

# Financial Statements

2019-20



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# Chair's Introduction

The impact of COVID-19 has made this a truly exceptional year with significant impact and disruption to the University. Nonetheless, there have also been some highlights: the University recorded its highest number of students since its foundation, an outstanding record of research applications and income, and a doubling of the number of staff eligible for submission to the next Research Excellence Framework (REF 2021). Despite the very significant negative

impact that COVID-19 has had on the University and the experience of staff and students, I am delighted that the fundamental performance of the University remains very strong. Our focus on our Bounce Back Strategy over the next three years is a clear indication that we are taking short-term actions with a very firm focus on our long-term strategic goals, set out in our Strategic Plan 2019-2025 and we have every reason to be confident about our future.



## Response to COVID-19

I commend the University executive who took very early and decisive action to safeguard the health and wellbeing of our staff and students. We were one of the first universities to end in-person, face-to-face teaching in March 2020, with the majority of staff switching to working from home. The success of placing most of our academic delivery and other operations onto online platforms is a testimony to hard work by all staff and particularly that of colleagues supporting our use of technology to deliver new ways of working and learning. New forms of assessment were developed with extraordinary speed to enable students to complete their academic year of study successfully. I want to offer the thanks of Council to our staff – who clearly demonstrated the power of the 'Essex Spirit' in action.

Recognising that, in the circumstances, many students would prefer to study from home after the spring vacation, we were also one of the first universities to release students from their residential accommodation licenses

for a further term. This, and the closure of most of the catering outlets and Wivenhoe House Hotel, reduced income for the year by £12 million. The University introduced a comprehensive range of cost control measures and, combined with the full use of furloughing staff, we were able to achieve an underlying accounting surplus (after excluding USS staff provision movements) for the year of £4.9 million, representing an improvement on the break-even budget prepared for 2020-21.

As a result of the measures taken and through deferring all major capital projects, cash balances stand at £64 million at year end. This, together with an undrawn revolving credit facility for £20 million (and a new facility for £30 million), provides the University with £85 million (potentially £115 million) of liquidity. We go into the new academic year well-positioned to respond with agility to the unpredictable course of the pandemic in delivering our mission and keeping our students and staff safe. The University's finances were strong prior to the pandemic and due to our Bounce Back Strategy, will be strong again when the impact of the pandemic has passed. However, we are likely to need all of the £85 million liquidity to weather the challenges over the next three years.

Essex is ranked 21st amongst the most international universities in the world (THE World Rankings 2020). We are also one of the most European universities in the UK with 13.8% of our students in 2019-20 being from EU 27 countries. This is cause for celebration, but it also creates challenges in relation to the UK's withdrawal from the EU and travel restrictions caused by the pandemic. In recognition of our student intake profile, the University Council set a budget for 2020-21 based on a reduction in student intake and decreased rates of progression that might result from travel restrictions and/or economic downturn. All major capital projects were deferred, non-pay operating budgets reduced, enhanced authorisation protocols for filling staff vacancies and a package of staff cost savings, short of redundancies, agreed

with the campus trade unions. Our financial strategy is based on remaining viable through a three-year recovery period concluding in July 2023 when:

- 1 the 2020 intake, potentially reduced in number by the impact of the pandemic, will graduate;
- 2 there is an opportunity to grow again as the number of 18-year-olds in the UK, and in this region in particular, increases significantly; and
- 3 the doubling of our numbers of research active staff from REF 2014 to REF 2021 is reflected for the first time in our recurrent research grants.

We are forecasting that Academic Year 2023-24 will see a return to growth in student numbers, recovery in cash balances and re-commencement of major capital projects.

### **Bounce Back Strategy**

Our Bounce Back Strategy has been a key part of our approach, allowing us to make a firm commitment to commence academic programmes in October 2020. Developing our capacity to offer dual delivery of the curriculum throughout the whole of Academic Year 2020-21 has enabled us to maximise our ability to recruit UK, EU and international students, and to ensure that they were supported to start their courses on time. We recognise that circumstances might have meant that students were not able to be on campus for the start of term. The flexibility for students to access learning off-campus and to join us when travel restrictions were lifted will also help us to manage any further outbreaks of COVID-19 in a manner that safeguards student learning. This is also the best way for us to safeguard the health and well-being of staff and students. Dual delivery enables us to manage the numbers of students on campus at particular times, to allow students to self-isolate if they need to but also to continue learning, and to manage social-distancing in the classroom, studio or laboratory.

Many of the actions we are now taking were foreshadowed in our Education Strategy approved in 2019-20, prioritising the University offering a transformational education in new and more accessible ways. Our ambition is to remodel our offer, increasing accessibility to activities and services; building in flexibility to enable our students to access support and shape their experience around their lives; and promoting greater multi campus access and integration for students wherever they are studying. We have expanded the University's offer by introducing postgraduate taught courses that are run from January to December, starting in 2021 and continuing in future years. We have enabled a number of undergraduate courses to offer a condensed first year in the spring and summer terms of 2021, with progression into year two alongside other second year students. We have flexed the ways in which our curriculum is delivered, scheduling instances of practical or performance based learning to points in the academic year when they can be delivered most safely.

### **Research Excellence Framework (REF) 2021**

Creating a critical mass of researchers is fundamental to the research reputation of the University and the ambition set out in our Strategic Plan 2019–25. I am delighted to note that we increased the numbers of Academic staff eligible for submission to the REF 2021 to 702 from 339 submitted to REF 2014. This puts us well on track to meet the aspiration we have set ourselves of being the home to 1,000 researchers by 2025. The unprecedented growth in our academic staff base also underpins our objective to achieve student to staff ratios of 14.5:1, enabling staff to devote more time to supporting students and improving the staff and student experience. Preparations are well advanced for our REF 2021 submission and we are looking forward with optimism to the outcome in 2022.

### **League Tables and National Student Survey**

Unfortunately, we must acknowledge that we fell in each of the three domestic university league tables, including a fall from 37th to 40th in the Times and Sunday Times Good University Guide; the table against which we benchmark our performance. While we were consistently ranked in the top 15 of multi faculty universities for overall student satisfaction for many years, our results for 2020 were disappointing with many students expressing concerns around the impact of strike action. There are lessons being learned in this regard and we also have action plans in hand and will be benefitting from reporting on a suite of lead indicators that will provide actionable insights to improve outcomes.

Nonetheless, there were bright spots in the data, the University's Edge Hotel School ranked first in its field for overall student satisfaction and Essex was in the top 20% for student satisfaction in drama and economics in the Times Good University Guide. Essex rose seven places on the graduate prospect metrics using the new graduate outcomes data and had five subjects where we are in the top 20% including ranking first for social work and nursing.

### **Endowment Asset Investments**

Despite turbulence in financial markets, our endowment asset investments stand at £10.2m at year end, in comparison with £9.6m for the previous year. Our statement of investment principles precludes investment in companies with more than 10% of their output in the production of armaments or tobacco or fossil fuel extraction. These principles have served us well with consistent investment performance year on year.

### **Other Achievements**

Having been awarded the accolade of Times Higher Education University of the Year in 2018, in 2019 the outstanding vision and impact of our research was recognised through the Times Higher Education Awards International Collaboration of the Year Award. Leading work with other universities and

Amnesty International, the University has spearheaded new approaches to investigating human rights violations in armed conflict.

Our business and community engagement income has reached record levels at £28.8 million pounds, reflecting our commitment to making a substantial contribution to the communities in which our campuses are located. Our partnership with Essex County Council and other public bodies in the county continues to flourish, with Dr Alex Quiros Florez from the University also acting as Chief Scientific Adviser for Essex, helping researchers and policymakers work together to improve public services across the county. In a similar collaborative spirit, the University now has an extensive portfolio of 35 Knowledge Transfer Partnerships with businesses, ranking us third in the UK for the number of this type of research into action projects funded by Innovate UK and engaging 80 Essex academics.

Despite delays to research activity resulting from COVID-19, research grant application numbers were 49% up in 2019-20 compared with the previous year and this volume of activity looks set to continue in 2020-21 as we have already seen an increase in application submissions of 60% compared to the same time in the previous year. Income from industry has seen year-on-year growth in every year that the data has been reported in this way.

The first full year of the University's ground breaking learner analytics programme has proved a considerable success; tracking student engagement, ensuring that appropriate support is available and contributing to a significant increase in student progression during the academic year. By refining our approach to reflect online as well as on-campus engagement by our students, we have been able to take advantage of our investment in this important supportive technology in the new context in which we have been operating over the last six months.

Whilst much of our focus and attention has had to be on the immediate challenges of the pandemic, we have remained determined to take forward actions that speak to our values

and demonstrate the positive impact that universities can have in society more broadly. As the world confronts a climate emergency, we have continued to invest in reducing the carbon impact of our activities, self-generating around 2.5% of our electricity from renewable sources. By the end of the year, we expect this to have doubled to more than 5% as a result of installing 2,500 more PV panels on our campuses. Alongside self-generation, the electricity we do purchase is 100% certified from renewable sources. In addition, our energy efficiency measures, encompassing major refurbishment projects, for example in our residential towers and energy efficiency investments in our plant and equipment have continued to result in the University's carbon impact falling as our student and staff numbers have been growing. However, we know we can and must do more to play our part in advancing our sustainability.

The University is in the final stages of seeking to achieve University of Sanctuary status. The aim of this national initiative is to develop a network to inspire and support universities to develop a welcoming culture and environment for vulnerable groups, especially for refugees seeking sanctuary from war and persecution. The University had previously committed to supporting Colchester as a Borough of Sanctuary, which was part of a national 'City of Sanctuary' project. Our students submitted a petition to urge the University to seek University of Sanctuary accreditation. By seeking University of Sanctuary accreditation (which involves committing to and implementing a range of decisive actions), the University reaffirms its core values and commitment to inclusivity, diversity, equality and treating people with dignity and respect.

Against the backdrop of the global protests in response to the murder of George Floyd, the University launched a project to do more in terms of taking action to tackle racism. Discussions in our staff forums and networks; engagement with staff and students in our academic departments; and the powerful personal testimony of students, our alumni community and Black officers from our Students' Union reinforced the importance

of this as an issue on which we must take decisive action. The Vice-Chancellor established a Tackling Racism Working Group to gather the views expressed by our community through an initial listening phase and to plan and ensure delivery of the actions arising. The Group has reported to the University Executive, Senate and Council on the views expressed by our community and recommended a range of actions, some to be taken immediately and others to be taken in the short, medium and long-term. These include taking action in relation to: decolonising the curriculum; rectifying underrepresentation of Black, Asian and minority ethnic staff and support for Black, Asian and minority ethnic staff and students; eliminating racial harassment and racist incidents; and understanding, calling out and dealing with racism and racial discrimination.

Council and Senate have expressed strong commitment and support for seeing these actions taken forward.

### **Governance Effectiveness Review**

The University follows the Committee of University Chairs (CUC) Higher Education Code of Governance (the Code) (December 2014, revised June 2018) and maintains a strong commitment to high governance standards. The Code sets an expectation that higher education governing bodies will conduct a full and comprehensive review of their effectiveness at least every four years. Accordingly, a full review was undertaken in academic year 2019-20 by Aaron Porter and Kim Ansell of Advance HE who reported a very high level of effective governance practice at Essex and an ethos of continuous improvement. Partly given the changing nature of higher education policy and regulation, but also in the spirit of continuous and ongoing improvement, Advance HE made 26 recommendations to enhance governance practice at Essex. I am pleased to note substantial progress in implementing these recommendations.

### **Admissions**

Noting that we reached a demographic low point for the number of 18-year-olds in the UK and air travel has been problematic, it is pleasing that our undergraduate intake reached similar levels to the record intake achieved in 2019. Unsurprisingly for one-year programmes at such a difficult time, postgraduate taught intake was slightly lower (3.7%) than the record achieved in 2019. Nonetheless, this year's intake was larger than the number leaving after graduation in the summer so our overall student population continued to grow. Further, we look forward to welcoming more students who will start studying with us in January; a new option introduced for this academic year.

### **Prospects for the future**

Having ensured that the University is well placed to cope with the impact of the pandemic, I am excited to see all the initiatives that have been catalysed for the long-term benefit of our students and staff through the delivery of our mission. The learning we have drawn from our experiences over the last six months will enable us to respond with purpose to changes in demand for higher education; to changing patterns of engagement within the workplace, impacting both on our staff and our students as they look forward to their careers after graduation; and the needs of society more generally. So much has changed in just a few months but the spirit with which colleagues at the University have risen to the challenges we have all faced has remained unquestionably Essex. On behalf of Council, I want to thank the Vice-Chancellor and the University's Executive team for their leadership throughout the year and particularly during the pandemic. They have been willing to take quick and decisive action always placing the health and wellbeing of staff and students at the centre of their thinking while framing short-term decisions in the context of our long-term strategic goals. I also want to recognise the hard work of colleagues that allows us to approach the remaining period of our Strategic Plan period with confidence and optimism.

**Jane Hamilton**

**30 November 2020**



# Highlights from 2019-20

**2,562**  
staff

**17,769**  
students\*

**7,732**  
new students

In 2019-20 we welcomed **7,732** new students to our three campuses.

**TOP 25**

We are ranked in the **top 25** for research quality in The Times and The Sunday Times Good University Guide 2020.

We are one of a select group of 11 'dual-intensive' universities who feature in the **top 25%** of performance in both the Teaching Excellence Framework (2017) and the Research Excellence Framework (2014).

**21<sup>st</sup>**

We are a beacon of internationalism, ranked **21<sup>st</sup>** for international outlook in the Times Higher Education World University Rankings 2020.



Young Universities  
for the **Future of Europe**

During 2019-20 we have further strengthened our role in the **YUFE Alliance**.

**2.6<sup>m</sup>**

In 2019-20 our academics' articles in The Conversation were read more than **2.6 million** times globally.

**20**

In September 2019 we were announced as one of 20 new **University Enterprise Zones**.

**Regius Professorship**

We hold the **Regius Professorship** for Political Science, conferred by Her Majesty The Queen in 2013.

**TOP 2**

Our portfolio of Knowledge Transfer Partnerships is worth more than **£8 million** and we are currently ranked **top 2** in the UK for the number of KTPs.

This year, our students achieved **31,000** hours of volunteering for local causes and more than 5,000 took part in our Big Essex Award scheme.

**31,000**

*\*Figure provided is a headcount as opposed to our other published figures which represent full-time equivalent (FTE). This headcount figure includes registered students only, includes the three main campuses (Colchester, Southend, and Loughton), including those marked as apprenticeship locations, includes the faculties of Humanities, Science and Health, Social Sciences, and non-faculty-based activity (incoming Study Abroad), includes all courses, except for occasional study.*

# Strategic Report

## Objectives and strategy

The University of Essex's mission is to deliver excellence in education and research, for the benefit of individuals and communities and our strategy is set out in the University Strategic 2019-2025 plan ([www.essex.ac.uk/about/university-strategy](http://www.essex.ac.uk/about/university-strategy)). Supporting this is our financial strategy which is focussed on ensuring sustainability and growth through the generation of sufficient cash to maintain and improve our high-quality infrastructure in support of our mission.

As noted in the Chair's Introduction, the University's financial response to COVID-19 was prompt and effective. Transaction controls introduced in early April 2020 were successful in overcoming a reduction in income from campus services of £12 million as a result of partial closure of our campuses. Before pension adjustments, the University recorded an accounting surplus of £4.3 million and conserved £63 million in cash balances.

## Financial performance during 2019-20

Despite the significant impact of COVID-19, in Academic Year 2019-20 the University returned a sound financial outcome. The waiving of third term accommodation rent for students in University owned or managed accommodation, resulted in a loss of income of £8 million against budget. In total there were reductions in income generated by Campus Services and commercial activities of the University of £13 million. These were offset by the enhanced cost monitoring controls that were rapidly put in place by the Vice-Chancellor to support the financial sustainability of the University. These measures realised in-year savings of £14 million. As a result of this, the University delivered an accounting surplus of £37 million and cash surplus of £14 million. Excluding staff costs associated with the USS pension provision of £34 million the underlying accounting surplus is £4.9 million.

Strong year-on-year growth of 6% in student numbers was achieved, with the highest growth within Home/EU undergraduate students, driving the record level of income from student fees of £147 million (an increase of 9% from 2018-19). The values below exclude those students who study via national or international partnership arrangements.

	2018-19 FTE	2019-20 FTE	Year-on-Year Growth
Home/EU	11,212	11,988	7%
Overseas	2,812	2,937	4%
Undergraduate	11,418	12,348	8%
Postgraduate	2,606	2,577	-1%
<b>Total</b>	<b>14,024</b>	<b>14,926</b>	<b>6%</b>

Despite the disruption and delays to research contracts arising from COVID-19, research contract income and indirect costs recovered

levels only suffered minimal reductions, in the context of the record levels achieved in 2018-19.

	2018-19 £000	2019-20 £000	Year-on-Year Movement
<b>Research contract income</b>	30,901	29,790	-1,111%
<b>Research contract indirect costs recovered</b>	7,497	6,899	-8%

A focus of the University's staffing strategy is to increase the number of staff with an education and research component to their contract: to increase the research power of the University; to further strengthen the research led education that we offer at Essex; and to improve student staff ratios. The University has been successful in putting this strategy into action, making significant investments in academic staff and the University will submit just over 700 staff to REF 2021 compared with 339 FTE submitted to REF 2014.

### Capital investment

2019-20 is the first year of the new five-year University Strategic Plan and the Capital Investment Plan (CIP) supports this through delivering excellence in education and excellence in research and to fund the development of facilities to support the University's future growth aspirations. Capital Investment in the year amounted to £20.7 million (£23.6 million in 2018-19).

Major Projects included:

- Bertrand Russell Tower – completion of a full refurbishment of student accommodation tower at £8.2 million.
- Eddington Tower – the second tower to be refurbished at £8.6 million, due to be completed in 2021.
- The Causeway Teaching Centre – a new £5.3 million teaching centre completed in October 2020.
- A number of IT related projects to support and enhance student learning.

### Debt, liabilities and liquidity

Cash continues to be managed prudently, with deposits in the University's clearing bank (Lloyds Bank) and in a range of AAA-rated money market funds. Cash, cash equivalents and short term investments decreased from £75 million to £64 million over the year, reflecting the level of capital investment being undertaken. The University Council has set a minimum of 60 days liquidity, and we achieved 162 days of general expenditure (excluding depreciation) at 31st July 2020, compared with 2018-19's figure of 132 days.

Total long-term debt outstanding at 31 July 2020 was £146.9 million (2019 £148.8 million). The University was fully compliant with its banking covenants and is on track to remain so in the foreseeable future.

### Future outlook and prospects

At the heart of our 2019-25 Strategic Plan is our continued commitment to delivering excellence in education and research, with the ambition to grow the University to become a community of 20,000 students and 1,000 researchers by 2025.

