



UNIVERSITY OF
PLYMOUTH

Annual Report and Financial Statements

Year ended 31 July 2020

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Annual Report and Financial Statements

Year ended: 31 July 2020

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Drake's Place Gardens, Plymouth





We are pleased to present the University of Plymouth's Annual Report and Financial Statements for 2019/20



C I J H Drummond OBE DL



Professor J Petts CBE

This year, the unprecedented global pandemic has brought huge uncertainty and upheaval to an already competitive higher education landscape, not least one challenged by the continuing demographic dip in the undergraduate age population, which is particularly evident in the South West. Despite the three-month government lockdown, which radically changed how the institution worked and immediately impacted continuing business, the University's robust, long-term approach to planning and sustainable investment has ensured delivery of a surplus after tax for 2019/20 of £4.1m. This is against income of £228.0m, which is a

5.6% reduction relative to 2018/19 and supported by a cash and investments balance of £135.3m as at 31 July 2020.

For the University, founded upon a culture of engaging and supportive education, COVID-19 necessitated a rapid transition to online teaching and learning, alternative forms of assessment and a cessation of active research in the field. Many of our staff have worked long hours and under intense pressure to find innovative solutions for our students. That many did so while simultaneously juggling increased family commitments and difficult personal circumstances makes their efforts and achievements compelling.

For the first time in living memory our campuses fell silent, closed to all but those students who were unable to return home and a small number of key staff to support them. But our University responded in the most profound way, supporting one another and the wider community. Our staff and students personified the ethos and spirit of the Civic University: from our medical scientists who immediately focused on research into vaccines for animal coronavirus, to those who used University resources to manufacture face shields for frontline NHS staff and keep our hospitals safe with thermal imaging cameras; from those who used poetry and music to help people process the implications of the pandemic, to providing maths resources for families, and free on-

street WiFi for one of the most socially deprived areas of the region. In short, the compassion that our staff and students have displayed has been humbling. We thank them all.

A great deal of work has taken place to plan the new academic year and to create a 'COVID secure' working and learning environment. We welcomed all our students onto campus in September, taking a safety-first approach in providing high-quality, accessible and engaging teaching and learning, a positive student experience and wide-ranging support. We have also rapidly increased digital delivery and so can confidently offer remote access and blended learning to support individuals if needed.

Coronavirus may well have had a seismic impact upon the world in 2019/20, but the University's year was not defined by it. In November 2019, the University was notified that it was to be awarded the Queen's Anniversary Prize (QAP) for Higher and Further Education in respect of nearly two decades of pioneering research on microplastics pollution in the oceans and its impact on the environment and changing behaviour. The honour, the highest that can be bestowed upon a higher education institution, recognised not just the repeated scientific breakthroughs of our International Marine Litter Research Unit team, led by Professor Richard Thompson OBE FRS, but also their tireless public engagement



Plymouth Hoe

work, which has provided the evidence to underpin national and international legislation. Receiving the prize at a special ceremony and reception at Buckingham Palace was a true honour shared with our Chancellor and some of our marine science students and staff. There was the opportunity to reflect upon the achievement – a third QAP in the University's history, and the second in respect of its marine and maritime excellence, which has national and international standing and distinctiveness.

The year brought further accolades and successes to celebrate. The aforementioned Professor Thompson was elected to a Fellowship of the Royal Society; researchers in environmental science were shortlisted for a *Guardian* University Award in respect of their community-led, collaborative approach to tackling soil erosion in Africa; and the institution enjoyed strong performances in national league tables, such as climbing six places in the *Complete University Guide*, and being the highest-ranked UK post-92 university in the Center for World University Rankings 2020/21. The 2020 National Student Survey also placed the University 25th out of 155 higher education institutions for quality of teaching, and maintaining its place in the top 50 for the key Overall Satisfaction score, which remains well above the sector average.

The University has maintained its momentum in terms of its campus strategy, reshaping the estate to support its strategic ambitions. The planning for our major new Engineering and Design Facility has progressed to full design stage, the new Brain Research & Imaging Centre at Derriford is nearing completion and we are moving to the construction phase on Intercity Place. The latter is part of a partnership with Plymouth City Council, Network Rail and Great Western Railway to revitalise Plymouth Station, in this case refurbishing the old Intercity House to provide a new home for our healthcare education and research. During the year we have published our Net Zero carbon strategy and continued our leadership in all matters relating to sustainable development and climate change.

As a Civic University, we can be confident that we will play a vital role in the recovery and growth of the economy and society. The value of experts and expertise has never been more salient and essential, and we will respond to ensure that the institution capitalises on its significant strengths to make a difference in this post-coronavirus world.

Government higher education policy changes are potentially challenging to the sector, not least in terms of any future growth in home student numbers. The international student markets remain uncertain as we write but are essential to long-

term strategy, and the University has recorded a strong increase in applications. The general economic impact of COVID-19 will live on for several years, although the government's new Research and Development Roadmap confirms the significant contributions that research and innovation can make. We are confident that our 2030 Strategy provides a sound basis for the University's development and will ensure operational robustness in the face of change. The University is financially strong, with a focus on sustainable investment and growth.

As a university dedicated to its mission of advancing knowledge and transforming lives, this report provides just a few examples of our impact and achievements during 2019/20. None of this would be possible without the huge commitment of our staff and students, and the support of a wide range of partners and stakeholders – all of whom we thank for their engagement with, and confidence in, the University of Plymouth.

C I J H Drummond OBE DL

Pro-Chancellor and
Chair of the Board of Governors

Professor J Petts CBE

Vice-Chancellor and CEO

Public Benefit



Peninsula Medical School virtual graduation
[photo credit First Sight Media]

Education and student experience

The quality of the University's education and the student experience are fundamental to its institutional reputation. In 2019/20, this activity faced significant challenges from the coronavirus pandemic and the measures introduced by the government.

With closure of the campuses, face-to-face teaching ceased from 20 March, necessitating a rapid shift of education, assessment and student support to an online environment. The University's Teaching, Learning and Quality Committee met daily to consider the actions required to protect students' education, progression and graduation while maintaining rigorous academic standards. These included temporary amendments to academic regulations and introduction of a Safety Net to mitigate the negative impact of the lockdown-enforced teaching and learning changes upon student performance. Invigilated examinations were replaced with alternative forms of summative assessments, field courses were inevitably cancelled, and programme delivery teams worked hard to implement the temporary regulations, taking into account the requirements of relevant professional standards and regulatory bodies. Support services ran online with health and wellbeing programmes communicated regularly to students. Technology and Information Services supported the whole process of transition through new software licences and platforms and training.

The University even worked with an external provider to stage its first online graduation, as 78 medical students received their degrees in May so that they could start their foundation posts early and join the NHS in responding to the crisis.

As the University began to focus upon the new academic year, there was recognition that the changes it was having to make also represented an opportunity to enhance its work. Specifically, five operational principles have been adopted:

1. **Blended educational delivery**, offering a range of engaging learning experiences through both traditional face-to-face and digital delivery, supporting academic progression and performance for all students, while maintaining safety requirements.
2. **Building on the existing timetable**, with flexibility to allow for creative solutions to teaching provision where feasible.
3. **Support for students**, with individualised packages for those impacted by significant online delivery, to help bridge the digital divide, and campus support for safe engagement.
4. **Safety, wellbeing and flexibility**, with a commitment to regular reviews of student and staff welfare and mental health needs.

5. **Community and identity**, building on the University's sense of community and engagement among staff and students, and between staff and students.

These principles build naturally upon the strategic priorities in the University's 2030 Strategy, not least ensuring an innovative education portfolio and programme excellence.

This includes growing the University's taught postgraduate offer and international numbers, establishing competitive online programmes grounded in research strengths, and optimising the institution's location and industrial links. A priority to nurture outstanding students and staff includes pledges to deliver opportunities for students to take advantage of the natural assets of the South West and to make a positive difference to communities.

Early in the year, the new Student Hub was opened, bringing together all central student support services under one roof in the Charles Seale-Hayne Library. The Hub's staff provide advice and guidance across funding and budgeting; mental health, disability and dyslexia; academic issues; international and immigration; faith and spirituality; and careers and employability.

With student health and wellbeing a major focus for the University, it has expanded its Mental Health Team, assigning a Mental Health Advisor to



Student Hub in the Charles Seale-Hayne Library

each Faculty to support staff around student mental health, and ensuring the central team understands the nuances of different subject areas. A new Pastoral and Spiritual Support department has been launched, from the former Multi-Faith Chaplaincy, with the aim of making the team more visible to students and staff. This has included the facilitation of new groups and networks such as a Grief and Bereavement network in collaboration with Human Resources. Student Services also coordinated a second annual Suicide Awareness Event as part of its Suicide Safety Strategy.

In the 2020 National Student Survey, the University recorded its highest-ever response of 76.1%, and enjoyed an increase in some of its key satisfaction scores. Satisfaction with 'The teaching on my course' increased to 86.82% (up from 85.97% last year), placing Plymouth 25th out of 155 higher education institutions (HEIs) for teaching. The University also maintained its place in the top 50 HEIs for the key Overall Satisfaction score, which at 84.92% remains above the sector average of 83%.

The University has a strong record of external recognition for its teaching culture, and 2019/20 continued that trend when Professor Kamran Ali and Dr Richard Ayres (Faculty of Health) were awarded National Teaching Fellowships, taking the total number received by the University to 25. Also in the Faculty of Health, Clare McIlwaine, programme lead for BSc (Hons) Dental

Therapy and Hygiene, became the first dental care professional to win a prize at the Association for Dental Education in Europe (ADEE) awards. Clare won the Oral B Inter-Professional Educator award, becoming the first non-dentist to win in any ADEE category, and was selected ahead of entries from dental schools across the continent.

At the heart of the University's Strategy 2030 is a clear and continued commitment to social mobility, particularly around access, success and progression. In respect of access, 94.4% of the University's entrants were from state schools, with the percentage of new entrants from low participation neighbourhoods being 15.2%.

Across its External Relations Directorate and Faculty teams, the University undertook approximately 240 physical outreach activities up until the start of March, when the schools closed. Even during lockdown, this commitment to schools engagement continued, with the delivery of 32 live online talks and outreach sessions. Through both physical and online activities, the University has had 13,250 interactions with school/college students and their parents across a range of areas, backgrounds and locations.

A few examples of targeted activities include:

- IT courses delivered with the Racial Equality Council to members of

the Devon and Cornwall Refugee Support Group

- taster days for looked-after young people and pre-16 campus visits to build higher education aspiration and encourage attainment
- a student shadowing scheme targeting first-generation students to provide inspiration and a deeper understanding of university life
- working with the Beyond Face Youth Company to provide information, advice and guidance to BAME students through performing arts
- a mentoring scheme in schools through Coach Bright to raise attainment and aspirations.

Preparing students for their careers, and helping them to secure valuable life and employment skills, is an essential element of the University's education. This year, the Careers Service team piloted a micro-internships scheme to provide a more mixed economy of work-based opportunities, and developed a web support package for finalists and recent graduates to help them in the current challenging job market, with a telephone campaign of 2020 graduates to follow in due course. This support came as part of a significant restructuring of web presence and digital tools to improve student navigation and self-directed access to 24/7 careers information,

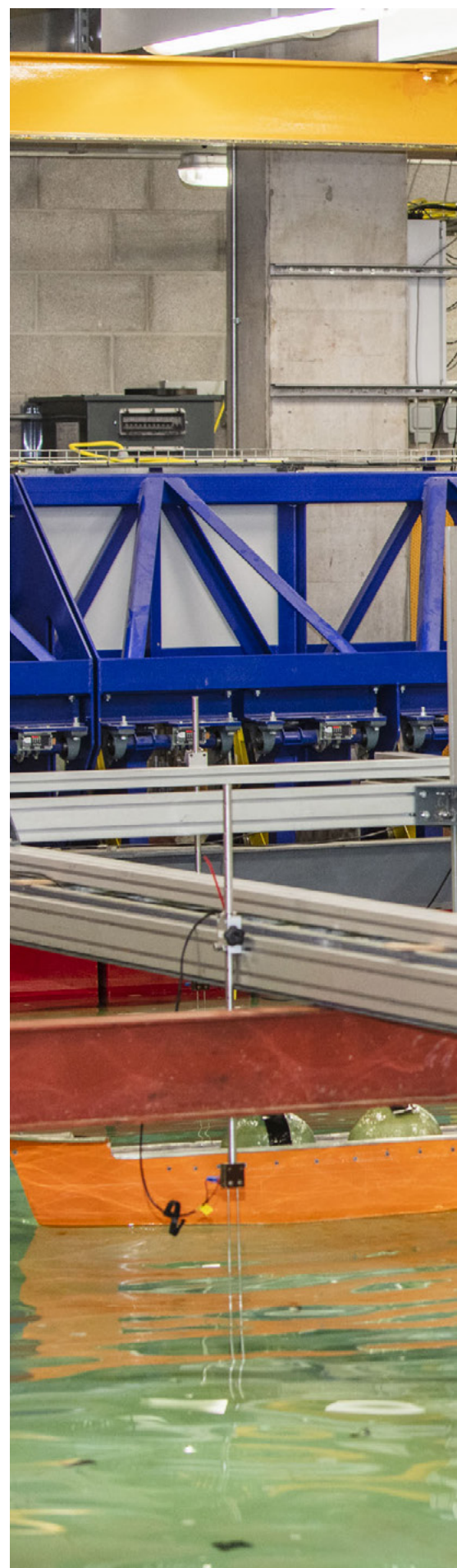
Sir Michael Barber, Chair of the Office for Students (OfS), on his visit to the University to learn of its inspiring work in championing social mobility, widening participation and knowledge exchange

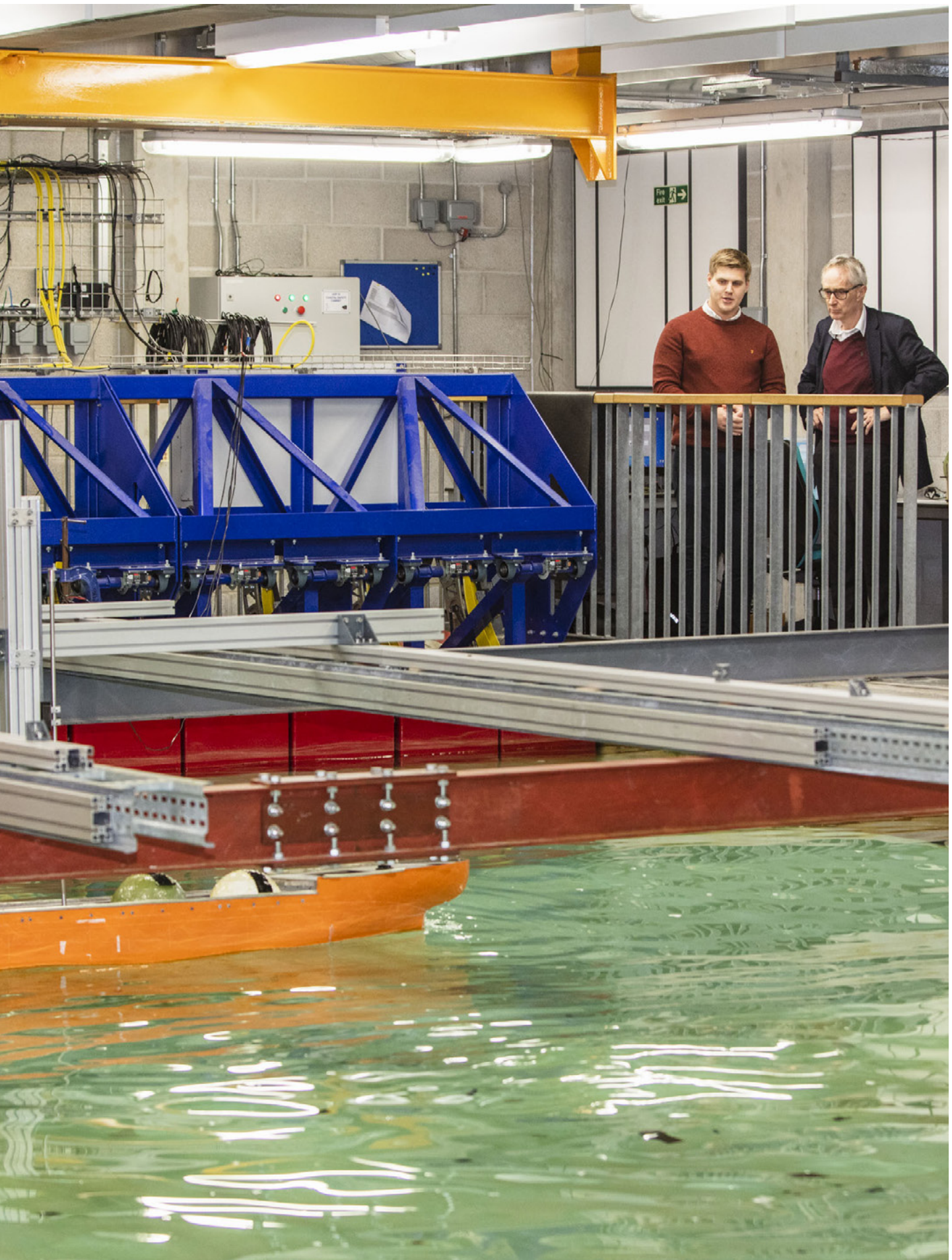
advice and guidance, including support for self employment. In 2019/20, the University was also awarded £499,000 from the Office for Students and Research England to advance its Knowledge Exchange (KE) work, with a particular focus on understanding and maximising the benefits to students of working with business and community partners and bodies. The project includes the creation of a dedicated 'KE Academy' that will prepare, train and equip students with the professional skills and behaviours required to deliver knowledge exchange in a variety of settings, including businesses, the public sector, social enterprises and communities. It will also expand a number of existing skills development and external projects, such as the award-winning Plymouth Law Clinic and Inspiring Futures, where students deliver consultancy projects for local companies. Around 1,300 students from the Faculty of Arts, Humanities and Business will take part over the course of the next two years.

The University's long-standing further education partnerships across the South West facilitate access to higher education opportunities for those who do not have the educational qualifications and/or who are unable to leave their locality owing to work and care considerations. More than 7,400 new students enrolled at partner colleges this year – 4,200 in the UK and 3,200 internationally. And an important landmark was

reached with the graduation of the inaugural cohorts enrolled on the University's Degree Apprenticeships. Nine students graduated from the Chartered Management Degree Apprenticeship, with eight securing Distinctions. Two new Level 7 Degree Apprenticeships launched during the year – Chartered Town Planner and Senior Leader – and a further six are planned for 2020/21. Recruitment was strong until COVID-19 caused a number of employers to put their plans on hold. While the immediate outlook is uncertain, the University continues to promote programmes and has a business development plan that focuses on those sectors which are either less impacted or, in the case of the health and social care sectors, may experience significant growth as a result of the pandemic.

Also this year, the University was formally announced as one of the partners of the South West Institute of Technology (SWIoT), one of 12 established by the government. The national programme will share £170m of funding for the establishment of new buildings and facilities to help train thousands of students in technical subjects, as well as develop skills and enhance career opportunities.







Dr Imogen Napper, Marine Litter Research Unit



Professor Mark Fitzsimons, FABSOIL (Fabricated Soils) project

Research

The University undertakes impactful, world-leading research by sustaining its peaks of excellence in health, marine and maritime sciences, and sustainability, and by growing a critical mass of research in related emerging areas such as agritechology, antimicrobial resistance, brain research, creative economies, and cybersecurity.

In 2019/20, this excellence was acknowledged in a number of ways, not least with the award of its third Queen's Anniversary Prize for Higher and Further Education, this time for its ground breaking research and policy impact on marine microplastics. In addition, Professor Richard Thompson OBE FRS, the head of the International Marine Litter Research Unit, was elected to a Fellowship of the Royal Society in recognition of nearly two decades of research, and engagement with policy-makers and stakeholders across science and industry.

The University's 2030 Strategy sets out clear priorities and ambitions for the institution as it seeks to realise its future of excellence, including:

- building research power by increasing the percentage of research-active staff and growing research income (with a number of strategic appointments of senior academics during the year)
- growing our own research talent base

- growing a strong doctoral research community to support research intensity
- supporting cross-institution interdisciplinary institutes that address global challenges.

To achieve the latter, three Institutes have been formalised from 1 August 2020: the Marine Institute, the Sustainable Earth Institute, and the Plymouth Institute of Health and Care Research.

To deliver upon its strategy, the University is continuing to invest in, and support, the development of its research culture. For example, the plans for the new Engineering and Design Facility are progressing, with the announcement of a contractor to take forward the construction, subject to planning. In the emerging field of cybersecurity, the University is establishing a unique national research facility designed to address some of the key challenges facing the shipping industry. The £3m Cyber-SHIP Lab, supported by funding from Research England as well as extensive industry involvement, will bring together a host of connected maritime systems currently found on an actual ship's bridge. Experts in cybersecurity and information systems will then assess them for weaknesses, and identify the human and technological changes needed to make them secure for the future.

The following are examples of major research breakthroughs by University academics this year.

- A high-profile study for Defra that revealed that tyre particles can be transported to the ocean through the atmosphere, or by rainwater into rivers and sewers, where they can pass through the water treatment process. Researchers estimate this could place around 100 million m² of the UK's river network – and more than 50 million m² of estuarine and coastal waters – at risk of tyre particle contamination.
- Marine litter scientists also showed that some types of biodegradable shopping bags are usable even after being left in the environment for several months; that wearing certain clothes could result in the shedding of a greater number of microfibres than washing them; and that LEGO bricks could well persist for 1,300 years in the marine environment.
- Dental researchers published two high-profile studies revealing the impact that commonly used mouthwash can have upon the body. The first, published in the *Journal of Free Radical Biology & Medicine*, showed that mouthwash can counter-attack the beneficial blood-pressure-lowering effect of exercise. The second, published in *Scientific Reports*, revealed that mouthwash can increase



The University of Plymouth receiving the Queen's Anniversary Prize for Higher and Further Education for its pioneering research on microplastics pollution

the amount of lactate-producing bacteria, which lowers pH, making saliva more acidic and thus increasing the risk of tooth damage.

- Soil scientists revealed that a combination of waste materials supplemented with a product of biomass could make a major contribution in combatting the threat of soil degradation. Published in the journal *Science of the Total Environment*, academics leading the FABSOIL (Fabricated Soils) project demonstrated that adding biochar – a solid, carbon-rich material derived from biomass – to soil constructed from waste materials reduces the loss of essential nutrients such as nitrogen and carbon.
- Researchers in the Institute of Translational and Stratified Medicine unveiled a study that questions whether autophagy – the 'self-eating' process undergone by cells in the body – could pave the way for new treatment for neurodegenerative conditions such as dementia. Published in the journal *Nature Communications*, the research shed new insight into the process, which rids the body of unwanted proteins that can harm cells.
- The Interdisciplinary Centre for Computer Music Research is working with people who, through physical injury or mental illness,

are no longer able to play their instruments, such as ex-military or emergency services personnel. This potentially life-changing project work will involve making individual adaptations to the way instruments are played, and providing psychological support.

The strength of Plymouth's world-class research led to research income of £11.9m and new awards totalling £15.8m being secured in 2019/20, for projects that have a real economic, environmental or social impact, for example:

- The University is one of the partners in an international €14m project to remove and prevent plastic pollution in the English Channel. Preventing Plastic Pollution (PPP) will develop a model to gather data on the amount and likely sources of plastic pollution at seven pilot sites, including the River Tamar catchment.
- A grant of €650,000 from a project total of €7m that brings together 13 science and industry partners from eight countries to enhance cyber preparedness within the global maritime sector. The University is the sole UK participant in Cyber-MAR, a three-year project funded through the European Union's Horizon 2020 programme, and drawing together world-leading experts in computer science, maritime law, shipping and psychology.

