



UNIVERSITY  
*of York*

ANNUAL REPORT  
AND FINANCIAL STATEMENTS

2019



**Front cover photos, clockwise from top left:** researchers in the Department of Physics are investigating laser-produced plasmas; student scholars are supporting the York Unlimited campaign; new funding is helping to establish the University as a centre of expertise in quantum and autonomous technology; learners from the local community continue to benefit from courses both online and on campus; a History of Art student and lecturer consult on a PhD project; and the Beats Bus, a mobile recording studio, which featured at the Festival of Ideas

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# I N T R O D U C T I O N S

This publication gives a snapshot of who we are, what we do and what we have achieved. 2018/19 has been a challenging but highly rewarding year for the University of York, which this Annual Report will reflect upon.

In doing so, we celebrate the successes and achievements of our students, our staff and the community, while outlining our plans and ambitions to ensure we maintain our position as a world-leading university.

Enquiring minds, inspirational teaching, pioneering research, global ambition, local commitment and social purpose are the foundations which underpin what it means to be the University of York. The pages that follow will demonstrate how we continue to embrace the qualities and values that motivate and inspire us in everything we do.

**1st**  
Top Russell Group university for  
Student Satisfaction in the  
National Student Survey 2019 (NSS)

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**16th**  
in the *Times Higher Education*  
Europe Teaching rankings

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**18,040**  
Total students (FTE)

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Anna, a scholarship recipient, is just one of our students involved in the York Unlimited campaign

**£86m**

Total research income

**4,436**

Total staff

**£392m**

Total income in 2018/19

## VICE-CHANCELLOR AND PRESIDENT



I am delighted to present this Annual Report to all of our stakeholders – staff, students, alumni and all our supporters in York, the UK and around the world. I do so at the start of my time as Vice-Chancellor and President, York’s seventh in its 56-year history. I am indebted to my predecessors for their role in building such a strong university. And I am grateful to all those in York who have provided such a warm welcome to me and my family, not least Professor Saul Tendler who did such an excellent job as Acting Vice-Chancellor.

It was clear to me before I arrived that the University of York is one of the universities in the UK that best combines outstanding research with a real passion for its students’ education. The last few months have provided ample confirmation that York manages that balance better than most.

As a university we care deeply about the experience of our students and do our utmost to create an environment in which they can thrive and realise their full potential. In this year’s National Student Survey the University of York came in top of the

Russell Group universities, underlining the Gold rating – the highest rating possible – it achieved last year in the Teaching Excellence Framework, a government-backed assessment of teaching quality across all higher education institutions in England.

We were delighted to see more than 4,500 students graduate in July 2019. They do so not just with an excellent York education but also a fulfilling experience beyond the classroom. Many contribute to our city through internships, placements and voluntary work. Our students’ unions offer them the richest choice of activities and societies in the UK. And they maintain a long-standing sporting rivalry with the University of Lancaster, which saw us celebrate an emphatic home victory in the annual Roses sports tournament in 2019, the largest inter-university sporting competition in Europe.

At the same time York academics have continued to carry out research of enormous creativity, winning a whole host of major research awards in areas like environmental science, quantum communications, and nuclear fusion. A York hallmark is devising research that spans disciplines through novel collaborations, including the York Global Initiative for Safe Autonomy, which recently received a £10.5m award from the UK Research Partnership Investment Fund, with an additional £24.5m secured through match-funding. Another example is our new research centre on biodiversity funded by the Leverhulme Trust that brings insights from biology, history and social science to bear in understanding human impact on the natural environment.

In total the University generated £86m in research income – a rise of 35 per cent in the last five years. And that brings with it real economic impact: recent analysis by London Economics showed that for every pound of public funding invested in research we generate a return of six pounds to the Exchequer.

That wider impact of our work – much of it felt in and around York – is a vital part of what we do as academics, as students, as a University community. Indeed, the University of York was founded following a campaign by civic leaders who invested in it a commitment to public good. Ensuring we contribute that public good in York and beyond has to be at the heart of what we do in the coming years.

One of my early priorities is to develop a new strategy which can guide the University over the next decade. At the time of writing we are consulting intensively on what that strategy should contain. But already it is clear that the new strategy will underline our commitment to carrying out path-breaking research and ensuring talented students reach their potential. It is also clear that it will do this by reflecting and renewing our founders’ vision with a focus on public good, whether enabled through our civic contribution locally or by applying our expertise in research and teaching to challenges of global reach, and above all the climate crisis. I am honoured to lead a University community which holds fast to such powerful principles.

**Professor Charlie Jeffery**  
*Vice-Chancellor and President*

## CHAIR OF UNIVERSITY COUNCIL

This has been an excellent year for York. The University has continued to attract record numbers of students from all over the world who recognise our reputation for excellence in teaching and research.

Our academic staff have continued to win major new funding awards for research which is contributing to tackling some of the world's most pressing challenges, including climate change, safety assurance in artificial intelligence and robotics, and healing, feeding and fuelling the world. We are extending our research and teaching capabilities and our opportunities for influence and collaboration through a broadening network of international partnerships that includes membership of the Worldwide Universities Network and our strategic alliance with Maastricht University.

Our first ever institution-wide philanthropy campaign, York Unlimited, was launched in summer 2019 and is gathering momentum. Designed to raise £120m to support our students and our research and contribute to our capital development plans, I am particularly pleased to see it delivering support to some of our students from under-represented backgrounds to ensure that they can fully participate in all that a university education has to offer. It is also stimulating engagement among our alumni who are generously offering insights, time and opportunities to our students and helping us to achieve our target of 120,000 volunteer hours from our global community.

We are moving into a new phase of York's history. Professor Charlie

Jeffery joined us on 1 September as our seventh Vice-Chancellor and President. Charlie's inaugural speech reminded us that we are a university founded on principles of widening access and participation in higher education and of tackling issues of inequality and social injustice; and that our mission is to apply our teaching and research for public good. We seek to do this while contributing to the economic, social and cultural life of the city of York and the wider region, as well as maintaining a commitment to purposeful internationalisation and active collaboration, a commitment which is ever more essential in today's environment. It is clear that these guiding principles and values resonate just as strongly today and I am delighted they are forming the framework around which Charlie is leading the debate about our future vision.

I strongly believe that universities such as York have a vital role to play in addressing serious issues of inequality, poverty, societal polarisation and division by considering not only what we do, but who we benefit and how we can apply our research, our teaching and our engagement with our community to make the world a better place.

Under Charlie's leadership, and with the commitment of our staff, students and alumni community, I have no doubt that the University of York has a bright and exciting future despite the turbulence and uncertainties the sector may face in the coming years.

**Denise Jagger**  
*Chair of University Council*



# OUR COMMUNITY

Our students  
**8**

Our staff  
**12**

Our alumni  
**18**

Key performance indicators  
**20**



York schools regularly harness the talent of our students through volunteering



# OUR STUDENTS

We want the best students, regardless of their background, to study with us and achieve great things.

## Inspiring students

We encourage talented individuals from all backgrounds to see studying at York as a possibility. By working with schools and colleges, local authorities and higher education partners we are building a socially and culturally diverse student population.

Over 3,000 pupils from schools across the region take part in programmes designed to inspire them to consider a university education. Working in collaboration with these partner schools, we provide various experiences for children and young people that demystify higher education as an option.

More than 18,000 students currently at the University, who represent over 140 countries, are an enormous asset for the city of York and beyond. We build on this successful diversity by expanding our engagement opportunities.

## Economic impact

York students make significant contributions to the local and national economy. Hundreds of organisations benefit from their talents every year, through student internships, placement years and voluntary work. We design and deliver these in collaboration with business partners as part of our employability strategy. It is our aim to empower and prepare our



Students learn more about what is on offer at the University



The 2019 Freshers' Festival

students for a globally competitive labour market.

This knowledge exchange is mutually beneficial. Our students get the opportunity to engage with graduate employers early in their studies and many organisations find it cost-effective to take on a paid intern.

Liam Dennis from the Communities and Equalities team at City of York Council reflects on the difference the scheme made: "We needed an intern to create case studies and carry out analysis (using a tool called the Social Value Research Engine), which would go on to Council management teams and elected members to help shape policy decisions for years to come. It was very important that this work was done thoroughly and to a high standard. Our intern from York, Shiona, has really expanded the scope of her role, producing very high quality analysis, beyond anything I could have expected."

### York Approach

Our unique framework of teaching principles enables us to sustain our Gold standard ranking from the Teaching Excellence Framework. We call this the York Approach to teaching and learning, which is based on extensive evidence for effective practice.

The approach maintains high standards throughout each study path and is a flexible process that grows and adapts to each annual intake of

students. Through teaching activities, assessment and feedback, we gain valuable insight so that we can continue to improve.

We encourage students to engage in current research and practice in their field through initiatives like the Laidlaw Scholarship, which provides students with the opportunity to undertake a unique research project. Through an innovative and accredited leadership development programme, the scholarship equips self-motivated and ambitious undergraduate students with the knowledge, skills and experience to become leaders in their chosen fields.

### Study abroad

At York, we encourage students to broaden their cultural horizons. The global opportunities we offer for studying or working abroad enhance their employability and also give students the chance to experience something completely new. We supported 729 international experiences of one week or more for students in 2017/18.

Many of these are short academic and social programmes developed in partnership with international universities, such as Peking University in Beijing, which we partnered with in 2018. This builds networks, while strengthening students' communication skills and providing a global perspective.

**140+**

**countries are represented by our 18,040 students**

**95%**

**of alumni surveyed said their analytical skills had improved after studying at the University of York\***

\*Responses of 4,298 University of York alumni, surveyed in 2018

**84%**

**of alumni said they were better prepared for their career after studying at the University of York\***

\*Responses of 4,298 University of York alumni, surveyed in 2018



Francesca (BSc Economics and Finance) joined Amazon as a finance intern

*“I have gained an insight into a very fast-growing business channel within Amazon and have had some brilliant opportunities.”*

Francesca,  
BSc Economics  
and Finance

## York Futures

York Futures is a careers-led student professional development programme that all first year students are enrolled onto, and which continues throughout their time at the University.

Our distinctive York Futures initiative has been refined and expanded to include the York Strengths programme, in which students explore a framework of nine qualities valued by employers that make the difference between a good and a great graduate employee. This programme is delivered in partnership with employers and graduate recruiters such as GSK, PwC, Clifford Chance, NHS, Lloyds Banking Group, IBM, Aviva and Teach First. This means all our students get the opportunity to engage with graduate employers early in their studies, preparing them to actively seek work experience, placements, internships and volunteering during their time at the University.

There are various activities available to students at different stages of their degree as part of the York Futures

programme. In Year 1, students can join a York Strengths Development Day, focused on identifying and articulating their key employability strengths. In Year 2, students can develop their leadership skills alongside employers in the York Leaders programme.

Many of our students are also pursuing optional placement years, which can see them working locally, nationally, or even internationally. Often students are gathering invaluable experience at some of the world's largest companies. During their final year students have the choice to apply for the York Gold Award, to further enhance their career prospects.

## Supporting entrepreneurs

With help from the University, some students are already creating new products, starting up their own business or engaging in social enterprise. Our Enterprise Team works with students by advising on business planning, providing dedicated office space and

connecting students with mentors. Nothing is of more help in the development of a new business idea than finance. The University offers enterprise grants, a crowdfunding platform, and competitions for funding awards.

One of these competitions, made possible with the support of Santander, is the York Business Challenge, which is open to students and recent graduates who have a business idea that they wish to pursue or expand.

The winner of the 2018 award was graduate Matt Barrie, whose start-up Solu uses an innovative app designed to improve the management of plastic waste in developing countries. He explains what it means for his Philippines-based business: “Winning the York Business Challenge is a huge honour and I’m looking forward to flying the flag for the University as we work to solve the developing world’s waste problems at Solu.”



The winner of the York Business Challenge 2018 was graduate Matt Barrie

# £121,000

raised by YUSU in 2018/19

## The Roses tournament

This year York hosted and won the largest inter-university sporting competition in Europe – the Roses tournament.

Based on the ancient rivalry between York and Lancaster, this annual tournament involves over 50 disciplines, from cricket to octopush (also known as underwater hockey). Roses is organised by YUSU (University of York Students' Union), who this year partnered with Beat, a leading UK charity supporting anyone affected by eating disorders. Over £2,000 was raised for Beat, and student mental health charity, Student Minds, throughout the tournament.

## Students' Union (YUSU)

Through all colleges, Raising and Giving (RAG), societies and volunteering activities, YUSU raised over £121,000 in 2018/19. This supports three core charities each year, which for 2018/19 were Action Against Hunger, World Child Cancer, and Special Needs Activity and Play Provision for York (Snappy). YUSU also funds student-focused activities

such as sports teams and societies, of which there are over 250.

This year YUSU introduced Access Grants, an initiative proposed by Finn Judge, Sabbatical Officer for 2018/19, whereby a number of subsidies for society membership payments are made available to students with a household income of under £35,000. A total of £1,650 was given in Access Grant subsidies this year, which YUSU aims to increase annually, making YUSU societies and activities accessible to a wider network of students.

The high level of student engagement at York has placed us within the top ten UK universities for voter turnout this year. We broke all records with 31 per cent of our student population voting for their 2019/20 Sabbatical Officers, who represent the student body and run their Students' Union.

## Graduate Students' Association

The Graduate Students' Association (GSA) continues to provide dedicated representation, support and development opportunities for all

postgraduates as one of only three postgraduate students' unions in the country.

Postgraduate Welcome Week 2018, coordinated by the GSA, featured over 40 social activities, talks and workshops to ensure postgraduates who start earlier than undergraduate students get a warm welcome to York. This year over 3,500 new postgraduate students attended events throughout the week, making it one of the largest dedicated postgraduate welcome events in the UK.

The Postgraduate Community Fund allows students to bid for funds to develop projects and events aimed at bringing together the postgraduate community. This year seven outstanding projects, made possible with funding of £3,535, featured a historical careers development event, wellbeing initiatives in King's Manor and a cross-pollination project between the Departments of Linguistics, Psychology, Computer Science and Education.

# OUR STAFF

The impact of our inspirational staff can be felt on our doorstep and across continents.

## Our research

### Pioneering projects

To ensure relevant, impactful and accessible research, we work within the following research themes: Creativity; Culture and Communication; Environmental Sustainability and Resilience; Health and Wellbeing; Justice and Equality; Risk, Evidence and Decision Making; and Technologies for the Future. These themes are led by Research Champions, senior academics who work across the organisation to build our interdisciplinary strengths. Their role is to champion collaborative approaches so that we can tackle the great scientific, social and environmental challenges of our time.

A £35m investment has been secured for the creation of the York Global Initiative for Safe Autonomy. The project will work to ensure the safety of autonomous systems using artificial intelligence (AI), such as driverless vehicles. It will also lead



Inspirational research leader, Professor Asifa Majid

on the technical, legal and ethical challenges of AI. This world-class flagship research facility, based on the University's Campus East, will help to position the UK as a leader in the safe introduction of advanced technology.

Other recent awards and accolades include:

- XR Stories: a £15m initiative to maximise the potential of immersive and interactive technology such as virtual reality in storytelling.
- UK Quantum Communications Hub: a £23m grant to spearhead a second five-year programme researching and developing secure quantum communications.
- The Leverhulme Centre for Anthropocene Biodiversity: a new centre for research on biodiversity,

examining how the relationship between humanity and the natural world is changing.

- BioYork: transforming pioneering research into technologies, processes and products across the bioeconomy.
- The National Centre for Excellence for Language Pedagogy: working in partnership with university researchers, teacher educators and expert practitioners, and with 18 Specialist Teachers in nine Leading Schools across the country acting as language hubs, to improve language curriculum design and pedagogy.

### World-leading academics

Marking an important milestone for York research, a significant

**90%**

of alumni surveyed said their problem-solving had improved after studying at the University of York\*

\*Responses of 4,298 University of York alumni, surveyed in 2018



**The York Global Initiative for Safe Autonomy will work to ensure the safety of autonomous systems using artificial intelligence**

investment has been made in 2018/19 with the appointment of eight academics from a range of disciplines. These researchers bring their world-leading expertise to the organisation to advance the boundaries of our knowledge, leading the next generation of scientists, policymakers, legal advisers and technologists.

These individuals are acknowledged experts in their fields. Professor Asifa Majid, for example, was elected Fellow of the Association for Psychological Science in 2018 in recognition of her sustained outstanding contributions to psychology. Inspiring our academic community, appointments like this one advance our reputation as an international centre of research excellence.

**Business innovation**

At York our researchers embrace the challenges of our modern world by ensuring that our research is an exchange process. We work with local communities, industry, government, the third sector and international organisations to design, deliver and deploy research, co-creating solutions which will bring benefits for generations to come.

BioYork is a University of York-led initiative that transforms our pioneering research into technologies, processes and products across the bioeconomy, to drive the development of UK bio-based industries to deliver growth, jobs and environmental benefits.

This year University of York researchers are working in

partnership with Yorkshire Water to produce energy from waste, an essential part of meeting global renewable energy needs, as well as reducing waste. In collaboration with companies across a number of sectors, BioYork brings together regional and national research and innovation capability to ensure that the best teams are working towards solving these crucial challenges.

**Gold standard academic experts**

Last year we were awarded Gold – the highest rating possible – in the Teaching Excellence Framework, a government-backed assessment of teaching quality across higher education institutions in England. This has informed our improvement

in this year's National Student Survey, in which the University came top of the Russell Group universities. As well as providing gold-standard teaching and learning experiences, our academic experts conduct essential research on issues ranging from climate change to the latest developments in digital creativity. These research insights help to attract investment and strengthen the UK economy.

Our 4,436 staff members are also a major driver of the local, regional and national economy: living and working in the local area, our expenditure supports a network of suppliers and we are an essential element of the package that makes York and Yorkshire an attractive target for investment.

## Support for students

Students at York are welcomed into one of nine colleges on campus. Each college is managed by a team of staff and student volunteers dedicated to supporting students during their independent living and study at York.

These staff members help students learn to manage their wellbeing, develop the skills needed to overcome challenges, and seize the opportunities of university life. Providing coaching and guidance, the teams at each college help students to access the right support and information about maintaining good mental health. In addition, the Open

Door and Disability service offers support, advice and guidance.

Staff at York prioritise pastoral support on campus. We are also working to transform mental health on a local, national and international scale through supporting the latest groundbreaking research and initiatives.

The Great York Walk 2019 was the first fundraising event launched by the University of York in support of the Mentally Fit York fund, aiming to change the future of mental health for everyone. Walkers covered up to 25 miles around the city, raising vital funds and mental health awareness.

## Global partnerships

As a founding member of the Worldwide Universities Network (WUN), we have research and student exchange links with many other institutions across the world. Our strong global partnerships are a vital element in our strategy to be recognised as a leading university with global impact. One reason for this is the range of international activities and opportunities that these partnerships provide for our academic staff. The Global Engagement team has created a supportive framework for departments to work alongside global partners and communities, while engaging with the United Nations' Sustainable Development Goals.

A key strategic partnership has been formed with Maastricht University, jointly investing £3m to establish joint research projects, teaching collaborations, and knowledge and student exchanges.

This kind of European collaboration is managed through the White Rose Brussels office, established by The White Rose University Consortium, a strategic partnership between the Universities of York, Leeds and Sheffield. Our long-term involvement in this Brussels office supports our aims to influence EU research policy and engage strategically with key European members of the WUN, such as the Universities of Maastricht, Bergen and Basel.

## Staff development

There are a number of networks within the University for staff to join, including the Scholarship of Teaching and Learning Network. In addition, the University delivers many staff training courses, which range from leadership to technical.

## Human rights defenders

Focusing on the role of human rights defenders (HRDs) in the modern human rights system, the University's Centre for Applied Human Rights (CAHR) continues to provide a unique teaching and research environment for scholars and visiting practitioners. CAHR staff



Emel Kurma was nominated for a place on York's Protective Fellowship Scheme for Human Rights Defenders

*“My experience has inspired me to nominate the University for the International Hrant Dink Memorial Award, established in honour of the Armenian journalist and human rights activist assassinated in Istanbul in 2007. The University has created something unique with critical value. I think that’s worth celebrating.”*

Emel Kurma

# 33,000

people attended the  
York Festival of Ideas in 2019



have published on a variety of topics this year, ranging from temporary relocation for HRDs to freedom of religion and access to abortion.

The Centre hosted eight HRDs on its Protective Fellowship Scheme for HRDs at Risk in 2018/19. The scheme provides those at risk with the opportunity to conduct research and to learn from and network with a number of international civil society organisations that may be able to support them upon their return home, both in terms of greater protection in situations of risk and in accessing funding for their human rights work.

Since the late 1990s Emel Kurma from Turkey has worked as a volunteer and eventually as the coordinator of the Citizens' Assembly, a civil society organisation committed to promoting human rights, freedom, democracy and peace-building in the face of an increasingly oppressive environment. Last year she was nominated by Human Rights Watch for a place on the Protective Fellowship Scheme for HRDs. She arrived in York in late 2018.