The financial challenges presented by COVID-19 are significant. We recognise that COVID-19 will continue to cause disruption through the whole of academic year 2020-21. We have therefore put in place plans to maximise the opportunities for as many students as possible to access our programmes during this period. We will offer degree courses based around blended learning, with our aim to teach in person on our campuses if possible, but off-campus and on-line if necessary. Supported by

actions to provide a COVID-safe environment, this includes University Rapid COVID-19 IgG/IgM anti-body testing and a phased return of our students to our campuses. This has allowed us to start the academic year on 6 October and to deliver learning outcomes throughout the year, in what is a very uncertain and unpredictable context. Notwithstanding the disruption and the impact on student recruitment for academic year 20-21, we remain optimistic about our growth plans for this Strategic Plan period and whilst there are challenges, there are also existing investments that are delivering sustained growth, notably University of Essex On-line and new partnership opportunities for the University to continue to grow student numbers to 20,000 by 2025.

The University was operating on a sound financial basis prior to the pandemic, delivering significant cash surpluses in excess of 5% over a sustained period of 6 years (2014-15 to 2019-20 inclusive). Supported by the decisive action taken by the University Executive with the full support of Council, the development of an Education and Research Bounce Back Action Plans approved by Senate, and the work of the Business Continuity Group which focused the actions required in order to ensure the continuing operation of the University under its various levels of protection, its return to campus plans and compliance with government and regulatory obligations. There is every reason to be confident this will be the case throughout this Strategic Plan period. Core to the approach set out by the University Council, is to maintain education and research productive capacity during a three-year bounce-back recovery period. Strong growth is forecast to return in AY 2023-24, owing to an increase in the number of UK 18 to 21 year olds, increased funding for research following a doubling of the numbers of research active staff being submitted by the University to the Research Excellence Framework (REF), and a UK government commitment to increasing spending on research from 1.7% to 2.4% of GDP by 2027.

## **Risk**

### **Policy and approach**

The University of Essex maintains a risk management framework which forms part of the University's internal control and corporate governance arrangements. The framework explains the University's underlying approach to risk management and documents the roles and responsibilities of the University Council, the University Steering Group (USG) and other key parties. It also outlines key aspects of the risk management process and identifies the main reporting procedures. In addition, it describes the process the University Council follows to evaluate the effectiveness of the institution's internal control procedures.

The following principles underlie the University's approach to risk management and internal control:

- Council has responsibility for overseeing risk management within the institution as a whole;
- The Vice-Chancellor and University Steering Group (the University's Executive) advises the Council and implements the policies it approves;
- The Audit and Risk Management Committee (ARMC) provides Council with independent assurance about the effectiveness of the University's risk management arrangements;
- External Audit has an overview of the policy making comments and recommendations of practical benefit;
- Internal Audit provides ARMC and Council with independent assurance about the effectiveness of the University's risk management arrangements;
- The institution makes prudent recognition and disclosure of the financial and non-financial implications of risks;

- Heads of Departments and Heads of Section are responsible for developing awareness of risks within their units, and for identifying risks inherent in new developments;
- Key risk indicators are identified and monitored regularly.

Since March 2020, routine reporting and our oversight of risk management and internal control has been supplemented by fortnightly meetings with the Vice-Chancellor, the Chair of Council, the Chair of Audit and Risk Management, the Deputy Vice-Chancellor and Registrar and Secretary, and additional meetings and reports to Council when necessary.

### **Risk appetite**

The University recognises that risk appetite varies according to the activity undertaken and has developed a matrix determining the level of willingness to accept risks in pursuit of its strategic plan objectives. The approach is to minimise exposure to risks in the areas that relate to Health and Safety, Regulatory Compliance and the University's duty of care to staff and students, whilst accepting and encouraging the active management of risk in order to pursue strategic priorities as defined in the University Strategy 2019-25. The matrix maps the University's risk appetite against key strategic aims and compares the potential impact if things were to go wrong against the benefits if opportunities are realised; progress in realising those benefits is measured using a set of Key Performance Indicators, providing a measurable value that demonstrates how effectively the University is achieving key business objectives.

### **Risk ownership and management**

The Registrar and Secretary, as the Risk Management Process Owner, is responsible to the Vice-Chancellor and USG for ensuring the operational effectiveness of the University's risk management procedures. The Risk Management Group (RMG) chaired by the Registrar and Secretary provides guidelines on the assessment of

risk in planning and decision-making and monitors compliance. For 2020-21, chairing of RMG and process ownership passes to the Director of Finance, Planning and Data Insight. The Registrar and Secretary ensured that the Strategic Risk Register (SRR) was properly maintained, that the relevant preventive and recovery measures were implemented, and that a sufficiently comprehensive set of risk management/ disaster recovery plans was maintained.

For control of operational level areas, Faculties, Departments and Professional Services sections, maintain local Operational Risk Registers that identify risks and relevant mitigating actions. Operational risk register reviews are conducted at least once a year by local risk management groups and material changes (the addition of new risks, the removal of risks and significant changes to risk ratings) are reported to RMG on a cyclical basis. This provides a clear route for risk identification and escalation. Risk owners are also required to report on the potential impact of risks on the Strategic Risk Register as well as any associated resource, legal, regulatory or equality implications which require consideration by the University. Operational risk register updates enable RMG to understand local issues and to check consistency in scoring across broad risk themes; these, along with the strategic insight of RMG members and their knowledge of changes in the internal and external environment, allows RMG to assess the Strategic Risk Register critically on a termly basis.

Major movements in the risk environment and the University's risk profile are then drawn to the attention of the USG and ARMC by way of termly reports. This allows members of the executive team and external committee members to bring to bear their different perspectives, knowledge and experiences when scrutinising and contributing to the development of the Strategic Risk Register, ensuring that key areas of risk are not overlooked.

USG provides information to the Council and to ARMC on a regular basis, and will report on major risks and associated ameliorative measures. The Council, which is responsible for reviewing the effectiveness of the internal control and risk management framework of the institution, will, on the basis of the information provided by the annual report of the Audit and Risk Management Committee, by the annual report provided by Internal Audit and by any other information provided by University Steering Group, form a view of the effectiveness of the risk management framework. It provides guidance to USG on ways in which procedures may need to be improved. The Risk Management Policy is reviewed annually by the Risk Management Group, ensuring that the policy is updated periodically to ensure that it remains fit-for-purpose and in line with best practice.

### **Key risks**

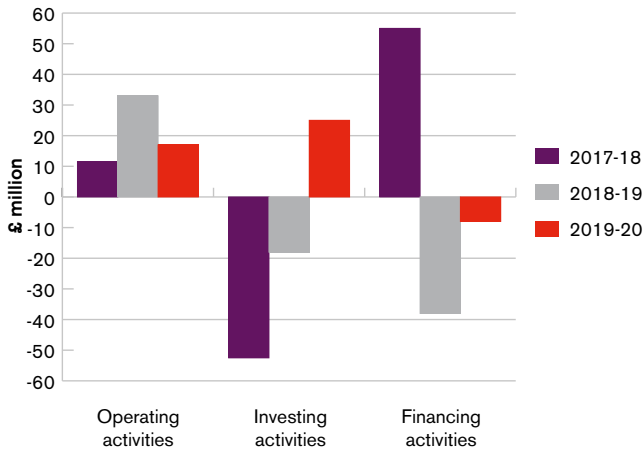
The University has an established Strategic Risk Register (SRR) which details those risks which pose the greatest challenge to the University meeting its strategic objectives in the current planning period. The COVID-19 pandemic significantly increased the likelihood of these risks crystallising and the University responded with a number of mitigating actions including: Immediate redirection of activity to develop new products, innovative educational delivery mechanisms, and revised start dates; continuation of assessments during the summer term; representation on the UUK COVID-19 community group; a full review and extension of recruitment and conversion activity; daily monitoring of advice from Public Health England, the Foreign and Commonwealth Office, and the World Health Organisation; remote delivery of key student support services; pulse surveys to gauge staff perceptions of the current and future environment; the creation of a University budget ensuring the University remains a 'Going Concern'; continued investment and prioritisation in essential infrastructure, long term maintenance, statutory compliance and health and safety; development of critical incident functions that were used to develop and implement at speed an agile business continuity plan for the University, with three levels of protection built in.

## Key Performance Indicators

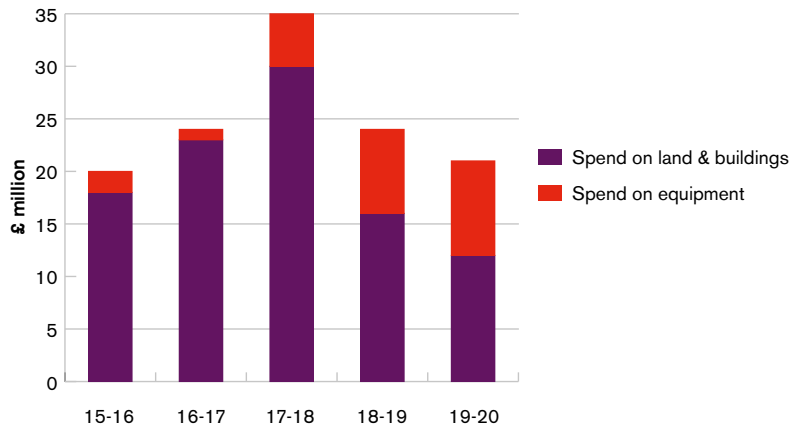
	2021	2020		2019	
	Target	Performance		Performance	
	Rank	Rank	Value	Rank	Value
<b>1 – TGUG Rank</b>	25th	40th	610	37th	630
<b>2 – THE-WUR Rank</b>	250th	301st	300-351	287th	47.7
<b>3 – TEF</b>	Gold	Gold	Gold	Gold	Gold
<b>4 – Student Satisfaction</b>	25th	77th	78.5%	61st	79.8%
<b>5 – Graduate Outcomes</b>	25th	65th	73.6%	72nd	74.2%
<b>6 – Student Outcomes (E&amp;D) a. Progressions (Stage 1 to 2)</b>	-	-	11	-	53
<b>6 – Student Outcomes (E&amp;D) b. Good Degrees</b>	-	-	17	-	45
<b>6 – Student Outcomes (E&amp;D) c. Graduate Outcomes</b>	-	-	32	-	-
<b>7 – Research Degree a. Completion</b>	-	-	74%	-	80%
<b>7 – Research Degree b. Awards</b>	-	4th	0.29	4th	0.30
<b>8 – Research Quality</b>	20th	25th	37.2	25th	37.2
<b>9 – Citation Rates</b>	40th	69th	7.2%	63rd	6.6%
<b>10 – Research Income a. Income/Staff FTE</b>	20th	37th	£57,300	37th	£59,600
<b>10 – Research Income b. Income from Industry</b>	7th	17th	£3,430,000	17th	£2,591,000
<b>10 – Research Income c. HE-BCI Income</b>	9th	12th	£28,804,000	12th	£25,805,000
<b>11 – Financial Sustainability a. Cash Surplus/Deficit</b>	-	-	6%	-	5.8%
<b>11 – Financial Sustainability b. Institutional Liquidity Days</b>	-	-	162	-	132
<b>11 – Financial Sustainability c. Institutional Borrowing</b>	-	-	3.65	-	3.46

# FINANCIAL STATEMENTS

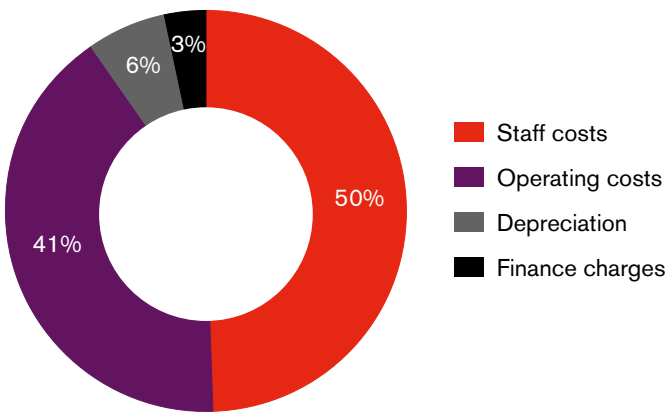
## Cash inflows and outflows



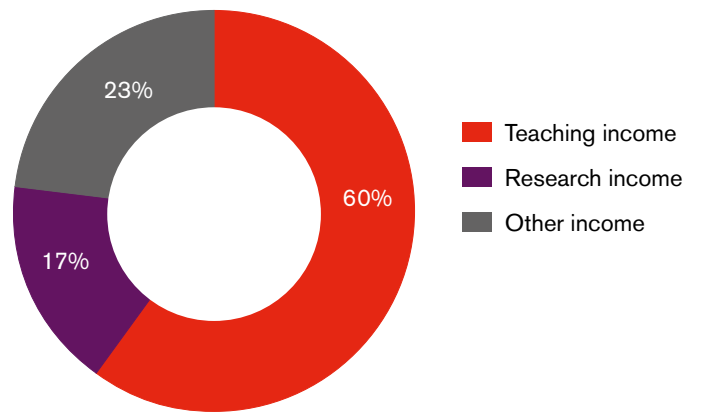
## Capital investment



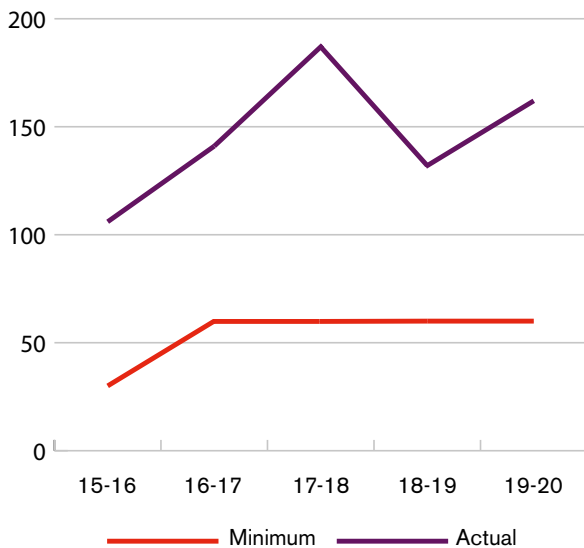
## Expenditure 2019-20



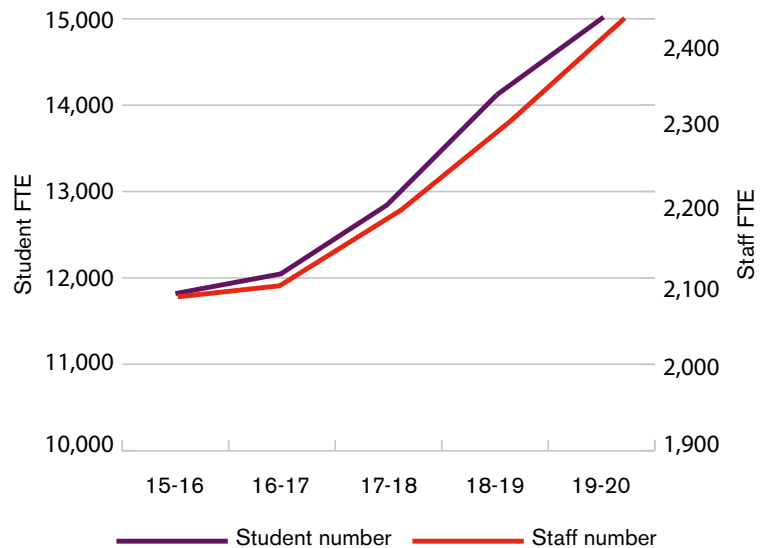
## Income 2019-20



## Liquidity days



## Student and staff numbers





**Income**  
**£250M** UP 1.2%  
(£247M 2018-19)

**Teaching  
Income**  
**£147M** UP 8.1%  
(£136M 2018-19)

**Research  
Income**  
**£43M**  
(INCLUDING CONTRACTS,  
GRANTS AND FEES)

**Cash  
Surplus**  
**£14.9M**  
(£13.6M 2018-19)  
for investment and growth

**Total  
Expenditure**  
**£211M**  
(£282M 2018-19)

**Staffing**  
**2,562**  
(2,420 2018-19)

**Student  
Numbers**  
**14,926** UP 6%

**Capital  
Investment**  
**£20.7M**  
(£23.6M 2018-19)

# Public Benefit Statement



*Life Sciences students at our Colchester Campus*

## OUR CHARITABLE AIMS

Our Royal Charter sets out the objectives which form our charitable purpose: *“to advance education, scholarship, knowledge and understanding by teaching and research for the benefit of individuals and society at large”.*

### Our Strategic Plan 2019-2025 states

- Our purpose is to benefit individuals and communities through excellence in education and research.
- We will put student success at the heart of our mission, supporting every student from every background to achieve outstanding outcomes; preparing our students to thrive in their future lives and nurturing our community of educators to support and promote student success.
- Our research will continue to focus on asking difficult questions, challenging conventional wisdom, tackling with rigour the questions that matter for people and communities and putting ideas into action to improve people's lives.

- We will be recognised nationally and globally for the quality and impact of a transformative education and for the international excellence and world-leading quality, scale and impact of our research.
- We will nurture and celebrate our shared commitment to social action, supporting every person in our University community to realise the potential of their Essex Spirit through their contribution to our shared mission.
- We will have grown the University to achieve transformational research through our community of researchers, and extend our knowledge base by investing in new disciplines that meet the needs of our time and to ensure the financial sustainability of the University.



*The towers student accommodation at our Colchester Campus are an enduring symbol of our 1960s heritage*

## **BENEFICIARIES OF OUR WORK**

Our research and education contribute to improving people's lives in the UK and internationally.

The undergraduates and postgraduates who study at Essex are the main public beneficiaries of our work in education

and research. Other beneficiaries include companies, organisations and charities that employ our graduates, work with our academics on knowledge exchange projects, or access our training programmes.

Wider society benefits from the insights provided by our world-leading research in the social sciences, science and health, and the humanities.



*We could not celebrate graduation on campus this year, but many online events took place throughout July 2020 to mark the achievements of our 5,000 final-year students who received their results*

The general public can also access our facilities, courses, talks and events – from April to July 2020 during the COVID-19 lockdown more than 700 people from around the world, including from Australia, Japan, Mexico, India, Nigeria, Peru and Russia joined us online for our Essex Explores lecture series.

In June 2020 we announced the launch of two new ‘Sanctuary’ Scholarships to support students who are refugees or seeking asylum to study for a Postgraduate Taught Masters with us in 2020-21. This activity forms part of our commitment to become a University of Sanctuary, and is one element of the many academic, social and cultural initiatives across our campuses that are committed to supporting refugees in our local communities.

Through our Human Rights Local initiative we identify opportunities to make human rights relevant to surrounding communities by establishing effective relationships with community groups, councils and other stakeholders. For example, the Essex Law Clinic offers legal support for local residents, including online guidance during the COVID-19 lockdown.