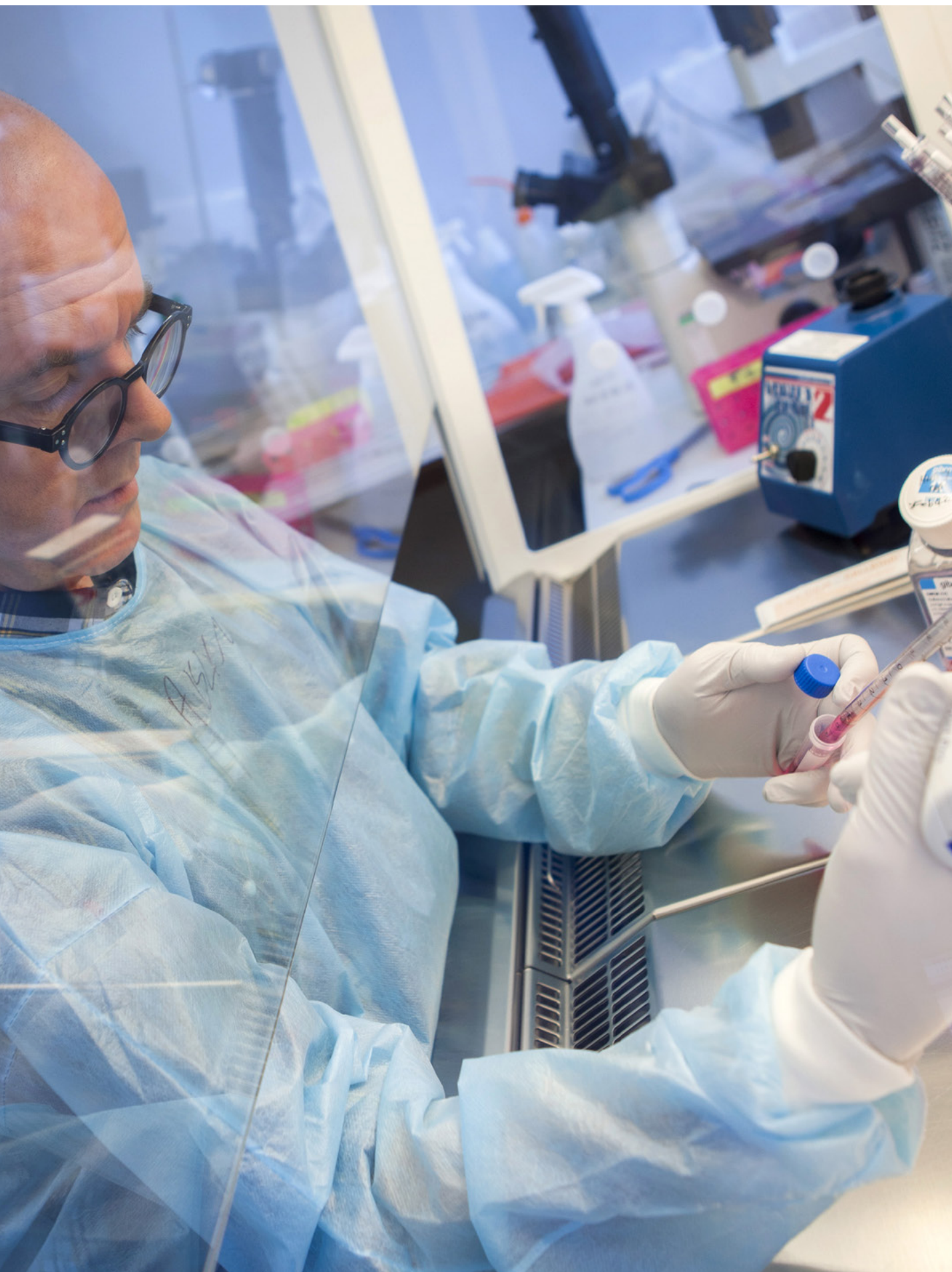
- A grant of £1m from the Economic and Social Research Council awarded to academics in the School of Law, Criminology and Government, and colleagues at the London School of Economics and University of East Anglia, for a project researching the crime and criminal justice experience of Gypsies and Travellers.
- Two academics received prestigious UK Research and Innovation's Future Leaders Fellowships. Dr Elsa Fouragnan, Head of the Brain Stimulation Laboratory, School of Psychology, will use her fellowship of £880,000 over an initial four years to work towards a revolutionary new treatment for addiction. And Dr Oli Tills, Research Fellow in the School of Biological and Marine Sciences, will be using his award of £497,000 over the initial four years to create the next generation of technologies for harnessing the dynamic process of embryonic development in aquatic animals.
- Environmental scientists were awarded £249,000 by the joint Biotechnology and Biological Sciences Research Council (BBSRC) and Natural Environment Research Council (NERC) to continue and develop its work tackling soil erosion in East Africa using interdisciplinary methods. A similar amount was awarded to Professor Ralph Fyfe, in the School of Geography, Earth and

Environmental Sciences from the Leverhulme Trust, for a two-year study of the transformation of Exmoor Forest.

The University demonstrated its civic engagement and service by rapidly turning its research capabilities to coronavirus and the impact the pandemic was having upon many aspects of society. For example:

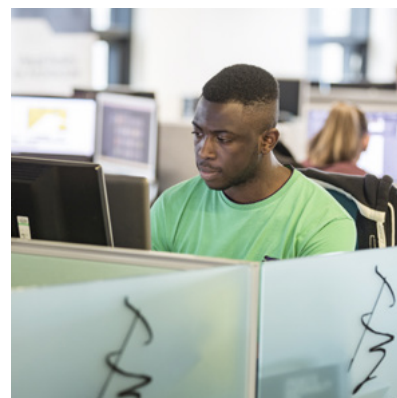
- The Vaccine Group (TVG), led by Dr Michael Jarvis, used its expertise in developing vaccines for zoonotic diseases by immediately commencing research into developing one to combat animal coronavirus. By the end of the financial year, TVG had reached an important first milestone with success in pre-animal trial laboratory testing.
- A joint study between the University and University Hospitals Plymouth NHS Trust was launched to analyse the differing immune responses of COVID-19 patients and working to develop a simple test that could help predict who is likely to develop serious illness.
- Academics from the Built Environment Research Centre worked with Torbay and South Devon Foundation NHS Trust to install thermal imaging scanners in Newton Abbot Hospital for a trial project to keep the site COVID-19 free.
- A national survey was launched by academics in the School of Nursing and Midwifery to examine whether the COVID-19 'stay home' advice influenced decision-making around the care of sick or injured children.
- The University was awarded £110,000 from the Arts and Humanities Research Council (AHRC) for an international project that will bring together 40 poets to write about coronavirus. It will include an interactive website through which members of the public can take part in discussions and even submit their own work.
- A study by academics in the Plymouth Business School found that parents forced to work from home as a result of the pandemic believe the experience could ultimately be a positive one for their family, with better work-life balance and greater connection to their children.







Knowledge Transfer Partnerships



Formation Zone®

Enterprise and Knowledge Exchange

The University has a strong focus on delivering real-world impact through knowledge exchange and support for innovation, engaging with businesses, stakeholders and funders, and promoting public engagement and understanding of its research.

The success of this inclusive, business-facing approach is evident in the most recent HESA statistics, which show the University is:

- Second in the South West for income from intellectual property, consultancy income, and facilities and equipment-related income (first in the region in relation to SMEs)
- Third in the region – and 18th nationally – for current turnover of active spinouts
- Third in the region – and 14th nationally – for regeneration income, particularly from the European Regional Development Fund (ERDF) (8th nationally) and European Social Fund (ESF) (6th nationally).

The University engaged with more than 3,000 businesses in 2019/20, creating connections and collaborations that benefit its students and academic community, as well as generating commercial income and forming positive long-term business partnerships.

Enterprise Solutions – the gateway for businesses seeking to work with

the University – fielded 600 intensive business enquiries, with 80% of these being converted into opportunities involving a range of specialist expertise, state-of-the-art facilities and the talent of the University's students and graduates. This year, it developed a new student business creation and growth service – named The Cube – which will deliver a programme of pioneering events and training as well as provide access to specialist advice, workshops, mentors and experts-in-residence who can support students on their enterprise journey, particularly those with ambitions to launch their own start-up or who are intending to work in a micro-business or SME.

2019/20 was another successful year in terms of Knowledge Transfer Partnerships (KTPs), with £360,000 of new KTPs starting during the last 12 months. This brings the combined value of the institution's KTP portfolio to more than £1m, working with businesses across various sectors including digital, pharmaceuticals and manufacturing.

The University manages and operates a number of key innovation and incubation facilities across the region. The three Innovation Centres in Cornwall, managed on behalf of Cornwall Council, play an important role in generating innovation and supporting local growth, as well as being a platform for academic and student engagement. The Pool Innovation Centre celebrated its 10th

anniversary this year. At year end, there were 164 clients across the three centres, who between them created more than 150 new jobs.

Formation Zone®, based in the Marine Building, offers an important nurturing service to graduate start-ups, and is currently supporting 16 businesses employing 21 people. Through the institution's partnership with Santander Universities, Formation Zone® was able to support more than 70 students and graduates with business start-up and development funding worth £60,000.

It has also been another successful year for the Brixham Laboratory. The waterfront research and development facility, which the University took over from AstraZeneca in 2014, is 90% occupied with 25 tenant organisations, providing 160 jobs and attracting investors, innovators and customers from Europe, Asia and America. The two anchor tenants, EFFECT Photonics Ltd and Scymaris, continue to grow and expand in the photonics and life sciences sectors.

The University's Plymouth Electron Microscopy Centre (PEMC) is another key facility in the science and innovation landscape. This year, it revealed that it would be working closely with Plessey Semiconductors Ltd on a long-term commercial agreement with Facebook. Having access to PEMC's high-spec instrumentation, including a focused ion beam scanning



Brixham Laboratory

electron microscope, helped Plessey secure the contract to develop new micro LEDs for virtual and augmented reality technologies. It will mean engineers from Facebook and Plessey will be working on campus for the foreseeable future.

The University has been consistently successful in bidding for significant EU funding to support applied R&D, and industrial engagement and innovation. In 2019/20, it secured an additional £3.4m grant to extend the Acceleration Through Innovation (ATI) business support programme to the end of 2022. ATI has so far engaged more than 580 businesses, awarded 48 innovation grants with a total value in excess of £1m, and enabled 61 businesses to bring new products, services and processes to the market or their business. There was also a £4m, three-year extension of eHealth Productivity and Innovation in Cornwall and the Isles of Scilly (EPIC), which is working to increase the use of digital technologies in health and social care. The project is led through the Centre for Health Technology, and this second phase will make £600,000 available to businesses through a Challenge Fund. ERDF funding also helped the University to secure a state-of-the-art unmanned marine vessel capable of conducting research off the South West coast. CETUS – a C-Worker 4 – is the first major unmanned asset to join the University's fleet of vessels and will be central to its participation in Plymouth's Marine Business

Technology Centre project. The vessel will also create opportunities for Devon-based small- and medium-sized businesses to take part in collaborative research, development and innovation activities within the Smart Sound Plymouth offshore proving area.

This year, the University signed a partnership bond with the Plymouth Manufacturers Group (PMG) to pave the way for increased collaboration and joint initiatives. The bond will enable PMG members – who include the Wrigley Company, Kawasaki and Ginsters, as well as many SMEs – to formally work with the University on joint government funding applications, new commercial developments, and research and development innovations.

The University's recently established spinout companies, all of which have been incorporated from cutting-edge research in science and medicine and developed with the support of Frontier IP, have had a positive year. The Vaccine Group (TVG), created to commercialise the work of Dr Michael Jarvis, Associate Professor in Virology and Immunology, raised £680,000 in equity funding to enhance its research into novel vaccine technologies. This values TVG at £9.5m, and will accelerate development and expand the range of vaccines used to combat zoonotic diseases. Molendotech, launched in 2017 to develop and commercialise the work of Simon Jackson, Honorary Professor at the

University's Peninsula Medical School, secured considerable investment in April to speed the development of its novel bacteria-testing technology. The company (based at the Brixham Laboratory) raised £425,000 through an equity funding round. Its technology has recently attracted strong interest internationally from potential customers concerned about secondary infections as they tackle the COVID-19 outbreak. Finally, Fieldwork Robotics, which commercialises the work of Dr Martin Stoelen, raised £298,000 through an initial equity funding round (valuing the company at just over £5m). The proceeds will be used to accelerate development and scale-up of the company's novel robotics technology for harvesting soft fruit and vegetables. Fieldwork Robotics has signed an agreement with Bosch UK on a collaboration to optimise the company's soft robotic arms.



Plymouth Law Clinic

Civic Engagement and Service

With around 2,500 members of staff and 18,000 students in the city, the University plays a major role in the socioeconomic fabric of the region, upholding the values of the Civic University. Students contribute to the community through activities aligned to their academic programme of study and sports, societies and volunteering activities coordinated via the Students' Union (UPSU). UPSU's strong 'communities' agenda consists of a wide range of activities that enhance the student experience, promote employability and contribute to the wider community.

In the academic year 2019/20, hundreds of students conducted volunteering in the community. More than 330 students were employed by UPSU during the year, receiving full training and skills development. £320,000 was paid to student staff in wages.

Placements, internships, work-based learning, community-based student projects and consulting engage students with industry-relevant learning that promotes employability and enhances workforce development. A strong example of this is the School of Law, Criminology and Government, where a student-run legal service offers free advice to individuals and organisations in Plymouth. In 2019/20, the Plymouth Law Clinic received a major national award for the third year running, triumphing in two categories ('Access to Justice Foundation' and 'Best Team

of Students') at the LawWorks and Attorney General Student Pro Bono Awards 2020, along with one of its partners, the British Red Cross. The awards celebrate the best pro bono activities undertaken by law students and law schools, and the positive impact on those assisted.

Across the health spectrum, students earn valuable experience in treating patients, while also making an important contribution to community wellbeing. In optometry, 3,447 people walked through the doors of the Centre for Eyecare Excellence this year – an understandable reduction on the previous 12 months. Of these, 2,316 were treated by student optometrists, and 431 were new patients. The clinic remained open throughout the lockdown period and was able to provide continuing services to the public, advising, triaging and treating more than 200 extra patients during the period. At the Dental Education Facilities in Derriford, Devonport, Truro and Exeter, University students and staff at the Peninsula Dental Social Enterprise CIC treated 5,498 NHS patients, across 19,840 appointments, with 70,146 treatment items provided. And this year, students developed and delivered meaningful and effective community engagement projects as part of their Inter-Professional Engagement module. These ranged from Dental Champion Training, walk and talk sessions, a Christmas craft oral health themed party and a lunch club with a health game show. In

total, 71 dental therapy and hygiene students, working in 11 groups, took part in more than 150 hours of planning and engaged with more than 500 members of the public.

The COVID-19 pandemic and the lockdown enabled the University to demonstrate its civic engagement and service in a number of ways. Staff and students volunteered hours of their time – as well as resources – to make a difference. Activities included the following:

- Students across the Faculty of Health volunteered to work in the NHS to boost the sector's capacity.
- Staff from the Peninsula Dental School and Peninsula Dental Social Enterprise were seconded to help provide emergency care to COVID-19 positive or symptomatic patients.
- Engineers worked with a local company to design and manufacture BSI-standard recyclable face shields for procurement by the NHS.
- Technical and research staff from the Faculty of Arts, Humanities and Business, and the Faculty of Science and Engineering, joined a city-wide consortium to help manufacture components for medical PPE, including 3D-printed face shields.

- Academics in the Faculty of Arts, Humanities and Business developed valuable learning resources for those being schooled at home, covering history and mathematics.

The University continues to engage the wider public through a range of events and programmes across the cultural and artistic spectrum. In total, there were 70 centrally-organised events for internal and external audiences, which drew approximately 8,000 attendees.

The University manages the Children's University for Devon and Cornwall, and this year has seen further growth of the network. There are now 138 'passport providers', including primary schools, secondary schools, home education groups and learning destinations, and over 10,000 students with passports engaging in the CU activities across the two counties.



Corporate Social Responsibility

Sustainability

Plymouth remains one of the most sustainable universities in the UK, with continued recognition through awards and national and international accreditations. In declaring a climate emergency in July 2019, it has joined an international movement aimed at taking action on the issue. As part of the commitment, the University has adopted a net zero emissions target (scope 1 and 2) by 2025, five years earlier than originally planned.

Through the publication of its biennial *Sustainability Report*, published in accordance with the internationally recognised Global Reporting Initiative G4 guidelines for sustainability disclosure, the University holds itself publicly accountable while also seeking to inspire other organisations to be more ethical and environmentally conscious. Among the key headlines in this year's interim report, these include:

- Overall, the University is consistently among the best performing universities across the breadth of sustainability including emissions reduction, energy use, water use and waste generation.
- Carbon emissions are continuing to reduce, with a 9% reduction in 2018/19 from the previous year and a 48% reduction since our base year of 1990.
- Over time, the size of the estate has more than doubled, but emissions per floor area are continuing to reduce from 219 kgCO₂e in 1990, to 44 kgCO₂e in 2018/19.

- Electricity use decreased by 2% from the previous year, but more importantly electricity use per floor area (kWh/m²) has reduced by 7% from last year. Looking at total energy consumption per floor area, we are among the lowest users in the sector.
- Unfortunately, water use increased by 20% in 2018/19 from the previous year, although overall, there has been a 27% reduction in water use from the base year 2005/06. Again, we are among the lowest users of water per student in the sector.
- Since 2011, waste has decreased by 2% and the University generated on average 26 kg per student in 2018/19. In 2018/19, the institution recycled 50% of its waste. It sends almost no waste to landfill apart from occasional construction waste that cannot be recycled or incinerated.

Teaching and research are key components of the University's sustainability work. The Centre for Sustainable Futures (CSF) continues to support staff and students with co-constructing innovative sustainability education opportunities in the curriculum and also at an extra-curricular level. This has included piloting a new scenario-based learning approach within the BA (Hons) Education course that seeks to engage students with Plymouth's Civic University initiative. The CSF has helped with the running of the fifth conference in the Sustainability in Higher Education series, a research knowledge exchange opportunity the University first launched in 2015.

In recognition of the University's long-standing reputation in sustainability education, the Lead for CSF was invited onto a national steering group for revising the guidance to all higher education institutions in the UK on education for sustainable development. This guidance will be published later this year by the Quality Assurance Agency for Higher Education and Advance HE. In research, the Sustainable Earth Institute (SEI) has continued to provide opportunities through which academics can engage with businesses, community groups and individuals to collaborate on global challenges. Among its key projects this year was the launch of the £2.6m Sustainability Hub: Low Carbon Devon project, supported by the ERDF. Running until 2023, the initiative aims to harness the University's expertise and experience in sustainability to benefit the county's employers, providing a range of coordinated activities to make it easier to bring the academic and business communities together.

The University has entered into preparatory work on a £26m refurbishment of a large building on the Plymouth Railway Station site. This major work will accommodate activities for our growing Health faculty, which will be completed to SLA Gold sustainability standards.

Among a number of events the SEI hosted or supported during the year included the International Conference on Environmental Psychology; hosting Michael Lewis, CEO of E.ON, for a workshop on how the energy sector should respond to the climate emergency; and welcoming Professor Gideon Henderson, Chief Scientific Advisor

to Defra, for a session on 'Achieving Net Zero'. Also this year, Professor Iain Stewart MBE, Director of the SEI, worked as a scientific consultant on Sir David Attenborough's new BBC series *Seven Worlds, One Planet*. There was awards success for several SEI-supported research projects as well. CobBauge, which is working to update a centuries-old construction technique for a new generation of energy-efficient homes, won the sustainability category of the RegioStars awards in Brussels. And 'the Jali Ardhi project,' which is tackling soil erosion in Africa, was shortlisted for the 2020 *Guardian* University Awards in the Internationalisation category.

Modern slavery statement

The University is committed to acquiring goods and services for its use without causing harm to others. As a University, we continue to act ethically and with integrity in all business relationships, and continually improve our systems and controls to ensure slavery and human trafficking is not taking place in our supply chains. Further details can be found in the University's Slavery and Human Trafficking Annual Statement published on its website at plymouth.ac.uk/procurement

Equal pay statement

The University is committed to equality of opportunities for its staff and students and, as part of this commitment, carries out an equal pay review every two years. This important review ensures that employees are paid at the same rate of pay for carrying out equal or 'like' work and that our pay



and reward mechanisms are fair, free from bias and transparent.

Gender pay gap reporting

The University publishes its gender pay gap data together with a gender pay gap report providing explanatory text and actions each year. The current gender pay gap report, including our successes to date and planned actions to make further improvements to close the pay gap, is published on our website at plymouth.ac.uk/equality

Athena SWAN

We are long-standing members of the Athena SWAN Charter, a national initiative that provides a framework, support and guidance for higher education institutions to identify and address gender inequality in higher education and research. The University holds a Bronze Athena SWAN award, as well as Bronze awards in numerous schools. We also hold a Silver award, which was awarded jointly to the Peninsula Medical School and Peninsula Dental School (formerly Plymouth University Peninsula Schools of Medicine and Dentistry). The University is on track to achieve our institutional target of all schools holding at least a Bronze award by 2021. Further details are available in our Annual Equality Report, published on our website at plymouth.ac.uk/equality

Race Equality and Black Lives Matter

The University places great importance on equality, diversity and inclusion. During the past year we have made progress in enacting

our zero-tolerance pledge against all forms of abuse, harm and hate, including racism in whatever form it presents itself. As part of our commitment to tackling race inequality, the University will make a submission to Advance HE's Race Equality Charter by April 2022.

In direct response to the Black Lives Matter movement, the University supported Plymouth Hope's work in the local BAME community and work with LGBT+ asylum seekers in Plymouth. Furthermore, we continue to be a long-standing supporter of the Diversity Business Incubator in Plymouth by providing resource and staffing to help in their work with local BAME entrepreneurs.

Trade union facility time

The University has a formal Recognition Agreement with the trade unions – UCU, UNISON, BMA and GMB – and maintains a constructive partnership that contributes to supporting our strategic aims and makes a positive contribution to the success of our organisation. Owing to the implementation of the Trade Union (Facility Time Publication Requirements) Regulations 2017, the University is required to publish data on trade union paid activity. Following receipt of the information provided by our trade unions, we completed our report for the third year by the deadline of 30 September for the period 1 April 2019 to 31 March 2020. This information is also available on the University's website at plymouth.ac.uk/about-us/jobs/trade-union-facility-time-report

Fundraising statement

The University seeks to build sustainable relationships with external stakeholders who can support the University's strategic aims in a number of ways. These include being ambassadors for the University and its activities, as well as supporting the University through philanthropic donations. The University has adopted the Fundraising Regulator's voluntary code of practice to ensure its fundraising activities are of the highest professional and ethical quality.



Geology students on field trip to Dartmoor

Financial Review

Overview and outlook

The higher education sector continues to be increasingly volatile and highly competitive, and this has been further exacerbated by the unprecedented global pandemic, which has brought huge uncertainty and upheaval to the sector. There continues to be the challenge of the demographic dip in undergraduate age population, which is particularly evident in the South West, and a fees and funding regime that is not inflation proofed and subject to further uncertainty in light of the government's current review of post-18 education and funding. This is notwithstanding the impact of Brexit on the UK economy and the higher education sector.

