



STRATEGIC REPORT AND FINANCIAL STATEMENTS **2019–20**



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Introduction

by the Chair of the Board of Governors and Pro Chancellor



It has been a year since I was elected Chair of the Board of Governors and what an eventful year it has been. The higher education sector is facing many of its own challenges, against the backdrop of the Covid-19 pandemic and the impact this has had on our society, economy and everyday lives. Never has there been a time where our values – Friendly, Ambitious, Collegiate, Enterprising and Student Focused, have been more evident and exemplified by our staff. Their dedication, passion and hard work has been truly remarkable.

Over the last 12 months we have faced many challenges, many of which will continue into the next year. Despite a complex environment, and the obvious pressure that the Covid-19 pandemic places on our University, staff, and students, we remain focused on our 2020-2025 Strategic Plan. We know it provides us with a solid foundation from which to deliver flexible, high quality education, research partnerships, and ongoing enterprise opportunities in the UK and globally, and we are confident that it helps us to navigate an ever changing landscape.

Despite the fact that we're operating in a period of uncertainty, our commitment to our students is unwavering; we continue to leverage our strong, established links in business, industry, public sector and professional organisations, so that we may continue to equip our students with the skills and attributes to transform their lives. We want them to be ready for any challenges they encounter, particularly in a world which has changed significantly due to the pandemic.

Our investment in our campus continues too. Over the last 10 years we have brought to fruition ambitious and exciting development plans, helping to enhance our student experience and stimulate enterprise growth and connections.

One recent project is the new Enterprise Hub building on our de Havilland Campus. Part funded by the Hertfordshire Local Enterprise Partnership, the brand new three storey building tangibly links education, entrepreneurship, apprenticeships, social and networking spaces and facilities, and provides highly affordable and flexible office space to start ups. The benefits of all of this being possible under one roof are highly significant, to both our students, staff and enterprise. This is further to the support we offered small businesses earlier this year with the launch of the Volunteer Business Support Scheme in June – to help firms impacted by the pandemic.

In addition, we have created three AskHerts Hubs, to bring together the new Student Administration Service, giving students a more consistent and accessible

experience. A new Institute of Sport has been built this year, located beside our Sports Village, providing new teaching and research facilities.

In challenging times like these, the role the University plays in supporting the growth of the local economy and strengthening our relationship with the community becomes more important than ever. I am honoured to be a part of this, and would like to thank our staff, students, governors and executive group, for the contribution each and every one of them continues to make to the University, our local community and the wider world.

Dr Lynn Drummond
Chair of the Board of Governors
and Pro Chancellor

Introduction

by the Vice-Chancellor and Chief Executive



Welcome to our latest Strategic Report and Financial Statements. Well, it has certainly been an extraordinary year!

Firstly, I want to say how proud I am of our staff and students during what has been a very difficult eight months. We all had to adapt immediately to a completely different way of learning and teaching but our whole community came together and we moved to online teaching in one week – a huge achievement.

Despite the pandemic we have achieved so much in the last year. We launched our 2020-2025 Strategic Plan – our vision is to transform lives by offering opportunity, building community and embracing flexibility. We are committed to having a positive transformational impact on every member of our University community, and to sharing our successes with the community around us.

We launched our first institution wide action plan to reduce our BAME awarding gap by 50%. The plan has generated significant staff engagement and collaboration, and

is an important milestone in our journey towards race equality, inclusion and supporting our BAME students to reach their potential.

Our Festival of Ideas Reimagined virtual event in July was a great success with more than 5,900 views, 567 hours of viewing and 13,818 web sessions. This inaugural festival brought together key thinkers and innovators to generate debate and discussion around arts, community and heritage, literature, science and environment and the theme of belonging.

Our overall student satisfaction result in this year's National Student Survey (NSS) is 82%. We have improved in some key areas – academic support, learning community, assessment and feedback, and student voice. All of these improvements are testament to the hard work and commitment of colleagues across the University working to continually improve our student experience and transform lives. These efforts and improvements are all the more significant when you consider the challenges posed by Covid-19, and the progress we continue to make will stand us in good stead for the changes and challenges we face in the coming year. Our result broadly mirrors performance across the sector. There is work to do to improve our learning opportunities, resources and organisation and management, but we are confident that we can further enhance the overall student experience.

Start of term has very been different this year but our students still received the same warm welcome we always provide. As well as health and safety measures put in

place which are reassuring to our students, we have worked hard to ensure students know how to access help, advice, how to follow the latest guidance and how we can support them if they do find themselves impacted by Covid-19 whilst studying at Herts.

The financial impact of Covid-19 is being felt across the world and we are no different. For the first time in 10 years we have a financial deficit. We released many of our students from their campus accommodation contracts early when they returned home in March which had a financial impact. However, we remain in good financial health because of our recent record in generating surplus and our control over investments and costs, and despite the difficult trading conditions, our subsidiary companies overall reported a profit of £0.5 million.

Finally, I would like to extend my thanks to our staff, students and governors for the role everyone has played in our continued success during these unusual and unprecedented times. Go Herts!

Professor Quintin McKellar CBE
Vice-Chancellor and Chief Executive

Year at a glance

AUGUST 2019

Sarah Flynn named as a National Teaching Fellow – the most prestigious teaching award in the country.



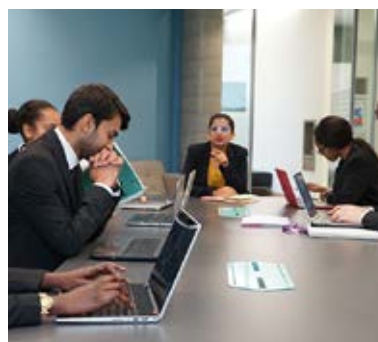
SEPTEMBER 2019

We secured £1.1 million to set up a new University Enterprise Zone to support start-up and small businesses and increase economic growth, employment, and investment in the county.



OCTOBER 2019

We opened the Hertfordshire Law Clinic, to offer pro bono support to the local community, and provide invaluable practical learning experiences for our law students.



NOVEMBER 2019

We are leading a National Institute for Health Research funded four-year study to improve the care and quality of life for care home residents, families and staff.



DECEMBER 2019

Architecture Master's student, Josip Pijević, awarded the Royal Institute of British Architecture (RIBA) student prize for the Eastern Region.



JANUARY 2020

The results of a study we conducted in partnership with World Health Organisation, launched – highlighting a decline in mental health of school aged children. This received significant media coverage and shone a spotlight on the problems young adolescents face and the impact this has on their emotional wellbeing.



FEBRUARY 2020

Royal Society of Chemistry to provide £120,000 funding for the Primary Science Quality Mark award programme.



MARCH 2020

We moved to teaching our students online within one week of the lockdown being announced.



APRIL 2020

The Toxicology Research Group at the University tested the effectiveness of different personal protective equipment for reducing potential exposure to Covid-19.



MAY 2020

We launched the Volunteer Business Support Scheme; a Hertfordshire Growth Hub initiative aimed at helping small businesses in the region navigate the challenges of the pandemic and economic climate.



JUNE 2020

An international team of astronomers, including Hugh Jones from the University of Hertfordshire, discovered a system of 'super earth' planets, making an important contribution to the search for evidence of life outside of our solar system.



JULY 2020

Festival of Ideas Reimagined – throughout July we celebrated our creativity and thinking in today's changing world with over 60 fantastic acts.



Strategic Report

Set across two campuses in Hatfield, Hertfordshire, just 20 miles from London, we're an innovative, enterprising university, focused on transforming lives. We have a thriving community of 25,500 students and 2,776 staff members across the group from a wide variety of backgrounds. Over 50% of our students are female, nearly 50% are Black and Minority Ethnic, a significant number are the first in their family to go to University. There are over 100 countries represented on campus and over 80% of our courses are professional body accredited.

Academics are experts in their field, and many are focused on researching solutions to the Grand Challenges of our time. The University received a gold rating in the Teaching Excellence Framework. The feedback praised our excellent student outcomes, tremendous tutor support, professional accreditations and investment in facilities and resources.

We believe in accepting anyone who has the potential to succeed, and we aim to transform their lives and open their horizons. We are committed to giving our students the skills, knowledge, experiences and support they need to launch rewarding careers. Our graduate employment rates are consistently outstanding, at around 96%.

We are committed to building a diverse and inclusive community at the University, recognising the contribution of staff fairly, and tackling the pay gap effectively.

As of March 2019, our mean gender pay gap for hourly rates of pay is 12.74% and the median gender pay gap is 16.19%, maintaining a downward trend and reducing the gender pay gap since 2017. There has been a significant reduction in the mean bonus pay gap by 9.12%, which has been achieved in part by a thorough review of how we award bonuses. The proportion of eligible staff receiving a bonus has increased from last year, with marginally more female staff receiving a bonus than male.



Universities play a vital role in supporting the regional agenda and promoting innovation. The impact of our work is felt across the UK and beyond, but it is here in Hertfordshire that we are proud to be making the biggest difference. Through our all-campus incubator ethos and status as an Enterprise Zone, the University gives hundreds of local businesses the support and facilities they need to learn and grow each year. We are playing a leading role in economic regeneration, supporting more than 11,000 jobs, and creating more than £1 billion in economic activity each year.

We are continuously looking at ways to create a more sustainable environment to live, study and work. We have maintained our ISO14001 certification Platinum Eco Campus for Environmental Management through a process of continual improvements. Our 2020 audit showed that we are in a very strong position in our approach to environmental management and sustainability. One of many projects include the work of our Green Team

– a student led group who assist in delivering on environmental and sustainable events and campaigns, ensuring greater awareness across the whole University community.

We are also proud to have taken an active role in the fight against Covid-19. Our scientists have joined a global consortium formed in rapid response to the pandemic, exploring the link between the chemical senses and Covid-19. Our toxicology research group led a project to test the effectiveness of different types of personal protective equipment, supplying policymakers and healthcare workers with evidence-based guidance. We have produced sanitiser to bolster NHS supplies when they were facing unprecedented demand. We have also recently supported a mobile testing unit on campus which is open to the public as well as our staff and student community, which we hope will help to increase the availability of tests in Hertfordshire and alleviate some of the pressure on neighbouring testing centres and local health authorities. Our staff

have responded magnificently to the challenges of working remotely, being more flexible and ensuring blended learning and teaching programmes are in place. We are proud of their adaptability.

We host vibrant arts and social programmes that nurture a sense of community, promote wellbeing, and make our region an even more attractive place to live, work and visit. This has continued throughout the pandemic, most recently over the summer with our very first online Festival of Ideas Reimagined; a celebration and exploration of culture, politics, art, poetry and more, welcoming an array of diverse and engaging contributors and gaining positive acclaim from audiences.

This is an exciting and challenging time for the University's staff with the pandemic, the industrial strategy, Brexit, development of new types of learning at national level, and the development and implementation of a new strategic plan at institutional level.

Strategic Plan 2020–2025

We launched our new strategic plan in January 2020. Our vision is to transform lives. It reflects the ambitions and inspiration that is central to the University and it is built on the belief that whatever your background, wherever you are from, we will drive your potential, powering you to succeed.

Our strategy

We support a diverse range of students, staff, businesses, researchers and members of the community. What they all share is the desire to make the most of the opportunities in front of them. Our strategy will enable us to power their potential and help them achieve their goals by:

Offering opportunity

We offer every student the opportunity to succeed, with varied and well-signposted routes into university and clear pathways through study. We support students to achieve to the best of their ability, and we will support them in preparing for global opportunities after graduation. We will use our links in business, our research expertise, and our global outlook, to transform lives.

Building community

We are a diverse and welcoming community with a global reach and a common purpose, to transform lives, which we will work together to achieve. Through communities of learning, exploration and knowledge, we celebrate diversity and share our passions. We want all our students and staff to find their communities here. We are engaged as a Civic University in our region, supporting

schools, colleges and students. We will share our knowledge, culture, research and resources with businesses, the professions and the wider community.

Embracing flexibility

We will respond flexibly to the challenges and opportunities ahead. Flexible modes of study will support our students to succeed and allow them to engage with a greater range of opportunities in education, extra-curricular activities and work experience. We want our students to follow their interests and passions to transform their lives, and to be empowered by a choice of pathways that take them to the next stage and open doors to the future.

Our pillars of activity

These are the key areas in which the University operates, and our strategy is embedded in each, enabling us to achieve our vision.

Education and student experience

We will deliver high-quality and distinctive education that transforms lives.

Research

We will carry out research that transforms lives, addressing fundamental global and societal challenges.

Global engagement

We will be a globally engaged university.

Enterprise

We will create transformative benefits for the economy and our communities through world-class expertise in business, innovation and skills.

Our values

We provide opportunities to attract, retain and develop individuals. We are building a diverse and inclusive community and we respond with flexibility to the challenges of the changing world. Our values underpin everything we do and are an integral part of our strategic plan. We are friendly, ambitious, collegiate, enterprising and student-focussed.

“ Whatever your background, wherever you are from, higher education can be a transformational experience. And whoever you are, the application of university research can impact your life. We are committed to having a positive transformational impact on every member of our university community, and to sharing our successes with the community around us. ”

Professor Quintin McKellar CBE
Vice-Chancellor and Chief Executive



Education and student experience

We deliver high-quality and distinctive education that transforms lives by providing opportunities to develop students' skills for life, working in partnership with our student community, and delivering flexible education with clear career pathways.

Hertfordshire Law Clinic's advice service

Our Hertfordshire Law Clinic offers a new pro-bono legal advice service at the de Havilland Campus.

It provides a vital source of legal advice for members of the public who are unable to afford to hire solicitors in cases relating to family law, employment law, intellectual property and commercial law, and Powers of Attorney.

A team of student advisers, under the supervision of qualified lawyers, provide free, professional advice to families and individuals on an extensive range of topics, under the supervision of qualified lawyers. Clients attend an appointment with two student advisers and receive free written legal advice within 14 days of the appointment, which will have been prepared under the supervision of qualified lawyers.

“ Access to justice for all, regardless of social background or wealth, is a fundamental principle. The University's Law Clinic will provide students with an opportunity to promote this principle and make a valuable contribution to the services available to the communities in Hertfordshire. ”

Patron of Hertfordshire Law Clinic, Grace Ononiwu OBE, CBE, and Chief Crown Prosecutor, CPS West Midlands region





Flight training in USA for pilot studies students

Through our long established partnership with Northwestern Michigan College (NMC) in the USA, 22 of our aerospace engineering students travelled to the College to complete their flight training.

NMC aviation training is not just for those who consider becoming professional pilots, but it also provides useful practical knowledge and skills for aerospace engineers. As a result, it is not just our pilot studies students that go there, but also our aerospace engineering students who want to experience a few hours of flying so they have a better understanding of how various aircraft handle.

Once a student has flown as a pilot, their understanding and appreciation of cockpit ergonomics as well as human-aircraft interaction increases significantly. In addition to flying, students also interact with the maintenance team in the hangar and can learn practical skills while observing how maintenance of a general aviation aircraft looks like in real life.

“The UBC is a unique opportunity for students to develop the essential business skills employers are looking for. This year, we have two fantastic teams that have a great chance in the semi-final. I wish them the best of luck.”

Stephen Robinson
Enterprise Advisor
University of Hertfordshire

We are extremely proud of the achievements of all our students. Two student teams have made it to the semi-final of the UK University Business Challenge (UBC). The UBC is the world's longest running simulation-based competition, designed to develop employability and enterprise skills for undergraduates. The simulations are based on realistic business scenarios and are run online. Previous winners of the competition have included Imperial College London and the University of Cambridge.

The University's Enterprise team encourages and supports students to create a team and enter the competition each year.

Institute of Sport

The University has completed a new £7.8 million Institute of Sport on the de Havilland Campus, providing state-of-the-art facilities for students, staff and sport science professionals. Just over half of the funding for the new building is being provided by a Local Growth Fund investment from Hertfordshire Local Enterprise Partnership following a successful bid by the University.

The development, which is located adjacent to the Hertfordshire Sports Village, houses sport science laboratories, research space, flexible teaching and learning space, and office space. It provides facilities for existing programmes within the University's department of Sport, Health and Exercise – including sport and exercise science, sports therapy and sports studies. The Institute will also help facilitate the delivery of a new degree apprenticeship in sports management.

National Student Survey (NSS)

Through the hard work and commitment of our staff working to continually improve our student experience and transform lives we have improved this year in academic support, learning community, assessment and feedback, and student voice.

These efforts and improvements will stand us in good stead for the changes and challenges we will face in the coming academic year.

Our overall student satisfaction result this year is 82%, which is a fractional dip on last year, but mirrors performance across the sector. There is work to do to improve our learning opportunities, resources and organisation and management, but the University community will work together to further enhance the overall student experience.

We scored above the sector average for student voice for the third year running (76.14%). The value of giving our students the right opportunities to feed back on their course, as well as clearly demonstrating how their feedback is being acted on, cannot be underestimated. We are delighted to see that students feel their voice is being heard, now more than ever, and the results confirm that our staff and student partnership approach is working.

Staff will be working closely together in the coming year to take action in response to NSS outcomes and to share best practice and address areas where performance has not been as expected.



“ It is great to see today’s results highlighting that students feel their opinions and feedback are being valued. Hertfordshire Students’ Union would like to say a big thank you to all our students for taking the time to provide their honest answers to this year’s NSS and for ultimately helping the University provide the best experience possible.”

Karthik Kumar Bonkur
President of the Hertfordshire
Students’ Union

Apprenticeships achieve 'significant progress'

According to Ofsted, our apprenticeship provision has made 'significant progress', achieving the highest rating following a monitoring visit in October 2019.

The Nursing Associate Higher Apprenticeship course was commended by the education watchdog in three key areas – quality of education, leadership and management, and safeguarding.

They found that apprentices are 'totally committed to their learning and have a passionate belief in the value of what they do'. Ofsted also praised leaders and senior management at the University for having 'a clear strategy to provide highly effective apprenticeship programmes which meet the requirements of an apprenticeship, the needs of apprentices and employer'. They also said that we have a strong culture of safeguarding throughout; apprentices receive detailed training on how to keep themselves safe in the workplace and staff deal with any concerns extremely swiftly and effectively.

Ian Costello, a Nursing Associate at the Hertfordshire Partnership University NHS Foundation Trust who studied the Nursing Associate Higher Apprenticeship course at the University, said: "To say that I enjoyed myself during the course would be an understatement. I thrived and achieved so much, but most importantly I am now prepared for a wonderful career in nursing. I look forward to returning to the University in January [2020] to continue my academic development."

“I'm delighted by the outcome of the visit. It has been a positive experience for the University and it has given us a clear picture on how we can develop the course further. We're looking forward to building on this momentum and reflect what we've learnt to further develop our wider apprenticeship offering.”

**Professor Quintin McKellar CBE
Vice-Chancellor
University of Hertfordshire**



Support through scholarships



One of our mass communications students Amro Bakkar was a recipient of the first refugee scholarship at the University. A Syrian refugee who lost many of his friends and family through conflict, has overcome unimaginable hardship and achieved a First Class degree due to his sheer hard work, resilience, and natural ability. At the virtual Vice-Chancellor's Awards in June to celebrate the achievements of our staff and students, Amro received the award for Student of the Year – a tremendous achievement!



Tracy Garratt was one of four of our talented students to benefit from an innovative fund set up by leading physicist Professor Dame Jocelyn Bell Burnell and the Institute of Physics.

The Bell Burnell Graduate Scholarship Fund was set up to encourage diversity in physics by assisting talented students from under-represented groups to study PhD Physics. Tracy Garratt is studying for a PhD in Astrophysics.

Tracy said: "I am delighted to be a Bell Burnell Graduate Scholarship Fund awardee. The fund will provide me with valuable support to continue my PhD alongside being a new mum."

Eight first year students of STEM subjects from the University's Widening Participation and Student Success Programme were awarded with scholarships of £1,250 each from Santander Universities UK.

The scholarship, which forms part of an ongoing partnership with Santander Universities, took the form of a one-off payment which the students were free to spend as they choose. Students were unaware that they would be receiving the award.

Rafaela Jovita Pereira, BSc (Hons) Technology with Management (Aerospace Engineering), said: "The University and Santander always encourage hard work and reward it. Incentives are put in place to encourage healthy competition and keep us striving to be our best."

“I'm really grateful to Santander and the University for the recognition, especially in the tough time we're all going through at the moment. It's been a big confidence boost! The prize money is a huge bonus and has lessened the stress of money management.”

Sam Tombling
BSc (Hons) Computer Science

We received £25,000 funding from Santander universities to be used to support students with autism to do placements over the next academic year. Funding was supported by charity Ambitious about Autism.

Proud of our alumni

Our alumni are vital to our community and we are delighted to announce that two were recognised in the New Year Honours List 2020, announced in January.

Birte Harlev-Lam

(Health Law Master's Degree (LAHLM), 2001) – Lately Clinical Director, Maternity and Children, NHS Improvement. For services to Maternity and Young People's Care received an Order of the British Empire (OBE).

Jonathan Richard Symonds

CBE (BA(Hons) Business Studies, 1980)) – Chairman to the GlaxoSmithKline plc Board; Chair, Genomics England and Deputy Group Chairman, HSBC Holdings plc. For services to UK Life Sciences and Finance received a Knighthood.



Research

We carry out research that transforms lives, addressing fundamental global and societal challenges by offering research opportunities for staff and students, engaging the community in impactful research, and adapting flexibly to research partnerships.

Supporting the community is vital at the University and our researchers have been working on many projects looking at the health and wellbeing of young people.

A research team led by the University won a £2.27 million contract from the National Institute for Health Research to investigate if exercise is a beneficial treatment for mild to moderate depression in young people aged 13-17.

The multi-disciplinary research trial will include health, psychology, and exercise researchers and practitioners from our Schools of Life and Medical Sciences and Health and Social Work, Norwich Clinical Trials Unit, University of East Anglia, the Centre for Health, Wellbeing and Behaviour Change at the University of Bedfordshire, two Mental Health Trusts in Hertfordshire and Norfolk and Suffolk and the local community sports provider organisations.

The READY Trial (randomised trial of energetic activity for depression in young people) will commence with an initial trial with young people in the east of England region, which will be followed by a nationwide research study involving more than 1,000 young people starting in 2021.

The study will compare the benefit of exercise for young people living with depression participating in either a high intensity, or low intensity group exercise sessions, with spending time with a group of their peers.