## GOVERNANCE

Members of Council are trustees of the University and our decision-making pays due regard to the Charity Commission’s guidelines on charitable purpose and public benefit, in particular, The Advancement of Education for the Public Benefit (Charity Commission, December 2008) and Public Benefit and Fee Charging (Charity Commission, December 2008).

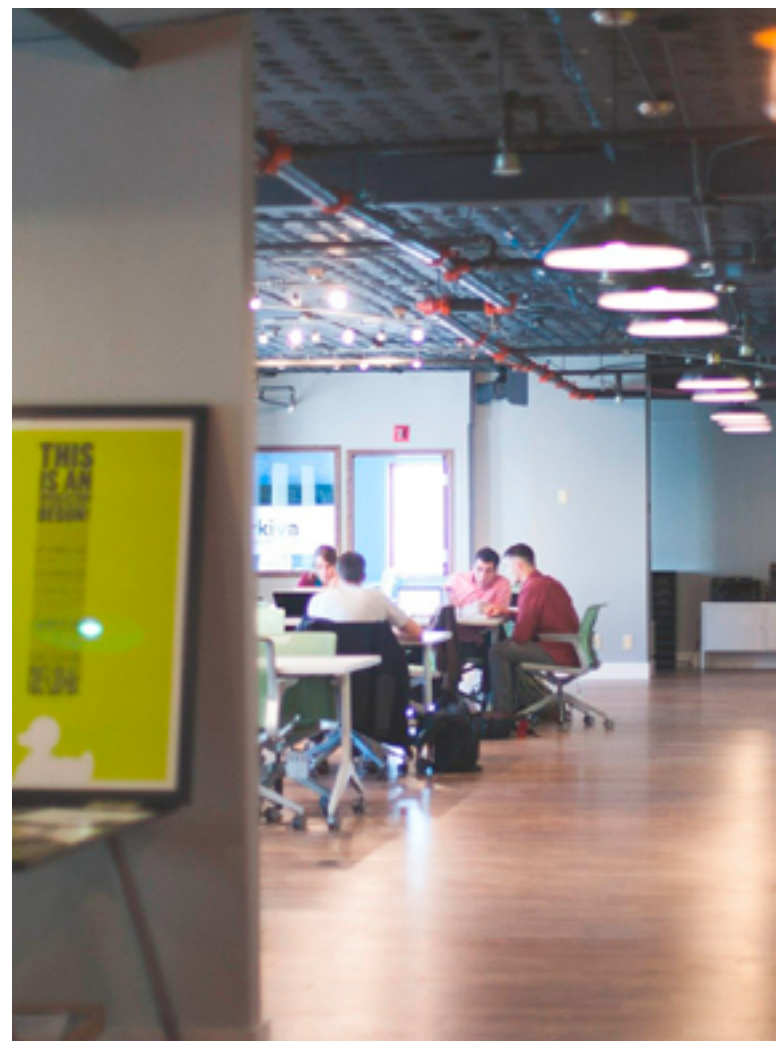
## EDUCATION

The University provides public benefit through its commitment to providing a transformational educational experience, encompassing both the academic and extra-curricular, to fulfil the potential of our undergraduate and postgraduate students. Although we could not celebrate graduation on campus this year, many online events

took place throughout July 2020 to mark the achievements of our 5,000 final-year students who received their results, and became Essex alumni.

## AWARDS AND RANKINGS

We were named University of the Year at the *Times Higher Education Awards* in November 2018. We are Gold rated in the Teaching Excellence Framework (TEF 2017), and top 25 for research quality in *The Times and The Sunday Times Good University Guide 2020*. We are ranked 21st for international outlook in the THE World University Rankings 2020, top 50 for social sciences in the *Times Higher Education World University Rankings 2019*, and top 50 for politics and sociology in the *QS World University Rankings by Subject 2019*. In November 2019 we were part of a partnership, including Amnesty International, not-for-profit company Airwars, and six global universities that won a *Times Higher Education Awards* for International Collaboration of the Year.





*Student ambassadors providing help and support to new starters during Welcome Week, October 2019*

## **EDUCATION AT ESSEX**

In 2019-20 we welcomed 7,732 new students.

During 2019-20 17,769 (see explanatory note on page 9) students were studying at Essex at undergraduate and postgraduate level.

More than 5,000 students received their final-year results in July 2020 and we now have a global community of more than 100,000 alumni.

We are a beacon of internationalism, ranked 21st for international outlook in the THE World University Rankings 2020.

### **The student experience**

We believe the research undertaken at Essex should add value to the student experience. Our Undergraduate Research Opportunities

Programme gives students the chance to contribute to real-life research taking place in their departments. We also offer opportunities to undertake work placements and study abroad.





[yufe.eu](http://yufe.eu)

**YUFE brings  
Europe to you**

*Through YUFE we are bringing more European study opportunities to Essex students*

During 2019-20 we have further strengthened our role in the YUFE Alliance – Young Universities for the Future of Europe – which enriches and enhances learning opportunities for our students across a network of ten other European universities.

Our approach develops Essex graduates who stand out from the crowd. We believe our graduates benefit society, and the companies and organisations they work for, through their critical thinking, creativity, intellectual independence, excellent communication skills and leadership ability.

Award-winning initiatives include our THINK! seminars in 2019-20, which challenged students to debate controversial and thought-provoking subjects – the 2016 series was recognised by winning the Guardian University Awards for Student Experience.

### **Employability and career development initiatives**

This year more than 5,000 students took part in our Big Essex Award scheme, which recognises student participation in extra-curricular activities that add to their overall experience and skills. Despite the challenging circumstances caused by the COVID-19 pandemic, 60 students managed to achieve the top platinum level this year.

Other career development initiatives include our on-campus work placement scheme, Frontrunners, career mentoring, and Rising Stars which guides students towards career success by providing access to graduate recruiters and mentors. A new initiative,

Generation Essex, provides a career support package for final-year students and new graduates.

We also encourage the personal development of our students through volunteering, sport, music, the arts and engagement with our Students' Union. In July 2020 we became ranked 11th in the UK for the support we provide to students, based on feedback from students across the country in the *WhatUni Student Choice Awards*. Nightline, the confidential support service, founded in Essex but now available to more than 1.6 million students across the UK and beyond, celebrated its 50th anniversary in May 2020.



## TEACHING AND EDUCATION

We support every student, from every background, to achieve outstanding outcomes, using innovative teaching methods to show students the real-world applications of their courses. Across our three faculties, a number of innovative teaching initiatives encourage our students to broaden their understanding, develop their analytical skills, and boost their professional confidence.

As part of this, we encourage ongoing staff development and celebrate success with our Annual Excellence in Teaching Awards. Our academic staff have the opportunity to gain professional recognition as Fellows of the Higher Education Academy (HEA) through our CADENZA programme.

### New teaching facilities

Development of the new Causeway Teaching Centre building is underway on our Colchester Campus. This flexible space will contain 15 new teaching rooms over three floors with the ability to provide flexible learning environments.

Another exciting new space is Studio X, housed within the Innovation Centre, Knowledge Gateway, which opened in 2019 and is home to the university's digital creative collaborative studio and student start-up programme - based on the ground floor of the centre.

### Case study: exercise science and using tech to get the best

Dr Ben Jones, from the School of Rehabilitation and Exercise Science, has introduced 'feedforward' – using videos or GoPros to enable students to reflect upon and apply their learning – to help assessments. Students are videoed during practical coaching sessions, and can then watch the video and talk through it with the lecturer, applying learning and insights gained a week later.

This also offers the student some ownership of the process, and also gives them greater responsibility to act on new learning from watching themselves and talking through their reflections.

To support this, Dr Jones has also developed a screencast to guide his students through the course's Moodle pages, which includes a welcome email and an introduction to new modules using screen capture email video, Snagit 13.

Dr Jones also uses personal emails with voice tutorials prior to meeting his students, paving the way to a more personal connection, which has been well-received by students.



## Highlights: student achievements

- 1** New graduate **Zina Younes** chose to study for a LLB Law with Human Rights in order to help others. Her placement year was split between volunteering in Kenya and working as a paralegal in the UK. Zina spent three months of her placement working with the Voluntary Service Overseas (VSO). She was attracted to Kenya because of the VSO's Kenyan mission to empower and educate women.
- 2** For committed volleyball player **Conor Walker**, who is leaving Essex with a BSc Sports Therapy degree, an Essex education has been about juggling training and matches with the pressures of studying. Conor, who also spent his placement year playing professionally in Tromsø, has won the BUCS Premier South league three times since moving from Scotland to start his studies at Essex.
- 3** **Macadie Amoroso**, who graduated from East 15 Acting School in July 2020, also leaves with an award-winning play heading for the London stage. Her play, *Blue Beneath My Skin*, was first performed at the This is Black Festival at the Bunker Theatre in 2019. The spoken-word solo show later scooped the Stella Wilkie Award at East 15's Debut Festival, the prize for which is a run at The King's Head Theatre in Islington.
- 4** **Ijeoma Okolo**, who is graduating with an MSc Adult Nursing, has acquired a unique learning experience that will stay with her forever. Ijeoma is one of a number of final-year Essex students who decided to sign up to the Nursing and Midwifery Council's opportunity to take a paid, extended placement fighting COVID-19 on the frontline. She is working in the emergency department at a hospital in the Mid and South Essex NHS Foundation Trust.
- 5** **Kwame Taylor**, who graduated with an LLB Law with Philosophy in 2019, has won a prestigious and valuable scholarship, enabling him to train as a barrister. Kwame has been awarded the prestigious H.R. Light Scholarship by the Middle Temple; awarded on merit, this scholarship will cover the £14,000 costs of the Bar course.
- 6** In May 2020 two graduates of Essex Business School were chosen to take part in the national Santander Universities Emerging Entrepreneurs Programme. **Oliver Bourne** and **Eliot Wood**, who met while studying business management, now run a fledgling 'friendvertising' business, WYSPR. The programme offers a top prize of £30,000.







### **Supporting the next generation of researchers**

Essex continues to be a leader in doctoral training, developing the next generation of researchers. We are part of several Doctoral Training Partnerships which offer skills training and funding to doctoral students.

#### **ARIES**

The Advanced Research and Innovation in the Environmental Sciences is funded by the Natural Environment Research Council, which equips postgraduate research students with the skills to become leaders in the science and sustainable business of the natural environment.

#### **EnvEast**

Also funded by the Natural Environment Research Council, EnvEast offers studentships in climate, marine, and

atmospheric systems, biodiversity, ecosystem services and sustainable development, and natural hazards.

#### **CHASE**

The Consortium for the Humanities and the Arts Southeast England, offers PhD studentships to the next generation of world-leading arts and humanities scholars.

#### **SeNSS**

The South East Network for Social Sciences is one of 14 new Doctoral Training Partnerships funded by the ESRC. It offers studentships in a range of disciplines in the social sciences, including economics, politics and international studies, business and management, linguistics, sociology, psychology and socio-legal studies.

## Soc-B

The Social Biological Centre for Doctoral Training (Soc-B) is led by University College London (UCL), and helps postgraduate researchers investigate the interplay between a person's biology, experiences and behaviour throughout their lives. The University of Essex and the University of Manchester work with UCL as partner institutions.

*Through these initiatives we work with other leading higher education institutions to promote excellence in research, postgraduate research training and knowledge exchange.*

## Eastern ARC

We are also a member of the Eastern Academic Research Consortium linking up Essex with the University of East Anglia and the University of Kent to collaborate on research and provide studentships in quantitative social science, digital humanities and synthetic biology.

## Meeting different study needs

We offer various routes to an Essex degree to meet the needs of different students. Our Higher and Degree apprenticeships combine on-the-job training and academic study.

We had 150 apprenticeships running across 18 businesses and organisations during 2019-20 – including our new Senior Leaders MBA Degree Apprenticeship which began in October 2019 and which is delivered by Essex Business School.

More apprenticeships are planned to start in January 2021. We also continue to partner with NHS Trusts to offer an apprenticeship route into nursing.

We work with Kaplan Open Learning to deliver online undergraduate and postgraduate courses through University of Essex Online. Now, almost 20 per cent of students study for an Essex degree via our partners, including the University of Essex Online, Kaplan Singapore, and Brickfields Asia College in Malaysia. Our online degrees have 89% student satisfaction (NSS 2020).



## Student volunteering

Our students are central to the positive effect we have on our local communities. We are proud of our students' achievements in volunteering and social action.

This year, the Students' Union V-Team achieved 31,000 hours of volunteering with its 1,316 active volunteers, a record number of volunteers.

This is across a range of 90 projects, such as volunteering on our refugee training programme to teaching local schoolchildren and from supporting conservation projects to decorating local community centres.

These activities not only benefit the community but also the students themselves, as they develop skills that boost their future employability.

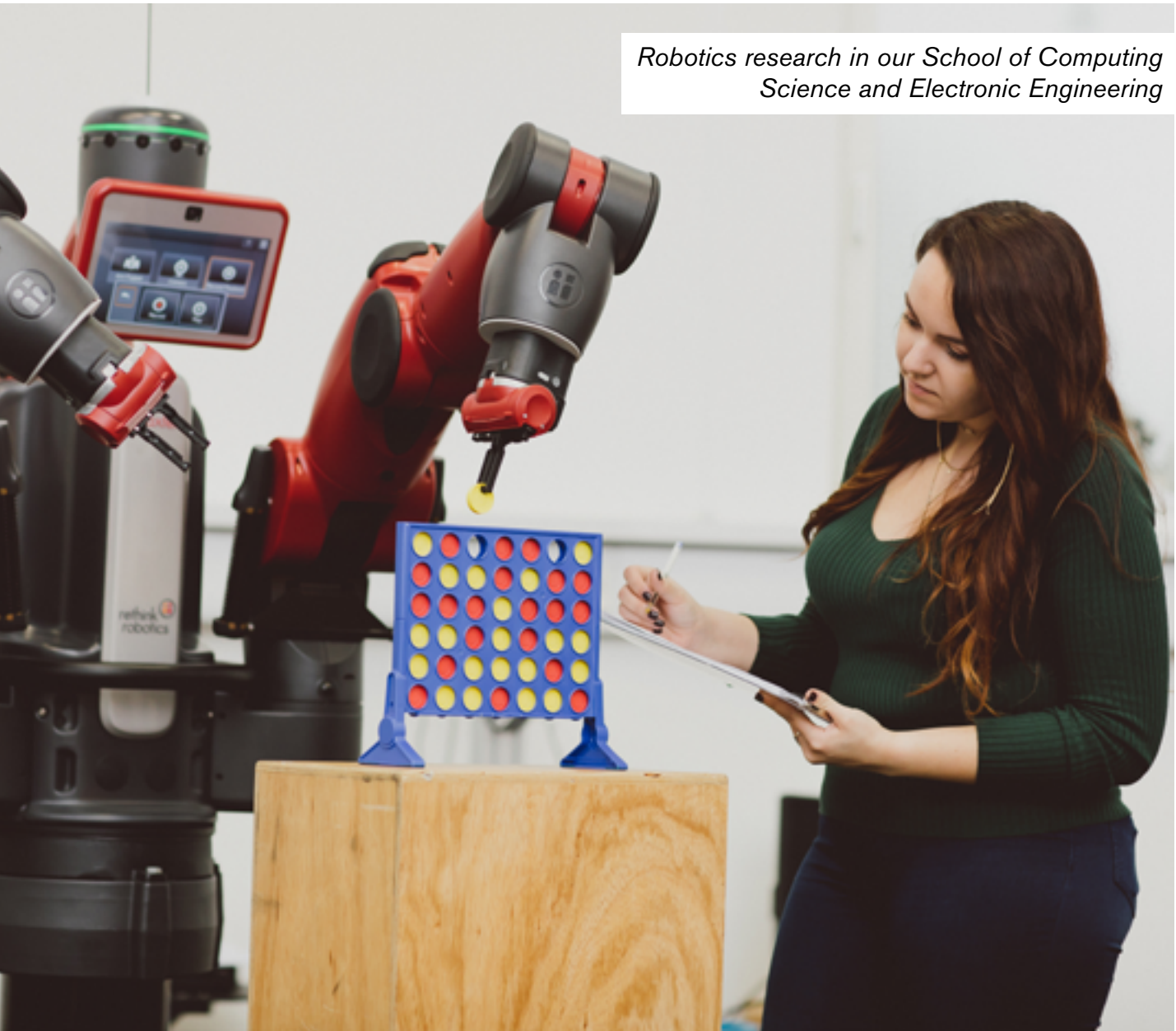
## Hardship Fund launched for COVID-19 student support

In May 2020 as part of our comprehensive response to support students to cope with the impact of COVID-19, we launched our Hardship Fund. Within just two weeks of the appeal going live, over 200 donors pledged more than £100,000, with alumni, friends of the University and Essex colleagues all contributing to this total. The Hardship Fund exists to support some of our more vulnerable students with unexpected, short-term financial difficulty to help them to continue with their studies at Essex.

*This year, volunteers from the Students Union V-Team achieved 31,000 hours of volunteering for local projects and initiatives*



*Robotics research in our School of Computing  
Science and Electronic Engineering*



## **RESEARCH AT ESSEX**

We are one of the leading research-intensive universities in the country ranked in the top 25 for research quality in *The Times* and *The Sunday Times Good University Guide 2020*.

We are top five in the UK for social science research, in the most recent Research Assessment Framework, from 2014.

Essex is in a select group of just 11 'dual-intensive' universities who feature in the top 25% of performance in both the Teaching Excellence Framework (measured by the

number of positive flags achieved in TEF2) and Research Excellence Framework (measured by intensity weighted Grade Point Average) (WonkHE, July 2017).

## **Beneficiaries of our research**

Our research feeds directly into the learning experience of our undergraduates and postgraduates. We are committed to knowledge exchange, and sharing our research expertise and building partnerships with government bodies, non-governmental organisations and business at a regional, national and international level.

Our research benefits individuals and society by directly engaging with current issues, looking to improve the quality of people's lives and informing debates around policy development and implementation.

## THE CONVERSATION

### Communicating our research excellence

Our academics share their work through publication in a wide range of internationally-recognised journals and they also make a huge range of their work available through the University of Essex Research Repository.

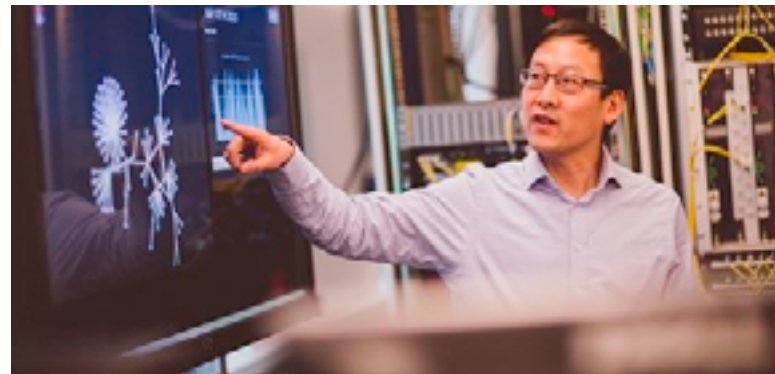
We are a partner of online news site The Conversation, which publishes news and views written by members of the academic and research community. In 2019-20 our academics contributed 56 articles, which were read more than 2.6 million times globally, generating more than 1,000 comments.