These challenges, along with increasing pressure on servicing pension liabilities, make it increasingly challenging to generate surpluses required for longer-term

sustainability. The University has a comprehensive financial and operational plan, and delivery of a surplus before tax of £4.4m and a robust investments, cash and cash equivalents position of £135.3m as at 31 July 2020, demonstrates this. The University's liquidity days as at 31 July 2020 are at 221 days (2018/19: 165 days).

Long-term institutional sustainability, by building financial resilience, is a key strategic objective for the University, and we continue to realise our future ambitions through the implementation of the longer-term strategy 'University 2030: A Future of Excellence'. As part of this, the Financial Strategy aims to generate sufficient funds for continued investment in the University campus and technology. The campus strategy is reviewed regularly to consider changing requirements

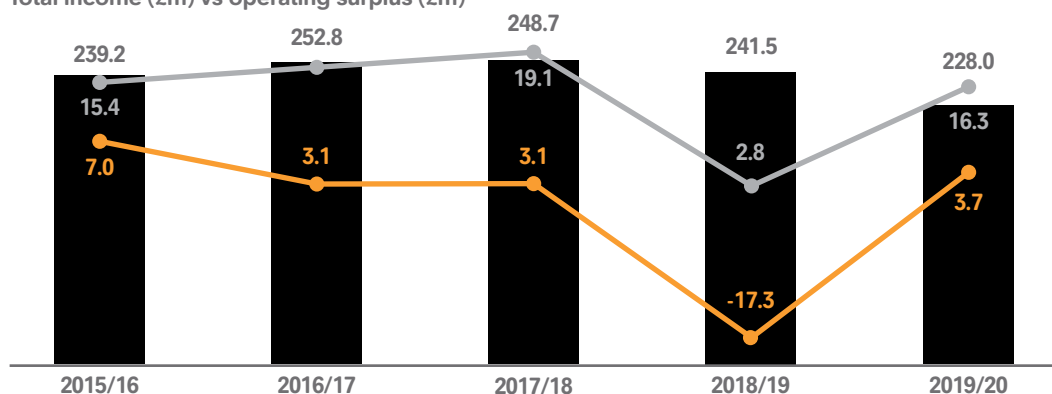
and student expectations and to ensure the University remains in a robust financial position to provide resilience in a volatile and uncertain environment.

The University made an operating surplus, before other gains, to include the share of the operating surplus of the joint venture and tax, of £3.7m (2018/19 deficit of £17.3m after restructuring costs of £21.9m). The operating surplus before non-cash pension costs of £12.6m (2018/19: £20.1m) was £16.3m (2018/19: £2.8m). The operating surplus of £3.7m was generated on an income of £228.0m, down by 5.6% on 2018/19 (£241.5m).

Earnings before interest, tax, depreciation and amortisation (EBITDA) have increased from £21.5m to £37.8m. This is in line with previous years, with 2018/19 being an exception due to the impact

Operating surplus

Total income (£m) vs operating surplus (£m)



■ Total income — Operating surplus* — Operating surplus excluding non-cash pension and related costs

*Surplus /(deficit) before other gains/(losses) and share of operating surplus of joint venture.

of restructuring costs of £21.9m. The University continues to deliver significant positive cashflows, with cash generated from operations before taxation of £34.6m (2018/19: £26.3m).

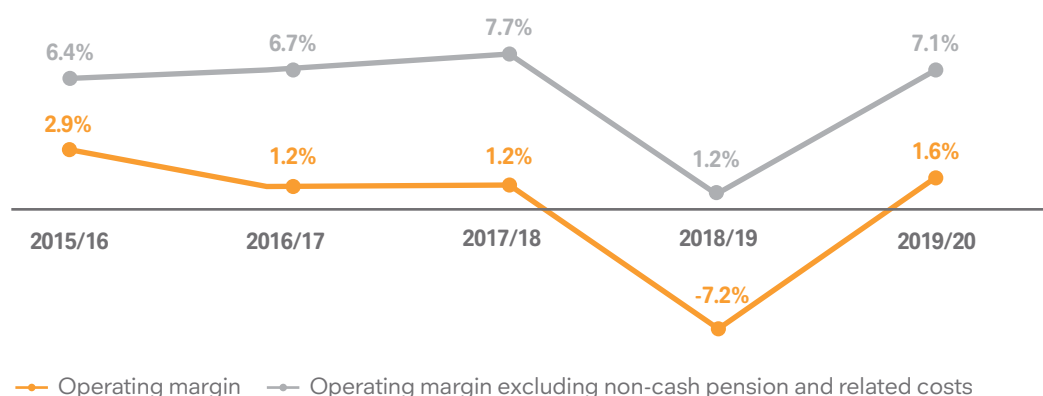
Net assets decreased to £4.9m (from £99.9m in 2018/19) mainly due to the increase in the Local Government Pension Scheme (LGPS) pension liability of £113.4m. This is as a result of the LGPS scheme investment assets performing less favourably as at 31 July 2020 and more significantly the impact of changes in financial

assumptions, notably the discount rate, which has decreased from 2.15% to 1.40% reflecting the market conditions for corporate bonds as at 31 July 2020. Given that the year-end pension liability is dependent on market conditions at a point in time and therefore subject to market volatility, it should be noted that a liability to the extent that it is currently stated is not likely to crystallise in the future but rather reflects the required FRS 102 pension accounting adjustment as opposed to an expected future cash outlay. The impact of this is also reflected in the

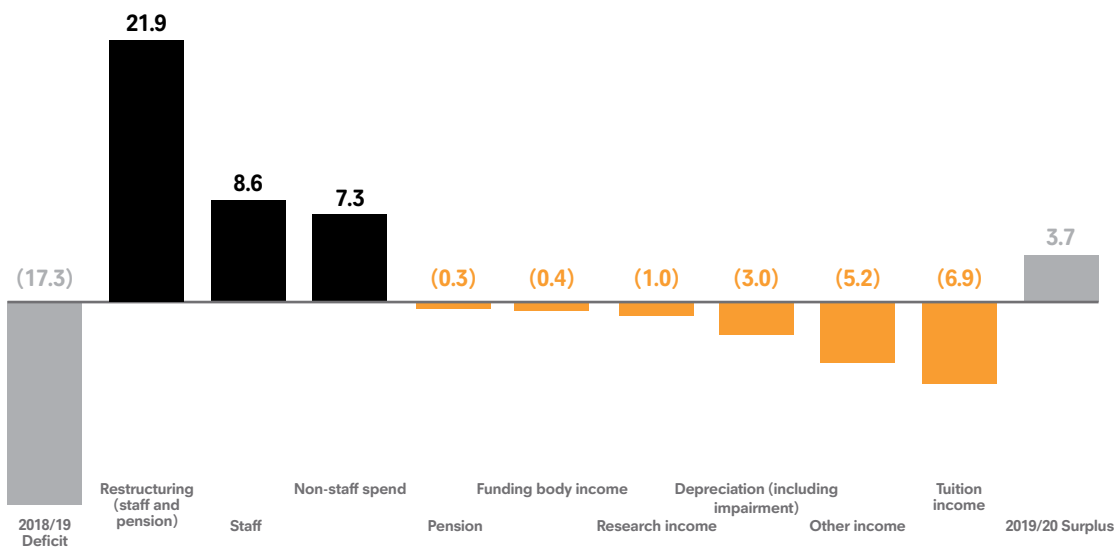
actuarial loss of £99.1m, which saw an increase of £93.2m compared to the previous year.

The University's operating surplus before non-cash pension adjustment has increased by £13.5m compared to the prior year. Whilst the majority of this relates to restructuring costs incurred in 2018/19, it also highlights the impact of the challenge faced in the sector with pressures on both income generation and cost reduction.

Operating margin on income (%)

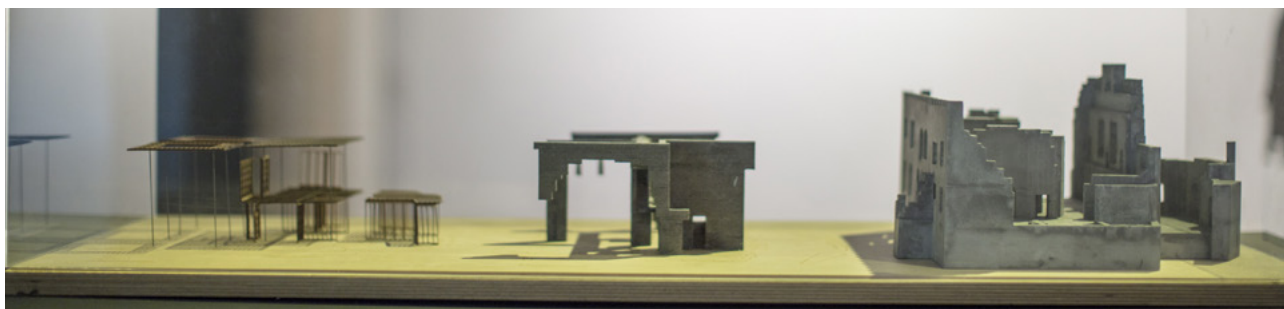


Operating surplus/(deficit) movement (£m)



Compared to the prior year, the position has significantly improved due to staff cost savings and a reduction in non-cash actuarial pension costs, both due to the impact of the 2018/19 restructure. The impact of COVID-19 enabled some savings in non-staff expenditure linked to reduced travel and purchasing during the lockdown period. This was largely offset by a reduction in student accommodation income (included in other income), where third term fees were not charged to students. Included in depreciation is £1.8m of impairment costs due to the ongoing capital works, and

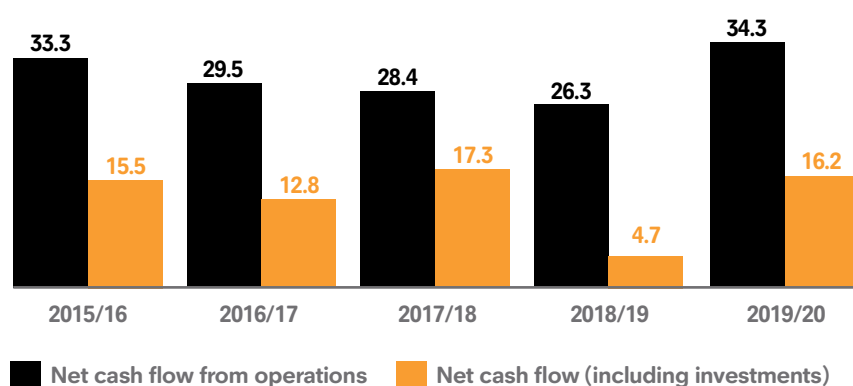
resulting refurbishment works, in line with the campus strategy. The reduction in tuition fee income represents the reduced number of students in line with the University strategy. The strategy is to focus on quality, recognising this may impact undergraduate student numbers whilst looking to grow both the postgraduate and international offering through a blended approach to teaching delivery.



The Alumni Show Exhibition

Cash flow

5 year cash flow trend (£m)



In 2019/20, an overall net cash inflow (including investments) of £16.2m (2018/19 £4.7m) was generated on net cash inflows from operations of £34.3m (2018/19 £26.3m). The increase in overall net cash flow was mainly due to a lower outflow for restructuring in 2019/20 (£5.0m) than in 2018/19 (£9.5m), capital spend being £3.0m lower in 2019/20 partly due to the impact COVID-19 had on several capital projects and an improved financial result excluding restructuring costs.



Smeaton's Tower, Plymouth Hoe

Financial highlights

	2019/20	2018/19
	£m	£m
		restated**
INCOME AND EXPENDITURE		
Income	228.0	241.5
Expenditure (excluding restructuring costs)**	(224.3)	(236.9)
Operating surplus	3.7	4.6
Share of joint venture operating surplus	0.4	0.5
Net gain on tangible and investment assets	0.3	0.1
Operating surplus before tax and restructuring	4.4	5.2
Restructuring costs**	0.0	(21.9)
Taxation	(0.3)	(0.3)
Surplus/(Deficit) after tax	4.1	(17.0)
BALANCE SHEET	2019/20	2018/19
	£m	£m
Tangible fixed assets	250.9	254.7
Cash and current investments	135.3	119.1
Borrowings and finance leases	(52.8)	(54.8)
Pension liabilities**	(293.6)	(182.1)
Net assets	4.9	99.9
CASH FLOW	2019/20	2018/19
	£m	£m
Net cash flow from operations	34.3	26.3
Net movement in cash and investments in the year	16.2	4.7
KEY PERFORMANCE INDICATORS	2019/20	2018/19
Surplus/(Deficit) after tax as a percentage of income	1.8%	(7.1%)
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)*	£37.8m	£21.5m

*As defined by the British Universities Finance Directors Group, and adds back to surplus non-cash income and expenditure movements on pension provisions

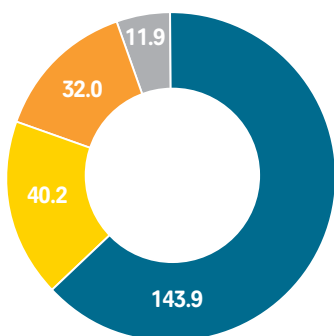
** A prior year adjustment has been included in 2018/19 to reflect non-cash pension costs in respect of 2018/19 restructuring costs. The detail is included in note 31 – Pensions.

Income

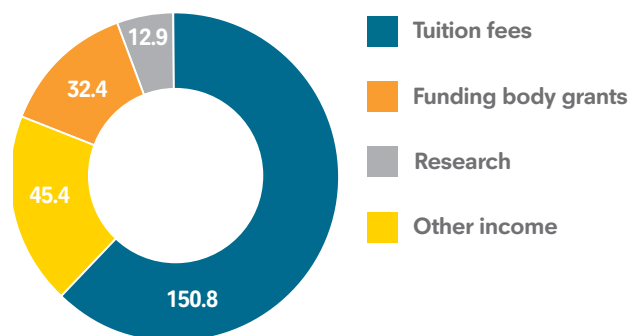
In 2019/20, the University's income decreased by 5.6% (£13.5m) compared with 2018/19 and was mainly due to a reduction in tuition fee income due to a decrease in student numbers, a

reduction in student accommodation income as a result of COVID-19 restrictions and a reduction in research income of £1m.

2019/20 income (£m)



2018/19 income (£m)



- Tuition fees
- Funding body grants
- Research
- Other income

Funding body grants

Funding body grants income has seen a small decrease of £0.4m compared with the prior year and comprises income from the Office for Students for teaching and capital and Research England grants.

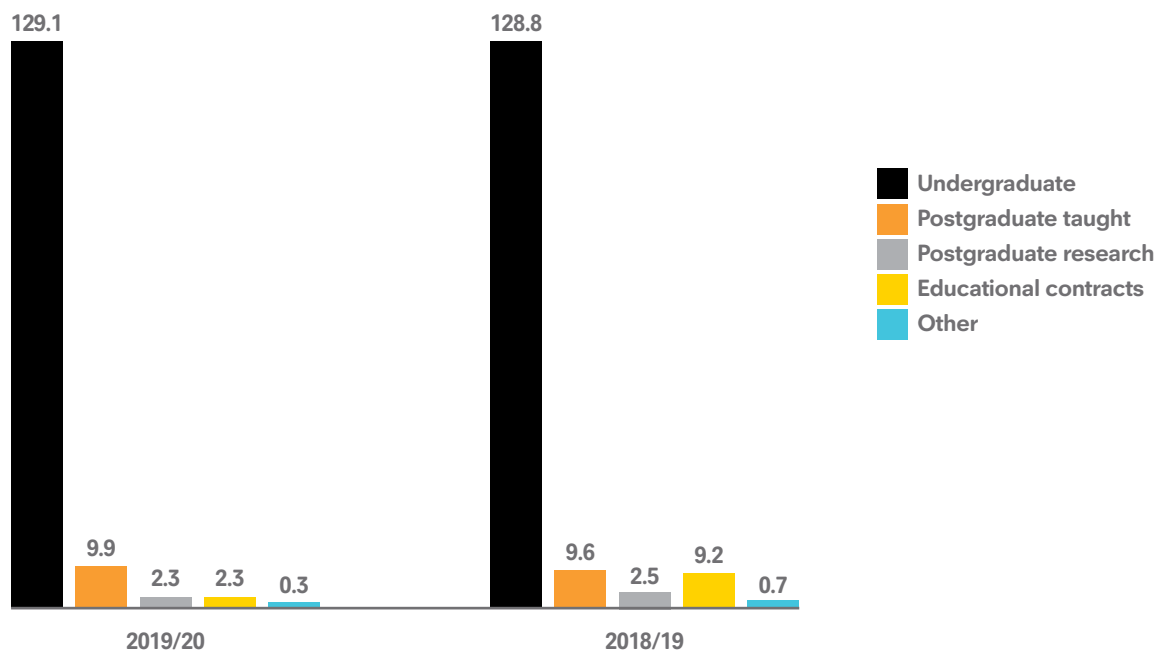
Research

Research income has reduced by £1.0m compared to the prior year, impacted by reduced spend during COVID-19. However, awards in the year total £15.8m, which should have a positive impact on research income in 2020/21 and reinforces the University strategy to grow research income.

Tuition fees

Tuition fee income has decreased by £6.9m compared with 2018/19. This reflects the decrease in student numbers resulting from the demographic dip and competition within the sector to attract and retain new students. The University strategy is to focus on quality, recognising this may impact undergraduate student numbers whilst looking to grow both the postgraduate and international offering through a blended approach to teaching delivery.

Tuition income by type (£m)



Undergraduates continue to form the majority of the student body, and this is reflected in undergraduate income, making up 89.7% (2018/19: 85.4%) of tuition fee income.

Postgraduate income has increased slightly by £0.1m compared to the prior year.

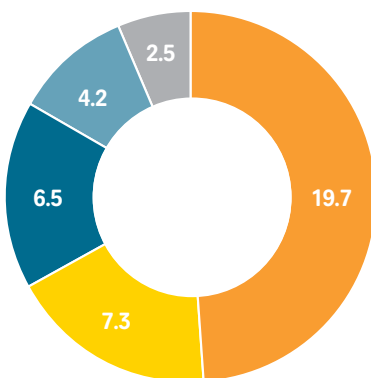
Educational contract income continues to fall compared to the prior year, from £9.2m in 2018/19 to £2.3m in 2019/20, as health qualifications such as nursing and other health profession qualifications transition to the tuition fee-based funding regime.



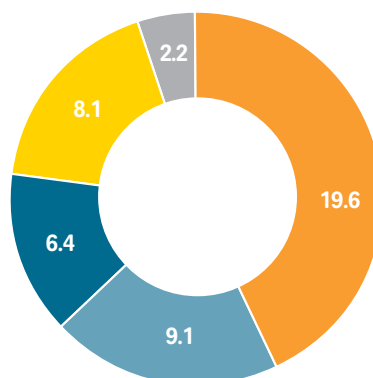
Collecting storm data at Westward Ho!

Other income

2019/20 Other income (£m)



2018/19 Other income (£m)



- Residences, catering and conferences
- Other grant income
- Premises and car park income
- Educational royalties and service charges
- Other miscellaneous income*

*Other miscellaneous income includes investment income and endowment and donation income

Other income decreased by £5.2m (11.5%) compared to the prior year, mainly due to the reduction in student accommodation income as a result of COVID-19. Students were not charged for third term rents as a result of the lockdown. Significant sources of other income to the University include licence and royalty payments received from partner institutions for the right to teach and award University of Plymouth degrees and other grants received by the University for projects. The University Group were eligible to take part in the Coronavirus Job Retention Scheme (CJRS) and specific groups of staff across the University group were

placed on furlough during 2019/20. The total grant received in 2019/20 was £0.72m and further CJRS grant income is expected in 2020/21 relating to these staff groups.

Both investment income and donation and endowment income have remained consistent compared to the prior year, with investment income at £1.3m (2018/19 £1.3m) and donation and endowment income at £0.3m (2018/19 £0.5m). The investment income return has been achieved through a robust and effective treasury management policy despite the base rate being reduced from 0.75% to 0.10% during the year.

Expenditure

Overall expenditure decreased from £258.8m in 2018/19 to £224.3m in 2019/20. The decrease of £34.5m was mainly due to: the 2018/19 staff and pension restructuring costs of £21.9m; a reduction in staff costs of £8.6m due to reduced FTE as a result of the

2018/19 restructure; and a decrease in rent, premises and utilities of £3.4m related to the impact of COVID-19 due to remote working and a reduction in travel and subsistence expenditure during lockdown.



Staff costs

Staff costs, including wages, pensions, payroll taxes and restructuring costs continue to constitute the largest proportion of the University's expenditure, making up 58.6% (2018/19: 62.5% and 54.0% excluding restructuring costs) of the cost base and 57.7% of total income (2018/19: 67.0% and 57.9% excluding restructuring costs).

The HE sector faces the challenge of managing overall staff expenditure, in the context of increasing pay, national insurance and pension costs. The 2018/19 restructure has enabled a reduced cost base for staff expenditure, impacting on both pension costs, to include cash and non-cash spend, and wages and salaries. The LGPS non-cash pension costs are based on assumptions as at 1 August 2020. They also include assumptions for adjustments in

relation to the McCloud and Sargeant cases and Guaranteed Minimum Pension (GMP) equalisation.

The USS pension cost has decreased by £4.1m compared to the prior year, which includes £1.5m relating to the 31 March 2018 valuation and the remainder relating to financial assumptions and member numbers associated with the new schedule of contributions.



Marine biology sample, experimental field course in Portugal

Operating expenditure

Other non-staff operating expenditure (excluding depreciation) has decreased by £7.3m (9.0%) compared to the prior year, and this relates mainly to the reduction in rent, premises and utilities of £3.4m and a reduction in purchasing more generally due to increased remote working and changes in working practices as a result of COVID-19 requirements. There has been strategic investment spend during the year on projects that will enhance the student experience through improved working practices and increased efficiencies.

Depreciation

Depreciation, to include amortisation, of £18.8m has been charged in 2019/20, increasing from £15.8m in 2018/19. The increase of £3.0m was mainly due to refurbishments and the resulting accelerated depreciation and impairment for assets that are replaced via the refurbishments. As the University's Estate Strategy and Masterplan continue to be rolled out, the increased capital spend in the next few years is expected to lead to significantly increased depreciation costs in the coming years.

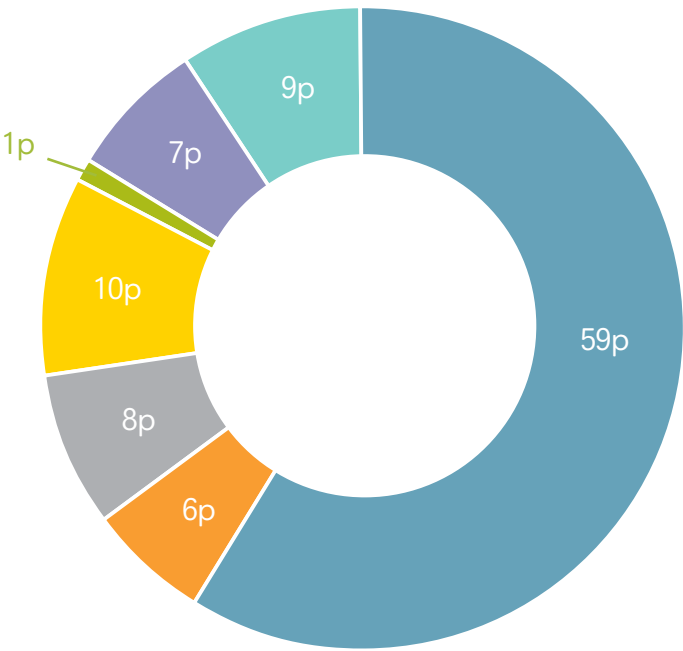
Finance costs

Finance costs on the University's loans and finance leases remain consistent compared to the prior year, at £2.5m (2018/19: £2.6m). Interest rates continue to remain at historically low levels, and this is exacerbated by the impact of COVID-19 on the economy, with two base-rate in-year decreases from 0.75% to 0.25% and then from 0.25% to 0.10%, both in March 2020.