## Helping every student shine

The University is deeply embedded in the local community of North Yorkshire, particularly in schools and colleges, where our aim is to enthuse and inspire talented young people from all backgrounds about higher education. At York our

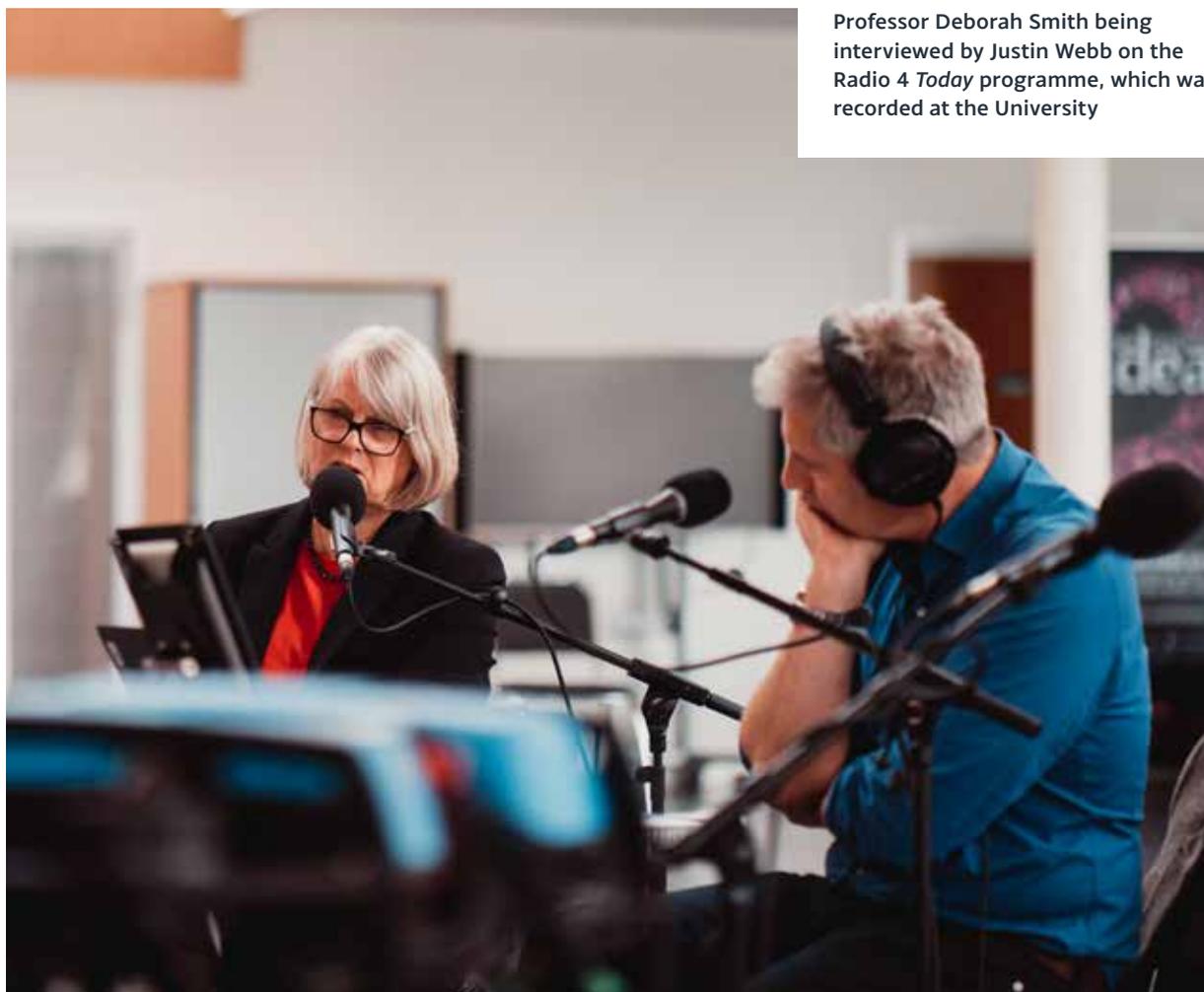
Children and adults enjoyed a range of events during York Festival of Ideas



Widening Participation and Student Recruitment teams work closely with targeted schools and colleges across the region. They offer an exciting programme of hands-on projects and activities that are designed to enrich their curriculum and promote the idea that a university education is an exciting and achievable prospect.

This year, over 3,000 pupils across the region took part in outreach sessions such as Next Step York, Green Apples, Shine and the National Collaborative Outreach Programme (NCOP) – a partnership of universities, colleges and local partners which delivers outreach programmes to young

people aged 13–18. We offer a number of informative and inspirational talks for schools and colleges about York, as well as offering impartial advice about higher education. Sessions are delivered by staff and in some cases by York students or recent graduates. Anchored by the highest academic standards, our founding principles of equality and opportunity for all place the importance of widening access to higher education at the heart of what we do.



Professor Deborah Smith being interviewed by Justin Webb on the Radio 4 *Today* programme, which was recorded at the University

## Inspiring the community

University events provide opportunities to showcase our team and their achievements.

One such event is the York Festival of Ideas, which continues to welcome a wide audience and is now one of the largest festivals of its kind. In June this year, over 33,000 people attended 220 different Festival events, sharing vital opportunities for provoking new ideas and inspiring change, in a world that seems more divided than ever.

We presented a wide-ranging programme of free events on campus including the live recording of BBC Radio 4's *Today* programme, which attracted 6.7m listeners.

The Festival also held science-based activities for local children in York communities such as Tang Hall and

Acomb. University academics were joined by 1,100 children in schools and libraries.

YorkTalks, the annual showcase of the University's research, welcomed 800 local residents to the University in January 2019. This series of bite-sized talks features the PhD Spotlight Competition, where students exhibit their research, answer questions and receive prizes for the best exhibition pieces.

## Centre for Lifelong Learning

The team at the Centre for Lifelong Learning has been offering local people the opportunity to take part in high-quality learning experiences at the University for over 25 years. Whether learning for pleasure or

gaining skills and knowledge that count towards qualifications, we offered over 330 short courses last year with more than 2,800 applicants. This number is in addition to learners who have enrolled on one of our Massive Open Online Courses (MOOCs) with FutureLearn. In total we have had a remarkable 60,000 learners from around the world gaining access to the expertise of our exceptional staff via MOOCs since January 2017.

## OUR ALUMNI

Support from our global community of 130,000 alumni in more than 180 countries can help inspire the next generation of thinkers.

### Major University campaign launch

Thank you to all of our supporters – the charitable trusts, foundations, individuals, alumni, companies and legators – who helped launch a new vision for philanthropy at York: York Unlimited. In June 2019, friends and supporters gathered and were inspired by an ambitious campaign to reach beyond our limits by creating new scholarship opportunities, investing in enterprise, enriching society through creativity, advancing research into mental health and global development and creating a campus for the future.

Through York Unlimited we have pledged to work in partnership with our ever expanding circle of benefactors and volunteers to raise more than £120m in philanthropic support and to unlock 120,000 volunteer hours. We will tap into the perspectives and the collective knowledge of our 130,000-strong alumni community to mentor the next generation. Together we will inspire a new generation of thinkers.

### A future without limits

Our community of staff, students and supporters is key to the success of our first fundraising campaign and in the financial year 2018/19, 3,678 donors made a gift to the University. The donors include companies, charitable research funders, trusts and foundations, individuals and alumni.



**Inaugural members of the College of Benefactors: Professor Gordon Marshall, Director of the Leverhulme Trust, and Professor Dame Hermione Lee, Trustee of the Wolfson Foundation, with Professor Sir Malcolm Grant CBE, Chancellor of the University of York**

In 2018/19 379 donor-funded scholarships were awarded to students. Our community of supporters enabled over 106 new undergraduate scholars to pursue career-focused volunteering, work placements or overseas study, or to work through the York Futures Scholarships programme.

In July our first Equal Access Scholars – students seeking asylum in the UK, whose lives and opportunities have been transformed through the generosity of a circle of donors – graduated and moved on to the next chapter of their lives. More supporters than ever before responded to the Stephen's Story appeal, meaning that in 2019/20 50 students who have overcome extreme barriers to enter higher education will be supported as Opportunity Scholars.

### This year

With the generous support of private donors, the Wolfson Foundation and the Wellcome Trust, the ground was broken to begin construction of the new Eleanor and Guy Dodson Building for cryo-electron microscopy. The facility will enable new areas of biomedical research that will tackle a range of human health problems.

In 2018/19, the Leverhulme Trust awarded a major grant to create the Leverhulme Centre for Anthropocene Biodiversity which will bring together world-leading researchers to improve our understanding of the relationship between humanity and the world's biodiversity. We were also once again honoured to be invited to participate in the highly selective Wolfson Postgraduate Scholarships



**Anna, who is an Albukhary Scholar, at the launch of York Unlimited**

in the Humanities scheme for outstanding PhD candidates.

### Circles of support

At our graduation ceremonies in July 2019 we invited the inaugural members of our College of Benefactors to sit alongside our graduating students in appreciation of the transformational support they have given to the University of York. We welcomed the Leverhulme Trust and the Wolfson Foundation as founding members of the College of Benefactors, in recognition of the depth and breadth of their philanthropy and its enduring impact on the landscape of higher education at the University of

York and across the UK. We look forward to welcoming more of our supporters into the Chancellor's Circle and our other circles of support over the coming year.

### Mentoring

Our mentors and alumni around the globe responded to our campaign with gifts of time and insights which broke all previous records. In 2018/19 10,758 hours of time were given and 1,853 alumni from 114 countries across our global community took part in the York Asks project offering insights and advice to graduating students.

Many others supported the University by joining Departmental Advisory

Boards, giving public talks and leading our international alumni networks.

### Gifts in wills

Finally, our deepest thanks to those who have chosen to make a gift to York in their will. We now have over 175 members of our Heslington Circle, for those who have pledged a legacy gift. These important gifts have a profound and lasting impact, ensuring that the University of York can continue to offer outstanding opportunities for all and that our campus is fit for the future of research and learning.

# KEY PERFORMANCE INDICATORS

The University has several performance indicators, the key ones being student numbers, research income and cash generation.

Student numbers continue to grow in line with the University's plans. A six per cent growth in overseas students has been complemented by a two per cent growth in home students. The expansion is focused in the Faculty of Sciences and the Faculty of Social

Sciences while the Faculty of Arts and Humanities continues to maintain its student numbers.

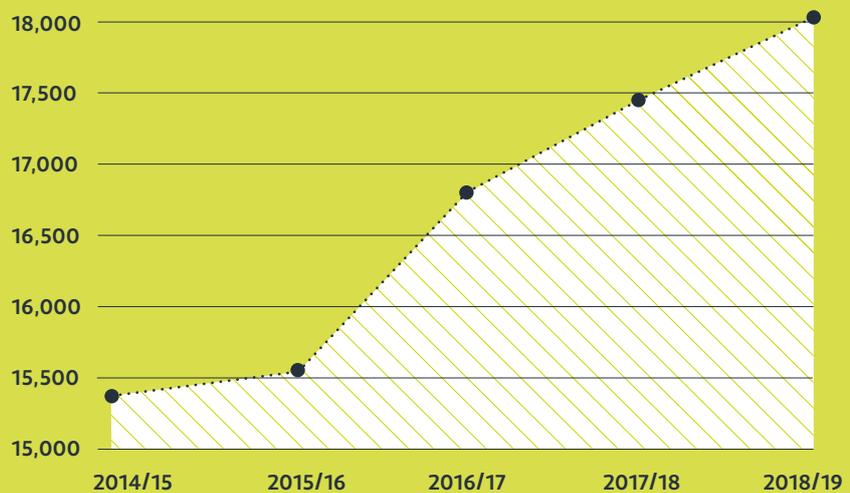
Research income has grown significantly in 2018/19 due to the award of £16m of capital equipment grants. These grants will further

enhance the research capability of the University.

Net cash from operating activities amounts to £36m which is very similar to the level achieved in previous years.

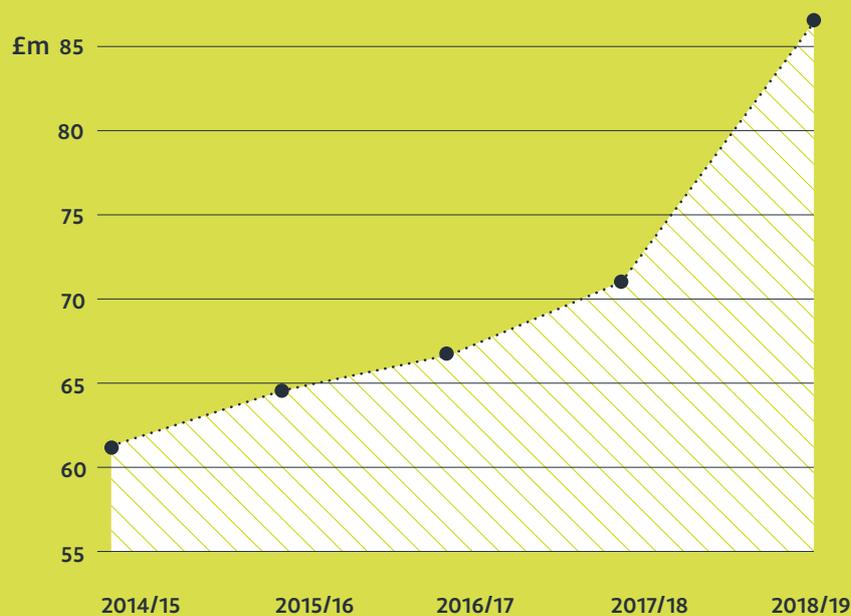
## Student numbers

	2014/15	2015/16	2016/17	2017/18	2018/19
Total student numbers	15,415	15,535	16,780	17,475	18,040



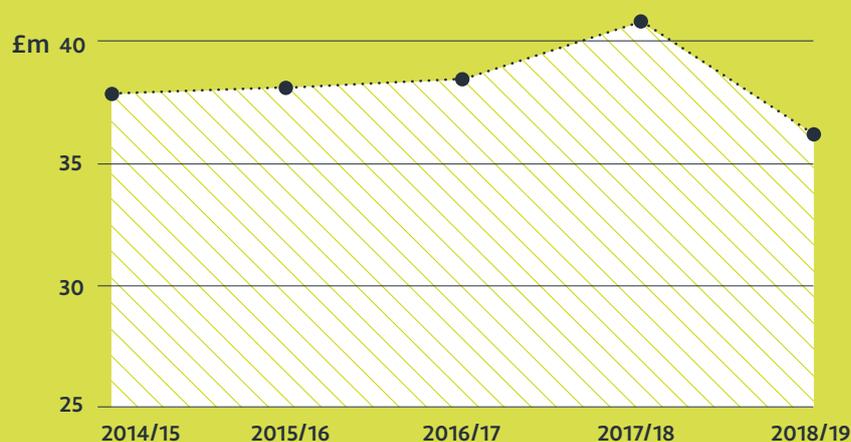
## Research income

	2014/15	2015/16	2016/17	2017/18	2018/19
<b>Research income (£000)</b>	61,994	64,607	66,016	71,088	86,091



## Net cash from operating activities

	2014/15	2015/16	2016/17	2017/18	2018/19
<b>Net cash from operating activities (£000)</b>	37,798	37,968	38,416	40,641	36,321



# STRATEGY

Strategic review  
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Our people  
30



XR Stories is a £15m initiative to maximise the potential of immersive and interactive technology such as virtual reality in storytelling



Graduating University of York  
students in front of Heslington Hall



# STRATEGIC REVIEW

The University of York is a world-leading institution and a member of the prestigious Russell Group, bringing excellent research and teaching together with collaborative innovation.

**O**ur vision is to provide an outstanding learning environment for enquiring minds, and to deliver world-leading innovative and transformative research.

Through the supportive atmosphere of our departments and colleges, our clubs and societies, and our close ties to the city of York, we aim to create a genuine sense of belonging and community. We want our students to flourish both within and beyond their degrees, providing experiences that will stay with them for the rest of their lives.

Over the past five years the University has worked consistently to achieve this vision. Our interdisciplinary approach to research and teaching and our investment in facilities have helped form an empowered community of staff and students who are making a real contribution to creating a fairer and more sustainable world. In the most recent assessment of UK research, we were ranked tenth in the UK for impact. We were also given one of the highest ranks for research which is classed as 'world-leading' and has a 4\* status.<sup>1</sup>

The powerful combination of a research-rich environment and our dedication to the personal and academic development of our students has been recognised in the Gold rating that we received from the Teaching Excellence Framework. This is the highest possible rating and the panel particularly praised our research-strong environment as providing "outstanding levels of stretch" and "consistently outstanding outcomes for students from all backgrounds".

## Attracting the best and the brightest

In 2018/19 there has been continued increased competition to recruit students. This has been partly due to continued fall in the number of potential students since 2012; however, this number is expected to rise from 2020, due to the removal of student number control limits in September 2015 and demographic changes in the number of 18-year-olds. York has largely bucked the trend with a general increase in admissions for 2019, which included a rise in international students aligned to in-year investment in creating offices in key priority markets.

In defining and planning for our future, we take into account a number of key uncertainties, including the shape of any agreement negotiated by the UK in withdrawing from membership of the EU. We welcome the government's explicit commitment to continue to offer EU students access to tuition fee loans and to freeze the cost of tuition fees for EU students. We strongly believe that all of our students benefit through exchange of ideas and cultural experiences generated by having a multicultural student community and that our EU students and staff are a vital part of our community. We continue to promote the benefits of mobility programmes such as Erasmus+ to our students. We engage in European research programmes and have consolidated our strategic partnership with Maastricht University through the deployment of a first

tranche of shared research grants and the development of shared teaching programmes across the two institutions, as well as appointing a Director to steer the partnership in its next phase.

The government has granted the right to remain to EU staff already living and working in the UK. This is a heartening endorsement of the intellectual vibrancy our EU colleagues bring to the academic community. The University continues to work in collaboration with Universities UK and the Russell Group to highlight the vital contributions our EU colleagues make to the UK's knowledge economy. We continue to actively manage any risks that may arise from the UK's withdrawal from membership of the EU, including modelling different scenarios for the financial consequences of a disorderly exit.

## Pensions

The University and many of its staff are members of the Universities Superannuation Scheme. This sector-wide pension scheme has a large deficit. In order to reduce the deficit, Universities Superannuation Scheme has adopted a recovery plan which has resulted in increased contributions from both employers and employees. The Scheme is proposing to conduct further actuarial valuations of its assets and liabilities in March 2020. It has entered negotiations with employers and employees' representatives to determine a route to secure its long-term sustainability.

<sup>1</sup>Based on the Times Higher Education ranking of the most recent UK Research Excellence Framework (REF 2014), excluding specialist institutions which submitted fewer than four units of assessment

The Higher Education sector (including the University of York) faces the prospect of industrial action as a result of a ballot of UCU members about pay and pensions. It is important to note that the University of York is just one member of the Universities Superannuation Scheme and is reliant on a national negotiation process which is conducted on the University's behalf. The University will work through Universities UK (the association of universities which represents employers in these negotiations) to seek a resolution to the dispute with the UCU; and to ensure that the University can continue to provide an outstanding education for our students and, in the event of industrial action, to minimise disruption to teaching, learning and research.

### Augar Review

In 2018 the previous government commissioned an independent review of the funding of education. This report was published in early 2019 but has not yet been approved.

The review panel, chaired by Philip Augar, made a number of recommendations for post-18 education, including lowering tuition fees, reintroducing means-tested maintenance grants, removing government fee loans and introducing a lifelong learning allowance that could be used to fund degree or further education programmes.

This University, along with many others, has made clear that it is imperative that the government provides students, businesses and universities with a guarantee that, in the event of a fee cut, teaching grants will fully cover the funding shortfall in order to meet future demand for higher education places.

We welcome the call for maintenance grants to be reintroduced for the most disadvantaged students and for the removal of real interest applied to loans during study.

We are actively working with a number of mission groups to encourage the new government to consult with a wide group of stakeholders including universities, other post-18 providers, student representatives and businesses to consider the implications of these detailed proposals.

### International students' post-study work visa

The Johnson-led government's recent announcement to restore post-study work visa arrangements for international students to enable them to gain invaluable work experience in the UK for two years after they graduate is enormously welcome and has already generated significantly positive media coverage in key markets such as India. We welcome the clear signal from government that it understands the needs of our international student community and their potential to contribute to the UK economy. We await further clarity on the details of the proposal, but we are confident that this will greatly enhance our ability to attract high quality students from around the world.

In 2019 the University Executive Board agreed to deploy some of its strategic investment fund to ensure that York attracts the best possible students from all over the world. We appointed in-country agents to develop a continuous York presence in Beijing, Delhi and Kuala Lumpur to support international recruitment in those regions.

### Delivering our 2020 Strategy and developing a new vision for York's future

The University has made substantial progress towards meeting the strategic objectives outlined in the 2014-20 University Strategy:

- to become a world-leader in research;
- to offer outstanding teaching and learning; and
- to offer all our students an outstanding and valuable experience.

These key objectives are bolstered by enabling objectives:

- to be sufficiently large to be excellent, resilient and financially sustainable;
- to be organised in the most efficient and effective way; and
- to work effectively with other organisations and stakeholders.

In October 2019 our new Vice-Chancellor and President commenced a consultation process to develop a new vision, objectives and strategy for the University to take us forward in the next phase of our development.

In developing a new strategy we will build on our core strengths of teaching excellence, world-class research and innovation by reflecting on our founding values and redefining what it means to be the University of York in the 21st century.



Graduation photos in front of Central Hall

## Investing in our academic mission

Investing in the student experience is vital to our continued success. The most recent elements of a continuous strategic investment programme include an interdisciplinary teaching building, teaching laboratories within departments and bespoke facilities for our International Pathway College (IPC) and Management School. The IPC offers foundation courses that provide a route to undergraduate and postgraduate degrees, increasing the number of international students who are able to study at York.

We have also invested in a range of additional strategic areas including student-facing support teams, employability programmes, health and wellbeing programmes, sports coaching, and facilities to ensure that all our students gain the best possible experience from their time at York. We have particularly invested in providing students with opportunities to broaden their cultural horizons through participation in international study and work programmes and placements, and through engagement with our global alumni community through our award-winning mentoring platform, an extensive programme of professional events enabling current students to network with recent and established graduates through our professional alumni networks. Our network of philanthropy partnerships has provided financial support through bursaries and scholarships to enable outstanding students from low participation backgrounds to benefit from a York education.

This programme of investment has led to a 21 per cent increase in international recruitment over the last four years.



We offer opportunities for students to study or work abroad

## University finances

Overall, the University finances are in a healthy and highly solvent position with £144m of liquid assets. Brexit and the continued uncertainty with regard to pension costs have the potential to adversely affect our financial affairs and we are rigorously monitoring these situations and planning accordingly.

The accounts and the financial review contain the full details of University finances.

The financial highlights are as follows:

- Income has increased by seven per cent to £392m from £367m over the last year, due to further growth in tuition fees and research income.
- Surplus before pension provisions amounts to £16m, which is an increase of £1m on the previous year. However, in line with many other universities, our accounts include a substantial increase

(£73m) in these non-cash pension provisions. These provisions arise due to the historic deficit in the Universities Superannuation Scheme and may be reversed in future years depending on the funding position of the scheme.

- Net assets have fallen from £400m to £321m due to the increase in the pension provision.
- Cash balances of £144m were held at 31 July 2019, an increase of £62m on the previous year. This increase is attributable to the cash generated from University operations being retained for future investment and a restructuring of our loan portfolio.

While Brexit, the Universities Superannuation Scheme and the Augar Review have caused some uncertainty and mean we will continue to hold cash reserves until

such time as there is greater clarity in these areas, it does mean that we have the capacity to use some of those cash reserves to make strategic investments to bolster the University's strengths in the future.

## Going concern

The University accounts show a deficit of £57m due to an increase of £73m in the provision for the Universities Superannuation Scheme. The University ended the year with:

- cash resources of £144m;
- net liquidity days of 128 days;
- current ratio of 2.1.

The University has therefore never been in a more solvent position. The budget for 2019/20 shows a surplus and the cash flow projections indicate that the University has adequate financial resources for the foreseeable future.