### Our global research reputation

We have a global reputation in human rights, social scientific research and data analytics. Our flagship institutes bring together academics from across disciplines and departments to deliver research which offers significant practical insights and impact.

They engage with a wide range of external partners at a national and international level from NGOs and national governments through to the European Union and United Nations.



- We are home to one of the longest established academic human rights centres in the world. Our Human Rights Centre enjoys a global reputation as a leader in the field of human rights research, practice, and education.
- Our Institute for Analytics and Data Science (IADS) drives breakthroughs and innovation in data, from transfer technology and analytical methods, to socio-economic, ethical, legal and human rights issues.
- Our Institute for Social and Economic Research (ISER) conducts innovative and influential social and economic research, which looks at how people's lives are changing over time.
- The best of Essex research, and its positive impact on people's everyday lives, was recognised in July at our online Celebrating Excellence in Research and Impact Awards 2020. Awards were given in eight categories to winners and runners-up, and in recognition of writers of the best-read articles on The Conversation website over the past year.



*We are host to the new Global Academic Interdisciplinary Network (GAIN) Secretariat, further confirming our global reputation for teaching, research and scholarship in the fields of human rights and humanitarian law. Image ©UNHCR/Antoine Tardy*

## **HIGHLIGHTS: RESEARCH PROJECTS**

### **Research responses to COVID-19**

During the months of March to July 2020 legal, human rights and social care experts from across the University published an extensive response to the coronavirus pandemic, to encourage further debate and guide policy in the post-COVID-19 world. The publication was downloaded over 1,000 times, and visited by people in 40 countries.

In addition, East 15 Acting School's Technical Team gathered and arranged the donation of East 15's PPE equipment, typically used in its set-building workshop, to Essex County Council's Health and Care sector to support key frontline workers in the fight against COVID-19, including FFP3 masks and blue nitrile gloves.

### **GAIN Secretariat**

A virtual signing ceremony in July 2020 saw Filippo Grandi, United Nations High Commissioner for Refugees (UNHCR) and Bryn Morris, University of Essex Registrar, sign an agreement paving the way for Essex to host the new Global Academic Interdisciplinary Network (GAIN) Secretariat.

This new partnership further confirms the University's global reputation for teaching, research and scholarship in the fields of human rights and humanitarian law. The Secretariat will co-ordinate the work of GAIN, promoting research and education across the world on protection of forcibly displaced persons.

## Crop research

The CAPITALISE crop research project was granted £8.6 million from the European Commission in 2020 to exploit ground-breaking technology to radically increase crop yields in Europe and beyond. This is part of a new Green Revolution to address the expected future food crisis and our involvement sees us working with the University of Cambridge and University of Lancaster alongside other leading universities and organisations from seven other countries.

## The Catalyst Project

Using the University's wealth of expertise in data analytics, big data and evaluation, we are developing new technology to assess and predict risk, and to evaluate the impact and effectiveness of public service initiatives dedicated to community members needing support. The work carried out by the project's teams at the University will enable Suffolk

County Council and Essex County Council, which serve a combined population of 2.5 million people, to target public service initiatives where they are most needed, improve outcomes through earlier intervention, and introduce new evidence-based evaluation techniques to determine their full impact.

## Essex Centre for Data Analysis

Our unique three-way partnership with Essex County Council and Essex Police is represented through the new Essex Centre for Data Analysis. This centre is working to support the people and communities of Essex, by tackling system-wide public policy issues through the smarter use of data. The partnership aims to offer a way for councils, police, health, and voluntary and community organisations in Essex to use the power of data to tackle some of the most challenging issues faced by society.



*The Catalyst Project supports a combined population of 2.5 million people, to target public service initiatives where they are most needed*



### **Understanding Society**

One of our headline research projects, Understanding Society is the UK's household longitudinal survey, and the largest household panel study in the world. It collects data to provide vital insights into the causes and consequences of social change. The project is led by the Institute of Social and Economic Research, based at Essex.

### **Public Health**

We are also working with Public Health England, to explore innovative ways of working together, including research, apprenticeships, student exchange and scholarships. Health Education England has provided additional funding for oral health courses at our Southend Campus – and we plan to expand the provision of teaching in this subject, which represents a growing subject area within our health and social care portfolio.

### **Queen's Anniversary Prize for outstanding social science research**

In November 2017 our Institute for Social and Economic Research was awarded the Queen's Anniversary Prize for Higher and Further Education. The Prize is the highest form of recognition for the work of a UK university and was officially bestowed on Essex at Buckingham Palace by Their Royal Highnesses The Prince of Wales and The Duchess of Cornwall.

### **Regius Professorship**

Professor Kristian Skrede Gleditsch, an internationally-renowned figure in the study of conflict resolution, democratisation and political change, is our Regius Professor of Political Science. The honour of holding a Regius Professorship was conferred on the University of Essex by Her Majesty The Queen in 2013 to mark her Diamond Jubilee. It recognised 50 years of excellence in research and education in political science at Essex. We are one of the youngest universities ever to receive the accolade.

### **Research Ethics**

We are committed to the highest ethical and professional standards and have clear procedures in place for the governance of research to ensure the integrity of the work we undertake and protect our research reputation.







## COMMUNITY ENGAGEMENT

### Schools' Outreach initiatives

Our campuses are at the heart of their local communities. Through a broad and varied outreach programme, schoolchildren come to explore higher education, businesses work and collaborate with us, visitors attend lectures to learn about our research expertise and audiences enjoy our full and varied arts programme.

Despite COVID-19 we have continued to work to ensure all students with the potential to succeed, no matter what their background, have the opportunity to understand more about Essex and the benefits of studying at a university. This has been through online webinars and workshops and virtual open days.

We are the lead institution for Make Happen, the Essex-based consortium delivering the



Office for Students' UniConnect programme (formerly known as the National Collaborative Outreach Programme). Through Make Happen we have engaged with over 75,000 students from local areas where higher education participation is low. Activities such as these help us meet our published Access Agreement targets for students from under-represented groups.

We also encourage discussions around important issues linked to our research work. For example, this year, 13 Essex and Suffolk schools took part in the annual Dora Love Prize. Established in memory of Dora Love, who lived and worked in Colchester after surviving Stutthof concentration camp, the Prize encourages young people to think about the issues surrounding the Holocaust and develop projects which investigate how it relates to the attitudes, discrimination and prejudices still around us now.

We believe widening participation also involves offering the right support to make sure our students succeed and get the most out of their time at Essex. This includes increasing employability opportunities and helping under-represented groups get the experience they need to secure graduate level jobs through our award-winning Frontrunners work placement scheme, our internships programme and our senior student ambassador scheme. We admit

students solely according to ability without reference to ethnic origin, class, religion, sexuality or any other characteristic. Our Access Agreement with the Office of Fair Access (OFFA) aims to ensure no student is deterred from applying due to financial hardship.

### **Business engagement**

We are committed to stimulating economic growth and nurturing cultural and social development. We aim to share our world-class research through commercial applications that make the world a better place. Our Economic Impact Report published in 2019 showed we achieved £584 million in economic impact and 11.12% growth.

In September 2019 the University of Essex was announced as one of 20 new University Enterprise Zones (UEZs). UEZ status drew major funding of £800,000 from Research England and the UK Government towards our £1.3 million Accelerating Innovation at the Knowledge Gateway project, to nurture and support new digital and creative businesses at our Colchester Campus. This means from 2019 for two years we will aim to support business and job creation through four initiatives:

- 1** The Space to Grow programme – which immerses participants in the digital creative industry over three months, working with our academics to help make their business and product ideas a reality.
- 2** Angels@Essex – the crowdfunding platform to connect angel investors with start-up businesses.
- 3** Enhancements to Studio X – new high-tech equipment and software to support our student business start-up programme based at our digital creative space Studio X.
- 4** 'Work anywhere Wi-Fi' – establishing seamless connectivity across the Knowledge Gateway and the wider Colchester Campus.





*Innovation Centre, Knowledge Gateway*

### **Knowledge Gateway growth**

We are driving growth and innovation in the Eastern region through our Knowledge Gateway technology and research park at our Colchester Campus, which is fast becoming the location of choice in the eastern region for knowledge-based enterprises in science, technology and the creative sector.

Our new Innovation Centre, Knowledge Gateway officially opened in 2019 and acts as a creative technology hub by delivering flexible space and business support for start-up and early stage technology businesses. The Innovation Centre also houses our state-of-the-art digital creative space Studio X, a base for our business start-up programme for students. A further phase of Parkside Office Village has also now opened on the Knowledge Gateway and was quickly fully occupied by SMEs wanting to be based at our University.

These vibrant spaces provide accommodation co-working space, meeting and conference space, communal areas for business networking, and vital hands-on business start-up support to help start-up companies scale up, and succeed. Set amidst the SME community, Parkside Office Village is also home to our academic centres the Institute of Analytics and Data Science and the ESRC Business and Local Government Data Research Centre.

### **Leading the EIRA network**

We lead the £4.7 million Enabling Innovation: Research to Application (EIRA) network that is creating a university network that supports business innovation in Essex, Norfolk, Suffolk and Kent. Our Research and Enterprise Office supports companies to access our expertise and co-ordinates a programme of training informed by our research.



### Tech giant spin-out success

In June 2020 we announced the spinning-out of Ultrasoc, a leading company for developing system-on-chip (SoC) technology which is now vital for the development of most modern products from cars through to smartphones. Ultrasoc was originally created through a partnership between the University of Essex and the University of Kent and has now been acquired by German tech giant Siemens.

### Knowledge Transfer Partnership success

Knowledge Transfer Partnerships (KTPs) are successful technology-driven business partnerships led by Innovate UK, reporting to the Department for Business, Energy & Industrial Strategy. They bring together businesses and universities to work on a 12-month to three-year project to develop new products, services or technologies, driven by research.

Essex has a current portfolio of KTP projects worth £8 million with a sizeable pipeline worth nearly £2 million. As such Essex is currently ranked top two in the UK for the number of KTPs, which means we are the leading university in the East of England and London for Knowledge Transfer Partnerships. We hold an annual KTP Celebration and Awards event in December, inviting companies from across London and the South East to celebrate and recognise a number of successful partnerships.

Our KTPs cover many industrial sectors, including:

- Technology
- Telecommunications
- Logistics
- Finance
- Defence
- Agriculture
- Manufacturing

## Student employability and entrepreneurship

Our internships programme offers students and graduates the chance to develop their skills and experience, while providing businesses the chance to benefit from their knowledge, skills and expertise. Many interns have secured long-term jobs and feedback indicates businesses have gained significant economic benefits.

We continue to extend our work placement programme and our students have the opportunity to work at leading companies as part of their course.

Our Click crowdfunding platform supports students wanting to raise money to get their projects and ideas off the ground. Since 2015 Click has helped 1,260 students, thanks to 4,778 crowdfunding donors, plus match-funding, providing more than £405,000 to support 331 student projects.



## Showcasing our research

We engage with local communities through a wide range of events.

- Our Professorial Inaugural Lectures continue to attract the public and our University community to hear and engage with research by our newly-appointed professors.
- Our academic departments offer the wider community the chance to benefit from our research expertise through a huge range of conferences, debates, and public lectures throughout the year, including our THINK! debate series.
- Café Scientifique, the popular series of talks that boosts informal engagement between the public and researchers, continues to attract record audiences.
- A team of PhD students continues to run the three-day Pint of Science events in Colchester, which sees Essex lecturers plus experts from across the UK presenting their latest findings in local pubs, on topics ranging from environmental issues to big data.
- The Albert Sloman Library is home to a number of important archives which provide valuable resources for researchers and the public.



## ART AND CULTURE

### Keeping theatre alive

We have a theatre on each of our three campuses at Colchester, Southend and Loughton. Theatrical productions continued to be a focus for creativity during lockdown despite having to move online during the summer term 2020.

East 15 Acting School at our Loughton Campus offered a full programme of online performances, including the Online Summer Season – a month's worth of free performances for audiences to enjoy from the comfort of their own homes. Several productions have since been

invited to perform as part of professional digital festivals.

BA Acting and Community Theatre students launched an online 'Local Pub' for communities to come together during lockdown, and East 15 graduate, Shea Donovan created the 'The Sonnet Response Series' – a virtual creative response to the global health crisis – which saw 154 artists, of all ages and disciplines, from around the world, each perform one of Shakespeare's 154 sonnets. George Wing, a BA Physical Theatre alumnus, created a unique print of 40 London West End Theatres to help raise funds for theatre workers during the pandemic.

Also, East 15's 2020 BA World Performance alumna, Victoria Compson-Bradford, is developing the UK's first drive-in variety show which will host an innovative socially-distanced performance.

### Art on our campus

The Essex Collection of Art from Latin America – ESCALA – comprises 750 works, and provides teaching and research space for students, staff and the wider community. ESCALA also displays work in the Silberrad Student Centre, Albert Sloman Library, and Wivenhoe Park at our Colchester Campus. The Collection is also accessible online and features an archive service.

Art Exchange, the gallery at our Colchester Campus, has a year-round programme of events and exhibitions attended by both the public and our students. Events this year

included exhibitions, workshops, talks, classes and events.



*The University houses the Essex Collection of Art from Latin America – ESCALA*

# Corporate Governance Statement

## Corporate Governance and Accountability Arrangements

The University is a higher education provider incorporated by Royal Charter. The University's governing body, Council, is committed to achieving high standards of corporate governance in line with accepted best practice.

The University is fully compliant with the Committee of University Chairs (CUC) higher education Code of Governance issued in December 2014 (revised in June 2018), and the higher education senior staff remuneration code, published by the CUC in June 2018. The Remuneration Committee has an ongoing review process to ensure the University aligns with the CUC's reporting guidelines.

## The University Council

Members of Council are the trustees of the University, which is an exempt charity. The University's Council comprises ex officio external members, external members, a student member, ex officio appointed employees, employees elected by Senate and an employee elected by professional services staff. Of its 25 members, a majority are members drawn from outside the University.

The roles of Chancellor and Pro-Chancellor (including the Chair of Council) are separated from the role of the University's Chief Executive, the Vice-Chancellor. The three Pro-Chancellors perform the role of Senior Independent Director.

The Council of the University has adopted a Statement of Primary Responsibilities, which is published on the University website (Ordinance 10). The statement sets out the Council's responsibilities in respect of powers

of appointment and employment, financial and legal powers, planning, monitoring, control and student welfare.

The Council met four times during the year and held one full and one half away days. In addition, a half-day away day was held jointly with the Senate.

## Responsibilities of the Council

Council is responsible for preparing the financial statements in accordance with the requirements of the Office for Students' terms and conditions of funding for higher education institutions and the terms and conditions of Research England's grant and applicable laws and regulations.

Council is required to prepare group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. The Council is required to prepare financial statements, which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

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



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

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

The Council is also responsible for ensuring that:

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

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

### **Statement of Internal Control**

The key elements of the University's system of internal control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and authority delegated to, heads of academic departments and administrative sections;
- a short and medium term planning process, supplemented by detailed annual income, expenditure and capital budgets;
- regular reviews of academic performance and financial results involving variance reporting and updates of financial outturns;
- defined and formalised requirements for the approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to appropriate levels set by Council;
- Financial Regulations, including financial controls and procedures, approved by Council on the recommendation of the Audit and Risk Management Committee;

- a professional Internal Audit team whose annual risk-based programme is approved by the Audit and Risk Management Committee. The Head of Internal Audit expressed the following opinion for the year ending 31 July 2020 “The University’s arrangements for risk management control and governance, and economy, efficiency and effectiveness are adequate and effective. This does not mean that all aspects are adequate and effective, but there are no indications of a material weakness in them. A material weakness is defined as one that could lead to a significant impact on the business, operations or standing of the University.”
- regular reports on internal control, compliance and risk received and reviewed by the Audit and Risk Management Committee which in turn are reported to Council which cover all controls (financial, business and operational);
- risk identification and management arrangements which include a Strategic Risk Register which contains weightings (of likelihood and impact) linked to the Strategic Plan which also informs the Internal Audit planning process.

Any system of internal control or risk management is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

### **The Committees of Council**

The Council delegates some business to a number of committees:

- Audit and Risk Management;
- Resources;
- Nominations;
- People Supporting Strategy Committee and;
- Remuneration.

All of these committees are formally constituted with published terms of reference. The disclosures in relation to these committees follow those in respect of Council itself.

The Audit and Risk Management Committee has no executive responsibility and comprises solely external members, at least two of whom are External members of Council and have recent relevant financial experience. The vacancy for one External member of Council was appointed to during the Summer term. The Audit and Risk Management Committee relies on the work of internal and external audit, on information provided by management and on management responses to the questions it raises. The identification and management of risk is an ongoing process specifically linked to the objectives in the Strategic Plan and is monitored closely by Audit and Risk Management Committee. Audit and Risk Management Committee reports on the results of risk identification, evaluation and management to Council, which also receives the Strategic Risk Register for regular review. The Committee met three times in the year.

The responsibilities of the Audit and Risk Management Committee include:

- reporting to Council annually on the effectiveness of the internal control system and the pursuit of value for money, together with an opinion on risk management and data quality;
- advising on the appointment of the Internal Auditor and approval of the internal audit plan;
- receipt of both an annual report from Internal Audit, which includes an opinion on the degree of assurance of the University’s system of internal control, and a report on each assignment including recommendations;

- advising the Council as necessary on the appointment of the External Auditors, to receive their reports and review their performance and effectiveness.

Internal Audit is responsible for providing an objective and independent appraisal of all the University's activities. The Internal Audit work programme is risk-based and is updated to take account of changes in the University's risk profile. Progress made on recommendations by the University is monitored by Internal Audit and reported to the Audit and Risk Management Committee.

In respect of its development, strategic management and financial responsibilities, the Council receives recommendations and advice from the Resources Committee. The Committee met five times during the year.

Both the Council and Resources Committee receive reports on business, operational and compliance matters from the University Steering Group.

The Nominations Committee makes recommendations for the appointment or re-appointment of members of Council, its committees and Court. The Committee met three times during the year.

The People Supporting Strategy Committee provides oversight of the University's People Supporting Strategy and workforce plan, and makes recommendations to Council regarding strategic people policies, plans and strategic framework for reward and recognition. The Committee met once during the year.

The Remuneration Committee determines the annual remuneration of the most senior staff, including the Vice-Chancellor. The Committee met twice during the year.

## **The University Senate**

The Senate is the highest academic authority of the University. It is responsible for the promotion of academic work in both teaching and research, for the regulation of educational arrangements and the maintenance of discipline. It receives quality audit reports from both external regulators and in-house departmental reviews. Currently it has five representatives on Council each appointed for three years.