How did we spend our £ in 2019/20?

Seeing a breakdown of how the University spends its income is useful to show how strategic aims and key business needs are resourced. We aim to be transparent by detailing the different income sources and expenditure the University needs to make, to underpin our high-quality,

internationally leading education, research and innovation. Students need to know what their fees are paying for, and by providing this financial context, we aim to show that value for money is core to our investment strategy.



NB. Excludes non-cash pension charges

- Academic and related expenditure**
This is the money that pays for lecturers, technical and support staff. It pays for the field trips, teaching equipment and services to support teaching and learning activity.
- Research grants and contracts**
University staff are awarded grants by research funders to spend on research activity, including staff time and equipment, which in turn informs our teaching.
- Administration and central services**
This is the spend that ensures the University runs day to day, providing the services and support necessary for a high-quality, supportive student experience in a sustainable university.
- Premises**
Our campus is home to our academic and research activities, so investment in buildings and spaces is key to enabling student and staff achievements.
- Residences and catering**
This is spend on student accommodation and food and drink provision on campus, supporting the comfort and wellbeing of our people.
- Other income-generating activities**
The University uses other funding streams where possible to bring money into the business, such as the hiring out of facilities and expertise.
- For investments in our future**
The University looks ahead to ensure we can deliver future ambitions, so investments are also made in activities, infrastructure and staff to support this.



Pensions

The University continues to face a significant degree of uncertainty over the true medium- to long-term cost of its pension schemes, both in real cash terms and accounting non-cash terms, and with the uncertainty of current and future economic conditions there is a risk of larger deficits and increasing contribution rates in the future. The University continues to carefully monitor scheme performance and is mindful of the need to be able to meet any increased contribution costs out of operational cash flows. To mitigate some of this risk and uncertainty, a defined contribution scheme will be offered to new professional staff employees from 1 August 2020, which will allow the University to better manage its future long-term liabilities.

The University participates in six pension schemes, with the defined benefit Teachers' Pension Scheme (TPS) and Devon County Council Local Government Pension Scheme (LGPS) being the largest (accounting for 90% of pension costs). The University also has members in the NHS scheme, Universities Superannuation Scheme (USS) and defined contribution Aviva and Scottish Widows pension schemes for those employed through its subsidiary undertakings.

The University's LGPS provision has increased by £113.4m from £175.1m to £288.5m, and an actuarial loss of £99.1m (2018/19 loss of £5.9m) has accrued in the year. This is due to the LGPS scheme investment assets performing less favourably as at 31 July 2020 and more significantly the impact of changes in financial assumptions, notably the discount rate, which has decreased from 2.15% to 1.40% and reflects the market

conditions for corporate bonds as at 31 July 2020. The University's current cash contribution levels based upon the March 2019 triennial valuation for the LGPS scheme are sufficient to ensure the scheme remains appropriately funded in the short- to medium-term, with the funding level being over 99%.

The LGPS valuation for 2018/19 and 2019/20 includes an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases, which relate to age discrimination within the Judicial and Fire Pension schemes, respectively. On 16 July 2020, the government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial regulations are published. The LGPS scheme actuary does not believe there are any material differences between the approach underlying their estimated allowance and the proposed remedy. Any adjustment as a result of the consultation will be reflected in future years' valuations.

It has been confirmed by HM Treasury that the High Court's recent ruling on the equalisation of Guaranteed Minimum Pension (GMP) does not impact on the current method used to achieve equalisation and indexation in public service pension schemes. The LGPS scheme actuary's valuation assumption for GMP is that the fund will pay limited increases for members that have reached State

Pension Age (SPA) by 6 April 2016, with the government providing the remainder of the inflationary increase. For members that reach SPA after this date, it has been assumed that the fund will be required to pay the entire inflationary increase. It is not expected that any adjustment is required to the value placed on the liabilities as a result of the above outcome.

There is a prior year adjustment included in the financial statements which represents the curtailment cost for all staff leaving the University under the 2018/19 Voluntary Leavers (VL) scheme where the obligation existed at the 31 July 2019 year end. This includes those that took deferred VL and therefore continued to work at the University post 31 July 2019. This is a non-cash service cost which arises when employees become entitled to early retirement benefits and comprises the capitalised cost of additional benefits calculated on FRS102-compliant assumptions by the LGPS actuary. The prior year adjustment is included in note 31 – Pensions.

A reduction in provision of £1.5m was made in year for the USS pension scheme based on the 31 March 2018 valuation, with a total reduction in provision of £1.7m compared to the prior year. The valuation as at 31 March 2020 is ongoing and not yet complete and it is anticipated that the impact will be included in the 2020/21 financial statements. Whilst USS is a multi- employer scheme and full actuarial accounting is not required, the University is required to recognise a liability for its commitment under the scheme's deficit funding plan.



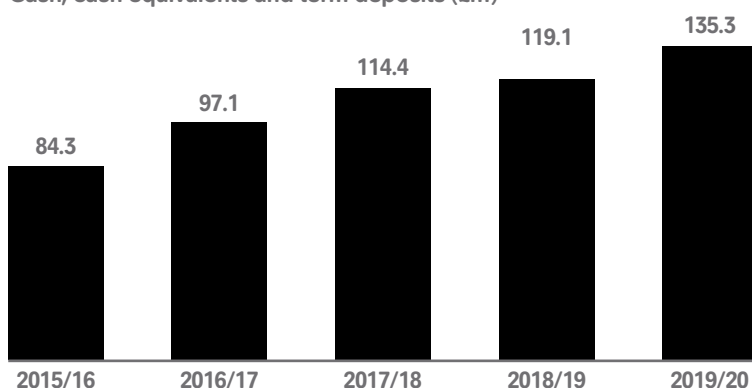
The Peninsula Dental School



Whitsand Bay near Plymouth

Cash flow and financing

Cash, cash equivalents and term deposits (£m)



As at 31 July 2020, of the cash balance held, £23.3m (2019: £21.2m) relates to the reserves of Peninsula Dental Social Enterprise CIC, over which there is an asset lock. These funds cannot be used to fund the liabilities of the University group.

The University held cash and cash investment balances of £135.3m at 31 July 2020 (2019: £119.1m). The robust cash position has been accumulated in recent years to help fund the Estates Strategy and Masterplan,

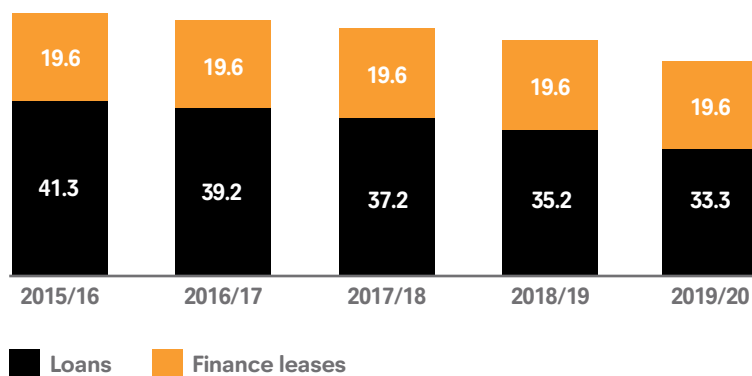
and to provide financial stability in uncertain and volatile times.

The University continues to maximise returns whilst ensuring it does not place funds at risk. Cash is invested

in accordance with the University's Treasury Management Policy.

Debt finance

Outstanding debt finance (£m)



The University continues to repay its outstanding debt finance in line with repayment terms out of operational cash flows. At 31 July 2020, bank loans

of £33.3m were outstanding (31 July 2019: £35.2m) and the balance of the finance lease for the Rolle academic building stood at £19.6m (31 July 2019:

£19.6m). The University continues to comply with the loan covenants attached to the debt financing arrangements.

Capital spend

The University's Campus Masterplan includes significant investment and refurbishment of the campus over the next ten years, with fixed asset spend of £17.7m made in year (2018/19 £17.6m). The Campus Masterplan is continually reviewed to ensure that it meets changing requirements and student expectations in line with the 2030 strategy.

During 2019/20, the main elements of capital spend were:

- £1.8m on the Digital Fabrication Laboratory – a core facility supporting research, enterprise and academic development in architecture, design and engineering
- £3.3m on the refurbishment of a mixed-use premises for students and professional services staff
- £0.4m on the medical school expansion
- £0.8m towards Intercity Place – a major new long-term-leased building to be subject to refurbishment for the School of Health Professions
- £1.5m towards the development of a new Engineering and Design Facility
- £1.7m on teaching and research equipment
- £2.5m on IT infrastructure and equipment.

Net assets and working capital

The University's net assets have decreased by £95.0m compared to the prior year, mainly due to the £111.5m increase in pension liabilities which is offset by the increase in cash and investments of £16.2m. A prior year adjustment has been included in 2018/19 to reflect the non-cash pension adjustment in relation to the 2018/19 restructure, and this resulted in a decrease to net assets of £2.1m. The University proactively manages its working capital, successfully converting debtors into cash and paying liabilities on a timely basis. The impact of COVID-19 has resulted in higher student and commercial debtor balances and related bad debt provisions in comparison to previous years, and the University is proactively working to manage this position. At the year-end, the University's current ratio was comparable to the prior year at 2.89, compared to 2.49 at the end of 2018/19.

Tax

The University has a tax strategy that addresses the key areas of: tax policy; approach to risk management and governance arrangements; attitude towards tax planning and level of risk; and approach to dealings with HM Revenue and Customs. The University minimises its tax liabilities through its group structure, with subsidiary companies gift aiding profits back to the University, and the operation of a VAT group. Taxation on all UK and overseas activities is an important area of focus for the University, and appropriate planning is vital to ensure that University tax liabilities are minimised. The University took the opportunity to benefit from the Government COVID-19 tax measures. This included; deferred VAT return payments, where the April quarter VAT payment of £0.26m has been deferred from June 2020 to March 2021; and the reduced rate of VAT effective from July 2020 to March 2021 for hospitality related activity. This has resulted in minimal VAT savings for the 2019/20 year with further savings expected in 2020/21.

Risks and Uncertainties

The Board of Governors reviews the University's Strategic Risk Register at regular intervals. The Audit Committee reviews the University's Strategic and Operational Risk Registers at regular intervals. As part of a culture of continual risk management improvement, a number of initiatives put in place the previous year have been embedded in 2019/20 to strengthen the effectiveness of risk management reporting and assurance, and to continue alignment of risk management activity with the planning cycle. The University's risk management arrangements were subject to an internal audit in 2020 which reported substantial overall assurance and highlighted areas as exemplars of best practice. As a result of the global pandemic, additional risk registers have been provided to feed into the University Strategic Risk Register, which explicitly focuses on the risks the University faces and how these are being addressed through either working groups or committees. The University continues to focus on managing the risks around financial sustainability, changes in government funding and policy, student recruitment and graduate employability. The approach is a combination of taking interim actions along with ensuring that the University model provides the stability required to operate successfully in an uncertain environment.

Financial sustainability

To enable ongoing investment in strategic priorities, delivering changes to the underlying cost base in line with medium- and long-term income levels continues to be a key risk to the financial sustainability of the University. Effective progress in

monitoring student applications has enabled timely corrective actions. Sustainable cost reduction remains a key focus in the planning process, and increasingly longer-term financial modelling and sensitivity analysis help to mitigate this risk. This extends to achieving a level of financial stability to enable the University to continue to operate in the uncertainty brought about by the global pandemic and other events outside the University's control. The cost of providing the current defined benefit pension schemes continues to be challenging financially and administratively, and remains subject to regular review.

Changes in government funding and policy

The sector continues to experience significant uncertainty and volatility in government policy, including the major review of post-18 education funding (with a vision statement for HE expected autumn 2020), evolving regulation, and associated scrutiny and sanctions, with an emphasis on the consumer rights of students. The limited control over the likelihood and timing of these changes means that opportunities need to be found to manage the impacts of the associated risks. Other continuing uncertainties include the UK government's ongoing negotiations to leave the European Union, as well as the uncertainty around the future inflation-proofing of student fees and policy on international students.

The University proactively monitors developments, responding to consultations as well as engaging with policy influencers via Universities UK, other representative bodies and locally, to regularly assess the

impact on staff, existing and potential students, research and international partnership working.

The impact of fixed fees for 2020/21 is already reflected in the financial plan, with continued monitoring of the financing and value-for-money reviews, and the emerging Office for Students (OfS) regulatory framework.

Student recruitment

In deriving the majority of its income from tuition fees and teaching grants, achieving the optimum size and shape of its student population is critical to the University's financial sustainability. Key issues for the University include league table performance, catchment area and national demographics, recruitment of international students and graduate employability. Implementation of a refreshed UK marketing strategy with supporting structures and controls is under way alongside implementation of the International Student Recruitment Strategy. The impact of COVID-19 is expected to be reflected in future-year international student numbers, and the University is working proactively with international students and agents to ensure the risks are minimised.

Graduate employability

As a critical metric, highly skilled graduate employability remains a key area of institutional focus. There is continuing improvement in this area, and the employability action plan is being implemented, which includes targeted and collaborative support for Schools at programme level.

Students working in the chemistry labs with highly fluorescent compounds under UV light

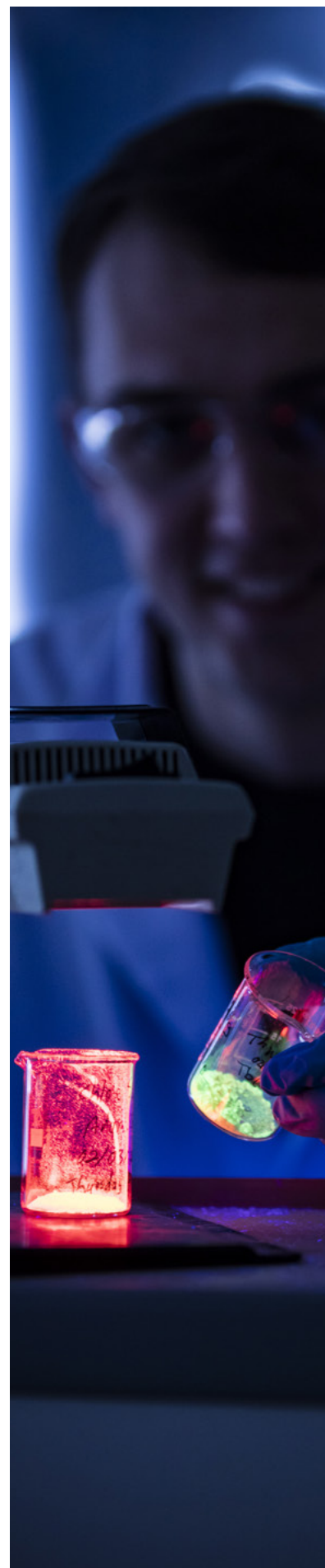
The new Graduate Outcomes survey replaced its predecessor DLHE (Destinations of Leavers from Higher Education) from the 2017/18 graduate cohort onwards. The two main differences between the surveys are a longer time frame for the Graduate Outcomes (the census week is 15 months after graduation vs six months in DLHE) and a full centralisation of the survey (all the data collections and coding of the key elements, such as Standard Occupational Classification allowing identification of highly skilled employment, are done by HESA). As such, the survey aims to create a picture of graduate destinations that takes into account a longer perspective needed for students to settle into their first careers. It also provides a more objective picture that prohibits data supplementation and optimisation of results by institutions.

The University's position is strong among other HEIs for UK-domiciled full-time first degree leavers. Our employment and/or further study metric (the proportion of graduates in work or further study out of those working, studying or looking for work) is 96.9%, which places us in the upper quartile nationally – 34th out of 153 HEIs (above the sector upper quartile of 96.8% and sector median of 96.1%). The second metric, which looks at highly skilled employment among those in work only, is 71.2%, which is well above the sector median of 67.1%, placing us 55th.

Partnerships

Risks relating to quality and sustainability of UK and overseas partnership activity are monitored at a strategic level. A revised International

Strategy is being developed which will include international partnerships. The governance of partnership activity sits within Academic Partnerships and a partnership specific risk register is reviewed on a monthly basis. This risk register reports into the Risk Advisory Group and forms part of the strategic and operational risks that are included in the Corporate Risk Register.



Statement of Corporate Governance

Principles

The University of Plymouth is committed to best practice in all aspects of corporate governance and to conducting its business in accordance with the seven 'Nolan' principles, identified by the Committee on Standards in Public Life, and the Committee of University Chairs' (CUC) Higher Education Code of Governance. The Audit Committee complies with the CUC Audit Committee Code of Practice. These principles and the expectations of the Code are reflected in the Statement of Primary Responsibilities of the Board of Governors. This statement was reviewed during 2019/20 and the Board of Governors remains satisfied that governance at the University is compliant with the Code.

Legal status of the University

The University is an Independent Higher Education Corporation and an exempt charity under the terms of the Charities Act 2011, with the Office for Students acting as the Principal Regulator.

Our charitable objectives focus on the delivery of education and research. As a charity, the University must operate for public benefit, and the Board of Governors have had regard to the Charity Commission's guidance on public benefit. This is detailed in the Public Benefit section of this report.

Members of the Board of Governors are the charity trustees. No trustee received any payment for his or her trustee duties, other than for expenses incurred while fulfilling

their duties. Details of the total expenses paid in relation to trustee duties are reported in note 10 – Other operating expenses. Details of related party transactions with trustees are included in note 30 – Related party transactions.

Governance

The University's constitution is set out in its Instrument and Articles of Government, which require the University to have two separate bodies: the Board of Governors and the Senate, each with clearly defined functions and responsibilities for strategic oversight. The Vice-Chancellor, supported by the University Executive Group, has responsibility for the management of the University and implementation of the University strategies.

The Board of Governors

The Board of Governors is the governing body of the University responsible for the finance, property, investments and general business of the University, and the approval and monitoring of the University's strategic plan. The Board meets six times a year and it has an agreed preference for no more than 16 members, with the majority of members being independent governors. Also included in its membership are the Vice-Chancellor, representatives elected by the Senate, a staff representative elected from the professional services staff group and two student governors. Full details of the Board membership during 2019/20 are provided on page 43 to 44 of this report.

The Senate

The Senate is responsible for the academic quality of the University and provides the strategic oversight of the University's activities in relation to teaching, learning, assessment and research. The Senate provides assurance to the Board for academic governance. Its membership is drawn from academic and other staff members and representatives of the Students' Union. It meets three times a year and is chaired by the Vice-Chancellor.

Vice-Chancellor

The Vice-Chancellor is the Chief Executive and Accountable Officer of the University and is responsible for the development, management and delivery of the University's strategic plan. The Vice-Chancellor is supported in this by the University Executive Group.

Board committees

While the Board is the ultimate authority for the University, it cannot be involved directly in all matters for which it is formally responsible; therefore, it delegates some of its powers to committees as necessary.

The **Audit Committee** is responsible for reviewing the University's arrangements for matters of governance, internal control, risk management and data assurance and for reviewing and commenting on the annual Financial Statements and accounting policies. It meets four times a year with the University's senior officers and the internal and external auditors in attendance. The Committee considers detailed



Plymouth waterfront

audit reports and recommendations for improvement of the University's systems of control, together with management's response and action plans.

The **Finance Committee** recommends to the Board of Governors the University's Financial Plan and monitors performance in relation to approved budgets. The Committee also has delegated financial powers under the University's Schedule of Financial Limits. In conjunction with the Audit Committee, it recommends to the Board the annual Financial Statements and advises the Board on the effective and efficient use of the University's financial resources, financial strategy, performance and sustainability. The Committee meets four times a year.

The **Nominations Committee** is responsible for independent governor succession planning, for recommending candidates to fill independent governor vacancies on the Board and for appointments to the Board committees. The Committee meets twice a year.

The **Reward and Remuneration Committee** is responsible for determining the levels of pay and reward for senior staff. The Committee meets twice a year. The Vice-Chancellor and CEO's remuneration is independently set and annually reviewed by the Reward and Remuneration Committee in accordance with the Committee of University Chairs (CUC) guidelines. Decisions on remuneration take into account current market sector pay as well as other factors such as performance of the University. Further details are available in the

Annual Report of the Reward and Remuneration Committee, published on the University's Board committees web page and included in note 8 – Staff costs on page 70 to 71. The Reward and Remuneration Committee has noted that the Vice-Chancellor and CEO's remuneration is in the lower quartile when compared with vice-chancellors and CEOs of similar universities.

The **Honorary Awards Committee** is a joint Board and Senate committee chaired by the Vice-Chancellor. The Committee makes recommendations to the Senate for the award of honorary degrees or honorary fellowships of the University. The Committee meets up to four times a year.

The **Health and Safety Assurance Committee** provides assurance to the Board that the University complies with statutory and other relevant health, safety and wellbeing requirements and with its own procedures as set out in its health and safety policy. It meets at least twice a year.

Statement of Internal Control

The Board of Governors is responsible for ensuring there is a sound system of internal control to support the achievement of the University's policies, aims and strategic objectives, while safeguarding the public and other funds and assets for which it is responsible.

The system of internal control is risk-based and designed to manage rather than eliminate the risk of failure to achieve strategic objectives. As such, the system provides a reasonable

assurance of effectiveness. The system is designed to identify, evaluate and manage efficiently, effectively and economically the strategic, business, operational, compliance and financial risks facing the University. This continuing process is kept under review by the Audit Committee and has been in place for the year ended 31 July 2020 and up to the date of approval of the Financial Statements for the year ended 31 July 2020.

The review of the effectiveness of the system of internal control is informed by the work of the University's internal auditors for the year ended 31 July 2020, by the work of senior managers within the University who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports. Further to a competitive tendering process, Uniac were appointed as the University's internal auditors from 11 November 2019, replacing PwC, who were appointed up until 10 November 2019.

The Audit Committee receives regular reports from the Internal Auditors, which include an independent opinion on the adequacy and effectiveness of the University's internal control, together with recommendations for improvement. The internal audit strategy and plan is approved by the Audit Committee. There is an opportunity within the cycle of the Audit Committee's business for the auditors to meet with the Audit Committee without management being present. The internal audit plan has not been significantly impacted by COVID-19 restrictions and the internal

audit work has been performed by Uniac remotely as a result of the move to remote working for University staff due to the impact of the global pandemic. No fundamental internal control weaknesses were identified.

The Audit Committee provides advice to the Board on the effectiveness of the University's internal control and risk management. The University Executive Group (UEG) is responsible for developing and maintaining an integrated approach to risk, planning, performance and assurance. The University has a Strategic Risk Register which details both the University's strategic and operational risks.

The Strategic and Operational Risk Registers are supported by local risk registers for each faculty, service, subsidiary and major project. The University Risk Register (Strategic and Operational) is reviewed and updated by the UEG and the Audit Committee three times per year. The Board receives the Strategic Risk Register three times per year (with discussion once per year). The UEG Risk Review Group meets in advance of the UEG and Audit Committee and is supported by a Risk Advisory Group which brings together individuals from across faculties and services involved in risk management. Risks specifically related to COVID-19 have been collated and fed back into the University Strategic and Operational Risk Registers as required.

Role of the Board in the preparation of the Financial Statements

The Board is responsible for the administration and management of the University's financial affairs and is required to present audited Financial Statements for each financial year.