## Resources

Details of the University's people and initiatives are set out in the report on pages 30–33.

### University estate

The University continues to invest in the buildings and properties of both Campus West and Campus East. At the heart of Campus West is the iconic Central Hall, which is undergoing a phased refurbishment that will provide a flexible multi-use space for student events, performances, graduation ceremonies and open days.

Over the next few years the University will roll out a further strategic residential development

strategy on Campus East that will provide excellent accommodation for additional students in alignment with our student number growth plans.

## Defining our future

The recently appointed Vice-Chancellor and President has commenced the development of Strategy 2030 – Vision for York. Our new strategic vision will be underpinned by our founding principles of excellence, equality and opportunity for all. We are a collegiate community which believes passionately in social justice. We are applying our teaching and research for the benefit of people and society and are actively contributing to tackling the major global challenges affecting humanity, and promoting the value, purpose and relevance of higher education to society. We will publish our vision for the future early in 2020 and thereafter develop a strategic roadmap to achieve that vision.

### Principal risks and uncertainties

The University Executive Board recognises that the University operates in an increasingly uncertain environment, with a range of extraneous factors that may affect key aspects of the University strategy, so operating with a degree of risk is inevitable. A number of risks and uncertainties are covered in the previous sections of this *Annual Report and Financial Statements*.

While the University does not have an appetite for high financial exposure risks, we recognise that a degree of risk taking is required in order to deliver change across some of our core areas of activity. The

University has adopted a clear Risk Management Policy, Strategy and Assurance framework, encapsulated in the following Risk Appetite Statement:

*The University recognises that its risk appetite will change continuously over time as a response to changing circumstances. Moreover, it is not possible to quantify a single, overall risk appetite. Rather at a given point in time the University will be willing to accept additional risk in some areas (in order to achieve additional returns) and will be seeking to reduce risk in other areas.*

*Therefore the risk appetite of the University will be described by specifying the different key areas in which it is desirable to increase or decrease risk. The statement of risk appetite will be kept under review and updated as necessary.*

Overall, the University will continue to foster innovation in academic areas (teaching and research), as evidenced by a range of awards that are funding pioneering research projects such as the UK Quantum Communications Hub, the Leverhulme Centre for Anthropocene Biodiversity, the National Centre for Excellence for Language Pedagogy, XR Stories, and BioYork: further information is given on page 12.

We will at the same time seek to optimise the efficiency of how we support our academic mission. There is a low risk appetite to proceed with strategies that could damage the University's excellent reputation.

# OUR PEOPLE

The University of York continues to thrive and our success is directly attributable to our people.

In all of our academic and professional services support roles, we employ highly talented individuals who are totally committed to providing an excellent experience to all our students and to producing world-leading research.

We are coming to the end of the Human Resources Strategy 2016-19, and are proud to have delivered some significant achievements over this period of time. Highlights include:

- a comprehensive review of our approach to academic promotion;
- work to reduce our gender pay gap;
- a broader approach to the development of our professional support staff, through a revised approach to our Professional@York programme; and
- improvements to our annual individual performance and development reviews.

At the same time, we have continued to deliver valued operational HR support to the University, including handling significantly increased volumes of recruitment and compliance work. We have streamlined and digitised many of our HR processes over this period, and will continue to do this.

We will develop our next People Strategy as an integral part of delivering the new University's Strategy during 2020. It will include key strategic themes such as Health and Wellbeing, Equality and Diversity, Performance, Values, Digital HR and Talent.



**Equality and diversity are key to our success as we seek to promote inclusion in all of our activities**

Our workforce is truly international, with nearly 19 per cent of our staff coming from overseas (ten per cent EU, nine per cent non-EU), as we seek to recruit the very best talent from around the world. The prolonged situation surrounding Brexit continues to be of significant concern for our staff, although it has not affected our EU staffing numbers (which increased by one per cent over the last 12 months). We have continued to support our EU staff and their families, through regular staff forums, by providing advice and guidance where possible, and by giving access to external advice (eg legal, Citizens Advice Bureau, City of York Council). This year we have also introduced interest free loans for staff joining us from overseas, to help with visa costs.

Our approach to recruitment and our people management practices ensure we can continue to attract and retain high calibre staff across the University.

Last year we introduced the Vice-Chancellor's Inspirational Chairs programme, attracting world-leading academics to drive forward the University's research strategy and embed their teaching and research here. By securing these scholars, we are able to deliver innovative research-led teaching from the most up-to-date perspectives.

The competition for talent in the sector is high, particularly in some disciplines where we are competing with the best institutions to attract staff, particularly in this period leading up to the Research Excellence Framework 2021.

The University welcomes Professor Charlie Jeffery as the incoming Vice-Chancellor and President of the University of York. His career to date is outlined on page 48.

*“We are committed to openness and transparency over employment policies and remuneration arrangements for all of our staff.”*

### Equality and diversity

Equality and diversity are key to our success, as we seek to promote inclusion in all of our activities. We launched an Equality, Diversity and Inclusion strategy in November 2017, setting out our vision and commitment to ensure that everyone at the University is able to play an integral part in creating our working, learning, social and living environment. We want all our staff and students to participate so that we contribute collectively to the knowledge and growth of our community, celebrating our diversity and drawing on the experience and talents of everyone involved in University life.

In 2018/19 we launched an Equality, Diversity and Inclusion action plan and are making good progress on key initiatives: strengthening visibility and engagement with Equality staff networks; developing resources, good practice guides and new University web pages on equality and diversity; and establishing forums to progress equality actions, such as the Inclusive Learning, Teaching and Assessment steering group, Campus and Community Cohesion steering group, Accessibility working group and Diversity Events working group.

We have a strong record of engagement with the Athena SWAN agenda, holding 16 awards: a University Bronze, three departmental Gold, three departmental Silver and nine Bronze awards, all demonstrating our commitment to progressing gender equality. The University of York is now the first and only UK academic institution to hold three departmental Gold awards.

The University has undertaken equal pay audits for many years. Legislation requires all organisations employing more than 250 staff to publish a Statutory Gender Pay Gap. In 2018, the University had one of the lowest gender pay gaps across the Russell Group universities (19.3 per cent), and this reduced to 17.6 per cent in 2019. Like many institutions, we have some way to go to close this gap, but we are committed to making significant progress in this area, ensuring we deliver on our gender pay action plan throughout the coming year. We have a comprehensive action plan, which is an integral part of our Athena SWAN work at both University and departmental levels.

### Learning and development

We have continued to invest in learning and development for all our staff, with programmes such as on-the-job learning, support with apprenticeships, and leadership programmes for senior staff. We have increased our commitment to providing apprenticeship opportunities alongside employment, to better use our Apprenticeship Levy, and agreed priority areas and roles for the coming 12 months and beyond.

A significant proportion of our learning and development activities focus on providing leadership and personal development for our students through our York Strengths programme. The programme was delivered this year for second and third year students and was extremely well received by attendees. We also

continued our engagement with the Laidlaw Scholarship programme, from which some students have gone on to publish their research.

### Health and wellbeing

We have invested significantly in the health and wellbeing of our staff. In 2018/19 we launched our three-year Health and Wellbeing plan, with a particular emphasis on mental health. We have also made a commitment to the Mindful Employer Charter and are leading the way by adopting a Mental Health First Aid approach across the institution, with many of our academic departments taking a primary lead on this work. We have also procured a new and exciting comprehensive employee assistance programme with our partner, Health Assured.

### Trade unions

We value the role of trade unions and have worked in partnership with trade union colleagues to develop good people management practices and deliver significant programmes of change. We have recently reviewed our trade union facilities arrangements with our trade union partners and agreed some areas for change. We firmly believe that this investment enables us to work in partnership with our trade union colleagues to achieve good employee relations. This year has seen significant changes to the Universities Superannuation Scheme, with employer and member contributions increasing and further increases planned up to April 2021.

One of our Inspirational Chairs,  
Professor Daniel Watts,  
Department of Physics



We are entering the new academic year with potential industrial action in relation to these changes and in respect of the trade unions' rejection of the national pay award. This award was implemented in August 2019, awarding an increase of 1.8 per cent for most staff, increasing to 3.56 per cent for staff on lower grades (with additional pay increases for staff eligible for incremental pay progression).

The University acknowledges the benefits to be gained from trade union membership and recognises UCU, UNISON and UNITE for these purposes. It is committed to working in partnership with trade union colleagues in order to achieve fair, equal and beneficial development

of the University. In support of this aim, and in accordance with employment legislation, the University provides time off for trade union representatives. This is outlined in the agreement on Time Off and Facilities for Trade Union Duties and Activities. In accordance with the requirements of the Trade Union Act 2016, details are set out in the tables below.

### Recruiting talent

Universities are under increasing pressure to demonstrate value for money for our students. While staff costs make up a significant proportion of our budget, we are committed to openness and transparency over employment policies and remuneration

arrangements for all of our staff. The Office for Students has set out specific requirements for the publication of information about senior remuneration, along with The Higher Education Senior Staff Remuneration Code published by the Committee of University Chairs in June 2018. We have for many years adopted an open and robust approach, and an independent audit of our practice around senior remuneration governance recently gave strong assurance around our practice.

We remain committed to continuing to recruit, develop and retain the very best talent to our University and to ensuring that this is a good place to work. By doing this, we will deliver exceptional experiences for our students and truly world-class research.

Trade union facility time	1 April 2018– 31 March 2019	1 April 2017– 31 March 2018
<b>Number of employees who were relevant union officials during the period</b>		
Number of employees	25	23
Full-time equivalent	20.44	19.74
<b>Number of full-time equivalent employees for the University as at 31 March</b>	4,418	3,779
<b>Employees who were relevant union officials employed during the period spent the following percentage of their working hours on facility time</b>		
0 per cent	1	-
1-50 per cent	24	23
51-99 per cent	-	-
100 per cent	-	-
<b>Percentage of total pay bill spent on paying employees who were relevant union officials for facility time during the period</b>		
Total cost of facility time	£40,797	£37,100
Total pay bill	£202,750,000	£194,605,000
Percentage of total pay bill spent on facility time	0.02%	0.02%
<b>Number of hours spent by employees who were relevant union officials during the period on paid trade union activities</b>		
Time spent on trade union activities as percentage of total paid facility time hours	2.2%	2.0%

# GOVERNANCE

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# C O R P O R A T E G O V E R N A N C E

The Council is responsible for the administration of the revenue and assets of the University, and has general control over the University and its affairs, purposes and functions.



The University is an independent corporation with charitable status established by Royal Charter (Royal Charter Company Number: RC000679). The University's objects, powers and framework of governance are defined in the Charter and supporting Statutes. The University is committed to best practice in all aspects of corporate governance and has formally adopted the core values and primary elements set out in the Higher Education Code of Governance (the Code) as issued by the Committee of University Chairs (CUC) in December 2014.

The University's governing body, the Council, is responsible for the administration of the revenue and assets of the University, and, in accordance with the Charter, has "general control over the University and its affairs, purposes and functions".

## Statement of Internal Control

The Council has overarching responsibility for ensuring that the University maintains a sound system of internal control and for reviewing its effectiveness. This Statement of Internal Control covers the period from 1 August 2018 to 31 July 2019.

The University's internal control environment comprises the policies and procedures in place to ensure statutory compliance with the full range of obligations required of the University and specifically in relation to the prevention and detection of corruption, fraud, bribery and other irregularities.

A core aspect of the University's internal control arrangements is the University's engagement of PwC to deliver an internal audit function. The audit work carried out for the year ended 31 July 2019 comprised a 215-day risk-based programme, based on 14 internal audit reviews and two follow-up reviews.

### Council members, 2019/20

*Left to right:*

**Ms Samara Jones** (YUSU President, 2019/20)  
**Dr Karl Ditttrich**  
**Professor Duncan Petrie**  
**Professor Saul Tendler**  
**Professor Neil Audsley**  
**Ms Jo Horsburgh\***  
**Professor Charlie Jeffery**  
**Ms Denise Jagger**  
**Mrs Lindsey Fussell**  
**Professor Deborah Smith**  
**Mr Philip Carpenter**  
**Mr Richard Sommers**  
**Mr Chris Thompson**  
**Dr Rachel Curwen**  
**Mr Jeremy Lindley\***  
**Mr Sam Bayley**  
**Dr Pürnur Altay** (GSA President, 2019/20)

*Not pictured:*

**Professor Caroline Hunter**  
**Mrs Nicola Incbald**

\* The Registrar and Secretary (Ms Jo Horsburgh) and Finance Director (Mr Jeremy Lindley) are officers of the University who attend Council meetings

These reviews evaluated a wide range of internal controls including corporate governance, risk management, expenses, payroll data, research data governance, provision of Disability Services, adequacy and effectiveness of policies and procedures for statutory activities (eg GDPR, Competition and Markets Authority), and the testing of financial and other internal controls operated within each faculty, department or professional service.

The internal auditor's Annual Report, which was reviewed by the Audit and Risk Committee at its November 2019 meeting, included the auditor's opinion that governance, risk management and control, and value for money arrangements operated by the University were "generally satisfactory with some improvements required" to enhance their adequacy and effectiveness. Since adopting the CUC Governance Code when it was first issued in November 2004, the Council has undertaken self-assessments against subsequent editions and remains satisfied that the governance of the University is consistent with its provisions, in particular the "seven primary elements of governance".

With regard to risk management, the Council is of the view that an appropriate framework for identifying, evaluating and managing the University's significant risks has been in place for the year ended 31 July 2019, and up to the date of approval of the Annual Report and Financial Statements. In 2018/19 this has culminated in the review of the Risk Management Policy, Strategy and Assurance, intended to implement a more active and holistic risk management culture throughout the University. The Council is assured that the identification and

management of risk is an ongoing process linked to the achievement of institutional objectives. In addition to receipt of reports from the Audit and Risk Committee, the Council itself considers the summary Corporate Risk Register, with the full register routinely considered and updated by the University Executive Board (UEB, the main executive decision-making body, chaired by the Vice-Chancellor and President), with each corporate risk owned by UEB members. This process is informed by the Operations Group (a sub-group of UEB comprising the Heads of Professional Support services, chaired by the Registrar and Secretary).

The Audit and Risk Committee has also welcomed and supported the creation of a new Risk Review Group, chaired by the Finance Director, as a body reporting into UEB. The Group oversees and makes recommendations to UEB and onward to the Audit and Risk Committee. The Risk Management Policy, Strategy and Assurance Framework has focused on a review of the UEB-owned Corporate Risk Register and developing strengthened linkage between faculty, academic department and professional support department risk registers, as well as monitoring the effectiveness and completion of a new staff training programme which has been launched in 2018/19 and will be rolled out further in 2019/20. It is generally agreed that this is ever more essential in the current environment as the number and volatility of risks facing the HE sector are increasing. The application of risk management practices is not designed to eliminate risk exposure. It is designed to manage it within the appetite of the University. The Council is of the view that the University management has a clear understanding of these risks and is taking appropriate mitigating actions

where possible. There are no significant control weaknesses that have arisen in the reporting period to 31 July 2019 or since the year end but before these financial statements were signed.

## The University Council

The Council's annually updated schedule of business is closely linked to its formal Statement of Primary Responsibilities, which follows, including an additional reference approved by Council in November 2018 in relation to its role in ensuring a framework is in place to manage the quality of the student academic experience and academic standards.

1. To approve the mission, strategic vision, long-term academic and business plans and key performance indicators of the University.
2. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be benchmarked against other comparable institutions.
3. To delegate authority to the Vice-Chancellor and President as head of the University and to establish and keep under regular review the policies, procedures and limits within which such authority is exercised.
4. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment.
5. To ensure that an effective framework is in place to manage the quality of the student academic experience and the maintenance of standards.

6. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself, with a formal review at least once every five years.
7. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
8. To safeguard the reputation and values of the University.
9. To appoint the Vice-Chancellor and President (in consultation with the Senate), put in place suitable arrangements for monitoring his/her performance and set appropriate remuneration (through the Remuneration Committee).
10. To appoint a Secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.
11. To be the accountable financial and business authority of the University, to ensure that proper accounts are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
12. To ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
13. To receive assurance that adequate provision has been made for the general wellbeing of students.

14. To ensure that any property, legacy, endowment, bequest or gift made to the University is used to support its work.
15. To ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.

The Council meets five times a year with an additional strategic Away Day at the start of each academic year. Over the last year it has also launched a programme of departmental visits, pre-meeting briefing sessions and evening dinners with different members of the executive in order to enhance the effective interaction between governance and management activities and responsibilities. The Council also delegates responsibility to several sub-committees, the roles and business of which are described in greater detail below. Each sub-committee is formally constituted with clear terms of reference and lay (ie external) membership.

As regards membership of the Council, two new lay members were recruited at the start of the academic year, with skills in government spending/policy, regulation for consumer protection, risk management and financial services. With regard to chairing arrangements, Mr Gerard Lemos stepped down in December 2018, leading to the election by the Council of Mrs Denise Jagger (Pro-Chancellor) as his successor; her initial term as Chair has subsequently been extended for a further two-year term until July 2022.

Formal approvals signed off by the Council during the year included the following:

- the annual assurance return to the Office for Students (OfS) in respect of the continuous improvement of

the student academic experience/ outcomes and the standards of awards for which the University is responsible;

- institutional responses to Universities UK (UUK) in respect of sector consultations on the 2018 valuation of the Universities Superannuation Scheme pension scheme and related matters;
- the formal institutional response to the Independent Review of the Teaching Excellence and Student Outcomes Framework;
- the University's updated Access and Participation Plan for resubmission to the OfS;
- reappointment of the University's external audit service (KPMG);
- capital investment to repurpose the Smith & Nephew building for occupation by the Management School;
- capital investment to refurbish and expand the teaching facilities in the Hull York Medical School;
- the budget 2018/19 and medium-term plan (MTP) to 2023/24;
- progression of a new student residences project for Campus East, involving external financing and partnering;
- raising £120m through a 30-year private placement bond;
- the purchase of 50 per cent of Student Accommodation Three LLP from our partners Evans Property Group.

The Council also received annual executive reports from members of UEB, including in respect of international activity and partnerships/ knowledge exchange, and annual reports from sub-committees responsible for audit, remuneration

## University Council membership 2018/19

Secretary to Council: Jo Horsburgh (Registrar and Secretary)

Name	Position/membership category	Expiry of current term (if applicable)
<b>Mr Gerard Lemos</b>	Pro-Chancellor and Chair (until December 2018)	N/A
<b>Ms Denise Jagger</b>	Pro-Chancellor and Chair (from December 2018)	July 2022
<b>Ms Julia Unwin</b>	Pro-Chancellor (until November 2018)	N/A
<b>Mr Philip Carpenter</b>	Appointed Pro-Chancellor November 2018 in succession to Mrs Julia Unwin	July 2021
<b>Mr David Dickson</b>	Treasurer	July 2019
<b>Professor Saul Tendler</b>	Ex officio as Acting Vice-Chancellor and President	August 2019
	Ex officio as Deputy Vice-Chancellor (from September 2019)	N/A
<b>Professor Deborah Smith</b>	Ex officio as Acting Deputy Vice-Chancellor	August 2019
	One Pro-Vice-Chancellor elected by Senate	July 2020
<b>Professor Caroline Hunter</b>	Elected by Senate	July 2020
<b>Professor Neil Audsley</b>	Elected by Senate	July 2021
<b>Professor Duncan Petrie</b>	Elected by Senate	July 2021
<b>Mr Sam Bayley</b>	Elected by support staff	July 2020
<b>Dr Rachel Curwen</b>	Elected by support staff	July 2021
<b>Mr James Durcan</b>	President of the Students' Union	July 2019
<b>Ms Sehrish Shafi</b>	President of the Graduate Students' Association	July 2019
<b>Mr Chris Thompson</b>	Co-opted lay member and Deputy Treasurer	July 2022
<b>Dr Karl Dittrich</b>	Co-opted lay member	July 2023
<b>Dr Christopher Dye</b>	Co-opted lay member	July 2019
<b>Mrs Caroline Thomson</b>	Co-opted lay member (until January 2019)	N/A
<b>Mrs Lindsey Fussell</b>	Co-opted lay member	July 2020
<b>Mrs Nicola Inchbald</b>	Appointed by University Court	July 2023
<b>Mr Richard Sommers</b>	Appointed by University Court	July 2020

and health, safety and welfare. At each meeting consideration was also given to aspects of institutional key performance indicators; Council effectiveness and engagement (board development activities); re-modelling of the Council's Urgent Decisions Group and Ethics Committee (outlined later in this section); annual report to the OfS on University compliance with the statutory Prevent Duty; data on research income and student complaints in 2017/18; international student mobility; launch of the new institutional partnership with Maastricht University; launch of the York Unlimited fundraising campaign; student recruitment against planning targets; stress testing and scenario planning in respect of financial resilience and the University preparedness for the UK's exit from the EU.

A major responsibility of the Council is the appointment of the head of institution. Following Professor Koen Lamberts' announcement in June 2018 that he would be leaving the University on 31 October 2018 to take up the new post of Vice-Chancellor at the University of Sheffield, the Council initiated the process to identify and appoint his successor through the establishment of a Joint Committee with the University Senate (as required by the University Statutes). With the assistance of a specialist executive search firm, the Joint Committee followed a rigorous process in accordance with CUC best practice guidelines and on 1 April 2019 the Council was pleased to approve its unanimous recommendation that Professor Charlie Jeffery (Senior Vice-Principal, University of Edinburgh) be appointed as the University's next Vice-Chancellor and President with effect from 1 September 2019.

## Council sub-committees

**The Senate** (*Chair: Vice-Chancellor and President*) is the apex of the academic governance of the University; it oversees and regulates the academic work of the University in both teaching and research, and approves policy, regulation and procedures governing this activity, including student discipline. The Senate is responsible for providing assurance to Council in relation to all matters of academic quality and standards, the student academic experience and outcomes, ratifying the award of academic qualifications of the University, determining the criteria for student admissions and all other matters delegated to it from the Council.

**The Appointments Committee** (to be retitled Nominations Committee from 2019/20, *Chair: Chair of Council*) considers nominations for lay member vacancies on the Council and its sub-committees. In the last year it has paid particular attention to the skills mix of the Council and initiated a formal process supported by specialist recruitment consultants to identify several new lay members who will be required from 2019/20 to maintain the required lay majority on the governing body.

**The Audit and Risk Committee** (*Chair: lay member of Council*) comprises lay people not directly concerned with the financial management of the University and meets four times each year. At a joint annual meeting with the Finance Committee it reviews the *Annual Report and Financial Statements*, including the University's response to the external auditor's annual management letter. Advised by the internal audit service, the Committee

also reviews the effectiveness of the system of internal control, including risk management, and ensures that arrangements are in place to promote value for money. In March 2019 the Audit and Risk and Finance Committees also held a joint briefing event to consider in greater detail the key issues in higher education, risks associated with Brexit and assessment of financial sensitivities.