Co-lead researcher Dr David Wellsted, Centre for Health Services and Clinical Research at the University said: "There is a gap in support and care for this particular age group. In 2018 in Hertfordshire alone over 1,000 young people were referred for mental health support. Our study will explore if participation in group exercise is an effective intervention for depression, which could help communities provide support for young people experiencing these issues, as well as relieving pressure on NHS services."

The mental health of secondary school-aged children has worsened over the past four years, according to the latest Health Behaviour in School-aged Children (HBSC) in England National Report. A study hosted by the University in collaboration with the World Health Organisation, captures data on the health, health behaviours and social environment of young people aged 11, 13 and 15 every four years.

Dr Ellen Klemmer, Senior Research Fellow at the University, said: "Research on adolescent health has highlighted how important the second decade of life is for health and wellbeing, which is why this continued decline of emotional wellbeing is really worrying. Although there are far less reported incidences of risk behaviours, young people are facing a multitude of different challenges that other generations have not really experienced, such as the prominence of smartphones and social media. These can have a negative impact on wellbeing,

particularly if they are exposed to cyberbullying or if it affects their sleep."

Other valuable research includes evaluating the effectiveness of four promising programmes tackling youth crime and violence.

The Youth Endowment Fund (YEF) appointed the University to evaluate three of its funded projects in London – RISE Mutual, Family Support and the Brandon Centre for Counselling and Psychotherapy for Young People, and ASSIST Trauma Care in Northampton. The YEF supports and evaluates promising early interventions working with 10 to 14-year olds in England and Wales to prevent youth offending.

The evaluations were led by Professor Joanna R Adler, Professor Brian Littlechild and Dr Tim McSweeney as project managers, and Dr David Wellsted as methods lead.

Professor Joanna R Adler, Professor of Forensic Psychology at the University, said: "Children most at risk of being violent and committing crime are often also extremely vulnerable. The YEF has provided resources to a diverse range of projects intended to provide the best possible support to children and their families. By intervening early, they have the best chance of preventing later offending. We are delighted to have been selected as one of the evaluators and are excited by the opportunity to contribute to evidence about what works well."

“ Understanding which interventions work, for whom and under what circumstances is key for helping children at the highest risk get the best possible support, as early as possible. We look forward to working with the team at the University of Hertfordshire, to evaluate our funded projects and contribute valuable new evidence of what works to reduce youth offending. ”

**Dr Daniel Acquah
Head of Evaluation
Youth Endowment Fund**

A new project has been launched to build a health and wellbeing research partnership with children and their families living in socio-economically challenged areas in Stevenage.

Led by the University, in collaboration with Healthwatch Hertfordshire, Stevenage Borough Council and health and research partners in the region, the project will focus on ways to facilitate sensitive conversations with children and their families about their health and wellbeing.

“ Supporting the health and wellbeing of children is both a national and local public health priority. Those living in socio-economically challenged areas can be vulnerable to poorer health and emotional wellbeing. Public engagement and research activities often fail to engage and hear the voices of children and families in these areas about their experiences and what is important to them. The project aims to bridge this gap and create awareness and understanding of the key issues for children and their families in Stevenage. ”

**Dr Julia Jones
Centre for Research in Public
Health and Community Care
(CRIPACC)
University of Hertfordshire**



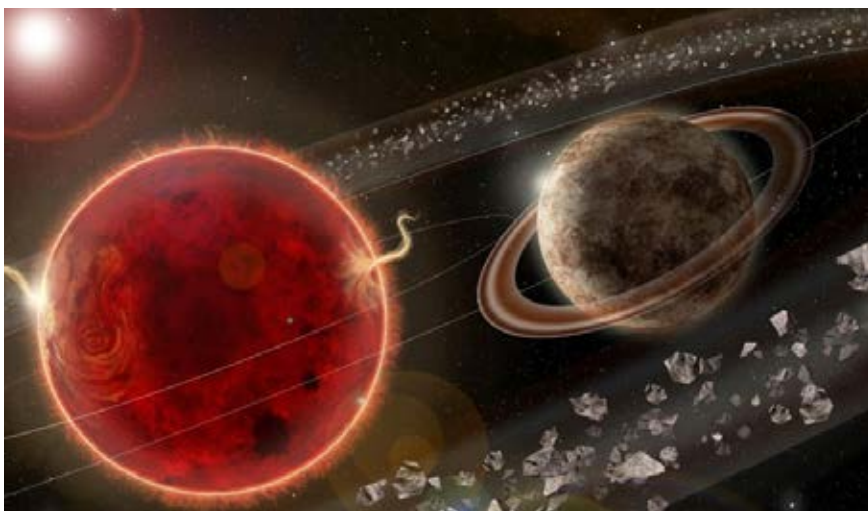
Discovery of a second planet orbiting the star closest to our Solar System

Scientists have discovered what they believe to be a second planet orbiting the star closest to our Solar System, Proxima Centauri, which became famous in 2016 with the discovery of an 'Earth-like' planet in orbit, Proxima b.

The discovery was made by an international team of researchers, including from the University, which were led by the National Institute for Astrophysics-Astrophysical Observatory of Turin, the University of Crete and the Institute of Astrophysics at FORTH.

Proxima Centauri is a red dwarf star about eight times smaller than the Sun. It is the nearest star to the Solar System at a distance of 4.2 light years. Researchers are hopeful that the find could eventually aid our understanding of the make up of different planets and how the universe works.

Hugh Jones, Professor of Astrophysics at the University said: "The proximity of the planet and its orbit at a relatively great distance from its star, means it is one of the best possible chances for direct observations that will enable detailed understanding of another planet. In the future, Proxima c might become a possible target for more direct study by the Breakthrough StarShot project, set to be humankind's first attempt to travel to another star system." Professor Jones, along with Paul Butler from the Carnegie Institution, was responsible for producing the most precise dataset for the project using data from the UVES spectrograph.



Partnership with Watford FC to deliver dementia programme

The Watford Football Club's Community Sports and Education Trust, in partnership with the University and Watford Museum, launched their Golden Memories programme in September 2019.

Golden Memories is a reminiscence programme aimed at those with a mild to moderate dementia diagnosis and is funded by Premier League (PL) and Professional Footballers' Association (PFA) through the PL PFA Community Fund. The programme uses a host of memorabilia and magic moments to stimulate the senses and evoke personal memories, as well as encourage physical activity through chair exercises. Golden Memories will also provide a space for support, respite and workshops for carers. Research by the University helped inform the development and delivery of the programme.

“ Research shows that reminiscence programmes like this one benefit those living with dementia, but we need to do more work to help build on our understanding of this and to learn more about what the benefits are for carers. We will be evaluating the benefits of the programme so we can provide recommendations on best practice for future initiatives. ”

Professor Elizabeth Pike
Head of Sport, Health
and Exercise
University of Hertfordshire



The University is leading a National Institute for Health Research (NIHR) funded four-year study to improve how researchers, health and social care services can use existing data to improve the care and quality of life for care home residents, families and staff.

Over £2.2 million has been awarded for the study 'Developing research resources and minimum data set for care homes' adoption and use' which will address the need to develop robust systems that support how all the different services and individuals work together for residents' benefit. The findings have the potential to deliver a step-change in how we understand the need of the care home population.

Claire Goodman, Professor of Health Care Research, NIHR Senior Investigator at the University said: "Care homes are valued partners to the NHS providing almost all our long-term care for frail older people. Our aim is to create new ways of working and doing research in and with care homes so that the outputs benefit not only the researchers but also the residents."

“We are delighted to be partners in this important project. The study will tackle a major unmet need and provide a greater understanding of how the care system as a whole can ensure people with dementia in care homes receive the best quality care.”

Dr James Pickett
Head of Research
Alzheimer's Society
(partnering with NIHR)

Ageing LGBT people invisible and marginalised in social and care settings

In December 2019 a paper by the University revealed that there was an urgent need to recognise and address the unique care needs of older lesbian, gay, bisexual and transgender (LGBT) people – a diverse new ageing population who carry with them a legacy of past stigma and discrimination.

Older people are now the largest group requiring end-of-life care. To be living with a life-limiting condition, to be dying or bereaved can be socially excluding experiences and research is now identifying additional layers of exclusion that LGBT people may face at these times. The article – *Lesbian, Gay, Bisexual, and Trans Aging in a UK Context: Critical Observations of Recent Research Literature* – found that older LGBT people's histories and pathways have profound influences on their well-being and access to support towards and at the end of life.

Kathryn Almack, Professor of Health, Young People and Family Lives at the University is a leading expert in this field and has been undertaking research in this area since 2010. She recently provided evidence to the Women and Equalities Committee inquiry into Health and Social Care and LGBT communities to help pave the way for equitable service provision that addresses core principles of dignity and respect for all.

Professor Almack said: "While there is evidence of good practice in addressing the health and social care needs of older LGBT people, this tends to be led by committed individuals and needs embedding more firmly across health and social care provision as well as in undergraduate and post-registration curriculums. A key finding in our research found that forms of discrimination are not always overt but may include more subtle and sometimes unintentional forms of discrimination that are less easy to challenge."



Memories matter: historians audio diaries capture history in the making

A team of researchers have been working on a project to capture history in the making. The Oral History Team, comprised of staff, students and community members at the University, recognised that changes brought to peoples' lives as a result of the pandemic would be historically significant and began their recordings on 20 March, just before the government announced lockdown.

Led by Dr Eureka Henrich, Oral History Project team coordinator and Lecturer in History, and Senior Research Fellow Andrew Green, the team of 12 included volunteers from around the country. They regularly recorded their thoughts and feelings about the pandemic and the changes brought to their daily lives.

The crisis has altered the way the group make recordings. Instead of using audio equipment, volunteers used their smart phones, computers or handheld recorders. They had weekly online meetings to discuss their findings. As the project has developed, the volunteers have submitted photographs they have taken that highlight aspects of life lived in the shadow of Covid-19.



Dr Henrich said: “There was a feeling among the group that we needed to capture this moment of history as it happened and it has been fascinating to uncover differing attitudes as the team adapt to unique and changing circumstances. Oral accounts have the advantage of producing unfiltered, more expressive accounts that lend themselves to historical storytelling and will allow people looking back at this period a glimpse into how they felt at the time.”

“ This is an act of preservation of real historical significance. We will all want to look back on this period to understand how people felt and how they thought during this challenging time. I’m fascinated to see what comes out of the project as it evolves and how it will be used by future historians of the period. ”

Professor Anne Murphy
Dean of the School of Humanities
University of Hertfordshire

New discovery will help fight lethal oilseed rape disease

Our researchers from the Department of Biological and Environmental Science have found a way to improve the resilience of oilseed rape and reduce the estimated £100 million annual loss to phoma stem canker, one of the most important winter diseases of oilseed rape in the UK.

They found a previously undetected virus in *Leptosphaeria biglobosa*, a fungus that causes phoma stem canker in oilseed rape, which can potentially be exploited to improve the immune system of the plant and protect it against more aggressive fungi.

Oilseed rape belongs to the mustard or cabbage family and is a major source of vegetable oil, livestock feed and biodiesel worldwide. Phoma stem canker can be fatal to plants, cutting off their supply to food and water which often leads to premature aging and death.

“ Our research is setting the groundwork for the biological control of phoma stem canker. What we’ve found can be used as part of an integrated pest management programme aimed at reducing the severity of disease symptoms and improving yield, helping decrease the annual loss to disease every year. ”

Dr Loly Kotta-Loizou
Visiting Lecturer
University of Hertfordshire

Wellbeing of women prisoners during pregnancy

A study by Dr Laura Abbott found that pregnancy, and the resulting necessity of regular outings in public for health assessments, leads to “supplementary suffering and shame for a woman different from any other type of prisoner experience”. Many participants in the study recalled being handcuffed whilst attending hospital appointments, which often “intensified” feelings of being humiliated and judged.

The special status of mother-to-be, something usually afforded to pregnant women in mainstream society, was found to be “mainly absent” in prisons and often “disregarded”. For many participants in the study, pregnancy appeared secondary to their prisoner identity, which sometimes led to problems with their care.

“ Despite extensive literature on the sociology of reproduction, pregnancy amongst women prisoners is under-researched. Pregnant women experience additional difficulties compared to typical prisoners, including the ambiguity of their situation, physical aspects of pregnancy and the necessity to attend regular appointments in public settings. These difficulties can negatively impact the care they receive, their wellbeing and the safety of their pregnancy. ”

Dr Laura Abbott
Senior Lecturer in Midwifery
University of Hertfordshire



Enterprise

We deliver transformative benefits for the economy and our communities through outstanding expertise in business, innovation and skills by providing opportunities for students and graduates to pursue entrepreneurship, welcoming businesses to our community in the University Enterprise Zone and offering flexible ways for businesses to work with us.

Personalised prosthetics business wins annual FLARE award

Creative Arts student Izzy McInnes was the winner at the annual start-up business awards, FLARE, run by the University in October 2019.

Izzy won the 'Best Growth Business' award, sponsored by Santander Universities UK, and £8,000 prize money after impressing the judges with her business, Izzy Makes, which creates unique and personalised prosthetics for clients within an affordable price range.

Reflecting on the award, Izzy McInnes said: "I'm over the moon that my business has been recognised by the judges. My inspiration came from wanting to celebrate individuality and turn disability aids into fashion statements. I use 3D scanning and printing technology to create the prosthetics, before finishing them by hand to make them extra unique. My designs include additional

features and colour options, tailored to the client's needs, with modular, switchable components available at an additional cost."

"I found out about the FLARE awards during my studies, and the Careers and Employment team at the University have provided invaluable support with growing my business, I can't thank them enough."

Several other awards were presented on the night, including £5,000 for 'Best Idea', which was won by Hanna Leipold and Janine Simpson for their Hertfordshire Art Therapy service. Hertfordshire Art Therapy provides tailored support for children experiencing learning and social difficulties at school, offering interventions that improve a child's self-esteem and remove barriers to learning.

Domagoj Lovric took home £5,000 after winning 'Best Business' for Arc Tutoring. Launched in February 2019, Arc Tutoring delivers education support to undergraduate students at the Hertfordshire Business School and the School of Physics, Engineering and Computer Science. He works with first-class students who teach modules they excel in. These students help prepare other students for exams, leading to improved grades and great employability.

The 'Innovation in Healthcare' award, sponsored by Eisai, was won by Aaron Ellis-Montoya for his United Minds Project. United Minds is a mental health support service that aims to create safe, friendly and non-judgmental environments for professional and academic organisations. Their Peer-to-Ear scheme allows individuals to share their struggles in confidence with



another trusted co-worker, or in the case of students, one of their peers. This shared space encourages those dealing with mental health issues to talk about them openly and overcome their difficulties together. Aaron won £2,500 in prize money.

The 'People's Choice' award was decided by an audience vote on the night and was won by Zahra Bello for her business Siren, an online store selling clothing specifically designed for taller women. Zahra took home £1,000 in prize money.

“Congratulations to our outstanding students and alumni who have taken part in this year's competition. There were many fantastic businesses, projects and ideas, with many showcasing inspiring entrepreneurial spirit and innovation. I wish them all the best of luck with their future endeavours.”

**Professor Julie Newlan MBE
Pro Vice-Chancellor Business and
International Development
University of Hertfordshire**

New scheme launched to help Hertfordshire get back to business

Hertfordshire businesses struggling to cope because of the pandemic have had the opportunity to access free support. The Volunteer Business Support Scheme, launched in June, has been helping micro, small and medium-sized enterprises to bounce back through the pandemic and beyond.

The scheme matched businesses with a volunteer mentor that has a breath of knowledge and experience within business and industry, acting as a critical friend or resource to help them navigate through the challenges the pandemic has posed for their business.

In addition, mentors can help businesses navigate the resources' and schemes available locally and nationally. Over 50 mentors have joined the scheme so far, which will run throughout 2020.

The Volunteer Business Support Scheme was created by Hertfordshire Growth Hub, in partnership with the University of Hertfordshire and is supported by the Hertfordshire Local Enterprise Partnership.

Hertfordshire Business School talks about Entrepreneurship

In November 2019 the Business Academy team from the Hertfordshire Business School hosted a breakfast meet-up 'Let's Talk About Entrepreneurship' which brought together for the first time a mixed group of those interested in or involved with entrepreneurship, whether studying, researching, teaching, consulting, or already leading and growing a small business or social enterprise.

As well as introducing the new University Enterprise Zone, the event aimed to enable people to share challenges and experiences with like-minded people from inside and outside the University, and find out about the connections, opportunities and resources available to them through our various networks.

Experts Dr Chris Brown, Associate Professor of Enterprise, Dr Ekaterina Murzacheva, Director of the Social Enterprise Centre, and Lynne Stevens, Associate Dean of Corporate Development, led the discussion. They were joined by members of the enterprise community across the University, local business owners, representatives of the Business Incubation programme, graduate entrepreneurs, students from a variety of programmes including our MBA course and students from the University's Entrepreneur Society.

Over £16,000 of funding for local business apprentices

We transferred over £16,000 to Hertfordshire companies through the Government's Apprenticeship Levy scheme, allowing them to hire apprentices and introduce new skills that will help grow their businesses.

The Apprenticeship Levy was introduced in April 2017 to help increase the quantity and quality of apprenticeships nationally.

Anna Morrison CBE and her business Amazing Apprenticeships were awarded £5,000 towards the training costs of one of their apprentices studying Business Administration (Level 3) with Together Training. Based in Hitchin, Amazing Apprenticeships work with educators, employers and students to help them navigate the fast-changing world of apprenticeships and vocational education.

“For a small business, an apprenticeship can be a huge investment. We're delighted to receive funding, as it has given us the opportunity to fund the training element of this apprenticeship programme. It's a fantastic way of introducing new skills to the business, which will benefit the diversity of our team.”

Anna Morrison CBE
Director
Amazing Apprenticeships

Established in 2001, JHP Electrical offer electrical services to commercial and industrial clients specialising in sports club, schools and colleges, hospitals and clinics as well as residential and commercial property developments, working nationwide from their Bushey office. They were awarded £11,500 by the University to up-skill two members of staff who will study Leadership and Management, also with Together Training.

“Our team has grown considerably over the years, beginning as a sole trader in 2001 before expanding to nine members of staff. As a small business that is committed to the continued development of our team, the funding we've received from the University of Hertfordshire provides us with an exciting opportunity to further expand the business over the next few years.”

Helen Patterson
Business Manager
JHP Electrical





Supporting progress of cell and gene therapy industrialisation with new aseptic manufacturing course

The University and the Cell and Gene Therapy Catapult (CGT Catapult) launched a new course specifically addressing the foreseeable skills gap in the manufacture of cell and gene therapies as they progress towards manufacturing at scale.

Developed in a collaboration between the two organisations, this three-day course will provide theoretical and practical training on the aseptic manufacturing of cell and gene therapies in line with European regulatory guidance for good manufacturing practice (GMP).

The cell and gene therapy industry in the UK currently supports over 3,000 jobs, a six-fold increase since 2012, and employment in the sector is set to more than double by 2024 as more therapies progress towards commercialisation.

Manufacturing and bioprocessing roles in particular have tripled in the past two years alone, with scientists operating in the 26 cell and gene therapy manufacturing facilities throughout the UK. Cell and gene therapies are transformative and potentially curative medicines, and it is vital that manufacturing processes are safe and efficient whilst preserving the effectiveness of these living medicines.

The new training programme is designed for staff working in cell and gene therapy manufacturing. Delegates will benefit from experience in outstanding facilities and will be awarded a University of Hertfordshire accredited certificate upon successful completion of the training, contingent on assessments of their knowledge, understanding and practical skills.

“ There is an accelerating demand for skills in the UK cell and gene therapy industry as employment, manufacturing space and the number of ongoing clinical trials increases year on year. We are delighted to collaborate with the University of Hertfordshire in developing this new initiative which will support professionals and apprentices working in the manufacturing of advanced therapies. By providing training on GMP quality standards which are vital to the manufacture of cell and gene therapies, we are furthering our mission to fuel the continuing growth of the industry.



**Keith Thompson
Chief Executive Officer
Cell and Gene Therapy Catapult**

Business summit held to discuss future of apprenticeships

BT and London Energy were among 16 businesses in attendance at a breakfast briefing on the future of degree apprenticeships, hosted by the University.

Businesses reflected on the current provision of degree apprenticeships and suggested improvements to them in a session chaired by the University's Vice-Chancellor.

Among topics discussed were the future of degree apprenticeships, how to embed greater flexibility in the way the programmes are delivered, including the greater use of blended learning, and diversity in apprenticeship recruitment.

We are a leading provider of degree apprenticeships and one of the first to offer them in 2017. We now offer 20 validated programmes in seven of our eight schools of study. The government introduced degree apprenticeships in 2014 as part of apprenticeship reforms, to offer degree programmes to learners who might otherwise find the cost of a university education prohibitive.

Feedback from the briefing will be used to shape the development of the provision at the University and the findings will be shared with key organisations to inform the delivery of apprenticeships nationally.

“ Our close links with local businesses are key to ensuring our degree apprenticeships offer learners the opportunity to gain a university degree while gaining valuable practical experience – a combination that will enhance their future employability.

It's vitally important that these programmes are business-led and that businesses input into shaping the way degree apprenticeship programmes are delivered, so they remain relevant to learners and equally suitable for employers. ”

**Professor Quintin Mackellar CBE
Vice-Chancellor
University of Hertfordshire**

Global engagement

We are a globally engaged university, transforming lives by providing international opportunities for staff and students, building a diverse community on our campus, and increasing flexible programme delivery for the overseas market.

University of Hertfordshire leading the way on international PhD opportunities

Last year, University Alliance and their partners launched a new call for applications for a scheme that will support international researchers to gain doctoral fellowships at some of the country's leading technical and professional universities.

The University is one of eight institutions who are part of the ground breaking COFUND Doctoral Fellowship programme. The DTA3/COFUND builds on the Doctoral Training Alliance, which is the largest nationwide multi-partner initiative of its kind. Run by University Alliance, it builds on the research strengths and industry-focus of its members to produce independent, highly-employable researchers with knowledge, expertise and skills in strategically important areas.

This is the third year the scheme has run, which so far has enabled over 50 students to study in the UK. The programme is supported by a €6.5 million grant from the Marie Skłodowska-Curie COFUND Doctoral Fellowship programme.

The programme offers doctoral researchers in the fields of Applied Biosciences for Energy, Health and Social Policy with a range of support including: complete funding for course fees, research costs supported, a salary of over £22,300 per annum and access to an enhanced skills training programme.