The Board is responsible, through the Vice-Chancellor, for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the Financial Statements are prepared in accordance with the University's governing document, the Statement of Recommended Practice (SORP) on Accounting for Further and Higher Education, the Office for Students' (OfS) accounts direction and other relevant accounting standards. Where there are inconsistencies between the requirements of the SORP and the accounts direction, then the accounts direction will prevail.

Additionally, in accordance with the OfS's requirements and with any relevant Statement of Recommended Practice, the University is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In preparing the Financial Statements, the Board has ensured that:

- suitable accounting policies are selected and applied consistently.
- judgements and estimates are made that are reasonable and prudent and reflect the impact and consideration of the global pandemic where appropriate.
- applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the Financial Statements.
- the University has adequate resources to continue in operation for the foreseeable future; for this reason,

'going concern' basis continues to be adopted in the preparation of the Financial Statements.

- the reporting requirements identified by the Financial Sustainability Strategy Group have been met.

The Board has used all reasonable endeavours to:

- ensure that funds from OfS, UK Research and Innovation (including Research England), the National College for Teaching and Leadership, and other grants and income have been used for the specific purposes for which they have been given and in accordance with the OfS's Terms and Conditions of Funding and any other conditions which may from time to time be prescribed. This extends to expenditure relating to the delivery of the Access and Participation Plan.
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.
- safeguard the assets of the University and prevent and detect fraud and other irregularities.
- secure the economical, efficient and effective management of the University's resources and expenditure to achieve value for money.

This Corporate Governance Statement was approved by the Board of Governors on 7 December 2020 and signed on its behalf by:



C I J H Drummond OBE DL
Pro-Chancellor and Chair of the Board of Governors



Board of Governors and Board Committee Membership

The members are listed for the period 1 August 2019 to 7 December 2020, the date the Financial Statements were approved by the Board of Governors. Biographies of the Board of Governors can be viewed at plymouth.ac.uk/governors

Name	Type of membership	Attendance (2019/20)	Appointed	Appointment completed or leaving date	Membership of Board Committees
Hamish Anderson	Independent Governor (Vice-Chair)	7/8	- January 2016 as an independent governor - January 2017 as Vice-Chair	Reappointed for a second term from December 2018	- Audit Committee - Honorary Awards Committee - Nominations Committee - Reward and Remuneration Committee (Chair)
Dr Arunangsu Chatterjee	Governor (nominated by the Senate)	7/8	August 2018	July 2021	
Colin Drummond OBE DL	Independent Governor (Chair)	8/8	October 2016	Reappointed for a second term from November 2019	- Honorary Awards Committee - Nominations Committee (Chair) - Reward and Remuneration Committee
Chukwudi Ezenyi	Governor (nominated by the Students' Union)	3/3	July 2020	June 2021	Honorary Awards Committee
Matilda Fraser	Governor (nominated by the Students' Union)	5/5	July 2018	June 2020	Honorary Awards Committee
Professor Simon Gaskell	Independent Governor	7/8	January 2019	December 2021	- Finance Committee - Reward and Remuneration Committee
Millie Green	Governor (nominated by the Students' Union)	5/5	July 2019	June 2020	Honorary Awards Committee
Michelle Hanson	Independent Governor	8/8	April 2017	Reappointed for a second term from April 2020	- Health and Safety Assurance Committee - Finance Committee
Kate Jackson	Independent Governor	8/8	January 2016	December 2021	- Health and Safety Assurance Committee (Chair) - Audit Committee - Honorary Awards Committee - Nominations Committee
Professor Kevin Jones	Governor (nominated by the Senate)	6/8	July 2017	Extended until December 2020	
Verity Lemm	Governor (nominated by the Students' Union)	3/3	July 2020	June 2021	Honorary Awards Committee
Bruce Mann CB	Independent Governor	7/8	April 2017	Reappointed for a second term from April 2020	- Finance Committee (Chair) - Reward and Remuneration Committee - Nominations Committee

Name	Type of membership	Attendance (2019/20)	Appointed	Appointment completed or leaving date	Membership of Board Committees
Dr Ursula Ney	Independent Governor	8/8	July 2018	June 2021	• Audit Committee
Dinah Nichols CB	Independent Governor	8/8	April 2017	Reappointed for a second term from April 2020	• Finance Committee • Reward and Remuneration Committee
Simon Perry	Independent Governor	8/8	April 2017	Reappointed for a second term from April 2020	• Audit Committee (Chair) • Nominations Committee
Professor Judith Petts CBE	Vice-Chancellor and Chief Executive Officer	8/8	February 2016		• Honorary Awards Committee (Chair) • Nominations Committee Also attends • Finance Committee • Audit Committee • Reward and Remuneration Committee (in part)
Isobel Rossiter	Governor (Professional Services staff)	8/8	August 2018	July 2021	
Tom Yoritaka	Independent Governor	6/8	August 2018	June 2021	• Finance Committee

Independent Members of Board Sub-Committees who are not Governors

Carole Burgoyne MBE	External member	3/3	October 2019	September 2022	• Health and Safety Assurance Committee
Steve Cardew	External member	N/a	October 2017	September 2019	• Health and Safety Assurance Committee
Arnold Francis	External member	N/a	October 2017	September 2019	• Health and Safety Assurance Committee
Tim Marsh	External member	3/3	October 2017	Reappointed for a second term from October 2020	• Health and Safety Assurance Committee
Derek O'Toole	External member	0/3	October 2019	September 2022	• Health and Safety Assurance Committee
Commodore Ian Shipperley	External member	2/3	October 2017	Reappointed for a second term from October 2020	• Health and Safety Assurance Committee



The Marine Building, University campus



Advisors to the University of Plymouth

External auditor and corporation tax advisor

Mazars LLP
90 Victoria Street
Bristol BS1 6DP

Outgoing:
KPMG LLP
Regus, 4th Floor
Salt Quay House
6 North East Quay
Plymouth PL4 0HP

Value added tax advisors

ECA VAT Advisors Limited
Ellis Chapman & Associates
Pioneer House
Pioneer Business Park
North Road
Ellesmere Port
Cheshire CH65 1AD

Solicitors

Womble Bond Dickinson (UK) LLP
Ballard House
West Hoe Road
Plymouth PL1 3AE

Ashfords LLP
Princess Court
23 Princess Street
Plymouth PL1 2EX

Pinsent Masons LLP
1 Park Row
Leeds LS1 5AB

Eversheds Sutherland (International) LLP
Bridgewater Place
Water Lane
Leeds LS11 5DR

Internal auditors

Uniac
4th Floor, St James' Building
Oxford Street
Manchester M1 6FQ

Outgoing:
PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol BS2 0FR

Bankers

HSBC Bank PLC
4 Old Town Street
Plymouth PL1 1DD

Principal office of the University

University of Plymouth
Plymouth PL4 8AA



Independent auditor's report

TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF PLYMOUTH

Opinion

We have audited the financial statements of the University of Plymouth ('the University') and its subsidiaries ('the Group') for the year ended 31 July 2020 which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Statement of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the University Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Board of Governors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Board of Governors

As explained more fully in the Statement of Responsibilities of the Board of Governors set out on page 40, the Board of Governors are responsible for the preparation of the financial statements and for being

satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting

Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other required reporting

Opinion on other matters prescribed in the Office for Students (OfS) Audit Code 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 provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's accounts direction have been met.

Matters on which we are required to report by exception

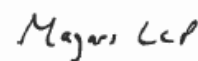
We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated; or

- the provider's expenditure on access and participation activities, as disclosed in the financial statements, has been materially misstated.

Use of the audit report

This report is made solely to the Board of Governors as a body in accordance with paragraph 4(2) of the University's articles and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors 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 Group and University and the Board of Governors as a body for our audit work, for this report, or for the opinions we have formed.



DRA Bott

(Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol BS1 6DP

14 December 2020

Roland Levinsky Building, University campus



Statement of Principal Accounting Policies

1. General information

The University of Plymouth is registered with the Office for Students in England, United Kingdom. The address of the registered office is 18 Portland Villas, Plymouth, Devon, PL4 8AA.

2. Statement of Compliance

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

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

3. Basis of preparation

The Consolidated and University Financial Statements have been prepared under the historical cost convention (modified by the revaluation of certain financial assets and liabilities at fair value, where applicable).

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Annual Report. The Annual Report and more specifically the Financial Review describes the financial position of the University, its cash flows, liquidity position and borrowing facilities. The Board of Governors has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

The University prepares an annual plan as part of the annual planning cycle and performs formal reforecasts as appropriate. A five year forecast has been considered including cash flow forecasts. The University is satisfied that it can meet its day to day working capital needs out of cash and liquid investments for the foreseeable future. The student number plan is considered as part of the planning cycle and detailed scenario analysis and modelling has taken place to consider scenarios to include the potential impact of COVID-19 on UK and international student numbers. The scenarios have also been used to assess the impact on the loan covenants in place and no breaches are anticipated.

The Board of Governors is not aware of any material uncertainties which would prevent the University from continuing as a going concern.

4. Exemptions under FRS 102

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

5. Basis of consolidation

The consolidated Financial Statements include the financial statements of the University and all its subsidiary undertakings together with the share of the results of a joint venture for the financial year.

The University has four subsidiaries: Peninsula Dental Social Enterprise CIC (PDSE), PMS (Facilities) Plymouth Limited (PMSF), University Commercial Services Plymouth Limited (UCSP) and University of Plymouth Enterprise Limited (UPEL). PDSE has an asset lock as part of its articles of incorporation and cannot transfer funds to the University other than for purposes within PDSE's articles.

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated. Balances between the University and joint ventures are not eliminated. Normal trading transactions that are not settled by the balance sheet date are included as current assets or liabilities. Any gains or losses are included in

the carrying amount of assets of either entity, the part relating to the University's share is eliminated.

The joint venture arrangement with Plymouth Science Park Limited (PSP) is accounted for using the equity method. The investment was initially recognised at the transaction price (including transaction costs) and has been subsequently adjusted to reflect the University's share of the profit and other comprehensive income of the jointly controlled entity. PSP prepares its Financial Statements to 31 March, these are adjusted based upon management accounts to give a 31 July position for consolidation.

In accordance with Section 9 of FRS 102, the consolidated Financial Statements do not include those of the University of Plymouth Students' Union, as it is a separate organisation in which the University does not exert control or dominant influence over policy decisions.

6. Income recognition

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

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Education contracts are

recognised when the University is entitled to the income, which is the period in which students are studying, or where relevant, when performance conditions have been met.

Investment income from short-term deposits and general endowment asset investments 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, where the University is exposed to minimal risk and has limited control over who they are disbursed to, are excluded from the Consolidated and University Statement of Comprehensive Income.

Grant funding

Grant funding including funding council grants, research grants from government sources and grants from non-government sources are recognised when the University is entitled to the income and performance related conditions have been met. If no performance conditions exist, income is recognised on entitlement. 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.

Capital grants

Capital grants are recognised within income when the University is entitled to the funds, subject to any performance conditions being met.

Contract income

Income from contracts and other services rendered are accounted for as revenue and recognised in the Statement of Comprehensive Income to the extent of the completion of the contract or service concerned.

Where the University receives student accommodation income under an agency agreement, it is recognised on a net basis; other accommodation contract income is recognised in the Statement of Comprehensive Income.

Donation and endowments

Endowments are a class of donation where the donor requires the original gift to be invested and the return to be spent in accordance with the donor's charitable aims. The donor can specify that the capital can be spent (expendable endowment) or maintained in perpetuity (permanent endowment).

Endowments are 'Non-Exchange Transactions' and are accounted for under the Performance Model. The original endowment gift is recognised as 'Donation and Endowment' income when receivable.

Returns on endowment investments are recognised as income as earned, and recognised in endowment reserves. Endowment reserves are transferred to unrestricted reserves when they are expended on their restricted purpose.

There are three main types:

- Restricted permanent endowments – the capital fund is maintained and the income thereon must be



applied to the restricted purpose specified by the donor.

- Unrestricted permanent endowments – the capital fund is maintained (and is therefore restricted) but the income thereon can be applied to the general purposes of the University and is therefore unrestricted.
- Expendable endowments – where trustees have the power of discretion to convert endowed capital into income, to be expended on the restricted purpose specified by the donor.

7. Accounting for retirement benefits

Retirement benefits for employees in defined benefit schemes are funded by contributions from the University and employees. Most academic staff are members of the Department for Education's Teachers' Pension Scheme (TPS). There are particular circumstances in which a few members of staff are eligible for the Universities Superannuation Scheme (USS) and some members of the Faculty of Health and the Peninsula Dental Social Enterprise CIC are eligible for membership of the Department of Health's NHS Pension Scheme. Most other employees are members of the Local Government Pension Scheme (LGPS) run by Devon County Council (DCC). Defined contribution schemes with Aviva from 1 October 2017 (Friends Life to 30 September 2017) and Scottish Widows are offered to employees of UPEL, UCSP and PDSE. All schemes are independently administered.

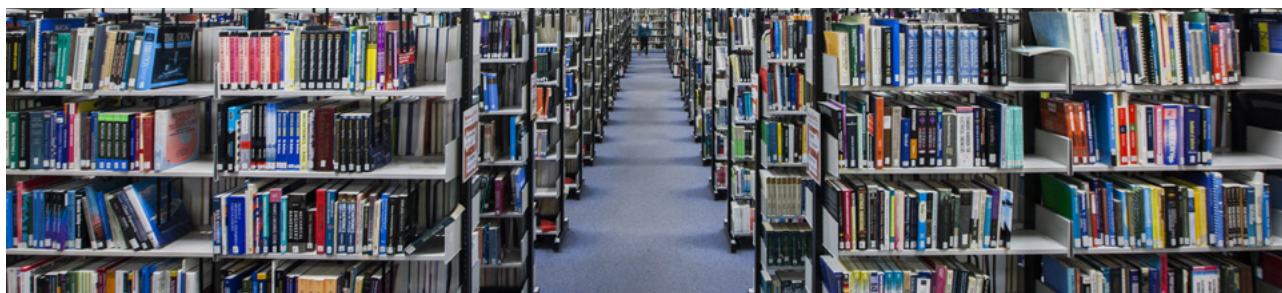
Contributions to the schemes, except for the LGPS and USS pension schemes, are charged as expenditure so as to spread the cost of the pensions over the employees' working lives with the University in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. Variations from regular costs are spread over the expected average remaining working lifetime of members of the schemes after making allowances for further withdrawals.

The University participates in the DCC Pension Fund. The fund, which is part of the LGPS, provides benefits based on the career average pensionable salary. The assets of the scheme are held separately from those of the Group. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus or deficit is split between operating charges, finance items and, in Other Comprehensive Income, actuarial gains and losses. This is a defined benefits scheme and is valued every three years by a professionally qualified actuary using the projected unit credit method, the rates of contribution payable being determined by the actuary.

The TPS is valued periodically by the Government Actuary who specifies the contribution rate paid by the University. The Department for

Education operates a notional fund for this scheme. The University has no liability for pensions or pension increases for past employees in this scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 Employee Benefits, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged as expenditure represents the contributions payable to the scheme in respect of the accounting period.

The University participates in the USS. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits (for some members). The assets of the scheme are held in a separate trustee-administered fund. Due to 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 employers and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account 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



University Library

that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The NHS Pension Scheme is valued periodically by the Government Actuary who specifies the contribution rate paid by the University. The Department of Health operates a notional fund for this scheme. The University has no liability for pensions or pension increases for past employees in this scheme and accounts for it as required by Section 28 of FRS 102 as if it were a defined contribution scheme.

8. Employment benefits

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

9. Finance leases

Leasing agreements which transfer to the University substantially all the benefits and risks of ownership of an asset are treated as finance leases. Finance leases are accounted for as if the asset had been purchased outright and are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets.

The finance charges are allocated between the finance charge and

reduction of the outstanding liability using the effective interest method over the lease term.

10. Operating leases

Costs in respect of operating leases are expended on a straight line basis over the lease term.

11. Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. All exchange differences are dealt with through the Statement of Comprehensive Income. Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

As the University operates in international markets it is exposed to exchange rate risk when it transacts in foreign currencies or holds assets or liabilities in a foreign currency. The University does not expose itself to unnecessary or speculative exchange rate risk. This is achieved by the use of foreign currency accounts and matching payments and receipts of key currencies wherever possible. The University limits balance sheet exchange exposures by converting excess foreign currency cash balances on a regular basis.

12. Property plant and equipment

Land and buildings

Buildings are shown at cost less depreciation based on a life of 50 years. All buildings are depreciated

on a straight line basis. Land purchased on or after 1 August 2014 is held at cost less impairment. Land purchased prior to 1 August 2014 was revalued upon transition to FRS 102, and is held at deemed cost based on the market value at 31 July 2014.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to income upon meeting performance conditions set by the grantor, this generally being upon completion of the building. Where no performance condition is specified by the grantor income is recognised immediately as receivable.

Assets in the course of construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

Interest charges which are directly attributable to the construction of buildings are capitalised as part of the cost of those assets. Such interest is capitalised only up until the date the relevant building is brought into use. The rate of interest used is the applicable cost of funds during this period.

Staff costs arising directly from the construction or acquisition of a specific tangible fixed asset are capitalised as part of the cost of the asset.

Donated land and buildings are valued and capitalised on transfer of title and the corresponding credit is taken as donation income.

Equipment

Equipment costing less than £0.01m per individual item or group of related items is written off as an expense in the year of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated over its useful economic life using the straight line method. The life of each asset is established on acquisition and may fall within the range of three to ten years depending on its nature. For a group of related items of computer equipment purchased as part of a networking or software enhancement programme, the life is established by reference to the date of the next proposed upgrade.

When equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy with the related grant being credited to income upon meeting performance conditions set by the grantor, this generally being purchase of the asset. Where no performance condition is specified by the grantor income is recognised immediately as receivable.

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income. Where indicators exist for a decrease in impairment loss on assets, the prior impairment loss is reversed only to the extent that it does not lead to a revised carrying amount higher than if no impairment had been recognised.

Impairment

A review for impairment of property, plant and equipment is carried out if events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income.

13. Intangible assets and goodwill

Intangible assets

Intangible assets purchased separately from a business are initially recognised at cost.

Negative goodwill

Negative goodwill relates to the increase of the University's holding in PSP at the point at which it became a jointly controlled entity. Negative goodwill has been initially measured at the excess of the fair value of the University's share of PSP's net assets at the date of acquisition and the funds invested into the jointly controlled entity. Negative goodwill is amortised on a straight line basis over the 20 year useful economic life of the investment.

Software and licences

Software and licences costing less than £0.01m per individual item or group of related items are written off in the year of acquisition. All other software and licences are capitalised at cost.

Capitalised software and licences are amortised over their useful economic life using the straight line method.

The life of each asset is established on acquisition and may fall within the range of three to ten years depending on its nature and will often be defined by period of use rights specified in the licence agreement.

Intangible assets under development

Intangible assets under development are accounted for at cost and are not amortised until they are brought into use.

14. Investment properties

Investment property is land or a building, or part of a building, or both held for rental income and/or capital appreciation rather than for use in delivering services. Mixed use property is separated between investment property and property, plant and equipment where the separate portions can be sold separately or leased out under a finance lease. Where the fair value of the investment property portion cannot be reliably measured the entire property has been included within property, plant and equipment. Investment properties are initially measured at cost and then subsequently at fair value at the end of each reporting date, with changes in fair value recognised immediately in the surplus or deficit for the year.

Investment properties held in PSP are held at market value. These properties are revalued annually and all gains and losses, both realised and unrealised, are recognised in the Statement of Comprehensive Income as they accrue. Revaluations are conducted annually by an external valuer.

15. Investments

All investments will initially be recognised at cost and subsequently measured at fair value at each reporting date. Where fair value cannot be reliably measured or investments are not publicly traded, they will be measured at cost less impairment. All gains and losses on investment assets, both realised and unrealised, are recognised in the Statement of Comprehensive Income as they accrue.

Investments in subsidiary undertakings and associates are recognised at transaction cost less accumulated impairment losses.

16. Cash and cash equivalents

Cash includes cash in hand, cash held with recognised banks and building societies and deposits repayable on demand, or with a maturity date of less than three months at the placement date.

Cash equivalents are short term, highly liquid investments and government securities that are readily convertible to known amounts of cash with insignificant risk of change in value. These include term deposits and other instruments held as part of the University's treasury management activities. Highly liquid is considered to be holdings which can be liquidated in less than three months.

The University has a highly cash-based financial model and management of its liquidity risk is of high importance. The University manages its liquidity risk through its Treasury Management Policy.

The University limits its exposure to market risk on directly held investments by only holding funds in low risk investment vehicles.

17. Provisions, contingent liabilities and contingent assets

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

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

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

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

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

18. Accounting for joint operations

The University accounts for its share in the Plymouth Science Park Limited joint venture using the equity method.

19. Taxation

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

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

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 Section 506 (1) of the Income



and Corporation Taxes Act (ICTA) 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 478–488 of the Corporation Tax Act 2010 (CTA 2010), Section 505 of the ICTA 1988 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 does have some trading income which is subject to corporation tax.

The University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on expenditure (revenue and capital) is included in the costs of such expenditure. Any irrecoverable VAT allocated to fixed assets is included in their cost. The University's subsidiary companies are subject to Corporation Tax and VAT in the same way as any commercial organisation. The University, UPEL and UCSP are in a registered VAT group where VAT is not accounted for on goods and services supplied between group members.

Under UK tax legislation, where allowable, the University enters into gift aid arrangements with its trading subsidiaries to relieve tax liabilities within the group. To the extent that distributable reserves are available, subsidiary companies gift taxable profits to the University, with the cost being recognised as an expense within the subsidiary and an income within the University. These transactions consolidate out within the group Financial Statements. PDSE is an exception as there is an asset lock in place where profits are not able to be gift aided and are subject to corporation tax.

The gift aid payment is only recognised as a liability by the subsidiary company at the year-end if there is a Companies Act s288 written resolution approved by the relevant Board in the year to pay the taxable profit for the year to the University by a certain payment date.

20. Financial instruments

The University has elected to adopt Sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments. Financial assets and liabilities are recognised when the University becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets are assessed for indicators of impairment at each reporting date. If there is

objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

Financial liabilities

Basic financial liabilities include trade and other payables, bank loans, and intra-group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

The University is exposed to interest rate risk through its borrowings; currently one of its loans has an interest rate which is linked to movements in the Bank of England base rate. The University has a policy of managing its interest rate risk by using fixed rate options where these are available, but maintains a reasonable balance between the

risk of exposure to interest rates with achieving value for money. Where the University is exposed to interest risk it manages this risk passively, with sensitivity analysis performed to ensure that cash flow plans allow for reasonable movements in interest rates without exposing the University to excessive liquidity risk.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised at transaction price.

To the extent that the University enters into forward foreign exchange contracts which remain unsettled at the reporting date, the fair value of the contracts is reviewed at that date. The initial fair value is measured as the transaction price on the date of inception of the contracts. Subsequent valuations are considered on the basis of the forward rates for those unsettled contracts at the reporting date. The University does not apply hedge accounting in respect of forward foreign exchange contracts held to manage cash flow exposures of forecast transactions denominated in foreign currencies.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

21. Reserves

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

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

22. Accounting change – prior year adjustment

There is a prior year adjustment included in the financial statements which represents the curtailment cost for all staff leaving the University under the 2018/19 Voluntary Leavers (VL) scheme where the obligation existed at the 31 July 2019 year end. This includes those that took deferred VL and therefore continued to work at the University post 31 July 2019. This is a non-cash service cost which arises when employees become entitled to early retirement benefits and comprises the capitalised cost of additional benefits calculated on FRS102 compliant assumptions by the LGPS actuary. The prior year adjustment is included in note 32.