## **The University Court**

The University Court is a formal body established under the Charter and Statutes. Its main function is to receive a report from the Vice-Chancellor on the workings and sustainability of the University since the last meeting. The Annual Review meeting was unable to take place in summer 2020 due to the current pandemic. Members are informed through the 'Friends of the University' newsletter providing regular information from the Vice-Chancellor, keeping them up to date with the current workings and sustainability of the University along with University news.

## Council Members (Trustees)

The following table outlines membership of the University Council during 2019-20.

Members	Appointments	End of term of office
<b>External members (10 members)</b>		
Dr Elizabeth Hall	Appointed 1 August 2012	31 July 2021
Simon Hall	Appointed 1 August 2016	31 July 2022
Geoffrey Probert	Appointed 1 March 2014	31 July 2023
Hayley White	Appointed 1 August 2015	25 November 2019
Dr Adam Wright	Appointed 1 August 2016	31 July 2022
Paul Jackson	Appointed 1 January 2017	31 July 2022
Alexa Coates	Appointed 27 November 2017	31 July 2023
Melanie Leech	Appointed 4 April 2019	31 July 2021
Stephanie Hilborne	Appointed 4 April 2019	31 July 2021
Kathryn Harrison-Thomas	Appointed 1 August 2020	31 July 2022
Danny Lopez	Appointed 19 May 2020	31 July 2022
<b>Ex officio members (6 places)</b>		
Jane Hamilton	Appointed 1 August 2015 Appointed Chair of Council 1 August 2019	31 July 2021
Maria Stanford, Pro-Chancellor	Appointed 1 August 2011 Appointed Pro-Chancellor from 1 August 2015	31 July 2020
Milan Makwana, Pro-Chancellor	Appointed 1 August 2014 Appointed Pro-Chancellor from 19 February 2019	31 July 2023
Tim Porter, Treasurer	Appointed 1 August 2014 Appointed Treasurer 1 August 2016	31 July 2023
Professor Anthony Forster, Vice-Chancellor		N/A
Professor Lorna Fox O'Mahony, Deputy Vice-Chancellor	Appointed 1 August 2020	31 July 2022

<b>Members</b>	<b>Appointments</b>	<b>End of term of office</b>
<b>Appointed members (2 Deans)</b>		
Professor Dominic Micklewright	Appointed 28 November 2016	31 July 2021
Professor Sanja Bahun	Appointed 1 October 2018	31 July 2021
<b>Members elected by Senate (5 members)</b>		
Dr Nilufer Demirkan-Jones	Appointed 1 August 2016	31 July 2022
Professor Andrew Canessa	Appointed 1 August 2017	31 July 2020
Dr Timo Juetten	Appointed 1 August 2017	31 July 2020
Fiona Elsted	Appointed 1 August 2020	31 July 2022
Professor Monika Schmid	Appointed 1 August 2020	31 July 2022
<b>Member elected by the non-academic staff (1 member)</b>		
Dr Ray Lashley	Appointed 1 August 2020	31 July 2023
<b>Student member (1 member)</b>		
Asha Ali	Appointed 1 July 2019	30 June 2020
Molly Purcell	Appointed 1 July 2020	30 June 2021

# Independent auditor's report to Council of University of Essex

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of University of Essex ("the University") for the year ended 31 July 2020 which comprise the *Group and University Statement of Comprehensive Income and Expenditure, Group and University Statement of Changes in Reserves, Group and University Balance Sheet and Group Cash Flows* and related notes, including the accounting policies on page 50.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2020, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance

with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Council's conclusions, we considered the inherent risks to the Group's business model, and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

## **Other information**

The Council is responsible for the other information, which comprises the Strategic Review and the Report of the Governors and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

## **Council responsibilities**

As explained more fully in their statement set out on pages 40-43, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities**

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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.

### Matters on which we are required to report by exception

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

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in Note 31, has been materially misstated.

We have nothing to report in these respects.

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

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

**Fleur Nieboer**  
**for and on behalf of KPMG LLP,**  
**Statutory Auditor**

*Chartered Accountants*

15 Canada Square

Canary Wharf

London

E14 5GL

4th December 2020





# Accounting Policies

## Statement of Compliance

These consolidated and Institution financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant.

## Basis of preparation

The financial statements are prepared on the basis of going concern and in accordance with the historical cost convention (modified by the revaluation of certain categories of fixed assets). The Group and parent University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

## Going Concern

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report which forms part of the Financial Statements. The Strategic Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which Council consider to be appropriate for the following reasons.

The Group and parent University have prepared cash flow forecasts for a period of five years from the date of approval of these financial statements. After reviewing these forecasts Council is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19 the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The budget and financial forecasts for 2020-21 and future years were based around 3 scenarios (A, B and C). The scenarios were developed from the perspective of a very cautious and prudent view, so that the Group and parent University was able to plan for the worst outcome whilst striving for the best outcome.

Strong growth is forecast to return in AY 2023-24, owing to an increase in the number of UK 18-21 year olds, increased funding for research following a doubling of the numbers of research active staff being submitted by the University to the Research Excellence Framework (REF), and a UK government commitment to increasing spending on research from 1.7% to 2.4% of GDP by 2027.

The following student recruitment scenarios (A, B & C) were considered by the University in arriving at financial scenarios for 2020-21.

		A		B			C		
		20/21	21/22	20/21	21/22	22/23	20/21	21/22	22/23
Reduction in intake	HEU	20%	5%	20%	20%	10%	50%	20%	10%
	International	20%	5%	50%	20%	10%	50%	20%	10%
Deterioration in continuation	HEU	20%	0%	20%	–	–	20%	–	–
	International	50%	0%	50%	–	–	50%	–	–

The Group and parent University felt that the risk of underestimating the impact of COVID-19 is that if in October 2020 it is found that the budget has been built on too optimistic a basis and, accordingly, too many financial commitments have been made, it will be very late to respond to shortfalls in income, hence the prudent approach.

For 2019-20 the pre audit cash surplus forecast, at £14.2 million, equates to 6% of total income. This and £7.6 million saved from the capital investment plan resulted in a year-end cash balance of £63.9 million, leading into 2020-21. Add the £20 million revolving credit facility (RCF) and this gives total liquid funds available of £83.9 million.

There are a number of options available to Council should there be a need to enhance liquidity levels. These range from enhanced expenditure controls (restricting new staff recruitment, non-pay expenditure to essential activities only and limiting the Capital Investment Programme) to seeking access to additional funding such as greater Revolving Credit Facility funding.

The Group and parent University had immediately available cash reserves of £63.9 million at 31 July 2020 and access to £20 million through a revolving credit facility; this facility through Lloyds will soon be extended, and in addition the Group and parent University is looking to secure a further £30 million revolving credit facility for a period of up to 5 years.

At 31 July 2020 The Group and parent University had long term debt of £147 million with £82 million expiring 2043, £50 million expiring in 2037 and £15 million expiring in 2047.

Based on indicative student registrations, which present a position significantly better than the Scenario C budgeted assumption, the risk of any breach of banking covenants during the review period (August 2020 to November 2021) is minimal.

Consequently, the Council is confident that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## **Basis of consolidation**

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2020. 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. Joint ventures are accounted for using the gross equity method.

## **Significant judgements and estimates**

Preparation of the financial statements requires management to make significant judgements and estimates. Items in the financial statements where these judgements and estimates have been made include the treatment of the Universities Superannuation Scheme (USS) as a multi-employer scheme. The SORP 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 that provided by 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 is recognised in the Statement of Comprehensive Income. The scheme provided by USS meets the definition of a multi-employer scheme and has therefore been recognised at the discounted fair value of contractual contributions under the funding plan in existence at the date of approving the financial statements.

## **Income recognition**

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

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

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

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

## **Grant funding**

Revenue government grants including funding council block and government research grants are recognised within the Statement of Comprehensive Income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a Government grant is deferred it is recognised as deferred income within creditors and allocated between credits due within one year and due after more than one year as appropriate.

Capital grants from government or non-government sources are recognised within the Statement of Comprehensive Income when the University is entitled to the income and performance-related conditions have been met. Income received in advance of

performance-related conditions being met is deferred on the Balance Sheet and released to the Statement of Comprehensive Income in line with such conditions being met.

Other grants and donations from non-government sources, including research grants from non-government sources, are recognised within the Statement of Comprehensive Income when the University is entitled to the income and performance-related conditions have been met. Income received in advance of performance-related conditions being met is deferred on the Balance Sheet and released to the Statement of Comprehensive Income in line with such conditions being met.

### **Donations and endowments**

Non-exchange transactions without performance-related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised within the Statement of Comprehensive Income when the University is entitled to the income. 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.

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

Donations with no restrictions are recorded within the Statement of Comprehensive Income when the University is entitled to the income.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions:

- 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 can convert the donated sum into income.
- 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.

### **Accounting for retirement benefits**

The University participates in three principal pension schemes for employees; these are the Universities Superannuation Scheme (USS), the Local Government Pension Scheme (LGPS) and the Superannuation Arrangement for the University of London (SAUL). All three schemes are defined benefit schemes which are externally-funded and are contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries.

The USS and SAUL schemes are multi-employer schemes for which it is not possible to identify the assets and liabilities of the University, due to their mutual nature. Therefore they are accounted for as defined contribution retirement benefit schemes.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS and SAUL schemes.

### **Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which the employer 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 income statement in the periods during which services are rendered by employees.

### **Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The University's obligation is to provide the agreed benefits to current and former employees, bearing actuarial risk (that benefits will cost more than expected) and investment risk (that returns on assets set aside to fund the benefit will be lower than expected). The University should recognise a liability for its obligations under defined benefit plans net of plan assets. This is achieved by estimating the amount of future 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. When the calculation results in a benefit to the University, the recognised asset is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

### **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.

### **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 are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### **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.

### **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.

### **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 retranslated to sterling at the

foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

### **Fixed assets**

Fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 HE SORP are measured on the basis of deemed cost, being the fair value at the date of revaluation.

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

### **Depreciation**

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives. For motor vehicles and other items of general equipment this will be between five and ten years. For computer equipment the expected useful life is three years.

Equipment acquired for specific research projects is written off in the year of acquisition along with its matching grant.

Equipment (including computer hardware and software) costing less than £25,000 per individual item, or group of related items which together comprise one operational unit, is written off in the year of acquisition.

Land is not depreciated as it is considered to have an indefinite useful life.

Costs incurred in relation to buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase expected future benefits to the University. Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

Straight line depreciation rates for the student accommodation buildings have been separated out between structure, plant and machinery and fit-out. For structure, depreciation is between 5 and 100 years; for plant and machinery, depreciation is between 5 and 40 years; and for fit-out, depreciation is between 5 and 35 years. All other freehold and leasehold buildings are depreciated on a straight line basis over sixty years, except for certain items of minor work which are written off over twenty-five years.

Where any asset is depreciated, no charge is made to Statement of Comprehensive Income in the year of acquisition. In the year of disposal, however, a full year's charge is made regardless of the timing of the disposal.

No depreciation is charged on assets in the course of construction.

### **Heritage assets**

The University holds a collection of paintings, prints and similar artworks acquired through a combination of donations and purchases. It is the University's intention to maintain the collection, the majority of which is on public display in the library. These assets are included in the Balance Sheet at market valuation. The University's external valuer (Lyon & Turnbull) carried out a full valuation of the collection on 18 February 2010. The values were established on the basis of the valuer's assessment of the likely replacement cost at suitable specialist retail outlets, having given consideration to the quality and condition of the items. These heritage assets are not depreciated.

### **Investment properties**

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services. Investment properties are measured initially at cost and subsequently at fair value with movements recognised in the Statement of Comprehensive Income. Properties are not depreciated but are revalued or reviewed annually according to market conditions at 31 July each year.

## Investments

Fixed and endowment asset investments are included in the Balance Sheet at market value unless this cannot be readily ascertained and the yields are unquantifiable and of a long-term nature, for example seed-corn funding. In such instance it is considered prudent to charge the cost of the investment to the revenue account in the year of its acquisition. Increases or decreases in value arising on the revaluation of fixed asset investments are carried to the revaluation reserve. Where a permanent diminution in value of an asset occurs, the excess will be charged to the Statement of Comprehensive Income to the extent that it is not covered by a revaluation surplus. The profit or loss on disposal of an asset is accounted for in the year in which the disposal occurs as the difference between the net sales proceeds and the net carrying amount, whether carried at historical cost or valuation.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's Balance Sheet. Current asset investments are held at fair value with movements recognised in the Statement of Comprehensive Income.

Investments in equities and gilts are generally treated as fixed asset investments whilst investments in the form of term deposits with banks and other financial institutions which have less than three months to maturity, are shown as cash and cash equivalents. Current asset investments are included at the lower of cost and net realisable value.

## Stock

Stock is held at the lower of cost and net realisable value.

## Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they

are in practice available within 24 hours without penalty.

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

## Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

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

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.



## **Accounting for Joint Operations, Jointly Controlled Assets and Jointly Controlled Operations**

The University accounts for its share of joint ventures using the gross equity method.

The University accounts for its share of transactions from joint operations and jointly controlled assets in the Statement of Comprehensive Income.

## **Taxation**

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and, as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 any commercial organisation.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax at a future date, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in

financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

## **Reserves**

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

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

# Consolidated Statement of Comprehensive Income and Expenditure

Year Ended 31 July 2020

	Notes	Consolidated		University	
		Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
<b>Income</b>					
Tuition fees and education contracts	1	147,006	135,723	147,006	135,723
Funding body grants	2	25,898	23,832	25,898	23,832
Research grants and contracts	3	29,790	30,901	29,790	30,901
Other income	4	46,293	55,542	39,102	43,806
Endowment and investment income	5	662	808	594	721
Donations and endowments	6	395	59	395	59
<b>Total income</b>		<b>250,044</b>	246,865	<b>242,785</b>	235,042
<b>Less: Share of income from joint ventures</b>	4	<b>(306)</b>	(270)	<b>0</b>	0
<b>Net income</b>		<b>249,738</b>	246,595	<b>242,785</b>	235,042
<b>Expenditure</b>					
Staff costs	8	138,764	126,785	129,766	118,265
Staff costs associated with USS pension increase	8	(33,963)	33,938	(33,963)	33,882
Other operating expenses	9	86,506	94,019	88,109	92,739
Depreciation	9	12,991	11,744	12,196	11,211
Interest and other finance costs	9	6,962	15,869	6,901	15,849
<b>Total expenditure</b>	10	<b>211,260</b>	282,355	<b>203,009</b>	271,946
<b>Surplus / (deficit) before other gains and losses and share of operating surplus of joint ventures</b>		<b>38,478</b>	(35,760)	<b>39,776</b>	(36,904)
Share of operating surplus / (deficit) in joint ventures	15	0	0	0	0
Gain on investments		500	735	500	735
<b>Surplus / (deficit) for the year</b>		<b>38,978</b>	(35,025)	<b>40,276</b>	(36,169)
Actuarial (loss) / gain in respect of pension schemes		(3,077)	596	(2,819)	580
Increase / (decrease) in value of joint ventures		(22)	0	0	0
<b>Total comprehensive profit / (loss) for the year</b>		<b>35,878</b>	(34,429)	<b>37,456</b>	(35,589)
Represented by:					
Endowment comprehensive income for the year		(37)	442	(37)	442
Restricted comprehensive income for the year		40	162	40	162
Unrestricted comprehensive loss for the year		35,875	(35,033)	37,453	(36,193)
Revaluation reserve comprehensive loss for the year		0	0	0	0
		<b>35,878</b>	(34,429)	<b>37,456</b>	(35,589)

All items of income and expenditure arise from continuing operations.

The notes on pages 62 to 92 form an integral part of these Financial Statements.

# Consolidated and University Statement of Changes in Reserves

Year Ended 31 July 2020

Consolidated	Income and expenditure account			Revaluation reserve £'000	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000		
<b>Balance at 1 August 2018</b>	<b>6,437</b>	<b>3,103</b>	<b>229,909</b>	<b>0</b>	<b>239,449</b>
Surplus / (deficit) from the income and expenditure statement	0	0	(35,025)	0	(35,025)
Other comprehensive income	442	162	(8)	0	596
Transfers between revaluation and income and expenditure reserve	0	0	0		0
<b>Total comprehensive income for the year</b>	<b>442</b>	<b>162</b>	<b>(35,033)</b>	<b>0</b>	<b>(34,429)</b>
<b>Balance at 1 August 2019</b>	<b>6,879</b>	<b>3,265</b>	<b>194,876</b>	<b>0</b>	<b>205,020</b>
Surplus / (deficit) from the income and expenditure statement	0	0	38,978	0	38,978
Other comprehensive income	(37)	40	(3,102)	0	(3,099)
Transfers between revaluation and income and expenditure reserve	0	0	0	0	0
<b>Total comprehensive income for the year</b>	<b>(37)</b>	<b>40</b>	<b>35,875</b>	<b>0</b>	<b>35,878</b>
<b>Balance at 31 July 2020</b>	<b>6,842</b>	<b>3,305</b>	<b>230,751</b>	<b>0</b>	<b>240,898</b>

University	Income and expenditure account			Revaluation reserve £'000	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000		
<b>Balance at 1 August 2018</b>	<b>6,437</b>	<b>3,103</b>	<b>244,285</b>	<b>0</b>	<b>253,825</b>
Surplus / (deficit) from the income and expenditure statement	0	0	(36,169)	0	(36,169)
Other comprehensive income	442	162	(24)	0	580
Transfers between revaluation and income and expenditure reserve	0	0	0	0	0
<b>Total comprehensive income for the year</b>	<b>442</b>	<b>162</b>	<b>(36,193)</b>	<b>0</b>	<b>(35,589)</b>
<b>Balance at 1 August 2019</b>	<b>6,879</b>	<b>3,265</b>	<b>208,092</b>	<b>0</b>	<b>218,236</b>
Surplus / (deficit) from the income and expenditure statement	0	0	40,275	0	40,275
Other comprehensive income	(37)	40	(2,822)	0	(2,819)
Transfers between revaluation and income and expenditure reserve	0	0	0	0	0
<b>Total comprehensive income for the year</b>	<b>(37)</b>	<b>40</b>	<b>37,453</b>	<b>0</b>	<b>37,456</b>
<b>Balance at 31 July 2020</b>	<b>6,842</b>	<b>3,305</b>	<b>245,545</b>	<b>0</b>	<b>255,692</b>

The notes on pages 62 to 92 form an integral part of these Financial Statements.

