Restrictions	Movement in unrestricted permanent endowments	Note 23	1,378	122
Changes in Net Assets without Donor Restrictions			13,530	26,477
Revenues and Gains without Donor Restrictions				
Total Revenue	Total Income	CSCI	754,093	794,051
Revenue with donor restrictions	New restricted grants and donations	Note 24	(6,887)	(3,915)
Revenue with donor restrictions	Restricted endowment investment income	Note 23	(1,736)	(1,682)
Sale of fixed assets, gains/(losses)	Realised gain/(loss) on disposal of non-current assets	CSCI	3,520	(2,051)
Other gains/(losses)	Taxation credit	CSCI	8	-
Net assets released from restriction	Released to unrestricted reserves from permanent endowments (restricted)	Note 23	1,386	1,351
Total Revenue and Gains without Donor Restrictions			750,384	787,754



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