The University is participating in the Energy programme through its Centre for Engineering Research (CER). The team has already successfully completed the recruitment of six Marie Curie Fellows to conduct energy related research covering a wide range of the school's expertise from materials, structures, electronic systems, bioengineering and sustainable energy technologies, who are expected to start their research in October.

Dr Rodney Day, Dean of the School of Physics, Engineering and Computer Science, said: "This programme enables the University to develop talented researchers in the field of Energy research to be able to respond to the fast-changing needs of industry and society at large in this important sector."



Supporting our community during Covid-19

The Covid-19 outbreak has been a global health emergency and our School of Health and Social Work has responded quickly, making decisions in the best interests of our students, staff and the people they care for.

Many of our students and staff are on the frontline, working in challenging environments treating Covid-19 patients and supporting wider health and social care services. Some of our colleagues are putting in extra hours at their local hospital and many of our students are volunteering beyond their placement hours.

A team of technical staff from the University produced a batch of hand sanitiser to bolster NHS and social care supplies. The sanitiser was donated to the Hertfordshire County Council team coordinating the Covid-19 response effort and will be used to help keep key workers safe during the pandemic.

Hertfordshire County Council's Covid-19 response team asked for donations to help prepare for an expected increase in Covid-19 patients. We donated health and medical supplies, including an NHS standard ventilator and personal protective equipment.

Strict laboratory practices were followed in producing the hand sanitiser and the expertise of technical staff and the University's Biodeterioration Centre were utilised to ensure safe delivery. Trading Standards were reassured by the rigorous process the team had applied. Strict Covid-19 social



distancing control measures were also put into place to ensure the work was carried out safely.

There were challenges in sourcing supplies. A call out for bottles to contain the formula was answered by Promise Promo and Britvic who have donated over 700 between them.

Jim McManus, Director of Public Health, Public Health Service at Hertfordshire County Council said: "The University have excelled

themselves by going from concept to safe manufacture in a matter of days. This sanitiser is already in the hands of front line NHS and social care workers, protecting them and those they care for from infection. This incredible achievement shows the University is committed to defeating this pandemic as any of us."



A team from the University produced face shields using 3D printers in response to demand from NHS and social care services. These were donated to the Hertfordshire County Council team coordinating the county-wide Covid-19 response effort.

The shields were used by frontline staff to provide additional protection when treating Covid-19 patients.

With the move to online teaching in March, technical teams from across the University redirected their expertise to design and produce the face shields for frontline staff after seeing media reports about a national shortage.

Teams from the University's School of Physics, Engineering and Computer Science, School of Creative Arts and School of Life and Medical Sciences joined

forces on the project. The cross-departmental team sourced 16 3D printers from across the University and collaborated on the design and production. They were then donated to Hertfordshire County Council.

Councillor Tim Hutchings, Cabinet Member for Public Health and Prevention at Hertfordshire County Council, said: "Having already supported us in the production of hand sanitisers I am immensely grateful to the University for continuing to show its determination to go above and beyond in helping protect our frontline health and care staff by now providing face shields. These face shields can be important in situations when patients are coughing or need close personal care and will protect crucial health and social care staff from infection."



Study launched to determine how lockdown lifting is affecting mental health

A new online study has been launched to find out how the easing of lockdown restrictions is affecting people's mental health.

A study by mental health charity Mind found that the majority of adults and young people with existing mental health problems reported worse mental health during lockdown. However, there hasn't been much research on the effect of lockdown easing and the impact of the new steps being issued by government on the nation's mental health.

The study, led by the University in partnership with the University of Cambridge and the University of Bologna, will ask participants a series of questions about how they are adjusting, their fears and other behaviours or thoughts. It is hoped that this initial phase of research will develop into a wider international study.

Naomi Fineberg, Professor of Psychiatry at the University, said: "Based on our previous research, we suspect that there is a substantial group of people finding it hard to adjust to the lifting of lockdown restrictions, which could be linked to their cognitive flexibility. A greater understanding of these adjustment difficulties and their root causes will pave the way for developing interventions to help people cope better in the post-Covid landscape."

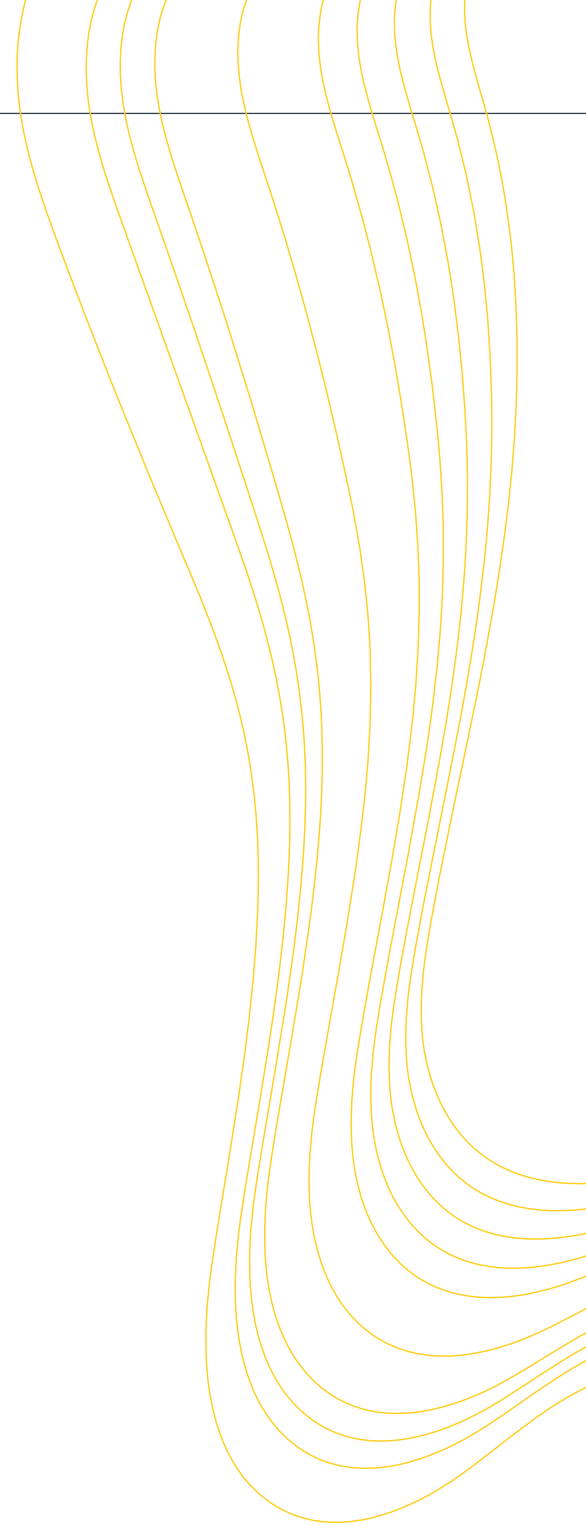
University scientists join global consortium in rapid response to Covid-19

Following a wave of reports from patients and clinicians about rapid onset loss of smell, health organisations throughout the world recognised anosmia as a marker for the Covid-19, even in the absence of other symptoms.

Scientists worldwide have united as the Global Consortium of Chemosensory Researchers (GCCR) to investigate the connection between the chemical senses and Covid-19.

Professor Michael Schmuker and Dr Ritesh Kumar from the University's Biocomputation group are part of this initiative with more than 500 clinicians, neurobiologists, data scientists, cognitive scientists, sensory researchers and technicians from 38 countries. The GCCR will use data collected in a worldwide survey to unravel how the virus is transmitted and how to prevent its spread. The survey will be translated to more than 20 languages.

The GCCR is a group of global transdisciplinary scientists, clinicians, and patient advocates founded in response to the Covid-19 pandemic. With more than 500 members in 40 countries, the GCCR will harness their reach to conduct and analyse worldwide evidence-based information to combat the spread of Covid-19.





Financial review

Financial surplus is critical to addressing the requirements of the strategic plan by delivering sustainability and providing investment opportunities to benefit students.

The Group had 10 consecutive years of surplus until 2018-19, incurring a deficit for 2019-20 primarily as an impact of Covid-19, but remains well placed to deal with changes in the external environment, including the possible challenges from Brexit and from the government's review into higher education. The Group consists of the University of Hertfordshire, its subsidiary undertakings and joint ventures as shown in notes 16 and 17 of the financial statements.

The Group made a deficit for the year of £3.2 million (2019: surplus of £4.5 million) and recorded total comprehensive expenditure of £57.4 million (2019: £20.5 million). The figures are reported after significant adjustments in respect of both the Local Government Pension Scheme (LGPS) and the Universities Superannuation Scheme (USS) as detailed below. The LGPS actuarial loss shown in other comprehensive income/expenditure has no cash impact.

Following the outbreak of Covid-19 in March 2020, many students who lived on campus opted to return home and the University released them from their accommodation contracts early. This incurred a cost of £6 million and was the principal cause of the financial deficit. In addition, costs were incurred in providing extra signage, personal protective equipment and cleaning materials.

The value delivered to students goes beyond research-informed teaching. There are many services included within the tuition fee, including state-of-the-art learning resources centres, careers advice, counselling, chaplaincy, subsidised transport, award-winning sports facilities and several others besides. These services positively contribute to the wellbeing of students.

UK undergraduate tuition fees are only repayable once a student has graduated and earns a salary above £25,000. Over a graduate's lifetime the average uplift in

salary associated with a degree substantially exceeds the cost of repaying tuition fees. This year 65% of Group income came from tuition fees.

An analysis of our student population is shown on page 42.

	2020 £m	2019 £m
Surplus for the year before pension cost adjustments	2.1	9.5
LGPS service cost and interest charge	(6.7)	(2.9)
USS recovery plan provision decrease/(increase)	1.4	(2.1)
(Deficit)/surplus for the year	(3.2)	4.5
LGPS actuarial loss	(54.0)	(24.8)
Change in fair value on hedging financial instruments	(0.2)	(0.2)
Total comprehensive expenditure	(57.4)	(20.5)

Income

Total tuition fee income for the year was £175.3 million, an increase of £4.3 million (2.5%) from the previous year. This was in line with increased student numbers and non-regulated fee increases.

Annual tuition fees for UK and EU undergraduate students remain capped at £9,250, with only a modest increase since 2012, and therefore are insufficient to meet cost inflation. Other fees and price increases need to stay competitive and are reviewed annually to take account of inflationary pressure on costs and market rates more generally.

Direct income grants from the Office for Students (OfS) remained stable and without any inflationary increase. £4.4 million was received from the Higher Education Innovation Fund, in recognition of the business-facing work undertaken by the University.

The University has enrolled more than 550 degree apprentices onto a total of 16 programmes across four of our Schools. Our three most popular programmes are Nursing Associate Higher Apprenticeship, Senior Leader Degree Apprenticeship and Chartered Manager Degree Apprenticeship.

Funding for many health-related courses is now provided through the Student Loan Company, as opposed to directly from the NHS, via Health Education England. The impact of this can be seen in the analysis of tuition fee income in note 1 of the financial statements.

Research income is competitively bid for and is awarded from a variety of sources including the EU, research councils and UK Research and Innovation. Income recognised in the year was £8.5 million, slightly lower than in previous years. Recent investment in staff is anticipated to enhance the volume and success rate of bids.

The investment facility with Rathbones, which opened in 2018 to give some surplus cash more exposure to equities and bonds, has been successful in delivering returns well in excess of the more conventional cash and liquidity funds. A new bond investment fund was opened with Legal and General Investment Management in 2019.

The Group disposed of the BioPark facility in Welwyn Garden City in February 2020, for proceeds of £10 million and a profit of £3.5 million over its book value.

Group income sources can be seen in the chart below.

Expenditure

Control over costs is of significant importance as part of the Group's overall value-for-money agenda. Staff costs do generally increase annually even with modest pay awards. The Group made a number of strategic targeted investments in staffing to further improve the quality of teaching and research, resulting in a student-to-staff ratio of 14.9, the lowest recorded so far.

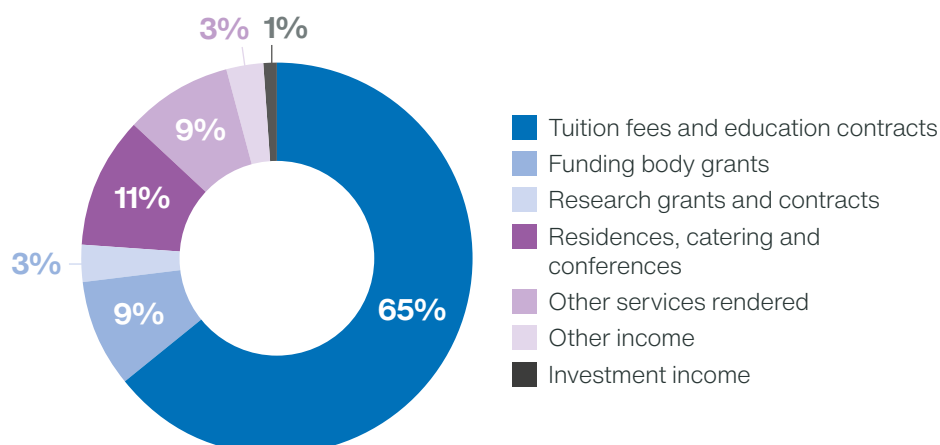
About 54% of operating expenditure of the University Group is spent on staff costs. The majority of these staff are in activities that make direct contact with students, either as lecturers, technicians, librarians, careers advisers or in the student centre. Other expenditure is incurred to provide state-of-the-art facilities, buildings, equipment, accommodation and accessible learning resources.

Most staff are entitled to join an occupational pension scheme, with the majority becoming members of the Teachers' Pension Scheme (TPS) or the Local Government Pension Scheme (LGPS). Employer contribution rates increased in the TPS in 2018, adding about £3 million to operating costs; however, the employer contribution rate to the LGPS reduced from April 2020, saving about £1 million per annum.

The LGPS is deemed to be specific enough to each employer to require recognition in the accounts. Following actuarial advice, the scheme deficit has increased to £100 million, after a period of falls in both world stock markets and corporate bond yields through the Covid-19 pandemic.

The Group employs a small number of staff who are members of the Universities Superannuation Scheme (USS). The University has a contractual obligation under the USS to fund the past deficit on this scheme. The adoption of a new deficit recovery plan in 2018-19 following the 2017 valuation, resulted in an increase in the pension deficit provision last year of £1.7 million. This provision has reduced by £1.4 million in 2019-20 based on the 2018 valuation.

Group income 2019-20



Procurement of goods and services adheres to EU law and much use is made of regional and national purchasing consortia. While cost inflation is an ongoing hazard, significant effort is invested in attaining best value for students, and this has resulted in very low inflation being experienced by the Group.

Interest payable continues to fall as external loans are paid off. External debt reduced to £61.6 million, less than 23% of income, and provides some headroom if further borrowing was required. Around 55% of the external debt is at a fixed rate and this portion is unaffected by rate rises.

Capital investment

Recent projects completed, as part of the Estates 2020 Vision, are the Enterprise Hub and the Institute of Sport at the de Havilland Campus; the former provides a social space for students and also houses business incubation and teaching, while the latter offers outstanding teaching facilities in sports subjects. Both attracted funding from the Hertfordshire Local Enterprise Partnership totalling £6.8 million over the last two years.

The demolition of a former teaching building at the College Lane Campus has been completed in readiness for the construction of a new facility to be opened around 2023. Enhancements to the original college building, dating from the early 1950s, are also planned.

Investment has been made in teaching and research equipment, IT infrastructure, Wi-Fi capability and supporting the research themes. In total, £24 million was spent on capital projects during the year.

Subsidiary companies

The subsidiary companies had a reasonable trading year, despite the impact of the pandemic. The BioPark facility was sold during 2020 netting the Group a profit of £3.5 million and reducing trading losses in Bio Park Hertfordshire Limited (which ceased trading in the year).

Universitybus Limited made a profit of £0.1 million following a good trading position until March, and benefitting from the governments furlough scheme and from grant support to maintain the service through the lockdown period. Major improvements were made to services to and from London and Luton to help commuting students in particular. A new app went live, further enhancing customer experience.

The Exemplas group recorded a profit of £0.1 million through its wide-ranging business support activities to small and medium-sized enterprises. Two major contracts with the Department for International Trade are currently under negotiation and could secure income into 2022.

Commercial projects in the academic schools and conferencing is traded through UH Ventures Limited, recording a breakeven position, with a notable reduction in conference activity after lockdown.

Polyfield Property Limited, which runs the Hertfordshire Sports Village and rents property to other members of the Group, made a profit of £0.4 million following the sale of the BioPark, and despite the closure of the Sports Village for a prolonged period. The company makes ongoing unitary payments under a Private Finance Initiative, and this forms a substantial part of its cost base.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. Data for the period 1 April 2019 to 31 March 2020 is published on the University's website at: go.herts.ac.uk/TradeUnionFacilityTime. This has been updated to cover the accounting reporting period 1 August 2019 to 31 July 2020 (comparatives are not required to be presented under the regulations) and is as follows:

	2020
	Number
Number of trade union representatives	26
Full-time equivalent number of trade union representatives	22.6

Percentage of working hours spent on trade union facility time

	Number
0% of working hours	-
1 to 50% of working hours	26
51 to 99% of working hours	-
100% of working hours	-

Percentage of staff costs spent on facility time

	£'000
Total staff costs for the University	134,635
Total cost of facility time	169
Percentage of staff costs spent on facility time	0.13%

Paid trade union activities

Percentage of total paid facility time spent on paid trade union activities	13%
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Monitoring financial performance

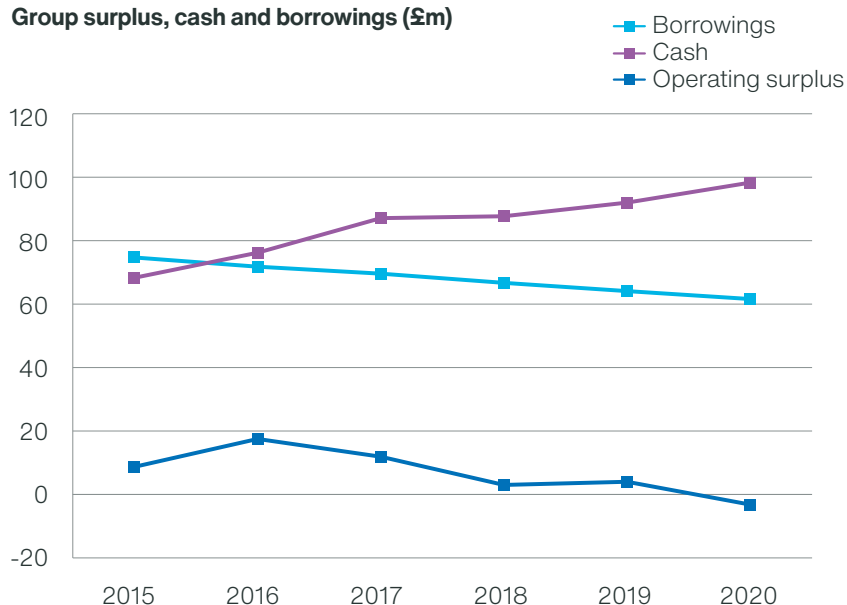
The Group monitors its financial performance against the following key financial metrics as used by OfS:

Financial metric	Actual 2019-20	Actual 2018-19
(Deficit)/surplus as % of total income	(1.2%)	1.6%
Cash flow as % of total income	6.9%	9.2%
Net liquidity (total expenditure less depreciation) in days	138 days	134 days
Total assets/total liabilities	1.7	2.3
External borrowing as % of total income	22.8%	23.6%
Unrestricted reserves as % of total income	73.8%	94.4%

Cash flow

Cash, including short-term deposits, increased to £98 million (2019: £92 million) and so is healthy and adequate to both fund future investment and the immediate needs from the Covid-19 outbreak. Cash generated from operating activities was slightly higher than capital expenditure. External debt of £2 million was repaid. It is not envisaged that further external borrowing will be needed in the foreseeable future.

Group surplus, cash and borrowings (£m)



Taxation

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and Paragraph 1 of Schedule 6 to the Finance Act 2010 and is recognised as a charity by HM Revenue & Customs. Commercial trading activities undertaken by the University are operated through its subsidiary companies and attract VAT where applicable. Indirect tax (VAT) and payroll taxes (PAYE and National Insurance contributions) collected and paid amounted to £1.5 million and £34.8 million respectively. The Group took advantage of HMRC's VAT payment deferral scheme for the third quarter VAT liability totalling £2.9 million which will be paid in March 2021 – this amount is included in creditors.

Conclusion

The first financial deficit for a decade was recorded, mostly because of the impact of Covid-19 on accommodation income, but also due to investment in staff and the impact of the LGPS provision. The Board considers that the Group remains in good financial health and well placed to face the uncertainties ahead, given its recent record in generating surplus and its controls over investments and costs. The Group is well placed to consider and make decisions in the interests of its stakeholders, most importantly the value it offers to its students.

Risks

In order to support the strategy and its key performance indicators, the Board identifies and closely monitors business risks through regular review of the University's Corporate Risk Register. Members of the executive team provide regular briefings to the Audit and Risk Committee and the Board, allowing governors to monitor risk assessment, mitigation and responses to these risks. Risks are scored using a 5 by 5 scoring matrix for Likelihood and Impact. The resulting residual risk score considers the mitigations in place and is rated red (Significant 16-25), amber (High 12-15), yellow (Medium 5-10) or green (Low 1-4), as indicated in the table below. A separate risk register was established during the Covid-19 pandemic crisis, which was monitored on a weekly basis by the Vice-Chancellor's Executive Group and the Emergency Board. Once these risks were being managed as part of 'business as usual', the Covid-19 risk register was merged with the Corporate Risk Register to provide a wider picture of the risks facing the University. Further details on the Group's risk management procedures and policies are set out in the Statement of Corporate Governance.