**The Remuneration Committee** (*Chair: Deputy Treasurer*) determines the remuneration of the University's most senior staff, including the Vice-Chancellor and President (who is not a member of the Committee). Following a comprehensive review of its modus operandi in 2017/18, the Committee has reviewed its arrangements to ensure they are consistent with the elements in The Higher Education Senior Staff Remuneration Code published by the CUC in June 2018, related OfS disclosure requirements, including strengthened internal reporting to the Council and external disclosure on matters of senior remuneration governance. See the Remuneration report on page 43 of this document. The Committee will continue to monitor and respond to developments within its remit, including any further requirements in respect of senior remuneration emerging from the OfS.

**The Equality, Diversity and Inclusion Committee** (*Chair: Registrar and Secretary*) has continued to oversee the development and implementation of the University's equality strategy, including ensuring its alignment with other related strategies. It also plays an important oversight role as regards the University's submissions for departmental and institutional Athena SWAN awards.

**The Finance Committee** (*Chair: University Treasurer*) considers the financial implications of the University's strategic plans as well as the annual budget and the medium-term financial forecast. It also reviews the University's borrowing strategy and the financial aspects of any projects deemed to have significant budgetary implications.

**The Estates Committee** (*Chair: lay member of Council*) is a relatively new sub-committee of the Council with responsibility for keeping under review the development, condition, aesthetic, utilisation and performance of the University estate. It also monitors the four-year estates capital plan and the performance of the University estate against internal targets and sector norms.

**The Ethics Committee's** terms of reference and constituency were reviewed by an external consultant during 2017/18 and recommendations

arising from this review were approved by the Council in November 2018. From 2019/20 a new governance structure for corporate ethics and academic ethics and compliance will be put in place, with responsibility for research ethics passing to a new sub-committee under the University Research Committee and a new Governance and Ethics Committee established to consider non-academic ethical issues (eg in respect of 'corporate' ethics such as conflicts and disclosures of interest, gifts and hospitality, responsible procurement and investment, fundraising, whistleblowing).

**The Student Life Committee** (*Co-Chairs: Registrar and Secretary and the President of the University of York Students' Union*) is a joint Committee of the Senate and Council and considers a range of business relating to the student experience at the University. Key topics considered over the year include fitness to study/attend policy, safeguarding policy and procedures,

various student surveys and a planned review of the Student Life Strategy.

**The Health, Safety and Welfare Committee** (*Chair: senior academic*) maintains oversight of the University's compliance with health and safety legislation and other relevant statutory reporting requirements (eg the government's counter-terrorism 'Prevent' agenda). It submits a detailed annual assurance report to the Council on all aspects of its remit.

**The Nominations Committee** (to be retitled Honorary Associations Committee from 2019/20, *Co-Chairs: Vice-Chancellor and President and Chair of Council*) considers nominations for the award of honorary degrees and membership of the University Court, making recommendations to the Council against agreed criteria. The Committee has recently developed a more rigorous approach to due diligence of honorary degree nominees.

## Public benefit statement

The University has had regard to the Charity Commission's guidance on public benefit, as required by the Charities Act 2011. The University provides public benefit principally through the teaching of undergraduate and postgraduate students and through the advancement of knowledge by research.

The primary beneficiaries are the students who are directly engaged in learning at the University. Students are offered places solely on the basis of academic merit. The University attracts large numbers of students from non-traditional backgrounds. Other beneficiaries include companies, public bodies and charities which employ York graduates; members of the local community who make use of University facilities, participate in continuing education courses and attend lectures, concerts and other events; and the wider public, which benefits from the University's world-leading contribution to research in the sciences, social sciences and humanities.

The University also makes a significant contribution to the economy through knowledge transfer and by stimulating investment and business activity. The University is committed to supporting students financially on the basis of need. It provides an extensive range of bursaries and scholarships, as well as a financial hardship fund for students.



An Electronic Engineering student working in the Department's Clean Room designed for the preparation, fabrication and measurement of micro- and nano-scale devices

## REMUNERATION

This report outlines the responsibilities of the Remuneration Committee, covering the period 1 August 2018 to 31 July 2019, and outlines the approach used to determine remuneration for the incoming Vice-Chancellor and President.

The Remuneration Committee is a formal sub-committee of the University Council. This report outlines the responsibilities of the Committee and has been prepared to comply with Element III (Transparency and accountability) of The Higher Education Senior Staff Remuneration Code published by the Committee of University Chairs (CUC) in June 2018.

This report covers the period 1 August 2018 to 31 July 2019 to align with the financial reporting period and disclosures made within this *Annual Report and Financial Statements*.

The Remuneration Committee, under delegated authority from Council, determines the remuneration of senior post holders of the University as noted below:

- Vice-Chancellor and President
- Deputy Vice-Chancellor and Provost
- Registrar and Secretary
- Finance Director
- Pro-Vice-Chancellor Research
- Pro-Vice-Chancellor Teaching, Learning and Students
- Pro-Vice-Chancellor Partnerships and Engagement

- Pro-Vice-Chancellor International Development
- Dean of the Faculty of Arts and Humanities
- Dean of the Faculty of Sciences
- Dean of the Faculty of Social Sciences

The Terms of Reference, membership and meeting schedule for the Remuneration Committee are published on the University website at [york.ac.uk/about/departments/support-and-admin/registrars-secretary/remuneration](http://york.ac.uk/about/departments/support-and-admin/registrars-secretary/remuneration).

The Terms of Reference reflect the guidance provided by The Higher Education Senior Staff Remuneration Code.

Members of the Remuneration Committee are nominated by the University Nominations Committee and appointed by Council. While the Chair of Council is a member of Remuneration Committee, they are not the Chair of the Committee. In addition to the Council members, another external member is recruited to provide independent advice.

The Vice-Chancellor and President is not a member of Remuneration Committee; however they will attend to present a paper on the performance of, and remuneration proposals for, their direct reports, namely the senior post holders noted above. They will also attend for any matters where it is appropriate for the Vice-Chancellor and President to provide the perspective of the University Executive Board. No individual is in attendance when their own remuneration is discussed.

This report also presents information regarding the Remuneration Committee's consideration of remuneration matters associated with the resignation and departure of the previous Vice-Chancellor and President, Professor Koen Lamberts, from 31 October 2018 and the subsequent appointment of Professor Saul Tendler as interim Vice-Chancellor and President from 1 November 2018. It also provides information regarding the approach used by the Remuneration Committee to determine the remuneration for the incoming Vice-Chancellor and President, Professor Charlie Jeffery, who took up his role on 1 September 2019.

*“Terms of Reference of the Remuneration Committee reflect The Higher Education Senior Staff Remuneration Code published by the Committee of University Chairs.”*



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Mentoring  
Workshops  
Events

## Approach to remuneration

### Competitive environment

The University of York is a member of the Russell Group of 24 leading UK universities which are committed to maintaining the very best research, an outstanding teaching and learning experience and unrivalled links with the corporate and public sector.

It has over 18,000 students on its programmes, employs over 4,000 staff and has a turnover of £392m, making it a major employer in the local area.

The University, along with other institutions in the sector, is experiencing significant challenges in an increasingly competitive environment both in the UK and internationally. The sector is experiencing financial challenges, including uncertainties about student funding policy, concerns about the sustainability of the Universities Superannuation Scheme (USS) and lack of clarity surrounding Brexit and immigration policy, all of which have a very direct impact on the University of York's operations.

### Remuneration approach

Against this context, the Remuneration Committee recognises that the University needs to offer sufficiently competitive remuneration to attract and retain the most talented staff, particularly senior leadership and academic staff. It is committed to ensuring that its decisions are informed by relevant and robust external market data, are cognisant of gender pay considerations and also relativities of any remuneration increases to those received by other staff at the University.

The University of York has Strategic Remuneration Principles that set out the University of York approach to managing remuneration decisions for all staff outside the National Pay Framework. These principles acknowledge the importance and challenge of attracting and retaining the talent required to deliver the University Strategy and the importance of rigour and transparency in relation to remuneration decisions, and they reflect The Higher Education Senior Staff Remuneration Code.

The four principles are:

- attracting and retaining talent;
- recognising performance and contribution;
- delivering value for money;
- fairness, equality and transparency.

In addition, the University has an agreed protocol set out in a Remuneration Governance Framework that defines accountabilities for decisions on senior remuneration. In particular, the Remuneration Committee oversees all decisions relating to individuals where remuneration is over £100,000.

## Remuneration Committee activity

### May

At its May meeting, the Remuneration Committee gives consideration to the budget made available for senior staff and the proposed approach for distribution.

The University of York is a member of the Universities and Colleges Employers Association and as such, participates in national pay negotiations. Our policy is to not

*“Our Remuneration Principles acknowledge the importance and challenge of attracting and retaining the talent required to deliver the University Strategy.”*

implement the outcomes of national pay negotiations for senior post holders; however, the Remuneration Committee considers the levels of increase provided for other University staff, through the national pay award and also through contractual incremental pay, to ensure parity of remuneration budget and spend.

**October**

At its October meeting the Remuneration Committee considers and proposes any pay awards for senior post holders.

**Vice-Chancellor and President**

The Chair of Council provides the Remuneration Committee with a report on the performance of the Vice-Chancellor and President against their personal objectives and in relation to the performance of the University. The Committee considers this information along with external market data noted below and relativities of pay award to that received by other staff at the University when making their decision on pay for the Vice-Chancellor and President.

**Senior post holders** Following input from the Vice-Chancellor and

President, the Committee considers the performance of all senior post holders over the previous year, the external market data noted below, internal relativities, gender pay considerations and relativities of pay award to that received by other staff at the University to inform their pay decisions for this group.

**Extraordinary meetings**

Following his resignation, Professor Koen Lamberts left the University on 31 October 2018. Professor Saul Tendler was appointed as Acting



Social and informal work spaces enable valuable opportunities for engagement

Vice-Chancellor and President while a recruitment process progressed to identify the new Vice-Chancellor and President.

The Remuneration Committee met on three occasions to discuss the remuneration for the new Vice-Chancellor and President. The Committee noted the external context around senior remuneration in higher education institutions, and the importance of achieving the right balance between providing an attractive remuneration package, in order to attract the calibre of candidates, against the need to consider restraint of senior pay within both the institution and more widely across the sector. The Committee also reviewed external benchmark data to inform their decision. The Committee provided the University Council with a report on its consideration of remuneration for the new Vice-Chancellor and President.

The remuneration agreed for Professor Charlie Jeffery is published on the University website: [york.ac.uk/about/departments/support-and-admin/registrars-secretary/remuneration](http://york.ac.uk/about/departments/support-and-admin/registrars-secretary/remuneration).

The Committee agreed that the previous provision of accommodation in the Vice-Chancellor's House would be discontinued.

## Other remuneration

### Bonus

The University of York does not operate a performance-related bonus scheme for any staff, other than administering awards made under the

NHS scheme for some senior clinicians and different schemes in operation within the University's wider group.

### Grading

The University operates a grading system for all staff at the University; for senior post holders this is underpinned by the Hay job evaluation methodology.

### Pension

Senior post holders have access to the same pension schemes as other employees, namely the Universities Superannuation Scheme and if relevant, the NHS Pension Scheme.

### Other benefits

No other benefits are provided.

## Sources of market data

The Remuneration Committee draws data from the following sources to support its remuneration decisions for senior members of staff:

- the Korn Ferry Hay Russell Group Pay Survey which compares remuneration data for the 23 institutions that participate in the survey;
- the Universities and Colleges Employers Association's Senior Staff Remuneration Survey;
- internal analysis of pay relativities and gender pay considerations;
- expert searches which may be commissioned to support recruitment to specific roles.

## Pay multiples

The following tables show the relationship between the remuneration of the Vice-Chancellor and President and the median value for all other staff at the University. The figures are presented for both Professor Koen Lamberts and Professor Saul Tendler, to recognise the transition following Professor Lamberts' resignation.

### Professor Koen Lamberts

(1 August 2018–31 October 2018)

	2018/19	2017/18
Basic salary*	9.6	9.0
Total remuneration*	10.9	10.9

### Professor Saul Tendler

(from 1 November 2018)

	2018/19	2017/18
Basic salary*	7.7	-
Total remuneration <sup>†</sup>	8.2	-

\*Calculated on full-time/full-year equivalent basis for Vice-Chancellor and President and all staff

<sup>†</sup>External income: Professor Tendler conducted a review of Konstanz University in 2018 for a German government agency. For this work, Professor Tendler received a payment of £1,194.11. The entire amount received by Professor Tendler for this work was donated to the University of York's Equal Access Scholarship Scheme.

## Institutional performance

The Vice-Chancellor and President's remuneration package reflects the level of responsibility and skills required to maintain the reputation of a dynamic institution such as the University of York and is commensurate with the leadership strengths required to sustainably guide the University through the challenging and uncertain future facing the UK higher education sector.

The scale, complexity and success of the institution are also factors in determining the salary of the Vice-Chancellor and President. There is no one silver bullet that can deliver a successful university, but the role of the Vice-Chancellor and President in harnessing and unleashing the individual and collective strengths of all of its staff and students has been integral to the success of the University of York.

Since 2014 the University has gone from strength to strength, delivering on a range of strategic initiatives that have enabled us to increase our income from research and teaching. This has resulted in a rapid improvement in a range of key performance indicators over the past five years, including:

- growing the University turnover by 28 per cent;
- improving net cash from operating activities by 44 per cent;
- decreasing debt, as a proportion of income, from 52 per cent to 36 per cent;
- increasing income from research by 43 per cent.

The University's recent awards and accolades are mentioned in the Community section of this *Annual Report and Financial Statements*, starting on page 6.

## External appointments and expenses

### External appointments

The University of York policy on Work with Outside Bodies by Members of University Staff is provided on the University website at: [york.ac.uk/staff/research/governance/research-policies/policy-for-work-with-outside-bodies](http://york.ac.uk/staff/research/governance/research-policies/policy-for-work-with-outside-bodies).

### Expenses policy

The University has a stated expenses policy that applies to all staff including senior post holders. Expenses claimed by senior post holders and other members of the University Executive Board are provided on the University website.

## Professor Charlie Jeffery

Professor Charlie Jeffery became Vice-Chancellor and President at the University of York in September 2019. He joined us from the University of Edinburgh where he had been Senior Vice-Principal since 2014. Prior to that, he was Vice-Principal (Public Policy), having been Professor of Politics at Edinburgh since 2004.

Professor Jeffery's portfolio at Edinburgh spanned the development of strategy and policy, including roles in strategic and financial planning, student experience, and internal engagement and communications. He also had overarching responsibility in external relations, including economic development, widening participation, public affairs and international strategy.

His key achievements include driving interdisciplinary collaborations, like the positioning of Edinburgh's expertise in data science to underpin a regional economic vision. He also played a pivotal role in the development of the £1.3bn Edinburgh City Deal that included a £237m government investment in Edinburgh's Data Science programme.

## Remuneration Committee meetings 2018/19

In the 2018/19 financial year the Remuneration Committee met on the following dates. Individuals attending each meeting are shown in the table.

12 October 2018	15 November 2018 (Extraordinary)	8 March 2019 (Extraordinary)	21 March 2019 (Extraordinary)	25 March 2019 (Extraordinary)	13 May 2019
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### Remuneration Committee members

<b>Chris Thompson</b> Deputy Treasurer Interim Chair of Remuneration Committee						
<b>Denise Jagger</b> Chair of Council (ex officio)						
<b>Philip Carpenter</b> Lay member (internal)						
<b>Claire Wesley</b> Lay member (external)						
<b>David Dickson</b> Treasurer						
<b>Gerard Lemos</b> Chair of Council (until December 2018)						

### In attendance

<b>Saul Tendler</b> Acting Vice-Chancellor and President (except for matters in relation to their own salary)	Attended in the capacity of Deputy Vice- Chancellor for presentation of Remuneration Sub-Group activity only					
<b>Jo Horsburgh</b> Registrar and Secretary (except for matters in relation to their own salary)						
<b>Joss Ivory</b> Director of Human Resources						

 Attended  Not applicable

# FINANCE

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## Financial review

The University remains in a strong position, with growing student numbers combined with increasing teaching and research income.

These financial statements have been prepared on a consolidated basis and include the University of York, its subsidiary undertakings and a share of the results of its joint operations. The activities of the subsidiaries and joint operations include letting accommodation to students, provision of utilities services, conferencing, renting of commercial spaces to research companies, operating York Sports Village, and the education of international students in our International Pathway College.

The University has recorded a deficit of £57m in 2018/19 due to an exceptionally large increase (£73m) in the provision for the Universities Superannuation Scheme. All universities involved in the Universities Superannuation Scheme are likely to report increases in their pension provisions. Excluding the significant movement in the Universities Superannuation Scheme pension provision, the operating surplus was £16m, which is an improvement on the surplus of £15m recorded in 2017/18 and reflects the strong underlying finances of the University, and growing student numbers combined with increasing teaching and research income. The increase in the pension provision has not affected the cash position of the institution. The University has never been in such a solvent position with

- £144m in liquid assets;
- net liquidity days of 128 days;
- current ratio of 2.1.

The cash balances of the University have been intentionally grown to

provide a buffer against current financial uncertainties. These include Brexit, proposals to change domestic undergraduate tuition fee limits, the Universities Superannuation Scheme and proposals for higher than inflation pay rises. It is hoped that these uncertainties will satisfactorily resolve themselves so that these funds may be reinvested in teaching, research and similar activities.

### Universities Superannuation Scheme

The Universities Superannuation Scheme pension fund is a university sector-wide pension scheme which has a significant deficit. In order to mitigate the deficit, the Universities Superannuation Scheme has adopted a recovery plan which has resulted in increased contributions from both employers and employees.

The University's share of the Universities Superannuation Scheme was calculated using an approach that has been adopted consistently across the higher education sector. The methodology estimates the present value of the deficit contributions to be made to the Universities Superannuation Scheme by the University. The adoption of the deficit recovery plan led to an exceptionally high charge (£73m) to the statement of comprehensive income and expenditure and an increase in the balance sheet provision by the same amount.

This charge has arisen as the deficit recovery contributions to the Universities Superannuation Scheme increased from 2.1 per cent to 5 per cent of relevant salaries – a 138 per

cent increase, arising from the March 2017 valuation. While not the only factor, it is the main contributor to the large increase in the provision and the requirements for the charge.

The March 2018 valuation of the Universities Superannuation Scheme has been concluded. There is an increase in the employers' deficit contributions from 5 per cent to 6 per cent of relevant salaries. At the same time, the period over which the deficit contributions are due will fall from 15 years to nine years. As such, in 2019/20 (assuming other factors remain equal) the University will have a credit to its statement of comprehensive income and expenditure of £46m, reducing the provision to £62m. Under current accounting standards this credit cannot be reflected in the 2018/19 accounts. If this were included in the 2018/19 financial statements, the University would show a deficit of £11m rather than £57m and net assets would be £367m rather than £321m.

The Universities Superannuation Scheme is proposing to undertake a further triennial actuarial review as at 31 March 2020. Given the significant volatility of the pension provision, the University may see further material charges in the University's accounts. Under the current regulatory arrangements, the outcome of the March 2020 valuation should be reported by June 2021 and be included in the University's accounts for that year.

### Tuition fee income

Tuition fees represent a significant proportion of the University's total income at 48 per cent.

Overall, tuition fees increased by 6 per cent when compared to 2017/18. This was due to a 3 per cent increase in student numbers combined with increases in tuition fees and changes in the composition of the student population.

There has been a decline in students from the EU, which may be due to the continued uncertainty surrounding Brexit.

#### Funding body income

The University received teaching grants from the Office for Students amounting to £9m and general research grants from Research England totalling £23m. The level of specific grants from these bodies has remained constant at about £11m per annum.

#### Research income

Research income increased by 21 per cent to £86m in 2018/19. Over half (54 per cent) of this funding came from the UK Research Councils and 10 per cent from the European Union. The proportion of research funding sourced from the EU fell by 3 per cent, however this was matched by a 3 per cent increase in UK funding.

Significant funding awards were made this year to advance pioneering areas of research where the University has already established a global reputation for success.

The University was awarded £16m of capital grants in the year. These grants have been included in research grant income and relate to:

- £11m from UK Research Partnership Investment Fund for the Assuring Autonomy International Programme;

- £2m from the Engineering and Physical Sciences Research Council for the UK National Quantum Technologies Programme;
- £3m from the Engineering and Physical Sciences Research Council for the project Aberration-Corrected Scanning Transmission Electron Microscope with Atomic Resolution Spectroscopy under Controlled Environmental Conditions.

#### Other income

Other income includes income from residences, catering, conferences, retail outlets, specific grants, facilities hire, consultancy and similar activities. The total of these sources of income increased by £1m in 2018/19 which was a 1 per cent increase on the previous year.

#### Staff costs

Staff costs (excluding pension provision movements) increased by 8 per cent between 2017/18 and 2018/19. This was due to a 7 per cent increase in staff numbers, combined with pay rises, increases in pension and national insurance contributions and apprenticeship levy costs.

#### Other operating expenditure

Other operating expenditure covers a broad range of cost categories, including education support, bursaries, research expenditure, estates, accommodation and catering.

These costs remained fairly constant which contrasts with the 11 per cent increase seen in 2017/18.

Operating costs fell as a percentage of income from 32 per cent to 30 per cent, reflecting the continued drive to increase the efficiency of the University.

# £144m

Cash at 31 July 2019

# £392m

University income

#### Interest and other finance costs

During the year the University issued a bond for £120m, which allowed the University to repay some of its existing loans and interest rate swaps. The increased interest financing cost reflected the interest on the new bond and the interest costs arising from the University's new subsidiary, Student Accommodation Provision Three LLP (£2m). The interest costs in 2017/18 included a favourable movement in the market value of the interest rate swap arrangements.

#### Joint ventures

In 2018/19 the University purchased the remaining 50 per cent of Student Accommodation Provision Three LLP (Constantine College) from its joint venture partner. This resulted in the conversion of the entity from a joint venture to a subsidiary in the Group accounts. As a result, there was a fall in the University's share of joint venture profits from £7m in 2017/18 to £3m in 2018/19.

## Balance sheet

### Fixed assets

During the year the University continued with its capital programme. The major areas of expenditure in 2018/19 related to the ongoing development of Central Hall, IT infrastructure upgrades and expansion of the high performance computing facilities.