23. Critical accounting estimates and judgements

The preparation of the University's financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income,

and expenses. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Critical accounting estimates

Recoverability of debtors

The provision for doubtful debts is based on the estimate of the expected recoverability of those debts. Assumptions are made based on the level of debtors which have defaulted historically, coupled with current economic knowledge that extends to the impact of COVID-19 on existing debt for commercial and student debtors. The provision for commercial debtors is based on the specific and current situation of the customer, the age profile of the debt and the nature of the amount due. There has been an increase in the provision compared to the prior year, of £0.8m which is mainly relating to Academic Partnership arrangements. The provision for student debtors is based on specific and current information for home, EU and international students, and undergraduate and postgraduate students. There has been an increase compared to the prior year, of £0.4m which reflects the increased risk to recoverability for primarily self funding students arising from COVID-19. Further details are set out in note 18.

The primary credit risk faced by the University is on trade and student debtors, the credit risk associated

with cash holdings are limited as a result of the actions the University takes to mitigate its liquidity risk. Credit risk on trade and student debtors is mitigated through the application of commercial credit terms and the University's Student Debtor policy. This is implemented through the University's credit control function, due diligence checks, and use of specialist third party debt collection services.

Retirement benefit obligations

The cost of the Local Government Pension Scheme (LGPS), as a defined benefit pension plan and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions, the impact of market conditions and the long-term nature of these plans, such estimates are subject to significant uncertainty and can create volatility in liabilities and therefore the net asset position. The assumptions used are reviewed and challenged by management and where appropriate University specific assumptions are used. Further details are set out in note 31.

The University is exposed to market risks through the valuation of assets held within its defined benefit pension schemes, liabilities on these schemes which are discounted at a rate equal to high quality UK corporate bond rates, and a proportion of its funds which are held as corporate bonds. Exposure to market risks in pension scheme asset and corporate bond asset rates

are mitigated by diversification of investments by the pension scheme's management and corporate bonds by holding as part of a diverse portfolio in a segregated fund managed by a specialist fund manager. Market risk associated with the valuation of pension scheme liabilities is managed by regular review of market rates and active management of funding deficits on the pension scheme by the scheme trustees. Market risks on pension assets are managed by the scheme trustees.

Management are satisfied that the Universities Superannuation Scheme (USS) meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements. As the University is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is currently based on the USS deficit recovery plan agreed as part of the 2018 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2028 (2018/19: 2034). These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflation, changes in staff numbers and the prevailing rate of discount. The valuation as at 31 March 2020 is not yet complete and it is anticipated that the impact will be included in the 2020/21 financial statements. Further details are set out in note 31.

Dilapidation provision

The dilapidation provision represents contributions and expenditure which is in line with a life cycle costing model appropriate to the buildings that a provision is held against. This ensures that the continuing maintenance arrangements that have been entered into as part of a lease obligation can be fulfilled. £1.4m of the dilapidation provision relates to PMS (Facilities) Plymouth Limited (2019: £1.5m) and £4.0m to Peninsula Dental Social Enterprise CIC (2019: £4.1m). The University of Plymouth dilapidation provision represents estimated expenditure to be incurred upon the vacation of leased properties and is based on contract terms and the condition of properties as at 31 July 2020. Further details are set out in note 25.

Critical judgements and assumptions

Income recognition

Judgement is applied in determining the value and timing of certain income items to be recognised in the financial statements. This includes determining when performance related conditions have been met, and determining the revenues associated with partially delivered courses and training where the activities have not been fully completed at the reporting date. This extends to the receipt of accelerated Quality Related (QR) Research funding, income received from Health Education England (HEE) and costs associated with deferred research activity as a result of COVID-19 restrictions.

Useful lives of property, plant and equipment

Property, plant and equipment represent a significant proportion of the University's total assets. Therefore, the estimated useful lives can have a significant impact on the depreciation charged and the University's reported performance. Useful lives are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events. Details of the carrying values of property, plant and equipment are set out in note 15.

Impairments

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. These include a direct link to the Campus and Estates strategy to assess the impact of campus developments on existing buildings in the form of demolition or major refurbishments. If there is an indication of impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately to the surplus or deficit in the period it arises.

Investment property

Investment properties held in the joint venture, Plymouth Science Park (PSP), are revalued to their fair value at the PSP reporting date by Vickery

Holman. The valuation is based on assumptions and judgements which are impacted by a variety of factors including market and other economic conditions. This extends to the impact of COVID-19 where the valuation for 2019/20 has been completed on the basis of 'material valuation uncertainty' as per VPS3 and VPGA 10 of the RICS Red Book Global. Further details are set out in note 17.

The University does not own any property with the primary objective being to earn rentals and/or for capital appreciation. Management review this on an annual basis.

Onerous lease provisions

Management have reviewed leases held on buildings that are not currently in use as a result of COVID-19 due to extensive remote working. Where appropriate the lease cost has been recognised where it is confirmed that the building will not be used before the lease arrangement expires and therefore a benefit will not be derived.



Roland Levinsky Building

Financial Statements

Consolidated and University Statement of Comprehensive Income

for the year ended 31 July 2020

		Consolidated		University	
		2020	2019	2020	2019
	Note	£000	£000	£000	£000
			Restated*		Restated*
Income					
Tuition fees and education contracts	1	143,900	150,786	143,820	150,698
Funding body grants	2	31,979	32,405	31,979	32,405
Research grants and contracts	4	11,875	12,861	11,803	12,742
Other income	5	38,572	43,630	27,792	32,269
Investment income	6	1,317	1,339	1,033	1,055
Donations and endowments	7	350	458	350	441
Total income		227,993	241,479	216,777	229,610
Expenditure					
Staff costs (excluding restructuring costs)	8,11	(131,498)	(139,775)	(127,392)	(135,760)
Staff costs (restructuring)	8,11	-	(21,879)	-	(21,879)
Other operating expenses	10,11	(67,774)	(74,867)	(62,735)	(68,404)
Depreciation and amortisation	14,15	(18,793)	(15,843)	(18,647)	(15,706)
Interest and other finance costs	12	(6,215)	(6,452)	(6,206)	(6,443)
Total expenditure		(224,280)	(258,816)	(214,980)	(248,192)
Surplus/(deficit) before other gains/(losses) and share of operating surplus of joint venture		3,713	(17,337)	1,797	(18,582)
Share of joint venture operating surplus	17	440	455	-	-
Gain on investments		313	133	313	133
Loss on disposal of fixed assets		(25)	-	(25)	-
Surplus/(deficit) before taxation		4,441	(16,749)	2,085	(18,449)
Taxation	13	(317)	(260)	(10)	(10)
Surplus/(deficit) for the year		4,124	(17,009)	2,075	(18,459)
Other comprehensive income					
Actuarial loss in respect of pension schemes	24	(99,112)	(5,856)	(98,984)	(5,811)
Total comprehensive income for the year		(94,988)	(22,865)	(96,909)	(24,270)
Represented by:					
Net endowment comprehensive income for the year	26	77	50	77	50
Net restricted comprehensive income for the year	27	(134)	38	(134)	38
Net unrestricted comprehensive income for the year		(94,931)	(22,953)	(96,852)	(24,358)
		(94,988)	(22,865)	(96,909)	(24,270)

* See note 32 – Accounting Change for details of restatement.

All activities relate to continuing operations.

Consolidated and University Statement of Changes in Reserves

	Endowment £000	Restricted £000	Unrestricted £000 Restated*	Total £000
Consolidated				
At 1 August 2018	350	5,880	116,575	122,805
Deficit for the year	50	38	(17,097)	(17,009)
Other comprehensive income	-	-	(5,856)	(5,856)
Total comprehensive income	50	38	(22,953)	(22,865)
Transfer between reserves	(335)	335	-	-
At 1 August 2019	65	6,253	93,622	99,940
Surplus for the year	77	(134)	4,181	4,124
Other comprehensive income	-	-	(99,112)	(99,112)
Total comprehensive income	77	(134)	(94,931)	(94,988)
At 31 July 2020	142	6,119	(1,309)	4,952
University				
At 1 August 2018	350	725	113,412	114,487
Deficit for the year	50	38	(18,547)	(18,459)
Other comprehensive income	-	-	(5,811)	(5,811)
Total comprehensive income	50	38	(24,358)	(24,270)
Transfer between reserves	(335)	335	-	-
At 1 August 2019	65	1,098	89,054	90,217
Surplus for the year	77	(134)	2,132	2,075
Other comprehensive income	-	-	(98,984)	(98,984)
Total comprehensive income	77	(134)	(96,852)	(96,909)
At 31 July 2020	142	964	(7,798)	(6,692)

* See note 32 – Accounting Change for details of restatement.

Consolidated and University Statement of Financial Position

as at 31 July 2020

		Consolidated		University	
		2020	2019	2020	2019
	Note	£000	£000	£000	£000
			Restated*		Restated*
Fixed assets					
Intangible assets and negative goodwill	14	2,028	956	3,665	2,756
Tangible fixed assets	15	250,925	254,692	250,318	254,205
Investments	16	200	200	1,812	1,812
Investment in joint venture	17	6,465	6,025	-	-
		259,618	261,873	255,795	258,773
Current assets					
Debtors: amounts falling due after more than one year	18	3,522	4,053	3,522	3,903
Debtors: amounts falling due within one year	18	20,681	22,130	21,512	22,488
Investments	19	28,001	29,003	28,001	29,003
Cash and cash equivalents		107,313	90,084	81,133	65,081
		159,517	145,270	134,168	120,475
Creditors: amounts falling due within one year	20	(54,029)	(56,664)	(42,523)	(44,574)
Net current assets		105,488	88,606	91,645	75,901
Total assets less current liabilities		365,106	350,479	347,440	334,674
Creditors: amounts falling due after more than one year	21	(60,368)	(62,751)	(60,368)	(62,751)
Provisions					
Pension provision	24, 31	(293,591)	(182,139)	(293,022)	(181,706)
Other provisions	25	(6,195)	(5,649)	(742)	-
Total net assets/(liabilities)		4,952	99,940	(6,692)	90,217
Restricted reserves					
Endowment reserve	26	142	65	142	65
Income and expenditure reserve	27	964	1,098	964	1,098
Capital reserve	27	5,155	5,155	-	-
		6,261	6,318	1,106	1,163
Unrestricted reserves					
Income and expenditure reserve		(1,309)	93,622	(7,798)	89,054
Total reserves		4,952	99,940	(6,692)	90,217

* See note 32 – Accounting Change for details of restatement.

The Financial Statements on pages 51 to 101 were approved by the Board of Governors on 7 December 2020 and were signed on its behalf by:



Colin Drummond OBE DL
Pro-Chancellor and Chair of the Board of Governors



Professor J Petts CBE
Vice-Chancellor and CEO

Consolidated Statement of Cash Flows

for the year ended 31 July 2020

	Note	2020 £000	2019 £000 Restated*
Cash flow from operating activities			
Surplus/(Deficit) for the year before tax		4,441	(16,749)
Adjustment for non-cash items			
Depreciation and amortisation of intangibles	15, 14	18,793	15,843
Amortisation of negative goodwill	14	(163)	(163)
Decrease in stock		-	89
Decrease/(Increase) in debtors		2,171	(2,379)
(Decrease)/Increase in creditors		(2,117)	10,880
Increase in pension provision		12,340	19,813
Increase in other provisions		526	510
Share of operating surplus in joint venture		(440)	(455)
Adjustment for investing or financing activities			
Investment income		(1,317)	(1,339)
Interest payable		2,462	2,569
Endowment income		(75)	(50)
Capital grant income		(1,698)	(1,898)
Gain on investments		(313)	(133)
Loss on disposal of fixed assets		25	-
Cash flows from operating activities before taxation		34,635	26,538
Taxation		(317)	(260)
Cash flows from operating activities after taxation		34,318	26,278
Cash flows from investing activities			
Proceeds from sales of fixed assets		400	-
Capital grant receipts		1,528	2,192
Investment income		2,124	1,323
Payments made to acquire tangible fixed assets		(16,326)	(18,748)
Payments made to acquire intangible fixed assets		(1,393)	(1,933)
Withdrawal of deposits/(new deposits)		1,002	(10,003)
		(12,665)	(27,169)
Cash flows from financing activities			
Interest paid on bank loans		(1,089)	(1,166)
Interest element of finance leases		(1,387)	(1,382)
Endowment cash received		63	55
Repayments of amounts borrowed		(1,939)	(1,934)
Capital element of finance leases		(72)	(29)
		(4,424)	(4,456)
Increase/(Decrease) in cash and cash equivalents in the year		17,229	(5,347)
Cash and cash equivalents at beginning of the year		90,084	95,431
Cash and cash equivalents at end of the year		107,313	90,084

* See note 32 – Accounting Change for details of restatement.

At 31 July 2020 the University held £23.3m (2019: £21.2m) on behalf of its subsidiary PDSE over which there is an asset lock. These balances are not available to fund the general liabilities and expenditure of the University.

Notes to the Financial Statements

1 Tuition fees and education contracts

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Full-time UK and European Union (EU) students	119,092	119,777	119,096	119,809
Part-time UK and European Union (EU) students	4,225	4,404	4,225	4,404
Full-time and part-time non-EU students	17,381	16,048	17,381	16,048
Special and short course fees	328	715	233	595
Studentships	584	624	595	624
Total fees by or on behalf of individuals	141,610	141,568	141,530	141,480
Education contracts	2,290	9,218	2,290	9,218
Total	143,900	150,786	143,820	150,698

Tuition and other course fees relate directly to the provision of specific academic and non-academic courses.

Education contracts income, which is commissioned payments received from Health Education England and the National Health Service, relates to the teaching of nursing and midwifery courses. From 2017/18 the funding for many of these courses changed for new entrants to align with other undergraduate courses.

All tuition and education contract income is recognised on a pro-rata basis across the duration of the course, in line with the provision of the courses to students.

2 Funding body grants

	Consolidated and University	
	2020	2019
	£000	£000
Recurrent teaching grant	15,954	16,558
Recurrent research grant	8,707	8,051
Capital grants	1,698	1,898
Other grants	5,620	5,898
Total	31,979	32,405

The Office for Students (OfS) and Research England recurrent grants are the annual funding for the purposes of teaching and research. Each grant relates to a specific academic year and is recognised in full in the year to which it relates.

Capital grants are those grants provided for the purposes of purchasing or building capital assets for both teaching and research. Where the grant specifies particular assets income is recognised upon purchase or completion of the asset, otherwise income is recognised in full once the University has a right to receive the grant.

3 Grant and fee income

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Grant income from the OfS	17,220	18,162	17,220	18,162
Grant income from other bodies	14,759	14,244	14,759	14,244
Fee income for research awards*	1,711	1,875	1,714	1,887
Fee income for taught awards*	141,277	147,571	141,277	147,591
Fee income from non-qualifying courses*	912	1,339	829	1,219
Total	175,879	183,191	175,799	183,103

*exclusive of VAT

4 Research grants and contracts

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Research councils	3,913	3,259	3,913	3,259
UK-based charities	1,692	1,905	1,692	1,905
UK-based government bodies	3,077	4,209	3,077	4,200
UK-based industry and commerce	374	454	302	344
European grants and contracts	1,664	2,290	1,664	2,290
Other overseas grants and contracts	1,113	635	1,113	635
Other grants and contracts	42	109	42	109
Total	11,875	12,861	11,803	12,742

Research funding from UK Research Councils and the European Commission are received on the basis of reimbursing the University for costs incurred in performance of the research. Income is recognised in line with expenditure which creates a right to receive funding from these bodies.

Funding from charities and industry is recognised based on terms set out in individual funding agreements. In the majority of cases income is recognised on a reimbursement basis, with income recognised as costs are incurred for which the University has a right to reimbursement.

5 Other income

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Residences, catering and conferences	4,174	9,068	2,662	7,458
Other grant income	19,723	19,605	12,560	11,364
Premises and car park income	2,503	2,248	2,031	1,892
Amortisation of negative goodwill	163	163	-	-
Educational royalties and service charges	7,328	8,097	7,327	8,097
Gift aid payments from subsidiaries	-	-	731	848
Other miscellaneous income	4,681	4,449	2,481	2,610
Total	38,572	43,630	27,792	32,269

Residences, catering and conferences includes £1.1m (2019: £5.6m) rental income from halls of residence contracted by the University for the provision of accommodation to students, the majority of which is payable to the landlord. The reduction in this income is due to COVID-19 as students were not charged rent from the commencement of lockdown.

Educational royalties and service charges include income from other institutions for the right to teach courses developed by the University and to award degrees on its behalf.

Other grant income includes £7.3m (2019: £7.5m) from Health Education England for PDSE activity of which £2.0m (2019: £1.8m) is paid over to the University's Peninsula Medical School relating to the provision of dental placements and academic supervisors.

6 Investment income

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Income from permanent endowments	2	-	2	-
Income from short-term investments	1,313	1,325	1,031	1,055
Dividend income from fixed asset investments	2	14	-	-
Total	1,317	1,339	1,033	1,055

7 Donations and endowments

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
New endowments	75	50	75	50
Donations with restrictions	269	327	269	327
Unrestricted donations	6	81	6	64
Total	350	458	350	441

8 Staff costs

The average weekly number of persons (including senior post holders) employed by the University and its subsidiaries during the year, expressed as full time equivalents (FTEs), was:

	Consolidated	
	2020	2019
	Number	Number
Teaching departments	1,369	1,503
Other support services	380	431
Administration and central services	185	215
Premises	130	145
Other income generating activities	242	269
Catering and residences	57	60
Total	2,363	2,623

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
		Restated*		Restated*
Wages and salaries	95,827	116,198	92,799	112,822
Social security costs	9,769	10,893	9,455	10,582
Pension costs (note 31)	25,902	34,563	25,138	34,235
Total	131,498	161,654	127,392	157,639

2019 costs include restructuring costs of £21.9m, comprising wages and salaries costs of £12.9m and pension costs of £9.0m.

	2020	2019
	£000	£000
		Restated*
Employment costs for staff on permanent contracts	104,414	132,864
Employment costs for staff on short-term and temporary contracts	27,084	28,790
Total	131,498	161,654

*See note 32 – Accounting Change for details of restatement.

Senior post holder's remuneration

	2020 £	2019 £
Remuneration of the Vice-Chancellor and CEO		
Salary	245,555	241,213
Pay in lieu of pension contributions	25,718	25,263
Total salary	271,273	266,476
Pension contributions	16,558	15,059
Total salary and pension contributions	287,831	281,535
Taxable benefits		
Healthcare	824	763
Non-taxable benefits		
Legal expenses	-	16
Death in service	21	245
Total benefits	845	1,024
Total remuneration	288,676	282,559

The University offered a Senior Manager Death in Service Scheme and Legal Expenses Benefits which were available to all Senior Managers employed on a permanent or temporary contract with the University of Plymouth, who were actively at work and aged between 18 and 64 years. The total cost has been pro-rated to reflect the benefit for the Vice-Chancellor and CEO. Both benefits were discontinued with effect from 1 September 2019.

The Reward and Remuneration Committee has direct responsibility for determining reward and remuneration related matters for both the Vice-Chancellor and other members of the University Executive Group. In addition, the Reward and Remuneration Committee has oversight of all Senior Manager pay. The Reward and Remuneration Committee has confirmed continued compliance with the CUC's Higher Education Senior Staff Remuneration Code and, accordingly, the 2019/20 Annual Reward and Remuneration Report to the Board of Governors will be published by Spring 2021.

The Reward and Remuneration Committee considers a variety of factors when deciding remuneration for the University Executive Group and other senior management staff which includes comparative benchmarking data for similar sized institutions (primarily UCEA, CUC, NHS, other relevant data); the national pay award for other University staff; financial sustainability; individual performance; organisational performance; internal equity and external market factors. Further details relating to the Reward and Remuneration Committee's decisions on senior pay will be contained in their Annual Report to the Board of Governors.

Individual and organisational performance

In considering pay for the Vice-Chancellor in November 2019, the Reward and Remuneration Committee considered the University's performance in 2018/19 against the declared strategic KPI's (as reported in the Annual Report and Financial Statements 2018-19), the Vice-Chancellor's performance against her personal objectives, and the Vice-Chancellor's remuneration package against comparator data.

The Reward and Remuneration Committee noted when taking its decision in November 2019:

- the University of Plymouth was a large and complex institution which included medicine and dentistry, with an income of £241.5m (2018/19), over 35,000 students studying in the UK and globally (including over 18,000 within the city of Plymouth), and over 2,500 staff on multiple sites across the region;

- the Vice-Chancellor had led the University to achieve another year of marked progress and institutional achievement in pursuit of the University's strategic objectives as outlined in its refreshed Strategy 2030; this was in the context of a volatile and highly competitive higher education sector. Key achievements, as reported in the Financial Statements 2018-19, included:
 - o an operating surplus before tax of £3.1m*;
 - o improvements in the National Student Survey (NSS) results. Plymouth achieved 85.3% for Overall Satisfaction, up from 85.1% the prior year, and above the sector median of 83.76%. Consequently, this had resulted in the University rising from 52nd to 48th in the NSS league table;
 - o a continuing rise in global and national league tables;
- the University's continuing contribution to the economic, social and cultural life of the region and beyond, the scale of which was confirmed by an independent impact report (2018) and has since led to the University being showcased within the Civic University Commission's report published in February 2019;
- the development of a Campus Masterplan, setting out the University's vision for its estate and investment priorities over the next decade to create an inspiring, progressive and sustainable environment in the heart of Plymouth; and
- that given the size, complexity and performance of the University, the Vice-Chancellor's total remuneration was in the lower quartile when compared with Vice-Chancellors of similar sized universities in the UK.

The Reward and Remuneration Committee concluded that the Vice-Chancellor was performing at a high level, providing clear leadership to the University in a challenging context resulting from the wide range of external factors impacting on the HE sector. However, given the financial context within which the University was operating and the agreed national pay award for 2019/20, it was agreed that the Vice-Chancellor's pay would increase by 1.8% - the same level as that for other senior staff and in line with the national pay award.

*Subsequent to the Reward and Remuneration Committee taking its decision in November 2019, a prior year adjustment was applied to the Financial Statements 2018-19. This resulted in a restated operating surplus before restructuring costs and tax of £5.2m.

Pay ratios

The ratios between the Vice-Chancellor and CEO's remuneration and all other University staff (including subsidiary staff) are as follows:

	2020			2019		
	Vice-Chancellor and CEO	All other staff (median)	Pay ratio	Vice-Chancellor and CEO	All other staff (median)	Pay ratio
	£000	£000	Number	£000	£000	Number
Basic salary	246	36	6.8	241	35	6.9
Total remuneration	289	42	6.9	283	40	7.1

Key management personnel

Key management personnel are deemed to be the University Executive Group (UEG) which consisted of nine members at 31 July 2020 (2019: 10) and includes the following roles:

1. Vice-Chancellor and CEO
2. Deputy Vice-Chancellor, International and Planning
3. Deputy Vice-Chancellor, Education and Student Experience
4. Deputy Vice-Chancellor, Research and Enterprise
5. University Registrar and Secretary
6. Chief Financial Officer
7. Executive Dean, Faculty of Health*
8. Executive Dean, Faculty of Arts, Humanities and Business
9. Executive Dean, Faculty of Science and Engineering

*During 2018/19 there were separate Interim Deans for the Faculties of Health and Human Sciences, and Medicine and Dentistry. UEG are those persons having authority and responsibility for planning, directing and controlling the activities of the University.