Risk description	Summary of mitigations
Education and student experience	
<p><i>Student experience</i></p> <p>Failure to deliver a high-quality student experience.</p> <p>Amber</p>	<p>The student experience is promoted by close working with Hertfordshire Students' Union and by regular review of student issues by senior management.</p> <p>Awareness of the student experience is informed by the National Student Survey (NSS), by mid-module feedback and yearly end of cohort feedback.</p> <p>Well-established wellbeing services are available to students both on-campus and on-line, including Community Officers within each School.</p> <p>The switch to on-line learning and teaching as a result of Covid-19 was communicated to students, and additional services were provided to guide and support students through Academic Registry, Dean of Students and Library and Computing Services.</p>
<p><i>Workplace opportunities</i></p> <p>Failure to offer workplace engagement and overseas learning opportunities.</p> <p>Red</p> <p>Inability to maintain professional placements and apprenticeship workplaces due to Covid-19.</p> <p>Red</p>	<p>Active engagement by Schools and the Careers and Employment Service.</p> <p>Active engagement with the Enterprise and Business Development partners to ensure linkage with business needs.</p> <p>Relevant Schools engaged with government, schools, NHS Trusts and professional bodies.</p> <p>Placement activities have been risk-assessed and impact on student professional and academic progression reviewed.</p> <p>Ongoing advice and guidance given to students and communication with Degree Apprenticeship employers and students on an individual basis.</p>
Research	
<p>Insufficient high-quality outputs with high impact that can contribute to the Research Excellence Framework (REF).</p> <p>Yellow</p> <p>Lockdown reducing research income.</p> <p>Amber</p>	<p>Continued focus within the University on the impact of University research is supported by a Research Impact Facilitator to provide support and guidance to University researchers.</p> <p>Move forward with research expenditure when possible as staff/research students return to laboratories.</p> <p>Continued support of Research Grant Team to deliver a comprehensive on-line service, while encouraging funding applications using Research Theme Champions and Associate Deans (Research).</p>

Global engagement
International partnerships

Failure to develop and maintain strong and beneficial international partnerships.

Amber

Regular monitoring of international partners.

Robust due diligence undertaken on potential partners.

Engagement with government, Office for Students (OfS) and Universities UK (UUK) to lobby decision-makers regarding review of visa regulations as a result of Covid-19.

Enterprise
Relationships with third parties

Failure to maintain effective relationships with University subsidiaries, outsourced partners and other key partner organisations.

Yellow

Expert management and governance of the companies is in place, with close monitoring of activities and financial performance by executive and non-executive directors. Subsidiary company financial plans and reports are submitted to the University's Board of Governors.

Regular monitoring of contractor performance by strong Procurement and Estates Teams and wide use of purchasing consortia.

Engagement with key suppliers and purchasing consortia to identify and monitor supply chain vulnerabilities during Covid-19.

People
People management

Failure to recruit, retain and ensure wellbeing of staff to ensure an adequate workforce, particularly during significant periods of change, such as the Covid-19 pandemic.

Yellow

People Strategy and Equality, Diversity and Inclusion Strategy in place.

Established staff wellbeing services supported by a network of Wellbeing Champions within Schools/Strategic Business Units, and regular communication of wellbeing advice and support, including on-line employee support service, Validium.

Regular updates to staff both during and after lockdown, which have aligned with government recommendations.

Failure to effectively forward plan to support future University workforce needs.

Yellow

Monitoring of reported absences by Human Resources, Occupational Health and Health, Safety and Sustainability teams and the provision of advice and support.

Organisational planning includes assessing workforce requirements, and identification of single sources of failure and concerns. This has included the implications of a hard Brexit for European Union staff members.

Campus security

Major accident/incident on campus.

Yellow

Close relations with police and emergency services with an on-campus presence through the Community Police Team.

Mock rehearsals of emergency planning and business continuity protocols.

Clear policies, procedures and training in place on Prevent duty.

Failure to adequately control access to premises during periods of off-campus working.

Yellow

Process established to raise and assess requests for access to University premises during periods of lockdown.

Sustainability

Student recruitment and retention

Failure to meet student recruitment targets, particularly with the impact of Covid-19 on areas such as deferrals and restrictions on international travel.

Amber

Excellent recruitment systems, plans and campaigns are in place, supported by regular analysis of academic portfolio and market position, with agreement on realistic recruitment targets.

Effective and efficient Confirmation and Clearing campaigns.

Continued engagement with UK and International agencies.

Financial sustainability

Failure to maintain a financially sustainable position, particularly with the impact of the Covid-19 pandemic on University income (eg accommodation, Sports Village) and costs.

Amber

Robust financial management controls with regular forecasting and scenario planning, which provide early warning of issues.

Diversification of income to spread the financial risk to the University.

Well-managed finances and a financial surplus, with a clear framework to inform financial decision-making.

Cyber-security

Significant cyber security attack having impact on multiple users.

Red

Strong awareness raising of cyber risks to all staff and encryption of all new devices. Risk of increased phishing e-mails highlighted to staff as part of staff communications during the pandemic.

Strong network security processes and anti-malware solutions in place with regular penetration tests conducted.

External changes and influences

Failure to prepare for impact on University of key external influences, such as a no-deal Brexit.

Amber

Robust horizon scanning processes in place with external intelligence received through key, recognised channels.

Active engagement and lobbying on key issues.

Separate 'no-deal' Brexit risk register maintained.

Regulatory and legal compliance

Failure to comply with legislation and statutory duties including completion and submission of data returns to regulators.

Amber

Strong process and training in place in relation to key legislation, such as General Data Protection Regulation (GDPR) and UK Visas and Immigration (UKVI), including a University Data Protection Officer and dedicated teams within Human Resources and Academic Registry to manage UKVI compliance.

Failure to comply with the OfS conditions of registration including new temporary condition of registration issued during pandemic, and the targets set out in the University's Access and Participation Plan (APP).

Yellow

Full and ongoing engagement with the OfS, partners and professional bodies to ensure awareness of any changes to or new regulations or guidance.

Key officers aware of APP targets for which they have responsibility.

Information technology infrastructure

Failure of IT infrastructure.

Amber

IT Infrastructure and replacement cycles reviewed, and additional contingencies developed to ensure continuity of service if IT fails.

Regular maintenance weekends to enable major system upgrades.

University estate

Failure to maintain and develop the University Estate in response to needs.

Yellow

Estates 2020 Project reviewed to ensure continued relevance to University strategy.

Ten-year facilities management contract in place until 2027.

Failure to effectively manage the statutory compliance aspects of the Estate.

Yellow

Monthly reporting on statutory compliance.

Failure to provide assurance on the safety of campuses and buildings before return to campus, which may require additional checks for statutory compliance.

Yellow

The return to on-campus working being managed as part of planned University business recovery. Actions will be agreed by University senior managers and communicated to University staff.

Continuity of food catering provision.

Amber

Interim amendment to contract being negotiated to minimise costs and potential losses. Longer term options for contract then to be considered.

Business continuity

Failure to prepare for impact of major disaster on University.

Amber

Clear business continuity arrangements in place which have been tested through desk top exercises involving different scenarios and during the pandemic crisis.

Gold, Silver and Bronze teams in place to manage and respond to crises. The Gold Level Group consists of members of the Vice-Chancellor's Executive; Silver are members of the Chief Executive's Group and Bronze includes staff working on an operational level and invited to join the group based on their expertise and the specific concerns that have been raised.

Student numbers

The following tables show an analysis of our student profile for 2019–20.

Mode and level of study		
Full-time and sandwich	Postgraduate research	250
	Postgraduate taught	3,950
	First degree	14,980
	Foundation degree	340
	Other undergraduate	50
	Total	19,570
Part-time	Postgraduate research	280
	Postgraduate taught	3,240
	First degree	1,640
	Foundation degree	190
	Other undergraduate	600
	Total	5,950
Total students studying within the UK		25,520

Gender		
Female	14,070	55.1%
Male	11,450	44.9%
Total	25,520	100.0%

Ethnicity		
White	10,160	39.8%
Asian or Asian British	7,260	28.4%
Black or Black British	4,420	17.3%
Chinese	800	3.1%
Other (including mixed race)	2,320	9.1%
Unknown/information refused	560	2.2%
Total	25,520	100.0%

Geographic region		
England	18,990	74.4%
Wales	90	0.4%
Scotland	60	0.2%
Northern Ireland	40	0.2%
Guernsey, Jersey and the Isle of Man	20	0.1%
Other EU	900	3.5%
Non EU	5,430	21.3%
Total	25,520	100.0%

Student numbers represent head count not FTE (full-time equivalent). All student number figures are rounded to the nearest 10. Total figures are also rounded to the nearest 10. The sum of numbers in a table may not match the total shown.

Subject area		
Medicine and dentistry	360	1.4%
Subjects allied to medicine	5,760	22.6%
Biological and sport sciences	740	2.9%
Psychology	780	3.1%
Agriculture, food and related studies	20	0.1%
Physical sciences	220	0.9%
Mathematical sciences	180	0.7%
Engineering and technology	1,980	7.8%
Computing	3,080	12.1%
Geographical and environmental studies	180	0.7%
Architecture, building and planning	230	0.9%
Humanities and liberal arts (non-specific)	110	0.4%
Social sciences	1,100	4.3%
Law	1,310	5.1%
Business and management	4,650	18.2%
Communications and media	200	0.8%
Language and area studies	190	0.7%
Historical, philosophical and religious studies	170	0.7%
Creative arts and design	2,150	8.4%
Education and teaching	2,020	7.9%
Combined and general studies	80	0.3%
Total	25,520	100.0%

Students from outside the UK – Top 10 countries

India	2,560	10.4%
China	520	2.1%
Nigeria	500	2.0%
Pakistan	370	1.5%
Malaysia	210	0.9%
Portugal	200	0.8%
Ireland	110	0.4%
Bangladesh	100	0.4%
Spain	80	0.3%
Vietnam	70	0.3%
Total	4,720	19.1%

Students studying wholly outside the UK

Students on overseas franchise programmes

Malaysia	3,710
Russia [Russian Federation]	370
Singapore	210
Canada	180
Egypt	140
Other countries	240
Total (students on overseas franchise programmes)	4,850

Students on distance learning programmes outside of the UK (across 119 countries)	1,530
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Total (students studying wholly outside the UK)	6,380
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Total student numbers	31,900
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Statement of Corporate Governance

The following statement covers the year to 31 July 2020 and the period up to the date of approval of these financial statements. It is provided to enable readers of the financial statements to gain a better understanding of the governance and legal structure of the institution.

Legal status

The University of Hertfordshire is an independent corporation, established as a Higher Education Corporation in England under the provisions of the Education Reform Act 1988 and the Further and Higher Education Act 1992. It is an exempt charity under the Charities Act 2011. The University is regulated by the Office for Students (OfS) established as the regulator for English higher education under the provisions of the Higher Education and Research Act 2017 (HERA).

The University conducts its business in accordance with the seven principles identified by the Nolan Committee on Standards in Public Life; the guidance provided to higher education institutions by the Committee of University Chairs (CUC); and the requirements of the Office for Students (OfS) Regulatory Framework. The Board has adopted The Higher Education Code of Governance (CUC 2014, revised 2018) and is satisfied that it operates in compliance with the Code. The

latest review was completed in October 2018. The University has adopted the CUC 2020 code from 2020–21 and the next review is scheduled for 2021.

The University's objectives, powers and the institutional governance framework are set by the Articles of Government. Any amendments to the Articles must be approved by the OfS (previously the Privy Council).

Governance structure

The Articles of Government require the University to establish a Board of Governors and an Academic Board, each with clearly defined functions and responsibilities.

Board of Governors

The Board of Governors is the University's governing body and is collectively accountable for the determination of the strategic direction and mission of the University and for oversight of its activities. It is responsible for the finance, property and staffing of the University and Group.

The Board has a majority of independent members, selected in line with criteria contained in legislation. The Chair of the Board is elected from the independent members. The Board also comprises the Vice-Chancellor, a teacher of the University nominated by the Academic Board following election by the academic staff as a whole, and a student nominated by the Trustees of the University's Students' Union.

There is also provision for the appointment of co-opted members. Mandatory co-opted members include a person having experience of the provision of education and a member of the professional staff (appointed via an election process involving all professional staff).

No members of the Board receive any remuneration for the work they do for the Board, although they are able to claim expenses incurred in the course of undertaking their duties. In 2019–20, the Board met on seven occasions and average attendance was 90% (compared to 90% the previous year).

Members of the Board of Governors are drawn from a wide variety of sectors and industries, and include senior figures with backgrounds in law, local government, the civil service, accountancy, business, health, pharmaceuticals, finance, politics, banking, regulation and higher education.

The Board has adopted the CUC Higher Education Code of Governance and the University has established a 'fit and proper' persons' framework for members of the governing body and those with senior management responsibilities.

Arising from the Covid-19 pandemic lockdown, the Board established an Emergency Committee comprising, inter alia, Committee Chairs and the Chair of the Board. The Emergency Committee met informally on a weekly basis throughout April and May in order to support the Executive in its operational day to day activities. Informal meetings assisted the process of determining whether formal meetings of the Board and its Committees were required for strategic/regulatory purposes. During the lockdown, scheduled meetings of the Board and its committees were held virtually using MS Teams.

As a response to the pandemic, the Executive formed a Gold Team which comprised the Executive and select members of the Chief Executive Group. The Gold Team met daily to consider specific actions and responses required during the lockdown and business recovery period. The Secretary and Registrar updated the Emergency Committee on all Covid-critical decisions and actions that arose from the Gold Team. The Emergency Committee were able to review and challenge all key decisions related to business continuity and business recovery. The Emergency Committee regularly challenged the Executive on the long-term impact of the pandemic which included the request for financial scenario planning for varying levels of student recruitment, required changes to pedagogy and the academic year and potential mergers with other institutions.

Members of the Board of Governors are listed on page 105. The University

maintains a Register of Interests of members of the Board of Governors, the Boards of Directors of the subsidiary companies and designated officers of the Board, which may be consulted by arrangement with the Secretary and Registrar.

Academic Board

Subject to the overall responsibility of the Board of Governors, the Academic Board has oversight of the academic affairs of the University and draws its membership entirely from the staff and students of the University. It is particularly concerned with issues relating to the teaching and research work of the University. The Academic Board is chaired by the Vice-Chancellor.

Chief Executive

The Vice-Chancellor is the head of the University and is responsible to the Board of Governors for the organisation, direction and management of the University. Under the requirements of the OfS Regulatory Framework, the Vice-Chancellor is the designated accountable officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

As Chief Executive, the Vice-Chancellor exercises considerable influence upon the development of University strategy, the identification and planning of new developments and the shaping of the University ethos.

Members of the Vice-Chancellor's Executive Group (the Deputy Vice-Chancellor, the Group Finance Director, the Secretary and Registrar, and the Pro Vice-Chancellor (Business and International Development)) all contribute to this aspect of work.

However, the Vice-Chancellor remains ultimately responsible to the Board in this regard. In accordance with the Articles of Government, the University's Secretary and Registrar has been designated Secretary to the Board and in that capacity provides independent advice on matters of governance to all Board members.

Committees

Certain matters, such as the approval of the strategic plan, the annual budget, major investments and the sale and purchase of land, are reserved matters for the Board. However, much of its detailed work is delegated to four standing committees:

- Finance Committee
- Employment, Remuneration, Governance and Nominations Committee
- Vice-Chancellor's Remuneration Committee
- Audit and Risk Committee

Other than the Audit and Risk Committee, whose constitution provides for a staff governor nominated by the Board of Governors, these committees are composed of independent and external co-opted members of the Board. The decisions of these committees are reported formally to the Board.

The Board of Governors conducts regular effectiveness reviews of itself and its committees in accordance with regulatory body guidance.

Finance Committee

The Finance Committee is responsible for the financial management and regulation of the University and Group. It also has oversight of financial policy and management and the progress of significant capital projects. The committee normally meets five times per year.

Employment, Remuneration, Governance and Nominations Committee (ERGN)

This committee is responsible to the Board for the University's overarching human resources policy framework, its component policies and changes or additions to these, and determines and reviews the remuneration and conditions of staff appointed by the Board itself, except the Vice-Chancellor. It also sets the framework of pay and conditions of those employees designated as senior managers and considers and oversees all matters relating to the good governance of the Board.

The committee is established by the Board to act as the Nominations Committee in respect of all appointments made by the Board of Governors, except that final responsibility for the appointment of the Vice-Chancellor rests with the Board itself. The committee normally meets three times per year. This committee is chaired by an independent member of the Board (who is not the Chair of the Board).

Vice-Chancellor's Remuneration Committee

All aspects of the terms and conditions of employment, including the remuneration, of the Vice-Chancellor are determined by the Vice-Chancellor's Remuneration Committee. This committee is chaired by an independent member of the Board (who is not the Chair of the Board). The Vice-Chancellor is not a member of and does not attend this committee.

Audit and Risk Committee

The University has been compliant with the (former) CUC Higher Education Audit Committees Code of Practice throughout 2019-20 and will be compliant with the new Code from 1 August 2020.

The Audit and Risk Committee normally meets five times per year, including a meeting with the external auditors to discuss findings in relation to the audit of the financial statements. It reviews the annual financial statements prior to their consideration and approval by the Board together with the accounting policies.

The Head of Internal Audit provides an annual report for consideration by the Audit and Risk Committee, and thereafter by the governing body, setting out their opinion on the adequacy and effectiveness of the University's arrangements for risk management, internal control and governance and its processes for ensuring economy, efficiency and effectiveness (value for money). This report also sets out Internal Audit's approach to the review of data quality. The opinion is based on the work of the Internal Audit service, the detailed findings from which are

presented to the committee during the year.

The committee ensures that the systems and processes for the preparation of statutory returns to OfS (and formerly to HEFCE) and the Higher Education Statistics Agency are reviewed and that returns have received the required approval prior to submission.

The Deputy Secretary and Registrar/Head of Corporate Services maintains a schedule recording the behaviours linked to each OfS condition and associated evidence to demonstrate that the University is compliant with the OfS's Conditions of Registration. This is kept under regular review and is reported to each meeting of the Audit and Risk Committee. Internal Audit's planned work now includes a specific annual audit on compliance with OfS Conditions of Registration.

The committee also reviews the University's corporate risk register at each meeting.

The University has established an officer Assurance Group whose principal role is to monitor ongoing compliance with the OfS conditions of registration, including the submission of key data returns and to provide assurance to the Board.

Standard templates for committee reports have been updated to include the requirement for the report's author to indicate which of the OfS Conditions of Registration the report provides assurance on.

Going concern

The Board of Governors is satisfied that the University has adequate resources to continue in operation for the foreseeable future, and for this reason the Board considers that the financial statements of the University and the Group should be prepared on a going-concern basis. The Group has made financial surpluses for 10 years until 2019-20 and has cash reserves at a high level. The deficit in 2019-20 was primarily caused by the need to release students from accommodation contracts and because of the actuarial adjustment in the LGPS, the latter not requiring any cash outflow.

Each of the subsidiary companies, and the University itself, has produced trading budgets and cash flow forecasts for future periods. In addition, the Group has also modelled a number of scenarios to demonstrate the impacts on future cash flows from different financial surpluses and capital projects.

The University finished the 2019-20 financial year with cash deposits and investments of £97 million. Based on the budget for 2020-21, being the most likely scenario, cash and investments at the end of the coming year would be £86 million. External debt would be paid down to £59 million, ensuring that gearing remains low relative to both the historic position and to the sector more widely.

Each subsidiary company has demonstrated that its cash reserves will be sufficient to continue trading for the foreseeable future (to 31 December 2021). Borrowing facilities are in place should any of them require financial assistance for working capital on a short-term basis.

The capital expenditure programme has been reviewed by a senior panel to ascertain key priorities and has been budgeted as such. In the 2020-21 financial year, the largest project will cost about £8 million, with the majority of projects being considerably smaller in scope and value. There are options for delaying some projects should the need arise. A decision on progressing the new Engineering Building to its construction phase has yet to be taken by the Board and could be deferred if necessary.

The budget for 2020-21 was approved on the basis of achieving a breakeven position before any LGPS adjustment and the medium- and long-term cash forecasts demonstrate financial sustainability. Investments in fixed assets are carefully reviewed prior to approval. The Board only undertakes such investments with the knowledge that the Group will remain solvent and that value is likely to be added as a result of the investment. Although no new external borrowing is likely to be required in the near term, the Board is confident that funding would be available from its lenders should the need arise.

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Responsibilities of the Board of Governors

In accordance with the University's Instrument and Articles of Government, the Board of Governors is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for preparing the Strategic Report and the financial statements in accordance with applicable law and regulations.

The Board of Governors is required to prepare financial statements for each financial year in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law) including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland. In addition, the Board of Governors is required to prepare the financial statements in accordance with the OfS Regulatory Framework, through its accountable officer. At the University of Hertfordshire, the designated accountable officer is the Vice-Chancellor. The Board of Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and the Group and of the surplus or deficit, gains and losses and changes in reserves of the University and the Group for that year and the cash flows for the Group for the year.

In preparing the financial statements, the Board of Governors is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting 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.
- Prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the University and Group will continue in business.

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the University's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the University and the Group. It also ensures that the financial statements comply with the Instrument and Articles of Government, the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (SORP) and any subsequent amendments, OfS Accounts Direction and other applicable regulations. It is also responsible for safeguarding the assets of the University and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Governors has taken reasonable steps to:

- Ensure that funds from the OfS, UK Research and Innovation (including Research England), the Department for Education and the Education and Skills Funding Agency are used only for the purposes for which they have been given and in accordance with any terms and conditions of that funding. This includes the operation of a sound system of internal financial control, as described in the Statement of Internal Control on page 50 and the conduct of regular internal audits on compliance with legislation, for example compliance with OfS conditions of registration.
- Ensure that there are appropriate financial management controls in place to safeguard public funds and funds from other sources.
- Ensure that the University and Group has a robust and comprehensive system of risk management, control and corporate governance, which includes the prevention and detection of corruption, fraud, bribery and irregularities.
- Secure the economic, efficient and effective management of the University's and the Group's resources and expenditure.

The Board of Governors 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.

The Board of Governors confirms that:

- So far as each governor is aware, there is no relevant audit information of which the University's auditor is unaware.
- The governors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the University's auditor is aware of that information.

Approved on behalf of the Board of Governors on 24 November 2020 and signed on its behalf by:

Professor Q A McKellar
Vice-Chancellor and Chief Executive

Dr L Drummond
Chair of the Board of Governors
and Pro Chancellor

Statement of Internal Control

The following statement covers the year to 31 July 2020 and the period up to the date of approval of these financial statements.

The Board of Governors acknowledges its responsibility for ensuring that an effective system of internal financial control is maintained and operated by the University of Hertfordshire Group.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a framework of regular management information, administrative procedures – including the segregation of duties – and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board.
- Regular reviews by the Board of periodic and annual financial reports which monitor financial performance against budgets and forecasts.