In addition to the normal fixed asset purchases, tangible fixed asset additions included the purchase of Constantine College (£12m) which was acquired as part of the purchase of Student Accommodation Provision Three LLP.

During 2018/19 the accounting treatment of the University's investment properties was reviewed. It was concluded that these properties should be classified as operational properties. As a consequence £11m was reclassified at deemed cost to property plant and equipment.

### Investments

The University investment portfolio had a substantial restructure during the year, following a decision to divest from all non-renewable energy investments. This decision resulted in the sale of stock market funds which included non-renewable energy investments. The proceeds were reinvested in a more sustainable share portfolio.

### Cash

Cash and similar investments increased by 76 per cent to £144m from £82m. The University is seeking to maintain a robust cash balance to help manage the risks that have arisen due to the

various uncertainties, such as the effects of Brexit and the Augar Review, that currently exist within the sector.

The cash generated over the last three years was £96m. At the balance sheet date the liquidity position was sufficient to cover 128 days of expenditure (2017/18 93 days).

### Working capital

Net current assets saw an increase from £34m in 2017/18 to £113m in 2018/19 due to the cash from the bond issue being held on the balance sheet for future projects.

Within debtors there was a significant increase in prepayments and accrued income arising from capital grants that were awarded to the University in the year. The cash from these grants will be received in future years.

Overall, short-term creditors remained comparable with 2017/18. Although the overall balances did not move significantly, there was a £4m reduction in the amount of loans due under one year and a £4m reduction in trade creditors. These were offset by increases in income received in advance relating to specific and research grants.

### Loans

In December 2018 the University issued a bond for £120m. These funds were used to purchase Student Accommodation Provision Three LLP and to repay the European Investment Bank loan, the Royal Bank of Scotland loan and their related interest rate swaps. The remaining balance was included in cash at the year end. The new bond is for 30 years with a bullet payment due in 2048. The interest rate on the bond is fixed at 3 per cent.

### Pension deficit provisions

The University has made a substantial provision for the deficit in the Universities Superannuation Scheme in line with many universities.

In addition, the provision, for accounting purposes, in respect of the University of York Pension Fund has increased significantly from £4m in 2017/18 to £31m. The liabilities have increased by £35m due to actuarial losses (calculated on accounting basis) and the inclusion of a 1 per cent allowance in respect of the Lloyds guaranteed minimum pension equalisation case. The scheme assets have grown by £4m which reflects the investment returns achieved in the year. On a statutory actuarial funding basis the University of York Pension Fund has a surplus of £17m at 31 July 2019.

### Reserves

The level of University reserves has declined in the year to £321m due to the increase in pension provisions. The reserves are considered to be adequate to support the University operations.

## Cash flow

The University generated £36m from its operating activities which compares with £40m in 2017/18. These funds were used to finance the purchase of fixed assets (£15m) and to increase the balances held in order to provide resilience against future unexpected events and reinvestment in University activities.

## Conclusion

The University has continued to grow, despite operating in an increasingly uncertain and challenging external environment. The trading surplus (excluding pension provisions) and operating cash flows continued to provide the necessary funds for reinvestment in the University. The restructuring of the loan portfolio also provided a welcome increase in the cash balances set aside for future investment and to provide stability in a challenging world.

The financial scenario planning and stress testing undertaken by the University indicates that there are large external uncertainties which may need to be addressed in the near future: in particular, Brexit, full or partial adoption of the Augar Review, the stability of the Universities Superannuation Scheme and the outcome of the current staff pay discussions. In the face of the unprecedented series of large uncertainties, the University has adopted a financially cautious stance. The solvency position has never been as strong and substantial cash reserves are available, if required, to undertake material restructures in response to the resolution of these uncertainties.

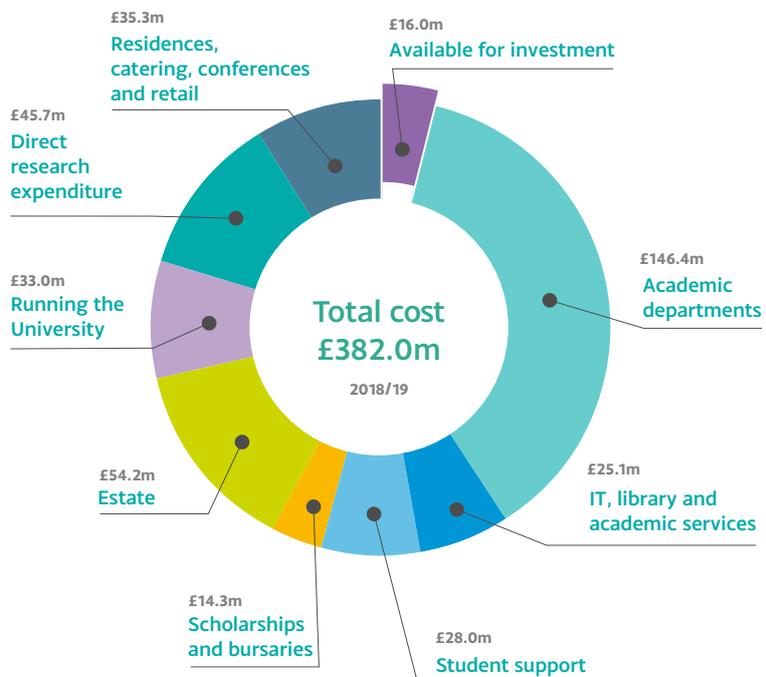
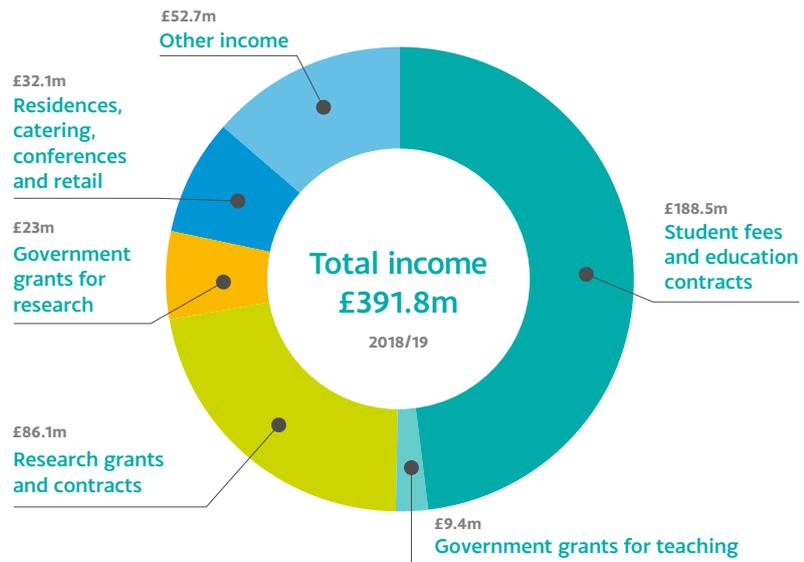
In the meantime the underlying fundamentals of the University are strong, with growing student numbers combined with increasing teaching and research income. The academic reputation of the University both nationally and internationally is held in high repute by research collaborators, students and other customers. Together with its best ever solvency position, this will enable the University to drive and direct its own destiny.



## Summary of funding and expenditure

The University draws on a variety of income sources to support its work, including student fees, government grants, donations, borrowing, and self-generated income through commercial activities. Through a whole-system approach, this income is used to support a wide range of activities across teaching and learning, cutting-edge research, knowledge exchange and community engagement. Research-led teaching and learning excellence, an outstanding student experience and successful outcomes for our students are at the centre of everything we do.

The figures, which exclude the Universities Superannuation Scheme provision, show the wide variety of income sources and broad categories of expenditure that allow the University to support its core activities of teaching, research and knowledge exchange.



## Accounting responsibilities of the Council of the University of York

The University Council is responsible for preparing the Annual Report and the financial statements in accordance with the requirements of the Office for Students and Research England's terms and conditions of funding and applicable law and regulations.

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

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

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

The University Council is responsible for keeping proper accounts and records in relation to the accounts. It is responsible for such internal control as it determines is necessary to enable the preparation of financial

statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The University Council is also responsible for:

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

## Independent auditor's report

We have audited the financial statements of the University of York ("the University") for the year ended 31 July 2019 which comprise the consolidated and University statement of comprehensive income and expenditure, consolidated and University statement of changes in reserves, consolidated and University balance sheets, consolidated cash flow statement and related notes, including the statement of principal accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2019, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2015 Statement of Recommended Practice - Accounting for Further and Higher Education; and
- meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students.

### Basis for opinion

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

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

### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by Council, such as the fulfilment of contractual obligations and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the University's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the University's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for the University and this is particularly the case in relation to Brexit.

### Going concern

The Council has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group

and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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

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

### Other information

The Council is responsible for the other information, which comprises the strategic review and the financial review and the corporate governance statement. Our opinion on the financial statements does not cover the other information

and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

#### Council responsibilities

As explained more fully in their statement set out on page 57, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities

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

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

#### Report on other legal and regulatory requirements

We are required to report on the following matters under the Office for Students and Research England Audit Codes of Practice issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes; and
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them.

#### The purpose of our audit work and to whom we owe our responsibilities

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

**Clare Partridge**  
for and on behalf of **KPMG LLP,**  
Statutory Auditor

Chartered Accountants  
1 Sovereign Square, Leeds LS1 4DA  
18 November 2019

Rachel, a student supporter of the York Unlimited campaign, pictured at Thin Ice Press, the University's letterpress studio

# ACCOUNTS

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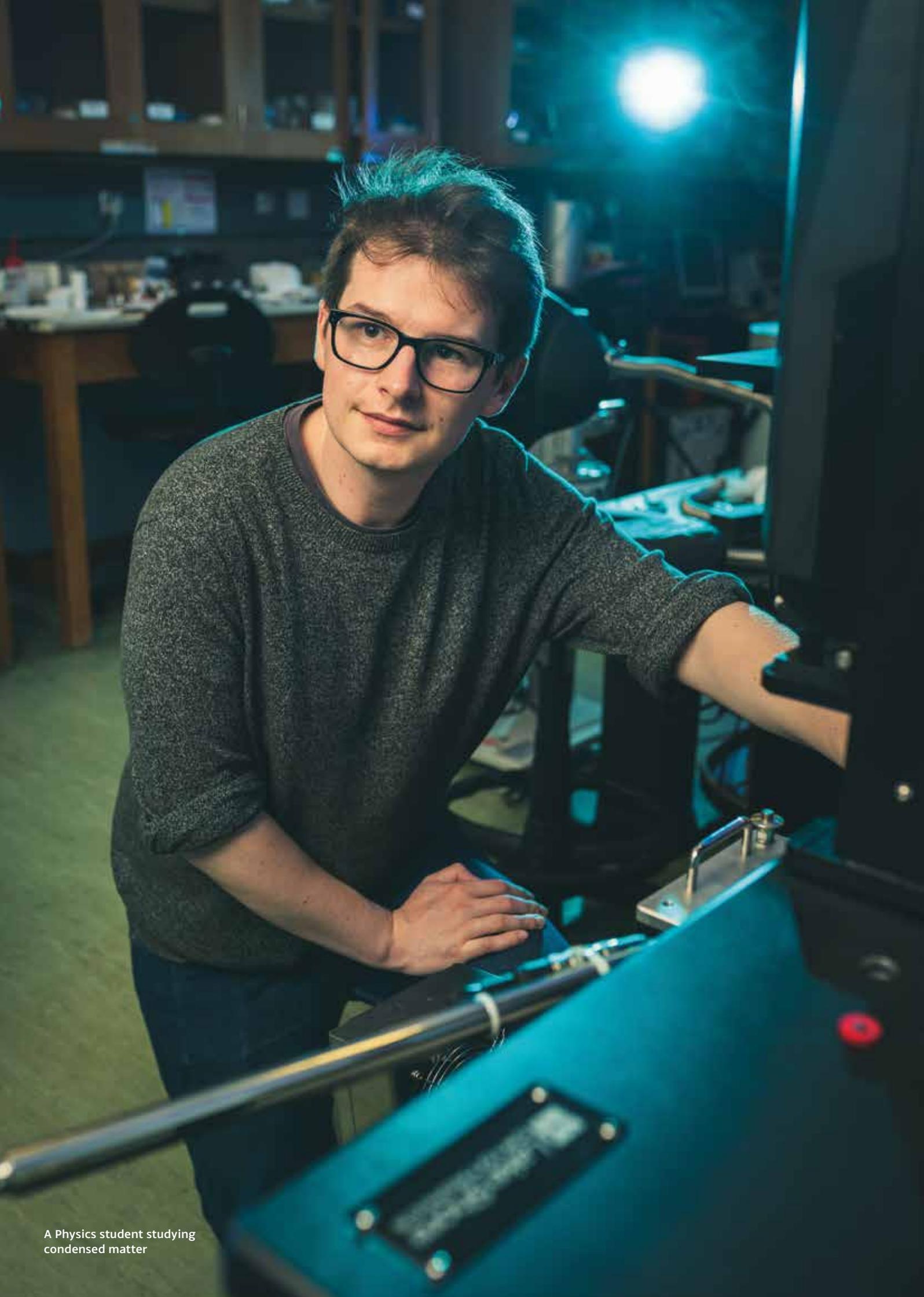
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A Physics student studying condensed matter

## Statement of principal accounting policies

### 1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of derivative financial instruments, investment properties, and joint ventures).

### 2. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2019. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation. The consolidated financial statements do not include the income and expenditure of the Students' Union and the Graduate Students' Association as the University does not exert control or dominant influence over policy decisions. Associated companies and joint ventures are accounted for using the equity method.

### 3. Income recognition

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

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

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

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

Donations and endowments with donor-imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions, at which point the income is released to general reserves through a reserve transfer. Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments are recorded in income in the year in which they arise and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

Four main types of donations and endowments may be identified within reserves.

- Restricted donations: the donor has specified that the donation must be used for a particular objective.
- Unrestricted permanent endowments: the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
- Restricted expendable endowments: the donor has specified a particular objective other than the purchase or construction of tangible fixed assets and the University has the power to use the capital.
- 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.

#### 4. Capital grants

Capital grants are recognised in income when the University is entitled to the funds subject to any performance-related conditions being met.

#### 5. Accounting for retirement benefits

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the University of York Pension Fund (UoYPPF) and the People's Pension Scheme. Both Universities Superannuation Scheme and University of York Pension Fund are defined benefit schemes and are externally funded. The People's Pension Scheme is a defined contribution scheme.

##### Defined contribution scheme

A defined contribution scheme is a post-employment benefit scheme under which the University 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 schemes are recognised as an expense in the income statement in the periods during which services are rendered by employees.

##### Defined benefit schemes

Defined benefit schemes are post-employment benefit schemes other than defined contribution schemes. Under defined benefit schemes, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk

(that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University.

The University recognises a liability for its obligations under defined benefit schemes net of scheme 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 scheme assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus, either through reduced contributions in the future or through refunds from the scheme.

##### Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members) as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set.

The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 Employee Benefits, the institution therefore accounts for

the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the statement of comprehensive income and expenditure represents the contributions payable to the scheme. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised. The University will continue to account for the existing agreement until a new agreement is in place.

#### 6. Employment benefits

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

#### 7. Finance leases

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

## 8. 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.

## 9. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in surplus or deficit.

## 10. Fixed assets

Fixed assets are stated at cost/ deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 Further Education and Higher Education Statement of Recommended Practice are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

### Land and buildings

Land and buildings (except for investment properties) are measured using the cost/deemed cost model. Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful lives (maximum 50 years). Temporary buildings are depreciated over 10 years on a straight-line basis.

Leasehold land and buildings are depreciated over the life of the lease up to a maximum of 50 years. No depreciation is charged on assets in the course of construction.

### Equipment

Equipment, including computers and software, costing less than £20,000 per individual item is recognised as expenditure. Capitalised equipment costing more than £20,000 per individual item is stated at cost and depreciated over its expected useful life as follows:

▪ Equipment	2-10 years
▪ Mechanical and electrical installations	15-40 years
▪ Vehicles	3-20 years

### Heritage assets

Works of art and other valuable artefacts have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

## 11. Investment properties

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

## 12. Investments

Investments in subsidiaries are carried at cost less impairment in the University's accounts. Current asset investments are held at fair value with movements recognised in the surplus or deficit.

## 13. Stock

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

## 14. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.



Department of Environment  
and Geography undergraduate  
students working in the lab

## 15. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

## 16. Accounting for joint operations, jointly controlled assets and jointly controlled operations

The University accounts for its share of joint ventures using the equity method. The University accounts for its share of transactions from joint operations and jointly controlled assets in the statement of comprehensive income and expenditure.

## 17. Taxation

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

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

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, 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.

## 18. Derivatives

Derivatives, including interest rate swaps, are held on the balance sheet at fair value with movements in fair value recorded in the surplus or deficit.

## 19. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through an endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

## 20. Accounting currency

The University is based in the United Kingdom. The financial statements are prepared in GBP, the currency of the United Kingdom. The amounts have been rounded to the nearest thousand pounds.

## 21. Financial instrument risks

The University has chosen to apply the provisions of Sections 11 and 12 of FRS 102 in full. Financial assets and financial liabilities are recognised in the University's balance sheet when the University becomes a party to the contractual provisions of the instrument. A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and intention either to settle the asset on a net basis, or to realise the asset and settle the liability simultaneously.

Most of the University's financial assets and liabilities meet the criteria for basic financial instruments prescribed within FRS 102. The University had interest rate swaps which are classified under FRS 102 as other financial instruments.

Basic financial instruments are measured as follows:

#### Investments

Investments within the scope of Section 11 of FRS 102 (therefore excluding investments in subsidiaries, associates and joint ventures) are recognised initially at fair value which is normally the transaction price. Subsequently, they are measured at fair value if the investment is publicly traded or their fair value can otherwise be measured reliably with the changes in fair value recognised in the statement of comprehensive income. All other investments are measured at cost less impairment.

#### Short-term debtors and creditors

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

#### Loans

Loans are basic financial instruments that are initially recorded at the transaction price, net of transaction costs. Subsequently, they are measured at the transaction price, net of transaction costs.

Other financial instruments are measured as follows:

#### Interest rate swaps

There is an active market in interest rate swaps and therefore they are measured at open market value.

#### Price and interest rate risk

Price risk arises on financial instruments because of changes, for example, in commodity prices or equity prices. Listed investments are exposed to price risk but this exposure is within the University's risk appetite. Bank deposits are subject to variable interest rates and the University is exposed to financial risk on these assets. The University does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the University. The credit risk on liquid funds and financial instruments is limited because the counterparties are banks with high credit ratings which have been assigned by international credit trading agencies. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Finance Committee. Trade receivables consist of a large number of customers, spread across diverse sectors, populations and geographical areas.

#### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University Council. The University manages liquidity risk by maintaining adequate cash balances, banking

facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of certain financial assets and liabilities.

## 22. Accounting estimates

Key estimates included in these accounts are stated below.

#### Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme (USS). The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits.

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 the 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). The resulting expense is recorded in the statement of comprehensive income and expenditure in accordance with section 28 of FRS102. The Council is satisfied that the Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised

the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

In accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education, the University currently recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme. A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment on an additional 5 per cent of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan.

Details of this provision, which has been discounted at a rate of 1.58 per cent as at 31 July 2019, are included in Note 29 to the accounts.

The 2017 valuation has set out the challenges currently facing the scheme and the likelihood of significant increases in contributions being required to address these challenges. In the judgement of the University, it is appropriate to continue to account for the past deficit obligation in accordance with the recovery plan arising from the 2017 actuarial valuation.

However, there is a significant risk that the year-end provision as calculated will not reflect the position following the final outcome of negotiations and any new valuation, potentially by a significant amount, depending on what is finally agreed on future deficit contributions and their duration. The University expects to have greater clarity in this respect during the next financial year.

The following sensitivity analysis outlines the potential impact on the existing liability of £108m at 31 July 2019.

- If the employer contributions paid by the University increased by 1.00 per cent (ie from £22.6m to £22.8m per annum) the provision at 31 July 2019 would increase by £1.1m.
- If the discount rate increased from the rate used to calculate the year end provision, 1.58 per cent, to 2.58 per cent, then the provision at 31 July 2019 would decrease by £8.6m.
- If the recovery plan ended in 2033 rather than 2034 (ie one year early) then the provision at 31 July 2019 would decrease by £8.5m.

#### University of York Pension Fund

The University of York Pension Fund is accounted for as a defined benefit scheme. Pension costs under FRS 102 and the amount of the provision in the balance sheet are based on the actuarial valuation (calculated on accounting basis), and on assumptions, including the appropriate discount rate, agreed by management following actuarial advice. These assumptions are detailed in Note 29 to the accounts.

- If the discount rate used in the actuarial (on accounting basis) calculations changed from 2.00 per cent to 2.05 per cent then the deficit would be reduced by £2.1m.
- If the assumption of salary increases changed from 3.95 per cent to 4.05 per cent then the deficit would increase by £0.9m.
- If the assumption of future improvement in mortality changed from 1.25 per cent to 1.50 per cent then the deficit would increase by £2.2m.

#### Investment property

The University has reviewed its portfolio of investment properties.

The review revealed that these properties were being held for education-related purposes rather than investment purposes. Therefore these properties have been reclassified as freehold land and buildings in line with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education.

#### Goodwill

During the year the University has purchased 50 per cent of Student Accommodation Provision Three LLP. The Group now owns 100 per cent of the equity of the entity. Student Accommodation Provision Three LLP owns one of the University residential sites (Constantine College). The goodwill relating to the acquisition is being amortised over 10 years.

#### Interest rate swaps

The University held several interest rate swaps. These were valued at market value at the year end. The market values are provided by the interest rate swap holder. The interest rate swaps have been terminated in 2018/19.

## 23. Accounting judgements

Key judgements used in the preparation of the accounts are as follows.

#### Impairment of land and buildings

The University estate is valued on historical cost basis. The University is not planning to significantly alter its portfolio of properties and buildings. The values of the properties have been reviewed and assessed as reasonable.