# Balance Sheets as at 31 July 2020

	Notes	Consolidated		University	
		Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
<b>Fixed assets</b>					
Tangible assets	12	<b>391,113</b>	383,436	<b>361,347</b>	353,606
Heritage assets	13	<b>798</b>	798	<b>798</b>	798
Investment Properties	12	<b>1,140</b>	1,650	<b>1,140</b>	1,650
Investments	14	<b>10,090</b>	9,590	<b>53,211</b>	52,711
Investment in joint ventures	15	<b>68</b>	90	<b>0</b>	0
		<b>403,209</b>	395,564	<b>416,496</b>	408,765
<b>Current assets</b>					
Stocks	16	<b>189</b>	276	<b>119</b>	169
Debtors	17	<b>31,229</b>	22,167	<b>29,663</b>	20,085
Investments	18	<b>0</b>	45,000	<b>0</b>	45,000
Cash and cash equivalents		<b>63,887</b>	30,184	<b>62,479</b>	27,400
		<b>95,305</b>	97,627	<b>92,261</b>	92,654
Less creditors: amounts falling due within one year	19	<b>(53,853)</b>	(51,019)	<b>(60,076)</b>	(56,846)
		<b>41,452</b>	46,608	<b>32,185</b>	35,808
<b>Net current assets</b>					
		<b>444,661</b>	442,172	<b>448,681</b>	444,573
<b>Total assets less current liabilities</b>					
Less creditors: amounts falling due after more than one year	20	<b>(169,840)</b>	(172,384)	<b>(160,094)</b>	(162,404)
Pension provisions	21	<b>(33,840)</b>	(64,840)	<b>(32,813)</b>	(64,072)
Other provisions	21	<b>(82)</b>	72	<b>(82)</b>	139
		<b>240,898</b>	205,020	<b>255,692</b>	218,236
<b>Total net assets</b>					
<b>Restricted Reserves</b>					
Income and expenditure reserve - endowment reserve	22	<b>6,842</b>	6,879	<b>6,842</b>	6,879
Income and expenditure reserve - restricted reserve	23	<b>3,305</b>	3,265	<b>3,305</b>	3,265
<b>Unrestricted Reserves</b>					
<b>Income and expenditure reserve – unrestricted</b>		<b>230,751</b>	194,876	<b>245,545</b>	208,092
<b>Total Reserves</b>		<b>240,898</b>	205,020	<b>255,692</b>	218,236

The Financial Statements were approved by the Governing Body on 30 November 2020 and were signed on its behalf on that date by:

**PROFESSOR A. FORSTER,**  
Vice-Chancellor

**J.HAMILTON,**  
Chair of Council

**A. KEEBLE,**  
Director of Finance,  
Planning & Data  
Insight

The notes on pages 62 to 92 form an integral part of these Financial Statements.

# Consolidated Cash Flow Statement

Year Ended 31 July 2020

	Notes	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
<b>Cash flow from operating activities</b>			
Surplus / (deficit) for the year		<b>38,478</b>	(35,760)
<b>Adjustment for non-cash items</b>			
Depreciation	12	<b>12,991</b>	11,744
Revaluation of investment property	12	<b>510</b>	340
Gain on investments		<b>0</b>	0
(Increase) / decrease in stocks	16	<b>87</b>	20
(Increase) / decrease in debtors	17	<b>(9,062)</b>	(1,035)
Increase / (decrease) in creditors		<b>2,161</b>	9,886
(Decrease) / increase in provisions		<b>(33,923)</b>	33,048
<b>Adjustment for investing or financing activities</b>			
Loss on disposal of tangible fixed assets		<b>26</b>	86
Investment income	5	<b>(662)</b>	(808)
Interest payable	9	<b>5,952</b>	15,204
Endowment income		<b>(25)</b>	0
<b>Net cash inflow from operating activities</b>		<b>16,533</b>	32,725
<b>Cash flows from investing activities</b>			
Disposal of non-current asset investments		<b>0</b>	0
(Investment in) / withdrawal of short term investments	18	<b>45,000</b>	5,000
Investment income	5	<b>662</b>	808
Payments made to acquire tangible fixed assets	12	<b>(20,694)</b>	(23,636)
Receipts from sales of tangible fixed assets		<b>0</b>	0
		<b>24,968</b>	(17,828)
<b>Cash flows from financing activities</b>			
Interest paid	9	<b>(5,952)</b>	(15,204)
Endowment cash received	21	<b>25</b>	0
Proceeds of bond issue		<b>0</b>	0
New secured loans		<b>0</b>	0
Repayments of amounts borrowed		<b>(1,871)</b>	(22,514)
		<b>(7,798)</b>	(37,718)
<b>Increase / (decrease) in cash for the year</b>		<b>33,703</b>	(22,821)
Cash and cash equivalents at beginning of the year		<b>30,184</b>	53,005
Cash and cash equivalents at end of the year		<b>63,887</b>	30,184

The notes on pages 62 to 92 form an integral part of these Financial Statements.

# Notes to the Accounts

for the year ended 31 July 2020

	<b>Consolidated</b>	
	<b>Year Ended</b> <b>31 July 2020</b> <b>£'000</b>	Year Ended 31 July 2019 £'000
<b>1 Tuition fees and education contracts</b>		
Full-time home and EU students	<b>103,285</b>	89,985
Full-time international students	<b>40,229</b>	38,215
Part-time students	<b>1,484</b>	1,365
Non-credit-bearing tuition fees	<b>424</b>	1,961
NHS contracts	<b>1,486</b>	4,113
Research training support grant	<b>98</b>	84
	<b>147,006</b>	135,723
<b>2 Funding body grants</b>		
<b>Recurrent grants</b>		
Office for Students	<b>6,374</b>	5,971
Research England	<b>9,251</b>	7,995
Capital grant	<b>599</b>	967
Capital grant	<b>1,475</b>	1,394
<b>Specific grants</b>		
Higher Education Innovation Fund	<b>3,346</b>	2,671
National Collaborative Outreach Programme	<b>2,281</b>	3,154
Catalyst	<b>103</b>	431
Connecting Capability Fund	<b>1,754</b>	786
Strategic Priorities Fund	<b>47</b>	89
Global Challenges Research Fund	<b>334</b>	371
QR Strategic Priorities	<b>52</b>	0
Newton Fund	<b>0</b>	3
Capital grant	<b>282</b>	0
	<b>25,898</b>	23,832
<b>3 Research grants and contracts</b>		
Research Councils	<b>18,950</b>	20,951
UK-based charities	<b>1,817</b>	2,125
UK central government, local authorities and health authorities	<b>3,352</b>	2,616
UK industry, commerce and public corporations	<b>1,095</b>	1,022
European Union government bodies	<b>3,335</b>	3,142
Other overseas	<b>1,238</b>	1,037
Other sources	<b>3</b>	8
	<b>29,790</b>	30,901
<b>4 Other income</b>		
<b>Other services rendered:</b>		
Income from academic partnerships	<b>2,860</b>	3,006
Other sources	<b>825</b>	779
Commercial services income	<b>29,020</b>	39,294
Revenue Grants	<b>2,049</b>	0
Rental income	<b>961</b>	954
Gain on revaluation of investment property	<b>0</b>	533
Other income	<b>10,272</b>	10,706
Income from joint ventures	<b>306</b>	270
	<b>46,293</b>	55,542

# Notes to the Accounts

for the year ended 31 July 2020

	Consolidated		
	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000	
<b>5 Endowment and investment income</b>			
Investment income on endowments	70	64	
Investment income on restricted reserves	52	32	
Other investment income	540	712	
	<b>662</b>	808	
<b>6 Donations and endowments</b>			
New endowments	25	0	
New donations with restrictions	370	59	
	<b>395</b>	59	
<b>7 Surplus for the year</b>			
The surplus on continuing operations for the year is made up as follows:			
University's surplus / (deficit) for the year	39,945	(36,426)	
Surplus generated by subsidiary undertakings and transferred to the University under gift aid	331	257	
Surplus retained by subsidiary undertakings and joint ventures	(1,298)	1,144	
	<b>38,978</b>	(35,025)	
<b>8 Staff costs</b>			
Staff Costs:			
Salaries	102,819	96,316	
Social security costs	9,281	8,624	
Movement on USS provision	(33,963)	33,938	
Other pension costs	26,664	21,845	
Total	<b>104,801</b>	160,723	
Remuneration Package of the Vice-Chancellor:	Note 8i	£	£
Salary*	305,361		299,962
Medical Insurance	4,437		4,371
Accommodation	24,000		24,000
Cleaning	3,491		3,210
Utilities	1,771		2,012
Pension contributions to USS	68,617		59,933
Salary and Associated Benefits	<b>407,677</b>		393,488

**\*From 1 April 2020 the VC took a 20% voluntary salary reduction resulting in an actual salary received in 2019-20 of £285,004.**

Compensation for loss of office paid to a member of staff for 2019-20 was £39k (2018-19: £148k).

Other pension costs include pension contributions made by the University on behalf of employees who have elected to reduce their wages and salaries when the University introduced its Pensions Plus scheme in April 2009.

# Notes to the Accounts

for the year ended 31 July 2020

**Consolidated**  
**Year Ended**      **Year Ended**  
**31 July 2020**    **31 July 2019**  
**£'000**              **£'000**

## 8 Staff costs (continued)

Remuneration of other higher paid staff, including pension contributions:	No.	No.
£100,000 to £104,999	8	7
£105,000 to £109,999	5	7
£110,000 to £114,999	4	2
£115,000 to £119,999	3	2
£120,000 to £124,999	2	3
£125,000 to £129,999	4	5
£130,000 to £134,999	3	1
£135,000 to £139,999	1	3
£140,000 to £144,999	2	3
£145,000 to £149,999	6	3
£150,000 to £154,999	0	2
£155,000 to £159,999	1	0
£160,000 to £164,999	0	0
£165,000 to £169,999	0	0
£170,000 to £174,999	1	1
	<b>40</b>	<b>39</b>

Average staff numbers by major category:	No.	No.
Academic	842	747
Research	109	115
Senior Support	651	630
Other Support	552	531
General Support	408	397
	<b>2,562</b>	<b>2,420</b>

### Key management personnel

Key management personnel are members of the University Steering Group (USG) and are those persons having authority and responsibility for planning, directing and controlling the activities of the University.

Key management personnel compensation	<b>1,464</b>	1,309
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During the period May-June 2020 members of USG took a salary reduction, on average of 8%. This totaled a saving of £23k.

### Trustees

No Trustee has received any remuneration/waived payments from the group during the year. Ten trustees are also employees of the University but received no additional payment for acting as trustees.

The total expenses paid to or on behalf of 25 council members were £2,861 (2018-19: £6,638 to 25 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

### Access and Participation

Access Investment	<b>285</b>
Financial Support	<b>0</b>
Disability Support (excluding expenditure included in the two categories above)	<b>226</b>
Research and Evaluation	<b>96</b>
	<b>607</b>

These figures are the staff costs associated with our Access and Participation Plan.

Our total Access and Participation Plan expenditure, including these staff costs of £607k are detailed in Note 11.



# Notes to the Accounts

for the year ended 31 July 2020

## 8i Vice-Chancellor's remuneration package

Details of the Vice-Chancellor's remuneration package and expenses are published on the University's website at <https://www.essex.ac.uk/about/senior-staff/vice-chancellor/pay-and-benefits>. The following notes describe the elements of the associated benefits set out in note 8:

**Medical Insurance:** To minimise absence from work on grounds of ill-health, the University part funds medical insurance for the Vice-Chancellor and direct dependent. This is declared to Her Majesty's Revenue and Customs and reported annually on the P11D form through the Vice-Chancellor's annual self-assessment.

**Accommodation:** The University owns a property on the Colchester campus known as Lake House. This property was constructed at the same time the University was being established, for the specific purpose of enabling the Vice-Chancellor to be resident on campus. It is a condition of contract of the Vice-Chancellor that he must reside in this property and that it is the Vice-Chancellor's primary residence during his period of office. The Vice-Chancellor is not required to make rental payments for the property but the monthly rental value is pensionable. The pensionable value of property is disclosed above.

The Vice-Chancellor makes use of this house to host events for University staff and students and for external stakeholders with an interest in, or supporting, the work of the University. A schedule of events held in the Lake House, hosted by the Vice-Chancellor, is published on the University's website, describing the purpose of each event held <https://www.essex.ac.uk/-/media/documents/about/vc-lake-house-events.pdf?la=en>. This is updated on 1 February and 31 July each year. Catering and service for these events is provided by Wivenhoe House Hotel and the Edge Hotel School, both based at the University.

**Cleaning:** The University bears the costs of maintenance and upkeep of the property in which the Vice-Chancellor is required to reside. All major works need to be approved by the Registrar and Secretary. The cost of cleaning is shared equally between the University and the Vice-Chancellor.

**Utilities:** The cost of electricity and gas supplied to the property are apportioned between the Vice-Chancellor and the University. This is declared to Her Majesty's Revenue and Customs and reported annually on the P11D form through the Vice-Chancellor's annual self-assessment.

**Pension contributions:** The Vice-Chancellor is eligible for membership of the Universities Superannuation Scheme (USS), the scheme available to the majority of employees of the University. The Vice-Chancellor was an active member of USS throughout the reporting year.

Pay and reward in the University is overseen by the Remuneration Committee of Council. The composition of the Committee is at <https://www.essex.ac.uk/-/media/documents/about/governance/committees-council.pdf> and includes an independent advisor who is external to the University and is not a Council member. The Vice-Chancellor (VC) is not a member of Remuneration Committee.

The University of Essex participates in the national process of collective bargaining with the trades unions undertaken on behalf of employers by the Universities and Colleges Employers Association. Through this process, an agreed level of percentage increase is applied to all points of the nationally agreed pay spine, to reflect the impact of increases in the cost of living on pay. The University's policy is to apply that percentage increase to the pay of all members of staff. In addition, all members of staff have an opportunity to apply for additional pay through the University's annual review process in recognition of exceptional performance. The University only considers cases for additional pay for those who submit an application.

Remuneration Committee reviews the pay and performance of the VC each year. For this annual review cycle, the VC did not make an application for additional pay through the annual review process, but as with all staff the VC did receive the 1.8% cost of living increase.

# Notes to the Accounts

for the year ended 31 July 2020

## 8i Vice-Chancellor's remuneration package (continued)

In relation to performance, each year personal objectives are set for the VC and these are shared with Remuneration Committee and the whole of Council for comment. Through the **Appraisal and Personal Development Scheme (APDR)** the Chair of Council and two Pro-Chancellors review the VC's performance and set objectives for the following year.

The Remuneration Committee takes into account a range of benchmarking information in considering pay levels. In relation to the Vice-Chancellor, institutions identified for benchmarking purposes are comparable universities whose missions are similar to those of the University of Essex as set out in the University's Strategic Plan 2019 - 25:

- dual intensive universities (reflecting the University's equal commitment to excellence in education and excellence in research);
- universities in the top 30 in The Times and The Sunday Times Good University Guide;
- universities which have achieved a Gold rating in the TEF;
- universities which are in the top 25 for research quality in The Times and The Sunday Times Good University Guide;
- universities of a similar size and complexity (in relation to turnover and student numbers).

Benchmarking data for the Vice-Chancellor is provided to the Committee for information, whether or not an application is made for additional pay through the annual review process. Remuneration Committee reviews the benchmarking framework annually to ensure comparators continue to be appropriate and relevant.

Remuneration Committee undertook a careful assessment of the VC's performance, drawing upon evidence from the University's overall performance against the KPI's contained in the Strategic Plan, the Strategic Priority Actions set for the VC at the beginning of the preceding academic year and the outcomes of the APDR performance review discussion. Having considered this range of evidence, the Committee concluded that the individual performance of the Vice-Chancellor was consistently high and that the current salary reflected this. Despite a drop in the University's rankings in the Times Good University Guide to 37th in 2019, there had been a number of significant achievements in a challenging environment. As the University enters a new strategic planning period, Remuneration Committee agreed that the Vice-Chancellor's ambition and vision was essential to lead the University in its next phase of growth and change.

# Notes to the Accounts

for the year ended 31 July 2020

## 8i Vice-Chancellor's remuneration package (continued)

The relationship between the Vice-Chancellor's remuneration and that for all other employees is reviewed annually, and a number of ratios are calculated. This year the ratios are calculated on the remuneration received by the Vice-Chancellor and other staff following their voluntary reduction in salary. These are set out below.

The head of the provider's basic salary is 11.20 times (2018-19 – 11.77) the median pay of all staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The head of the provider's total remuneration (including other benefits) is 12.83 times (2018-19 - 14.22) the median total remuneration of all staff, where the median pay is calculated on a full-time equivalent basis for the salaried paid by the provider to its staff. This has increased from last year primarily due to the inclusion in the current year of agency staff in the population used to calculate this ratio.

The head of the provider's basic salary is 8.70 times (2018-19 – 11.10) the median pay of all staff employed by the University of Essex excluding University of Essex Campus Services Ltd and Wivenhoe House Hotel Ltd.

The head of the provider's basic salary is 6.10 times (2018-19 – 6.19) the median pay for academic members of staff.

Following implementation of the latest OfS requirements on the basis for calculating the above pay ratios, the University has put in place measures to capture information on the pay of agency and similar staff and has included these in the information on pay ratios set out above.

# Notes to the Accounts

for the year ended 31 July 2020

	<b>Consolidated</b>	
	<b>Year Ended</b>	Year Ended
	<b>31 July 2020</b>	31 July 2019
	<b>£'000</b>	£'000
<b>9 Other operating expenses</b>		
Books and periodicals	3,011	3,569
Equipment and consumables	2,271	4,677
Food, drink and hospitality	784	1,270
Gas, water and electricity	5,793	5,518
Cleaning	812	743
Grants to Students' Union	3,158	3,336
Insurance	344	358
Long-term maintenance programme and minor works	1,286	2,299
Other expenses	9,896	18,363
Postage, telephones, printing & stationery	633	898
Professional and consultancy fees	8,412	3,254
Rates and rental of premises	13,892	12,217
Repairs and routine maintenance of estates	4,519	5,431
Research survey fieldwork	9,549	9,355
Scholarships (fee waivers and bursaries)	11,813	9,343
Travel, subsistence and accommodation	1,621	2,811
IT / AV Equipment	3,884	5,271
Fire safety and security	793	818
Adverts and marketing	1,352	1,638
Agents commission	2,683	2,850
	<b>86,506</b>	94,019
<p>Included within professional, auditor and consultancy fees above are the following amounts receivable by the external auditor:</p> <p>Statutory audit fee: £90,040 (2018-19: £80,137)</p> <p>US GAAP Conversion of 2018-19 Accounts £25,000 (2018-19 Nil)</p> <p>Audit-related assurance services: £8,500 (2018-19: £3,432)</p> <p>Taxation advisory services: £14,000 (2018-19: £56,400)</p>		
<b>Depreciation, impairment and amortisation</b>		
Depreciation charge on tangible fixed assets	12,991	11,744
	<b>12,991</b>	11,744
<b>Finance charges</b>		
Bank Interest payable	5,952	15,204
Net charge on pension scheme	1,010	665
	<b>6,962</b>	15,869

# Notes to the Accounts

for the year ended 31 July 2020

## 10 Analysis of total expenditure by activity

	Staff costs £'000	Other operating expenses £'000	Depreciation and Amortisation £'000	Interest paid £'000	2019-20 Total £'000	2018-19 Total £'000
Academic departments and centres	52,268	30,556	52	0	82,876	76,007
Academic services	10,008	13,653	0	0	23,661	22,008
Research grants and contracts	11,111	11,683	97	0	22,891	23,404
Residences and catering	8,998	18,634	2,153	1,584	31,369	32,810
Premises	4,493	10,333	795	0	15,621	17,818
Administration	7,504	10,361	6	0	17,871	18,453
Other services rendered	383	903	0	0	1,286	1,224
General education expenditure	3,111	9,339	0	0	12,450	13,792
Student and staff facilities	5,683	9,360	157	59	15,259	15,214
Early retirements and severances	72	0	0	0	72	154
Other expenses	1,170	(28,316)	9,731	5,319	-12,096	61,471
	<b>104,801</b>	<b>86,506</b>	<b>12,991</b>	<b>6,962</b>	<b>211,260</b>	<b>282,355</b>

Consolidated Year Ended 31 July 2020 £'000	University Year Ended 31 July 2020 £'000
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## 11 Access and Participation

Access Investment	351	351
Financial Support	2,979	2,979
Disability Support	257	257
Research and Evaluation	96	96
	<b>3,683</b>	<b>3,683</b>

£607k of these costs are already included in the overall staff costs figures included in the financial statements, see note 8.