	2020	2019
	£000	£000
UEG total salary, pension and other emoluments	<u>1,686</u>	<u>1,675</u>

Remuneration of higher-paid staff

The number of staff, excluding the Vice-Chancellor and CEO but including UEG and other staff members, who received basic remuneration (excluding pension contributions, bonuses, allowances, clinical excellence awards and other such payments) in the following ranges above £100,000 were:

	2020 Number	2019 Number
£100,000–£104,999	2	3
£105,000–£109,999	1	-
£110,000–£114,999	1	1
£115,000–£119,999	1	1
£120,000–£124,999	1	1
£125,000–£129,999	2	2
£130,000–£134,999	1	1
£145,000–£149,999	-	1
£155,000–£159,999	-	1
£160,000–£164,999	1	-
£165,000–£169,999	-	1
£170,000–£174,999	1	-

The above figures exclude amounts reimbursed by the NHS.

Compensation for loss of office

The total compensation for loss of office and the number (headcount) of staff (including senior post holders) to whom this relates was:

	2020 £000	2020 Number of employees	2019 £000 Restated*	2019 Number of employees
Compensation for loss of office	167	44	21,879	566

Costs incurred in 2018/19 relate to the offering of a Voluntary Leavers scheme which was made available to all staff and a Voluntary Severance scheme specific to certain Faculties and Directorates. 2019 costs include staff accepted on the Voluntary Leavers Scheme who were leaving the University over a phased period of 12 to 24 months, where the obligation existed at 31 July 2019. 2019 costs in respect of this scheme include £6.0m non-cash pension curtailment costs; £4.0m of which relates to staff with a leave date on or after 31 July 2019.

The full time equivalent of the 44 staff for whom compensation was paid in 2019/20 was 29 (2019: full time equivalent of 566 staff was 443).

*See note 32 – Accounting Change for details of restatement.

9 Access and participation

	2020 £000
Access investment	1,895
Financial support	1,729
Disability support (excluding expenditure included in the two categories above)	393
Research and evaluation	37
Total	4,054

The University's 2019/20 Access and Participation Plan is available on the Office for Students website* and was submitted in April 2018.

The original investment of £8.9m (21.3% of higher fee income) included in the plan was based on higher fee income of £41.8m. The actual higher fee income reduced to £36.0m due to a reduction in actual student numbers compared to the forecast and resulted in reduced expenditure of £7.8m (21.6% of higher fee income).

The University has remained committed to spending the agreed percentage of higher fee income, 21.3%, on all elements of the Access and Participation Plan and for each element of the plan the following movements apply:

- the spend for access expenditure remains at 5.3%;
- the spend for financial support increased by 0.6% to 4.8% and £0.05m of this additional increase related to COVID-19 specific financial support funds;
- the Disability and Research and Evaluation elements were not submitted as part of the original plan, however the Disability element was included as part of the original Student success and Progression elements which have seen a 0.3% overall reduction in spend against the plan.
- Expenditure on Student success and Progression was £3,739k. This spend is not required to be disclosed in the four key headings above but was included in the 2019/20 Access and Participation Plan.
- Staffing costs of £1.2m are reported within the overall plan spend across all the elements and are included in note 8 – Staff costs.

*https://apis.officeforstudents.org.uk/accessplansdownloads/1920/UniversityofPlymouth_APP_2019-2020_V1_10007801.pdf

10 Other operating expenses

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Premises and utilities	11,395	10,778	10,022	9,017
Payments to partner institutions	1,250	2,581	1,250	2,581
Grants to University of Plymouth Students' Union	1,989	2,291	1,989	2,291
Equipment	3,512	3,623	3,011	3,114
Non-payroll staff costs	2,292	2,727	2,187	2,577
Travel and subsistence	1,949	3,667	1,865	3,524
Support and administration services	1,324	2,006	1,185	1,748
Communication, marketing, printing and stationery	4,615	4,530	4,476	4,343
Scholarships, bursaries and grants	4,290	5,786	4,274	5,714
Library and periodicals	4,418	4,946	4,400	4,898
Consumables	3,617	3,833	2,903	2,989
Residence, catering and conferences	990	1,336	856	1,155
Educational visits	1,992	2,497	1,934	2,463
Software and IT services	5,278	5,517	5,159	5,371
Collaboration and participant payments	2,015	1,173	1,980	1,164
Rent	3,186	7,214	2,443	6,646
Other expenses	13,662	10,362	12,801	8,809
Total	67,774	74,867	62,735	68,404

Members of the Board of Governors have not received remuneration or waived payments from the University during the year. Amounts paid to members of the Board of Governors of £3.8k (2019: £9.4k) are included in non-payroll staff costs above. This represents travel and subsistence expenses incurred in carrying out University business.

Auditor's remuneration

Included within the support and administration services expense above are the following relating to the remuneration of Mazars LLP (2019: KPMG LLP), the University's external auditors:

	2020	2019
	£000	£000
University	46	52
Subsidiary entities	28	13
Total audit fees	74	65
Fees payable to the University's auditors for the provision of non-audit work	25	38

11 Analysis of staff costs and other operating expenses by activity

	Staff costs		Other operating expenses	
	2020	2019	2020	2019
Consolidated	£000	£000	£000	£000
		Restated*		
Teaching departments	82,177	86,532	17,349	19,128
Other support services	14,873	16,568	17,864	20,738
Administration and central services	19,472	21,474	10,026	7,527
Premises	3,789	4,112	9,118	9,335
Other income generating activities	9,862	9,696	10,045	12,519
Catering and residences	1,325	1,393	3,372	5,620
	131,498	139,775	67,774	74,867
Restructuring	-	21,879	-	-
Total	131,498	161,654	67,774	74,867
University				
Teaching departments	82,055	86,576	17,348	19,132
Other support services	14,872	16,569	17,864	20,738
Administration and central services	19,440	21,316	9,766	6,819
Premises	3,789	4,112	9,429	9,646
Other income generating activities	6,151	6,052	5,032	6,465
Catering and residences	1,085	1,135	3,296	5,604
	127,392	135,760	62,735	68,404
Restructuring	-	21,879	-	-
Total	127,392	157,639	62,735	68,404

*See note 32 – Accounting Change for details for restatement.

Administration and central services staff costs include £10.6m (2019: £7.9m) non-cash pension service costs associated with the Devon LGPS, which is calculated based on corporate bond rates at 31 July 2019 (2019: 31 July 2018), and a credit of £1.8m (2019: charge of £2.3m) in respect of the USS pension scheme deficit movement in year.

Administration and central services operating expenditure includes strategic investment spend of £3.4m on projects to enhance the student experience.

12 Interest and other finance costs

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
		Restated*		Restated*
Loan interest	1,068	1,180	1,068	1,180
Finance lease interest	1,394	1,389	1,394	1,389
Net interest charge on pension scheme	3,753	3,883	3,744	3,874
Total	6,215	6,452	6,206	6,443

*See note 32 – Accounting Change for details of restatement.

13 Taxation

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
		Restated*		Restated*
Current Tax				
UK corporation tax of 19% (2019: 19%) on surplus for subsidiary undertakings	307	250	-	-
Foreign taxes	10	10	10	10
Total tax expense	317	260	10	10

Factors affecting the tax charge

The tax assessed for the year is at the standard rate of corporation tax in the UK of 19% (2019: 19%). The difference is explained below:

Surplus before taxation	4,441	(16,749)	2,085	(18,449)
University surplus multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	396	-	396	-
Subsidiary and joint venture surplus multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	448	323	-	-
Surplus falling within charitable exemption	(537)	(72)	(396)	-
Unrelieved overseas taxation	10	10	10	10
Tax charge for the year	317	260	10	10

*See note 32 – Accounting Change for details of restatement.

Deferred tax at 31 July 2020 has been calculated based on the rate of 19% being the rate substantively enacted at the balance sheet date. No new future rates have been enacted due to the uncertainty brought about by the impact of Brexit and COVID-19.

14 Intangible assets

Consolidated	Negative goodwill £000	Intangible assets under development £000	Software and licences £000	Total £000
Cost				
At 1 August 2019	(3,269)	2,745	27	(497)
Additions	-	1,210	80	1,290
Transfers	-	(3,955)	3,955	-
Transfer from tangible assets	-	-	170	170
At 31 July 2020	(3,269)	-	4,232	963
Accumulated amortisation				
At 1 August 2019	1,469	-	(16)	1,453
Credit/(charge) for year	163	-	(551)	(388)
At 31 July 2020	1,632	-	(567)	1,065
Net book value				
At 31 July 2020	(1,637)	-	3,665	2,028
At 31 July 2019	(1,800)	2,745	11	956

University	Intangible assets under development £000	Software and licences £000	Total £000
Cost			
At 1 August 2019	2,745	27	2,772
Additions	1,210	80	1,290
Transfers	(3,955)	3,955	-
Transfer from tangible assets	-	170	170
At 31 July 2020	-	4,232	4,232
Accumulated amortisation			
At 1 August 2019	-	(16)	(16)
Charge for year	-	(551)	(551)
At 31 July 2020	-	(567)	(567)
Net book value			
At 31 July 2020	-	3,665	3,665
At 31 July 2019	2,745	11	2,756

Negative goodwill arose in 2009/10 when the University increased its holding in Plymouth Science Park Limited such that it became a jointly controlled entity and is being amortised over 20 years. Amortisation of negative goodwill is shown within note 5 – Other income.

15 Tangible assets

Consolidated	Assets in the course of construction £000	Freehold land and buildings £000	Long leasehold land and buildings £000	Equipment £000	Total £000
Cost					
At 1 August 2019	8,141	313,825	28,050	44,611	394,627
Additions	9,530	2,254	-	2,890	14,674
Transfers	(7,091)	6,817	-	274	-
Transfer to intangible assets	-	-	-	(170)	(170)
Disposals	-	(4,432)	-	(1,461)	(5,893)
At 31 July 2020	10,580	318,464	28,050	46,144	403,238
Accumulated depreciation					
At 1 August 2019	-	(102,745)	(8,148)	(29,042)	(139,935)
Charge for year	-	(11,244)	(658)	(6,340)	(18,242)
Eliminated in respect of disposals	-	4,432	-	1,432	5,864
At 31 July 2020	-	(109,557)	(8,806)	(33,950)	(152,313)
Net book value					
At 31 July 2020	10,580	208,907	19,244	12,194	250,925
At 31 July 2019	8,141	211,080	19,902	15,569	254,692

University	Assets in the course of construction £000	Freehold land and building £000	Long leasehold land and buildings £000	Equipment £000	Total £000
Cost					
At 1 August 2019	8,141	313,825	28,050	43,447	393,463
Additions	9,345	2,254	-	2,809	14,408
Transfers	(7,091)	6,817	-	274	-
Transfer to intangible assets	-	-	-	(170)	(170)
Disposals	-	(4,432)	-	(1,461)	(5,893)
At 31 July 2020	10,395	318,464	28,050	44,899	401,808
Accumulated depreciation					
At 1 August 2019	-	(102,745)	(8,148)	(28,365)	(139,258)
Charge for year	-	(11,244)	(658)	(6,194)	(18,096)
Eliminated in respect of disposals	-	4,432	-	1,432	5,864
At 31 July 2020	-	(109,557)	(8,806)	(33,127)	(151,490)
Net book value					
At 31 July 2020	10,395	208,907	19,244	11,772	250,318
At 31 July 2019	8,141	211,080	19,902	15,082	254,205

Finance leases

Included in the net book value of long leasehold land and buildings (Consolidated and University) is £14.3m (2019: £14.7m) in respect of the Rolle Building which is funded through a finance lease. Depreciation of £0.4m was charged on this asset during the year to July 2020 (2019: £0.4m).

16 Fixed asset investments

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Shares in subsidiary companies	-	-	300	300
Other fixed asset investments	200	200	37	37
Investment in joint venture	-	-	1,475	1,475
Total	200	200	1,812	1,812
Other fixed asset investments consist of:				
CVCP Properties plc	37	37	37	37
BioVault Scientific Limited	150	150	-	-
Crowdfunder Limited	13	13	-	-
Total	200	200	37	37

The total of the University's other spinout company holdings, as listed below, is not material and is not included in the above.

ENTITY	NATURE OF ACTIVITY	NATURE OF ENTITY	INTEREST
Subsidiary undertakings – wholly owned			
University of Plymouth Enterprise Limited	Research, consultancy, car parking and events service provision	Company limited by shares	100%
PMS (Facilities) Plymouth Limited	Facilities management at the John Bull Building and Dental Education Facility, Plymouth Science Park	Company limited by shares	100%
University Commercial Services Plymouth Limited	Nursery, catering and hospitality service provision	Company limited by shares	100%
Peninsula Dental Social Enterprise CIC	Dental and other clinical and non-clinical services including the provision of clinical placements for University students	Community interest company	Sole member
Jointly controlled undertaking			
Plymouth Science Park Limited	Property management of Plymouth Science Park and business support of tenants	Company limited by guarantee	50%
Other unconsolidated undertakings – University			
James Square (Plymouth) Limited	Provision of management facilities for the Rolle Building	Company limited by guarantee	40% of board*
Mount Batten Sailing and Watersports Centre	Provision of facilities and resources for watersports and outdoor activities	Company limited by guarantee	33.3% of board*

ENTITY	NATURE OF ACTIVITY	NATURE OF ENTITY	INTEREST
CVCP Properties plc	Property management company – accommodation for the secretariat of the Committee of the Vice Principals and Chancellors of the Universities of the United Kingdom (CVCP UUK)	Company limited by shares	0.87% of shares*
Other unconsolidated undertakings – UPEL holdings			
PulsiV Solar Limited	Improving the performance of solar panels	Company limited by shares	44%*
Crowdfunder Limited	Facilitating fundraising initiatives	Company limited by shares	<1%*
PoreXpert Limited	Software research and development relating to porous materials	Company limited by shares	35%*
BioVault Scientific Limited	Tissue bio bank	Company limited by shares	13%*
Advanced Control Research Limited	Research and development of intelligent and innovative control systems	Company limited by shares	13%*
Ebusiness South West Limited	Provision of computer related activities and software publishing	Company limited by shares	10%*
Argans Limited	Research and development on natural sciences and engineering	Company limited by shares	6%*
Vertical Plus Limited	Computer and website related activities	Company limited by shares	4%*
Fieldwork Robotics Limited	Development of robotic harvesting equipment for protected crops	Company limited by shares	42%*
The Vaccine Group Limited	Development and marketing of vaccines based upon DNA vaccine technology	Company limited by shares	48%*
Molendotech Limited	Commercialisation of water contamination screening technology	Company limited by shares	29%*
Amprologix Limited	Develop and bring to market novel antimicrobials to tackle antibiotic resistance	Company limited by shares	20%*

* Entity not consolidated as the University is not considered to have significant influence.

All of the above entities are incorporated in England and Wales. The subsidiary entities have 31 July year ends, Plymouth Science Park Limited has a 31 March year end and the other unconsolidated undertakings have various year ends.

University of Plymouth Services Limited (UPSL) was incorporated on 12 February 2020. UPSL is a wholly owned subsidiary of the University of Plymouth, and is a company limited by shares, incorporated in England and Wales. UPSL has been set up for the recruitment, selection, employment and supply of professional services staff to the University of Plymouth in exchange for an annual management fee. UPSL commenced trading on 1 August 2020.

17 Investments in joint ventures

The University holds a 50% share of Plymouth Science Park (PSP), a company limited by guarantee. This is a joint venture company owned equally by the University and Plymouth City Council. The arrangement is a jointly controlled entity and is accounted for using the equity method, such that 50% of the company's net assets are incorporated into the consolidated Balance Sheet of the University. PSP prepares its Financial Statements to 31 March each year, these have been adjusted based upon management accounts to give 31 July financial performance and positions for consolidation.

Consolidated

	2020	2019
	£000	£000
Income and expenditure		
Income	1,156	1,457
Expenditure	(716)	(1,002)
Surplus before tax	440	455
Tax	-	-
Surplus after tax	440	455
Balance sheet		
Fixed assets	9,094	8,900
Current assets	829	875
	9,923	9,775
Creditors: amounts due within one year	(383)	(572)
Creditors: amounts due after more than one year		
Bank loans	(972)	(972)
Loan due to University	(989)	(989)
Other creditors due after more than one year	(1,114)	(1,217)
	(3,458)	(3,750)
Share of net assets	6,465	6,025

The investment properties, included within fixed assets above, were valued as at 31 March 2020 by Vickery Holman, Chartered Surveyors, at their open market value for existing use. Due to COVID-19, this valuation has been completed on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. The market value of these properties has increased by £0.42m (2019: £0.52m increase) during the year. The historical cost of these assets as at 31 July 2020, net of assistance grants, amounted to £34m (2019: £34m).

As at 31 March 2020 the University's share of Plymouth Science Park's capital commitments were £nil (31 March 2019: £nil)

The bank loan is payable until 2030 and is repayable from 2015 onwards. Interest is charged at 1.25% above the Bank of England base rate.

During 2015/16 and 2016/17 a total loan of £1.98m was made by the University to Plymouth Science Park to part fund the expansion of the Science Park. The repayment term was varied in 2018/19 so that full repayment is due by 2041.

18 Debtors

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	7,605	11,398	6,196	8,632
Amount due from subsidiary undertakings	-	-	3,198	3,574
Other debtors	417	227	18	207
Prepayments and accrued income	12,659	10,505	12,100	10,075
Total	20,681	22,130	21,512	22,488
Amounts falling due after more than one year:				
Prepayments and accrued income	1,544	1,525	1,544	1,525
Other debtors	-	550	-	400
Loan due from joint undertaking	1,978	1,978	1,978	1,978
Total	3,522	4,053	3,522	3,903
Total debtors	24,203	26,183	25,034	26,391

Included in trade debtors is a student bad debt provision of £2,570,450 (2019: £2,172,380) and a commercial bad debt provision of £2,152,575 (2019: £1,334,900).

The loan due from joint undertakings is with PSP. The loan will be repaid in instalments between 2021 and 2041. The interest on this loan is fixed at 5% and is settled as incurred.

Balances due from subsidiary undertakings are trading balances repayable on demand and are non-interest bearing.

19 Investments

	Consolidated and University	
	2020	2019
	£000	£000
Term deposits	21,000	14,000
Notice accounts	7,001	15,003
Total	28,001	29,003

20 Creditors: amounts falling due within one year

	Consolidated		University	
	2020	2019	2020	2019
	£000	£000	£000	£000
Bank and other loans	1,945	1,939	1,945	1,939
Obligations under finance leases	113	72	113	72
Trade creditors	3,968	3,517	3,512	3,156
Amounts owed to group undertakings	-	-	303	290
Other creditors	7,312	7,755	6,833	7,416
Taxation and social security	419	250	419	250
Accruals	14,675	18,385	14,017	17,722
Deferred income	25,597	24,746	15,381	13,729
Total	54,029	56,664	42,523	44,574

Balances due to group undertakings are trading balances repayable on demand and are non-interest bearing.

21 Creditors: amounts falling due after more than one year

	Consolidated and University	
	2020	2019
	£000	£000
Bank and other loans	31,317	33,262
Deferred income	9,609	9,934
Finance leases	19,442	19,555
Total	60,368	62,751

Bank and other loans are repayable as follows:

	Consolidated and University	
	2020	2019
	£000	£000
In one year or less	1,945	1,939
Between one and two years	1,950	1,945
Between two and five years	5,881	5,865
In five years or more	23,486	25,452
Total	33,262	35,201

The terms of the loans are as follows:

Lender	Amount	Term	Interest rate	Security
	£000			
Lloyds Bank plc	15,432	2037	5.9% (fixed)	Unsecured
HSBC Bank plc	17,550	2036	0.2% above Base Rate	Unsecured
Revolving Green Fund	280	Revolving	-	Unsecured

22 Reconciliation of net debt

Consolidated	At 1 August 2019 £000	Cash flows £000	Non-cash changes £000	At 31 July 2020 £000
Cash and cash equivalents	90,084	17,229	-	107,313
Current investments	29,003	(1,002)	-	28,001
	<u>119,087</u>	<u>16,227</u>	<u>-</u>	<u>135,314</u>
Amounts falling due within one year:				
Unsecured bank loans	(1,939)	1,939	(1,945)	(1,945)
Obligations under finance leases	(72)	72	(113)	(113)
	<u>(2,011)</u>	<u>2,011</u>	<u>(2,058)</u>	<u>(2,058)</u>
Amounts falling due after more than one year:				
Unsecured bank loans	(33,262)	-	1,945	(31,317)
Obligations under finance leases	(19,555)	-	113	(19,442)
	<u>(52,817)</u>	<u>-</u>	<u>2,058</u>	<u>(50,759)</u>
Net cash	<u>64,259</u>	<u>18,238</u>	<u>-</u>	<u>82,497</u>

23 Financial instruments

	Consolidated		University	
	2020 £000	2019 £000	2020 £000	2019 £000
Financial assets that are debt instruments measured at amortised cost:				
Cash and cash equivalents	107,313	90,084	81,133	65,081
Other investments	28,001	29,003	28,001	29,003
Trade debtors	7,605	11,398	6,196	8,632
Loan due from joint undertaking	1,978	1,978	1,978	1,978
Other debtors	395	227	18	207
Financial liabilities measured at amortised cost:				
Bank loans	33,262	35,201	33,262	35,201
Finance leases	19,555	19,627	19,555	19,627
Trade creditors	3,968	3,517	3,512	3,156
Other creditors	6,983	7,755	6,833	7,416

Other debtors and other creditors financial instruments exclude taxation assets and liabilities.

24 Pension provisions

Consolidated	Enhanced pension £000	USS £000	Devon LGPS £000 Restated*	Total £000
At 1 August 2019	3,302	3,724	175,113	182,139
Utilised in year	(340)	(18)	(6,543)	(6,901)
Actuarial movement	-	-	99,112	99,112
Charged/(credited) in year	99	(1,687)	20,829	19,241
At 31 July 2020	3,061	2,019	288,511	293,591
University				
At 1 August 2019	3,302	3,724	174,680	181,706
Utilised in year	(340)	(18)	(6,527)	(6,885)
Actuarial movement	-	-	98,984	98,984
Charged/(credited) in year	99	(1,687)	20,805	19,217
At 31 July 2020	3,061	2,019	287,942	293,022

*See note 32 – Accounting Change for details of restatement.

The enhanced pension provision is in respect of the future costs of lump sum payments and enhanced pensions payable to staff who have agreed terms for early retirement.

The USS provision relates to the University's share of the USS Pension Fund Trustees' plan to clear the funding deficit on this pension scheme. In calculating the current value of the USS provision, a discount rate equal to 0.7% (2019: 1.6%) has been used based upon a Mercer UK corporate bond yield curve.

The Devon LGPS provision represents the University's actuarial deficit on the pension scheme as at 31 July 2020.

Further details on each of the schemes can be found in note 31 – Pensions.

25 Other provisions

Consolidated	Dilapidation provision £000
At 1 August 2019	5,649
Provision releases in the year	(267)
Charged to income and expenditure	813
At 31 July 2020	6,195
University	
At 1 August 2019	-
Charged in year	742
At 31 July 2020	742

£1.4m of the dilapidation provision relates to PMS (Facilities) Plymouth Limited (2019: £1.5m) and £4.0m to Peninsula Dental Social Enterprise CIC (2019: £4.1m). The movement on these provisions represent contributions and expenditure which is in line with a life cycle costing model appropriate to the buildings. At each financial year end, the dilapidation provision balance is reviewed against the lifecycle costing model.

The University dilapidation provision represents estimated expenditure to be incurred upon the vacation of leased properties and is based on contract terms and the condition of properties as at 31 July 2020.