- Setting targets to measure financial and other performance using key performance indicators as appropriate.
- Clearly defined capital investment control guidelines.
- The adoption of formal project management disciplines where appropriate.

The Board has established the processes for the identification, evaluation and management of risks (business, operational, compliance and financial) the University Group faces. The Board has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible. This is in accordance with the responsibilities assigned to the governing body in Instrument and Articles of Government, Terms and Conditions of Funding, and the OfS Regulatory Notices 2, 5 and 9. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies,

aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The Board has responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- The Board meets at regular intervals to consider performance reports, operational plans and the strategic direction of the University.
- The Board receives periodic reports from the Chair of the Audit and Risk Committee concerning internal control. It requires regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- The shift to remote working necessitated by the pandemic emergency has required a number of adjustments to the way in which some of our internal controls operate. Checks and approvals that were previously performed 'in person', for example 'right to work' checks for new employees, have been performed remotely using the University's approved communications platform MS Teams. Appropriate controls have been maintained and retrospective checks on compliance with changes to procedures will be performed by Internal Audit as part of their planned work for 2020-21.
- At the start of the pandemic, work on the Internal Audit plan was paused temporarily to allow the University to mobilise and manage the immediate crisis and to adjust to its new ways of working. Work on the plan resumed quickly, but the suspension of the planned work has meant that some audits have not been completed by the year end. The plan was adjusted during the pandemic to take account of the impact of the crisis on areas to be audited and to allow for relevant and meaningful assurance to be provided to the Board. The revised plan was agreed by the Audit and Risk Committee in May 2020. The Head of Internal Audit's annual opinion will be based on completion of the revised audit plan for 2019-20 and other non-planned work undertaken during this period.

- A robust risk management process which has been embedded across the University and covers the identification and evaluation of both strategic and operational risks, including compliance and financial risks. Risks are linked to the University's strategic objectives and the risk management process assesses the likelihood and impact of risks arising and identifies mitigating controls and actions to manage these risks.
- Risk management is integrated into key activities, such as the annual planning process and major projects.
- The risk management approach is risk based resulting in a prioritised corporate risk register. This organisation-wide risk register is maintained and reported to and discussed regularly by the University's senior management team and at each meeting of the Audit and Risk Committee. The results of this process are then presented to and considered at each meeting of the Board of Governors.
- During the pandemic emergency, a separate Covid-19 risk register was established setting out the principal risks to the University at this time. This was reviewed on a weekly basis by the Vice-Chancellor's Executive Group and at each meeting of the Emergency Committee during the height of the pandemic period. Once these risks were being managed as part of 'business as usual', and the University's focus moved to business recovery, the Covid-19 and corporate risk registers were merged to provide a wider picture of the key risks facing the University.
- Risk registers are also maintained at Strategic Business Unit (SBU) level and by the wholly owned subsidiary companies, which are reviewed regularly by the University's Business Risk Manager who meets with Heads of SBU and the subsidiary companies' management twice a year to discuss their risks. Risks of strategic importance are then fed through into the corporate risk register.
- The Business Risk Manager acts as a central point of contact for risk management coordination and review, working closely with senior management to promote University-wide understanding and application of the risk management process.
- Reviews of the adequacy and effectiveness of the University's risk management process are undertaken regularly by Internal Audit. The effective implementation of risk management arrangements is considered as part of the work undertaken on each audit, where appropriate.
- The role of Internal Audit is to provide assurance on the University's internal control environment as well as its arrangements for risk management, governance and value for money. It does this through the completion of a risk-based audit plan which identifies how each audit contributes to the overall audit opinion, including each of these four elements. In completing their work, Internal audit not only advises on internal controls, but looks to add value to the overall operation of the University, considering both the present situation and the future impact on the areas reviewed.
- The Audit and Risk Committee receives and provides challenge to the individual audit reports from Internal Audit. This includes Internal Audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control and its arrangements for risk management and governance and for ensuring value for money. While no significant control failures have been identified during the year, Internal Audit has made recommendations to address any control weaknesses identified during the course of their work, including five Priority 1 recommendations as follows:
 - A review of the process for making and recording declarations of interest to ensure it meets the needs of the University.
 - The development of a separate Conflicts of Interest Policy.
 - The re-enablement of audit policy settings relating to password controls for the University's Windows network.
 - Undertaking a formal evaluation of the resource requirements for the team responsible for the preparation of statutory data returns, and for prioritising this resource.
- Completion and implementation of agreed business process reviews, as part of the implementation of the University's Student Administration Review, that will support the completion of statutory data returns. This should include establishment of student data ownership.
- Actions to address these issues are already being put in place and Implementation of all Internal Audit recommendations is regularly monitored by the Audit and Risk Committee.
- The University's external auditors review the operating effectiveness of internal control over the key systems and income streams to the University. They consider Internal Audit reports to understand the scope of their work, any significant findings and their view on and contribution to the overall control environment.
- A system of key performance and risk indicators is in place.
- Procurement procedures are monitored to promote economy and efficiency and ensure value for money.
- Effective reviews are carried out to provide assurance over the quality and completeness of data management.

Independent auditor's report to the Board of University of Hertfordshire

Opinion

We have audited the financial statements of University of Hertfordshire ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2020 which comprise the Consolidated and University statement of comprehensive income, the Consolidated and University statement of changes in reserves, the Consolidated and University balance sheets, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and of the University's affairs as at 31 July 2020 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and the Group's cash flows for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and

we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- The Board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the University's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The Board are responsible for the other information. Other information comprises the information included in the strategic report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Strategic Report, Statement of Corporate Governance and Internal Controls and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether

there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters required by the Office for Students ("OfS"), Research England and the Education and Skills Funding Agency

In our opinion, in all material respects:

- Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS, UK Research and Innovation (including Research England) and the Education and Skills Funding Agency have been applied in accordance with the relevant terms and conditions.
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

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

Responsibilities of the Board of Governors

As explained more fully in the Board members responsibilities statement, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board members determine is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding

with the OfS, Research England and the Education and Skills Funding Agency.

Use of our report

This report is made solely to the governors, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the University's Board 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 Board members as a body, for our audit work, for this report, or for the opinions we have formed.

James Aston MBE
(Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor
Gatwick

Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial Statements





Consolidated and University statement of comprehensive income for the year ended 31 July 2020

		2020		2019	
	Notes	Group £'000	University £'000	Group £'000	University £'000
Income					
Tuition fees and education contracts	1	175,252	175,260	171,023	171,028
Funding body grants	2	23,669	23,669	22,531	22,531
Research grants and contracts	3	8,466	7,699	8,788	8,063
Other income	4	60,968	41,981	67,382	46,345
Investment income	6	1,926	1,838	1,691	1,651
Donations and endowments	7	271	333	368	273
Total income		270,552	250,780	271,783	249,891
Expenditure					
Staff costs	8	151,132	134,635	146,008	129,085
Other operating expenses		105,919	103,720	101,377	97,012
Depreciation	13	17,020	14,883	17,460	14,706
Interest and other finance costs	9	3,535	2,989	3,050	2,519
Total expenditure	10	277,606	256,227	267,895	243,322
(Deficit)/surplus before other gains and losses and share of operating surplus of joint ventures					
		(7,054)	(5,447)	3,888	6,569
Gain/(loss) on disposal of fixed assets		4,493	-	(66)	-
(Loss)/gain on investments	15	(795)	(310)	511	264
Share of operating surplus in joint ventures	17	165	-	131	-
Surplus before tax		(3,191)	(5,757)	4,464	6,833
Taxation	11	(2)	-	4	-
(Deficit)/surplus for the year		(3,193)	(5,757)	4,468	6,833
Actuarial loss in respect of pension schemes	31	(54,004)	(53,457)	(24,829)	(23,716)
Change in fair value of hedging financial instruments	25	(184)	-	(185)	-
Total comprehensive expenditure for the year		(57,381)	(59,214)	(20,546)	(16,883)
Represented by:					
Endowment comprehensive income for the year		27	13	172	23
Restricted comprehensive income for the year		(398)	(45)	(604)	(46)
Unrestricted comprehensive income for the year		(56,743)	(58,915)	(19,847)	(16,593)
Revaluation reserve comprehensive income for the year		(267)	(267)	(267)	(267)
		(57,381)	(59,214)	(20,546)	(16,883)

All results are from continuing operations.

The notes on pages 60 to 104 form an integral part of these financial statements.

Consolidated and University statement of changes in reserves for the year ended 31 July 2020

	Income and expenditure account			Revaluation reserve £'000	Total £'000
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Group					
Balance at 1 August 2018	2,662	1,175	235,906	40,797	280,540
Surplus from the statement of comprehensive income	172	184	4,112	-	4,468
Other comprehensive expenditure	-	(185)	(24,829)	-	(25,014)
Transfers between reserves	-	2	265	(267)	-
Release of restricted funds spent in year	-	(605)	605	-	-
Total comprehensive expenditure for the year	172	(604)	(19,847)	(267)	(20,546)
Balance at 1 August 2019	2,834	571	216,059	40,530	259,994
Surplus/(deficit) from the statement of comprehensive income	27	165	(3,385)	-	(3,193)
Other comprehensive expenditure	-	(184)	(54,004)	-	(54,188)
Transfers between reserves	-	-	267	(267)	-
Release of restricted funds spent in year	-	(379)	379	-	-
Total comprehensive expenditure for the year	27	(398)	(56,743)	(267)	(57,381)
Balance at 31 July 2020	2,861	173	159,316	40,263	202,613
University					
Balance at 1 August 2018	746	200	246,312	39,656	286,914
Surplus from the statement of comprehensive income	23	55	6,755	-	6,833
Other comprehensive expenditure	-	-	(23,716)	-	(23,716)
Transfers between reserves	-	-	267	(267)	-
Release of restricted funds spent in year	-	(101)	101	-	-
Total comprehensive expenditure for the year	23	(46)	(16,593)	(267)	(16,883)
Balance at 1 August 2019	769	154	229,719	39,389	270,031
Surplus/(deficit) from the statement of comprehensive income	13	55	(5,825)	-	(5,757)
Other comprehensive expenditure	-	-	(53,457)	-	(53,457)
Transfers between reserves	-	-	267	(267)	-
Release of restricted funds spent in year	-	(100)	100	-	-
Total comprehensive expenditure for the year	13	(45)	(58,915)	(267)	(59,214)
Balance at 31 July 2020	782	109	170,804	39,122	210,817

Consolidated and University balance sheets for the year ended 31 July 2020

		2020		2019	
	Notes	Group £'000	University £'000	Group £'000	University £'000
Non-current assets					
Intangible assets	12	28	-	30	-
Goodwill	12	674	-	763	-
Fixed assets	13	322,313	288,059	314,206	277,058
Investments	15	28,426	80,352	34,674	79,505
Investment in joint ventures	17	805	-	974	-
		352,246	368,411	350,647	356,563
Current assets					
Stock		306	113	335	93
Trade and other receivables	18	29,735	28,010	21,924	22,202
Investments	19	40,662	40,662	34,701	34,701
Cash and cash equivalents		57,646	36,085	57,391	46,824
		128,349	104,870	114,351	103,820
Less: Creditors: amounts falling due within one year	20	(82,440)	(76,849)	(67,891)	(63,185)
Net current assets		45,909	28,021	46,460	40,635
Total assets less current liabilities					
		398,155	396,432	397,107	397,198
Creditors: amounts falling due after more than one year	21	(92,543)	(83,199)	(93,476)	(83,530)
Provisions					
Pension provisions	23	(102,596)	(102,013)	(43,234)	(43,234)
Provisions for liabilities	23	(403)	(403)	(403)	(403)
Total net assets		202,613	210,817	259,994	270,031
Restricted reserves					
Income and expenditure reserve – endowment reserve	24	2,861	782	2,834	769
Income and expenditure reserve – restricted reserve	25	173	109	571	154
Unrestricted reserves					
Income and expenditure reserve – unrestricted		159,316	170,804	216,059	229,719
Revaluation reserve		40,263	39,122	40,530	39,389
Total reserves		202,613	210,817	259,994	270,031

The financial statements were approved and authorised for issue by the Board of Governors on 24 November 2020 and signed on its behalf by:

Dr L Drummond
Chair

Professor Q A McKellar
Vice-Chancellor

Mr A Moffat
Group Finance Director

Consolidated statement of cash flows for the year ended 31 July 2020

	Notes	2020 £'000	2019 £'000
Cash flow from operating activities			
(Deficit)/surplus for the year before taxation		(3,191)	4,464
Adjustment for non-cash items			
Depreciation	13	17,020	17,460
Amortisation of intangibles	12	2	2
Amortisation of goodwill	12	89	89
Loss/(gain) on investments	15	795	(511)
Decrease in stock		29	47
Increase in debtors		(7,630)	(554)
Increase in creditors		13,353	1,685
Increase in pension provision		5,358	4,575
Decrease in other provisions		-	(20)
Share of operating surplus in joint ventures	17	(165)	(131)
Adjustment for investing or financing activities			
Investment income	6	(1,926)	(1,691)
Interest payable		2,494	2,616
Endowment payments	24	46	57
(Profit)/loss on the sale of fixed assets		(4,493)	66
Capital grant income		(3,039)	(3,137)
Cash inflow from operating activities		18,742	25,017
Taxation		(2)	4
Share of tax in joint ventures		12	(4)
Net cash inflow from operating activities		18,752	25,017
Cash flows from investing activities			
Proceeds from sale of fixed assets		9,921	29
Capital grants receipts		5,547	4,660
Disposal of non-current asset investments		230	50
Withdrawal of deposits		23,800	18,000
Investment income		915	1,024
Payments made to acquire fixed assets		(23,526)	(21,879)
New non-current asset investments		(187)	-
New deposits		(29,815)	(21,715)
		(13,115)	(19,831)
Cash flows from financing activities			
Interest paid		(1,748)	(1,821)
Interest element of finance lease and service concession payments		(754)	(795)
Endowment cash received		-	-
Endowment payments		(46)	(57)
Repayments of amounts borrowed		(2,040)	(2,008)
Capital element of finance lease and service concession payments		(794)	(768)
		(5,382)	(5,449)
Increase/(decrease) in cash for the year		255	(263)
Cash and cash equivalents at beginning of the year		57,391	57,654
Cash and cash equivalents at end of the year		57,646	57,391

Statement of principal accounting policies

A. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland. The University is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The financial statements are prepared in accordance with the historic cost convention (modified by the revaluation of fixed assets, investment properties and derivative financial instruments).

Going concern

As explained in the Statement of Corporate Governance, the Board of Governors is satisfied that the University has adequate resources to continue in operation for the foreseeable future, and for this reason the Board considers that the financial statements of the University and the Group should be prepared on a going-concern basis. The Group has made financial surpluses for 10 years until 2019-20 and has cash reserves at a high level. The deficit in 2019-20 was primarily caused by the need to release students from accommodation contracts and because of the actuarial adjustment in the LGPS, the latter not requiring any cash outflow.

Each of the subsidiary companies, and the University itself, has produced trading budgets and cash flow forecasts for future periods. In addition, the Group has also modelled a number of scenarios to demonstrate the impacts on future cash flows from different financial surpluses and capital projects.

The University finished the 2019-20 financial year with cash deposits and investments of £97 million. Based on the budget for 2020-21, being the most likely scenario, cash and investments at the end of the coming year would be £86 million. External debt would be paid down to £59 million, ensuring that gearing remains low relative to both the historic position and to the sector more widely.

Each subsidiary company has demonstrated that its cash reserves will be sufficient to continue trading for the foreseeable future (to 31 December 2021). Borrowing facilities are in place should any of them require financial assistance for working capital on a short-term basis.

The capital expenditure programme has been reviewed by a senior panel to ascertain key priorities and has been budgeted as such. In the 2020-21 financial year, the largest project will cost about £8 million, with the majority of projects being considerably smaller in scope and value. There are options for delaying some projects should the need arise. A decision on progressing the new Engineering Building to its construction phase has yet to be taken by the Board and could be deferred if necessary.

The budget for 2020-21 was approved on the basis of achieving a breakeven position before any LGPS adjustment and the medium- and long-term cash forecasts demonstrate financial sustainability. Investments in fixed assets are carefully reviewed prior to approval. The Board only undertakes such investments with the knowledge that the Group will remain solvent and that value is likely to be added as a result of the investment. Although no new external borrowing is likely to be required in the near term, the Board is confident that funding would be available from its lenders should the need arise.

Where a subsidiary undertaking is expected to cease trading in the near future then the accounts of that entity will be prepared on a break-up basis as appropriate with any impact on the Group accounts considered on the grounds of materiality.

B. Basis of consolidation

The consolidated financial statements include those of the University and its subsidiary undertakings and jointly controlled entities for the year ended 31 July 2020. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income and expenditure from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated on consolidation.

The consolidated financial statements do not include those of the University of Hertfordshire Students' Union as the University does not exert control or dominant influence over financial and operating policy decisions.

Associated companies and jointly controlled entities are accounted for using the equity method.

C. Recognition of income

Income from the sale of goods or services is credited to the consolidated statement of comprehensive income when the goods or services are supplied or the terms of the contract have been satisfied.

Tuition fee income is credited to the consolidated statement of comprehensive income over the period in which students are studying and is shown net of discounts for prompt payment. Bursaries and scholarships are accounted for as expenditure and not deducted from income.

Investment income is credited to the consolidated statement of comprehensive income account on a receivable basis.

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

Grant income

Government revenue grants, including funding body block grants and research grants, are recognised in income over the periods in which the Group 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 creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the Group is entitled to the income and performance-related conditions have been met. Income received in advance of performance-related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

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

Donations and endowments

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

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

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 applied to the individual endowment fund.

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

- i. Restricted donations – the donor has specified that the donation must be used for a particular objective.
- ii. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income.
- iii. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the Group has the power to use the capital.
- iv. 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.

D. Employee benefits

Short-term employee benefits

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

Retirement benefits – defined benefit plans

The two principal pension schemes for the Group's staff are the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These defined benefit schemes are externally funded and were contracted out of the State Second Pension until April 2016.

The University also participates in Universities Superannuation Scheme (USS) for designated employees. With effect from 1 October 2016, the USS changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits.

Due to the mutual nature of the TPS and USS schemes, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution 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 schemes on a consistent and reasonable basis. As required by Section 28 of FRS 102 'Employee benefits', the institution therefore accounts for these schemes as if they were wholly defined contribution schemes. As a result, the amount charged to the statement of comprehensive income represents the contributions payable to the schemes.

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

For the LGPS scheme, the current service cost and any past service costs are included in expenditure within staff costs. The interest income on the scheme's assets, net of the impact of the unwinding of the discount on scheme liabilities, is included within investment income or interest and other finance costs. Actuarial gains and losses are recognised, net of the related deferred tax, in other comprehensive income.

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

Retirement benefits – defined contribution plans

Subsidiary companies within the Group participate in either NEST or a group administered defined contribution personal pension plan for those employees who are not members of LGPS. NEST is a qualifying pension scheme established by law to support the introduction of automatic enrolment. It is a national multi-employer defined contribution scheme.

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

E. Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the year-end rates and the resulting surplus or deficit transferred to the consolidated statement of comprehensive income.

F. Taxation

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478–488 of the Corporation Taxes Act 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 (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs including the cost of fixed assets.

The University's subsidiary and joint venture companies (excluding UH Trust) are liable to corporation tax and VAT in the same way as any other commercial organisation. UH Trust is exempt from corporation tax on its charitable activities but receives no similar exemption in respect of VAT.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, 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 recognised to the extent they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

G. Qualifying charitable donation

Where any of the University's wholly owned subsidiary companies makes a qualifying charitable donation, the amount of the donation is shown in donations and endowments in the University's statement of comprehensive income and income is recognised on receipt.

H. Fixed assets

Land and buildings

On adoption of FRS 102 the Group elected to measure part of its land at fair value and to use that fair value as its deemed cost at the date of transition. The Group has chosen not to adopt a policy of revaluation of these assets in the future. These values are retained subject to the requirement to test assets for impairment on an annual basis. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to the consolidated statement of comprehensive income unless it reverses previous revaluations which are dealt with through the revaluation reserve.

Depreciation on buildings is provided on a straight-line basis over the estimated useful lives as follows:

Freehold buildings	30-50 years
Refurbishments	3-50 years

Leasehold land and buildings are amortised over the life of the lease up to a maximum of 50 years.

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

Assets in the course of construction represent those assets which have not yet been brought into use. These assets are transferred to the relevant category of asset and depreciated from the date they are substantially complete at the appropriate rate for that category.

Borrowing costs are capitalised where they can be directly attributable to the construction of assets and only for the period of construction.

Equipment

Capitalised equipment is stated at cost and depreciated over its useful life on a straight-line basis as follows:

Plant and machinery	2-15 years
Fixtures, fittings and equipment	3-15 years

I. Intangible assets and goodwill

Goodwill represents the difference between the cost of an acquired operation and the aggregate of the fair values of that operation's identifiable assets and liabilities. Positive purchased goodwill is capitalised and classified as an asset on the balance sheet. Goodwill is amortised over the estimated economic life of the assets to which the goodwill relates. Impairment tests are carried out at the end of the first year and thereafter subject to normal periodic reviews for indications of impairment.

Purchased patents, licences and other similar rights over assets are recognised on the balance sheet by capitalising the purchase cost and amortising over the useful economic life based on each individual contract.

J. Investments

Non-current investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment of their value. Those that are listed are included at market value and any gains and losses on revaluations are recognised in the surplus or deficit.

Investments in joint ventures, associated and subsidiary undertakings are stated on the balance sheet at cost, less provision for impairment. Impairment is assessed by comparing the carrying value of the investment against either an earnings-based or asset-based valuation of each entity as applicable to the business concerned.

Current asset investments are held at fair value with movements recognised in the consolidated statement of comprehensive income.

Investment properties are land and buildings held for rental income or capital appreciation rather than for use in delivering services. Investment properties are stated at fair value with an annual review and revaluation to reflect market conditions. Changes in fair value are recognised in the consolidated statement of comprehensive income. Investment properties are not depreciated. External valuations are carried out with sufficient regularity to ensure no material variation to fair value.

K. Stock

Stock is held at the lower of cost and net realisable value. Cost includes staff time, direct materials and attributable overheads. Where necessary, provision is made for obsolete, slow-moving and defective stock.

L. Cash and cash equivalents

Cash includes cash in hand, cash at bank, and deposits repayable on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. Short-term investments placed for three months or less are accounted for as cash equivalents.