## Consolidated and University statement of comprehensive income and expenditure

	Notes	Consolidated		University	
		Year ended 31 July 2019	Year ended 31 July 2018	Year ended 31 July 2019	Year ended 31 July 2018
		£000	£000	£000	£000
<b>INCOME</b>					
Tuition fees and education contracts	1	<b>188,525</b>	179,421	<b>188,525</b>	179,421
Funding body grants	2	<b>43,244</b>	43,927	<b>43,244</b>	43,927
Research grants and contracts	3	<b>86,091</b>	71,088	<b>86,091</b>	71,088
Other income	4	<b>70,409</b>	69,711	<b>56,835</b>	56,164
Investment income	5	<b>1,549</b>	1,088	<b>2,999</b>	1,266
Donations and endowments	6	<b>1,972</b>	2,121	<b>1,972</b>	2,121
<b>Total income</b>		<b>391,790</b>	367,356	<b>379,666</b>	353,987
<b>EXPENDITURE</b>					
Staff costs – excluding pension provisions		<b>217,349</b>	201,926	<b>208,075</b>	193,177
Staff costs – University of York Pension Fund provision	19	<b>4,630</b>	2,801	<b>4,630</b>	2,801
Staff costs – Universities Superannuation Scheme provision	19	<b>73,042</b>	(2,735)	<b>72,932</b>	(2,725)
Total staff costs	7	<b>295,021</b>	201,992	<b>285,637</b>	193,253
Other operating expenses		<b>118,721</b>	119,387	<b>119,038</b>	116,861
Depreciation	12	<b>32,550</b>	30,031	<b>29,073</b>	27,574
Interest and other finance costs	8	<b>8,769</b>	4,850	<b>7,193</b>	4,872
<b>Total expenditure</b>	9	<b>455,061</b>	356,260	<b>440,941</b>	342,560
<b>(Deficit)/Surplus before other gains/(losses) and share of operating surplus of joint ventures</b>		<b>(63,271)</b>	11,096	<b>(61,275)</b>	11,427
Gain on disposal of fixed assets		<b>866</b>	38	<b>866</b>	38
Gain on investments		<b>265</b>	174	<b>265</b>	174
Amortisation/impairment of goodwill	11	<b>(284)</b>	(867)	<b>(284)</b>	(867)
Share of operating surplus of joint ventures	15	<b>5,334</b>	7,419	-	-
<b>(Deficit)/Surplus before tax</b>		<b>(57,090)</b>	17,860	<b>(60,428)</b>	10,772
Taxation	10	-	(12)	-	(12)
<b>(Deficit)/Surplus for the year</b>		<b>(57,090)</b>	17,848	<b>(60,428)</b>	10,760
Pension scheme actuarial (losses)/gains (calculated on accounting basis)	29	<b>(25,904)</b>	21,005	<b>(25,904)</b>	21,005
<b>Total comprehensive income for the year</b>		<b>(82,994)</b>	38,853	<b>(86,332)</b>	31,765
<b>Represented by</b>					
Endowment comprehensive income for the year		<b>169</b>	(836)	<b>169</b>	(836)
Restricted donations comprehensive income for the year		<b>311</b>	1,661	<b>311</b>	1,661
Restricted grants comprehensive income for the year		<b>14,399</b>	754	<b>14,399</b>	754
Unrestricted comprehensive income for the year		<b>(97,848)</b>	37,293	<b>(101,211)</b>	30,186
Attributable to the University		<b>(82,969)</b>	38,872	<b>(86,332)</b>	31,765
Attributable to the non-controlling interest		<b>(25)</b>	(19)	-	-
		<b>(82,994)</b>	38,853	<b>(86,332)</b>	31,765
All items of income and expenditure relate to continuing activities.					
The table below does not form part of the financial statements.					
<b>(Deficit)/Surplus for the year</b>		<b>(57,090)</b>	17,848	<b>(60,428)</b>	10,760
Universities Superannuation Scheme provision		<b>73,042</b>	(2,735)	<b>72,932</b>	(2,725)
<b>Surplus for the year excluding USS pension provision</b>		<b>15,952</b>	15,113	<b>12,504</b>	8,035

## Consolidated and University statement of changes in reserves

	Income and expenditure account				Total excluding non-controlling interest £000	Non-controlling interest £000	Total £000
	Endowments	Restricted donations	Restricted capital grants	Unrestricted			
	£000	£000	£000	£000			
<b>CONSOLIDATED</b>							
<b>Balance at 1 August 2017</b>	<b>7,722</b>	<b>6,657</b>	<b>1,793</b>	<b>344,224</b>	<b>360,396</b>	<b>664</b>	<b>361,060</b>
Surplus/(Deficit) from the income and expenditure statement	(836)	1,661	754	16,288	17,867	(19)	17,848
Pension scheme actuarial gains (calculated on accounting basis)	-	-	-	21,005	21,005	-	21,005
<b>Total comprehensive income for the year</b>	<b>(836)</b>	<b>1,661</b>	<b>754</b>	<b>37,293</b>	<b>38,872</b>	<b>(19)</b>	<b>38,853</b>
<b>Balance at 1 August 2018</b>	<b>6,886</b>	<b>8,318</b>	<b>2,547</b>	<b>381,517</b>	<b>399,268</b>	<b>645</b>	<b>399,913</b>
Surplus/(Deficit) from the income and expenditure statement	169	311	15,899	(73,444)	(57,065)	(25)	(57,090)
Pension scheme actuarial losses (calculated on accounting basis)	-	-	-	(25,904)	(25,904)	-	(25,904)
Release of restricted funds spent in year	-	-	(1,500)	1,500	-	-	-
Acquisition of Student Accommodation Provision Three LLP	-	-	-	4,233	4,233	-	4,233
<b>Total comprehensive income for the year</b>	<b>169</b>	<b>311</b>	<b>14,399</b>	<b>(93,615)</b>	<b>(78,736)</b>	<b>(25)</b>	<b>(78,761)</b>
<b>Balance at 31 July 2019</b>	<b>7,055</b>	<b>8,629</b>	<b>16,946</b>	<b>287,902</b>	<b>320,532</b>	<b>620</b>	<b>321,152</b>

	Income and expenditure account				Total excluding non-controlling interest £000	Non-controlling interest £000	Total £000
	Endowments	Restricted donations	Restricted capital grants	Unrestricted			
	£000	£000	£000	£000			
<b>UNIVERSITY</b>							
<b>Balance at 1 August 2017</b>	<b>7,722</b>	<b>6,657</b>	<b>1,793</b>	<b>323,600</b>	<b>339,772</b>	-	<b>339,772</b>
Surplus/(Deficit) from the income and expenditure statement	(836)	1,661	754	9,181	10,760	-	10,760
Pension scheme actuarial gains (calculated on accounting basis)	-	-	-	21,005	21,005	-	21,005
<b>Total comprehensive income for the year</b>	<b>(836)</b>	<b>1,661</b>	<b>754</b>	<b>30,186</b>	<b>31,765</b>	-	<b>31,765</b>
<b>Balance at 1 August 2018</b>	<b>6,886</b>	<b>8,318</b>	<b>2,547</b>	<b>353,786</b>	<b>371,537</b>	-	<b>371,537</b>
Surplus/(Deficit) from the income and expenditure statement	169	311	15,899	(76,807)	(60,428)	-	(60,428)
Pension scheme actuarial losses (calculated on accounting basis)	-	-	-	(25,904)	(25,904)	-	(25,904)
Release of restricted funds spent in year	-	-	(1,500)	1,500	-	-	-
<b>Total comprehensive income for the year</b>	<b>169</b>	<b>311</b>	<b>14,399</b>	<b>(101,211)</b>	<b>(86,332)</b>	-	<b>(86,332)</b>
<b>Balance at 31 July 2019</b>	<b>7,055</b>	<b>8,629</b>	<b>16,946</b>	<b>252,575</b>	<b>285,205</b>	-	<b>285,205</b>

## Consolidated and University balance sheets

	Notes	Consolidated		University	
		31 July 2019 £000	31 July 2018 £000	31 July 2019 £000	31 July 2018 £000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	11	3,121	-	3,121	-
Fixed assets	12	533,071	507,359	438,974	453,256
Heritage assets	13	1,278	1,278	1,278	1,278
Investments	14	6,803	6,540	45,205	37,096
Investments in joint ventures	15	20,492	20,516	5,817	7,975
		<b>564,765</b>	535,693	<b>494,395</b>	499,605
<b>Current assets</b>					
Stock		590	571	61	250
Trade and other receivables	16	72,729	55,928	86,302	64,911
Cash and cash equivalents	22	143,868	81,803	130,761	76,084
		<b>217,187</b>	138,302	<b>217,124</b>	141,245
Less: Creditors: amounts falling due within one year	17	(104,403)	(104,166)	(97,977)	(99,457)
<b>Net current assets</b>		<b>112,784</b>	34,136	<b>119,147</b>	41,788
<b>Total assets less current liabilities</b>		<b>677,549</b>	569,829	<b>613,542</b>	541,393
Creditors: amounts falling due after more than one year	18	(213,506)	(131,845)	(185,617)	(131,845)
<b>Provisions</b>					
Pension provisions	19	(142,891)	(38,071)	(142,720)	(38,011)
<b>Total net assets</b>		<b>321,152</b>	399,913	<b>285,205</b>	371,537
<b>RESERVES</b>					
<b>Restricted reserves</b>					
Income and expenditure reserve – endowments	20	7,055	6,886	7,055	6,886
Income and expenditure reserve – restricted donations	21	8,629	8,318	8,629	8,318
Income and expenditure reserve – restricted capital grants	21	16,946	2,547	16,946	2,547
<b>Unrestricted reserves</b>					
Income and expenditure reserve – unrestricted		287,902	381,517	252,575	353,786
		<b>320,532</b>	399,268	<b>285,205</b>	371,537
Non-controlling interest		620	645	-	-
<b>Total reserves</b>		<b>321,152</b>	399,913	<b>285,205</b>	371,537

The financial statements were approved by the Council on 12 November 2019 and were signed on its behalf by:

Professor Charlie Jeffery, Vice-Chancellor and President

Ms Denise Jagger, Chair of Council

Mr Jeremy Lindley, Finance Director

## Consolidated cash flow statement

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Deficit)/Surplus for the year	<b>(57,090)</b>	17,848
<b>ADJUSTMENT FOR NON-CASH ITEMS</b>		
Depreciation	<b>32,550</b>	30,031
Goodwill amortisation	<b>284</b>	867
Gain on investments	<b>(265)</b>	(174)
(Increase) in stock	<b>(19)</b>	(57)
(Increase) in debtors	<b>(942)</b>	(5,676)
Increase in creditors	<b>3,544</b>	10,540
Increase in pension provisions	<b>78,916</b>	1,652
Share of operating (surplus) in joint ventures	<b>(5,334)</b>	(7,419)
	<b>108,734</b>	29,764
<b>ADJUSTMENT FOR INVESTING OR FINANCING ACTIVITIES</b>		
Investment income	<b>(1,549)</b>	(1,088)
Interest payable	<b>8,769</b>	4,850
Donations and endowments	<b>(1,972)</b>	(2,121)
Profit on the sale of fixed assets	<b>(866)</b>	(38)
Capital grant income	<b>(19,754)</b>	(8,574)
	<b>(15,372)</b>	(6,971)
<b>Net cash inflow from operating activities</b>	<b>36,272</b>	40,641
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of fixed assets	<b>866</b>	38
Capital grants receipts	<b>4,118</b>	7,021
Disposal of non-current asset investments	<b>2</b>	627
Purchase of Student Accommodation Provision Three LLP	<b>(9,174)</b>	-
Purchase of Stodham Investments Ltd	<b>-</b>	(867)
Receipts from joint ventures	<b>1,000</b>	941
Investment income	<b>1,548</b>	747
Payments made to acquire fixed assets	<b>(14,813)</b>	(19,313)
<b>Total investing activities</b>	<b>(16,453)</b>	(10,806)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	<b>(8,987)</b>	(6,848)
Endowment cash received	<b>1,972</b>	2,121
New unsecured loans	<b>120,000</b>	-
Repayments of amounts borrowed	<b>(70,739)</b>	(4,496)
<b>Total financing activities</b>	<b>42,246</b>	(9,223)
<b>Increase in cash and cash equivalents in the year</b>	<b>62,065</b>	20,612
Cash and cash equivalents at beginning of the year	<b>81,803</b>	61,191
Cash and cash equivalents at end of the year	<b>143,868</b>	81,803
<b>Increase in cash balances</b>	<b>62,065</b>	20,612

## Notes to the accounts

### 1. TUITION FEES AND EDUCATION CONTRACTS

	Consolidated		University	
	Year ended 31 July 2019	Year ended 31 July 2018	Year ended 31 July 2019	Year ended 31 July 2018
	£000	£000	£000	£000
Full-time home and EU students	<b>114,424</b>	109,384	<b>114,424</b>	109,384
Full-time international students	<b>52,245</b>	48,253	<b>52,245</b>	48,253
Part-time students	<b>3,868</b>	2,894	<b>3,868</b>	2,894
Other teaching contract course fees	<b>3,463</b>	4,858	<b>3,463</b>	4,858
Research training support grant	<b>9,827</b>	9,667	<b>9,827</b>	9,667
Short courses and other fees	<b>4,698</b>	4,365	<b>4,698</b>	4,365
	<b>188,525</b>	179,421	<b>188,525</b>	179,421

### 2. FUNDING BODY GRANTS

	Consolidated		University	
	Year ended 31 July 2019	Year ended 31 July 2018	Year ended 31 July 2019	Year ended 31 July 2018
	£000	£000	£000	£000
Office for Students	<b>9,480</b>	9,261	<b>9,480</b>	9,261
Research England	<b>23,046</b>	23,114	<b>23,046</b>	23,114
Specific grants	<b>10,718</b>	11,552	<b>10,718</b>	11,552
	<b>43,244</b>	43,927	<b>43,244</b>	43,927

### 3. RESEARCH GRANTS AND CONTRACTS

	Consolidated		University	
	Year ended 31 July 2019	Year ended 31 July 2018	Year ended 31 July 2019	Year ended 31 July 2018
	£000	£000	£000	£000
UK research councils	<b>46,101</b>	32,272	<b>46,101</b>	32,272
UK-based charities	<b>9,741</b>	10,521	<b>9,741</b>	10,521
UK government bodies, local authorities, health and hospital authorities	<b>15,340</b>	13,898	<b>15,340</b>	13,898
UK industry and commerce	<b>1,447</b>	1,013	<b>1,447</b>	1,013
EU government bodies and similar organisations	<b>10,517</b>	10,458	<b>10,517</b>	10,458
Overseas bodies	<b>2,945</b>	2,926	<b>2,945</b>	2,926
	<b>86,091</b>	71,088	<b>86,091</b>	71,088

The University has recognised £15.9m (2017/18 £4.0m) of capital grants for research equipment and property. In line with the requirements of FRS 102 these have been recognised in the year when the grants have been awarded rather than in the year when capital expenditure is incurred.

### 4. OTHER INCOME

	Consolidated		University	
	Year ended 31 July 2019	Year ended 31 July 2018	Year ended 31 July 2019	Year ended 31 July 2018
	£000	£000	£000	£000
Residences, catering, conferences, retail activities and other services rendered	<b>68,118</b>	67,096	<b>54,544</b>	53,008
Other capital grants	-	753	-	753
Other income	<b>2,291</b>	1,862	<b>2,291</b>	2,403
	<b>70,409</b>	69,711	<b>56,835</b>	56,164

## 5. INVESTMENT INCOME

	Notes	Consolidated		University	
		Year ended 31 July 2019	Year ended 31 July 2018	Year ended 31 July 2019	Year ended 31 July 2018
		£000	£000	£000	£000
Investment income on endowments	18	<b>258</b>	307	<b>258</b>	307
Investment income on restricted reserves	19	<b>59</b>	85	<b>59</b>	85
Other investment income		<b>1,232</b>	696	<b>2,682</b>	874
		<b>1,549</b>	1,088	<b>2,999</b>	1,266

## 6. DONATIONS AND ENDOWMENTS

	Notes	Consolidated		University	
		Year ended 31 July 2019	Year ended 31 July 2018	Year ended 31 July 2019	Year ended 31 July 2018
		£000	£000	£000	£000
Donations with restrictions	21	<b>1,764</b>	2,037	<b>1,764</b>	2,037
Unrestricted donations		<b>208</b>	84	<b>208</b>	84
		<b>1,972</b>	2,121	<b>1,972</b>	2,121

## 7. STAFF COSTS

	Notes	Consolidated		University	
		Year ended 31 July 2019	Year ended 31 July 2018	Year ended 31 July 2019	Year ended 31 July 2018
		£000	£000	£000	£000
Salaries		<b>174,156</b>	161,879	<b>165,924</b>	153,819
Social security costs		<b>17,020</b>	15,808	<b>16,453</b>	15,454
Pension costs		<b>25,817</b>	23,388	<b>25,377</b>	23,084
Early retirement and severance costs		<b>356</b>	851	<b>321</b>	820
Movement in Universities Superannuation Scheme provision	19	<b>73,042</b>	(2,735)	<b>72,932</b>	(2,725)
University of York Pension Fund current service cost	19	<b>6,478</b>	6,880	<b>6,478</b>	6,880
University of York Pension Fund past service cost	19	<b>2,205</b>	-	<b>2,205</b>	-
University of York Pension Fund employer contributions	19	<b>(4,053)</b>	(4,079)	<b>(4,053)</b>	(4,079)
		<b>295,021</b>	201,992	<b>285,637</b>	193,253

	Year ended 31 July 2019	Year ended 31 July 2018
	£	£
<b>Vice-Chancellor and President, Professor Koen Lamberts (until 31 October 2018)</b>		
Salary before salary sacrifice arrangements	<b>63,563</b>	253,542
Salary sacrificed	<b>(5,085)</b>	(20,283)
Salary after salary sacrifice arrangements	<b>58,478</b>	233,259
Employers' pension contributions	<b>11,441</b>	45,638
Pension contributions made under salary sacrifice arrangements	<b>5,085</b>	20,283
Total pension contributions	<b>16,526</b>	65,921
Taxable benefits in kind	<b>414</b>	2,309
Non-taxable benefits in kind	<b>5,250</b>	21,000
Total remuneration	<b>80,668</b>	322,489

## Notes to the accounts (continued)

	Year ended 31 July 2019	Year ended 31 July 2018
	£	£
<b>Acting Vice-Chancellor and President, Professor Saul Tendler (from 1 November 2018)</b>		
Salary before salary sacrifice arrangements	<b>153,109</b>	-
Salary sacrificed	<b>(12,793)</b>	-
Salary after salary sacrifice arrangements	<b>140,316</b>	-
Employers' pension contributions	<b>28,581</b>	-
Pension contributions made under salary sacrifice arrangements	<b>12,793</b>	-
Total pension contributions	<b>41,374</b>	-
Taxable benefits in kind	-	-
Non-taxable benefits in kind	-	-
Total remuneration	<b>181,690</b>	-

### Remuneration

The Vice-Chancellor and President's remuneration and the Acting Vice-Chancellor's remuneration are determined by the Remuneration Committee. The remuneration package reflects:

- external comparator data including those for the Russell Group;
- individual performance against strategic objectives that encompass all aspects of the role;
- the level of responsibility and skills required to maintain the reputation of a dynamic institution such as the University of York;
- the leadership strengths and qualities required to guide the University through the turbulent and unpredictable future facing the UK higher education sector;
- the scale, complexity and success of the institution.

Further details of the remuneration of the Vice-Chancellor and President, Acting Vice-Chancellor and other staff can be found in the remuneration report on page 43.

### Pensions

The Vice-Chancellor and President and Acting Vice-Chancellor are members of the Universities Superannuation Scheme to which contributions are made at the same rates as for other University staff.

### Salary sacrifice arrangements

The Vice-Chancellor and President and Acting Vice-Chancellor participate in the University salary sacrifice scheme on the same terms as other members of University staff. Through membership of this scheme, the Vice-Chancellor and President and Acting Vice-Chancellor's contractual salary is reduced and the University makes pension contributions to Universities Superannuation Scheme on their behalf.

### Benefits in kind

As a requirement of his contract of employment, the previous Vice-Chancellor and President (Koen Lamberts) was provided with a house located on the University campus. The utilities and maintenance costs of the house were paid by the University and the relevant elements are recorded as a taxable benefit of the previous Vice-Chancellor and President in line with HMRC guidance.

The value of non-taxable benefits has been ascertained by obtaining the rental value of the Vice-Chancellor's residence on campus, in line with the Office for Students accounts direction. The previous Vice-Chancellor and President's contract of employment required him to reside at this property. This was not his main personal residence and its provision was to support better execution of his University business, for example events for external bodies. The property is situated within the University Campus among student and academic buildings.

The Acting Vice-Chancellor was not provided with a house and therefore no taxable or non-taxable benefit is shown.

There are no other benefits in kind for the previous Vice-Chancellor and President or the Acting Vice-Chancellor.

### Pay ratios

The Office for Students requires the University to publish the following ratios regarding the Vice-Chancellor and President's remuneration.

1. Basic salary ratio: this is the Vice-Chancellor and President's basic salary as a ratio of the median basic salary of all staff expressed as full-time equivalents.
2. Total remuneration ratio: this is the Vice-Chancellor and President's total remuneration as a ratio of the median total remuneration of all staff expressed as full-time equivalents.

	Year ended 31 July 2019	Year ended 31 July 2018
<b>Vice-Chancellor and President, Professor Koen Lamberts (until 31 October 2018)</b>		
Basic salary ratio	<b>9.6</b>	9.0
Total remuneration ratio	<b>10.9</b>	10.9
<b>Acting Vice-Chancellor and President, Professor Saul Tendler (from 1 November 2018)</b>		
Basic salary ratio	<b>7.7</b>	-
Total remuneration ratio	<b>8.2</b>	-

#### Remuneration of other higher paid staff

The number of staff (FTE) paid over £100,000 is given below. Remuneration excludes employer's pension contributions, employer's national insurance and compensation for loss of office.

Bands	Number of employees					
	Year ended 31 July 2019			Year ended 31 July 2018		
	Senior Management	Academic	Total	Senior Management	Academic	Total
£100,000 to £104,999	2	13	15	2	10	12
£105,000 to £109,999	1	7	8	-	3	3
£110,000 to £114,999	-	2	2	2	5	7
£115,000 to £119,999	3	5	8	3	2	5
£120,000 to £124,999	-	4	4	-	1	1
£125,000 to £129,999	3	1	4	2	4	6
£130,000 to £134,999	-	3	3	1	-	1
£135,000 to £139,999	1	1	2	1	1	2
£140,000 to £144,999	1	1	2	-	1	1
£145,000 to £149,999	-	1	1	1	-	1
£150,000 to £154,999	1	-	1	1	-	1
£155,000 to £159,999	1	-	1	-	-	-
£170,000 to £174,999	-	-	-	1	-	1
£175,000 to £179,999	1	-	1	1	-	1
<b>Total</b>	<b>14</b>	<b>38</b>	<b>52</b>	<b>15</b>	<b>27</b>	<b>42</b>

The above salary bandings have been calculated in accordance with the guidance provided by the Office for Students. This means that staff joining or leaving are excluded from the table above, and the bandings reflect basic pay only.