Our published access and participation plan can be found at

<https://www.essex.ac.uk/about/governance/access-and-participation-plan>

# Notes to the Accounts

for the year ended 31 July 2020

## 12 Tangible assets

Consolidated	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Heritage Assets £'000	Investment Properties £'000	Total £'000
<b>Cost</b>							
At 1 August 2019	399,326	11,711	42,627	17,454	798	1,650	473,566
Adjustments	0	0	0	0	0	0	0
Additions	556	0	6,776	13,362	0	0	20,694
Transfers	1,447	0	10,455	(11,902)	0	0	0
Disposals	0	0	(136)	0	0	0	(136)
Impairment	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	(510)	(510)
<b>At 31 July 2020</b>	<b>401,329</b>	<b>11,711</b>	<b>59,722</b>	<b>18,914</b>	<b>798</b>	<b>1,140</b>	<b>493,614</b>

<b>Depreciation</b>							
At 1 August 2019	64,604	1,509	21,569	0	0	0	87,682
Charge for the year	7,321	48	5,622	0	0	0	12,991
Impairments	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Disposals	0	0	(110)	0	0	0	(110)
Impairments	0	0	0	0	0	0	0
<b>At 31 July 2020</b>	<b>71,925</b>	<b>1,557</b>	<b>27,081</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100,563</b>

<b>Net Book Value</b>							
<b>At 31 July 2020</b>	<b>329,404</b>	<b>10,154</b>	<b>32,641</b>	<b>18,914</b>	<b>798</b>	<b>1,140</b>	<b>393,051</b>
At 31 July 2019	334,722	10,202	21,058	17,454	798	1,650	385,884

## University

<b>Cost</b>							
At 1 August 2019	375,821	11,119	40,565	9,514	798	1,650	439,467
Adjustments	0	0	0	0	0	0	0
Additions	302	0	6,730	12,911	0	0	19,943
Transfers	1,447	0	10,455	(11,902)	0	0	0
Disposals	0	0	(28)	0	0	0	(28)
Impairment	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	(510)	(510)
<b>At 31 July 2020</b>	<b>377,570</b>	<b>11,119</b>	<b>57,722</b>	<b>10,523</b>	<b>798</b>	<b>1,140</b>	<b>458,872</b>

<b>Depreciation</b>							
At 1 August 2019	61,974	1,083	20,356	0	0	0	83,413
Charge for the year	6,697	48	5,451	0	0	0	12,196
Transfers	0	0	0	0	0	0	0
Disposals	0	0	(22)	0	0	0	(22)
Impairment	0	0	0	0	0	0	0
<b>At 31 July 2020</b>	<b>68,671</b>	<b>1,131</b>	<b>25,785</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>95,587</b>

<b>Net Book Value</b>							
<b>At 31 July 2020</b>	<b>308,899</b>	<b>9,988</b>	<b>31,937</b>	<b>10,523</b>	<b>798</b>	<b>1,140</b>	<b>363,285</b>
At 31 July 2019	313,847	10,036	20,209	9,514	798	1,650	356,054

# Notes to the Accounts

for the year ended 31 July 2020

## 12 Tangible assets (continued)

University Land and Buildings include £48.7 million (2018-19: £48.9 million) in respect of freehold land which is not depreciated. Included in the cost of fixed assets is aggregated interest capitalised of £2.8 million (2018-19: £2.8 million)

Additions to University land and buildings in the year includes £13.3 million (2018-19 £15.9 million) for assets in the course of construction, for which no depreciation charge has been made.

On the date of transition to FRS 102, the University revalued its land and student accommodation at fair value and as a first time adopter, in accordance with paragraph 35.10 (c) of the 2015 SORP, it is using this fair value as the deemed cost of the assets. The valuation was prepared by Gerald Eve, an independent valuer, with an effective date of 1 August 2014. The valuation was prepared using Depreciated Replacement Cost and Fair Value equivalent to Market Value methods. At the date of the valuation, land had a net book value of £5.2 million and student accommodation had a net book value of £50.9 million.

On the date of transition to FRS 102, an asset with the value of £3.6 million was transferred from property, plant and equipment to investment property. The valuation was also prepared by Gerald Eve, with an effective date of 1 August 2014 and using Depreciated Replacement Cost and Fair Value equivalent to Market Value methods. This property was revalued at 31 July 2019 using the rate of the average growth in retail buildings in Eastern England.

## 13 Heritage assets

The University Equipment includes assets valued at £798k for works of art deemed to be heritage assets which were capitalised in 2009-10. The University's external valuer (Lyon & Turnbull) carried out a full valuation of the collection at 18 February 2010. The values were established on the basis of the valuer's assessment of the likely replacement cost at suitable specialist retail outlets, having given consideration to quality and condition for a similar item.

# Notes to the Accounts

for the year ended 31 July 2020

## 14 Investments

	Consolidated		University	
	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
At 1 August	9,590	8,854	52,711	51,975
(Disposals) / Additions	500	736	500	736
Revaluations credited to the revaluation reserve	0	0	0	0
At 31 July	10,090	9,590	53,211	52,711
Comprising:				
Equities	10,043	9,543	10,043	9,543
Subsidiary companies:				
University of Essex Knowledge Gateway Holdings Ltd	0	0	27,794	27,794
Universal Accommodation Group Ltd	0	0	2,893	2,893
University of Essex Campus Services Ltd	0	0	1,333	1,333
Wivenhoe House Hotel Ltd	0	0	11,101	11,101
Other investments	47	47	47	47
	10,090	9,590	53,211	52,711

## 15 Investment in Joint Ventures

### Southend-on-Sea Forum Management Limited

	Year Ended 31 July 2020		Year Ended 31 July 2019	
	£'000	£'000	£'000	£'000
<b>Income and expenditure account</b>				
Income		306		270
Expenditure		(306)		(270)
Profit before tax		0		0
<b>Balance sheet</b>				
Fixed assets	0		0	
Current assets	266	266	299	299
Creditors: amounts due within one year	(199)		(209)	
Creditors: amounts due after more than one year	0	(199)	0	(209)
<b>Share of net assets in Southend-on-Sea Forum Management Ltd</b>		68		90

Southend-on-Sea Forum Management Ltd (SoSFML) is a joint venture between University of Essex, Southend-on-Sea Borough Council and South Essex College of Further and Higher Education. The joint venture was established in order to oversee the property management of the Forum building in Southend which is the UK's first integrated academic and public library and combines the modern teaching facilities of South Essex College, the research and learning environment of the University of Essex and the municipal library of Southend-on-Sea Borough Council. For the year ending 31 July 2020 it recorded a surplus of £nil (2018-19: £nil).

During the year, SoSFML Ltd purchased goods and services to the value of £3,039 from the University (2018-19: £1,889) of which £nil was outstanding at 31 July 2020 (2018-19: £nil). SoSFML Ltd provided services to the University to the value of £284k (2018-19: £333k) with a credit of £nil outstanding at 31 July 2020 (2018-19: £nil).

Southend-on-Sea Forum Management Ltd has been accounted for as a joint venture in accordance with FRS 102 Section 15. The level of profit included within the consolidated financial statements is as shown above and in the summary of joint ventures note.



# Notes to the Accounts

for the year ended 31 July 2020

## 15 Investment in joint venture (continued)

Total investment in Joint Ventures:

	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
<b>Total income from joint ventures recognised in the Income Statement</b>		
Income from SoSFML	306	270
<b>Total Income from joint ventures</b>	<b>306</b>	<b>270</b>
<b>Total profit / (loss) from joint ventures recognised in the Income Statement</b>		
Profit / (loss) from SoSFML	0	0
<b>Total profit / (loss) from joint ventures</b>	<b>0</b>	<b>0</b>
<b>Share of gross assets and liabilities in joint ventures:</b>		
Share of net assets in SoSFML	68	90
<b>Total share of gross assets in joint ventures</b>	<b>68</b>	<b>90</b>

## 16 Stock

	Consolidated		University	
	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Stock	189	276	119	169

## 17 Debtors

	Consolidated		University	
	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Amounts falling due within one year:				
Trade debtors	585	713	318	401
Student fees	4,594	4,307	4,594	4,307
Research debtors	14,630	7,414	14,630	7,414
Prepayments and accrued income	10,488	9,031	9,657	7,908
Other debtors	932	702	30	(230)
Amounts due from subsidiary companies	0	0	434	285
	<b>31,229</b>	<b>22,167</b>	<b>29,663</b>	<b>20,085</b>

# Notes to the Accounts

for the year ended 31 July 2020

## 18 Investments

	Consolidated		University	
	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Deposits maturing: In one year or less	0	45,000	0	45,000
	0	45,000	0	45,000

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than 24 hours maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

## 19 Creditors: amounts falling due within one year

	Consolidated		University	
	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Secured loans	1,984	1,871	1,984	1,871
Unsecured loans	0	0	0	0
Payments received in advance	10,768	11,261	10,768	11,261
Research grants received on account	27,361	19,364	27,361	19,364
Trade creditors	3,491	5,136	3,492	4,778
Bank Overdraft	0	0	0	0
Social security and other taxation payable	2,389	2,412	2,315	2,170
Accruals and deferred income	7,860	10,975	6,411	8,554
Amounts due to subsidiary companies	0	0	7,745	8,848
	53,853	51,019	60,076	56,846

# Notes to the Accounts

for the year ended 31 July 2020

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

	Consolidated		University	
	Year Ended	Year Ended	Year Ended	Year Ended
	31 July	31 July	31 July	31 July
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Analysis of secured and unsecured loans:				
Due within one year or on demand	<b>1,984</b>	1,871	<b>1,984</b>	1,871
Due between one and two years	<b>1,984</b>	1,871	<b>1,984</b>	1,871
Due between two and five years	<b>6,898</b>	6,609	<b>6,898</b>	6,609
Due in five years or more	<b>71,022</b>	73,408	<b>71,022</b>	73,408
Bond Liabilities	<b>65,000</b>	65,000	<b>65,000</b>	65,000
	<b>146,888</b>	148,759	<b>146,888</b>	148,759
Due within one year or on demand	<b>(1,984)</b>	(1,871)	<b>(1,984)</b>	(1,871)
Due after more than one year	<b>144,904</b>	146,888	<b>144,904</b>	146,888
Other creditors:				
Due between one and two years	<b>6,043</b>	6,177	<b>325</b>	325
Due between two and five years	<b>5,303</b>	5,403	<b>976</b>	976
Due in five years or more	<b>13,590</b>	13,916	<b>13,889</b>	14,215
	<b>24,936</b>	25,496	<b>15,190</b>	15,516
<b>Total</b>	<b>169,840</b>	172,384	<b>160,094</b>	162,404

During 2008-09, the University received £0.16 million from HEFCE through the SALIX initiative as start-up funding to finance energy conservation and efficiency within the University. This will be non-repayable provided that the University is able to demonstrate that appropriate progress has been made.

In 2013 the University renegotiated its loan facility with Lloyds. As at 31 July 2020, the University had loans with Lloyds totalling £82 million (2018-19: £84 million), repayable by 2043.

On 14 July 2017 the University contracted to issue £50 million of 2.87% unsecured bonds due 2037 and £15 million of 3.11% unsecured bonds due 2047. The bonds were issued at 100% of their principal amount on 29 September 2017 and the proceeds of issue amounted to £65 million. Interest is payable on the 29 March and 29 September each year commencing 29 March 2018. Unless previously redeemed, the bonds will be redeemed at their principal amount on 29 September 2037 and 29 September 2047 respectively.

# Notes to the Accounts

for the year ended 31 July 2020

## 21 Provisions for liabilities

### Consolidated

	Obligation to fund deficit on USS pension £'000	Obligation to fund deficit on SAUL pension £'000	Defined Benefit Obligations £'000	Total Pensions Provisions £'000	Total Other £'000
At 1 August 2019	67,961	0	(3,121)	64,840	(72)
Utilised in year	(1,321)	0	1,882	561	(39)
Additions in year	(31,561)	0	0	(31,561)	193
<b>At 31 July 2020</b>	<b>35,079</b>	<b>0</b>	<b>(1,239)</b>	<b>33,840</b>	<b>82</b>

### University

	Obligation to fund deficit on USS pension £'000	Obligation to fund deficit on SAUL pension £'000	Defined Benefit Obligations £'000	Total Pensions Provisions £'000	Total Other £'000
At 1 August 2019	67,258	0	(3,186)	64,072	(139)
Utilised in year	(1,297)	0	1,615	318	0
Additions in year	(31,577)	0	0	(31,577)	221
<b>31 July 2020</b>	<b>34,384</b>	<b>0</b>	<b>(1,571)</b>	<b>32,813</b>	<b>82</b>

### USS and SAUL deficit

The obligation to fund the past deficits on the Universities Superannuation Scheme (USS) and the Superannuation Arrangements of the University of London ("SAUL") arises from the contractual obligation with the pension schemes for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision. Further details in relation to the University's pension schemes can be found at note 27.

# Notes to the Accounts

for the year ended 31 July 2020

## 22 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Expendable endowments £'000	2020 Total £'000	2019 Total £'000
<b>Balances at 1 August 2019</b>				
Capital	1,486	6,301	<b>7,787</b>	7,284
Accumulated income / (expenditure)	(88)	(820)	<b>(908)</b>	(847)
	1,398	5,481	<b>6,879</b>	6,437
New endowments	0	25	<b>25</b>	0
Investment income	14	56	<b>70</b>	64
Expenditure	(28)	(446)	<b>(474)</b>	(125)
	(14)	(390)	<b>(404)</b>	(61)
Increase in market value of investments	66	276	<b>342</b>	503
<b>At 31 July 2020</b>	1,450	5,392	<b>6,842</b>	6,879
<b>Represented by:</b>				
Capital	1,552	6,602	<b>8,154</b>	7,787
Accumulated income / (expenditure)	(102)	(1,210)	<b>(1,312)</b>	(908)
	1,450	5,392	<b>6,842</b>	6,879
<b>Analysis by type of purpose:</b>				
Scholarships and bursaries	1,346	6	<b>1,352</b>	1,305
Prize funds	37	68	<b>105</b>	242
General	67	5,318	<b>5,385</b>	5,332
	1,450	5,392	<b>6,842</b>	6,879
<b>Analysis by asset</b>				
Current and non-current asset investments			<b>6,869</b>	6,527
Cash & cash equivalents			<b>(27)</b>	352
			<b>6,842</b>	6,879

# Notes to the Accounts

for the year ended 31 July 2020

## 23 Restricted Reserves

Reserves with restrictions are as follows:

	Donations	
	2020	2019
	Total	Total
	£'000	£'000
<b>Balances at 1 August 2019</b>	<b>3,265</b>	3,103
New donations	<b>370</b>	59
Investment income	<b>53</b>	32
(Decrease) / increase in market value of investments	<b>158</b>	232
Expenditure	<b>(541)</b>	(161)
	<b>(330)</b>	103
<b>At 31 July 2020</b>	<b>3,305</b>	3,265
<b>Analysis of other restricted funds / donations by type of purpose:</b>		
Scholarships and bursaries	<b>672</b>	815
Prize funds	<b>292</b>	297
General	<b>2,341</b>	2,153
	<b>3,305</b>	3,265
<b>Analysis by asset</b>		
Current and non-current asset investments	<b>3,174</b>	3,016
Cash & cash equivalents	<b>131</b>	249
	<b>3,305</b>	3,265

# Notes to the Accounts

for the year ended 31 July 2020

## 24 Consolidated reconciliation of net debt

	Year Ended 31 July 2020 £'000
Net debt 1 August 2019	(73,575)
Movement in cash and cash equivalents	(9,426)
Acquisition of subsidiaries	0
Disposal of subsidiaries	0
New finance leases	0
Other non-cash changes	0
Changes in market value and exchange rates	0
Net debt 31 July 2020	(83,001)
<b>Change in net debt</b>	<b>(9,426)</b>

	Consolidated	
	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
<b>Analysis of net debt:</b>		
<b>Cash and cash equivalents</b>	<b>63,887</b>	75,184
Borrowings: amounts falling due within one year		
Secured loans	(1,984)	(1,871)
Unsecured loans		
Bank overdraft		
Obligations under finance leases		
	<b>61,903</b>	73,313
Borrowings: amounts falling due after more than one year		
Obligations under finance lease		
Secured loans	(144,904)	(146,888)
Unsecured loans		
	<b>(144,904)</b>	(146,888)
<b>Net Debt</b>	<b>(83,001)</b>	(73,575)

# Notes to the Accounts

## for the year ended 31 July 2020

### 25 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2020:

	Consolidated		University	
	Year Ended 31 July 2020	Year Ended 31 July 2019	Year Ended 31 July 2020	Year Ended 31 July 2019
	£'000	£'000	£'000	£'000
Commitments contracted for	9,555	11,117	9,497	9,909
Authorised but not contracted for	39	39,533	0	39,533
	<b>9,594</b>	<b>50,650</b>	<b>9,497</b>	<b>49,442</b>

### 26 Lease obligations

Total rentals payable under operating leases:

	31 July 2020 Consolidated			Year Ended 31 July 2019
	Land and Buildings	Plant and Machinery	Total	
	£'000	£'000	£'000	£'000
<b>Payable during the year</b>	<b>686</b>	<b>180</b>	<b>866</b>	673
<b>Future minimum lease payments due:</b>				
Not later than 1 year	686	176	862	302
Later than 1 year and not later than 5 years	1,745	475	2,220	1,142
Later than 5 years	3,348	0	3,348	2,912
<b>Total lease payments due</b>	<b>5,779</b>	<b>651</b>	<b>6,430</b>	4,356

Leases are for land and buildings.