M. Provisions, contingent liabilities and contingent assets

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

A contingent liability arises from a past event that gives the Group 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 Group. 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 Group 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 Group.

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

N. Leases and service concession arrangements**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.

Finance leases

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

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 bought 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.

O. Financial instruments

The provisions of both section 11 and 12 of FRS 102 will be applied in full. Under FRS 102 basic financial instruments should be held at amortised cost using the effective interest method, however the Group holds these at transaction cost on the basis that there are no material differences between the two methods.

Complex financial instruments are held at fair value, with changes in fair value taken directly to the statement of comprehensive income.

P. Derivatives

The Group uses commodity swaps to reduce exposure to changes in fuel prices to acceptable levels. These derivatives are initially measured at fair value on the date that the contract is entered into and are subsequently held on the balance sheet at fair value. The Group has adopted and complied with the requirements of hedge accounting and as a result, movements in fair value are recorded within other comprehensive income.

Q. Reserves

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

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

Unrestricted reserves consist of the income and expenditure reserve and the revaluation reserve.

R. Significant accounting judgements and key sources of estimation uncertainty

In the application of its accounting policies, the Group is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The key sources of accounting judgement and estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Retirement benefit obligation valuations

Local Government Pension Schemes

In determining the valuation of defined benefit scheme assets and liabilities, a number of key assumptions have been made in terms of inflation rates, life expectancy, discount rates and salary growth. The key assumptions, which are detailed in note 31, are largely dependent on factors outside the control of the Group. The Group is exposed to risks if actual experience differs to the assumptions used and through volatility in plan assets. The defined benefit obligation recognised in the financial statements is based on an independent actuarial valuation as detailed in note 31.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Changes in assumptions at 31 July 2020	Approximate % increase in the defined benefit obligation as at 31 July 2020	Approximate monetary amount (£'000)
0.5% p.a. decrease in real discount rate	11%	43,399
0.5% p.a. increase in salary increase rate	1%	4,034
0.5% p.a. increase in pension increase rate	10%	38,606

Universities Superannuation Scheme (USS)

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

A number of key assumptions have been made in estimating the obligation to fund the USS deficit. The sensitivities of the principal assumptions are set out below:

Changes in assumptions at 31 July 2020	Approximate % increase in the deficit provision as at 31 July 2020	Approximate monetary amount (£'000)
0.5% p.a. decrease in discount rate	3%	1,221
0.5% p.a. increase in salary inflation over duration	2%	1,220
1% increase in deficit contributions from April 2021	21%	1,438
One-year increase in the duration of the deficit repayment plan	18%	1,404

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at fair value. This measurement uses market observable inputs and data as far as possible. The Group measures the following items at fair value:

- Investment properties.
- Derivative financial instruments.

Investment properties are stated at fair value with annual review and revaluation to reflect the market conditions. In drawing their conclusion on the value of the properties, management and/or the external valuer consider the purpose of the property, the level of occupancy, economic factors and the climate of the property market in general. The Group's investment properties were revalued at 31 July 2020 by external valuers resulting in an estimated increase in value of £4.5 million for the University and £4.2 million for the Group. However, the carrying values have not been adjusted due to current market uncertainties and on the basis of materiality but are included here as one of the accounting judgements considered for the year ended 31 July 2020.

The company uses derivative financial instruments designated as hedging instruments to reduce exposure to changes in fuel prices to acceptable levels. The derivatives are measured at fair value at each reporting date, based on an external market valuation.

Provision for impairments

Investments and tangible fixed assets are reviewed for signs of impairment each year and written down accordingly. Property, plant and equipment is reviewed by the University's Director of Estates in conjunction with market data and other relevant information.

Investments in subsidiaries and joint ventures are reviewed for impairments in value. In reviewing the value of these investments, management include in their consideration the performance of each undertaking, purpose of the undertaking and any changes, including political and economic changes, that may have an impact on that company's performance or net assets.

Changes in any of the factors considered for impairments can affect the value reported in the financial statements.

Service concession arrangements

In determining the carrying value of the service concession arrangements, a number of financial assumptions have been made to calculate the present value of the minimum lease payments. These include indexation, credit and void costs, life cycle and operating costs. Consideration as to whether these arrangements are on or off-balance sheet is also made and note 14 gives further details.

Depreciation

Tangible fixed assets are depreciated over their useful economic lives, taking into account residual values where appropriate. Management regularly review the assets' useful economic lives taking into consideration factors such as maintenance programmes. Changes in assets' useful economic lives can have a significant impact on depreciation for the period. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Notes to the accounts

1. Tuition fees and education contracts

	2020	2020	2019	2019
	Group £'000	University £'000	Group £'000	University £'000
Full-time home and EU students	119,904	119,929	116,679	116,704
Full-time international students	39,665	39,665	31,428	31,428
Part-time students	11,582	11,565	12,142	12,122
Education contracts	4,101	4,101	10,774	10,774
	175,252	175,260	171,023	171,028

2. Funding body grants

	2020	2020	2020	2020	2019
	Office for Students (OfS) £'000	Research England £'000	Education and Skills Funding Agency £'000	Total £'000	Total £'000
Group and University					
Recurrent grant					
Teaching	10,961	-	-	10,961	11,583
Research	-	4,399	-	4,399	4,033
Capital grant released	2,690	-	-	2,690	2,741
Other	-	-	23	23	26
Specific grant					
Higher Education Academic Subject Centres	1,164	-	-	1,164	264
Higher Education Innovation Fund	-	4,432	-	4,432	3,884
	14,815	8,831	23	23,669	22,531

3. Research grants and contracts

	2020	2020	2019	2019
	Group £'000	University £'000	Group £'000	University £'000
Research councils	2,619	2,211	3,308	3,308
Research charities	475	474	441	474
Government (UK and overseas)	3,702	3,607	3,592	3,285
Industry and commerce	251	172	745	74
Other grants and contracts	1,419	1,235	702	922
	8,466	7,699	8,788	8,063

4. Other income

	2020	2020	2019	2019
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Residences, catering and conferences	29,479	28,810	34,080	33,275
Other services rendered	23,134	5,860	26,020	5,309
Other capital grants	348	292	396	-
Other income	8,007	7,019	6,886	7,761
	60,968	41,981	67,382	46,345

5. Sources of grant and fee income

		2020	2020	2019	2019
	Notes	Group	University	Group	University
		£'000	£'000	£'000	£'000
Grant income from the OfS	2	14,815	14,815	14,588	14,588
Grant income from other bodies		21,816	18,793	20,548	17,915
Fee income for taught awards		171,881	171,881	167,957	167,579
Fee income for research awards		1,394	1,394	1,348	1,348
Fee income for non-qualifying courses		1,976	1,985	1,718	2,100
Total grant and fee income		211,882	208,868	206,159	203,530

6. Investment income

		2020	2020	2019	2019
	Notes	Group	University	Group	University
		£'000	£'000	£'000	£'000
Investment income on endowments	24	8	8	62	8
Other investment income		1,918	1,830	1,629	1,643
		1,926	1,838	1,691	1,651

7. Donations and endowments

	2020	2020	2019	2019
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Donations with restrictions	271	311	368	273
Unrestricted donations	-	22	-	-
	271	333	368	273

8. Staff costs

	Notes	2020	2020	2019	2019
		Group £'000	University £'000	Group £'000	University £'000
Salaries		113,325	99,438	111,957	97,728
Social security costs		11,791	10,449	11,743	10,346
Movement on pension provision	31	4,317	4,261	4,141	4,130
Other pension costs	31	21,699	20,487	18,167	16,881
		151,132	134,635	146,008	129,085

The average number of full-time equivalent (FTE) employees (including senior post-holders) during the year was:

	2020	2019
	Number	Number
Academic	1,087	1,080
Research	125	136
Professional	940	971
Technical	92	92
Other	358	419
	2,602	2,698

The number of higher paid staff (including the Vice-Chancellor) whose basic salaries fall within the following bands are:

	2020	2019
	Number	Number
£100,000 - £105,000	2	5
£105,001 - £110,000	1	2
£110,001 - £115,000	1	1
£115,001 - £120,000	1	1
£120,001 - £125,000	1	-
£125,001 - £130,000	1	1
£130,001 - £135,000	1	1
£145,001 - £150,000	-	1
£175,001 - £180,000	-	1
£195,001 - £200,000	1	-
£265,001 - £270,000	-	1
£290,001 - £295,000	1	-
	10	14

Included in the above table are two part-time members of staff who work in the NHS and whose basic salaries are linked to NHS equivalents.

8. Staff costs (continued)

Total remuneration package of the Vice-Chancellor
(excluding national insurance contributions):

	2020	2019
	£'000	£'000
Basic salary	294	268
Performance-related variable pay (awarded in arrears):		
For 2017-18	-	38
For 2018-19	21	-
Benefits in kind	1	1
Pension contributions	39	30
Payments in lieu of pension contributions	17	15
	372	352

The figures reported above relate to the remuneration paid to the Vice-Chancellor in 2019-20 and includes the following items awarded in October 2019:

- The cost of living increment and which was applied to 2019-20.
- The performance-related variable pay (PRVP) relating to his performance in 2018-19. From 2019-20 this element ceased to be applied to the Vice-Chancellor and the 2019-20 salary figure includes a compensatory uplift to take account of the removal of PRVP. Therefore, no performance related variable pay has been awarded to the Vice-Chancellor for 2019-20.
- The comparative figures represent payments made in 2018-19 and include PRVP in relation to 2017-18.

The benefit in kind relates to healthcare insurance. The Vice-Chancellor receives no other remuneration or benefits in kind and no accommodation is provided by the University.

The Board of Governors of the University of Hertfordshire is responsible for the determination of the pay and conditions of service of the Vice-Chancellor (Head of Provider in OfS terms).

The remuneration of the Vice-Chancellor is considered by the Vice-Chancellor's Remuneration Committee (VCRC), chaired by an independent member of the Board (who is not the Chair of the Board of Governors). The Vice-Chancellor is not a member of the committee and does not attend.

The committee meets in the autumn term and reviews performance in the previous year as well as the remuneration package to be awarded for the following year.

The VCRC applied the agreed policy for remuneration for senior managers which states that fair and appropriate remuneration recognises an individual's contribution to the University's success and is sufficient to recruit, retain and motivate staff of appropriate calibre in the context of the market for the role, balanced with the need to demonstrate the achievement of value for money for the use of resources.

There are a number of elements to the policy/package for the Vice-Chancellor's remuneration. These consist of:

- Basic salary – reviewed annually at the VCRC. In recent years the committee has determined to offer the same cost of living rise as awarded to staff in the University to the Vice-Chancellor.
- Performance-related variable pay – this is an element of salary that is paid retrospectively and awarded based on achievement of corporate and personal objectives set by the governing body which ensures that the package varies with annual performance to deliver outcomes that lead to and reflect sustainable and measurable value in relation to the aims of the University's strategic plan.

In determining the level of PRVP, the VCRC reviewed performance and outcomes for the 2018-19 session. This determination was informed by a report of the appraisal of the Vice-Chancellor carried out by the Chair of the Board of Governors and an analysis of performance against the personal and corporate objectives.

The following was also taken into account:

- An analysis of the market(s) within which the organisation operates for talent.
- Individual performance, experience and value to the organisation.
- The performance of the University.
- Short-term objectives and long-term strategy set by the organisation.
- Organisational structure, financial situation and foreseeable future prospects.
- His total remuneration package.
- The approach to remunerating other employees, including their pay increases.
- The public interest and the requirement to achieve value for money.
- The interests of the University and its obligations as an exempt charity.

8. Staff costs (continued)

Additionally, the committee was also cognisant of the context in which the Vice-Chancellor is operating.

The Vice-Chancellor is the head of a complex institution, with over 25,000 students studying in the UK and over 6,000 studying on University courses worldwide. It has a staff base of approximately 2,600 FTE and a turnover of £271 million.

Of University of Hertfordshire students studying in the UK, over 50% are female, over 50% are BAME and significant numbers are first in their family to go to university, many come from families with low household income, large numbers commute. The University has been rated Gold in the Teaching Excellence Framework, demonstrating high quality education, teaching and learning. 96.5% of students are in work or further study within six months of graduating. It also provides excellent impact led research, has a global reach and is entrepreneurial. It is a major employer in the county and has significant impact in the local economy. The University is extremely flexible in terms of its offering and provides opportunities to study from foundation degree level to PhD and has embraced two-year degrees, apprenticeships and online learning. It has a number of partner organisations which are validated to run University programmes.

The Vice-Chancellor is an excellent ambassador for both the University and the region and during the year has represented the University on a number of bodies such as Universities UK (UUK), University Vocational Award Council (UVAC), Innovation and Growth Policy Network (IGPN) and the Hatfield Renewal Project.

As can be seen from these accounts, against an ever-increasing competitive market, the University is financially sound, there has been no new borrowing since 2009 and the existing debt is being reduced annually.

The individual PRVP award reflected the Vice-Chancellor's performance in meeting the five key objectives set and a subjective assessment of his overall performance in being a role model for the University's values, representing the University externally, leadership during the year and his role with regard to the University's National Student Survey (NSS) results and delivery of corporate KPI targets.

The Vice-Chancellor's base pay was determined on the basis of the scale of the role, its impact on the University's values and teaching delivery; its complexity, the standing of the current post holder in the sector, and the strategic direction of the University to improve its league table position through improved performance results in areas such as the annual NSS and Teaching Excellence Framework. The individual had, in the committee's view, the necessary experience, knowledge, skills and sector reputation that would enable the University to deliver its strategic objectives to 2025.

The Vice-Chancellor's basic salary is 8.76 times (2019: 8.10 times) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff.

The Vice-Chancellor's total remuneration is 10.57 times (2019: 10.20 times) the median total remuneration of staff, where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the University of its staff.

The University's remuneration arrangements for the most senior appointments has changed to no longer include performance related variable pay. This year's ratios reflect the transition arrangements.

The multiples for 2019 have been restated to be consistent with those calculated for 2020 in line with the latest Accounts Direction from the Office for Students.

Key management personnel

	2020	2019
	£'000	£'000
Staff costs for key management personnel	929	971

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University and include the members of the Chief Executive's Group that are Officers of the Board. This includes the Vice-Chancellor, Deputy Vice-Chancellor, Secretary and Registrar and the Group Finance Director.

The members of the Board of Governors received no remuneration during the year (2019: £nil). Total expenses of £500 (2019: £1,000) were paid to three (2019: two) members of the governing body. This represents travel and subsistence expenses incurred in attending committee meetings and other events in their official capacity.

8. Staff costs (continued)**Compensation for loss of office**

	2020	2019
	£'000	£'000
Compensation for loss of office payable	882	599
	Number	Number
Number of staff receiving compensation for loss of office	51	55

The Vice-Chancellor and the key management personnel received no compensation for loss of office during the year (2019: £nil).

9. Interest and other finance costs

	2020	2020	2019	2019
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Loan interest	1,706	1,705	1,793	1,793
Finance lease and service concession interest	754	210	795	225
Exchange differences and other interest	34	13	28	17
Net charge on pension schemes	1,041	1,061	434	484
	3,535	2,989	3,050	2,519

10. Analysis of total expenditure by activity

	2020	2020	2019	2019
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Academic departments	106,542	105,908	96,768	95,804
Academic services	28,622	30,260	26,525	28,271
Administration	42,983	47,968	41,977	47,702
Premises	28,319	27,113	28,747	27,479
Residences, catering and conferences	35,989	35,026	35,500	34,723
Research grants and contracts	7,614	7,326	7,889	7,637
Other expenses	27,537	2,626	30,489	1,706
	277,606	256,227	267,895	243,322

Other operating expenses include:

	2020	2020	2019	2019
	Group	University	Group	University
	£'000	£'000	£'000	£'000
External auditors remuneration in respect of audit services	106	66	91	53
External auditors remuneration in respect of non-audit services	14	11	15	15
Operating lease rentals	19,640	21,350	19,496	20,692

Notes

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11. Taxation

	2020	2019
	Group £'000	Group £'000
UK corporation tax on result for the year	12	14
Group relief received	(5)	(14)
Adjustment in respect of prior years	4	-
Current tax charge	11	-
Origination and reversal of timing differences	(6)	(4)
Recognition of previously unrecognised tax losses	(3)	-
Deferred tax	(9)	(4)
Tax charge/(credit) for the year	2	(4)

	2020	2019
	Group £'000	Group £'000
Tax reconciliation:		
(Deficit)/surplus on ordinary activities before tax	(3,191)	4,464
(Deficit)/surplus on ordinary activities multiplied by standard rate in the UK (19.0%) (2019: 19.0%)	(606)	848
Effects of:		
Depreciation for the period in excess of capital allowances	(237)	92
Non-taxable income/expenditure	(570)	(1,873)
Expenses not deductible for tax purposes	21	212
Group relief surrendered	15	14
Group relief receipt	(5)	(14)
Tax losses not utilised	210	176
Tax losses brought forward	(95)	(10)
Tax at marginal rate	1	-
Timing differences relating to pension liability	1,273	551
Other timing differences	(9)	-
Adjustment in respect of prior years	4	-
Tax charge/(credit) for the year	2	(4)

There is no tax charge attributable to the University for 2020 (2019: £nil).

12. Intangible assets**Group
£'000****Other**

At 1 August 2019	30
Amortisation	(2)
At 31 July 2020	28

Goodwill

At 1 August 2019	763
Amortisation	(89)
At 31 July 2020	674

The goodwill relates to an acquisition of trade and assets by a subsidiary undertaking in 2007; other intangibles comprise a patent that was purchased in 2013. There are no intangible assets on the University balance sheet.

13. Fixed assets

	Land and Buildings					
	Freehold £'000	Service concession arrangement £'000	Assets in the course of construction £'000	Fixtures, fittings and equipment £'000	Plant and machinery £'000	Total £'000
Group						
Cost or valuation						
At 1 August 2019	366,505	8,178	12,276	96,305	20,450	503,714
Additions at cost	3,548	-	12,706	5,451	4,521	26,226
Transfers	6,792	-	(8,897)	1,116	989	-
Disposals in year	(11,064)	-	-	(301)	(182)	(11,547)
At 31 July 2020	365,781	8,178	16,085	102,571	25,778	518,393
Depreciation						
At 1 August 2019	119,533	2,179	-	60,341	7,455	189,508
Charge for the year	6,479	136	-	8,714	1,691	17,020
Depreciation on disposals	(10,010)	-	-	(263)	(175)	(10,448)
At 31 July 2020	116,002	2,315	-	68,792	8,971	196,080
Net book value						
At 31 July 2020	249,779	5,863	16,085	33,779	16,807	322,313
At 31 July 2019	246,972	5,999	12,276	35,964	12,995	314,206

	Land and Buildings					
	Freehold £'000	Service concession arrangement £'000	Assets in the course of construction £'000	Fixtures, fittings and equipment £'000	Plant and machinery £'000	Total £'000
University						
Cost or valuation						
At 1 August 2019	309,740	8,178	12,274	93,499	10,980	434,671
Additions at cost	3,548	-	12,416	5,399	4,521	25,884
Transfers	6,792	-	(8,897)	1,116	989	-
Disposals in year	(6,115)	-	-	(45)	-	(6,160)
At 31 July 2020	313,965	8,178	15,793	99,969	16,490	454,395
Depreciation						
At 1 August 2019	94,111	2,179	-	58,316	3,007	157,613
Charge for the year	5,297	136	-	8,514	936	14,883
Depreciation on disposals	(6,115)	-	-	(45)	-	(6,160)
At 31 July 2020	93,293	2,315	-	66,785	3,943	166,336
Net book value						
At 31 July 2020	220,672	5,863	15,793	33,184	12,547	288,059
At 31 July 2019	215,629	5,999	12,274	35,183	7,973	277,058

13. Fixed assets (continued)

The net book value of assets held by the Group under finance leases at 31 July was:

	2020	2019
	Buildings £'000	Buildings £'000
Cost	15,940	15,940
Accumulated depreciation brought forward	(5,542)	(5,236)
Charge for the year	(306)	(306)
Net book value	10,092	10,398

The University held no assets under finance leases. Details of the service concession arrangements are shown in note 14.

The amount of finance costs capitalised in the year amounts to £nil (2019: £nil). There were no assets constructed during the year financed by loan capital. The accumulated amount of capitalised finance costs is £1.8 million, which is included in freehold land and buildings.

During the year ended 31 July 2020 a review was undertaken of the value of the estate belonging to the Group. The review considered the current value in use of all buildings and was conducted by the University's Director of Estates. All properties were still suitable for current activities and no impairment was required.

Land and buildings includes £55.6 million of land which is not depreciated (2019: £55.6m).

14. Service concession arrangements

The University has two service concession arrangements.

i) De Havilland campus

During 1999 the University entered into a Private Finance Initiative scheme with a contractor for the construction of residential accommodation for 1,600 students and sports facilities, and for the facilities management of those premises for a period of 30 years. Construction was completed in 2003 and under the terms of the scheme the contractor raised the finance for the construction of the buildings. The assets and liabilities relating to this scheme are recognised on the University's balance sheet. Service commenced on 1 August 2003 and the contract will finish on 31 July 2033. The University has annual rental payments amounting to £4.7 million (subject to annual RPI inflation) recorded within other operating expenses.

ii) College Lane campus

In May 2013 the University disposed of its remaining residential accommodation on the College Lane campus to ULiving@Hertfordshire plc, a third party property developer and operator under a contract to demolish the existing accommodation and construct 3,000 student bedrooms. The construction was completed in September 2016. ULiving@Hertfordshire plc will continue to operate the residential accommodation until 2063, at which point the facilities will revert back to University ownership. Unlike the service concession arrangement above, the University does not incur a minimum guaranteed payment, and demand risk has transferred to a third party outside of the Group. Therefore, the University has no asset or liability to recognise on the balance sheet. This arrangement has been accounted for as an operating lease as detailed in note 28.

Movement in service concession arrangement assets

The asset value of the service concession included in the balance sheet as at 31 July 2020 is £5,863,000 (2019: £5,999,000). The reduction of £136,000 is as a result of depreciation.

Movement in service concession arrangement liabilities

The total liabilities relating to the service concession included in the balance sheet as at 31 July 2020 were £3,543,000 (2019: £3,816,000). The difference is principal repaid of £273,000 during the year.