As a leading research-intensive University, the organisation aims to recruit high quality academic and research staff in line with its strategic objectives.

#### Key management personnel

The key management personnel are members of the University Executive Board, which consisted of the positions listed below until 31 July 2019. These people have the responsibility for planning, organising and directing the activities of the University.

The Vice-Chancellor and President (to 31 October 2018)	The Pro-Vice-Chancellor for Partnerships and Knowledge Exchange (to 24 April 2019)
The Deputy Vice-Chancellor and Provost	The Pro-Vice-Chancellor for International Development (1 December 2018-31 July 2019)
The Registrar and Secretary	The Director of External Relations (to 15 January 2019)
The Dean of the Faculty of Sciences	The Director of Human Resources
The Dean of the Faculty of Arts and Humanities	The Deputy Registrar and Director of Corporate and Information Services
The Dean of the Faculty of Social Sciences	The Finance Director
The Pro-Vice-Chancellor for Teaching and Learning	
The Pro-Vice-Chancellor for Research	

## Notes to the accounts (continued)

### Key management personnel compensation

Key management personnel compensation includes salary, employer's national insurance, and benefits in kind for the period where members were part of the University Executive Board.

	Year ended 31 July 2019	Year ended 31 July 2018
	£000	£000
Key management personnel compensation	<b>2,260</b>	2,566

	Year ended 31 July 2019	Year ended 31 July 2018
	Number	Number
Members of University Executive Board (FTE)	<b>12.13</b>	14.75

### Severance costs

The amount of compensation for loss of office paid across the University Group and the number of people (headcount) to whom this was payable are as follows:

	Year ended 31 July 2019	Year ended 31 July 2018
	£000	£000
University	<b>330</b>	820
Subsidiary undertakings	<b>26</b>	31
	<b>356</b>	851

	Year ended 31 July 2019	Year ended 31 July 2018
	Number	Number
University	<b>60</b>	97
Subsidiary undertakings	<b>5</b>	2
	<b>65</b>	99

### Average staff numbers (FTE) by major category

	Year ended 31 July 2019	Year ended 31 July 2018
	Number	Number
Academic	<b>1,798</b>	1,701
Support	<b>2,479</b>	2,305
	<b>4,277</b>	4,006

## 8. INTEREST AND OTHER FINANCE COSTS

	Notes	Consolidated		University	
		Year ended 31 July 2019	Year ended 31 July 2018	Year ended 31 July 2019	Year ended 31 July 2018
		£000	£000	£000	£000
Loan interest		<b>7,502</b>	4,049	<b>5,927</b>	4,072
Derivatives - interest rate swaps payments until termination		<b>532</b>	1,295	<b>532</b>	1,295
Derivatives - interest rate swaps movement in fair values until termination		<b>(147)</b>	(1,718)	<b>(147)</b>	(1,718)
Net charge from University of York Pension Fund					
- benefit interest costs	29	<b>5,094</b>	4,940	<b>5,094</b>	4,940
- expected return on scheme assets	29	<b>(4,944)</b>	(4,353)	<b>(4,944)</b>	(4,353)
Net charge from Universities Superannuation Scheme provision	19	<b>732</b>	637	<b>731</b>	636
		<b>8,769</b>	4,850	<b>7,193</b>	4,872

In 2018/19 the University terminated its interest rate swaps.

## 9. ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY

	Notes	Consolidated		University	
		Year ended 31 July 2019	Year ended 31 July 2018	Year ended 31 July 2019	Year ended 31 July 2018
		£000	£000	£000	£000
Academic and related expenditure		<b>146,418</b>	138,632	<b>146,418</b>	139,990
Academic Services		<b>25,104</b>	24,034	<b>25,104</b>	24,034
Administration and central services		<b>57,313</b>	51,932	<b>57,313</b>	51,922
Premises (including service concession cost)		<b>28,375</b>	28,165	<b>28,799</b>	28,122
Residences, catering and conferences		<b>35,257</b>	30,722	<b>32,843</b>	25,932
Research grants and contracts		<b>45,710</b>	42,188	<b>45,710</b>	40,829
Other expenses		<b>41,417</b>	40,521	<b>29,397</b>	31,655
Movement in Universities Superannuation Scheme provision	18	<b>73,042</b>	(2,735)	<b>72,932</b>	(2,725)
University of York Pension Fund current service cost	26	<b>6,478</b>	6,880	<b>6,478</b>	6,880
University of York Pension Fund employer contributions	26	<b>(4,053)</b>	(4,079)	<b>(4,053)</b>	(4,079)
		<b>455,061</b>	356,260	<b>440,941</b>	342,560

	Consolidated	
	Year ended 31 July 2019	Year ended 31 July 2018
	£000	£000
<b>Other operating expenses include:</b>		
External auditor's remuneration in respect of audit services	<b>138</b>	85
External auditor's remuneration in respect of non-audit services	<b>151</b>	76
Internal auditor's remuneration in respect of audit services	<b>148</b>	184
Operating lease rentals		
- Land and buildings	<b>789</b>	756
- Other	<b>257</b>	195

## Notes to the accounts (continued)

### 10. TAXATION

	Consolidated		University	
	Year ended 31 July 2019	Year ended 31 July 2018	Year ended 31 July 2019	Year ended 31 July 2018
	£000	£000	£000	£000
<b>Recognised in the statement of comprehensive income</b>				
Current tax expense, in respect of UK government credits receivable	-	12	-	12

### 11. INTANGIBLE ASSETS

	Consolidated		University	
	Year ended 31 July 2019	Year ended 31 July 2018	Year ended 31 July 2019	Year ended 31 July 2018
	£000	£000	£000	£000
At 1 August 2018	-	-	-	-
Additions	<b>3,405</b>	867	<b>3,405</b>	867
Amortisation/impairment	<b>(284)</b>	(867)	<b>(284)</b>	(867)
At 31 July 2019	<b>3,121</b>	-	<b>3,121</b>	-

In 2018/19 the University purchased the remaining 50% of Student Accommodation Provision Three LLP from the external partner. Therefore the entity became a 100% owned subsidiary of the Group. The full details of acquisition are shown in Note 14. Goodwill on acquisition is being amortised over 10 years.

In 2017/18 the goodwill relating to the acquisition of Stodham Investments Ltd was impaired.

### 12. FIXED ASSETS

	Freehold land and buildings £000	Leasehold land and buildings £000	Investment property £000	Equipment £000	Assets in the course of construction £000	Total £000
<b>CONSOLIDATED</b>						
<b>Cost or valuation</b>						
At 1 August 2018	420,074	125,538	11,157	139,491	1,728	697,988
Additions	-	-	-	3,569	12,193	15,762
Disposals	(193)	-	-	(19,370)	-	(19,563)
Transfers	4,107	432	-	3,981	(8,521)	-
Reclassification	11,822	(665)	(11,157)	-	-	-
Fixed assets acquired on the acquisition of Student Accommodation Provision Three LLP	42,500	-	-	-	-	42,500
<b>At 31 July 2019</b>	<b>478,310</b>	<b>125,305</b>	<b>-</b>	<b>127,672</b>	<b>5,400</b>	<b>736,687</b>
<b>Depreciation</b>						
At 1 August 2018	75,070	14,412	-	101,147	-	190,629
Disposals	(193)	-	-	(19,370)	-	(19,563)
Reclassification	665	(665)	-	-	-	-
Charge for the year	22,045	3,654	-	6,851	-	32,550
<b>At 31 July 2019</b>	<b>97,587</b>	<b>17,401</b>	<b>-</b>	<b>88,628</b>	<b>-</b>	<b>203,616</b>
<b>Net book value</b>						
<b>At 31 July 2019</b>	<b>380,723</b>	<b>107,904</b>	<b>-</b>	<b>39,044</b>	<b>5,400</b>	<b>533,071</b>
At 31 July 2018	345,004	111,126	11,157	38,344	1,728	507,359

	Freehold land and buildings £000	Leasehold land and buildings £000	Investment property £000	Equipment £000	Assets in the course of construction £000	Total £000
<b>UNIVERSITY</b>						
<b>Cost or valuation</b>						
At 1 August 2018	387,611	125,538	2,040	113,624	1,515	630,328
Additions	-	-	-	3,254	11,537	14,791
Disposals	-	-	-	(19,370)	-	(19,370)
Transfers	4,045	432	-	3,470	(7,947)	-
Reclassification	2,040	-	(2,040)	-	-	-
<b>At 31 July 2019</b>	<b>393,696</b>	<b>125,970</b>	<b>-</b>	<b>100,978</b>	<b>5,105</b>	<b>625,749</b>
<b>Depreciation</b>						
At 1 August 2018	72,106	14,412	-	90,554	-	177,072
Disposals	-	-	-	(19,370)	-	(19,370)
Charge for the year	20,342	3,654	-	5,077	-	29,073
<b>At 31 July 2019</b>	<b>92,448</b>	<b>18,066</b>	<b>-</b>	<b>76,261</b>	<b>-</b>	<b>186,775</b>
<b>Net book value</b>						
<b>At 31 July 2019</b>	<b>301,248</b>	<b>107,904</b>	<b>-</b>	<b>24,717</b>	<b>5,105</b>	<b>438,974</b>
At 31 July 2018	315,505	111,126	2,040	23,070	1,515	453,256
The University has undertaken a review of the investment properties and determined that the properties are held for educational or related purposes and therefore these properties have been reclassified as normal property assets.						

### 13. HERITAGE ASSETS

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
<b>CONSOLIDATED AND UNIVERSITY</b>		
At 1 August 2018	<b>1,278</b>	1,278
<b>At 31 July 2019</b>	<b>1,278</b>	1,278
Heritage assets comprise works of art and library acquisitions, which were valued at 31 July 2014 using specialist external valuers on an open market basis.		

### 14. INVESTMENTS

	Subsidiary companies £000	Other fixed assets investments £000	Total £000
<b>CONSOLIDATED</b>			
At 1 August 2018	-	6,540	6,540
Movement in fair values	-	263	263
<b>At 31 July 2019</b>	<b>-</b>	<b>6,803</b>	<b>6,803</b>
<b>UNIVERSITY</b>			
At 1 August 2018	30,558	6,538	37,096
Acquisition of 50% of Student Accommodation Provision Three LLP	10,802	-	10,802
Goodwill on acquisition of Student Accommodation Provision Three LLP	(3,405)	-	(3,405)
Movement in impairment provision	449	-	449
Movement in fair values	-	263	263
<b>At 31 July 2019</b>	<b>38,404</b>	<b>6,801</b>	<b>45,205</b>

## Notes to the accounts (continued)

Other fixed asset Investments are a portfolio of equities and similar investments held by the University. The funds support University endowments.

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

Company	Status	Principal activity
Amaethon Ltd	60% owned	Commercialisation of intellectual property
PCMIS Health Technologies Ltd	100% owned	Provision of training and conferences service within the health sector
The Biorenewables Development Centre Ltd	100% owned	Development of biorefinery technology
York Conferences Ltd	100% owned	Provision of vacation conference facilities and retail activities
York Health Economics Consortium Ltd	100% owned	Consultancy and research in the health sector
York Science Park Ltd	91% owned	Letting of accommodation
York Sports Village LLP	100% owned	Provision of sports facilities
York University Development Company Ltd	100% owned	Letting of accommodation
York University Energy Company Ltd	100% owned	Supply of utilities
York University Property Company Ltd	100% owned	Development of land and letting of accommodation
Stodham Investments Ltd	100% owned	Letting of commercial spaces
Student Accommodation Provision Three LLP	100% owned	Letting of accommodation

In 2018/19, the University purchased 50% of Student Accommodation Provision Three LLP from the other partner. The Group now owns 100% of the entity and therefore accounts for the entity as a subsidiary. Details of the acquisition are:

	£000	£000
Amount paid		12,000
Less amounts paid to purchase balance of the mezzanine loan		(1,198)
Amount paid for net assets		10,802
<b>Acquisition balance sheet</b>		
Fixed assets	42,500	
Other debtors	222	
Cash	2,826	
Creditors	(127)	
Mezzanine loan	(2,395)	
Aviva loan	(28,232)	
Net assets	14,794	
Net assets purchased (50%)		(7,397)
Goodwill on acquisition		3,405
Goodwill amortisation		(284)
<b>Net cash spent for cash flow statement</b>		
Amount paid		12,000
Cash acquired		(2,826)
Net cash spent for cash flow statement		9,174

## 15. INVESTMENTS IN JOINT VENTURES

	31 July 2019 £000	31 July 2018 £000
<b>CONSOLIDATED</b>		
<b>Share of net assets</b>		
At 1 August 2018	19,318	12,840
Distribution of profits from joint ventures	(1,000)	(941)
Transfer of Student Accommodation Provision Three LLP	(3,160)	-
Share of operating profit	5,334	7,419
<b>At 31 July 2019</b>	<b>20,492</b>	<b>19,318</b>
<b>Loans to joint ventures</b>		
At 1 August 2018	1,198	1,198
Acquisition of Student Accommodation Provision Three LLP	(1,198)	-
<b>At 31 July 2019</b>	<b>-</b>	<b>1,198</b>
<b>Total investment in joint ventures</b>		
<b>At 31 July 2019</b>	<b>20,492</b>	<b>20,516</b>

	31 July 2019 £000	31 July 2018 £000
<b>UNIVERSITY</b>		
At 1 August 2018	6,777	6,777
Acquisition of Student Accommodation Provision Three LLP	(960)	-
<b>At 31 July 2019</b>	<b>5,817</b>	<b>6,777</b>
<b>Loans to joint ventures</b>		
At 1 August 2018	1,198	1,198
Acquisition of Student Accommodation Provision Three LLP	(1,198)	-
<b>At 31 July 2019</b>	<b>-</b>	<b>1,198</b>
<b>Total investment in joint ventures</b>		
<b>At 31 July 2019</b>	<b>5,817</b>	<b>7,975</b>

In 2018/19 50% of Student Accommodation Provision Three LLP was purchased from the joint venture partner. The Group now owns 100% of Student Accommodation Provision Three LLP and therefore the entity is accounted for as a subsidiary.

The following undertakings are joint ventures at 31 July 2019:

Undertaking	Status	Principal activity
STEM Learning Ltd	25% owned	Operation of National Science Learning Centre
Student Accommodation Provision LLP	50% owned	Provision of student accommodation
Student Accommodation Provision Two LLP	50% owned	Provision of student accommodation
The Worldwide Universities Network	17% owned	Promotion, development and distribution of direct learning
N8 Ltd	13% owned	Provision of education and research
Biovale Ltd	Limited by guarantee	Promotion and development of biorenewables
University of York International Pathway College LLP	55% owned	Provision of education

All undertakings are incorporated in the United Kingdom with shares or equivalent held by the University of York or a wholly owned subsidiary of the University.

The University of York International Pathway College LLP is not considered to be a subsidiary entity because of the voting and other rights assigned to each partner under the partnership agreement.

## Notes to the accounts (continued)

### 16. TRADE AND OTHER RECEIVABLES

	Consolidated		University	
	31 July 2019	31 July 2018	31 July 2019	31 July 2018
	£000	£000	£000	£000
<b>Amounts falling due over one year</b>				
Prepayments and accrued income	<b>7,181</b>	7,197	<b>7,181</b>	7,197
<b>Amounts falling due within one year</b>				
Research grants receivables	<b>12,264</b>	13,706	<b>12,264</b>	13,706
Other trade receivables	<b>11,460</b>	8,772	<b>10,756</b>	7,819
Amounts due from subsidiary companies	-	-	<b>16,351</b>	12,073
Prepayments and accrued income	<b>41,824</b>	26,253	<b>39,750</b>	24,116
	<b>72,729</b>	55,928	<b>86,302</b>	64,911

### 17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	31 July 2019	31 July 2018	31 July 2019	31 July 2018
	£000	£000	£000	£000
Unsecured loans	<b>338</b>	3,396	<b>(15)</b>	3,396
Trade payables	<b>12,149</b>	16,195	<b>10,883</b>	15,192
Social security and other taxation payable	<b>4,747</b>	4,557	<b>4,848</b>	4,598
Accruals and deferred income	<b>87,169</b>	78,761	<b>82,261</b>	73,105
Amounts due to subsidiary companies	-	-	-	1,909
Derivatives – interest rate swaps	-	1,257	-	1,257
	<b>104,403</b>	104,166	<b>97,977</b>	99,457

The derivatives relate to interest rate swaps which were held at fair value at the balance sheet date. The interest rate swaps were terminated in 2018/19. The negative University unsecured loans represents the amortisation of the costs incurred in raising the 2007 bond.

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

	Consolidated		University	
	31 July 2019	31 July 2018	31 July 2019	31 July 2018
	£000	£000	£000	£000
<b>Deferred income</b>				
Research grants received on account	<b>39,254</b>	32,277	<b>39,254</b>	32,277
Specific grant income	<b>15,792</b>	13,749	<b>15,792</b>	13,749
	<b>55,046</b>	46,026	<b>55,046</b>	46,026

**18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Consolidated		University	
	31 July 2019	31 July 2018	31 July 2019	31 July 2018
	£000	£000	£000	£000
Derivatives - interest rate swaps	-	6,168	-	6,168
Unsecured loans	<b>213,506</b>	125,677	<b>185,617</b>	125,677
	<b>213,506</b>	131,845	<b>185,617</b>	131,845
<b>Analysis of unsecured loans</b>				
Due within one year	<b>338</b>	3,396	<b>(15)</b>	3,396
Due between one and two years	<b>460</b>	3,298	<b>(30)</b>	3,298
Due between two and five years	<b>1,379</b>	10,317	<b>(46)</b>	10,317
Due in five years or more	<b>211,667</b>	112,062	<b>185,693</b>	112,062
Due after more than one year	<b>213,506</b>	125,677	<b>185,617</b>	125,677
<b>Total unsecured loans</b>	<b>213,844</b>	129,073	<b>185,602</b>	129,073

In 2018/19 the University repaid all its bank loans and terminated the interest rate swaps, financed by a £120m bond. The costs of issuing the loan notes have been expensed in 2018/19. The negative University unsecured loans represents the amortisation of the costs incurred in raising the 2007 bond.

As part of the acquisition of Student Accommodation Provision Three LLP the Group inherited a loan with Aviva.

The costs of the Aviva loan and the 2007 loan notes are being amortised over the life of the debt.

	31 July 2019	Period	Expected	Interest basis
	£000	Years	end date	
<b>University</b>				
Loan notes - 2007	<b>66,000</b>	40	Feb 2047	Fixed
Loan notes - 2018	<b>120,000</b>	30	Jan 2049	Fixed
Capitalisation of costs of 2007 loan notes	<b>(398)</b>	40	Feb 2047	
<b>University total</b>	<b>185,602</b>			
Aviva loan	<b>28,547</b>	36	Sept 2049	Fixed
Capitalisation of costs of Aviva loan	<b>(305)</b>	36	Sept 2049	
<b>Consolidated total</b>	<b>213,844</b>			

**19. PROVISIONS FOR LIABILITIES**

	Universities Superannuation Scheme	University of York Pension Fund	Total pensions provisions
	£000	£000	£000
<b>CONSOLIDATED</b>			
At 1 August 2018	33,900	4,171	<b>38,071</b>
Deficit contributions and changes in expected contributions	73,042	-	<b>73,042</b>
Interest	732	150	<b>882</b>
Contributions or benefits payable	-	(4,053)	<b>(4,053)</b>
Current service cost	-	6,478	<b>6,478</b>
Past service cost	-	2,205	<b>2,205</b>
Other finance charges	-	362	<b>362</b>
Movement in defined benefit obligation	-	25,904	<b>25,904</b>
<b>At 31 July 2019</b>	<b>107,674</b>	<b>35,217</b>	<b>142,891</b>

## Notes to the accounts (continued)

	Universities Superannuation Scheme £000	University of York Pension Fund £000	Total pensions provisions £000
<b>UNIVERSITY</b>			
At 1 August 2018	33,840	4,171	<b>38,011</b>
Deficit contributions and changes in expected contributions	72,932	-	<b>72,932</b>
Interest	731	150	<b>881</b>
Contributions or benefits payable	-	(4,053)	<b>(4,053)</b>
Current service cost	-	6,478	<b>6,478</b>
Past service cost	-	2,205	<b>2,205</b>
Other finance charges	-	362	<b>362</b>
Movement in defined benefit obligation	-	25,904	<b>25,904</b>
<b>At 31 July 2019</b>	<b>107,503</b>	<b>35,217</b>	<b>142,720</b>

### Universities Superannuation Scheme

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual agreement with the pension scheme for total payments relating to benefits arising from past performance. Management have considered the future salary payments for future and current employees in assessing the fair value of the Universities Superannuation Scheme provision. The provision has been estimated using a sector-wide modeller provided by the British Universities Finance Directors Group which uses discount rates and staff costs to calculate the provision. It is expected that the provision will change significantly in 2019/20 as outlined in Note 28.

### University of York Pension Fund

The University of York Pension Fund (UoYPF) is a defined benefit scheme and the provision has been assessed by independent actuaries. Further details are set out in Note 29.

## 20. ENDOWMENT RESERVES

	Restricted permanent endowments £000	Unrestricted permanent endowments £000	2019 Total £000	2018 Total £000
<b>Balances at 1 August 2018</b>				
Capital	5,131	991	<b>6,122</b>	6,829
Accumulated income	764	-	<b>764</b>	893
	5,895	991	<b>6,886</b>	7,722
Investment income	231	27	<b>258</b>	307
Expenditure	(224)	(3)	<b>(227)</b>	(226)
Increase in market value of investments	138	-	<b>138</b>	136
Transfers to restricted donations	-	-	-	(1,053)
<b>Total endowment comprehensive income for the year</b>	<b>145</b>	<b>24</b>	<b>169</b>	(836)
<b>At 31 July 2019</b>	<b>6,040</b>	<b>1,015</b>	<b>7,055</b>	6,886
<b>Represented by</b>				
Capital	5,269	991	<b>6,260</b>	6,122
Accumulated income	771	24	<b>795</b>	764
	<b>6,040</b>	<b>1,015</b>	<b>7,055</b>	6,886

	Restricted permanent endowments £000	Unrestricted permanent endowments £000	31 July 2019 £000	31 July 2018 £000
<b>Analysis by type of purpose</b>				
Scholarships and bursaries	4,645	-	<b>4,645</b>	4,555
Research support	192	-	<b>192</b>	185
Prize funds	1,023	-	<b>1,023</b>	978
General	180	1,015	<b>1,195</b>	1,168
	<b>6,040</b>	<b>1,015</b>	<b>7,055</b>	6,886

	31 July 2019 £000	31 July 2018 £000
<b>Analysis by asset</b>		
Fixed assets (property)	-	2,040
Current and non-current asset investments	<b>6,260</b>	4,062
Cash and cash equivalents	<b>795</b>	784
	<b>7,055</b>	6,886

In 2018/19 the investment property allocated to endowment assets has been reclassified and has been replaced with a portfolio of equity and similar investments.