The original leases are for a unit at Southend and land at East 15, Loughton.

During 2015-16 the University built the North Teaching Centre, and in August 2016 sold the modular components at a cost of £2.9 million and entered into a lease to secure their use for seven years.

During 2016-17 the University leased office space at the Knowledge Gateway Parkside development.



# Notes to the Accounts

for the year ended 31 July 2020

## 27 Disclosure of related party transactions

The related parties of the University are the wholly and partially owned subsidiary undertakings (listed in note 29) of these Financial Statements, the University of Essex Students' Union and the members of the Council.

In the preparation of these Financial Statements, the University has taken advantage of the exemptions contained within Section 33.1A of FRS 102 relating to transactions and balances eliminated on consolidation.

All transactions and balances with the subsidiary undertakings have been eliminated on consolidation and therefore no disclosure is given.

Due to the nature of the relationship between the entities, the University of Essex Students' Union is considered to be a related party. In the year to 31 July 2020 the University paid the Union a revenue grant of £2.453 million (2018-19: £2.367 million). The Union's income and expenditure account shows the following:

	<b>Year Ended 31 July 2020</b>	Year Ended 31 July 2019
	<b>£'000</b>	£'000
Income	<b>2,723</b>	2,808
Expenditure	<b>(2,693)</b>	(2,772)
Operating surplus before and after transfers from / (to) reserves	<b>30</b>	36

Ms Asha Ali was a Council member during 2019-20 who also sat on Essex Students' Union Board.

All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and normal procurement procedures. Given that the University Council includes members drawn from public and private sector organisations, some transactions take place with organisations in which a member of Council may have an interest. However, these transactions occur at the operational level where they are instigated by members of staff and approved by senior management under delegated authority. There is no direct benefit to members of Council.

Members of Council, its sub-committees and key management personnel are required to declare all outside interests. When an item arises in which a member has an interest, it must be declared and the member concerned may not take part in that debate or any related decisions.

The Director of Finance received £22.6k during the course of the year from UMAL Ltd, a company which provides cover for terrorism risk, for serving as a Director of that company.

# Notes to the Accounts

for the year ended 31 July 2020

## 28 Pension Schemes

The University has three principal pension schemes for employees. These are the Universities Superannuation Scheme (USS), the Local Government Pension Scheme (LGPS) and Superannuation Arrangements of the University of London (SAUL). The assets of the schemes are held in separate trustee-administered funds. All three schemes are defined benefit schemes and are contracted out of the State Earnings-Related Pension Scheme.

On 1 September 2014 the University of Essex Pension Scheme (UEPS) merged into the Superannuation Arrangements of the University of London (SAUL). This effectively means the Scheme ceased on 1 September 2014, as all assets and liabilities were transferred to SAUL.

USS and SAUL are mutual schemes and the assets are not hypothecated to individual institutions and it is therefore not possible to identify the University's share of the underlying assets and liabilities.

LGPS became a closed scheme from August 1997 and subsequently all non-academic and related staff who were not members of a pension scheme could join the UEPS. When UEPS became a closed scheme from March 2004, all new staff were eligible to join USS.

Since June 2014 all staff between the grades of 1 to 6 are eligible to join SAUL while staff graded 7 to 11 are eligible to join USS.

Two of the University's subsidiary companies, Wivenhoe House Hotel Limited and University of Essex Campus Services Limited pay into personal pension schemes and a scheme called NEST for some employees. These are all defined contribution schemes.

The total pension cost for the University and its subsidiary undertakings was:

	<b>Year Ended 31 July 2020</b>	Year Ended 31 July 2019
	<b>£'000</b>	£'000
Contribution to USS	<b>23,096</b>	18,980
Contribution to LGPS	<b>233</b>	242
Contribution to SAUL	<b>3,123</b>	2,361
Contribution to NEST	<b>0</b>	0
Contribution to personal pensions	<b>0</b>	0
LGPS additional University costs to fund past service deficiency	<b>1,336</b>	1,604
USS additional University costs to fund past service deficiency	<b>(33,963)</b>	33,938
SAUL additional University costs to fund past service deficiency	<b>0</b>	0
LGPS actuarial adjustment to pension costs	<b>(1,124)</b>	(1,342)
Total pension cost	<b>(7,299)</b>	55,783

The total FRS 102 pension liability for the University and its subsidiary undertakings was:

	<b>Year Ended 31 July 2020</b>	Year Ended 31 July 2019
	<b>£'000</b>	£'000
LGPS pension liability	<b>1,239</b>	3,121
USS pension liability	<b>(35,079)</b>	(67,961)
SAUL pension liability	<b>0</b>	0
Total pension liability	<b>(33,840)</b>	(64,840)

# Notes to the Accounts

for the year ended 31 July 2020

## 28 Pension Schemes (continued)

### Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated 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 and therefore, as required by Section 28 of FRS 102 "Employee Benefits", accounts for the scheme as if it were a defined contribution scheme. 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 institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

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

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

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

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

	<b>At</b>	At
	<b>31 July 2020</b>	31 July 2019
Discount rate	<b>2.59%</b>	2.44%
Pensionable salary growth	<b>n/a</b>	n/a
Price inflation (CPI)	<b>2.02%</b>	2.11%

# Notes to the Accounts

for the year ended 31 July 2020

## 28 Universities Superannuation Scheme USS (continued)

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) SINA tables as follows:

Male member's mortality	96.5% of S1NA ("light") YoB tables – no age rating
Female member's mortality	101.3% of S1NA ("light") YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2016 projections with a 1.8% pa long term rate for males and 1.6% for females, were also adopted. The current life expectancies on retirement at age 65 are:

	At 31 July 2020	At 31 July 2019
Males currently aged 65	<b>24.4 years</b>	24.6 years
Females currently aged 65	<b>25.9 years</b>	26.1 years
Males currently aged 45	<b>26.3 years</b>	26.6 years
Females currently aged 45	<b>27.7 years</b>	27.9 years
Scheme assets	<b>£63.7 bn</b>	£67.4 bn
Total scheme liabilities	<b>£67.3 bn</b>	£79.2 bn
FRS 102 total scheme deficit	<b>£3.6 bn</b>	£11.8 bn
FRS 102 total funding level	<b>95%</b>	85%

In accordance with the requirements of the SORP, the University currently recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme (USS). The recovery plan in the 2014 actuarial valuation requires employers to contribute 2.1% of salaries towards repairing the deficit over a period of 17 years, of which 14 years remain. Details of this provision, which has been discounted at a rate of 2.21% as at 31 July 2018, are included in note 21 to the financial statements.

The 2017 actuarial valuation of USS has been undertaken but this has not yet been formally completed. The 2017 valuation has set out the challenges currently facing the scheme and the likelihood of significant increases in contributions being required to address these challenges.

In the judgement of the University, as the 2017 valuation has not formally completed, and there remains various stages of consultation around the key factors specifically relating to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation.

However, there is a significant risk that the year-end provision as calculated will not reflect the position following the final outcome of negotiations, potentially by a very significant amount depending upon what is finally agreed as regards future deficit contributions and their duration. The University expects to have greater clarity in this respect during the next financial year. Based on the inputs to the model, the following sensitivity analysis outlines the potential impact on the existing liability of £32.654 million (assuming the same discount rate of 2.21%):

The impact of a 1% increase would be an additional £16.738 million.

The impact of an increase to 6% i.e. an increase of 3.9% (if this still continues to be the direction of travel – as indicated by the latest communication by USS) would be an additional £62.942 million.

The impact of extending the duration for the deficit repayment to 17 years would be an additional £8.913 million; whereas 20 years would be £17.032 million.

# Notes to the Accounts

for the year ended 31 July 2020

## 28 Local Government Pension Scheme (LGPS)

The Essex County Council LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The employer contribution rate for 2019-20 was 23.9% (2018-19: 22.4%).

From 01 April 2014, all members of the scheme transferred to a Career Average Revalued Earnings (CARE) benefit structure. As a consequence, the cost of benefit accrual is expected to fall. This will allow an increasing proportion of the expected asset return to be used to eliminate the funding shortfall.

The value of the employer's liability is assessed every three years in accordance with the advice of a qualified actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Last actuarial valuation	31-Mar-19
Actuarial method	Projected Unit
Pension increases	2.6% per annum
Salary scale increases	3.6% per annum
Market value of assets at date of last valuation (whole fund)	£7,027 million
The proportion of members' accrued benefits covered by the actuarial value of assets (whole fund) was 85%.	

### Actuarial Assumptions

A full actuarial valuation was carried out at 31 March 2019.

The major assumptions used by the actuary were:

	At 31 July 2020	At 31 July 2019
<b>Financial assumptions</b>	%	%
Rate of increase in salaries	<b>3.30</b>	3.95
Rate of increase in pension payments	<b>2.30</b>	2.45
Expected return on assets	<b>15.00</b>	15.00
Discount rate for liabilities	<b>1.25</b>	2.00
Inflation assumptions	<b>2.60</b>	1.50
<b>Split of assets between investment categories</b>		
Equities	<b>62.00</b>	63.00
Government Bonds	<b>4.00</b>	5.00
Other Bonds	<b>6.00</b>	6.00
Property	<b>8.00</b>	8.00
Cash	<b>3.00</b>	3.00
Alternative assets	<b>12.00</b>	10.00
Other managed funds	<b>6.00</b>	5.00

# Notes to the Accounts

for the year ended 31 July 2020

## 28 Local Government Pension Scheme (LGPS) (continued)

### Expected rate of return on assets in the scheme

	Consolidated 31 July 2020 £'000	University 31 July 2020 £'000	Consolidated 31 July 2019 £'000	University 31 July 2019 £'000
Estimated asset share	<b>69,602</b>	<b>64,292</b>	66,781	61,608
Present value of scheme liabilities	<b>(68,379)</b>	<b>(62,721)</b>	(63,676)	(58,422)
Deferred Tax Asset	<b>16</b>	<b>0</b>	16	0
Deficit in the scheme	<b>1,239</b>	<b>1,571</b>	3,121	3,186
	<b>102%</b>	<b>103%</b>	105%	105%

The expected rate of return on assets is based upon market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation.

### Demographic/Statistical assumptions

The actuary has adopted a set of demographic assumptions that are consistent with those used for the most recent fund valuation, which was carried out at 31 March 2019. The post retirement mortality tables adopted are the S3PA tables with a multiplier of 110% for males and 115% for females. These base tables are then projected using the CMI 2018 Model, allowing for a long-term rate of improvement of 1.25% pa., smoothing parameter of 7.5 and an initial addition parameter of 0.5% p.a.

	At 31 July 2020	At 31 July 2019
Life expectancy:		
Male current pensioner aged 65	<b>21.8 years</b>	21.3 years
Female current pensioner aged 65	<b>23.8 years</b>	23.6 years
Male future pensioner aged 65	<b>23.2 years</b>	23.0 years
Female future pensioner aged 65	<b>25.2 years</b>	25.4 years

# Notes to the Accounts

for the year ended 31 July 2020

## 28 Local Government Pension Scheme (LGPS) (continued)

	Consolidated At 31 July 2020 £'000	University At 31 July 2020 £'000	At 31 July 2019 £'000
<b>Amounts recognised in the profit and loss statement are:</b>			
Service cost	487	454	536
Net interest on the defined liability	(79)	(80)	(57)
Administration expenses	46	42	23
<b>Total operating charge</b>	<b>454</b>	<b>416</b>	<b>502</b>
<b>Re-measurements in other comprehensive income</b>			
Return on Fund assets in excess of interest	944	877	2,935
Change in financial assumptions	(5,326)	(4,765)	(5,243)
Change in demographic assumptions	102	92	2,888
Other actuarial gains / losses	1,569	1,429	0
Experience gain / (loss) on defined benefit obligation	(366)	(452)	0
<b>Remeasurement of the (defined liability) / net assets</b>	<b>(3,077)</b>	<b>(2,819)</b>	<b>580</b>
<b>Movements in deficit during the year</b>			
Deficit in scheme at 1 August	3,121	3,186	1,207
Movements in the year:			
Current service charge	(487)	(454)	(442)
Contributions by employer including unfunded	1,649	1,620	1,901
Net interest on the defined liability	79	80	57
Liabilities assumed on settlements	0	0	0
Return on assets less interest	944	877	2,935
Actuarial loss	(4,021)	(3,696)	(2,355)
Settlement and Curtailment	0	0	(94)
Deferred Tax Asset	0	0	0
Administration expenses	(46)	(42)	(23)
<b>Deficit in scheme at 31 July</b>	<b>1,239</b>	<b>1,571</b>	<b>3,186</b>

# Notes to the Accounts

for the year ended 31 July 2020

## 28 Local Government Pension Scheme (LGPS) (continued)

	Consolidated	University	
	At	At	At
	31 July 2020	31 July 2020	31 July 2019
	£'000	£'000	£'000
<b>Change in benefit obligation during the period to 31 July</b>			
At beginning of year	63,676	58,422	56,493
Current service cost	487	454	442
Interest cost on pension liabilities	1,252	1,144	1,437
Change in financial assumptions	5,326	4,765	5,243
Change in demographic assumptions	(102)	(92)	(2,888)
Experience (gain) / loss on defined benefit obligation	366	452	0
Estimated benefits paid net of transfers in	(2,647)	(2,440)	(2,431)
Past service costs, including curtailments	0	0	94
Contributions by Scheme participants	64	59	77
Unfunded pension payments	(43)	(43)	(45)
At end of year	<b>68,379</b>	<b>62,721</b>	58,422
<b>Analysis of movement in the market value of the scheme assets</b>			
At beginning of year	66,781	61,608	57,700
Interest on assets	1,331	1,224	1,494
Return on assets less interest	944	877	2,935
Other actuarial gains / (losses)	1,569	1,429	0
Administration expenses	(46)	(42)	(23)
Contributions by employer including unfunded	1,649	1,620	1,901
Contributions by Fund participants	64	59	77
Estimated benefits paid plus unfunded net of transfers in	(2,690)	(2,483)	(2,476)
At end of year	<b>69,602</b>	<b>64,292</b>	61,608



# Notes to the Accounts

for the year ended 31 July 2020

## 28 Superannuation Arrangements of the University of London (SAUL)

### General description of the pension scheme

The University of Essex participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme within the United Kingdom and is contracted-out of the Second State Pension (prior to April 2016).

SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings ("CARE") basis.

University of Essex is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

### Funding Policy

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the "Technical Provisions"). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2017. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed by the Trustee and employers in June 2018 and are due to be reviewed at SAUL's next formal valuation in 2020.

At the 31 March 2017 valuation SAUL was fully funded on its Technical Provisions basis so no deficit contributions were required. The Trustee and the Employers have agreed that the ongoing Employers' contributions will continue at a rate of 16% of CARE salaries.

### Accounting Policy

The University of Essex is a Participating Employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £3,205 million representing 102% of the liabilities for benefits accrued up to 31 March 2017.

It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. University of Essex accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102.

As there was a Technical Provisions surplus at 31 March 2017 there is no defined benefit liability (i.e. the present value of any deficit contributions due to SAUL) to be recognised by University of Essex.

# Notes to the Accounts

for the year ended 31 July 2020

## 29 Subsidiary undertakings

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

<b>Company</b>	<b>Principal Activity</b>	<b>At 31 July 2020 £1 Shares</b>	<b>At 31 July 2019 £1 Shares</b>
University of Essex Enterprises	Acquisition, protection and licensing of intellectual property from the University	2	2
Wivenhoe House Hotel Ltd	Development and operation of a hotel school	11,100,620	11,100,620
University of Essex Campus Services Ltd	Management of commercial activities at the University	1,333,586	1,333,586
University of Essex Knowledge Gateway Holdings Ltd	Holding land on behalf of the University for development as a Research Park	27,793,955	27,793,955
University of Essex Knowledge Gateway Ltd	Development and marketing of a Research Park	19,653,277	19,653,277
University of Essex Environmental Facilities Ltd	Dormant throughout the year	100,000	100,000
East 15 Acting School Ltd	Dormant throughout the year	2	2
University of Essex (Elmstead Road) Ltd	Dormant throughout the year	2	2
Universal Accommodation Group Ltd	Holding land on which student accommodation is located	1	1
Eastern HE Cost Sharing Ltd	Provision of internal audit services	100	100
SEA Essex Sdn. Bhd. (Registered in Malaysia)		0.18	0

### Trading results of wholly owned subsidiaries:

	<b>Year Ended 31 July 2020 £'000</b>	<b>Year Ended 31 July 2019 £'000</b>
University of Essex Enterprises Ltd*	24	37
Wivenhoe House Hotel Ltd*	(469)	(129)
University of Essex Campus Services Ltd*	(1,064)	43
University of Essex Knowledge Gateway Holdings Ltd*	(3)	90
Universal Accommodation Group Ltd*	173	182
University of Essex Knowledge Gateway Ltd*	38	1,176
Eastern HE Cost Sharing Ltd	0	0
SEA Essex Sdn. Bhd. (Registered in Malaysia)	3	0
	<b>(1,298)</b>	<b>1,399</b>

\*Trading results before tax and gift aid payments.

These results have been included in the consolidated financial statements. All subsidiaries have a year end date of 31 July.

# Notes to the Accounts

for the year ended 31 July 2020

## 30 Agency Arrangements

	University	
	2019-20	2018-19
	£'000	£'000
<b>NHS Bursaries</b>		
Payments received from NHS organisations	0	0
Disbursed to students	0	0
Balance unspent at 31 July	0	0

These funds are available solely for students; the University acts only as the paying agent. The income and the related disbursements are therefore excluded from the Income & Expenditure Account.

<b>OfS Teaching Grant</b>		
Payments received from OfS	52	171
Payments made to partner institutions	(52)	(171)
Balance unspent at 31 July	0	0

<b>Research England Research Grant</b>		
Payments received from Research England	261	329
Payments made to partner institutions	(261)	(329)
Balance unspent at 31 July	0	0

These funds are received by the University in respect of its partner institutions. The income and the related payments are therefore excluded from the Income & Expenditure Account.

The University has partnership arrangements for the delivery of Higher Education programmes with the Tavistock and Portman NHS Foundation Trust.

# Notes to the Accounts

## for the year ended 31 July 2020

### 31 Details of grant and fee income

**Note** the source of of Grant and Fee income, included in notes 1 to 3 is as follows:

	<b>Year Ended 31 July 2020</b>	Year Ended 31 July 2019
	<b>£'000</b>	£'000
Grant income from the OfS	<b>9,357</b>	10,523
Grant Income from other bodies	<b>16,541</b>	13,309
Fee income for taught awards (exclusive of VAT)	<b>142,264</b>	129,173
Fee income for research awards (exclusive of VAT)	<b>34,009</b>	35,406
Fee income from non-qualifying courses (exclusive of VAT)	<b>523</b>	2,045
Total Grant and Fee income	<b>202,694</b>	190,456

### 32 Post Balance Sheet Events

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

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

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



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