Future commitments

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

	Liability repayments £'000	Finance charge £'000	Service charge £'000	2020 Total £'000	2019 Total £'000
Group and University					
Due within one year	273	195	3,830	4,298	4,313
Due between one and two years	273	180	3,830	4,283	4,298
Due between two and five years	1,090	570	15,320	16,980	17,040
Due in five years or more	1,907	420	26,810	29,137	33,360
	3,543	1,365	49,790	54,698	59,011

15. Non-current investments

	Investment properties £'000	Other non-current investments £'000	Total £'000
Group			
At 1 August 2019	23,770	10,904	34,674
Additions	-	1,029	1,029
Disposals	(6,564)	(233)	(6,797)
Loss on revaluation	-	(480)	(480)
At 31 July 2020	17,206	11,220	28,426

	Subsidiary companies £'000	Investment properties £'000	Other non-current investments £'000	Total £'000
University				
At 1 August 2019	59,945	12,265	7,295	79,505
Additions	-	-	842	842
Gain on revaluation	-	-	5	5
At 31 July 2020	59,945	12,265	8,142	80,352

Other non-current investments consist of:

	Total £'000
Group	
Uliving@Hertfordshire plc	7,967
COIF Charities Investment Fund	2,754
Other investments	499
At 31 July 2020	11,220

	Total £'000
University	
Uliving@Hertfordshire plc	7,967
COIF Charities Investment Fund	138
Other investments	37
At 31 July 2020	8,142

	2020 Group £'000	2020 University £'000	2019 Group £'000	2019 University £'000
(Loss)/gain on investments				
(Loss)/gain on revaluation of non-current investments	(480)	5	262	15
(Loss)/gain on revaluation of current investments	(315)	(315)	249	249
	(795)	(310)	511	264

15. Non-current investments (continued)

The University's subsidiary companies are listed in note 16. They are stated at cost less any provision for impairment.

On transition to FRS 102 on 1 August 2014, a number of the premises owned by the Group were reclassified as investment properties and these are held on the balance sheet at fair value. The value of investment properties at 31 July 2020 was assessed by an independent valuer (Lambert Smith Hampton) with a recognised and relevant professional qualification. In assessing the value of the properties, various factors are considered that can affect the value reported in the accounts, including the purpose of the property, the level of occupancy, economic factors and the climate of the property market in general. The valuation resulted in an estimated increase in value of £4.5 million for the University and £4.2 million for the Group. However, the carrying values have not been adjusted due to current market uncertainties and on the basis of materiality.

The University holds £7,966,790 of Class B Loan Notes in Uliving@Hertfordshire plc, the company which developed and operates the student residential accommodation on the College Lane Campus. Interest accrues at RPI plus 6% until the target internal rate of return is reached and at RPI plus 9% thereafter. At the balance sheet date, the carrying amount of the investment includes accrued capitalised interest of £1,779,695 (2019: £937,756). The loan notes are redeemable in accordance with a payment schedule commencing 31 January 2017 until 2063. During the year loan notes with a value of £nil (2019: £nil) were redeemed.

16. Subsidiary undertakings

The University's subsidiaries (all of which are registered in England and Wales) are wholly owned or effectively controlled by the University and are as follows:

Company	Nature of business	% shareholding
UH Holdings Limited	Holding company	100%
UH Trust	Charity	Limited by guarantee

The value of the investment in subsidiary undertakings in note 15 held by the University of £59,945,000 (2019: £59,945,000), relates solely to UH Holdings Limited.

On 1 August 2020 the assets of UH Trust and the trusteeship for its sub trust, the University of Hertfordshire Charitable Trust, transferred to the University of Hertfordshire. See note 30 for further details.

The subsidiary companies of UH Holdings Limited are all registered in England and Wales except UH Global Education (Asia-Pacific) Sdn Bhd (registered in Malaysia). These companies are wholly owned or effectively controlled by UH Holdings Limited and are as follows:

Company	Nature of business	% shareholding
UH Ventures Limited	Training, consultancy and conference services	100%
Universitybus Limited	Transport services	100%
Exemplas Holdings Limited	Business advice and support	100%
Polyfield Property Limited	Provision of property services and sports facilities	100%
Bio Park Hertfordshire Limited	Provision of facilities management	100%
UH Global Education (Asia-Pacific) Sdn Bhd	Overseas student recruitment	100%

The subsidiary companies of Exemplas Holdings Limited (all of which are registered in England and Wales) are wholly owned and are as follows:

Company	Nature of business	% shareholding
Exemplas Limited	Provision of services to business	100%
Exemplas Trade Services Limited	Provision of services to business	100%

All of the above subsidiaries are consolidated in the Group accounts.

Bio Park Hertfordshire Limited ceased trading on 17 February 2020 and the company is in the process of being dissolved.

17. Investment in joint ventures

The University, through its subsidiary companies, holds the following investments in joint ventures:

UH Holdings Limited holds 400,000 'A' ordinary shares in University Campus St Albans Limited and 51 'B' ordinary shares. This is a joint venture between the University of Hertfordshire and Oaklands College Further Education Corporation and its principal activity is the delivery of flexible degree level education.

Universitybus Limited owns 49,999 'A' ordinary shares in Uno Buses (Northampton) Limited, a joint venture that operates bus services in the Northampton area. The remaining 50,001 'B' ordinary shares are held by the University of Northampton.

Exemplas Holdings Limited has a 50% shareholding in Enterprise Growth Solutions Limited. The remaining 50% of shares are held by REED in Partnership Limited.

The above investments are treated as joint ventures and are accounted for using the equity method with 50% of the gross assets and liabilities of each entity being recorded in the consolidated balance sheet and 50% of its net income reported in the consolidated statement of comprehensive income.

	University Campus St Albans Limited 2020 £'000	Uno Buses (Northampton) Limited 2020 £'000	Enterprise Growth Solutions Limited 2020 £'000	Total 2020 £'000
Group				
Statement of comprehensive income				
Income	333	1,480	1,932	3,745
Surplus before tax	33	41	91	165
Tax	-	(4)	(8)	(12)
Distribution paid in the year	-	(22)	(300)	(322)
Balance sheet				
Fixed assets	-	69	-	69
Current assets	199	454	933	1,586
Creditors: amounts falling due within one year	(31)	(350)	(357)	(738)
Creditors: amounts falling due after more than one year	-	(75)	(37)	(112)
Share of net assets	168	98	539	805
	2019 £'000	2019 £'000	2019 £'000	2019 £'000

Group

Statement of comprehensive income

Income	213	1,485	2,440	4,138
Surplus/(deficit) before tax	(54)	57	128	131
Tax	-	-	4	4

Balance sheet

Fixed assets	1	87	-	88
Current assets	152	219	1,147	1,518
Creditors: amounts falling due within one year	(18)	(135)	(354)	(507)
Creditors: amounts falling due after more than one year	-	(88)	(37)	(125)
Share of net assets	135	83	756	974

18. Trade and other receivables

	2020	2020	2019	2019
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Research grants receivable	1,313	1,310	1,350	1,312
Other trade receivables	17,344	16,702	10,565	9,565
Other receivables	750	49	503	32
Prepayments and accrued income	10,217	8,157	9,353	6,639
Amounts due from subsidiaries	-	1,792	-	4,652
Amounts due from related undertakings	111	-	153	2
	29,735	28,010	21,924	22,202

A deferred tax asset of £507,000 (2019: £630,000) in relation to tax losses has not been recognised due to uncertainty as to the extent and timing of relief. Management will continue to assess this situation on an annual basis and update their estimate as appropriate.

19. Current investments

	2020	2020	2019	2019
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Short-term deposits	40,662	40,662	34,701	34,701
	40,662	40,662	34,701	34,701

20. Creditors: amounts falling due within one year

	Notes	2020	2020	2019	2019
		Group £'000	University £'000	Group £'000	University £'000
Unsecured loans		2,087	2,087	2,040	2,040
Obligation under finance leases		549	-	521	-
Service concession arrangements	14	273	273	273	273
Trade payables		7,305	6,975	9,789	8,893
Other payables		3,746	3,229	3,375	2,904
Social security and other taxation payable		6,745	4,102	3,660	3,141
Amounts due to subsidiaries		-	1,290	-	1,792
Amounts due to related undertakings		90	-	89	-
Accruals and deferred income		61,436	58,893	48,120	44,142
Derivatives		209	-	24	-
		82,440	76,849	67,891	63,185

Deferred income

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

	2020	2020	2019	2019
	Group £'000	University £'000	Group £'000	University £'000
Research grants received on account	1,431	1,431	756	756
Other grant income	94	94	19	19
	1,525	1,525	775	775

21. Creditors: amounts falling due after more than one year

		2020	2020	2019	2019
	Notes	Group £'000	University £'000	Group £'000	University £'000
Deferred income		30,319	30,293	28,344	28,264
Service concession arrangements	14	3,270	3,270	3,543	3,543
Obligation under finance leases		9,318	-	9,866	-
Unsecured loans		49,636	49,636	51,723	51,723
		92,543	83,199	93,476	83,530

Deferred income

Deferred income represents government grants received in respect of the acquisition or construction of fixed assets that are being recognised in income over the expected useful life of the relevant asset.

	2020	2020	2019	2019
	Group £'000	University £'000	Group £'000	University £'000
Analysis of unsecured loans				
Due within one year or on demand	2,087	2,087	2,040	2,040
Due between one and two years	2,132	2,132	2,087	2,087
Due between two and five years	6,686	6,686	6,537	6,537
Due in five years or more	40,818	40,818	43,099	43,099
Due after more than one year	49,636	49,636	51,723	51,723
Total unsecured loans repayable by 2043	51,723	51,723	53,763	53,763

All the unsecured loans are bank loans borrowed by the University

	Amount £'000	Term	Interest rate %
Unsecured loans	3,914	2032	5.42
	2,369	2030	Base + 0.16
	6,748	2042	5.38
	1,892	2042	5.15
	16,520	2042	4.53
	15,500	2043	Libor + 0.60
	4,780	2037	Base + 0.16
Total unsecured loans	51,723		

	2020	2019
	Group £'000	Group £'000
Analysis of finance lease obligations:		
Due within one year or on demand	549	521
Due between one and two years	577	549
Due between two and five years	1,920	1,824
Due in five years or more	6,821	7,493
Due after more than one year	9,318	9,866
Total obligations under finance lease	9,867	10,387

The above represents the finance lease in respect of the Hertfordshire Sports Village.
The University has no finance leases.

22. Financial instruments

		2020	2020	2019	2019
	Notes	Group £'000	University £'000	Group £'000	University £'000
Financial assets					
Measured at fair value through Statement of Comprehensive Income and Expenditure					
Investments in common investments funds	15	2,754	138	2,973	133
Other current investments		15,846	15,846	10,901	10,901
Measured at cost less impairment					
Other non-current investments	15	8,466	67,949	7,931	67,107
Measured at amortised cost					
Cash and cash equivalents		57,646	36,085	57,391	46,824
Other current investments	19	24,816	24,816	23,800	23,800
Trade and other receivables	18	19,508	19,853	12,571	15,563
Financial liabilities					
Measured at fair value through Statement of Comprehensive Income and Expenditure					
Derivative financial instruments	20	209	-	24	-
Measured at amortised cost					
Loans payable	21	51,723	51,723	53,763	53,763
Obligation under finance leases	21	9,867	-	10,387	-
Obligation under service concession arrangements	14	3,543	3,543	3,816	3,816
Trade creditors	20	7,305	6,975	9,789	8,893
Other creditors	20	3,746	3,229	3,375	2,904

Derivative financial instruments

A subsidiary company, Universitybus Limited, has entered into commodity swaps for the period to January 2022. The swaps give rise to monthly cash flow exchanges with counterparties to offset the underlying settlement of floating fuel price costs. Gains or losses on fuel derivatives are recycled from reserves to the consolidated statement of comprehensive income on qualifying hedges to achieve fixed-rate fuel costs within operating results. The commodity swaps are designated and effective as hedging instruments. They are measured at fair value and are included in the financial statements as noted above and in note 25. The gains transferred from reserves into the consolidated statement of comprehensive income during the year are included within other operating expenses.

23. Provision for liabilities

	Obligation to fund deficit on USS pension £'000	Defined benefit obligation £'000	Total pension provisions £'000	Other provisions £'000	Total £'000
Group					
At 1 August 2019	2,531	40,703	43,234	403	43,637
Utilised in year	(35)	(8,489)	(8,524)	-	(8,524)
(Decrease)/increase in provision	(1,305)	69,191	67,886	-	67,886
At 31 July 2020	1,191	101,405	102,596	403	102,999

University

At 1 August 2019	2,531	40,703	43,234	403	43,637
Utilised in year	(35)	(8,336)	(8,371)	-	(8,371)
(Decrease)/increase in provision	(1,305)	68,455	67,150	-	67,150
At 31 July 2020	1,191	100,822	102,013	403	102,416

Universities Superannuation Scheme deficit (USS)

The obligation to fund the past deficit on the USS arises from the contractual obligation with the pension scheme to fund deficit payments in accordance with the deficit recovery plan. Management have estimated future growth in the number of employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

The adoption of the new deficit recovery plan following the 2018 actuarial valuation has given rise to a significant decrease in the deficit provision which has decreased from £2,531,000 to £1,191,000.

Defined benefit obligation

This obligation is in respect of the Local Government Pension Scheme.

Further details regarding both pension schemes and the assumptions underlying the above provisions can be found in note 31.

Other provisions

The balance carried forward at 31 July 2020 represents the VAT capital goods scheme provision and reflects the current estimate of the VAT liability payable over the next 10 years on costs incurred in the construction and refurbishment of various properties within the Group's estate.

24. Endowments

	Notes	Restricted permanent £'000	Unrestricted permanent £'000	2020 Total £'000	2019 Total £'000
Group					
Balance at 1 August					
Capital		1,852	589	2,441	2,274
Accumulated income		213	180	393	388
		2,065	769	2,834	2,662
Investment income	6	55	8	63	62
Expenditure		(46)	-	(46)	(57)
Increase in market value of investments		5	5	10	167
Balance at 31 July		2,079	782	2,861	2,834
Represented by:					
Capital		1,857	594	2,451	2,441
Accumulated income		222	188	410	393
Total		2,079	782	2,861	2,834
Analysis by type or purpose:					
Scholarships and bursaries		2,079	-	2,079	2,065
General		-	782	782	769
		2,079	782	2,861	2,834
Analysis by asset:					
Current and non-current investments		1,789	138	1,927	1,908
Cash and cash equivalents		290	644	934	926
		2,079	782	2,861	2,834

24. Endowments (continued)

			2020	2019
	Notes	Unrestricted permanent £'000	Total £'000	Total £'000
University				
Balance at 1 August				
Capital		589	589	574
Accumulated income		180	180	172
		769	769	746
Investment income	6	8	8	8
Increase in market value of investments		5	5	15
Balance at 31 July		782	782	769
Represented by:				
Capital		594	594	589
Accumulated income		188	188	180
Total		782	782	769
Analysis by type or purpose:				
General		782	782	769
		782	782	769
Analysis by asset:				
Current and non-current investments		138	138	133
Cash and cash equivalents		644	644	636
		782	782	769

25. Restricted reserves

			2020	2019
	Cash flow hedge reserve £'000	Donations £'000	Total £'000	Total £'000
Group				
Balance at 1 August	(24)	595	571	1,175
Donations	-	700	700	354
Expenditure	-	(916)	(916)	(781)
Investment income	-	2	2	2
Gains on investments	-	-	-	4
Transfer from unrestricted reserves	-	-	-	2
Change in fair value of hedging financial instruments	(184)	-	(184)	(185)
Total restricted comprehensive expenditure for the year	(184)	(214)	(398)	(604)
Balance at 31 July	(208)	381	173	571
Analysis of donations by type or purpose:				
Scholarships and bursaries		152	152	143
Research support		163	163	402
Other		66	66	50
		381	381	595
			2020	2019
		Donations £'000	Total £'000	Total £'000
University				
Balance at 1 August		154	154	200
Donations		366	366	351
Expenditure		(411)	(411)	(397)
Total restricted comprehensive expenditure for the year		(45)	(45)	(46)
Balance at 31 July		109	109	154
Analysis of donations by type or purpose:				
Research support		109	109	154
		109	109	154

26. Reconciliation of net debt

	Notes	2020 Group £'000	
Net debt at 1 August		10,599	
Movement in cash and cash equivalents		255	
Non-cash changes		(2,974)	
Changes in market value and exchange rates	25	(184)	
Net debt at 31 July		7,696	
Change in net debt		4,793	
		2020 Group £'000	2019 Group £'000
Analysis of net debt:			
Cash and cash equivalents		57,646	57,391
Borrowings: amounts falling due within one year			
Unsecured loans	21	2,087	2,040
Obligations under finance leases		549	521
Service concession arrangements	14	273	273
Derivatives		209	24
		3,118	2,858
Borrowings: amounts falling due after more than one year			
Unsecured loans	21	49,636	51,723
Obligations under finance lease		9,318	9,866
Service concession arrangements	14	3,270	3,543
		62,224	65,132
Net debt at 31 July		7,696	10,599

27. Capital commitments

Provision has not been made for the following capital commitments:

	2020	2020	2019	2019
	Group £'000	University £'000	Group £'000	University £'000
Contracted at 31 July	4,311	4,311	4,806	4,806
Authorised but not contracted at 31 July	2,976	2,976	7,055	7,055
	7,287	7,287	11,861	11,861

28. Lease obligations

	2020	2020	2020	2019
	Land and buildings £'000	Plant and machinery £'000	Total £'000	Total £'000
Group				
Payable during the year	19,385	255	19,640	19,496
Future minimum lease payments due:				
Within one year	20,056	255	20,311	20,034
Between one and five years	147	163	310	1,406
More than five years	-	-	-	34
Total future lease payments due	20,203	418	20,621	21,474

	2020	2020	2020	2019
	Land and buildings £'000	Plant and machinery £'000	Total £'000	Total £'000
University				
Payable during the year	21,216	134	21,350	20,692
Future minimum lease payments due:				
Within one year	21,909	134	22,043	21,356
Between one and five years	2,045	134	2,179	4,210
More than five years	-	-	-	34
Total future lease payments due	23,954	268	24,222	25,600

29. Related parties

		2020	2020	2019	2019
		Income £'000	Expenditure £'000	Income £'000	Expenditure £'000
Name of related party and relationship	Nature of transaction				
Uno Buses (Northampton) Limited					
Joint venture	Management fee and staff recharges	431	676	30	676
Enterprise Growth Solutions Limited					
Joint venture	Management fee and staff recharges	454	-	674	4
University Campus St Albans Limited					
Joint venture	Grant funding; management fee and academic related charges	297	252	258	-
Uliving@Hertfordshire plc					
Professor I G Campbell, previous Deputy Vice-Chancellor of the University, director until 27 September 2019; Mrs S C Grant, previous Secretary and Registrar of the University, director until 3 January 2020; Mrs S Harrison-Barker, Secretary and Registrar of the University, director from 3 January 2020	Student residences rent and facilities	141	22,522	165	19,013
Oaklands College Further Education Corporation					
Mrs S C Grant, Secretary and Registrar of the University until 31 December 2019 is a governor	Transport services; grant funding to associate college	89	583	250	1
Southern Universities Management Services					
Mrs S C Grant, previous Secretary and Registrar of the University was a director until 30 November 2019	Subscription	-	22	-	38
University of Hertfordshire Students' Union					
Mr K Bonkur, Governor of the University is President	Student's Union subvention grant, rent and other service charges	623	1,892	989	2,125
Universities UK					
Professor Q A Mckellar, Vice-Chancellor of the University, is a director	Subscription	-	81	-	43
University Alliance					
Professor Q A Mckellar, Vice-Chancellor of the University, is a member	Management fee; payroll costs recharged (2019 only) and subscription	7	65	153	49
Hertfordshire Local Enterprise Partnership					
Professor Q A Mckellar, Vice-Chancellor of the University was a board member until 1 January 2020; Professor J A Newlan, Pro Vice-Chancellor of the University is a director	Grant funding	4,721	-	757	-

29. Related parties (continued)

		2020	2020	2019	2019
		Income £'000	Expenditure £'000	Income £'000	Expenditure £'000
Name of related party and relationship	Nature of transaction				
Chiltern Automotive Limited					
Mr J S Thorpe, director of subsidiary company Universitybus Limited, is related to a director of this company	Purchase of goods and services	-	45	-	-
Stephensons of Essex Limited					
Mr W Hiron, director of subsidiary company Universitybus Limited until 31 July 2020 is a director	Sale of goods	-	-	35	-

	2020	2020	2019	2019
	Debtor £'000	Creditor £'000	Debtor £'000	Creditor £'000
Name of related party				
Uno Buses (Northampton) Limited	27	49	34	89
Enterprise Growth Solutions Limited	28	-	88	-
Uliving@Hertfordshire plc	-	1,312	-	1,217
Oaklands College Further Education Corporation	-	-	22	-
University of Hertfordshire Students' Union	6	-	-	8
Universities UK	-	40	-	-
Hertfordshire Local Enterprise Partnership	75	-	75	-
Chiltern Automotive Limited	-	15	-	-

The University has applied the exemption in FRS 102 and has not disclosed transactions with wholly owned subsidiary companies.

30. Connected charitable institutions

UH Trust and the University of Hertfordshire Charitable Trust are connected charitable institutions of the University of Hertfordshire, and under paragraph 28 of Schedule 3 to the Charities Act 2011, are exempt from registration with the Charity Commission.

UH Trust, a company limited by guarantee, started its operations on 10 February 2014 upon the transfer of the assets and business from the University of Hertfordshire Charitable Trust. The permanent endowments were not transferred and have remained in the University of Hertfordshire Charitable Trust with UH Trust as its sole trustee.

The charities were established to raise funds and make awards of grants, scholarships, bursaries and prizes which advance and further education, learning and research at the University of Hertfordshire and which assist in the provision of buildings and facilities at the University.

As disclosed in note 16 above, the assets of UH Trust and the trusteeship for its sub trust the University of Hertfordshire Charitable Trust were transferred to the University of Hertfordshire on 1 August 2020. The fundraising and disbursement activities will continue unchanged under the new structure, as such the accounts for UH Trust are consolidated into the Group on a going concern basis.

The activities of UH Trust and the University of Hertfordshire Charitable Trust, as summarised below, are consolidated into the Group accounts.