26 Endowment reserve

Consolidated and University	Restricted permanent £000	Total 2020 £000	Total 2019 £000
At 1 August			
Permanent capital	65	65	81
Expendable capital and accumulated income	-	-	269
	65	65	350
New endowments	75	75	50
Transfer to restricted reserves	-	-	(335)
Investment income	2	2	-
	77	77	(285)
At 31 July	142	142	65
Represented by:			
Capital	140	140	65
Expendable capital and accumulated income	2	2	-
	142	142	65

All endowments are held as cash or cash equivalents.

27 Other restricted reserves

Consolidated	Bursaries, scholarships and studentships £000	Research support £000	General £000	Total donations 2020 £000	Capital reserve 2020 £000	Capital reserve 2019 £000
At 1 August 2019	550	152	396	1,098	5,155	5,155
Receipts in year	223	13	33	269	-	-
Spent in year	(270)	(103)	(30)	(403)	-	-
Transfer from endowment reserve	-	-	-	-	-	-
	(47)	(90)	3	(134)	-	-
At 31 July 2020	503	62	399	964	5,155	5,155
University	Bursaries, scholarships and studentships £000	Research support £000	General £000	Total donations 2020 £000	Total donations 2019 £000	
At 1 August 2019	550	152	396	1,098	725	
Receipts in year	223	13	33	269	327	
Spent in year	(270)	(103)	(30)	(403)	(289)	
Transfer from endowment reserve	-	-	-	-	335	
	(47)	(90)	3	(134)	373	
At 31 July 2020	503	62	399	964	1,098	

28 Commitments

Capital commitments at the end of the financial year for which no provision has been made are as follows:

Consolidated and University	2020 £000	2019 £000
Commitments contracted at 31 July	2,588	3,809

Total commitments under non-cancellable operating leases are as follows:

Consolidated	Land and buildings £000	Other £000	2020 Total £000	2019 Total £000
Payable during the year	2,682	125	2,807	6,678
Future minimum operating lease payments due:				
In one year or less	2,044	170	2,214	1,995
Between two and five years	5,305	250	5,555	4,668
Over five years	8,315	-	8,315	8,175
Total	15,664	420	16,084	14,838

University	Land and buildings £000	Other £000	2020 Total £000	2019 Other £000
Payable during the year	1,964	125	2,089	6,129
Future minimum operating lease payments due:				
In one year or less	1,320	170	1,490	1,445
Between two and five years	2,479	250	2,729	2,468
Over five years	1,000	-	1,000	1,575
Total	4,799	420	5,219	5,488

Total commitments under non-cancellable finance leases are as follows:

Consolidated and University	2020 £000	2019 £000
Future minimum finance lease payments due:		
In one year or less	1,496	1,460
Between two and five years	6,365	6,211
Over five years	32,561	34,211
Total	40,422	41,882

Finance lease commitments relate mainly to the Rolle Building.

29 Contingent liabilities

Capital grants received in relation to the University's own buildings and those owned by Plymouth Science Park Limited, and cumulative revenue grants in relation to the University's and Plymouth Science Park Limited projects, may become repayable, in whole or in part, in the event of failure to comply with the terms attaching to them.

The University of Plymouth Students Union (UPSU), registered company number 10676070 and Charity number 1172830 is dependent on the University's financial support through the provision of a block grant with the UPSU generating supplementary funding from various trading activities. The Education Act 1994 imposes a duty on the University to ensure the financial viability of its student representative body.

30 Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors or senior management personnel may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

The University has invoked applicable exemptions under section 33 of FRS 102 for "100%" or "wholly" owned subsidiaries and not disclosed intra-group transactions.

These Financial Statements reflect the following transactions with related parties:

Name	Nature of interest	Detail	2020		2019	
			Income/ (expense)	Amount due to/ (from)	Income/ (expense)	Amount due to/ (from)
			£000	£000	£000	£000
Abbvie Limited	Executive Dean receives grants and personal fees	Income for staff conference attendance	3	-	-	-
Amprologix Limited	Fixed asset investment	Consultancy and contract income	12	-	1	(6)
Argans Limited	Fixed asset investment	Studentship income	6	-	1	-
Biotechnology and Biological Services Research Council (BBSRC)	Vice-Chancellor and CEO was a Member of the Legacy Council until October 2018	Research income	-	-	139	-
BioVault Scientific Limited	Fixed asset investment	Research collaboration	5	-	-	-
Creative Connected Communities (T/A Well Connected)	Subsidiary Director was a Trustee until March 2019	Pay recharges and payments for services	(251)	-	(166)	-
Destination Plymouth Ltd	Vice-Chancellor and CEO attends Board meetings and External Committee Member is a Director	Advertising and marketing	(67)	-	(60)	-
Devon and Plymouth Chamber of Commerce	Previous Subsidiary Director is a Director	Subscriptions, advertising and hospitality	(14)	-	(30)	-

Name	Nature of interest	Detail	2020		2019	
			Income/ (expense)	Amount due to/ (from)	Income/ (expense)	Amount due to/ (from)
			£000	£000	£000	£000
Health Education England	Subsidiary Director is a Dean	Contract income, research income and pay recharges	10,339	(737)	21,729	(3,885)
Heart of the South West LEP	Vice-Chancellor and CEO is a Director	Contract income, consultancy income and subscription fee	247	10	251	-
Higher Education Statistics Agency	Governor is Chair of Data Landscaping Steering Group	Subscription	(133)	53	(89)	-
James Square Plymouth Limited	Previous Finance Director was a Director, unconsolidated undertaking of the University	Rent and scholarship award	(1,429)	-	(1,427)	-
Marine Biological Association	Vice-Chancellor and CEO is a Trustee	Pay recharges, research and contract income, participant payments and subscription	137	(17)	122	32
Mayflower Community Academy	Member of Senior Management Team was a Governor	Recharge for printing services	-	-	1	-
Molendotech Limited	Fixed asset investment	Rental income	30	(3)	2	-
NHS England	Subsidiary Director is a Commissioner	Pay recharges	168	(2)	-	-
Peninsula Medical Foundation	Governor is a Trustee	Research funding and donations	-	-	138	(30)
Plymouth Science Park Limited	Joint venture	Loan interest income, rent and premises costs	(154)	-	(113)	-
PoreXpert Limited	Fixed asset investment and Subsidiary Director and Member of Senior Management Team is a Director	Consultancy fees	-	-	(8)	-
Public Health England	Subsidiary Director is an Honorary Contract Holder	Contract income and pay recharges	354	(19)	416	(13)
PulsiV Solar Limited	Fixed asset investment	Pay recharges	73	(87)	75	(23)
Quality Assurance Agency for Higher Education	Governor is Chair of the Board of Directors	Subscription	(11)	-	47	-

Notes to the Financial Statements

Name	Nature of interest	Detail	2020		2019	
			Income/ (expense)	Amount due to/ (from)	Income/ (expense)	Amount due to/ (from)
			£000	£000	£000	£000
Royal College of Nursing Research Society	Previous Interim Executive Dean is a Committee Member	Subscription	(2)	-	(3)	-
Royal Cornwall Hospitals NHS Trust	Senior Manager is an Honorary Contract holder	Short course and catering income, services charges and premises costs	(502)	79	(539)	57
Royal Devon and Exeter NHS Foundation Trust	Chief Financial Officer and Senior Manager are Non-Executive Directors	Research and contract income and educational visit costs	156	-	204	(48)
Seale-Hayne Educational Trust	Deputy Vice-Chancellor is a Trustee	Payment for services, catering income	2	-	48	(3)
Smile Together CIC	Subsidiary Director was a Non-Executive Director	Equipment use recharges	-	-	4	-
Society of College, National and University Libraries (SCONUL)	Senior Manager is an Executive Board Member	Subscription	(3)	-	-	-
Sodexo Trustee Services Limited	Governor is a Trustee	Subscription	(26)	-	(49)	-
South West Academic Health Science Network	Previous Interim Executive Dean is a Non-Executive Director	Research income	1	-	77	-
St Andrew's Church of England Primary School	Governor is a School Governor	Research income	-	-	13	(13)
Take Art Limited	Previous Subsidiary Director is a Director	Consultancy work	-	-	1	-
Taunton and Somerset NHS Foundation Trust	Chair of Governors is Non-Executive Chairman	Pay recharges	37	-	22	(20)
The Vaccine Group Limited	Fixed asset investment	Pay recharges	128	(12)	127	(13)
The Water Conservation Trust	Chair of Governors is a Trustee	Provision of bursaries	5	-	5	-
Universities UK/GuildHE Accommodation Code of Practice for the Management of Student Housing	Previous Subsidiary Director was a Governance Board Member	Membership fees	(1)	-	(1)	-
University Hospitals Bristol NHS Foundation Trust	Subsidiary Director is Acting Medical Director	Pay recharges, partner payments	1	1	(4)	(1)

Name	Nature of interest	Detail	2020		2019	
			Income/ (expense)	Amount due to/ (from)	Income/ (expense)	Amount due to/ (from)
			£000	£000	£000	£000
University Hospitals Plymouth NHS Trust	Senior Manager and Subsidiary Directors are Non-Executive Director, Associate Director and Employee	Pay recharges, rental income and research income	747	(369)	643	(354)
University of Manchester	Governor is an Honorary Professor	Research income, participant payments	(271)	-	-	-
University of Plymouth Students' Union (UPSU)	Governors are President/ Vice-President and Chair/ Trustee of Trustee Board	Block grant payment and rental income	(533)	-	(1,665)	1
Vertical Plus Limited	Fixed asset investment	IT services, subscriptions	(1)	-	(3)	-

31 Pensions

The University participates in six pension schemes: the Devon County Council Pension Fund (DCC), The Teachers' Pension Scheme (TPS), the Universities Superannuation Scheme (USS), the National Health Service Pension Scheme (NHS) and two Defined Contributions Schemes.

The total pension cost was:

	2020 £000	2019 £000 Restated*
Contributions to DCC and accrued service cost	17,122	23,573
Contributions to TPS	8,964	7,087
Contributions to USS and movement on past service cost	(804)	3,221
Contributions to NHS	451	556
Contributions to subsidiary defined contribution schemes	169	126
Total pension cost (note 8)	25,902	34,563

*See note 32 – Accounting Change for details of restatement.

Devon County Council Pension Fund

The University participates in the Local Government Pension Scheme (LGPS), a defined benefit statutory scheme providing benefits based on career average revalued earnings and administered in accordance with LGPS Regulations 2013. The University has 2,333 (2019: 2,400) active members participating in the scheme. The most recent published valuation was carried out as part of the triennial actuarial valuations as at 31 March 2019, and has been updated by independent actuaries to the Devon County Council Pension Fund (the Fund) to take account of the requirements of Section 28 of FRS 102 in order to assess the liabilities of the Fund as at 31 July 2020. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value. The estimated impact of the McCloud judgement as a past service cost of £0.9m was included in the valuation at July 2019 and is also reflected in the valuation at 31 July 2020.

The contribution rates for the University and its subsidiaries are as follows:	01/04/20– 31/03/21 %	01/04/19– 31/03/20 %	01/04/18– 31/03/19 %
University of Plymouth	15.1	13.0	13.0
UCSP and UPEL	20.3	16.1	16.1
PDSE	19.4	15.6	15.6

The major assumptions used in this valuation were:	31 July 2020 %pa	31 July 2019 %pa	31 July 2018 %pa
Discount rate	1.4	2.2	2.7
Longer-term rate of increase in salaries	3.2	3.4	3.9
Rate of increase in pensions	2.2	2.4	2.4
Rate of CPI increase	2.2	2.4	2.4

The current mortality assumptions have been projected to allow for observed and possible future improvements in longevity. The assumed life expectations on retirement at age 65 are:

	31 July 2020	31 July 2019
Retiring today		
Males	22.9	22.5
Females	24.1	24.4
Retiring in 20 years		
Males	24.3	24.1
Females	25.5	26.2

Scheme assets

The return on the fund (on a bid value to bid value basis) for the year to 31 July 2020 is estimated to be -3% (2019: 6%); however the annual return on fund assets over the year may be different. Based on the above the employer's share of the assets is approximately 6% for the University and less than 1% for PDSE.

The fair value of the scheme assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	31 July 2020		31 July 2019		31 July 2020		31 July 2019	
	£m	%	£m	%	£m	%	£m	%
Gilts	10.1	3.7	10.1	3.6	10.1	3.8	10.0	3.5
UK equities	34.2	12.6	46.2	16.3	34.1	12.6	46.0	16.3
Overseas equities	125.3	46.3	123.9	43.8	125.0	46.3	123.7	43.8
Property	22.0	8.1	24.1	8.5	22.0	8.2	24.1	8.5
Infrastructure	11.4	4.2	10.3	3.6	11.4	4.2	10.3	3.7
Target return portfolio	34.5	12.7	39.0	13.8	34.4	12.7	38.9	13.8
Cash	3.1	1.2	4.7	1.7	3.0	1.1	4.7	1.7
Other bonds	12.9	4.8	5.2	1.8	12.8	4.7	5.2	1.8
Alternative assets	17.3	6.4	14.7	5.2	17.3	6.4	14.6	5.2
Private equity	n/a	n/a	4.7	1.7	n/a	n/a	4.7	1.7
	270.8	100.0	282.9	100.0	270.1	100.0	282.2	100.0

Consolidated	31 July 2020	31 July 2019	31 July 2018	31 July 2017	31 July 2016
	£m	£m	£m	£m	£m
		Restated*			
Fair value of scheme assets	270.8	282.9	260.0	240.3	210.6
Present value of funded liability	(559.3)	(458.0)	(411.4)	(415.9)	(376.4)
Net liability of the fund	<u>(288.5)</u>	<u>(175.1)</u>	<u>(151.4)</u>	<u>(175.6)</u>	<u>(165.8)</u>
University	31 July 2020	31 July 2019	31 July 2018	31 July 2017	31 July 2016
	£m	£m	£m	£m	£m
		Restated*			
Fair value of scheme assets	270.1	282.2	259.3	239.6	210.4
Present value of funded liability	(558.1)	(456.9)	(410.4)	(414.7)	(376.1)
Net liability of the fund	<u>(288.0)</u>	<u>(174.7)</u>	<u>(151.1)</u>	<u>(175.1)</u>	<u>(165.7)</u>

*See note 32 – Accounting Change for details of restatement.

The scheme actuary employs a building block approach in determining the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is then derived by aggregating the expected rate of return for each asset class over the actual asset allocation for the fund as at 31 July 2020.

Asset and liability reconciliation

	Consolidated		University	
	2020	2019	2020	2019
	£m	£m	£m	£m
Reconciliation of liabilities				
Liabilities at start of year	458.0	411.4	456.9	410.4
Current service cost	16.9	16.6	16.9	16.6
Interest cost	9.8	10.8	9.8	10.8
Employee contributions	2.9	3.1	2.9	3.1
Change in financial assumptions	74.3	42.9	74.2	42.8
Change in demographic assumptions	(9.3)	(25.7)	(9.3)	(25.7)
Experience loss on defined benefit obligation	15.2	-	15.2	-
Benefits paid	(8.5)	(8.0)	(8.5)	(8.0)
Past service cost including curtailments	-	6.9	-	6.9
Defined benefit liabilities at end of year	<u>559.3</u>	<u>458.0</u>	<u>558.1</u>	<u>456.9</u>
	Consolidated		University	
	2020	2019	2020	2019
	£m	£m	£m	£m
Reconciliation of assets				
Assets at start of year	282.9	260.0	282.2	259.3
Interest on assets	6.1	7.0	6.1	7.0
Return on assets less interest	(15.5)	11.3	(15.5)	11.3
Other actuarial losses	(3.4)	-	(3.4)	-
Administration expenses	(0.2)	(0.2)	(0.2)	(0.2)
Employer contributions	6.5	9.7	6.5	9.7
Employee contributions	2.9	3.1	2.9	3.1
Benefits paid	(8.5)	(8.0)	(8.5)	(8.0)
Fair value of scheme assets at end of year	<u>270.8</u>	<u>282.9</u>	<u>270.1</u>	<u>282.2</u>

Sensitivity analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with +/- 1 year age rating adjustment to the mortality assumption.

Consolidated	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	546,195	559,304	572,741
Projected service cost	19,285	19,944	20,626
Adjustment to long-term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	559,973	559,304	558,638
Projected service cost	19,944	19,944	19,944
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	571,953	559,304	546,949
Projected service cost	20,620	19,944	19,290
Adjusted to mortality age rating assumption	+ 1 year	None	- 1 year
Present value of total obligation	581,741	559,304	537,765
Projected service cost	20,644	19,944	19,267
University	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	545,004	558,091	571,506
Projected service cost	19,265	19,923	20,604
Adjustment to long-term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	558,759	558,091	557,426
Projected service cost	19,923	19,923	19,923
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	570,719	558,091	545,757
Projected service cost	20,598	19,923	19,269
Adjusted to mortality age rating assumption	+ 1 year	None	- 1 year
Present value of total obligation	580,473	558,091	536,604
Projected service cost	20,622	19,923	19,247

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a contracted out, unfunded, defined benefit pay-as-you-go occupational pension scheme operated by the Department for Education (DfE) and is governed by statutory regulations. The current regulations are the Teachers' Pensions Regulations. Membership of the scheme is voluntary and is open to members of the teaching profession in England and Wales who satisfy the membership criteria. Contributions to the scheme by employers and employees are set at rates determined by the Scheme's Actuary and approved by the DfE.

The institution has 1,164 (2019: 1,432) active members participating in the scheme. The contribution rate payable by the University during 2019/20 was 16.48% of pensionable salaries to 31 August 2019 and 23.68% of pensionable pay from 1 September 2019 (2019: 16.48%).

The Government Actuary's Department reviews the cost of the unfunded public service pension schemes (including the TPS) every four years. The current actuarial valuation as at 31 March 2016 was published in March 2019. This included an increase in employer contribution rates from 16.48% to 23.68% from 1 September 2019, which will be effective to 31 March 2023. Key highlights from this report are as follows:

Funding position

	As at 31 March 2016 (£bn)	As at 31 March 2012 (£bn)
Aggregate scheme liabilities	218.1	191.5
Aggregate scheme assets	196.1	176.5
Shortfall	(22.0)	(15.0)

Universities Superannuation Scheme (USS)

The University has 90 (2019: 91) active members participating in this scheme.

The total credit recognised in the Consolidated Statement of Comprehensive Income in respect of the decrease in the USS liability is £1.7m (2019: cost of £2.3m).

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

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

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

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

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

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

2018 valuation	
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post retirement: 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2020	2019
Males currently aged 65 years	24.4	24.6
Females currently aged 65 years	25.9	26.1
Males currently aged 45 years	26.3	26.6
Females currently aged 45 years	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%, until 31 March 2028. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount rate	0.73%	1.58%
Pensionable salary growth	1.5%–3%	2.3%–3%

In the year ended 31 July 2019, the liability was based on the previous deficit recovery plan, which required payment of 5% of salaries over the period 1 April 2020 to 30 June 2034.

The reduction in the term of the deficit recovery plan has given rise to a substantial reduction in the deficit provision which has decreased from £3.7m to £2.0m as set out in note 24. £1.7m of this decrease is attributable to the change in the deficit contributions contractual commitment.

A further full valuation as at 31 March 2020 is currently underway. As the valuation has only recently commenced there is still work to be done agreeing the technical provisions assumptions, the extent of future investment risk, the duration of the deficit period and the level of deficit contributions. Rule changes in respect of strengthening the employer covenant are also in progress including restrictions on employer exits, debt monitoring and pari passu arrangements. The valuation must be completed by 30 June 2021. However it is generally anticipated that there will be a significant increase in the deficit provision as at 31 July 2021 (assuming the valuation is completed by then).

National Health Service Pension Schemes (NHS)

The two NHS defined unfunded benefit schemes cover NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The schemes are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities and the schemes are therefore accounted for as if they were defined contribution schemes. The cost to the NHS body participating in the schemes is taken as equal to the contributions payable to the schemes for the accounting period.

The University has 127 (2019: 130) active members participating in the schemes, including 20 (2019: 19) PDSE employees. The schemes are subject to a full actuarial valuation every four years and the current actuarial valuation as at 31 March 2016 was published in February 2019. This included an increase in employer contribution rates from 14.38% to 20.68% for the period 1 April 2019 for 31 March 2023. The contribution rate payable by the University during 2019/20 was 16.18% of pensionable salaries (2018/19: 14.38% to 31 March 2019, thereafter 16.18%), as 4.5% of the 6.3% increase is being funded by the Department of Health and Social Care. The total increase of 6.3% is being funded in respect of PDSE. These rates are effective to 31 March 2020, at which point the contribution rate will increase to 20.68%. Whilst the transactional period under which the Department of Health and Social Care is meeting the additional 4.5% of the 6.3% is likely to be continued until 31 March 2021, formal confirmation of this has yet to be received.

The scheme valuations are as follows:

Funding position

	As at 31 March 2016 (£bn)	As at 31 March 2012 (£bn)
Aggregate scheme liabilities	297.5	240.4
Aggregate scheme assets	278.1	230.1
Shortfall	(19.4)	(10.3)

Defined contribution schemes

The University group operates two defined contribution pension schemes for employees of its subsidiary undertakings. A Scottish Widows scheme for employees of PDSE CIC and an Aviva scheme (previously Friends Life to 30 September 2017) for employees of UCSP and UPEL.

Entity	Scheme	Contribution rate	Scheme members	Contributions	
		2020	As at 31 July 2020	2020	2019
			Number	£000	£000
PDSE	Scottish Widows	8.0%	60	85.4	69.6
UCSP	Aviva	The rate increased from 3% to 5% on 1 April 2019	94	47.8	33.6
UPEL	Aviva	The rate increased from 3% to 5% on 1 April 2019	47	35.7	23.0

32 Accounting Change

The financial statements have been restated to incorporate the Local Government Pension Scheme (LGPS) non-cash pension cost in respect of staff who left/will be leaving the University after 31 July 2019 as part of the 2018/19 Voluntary Leavers scheme, whereby the contractual obligation existed at 31 July 2019.

	2019 £000	2019 £000	2019 £000
	As previously stated	Adjustment	Restated
Consolidated			
Staff costs (excluding restructuring)	(141,774)	1,999	(139,775)
Staff costs (restructuring)	(15,868)	(6,011)	(21,879)
Interest and other finance costs	(6,515)	63	(6,452)
Net interest charge on pension scheme	(3,946)	63	(3,883)
Deficit for the year before taxation	(12,800)	(3,949)	(16,749)
Deficit for the year	(13,060)	(3,949)	(17,009)
Unrestricted deficit for the year	(13,148)	(3,949)	(17,097)
Actuarial loss in respect of pension schemes/Other comprehensive income	(7,704)	1,848	(5,856)
Total comprehensive income for the year	(20,764)	(2,101)	(22,865)
Devon LGPS pension provision	(173,012)	(2,101)	(175,113)
Pension provisions	(180,038)	(2,101)	(182,139)
Net assets	102,041	(2,101)	99,940
University			
Staff costs (excluding restructuring)	(137,759)	1,999	(135,760)
Staff costs (restructuring)	(15,868)	(6,011)	(21,879)
Interest and other finance costs	(6,506)	63	(6,443)
Net interest charge on pension scheme	(3,937)	63	(3,874)
Deficit for the year	(14,510)	(3,949)	(18,459)
Unrestricted deficit for the year	(14,598)	(3,949)	(18,547)
Actuarial loss in respect of pension schemes/Other comprehensive income	(7,659)	1,848	(5,811)
Total comprehensive income for the year	(22,169)	(2,101)	(24,270)
Devon LGPS pension provision	(172,579)	(2,101)	(174,680)
Pension provisions	(179,605)	(2,101)	(181,706)
Net assets	92,318	(2,101)	90,217

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