## 21. RESTRICTED RESERVES

	Restricted donations £000	Unspent capital grants £000	2019 Total £000	2018 Total £000
<b>Balances at 1 August 2018</b>	8,318	2,547	<b>10,865</b>	8,450
New grants	-	15,899	<b>15,899</b>	754
New donations	1,764	-	<b>1,764</b>	2,037
Investment income	59	-	<b>59</b>	85
Expenditure	(1,512)	-	<b>(1,512)</b>	(1,514)
Capital grants utilised	-	(1,500)	<b>(1,500)</b>	1,053
<b>Total restricted comprehensive income for the year</b>	311	14,399	<b>14,710</b>	2,415
<b>At 31 July 2019</b>	<b>8,629</b>	<b>16,946</b>	<b>25,575</b>	10,865

	31 July 2019 £000	31 July 2018 £000
<b>Analysis of restricted donations by type of purpose</b>		
Lectureships	<b>33</b>	25
Scholarships and bursaries	<b>4,625</b>	4,326
Research support	<b>3,713</b>	3,803
Prize funds	<b>159</b>	94
General	<b>99</b>	70
	<b>8,629</b>	8,318

## Notes to the accounts (continued)

### 22. CASH AND CASH EQUIVALENTS

	Consolidated		
	At 1 August 2018	Cash flows	At 31 July 2019
	£000	£000	£000
Cash and cash equivalents	81,803	62,065	<b>143,868</b>

### 23. RECONCILIATION OF NET DEBT

	Consolidated 31 July 2019 £000
Net debt at 1 August 2018	54,695
Movement in cash and cash equivalents	(62,065)
Loans acquired with Student Accommodation Provision Three LLP	28,232
University loan notes issued	120,000
University loans repaid	(70,739)
Changes in fair value of interest rate swaps	(147)
Change in net debt	15,281
<b>Net debt at 31 July 2019</b>	<b>69,976</b>

	Consolidated	
	31 July 2019 £000	31 July 2018 £000
<b>Analysis of net debt</b>		
Cash and cash equivalents	143,868	81,803
<b>Creditors: amounts falling due within one year</b>		
Unsecured loans	(338)	(3,396)
Derivatives	-	(1,257)
	(338)	(4,653)
<b>Creditors: amounts falling due after more than one year</b>		
Unsecured loans	(213,506)	(125,677)
Derivatives	-	(6,168)
	(213,506)	(131,845)
<b>Net debt</b>	<b>69,976</b>	<b>54,695</b>

## 24. FINANCIAL INSTRUMENTS

	Consolidated		University	
	31 July 2019	31 July 2018	31 July 2019	31 July 2018
	£000	£000	£000	£000
<b>Financial assets</b>				
Investments held at fair value	<b>6,803</b>	6,540	<b>6,801</b>	6,538
Investments in joint ventures at fair value	<b>20,492</b>	20,516	<b>5,817</b>	7,975
Trade and other receivables at cost	<b>11,460</b>	8,772	<b>10,756</b>	7,819
Cash and cash equivalents at cost	<b>143,868</b>	81,803	<b>130,761</b>	76,084
	<b>182,623</b>	117,631	<b>154,135</b>	98,416
<b>Financial liabilities</b>				
Trade payables at cost	<b>(12,149)</b>	(16,195)	<b>(10,883)</b>	(15,192)
Loans at cost	<b>(213,844)</b>	(133,569)	<b>(185,602)</b>	(133,569)
Interest rate swaps at fair value	-	(7,425)	-	(7,425)
	<b>(225,993)</b>	(157,189)	<b>(196,485)</b>	(156,186)

### Interest rate risk

The University is exposed to risk in term of its exposure to interest rate movements on its borrowings and investments. Movement in interest rates have a complex impact on the University. For instance, a rise in interest rates would have the following effects:

- Borrowing at variable rates – the interest expense charged to the surplus or deficit will rise.
- Investments at variable rates – the interest income credited to the surplus or deficit will rise.

In 2018/19 the University terminated all its interest rate swaps.

	Consolidated		University	
	31 July 2019	31 July 2018	31 July 2019	31 July 2018
	£000	£000	£000	£000
Fair value at 1 August 2018	<b>(7,425)</b>	(9,143)	<b>(7,425)</b>	(9,143)
Swaps terminated	<b>7,278</b>	-	<b>7,278</b>	-
Change in fair value	<b>147</b>	1,718	<b>147</b>	1,718
Fair value at 31 July 2019	-	(7,425)	-	(7,425)

## 25. CAPITAL AND OTHER COMMITMENTS

	Consolidated		University	
	31 July 2019	31 July 2018	31 July 2019	31 July 2018
	£000	£000	£000	£000
Provision has not been made for the following capital commitments:				
Commitments contracted for	<b>11,413</b>	3,527	<b>10,932</b>	3,478
Authorised but not contracted for	<b>21,053</b>	14,085	<b>20,078</b>	14,052
	<b>32,466</b>	17,612	<b>31,010</b>	17,530

## 26. CONTINGENT ASSETS AND LIABILITIES

There were no contingent liabilities as at 31 July 2019.

The University has given written undertakings to support the subsidiary company at 12 months from the date of approval of these financial statements.

## Notes to the accounts (continued)

### 27. LEASE OBLIGATIONS

	Land and buildings £000	Plant and machinery £000	2019 Total £000	2018 Total £000
<b>Total rentals payable under operating leases</b>	789	257	<b>1,046</b>	951
Payable during the year				
<b>Future minimum lease payments due</b>				
Not later than one year	789	257	<b>1,046</b>	951
Later than one year and not later than five years	2,885	568	<b>3,453</b>	3,164
Later than five years	68,380	-	<b>68,380</b>	63,488
<b>Total lease payments due</b>	<b>72,054</b>	<b>825</b>	<b>72,879</b>	<b>67,603</b>

The minimum lease payments due on one of the University's leases are uncertain and depend upon levels of student recruitment in 10-15 years' time.

### 28. EVENTS AFTER THE REPORTING PERIOD

#### Universities Superannuation Scheme

As set out in Note 29, after the year end in respect of the Universities Superannuation Scheme pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation of the Universities Superannuation Scheme has been agreed. This results in a decrease in the provision of £46m. If the adjustment was reflected in 2018/19 financial statements the pension provision would be reduced from £108m to £62m. This adjustment will be reflected in the University's financial statements for the year ended 31 July 2020.

### 29. PENSION SCHEMES

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
<b>Total pension cost to the University and its subsidiaries</b>		
Universities Superannuation Scheme	<b>22,621</b>	20,381
University of York Pension Fund	<b>2,758</b>	2,741
NHS Pension Scheme	<b>123</b>	100
The People's Pension	<b>315</b>	166
	<b>25,817</b>	23,388
Universities Superannuation Scheme deficit contributions and changes in expected contributions	<b>73,042</b>	(2,735)
University of York Pension Fund current service cost	<b>6,478</b>	6,880
University of York Pension Fund employer contributions	<b>(4,053)</b>	(4,079)
	<b>101,284</b>	23,454

## Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set.

The 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 statement of comprehensive income and expenditure 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 actuarial valuation of the Retirement Income Builder has been completed for 31 March 2017. It was calculated on an accounting basis using the projected unit method. The valuation as at 31 March 2018 was completed after the year end and is not reflected in these accounts as it is a non-adjusting post-balance sheet event for accounting purposes.

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

The 2017 valuation was the fourth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion; the value of the scheme's technical provisions was £67.5 billion, indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term-dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI - 0.53% reducing linearly to CPI - 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21+: CPI + 1.7%

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 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post-retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females.

	Year ended 31 July 2019	Year ended 31 July 2018
<b>Current life expectancy on retirement at age 65</b>		
Males currently aged 65	<b>24.6</b>	24.5
Females currently aged 65	<b>26.1</b>	26.0
Males currently aged 45	<b>26.6</b>	26.5
Females currently aged 45	<b>27.9</b>	27.8
<b>Significant assumptions</b>		
Discount rate	<b>2.44%</b>	2.64%
Pension increases (CPI)	<b>2.11%</b>	2.02%

A deficit recovery plan was put in place as part of the 2017 valuation and is set out in the new Schedule of Contributions dated 28 January 2019. This requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. 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. In the prior year, the deficit payments were 2.1% of salaries up to March 2031.

This significant increase in deficit contributions has given rise to a substantial increase in the deficit provision which has increased from £34m to £107m as set out in Note 19.

Since 31 July 2019 the 2018 valuation has been completed. It shows that the scheme has a deficit of £3.6 billion and a funding ratio of 95%. A new deficit recovery plan has been agreed which requires deficit payments of 2% of relevant salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of relevant salaries from 1 October 2021 until 31 March 2028.

As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £62m, a decrease of £46m from the current year end provision.

## Notes to the accounts (continued)

<b>University of York Pension Fund</b>		
	Year ended 31 July 2019	Year ended 31 July 2018
	£000	£000
<b>Analysis of the amount shown in the balance sheet</b>		
Scheme assets	<b>187,480</b>	183,705
Scheme liabilities	<b>(222,697)</b>	(187,876)
<b>Deficit in the scheme – net pension liability recorded within pension provisions</b>	<b>(35,217)</b>	(4,171)
<b>Analysis of the amount shown in the statement of comprehensive income</b>		
Current service cost	<b>6,478</b>	6,880
Past service cost	<b>2,205</b>	-
Administration expenses	<b>362</b>	362
<b>Total operating charge</b>	<b>9,045</b>	7,242
<b>Analysis of the amount charged to interest payable/credited to other finance income</b>		
Interest cost	<b>5,094</b>	4,940
Expected return on assets	<b>(4,944)</b>	(4,353)
<b>Net charge to other finance income</b>	<b>150</b>	587
<b>Total income and expenditure charge</b>	<b>9,195</b>	7,829
<b>Analysis of other comprehensive income/(expenditure)</b>		
Actual return of assets less interest	<b>(2)</b>	9,143
Actuarial (losses)/gains on defined benefit obligation (calculated on accounting basis)	<b>(25,902)</b>	11,862
<b>Total other comprehensive income/(expenditure)</b>	<b>(25,904)</b>	21,005
<b>Cumulative actuarial loss (calculated on accounting basis) recognised as other comprehensive income</b>		
Cumulative actuarial gains/(losses) (calculated on accounting basis) recognised at the start of the year	<b>7,994</b>	(13,011)
Cumulative actuarial gains/(losses) (calculated on accounting basis) recognised at the end of the year	<b>(17,910)</b>	7,994
<b>Analysis of movement in (deficit)</b>		
(Deficit) at beginning of year	<b>(4,171)</b>	(21,426)
Contributions or benefits paid by the University	<b>4,053</b>	4,079
Current service cost	<b>(6,478)</b>	(6,880)
Past service cost	<b>(2,205)</b>	-
Other finance charge	<b>(362)</b>	(362)
Net interest income/cost	<b>(150)</b>	(587)
(Loss)/Gain recognised in other comprehensive income	<b>(25,904)</b>	21,005
<b>(Deficit) at end of year</b>	<b>(35,217)</b>	(4,171)
<b>Analysis of movement in the present value of liabilities</b>		
Present value of liabilities at the start of the year	<b>(187,876)</b>	(192,641)
Current service cost (net of member contributions)	<b>(6,478)</b>	(6,880)
Past service cost	<b>(2,205)</b>	-
Interest cost	<b>(5,094)</b>	(4,940)
Actual member contributions (including notional contributions)	<b>(199)</b>	(184)
Actuarial (loss)/gain (calculated on accounting basis)	<b>(25,902)</b>	11,862
Insurance premiums for risk benefits	<b>9</b>	53
Actual benefit payments	<b>5,048</b>	4,854
<b>Present value of liabilities at the end of the year</b>	<b>(222,697)</b>	(187,876)

	Year ended 31 July 2019 £000	Year ended 31 July 2018 £000
<b>Analysis of movement in the fair value of scheme assets</b>		
Fair value of assets at the start of the year	<b>183,705</b>	171,215
Expected return on assets	<b>4,944</b>	4,353
Actuarial gain on assets (calculated on accounting basis)	<b>(2)</b>	9,143
Actual contributions paid by the University	<b>4,053</b>	4,079
Actual member contributions (including notional contributions)	<b>199</b>	184
Administration expenses	<b>(362)</b>	(362)
Insurance premiums for risk benefits	<b>(9)</b>	(53)
Actual benefit payments	<b>(5,048)</b>	(4,854)
<b>Fair value of scheme assets at the end of the year</b>	<b>187,480</b>	183,705
<b>Fair values of the assets of the fund</b>		
Equities	<b>134,838</b>	136,120
Debt instruments	<b>17,871</b>	20,827
Infrastructure	<b>3,527</b>	-
Property	<b>28,403</b>	23,234
Cash	<b>2,841</b>	3,524
<b>Total</b>	<b>187,480</b>	183,705
<b>Return on assets</b>		
Interest income	<b>4,944</b>	4,353
Return on assets less interest income	<b>(2)</b>	9,143
<b>Total</b>	<b>4,942</b>	13,496

	Year ended 31 July 2019	Year ended 31 July 2018	Year ended 31 July 2017	Year ended 31 July 2016
<b>History of experience gains and losses</b>				
<b>Difference between actual and expected return on scheme assets</b>				
Amount (£000)	<b>(2)</b>	9,143	14,437	7,187
% of assets at end of year	<b>0%</b>	5.0%	8.0%	5.0%
<b>Experience (gains)/losses on scheme liabilities</b>				
Amount (£000)	-	-	-	-
% of liabilities at end of year	<b>0.0%</b>	0.0%	0.0%	0.0%

## Notes to the accounts (continued)

	Year ended 31 July 2019	Year ended 31 July 2018
<b>Significant actuarial assumptions used to calculate the accounting pension provisions</b>		
Discount rate	<b>2.00%</b>	2.70%
Rate of salary increases	<b>3.95%</b>	3.85%
Rate of price inflation	<b>2.20%</b>	2.10%
Rate of pension increases	<b>2.20%</b>	2.10%
Post-retirement mortality assumption	S2NMA base table with a +1 year age rating, CMI 2018 projection model with a long-term improvement rate of 1.25% p.a.	S2NFA base table with a +1 year age rating, CMI 2017 projection model with a long-term improvement rate of 1.25% p.a.
<b>Assumed life expectancy on retirement at age 65</b>		
For male aged 65 in 2019	<b>20.8</b>	21.3
At age 65 for male aged 45 in 2019	<b>22.1</b>	22.7
For female aged 65 in 2019	<b>22.8</b>	23.3
At age 65 for female aged 45 in 2019	<b>24.3</b>	24.8

The discount rate is based on a yield curve derived from AA rated bonds in the iBoxx Sterling Corporate Bond Index. The range takes account of the duration of the defined benefit obligation and implied approximate shape of future cash flows. The reduction in the rate over the year has led to the increased technical provisions and to the £25m actuarial loss (calculated on an accounting basis) shown in the income statement.

### NHS Pensions

The University of York participates in the NHS Pension Scheme (NHSPS) which was contracted out of the State Second Pension (S2P) until 6 April 2016. The notional assets of the NHSPS are assessed by the Government Actuary and the benefits are underwritten by the government. There are no underlying assets. It is not possible to identify each institution's share of the notional assets and liabilities of the NHSPS and hence contributions to the NHSPS are accounted for as if it were a defined contribution scheme. The cost recognised within the income and expenditure account is therefore equal to the contributions payable to the NHSPS for the year.

The contributions payable by the University during the year ended 31 July 2019 were at a rate of 14% of the total pensionable salaries, in accordance with the recommendations of the Government Actuary.

### The People's Pension

The University of York has a defined contribution scheme as its main auto-enrolment pension scheme for its staff. The investment of scheme contributions is managed by The People's Pension. The contributions payable by the University during the year ended 31 July 2019 were at a rate of 2% of pensionable salary.

## 30. RELATED PARTIES

### Council members

The University Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the composition of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

A review of the register of University Executive Board and Council members' interests shows that the University has conducted business with the following organisations which are considered to be related parties.

#### Graduate Students' Association

The Graduate Students' Association (GSA) represents and supports postgraduate students. GSA has close links to the University, and the University contributes significant sums towards GSA's running costs. One member of Council is the GSA President.

#### York University Students' Union

York University Students' Union (YUSU) represents and supports undergraduate students. YUSU has close links to the University, and the University contributes significant sums towards YUSU's running costs. One member of Council is the YUSU President.

#### York College

York College is a further and higher education college in York. One member of the University Executive board is a governor at the college.

#### York St John University

York St John University is a public university located in York. One member of the Council is related to a senior employee of the university.

#### Institute of Physics

The Institute of Physics is the professional body and learned society for physics in the UK. Its subsidiary, the Institute of Physics Publishing, produces a wide range of journals, website, magazines for the scientific community. One member of the University Executive Board is a trustee of the Institute of Physics and a non-executive director of the Institute of Physics Publishing.

**Lupton Fawcett**

Lupton Fawcett Solicitors is a law firm based in Leeds, Sheffield and York. One member of Council is related to an employee of the firm.

**York Pensions Trust**

The York Pensions Trust is the pension scheme operated by the University. One member of the University Executive Board serves as a trustee on the board of the pension trust.

**Association of University Administrators**

The Association of University Administrators is the professional body for higher education administrators and managers in the United Kingdom. One member of Council is a trustee of the association.

**Eversheds Sutherland**

Eversheds Sutherland is a global law firm which provides legal services to the University. One member of Council acts as a partner and consultant for the firm.

**Harrogate and District NHS Foundation Trust**

Harrogate and District NHS Foundation Trust cares for the population in Harrogate and the local area as well as across North Yorkshire, Leeds. It also provides children's services in parts of the North East. One Council member is a vice-chairman and non-executive director of the trust.

**York Travellers Trust**

York Travellers Trust is a registered charity that works solely with Gypsy and Traveller communities. One member of Council is a trustee of the charity.

**St Leonard's Hospice**

St Leonard's Hospice is an independent charity that provides care and support for local people with life-threatening illnesses. One member of Council is a director of the hospice.

**KHS Personnel**

KHS Personnel are recruitment consultants based in Nottingham and York. One member of Council is related to an employee of the organisation.

**York Media Arts Festival**

York Media Arts Festival is a Community Interest Company that organises and delivers a biennial festival dedicated to the arts as a whole and particularly the media and arts industries in the city of York. The festival is known as the York Mediale. One member of the Council is a director of the company.

**Shepherd Building Group**

The Shepherd Building Group is a construction company based in York which performs work on behalf of the University. One member of the University Council owns a significant shareholding in the company.

The transactions during the year between the University and the above organisations were:

	Income	Expenditure	Balance due to the University	Balance due from the University
	£000	£000	£000	£000
Graduate Students' Association	10	89	1	-
York University Students' Union	197	1574	36	15
York College	3	12	-	-
York St John University	58	2	8	1
Institute of Physics	4	25	1	-
Lupton Fawcett	2	-	-	-
York Pensions Trust	19	-	-	-
Association of University Administrators	-	4	-	1
Eversheds Sutherland	-	81	-	1
Harrogate and District NHS Foundation Trust	-	14	-	-
York Travellers Trust	-	1	-	-
St Leonard's Hospice	-	1	-	-
KHS Personnel	-	7	-	-
York Media Arts Festival	-	64	-	-
Shepherd Building Group	6	39	-	3

The total expenses paid to ten (2018: eight) Council members was £9,060 (2018: £12,151). This represents travel and subsistence expenses incurred in attending Council and meetings in their official capacity. No fees or other form of remuneration are paid to lay members of Council.

### 31. TRADING WITH JOINT VENTURES AND SUBSIDIARIES

The University has taken advantage of the exemption with FRS 102 and has not disclosed transactions with other Group entities where the University holds 100% of the voting rights.

The following organisations are either joint ventures or subsidiaries in which the University does not have 100% of the voting rights:

#### **University of York International Pathway College LLP**

The University of York International Pathway College LLP is a joint venture between the University of York and Kaplan Financial Ltd which offers undergraduate and postgraduate courses to international students.

#### **Student Accommodation Provision**

Student Accommodation Provision LLP and Student Accommodation Provision Two LLP are joint ventures of the University and are responsible for providing accommodation to students in Goodricke and Langwith Colleges.

#### **Amaethon Ltd**

Amaethon Ltd is a subsidiary of the University created to commercialise the research conducted in the Centre for Novel Agricultural Products.

#### **York Science Park Ltd**

York Science Park Ltd provides office space to the University, commercial entities such as start-ups and research companies. York Science Park is 91% owned by the University of York.

#### **Biovale Ltd**

Biovale is a joint venture of the University. The University has staff members on Biovale's Board of Directors.

#### **STEM Learning Ltd**

STEM Learning Ltd operates the National Science Learning Centre as a joint venture between the University of York, University of Leeds, University of Sheffield and Sheffield Hallam University.

#### **N8 Ltd**

The N8 research Partnership is a collaboration between the Universities of Durham, Lancaster, Leeds, Liverpool, Manchester, Newcastle, Sheffield and York. The University of York has 12.5% of the company.

#### **Worldwide Universities Network**

This is a higher education and research network that provides support to establish collaborative research. The University of York is one of 23 members.

The transactions during the year between the University and these organisations were:

	Income £000	Expenditure £000	Balance due to the University £000	Balance due from the University £000
University of York International Pathway College LLP	2,352	-	1,883	-
Student Accommodation Provision LLP	415	3,661	61	-
Student Accommodation Provision Two LLP	689	4,437	97	-
Amaethon Ltd	24	-	-	-
York Science Park Ltd	1,213	320	232	26
Biovale Ltd	-	-	-	-
STEM Learning Ltd	748	335	244	43
N8 Ltd	-	60	-	-
Worldwide Universities Network	-	50	-	-

# W I T H   T H A N K S

Thank you to the entire community of students, staff, donors and volunteers for your contributions to the continued success of the University of York.



**Photos:** Clockwise from left, volunteering at a York school, a Computer Science lecturer, a student from the University canoe club, and walkers taking part in The Great York Walk

**Photography:** Alex Holland, John Houlihan, Ian Martindale, Mark Woodward and York Festival of Ideas

*Enquiring minds*  
*Inspirational teaching*  
*Pioneering research*  
*Global ambition*  
*Local commitment*  
*Social purpose*



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