	At 1 August 2019 £'000	Income £'000	Expenditure £'000	Change in market value £'000	At 31 July 2020 £'000
UH Trust	3,538	423	(817)	5	3,149

Major donors to the Group during the year include:

Santander Universities
The Cadogan Charity
Tan Sri Azmil Khalid
Uliving@Hertfordshire plc
The Salisbury Pool Charity

The University of Hertfordshire undertakes fundraising activities in order to solicit support from individuals, trusts and foundations, and companies for the University's work. University employees undertake meetings with individuals, including alumni of the institution, and companies to ascertain their interest in supporting the University philanthropically. In addition, bespoke written applications are submitted to charitable trusts and foundations for the support of research and other projects undertaken by the University. This activity is undertaken by professional staff members in the University's Development team. Having registered with the Fundraising Regulator, the University ensures that its employees are undertaking fundraising to the standard outlined by the Regulator.

Internally, the UH Trust Board met regularly through the year to consider strategic issues and areas of activity, including grant making, investment, reserves and risk management policies and performance. It ensured that good practice is being maintained and that no individual is ever placed under any pressure to support the University, nor has their privacy intruded upon inappropriately. No complaints have been received by the University or any person acting on its behalf in respect of fundraising activity. From 1 August 2020, the governance and stewardship of the funds formerly held in the UH Trust, and of the permanent endowments held by the University of Hertfordshire Charitable Trust, will be overseen by the University's Development Committee who will report annually to the Board of Governors.

31. Pension schemes

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS).

The University also participates in Universities Superannuation Scheme (USS) for designated employees.

Universitybus Limited, Polyfield Property Limited and UH Ventures Limited participate in NEST, for those employees who are not members of LGPS. NEST is a qualifying pension scheme established by law to support the introduction of automatic enrolment. It is a national multi-employer defined contribution scheme. Universitybus Limited also provides a group Life Assurance Scheme for employees who are not members of the LGPS. Exemplas Holdings Limited operates a group administered defined contribution personal pension plan, for those employees who are not members of LGPS.

Summary of pension scheme costs

	Notes	Employer contributions 2020 £'000	Provision movement 2020 £'000	Total 2020 £'000	Employer contributions 2019 £'000	Provision movement 2019 £'000	Total 2019 £'000
Group							
TPS		12,271	-	12,271	8,379	-	8,379
LGPS		8,489	5,715	14,204	8,839	2,491	11,330
USS		441	(1,398)	(957)	411	1,650	2,061
Other		498	-	498	538	-	538
	8	21,699	4,317	26,016	18,167	4,141	22,308
University							
TPS		12,271	-	12,271	8,379	-	8,379
LGPS		7,733	5,659	13,392	8,054	2,480	10,534
USS		441	(1,398)	(957)	411	1,650	2,061
Other		42	-	42	37	-	37
	8	20,487	4,261	24,748	16,881	4,130	21,011

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). Whilst these regulations primarily apply to teachers in schools and other educational establishments, lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The TPS Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay-as-you-go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

31. Pension schemes (continued)

Valuation

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation the contribution rate for TPS employers increased from 16.48% to 23.68% with effect from September 2019 (this includes the administration levy of 0.8%).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, has rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subjects of age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Universities Superannuation Scheme (USS)

The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 'Employee Benefits', the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme. 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 institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The latest available complete actuarial valuation of the Retirement Income Builder section of the scheme is as at 31 March 2018 (the valuation date), which was carried out using the projected unit method. At present, an aggregate contribution rate of 30.7% of salary is in place for the period up to 30 September 2021 with members paying 9.6% and employers paying 21.1%. The rate increases to 34.7% of salary thereafter unless and until this contribution rate is replaced by the contribution requirements emerging from the 2020 valuation, which is currently underway. The preliminary results are under consultation and the final negotiations are due to conclude in early 2021.

The impact of the 2018 valuation has resulted in a net credit to the consolidated statement of comprehensive income of £957,000 (2019: net cost of £2,061,000) as detailed in the summary of pension scheme costs above.

Since the institution cannot identify its share of Retirement Income Builder section of the scheme assets and liabilities, the following disclosures reflect those relevant for the section 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%.

31. Pension schemes (continued)

The key financial assumptions used in the 2018 valuation are described below.

Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%
Pension increase (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.

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

2018 valuation

Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. Post retirement: 97.6% of SAPS S1NMA 'light' for males and 102.7% of RFV00 for females.
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

The current life expectancies on retirement at age 65 are:

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

The funding position of the scheme has since been updated on an FRS 102 basis:

	2018 valuation	2017 valuation
Scheme assets	£67.4bn	£67.4bn
Total Scheme liabilities	£79.2bn	£79.2bn
FRS 102 total scheme deficit	£11.8bn	£11.8bn
FRS 102 total funding level	85%	85%

Key assumptions used are:

	2018 valuation	2017 valuation
Discount rate	2.59%	2.44%
Pensionable salary growth	4.2%	2.11%

31. Pension schemes (continued)

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. In accordance with the requirements of FRS 102 and the SORP, the University has made a provision for this contractual commitment to fund the past deficit. Under the 2017 valuation, the deficit payments of 5% of salaries were required over the period 1 April 2020 to 30 June 2034.

The 2018 valuation has given rise to a substantial decrease in the University's deficit provision which has reduced from £2,531,000 to £1,191,000 as set out in note 23.

Local Government Pension Scheme (LGPS)

The LGPS is regulated by statute, with separate regulations for (a) England and Wales and (b) Scotland. The benefits of the LGPS are determined nationally by regulation and meet the definition of a defined benefit scheme. It is a funded scheme, with some 101 separate funds administered locally by administering authorities. Each fund has many employing authorities. Hertfordshire County Council is the administering authority with the District Councils in their county, and other bodies, for example the University, being employing authorities within that scheme. The University's wholly owned subsidiary, Universitybus Limited, is an admitted body to the fund, and a number of employees of this company are members of the LGPS. All other subsidiary companies contribute to the scheme through the University and these contributions are included in the University only figures below.

The LGPS is not therefore a national multi-employer scheme, but each separate LGPS fund is a multi-employer scheme.

Changes to the LGPS permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

In calculating the scheme assets and liabilities, the fund's actuaries had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes, but it is possible that actual outcomes will differ from those included in the accounts. Any differences between expected and actual outcomes are reported through experience gains and losses.

Employer contributions are affected by a surplus or deficit in the scheme. All new entrants to the fund are now single-status employees and there is no longer any classification of officer and manual employees. The contribution rates for the year were:

University of Hertfordshire	19.20%
Universitybus Limited:	
Employer – weekly paid staff	26.60%
Employer – monthly paid staff	19.20%
Employees	5.50%-12.50%

The estimated employer contribution payable for the year ending 31 July 2021 is £6,948,000.

The following information is based upon a full actuarial valuation of the Fund at 31 March 2019, updated to 31 July 2020 by a qualified independent actuary.

	2020	2019	2018
Financial assumptions			
Inflation and rate of increase in pension	2.00%	2.20%	2.12%
Rate of increase in salaries	1.80%	2.20%	2.12%
Expected return on assets	1.40%	2.30%	3.00%
Discount rate for liabilities	1.40%	2.30%	3.00%

31. Pension schemes (continued)

Mortality assumptions

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectancy on retirement at age 65 is:

	2020	2019
University		
Males currently aged 65 (years)	21.5	21.5
Females currently aged 65 (years)	23.7	23.7
Males currently aged 45 (years)	22.3	22.3
Females currently aged 45 (years)	25.0	25.0
Universitybus Limited		
Males currently aged 65 (years)	19.7	17.0
Females currently aged 65 (years)	23.0	19.0
Males currently aged 45 (years)	21.1	18.0
Females currently aged 45 (years)	24.5	20.0

The assets in the scheme (of which the Group's share is 5.5%) and the expected rates of return were:

	2020 £'000	2019 £'000	2018 £'000
Equities	2,954,430	2,658,630	2,482,480
Bonds	2,143,410	1,928,810	1,718,640
Property	521,370	417,040	381,920
Cash	173,790	208,520	190,960
Total market value of assets	5,793,000	5,213,000	4,774,000
	2020	2019	2018
Weighted average expected long-term rates of return	2.3%	3.0%	2.8%

Under FRS 102 the expected rates of return are equal to the discount rate.

The pension scheme liability detailed below also takes account of the University's unfunded pension liability, which relates to pension enhancements payable to staff who have taken early retirement.

31. Pension schemes (continued)

	2020	2020	2019	2019
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Analysis of the amount shown in the balance sheet				
Present value of scheme liabilities	(400,966)	(390,449)	(326,140)	(316,994)
Fair value of scheme assets (bid value)	299,561	289,627	286,359	276,291
Deficit in the scheme	(101,405)	(100,822)	(39,781)	(40,703)
Effect of cap on pension surplus	-	-	(922)	-
Adjusted deficit in the scheme – net pension liability recorded within pension provisions (note 23)	(101,405)	(100,822)	(40,703)	(40,703)
The amounts recognised in the surplus for the year				
Current service cost	14,177	13,968	11,293	11,105
Past service cost (including curtailments)	27	27	23	23
Settlements	-	-	14	14
Total operating charge	14,204	13,995	11,330	11,142
Interest on obligation	7,614	7,403	8,384	8,153
Expected return on scheme assets	(6,631)	(6,400)	(7,976)	(7,695)
Net charge on pension scheme	983	1,003	408	458
Total charged to the surplus for the year	15,187	14,998	11,738	11,600
Analysis of other comprehensive income				
Actual return less expected return on pension scheme assets	3,867	4,159	12,425	11,986
Experience gains and losses arising on the scheme liabilities	(6,361)	(7,347)	(115)	(115)
Change in assumptions underlying present value of the scheme	(52,432)	(50,269)	(36,809)	(35,587)
Actuarial loss	(54,926)	(53,457)	(24,499)	(23,716)
Effect of cap on pension surplus	922	-	(330)	-
Total other comprehensive expenditure	(54,004)	(53,457)	(24,829)	(23,716)
Analysis of movement in the scheme deficit				
Deficit in scheme at 1 August	(40,373)	(40,703)	(12,383)	(14,049)
Effect of cap on pension surplus	(330)	-	(592)	-
Adjusted pension deficit at 1 August	(40,703)	(40,703)	(12,975)	(14,049)
Movement in period:				
Current service cost	(14,177)	(13,968)	(11,293)	(11,105)
Employer contributions	8,489	8,336	8,839	8,662
Past service costs	(27)	(27)	(23)	(23)
Effect of settlements	-	-	(14)	(14)
Net interest on assets	(983)	(1,003)	(408)	(458)
Actuarial loss	(54,926)	(53,457)	(24,499)	(23,716)
Deficit in scheme at 31 July	(102,327)	(100,822)	(40,373)	(40,703)
Effect of cap on pension surplus	922	-	(330)	-
Adjusted deficit in the scheme – net pension liability recorded within pension provisions (note 23)	(101,405)	(100,822)	(40,703)	(40,703)

31. Pension schemes (continued)

	2020	2020	2019	2019
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Analysis of the movement in the fair value of scheme liabilities				
Defined benefit obligation at 1 August	326,140	316,994	276,558	268,839
Current service cost	14,177	13,968	11,293	11,105
Past service costs	27	27	23	23
Liabilities extinguished on settlements	-	-	(2,389)	(2,389)
Interest cost	7,614	7,403	8,384	8,153
Actuarial loss	58,793	57,616	36,924	35,702
Estimated unfunded benefits paid	(496)	(496)	(493)	(493)
Estimated funded benefits paid	(7,873)	(7,608)	(6,793)	(6,535)
Contributions by members	2,584	2,545	2,633	2,589
Defined benefit obligation at 31 July	400,966	390,449	326,140	316,994
Analysis of the movement in the fair value of scheme assets				
Fair value of scheme assets at 1 August	286,359	276,291	264,175	254,790
Expected return on scheme assets	6,631	6,400	7,976	7,695
Actuarial gain	3,867	4,159	12,425	11,986
Contributions by employer	7,993	7,840	8,346	8,169
Contributions in respect of unfunded benefits	496	496	493	493
Assets distributed on settlements	-	-	(2,403)	(2,403)
Estimated unfunded benefits paid	(496)	(496)	(493)	(493)
Estimated funded benefits paid	(7,873)	(7,608)	(6,793)	(6,535)
Contributions by members	2,584	2,545	2,633	2,589
Fair value of scheme assets at 31 July	299,561	289,627	286,359	276,291
Actual return on scheme assets				
Expected return on scheme assets	6,631	6,400	7,976	7,695
Asset gain	3,867	4,159	12,425	11,986
Actual return on scheme assets	10,498	10,559	20,401	19,681
Actuarial loss relating to changes in financial assumptions	(52,413)	(51,231)	(50,536)	(49,314)
Cumulative actuarial loss	(82,130)	(80,803)	(28,126)	(27,346)

31. Pension schemes (continued)

	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
History of experience gains and losses					
Difference between the expected and actual return on assets	3,867	12,425	16,698	22,645	7,927
% of scheme assets	1.3%	4.3%	6.3%	9.6%	3.9%
Experience (losses)/gains on scheme liabilities	(6,361)	(115)	42	(3,488)	1,913
% of scheme liabilities	1.6%	0.0%	0.0%	1.3%	(0.7)%

The actuary has reviewed the impact of the McCloud judgement regarding age discrimination arising from public sector pension scheme transition arrangements and has concluded that there is no financial impact at this time in respect of the Group's LGPS schemes due to the salary increase assumptions being currently below CPI.

The 31 March 2019 triennial funding valuation results included the impact of full GMP indexation and as such any increase to the defined benefit obligations as a result of GMP indexation is included in the closing balance sheet position at 31 July 2020.

32. Herts Sports and Physical Activity Partnership

The University of Hertfordshire hosts the Herts Sports and Physical Activity Partnership (HSP), which is one of the County Sports Partnerships in England that were created as part of the long-term plan for delivering sport across the nation. The results of HSP are included within the financial statements for the University and the consolidated results for the Group. The income and expenditure for the year is detailed separately below.

	Sport England £'000	Local Authority £'000	Other public sector income £'000	Non-public sector income £'000	2020 Total £'000
Income					
Revenue grant income	903	7	22	-	932
Other income	148	-	(5)	2	145
Total income	1,051	7	17	2	1,077
Expenditure					
Staff costs	634	-	-	-	634
External activity providers	228	7	52	2	289
Rent and facility hire	28	-	6	-	34
Marketing	5	-	1	2	8
Other expenditure	187	-	33	9	229
Total expenditure	1,082	7	92	13	1,194
Net income/(expenditure)	(31)	-	(75)	(11)	(117)

	Sport England £'000	Local Authority £'000	Other public sector income £'000	Non-public sector income £'000	2019 Total £'000
Income					
Revenue grant income	804	81	184	-	1,069
Other income	97	20	131	4	252
Total income	901	101	315	4	1,321
Expenditure					
Staff costs	519	6	54	-	579
External activity providers	244	89	150	2	485
Rent and facility hire	54	-	23	-	77
Marketing	6	-	8	-	14
Other expenditure	52	1	29	8	90
Total expenditure	875	96	264	10	1,245
Net income/(expenditure)	26	5	51	(6)	76

Income includes £nil (2019: £nil) grant receivable from the University.

Expenditure includes £7,000 (2019: £32,000) payable to the University and £28,000 (2019: £57,000) to other group companies in respect of rent, facility hire and other expenditure.

34. Access and participation expenditure

	2020 £'000
Access investment	6,749
Financial support	732
Disability support	330
Research and evaluation	157
	7,968

The total approved expenditure in our Access and Participation Plan for the year ended 31 July 2020 was £7,350,000 which was approximately £600,000 more than the approved spend due to an increase in targeted interventions in a number of Schools.

Of these costs £5,212,000 are already included in the overall staff cost figure (note 8).

As can be seen from the approved plan (https://www.herts.ac.uk/__data/assets/pdf_file/0010/256339/UniversityOfHertfordshire_APP_2019-20_V2_10007147.pdf) a significant proportion of our students are from under-represented groups, therefore we have a very strong focus on student success and progression.

To note access investment above includes £3,600,000 for success and participation.

As set out in the Accounts Direction (OfS 2019.41) no comparatives have been given as the prior year expenditure relates to the Widening Participation Plan and the amounts are not comparable.

Strategic Report and Financial Statements 2018–19

Governors and advisers

Board of Governors**Independent Members**

Dr L Drummond (Chair) (from 01/09/2019)
 Mr R Beazley (Chair and Member to 31/08/2019)
 Dr D Amin
 Dr J Blake
 Professor A J Hunter (to 31/08/2019)
 Dr J M Knott (to 31/08/2019)
 Mr D Konotey-Ahulu
 Mr R Macnaughton (from 30/01/2020)
 Ms I Nisbet
 Ms G Ononiwu (from 23/03/2020)
 Mr J Steel
 Ms L Titcomb (from 30/01/2020)
 Mr R Voss
 Mrs C Ward
 Mr D Williams (from 30/01/2020)
 Mr N Willott

Vice-Chancellor

Professor Q A McKellar

Member nominated by the Academic Board

Dr L Mitchell (to 31/08/2019)
 Dr T Gilbert (from 30/10/2020)

Students' Union

Ms R Shafqat (to 05/07/2020)
 Mr K Bonkur (from 06/07/2020)

Co-opted members

Professor Dame Julia Goodfellow
 Mrs T Goldlaing (to 31/12/2019)
 Ms R Patel (from 26/03/2020)

During the year, the following committees had a direct responsibility for the financial activities of the University:

Audit and Risk Committee

Mr N Willott (Chair) (from 07/10/2019)
 Ms I Nisbet (Chair to 06/10/2019)
 Dr J Blake
 Dr L Drummond (to 31/08/2019)
 Professor Dame Julia Goodfellow (from 01/09/2019)
 Dr J M Knott (to 31/08/2019)
 Dr L Mitchell (to 31/08/2019)
 Mr R Macnaughton (from 26/03/2020)

Employment, Remuneration, Governance and Nominations Committee

Ms I Nisbet (Chair) (from 07/10/2019)
 Mrs C Ward (Chair from 01/09/2019 to 06/10/2019)
 Dr J M Knott (Chair to 31/08/2019)
 Dr D Amin (from 01/09/2019)
 Mr R Beazley (to 31/08/2019)
 Dr L Drummond
 Professor Dame Julia Goodfellow
 Professor Q A McKellar
 Mr J Steel
 Ms L Titcomb (from 26/03/2020)
 Mr N Willott (from 07/10/2019)

Finance Committee

Mr J Steel (Chair)
 Dr D Amin
 Mr R Beazley (to 31/08/2019)
 Professor A J Hunter (to 31/08/2019)
 Mr D Konotey-Ahulu
 Professor Q A McKellar
 Mr R Voss
 Mr D Williams (from 26/03/2020)

Vice-Chancellor's Remuneration Committee

Ms I Nisbet (Chair) (Chair from 07/10/2019)
 Mrs C Ward (Chair from 01/09/2019 to 06/10/2019)
 Dr J M Knott (Chair and Member to 31/08/2019)
 Dr D Amin (from 01/09/2019)
 Mr R Beazley (to 31/08/2019)
 Dr L Drummond
 Professor Dame Julia Goodfellow
 Mr N Willott (from 07/10/2019)

Advisers**Bankers**

Barclays Bank plc, St Albans

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

Officers appointed by the board

Professor Quintin McKellar CBE

Vice-Chancellor and Chief Executive
BVMS PhD DVM DipECVPT FSB
FRSA FRAgS FRCVS FRSE

Professor McKellar has been the Vice-Chancellor and Chief Executive of the University of Hertfordshire since 2011. His responsibilities include the day-to-day running of the institution, the delivery of strategic and operational plans, performance, its internal structure and organisation and its interface with external bodies and agencies. He graduated from Glasgow University Veterinary School in 1981, and went on to gain a PhD in Veterinary Parasitology in 1984. In 1997 Professor McKellar took up the post of Scientific Director of the Moredun Research Institute and Chief Executive of the Moredun Foundation. In 2004, he was appointed Principal of The Royal Veterinary College of the University of London.

Professor McKellar was Chair of the Board of Trustees of The Pirbright Institute until 2019 and a member of the Hertfordshire Local Enterprise Partnership until 2020. In 2015 he was elected as a Board member of Universities UK and in 2020 was elected as Vice-President (England and Northern Ireland). He was Chair of the University Vocational Awards Council until 2019.

Professor McKellar was made a Commander of the Order of the British Empire (CBE) in 2011 for services to science. He has a reputation as a distinguished researcher with interests in the pharmacology of anti-infective and anti-inflammatory drugs in domestic animals.

Professor Matthew Weait

Deputy Vice-Chancellor
FAcSS

Matthew joined the University in March 2020, and as the sole Deputy Vice-Chancellor he is engaged in all strategic and operational decisions which underpin the positioning and success of the University. He will be leading the implementation of a new strategic plan for the University.



Left to right: Sharon Harrison-Barker, Alistair Moffat, Professor Matthew Weait, Professor Quintin McKellar CBE

Matthew has overall responsibility for University planning, including the development of all academic areas through the respective deans, staff development, international and regional partnerships and developments, recruitment, induction and retention of students, student experience and student outcomes.

Sharon Harrison-Barker

Secretary and Registrar

Sharon was appointed in January 2020. She was previously the Academic Registrar, Head of the Student Centre and Faculty Registrar for the Business School and has worked in various further and higher education institutions. She achieved an MBA in Higher Education Management from the University of London in 2010.

Sharon is responsible for the management and operation of the Board of Governors and the Academic Board, compliance with University policies, regulations and procedures, legal matters of the University and its wholly owned subsidiaries, health and safety, internal audit, equality, registry, the office of the dean of students, process review and professional staffing.

Alistair Moffat

Group Finance Director
BA FCMA CGMA

Alistair Moffat was appointed Group Finance Director in 2009. He has responsibility for all aspects of financial management within the University Group, including financial control, statutory reporting, treasury, tax, insurance, procurement and commercial financial support for the academic community. His role incorporates Board responsibility for the management of the University's estate. He is a director of UH Holdings Limited, which oversees the commercial subsidiaries in the Group, and is also a director of many of our subsidiary companies.

He is joint chair of the London and South-East British Universities Finance Directors' Group (BUFDG) and sits on the national BUFDG executive which influences national policy within the HE sector. He is a Fellow of the Chartered Institute of Management Accountants and joined the University from Monarch Airlines, where he was Chief Financial Officer. His other previous roles include Finance Director Scotland at First Group plc and at Alstom Signalling Limited. Alistair was also Finance Director at Mainline Freight Limited, playing an important role during the rail privatization process.



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